

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

FINAL AGENDA AND DOCKET  
NEW MEXICO OIL CONSERVATION COMMISSION MEETING  
February 15, 2018  
9:00 a.m.  
Wendell Chino Building  
Porter Hall  
1220 S. St. Francis Drive  
Santa Fe, New Mexico 87505

The Commission may conduct a closed executive session during which it will deliberate in connection with an administrative adjudicatory proceeding pending before the Commission or consult with the Commission counsel under the client-attorney privilege concerning threatened or pending litigation in which the Commission is or may become a participant.

The following items are for discussion and possible action:

1. Roll Call.
2. Approve the Agenda.
3. Approve minutes of January 18, 2018 meeting.
4. ***Case No. 15655 (De Novo):*** *Continued from the January 18, 2018 Commission Meeting.* (This case will be continued to the March 1, 2018 Commission Meeting.)  
***Application of Black Mountain Operating LLC for a Non-Standard Oil Spacing and Proration Unit, Compulsory Pooling, and an Unorthodox Well Location, Lea County, New Mexico.***  
Applicant seeks an order approving a non-standard oil spacing and proration unit in the Bone Spring formation comprised of the W/2 SW/4 of Section 35, Township 21 South, Range 34 East, NMPM, Lea County, New Mexico and the W/2 W/2 of Section 2, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico, and pooling all mineral interests in the Bone Spring formation underlying the non-standard unit. The unit will be dedicated to Applicant's proposed **Gramma Ridge State Com 1H well** to be drilled at an unorthodox location approximately 144.3 feet from the south line and 911 feet from the west line (surface) of Section 2, Township 22 South, Range 34 East, to 2371 feet from the south line and 330 feet from the west line (terminus) of Section 35, Township 21 South, Range 34 East. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 17 miles west of Eunice, New Mexico. Upon applications of BTA Oil Producers, LLC and Centennial Resources Production, LLC, this case will be heard De Novo pursuant to the provisions of Division Rule 19.15.4.23 NMAC.
5. ***Case No. 15659 (De Novo):*** *Continued from the January 18, 2018 Commission Meeting.* (This case will be continued to the March 1, 2018 Commission Meeting.)  
***Application of GMT Exploration Company LLC for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico.*** GMT Exploration Company LLC seeks

an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the W/2 W/2 of Section 2, Township 22 South, Range 34 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard unit (project area). The unit will be dedicated to the **Pucker Rapid State Com. Well No. 1H**, a horizontal well with a surface location in the SW/4 SW/4, and a terminus in the NW/4 NW/4, of Section 2. The beginning and end of the productive interval will be orthodox. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 12 miles west-southwest of Oil Center, New Mexico. Upon applications of BTA Oil Producers, LLC and Centennial Resources Production, LLC, this case will be heard De Novo pursuant to the provisions of Division Rule 19.15.4.23 NMAC.

6. ***Case No. 15656 (De Novo):*** (Continued from the January 18, 2018 Commission Meeting.) (This case will be continued to the March 1, 2018 Commission Meeting.)

***Application of Black Mountain Operating LLC for a Non-Standard Oil Spacing and Proration Unit, Compulsory Pooling, and an Unorthodox Well Location, Lea County, New Mexico.*** Applicant seeks an order approving a non-standard oil spacing and proration unit in the Bone Spring formation comprised of the E/2 SW/4 of Section 35, Township 21 South, Range 34 East, NMPM, Lea County, New Mexico and the E/2 W/2 of Section 2, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico, and pooling all mineral interests in the Bone Spring formation underlying the non-standard unit. The unit will be dedicated to Applicant's proposed **Grama Ridge State Com 3H well** to be drilled at an unorthodox location approximately 144.3 feet from the south line and 971 feet from the east line (surface) of Section 2, Township 22 South, Range 34 East, to 2387 feet from the south line and 1707.7 feet from the east line (terminus) of Section 35, Township 21 South, Range 34 East. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 17 miles west of Eunice, New Mexico. Upon applications of BTA Oil Producers, LLC and Centennial Resources Production, LLC, this case will be heard De Novo pursuant to the provisions of Division Rule 19.15.4.23 NMAC.

7. ***Case No. 15660 (De Novo):*** (Continued from the January 18, 2018 Commission Meeting.) (This case will be continued to the March 1, 2018 Commission Meeting.)

***Application of GMT Exploration Company LLC for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico.*** GMT Exploration Company LLC seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the E/2 W/2 of Section 2, Township 22 South, Range 34 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard unit (project area). The unit will be dedicated to the **Squeeze State Com. Well No. 1H**, a horizontal well with a surface location in the SE/4 SW/4, and a terminus in the NE/4 NW/4, of Section 2. The beginning and end of the productive interval will be orthodox. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 12 miles west-southwest of Oil Center, New Mexico. Upon applications of BTA Oil Producers, LLC and Centennial Resources Production, LLC, this case will be heard De Novo pursuant to the provisions of Division Rule 19.15.4.23 NMAC.

8. **Case No. 15836 (De Novo):** *(This case will be dismissed.)*  
**Application of XTO Energy Inc. for a non-standard spacing and proration unit, and compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating a non-standard 240-acre spacing and proration unit comprised of the W/2 W/2 of Section 24 and the W/2 NW/4 of Section 25, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Remuda North 25 State No. 701H Well**, which will be horizontally drilled from a surface location in the NW/4 SW/4 (Unit L) of Section 25 to a standard bottom hole location in the NW/4 NW/4 (Unit D) of Section 24. The completed interval for this well will remain within the 330-foot standard offset required by the rules. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of XTO Energy Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 19 miles southeast of Carlsbad, New Mexico. Upon application of Devon Energy Production Company, L.P., this case will be heard De Novo pursuant to the provisions of Division Rule 19.15.4.23 NMAC.
9. **Case No. 15837 (De Novo):** *(This case will be dismissed.)*  
**Application of XTO Energy Inc. for a non-standard spacing and proration unit, and compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating a non-standard 240-acre spacing and proration unit comprised of the W/2 SW/4 of Section 25 and the W/2 W/2 of Section 36, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Remuda South 25 State No. 701H Well**, which will be horizontally drilled from a surface location in the SW/4 NW/4 (Unit E) of Section 25 to a standard bottom hole location in the SW/4 SW/4 (Unit M) of Section 36. The completed interval for this well will remain within the 330-foot standard offset required by the rules. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of XTO Energy Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 19 miles southeast of Carlsbad, New Mexico. Upon application of Devon Energy Production Company, L.P., this case will be heard De Novo pursuant to the provisions of Division Rule 19.15.4.23 NMAC.
10. **Case No. 15838 (De Novo):** *(This case will be dismissed.)*  
**Application of XTO Energy Inc. for a non-standard spacing and proration unit, and compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating a non-standard 240-acre spacing and proration unit comprised of the E/2 W/2 of Section 24 and the E/2 NW/4 of Section 25, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Remuda North 25 State No. 703H Well**, which will be horizontally drilled from a surface location in the NE/4 SW/4 (Unit K) of Section 25 to a standard bottom hole location in the NE/4 NW/4 (Unit C) of Section 24. The completed interval for this well will remain within the 330-foot standard offset required by the rules. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of XTO Energy Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 19 miles southeast of Carlsbad, New Mexico. Upon application of Devon Energy Production Company, L.P., this case will be heard De Novo pursuant to the provisions of Division Rule 19.15.4.23 NMAC.

11. **Case No. 15839 (De Novo):** *(This case will be dismissed.)*  
**Application of XTO Energy Inc. for a non-standard spacing and proration unit, and compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating a non-standard 240-acre spacing and proration unit comprised of the E/2 SW/4 of Section 25 and the E/2 W/2 of Section 36, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Remuda South 25 State No. 703H Well**, which will be horizontally drilled from a surface location in the SE/4 NW/4 (Unit F) of Section 25 to a standard bottom hole location in the SE/4 SW/4 (Unit N) of Section 36. The completed interval for this well will remain within the 330-foot standard offset required by the rules. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of XTO Energy Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 19 miles southeast of Carlsbad, New Mexico. Upon application of Devon Energy Production Company, L.P., this case will be heard De Novo pursuant to the provisions of Division Rule 19.15.4.23 NMAC.
  
12. **Case No. 15840 (De Novo):** *(This case will be dismissed.)*  
**Application of XTO Energy Inc. for a non-standard spacing and proration unit, and compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating a non-standard 240-acre spacing and proration unit comprised of the W/2 E/2 of Section 24 and the W/2 NE/4 of Section 25, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Remuda North 25 State No. 705H Well**, which will be horizontally drilled from a surface location in the NW/4 SE/4 (Unit J) of Section 25 to a standard bottom hole location in the NW/4 NE/4 (Unit B) of Section 24. The completed interval for this well will remain within the 330-foot standard offset required by the rules. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of XTO Energy Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 19 miles southeast of Carlsbad, New Mexico. Upon application of Devon Energy Production Company, L.P., this case will be heard De Novo pursuant to the provisions of Division Rule 19.15.4.23 NMAC.
  
13. **Case No. 15841 (De Novo):** *(This case will be dismissed.)*  
**Application of XTO Energy Inc. for a non-standard spacing and proration unit, and compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating a non-standard 240-acre spacing and proration unit comprised of the W/2 SE/4 of Section 25 and the W/2 E/2 of Section 36, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Remuda South 25 State No. 705H Well**, which will be horizontally drilled from a surface location in the SW/4 NE/4 (Unit G) of Section 25 to a standard bottom hole location in the SW/4 SE/4 (Unit O) of Section 36. The completed interval for this well will remain within the 330-foot standard offset required by the rules. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of XTO Energy Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 19 miles southeast of Carlsbad, New Mexico. Upon application of Devon Energy Production Company, L.P., this case will be heard De Novo pursuant to the provisions of Division Rule 19.15.4.23 NMAC.

14. *Case No. 15842 (De Novo):* (This case will be dismissed.)  
*Application of XTO Energy Inc. for a non-standard spacing and proration unit, and compulsory pooling, Eddy County, New Mexico.* Applicant in the above-styled cause seeks an order (1) creating a non-standard 240-acre spacing and proration unit comprised of the E/2 E/2 of Section 24 and the E/2 NE/4 of Section 25, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Remuda North 25 State No. 707H Well**, which will be horizontally drilled from a surface location in the NE/4 SE/4 (Unit I) of Section 25 to a standard bottom hole location in the NE/4 NE/4 (Unit A) of Section 24. The completed interval for this well will remain within the 330-foot standard offset required by the rules. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of XTO Energy Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 19 miles southeast of Carlsbad, New Mexico. Upon application of Devon Energy Production Company, L.P., this case will be heard De Novo pursuant to the provisions of Division Rule 19.15.4.23 NMAC.
  
15. *Case No. 15843 (De Novo):* (This case will be dismissed.)  
*Application of XTO Energy Inc. for a non-standard spacing and proration unit, and compulsory pooling, Eddy County, New Mexico.* Applicant in the above-styled cause seeks an order (1) creating a non-standard 240-acre spacing and proration unit comprised of the E/2 SE/4 of Section 25 and the E/2 E/2 of Section 36, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Remuda South 25 State No. 707H Well**, which will be horizontally drilled from a surface location in the SE/4 NE/4 (Unit H) of Section 25 to a standard bottom hole location in the SE/4 SE/4 (Unit P) of Section 36. The completed interval for this well will remain within the 330-foot standard offset required by the rules. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of XTO Energy Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 19 miles southeast of Carlsbad, New Mexico. Upon application of Devon Energy Production Company, L.P., this case will be heard De Novo pursuant to the provisions of Division Rule 19.15.4.23 NMAC.
  
16. Other business.
  
17. Next meeting: March 1, 2018
  
18. Adjournment

If you are an individual with a disability who needs a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing or meeting, please contact Florene Davidson at least ten days prior to the meeting or as soon as possible at (505) 476-3458 or [florene.davidson@state.nm.us](mailto:florene.davidson@state.nm.us). Public documents can be provided in various accessible formats.