

**DOCKET: EXAMINER HEARING - THURSDAY –FEBRUARY 16, 2017**

8:15 A.M.  
 1220 South St. Francis  
 Drive  
 Santa Fe, New Mexico  
 87505

Docket Nos. 8-17 and 9-17 are tentatively set for March 2, 2017 and March 16, 2017. Applications for hearing must be filed at least 30 days in advance of hearing date. OCD Rule Subsection B of 19.15.4.13 NMAC requires parties who intend to present evidence at an adjudicatory hearing to file a pre-hearing statement no later than the Thursday before the hearing, and serve a copy on opposing counsel of record. If the OCD does not receive a pre-hearing statement from the applicant by the close of business on the Thursday before the hearing, the hearing may be continued. A party who plans on using projection equipment at a hearing must contact Florene Davidson seven (7) business days prior to the hearing requesting the use of the projection equipment. Wireless internet is available; however, the party must provide its own laptop computer. The following cases will be heard by an Examiner.

***Locator Key for Cases***

*Case 15547 - No. 5*  
*Case 15548 - No. 6*  
*Case 15549 - No. 7*  
*Case 15550 - No. 8*  
*Case 15551- No. 9*  
*Case 15552 – No. 10*  
*Case 15562 - No. 11*  
*Case 15606 - No. 1*  
*Case 15618 - No. 3*  
*Case 15624 – No. 2*  
*Case 15625 – No. 4*

**1. Case No. 15606:** *(Continued from the January 19, 2017 Examiner Hearing.)*

***Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against ICA Energy Operating, L.L.C. for its Well Operated in Roosevelt County, New Mexico.*** The New Mexico Oil Conservation Division Compliance and Enforcement Bureau, ("Bureau") hereby files this application with the Oil Conservation Division ("OCD" or "Division") pursuant to the provisions of NMSA 1978, § 70-2-12 for a compliance order (1) determining operator ICA Energy Operating, L.L.C. ("Operator") is out of compliance with 19.15.5.9 and 19.15.25.8 NMAC; (2) requiring Operator to return to compliance with 19.15.5.9 and 19.15.25.8 NMAC; and (3) in the event of non-compliance, finding Operator in violation of a Division Order for each day after the deadline established in the sought order to obtain compliance, declaring the well abandoned, and authorizing the OCD to plug the violating well in accordance with a Division-approved plugging program and restore and remediate the location, recover costs from Operator's financial assurance as permitted by 19.15.8.13 NMAC, and seek indemnification as permitted by NMSA 1978, § 70-2-14(E).

**2. Case No. 15624:** *(Continued from the February 2, 2017 Examiner Hearing.)*

***Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against David H. Arrington, for Wells Operated in Lea, Eddy, Chaves, and San Juan County, New Mexico.*** The Oil Conservation Division Compliance and Enforcement Bureau ("Bureau"), through its undersigned attorney, hereby files this application with the Oil Conservation Division ("OCD" or "Division") pursuant to the provisions of NMSA 1978, §70-2-12 for a compliance order (1) determining operator David Arrington Oil & Gas, Inc. ("Operator") is out of compliance with 19.15.5.9, 19.15.8, and 19.15.25.8 NMAC; (2) requiring the Operator to return to compliance with 19.15.5.9, 19.15.8, and 19.15.25.8 NMAC; and (3) in the event of non-compliance, finding the Operator in violation of a Division Order for each day after the deadline established in the sought order to

obtain compliance, declaring the wells abandoned, and authorizing the OCD to plug the violating wells in accordance with a Division-approved plugging program and restore and remediate the location, recover costs from the Operator's financial assurance as permitted by 19.15.8.13 NMAC, and seek indemnification as permitted by NMSA 1978, § 70-2-14(E).

3. **Case No. 15618:** *Amended Application of WPX Energy Production, LLC For Approval Of The Rodeo Unit And For Allowance Of 330 Foot Setbacks From The Exterior Of The Proposed Unit, San Juan County, New Mexico.* Applicant seeks approval of its Rodeo Unit consisting of approximately 7,208.63 acres, more or less, of Federal, State, and Allotted Indian lands situated in all or parts of the Section 6, Township 22 North, Range 8 West, Sections 1-3 and 10-12, Township 22 North, Range 9 West, Sections 20 and 29-32, Township 23 North, Range 8 West, and Section 36, Township 23 North, Range 9 West, NMPM, San Juan County, New Mexico. The unitized interval includes the Mancos formation from the top of the Mancos formation at a depth of 3,524 feet down to the stratigraphic equivalent of the top of the Graneros formation at a measured depth of 5,359 feet as encountered in the North Chaco #7 well in Section 30, Township 23 North, Range 8 West, N.M.P.M. (API 30-045-05068). In addition, Applicant seeks an order that will allow for wells to be located anywhere within the proposed Unit Area so long as the completed interval is no closer than 330 feet from the outer boundary of the proposed Unit. The subject acreage is located approximately 6 miles southwest of Nageezi, New Mexico.

4. **Case No 15625:** *Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico.* Mewbourne Oil Company seeks an order pooling all mineral interests in the Wolfcamp formation underlying the E/2 of Section 21, Township 23 South, Range 28 East, NMPM, for all pools developed on 320 acre spacing within that vertical extent. The unit is to be dedicated to the **Loving Townsite 21 W2PA Fee Well No. 1H**, a horizontal well with a surface location 220 feet from the north line and 450 feet from the east line of adjoining Section 28, with the first take point approximately 330 feet from the south line and 450 feet from the east line and a terminus 330 feet from the north line and 450 feet from the east line of Section 21. 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 1 mile east of beautiful, downtown Loving, New Mexico.

5. **Case No. 15547:** *(Continued from the January 5, 2017 Examiner Hearing.)*  
**Application of Mewbourne Oil Company for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico.** Mewbourne Oil Company seeks an order pooling all mineral interests in the Wolfcamp formation underlying the E/2 of Section 22, Township 26 South, Range 27 East, NMPM, to form a standard 320 acre gas spacing and proration unit in the Wolfcamp formation. The unit is dedicated to the **Owl Draw 22 W1AP Fed. Com. Well No. 1H**, a horizontal well with a surface location 230 feet from the south line and 660 feet from the east line of adjoining Section 15, and a terminus 333 feet from the south line and 650 feet from the east line of Section 22. The beginning and end of the producing interval will be unorthodox. 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 12-1/2 miles south-southeast of Black River Village, New Mexico.

6. **Case No. 15548:** *(Continued from the January 5, 2017 Examiner Hearing.)*  
**Application of Mewbourne Oil Company for a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico.** Mewbourne Oil Company seeks an order approving a 320-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the E/2 E/2 of Section 22 and the E/2 E/2 of Section 27, Township 26 South, Range 27 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard spacing and proration unit. The unit is to be dedicated to the **Owl Draw 22/27 B2AP Fed. Com. Well No. 1H**, a horizontal well with a surface location 200 feet from the south line and 600 feet from the east line of adjoining Section 15, and a terminus 333 feet from the south line and 572 feet from the east line of Section 27. 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 15 miles south-southeast of Black River Village, New Mexico.

7. Case No. 15549: (Continued from the January 5, 2017 Examiner Hearing.)

**Application of Mewbourne Oil Company for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico.** Mewbourne Oil Company seeks an order pooling all mineral interests in the Wolfcamp formation underlying the W/2 of Section 23, Township 26 South, Range 27 East, NMPM, to form a standard 320 acre gas spacing and proration unit in the Wolfcamp formation. The unit is to be dedicated to the **Owl Draw 23 DM Fed. Com. Well No. 1**, a horizontal well with a surface location in the SW/4 SW/4 of adjoining Section 14, and a terminus 344 feet from the south line and 625 feet from the west line of Section 23. 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 13 miles south-southeast of Black River Village, New Mexico.

8. Case No. 15550: (Continued from the January 5, 2017 Examiner Hearing.)

**Application of Mewbourne Oil Company for a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico.** Mewbourne Oil Company 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 23, Township 26 South, Range 27 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the W/2 W/2 of Section 23. The unit is dedicated to the **Owl Draw 23 DM Fed. Com. Well No. 2**, a horizontal well with a surface location 370 feet from the south line and 1055 feet from the west line of adjoining Section 14, and a terminus 334 feet from the south line and 661 feet from the west line of Section 23. 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 13 miles south-southeast of Black River Village, New Mexico.

9. Case No. 15551: (Continued from the January 5, 2017 Examiner Hearing.)

**Application of Mewbourne Oil Company for a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico.** Mewbourne Oil Company seeks an order approving a 320-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the W/2 E/2 of Section 22 and the W/2 E/2 of Section 27, Township 26 South, Range 27 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard unit. The unit is dedicated to the **Owl Draw 22/27 B2BO Fed. Com. Well No. 2H**, a horizontal well with a surface location 330 feet from the north line and 1585 feet from the east line of Section 22, and a terminus 330 feet from the south line and 1980 feet from the east line of Section 27. 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 15 miles south-southeast of Black River Village, New Mexico.

10. Case No 15552: (Continued from the January 5, 2017 Examiner Hearing.)

**Application of Mewbourne Oil Company for a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico.** Mewbourne Oil Company seeks an order approving a 320-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the W/2 W/2 of Section 27 and the W/2 W/2 of Section 22, Township 26 South, Range 27 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard unit. The unit is to be dedicated to the **Owl Draw 27/22 B2MD Fed. Com. Well No. 1H**, a horizontal well with a surface location 170 feet from the south line and 330 feet from the west line of Section 27, and a terminus 330 feet from the north line and 330 feet from the west line of Section 22. 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 14-1/2 miles south-southeast of Black River Village, New Mexico.

11. Case No. 15562: (Continued from the January 5, 2017 Examiner Hearing.)

**Application of Mewbourne Oil Company for a non-standard spacing and proration unit, compulsory pooling, and an unorthodox gas well location, Eddy County, New Mexico.** Mewbourne Oil Company seeks an order approving a 640-acre non-standard spacing and proration unit in the Wolfcamp formation underlying the W/2 of Section 22 and

the W/2 of Section 27, Township 26 South, Range 27 East, NMPM, pooling all mineral interests in the Wolfcamp formation underlying the non-standard spacing and proration unit, and approving an unorthodox gas well location. The unit is to be dedicated to the **Owl Draw 27/22 W2NC Fed. Com. Well No. 2H**, a horizontal well with a surface location 170 feet from the south line and 2230 feet from the west line of Section 27, and a terminus 330 feet from the north line and 2310 feet from the west line of Section 22. The beginning and end of the producing interval will be unorthodox. 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 13-1/2 miles south-southeast of Black River Village, New Mexico.