

NOTICE OF HEARING

STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on **January 19, 2016**, in the Oil Conservation Division Hearing Room at 1220 South St. Francis Drive, Santa Fe, New Mexico, before an examiner duly appointed for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by **January 9, 2016**. Public documents, including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed. 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.

STATE OF NEW MEXICO TO:

**All named parties and
persons having any right,
title, interest or claim in
the following cases and
notice to the public.**

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

Case 15618: 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 6,247.39 acres, more or less, of Federal 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.

Case 15619: Application of Cimarex Energy Co. for a non-standard spacing and proration unit, project area and compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division: (1) creating a non-standard 360-acre, more or less, oil spacing and proration unit in the Bone Spring formation, comprised of the N/2 N/2 of Sections 26 and 27 and the NE/4 NE/4 of Section 28, Township 19 South, Range 30 East, NMPM, Eddy County, New Mexico; and, (2) pooling all mineral interests in the Bone Spring formation underlying this proposed non-standard project area and spacing and proration unit. This proposed non-standard spacing and proration unit will be the project area for the **Hackberry 26 Federal Com 1H** well, to be horizontally drilled. The producing area for this well will be 330 feet from the project area boundary. Also to be considered will be the cost of drilling and completing

said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Cimarex as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 31 miles southeast of Carlsbad, New Mexico.

CASE 15620: Application of Cimarex Energy Co. for a non-standard spacing and proration unit, project area and compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division: (1) creating a non-standard 360-acre, more or less, oil spacing and proration unit and non-standard project area in the Bone Spring formation, comprised of the S/2 N/2 of Sections 26 and 27 and the SE/4 NE/4 of Section 28, Township 19 South, Range 30 East, NMPM, Eddy County, New Mexico; and, (2) pooling all mineral interests in the Bone Spring formation underlying this proposed non-standard project area and spacing and proration unit. This proposed non-standard spacing and proration unit will be the project area for the **Hackberry 26 Federal Com 2H** well, to be horizontally drilled. The producing area for this well will be 330 feet from the project area boundary. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Cimarex as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 31 miles southeast of Carlsbad, New Mexico.

Case 15621: Application of Opal Resources Operating Co., LLC & Opal Resources II, LLC for a Non-Standard Spacing and Proration Unit, a Non-Standard Project Area, and Compulsory Pooling, Lea County, New Mexico. Applicant in the above styled cause seeks an order (1) creating a non-standard, 200-acre, more or less, spacing and proration unit comprised of W/2W/2 Section 29 and NW/4NW/4 Section 32, Township 19 South, 39 East, NMPM, Lea County, New Mexico; (2) approving a non-standard project area; and (3) pooling all mineral interests in the Nadine/Abo Formation underlying said acreage. Said non-standard unit is to be dedicated to Applicant's **Jade 19S-39E-S29 No. 1H Well**, to be vertically drilled from the surface location in NW/4NW/4 (Unit D) of Section 29 to the Nadine/Abo Formation to the bottom hole location of in NW/4NW/4 (Unit D) of Section 32. 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 the well and the allocation of the costs thereof, as well as actual operating costs and charges for supervision, designation of Opal Resources Operating Co., LLC as operator of the well, and a 200% penalty for risk involved in the drilling the well.

Case 15622: Application of Robert L. Bayless, Producer LLC For Approval of the East Horseshoe Gallup Unit, Creation of a New Pool For Horizontal Development Within the Unit Area With No Allowables, and For Allowance of 330 Foot Setbacks From The Exterior of the Proposed Unit, San Juan County, New Mexico and Application For Authorization To Inject. Applicant seeks approval for its East Horseshoe Gallup Unit consisting of 4,762.57 acres, more or less, of federal and fee lands situated in all or parts of Sections 3-5, 7-9, and 17-19 of Township 30 North, Range 15 West, N.M.P.M., San Juan County, New Mexico. The Unitized Interval includes all formations from the base of the Point Lookout Sandstone to the base of the Greenhorn Limestone Member of the Mancos Shale. In addition, Applicant seeks an order creating a new pool which would extend from the bottom of the Point Lookout formation to the top of the Greenhorn Formation within the proposed Unit Area that will allow for horizontal oil development with 330 foot setbacks from the exterior of the proposed Unit with no allowables. Alternatively, Applicant seeks expansion of the existing "frozen" Horseshoe Gallup Gas Pool to cover the proposed unit. Bayless also seeks authorization to inject produced gas into the Gallup formation in the Horseshoe Gallup Pool. The San Juan Generating Station, a coal-burning power plant, is in the vicinity of the proposed location. Bayless seeks this authorization in order to ensure air quality is not impacted in the area which could otherwise be affected from venting and flaring excess associated gas.

Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico
on this 22nd day of December, 2016.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**

S E A L

**David R. Catanach
Director, Oil Conservation Division**