

**NOTICE OF HEARING**

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

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 August 31, 2017, in Porter Hall, 1st floor, Wendell Chino Building, 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 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 August 21, 2017. Public documents can be provided in various accessible formats. Members of the public may obtain copies of the docket by contacting Ms. Davidson at the phone number indicated above. Also, the docket will be posted on the Oil Conservation Division website at [www.emnrd.state.nm.us/OCD/](http://www.emnrd.state.nm.us/OCD/). A party who plans on using projection equipment at a hearing must contact Ms. Davidson seven 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 so stated.)

**Case No. 15803: Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against Spence Energy Co.,** for Wells Operated in Lea County, New Mexico. The New Mexico 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 Spence Energy Co. ("Operator") is out of compliance with 19.15.8 NMAC and NMSA 1978, § 70-2-14; (2) requiring Operator to return to compliance with 19.15.8 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 acceptable financial assurance.

**Case No. 15815: Application of NewTex Partners LLC for a non-standard oil spacing and proration unit and compulsory pooling, Chaves County, New Mexico.** Applicant seeks an order (i) creating a 320-acre, non-standard oil spacing and proration unit (project area) comprised of the W/2 of Section 21, Township 7 South, Range 28 East, NMPM, in Chaves County, and (ii) pooling all mineral interests in the San Andres formation underlying this acreage. The project area is to be dedicated to the Bonanza #5H well, which will be horizontally drilled from a surface location in Unit D to a bottom hole location in Unit M of Section 21, Township 7 South, Range 28 East. The completed interval for

the well will remain within the 330-foot standard offset required by the Division's rules. Also, to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of Hadaway Consulting and Engineering, LLC as the operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The proposed project area is located approximately 33 miles northeast of Roswell, New Mexico.

**Case No. 15817: Application of Matador Production Company for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests in the Wolfcamp formation underlying the N/2 of Section 12, Township 23 South, Range 27 East, NMPM, to form a standard 320 acre gas spacing and proration unit. The unit will be dedicated to the Miss Sue 12-23S-27E RB Well No. 202H. The well is a horizontal well, with a surface location in the SE/4NE/4 of adjoining Section 11. The first perforation will be 1650 feet from the north line and 330 feet from the west line, and the last perforation will be 1650 feet from the north line and 330 feet from east line, of Section 12. The producing interval of the well 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 3.5 miles northwest of Loving, New Mexico.

**Case No. 15814: Application Of WPX Energy Production, LLC For An Exception to NMAC 19.15.34.13(C), Rio Arriba County, New Mexico.** Applicant seeks an order (1) granting an exception to NMAC 19.15.34.13(C); and (2) authorizing a suspension of Permit Number 3RF-3 for one year for WPX's Recycling Facility and Recycling Containment ("Facility") located in Section 30, Township 31 North, Range 5 West, NMPM, Rio Arriba County, New Mexico. The subject acreage is located approximately 33 miles east of Aztec, New Mexico.

**Case No. 15812: Application of COG Operating LLC for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating a non-standard 320-acre, more or less, spacing and proration unit comprised of the E/2 W/2 of Section 16 and the E/2 W/2 of Section 21, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico; and (2) pooling all uncommitted interests in the Wolfcamp formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's two proposed initial wells: the proposed White Falcon 16 Federal Com No. 21H Well and the proposed White Falcon 16 Federal Com No. 22H Well, which will be simultaneously drilled and completed. The proposed initial wells will be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 16 to a standard bottom hole location in the SE/4 SW/4 (Unit N) of Section 21. The completed interval for each well will remain within the 330-foot offset as required by the Statewide rules for oil wells. 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 COG Operating LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 11 miles northwest of Jal, New Mexico.

**Case No. 15813: Application of COG Operating LLC for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating a non-standard 320-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Section 16 and the W/2 W/2 of Section 21, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico; and (2) pooling all uncommitted interests in the Wolfcamp

formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's two proposed initial wells: the proposed White Falcon 16 State Com No. 23H Well and the proposed White Falcon 16 State Com No. 24H Well, which will be simultaneously drilled and completed. The proposed initial wells are will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 16 to a standard bottom hole location in the SW/4 SW/4 (Unit M) of Section 21. The completed interval for each well will remain within the 330-foot offset as required by the Statewide rules for oil wells. 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 COG Operating LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 11 miles northwest of Jal, New Mexico.

**Case No. 15811: Application of COG Operating LLC for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating a non-standard 320-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Section 16 and the E/2 W/2 of Section 21, Township 25 South, Range 35 East, New Mexico; and (2) pooling all uncommitted interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed White Falcon 16 State Com No. 12H Well, which will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 16 to a standard bottom hole location in the SW/4 SW/4 (Unit M) of Section 21. The completed interval for this well will remain within the 330-foot offset as required by the Statewide rules for oil wells. 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 COG Operating LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 11 miles northwest of Jal, New Mexico.

**Case No. 15810: Application of COG Operating LLC for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating a non-standard 320-acre, more or less, spacing and proration unit comprised of the E/2W/2 of Section 16 and the E/2 W/2 of Section 21, Township 25 South, Range 35 East, New Mexico; and (2) pooling all uncommitted interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed White Falcon 16 Federal Com No. 11H Well, which will be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 16 to a standard bottom hole location in the SE/4 SW/4 (Unit N) of Section 21. The completed interval for this well will remain within the 330-foot offset as required by the Statewide rules for oil wells. 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 COG Operating LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 11 miles northwest of Jal, New Mexico.

**Case No. 15809: Application of OXY USA WTP Limited Partnership 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 320-acre, more or less, non-standard spacing and proration unit comprised of the S/2 N/2 of Section 3 and the S/2 N/2 of Section 4, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico and (2) pooling all uncommitted interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed Turkey Track 4-3 State Com No. 22H Well, which will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 4 to a standard bottom hole location in SE/4 NE/4 (Unit H) of

Section 3. The completed interval for this well will remain within the 330-foot standard offset required by the Division's 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 OXY USA WTP Limited Partnership as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 25 miles north of Malaga, N.M.

**Case No. 15808: Application of OXY USA WTP Limited Partnership 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 320-acre, more or less, non-standard spacing and proration unit comprised of the S/2 S/2 of Section 3 and the S/2 S/2 of Section 4, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico and (2) pooling all uncommitted interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed Turkey Track 4-3 State Com No. 24H Well, which will be horizontally drilled from a surface location in the NW/4 SW/4 (Unit L) of Section 4 to a standard bottom hole location in SE/4 SE/4 (Unit P) of Section 3. The completed interval for this well will remain within the 330-foot standard offset required by the Division's 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 OXY USA WTP Limited Partnership as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 25 miles north of Malaga, N.M.

**Case No. 15807: Application of OXY USA WTP Limited Partnership 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 320-acre, more or less, non-standard spacing and proration unit comprised of the N/2 S/2 of Section 3 and the N/2 S/2 of Section 4, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico and (2) pooling all uncommitted interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed Turkey Track 4-3 State Com No. 23H Well, which will be horizontally drilled from a surface location in the NW/4 SW/4 (Unit L) of Section 4 to a standard bottom hole location in NE/4 SE/4 (Unit I) of Section 3. The completed interval for this well will remain within the 330-foot standard offset required by the Division's 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 OXY USA WTP Limited Partnership as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 25 miles north of Malaga, N.M.

**Case No. 15806: 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) authorizing a non-standard spacing unit in the Purple Sage Wolfcamp Gas Pool (98220); (2) creating a 479.09-acre non-standard spacing and proration unit comprised of the E/2 of Section 6, Township 25 South, Range 29 East, and the SE/4 of Section 31, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico; (3) pooling all uncommitted interests in the Wolfcamp formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed Sizzler State No. 2H Well, which will be horizontally drilled from a surface location in the SW/4 SE/4 of Section 6 (Unit O), Township 25 South, Range 29 East, to a bottom hole location in the NW/4 SE/4 (Unit J) of Section 31, Township 24 South, Range 29 East. The completed interval for this well will

remain within the 330-foot standard offset required by the Special Rules for the Purple Sage Pool. 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 6 miles southeast of Malaga, New Mexico.

**Case No. 15805: 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, 239.62-acre spacing and proration unit comprised of the comprised of the W/2 E/2 of Section 6, Township 25 South, Range 29 East, and the W/2 SE/4 of Section 31, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation, Willow Lake; Bone Spring, Southeast (Pool Code 96217), underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed Cattle Baron State No. 2H Well, which will be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 6, Township 25 South, Range 29 East, to a standard bottom hole location in the NW/4 SE/4 (Unit J) of Section 31, Township 24 South, Range 29 East. 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 6 miles southeast of Malaga, New Mexico.

**Case No. 15804: Application of Manzano, 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, 240-acre, more or less, spacing and proration unit comprised of E/2SE/4 Section 19 and the E/2E/2 Section 30, Township 9 South, Range 35 East, N.M.P.M., Lea County, New Mexico; (2) approving a non-standard project area; and (3) pooling all mineral interests in the San Andres Formation underlying said acreage. Said non-standard unit is to be dedicated to Applicant's Rag Mama 30-19 Fee No. 1H Well, to be vertically drilled from the surface location in SE/4SE/4 (Unit P) of Section 30 to the San Andres Formation to the bottom hole location of in NE/4SE/4 (Unit I) of Section 19. 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 Manzano, LLC as operator of the well, and a 200% penalty for risk involved in the drilling the well.