

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

PRELIMINARY AGENDA AND DOCKET
REGULAR MEETING

March 12, 2019

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 February 14, 2019 Commission Meeting.
4. Final action may be taken in:
Cases No. 16115 and 16116: Application of Chisholm Energy Operating, LLC a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico.
5. ***Case No. 15844 (De Novo): (Continued from the February 14, 2019 Commission Meeting,) Amended Application of XTO Energy Inc. for Approval of the Expansion of the James Ranch Unit, Eddy County, New Mexico.*** Applicant seeks approval to expand the geographic area of the James Ranch Unit by 13,223.68 acres of land. Said Unit currently consists of approximately 15,094.41 acres of Federal, Fee, and State Acreage in Eddy County, New Mexico. The total unit acreage will include 28,318.09 acres.
6. ***Case No. 16446: (Continued from the February 14, 2019 Commission Meeting.) Application of Salt Creek Midstream, LLC for Authorization to Inject Acid Gas into the Proposed Leavenworth AGI No. 1 well in Section 23, Township 26 South, Range 36 East, Lea County, New Mexico.*** Applicant Salt Creek Midstream, LLC seeks an order from the New Mexico Oil Conservation Division authorizing it to inject treated acid gas for disposal purposes at an approximate depth of 16,459 feet to 18,600 feet below the surface in the Devonian and Fusselman formations, potentially including the top of the Montoya formation, at a surface location approximately 973 feet from the South line and 1,836 feet from the East line (Unit O) of Section 23 in Township 26 South, Range 36 East, NMPM, Lea County. The proposed well will inject treated acid gas at a maximum rate of 60 MMSCFD and a maximum surface injection pressure of

2,830 psig. Said area is located approximately 6.5 miles southwest of Jal in Lea County, New Mexico.

Upon the application of Pride Energy Company, the following consolidated Case Nos. 16099 – 16104 and 16169 -16174 will be heard De Novo. These cases were continued from the February 14, 2019 Commission Meeting.

7. ***Case No.16099: Application of Devon Energy Production Company, L.P., for a Non-Standard Oil Spacing and Proration Unit, Compulsory Pooling and Down-Hole Commingling, Lea County, New Mexico.*** Applicant seeks an order approving a non-standard oil spacing and proration unit in the 2nd Bone Spring formation (Mesa Verde; Bone Spring Pool (Pool Code 96229) and WC-025 G-07 S253206M; Bone Spring (Pool Code 96715)), comprised of the W/2 W/2 of Section 16 and W/2 W/2 of Section 21, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico, and pooling all mineral interests in the 2nd Bone Spring formation underlying the non-standard unit. The unit will be dedicated to Applicant's proposed **Marwari 28-16 State Fed Com 232H** well.
8. ***Case No. 16100: Application of Devon Energy Production Company, L.P., for a Non-Standard Oil Spacing and Proration Unit, Compulsory Pooling, and Down-Hole Commingling, Lea County, New Mexico.*** Applicant seeks an order approving a non-standard oil spacing and proration unit in the 2nd Bone Spring formation (Mesa Verde; Bone Spring Pool (Pool Code 96229) and WC-025 G-07 S253206M; Bone Spring (Pool Code 96715)), comprised of the E/2 W/2 of Section 16 and E/2 W/2 of Section 21, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico, and pooling all mineral interests in the 2nd Bone Spring formation underlying the non-standard unit. The unit will be dedicated to Applicant's proposed **Marwari 21-16 State Fed Com 234H** well.
9. ***Case No. 16101: Application of Devon Energy Production Company, L.P., for a Non-Standard Oil Spacing and Proration Unit, Compulsory Pooling, and Down-Hole Commingling, Lea County, New Mexico.*** Applicant seeks an order approving a non-standard oil spacing and proration unit in the 2nd Bone Spring formation (Mesa Verde; Bone Spring Pool (Pool Code 96229) and WC-025 G-07 S253206M; Bone Spring (Pool Code 96715)), comprised of the W/2 E/2 of Section 16 and W/2 E/2 of Section 21, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico, and pooling all mineral interests in the 2nd Bone Spring formation underlying the non-standard unit. The unit will be dedicated to Applicant's proposed **Marwari 28-16 State Fed Com 236H** well.
10. ***Case No. 16102: Application of Devon Energy Production Company, L.P., for a Non-Standard Oil Spacing and Proration Unit and Compulsory Pooling, Lea County, New Mexico.*** Applicant seeks an order approving a non-standard oil spacing and proration unit in the Wolfcamp formation (WC-025 G-07 S253216D; Upper Wolfcamp Pool; Pool Code 98270), comprised of the W/2 W/2 of Section 16 and W/2 W/2 of Section 21, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico, and pooling all mineral interests in the Wolfcamp formation underlying the non-standard unit. The unit will be dedicated to Applicant's proposed **Marwari 28-16 State Fed Com 712H** well.
11. ***Case No. 16103: Application of Devon Energy Production Company, L.P., for a Non-Standard Oil Spacing and Proration nit and Compulsory Pooling, Lea County, New Mexico.*** Applicant seeks an order approving a non-standard oil spacing and proration unit in the Wolfcamp formation (WC-025 G-07 S253216D; Upper Wolfcamp Pool; Pool Code 98270), comprised of the E/2 W/2 of Section 16 and E/2 W/2 of Section 21, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico, and pooling all mineral interests in the Wolfcamp formation underlying the non-

standard unit. The unit will be dedicated to Applicant's proposed **Marwari 21-16 State Fed Com 714H** well.

12. ***Case No. 16104: Application of Devon Energy Production Company, L.P., for a Non-Standard Oil Spacing and Proration Unit and Compulsory Pooling, Lea County, New Mexico.*** Applicant seeks an order approving a non-standard oil spacing and proration unit in the Wolfcamp formation (WC-025 G-07 S253216D; Upper Wolfcamp Pool; Pool Code 98270), comprised of the W/2 E/2 of Section 16 and W/2 E/2 of Section 21, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico, and pooling all mineral interests in the Wolfcamp formation underlying the non-standard unit. The unit will be dedicated to Applicant's proposed **Marwari 28-16 State Fed Com 716H** well.
13. ***Case No. 16169: Application of Pride Energy Company, for compulsory pooling, non-standard spacing and proration unit, and unorthodox location, Lea County, New Mexico;*** Applicant seeks an order pooling all mineral interests within the Bone Spring formation (Pool Code WC-205 G-05 S-253209L; Bone Spring 96715), dedicated to its **Paduca 16 State 501H** well, non-standard 160 acre spacing and proration unit, and unorthodox location, underlying the W/2 W/2 of Section 16, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico.
14. ***Case No. 16170: Application of Pride Energy Company for compulsory pooling, non-standard spacing and proration unit, and unorthodox location, Lea County, New Mexico;*** Applicant seeks an order pooling all mineral interests within the Bone Spring formation (Pool Code WC-205 G-05 S-253209L; Bone Spring 96715), dedicated to its **Paduca 16 State 502H** well, non-standard 160 acre spacing and proration unit, and unorthodox location, underlying the W/2 E/2 of Section 16, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico.
15. ***Case No. 16171: Application of Pride Energy Company for compulsory pooling, non-standard spacing and proration unit, and unorthodox location, Lea County, New Mexico;*** Applicant seeks an order pooling all mineral interests within the Bone Spring formation (Pool Code WC-205 G-05 S-253209L; Bone Spring 96715), dedicated to its **Paduca 16 State 503H** well, non-standard 160 acre spacing and proration unit, and unorthodox location, underlying the E/2 W/2 of Section 16, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico.
16. ***Case No. 16172: Application of Pride Energy Company for compulsory pooling, non-standard spacing and proration unit, and unorthodox location, Lea County, New Mexico;*** Applicant seeks an order pooling all mineral interests within the vertical limits of the Wolfcamp formation (Pool Code 98270), dedicated to its **Paduca 16 State 701H** well, non-standard 160 acre spacing and proration unit, unorthodox location, underlying the W/2 W/2 of Section 16, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico.
17. ***Case No. 16173: Application of Pride Energy Company for compulsory pooling, non-standard spacing and proration unit, and unorthodox location, Lea County, New Mexico;*** Applicant seeks an order pooling all mineral interests within the vertical limits of the Wolfcamp formation (Pool Code 98270), dedicated to its **Paduca 16 State 702H** well, non-standard 160 acre spacing and proration unit, and unorthodox location, underlying the W/2 E/2 of Section 16, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico.
18. ***Case No. 16174: Application of Pride Energy Company for compulsory pooling, non-standard spacing and proration unit, and unorthodox location, Lea County, New Mexico;*** Applicant proposes an order pooling all mineral interests within the vertical limits of the Wolfcamp formation (Pool Code 98270), dedicated to its **Paduca 16 State 703H** well, non-standard 160 acre spacing

and proration unit, and unorthodox location, underlying the E/2 W/2 of Section 16, Township 25 S outh, Range 32 East, NMPM, Lea County, New Mexico.

Upon the application of Marathon Oil Permian, LLC, the following cases will be heard De Novo pursuant to the provisions of Division Rule 19.15.4.23 NMAC:

19. ***Case No. 16313: (readvertised) 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 a 480-acre horizontal spacing unit comprised of the SE/4 of Section 21 and the E/2 of Section 28, Township 24 South, Range 28 East, NMPM. The unit will be dedicated to the **Kansas 21/28 W0IP Fed. Com. Well No. 2H** and the **Kansas W2IP Fed. Com. Well No. 1H**, horizontal wells with surface locations in the NE/4 SE/4 of Section 21, and last take points in the SE/4 SE/4 of Section 28. The producing intervals will be orthodox. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The unit is located approximately 2-1/2 miles southwest of Malaga, New Mexico.
20. ***Case No. 16234: Application of Mewbourne Oil Company for a non-standard gas spacing and proration unit and compulsory pooling, Eddy County, New Mexico.*** Mewbourne Oil Company seeks an order approving a 480-acre non-standard gas spacing and proration unit (project area) in the Wolfcamp formation comprised of the NE/4 of Section 21 and the E/2 of Section 16, Township 24 South, Range 28 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Wolfcamp formation underlying the non-standard unit. The unit will be dedicated to the **Creedence 21/16 W0HA State Com. Well No. 1H** and the **Creedence W0HA State Com. Well No. 2H**, horizontal wells with surface locations in the SE/4 NE/4 of Section 21, and bottomhole locations in the NE/4 NE/4 of Section 16. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The unit is located approximately 1 mile west of Malaga, New Mexico
21. ***Case No. 16235: Application of Mewbourne Oil Company for a non-standard gas spacing and proration unit and compulsory pooling, Eddy County, New Mexico.*** Mewbourne Oil Company seeks an order approving a 480-acre non-standard gas spacing and proration unit (project area) in the Wolfcamp formation comprised of the NW/4 of Section 21 and the W/2 of Section 16, Township 24 South, Range 28 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Wolfcamp formation underlying the non-standard unit. The unit will be dedicated to the **Creedence 21/16 W2ED State Com. Well No. 1H** and the **Creedence W0ED State Com. Well No. 2H**, horizontal wells with surface locations in the SW/4 NW/4 of Section 21, and bottomhole locations in the NW/4 NW/4 of Section 16. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The unit is located approximately 1-1/2 mile west of Malaga, New Mexico.
22. ***Case No. 16386: Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico.*** Mewbourne Oil Company seeks an order pooling all mineral interests in the Bone Spring formation in a horizontal spacing unit comprised of the W/2 NE/4 of Section 21 and the W/2 E/2 of Section 16, Township 24 South, Range 28 East, NMPM. The unit will be dedicated to the **Creedence 21/16 B3GB State Com. Well No. 1H**, a horizontal well a first take point in the SW/4 NE/4 of Section 21 and a last take point in the NW/4 NE/4 of Section 16. 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 west of Malaga, New Mexico.

23. ***Case No. 16387: Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico.*** Mewbourne Oil Company seeks an order pooling all mineral interests in the Bone Spring formation in a horizontal spacing unit comprised of the E/2 NE/4 of Section 21 and the E/2 E/2 of Section 16, Township 24 South, Range 28 East, NMPM. The unit will be dedicated to the **Creedence 21/16 B3HA State Com. Well No. 1H**, a horizontal well a first take point in the SE/4 NE/4 of Section 21 and a last take point in the NE/4 NE/4 of Section 16. 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 west of Malaga, New Mexico.
24. ***Case No. 16388: 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 a horizontal spacing unit comprised of the NE/4 of Section 21 and the E/2 of Section 16, Township 24 South, Range 28 East, NMPM. The unit will be dedicated to the **Creedence 21/16 W0GB State Com. Well No. 3H, the Creedence W2GB State Com. Well No. 4H, the Creedence 21/16 W2HA State Com. Well No. 5H, the Creedence 21/16 W2GB State Com. Well No. 6H, and the Creedence 21/16 W2GB State Com. Well No. 7H**, horizontal wells with surface locations in the S/2 NE/4 of Section 21, and final take points in the N/2 NE/4 of Section 16. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The unit is located approximately 1 mile west of Malaga, New Mexico.
25. Other business.
26. Next meeting: April 11, 2019
27. 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. Public documents can be provided in various accessible formats.