

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

PRELIMINARY AGENDA AND DOCKET
NEW MEXICO OIL CONSERVATION COMMISSION MEETING

January 18, 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 December 7, 2017 meeting.
4. Adopt Annual Resolution setting forth reasonable notice standards for Commission Public Meetings.
5. The Commission will determine whether and when to hear the following two rulemaking cases:
Case No. 15957: Application of the New Mexico Oil Conservation Division to Amend Rules of the Commission Concerning the Drilling, Spacing, and Operation of Horizontal Wells and Related Matters by Amending Various Sections of Rules 19.15.2, 19.15.4, 19.15.14, 19.15.15, and 19.15.16 NMAC

Case No. 15959: Application of the New Mexico Oil Conservation Division to Repeal and Replace Rule 19.15.29 NMAC
6. ***Case No. 15856: (Continued from the November 9, 2017 Commission Meeting.) (This case will be dismissed.) Stakeholder Gas Services LLC, whose address is 777 E. Sonterra Blvd., Suite 100, San Antonio, Texas 78258, proposes to drill two acid gas injection (AGI) wells to dispose of acid gases from its proposed natural gas plant operations to be located approximately 9 miles southwest of Lovington in Lea County, New Mexico. The Stakeholder AGI #1 well will be drilled at a surface location approximately 660 feet from the South line (FSL) and 1790 feet from the West line (FWL) of Section 21, Township 16 South, Range 35 East in Lea County, New Mexico, and AGI #2 will be drilled approximately 2080 feet from the South line (FSL) and 1980 feet from the West line (FWL) of the same Section. Both Stakeholder AGI wells are designed as vertical wells. The***

injection interval will be in the Permian Premier Sand unit of the Grayburg Formation at depths of approximately 4,700 to 4,800 feet. The maximum average injection rate will be approximately 6.8 million standard cubic feet per day of acid gases, at a maximum surface pressure of 1,845 psig. Interested parties must file objections with the New Mexico Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, within 15 days.

Inquiries regarding this application should be directed to Mr. Albero A. Gutierrez or Mr. James C. Hunter at Geolex Inc., 500 Marquette Ave. NW, Albuquerque, New Mexico 87102, (505) 842-8000.

7. ***Case No. 15655 (De Novo): (Continued from the December 7, 2017 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.
8. ***Case No. 15659 (De Novo): (Continued from the December 7, 2017 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.
9. ***Case No. 15656 (De Novo): (Continued from the December 7, 2017 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 **Gramma 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.

10. ***Case No. 15660 (De Novo): (Continued from the December 7, 2017 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.
11. Discussion of pending litigation.
12. Next meeting: February 15, 2018
13. 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.