

DOCKET: SPECIAL EXAMINER HEARING – THURSDAY - JANUARY 31, 2019

9:00 a.m. - 1220 South St. Francis, Santa Fe, New Mexico 87505

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 four business days 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 four days 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.

1. Case No. 16381: *(Continued from the January 10, 2019 Examiner Hearing.)*

Application of Marathon Oil Permian LLC for a horizontal spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division: (1) creating a 1280-acre, more or less, spacing unit in covering Sections 7 and 8, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico; and, (2) pooling all mineral interests in the Wolfcamp formation underlying this proposed spacing and proration unit. This proposed spacing unit will be the unit for the **Crossbow 23 27 8 WXY 2H, Crossbow 23 27 8 WA 4H, Crossbow Federal 23 27 8 WXY 9H, Crossbow Federal 23 27 8 WA 10H, Crossbow Federal 23 27 8 WXY 8H Crossbow Federal 23 27 8 WXY 14H, Crossbow Federal 23 27 8 WA 15H and Crossbow Federal 23 27 8 WA 16H** wells, to be horizontally drilled. The producing area for these wells will be orthodox. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Marathon as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 8 miles southwest of Carlsbad, New Mexico.

2. Case No. 16430: *(Continued from the January 10, 2019 Examiner Hearing.)*

Application of Tap Rock Operating, LLC for a Standard Horizontal Spacing and Proration Unit and Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) creating a standard 640-acre, more or less, horizontal spacing and proration unit comprised of the N/2 of Section 7 and the N/2 of Section 8, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico, pooling all mineral interests in the Wolfcamp formation (Purple Sage-Wolfcamp Pool) underlying the standard unit, and (2) pooling all uncommitted interests in the Wolfcamp formation (Purple Sage-Wolfcamp Pool). Said horizontal spacing unit is to be assigned to the proposed initial **Old Chub 23S27E0807 Fed Com #201H well**, to be horizontally drilled from an approximate surface location 637' FNL and 366' FEL of Section 8 to a bottom hole location 3500' FNL and 200' FWL of Section 7. This well is the "defining well" for this unit. Also to be drilled are the following infill wells: (1) **Old Chub 23S27E0807 Fed Com #202H well**, to be horizontally drilled from an approximate surface location 1805' FNL and 360' FEL of Section 8 to a bottom hole location 1668' FNL and 200' FWL of Section 7, (2) the **Old Chub 23S27E0807 Fed Com #205H well**, to be horizontally drilled from an approximate surface location 667' FNL and 366' FEL of Section 8 to a bottom hole location 1000' FNL and 200' FWL of Section 7, and (3) the **Old Chub 23S27E0807 Fed Com #207H well**, to be horizontally drilled from an approximate surface location 1835' FNL and 360' FEL of Section 8 to a bottom hole location 2326' FNL and 200' FWL of Section 7. The completed intervals and first and last take points for these wells are within the setbacks required by the Purple Sage-Wolfcamp pool rules. Also to be considered will be the cost of drilling and completing the wells 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 wells. The wells and lands are located approximately 4 miles South of Carlsbad, New Mexico.

3. Case No. 16431: *(Continued from the January 10, 2019 Examiner Hearing.)*

Application of Tap Rock Operating, LLC for a Standard Horizontal Spacing and Proration Unit and Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) creating a standard 640-acre, more or less, horizontal spacing and proration unit comprised

of the S/2 of Section 7 and the S/2 of Section 8, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico, pooling all mineral interests in the Wolfcamp formation (Purple Sage-Wolfcamp Pool) underlying the standard unit, and (2) pooling all uncommitted interests in the Wolfcamp formation (Purple Sage-Wolfcamp Pool). Said horizontal spacing unit is to be assigned to the proposed initial **Old Chub 23S27E0807 Fed Com #203H well**, to be horizontally drilled from an approximate surface location 1914' FSL and 355' FEL of Section 8 to a bottom hole location 2317' FSL and 200' FWL of Section 7. This well is the "defining well" for this unit. Also to be drilled are the following infill wells: (1) **Old Chub 23S27E0807 Fed Com #204H well**, to be horizontally drilled from an approximate surface location 1035' FSL and 325' FEL of Section 8 to a bottom hole location 994' FSL and 200' FWL of Section 7, (2) the **Old Chub 23S27E0807 Fed Com #206H well**, to be horizontally drilled from an approximate surface location 1884' FSL and 355' FEL of Section 8 to a bottom hole location 1664' FSL and 200' FWL of Section 7, and (3) the **Old Chub 23S27E0807 Fed Com #208H well**, to be horizontally drilled from an approximate surface location 1005' FSL and 325' FEL of Section 8 to a bottom hole location 341' FSL and 200' FWL of Section 7. The completed intervals and first and last take points for these wells are within the setbacks required by the Purple Sage-Wolfcamp pool rules. Also to be considered will be the cost of drilling and completing the wells 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 wells. The wells and lands are located approximately 4 miles South of Carlsbad, New Mexico

4. Case No 16467: *(Continued from the January 10, 2019 Examiner Hearing.)*

Application of Tap Rock Operating, LLC for a Standard Horizontal Spacing and Proration Unit and Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) creating a standard 640-acre, more or less, horizontal spacing and proration unit comprised of the N/2 of Section 7 and the N/2 of Section 8, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico, pooling all mineral interests in the Bone Spring formation (Cass Draw Bone Spring; Pool code 10380) underlying the standard unit, and (2) pooling all uncommitted interests in the Bone Spring formation (Cass Draw Bone Spring; Pool code 10380). Said horizontal spacing unit is to be assigned to the proposed initial **Old Chub 23S27E0807 Fed Com #131H well**, to be horizontally drilled from an approximate surface location 742' FNL and 396' FEL of Section 8 to a bottom hole location 660' FNL and 5' FWL of Section 7. This well is the "defining well" for this unit. Also to be drilled is the following infill well: **Old Chub 23S27E0807 Fed Com #132H well**, to be horizontally drilled from an approximate surface location 1785' FNL and 390' FEL of Section 8 to a bottom hole location 1980' FNL and 5' FWL of Section 7. The completed intervals and first and last take points for these wells are within the setbacks required by state-wide pool rules. Also to be considered will be the cost of drilling and completing the wells 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 wells. The wells and lands are located approximately 4 miles South of Carlsbad, New Mexico.