

**DOCKET: SPECIAL EXAMINER HEARING
TUESDAY, NOVEMBER 19, 2019 and WEDNESDAY, NOVEMBER 20, 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. 20105: Application of Ridge Runner Resources Operating, LLC for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all uncommitted mineral interests in the Wolfcamp formation in a standard 640-acre horizontal spacing unit comprised of the W/2 of Section 35, Township 22 South, Range 28 East and the W/2 of Section 2, Township 22 South, Range 23 East in Eddy County. The horizontal spacing unit will be dedicated to the proposed **Gladiator 35/02 W #1H** well, which will be horizontally drilled from a surface location in Unit D in Section 35, Township 22 South, Range 28 East to a bottom hole location in Unit M of Section 2, Township 23 South, Range 28 East. The completed interval for the well will be orthodox. Also to be considered will be the costs of drilling and completing the well and the allocation of the costs, the designation of Ridge Runner Resources Operating, LLC as the operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well location is ten (10) miles east of Carlsbad, New Mexico.

2. Case No. 20106: Amended Application of Ridge Runner Resources Operating, LLC for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all uncommitted mineral interests in the Wolfcamp formation in a standard 640-acre horizontal spacing unit comprised of the W/2 of Section 27 and the W/2 of Section 34, Township 22 South, Range 28 East in Eddy County. The horizontal spacing unit will be dedicated to the proposed **Warrior 2734 W #1H** well, which will be horizontally drilled from a surface location in Unit M in Section 22 to a bottom hole location in Unit M of Section 34, Township 22 South, Range 28 East. The completed interval for the well will be orthodox. Also to be considered will be the costs of drilling and completing the well and the allocation of the costs, the designation of Ridge Runner Resources Operating, LLC as the operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The location of the well is approximately nine (9) miles east of Carlsbad, New Mexico.

3. Case No. 20107: Amended Application of Ridge Runner Resources Operating, LLC for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all uncommitted mineral interests in the Wolfcamp formation in a standard 640-acre horizontal spacing unit comprised of the E/2 of Section 27 and the E/2 of Section 34, Township 22 South, Range 28 East in Eddy County. The horizontal spacing unit will be dedicated to the proposed **Warrior 2734 W #3H** well, which will be horizontally drilled from a surface location in Unit P in Section 22 to a bottom hole location in Unit P of Section 34, Township 22 South, Range 28 East. The completed interval for the well will be orthodox. Also to be considered will be the costs of drilling and completing the well and the allocation of the costs, the designation of Ridge Runner Resources Operating, LLC as the operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The location of the well is approximately nine and a half (9.5) miles east of Carlsbad, New Mexico.

4. Case No. 20165: Application of Marathon Oil Permian LLC for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying Sections 34 and 35, Township 22 South, Range 28 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the **Cerberus 34 WXY Fed Com 1H, Cerberus 34 WD Fed Com 2H, Cerberus 34 WA Fed Com 3H, Cerberus 34 WXY Fed Com 5H, Cerberus 34 WA Fed Com 7H, Cerberus 34 WXY Fed Com 8H, Cerberus 34 WA Fed Com 10H, Cerberus 34 WXY Fed Com 12H, and Cerberus 34 WA Fed Com 13H** 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, and allowing a one year period between when the wells are drilled and when the first well is completed. Said area is located approximately 5 miles North of Loving, New Mexico.

5. Case No. 20170: Application of Marathon Oil Permian LLC for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying Sections 1 and 2, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the **Trojan Horse 2 WXY FC 1H, Trojan Horse 2 WB FC 3H, Trojan Horse 2 WXY FC 5H, Trojan Horse 2 WA FC 7H, Trojan Horse 2 WXY FC 8H, Trojan Horse 2 WA FC 10H, Trojan Horse 2 WXY FC 12H, and Trojan Horse 2 WA FC 13H** 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, and allowing a one year period between when the wells are drilled and when the first well is completed. Said area is located approximately 4 miles North of Loving, New Mexico.

6. Case No. 20374: Application of WPX Energy Permian, LLC, for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Wolfcamp formation, Purple Sage Wolfcamp Gas Pool (Pool Code 98220), underlying a 636.35-acre standard horizontal spacing unit comprised of NE/4 of Section 35 and the N/2 of Section 36, both in Township 22 South, Range 28 East, NMPM, and Lot 1, Lot 2 and E/2 NW/4 of Section 31, Township 22 South, Range 29 East, NMPN, Eddy County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed wells:

- The **Golden 35-22-28 Fed Com 401H** well to be drilled from a surface hole location in NW/4 NE/4 (Unit B) of Section 35 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 31; and
- The **Golden 35-22-28 Fed Com 402H** well to be drilled from a surface hole location in NW/4 NE/4 (Unit B) of Section 35 to a bottom hole location in the SE/4 NW/4 (Unit F) of Section 31.

The completed intervals for the proposed wells will comply with the setback requirements imposed by the Special Rules for the Purple Sage Wolfcamp Gas Pool. Also, to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing each well. Said area is located approximately 5 miles northwest of Loving, New Mexico.

7. Case No. 20375: Application of WPX Energy Permian, LLC, for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Wolfcamp formation, Purple Sage Wolfcamp Gas Pool (Pool Code 98220), underlying a 633.85-acre standard horizontal spacing unit comprised of SE/4 of Section 35 and the S/2 of Section 36, both in Township 22 South, Range 28 East, NMPM, and Lot 3, Lot 4 and E/2 S W/4 of Section 31, Township 22 South, Range 29 East, NMPN, Eddy County, New Mexico. Applicant seeks to dedicate the above-

referenced horizontal spacing unit to the following proposed wells:

- The **Retriever 35-22-28 Fed Com 401H** well to be drilled from a surface hole location in NW/4 SE/4 (Unit J) of Section 35 to a bottom hole location in the SE/4 S W/4 (Unit N) of Section 31; and
- The **Retriever 35-22-28 Fed Com 402H** well to be drilled from a surface hole location in NW/4 SE/4 (Unit J) of Section 35 to a bottom hole location in the NE/4 SW/4 (Unit K) of Section 31.

The completed intervals for the proposed wells will comply with the setback requirements imposed by the Special Rules for the Purple Sage Wolfcamp Gas Pool. Also, to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing each well. Said area is located approximately 5 miles northwest of Loving, New Mexico.

8. Case No. 20716: Application of Ridge Runner Resources Operating, LLC for compulsory, non-standard spacing and proration unit in Eddy County, New Mexico. Applicant in the above cause seeks an order pooling all mineral interests within the Purple Sage Wolfcamp Pool (Pool Code 98220) and Culebra Bone Spring South Pool (Pool Code 15011), respectively, as to the proposed oil and gas wells listed below, underlying Section 27, Township 22 South, Range 28 East, NMPM and Section 26, Township 22 South, Range 35 East, NMPM, Eddy County, New Mexico. A. The proposed **Warlord 2726 Fed Com W #1H** to be horizontally drilled to a depth sufficient to test the Wolfcamp B interval of the Purple Sage Wolfcamp Pool from an orthodox SHL 330' FNL & 100' FWL, being in Unit letter D of Section 27 and a BHL 330' FNL & 100' FEL of Section 26, T22S, R28E in Unit letter A of Section 26; B. The proposed **Warlord 2726 Fed Com W #2H** to be horizontally drilled to a depth sufficient to test the Wolfcamp XY interval of the Purple Sage Wolfcamp Pool from an orthodox SHL 330' FSL & 100' FWL, being in Unit L of Section 27 and a BHL 330' FSL & 100' FEL of Section 26, T22S, R28E in Unit P of Section 26; C. The proposed **Warlord 2726 Fed Com B #1H** to be horizontally drilled to a depth sufficient to test the 3rd Bone Spring Sand of the Culebra Bluff Bone Spring Pool South from an orthodox SHL 360' FNL & 100' FWL of Section 27, T22S, R28E being in Unit letter D of Section 27 and the BHL 330' FNL & 100' FEL of Section 26, T22S, R28E in unit letter A of Section 26; D. The proposed **Warlord 2726 Fed Com B #2H** to be horizontally drilled to a depth sufficient to test the 3rd Bone Spring Sand of the Culebra Bluff Bone Spring Pool South from an orthodox SHL 1980' FNL & 100' FWL of Section 27, T22S, R28E being in Unit letter E of Section 27 and the BHL 1980' FNL & 100' FEL of Section 26, T22S, R28E in unit letter H of Section 26; E. The proposed **Warlord 2726 Fed Com B #3H** to be horizontally drilled to a depth sufficient to test the 3rd Bone Spring Sand of the Culebra Bluff Bone Spring Pool South from an orthodox SHL 1980' FSL & 100' FWL of Section 27, T22S, R28E being in Unit letter L of Section 27 and the BHL 1980' FSL & 100' FEL of Section 26, T22S, R28E in Unit letter I of Section 26; F. The proposed **Warlord 2726 Fed Com B #4H** to be horizontally drilled to a depth sufficient to test the Bone Spring Break and of the of the Culebra Bluff Bone Spring Pool South from an orthodox SHL 360' FSL & 100' FWL of Section 27, T22S, R28E being in Unit letter M of Section 27 and the BHL 330' FSL & 100' FEL of Section 26, T22S, R28E in Unit letter P of Section 26.

9. Case No. 20717: Application of Ridge Runner Resources Operating, LLC for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all uncommitted mineral interests in the Bone Spring formation in a 1,280-acre standard horizontal spacing unit comprised of Sections 27 and 34, Township 22 South, Range 28 East, in Eddy County. The horizontal spacing unit will be dedicated to: (1) the **Warrior Fed Com 2734 B #1H** well, which has a surface location in Unit M in Section 22 and a bottom hole location in Unit M in Section 34; (2) the **Warrior Fed Com 2734 B #2H** well, which has a surface location in Unit P in Section 22 and a bottom hole location in Unit P in Section 34; (3) the **Warrior Fed Com 2734 B #3H** well, which has a surface location in Unit M in Section 22 and a bottom hole location in Unit N in Section 34; and (4) the **Warrior Fed Com 2734 B #4H** well, which has a surface location in Unit P in Section 22 and a bottom hole location in Unit O in Section 34. The completed intervals for the wells

will be orthodox. Also to be considered will be the costs of drilling and completing the wells and the allocation of the costs, the designation of Ridge Runner Resources Operating, LLC as the operator of the wells, and a 200% charge for the risk involved in drilling and completing the well. The well locations are approximately nine (9) miles east of Carlsbad, New Mexico.

10. Case No. 20718: Application of Ridge Runner Resources Operating, LLC for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all uncommitted mineral interests in the Bone Spring formation in a 640-acre standard horizontal spacing unit comprised of the W/2 of Section 35, Township 22 South, Range 28 East, and the W/2 of Section 2, Township 23 South, Range 28 East, in Eddy County. The horizontal spacing unit will be dedicated to: (1) the **Gladiator Fed Com 3502 B #1H** well, which has a surface location in Unit D in Section 35 and a bottom hole location in Unit M in Section 2; and (2) the **Gladiator Fed Com 3502 B #2H** well, which has a surface location in Unit D in Section 35 and a bottom hole location in Unit N in Section 2. The completed intervals for the wells will be orthodox. Also to be considered will be the costs of drilling and completing the wells and the allocation of the costs, the designation of Ridge Runner Resources Operating, LLC as the operator of the wells, and a 200% charge for the risk involved in drilling and completing the well. The well locations are ten (10) miles east of Carlsbad, New Mexico.

11. Case No. 20840: Application of Marathon Oil Permian LLC for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the W/2 W/2 of Sections 34 and 27, Township 22 South, Range 28 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the **Shake-N-Bake 34 SB Fed Com 10H** well, to be horizontally drilled. The producing area for this well will be orthodox. 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 Marathon as operator of the well, and a 200% charge for risk involved in drilling said well, and allowing a one year period between when the well is drilled and when the well is completed. Said area is located approximately 5 miles North of Loving, New Mexico.

12. Case No. 20841: Application of Marathon Oil Permian LLC for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the W/2 Sections 34 and 27, Township 22 South, Range 28 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the **Shake-N-Bake 34 WXY Fed Com 1H, Shake-N-Bake 34 WXY Fed Com 2H, Shake-N-Bake 34 WXY Fed Com 3H, Shake-N-Bake 34 WD Fed Com 4H, Shake-N-Bake 34 WD Fed Com 5H, Shake-N-Bake 34 WD Fed Com 6H** wells, to be horizontally drilled. The producing area for these wells will be unorthodox. 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, and allowing a one year period between when the wells are drilled and when the first well is completed. Said area is located approximately 5 miles North of Loving, New Mexico.

13. Case No. 20842: Application of Marathon Oil Permian LLC for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the E/2 W/2 of Sections 34 and 27, Township 22 South, Range 28 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the **Shake-N-Bake 34 SB Fed Com 11H** well, to be horizontally drilled. The producing area for this well will be orthodox. 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 Marathon as operator of the well, and a 200% charge for risk involved in drilling said well, and allowing

a one year period between when the well is drilled and when the well is completed. Said area is located approximately 5 miles North of Loving, New Mexico.

14. Case No. 20843: Application of Marathon Oil Permian LLC for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the E/2 Sections 34 and 27, Township 22 South, Range 28 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the **Cerberus 34 WXY Fed Com 1H, Cerberus 34 WXY Fed Com 2H, Cerberus 34 WXY Fed Com 3H, Cerberus 34 WD Fed Com 4H, Cerberus 34 WD Fed Com 5H, Cerberus 34 WD Fed Com 6H** wells, to be horizontally drilled. The producing area for these wells will be unorthodox. 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, and allowing a one year period between when the wells are drilled and when the first well is completed. Said area is located approximately 5 miles North of Loving, New Mexico.

15. Case No. 20844: Application of Marathon Oil Permian LLC for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the W/2 E/2 of Sections 34 and 27, Township 22 South, Range 28 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the **Cerberus 34 SB Fed Com 10H** well, to be horizontally drilled. The producing area for this well will be orthodox. 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 Marathon as operator of the well, and a 200% charge for risk involved in drilling said well, and allowing a one year period between when the well is drilled and when the well is completed. Said area is located approximately 5 miles North of Loving, New Mexico.

16. Case No. 20845: Application of Marathon Oil Permian LLC for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the W/2 of Section 35, Township 22 South, Range 28 East, and the W/2 of Section 2, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the **Trojan Horse 35 WB Fed Com 1H; Trojan Horse 35 WXY Fed Com 2H; Trojan Horse 35 WB Fed Com 3H; Trojan Horse 35 WD Fed Com 7H; Trojan Horse 35 WXY Fed Com 4H; Trojan Horse 35 WD Fed Com 5H; Trojan Horse 35 WD Fed Com 6H** wells, to be horizontally drilled. The producing area for these wells will be unorthodox. 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, and allowing a one year period between when the wells are drilled and when the first well is completed. Said area is located approximately 4 miles North of Loving, New Mexico.

17. Case No. 20846: Application of Marathon Oil Permian LLC for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the W/2 W/2 of Section 35, Township 22 South, Range 28 East, and the W/2 W/2 of Section 2, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the **Trojan Horse 35 SB Fed Com 10H** well, to be horizontally drilled. The producing area for the well will be orthodox. 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 Marathon as operator of the well, and a 200% charge for risk involved in drilling said well, and allowing a one year period between when the well is drilled and when the well is completed. Said area is located approximately 4 miles North of Loving, New Mexico.

18. Case No. 20847: Application of Marathon Oil Permian LLC for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the E/2 W/2 of Section 35, Township 22 South, Range 28 East, and the E/2 W/2 of Section 2, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the **Trojan Horse 35 SB Fed Com 11H** well, to be horizontally drilled. The producing area for the well will be orthodox. 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 Marathon as operator of the well, and a 200% charge for risk involved in drilling said well, and allowing a one year period between when the well is drilled and when the well is completed. Said area is located approximately 4 miles North of Loving, New Mexico.

19. Case No. 20848: Application of Marathon Oil Permian LLC for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the E/2 E/2 of Sections 34 and 27, Township 22 South, Range 28 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the **Cerberus 34 SB Fed Com 11H** well, to be horizontally drilled. The producing area for this well will be orthodox. 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 Marathon as operator of the well, and a 200% charge for risk involved in drilling said well, and allowing a one year period between when the well is drilled and when the well is completed. Said area is located approximately 5 miles North of Loving, New Mexico.