

**PRELIMINARY AGENDA
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
November 8-9, 2023
9:00 A.M.**

The State of New Mexico Oil Conservation Commission meeting will be held in a hybrid format with both in-person and virtual participation options. The meeting will be held in Pecos Hall Hearing Room at the Wendell Chino Building, 1st Floor, 1220 South St. Francis Ave., Santa Fe, New Mexico. Based on the contemplated agenda, the Commission anticipates holding a two (2) day hearing and because of the holiday on November 10, this Commission meeting will start Wednesday, November 8, 2023. Virtual access to the Commission's public meeting is available as follows:

Meeting link:

Day 1 (November 8, 2023) link and/or meeting information:

NM Oil Conservation Commission Meeting - Nov. 2023 Meeting - Day 1

<https://nmemnrd.webex.com/nmemnrd/j.php?MTID=me0ee6fbad59e4b810ef71384ee226e1f>

Wednesday, November 8, 2023

Meeting number: 2488 277 0217

Password: OCCWebexNov2023! (62293239 from video systems)

Join by video system

Dial 24882770217@nmemnrd.webex.com

You can also dial 173.243.2.68 and enter your meeting number.

Join by phone

+1-408-418-9388 United States Toll

Access code: 248 827 70217

Day 2 (November 9, 2023) link and/or meeting information (if necessary):

NM Oil Conservation Commission Meeting - Nov. 2023 Meeting - Day 2

<https://nmemnrd.webex.com/nmemnrd/j.php?MTID=m16747085349af4f2415b770d0c19f5dd>

Thursday, November 9, 2023

Meeting number: 2495 143 8569

Password: OCCNovWebex2023! (62266893 from video systems)

Join by video system

Dial 24951438569@nmemnrd.webex.com

You can also dial 173.243.2.68 and enter your meeting number.

Join by phone

+1-408-418-9388 United States Toll

Access code: 249 514 38569

Hosted by Dylan Fuge

If you are an individual with a disability who is 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) 470-5480 or through the New Mexico Relay Network at 1-800-659-1779 by October 30, 2023. Public documents can be provided in various accessible formats. A preliminary agenda will be available to the public no later than two weeks prior. A final agenda will be available no later than 72 hours preceding the meeting. Members of the public may obtain copies of the agenda by contacting Ms. Davidson by visiting the Oil Conservation Division website at www.emnrd.nm.gov/ocd.

The following items are for discussion and possible action:

1. Roll call
2. Approval of the November 8-9, 2023 Agenda
3. Adoption of the October 12, 2023 Meeting Minutes
4. Pending cases

Prior Cases Set for Status Conference:

Status Conference Case 23727: Application of Targa Northern Delaware LLC for Rehearing of Order No. R-13507-E, Lea County, New Mexico. Targa Northern Delaware LLC (“Targa”) requests that the Oil Conservation Commission reconsider conditions included in Order No. R-13507-E that impose certain requirements regarding monitoring of the Government L Com # Well (API 30-025-25604) in relation to Targa’s operation of the Red Hills AGI #1 Well.

FINAL STATUS CONFERENCE De Novo Case 21744: Application of Cimarex Energy Co. for Hearing De Novo of Case No. 21629, Eddy County, New Mexico Application of Magnum Hunter Production, Inc., an affiliate of Cimarex Energy Co., (“Cimarex”) to Reopen Case No. 21629, Eddy County, New Mexico. Applicant in the above-styled cause seeks to reopen Case No. 21629 in order to determine grounds for the introduction and submission by Applicant of a competing pooling application for the Bone Spring formation underlying the N/2 N/2 of Sections 2 and 3, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico. The lands are located approximately 15.5 miles northeast of Carlsbad, New Mexico.

The following two Cimarex cases were referred to the Oil Conservation Commission to be heard with De Novo Case 21744:

- Case 22018: Application of Cimarex Energy Co. for a 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 479.39-acre, more or less, horizontal spacing and proration unit comprised of the S/2 N/2 of Sections 2 and 1, Township 20 South, Range 29 East; and the S/2 N/2 of Section 6, Township 20 South, Range 30 East; NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation underlying the unit. Said horizontal spacing unit is to be dedicated to the Crest 2-1-6 State Fed Com 2H Well, to be horizontally drilled from a surface location in the SW/4 NW/4 (Unit E) of Section 2 to a bottom hole location in the SE/4 NE/4 (Unit H)

of Section 6. The completed interval and first take and last take point for the well meets the Division's statewide setback requirements for horizontal oil wells. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the well and unit; and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 12 miles northeast of Carlsbad, New Mexico.

- Case 22019: Application of Cimarex Energy Co. for a 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 484.63-acre, more or less, horizontal spacing and proration unit comprised of the N/2 N/2 of Sections 2 and 1, Township 20 South, Range 29 East; and the N/2 N/2 of Section 6, Township 20 South, Range 30 East; NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation underlying the unit. Said horizontal spacing unit is to be dedicated to the Crest 2-1-6 State Fed Com 1H Well, to be horizontally drilled from a surface location in SW/4 NW/4 (Unit E) of Section 2 to a bottom hole location in Lot 1 (aka NE/4 NE/4) of Section 6. The completed interval and first take and last take point for the well meets the Division's statewide setback requirements for horizontal oil wells. Also to be considered will be the cost of drilling and //completing the well and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the well and unit; and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 12 miles northeast of Carlsbad, New Mexico.

New Cases Set for Initial Status Conference:

- Case No. 23942: Application Of Avant Operating, LLC for Hearing De Novo of Case Nos. 23640-23645, Eddy County, New Mexico. Avant Operating, LLC, a party adversely affected by Order Nos. R-22837, R-22838, R-22839, R-22840, R-22841, and R-22842, applies for a hearing de novo before the full Commission, pursuant to NMSA 1978, Section 70-2-13.
- Case Nos. 23640-23645: Applications of Colgate Production, LLC for Compulsory Pooling, Eddy County, New Mexico
 - 23640: Application of Colgate Production, LLC for Compulsory Pooling, Eddy County, New Mexico. Applicant applies for an order pooling all uncommitted interests in the Bone Spring formation underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the N/2 N/2 of Sections 9 and 10, Township 20 South, Range 28 East, Eddy County, New Mexico ("Unit"). The Unit will be dedicated to the Koala 9 Fed Com 111H, Koala 9 Fed Com 121H, and Koala 9 Fed Com 131H wells ("Wells"), which will be drilled from surface hole locations in the NE/4 NE/4 (Unit A) of Section 8 to bottom hole locations in the NE/4 NE/4 (Unit A) of Section 10. The Wells are located approximately 12 miles northeast of Carlsbad, New Mexico.
 - 23641: Application of Colgate Production, LLC for Compulsory Pooling, Eddy County, New Mexico. Applicant applies for an order pooling all uncommitted interests in the Bone Spring formation underlying a 320-acre, more or less,

standard horizontal spacing unit comprised of the N/2 S/2 of Sections 9 and 10, Township 20 South, Range 28 East, Eddy County, New Mexico ("Unit"). The Unit will be dedicated to the Koala 9 Fed Com 113H, Koala 9 Fed Com 123H, and Koala 9 Fed Com 133H wells ("Wells"), which will be drilled from surface hole locations in the SE/4 SE/4 (Unit P) of Section 8 to bottom hole locations in the NE/4 SE/4 (Unit I) of Section 10. The Wells are located approximately 12 miles northeast of Carlsbad, New Mexico.

- 23642: Application of Colgate Production, LLC for Compulsory Pooling, Eddy County, New Mexico. Applicant applies for an order pooling all uncommitted interests in the Bone Spring formation underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the S/2 N/2 of Sections 9 and 10, Township 20 South, Range 28 East, Eddy County, New Mexico ("Unit"). The Unit will be dedicated to the Koala 9 Fed Com 112H, Koala 9 Fed Com 122H, and Koala 9 Fed Com 132H wells ("Wells"), which will be drilled from surface hole locations in the NE/4 NE/4 (Unit A) of Section 8 to bottom hole locations in the SE/4 NE/4 (Unit H) of Section 10. The Wells are located approximately 12 miles northeast of Carlsbad, New Mexico.
- 23643: Application of Colgate Production, LLC for Compulsory Pooling, Eddy County, New Mexico. Applicant applies for an order pooling all uncommitted interests in the Bone Spring formation underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the S/2 S/2 of Sections 9 and 10, Township 20 South, Range 28 East, Eddy County, New Mexico ("Unit"). The Unit will be dedicated to the Koala 9 Fed Com 114H, Koala 9 Fed Com 124H, and Koala 9 Fed Com 134H wells ("Wells"), which will be drilled from surface hole locations in the SE/4 SE/4 (Unit P) of Section 8 to bottom hole locations in the SE/4 SE/4 (Unit P) of Section 10. The Wells are located approximately 12 miles northeast of Carlsbad, New Mexico.
- 23644: Application of Colgate Production, LLC for Compulsory Pooling, Eddy County, New Mexico. Applicant applies for an order pooling all uncommitted interests in the Wolfcamp formation underlying a 640-acre, more or less, standard horizontal spacing unit comprised of the N/2 of Sections 9 and 10, Township 20 South, Range 28 East, Eddy County, New Mexico ("Unit"). The Unit will be dedicated to the following wells ("Wells"): Koala 9 Fed Com 201H well, which will be drilled from a surface hole location in the NE/4 NE/4 (Unit A) of Section 8 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 10; and Koala 9 Fed Com 202H well, which will be drilled from a surface hole location in the NE/4 NE/4 (Unit A) of Section 8, to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 10. The Wells are located approximately 12 miles northeast of Carlsbad, New Mexico.
- 23645: Application of Colgate Production, LLC for Compulsory Pooling, Eddy County, New Mexico. Applicant applies for an order pooling all uncommitted interests in the Wolfcamp formation underlying a 640-acre, more or less, standard horizontal spacing unit comprised of the S/2 of Sections 9 and 10, Township 20 South, Range 28 East, Eddy County, New Mexico ("Unit"). The Unit will be dedicated to the following wells ("Wells"): Koala 9 Fed Com 203H well, which will be drilled from a surface hole location in the SE/4 SE/4 (Unit P) of Section 8, to a bottom hole location in the NE/4 SE/4 (Unit I) of Section 10; and

Koala 9 Fed Com 204H well, which will be drilled from a surface hole location in the SE/4 SE/4 (Unit P) of Section 8, to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 10. The Wells are located approximately 12 miles northeast of Carlsbad, New Mexico.

- Case 23943: Application of Northwind Midstream Partners LLC for Approval of Redundant Acid Gas Injection Well As Required Under Order No. R-20913, As Amended, Lea County, New Mexico. Applicant in the above-styled cause seeks an order authorizing injection of treated acid gas (“TAG”) for purposes of disposal into a redundant acid gas injection (“AGI”) well to be named the Salt Creek AGI #2 Well (API No. pending) as required under Order No. R-21093-D, as amended. The proposed well will be located approximately 2,513 feet from the north line and 310 feet from the west line (Unit E) of said Section 21, Township 26 South, Range 36 East, NMPM, Lea County, New Mexico. Injection will be into the Silurian-Devonian formations at depths of approximately 17,550 feet to 18,650 feet below the ground through an open-hole completion. The injection stream will consist of TAG comprised of approximately 80 percent carbon dioxide and 20 percent hydrogen sulfide from oil and gas wells in the area. The proposed maximum rate of injection is 12 million standard cubic feet (MMSCF) per day (approximately 6,631 barrels per day) of TAG. The proposed maximum allowable operating pressure will be 5,798 psig. The subject well will be located approximately 7.5 miles southwest of Jal, New Mexico.

Prior Cases – Set for Adjudicatory Hearing

- Case 23686: Application of Chevron USA Inc. to Approve Saltwater Disposal Wells in Lea and Eddy Counties, New Mexico.
- Case 23687: Application of Chevron USA Inc. to approve Saltwater Disposal Wells in Lea and Eddy Counties, New Mexico.

Prior Cases – Other updates

Upon an unopposed motion for continuance, Case 23655, the Application of the Joint Industry Technical Committee to Amend Order No. R-111-P, Lea and Eddy Counties, New Mexico, was continued to the January 11, 2024, Commission Meeting.

5. Pending litigation
Atencio v. State, D-101-CV-202301038 (5/10/2023) September 07, 2023 – No update.
6. Other business
None
7. Next meeting – December 7, 2023