

CONTINUANCE DOCKET: OIL CONSERVATION DIVISION HEARING**Friday, December 8, 2023**

9:00 a.m.

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NOTICE: The hearing examiner may call the following cases in any order in his or her discretion.

	Case Number	Description
1.	23711	Application of FAE II Operating, LLC for Approval of an Enhanced Oil Recovery Project and to Qualify the Project for the Recovered Oil Tax Rate, Lea County, New Mexico. Applicant applies for an order approving an enhanced oil recovery project (secondary and tertiary recovery) in the South Jal Unit Area by the injection of water and gas into the Yates-Seven Rivers-Queen formation in wells located on approximately 19,369.77 acres of federal, state, and fee lands located in Lea County that include all or parts of: Township 25 South, Range 36 East – Sections 13, 24-26, 36; Township 25 South, Range 37 East – Sections 15, 16, 18, 19, 21-23, 26-28, 30-35; Township 26 South, Range 37 East – Sections 3-10, 15-23, 29, 32. Applicant proposes to: convert four producing wells to injection wells, drill 11 new injection wells, and reactivate one injection well in the Queen Formation; convert five producing wells to injection wells and drill three new injection wells in the Yates Formation; and convert three producing wells to injection wells in the Moberly Rhodes, Yates-Seven Rivers Formation. Applicant seeks authorization to include additional injection wells within the project administratively. Applicant also requests that the enhanced oil recovery project be qualified for the recovered oil tax rate, pursuant to the Enhanced Oil Recovery Act, NMSA 1978, Sections 7-29A-1 to -5, and New Mexico Oil Conservation Division regulations. The project area is centered approximately 2.25 miles South of Jal, New Mexico.
2.	23712	Application of FAE II Operating, LLC for Statutory Unitization, Lea County, New Mexico. Applicant seeks an order for statutory unitization of the South Jal Unit, which comprises approximately 19,369.77 acres of the following federal, state, and fee lands located in Lea County, New Mexico: Township 25 South, Range 36 East, 6th P.M. Section 13: SE Section 24: E2 Section 25: All Section 26: E2E2 Section 36: N2, SE Township 25 South, Range 37 East, 6th P.M. Section 15: W2W2 Section 16: All

Section 18: Lot 4
Section 19: Lot 1, Lot 2, Lot 3, Lot 4, E2SW
Section 21: All
Section 22: W2NW, S2
Section 23: SW
Section 26: W2, SWSE
Section 27: All
Section 28: All
Section 30: Lot 1, Lot 2, Lot 3, Lot 4, E2W2, W2E2
Section 31: All
Section 32: All
Section 33: All
Section 34: All
Section 35: NW, W2NE, S2
Township 26 South, Range 37 East, 6th P.M.
Section 3: All
Section 4: All
Section 5: All
Section 6: All
Section 7: All
Section 8: All
Section 9: All
Section 10: All
Section 15: All
Section 16: All
Section 17: All
Section 18: Lot 1, NENW, E2
Section 19: NE
Section 20: All
Section 21: W2, NE, W2SE
Section 22: N2
Section 23: SWNW
Section 29: All
Section 32: N2N2, Lot 1, Lot 2, Lot 3, Lot 4

The unitized interval extends from the top of the Yates Formation to the base of the Queen Formation. Among the matters to be considered at hearing, pursuant to the New Mexico Statutory Unitization Act, NMSA 1978, §§ 70-7-1 et seq., will be: the necessity of unit operations; the determination of horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investments, to each of the tracts in the unit area; the determination of credits and charges to be made among the working interest owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate. Applicant also requests that the Rhodes Unit, approved by Division Order No. 772, be terminated pursuant to the Bureau of Land Management's agreement to dissolve the Rhodes Unit and incorporate the area into the South Jal Unit. The unit area is centered approximately 2.25 miles South of Jal, New Mexico.