

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**APPLICATION OF B.C. OPERATING, INC.
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

Case No. _____

APPLICATION

B.C. Operating, Inc. ("BC") hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all mineral interests in the Bone Spring formation (Winchester; Bone Spring, West [97569]) in a standard 960-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of all of Section 24, Township 19 South, Range 27 East, and the West Half of Section 19, Township 19 South, Range 28 East, NMPM, in Eddy County, New Mexico. In support of its application, BC states as follows:

1. BC is a working interest owner in the proposed HSU and has the right to drill thereon.
2. BC proposes to drill the following 1.5 mile wells in the proposed HSU:
 - **Winchester 24 SB 201H** well, to be horizontally drilled from an approximate surface hole location 334' FSL and 415' FWL of Section 24, T19S-R27E, to an approximate bottom hole location 330' FSL & 2607' FWL of Section 19, T19S-R28E.
 - **Winchester 24 SB 202H** well, to be horizontally drilled from an approximate surface hole location 1454' FSL and 557' FWL of Section 24, T19S-R27E, to an

approximate bottom hole location 1650' FSL & 2605' FWL of Section 19, T19S-R28E.

- **Winchester 24 SB 203H** well, to be horizontally drilled from an approximate surface hole location 2431' FNL and 561' FWL of Section 24, T19S-R27E, to an approximate bottom hole location 2310' FNL & 2604' FWL of Section 19, T19S-R28E.
- **Winchester 24 SB 204H** well, to be horizontally drilled from an approximate surface hole location 984' FNL and 538' FWL of Section 24, T19S-R27E, to an approximate bottom hole location 990' FNL & 2602' FWL of Section 19, T19S-R28E.
- **Winchester 24 TB 301H** well, to be horizontally drilled from an approximate surface hole location 374' FSL and 415' FWL of Section 24, T19S-R27E, to an approximate bottom hole location 430' FSL & 2607' FWL of Section 19, T19S-R28E.
- **Winchester 24 TB 302H** well, to be horizontally drilled from an approximate surface hole location 1494' FSL and 557' FWL of Section 24, T19S-R27E, to an approximate bottom hole location 1750' FSL & 2605' FWL of Section 19, T19S-R28E.
- **Winchester 24 TB 303H** well, to be horizontally drilled from an approximate surface hole location 2471' FNL and 561' FWL of Section 24, T19S-R27E, to an approximate bottom hole location 2410' FNL & 2604' FWL of Section 19, T19S-R28E.

- **Winchester 24 TB 304H** well, to be horizontally drilled from an approximate surface hole location 1024' FNL and 538' FWL of Section 24, T19S-R27E, to an approximate bottom hole location 1090' FNL & 2603' FWL of Section 19, T19S-R28E.

3. The completed intervals and first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells.

4. BC has in good faith sought and been unable to obtain voluntary agreement for the development of these lands from all of the mineral interest owners in the HSU.

5. Approval of the HSU and the pooling of all mineral interest owners in the Bone Spring formation underlying the HSU will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

6. In order to permit BC to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this HSU should be pooled and BC should be designated the operator of the HSU.

WHEREFORE, BC requests that this application be set for hearing before an Examiner of the Oil Conservation Division on December 3, 2020, and that, after notice and hearing as required by law, the Division enter an order:

A. Creating a standard 960-acre, more or less, horizontal spacing and proration unit comprised of all of Section 24, Township 19 South, Range 27 East, and the West Half of Section 19, Township 19 South, Range 28 East, NMPM, in Eddy County, New Mexico;

B. Pooling all mineral interests in the Bone Spring formation underlying the HSU;

- C. Allowing the drilling of the 1.5-mile Winchester 24 SB 201H, Winchester 24 SB 202H, Winchester 24 SB 202H, Winchester 24 SB 204H, Winchester 24 TB 201H, Winchester 24 TB 202H, Winchester 24 TB 203H, and Winchester 24 TB 204H wells in the HSU;
- D. Designating BC as operator of the HSU and the wells to be drilled thereon;
- E. Authorizing BC to recover its costs of drilling, equipping and completing the wells;
- F. Approving the operating charges and costs of supervision while drilling of \$7,000/month and, after completion, \$700/month, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- G. Imposing a 200% penalty for the risk assumed by BC in drilling and completing the wells against any interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

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