

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

**APPLICATION OF FLAT CREEK RESOURCES, LLC
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

Case No. _____

APPLICATION

Flat Creek Resources, LLC (“Flat Creek”), through its undersigned counsel Montgomery & Andrews, P.A. (Sharon T. Shaheen), 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 Wolfcamp formation (PURPLE SAGE; WOLFCAMP (GAS) [98220]) in a standard 640-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of the E/2 of Sections 7 and 18, Township 23 South, Range 26 East, NMPM, in Eddy County, New Mexico (“2-Mile HSU”) and, as an alternative, a standard 520-acre HSU comprised of the E/2 of Section 7, the NE/4 of Section 18, and the NW/4 of the SE/4 of Section 18, Township 23 South, Range 26 East, NMPM, in Eddy County, New Mexico (“Alternative HSU”). In support of its application, Flat Creek states as follows:

1. Flat Creek is a working interest owner in the proposed HSU and has the right to drill thereon.
2. Flat Creek proposes to drill the following well in the 2.0-Mile HSU:
 - **Rena 7 Fed Com 704H** well, to be horizontally drilled from an approximate surface hole location 309’ FSL and 1777’ FEL of Section 6-T23S-R26E, to an approximate bottom hole location 330’ FSL and 330’ FEL of Section 18-T23S-R26E.

3. In the alternative, Flat Creek proposes to drill the Rena 7 State Com 704H well, with a different bottom-hole location in Section 18, as a 1.5-mile lateral in the Alternative HSU.

4. The completed intervals and first and last take points in either HSU will meet the setback requirements set forth in the statewide rules for horizontal gas wells and applicable special rules for the Purple Sage Wolfcamp.

5. The purpose of the alternative proposals is to prepare for potential issues relating to any delays in approval for Bureau of Land Management permits and upcoming lease termination(s).

6. Flat Creek 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.

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

8. In order to permit Flat Creek 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 Flat Creek should be designated the operator of the HSU.

WHEREFORE, Flat Creek requests that this application be set for hearing before an Examiner of the Oil Conservation Division on July 6, 2023, and that, after notice and hearing as required by law, the Division enter an order:

A. Creating a standard 640-acre, more or less, horizontal spacing and proration unit comprised of the E/2 of Sections 7 and 18, Township 23 South, Range 26 East, NMPM, in Eddy County, New Mexico (“2-Mile HSU”) and, as an alternative, a standard 520-acre HSU

comprised of the E/2 of Section 7, the NE/4 of Section 18, and the NW/4 of the SE/4 of Section 18, Township 23 South, Range 26 East, NMPM, in Eddy County, New Mexico;

- B. Pooling all mineral interests in the Wolfcamp formation underlying the HSU;
- C. Allowing the drilling of the 2-mile Rena 7 Fed Com 704H well and, as an alternative, the 1.5-mile Rena 7State Com 704H well.
- D. Designating Flat Creek as operator of the HSU and the wells to be drilled thereon;
- E. Authorizing Flat Creek to recover its costs of drilling, equipping and completing the wells;
- F. Approving the operating charges and costs of supervision while drilling of \$8,000/month and, after completion, \$800/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 Flat Creek 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.

/s/ Sharon T. Shaheen

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Application of Flat Creek Resources, LLC for Compulsory Pooling, Eddy County, New Mexico. Applicant in the above styled-cause seeks an order from the Division pooling all uncommitted interests in the formation (PURPLE SAGE; WOLFCAMP (GAS) [98220]) in a standard 640-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of the E/2 of Sections 7 and 18, Township 23 South, Range 26 East, NMPM, in Eddy County, New Mexico (“2-Mile HSU”) and, as an alternative, a standard 520-acre HSU comprised of the E/2 of Section 7, the NE/4 of Section 18, and the NW/4 of the SE/4 of Section 18, Township 23 South, Range 26 East, NMPM, in Eddy County, New Mexico (“Alternative HSU”), if timing issues arise with seeking Bureau of Land Management permits. Applicant proposes to drill the following well in the 2-Mile HSU: the **Rena 7 Fed Com 704H** well, to be horizontally drilled from an approximate surface hole location 309’ FSL and 177’ FEL of Section 6-T23S-2R6E, to an approximate bottom hole location 330’ FSL and 330’ FEL of Section 18-T23S-R26E. In the alternative, Applicant proposes to drill the **Rena 7 State Com 704H**, with a different bottom-hole location in Section 18, as a 1.5-mile lateral in the Alternative HSU. The completed intervals and first and last take points in either HSU will meet statewide setback requirements for horizontal gas wells and applicable special rules for the Purple Sage Wolfcamp. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs, the designation of Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 4 miles South West of Carlsbad, New Mexico.