



**MONTGOMERY
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October 31, 2017

HAND-DELIVERY

Florene Davidson
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Case 15875

**Re: Application of Great Western Drilling Ltd. for a Non-Standard Oil Spacing
and Proration Unit and Compulsory Pooling, Lea County, New Mexico –
Grama Ridge East 34, State 3BS #2H**

**Application of Great Western Drilling Ltd. for a Non-Standard Oil Spacing
and Proration Unit and Compulsory Pooling, Lea County, New Mexico –
Grama Ridge East 34, State 3BS #9H**

Dear Ms. Davidson:

Enclosed please find for filing the original and one copy of an Application for each of the above matters. Also enclosed are the proposed advertisements which will be emailed to you in Word format. Please set this matter for hearing on the November 30, 2017 examiner docket.

Thank you.

Very truly yours,

J. Scott Hall

Enclosures

REPLY TO:

325 Paseo de Peralta
Santa Fe, New Mexico 87501
Telephone (505) 982-3873 • Fax (505) 982-4289

Post Office Box 2307
Santa Fe, New Mexico 87504-2307

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BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF GREAT WESTERN DRILLING LTD.
FOR A NON-STANDARD OIL SPACING AND
PRORATION UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

Case No. 15875

APPLICATION

Great Western Drilling Ltd. applies for an order approving a non-standard oil spacing and proration unit in the Bone Spring formation comprised of the W/2W/2 of Section 34, Township 21 South, Range 34 East, NMPM, Lea County, New Mexico, and pooling all mineral interests in the Bone Spring formation underlying the non-standard unit, and in support thereof, states:

1. Applicant is an interest owner in the W/2W/2 of Section 34, and has the right to drill a well thereon.
2. Applicant proposes to drill its Grama Ridge East 34 State 3BS #2H well to a depth sufficient to test the Bone Spring formation. Applicant seeks to dedicate the W/2W/2 of Section 34 to the well to form a non-standard 160-acre oil spacing and proration unit (project area) in the Bone Spring formation. The well is a 4630' horizontal well, with a surface location 275 feet from the north line and 870 feet from the west line of Section 34, a landing point 330 feet from the north line and 460 feet from the west line of Section 34, and a bottom hole location 330 feet from the south line and 460 feet from the west line of Section 34.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the Bone Spring formation in the W/2W/2 of Section 34 for the purposes set forth herein.
4. Although Applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests.

Therefore, applicant seeks an order pooling all mineral interest owners in the Bone Spring formation in the W/2W/2 of Section 34, pursuant to NMSA 1978, §§ 70-2-17, -18.

5. Approval of the non-standard unit and the pooling of all mineral interests in the Bone Spring formation underlying the W/2W/2 of Section 34 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Applicant requests that, following notice and a hearing to be set for November 30, 2017, the Division enter its order:

A. Approving a non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the W/2W/2 of Section 34;

B. Pooling all mineral interests in the Bone Spring formation underlying the W/2W/2 of Section 34;

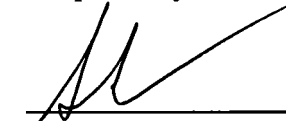
C. Designating Applicant as operator of the well;

D. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;

E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and

F. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



J. Scott Hall

Seth C. McMillan

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Attorneys for Great Western Drilling Ltd.

Case No. 15875 Application of Great Western Drilling Ltd. for a Non-Standard Oil Spacing and Proration Unit and Compulsory Pooling, Lea County, New Mexico. Applicant seeks an order approving a non-standard oil spacing and proration unit in the Bone Spring formation comprised of the W/2W/2 of Section 34, Township 21 South, Range 34 East, NMPM, Lea County, New Mexico, and pooling all mineral interests in the Bone Spring formation underlying the non-standard unit. The unit will be dedicated to Applicant's proposed Grama Ridge East 34 State 2BS #2H well to be drilled from an orthodox location approximately 275 feet from the north line and 870 feet from the west line (surface) of Section 34, Township 21 South, Range 34 East, to a landing point approximately 330 feet from the north line and 460 feet from the west line of Section 34, Township 21 South, Range 34 East, and then to a bottom hole location approximately 330 feet from the south line and 460 feet from the west line (terminus) of Section 34, Township 21 South, Range 34 East. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, 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 20 miles west of Eunice, New Mexico.