

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

**APPLICATION OF ONEENERGY PARTNERS
OPERATING, LLC FOR A NON-STANDARD
SPACING AND PRORATION UNIT AND FOR
COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.**

CASE NO. 16036

APPLICATION

OneEnergy Partners Operating, LLC (“OEP”) (OGRID No. 372031), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of N.M. Stat. Ann. § 70-2-17, for an order (1) creating a 320.87-acre, more or less, non-standard spacing and proration unit comprised of the E/2 W/2 of Section 2 and the E/2 W/2 of Section 11, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico; and (2) pooling all uncommitted interests in the Wolfcamp formation underlying this acreage. In support of its application, OEP states:

1. OneEnergy Partners Operating, LLC is a working owner in the E/2 W/2 of Section 2 and the E/2 W/2 of Section 11 and has the right to drill thereon.

2. OEP proposes to dedicate the above-referenced spacing and proration unit as the project area for its proposed **Blue Ribbon WCA Fed Com 1H Well**, which will be horizontally drilled from a surface location in the NE/4 NW/4 (Lot 3) of Section 2 to a standard bottom hole location in the SE/4 SW/4 (Unit N) of Section 11.

3. This project area is located within the WC025 G09 S253502D; Upper Wolfcamp Pool (Pool Code 98187). The completed interval for this well will remain within the 330-foot standard offset required by the Statewide Rules set forth in 18.15.15 NMAC.

4. OEP has sought and been unable to obtain voluntary agreement for the development of these lands from all of the working interest owners in the subject spacing unit.

5. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

6. In order to permit OEP to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests in this non-standard spacing unit should be pooled and OneEnergy Partners Operating, LLC should be designated the operator of this proposed horizontal well and spacing unit.

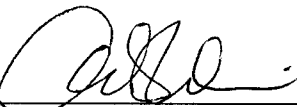
WHEREFORE, OEP requests that this application be set for hearing before an Examiner of the Oil Conservation Division on March 22, 2018, and, after notice and hearing as required by law, the Division enter an order:

- A. Creating a 320.87-acre non-standard spacing and proration unit in the Wolfcamp formation comprised of the E/2 W/2 of Section 2 and the E/2 W/2 of Section 11, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico;
- B. Pooling all uncommitted interests in the non-standard spacing and proration unit;
- C. Designating OneEnergy Partners Operating, LLC operator of this non-standard spacing unit and the horizontal well to be drilled thereon;
- D. Authorizing OEP to recover its costs of drilling, equipping and completing the well;

- E. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- F. Imposing a 200% penalty for the risk assumed by OEP in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

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**ATTORNEYS FOR
ONEENERGY PARTNERS OPERATING, LLC**

CASE 16036:

Application of OneEnergy Partners Operating, LLC for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a 320.87-acre, more or less, non-standard spacing and proration unit comprised of the E/2 W/2 of Section 2 and the E/2 W/2 of Section 11, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico; and (2) pooling all uncommitted mineral interests in the Wolfcamp formation underlying the non-standard spacing and proration unit. Said spacing and proration unit is to be dedicated to applicant's proposed **Blue Ribbon WCA Fed Com 1H Well**, which will be horizontally drilled from a surface location in the NE/4 NW/4 (Lot 3) of Section 2 to a standard bottom hole location in the SE/4 SW/4 (Unit N) of Section 11. The completed interval for this well will remain within the 330-foot standard offset required by the Statewide Rules set forth in 18.15.15 NMAC. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of OneEnergy Partners Operating, LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 8 miles west of Jal, New Mexico.