

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

**IN THE MATTER OF THE
APPLICATION OF LRE OPERATING, LLC
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 14879

APPLICATION FOR COMPULSORY POOLING

LRE OPERATING, LLC applies for an order pooling all mineral interests from the surface of the earth to an approximate depth of 5,100 feet sufficient to test the Yeso Formation underlying the SE/4 NW/4 of Section 30, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico (Section 30). In support of this application,

Applicant states:

1. Applicant is an interest owner in the SE/4 NW/4 of Section 30, and has the right to drill thereon.
2. Applicant proposes to drill its Horseshoe 30 State #1 Well to be located at a standard well location in Unit Letter F having a surface and bottom hole location of 2310' FNL and 1800' FWL of Section 7.
3. Applicant seeks to dedicate the SE/4 NW/4 of Section 30 to the well to a standard 40 acre spacing and proration unit as to the Yeso Formation and for any other formations or pools encountered for developed on 40 or less acre spacing within the vertical extent of the well.
4. Applicant has in good faith sought to obtain the voluntary joinder of all

other mineral interest owners in the SE/4 NW/4 of Section 30 for the purposes set forth herein.

4. Certain mineral owners have failed or refused to join in the drilling of the proposed well, therefore, applicant seeks an order pooling all mineral interest owners in the SE/4 NW/4 of Section 30 pursuant to NMSA 1978, Section 70-2-17.

5. The pooling of all mineral interests as proposed in this application will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Applicant requests that, after notice and hearing, the Division enter its order:

- A. A. Pooling all mineral interests in the SE/4 NW/4 of Section 30 from the surface of the earth to a depth sufficient to test the Yeso formation;
- B. Designating Applicant as the operator of the well;
- C. Considering the cost of completing the well, and allocating the cost among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and,
- E. 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,

PADILLA LAW FIRM, P.A.

A handwritten signature in black ink, appearing to read "Ernest L. Padilla". The signature is written in a cursive style with a large initial "E".

ERNEST L. PADILLA,
Attorney for LRE OPERATING, LLC
PO Box 2523
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505-988-7577

NMOCD Case No. 14819

Application of LRE Operating, LLC for approval of a compulsory pooling well, Eddy County, New Mexico; Applicant seeks an order pooling all mineral interests from the surface of the earth to an approximate depth of 5,100 feet sufficient to test the Yeso formation with its Horseshoe 30 State #1 Well, underlying the SE/4 NW/4 of Section 30, Township 17 South, Range 28 East, N.M.P.M. Eddy County, New Mexico. The subject well will be located approximately 8 miles southwest of Loco Hills, New Mexico.