

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

APPLICATION OF PREMIER OIL & GAS INC.
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

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CASE NO. 15104

APPLICATION

PREMIER OIL & GAS INC., ("Premier") by and 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) dedicating the E/2 of Section 22, Township 26 South, Range 27 East, NMPM, Eddy County, New Mexico, to a standard 320-acre gas spacing and proration; and (2) pooling all mineral interests in the Wolfcamp formation underlying this acreage. In support of its application, Premier states:

1. Premier (OGRID No. 17985) is a working interest owner in the E/2 of Section 22 and has the right to drill thereon.
2. Premier proposes to dedicate the above-referenced spacing and proration unit as the project area for its proposed **Owl Draw 22 BO Federal Com. No. 1H**, which will be horizontally drilled from a surface location in the NW/4 NE/4 (Unit B) to a bottom hole location in SW/4 SE/4 (Unit O) of Section 22.
3. Premier 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.

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

5. In order to permit Premier 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 Premier Oil & Gas, Inc. should be designated the operator of this proposed horizontal well and spacing unit.

WHEREFORE, Premier requests that this application be set for hearing before an Examiner of the Oil Conservation Division on March 20, 2014, and, after notice and hearing as required by law, the Division enter an order:

- A. Designating a 320-acre standard spacing and proration unit in the Wolfcamp formation, comprised of the E/2 of Township 26 South, Range 27 East, NMPM, Eddy County, New Mexico;
- B. Pooling all mineral interests in the standard spacing and proration unit;
- C. Designating Premier Oil & Gas, Inc. operator of this standard spacing unit and the horizontal well to be drilled thereon;
- D. Authorizing Premier Oil & Gas, Inc. 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 Premier Oil & Gas, Inc. in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HOLLAND & HART, LLP

By



Michael H. Feldewert

Adam G. Rankin

Post Office Box 2208

Santa Fe, New Mexico 87504-2208

(505) 988-4421

(505) 983-6043 Facsimile

mfeldewert@hollandhart.com

agrarkin@hollandhart.com

ATTORNEYS FOR PREMIER OIL & GAS, INC.

CASE 15104: **Application of Premier Oil & Gas, Inc. for compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order (1) dedicating the E/2 of Section 22, Township 26 South, Range 27 East, NMPM, Eddy County, New Mexico, to a standard 320-acre gas spacing and proration; and (2) pooling all mineral interests in the Wolfcamp formation underlying this acreage. Said standard unit is to be dedicated to applicant's proposed **Owl Draw 22 BO Federal Com. No. 1H**, which will be horizontally drilled from a surface location in the NW/4 NE/4 (Unit B) and to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 22. 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 Premier Oil & Gas, Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 12 miles southeast of Black River Village, New Mexico.