JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056 SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213 SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone) (505) 660-6612 (Cell) (505) 982-2151 (Fax)

jamesbrue@aot.com

May 21, 2015

Via Certified Mail - Return Receipt Requested

To: Persons on Exhibit A

Ladies and gentlemen:

Enclosed is an application for a non-standard unit and compulsory pooling, filed with the New Mexico Oil Conservation Division by Anschutz Oil Company, LLC, regarding a well in Section 24, Township 24 North, Range 2 West, N.M.P.M., Rio Arriba County, New Mexico. This matter is scheduled for hearing at 8:15 a.m. on Thursday, June 11, 2015, in Porter Hall at the Division's offices at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by the application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from contesting this matter at a later date.

The purpose of the non-standard unit in the Dakota formation (normally spaced on 320 acres) is to allow the interest owners in the well to share equally in production from both the Mancos and Dakota formations, which will be downhole commingled.

A party appearing in a Division case is required by Division Rules to file a Pre-Hearing Statement no later than Thursday, June 4, 2015. This statement must be filed with the Division's Santa Fe office at the above address, and should include: The names of the party and its attorney; a concise statement of the case; the names of the witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that need to be resolved prior to the hearing. The Pre-Hearing Statement must also be provided to the undersigned.

∯ry truly yours,

James Bruce

Attorney for Anschutz Oil Company, LLC

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF ANSCHUTZ OIL COMPANY, LLC FOR A NON-STANDARD OIL SPACING AND PRORATION UNIT AND COMPULSORY POOLING, RIO ARRIBA COUNTY, NEW MEXICO.

Case No.	

APPLICATION

Anschutz Oil Company, LLC applies for an order (i) approving a 640 acre non-standard oil spacing and proration unit in the Dakota formation (Gavilan Greenhorn-Graneros-Dakota Pool) comprised of All of Section 24, Township 24 North, Range 2 West, N.M.P.M., Rio Arriba County, New Mexico, and (ii) pooling all interests in the Mancos formation and Dakota formation underlying Section 24, and in support thereof, states:

- 1. Applicant is an interest owner in Section 24, and has the right to drill a well thereon.
- 2. Applicant proposes to drill its Ponderosa Well No. 1, at an orthodox location 2004 feet from the north line and 900 feet from the east line of Section 24, to a depth sufficient to test the Dakota formation. Applicant seeks to dedicate all of Section 24 to the well to form a standard 640 acre oil spacing and proration unit in the Gavilan-Mancos Pool and a non-standard 640 acre oil spacing and proration unit Gavilan Greenhorn-Graneros-Dakota Pool. Applicant further seeks to pool all uncommitted mineral interest owners in the well.
- 3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in Section 24 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 Section 24, pursuant to NMSA 1978 §§70-2-17, 18.

5. Approval of the non-standard unit, and the pooling of all mineral interests in the Gavilan-Mancos Pool and Gavilan Greenhorn-Graneros-Dakota Pool underlying Section 24, 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. Approving a non-standard oil spacing and proration unit in the Gavilan Greenhorn-Graneros-Dakota Pool comprised of Section 24;
- B. Pooling all mineral interests in the Gavilan-Mancos Pool and Gavilan Greenhorn-Graneros-Dakota Pool underlying Section 24;
- C. Designating Anschutz Exploration Corporation as operator of the well;
- D. Considering the cost of drilling and completing the well, and allocating the cost thereof 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,

James Bruce

Post Office Box 1056

Santa Fe, New Mexico 87504

(505) 982-2043

jamesbruc@aol.com

Attorney for Anschutz Oil Company, LLC