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WRITER:

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2017 AUG 28 P 3:55 glarson@hinklelawfirm.com

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August 28, 2017

VIA HAND DELIVERY

Florene Davidson
Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Case 15827

Re: Steward Energy II, LLC Application

Dear Florene:

Enclosed please find: (i) for filing, the original and one (1) copy of an application by Steward Energy II, LLC ("Steward") for approval of a 480-acre, non-standard oil spacing and proration unit to be dedicated to Steward's Pollo Hermanos #2H well; and (ii) a proposed hearing notice. I will email the proposed hearing notice to you in Word format.

As stated in the application, Steward requests that the application be placed on the Division's September 28, 2017 hearing docket.

Thank you for your assistance.

Very truly yours,

Gary W. Larson

GWL:jwl
Enclosures

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

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APPLICATION OF STEWARD ENERGY II,
LLC FOR A NON-STANDARD
SPACING AND PRORATION UNIT,
LEA COUNTY, NEW MEXICO

Case No. 15827

APPLICATION

Pursuant to NMSA § 70-2-17, Steward Energy II, LLC ("Steward") applies for an order approving a 480-acre, non-standard spacing and proration unit in the SE/4 of Section 3 and the E/2 of Section 10, Township 14 South, Range 38 East, Lea County, New Mexico. In support of its Application, Steward states:

1. Steward (OGRID No. 371682) is a working interest owner in the SE/4 of Section 3 and the E/2 of Section 10 and has the right to drill a well thereon.
2. Steward proposes to dedicate the above-referenced non-standard spacing and proration unit as the project area for its Pollo Hermanos State #2H well, which will be horizontally drilled from a surface location in Unit O of Section 10 to a bottom hole location in Unit J of Section 3, Township 14 South, Range 38 East.
3. Steward has obtained voluntary agreements from all of the mineral interests in the proposed project area to participate in the drilling of the well.
4. In order to allow Steward to obtain its just and fair share of the oil and gas underlying the subject lands, Steward should be designated the operator of the proposed horizontal well and project area.

WHEREFORE, Steward requests that this application be set for hearing on September 28, 2017 and that, after notice and hearing, the Division enter an order:

A. Approving a 480-acre, non-standard spacing and proration unit (project area) in the San Andres formation in the SE/4 of Section 3 and the E/2 of Section 10, Township 14 South, Range 38 East in Lea County; and

B. Designating Steward as the operator of the project area and the Pollo Hermanos State #2H well.

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