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2018 JAN 24 P 1: 31

Case 15994

January 23, 2018

Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed for filing, on behalf of Ascent Energy, LLC is an application for a non-standard unit and compulsory pooling, together with a proposed advertisement. Please set this matter for the February 22, 2018 Examiner hearing. Thank you.

Very truly yours,


James Bruce

Attorney for Ascent Energy, LLC

Parties Being Pooled

Centennial Resources Development, Inc.
Suite 1800
1001 17th Street
Denver, Colorado 80202

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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APPLICATION OF ASCENT ENERGY, LLC
FOR A NON-STANDARD OIL SPACING AND
PRORATION UNIT, AN UNORTHODOX OIL
WELL LOCATION, AND COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.

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Case No.

15994

APPLICATION

Ascent Energy, LLC applies for an order (i) approving a 160-acre non-standard oil spacing and proration unit in the Bone Spring formation comprised of the E $\frac{1}{2}$ E $\frac{1}{2}$ of Section 18, Township 21 South, Range 33 East, N.M.P.M., Lea County, New Mexico, (ii) approving an unorthodox oil well location, and (iii) pooling all mineral interests in the Bone Spring formation underlying the non-standard unit, and in support thereof, states:

1. Applicant is an interest owner in the E $\frac{1}{2}$ E $\frac{1}{2}$ of Section 18, and has the right to drill a well thereon.

2. Applicant proposes to drill its Trucker Fed. Com. Well No. 601H to a depth sufficient to test the Bone Spring formation. Applicant seeks to dedicate the E $\frac{1}{2}$ E $\frac{1}{2}$ of Section 18 to the well to form a non-standard 160-acre oil spacing and proration unit (project area) in the Bone Spring formation. The well is a horizontal well, with a surface location in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of adjoining Section 7, and a terminus in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 18. The producing interval will be unorthodox.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the Bone Spring formation in the E $\frac{1}{2}$ E $\frac{1}{2}$ of Section 18 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 the Bone Spring formation in the E $\frac{1}{2}$ E $\frac{1}{2}$ of Section 18, pursuant to NMSA 1978 §§70-2-17, 18.

5. Approval of the non-standard unit, the unorthodox location, and the pooling of all mineral interests in the Bone Spring formation underlying the E $\frac{1}{2}$ E $\frac{1}{2}$ of Section 18 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 (project area) in the Bone Spring formation comprised of the E $\frac{1}{2}$ E $\frac{1}{2}$ of Section 18;
- B. Pooling all mineral interests in the Bone Spring formation underlying the E $\frac{1}{2}$ E $\frac{1}{2}$ of Section 18;
- C. Approving the unorthodox oil well location;
- D. Designating applicant as operator of the well;
- E. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;
- F. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- G. 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

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Santa Fe, New Mexico 87504

(505) 982-2043

Attorney for Ascent Energy, LLC

PROPOSED ADVERTISEMENT

Case No. 15994 :

Application of Ascent Energy, LLC for approval of a non-standard spacing and proration unit, an unorthodox oil well location, and compulsory pooling, Lea County, New Mexico.
Applicant seeks an order approving a 160-acre non-standard spacing and proration unit (project area) in the Bone Spring formation comprised of the E/2E/2 of Section 18, Township 21 South, Range 33 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard spacing and proration unit (project area). The unit is to be dedicated to the Trucker Fed. Com. Well No. 601H, a horizontal well with a surface location in the SW/4SE/4 of adjoining Section 7, and a terminus in the SE/4SE/4 of Section 18. The producing interval will be orthodox. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 9 miles southeast of Halfway, New Mexico.

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