

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

**APPLICATION OF CENTENNIAL
RESOURCE PRODUCTION, LLC FOR
COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.**

OCT 16 2018 PM03:59

CASE NO. 20064

APPLICATION

Centennial Resource Production, LLC ("Centennial") 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 pooling all uncommitted interests in the Bone Spring formation in the 160-acre horizontal spacing unit comprised of the W/2E/2 of Section 22, Township 23 South, Range 34 East, NMPM, Lea County, New Mexico. In support of its application, Centennial states:

1. Centennial Resource Production, LLC (OGRID No. 372165) is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Centennial proposes to dedicate the above-referenced spacing unit to its proposed **Dandie 22 Federal Com No. 602H Well**, which will be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 22.
3. The completed interval for this well will comply with the Statewide setback requirements for oil wells.
4. Centennial has sought and been unable to obtain voluntary agreement for the development of these lands from all the working interest owners in the subject spacing unit.
5. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

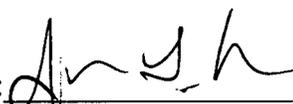
6. In order to permit Centennial to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled and Centennial Resource Production, LLC should be designated the operator of this proposed horizontal well and spacing unit.

WHEREFORE, Centennial Resource Production, LLC requests that this application be set for hearing before an Examiner of the Oil Conservation Division on November 15, 2018 and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the horizontal spacing unit;
- B. Designating Centennial Resource Production, LLC operator of the horizontal spacing unit and the horizontal well to be drilled thereon;
- C. Authorizing Centennial to recover its costs of drilling, equipping, and completing the well;
- D. 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
- E. Imposing a 200% penalty for the risk assumed by Centennial in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

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**ATTORNEYS FOR
CENTENNIAL RESOURCE PRODUCTION, LLC**

CASE 20064:

Application of Centennial Resource Production, LLC for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Bone Spring formation in the 160-acre horizontal spacing unit comprised of the W/2E/2 of Section 22, Township 23 South, Range 34 East, NMPM, Lea County, New Mexico. Said horizontal spacing unit is to be dedicated to applicant's proposed **Dandie 22 Federal Com No. 602H Well**, which will be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 22. The completed interval for this well will comply with Statewide setbacks for oil wells. 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 Centennial Resource Production, LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 20 miles northwest of Jal, New Mexico.