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

**APPLICATION OF IMPETRO OIL & GAS, LLC
FOR COMPULSORY POOLING
LEA COUNTY, NEW MEXICO**

CASE NO. 201667

APPLICATION

ImPetro Oil & Gas, LLC ("ImPetro" or "Applicant"), through its undersigned attorneys, hereby applies to 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 Wolfcamp formation, Jal; Wolfcamp, West pool, in the 640 acre, more or less, horizontal spacing unit comprised of the W/2 of Sections 18 and 19, Township 25 South, Range 36 East, NMPM, Lea County, New Mexico. In support of its application, ImPetro states:

1. ImPetro (OGRID No. 373281) is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed wells:
 - The **Blue Marlin Federal Com #1H**, the **Blue Marlin Federal Com #2H**, the **Blue Marlin Federal Com #3H**, and the **Blue Marlin Federal Com #4H** wells to be drilled from surface hole locations in the NW/4 NW/4 (Unit C) of Section 18, T25S, R36E to bottom hole locations in the SW/4 SW/4 (Unit M) of Section 19, T25S, R36E.
3. The completed intervals for the proposed wells will remain within the standard setback as required by the statewide rules for oil wells.
4. Applicant 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.

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

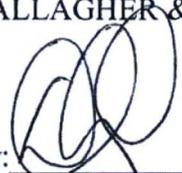
6. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled and Applicant should be designated the operator of these proposed horizontal wells and spacing unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on August 8, 2019, 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. Approving the initial wells in the horizontal spacing unit;
- C. Designating Applicant as the operator of this spacing unit and the horizontal wells to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, equipping and completing the wells;
- 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% charge for the risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully Submitted,

GALLAGHER & KENNEDY, P.A.

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CASE NO. _____: **Application of ImPetro Oil & Gas, LLC for compulsory pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners underlying a 640-acre, more or less, horizontal spacing unit comprised of the W/2 of Sections 18 and 19, Township 25 South, Range 36 East, Lea County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed wells:

- The **Blue Marlin Federal Com #1H**, the **Blue Marlin Federal Com #2H**, the **Blue Marlin Federal Com #3H**, and the **Blue Marlin Federal Com #4H** wells to be drilled from surface hole locations in the NW/4 NW/4 (Unit C) of Section 18, T25S, R36E to bottom hole locations in the SW/4 SW/4 (Unit M) of Section 19, T25S, R36E.

The completed intervals for the wells will remain within the standard setbacks as required by the statewide rules for oil wells. Also to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of a 200% charge for risk involved in the drilling and completing of each well. Said area is located approximately six miles west of Jal, New Mexico.