

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

**APPLICATION OF ASCENT ENERGY, LLC  
FOR A HORIZONTAL SPACING UNIT AND  
COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO**

Case No. \_\_\_\_\_

**APPLICATION**

Ascent Energy, LLC (“Ascent”), OGRID No. 325830, through its undersigned attorneys, hereby files this Application with the Oil Conservation Division (“Division”) pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order (1) creating a standard 640-acre, more or less, spacing and proration unit comprised of the N/2 of Sections 20 and 21, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico, and (2) pooling all uncommitted mineral interests in the Wolfcamp formation, designated as a gas pool, underlying said unit.

In support of its Application, Ascent states the following:

1. Ascent is a working interest owner in the proposed horizontal spacing and proration unit (“HSU”) and has a right to drill a well thereon.
2. Ascent’s application competes with the amended application newly filed by Mewbourne Oil Company (“Mewbourne”) in Case No. 22093, which covers the N/2 of Sections 21 and 22, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico. In its application, Mewbourne has requested authorization for overlapping horizontal well spacing in the N/2 of Section 21 pursuant to NMAC 19.15.16.15B(9)(b) to account for the existing Waltherthon No. 1 Well (API No. 30-105-31797), an active vertical well owned by Ascent producing from the Wolfcamp formation. Since the two development plans of Ascent and Mewbourne are competing,

they are mutually exclusive proposals, and Ascent requests that any authorization for overlapping of the spacing unit be limited to the existing Waltherthon No. 1 vertical well, and not extend to any horizontal wells proposed herein by Ascent.

3. Ascent proposes and dedicates two initial wells to the HSU, the **Hokie Fee No. 701H Well** and the **Hokie Fee No. 702H Well**.

4. Ascent dedicates the HSU to its **Hokie Fee No. 701H Well** to be horizontally drilled from a surface location in SE/4 NE/4 (Unit H) of Section 21 to a bottom hole location in NW/4 NW/4 (Unit D) of Section 20.

5. In addition, Ascent dedicates the HSU to its **Hokie Fee No. 702H Well** to be horizontally drilled from a surface location in SE/4 NE/4 (Unit H) of Section 21 to a bottom hole location in SW/4 NW/4 (Unit E) of Section 20.

6. The completed intervals for the proposed wells will comply with the setback requirements imposed by the Special Rules for the Purple Sage Gas Pool, as provided in Order No. R-14262.

7. Ascent has sought in good faith, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the wells or in the commitment of their interests to the well for its development within the proposed HSU.

8. The pooling of all interests in the Wolfcamp formation within the proposed HSU, and creation of the spacing unit, will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.

9. In order to provide for its just and fair share of the oil and gas underlying the subject lands, Ascent requests that all uncommitted interests in this HSU be pooled and that Ascent be designated the operator of the proposed horizontal well and HSU.

10. Ascent requests authorization for an overlapping spacing unit for development of its proposed HSU to account for the Walterthon No. 1 Well pursuant to NMAC 19.15.16.15B(9)(b).

WHEREFORE, Ascent requests that this Application be set for hearing before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

A. Approving the creation of a standard 640-acre, more or less, spacing and proration unit comprising the N/2 of Sections 20 and 21, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico;

B. Pooling all uncommitted mineral interests in the Wolfcamp formation underlying the proposed HSU.

C. Approving the **Hokie Fee 701H Well** and **Hokie Fee 702H Well** as the wells for the HSU.

D. Designating Ascent as operator of this HSU and the horizontal wells to be drilled thereon;

E. Authorizing Ascent to recover its costs of drilling, equipping, and completing the well;

F. Approving actual operating charges and costs of supervision, to the maximum extent allowable, while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

G. Setting a 200% charge for the risk assumed by Ascent in drilling and completing the wells in the event a working interest owner elects not to participate in the well.

H. Authorizing an overlapping horizontal spacing unit in the N/2 of Section 21 pursuant to NMAC 19.15.16.15B(9)(b).

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage

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**Attorneys for Ascent Energy, LLC**

***Application of Ascent Energy, LLC, for a Horizontal Spacing and Proration Unit and Compulsory Pooling, Eddy County, New Mexico.*** Applicant in the above-styled cause seeks an order from the Division: (1) creating a standard 640-acre, more or less, horizontal spacing and proration unit comprised of the N/2 of Sections 20 and 21, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Wolfcamp formation, a gas pool, underlying the unit. The proposed wells to be dedicated to the horizontal spacing unit are the **Hokie Fee 701H Well** to be horizontally drilled from a surface location in SE/4 NE/4 (Unit H) of Section 21 to a bottom hole location in NW/4 NW/4 (Unit D) of Section 20; and the **Hokie Fee 702H Well**, an oil well, to be horizontally drilled from a surface location in the SE/4 NE/4 (Unit H) of Section 21 to a bottom hole location in SW/4 NW/4 (Unit E) of Section 20. The completed well intervals will comply with the setback requirements imposed by Special Rules for the Purple Sage Gas Pool in Order No. R-14262; also to be considered will be the cost of drilling and completing the well and the allocation of the costs thereof; overlapping spacing unit in the N/2 of Section 21 pursuant to NMAC 19.15.16.15B(9)(b); actual operating costs and charges for supervision; the designation of the Applicant as Operator of the well and unit; and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 1 mile southeast of Carlsbad, New Mexico.