

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

**APPLICATION OF STEWARD ENERGY II,  
LLC FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO**

**CASE NO.** \_\_\_\_\_

**APPLICATION**

Pursuant to NMSA § 70-2-17, Steward Energy II, LLC (“Applicant”) applies for an order pooling all uncommitted interests within the San Andres formation underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the E/2 of Section 28, Township 13 South, Range 38 East, Lea County, New Mexico (“Unit”). Applicant states the following in support of its application:

1. Applicant (OGRID No. 371682) is a working interest owner in the Unit and has the right to drill wells thereon.
2. The Unit will be dedicated to the Gray Matter Fee #2H well (“Well”), which will be horizontally drilled from a surface hole location in the SE/4SE/4 (Unit P) of Section 21 to a bottom hole location in the SE/4SE/4 (Unit P) of Section 28.
3. The completed interval of the Well will be within 330’ of the line separating the W/2E/2 and E/2E/2 of Section 28 to allow for the formation of a 320-acre standard horizontal spacing unit.
4. The completed interval of the Well will be orthodox.
5. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from all interest owners to participate in the drilling of the Well but has been unable to obtain voluntary agreements from all the interest owners.
6. The pooling of uncommitted mineral interests will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

7. In order to allow Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted mineral interests in the Unit should be pooled and Applicant should be designated the operator of the Well and Unit.

WHEREFORE, Applicant requests this application be set for hearing on March 3, 2022 and that after notice and hearing, the Division enter an order:

- A. Pooling all uncommitted interests in the Unit;
- B. Approving the Well in the Unit;
- C. Designating Applicant as operator of the Unit and the Well to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, equipping and completing the Well;
- 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% penalty for the risk assumed by Applicant in drilling and completing the Well against any working interest owner who does not voluntarily participate in the drilling of the Well.

Respectfully submitted,

HINKLE SHANOR LLP

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