

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

**APPLICATION OF RILEY PERMIAN
OPERATING COMPANY, LLC FOR A
HORIZONTAL SPACING UNIT AND
COMPULSORY POOLING, EDDY
COUNTY, NEW MEXICO**

Case No. _____

APPLICATION

Riley Permian Operating Company, LLC, OGRID No. 372290 (“Riley” or “Applicant”), through its undersigned attorneys, hereby files this Application with the Oil Conservation Division (“Division”) pursuant to the provisions of NMSA 1978, § 70-2-17, for an order (1) creating a standard 400-acre, more or less, overlapping horizontal well spacing and unit (“HSU”) composed of the N/2 of Section 10 and the W/2NW/4 of Section 11, Township 18 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and (2) an order pooling all uncommitted mineral interests in the Yeso Formation, designated as an oil pool, underlying said HSU.

In support of its Application, Riley states the following:

1. Riley is a working interest owner in the subject lands and has a right to drill wells thereon.
2. Riley seeks to dedicate the N/2 of Section 10 and the W/2NW/4 of Section 11, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico to form a 400-acre, more or less, spacing unit.
3. Riley seeks to dedicate the above-referenced HSU to the following proposed wells:
 - A. **Walter 182710111 #11H and Walter 182710111 #22H Wells**, which are oil wells that will be horizontally drilled from a surface location in the NE¼NE¼ of Section 9 to a bottom hole location in the Yeso Formation in the NW¼NW¼ of Section 11; and

B. **Walter 182710111 #13H, Walter 182710111 #15H, Walter 182710111 #24H, and Walter 182710111 #28H Wells**, which are oil wells that will be horizontally drilled from a surface location in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 9 to a bottom hole location in the Yeso Formation in the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 11.

4. The wells are orthodox in their location, and the take points and laterals comply with Statewide Rules for setbacks.

5. Riley has sought in good faith, but has been unable to obtain, voluntary agreement from all interest owners in the Yeso formation underlying the proposed spacing unit to participate in the drilling of the wells or to otherwise commit their interests to the wells.

6. The pooling of all interests in the Yeso formation within the proposed unit will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights. In order to provide for its just and fair share of the oil and gas underlying the subject lands, Riley requests that all uncommitted interests in this HSU be pooled and that Riley be designated the operator of the proposed horizontal wells and HSU.

WHEREFORE, Riley requests this Application be set for hearing on January 4, 2024, 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 400-acre, more or less, spacing and proration unit comprised of the N/2 of Section 10 and the W/2NW/4 of Section 11, Township 18 South, Range 27 East, Eddy County, New Mexico;
- B. Pooling all uncommitted interests in the Yeso formation underlying a horizontal spacing unit within the N/2 of Section 10 and the W/2NW/4 of Section 11, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico;

- C. Approving the Walter 182710111 #11H, Walter 182710111 #22H, Walter 182710111 #13H, Walter 182710111 #15H, Walter 182710111 #24H, and Walter 182710111 #28H Wells, as the wells for the HSU.
- D. Designating Riley as operator of the HSU and the horizontal wells to be drilled thereon;
- E. Authorizing Riley to recover its costs of drilling, equipping, and completing the wells;
- 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 Riley in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

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Application of Riley Permian Operating Company, LLC for a Horizontal Spacing Unit and Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) creating a standard 400-acre, more or less, spacing and proration unit comprised of the N/2 of Section 10 and the W/2NW/4 of Section 11, Township 18 South, Range 27 East, N.M.P.M, Eddy County, New Mexico, and (2) pooling all uncommitted mineral interests in the Yeso formation, designated as an oil pool, underlying said unit. The proposed wells to be dedicated to the horizontal spacing unit are the Walter 182710111 #11H and Walter 182710111 #22H Wells, which are oil wells that will be horizontally drilled from a surface location in the NE¹/₄NE¹/₄ of Section 9 to a bottom hole location in the Yeso Formation in the NW¹/₄NW¹/₄ of Section 11, and the Walter 182710111 #13H, Walter 182710111 #15H, Walter 182710111 #24H, and Walter 182710111 #28H Wells, which are oil wells that will be horizontally drilled from a surface location in the NE¹/₄NE¹/₄ of Section 9 to a bottom hole location in the Yeso Formation in the SW¹/₄NW¹/₄ of Section 11. The wells are orthodox in location and the take points and laterals comply with Statewide Rules for setbacks; also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 10 miles from Artesia, New Mexico.