

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

**AMENDED APPLICATION OF FLAT CREEK RESOURCES, LLC
FOR COMPULSORY POOLING AND NOTICE OF
OVERLAPPING SPACING UNIT,
EDDY COUNTY, NEW MEXICO**

Case No. _____

APPLICATION

Flat Creek Resources, LLC, OGRID No. 374034 (“Flat Creek” or “Applicant”), as operator and on behalf of FE Permian Owner I, LLC, as working interest owner, files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all mineral interests in the Wolfcamp formation in a standard 640-acre, more or less, horizontal spacing and proration unit (“HSU”), comprised of the N/2 of Sections 22 and 23, Township 24 South, Range 26 East, in Eddy County, New Mexico

In support of its application, Flat Creek states as follows:

1. Flat Creek is the operator acting on behalf of FE Permian Owner I, LLC, a working interest owner in the proposed HSU, which has the right to drill thereon.
2. Flat Creek proposes to drill the following wells in the 640-acre HSU:
 - **Jurnegan Fed Com WC 1H** well, to be horizontally drilled from a surface hole location approximately 965’ FNL and 560’ FWL of Section 22, T24S-R26E to a bottom hole location approximately 390’ FNL and 330’ FEL of Section 23, T24S-R26E.
 - **Jurnegan Fed Com WC 2H** well, to be horizontally drilled from a surface hole location approximately 995’ FNL and 560’ FWL of Section 22, T24S-R26E to a

bottom hole location approximately 1820' FNL and 330' FEL of Section 23, T24S-R26E.

3. The completed intervals and first and last take points will meet the setback requirements set forth in the statewide rules for horizontal gas wells.

4. Upon information and belief, the proposed HSU will partially overlap a proposed HSU by Marathon Oil Permian LLC ("Marathon") in Case No. 24575, which proposes development of Section 22 together with Section 15, T24S-R26E.

5. This application relates to Flat Creek's Bone Spring applications for the same acreage, Case Nos. 24732-24735, which have been consolidated with Marathon's Case Nos. 24574-24575 and the applications of Civitas Permian Operating, LLC in Case Nos. 24712-24714. All of the foregoing cases have been consolidated for a contested hearing currently set for September 5, 2024. *See, e.g.*, Case No. 24732, Second Amended Pre-Hearing Order (July 30, 2024).

6. Flat Creek has in good faith sought and been unable to obtain voluntary agreement for the development of these lands from all of the mineral interest owners in the HSU.

7. Approval of the HSU and the pooling of all mineral interest owners in the Wolfcamp formation underlying the HSU will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

8. In order to permit Flat Creek to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this HSU should be pooled and Flat Creek should be designated the operator of the HSU.

WHEREFORE, Flat Creek requests that this amended application be set for the next available docket and ultimately heard at the contested hearing currently scheduled on September

5, 2024 in the companion Bone Spring cases and related proposals referenced above and that, after notice and hearing as required by law, the Division enter an order:

A. Creating a standard 640-acre, more or less, HSU comprised of the N/2 of Sections 22 and 23, Township 24 South, Range 26 East in Eddy County, New Mexico.

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

C. Allowing the drilling of the following wells in the HSU: **Jurnegan Fed Com WC 1H** well and **Jurnegan Fed Com WC 2H** well;

D. Designating Flat Creek as operator of the HSU and the wells to be drilled thereon;

E. Authorizing Flat Creek to recover its costs of drilling, equipping and completing the wells;

F. Approving the operating charges and costs of supervision while drilling of \$8,000/month and, after completion, \$800/month, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

G. Imposing a 200% penalty for the risk assumed by Flat Creek in drilling and completing the wells against any interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

SPENCER FANE LLP

/s/ Sharon T. Shaheen

Sharon T. Shaheen

325 Paseo de Peralta

Santa Fe, NM 87501

(505) 986-2678

sshaheen@spencerfane.com

[ec: dortiz@spencerfane.com](mailto:ec:dortiz@spencerfane.com)

Attorneys for Flat Creek Resources, LLC

Amended Application of Flat Creek Resources, LLC for Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division pooling all uncommitted mineral interests in the Wolfcamp formation in a standard 640-acre, more or less, horizontal spacing and proration unit (“HSU”), comprised of the N/2 of Sections 22 and 23 (“2-Mile HSU”), Township 24 South, Range 26 East, in Eddy County, New Mexico. Applicant proposes to drill the following 2-mile wells in the HSU: **Jurnegan Fed Com WC 1H** well, to be horizontally drilled from a surface hole location approximately 965’ FNL and 560’ FWL of Section 22, T24S-R26E to a bottom hole location approximately 390’ FNL and 330’ FEL of Section 23, T24S-R26E and **Jurnegan Fed Com WC 2H** well, to be horizontally drilled from a surface hole location approximately 995’ FNL and 560’ FWL of Section 22, T24S-R26E to a bottom hole location approximately 1820’ FNL and 330’ FEL of Section 23, T24S-R26E. The completed intervals and first and last take points will meet statewide setback requirements for horizontal gas wells. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs, the designation of Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the wells. The wells and land are approximately 6 miles North East of Whites City, New Mexico.