

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

**APPLICATION OF FE PERMIAN OPERATING I, LLC  
FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO**

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

**APPLICATION**

FE Permian Operating I, LLC, OGRID No. 332733 ("FE Permian Operating I, LLC" 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 Bone Spring formation (HAPPY VALLEY;BONE SPRING (96437) in a non-standard 640-acre, more or less, horizontal spacing and proration unit ("HSU"), comprised of the Northeast Quarter of Section 14 and the North Half of Section 13, in Township 22 South, Range 25 East, and the Northwest Quarter of Section 18 in Township 22 South, Range 26 East, in Eddy County, New Mexico. In support of its application, FE Permian states,

1. FE Permian Operating I, LLC, 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 (collectively, "FE Permian").

2. FE Permian proposes to drill the following 2.0-mile wells in the proposed HSU:

- **Buckaroo Banzai BS Fed Com 1H** well, to be horizontally drilled from a surface hole location approximately 1,185' FNL and 2,170' FEL of Section 14, T22S-R25E, to a bottom hole location approximately 400' FNL and 2,620' FWL of Section 18, T22S-R26E.
- **Buckaroo Banzai BS Fed Com 2H** well, to be horizontally drilled from a surface hole location approximately 1,225' FNL and 2,170' FEL of Section 14, T22S-

R25E, to a bottom hole location approximately 2,110' FNL and 2,620' FWL of Section 18, T22S-R26E.

3. FE Permian will seek administrative approval of the non-standard unit.
4. In order to construct and use common facilities in compliance with the regulatory requirements of the Bureau of Land Management, FE Permian seeks to pool both wells in a non-standard spacing unit.
5. The completed intervals and first and last take points for the wells will meet the setback requirements set forth in the statewide rules for horizontal oil wells.
6. FE Permian 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 Bone Spring formation underlying the HSU will avoid the drilling of unnecessary wells and construction of related facilities, prevent waste, and protect correlative rights.
8. In order to permit FE Permian 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 FE Permian Operating I, LLC should be designated the operator of the HSU.

WHEREFORE, FE Permian requests that this application be set for hearing before an Examiner of the Oil Conservation Division on January 8, 2026 and that, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interest owners in a non-standard 640-acre, more or less, HSU, comprised of the Northeast Quarter of Section 14 and the North Half of Section 13, in Township 22 South, Range 25 East, and the Northwest Quarter of Section 18 in Township 22 South, Range 26 East, in Eddy County, New Mexico;

B. Allowing the drilling of the following 2-mile wells in the HSU: **Buckaroo Banzai BS Fed Com 1H** well, and **Buckaroo Banzai BS Fed Com 2H** well.

C. Designating FE Permian Operating I, LLC as operator of the HSU and the wells to be drilled thereon;

D. Authorizing FE Permian Operating I, LLC to recover its costs of drilling, equipping and completing the well;

E. Approving the operating charges and costs of supervision while drilling of \$10,000/month and, after completion, \$1,000/month, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

F. Imposing a 200% penalty for the risk assumed by FE Permian 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

Post Office Box 2307

Santa Fe, NM 87504-2307

(505) 986-2678

[sshaheen@spencerfane.com](mailto:sshaheen@spencerfane.com)

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

*Attorneys for FE Permian Operating I, LLC*

**Application of FE Permian Operating I, LLC for Compulsory Pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order from the Oil Conservation Division pooling all mineral interests in the Bone Spring formation (HAPPY VALLEY;BONE SPRING [96427]) in a non-standard 640-acre, more or less, horizontal spacing and proration unit ("HSU"), comprised of the Northeast Quarter of Section 14 and the North Half of Section 13, in Township 22 South, Range 25 East, and the Northwest Quarter of Section 18 in Township 22 South, Range 26 East, in Eddy County, New Mexico. Applicant proposes to drill the following 2-mile wells in the HSU: **Buckaroo Banzai BS Fed Com 1H** well, to be horizontally drilled from a surface hole location approximately 1,185' FNL and 2,170' FEL of Section 14, T22S-R25E, to a bottom hole location approximately 400' FNL and 2,620' FWL of Section 18, T22S-R26E, and **Buckaroo Banzai BS Fed Com 2H** well, to be horizontally drilled from a surface hole location approximately 1,225' FNL and 2,170' FEL of Section 14, T22S-R25E, to a bottom hole location approximately 2,110' FNL and 2,620' FWL of Section 18, T22S-R26E. The completed intervals and first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells. Applicant will seek administrative approval of the non-standard spacing unit. Additional considerations will be the cost of drilling and completing the well and allocation of such costs, the designation of Applicant as operator of the HSU and well to be drilled thereon, and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 5 miles West of Carlsbad, New Mexico.