

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

**APPLICATION OF ICHTHYS ENERGY LLC
FOR APPROVAL OF A NON-STANDARD
SPACING UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

Ichthys Energy LLC, by and through its undersigned attorney, hereby files this application with the Oil Conservation Division (“Division”) pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Bone Spring formation within a non-standard 960-acre, more or less, horizontal spacing unit comprised of the E/2 W/2 and the E/2 of Sections 12 and 1, Township 20 South, Range 35 East, N.M.P.M., Lea County, New Mexico (the “Unit”).

In support of this application, Ichthys states as follows:

1. Ichthys Energy LLC (“Ichthys”) (OGRID No. 333254) has an interest in the subject lands and has a right to drill and operate wells thereon.
2. Ichthys seeks to be designated as the operator of the proposed unit.
3. Ichthys seeks to dedicate the Unit to the following wells:
 - the Silver Tuna 12-1 Fed Com #503H well with a proposed surface hole location in the SW/4 of Section 12, and a proposed last take point in the NE/4 NW/4 (Unit C) of Section 1;
 - the Silver Tuna 12-1 Fed Com #505H well with a proposed surface hole location in the SW/4 of Section 12, and a proposed last take point in the NW/4 NE/4 (Unit B) of Section 1; and
 - the Silver Tuna 12-1 Fed Com #507H well with a proposed surface hole location in the SW/4 of Section 12, and a proposed last take point in the NE/4 NE/4 (Unit A) of Section 1.

4. The wells will be horizontally drilled.

5. Ichthys is proposing a Joint Operating Agreement covering the subject area and seeks approval of this non-standard horizontal well spacing unit to match a corresponding Communitization Agreement for the federal leases within the subject area.

6. Due to the nature and configuration of the federal leases in the subject area, the Bureau of Land Management (“BLM”) will not approve the commingling of production at central facilities if the subject area is developed using standard horizontal well spacing units. See, e.g., 43 CFR 3173.14 (addressing authorized commingling). However, if the proposed non-standard spacing unit is approved by the Division, then Ichthys understands that the BLM will issue a corresponding Communitization Agreement for the federal leases within the subject area to allow commingling and the corresponding reduction of the necessary surface facilities.

7. Ichthys seeks to minimize cost and surface disturbance by consolidating facilities and commingling production from existing and future wells in the proposed non-standard spacing unit. To allow the proposed wells to be dedicated to a federal Communitization Agreement, Ichthys requires approval of a corresponding non-standard horizontal well spacing unit in the Bone Spring formation.

8. Ichthys sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Bone Spring formation underlying the proposed Unit to participate in the drilling of the wells or to otherwise commit their interests to the wells.

9. The pooling of all interests in the Bone Spring formation underlying the proposed Unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

WHEREFORE, Ichthys requests this application be set for a hearing before an Examiner of the Oil Conservation Division, to be consolidated with Case No. 25813, and after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in Bone Spring formation underlying a non-standard 960-acre, more or less, horizontal spacing unit comprised of the E/2 W/2 and the E/2 of Sections 12 and 1, Township 20 South, Range 35 East, N.M.P.M., Lea County, New Mexico;
- B. Designating Ichthys as operator of this unit and the wells to be drilled thereon;
- C. Authorizing Ichthys to recover its costs of drilling, equipping and completing the Wells;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully,



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CERTIFICATE OF SERVICE

I certify that on this 19th of February 2026, the foregoing pleading was electronically filed with the New Mexico Oil Conservation Division Clerk and served on all parties of record through counsel as follows:

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/s/ Kaitlyn A. Luck

CASE NO. _____: Application of Ichthys Energy LLC for approval of a non-standard spacing unit and compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted interests within a non-standard 960-acre, more or less, horizontal spacing unit comprised of the E/2 W/2 and the E/2 of Sections 12 and 1, Township 20 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the following wells: the Silver Tuna 12-1 Fed Com #503H well with a proposed surface hole location in the SW/4 of Section 12, and a proposed last take point in the NE/4 NW/4 (Unit C) of Section 1; the Silver Tuna 12-1 Fed Com #505H well with a proposed surface hole location in the SW/4 of Section 12, and a proposed last take point in the NW/4 NE/4 (Unit B) of Section 1; and the Silver Tuna 12-1 Fed Com #507H well with a proposed surface hole location in the SW/4 of Section 12, and a proposed last take point in the NE/4 NE/4 (Unit A) of Section 1. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Ichthys Energy LLC as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 20 miles west of Monument, New Mexico.