

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

**APPLICATION OF CENTENNIAL  
RESOURCE PRODUCTION, LLC FOR  
COMPULSORY POOLING, LEA COUNTY,  
NEW MEXICO.**

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

**APPLICATION**

Centennial Resource Production, LLC (“Centennial” or “Applicant”) (OGRID No. 372165), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 324.37-acre, more or less, horizontal spacing unit comprised of the W/2 of Section 2, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico. In support of its application, Centennial states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced spacing unit to the following proposed initial wells:
  - The **Gramma Ridge 2 State Com #501H well**, and the **Gramma Ridge 2 State Com #601H well**, both are to be horizontally drilled from a common surface location in the SW/4 SW/4 (Unit M) of Section 2, to bottom hole locations in the NW/4 NW/4 (Unit D) of Section 2; and

- The **Grama Ridge 2 State Com #502H well**, the **Grama Ridge 2 State Com #503H well**, the **Grama Ridge 2 State Com #602H well** and the **Grama Ridge 2 State Com #603H well**, each of which are to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 2, to bottom hole locations in the NE/4 NW/4 (Unit C) of Section 2.

3. The completed intervals for the proposed **Grama Ridge 2 State Com #502H well** or the **Grama Ridge 2 State Com #602H well** will remain within 330 feet of the quarter-quarter line separating the W/2 W/2 from the E/2 W/2 of Section 2 to allow inclusion of this acreage into a standard horizontal well spacing unit

4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all the working interest owners in the subject spacing unit.

5. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

6. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled, and Applicant should be designated the operator of the proposed horizontal wells and spacing unit.

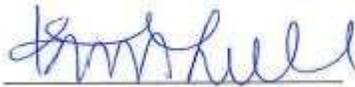
7. Centennial requests an expedited order in this case due to a lease expiration for the subject acreage in September 2021.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on July 1, 2021, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the horizontal spacing unit and approving the initial wells thereon;
- B. Designating Applicant as operator of the horizontal spacing unit and the horizontal wells to be drilled thereon;
- C. Authorizing Applicant to recover its costs of drilling, equipping, and completing the wells;
- D. 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
- E. Imposing a 200% charge 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 wells.

Respectfully submitted,

HOLLAND & HART LLP



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