

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

**APPLICATION OF ASCENT ENERGY, LLC
FOR A HORIZONTAL SPACING UNIT AND
COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO**

Case No. _____

APPLICATION

Ascent Energy, LLC (“Ascent”), OGRID No. 325830, through its undersigned attorneys, hereby files this Application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order (1) creating a standard 640-acre, more or less, spacing and proration unit comprised of the N/2 of Sections 20 and 21, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying said unit. In support of its Application, Ascent states the following:

1. Ascent is a working interest owner in the proposed horizontal spacing and proration unit (“HSU”) and has a right to drill a well thereon.
2. Ascent proposes and dedicates two initial wells to the HSU, the **Hokie Fee No. 601H Well** and the **Hokie Fee No. 602H Well**.
3. Ascent proposes for the HSU its **Hokie Fee No. 601H Well**, an oil well, to be horizontally drilled from a surface location in SE/4 NE/4 (Unit H) of Section 21 to a bottom hole location in NW/4 NW/4 (Unit D) of Section 20.

4. Ascent proposes for the HSU its **Hokie Fee No. 602H Well**, an oil well, to be horizontally drilled from a surface location in SE/4 NE/4 (Unit H) of Section 21 to a bottom hole location in SW/4 NW/4 (Unit E) of Section 20.

5. The well locations are orthodox; the completed interval and first and last take point for the wells proposed in the HSU meet the setback requirements set forth in the Division's statewide rules and regulations for horizontal oil wells for a standard location.

6. Ascent has sought in good faith, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the wells or in the commitment of their interests to the wells for its development within the proposed HSU.

7. The pooling of all interests in the Bone Spring formation within the proposed HSU, and creation of the spacing unit, will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.

8. In order to provide for its just and fair share of the oil and gas underlying the subject lands, Ascent requests that all uncommitted interests in this HSU be pooled and that Ascent be designated the operator of the proposed horizontal wells and HSU.

WHEREFORE, Ascent requests that this Application be set for hearing before an Examiner of the Oil Conservation Division on October 7, 2021, and after notice and hearing as required by law, the Division enter an order:

A. Approving the creation of a standard 640-acre, more or less, spacing and proration unit comprised of the N/2 of Sections 20 and 21, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico;

B. Pooling all uncommitted mineral interests in the Bone Spring formation underlying the proposed HSU.

- C. Approving the **Hokie Fee No. 601H Well** and the **Hokie Fee No. 602H Well** as the wells for the HSU.
- D. Designating Ascent as operator of this HSU and the horizontal wells to be drilled thereon;
- E. Authorizing Ascent 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 Ascent in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

ABADIE & SCHILL, PC

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Application of Ascent Energy, LLC, for a Horizontal Spacing and Proration Unit and Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) creating a standard 640-acre, more or less, horizontal spacing and proration unit comprised of the N/2 of Sections 20 and 21, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation, an oil pool, underlying the unit. The proposed wells to be dedicated to the horizontal spacing unit are the **Hokie Fee 601H Well**, an oil well, to be horizontally drilled from a surface location in SE/4 NE/4 (Unit H) of Section 21 to a bottom hole location in NW/4 NW/4 (Unit D) of Section 20; and the **Hokie Fee No. 602H Well**, an oil well, to be horizontally drilled from a surface location in SE/4 NE/4 (Unit H) of Section 21 to a bottom hole location in SW/4 NW/4 (Unit E) of Section 20. The well locations are orthodox, and the completed well intervals and take points will comply 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 1 mile southeast of Carlsbad, New Mexico.