

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

**APPLICATION OF FLAT CREEK RESOURCES, LLC
FOR COMPULSORY POOLING,
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, a 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 (Cottonwood Draw; Bone Spring (O) [97494]) in a standard 640-acre, more or less, horizontal spacing and proration unit (“HSU”), with proximity tracts comprised of the W/2 E/2 and E/2 W/2 of Section 2, Township 25 South, Range 26 East, and the W/2 E/2 and E/2 W/2 of Section 35, 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 2-mile well in the proposed HSU:
 - **Jawbone Fed Com BS #2H** well, to be horizontally drilled from a surface hole location approximately 200’ FSL and 1,070’ FEL of Section 2, T25S-R26E, to a bottom hole location approximately 100’ FNL and 2,555’ FEL of Section 35, T24S-R26E.
3. The **Jawbone Fed Com BS #2H** well is a proximity well.

4. With the proximity tracts, the completed interval and first and last take points for the well will meet the setback requirements set forth in the statewide rules for horizontal oil wells.

5. 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.

6. 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, prevent waste, and protect correlative rights.

7. 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 application be set for hearing before an Examiner of the Oil Conservation Division on December 7, 2023 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 W/2 E/2 and E/2 W/2 of Section 2, Township 25 South, Range 26 East, and the W/2 E/2 and E/2 W/2 of Section 35, Township 24 South, Range 26 East, in Eddy County, New Mexico;

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

C. Allowing the drilling of the following 2-mile well in the HSU: **Jawbone Fed Com BS #2H** well;

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

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

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 well against any interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

/s/ Sharon T. Shaheen

Sharon T. Shaheen

Samantha H. Catalano

Post Office Box 2307

Santa Fe, NM 87504-2307

(505) 986-2678

sshaheen@montand.com

scatalano@montand.com

ec: wmcginnis@montand.com

Attorneys for Flat Creek Resources, LLC

Application of Flat Creek Resources, LLC for Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Oil Conservation Division pooling all uncommitted mineral interests in the Bone Spring formation (Cottonwood Draw; Bone Spring (O) [97494]) in a standard 640-acre, more or less, horizontal spacing and proration unit (“HSU”), with proximity tracts, comprised of the W/2 E/2 and E/2 W/2 of Section 2, Township 25 South, Range 26 East and the W/2 E/2 and E/2 W/2 of Section 35, Township 24 South, Range 26 East, in Eddy County, New Mexico. Applicant proposes to drill the following 2-mile well in the HSU: **Jawbone Fed Com BS #2H** well, to be horizontally drilled from a surface hole location approximately 200’ FSL and 1,070’ FEL of Section 2, T25S-R26E, to a bottom hole location approximately 100’ FNL and 2,555’ FEL of Section 35, T24S-R26E. With the proximity tracts, the completed interval and first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells. 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 7 miles Southeast of Whites City, New Mexico.