

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

**APPLICATION OF FED OPERATING,
LLC FOR APPROVAL OF A NON-STANDARD
HORIZONTAL WELL SPACING UNIT
AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

FED Operating, LLC (“FED”) (OGRID No. 333904), 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: (1) approving a 1,920-acre, more or less, non-standard horizontal well spacing unit in the Bone Spring formation (Pool: MESCALERO ESCARPE;BONE SPRING [Pool Code: 45793]), underlying all of Sections 5, 8, and 17, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico (the “Unit”), and (2) pooling all uncommitted interests therein. In support of this application, FED states as follows:

1. FED has an interest in the subject lands and has a right to drill and operate a well thereon.
2. FED 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.
3. To allow the proposed wells to be dedicated to a state Communitization Agreement, FED seeks approval of a corresponding non-standard horizontal well spacing unit in the Bone Spring formation.

4. FED 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 state leases within the subject area.

5. FED seeks to dedicate the Unit to the following wells:

- the Chancer 5-17 State #111H well, the Chancer 5-17 State #121H well, and the Chancer 5-17 State #131H well with proposed surface hole locations in the NE/4 NW/4 (Unit C) of Section 20, and proposed last take points in the NW/4 NW/4 (Unit D) of Section 5; and
- the Chancer 5-17 State #112H well, the Chancer 5-17 State #122H well, and the Chancer 5-17 State #132H well with proposed surface hole locations in the NE/4 NW/4 (Unit C) of Section 20, and proposed last take points in the NW/4 NW/4 NE/4 NW/4 (Unit C) of Section 5;
- the Chancer 5-17 State #113H well, the Chancer 5-17 State #123H well, and the Chancer 5-17 State #133H well with proposed surface hole locations in the NE/4 NW/4 (Unit C) of Section 20, and proposed last take points in the NW/4 NW/4 (Unit D) of Section 5; and
- the Chancer 5-17 State #114H well, the Chancer 5-17 State #124H well, and the Chancer 5-17 State #134H well with proposed surface hole locations in the NE/4 NW/4 (Unit C) of Section 20, and proposed last take points in the NW/4 NW/4 NE/4 NW/4 (Unit C) of Section 5.

6. The wells will be horizontally drilled, and the producing areas for the wells are expected to be orthodox.

7. FED 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.

8. 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, FED requests this application be set for a hearing before an Examiner of the Oil Conservation Division, on June 4, 2026, and after notice and hearing as required by law, the Division enter an order:

- A. Approving the proposed non-standard unit and pooling all uncommitted interests in Wolfcamp formation underlying all of Sections 5, 8, and 17, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico;
- B. Designating FED as operator of this unit and the wells to be drilled thereon;
- C. Authorizing FED 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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Attorney for FED Operating, LLC

CASE NO. _____: Application of FED Operating, LLC for approval of a non-standard horizontal unit and compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted interests within a non-standard 1,920-acre, more or less, horizontal spacing unit, in the Bone Spring Formation underlying all of Sections 5, 8, and 17, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be dedicated to the following wells: the Chancer 5-17 State #111H well, the Chancer 5-17 State #121H well, and the Chancer 5-17 State #131H well with proposed surface hole locations in the NE/4 NW/4 (Unit C) of Section 20, and proposed last take points in the NW/4 NW/4 (Unit D) of Section 5; the Chancer 5-17 State #112H well, the Chancer 5-17 State #122H well, and the Chancer 5-17 State #132H well with proposed surface hole locations in the NE/4 NW/4 (Unit C) of Section 20, and proposed last take points in the NW/4 NW/4 NE/4 NW/4 (Unit C) of Section 5; the Chancer 5-17 State #113H well, the Chancer 5-17 State #123H well, and the Chancer 5-17 State #133H well with proposed surface hole locations in the NE/4 NW/4 (Unit C) of Section 20, and proposed last take points in the NW/4 NW/4 (Unit D) of Section 5; and the Chancer 5-17 State #112H well, the Chancer 5-17 State #122H well, and the Chancer 5-17 State #132H well with proposed surface hole locations in the NE/4 NW/4 (Unit C) of Section 20, and proposed last take points in the NW/4 NW/4 NE/4 NW/4 (Unit C) of Section 5. The wells will be drilled at orthodox locations. 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 FED Operating, LLC as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 29 miles west of Eunice, New Mexico.