

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

**APPLICATION OF FASKEN OIL & RANCH Ltd.,  
FOR APPROVAL OF AN 80.81-ACRE NON-STANDARD  
OIL SPACING UNIT AND PRORATION UNIT,  
EDDY COUNTY, NEW MEXICO.**

CASE No. 16031

**APPLICATION**

FASKEN OIL & RANCH Ltd. ("Fasken") applies to the New Mexico Oil Conservation Division for an order approving an 80.81-acre non-standard oil spacing and proration unit in the Avalon Wolfcamp Pool (Pool Code 71120) comprised of the W/2 NW/4 of Section 10, Township 21 South, Range 26 East, NMPM, Eddy County, New Mexico. In support of this application, Fasken states:

1. The **Lake Shore SC 10 Federal Com No. 4 Well** (API No. 30-015-31569) is located 1310 feet from the north line and 1160 feet from the west line, placing it ten feet from the quarter-quarter line in the NW/4 NW/4 (Unit D) of Section 10, Township 21 South, Range 26 East, NMPM, Eddy County, New Mexico.

2. This well was originally drilled and completed in 2000 by Bonneville Fuels in the Avalon-Morrow Pool (70920), which is subject to 320-acre spacing and 660 foot setback requirements for gas wells. *See* NMAC 19.15.15.10. In 2003, Fasken became the operator of this well.

3. On January 16, 2018, Fasken filed an application for administrative approval of an 80.81 acre non-standard oil spacing unit and proration unit comprised of the W/2 NW/4 of Section

10 and for approval of an unorthodox well location to accommodate the recompletion of the Lake Shore SC 10 Federal Com No. 4 Well in the Avalon Wolfcamp Pool (Pool Code 71120), which is subject to 40-acre spacing and 330 foot setbacks for oil wells.

4. By email dated February 14, 2018, the Division informed Fasken that it would administratively process the request for an unorthodox location, but that the request for a non-standard spacing unit “will need to go to hearing.”

5. The W/2 NW/4 of Section 10 is comprised of federal and state acreage. The State Land Office, in consultation with the Bureau of Land Management, has requested that the acreage and subject well be placed under an 80.81 acre communitization agreement due to the location of the well. Accordingly, Fasken seeks approval of a non-standard 80.81 acre spacing and proration unit to correspond with the boundaries of the communitized area.

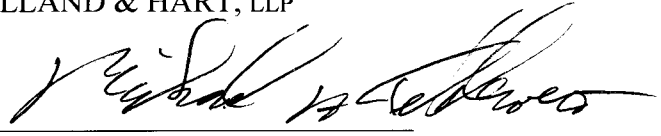
6. Notice was provided to all parties affected by the request for a non-standard spacing and proration unit in conjunction with the filing of the administrative application. Division records reflect that the affected parties did not file any objection to the relief requested.

7. Approval of this application will prevent waste and protect the correlative rights of the state and federal mineral owners.

WHEREFORE, Fasken requests that this application be set for hearing before an Examiner of the Oil Conservation Division on March 22, 2018, and that following hearing the Division enter its order authorizing an 80.81 acre non-standard oil spacing unit and proration unit in the Avalon Wolfcamp Pool (Pool Code 71120) comprised of the W/2 NW/4 of Section 10.

Respectfully submitted,

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**ATTORNEYS FOR**

**FASKEN OIL & RANCH, LTD.**

CASE 16031

**Application Of Fasken Oil & Ranch Ltd., For Approval Of An 80.81-Acre Non-Standard Oil Spacing And Proration Unit, Eddy County, New Mexico.** Applicant seeks an order authorizing an 80.81 acre non-standard oil spacing and proration unit in the Avalon Wolfcamp Pool (Pool Code 71120) comprised of the W/2 NW/4 of Section 10, Township 21 South, Range 26 East, NMPM, Eddy County, New Mexico. This non-standard spacing and proration unit will be dedicated to the **Lake Shore SC 10 Federal Com No. 4 Well** (API No. 30-015-31569), a vertical well located 1310 feet from the north line and 1160 feet from the west line in the NW/4 NW/4 (Unit D) of said Section 10. This area is located approximately 3 miles north of the City of Carlsbad, New Mexico.