

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

**APPLICATION OF LIME ROCK RESOURCES
II-A, L.P. FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

Case No. 202/2

APPLICATION

Pursuant to NMSA § 70-2-17, Lime Rock Resources II-A, L.P. ("Lime Rock") applies for an order pooling all uncommitted mineral interests in the Yeso formation in a standard 200-acre horizontal spacing unit comprised of the N/2 S/2 of Section 11 and the NE/4 SW/4 of Section 12, Township 18 South, Range 26 East, Eddy County, New Mexico. In support of its application, Lime Rock states:

1. Lime Rock (OGRID No. 277558) is a working interest owner in the N/2 S/2 of Section 11 and the NE/4 SW/4 of Section 12 and has the right to drill a well thereon.
2. The horizontal spacing unit will be dedicated to Lime Rock's proposed Brainard 12 #2H well, which will be horizontally drilled from a surface location in Unit K in Section 12 to a last take point in Unit L of Section 11, Township 18 South, Range 26 East.
3. The completed interval for the well will be orthodox.
4. Lime Rock has undertaken diligent, good-faith efforts to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well, but has been unable to obtain voluntary agreements from all of the mineral interest owners.
5. The pooling of those uncommitted mineral interests will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

6. In order to allow Lime Rock to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted mineral interest owners should be pooled.

WHEREFORE, Lime Rock requests that this application be set for hearing on January 24, 2019 and that, after notice and hearing, the Division enter an order:

A. Pooling all uncommitted mineral interests in the Yeso formation in the N/2 S/2 of Section 11 and the NW/4 SW/4 of Section 12, Township 18 South, Range 26 East in Eddy County:

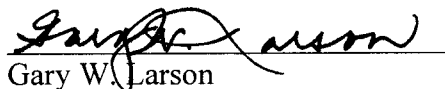
B. Designating Lime Rock as the operator of the Brainard 12 #2H well;

C. Authorizing Lime Rock to recover its costs of drilling, equipping, and completing the Brainard 12 #2H well and allocating the costs among the working interest owners;

D. Approving the actual operating charges and costs of supervision during drilling and after completion, together with a provision for adjusting the rates pursuant to the COPAS accounting procedure; and

E. Imposing a 200% penalty for the risk assumed by Lime Rock in drilling and completing the Brainard 12 #2H well against any mineral interest owner who does not voluntarily participate in the drilling of the well.

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PROPOSED NOTICE

Case No. _____: Application of Lime Rock Resources II-A, L.P. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all uncommitted mineral interests in the Yeso formation in a standard 200-acre horizontal spacing unit comprised of the N/2 S/2 of Section 11 and the NE/4 SW/4 of Section 12, Township 18 South, Range 26 East in Eddy County. The horizontal spacing unit will be dedicated to the proposed Brainard 12 #2H well, which will be horizontally drilled from a surface location in Unit K in Section 12 to a last take point in Unit L in Section 11, Township 18 South, Range 26 East. The completed interval for the well will be orthodox. Also to be considered will be the costs of drilling and completing the well and the allocation of the costs, the designation of Lime Rock Resources II-A, L.P. as the operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well location is approximately seven (7) miles southeast of Artesia, New Mexico.