

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

**APPLICATION OF CENTENNIAL RESOURCE
PRODUCTION, LLC FOR COMPULSORY POOLING,
NON-STANDARD SPACING AND PRORATION UNIT,
LEA COUNTY, NEW MEXICO.**

CASE NO. _____

**APPLICATION FOR COMPULSORY POOLING, AND NON-STANDARD
SPACING AND PRORATION UNITS**

CENTENNIAL RESOURCE PRODUCTION, LLC applies for an order pooling all mineral interests within the Gramma Ridge Bone Spring Northeast Pool (Pool Code 28435) as to the proposed oil and gas wells listed below, underlying the SE/4 of Sections 36, Township 21 South, Range 34 East, NMPM and the E/2 of Section 1, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico. In support of this application, Applicant states:

1. Applicant is a working interest owner in the proposed horizontal spacing units and has the right to drill thereon.

2. Applicant seeks to dedicate the above referenced horizontal spacing units to the following nine wells:

A. The proposed **Margarita 36 State Com #301H** to be horizontally drilled to a depth sufficient to test the 1st Bone Spring sand at a TVD of 9,600 feet from an orthodox SHL 2,158' FSL and 1,378' FEL of Section 36, Township 21 South, Range 34 East and a BHL 100' FSL of Section 1 and 2,348' FEL of Section 1, Township 22 South, Range 34 East;

B. The proposed **Margarita 36 State Com #302H** to be horizontally drilled to a depth sufficient to test the 1st Bone Spring sand at a TVD of 9,600 feet from an orthodox SHL 2,158' FSL of Section 36 and 1,348' FEL of Section 36, Township 21 South, Range 34 East and a BHL 100' FSL and 1,348' FEL of Section 1, Township 22 South, Range 34 East;

C. The proposed **Margarita 36 State Com #303H** to be horizontally drilled to a depth sufficient to test the 1st Bone Spring sand at a TVD of 9,600 feet from an orthodox SHL 2,158' FSL and 1,318' FEL of Section 36, Township 21 South, Range 34 East, and the BHL 100' FSL and 330' FEL of Section 1, Township 22S, Range 34 East;

D. The proposed **Margarita 36 State Com #501H** to be horizontally drilled to a depth sufficient to test the 2nd Bone Spring sand at a TVD of 10,350 feet from an orthodox SHL 2,308' FSL and 1,378' FEL of Section 36, Township 21 South, Range 34 East, and the BHL 100' FSL and 2,348' FEL of Section 1, Township 22S, Range 34 East;

E. The proposed **Margarita 36 State Com #502H** to be horizontally drilled to a depth sufficient to test 2nd Bone Spring sand at a TVD of 10,350 feet from an orthodox SHL 2,308' FSL and 1,348' FEL of Section 36, Township 21 South, Range 34 East and the BHL 100' FSL and 1,348' FEL of Section 1, Township 22 South, Range 34 East;

F. The proposed **Margarita 36 State Com #503H** to be horizontally drilled to a depth sufficient to test the 2nd Bone Spring sand at a TVD of 10,350 feet from an orthodox SHL 2,308' FSL and 1,318' FEL of Section 36, Township 21 South, Range 34 East and the BHL 100' FSL and 330' FEL of Section 1, Township 22 South, Range 34 East;

G. The proposed **Margarita 36 State Com #601H** to be horizontally drilled to a depth sufficient to test the 3rd Bone Spring sand at a TVD of 11, 200 feet, from an orthodox SHL 2,458' FSL and 1,378' FEL of Section 36, Township 21 South, Range 34 East and the BHL 100' FSL and 2,348' FEL of Section 1, Township 22 South, Range 34 East;

H. The proposed **Margarita 36 State Com #602H** to be horizontally drilled to a depth sufficient to test the 3rd Bone Spring sand at a TVD of 11, 200 feet, from an orthodox

SHL 2,458' FSL and 1,348' FEL of Section 36, Township 21 South, Range 34 East and the BHL 100' FSL and 1,348' FEL of Section 1, Township 22 South, Range 34 East;

I. The proposed **Margarita 36 State Com #603H** to be horizontally drilled to a depth sufficient to test the 3rd Bone Spring sand at a TVD of 11, 200 feet, from an orthodox SHL 2,458' FSL and 1,348' FEL of Section 36, Township 24 South, Range 34 East and the BHL 100' FSL and 1,348' FEL of Section 1, Township 22 South, Range 34 East.

3. Because the proposed wells will be continuously drilled and completed, Applicant requests an extension of the time period to drill and complete the proposed wells from 120 days to 365 days.

4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all of the working interest owners in the subject spacing units.

5. The requested pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

6. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing units should be pooled and Applicant should be designated the operator of these proposed horizontal wells and the proposed spacing units.

WHEREFORE, Applicant, requests after notice and hearing, the Division enter its order:

- A. Pooling all uncommitted interests in this horizontal spacing units;
- B. Approving four initial horizontal wells in this spacing units;
- C. Authorizing an extension of the 120-day requirement to drill and complete the initial wells on this horizontal spacing units;
- D. Designating Applicant operator of this spacing units and the horizontal wells to be drilled thereon;

- E. Authorizing Applicant to recover its costs of drilling, equipping and completing the wells;
- F. Approving the actual operating charges and costs of supervision while drilling and after completing, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- G. Imposing a 200% charge for risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

PADILLA LAW FIRM, P.A.

By: /s/ ERNEST L. PADILLA
Ernest L. Padilla
P.O. Box 2523
Santa Fe, New Mexico 87504
(505) 988-7577
padillalaw@qwestoffice.net