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March 28, 2016

Florene Davidson
Oil Conservation Division
New Mexico Department of Energy, Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Case

Re: APPLICATION OF ASPEN OPERATING CO., L.L.C. TO REOPEN CASE NOS. 11465 AND 11466 TO AMEND THE VERTICAL DEPTHS OF THE LEWIS UNIT AND FOR THE APPROVAL OF AN 80 ACRE PRORATION UNIT FOR THE LEWIS UNIT NO. 1 WELL, IN THE SW/4 SW/4 OF SECTION 3 AND THE SE/4 SE/4 OF SECTION 4, TOWNSHIP 10 SOUTH, RANGE 36 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO.

Dear Ms. Davidson:

Enclosed for filing, please find three copies of Aspen's Application Case Nos. (Reopened) 11465 and 11466.

Should you have questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jennifer L. Bradfute'.

Jennifer L. Bradfute

JLB/zc
Enclosures

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

**APPLICATION OF ASPEN OPERATING CO.,
L.L.C. TO REOPEN CASE NOS. 11465 AND
11466 TO AMEND THE VERTICAL DEPTHS OF
THE LEWIS UNIT AND FOR THE APPROVAL
OF AN 80 ACRE PRORATION UNIT FOR THE
LEWIS UNIT NO. 1 WELL, IN THE SW/4 SW/4
OF SECTION 3 AND THE SE/4 SE/4 OF
SECTION 4, TOWNSHIP 10 SOUTH, RANGE 36
EAST, N.M.P.M., LEA COUNTY, NEW
MEXICO.**

CASE NOS. (reopened) 11465 and 11466

APPLICATION

Aspen Operating Co., L.L.C. ("Aspen") by and through its attorneys, Modrall, Sperling, Roehl, Harris & Sisk, P.A., files this application with the Oil Conservation Division for an order amending the vertical depths of its Lewis Unit, pursuant to 19.15.20.14 NMAC, and the approval of a 80-acre non-standard proration unit for the Lewis Unit No. 1 well (API No. 30-025-33350). In support of its application, Aspen states:

1. In Order No. R-10554, Aspen's predecessor in interest, Cobra Oil & Gas Corporation ("Cobra"), obtained approval from the Division for the creation of the Lewis Unit. A copy of that Order is attached as Exhibit A.

2. Order No. R-10554 describes the Lewis Unit as covering:

[A]ny and all formations underlying the following described 80 acres, more or less, of State lands in Lea County, New Mexico:

TOWNSHIP 10 SOUTH, RANGE 36 EAST, N.M.P.M.

Section 3: SW/4 SW/4

Section 4: SE/4 SE/4

3. The Lewis Unit was created so that Cobra could drill an oil well to test the Devonian formation. Order No. R-10554 also approved a well to be drilled from an unorthodox location, located 675 feet from the South line and 114 feet from the West line (Unit M) of Section 3, Township 10 South Range 36 East, N.M.P.M. Paragraph 7 of Order No. R-10554 states that:

By combining the proposed 40-acre tract [in Section 3] to the immediate offsetting 40 acres to the west, being the SE/4 SE/4 (Unit P) of said Section 4, into a single exploratory unit where all interest in the affected drainage area of this well will share, correlative rights are assured to be protected.

4. Order No. R-10554, however, orders that only the SW/4 SW/4 of Section 3 would be dedicated to the well, forming a standard 40-acre oil spacing and proration unit.

5. Following the issuance of Order No. R-10554, Cobra drilled the Lewis Unit No. 1 well (API: 30-025-33350), which was dedicated by the Division to an 80-acre proration unit in January of 1995.

6. The Lewis Unit No. 1 well is the only producing well located within the Lewis Unit and it is producing from the Devonian formation.

7. Effective July 1, 2003, Aspen acquired Cobra's interests in the Lewis Unit and the Lewis Unit No. 1 well.

8. The SW/4 SW/4 of Section 3 and the SE/4 SE/4 of Section 4 are also included within the boundaries of the Fire Eagle Unit, approved by the Division in Order No. R-14093, which is dedicated to the development of the San Andres formation, the correlative interval of which is identified between the logged depths of 4243 feet and 5643 feet in the Compensated Neutron/Gamma Ray log formulated

by Schlumberger on the Gainer 22 Well No. 1 (API 30-025-38792) located in (Unit K) of Section 22, Township 10 South, Range 36 East, N.M.P.M., Lea County, New Mexico.

9. Since Order No. R-10554 for the Lewis Unit states that the Unit is dedicated to develop all formations located within the SW/4 SW/4 of Section 3 and the SE/4 SE/4 of Section 4, Aspen is seeking to amend the Lewis Unit Agreement and has asked the State Land Office to limit the vertical formations covered by the Lewis Unit, to develop:

All oil, gas, natural gasoline and associated fluid hydrocarbons from the top of the Glorieta formation, the correlative interval of which is identified in the logged depths of 5,643 feet, defined in the Borehole Compensated Sonic/Gamma Ray log formulated by Schlumberger on the Gainer 22 #1 well (API: 30-025-38792), located in Section 22, Township 10 South, Range 36 East, Lea County, NM, down to the base of the Devonian formation, the correlative interval of which is identified in the logged depths of 12,513 feet, defined in the Acoustic Velocity log formulated by Welex on the T&P State #1 well (API: 30-025-20006), located in Section 10, Township 10 South, Range 36 East, Lea County, NM.

10. In addition, Aspen will be listed as the unit operator in the amended unit agreement.

11. The amendments to the vertical depths of the Lewis Unit have been approved by the sole working interest owner in the Lewis Unit, Rubicon Energy, L.P., and notice of this application is being sent via certified mail, return receipt requested to the lessees of record and overriding royalty interest owners.

12. The Division has also asked that Aspen seek an amendment to Order No. R-10554 to reflect the fact that the Lewis Unit No. 1 well was dedicated to and developed as an 80-acre proration unit.

13. The entire Unit Area will be continued to be developed and operated as a single participating area.

14. Approval of this Application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Aspen Operating Co., L.L.C. requests that this Application be set for hearing before an Examiner of the Oil Conservation Division on April 28, 2016, and that after notice and hearing as required by law, the Division enter its order granting this Application.

Respectfully submitted,

MODRALL, SPERLING, ROEHL, HARRIS
& SISK, P.A.

By: 

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Case Nos. (re-opened) 11465 and 11466: Application of Aspen Operating Co., L.L.C. to reopen Case Nos. 11465 and 11466 to Amend the Vertical Depths of the Lewis Unit and for the Approval of an 80 Acre Proration Unit for the Lewis Unit No. 1 Well, in the SW/4 SW/4 of Section 3 and the SE/4 SE/4 of Section 4, Township 10 South, Range 36 East, N.M.P.M., Lea County, New Mexico. Applicant seeks to amend the vertical depths of the Lewis Unit consisting of approximately 80 acres of state lands situated in the SW/4 SW/4 of Section 3 and the SE/4 SE/4 of Section 4, Township 10 South, Range 36 East, N.M.P.M., Lea County, New Mexico. The amended unitized interval for the Lewis Unit will be from the top of the Glorieta formation, the correlative interval of which is identified in the logged depths of 5,643 feet, defined in the Borehole Compensated Sonic/Gamma Ray log formulated by Schlumberger on the Gainer 22 #1 well (API: 30-025-38792), located in Section 22, Township 10 South, Range 36 East, Lea County, NM, down to the base of the Devonian formation, the correlative interval of which is identified in the logged depths of 12,513 feet, defined in the Acoustic Velocity log formulated by Welex on the T&P State #1 well (API: 30-025-20006), located in Section 10, Township 10 South, Range 36 East, Lea County, New Mexico. In addition, Applicant seeks approval of an 80 acre proration unit for its Lewis Unit No. 1 well. The subject acreage is located approximately 5.8 miles Southeast of Crossroads, New Mexico.

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