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2016 SEP 26 11 30 AM

September 26, 2016

VIA HAND DELIVERY

Florene Davidson
Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Case 15558

Re: Rockcliff Operating New Mexico LLC Application

Dear Florene:

Enclosed please find: (i) for filing, the original and one (1) copy of an application by Rockcliff Operating New Mexico LLC ("Rockcliff") for approval of a 160-acre, non-standard oil spacing and proration unit to be dedicated to Rockcliff's Annapurna 20 #1H well; and (ii) a proposed hearing notice. I will email the proposed hearing notice to you in Word format.

As stated in the application, Rockcliff requests that the application be placed on the Division's October 27, 2016 hearing docket.

Thank you for your assistance.

Very truly yours,

Gary W. Larson

GWL:rc
Enclosures

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

2016 SEP 26 11 29 AM

**APPLICATION OF ROCKCLIFF
OPERATING NEW MEXICO
LLC FOR A NON-STANDARD
SPACING AND PRORATION UNIT
AND COMPULSORY POOLING,
ROOSEVELT COUNTY, NEW MEXICO**

Case No. 15558

APPLICATION

Pursuant to NMSA § 70-2-17, Rockcliff Operating New Mexico LLC ("Rockcliff") applies for an order (i) approving a 160-acre, non-standard spacing and proration unit in the E/2 E/2 of Section 20, Township 8 South, Range 34 East, Roosevelt County, New Mexico, and (ii) pooling all uncommitted mineral interests in the San Andres formation. In support of its Application, Rockcliff states:

1. Rockcliff (OGRID No. 371115) is a working interest owner in the E/2 E/2 of Section 20 and has the right to drill a well thereon.
2. Rockcliff proposes to dedicate the above-referenced non-standard spacing and proration unit as the project area for its Annapurna 20 #1H well, which will be horizontally drilled from a surface location in Unit P of Section 17, Township 8 South, Range 34 East to a bottom hole location in Unit P of Section 20, Township 8 South, Range 34 East.
3. The completed interval for the Annapurna 20 #1H well will remain within the 330-foot standard offset required by 19.15.15.9(A) NMAC.
4. Rockcliff has undertaken diligent, good-faith efforts to obtain voluntary agreements from all mineral interest owners in the proposed project area 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 Rockcliff to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted mineral interest owners in the non-standard spacing and proration unit should be pooled and Rockcliff should be designated the operator of the proposed horizontal well and project area.

WHEREFORE, Rockcliff requests that this application be set for hearing on October 27, 2016 and that, after notice and hearing, the Division enter an order:

A. Approving a 160-acre, non-standard spacing and proration unit (project area) in the San Andres formation in the E/2 E/2 of Section 20, Township 8 South, Range 34 East, in Roosevelt County;

B. Pooling all uncommitted mineral interests in the proposed project area;

C. Designating Rockcliff as the operator of the project area and the Annapurna 20 #1H well;

D. Authorizing Rockcliff to recover its costs of drilling, equipping, and completing the well;

E. Considering the cost of drilling and completing the Annapurna 20 #1H well and allocating the cost among the uncommitted mineral interest owners;

F. 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

G. Imposing a 200% penalty for the risk assumed by Rockcliff in drilling and completing the Annapurna 20 #1H well against any mineral interest owner who does not voluntarily participate in the drilling of the well.

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Counsel for Rockcliff Operating New Mexico LLC

PROPOSED NOTICE

Case No. 15558: Application of Rockcliff Operating New Mexico LLC for a non-standard oil spacing and proration unit and compulsory pooling, Roosevelt County, New Mexico. Applicant seeks an order (i) creating a 160-acre, non-standard oil spacing and proration unit (project area) comprised of the E/2 E/2 of Section 20, Township 8 South, Range 34 East, NMPM, in Roosevelt County, and (ii) pooling all mineral interests in the San Andres formation underlying this acreage. The project area is to be dedicated to applicant's Annapurna 20 #1H well, which will be horizontally drilled from a surface location in Unit P of Section 17, Township 8 South, Range 34 East to a bottom hole location in Unit P of Section 20, Township 8 South, Range 34 East. The completed interval for the well will remain within the 330-foot standard offset required by the Division's rules. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of Rockcliff Operating New Mexico LLC as the operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The proposed project area is located approximately nine (9) miles west of Milnesand, New Mexico.

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COMMISSIONER