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WRITER:

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July 28, 2017

### VIA HAND DELIVERY

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

Re: NewTex Partners LLC Application

15815

Dear Florene:

Enclosed please find: (i) for filing, the original and one (1) copy of an application by NewTex Partners LLC for approval of a 320-acre, non-standard oil spacing and proration unit to be dedicated to the Bonanza #5H well; and (ii) a proposed hearing notice. I will email the proposed hearing notice to you in Word format.

As stated in the application, NewTex requests that the application be placed on the Division's August 31, 2017 hearing docket.

Thank you for your assistance.

Very truly yours,

Gary W. Larson

GWL:jwl  
Enclosures

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

2017 JUL 28 PM 3: 04

**APPLICATION OF NEWTEX PARTNERS  
LLC FOR A NON-STANDARD  
SPACING AND PRORATION UNIT  
AND COMPULSORY POOLING,  
CHAVES COUNTY, NEW MEXICO**

Case No. 15815

**APPLICATION**

Pursuant to NMSA § 70-2-17, NewTex Partners LLC (“NewTex”) applies for an order (i) approving a 320-acre, non-standard spacing and proration unit in the W/2 of Section 21, Township 7 South, Range 28 East, NMPM, Chaves County, New Mexico, and (ii) pooling all uncommitted mineral interests in the San Andres formation. In support of its Application, NewTex states:

1. NewTex is a working interest owner in the W/2 of Section 21 and has the right to drill a well thereon.
2. NewTex proposes to dedicate the above-referenced non-standard spacing and proration unit as the project area for the Bonanza #5H well, which will be horizontally drilled from a surface location in Unit D to a bottom hole location in Unit M of Section 21, Township 7 South, Range 28 East.
3. The completed interval for the Bonanza #5H well will remain within the 330-foot standard offset required by 19.15.15.9(A) NMAC.
4. NewTex has contracted with Hadaway Consulting and Engineering, LLC (“Hadaway”) to drill and operate the Bonanza #5H well. Consequently, NewTex requests that the Division designate Hadaway (OGRID No. 371985) as the operator of the well.

5. NewTex 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.

6. The pooling of those uncommitted mineral interests will avoid the drilling of unnecessary wells, protect correlative rights, and prevent waste.

7. In order to allow NewTex 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 Hadaway should be designated the operator of the proposed horizontal well and the project area.

WHEREFORE, NewTex requests that this application be set for hearing on August 31, 2017 and that, after notice and hearing, the Division enter an order:

A. Approving a 320-acre, non-standard spacing and proration unit (project area) in the San Andres formation in the W/2 of Section 21, Township 7 South, Range 28 East, in Chaves County;

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

C. Designating Hadaway as the operator of the project area and the Bonanza #5H well;

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

E. Considering the cost of drilling and completing the Bonanza #5H 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 NewTex in drilling and completing the Bonanza #5H well against any mineral interest owner who does not voluntarily participate in the drilling of the well.

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*Counsel for NewTex Partners LLC*

**PROPOSED NOTICE**

Case No. 15815: Application of NewTex Partners LLC for a non-standard oil spacing and proration unit and compulsory pooling, Chaves County, New Mexico. Applicant seeks an order (i) creating a 320-acre, non-standard oil spacing and proration unit (project area) comprised of the W/2 of Section 21, Township 7 South, Range 28 East, NMPM, in Chaves County, and (ii) pooling all mineral interests in the San Andres formation underlying this acreage. The project area is to be dedicated to the Bonanza #5H well, which will be horizontally drilled from a surface location in Unit D to a bottom hole location in Unit M of Section 21, Township 7 South, Range 28 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 Hadaway Consulting and Engineering, 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 33 miles northeast of Roswell, New Mexico.