



**MONTGOMERY
& ANDREWS**
LAW FIRM

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December 8, 2017

HAND-DELIVERY

Florene Davidson
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Case 15923

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Re: Application of Impetro Operating, LLC for a Non-Standard Oil Spacing and Proration Unit and Compulsory Pooling, Lea County, New Mexico (Prizehog)

Dear Ms. Davidson:

Enclosed please find for filing the original and one copy of an Application regarding the above matter. Also enclosed is the proposed advertisement which will be emailed to you in Word format. Please set this matter for hearing on the January 11, 2018 examiner docket.

Thank you.

Very truly yours,

J. Scott Hall

J. Scott Hall

Enclosures

cc: Neal Rudderow (via email, w/encs.)

REPLY TO:

325 Paseo de Peralta
Santa Fe, New Mexico 87501
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Post Office Box 2307
Santa Fe, New Mexico 87504-2307

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 15923

APPLICATION

Impetro Operating, LLC applies for an order approving a non-standard oil spacing and proration unit in the Wolfcamp formation, Jal Wolfcamp Pool, comprised of the E/2E/2 of Section 19, Township 26 South, Range 36 East, NMPM, Lea County, New Mexico, and pooling all mineral interests in the Wolfcamp formation underlying the non-standard unit, and in support thereof, states:

1. Applicant is an interest owner in the E/2E/2 of Section 19, and has the right to drill a well thereon.
2. Applicant proposes to drill its Prizehog BWZ State Com #2H well to a depth sufficient to test the Wolfcamp formation. Applicant seeks to dedicate the E/2E/2 of Section 19 to the well to form a non-standard 160-acre oil spacing and proration unit (project area) in the Wolfcamp formation. The well is an approximately 4621' horizontal well, with a surface location 286 feet from the north line and 1188 feet from the east line of Section 19, a landing point 330 feet from the north line and 990 feet from the east line of Section 19, and a bottom hole location 330 feet from the south line and 990 feet from the east line of Section 19.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the Wolfcamp formation in the E/2E/2 of Section 19 for the purposes set forth herein.
4. Although Applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to

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the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the Bone Spring formation in the E/2E/2 of Section 19, pursuant to NMSA 1978, §§ 70-2-17, -18.

5. Approval of the non-standard unit and the pooling of all mineral interests in the Wolfcamp formation underlying the E/2E/2 of Section 19 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

6. WHEREFORE, Applicant requests that, following notice and a hearing to be set for January 11, 2018, the Division enter its order:

A. Approving a non-standard oil spacing and proration unit (project area) in the Jal (Wolfcamp) formation comprised of the E/2E/2 of Section 19;

B. Pooling all mineral interests in the Wolfcamp formation underlying the E/2E/2 of Section 19;

C. Designating Applicant as operator of the well;

D. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;

E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and

F. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



J. Scott Hall
Seth C. McMillan
Post Office Box 2307
Santa Fe, NM 87504-2307
(505) 982-3873
Attorneys for Impetro Operating, LLC

Case No. 15923: *Application of Impetro Operating, LLC for a Non-Standard Oil Spacing and Proration Unit and Compulsory Pooling, Lea County, New Mexico.* Applicant seeks an order approving a non-standard oil spacing and proration unit in the Wolfcamp formation comprised of the E/2E/2 of Section 19, Township 26 South, Range 36 East, NMPM, Lea County, New Mexico, and pooling all mineral interests in the Wolfcamp formation underlying the non-standard unit. The unit will be dedicated to Applicant's proposed Prizehog BWZ State Com #2H well to be drilled from an orthodox location approximately 286 feet from the north line and 1188 feet from the east line (surface) of Section 19, Township 26 South, Range 36 East, to a landing point approximately 330 feet from the north line and 990 feet from the east line of Section 19, Township 26 South, Range 36 East, and then to a bottom hole location approximately 330 feet from the south line and 990 feet from the east line (terminus) of Section 19, Township 26 South, Range 36 East. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 8 miles southwest of Jal, New Mexico.