

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

**AMENDED APPLICATION OF BTA OIL
PRODUCERS, LLC FOR A NON-STANDARD
SPACING AND PRORATION UNIT, AND
COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO.**

CASE NO. 16024

AMENDED APPLICATION

BTA Oil Producers, LLC ("BTA") through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of N.M. Stat. Ann. § 70-2-17, for an order (1) authorizing a non-standard, 160-acre spacing unit in the Purple Sage Wolfcamp Gas Pool (98220); (2) combining that 160-acre non-standard spacing unit with a standard 320-acre spacing unit to create a 480-acre non-standard spacing and proration unit comprised of the W/2 of Section 29 and the NW/4 of Section 32, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico; and (3) pooling all uncommitted interests in the Wolfcamp formation underlying this acreage. In support of its application, BTA states:

1. BTA (OGRID No. 260297) is a working interest owner in the proposed non-standard spacing and proration unit and has the right to drill thereon.
2. BTA proposes to dedicate the above-referenced spacing and proration unit as the project area for two proposed initial wells, to be drilled and simultaneously completed: the proposed **BTA-Ogden 20509 32-29 Fed Com #5H Well** and the proposed **BTA-Ogden 20509 32-29 Fed Com #6H Well**. The **BTA-Ogden 20509 32-29 Fed Com #5H Well** will have a standard surface location in the SE/4 NW/4 (Unit F) of Section 32 with a standard bottom hole location in the NE/4 NW/4 (Unit C) of Section 29. The **BTA-Ogden 20509 32-29 Fed Com**

#6H Well will have a standard surface hole location in the SW/4 NW/4 (Unit E) of Section 32 with a standard bottom hole location in the NW/4 NW/4 (Unit D) of Section 29.

3. The Division's district office has placed these wells in the Purple Sage Wolfcamp Gas Pool (Pool Code 98220), which is subject to Special Rules pursuant to Order R-14262. The Special Rules for the Purple Sage Pool require 320-acre standard spacing for all wells. Chisholm requests approval of a non-standard 160-acre spacing unit to be combined with a 320-acre standard spacing unit for the purposes of drilling 1.5 mile wells.

4. The completed interval for the each will remain within the 330-foot standard offset required by the Special Rule for the Purple Sage Wolfcamp Gas Pool (Pool Code 98220).

5. BTA has sought and been unable to obtain voluntary agreement for the development of these lands from all of the interest owners in the subject spacing unit.

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

7. In order to permit BTA to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this non-standard spacing unit should be pooled and BTA Oil Producers, LLC should be designated the operator of this proposed horizontal wells and spacing unit.

WHEREFORE, BTA requests that this application be set for hearing before an Examiner of the Oil Conservation Division on March 22, 2018, and, after notice and hearing as required by law, the Division enter an order:

A. Authorizing a non-standard, 160-acre spacing unit in the Purple Sage Wolfcamp Gas Pool (98220) comprised of the NW/4 of Section 22, Township 23 South, Range 26 East, NMPM, Eddy County, New Mexico

- B. Combining that 160-acre non-standard spacing unit with a standard 320-acre spacing unit to create a 480-acre non-standard spacing and proration unit comprised of the W/2 of Section 29 and the NW/4 of Section 32, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico;
- C. Pooling all uncommitted interests in the non-standard spacing and proration unit;
- D. Designating two initial wells for said spacing unit;
- E. Designating BTA Oil Producers, LLC operator of this non-standard spacing unit and the horizontal well to be drilled thereon;
- F. Authorizing BTA to recover its costs of drilling, equipping and completing the wells;
- G. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- H. Imposing a 200% penalty for the risk assumed by BTA in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

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ATTORNEYS FOR BTA OIL PRODUCERS, LLC

- B. Combining that 160-acre non-standard spacing unit with a standard 320-acre spacing unit to create a 480-acre non-standard spacing and proration unit comprised of the W/2 of Section 29 and the NW/4 of Section 32, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico;
- C. Pooling all uncommitted interests in the non-standard spacing and proration unit;
- D. Designating two initial wells for said spacing unit;
- E. Designating BTA Oil Producers, LLC operator of this non-standard spacing unit and the horizontal well to be drilled thereon;
- F. Authorizing BTA to recover its costs of drilling, equipping and completing the wells;
- G. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- H. Imposing a 200% penalty for the risk assumed by BTA in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

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CASE 16024:

Amended Application of BTA Oil Producers, LLC for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order (1) authorizing a non-standard, 160-acre spacing unit in the Purple Sage Wolfcamp Gas Pool (98220); (2) combining that 160-acre non-standard spacing unit with a standard 320-acre spacing unit to create a 480-acre non-standard spacing and proration unit comprised of the W/2 of Section 29 and the NW/4 of Section 32, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico; and (3) pooling all uncommitted interests in the Wolfcamp formation underlying this acreage. Said non-standard unit is to be the project area for two proposed initial wells, to be drilled and simultaneously completed: the proposed **BTA-Ogden 20509 32-29 Fed Com #5H Well** and the proposed **BTA-Ogden 20509 32-29 Fed Com #6H Well**. The **BTA-Ogden 20509 32-29 Fed Com #5H Well** has a standard surface location in the SE/4 NW/4 (Unit F) of Section 32 with a standard bottom hole location in the NE/4 NW/4 (Unit C) of Section 29. The **BTA-Ogden 20509 32-29 Fed Com #6H Well** will have a standard surface hole location in the SW/4 NW/4 (Unit E) of Section 32 with a standard bottom hole location in the NW/4 NW/4 (Unit D) of Section 29. The completed interval for the each will remain within the 330-foot standard offset required by the Special Rule for the Purple Sage Wolfcamp Gas Pool (Pool Code 98220). Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of BTA Oil Producers, LLC as operator of the wells and a 200% charge for risk involved in drilling said well. Said area is located approximately 2 miles southwest of Loving, N.M.