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April 3, 2018

HAND-DELIVERY AND EMAIL

Florene Davidson
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505
florene.davidson@state.nm.us

Case 16107

Re: Application of OneEnergy Partners Operating, LLC for a Non-Standard Oil Spacing and Proration Unit and Compulsory Pooling, Lea County, New Mexico – Donkey Kong Fed Com 1H

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 May 3, 2018 examiner docket.

Thank you.

Very truly yours,

Diana M. Luna
Assistant to J. Scott Hall

Enclosures

cc: Jeff Lierly, OneEnergy Partners Operating, LLC (via email, w/encs.)

REPLY TO:

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BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 16107

APPLICATION

OneEnergy Partners, LLC applies for an order approving a 240-acre ± non-standard oil spacing and proration unit in the Wolfcamp formation comprised of the E/2 SE/4 of Section 13 and E/2 E/2 of Section 24, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico, and pooling all mineral interests in the Wolfcamp formation underlying the non-standard unit. In support thereof, Applicant states:

1. Applicant is an interest owner in the E/2 SE/4 of Section 13 and E/2 E/2 of Section 24, and has the right to drill a well thereon.
2. Applicant proposes to drill its **Donkey Kong Fed Com 1H** well to a depth sufficient to test the 3rd Wolfcamp formation (WC – Wolfcamp pool). Applicant seeks to dedicate the E/2 SE/4 of Section 13 and E/2 E/2 of Section 24, to the well to form a non-standard 240-acre oil spacing and proration unit (project area) in the Wolfcamp formation. The well is a 1 ½-mile horizontal well, with a surface location 2,263 feet from the south line and 328 feet from the east line of Section 13 and a bottom hole location 380 feet from the south line and 380 feet from the east line of Section 24.
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/2 SE/4 of Section 13 and E/2 E/2 of Section 24, 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 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 Wolfcamp formation in the E/2 SE/4 of Section 13 and E/2 E/2 of Section 24, 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/2 SE/4 of Section 13 and E/2 E/2 of Section 24, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing on May 3, 2018 and that, following notice and hearing, the Division enter its order:

A. Approving a non-standard oil spacing and proration unit (project area) in the Wolfcamp formation comprised of the E/2 SE/4 of Section 13 and E/2 E/2 of Section 24;

B. Pooling all mineral interests in the Wolfcamp formation underlying the proposed non-standard unit;

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,

T. Scott Hall

J. Scott Hall

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Attorneys for OneEnergy Partners, LLC

Case No. 16107: Application of OneEnergy Partners, 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 240-acre \pm oil spacing and proration unit in the Wolfcamp formation comprised of the E/2 SE/4 of Section 13 and E/2 E/2 of Section 24, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico, and pooling all mineral interests underlying the non-standard unit. The unit will be dedicated to Applicant's proposed **Donkey Kong Fed Com 1H** well to be drilled from an approximate surface location 2263 feet from the south line and 328 feet from the east line of Section 13 to a bottomhole location 380 feet from the south line and 380 feet from the east line of Section 24, Township 25 South, Range 35 East, NMPM. 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 of drilling and completing the well. The well and lands are located approximately 1.1 miles south of Custer Mountain, New Mexico.