



**MONTGOMERY  
& ANDREWS**  
LAW FIRM

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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  
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*Case 16110*

**Re: Application of OneEnergy Partners Operating, LLC for a Non-Standard Oil Spacing and Proration Unit and Compulsory Pooling, Lea County, New Mexico – Ouray BS3 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 MEXICOCase No. 16110APPLICATION

OneEnergy Partners, LLC applies for an order approving a 160-acre ± non-standard oil spacing and proration unit in the Bone Spring formation comprised of Lot 3, SE/4 NW/4, E/2 SW/4 of Section 4, Township 24 South, Range 35 East, NMPM, Lea County, New Mexico, and pooling all mineral interests in the Bone Spring formation underlying the non-standard unit. In support thereof, Applicant states:

1. Applicant is an interest owner in Lot 3, SE/4 NW/4, E/2 SW/4 of Section 4, and has the right to drill a well thereon.
2. Applicant proposes to drill its **Ouray BS3 Fed Com 1H** well to a depth sufficient to test the 3<sup>rd</sup> Bone Spring formation. Applicant seeks to dedicate Lot 3, SE/4 NW/4, E/2 SW/4 of Section 4 to the well to form a non-standard 160-acre oil spacing and proration unit (project area) in the Bone Spring formation, Ojo Chiso Bone Spring Pool (96553). The well is a 1-mile horizontal well, with a surface location 225 feet from the north line and 1,395 feet from the west line of Section 4 and a bottom hole location 380 feet from the south line and 2,260 feet from the west line of Section 4.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the Bone Spring formation in Lot 3, SE/4 NW/4, E/2 SW/4 of Section 4 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 Bone Spring formation in Lot 3, SE/4 NW/4, E/2 SW/4 of Section 4, pursuant to NMSA 1978, §§ 70-2-17, 18.

5. Approval of the non-standard unit and the pooling of all mineral interests in the Bone Spring formation underlying Lot 3, SE/4 NW/4, E/2 SW/4 of Section 4 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 Bone Spring formation comprised of Lot 3, SE/4 NW/4, E/2 SW/4 of Section 4;

B. Pooling all mineral interests in the Bone Spring 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,



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*Attorneys for OneEnergy Partners, LLC*

Case No. 16110: *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 160-acre  $\pm$  oil spacing and proration unit in the Bone Spring formation (96553) comprised of Lot 3, SE/4 NW/4, E/2 SW/4 of Section 4, Township 24 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 **Ouray BS3 Fed Com 1H** well to be drilled from an approximate surface location 225 feet from the north line and 1,395 feet from the west line to a bottomhole location 380 feet from the south line and 2260 feet from the west line of Section 4, Township 24 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 2.9 miles east of Antelope Draw, New Mexico.