

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

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

APR 27 2018 PM03:56

CASE NO. 16161

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 240-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Section 29 and the W/2 NW/4 of Section 32, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico; and (2) pooling all uncommitted interests in the Bone Spring 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 the proposed **BTA-Ogden 20509 29-32 Fed Com #9H Well**, which will be horizontally drilled from a standard surface location in the NW/4 NW/4 (Unit D) of Section 29 with a standard bottom hole location in the SW/4 NW/4 (Unit E) of Section 29.
3. The completed interval for the each will remain within the 330-foot offset as required by the Statewide rules for oil wells.
4. 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 May 17, 2018, and, after notice and hearing as required by law, the Division enter an order:

- A. Creating a 240-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Section 29 and the W/2 NW/4 of Section 32, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico;
- B. Pooling all uncommitted interests in the non-standard spacing and proration unit;
- C. Designating BTA Oil Producers, LLC the operator of this non-standard spacing unit and the horizontal well to be drilled thereon;
- D. Authorizing BTA to recover its costs of drilling, equipping, and completing the well;
- E. 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
- F. 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 well.

Respectfully submitted,

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ATTORNEYS FOR BTA OIL PRODUCERS, LLC

CASE _____:

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 240-acre spacing and proration unit comprised of the W/2 W/2 of Section 29 and the W/2 NW/4 of Section 32, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico; and (2) pooling all uncommitted interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **BTA-Ogden 20509 29-32 Fed Com #9H Well**, which will be horizontally drilled from a standard surface location in the NW/4 NW/4 (Unit D) of Section 29 with a standard bottom hole location in the SW/4 NW/4 (Unit E) of Section 29. The completed interval for this well will remain within the 330-foot offset as required by the Statewide rules for oil wells. Also to be considered will be the cost of drilling and completing said well 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 well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 2 miles southwest of Loving, N.M.