

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF ASCENT ENERGY, LLC  
FOR A NON-STANDARD OIL SPACING AND  
PRORATION UNIT, COMPULSORY POOLING,  
AND ONE UNORTHODOX WELL LOCATION,  
LEA COUNTY, NEW MEXICO.

Case No. 16232

APPLICATION

Ascent Energy, LLC applies for an order (i) approving a 320-acre non-standard oil spacing and proration unit in the Wolfcamp formation comprised of the  $W\frac{1}{2}W\frac{1}{2}$  of Section 28 and the  $W\frac{1}{2}W\frac{1}{2}$  of Section 33, Township 20 South, Range 33 East, N.M.P.M., Lea County, New Mexico, (ii) pooling all mineral interests in the Wolfcamp formation underlying the non-standard unit, and (iii) approving one unorthodox well location, and in support thereof, states:

1. Applicant is an interest owner in the  $W\frac{1}{2}W\frac{1}{2}$  of Section 28 and the  $W\frac{1}{2}W\frac{1}{2}$  of Section 33, and has the right to drill a well or wells thereon.
2. Applicant proposes to drill the following wells to test the Wolfcamp formation:
  - (a) the Gavilon Fed. Com. Well No. 703H; and
  - (b) the Gavilon Fed. Com. Well No. 704H.

Applicant seeks to dedicate the  $W\frac{1}{2}W\frac{1}{2}$  of Section 28 and the  $W\frac{1}{2}W\frac{1}{2}$  of Section 33 to the wells to form a non-standard 320-acre oil spacing and proration unit (project area) in the Wolfcamp formation.

The wells are all horizontal wells, with surface locations in the  $SW\frac{1}{4}SW\frac{1}{4}$  of Section 33, and bottomhole locations in the  $NW\frac{1}{4}NW\frac{1}{4}$  of Section 28. The producing interval of the Gavilon Fed. Com. Well No. 704H is at an unorthodox location, and encroaches on the  $E\frac{1}{2}W\frac{1}{2}$  of Section

28 and the E $\frac{1}{2}$ W $\frac{1}{2}$  of Section 33. The Gavilon Fed. Com. Well No. 703H is at orthodox well location.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the Wolfcamp formation in the W $\frac{1}{2}$ W $\frac{1}{2}$  of Section 28 and the W $\frac{1}{2}$ W $\frac{1}{2}$  of Section 33 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 wells 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 W $\frac{1}{2}$ W $\frac{1}{2}$  of Section 28 and the W $\frac{1}{2}$ W $\frac{1}{2}$  of Section 33, pursuant to NMSA 1978 §§70-2-17, 18.

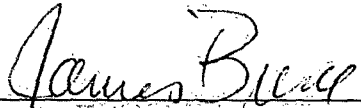
5. Approval of the non-standard unit and the pooling of all mineral interests in the Wolfcamp formation underlying the W $\frac{1}{2}$ W $\frac{1}{2}$  of Section 28 and the W $\frac{1}{2}$ W $\frac{1}{2}$  of Section 33, as well as approval of the unorthodox well location, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

**WHEREFORE**, applicant requests that, after 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 W $\frac{1}{2}$ W $\frac{1}{2}$  of Section 28 and the W $\frac{1}{2}$ W $\frac{1}{2}$  of Section 33;
- B. Pooling all mineral interests in the Wolfcamp formation underlying the W $\frac{1}{2}$ W $\frac{1}{2}$  of Section 28 and the W $\frac{1}{2}$ W $\frac{1}{2}$  of Section 33;
- C. Designating applicant as operator of the wells;

- D. Approving the unorthodox well location;
- E. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;
- F. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- G. Setting a 200% charge for the risk involved in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

  
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