

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

IN THE MATTER OF THE APPLICATION
OF CENTENNIAL RESOURCES PRODUCTION LLC, FOR
COMPULSORY POOLING, NON-STANDARD
SPACING AND PRORATION UNIT, AND NON-STANDARD
LOCATION,
IN LEA COUNTY, NEW MEXICO.

CASE NO. 16244

APPLICATION FOR COMPULSORY POOLING, NON-STANDARD SPACING
AND PRORATION UNIT AND NON-STANDARD LOCATION

CENTENNIAL RESOURCES PRODUCTION LLC, applies for an order pooling all mineral interests within the Bone Spring Formation, non-standard spacing and proration unit, and non-standard location underlying the W/2E/2 of Section 6 and W/2NE/4 of Section 7, Township 22 South, Range 35 East, NMPM, Lea County, New Mexico. In support of this application,

Applicant states:

1. Applicant is an interest owner in the W/2E/2 of Section 6 and W/2NE/4 of Section 7, and has the right to drill thereon.
2. Applicant proposes to drill its Carne Asada State Com No. 301H well to be located at a non-standard well location having a surface location 2240 FSL and 1780 FEL of Section 7 and a bottom hole location of 100 FNL and 2310 FEL of Section 6, sufficient in depth to test the Bone Spring Formation at a proposed total vertical depth of 9,525 feet.
3. Applicant seeks to dedicate the W/2E/2 of Section 6 and W/2NE/4 of Section 7 to the well to form a non-standard 240 acre spacing and proration unit within the vertical limits of the Bone Spring Formation.
4. Applicant has in good faith sought to obtain the voluntary joinder of all other

mineral interest owners in the W/2E/2 of Section 6 and W/2NE/4 of Section 7 for the purposes set forth herein.

5. Certain working interest owners have failed or refused to join in the drilling of the proposed well, therefore, applicant seeks an order pooling all mineral interest owners in the W/2E/2 of Section 6 and W/2NE/4 of Section 7 pursuant to NMSA 1978, Section 70-2-17 as requested in this application.

6. The pooling of all mineral interests as requested in this application underlying the W/2E/2 of Section 6 and W/2NE/4 of Section 7 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. Pooling all mineral interests in the W/2E/2 of Section 6 and W/2NE/4 of Section 7 within the Bone Spring formation.

B. Approving this application with respect to non-standard spacing and proration unit and unorthodox location.

C. Designating Applicant as the operator of the well;

D. Considering the cost of 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.

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NMOCD Case No. 16244

Application of Centennial Resources Production, LLC, for compulsory pooling, non-standard spacing and proration unit, non-standard location, Lea County, New Mexico; Applicant seeks an order pooling all mineral interests within the Bone Spring Formation (Ojo Chiso Bone Spring Pool-- Pool Code 96553) of its Carne Asada Com State No. 301H, non-standard spacing and proration unit and non-standard well location, with a SHL of 2240 FSL and 1780 FEL of Section 7 and a BHL of 100 FNL and 2310 FEL of Section 6, sufficient in depth to test the Bone Spring Formation at a TVD of 9,525 feet underlying the W/2E/2 of Section 6 and W/2SE/4 of Section 14, Township 22 South, Range 35 East, NMPM, Lea County, New Mexico. The well will be located approximately 13 miles southwest of Eunice, New Mexico.

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