

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

**APPLICATION OF BTA OIL PRODUCERS, LLC
FOR COMPULSORY POOLING, APPROVAL
OF A NON-STANDARD UNIT, AND APPROVAL
OF AN OVERLAPPING SPACING UNIT,
LEA COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

Pursuant to NMSA 1978, Section 70-2-17, BTA Oil Producers, LLC (OGRID No. 260297) (“BTA” or “Applicant”) applies for an order pooling all uncommitted interests in the Bone Spring formation underlying a 1,279.52-acre, more or less, non-standard, overlapping horizontal spacing unit comprised of all of irregular Sections 6 and 7, Township 20 South, Range 35 East, Lea County, New Mexico (“Unit”). In support of this application, BTA states the following.

1. Applicant is a working interest owner in the Unit and has the right to drill wells thereon.
2. The Unit will be dedicated to the following wells (“Wells”):
 - a. **Denali 22503 7-6 Fed Com 1H** and **Denali 22503 7-6 Fed Com 2H** wells, to be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of irregular Section 7 to a bottom hole location in Lot 4 (NW/4 NW/4 equivalent) of irregular Section 6;
 - b. **Denali 22503 7-6 Fed Com 3H** and **Denali 22503 7-6 Fed Com 4H** wells, to be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of irregular Section 7 to a bottom hole location in Lot 3 (NE/4 NW/4 equivalent) of irregular Section 6;
 - c. **Denali 22503 7-6 Fed Com 5H** and **Denali 22503 7-6 Fed Com 6H** wells, to be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of irregular Section

7 to a bottom hole location in Lot 2 (NW/4 NE/4 equivalent) of irregular Section 6;
and

- d. **Denali 22503 7-6 Fed Com 7H** well, to be drilled from a surface hole location in the SW/4 SE/4 (Unit O) of irregular Section 7 to a bottom hole location in Lot 1 (NE/4 NE/4 equivalent) of irregular Section 6.
3. The completed intervals of the Wells will be orthodox.
4. Applicant requests approval of a non-standard horizontal spacing unit pursuant to Rule 19.15.16.15(B)(5) NMAC, which will create cost efficiencies, prevent waste, and protect correlative rights.
5. The spacing unit for the Wells partially overlaps with the spacing units for the following wells, which produce from the WC-025 G-08 S203506D; Bone Spring Pool (Code 97983):
 - a. Prickly Pear 6 Federal #002H (API No. 30-025-41572) dedicated to the W/2 E/2 of Section 6, Township 20 South, Range 35 East;
 - b. Prickly Pear 6 Federal #003H (API No. 30-025-41629) dedicated to the E/2 W/2 of Section 6, Township 20 South, Range 35 East;
 - c. Prickly Pear 6 Federal #004H (API No. 30-025-40778) dedicated to the W/2 W/2 of Section 6, Township 20 South, Range 35 East;
 - d. Lea 7 Federal #029H (API No. 30-025-45199) dedicated to the W/2 E/2 of Section 7, Township 20 South, Range 35 East;
 - e. Lea 7 Federal #030H (API No. 30-025-45200) dedicated to the E/2 E/2 of Section 7, Township 20 South, Range 35 East; and
 - f. Lea 7 Federal #001H (API No. 30-025-42268) dedicated to the W/2 W/2 of Section

7, Township 20 South, Range 35 East.

6. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from all interest owners to participate in the drilling of the Wells, but has been unable to obtain voluntary agreements from all interest owners.

7. The pooling of uncommitted interests will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

8. In order to allow Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in the Unit should be pooled and Applicant should be designated as the operator of the Wells and Unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on May 7, 2026, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the Unit;
- B. Approving the Wells in the Unit;
- C. Approving the non-standard spacing Unit;
- D. Approving the overlapping spacing unit;
- E. Designating Applicant as operator of the Unit and the Wells to be drilled thereon;
- F. Authorizing Applicant to recover its costs of drilling, equipping and completing the Wells;
- G. Approving the actual operating charged and costs of supervision while drilling and after completion, together with a provision adjusting the rated pursuant to the COPAS accounting procedures; and

- H. Imposing a 200% penalty for the risk assumed by Applicant in drilling and completing the Wells against any working interest owner who does not voluntarily participate in the drilling of the Wells.

Respectfully submitted,

HARDY MCLEAN LLC

/s/ Dana S. Hardy

Dana S. Hardy

Jaclyn M. McLean

Jaime R. Fontaine

Yarithza Peña

125 Lincoln Ave, Ste. 223

Santa Fe, NM 87501

Phone: (505) 230-4410

dhardy@hardymclean.com

jmclean@hardymclean.com

jfontaine@hardymclean.com

ypena@hardymclean.com

Counsel for BTA Oil Producers, LLC