

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

**IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
ADMIRAL PERMIAN OPERATING, LLC**

**CASE NO. 25709
ORDER NO. R-24391**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on February 5 and 26, 2026, and after considering the testimony, evidence, and recommendation of the Hearing and Technical Examiners, issues the following Order.

FINDINGS OF FACT

1. Admiral Permian Operating, LLC (“Admiral”) submitted an application (“Application”) to compulsory pool the uncommitted oil and gas interests within the Wolfcamp Formation underlying the following lands in Eddy County (“Proposed Unit”):

Township 23 South, Range 28 East, N.M.P.M
Section 17: W/2 W/2
Section 18: E/2
2. Anthracite Energy Partners, LLC owns an uncommitted oil and gas interest within the Proposed Unit.
 - a. Anthracite Energy Partners, LLC signed an election letter but has not signed a joint operating agreement or other document suitable for OCD to consider it committed for the purpose of determining that notice of the hearing is not required under 19.15.4.12(A)(1)(a) NMAC.
 - b. Admiral did not provide evidence that notice of the hearing was provided to Anthracite Energy Partners, LLC.
3. Admiral requested approval of a non-standard horizontal spacing unit for the Proposed Unit.
 - a. Admiral requested to exclude the East half of the West half of Section 17, Township 23 South, Range 28 East, N.M.P.M. (“Excluded Tract”).

- b. Admiral asserted that the requested non-standard horizontal spacing unit would facilitate consolidation of surface facilities; however, Admiral did not present technical, operational, geological, engineering, economic, or land-use evidence demonstrating why exclusion of the East half of the West half of Section 17 is necessary to accomplish that objective or why the standard horizontal spacing unit configuration is impracticable.
 - c. The Proposed Unit is within the Purple Sage Wolfcamp Gas Pool, which is structured on quarter-section building blocks that include the Excluded Tract within the standard horizontal spacing unit configuration. Admiral did not provide geological, reservoir engineering, drainage, pressure communication, or expected ultimate recovery evidence demonstrating that wells drilled within the Proposed Unit would not drain hydrocarbons from the Excluded Tract or otherwise adversely affect correlative rights associated with the Excluded Tract.
 - d. Admiral did not present evidence demonstrating that approval of the requested non-standard horizontal spacing unit would prevent waste, protect correlative rights, improve reservoir management, or otherwise further the purposes underlying the spacing provisions administered by OCD.
 - e. Admiral did not provide evidence sufficient to demonstrate that deviation from the standard horizontal spacing unit established for the Purple Sage Wolfcamp Gas Pool is justified under 19.15.16.15(B)(5) NMAC.
4. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

- 5. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17 and 70-2-18(C).
- 6. Admiral is the owner of an oil and gas working interest within the Proposed Unit.
- 7. OCD has determined that a person signing an election letter does not indicate that person is committed when determining whether notice of the hearing to the person is required under 19.15.4.12(A)(1)(a) NMAC.

Accordingly, Admiral failed to satisfy the requirements of 19.15.4.12(A)(1)(a) NMAC, and the Application is denied.

8. Admiral, as the applicant, bears the burden of demonstrating that approval of the requested non-standard horizontal spacing unit is justified under 19.15.16.15(B)(5) NMAC. Rule 19.15.16.15(B)(5) NMAC permits approval of a non-standard horizontal spacing unit only upon a sufficient evidentiary showing supporting deviation from the standard horizontal spacing configuration applicable to the pool.

Admiral failed to present substantial evidence demonstrating that exclusion of the East half of the West half of Section 17 from the standard horizontal spacing unit is necessary or appropriate. Admiral's generalized assertion regarding consolidation of surface facilities, without supporting technical or operational evidence, is insufficient to justify deviation from the standard spacing configuration. Admiral additionally failed to present geological or reservoir evidence sufficient to establish that the requested non-standard horizontal spacing unit would not result in uncompensated drainage from the Excluded Tract or otherwise impair correlative rights. Because the Purple Sage Wolfcamp Gas Pool is structured on quarter-section building blocks that include the Excluded Tract, the absence of drainage and reservoir evidence weighs against approval of the requested non-standard horizontal spacing unit.

Accordingly, Admiral failed to satisfy the requirements of 19.15.16.15(B)(5) NMAC, and the Application is denied.

ORDER

9. Because Admiral failed to satisfy the notice requirements under 19.15.4.12 NMAC and failed to meet its burden under 19.15.16.15(B)(5) NMAC to justify approval of the requested non-standard horizontal spacing unit, including failure to provide sufficient evidence addressing drainage and protection of correlative rights associated with the Excluded Tract, the Application in Case No. 25709 is hereby denied and dismissed without prejudice.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**

Albert Chang

ALBERT CHANG
DIRECTOR
AC/dm

Date: 5/31/2026