

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

**APPLICATION OF B.C. OPERATING, INC.  
FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO**

**Case No. \_\_\_\_\_**

**APPLICATION**

B.C. Operating, Inc. (“BCO”), through its undersigned counsel Montgomery & Andrews, P.A. (Sharon T. Shaheen and John F. McIntyre), hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all mineral interests in the Wolfcamp formation (WC-025 G-09 S243310P [98135]) in a standard 160-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of the E/2 E/2 of Section 13, Township 24 South, Range 33 East, NMPM, in Lea County, New Mexico. In support of its application, BCO states as follows:

1. BCO is a working interest owner in the proposed HSU and has the right to drill thereon.
2. BCO proposes to dedicate the HSU to its 1-mile **Broadside 13 W Fed Com 3H** well, to be horizontally drilled from an approximate surface hole location 374’ FSL and 313’ FEL of Section 12-T24S-R33E, to an approximate bottom hole location 20’ FSL and 330’ FEL of Section 13-T24S-R33E. This well defines the HSU.
3. The completed intervals and first and last take points meet the setback requirements set forth in the statewide rules for horizontal oil wells.
4. BCO has in good faith sought and been unable to obtain voluntary agreement for the development of these lands from all of the mineral interest owners in the HSU.

5. Approval of the HSU and the pooling of all mineral interest owners in the Wolfcamp formation underlying the HSU will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

6. In order to permit BOC to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this HSU should be pooled and BCO should be designated the operator of the HSU.

WHEREFORE, BCO requests that this application be set for hearing before an Examiner of the Oil Conservation Division on November 14, 2019, and that, after notice and hearing as required by law, the Division enter an order:

A. Creating a standard 160-acre, more or less, horizontal spacing and proration unit comprised of the E/2 E/2 of Section 13, Township 24 South, Range 33 East, NMPM, in Lea County, New Mexico;

B. Pooling all mineral interests in the Wolfcamp formation underlying the HSU;

C. Designating the Broadside 13 W Fed Com 3H well as the defining well for said HSU;

D. Designating BCO as operator of the HSU and the wells to be drilled thereon;

E. Authorizing BCO to recover its costs of drilling, equipping and completing the wells;

F. Approving the operating charges and costs of supervision while drilling of \$7000/month and, after completion, \$700/month, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

G. Imposing a 200% penalty for the risk assumed by BCO in drilling and completing the wells against any interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

/s/ Sharon T. Shaheen

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