

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

**APPLICATION OF STEWARD ENERGY II,  
LLC FOR COMPULSORY POOLING AND  
APPROVAL OF AN UNORTHODOX WELL  
LOCATION, LEA COUNTY, NEW MEXICO**

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

**APPLICATION**

Pursuant to NMSA § 70-2-17 and 19.15.16.15(C)(6) NMAC, Steward Energy II, LLC (“Steward”) applies for an order (i) pooling all uncommitted mineral interests in the San Andres formation in a 358.05-acre, more or less, horizontal spacing unit comprised of the E/2 of Section 23 and the NE/4 of Section 26, Township 13 South, Range 38 East in Lea County, New Mexico, and (ii) approving an unorthodox well location for the Slippin Jimmy Fee #1H well. In support of its Application, Steward states:

1. Steward (OGRID No. 371682) is a working interest owner in the the E/2 of Section 23 and the NE/4 of Section 26 and has the right to drill a well thereon.
2. The horizontal spacing unit will be dedicated to the Slippin Jimmy Fee #1H well, which will be horizontally drilled from a surface location in Lot 3 in Section 26 to a bottom hole location in Lot 1 in Section 23, Township 13 South, Range 38 East.
3. The completed interval for the Slippin Jimmy Fee #1H well will be unorthodox in relation to the eastern boundary of the proposed horizontal spacing unit. Consequently, Steward requests Division approval of the unorthodox well location.
4. Steward has undertaken diligent, good-faith efforts to obtain voluntary agreements from all mineral interest owners within the horizontal spacing unit to participate in the drilling of

the well, but has been unable to obtain voluntary agreements from all of the mineral interest owners.

5. The pooling of all uncommitted mineral interests in the San Andres formation underlying the E/2 of Section 23 and the NE/4 of Section 26 will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

6. In order to allow Steward to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted mineral interest owners in the horizontal spacing unit should be pooled.

WHEREFORE, Steward requests that this Application be set for hearing on December 12, 2019 and that, after notice and hearing, the Division enter an order:

A. Pooling all uncommitted mineral interests in the San Andres formation underlying the E/2 of Section 23 and the NE/4 of Section 26;

B. Approving the unorthodox location for the Slippin Jimmy Fee #1H well;

C. Designating Steward as the operator of the Slippin Jimmy Fee #1H well;

D. Authorizing Steward to recover its costs of drilling, equipping, and completing the Slippin Jimmy Fee #1H and allocating the costs among the well's working interest owners;

E. Approving the actual operating charges and costs of supervision during drilling and after completion, together with a provision for adjusting the rates pursuant to the COPAS accounting procedure; and

F. Imposing a 200% penalty for the risk assumed by Steward in drilling and completing the Slippin Jimmy Fee #1H well against any mineral interest owner who does not voluntarily participate in the drilling of the well.

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