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December 16, 2016

VIA FACSIMILE & FEDERAL EXPRESS
(505) 476-3462

Ms. Florene Davidson
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Case 15621

RE: Application

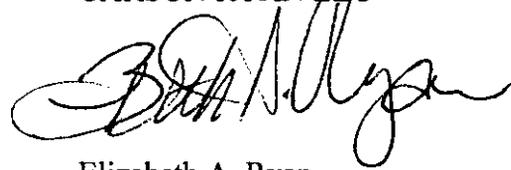
Dear Ms. Davidson:

On behalf of Opal Resources Operating Co., LLC and Opal Resources II, LLC, enclosed please find an original and one copy of the Application for Compulsory Pooling, together with a proposed Advertisement. Please set this matter for the January 19, 2017 Examiner hearing. Thank you.

Should you have any questions or concerns, please do not hesitate to contact me.

Very truly yours,

CARSON RYAN LLC



Elizabeth A. Ryan

BAR/rmt
Enclosures

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

RECEIVED OGD

2016 DEC 19 P 3:18

**APPLICATION OF OPAL RESOURCES OPERATING CO., LLC
AND OPAL RESOURCES II, LLC
FOR A NON-STANDARD SPACING AND
PRORATION UNIT, A NON-STANDARD PROJECT AREA,
AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

Case No. 15621

APPLICATION

Opal Resources Operating Co., LLC and Opal Resources II, LLC (collectively, "Opal") through its attorneys Carson Ryan LLC (Elizabeth A. Ryan) hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, Sec. 70-2-17, for an order (1) creating a 200-acre, more or less, spacing and proration unit comprised of W/2W/2 of Section 29 and NW/4NW/4 of Section 32, Township 19 South, Range 39 East, N.M.P.M., Lea County, New Mexico; and (2) approving a non-standard 200-acre project area; and (3) pooling all mineral interests in the Nadine/Abo Formation. In support of its Application, Opal, states:

1. Opal Resources II, LLC is a working interest owner in proposed non-standard spacing and proration unit/project area and has the right to drill a well thereon.
2. Opal proposes to dedicate the above referenced spacing and proration unit as a non-standard project area for the proposed **Jade 19S-39E-S29 No. 1H Well** which will be horizontally drilled from the surface location of 400 feet FNL and 400 feet FWL (Unit D) Section 29 to the Nadine/Abo Formation and across the section line at the bottom hole location of 1122 feet FNL and 400 feet FWL (Unit D) of Section 32. *See C-102 Plat* attached hereto as Exhibit A.

3. The proposed project area is comprised of W/2W/2 Section 29 and the NW/4NW/4 Section 32, Township 19 South, Range 39 East, N.M.P.M., Lea County, New Mexico. The project area is non-standard because it crosses the section line from Section 29 to Section 32.

4. The producing interval for this Well will cross the section line but will meet the 330-foot standard offset from the outer boundaries of the project area as required by the Statewide Rules for horizontal wells in 19.15.16.15. *See Exhibit A.*

5. Opal has sought in good faith to obtain the voluntary joinder of all mineral interest owners in the subject spacing unit.

6. Although Opal attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interest to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, Opal seeks an order pooling all mineral interest owners in the W/2W/2 of Section 29 and NW/4NW/4 of Section 32, pursuant to NMSA 1978, §§ 70-2-17 and 18.

7. Notice has also been provided to all affected parties in adjacent spacing units to the proposed non-standard spacing unit/project area pursuant to Rule 19.15.4(A)(3) NMAC.

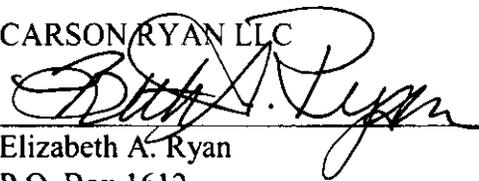
8. In order to permit Opal to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this non-standard spacing unit/project area should be pooled and it is necessary to prevent waste and protect correlative rights.

WHEREFORE, Opal requests that, this Application be set for hearing before an Examiner of the Oil Conservation Division on January 19, 2016, and, after notice and hearing, the Division enter its order:

- A. Creating a 200-acre, more or less, non-standard spacing and proration unit comprised of W/2W/2 Section 29 and NW/4NW/4 Section 32, Township 19 South, Range 39 East, N.M.P.M., Lea County, New Mexico;
- B. Approving a non-standard 200-acre non-standard project area;
- C. Pooling all the mineral interests in the Nadine/Abo Formation underlying the non-standard spacing and proration unit;
- D. Designating Opal Operating Co., LLC as the contract operator of this non-standard spacing unit and horizontal well to be drilled thereon;
- E. Considering the cost of drilling and completing the well, and allocating its costs among the well's interest owners;
- F. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- G. Setting a 200% penalty for the risk assumed by Opal in drilling and completing the well against any working interest owner who does not voluntarily elect to participate in the drilling of the well.

Respectfully submitted,

CARSON RYAN LLC


Elizabeth A. Ryan

P.O. Box 1612

Roswell, New Mexico 88201

(575) 291-7606

beth@carsonryan.com

*Attorneys for Opal Resources II, LLC
& Opal Resources Operating Co., LLC*

Parties Being Pooled

- 1) Heirs or devisees of Ollie S. Jones,
deceased
Heirs and Address Unknown
- 2) ConocoPhillips Company
550 Westlake Park Boulevard
Houston, TX 77070
- 3) Ms. Ann Askren Flesh
2118 59th Street,
St. Louis, Missouri 63110
- 4) Mr. David Fred Carr
55 South Lake Havasu Avenue
Unit #F-213
Lake Havasu City, Arizona 86403
- 5) Noble Energy, Inc.
1001 Noble Energy Way
Houston, TX 77070
- 6) Ms. Carla Leet-Assaf
4160 N. Highway A1A
Fort Pierce, Florida 34949
- 7) Mr. Carl F. Hatch
101 S. Front Street #9
Rio Vista, California 94571
- 8) Ms. Jeannie H. Collins
101 S. Front Street #9
Rio Vista, California 94571
- 9) Ms. Cheedle Caviness and Ms.
Elizabeth Caviness, as joint tenants
with right of survivorship
7505 Dedrickson Ave NE
Albuquerque, NM 87109
- 10) Ms. Catherine A. Cusack
2223 Pajarito Rd. SW
Albuquerque, NM 87105
- 11) Albuquerque National Bank, as
Trustee for Kathryn Brandenburg
Last Known Address:
4243 Terrace Street
Oakland, California 94611
- 12) Timothy J. Cusack, Trustee of the
Testamentary Trust u/w/o John P.
Cusack, Jr.
P.O. Box 250
Roswell, NM 88202-0250
- 13) Michael F. Cusack, II
6003 Valkeith
Houston, TX 77096
- 14) David M. Yager, Trustee of the David
Bond Kyte 1997 Trust
Address Unknown

DISTRICT I
1615 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-4161 Fax: (575) 393-0720

DISTRICT II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

DISTRICT III
1090 Mile Marker Rd., Aztec, NM 87410
Phone: (505) 374-4178 Fax: (505) 374-6170

DISTRICT IV
1229 S. St. Francis Dr., Santa Fe, NM 87501
Phone: (505) 476-3 800 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office
 AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 47393	Pool Name NADINE; ABO, EAST
Property Code	Property Name JADE 19S-39E-S29	Well Number 1H
OGRID No. 370630	Operator Name OPAL RESOURCES II, LLC	Elevation 3586.7'

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
	29	19S	39 E		400	NORTH	400	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
	32	19S	39 E		1122	NORTH	400	WEST	LEA

Dedicated Acres 200	Joint or In-fill	Consolidated Code	Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

SHL:
GR. ELEV. 3586.7'
NMSP-E (NAD 83)
N.(Y)=597915.1'
E.(X)=928700.0'
LAT.(N)=32°38'14.68"
LONG.(W)=103°04'29.96"
NMSP-E (NAD 27)
N.(Y)=597857.2'
E.(X)=887519.1'
LAT.(N)=32.6372997°
LONG.(W)=103.0745082°

FIRST TAKE/ POINT OF PENETRATION:
NMSP-E (NAD 83)
N.(Y)=597465.1'
E.(X)=928703.8'
LAT.(N)=32°38'10.22"
LONG.(W)=103°04'28.98"
NMSP-E (NAD 27)
N.(Y)=597407.2'
E.(X)=887522.8'
LAT.(N)=32.6360629°
LONG.(W)=103.0745133°

LAST TAKE:
NMSP-E (NAD 83)
N.(Y)=592035.2'
E.(X)=928749.4'
LAT.(N)=32°37'16.50"
LONG.(W)=103°04'30.19"
NMSP-E (NAD 27)
N.(Y)=591977.3'
E.(X)=887568.1'
LAT.(N)=32.6211392°
LONG.(W)=103.0745752°

TERMINUS:
NMSP-E (NAD 83)
N.(Y)=591905.2'
E.(X)=928750.4'
LAT.(N)=32°37'15.22"
LONG.(W)=103°04'30.20"
NMSP-E (NAD 27)
N.(Y)=591847.2'
E.(X)=887569.2'
LAT.(N)=32.6207818°
LONG.(W)=103.0745767°

OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest or to voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____

Print Name _____

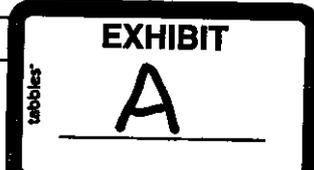
E-mail Address _____

SURVEYORS CERTIFICATION
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

MAY 31, 2016
Date of Survey

Signature and Seal of Professional Surveyor

Job No.: WTC51174
JAMES E. TOMPKINS 14729
Certificate Number



CASE NO. 15621

Application of Opal Resources Operating Co., LLC & Opal Resources II, LLC for a Non-Standard Spacing and Proration Unit, a Non-Standard Project Area, and Compulsory Pooling, Lea County, New Mexico. Applicant in the above styled cause seeks an order (1) creating a non-standard, 200-acre, more or less, spacing and proration unit comprised of W/2W/2 Section 29 and NW/4NW/4 Section 32, Township 19 South, 39 East, NMPM, Lea County, New Mexico; (2) approving a non-standard project area; and (3) pooling all mineral interests in the Nadine/Abo Formation underlying said acreage. Said non-standard unit is to be dedicated to Applicant's **Jade 19S-39E-S29 No. 1H Well**, to be vertically drilled from the surface location in NW/4NW/4 (Unit D) of Section 29 to the Nadine/Abo Formation to the bottom hole location of in NW/4NW/4 (Unit D) of Section 32. The completed interval for this well will remain within the 330-foot standard offset required by the Rules. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs thereof, as well as actual operating costs and charges for supervision, designation of Opal Resources Operating Co., LLC as operator of the well, and a 200% penalty for risk involved in the drilling the well.