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May 4, 2017

VIA HAND DELIVERY

Florene Davidson
Oil Conservation Division
1220 S St Francis Drive
Santa Fe, NM 87505

Case 15715

Re Back Nine Properties LLC Application

Dear Florene

Enclosed please find (i) for filing, the original and one (1) copy of an application by Back Nine Properties LLC for approval of a 320 acre, non-standard oil spacing and proration unit to be dedicated to the Muirfield #2H well, and (ii) a proposed hearing notice I will email the proposed hearing notice to you in Word format

As stated in the application, Back Nine Properties requests that the application be placed on the Division's June 8, 2017 hearing docket

Thank you for your assistance

Very truly yours,

Gary W Larson

GWL:jwl
Enclosures

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

**APPLICATION OF BACK NINE PROPERTIES
LLC FOR A NON-STANDARD
SPACING AND PRORATION UNIT
AND COMPULSORY POOLING,
CHAVES COUNTY, NEW MEXICO**

Case No 15715

APPLICATION

Pursuant to NMSA § 70-2-17, Back Nine Properties LLC (“Back Nine”) applies for an order (i) approving a 320-acre, non-standard spacing and proration unit in the E/2 of Section 18, Township 10 South, Range 29 East, NMPM, Chaves County New Mexico, and (ii) pooling all uncommitted mineral interests in the San Andres formation. In support of its Application, Back Nine states

1 Back Nine is a working interest owner in the E/2 of Section 18 and has the right to drill a well thereon

2 Back Nine proposes to dedicate the above-referenced non-standard spacing and proration unit as the project area for the Muirfield #2H well, which will be horizontally drilled from a surface location in Unit P to a bottom hole location in Unit A of Section 18 Township 10 South Range 29 East

3 The completed interval for the Muirfield #2H well will remain within the 330-foot standard offset required by 19 15 15 9(A) NMAC

4 Back Nine has contracted with Hadaway Consulting and Engineering, LLC (“Hadaway”) to drill and operate the Muirfield #2H well. Consequently, Back Nine requests that the Division designate Hadaway (OGRID No 371985) as the operator of the well

5 Back Nine has undertaken diligent, good-faith efforts to obtain voluntary agreements from all mineral interest owners in the proposed project area to participate in the drilling of the well, but has been unable to obtain voluntary agreements from all of the mineral interest owners

6 The pooling of those uncommitted mineral interests will avoid the drilling of unnecessary wells, protect correlative rights, and prevent waste

7 In order to allow Back Nine to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted mineral interest owners in the non standard spacing and proration unit should be pooled and Hadaway should be designated the operator of the proposed horizontal well and the project area

WHEREFORE, Back Nine requests that this application be set for hearing on June 8, 2017 and that, after notice and hearing, the Division enter an order

A Approving a 320-acre non-standard spacing and proration unit (project area) in the San Andres formation in the E/2 of Section 18 Township 10 South, Range 29 East, in Chaves County,

B Pooling all uncommitted mineral interests in the proposed project area,

C Designating Hadaway as the operator of the project area and the Muirfield #2H well,

D Authorizing Back Nine to recover the costs of drilling, equipping, and completing the well,

E Considering the cost of drilling and completing the Muirfield #2H well and allocating the cost among the uncommitted mineral interest owners,

F 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

G Imposing a 200% penalty for the risk assumed by Back Nine in drilling and completing the Muirfield #2H well against any mineral interest owner who does not voluntarily participate in the drilling of the well

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Counsel for Back Nine Properties LLC

PROPOSED NOTICE

Case No 15715 Application of Back Nine Properties LLC for a non-standard oil spacing and proration unit and compulsory pooling, Chaves County, New Mexico Applicant seeks an order (i) creating a 320-acre, non-standard oil spacing and proration unit (project area) comprised of the E/2 of Section 18, Township 10 South, Range 29 East, NMPM, in Chaves County, and (ii) pooling all mineral interests in the San Andres formation underlying this acreage The project area is to be dedicated to the Muirfield #2H well, which will be horizontally drilled from a surface location in Unit P to a bottom hole location in Unit A of Section 18, Township 10 South, Range 29 East The completed interval for the well will remain within the 330-foot standard offset required by the Division's rules Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of Hadaway Consulting and Engineering, LLC as the operator of the well, and a 200% charge for the risk involved in drilling and completing the well The proposed project area is located approximately 30 miles east of Roswell, New Mexico

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