

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

**APPLICATION OF ONEENERGY PARTNERS
OPERATING, LLC FOR A NON-STANDARD
SPACING AND PRORATION UNIT AND FOR
COMPULSORY POOLING, LEA COUNTY, NEW MEXICO**

CASE NO 15758

APPLICATION

OneEnergy Partners Operating, LLC ("OEP") through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of N M Stat Ann § 70 2-17, for an order (1) creating a 322 42-acre spacing and proration unit comprised of the W/2 W/2 of Section 1 and the W/2 W/2 of Section 12, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico, and (2) pooling all uncommitted interests in the Bone Spring formation underlying this acreage In support of its application, OEP states

1 OneEnergy Partners Operating, LLC (OGRID No 372031) is a working interest owner in the non standard spacing unit and has the right to drill thereon

2 OEP proposes to dedicate the above referenced spacing and proration unit as the project area for its proposed **Lobo Rojo B3 State Com No 1H Well**, which will be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 12 to a standard bottom hole location in the NW/4 NW/4 (Unit D) of Section 1

3 The completed interval for this well will remain within the 330 foot standard offset required by the Statewide Rules set forth in 18 15 15 NMAC

4 OEP has sought and been unable to obtain voluntary agreement for the development of these lands from all of the working interest owners in the subject spacing unit

5 The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights

6 In order to permit OEP to obtain it's just and fair share of the oil and gas underlying the subject lands, all mineral interests in this non-standard spacing unit should be pooled and OneEnergy Partners Operating, LLC should be designated the operator of this proposed horizontal well and spacing unit

WHEREFORE, OneEnergy Partners Operating LLC requests that this application be set for hearing before an Examiner of the Oil Conservation Division on July 20, 2017, and, after notice and hearing as required by law, the Division enter an order

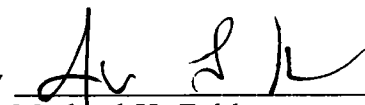
- A Creating a 322 42-acre non standard spacing and proration unit in the Bone Spring formation comprised of the W/2 W/2 of Section 1 and the W/2 W/2 of Section 12, Township 22 South Range 34 East NMPM, Lea County, New Mexico,
- B Pooling all uncommitted interests in the non-standard spacing and proration unit,
- C Designating OneEnergy Partners Operating LLC operator of this non standard spacing unit and the horizontal well to be drilled thereon
- D Authorizing OEP to recover its costs of drilling equipping and completing the well,

- E Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures, and
- F Imposing a 200% penalty for the risk assumed by OEP in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well

Respectfully submitted,

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By



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**ATTORNEYS FOR ONEENERGY PARTNERS
OPERATING, LLC**

CASE ~~15758~~

Application of OneEnergy Partners Operating, LLC for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico Applicant in the above styled cause seeks an order (1) creating a 322 42-acre spacing and proration unit in the Bone Spring Formation comprised of the W/2 W/2 of Section 1 and the W/2 W/2 of Section 12, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico and (2) pooling all uncommitted interest owners within the non-standard spacing and proration unit Said unit will be the project area for its proposed **Lobo Rojo B3 State Com No 1H Well**, which will be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 12 to a standard bottom hole location in the NW/4 NW/4 (Unit D) of Section 1 The completed interval for this well will comply with the 330-foot standard setbacks for oil wells Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of OneEnergy Partners Operating, LLC as operator of the well and a 200% charge for risk involved in drilling said well Said area is located approximately 16 miles west of Eunice New Mexico