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April 30, 2018

Case 16175

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

Dear Florene:

Enclosed for filing, on behalf of BTA Oil Producers, LLC, is an application for a non-standard spacing and proration unit and compulsory pooling, together with a proposed advertisement. Please set this matter for the May 31, 2018 Examiner hearing. Thank you.

Very truly yours,


James Bruce

Attorney for BTA Oil Producers, LLC

Persons Notified of Hearing

Prospector, LLC

Hinkle Living Trust

Sondra Hopkins

Bean Family Limited Company

OneEnergy Partners, LLC

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF BTA OIL PRODUCERS, LLC
FOR A NON-STANDARD OIL SPACING AND
PRORATION UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

Case No. 66175

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APPLICATION

BTA Oil Producers, LLC applies for an order (i) approving a non-standard oil spacing and proration unit in the Bone Spring formation comprised of Lot 4, SW/4NW/4, and W/2SW/4 (the W/2W/2) of Section 4, Township 24 South, Range 35 East, N.M.P.M., Lea County, New Mexico, and (ii) pooling all mineral interests in the Bone Spring formation underlying the non-standard unit, and in support thereof, states:


1. Applicant is an interest owner in the W/2W/2 of Section 4, and has the right to drill a well thereon.
2. Applicant proposes to drill its Rock Lake 7404 Well No. 1H to a depth sufficient to test the Bone Spring formation. Applicant seeks to form a non-standard 160.11 acre oil spacing and proration unit (project area) in the Bone Spring formation. The well is a horizontal well, with a surface location in Lot 4, and a terminus in the SW/4SW/4, of Section 4.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W/2W/2 of Section 4 for the purposes set forth herein.
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the Bone Spring formation underlying the W/2W/2 of Section 4, pursuant to NMSA 1978 §§70-2-17, 18.

5. Approval of the non-standard spacing and proration unit and the pooling of all mineral interests in the Bone Spring formation underlying the W/2W/2 of Section 4 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Approving a non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the W/2W/2 of Section 4;
- B. Pooling all mineral interests in the Bone Spring formation underlying the W/2W/2 of Section 4;
- C. Designating applicant as operator of the well;
- D. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- F. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,


James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for BTA Oil Producers, LLC

PROPOSED ADVERTISEMENT

Case No. 16175:

Application of BTA Oil Producers, LLC for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico. BTA Oil Producers, LLC seeks an order approving a 160.11-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of Lot 4, SW/4NW/4, and W/2SW/4 (the W/2W/2) of Section 4, Township 24 South, Range 35 East, NMPM, Lea County, New Mexico. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard unit. The unit will be dedicated to the Rock Lake 7404 Well No. 1H, a horizontal well with a surface location in Lot 4, and a terminus in the SW/4SW/4, of Section 4. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 18-1/2 miles southwest of Eunice, New Mexico.

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