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Case 16177

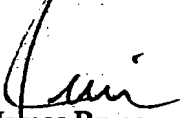
May 1, 2018

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

Dear Florene:

Enclosed for filing, on behalf of DGP Energy, LLC, are 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 DGP Energy, LLC

Parties Being Pooled

Apache Corporation

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 16177

APPLICATION

DGP Energy, LLC applies for an order (i) approving a non-standard oil spacing and proration unit in the Wolfcamp formation comprised the E/2E/2 of Section 19 and the E/2SE/4 of Section 18, Township 16 South, Range 35 East, N.M.P.M., Lea County, New Mexico, and (ii) pooling all mineral interests in the Wolfcamp formation underlying the non-standard unit, and in support thereof, states:

1. Applicant is an interest owner in the E/2E/2 of Section 19 and the E/2SE/4 of Section 18, and has the right to drill a well thereon.
2. Applicant proposes to drill its Golden Wolf 1918 Well No. 6H to a depth sufficient to test the Wolfcamp formation. Applicant seeks to dedicate the E/2E/2 of Section 19 and the E/2SE/4 of Section 18 to the well to form a non-standard 240 acre oil spacing and proration unit (project area) in the Wolfcamp formation. The well is a horizontal well, with a surface location in the SE/4SW/4 of Section 19, and a terminus in the NE/4SE/4 of Section 18. The producing interval of the well will be orthodox.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the Wolfcamp formation in the E/2E/2 of Section 19 and the E/2SE/4 of Section 18 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

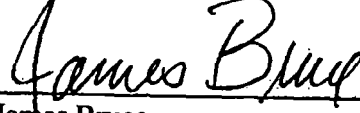
the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the Wolfcamp formation in the E/2E/2 of Section 19 and the E/2SE/4 of Section 18, pursuant to NMSA 1978 §§70-2-17, 18.

5. Approval of the non-standard unit and the pooling of all mineral interests in the Wolfcamp formation underlying the E/2E/2 of Section 19 and the E/2SE/4 of Section 18 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 Wolfcamp formation comprised of the E/2E/2 of Section 19 and the E/2SE/4 of Section 18;
- B. Pooling all mineral interests in the Wolfcamp formation underlying the E/2E/2 of Section 19 and the E/2SE/4 of Section 18;
- 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,

A handwritten signature in cursive script, appearing to read "James Bruce", is written over a horizontal line.

James Bruce

Post Office Box 1056

Santa Fe, New Mexico 87504

(505) 982-2043

Attorney for DGP Energy, LLC

PROPOSED ADVERTISEMENT

Case No. 16177:

Application of DGP Energy, LLC for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico. DGP Energy, LLC seeks an order approving a 240-acre non-standard spacing and proration unit (project area) in the Wolfcamp formation comprised of the E/2E/2 of Section 19 and the E/2SE/4 of Section 18, Township 16 South, Range 35 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Wolfcamp formation underlying the E/2E/2 of Section 19 and the E/2SE/4 of Section 18. The unit will be dedicated to the Golden Wolf 1918 Well No. 6H, a horizontal well with a surface location in the SE/4SW/4 of Section 19, and a terminus in the NE/4SE/4 of Section 18. The producing interval of the well will be orthodox. 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 8-1/2 miles west-southwest of Lovington, New Mexico.

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