

District I  
1625 N. French Drive, Hobbs, NM 88240  
District II  
811 S. First St., Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S. St Francis Dr, Santa Fe, NM  
87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107-B  
Revised August 1, 2011

**OIL CONSERVATION DIVISION**  
1220 S. St Francis Drive  
Santa Fe, New Mexico 87505

Submit the original  
application to the Santa Fe  
office with one copy to the  
appropriate District Office.

**APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)**

OPERATOR NAME: SPUR ENERGY PARTNERS LLC  
OPERATOR ADDRESS: 9655 KATY FREEWAY, SUITE 500, HOUSTON, TX 77024  
APPLICATION TYPE:

☐ Pool Commingling ☒ Lease Commingling ☐ Pool and Lease Commingling ☐ Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: ☐ Fee ☒ State ☐ Federal

Is this an Amendment to existing Order? ☐ Yes ☒ No If "Yes", please include the appropriate Order No. \_\_\_\_\_  
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling  
☒ Yes ☐ No

**(A) POOL COMMINGLING**  
Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes

- (2) Are any wells producing at top allowables? ☐ Yes ☐ No  
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☐ No.  
(4) Measurement type: ☐ Metering ☐ Other (Specify)  
(5) Will commingling decrease the value of production? ☐ Yes ☐ No If "yes", describe why commingling should be approved

**(B) LEASE COMMINGLING**  
Please attach sheets with the following information

- (1) Pool Name and Code. ARTESIA; GLORIETA-YESO (96830)  
(2) Is all production from same source of supply? ☒ Yes ☐ No  
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No  
(4) Measurement type: ☒ Metering ☐ Other (Specify)

**(C) POOL and LEASE COMMINGLING**  
Please attach sheets with the following information

- (1) Complete Sections A and E.

**(D) OFF-LEASE STORAGE and MEASUREMENT**  
Please attached sheets with the following information

- (1) Is all production from same source of supply? ☐ Yes ☐ No  
(2) Include proof of notice to all interest owners.

**(E) ADDITIONAL INFORMATION (for all application types)**  
Please attach sheets with the following information

- (1) A schematic diagram of facility, including legal location.  
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.  
(3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: Sarah Chapman TITLE: REGULATORY DIRECTOR DATE: 04/12/2022

TYPE OR PRINT NAME SARAH CHAPMAN TELEPHONE NO.: 832-930-8613

E-MAIL ADDRESS: SCHAPMAN@SPURENERGY.COM

Revised March 23, 2017

RECEIVED:	REVIEWER:	TYPE:	APP NO:
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
 - Geological & Engineering Bureau -  
 1220 South St. Francis Drive, Santa Fe, NM 87505



**ADMINISTRATIVE APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND  
 REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Applicant: \_\_\_\_\_ OGRID Number: \_\_\_\_\_  
 Well Name: \_\_\_\_\_ API: \_\_\_\_\_  
 Pool: \_\_\_\_\_ Pool Code: \_\_\_\_\_

**SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION  
 INDICATED BELOW**

1) **TYPE OF APPLICATION:** Check those which apply for [A]

A. Location – Spacing Unit – Simultaneous Dedication

☐ NSL      ☐ NSP (PROJECT AREA)      ☐ NSP (PRORATION UNIT)      ☐ SD

B. Check one only for [ I ] or [ II ]

[ I ] Commingling – Storage – Measurement

☐ DHC    ☐ CTB    ☐ PLC    ☐ PC    ☐ OLS    ☐ OLM

[ II ] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery

☐ WFX    ☐ PMX    ☐ SWD    ☐ IPI    ☐ EOR    ☐ PPR

2) **NOTIFICATION REQUIRED TO:** Check those which apply.

- A. ☐ Offset operators or lease holders  
 B. ☐ Royalty, overriding royalty owners, revenue owners  
 C. ☐ Application requires published notice  
 D. ☐ Notification and/or concurrent approval by SLO  
 E. ☐ Notification and/or concurrent approval by BLM  
 F. ☐ Surface owner  
 G. ☐ For all of the above, proof of notification or publication is attached, and/or,  
 H. ☐ No notice required

**FOR OCD ONLY**

- ☐ Notice Complete  
☐ Application  
 Content  
 Complete

3) **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

**Note: Statement must be completed by an individual with managerial and/or supervisory capacity.**

\_\_\_\_\_  
 Print or Type Name

\_\_\_\_\_  
 Signature

*Sarah Chapman*

\_\_\_\_\_  
 Date

\_\_\_\_\_  
 Phone Number

\_\_\_\_\_  
 e-mail Address

Submit a Copy To Appropriate District  
Office  
District I – (575) 393-6161  
1625 N. French Dr., Hobbs, NM 88240  
District II – (575) 748-1283  
811 S. First St., Artesia, NM 88210  
District III – (505) 334-6178  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV – (505) 476-3460  
1220 S. St. Francis Dr., Santa Fe, NM  
87505

State of New Mexico  
Energy, Minerals and Natural Resources

Form C-103  
Revised July 18, 2013

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

WELL API NO.	30-015-49358
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>	
6. State Oil & Gas Lease No.	
7. Lease Name or Unit Agreement Name	HALBERD 27 STATE COM
8. Well Number	50H & OTHERS
9. OGRID Number	328947
10. Pool name or Wildcat	ARTESIA; GLORIETA-YESO

<p><b>SUNDRY NOTICES AND REPORTS ON WELLS</b> (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)</p>	
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>	
2. Name of Operator SPUR ENERGY PARTNERS LLC	
3. Address of Operator 9655 KATY FREEWAY, SUITE 500, HOUSTON, TX 77024	
4. Well Location Unit Letter <u>E</u> : <u>2220</u> feet from the <u>NORTH</u> line and <u>745</u> feet from the <u>WEST</u> line Section <u>26</u> Township <u>17S</u> Range <u>28E</u> NMPM <u>EDDY</u> County	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3634' GR	

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

<p><b>NOTICE OF INTENTION TO:</b></p> <p>PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/>          TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/>          PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/>          DOWNHOLE COMMINGLE <input type="checkbox"/>          CLOSED-LOOP SYSTEM <input type="checkbox"/>          OTHER: <input type="checkbox"/> CTB-LEASE COMMINGLING <input checked="" type="checkbox"/></p>		<p><b>SUBSEQUENT REPORT OF:</b></p> <p>REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/>          COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/>          CASING/CEMENT JOB <input type="checkbox"/>          OTHER: <input type="checkbox"/></p>	
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13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Spur Energy Partners LLC respectfully proposes the five (5) wells associated with the six (6) Halberd State Leases listed below and the two (2) Communitization Agreements tied to these wells be consolidated into a single production facility known as the Halberd 27 State Com South Facility for Surface Commingling.

Please find additional documentation attached for your review.

Spud Date:

Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Sarah Chapman TITLE REGULATORY DIRECTOR DATE 04/12/2022

Type or print name SARAH CHAPMAN E-mail address: SCHAPMAN@SPURENERGY.COM PHONE: 832-930-8613

**For State Use Only**

APPROVED BY: \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_

Conditions of Approval (if any):

## **APPLICATION FOR SURFACE COMMINGLING AT A COMMON CENTRAL FACILITY**

Spur Energy Partners LLC respectfully proposes the five (5) wells associated with the six (6) Halberd State Leases listed below and the two (2) Communitization Agreements tied to these wells be consolidated into a single production facility known as the Halberd 27 State Com South Facility for Surface Commingling.

Spur Energy Partners LLC believes it is in the public's best interest from an environmental perspective to allow the oil, gas, and water production from the two (2) Communitization Agreements noted in Table 1 – Lease and Well Info to be surface commingled into a single production facility. The required land usage footprint, additional production equipment, and the amount of surface disturbance associated with installing and operating a separate production facility for each Communitization Agreement is significantly greater than the proposed single, consolidated production facility. The additional requirements for land usage, production equipment, and surface disturbances would include two (2) separate:

- Production facility areal, land footprints and right-of-ways (ROWs),
- Access roads to each facility and ROWs,
- Additional production equipment that would have been shared in a consolidated facility such as heater treaters, oil vapor recovery towers, pumps, gas flares, gas flare meters, gas sales meters, future compression, and piping,
- Electric power line installations to each facility and ROWs,
- Gas sales pipeline installations to each facility and ROWs,
- Water disposal pipeline installations from each facility and ROWs,

Spur Energy Partners LLC believes the additional land usage, equipment, and surface disturbance requirements associated with installing two (2) separate production facilities is undesirable and not in the public's best interest from an environmental perspective and would recommend the State of New Mexico approve this Surface Commingling Request.

Spur Energy Partners LLC is specifically requesting permission to commingle oil, gas, and water production and oil and gas sales at the Halberd 27 State South Facility.

Spur Energy Partners LLC has obtained written approval from all Working Interest Owners to pool their respective interests into two (2) Communitization Agreements and have submitted them for State Approval. The final approval of these agreements is still pending. In the interim, the two (2) Communitization Agreements shown in Table 1 – Lease and Well Info will be referred to as Comm BC and Comm D herein.

Spur Energy Partners LLC believes that commingling the five (5) wells associated with the six (6) Halberd State Leases and the two (2) Communitization Agreements tied to these wells into a single, consolidated production facility using the proposed allocation methodology with the proposed meter calibration and maintenance schedule will not negatively affect the revenue of any owner or the royalty revenue of the State of New Mexico.

The Net Revenue Interest of the State of New Mexico in all tracts of both Communitization Agreements is 12.5%. All wells will be producing from the same Pool 96830 Artesia Glorietta Yeso.

Spur Energy Partners LLC has obtained written approval from all Interest Owners to Surface Commingle the production from the six (6) State Leases and the two (2) Communitization Agreements currently being reviewed by the State of New Mexico and have attached a copy of the signed agreements herein.

Tract	Description	State Lse#	Well	Location	API
<b>Communitization Agreement BC</b>			96380 Artesia; Glorieta-Yeso		
Tract 1	S2-NW4 27-17S-28E	B0-2071-0037	Halberd 27 State Com 50H	Unit E 26-17S-28E SWNW	30-015-49358
Tract 2	S2-NE4 27-17S-28E	B0-2071-0037	Halberd 27 State Com 51H	Unit M 26-17S-28E SWSW	30-015-49359
Tract 7	NW4-NW4 27-17S-28E	B1-1593-0010	Halberd 27 State Com 71H	Unit E 26-17S-28E SWNW	30-015-49361
Tract 8	NE4-SW4 27-17S-28E	X0-0647-0324			
Tract 9	N2-SE4 27-17S-28E	B0-2071-0037			
<b>Communitization Agreement D</b>			96380 Artesia; Glorieta-Yeso		
Tract 3	SE4-SE4 27-17S-28E	B0-2071-0037	Halberd 27 State Com 72H	Unit M 26-17S-28E SWSW	30-015-49362
Tract 4	SW4-SE4 27-17S-28E	B0-2071-0035	Halberd 27 State Com 90H	Unit M 26-17S-28E SWSW	30-015-49363
Tract 5	SW4-SW4 27-27S-28E	B0-8814-0030			
Tract 6	SE4-SW4 27-17S-28E	B0-0135-0005			

## PROCESS DESCRIPTION

The full wellstream production from the Halberd State Comm 50H, 51H, 71H, 72H, and 90H wells will flow to the Halberd 27 State Com South Facility through a well header system that directs the production to the initial point of separation that consists of horizontal free-water knockouts all equipped with oil, gas, and water meters for purposes of conducting well tests to monitor well performance and serve as the basis for the volume allocation methodology. The commingled gas production will be sent to a common sales meter. The commingled oil production will be sent to tanks for storage and trucked sales. The commingled water production will be pumped or trucked to disposal. There is separate oil and water storage for all commingled liquids. The gas, oil, and water production will be proratedly allocated to each individual well based on the metered well test rates obtained from the meters on the free-water knockouts.

A detailed Flow Diagram have been attached to provide clarity to the process and volume allocations.

## ALLOCATION METHODOLOGY

All production volume allocations will use Period Welltests as the basis for allocating production, sales, flare gas, and lease use to each individual well. Period Welltests use a measured oil, gas, and water welltest volume for each individual well obtained during a 24-hr period from calibrated meters over a period of days until a new welltest volume is obtained. These welltest volumes are proratedly used to allocate volumes to each individual well. The metered welltests will be updated at least twice per month to reflect changes in an individual well's productivity. Detailed examples of the volume allocation methodology using Period Welltests are provided in the attached Oil, Gas, and Water Production Volume Allocation Example.

OIL

The oil production from the Halberd State Comm 50H, 51H, 71H, 72H, and 90H wells will flow to the Halberd 27 State Com South Facility through a well header system that directs the production to the initial point of separation that consists of horizontal free-water knockouts all equipped with oil, gas, and water meters for purposes of conducting well tests to monitor well performance and serve as the basis for the volume allocation methodology. After separation, the produced oil from each well is then commingled and stored in common oil stock tanks. The commingled oil will then be sold from the sealed and strapped oil storage tanks via one of two methods:

1. A truck-LACT Unit that will be considered the Oil Facility Measurement Point 1 (OIL FMP 1) associated with this facility or
2. Manually gauging a tank into a truck will be considered the OIL FMP 2 alternative sales point associated with this facility.

The oil sold through either the OIL FMP 1 or OIL FMP 2 method will be proratedly allocated to each individual well using the Period Welltest methodology that is based on the metered welltest rates obtained from the meters on the free-water knockouts. The metered welltests will be updated at least twice per month to reflect changes in an individual well's productivity. See the attached Oil, Gas, and Water Production Volume Allocation Example for details.

The commingled oil production that fails to meet sales specifications will be directed to the heater treater that will further remove any residual water or sediments to allow the oil to become a saleable product.

#### GAS

The gas production from the Halberd State Comm 50H, 51H, 71H, 72H, and 90H wells will flow to the Halberd 27 State Com South Facility through a well header system that directs the production to the initial point of separation that consists of horizontal free-water knockouts all equipped with oil, gas, and water meters for purposes of conducting well tests to monitor well performance and serve as the basis for the volume allocation methodology. After separation, the produced gas from each well is then commingled and will then flow to a common Gas Facility Measurement Point (GAS FMP) and gas sales meter. Contract negotiations are actively in progress to determine a future gas purchaser. The gas production and sales will be proratedly allocated to each individual well using the Period Welltest methodology that is based on the metered welltest rates obtained from the meters on the free-water knockouts. The metered welltests will be updated at least twice per month to reflect changes in an individual well's productivity. See the attached Oil, Gas, and Water Production Volume Allocation Example for details.

#### WATER

The water production from the Halberd State Comm 50H, 51H, 71H, 72H, and 90H wells will flow to the Halberd 27 State Com South Facility through a well header system that directs the production to the initial point of separation that consists of horizontal free-water knockouts all equipped with oil, gas, and water meters for purposes of conducting well tests to monitor well performance and serve as the basis for the volume allocation methodology. All separated liquids are collected on location and stored in tanks. After separation the produced water from each well is then commingled and is stored in common produced water tanks that is then either metered and pumped or is transported via truck to Spur Energy Partners' Saltwater Disposal System for injection into one of nine (9) permitted disposal wells. The total produced water will be proratedly allocated to each individual well using the Period Welltest methodology that is based on the metered welltest rates obtained from the meters on the free-water knockouts. The metered welltests will be updated at least twice per month to reflect changes in an individual well's productivity. See the attached Oil, Gas, and Water Production Volume Allocation Example for details.

**METER CALIBRATIONS**

- Oil All oil sales and allocation meters will be maintained within the current API, NMOCD and BLM standards
- Gas All gas sales and gas allocation meters will be maintained within the current API, NMOCD and BLM standards
- Water All water meters will be calibrated and maintained as deficiencies are identified to insure reasonably accurate data is maintained to properly monitor well performance.

**ATTACHMENTS**

State of New Mexico Lease Plat shows the surface and bottomhole locations of all the wells and the location of the Halberd 27 State Com South Facility in relationship to the six (6) State leases and the two (2) Communitization Agreements currently being processed by the State. The OIL FMP 1, OIL FMP 2, and the future GAS FMP sales points will all be located at the Halberd 27 State Com South Facility.

Flow Diagram provides information on the flow, measurement, storage, and disposition of oil, gas, and water production from all wells and the designated Oil and Gas FMPs. The diagram will also provide information on the relationship of the well test equipment and the final metered disposition of all production and sales.

Oil, Gas, and Water Production Volume Allocation Example provides details on the proposed prorated production and sales volume allocation methodology based on the metered well test rates for all wells.



# LEASE PLAT

T17S R30E

HALBERD SOUTH CTB FACILITY

Legal: SWSW, SEC 26, T17S, R30E  
County: Eddy, New Mexico

50H

X

TRACT 1

TRACT 2

27

71H

X

TRACT 7

TRACT 8

TRACT 9

COMM BC

Lse B1-1593-0010

Lse X0-0647-0324

Lse B0-207100037

51H

X

90H

X

TRACT 5

TRACT 6

TRACT 4

TRACT 3

COMM D

Lse B0-8814-0030

Lse B0-0135-0005

Lse B0-2071-0035

72H

X

50H

71H

51H

90H

72H

Halberd 27 State Com South Facility  
SWSW, SEC 26, T17S, R30E

## LEGEND



NMOC STATE LEASE BOUNDARY



TANK BATTERY FACILITY



FLOWLINES



SURFACE WELL LOCATION



BOTTOMHOLE WELL LOCATION



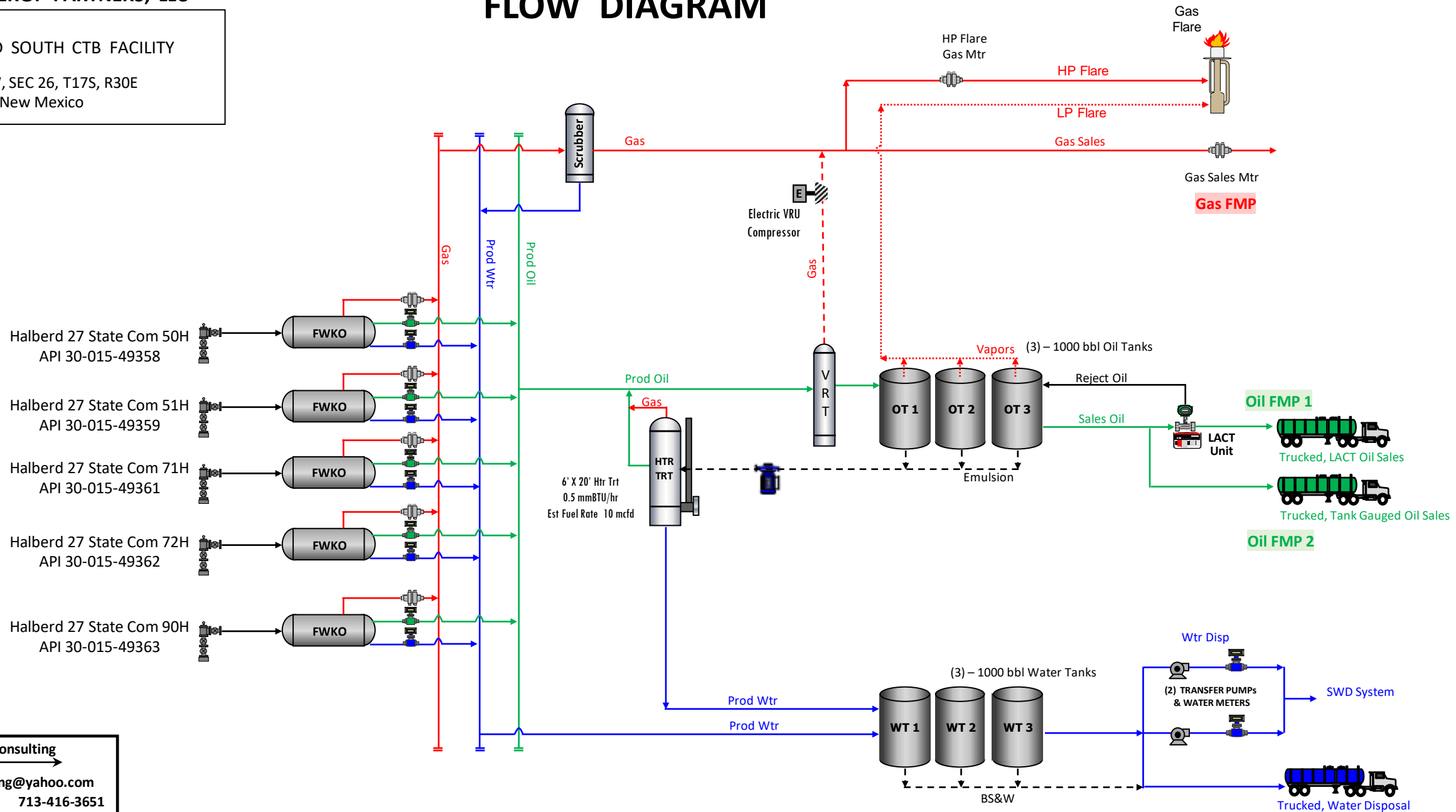
COMMUNITIZATION AGREEMENT BOUNDARY



# FLOW DIAGRAM

## HALBERD SOUTH CTB FACILITY

Legal: SWSW, SEC 26, T17S, R30E  
County: Eddy, New Mexico



DART Consulting

DART.Consulting@yahoo.com  
Spring, TX 713-416-3651

## OIL, GAS, and WATER PRODUCTION VOLUME ALLOCATION - EXAMPLE

## PERIOD WELLTEST METHODOLOGY

Methodology uses a measured oil, gas, and water welltest volume obtained during a 24 hr period applied over a period of days until a new welltest volume is obtained. Welltest volumes are proratedly used to allocate volumes to each individual well. Metered welltests will be updated at least twice per month to reflect changes in an individual well's productivity.

## HALBERD SOUTH FACILITY COMMINGLED MONTHLY PRODUCTION

	OIL (Bbls)	GAS (Mcf)	WATER (Bbls)
<b>TOTAL</b>	<b>40,000</b>	<b>44,000</b>	<b>260,000</b>

OIL FMP 1	VOLUME	ENDING	START	GAS FMP	VOLUME	BTU FACTOR	mmBTU
Monthly LACT Meter Reading	39,450	139,450	100,000	Monthly Meter Statement	44,000	1.350	59,400

OIL FMP 2	VOLUME	DATE	RUN TICKET#	WATER	VOLUME	ENDING	START
Monthly Manual Tank Sales	280	6/10/2022	00125336	Monthly Meter Reading	260,000	360,000	100,000
	270	6/17/2022	00334477				

550

## MONTHLY VOLUME ALLOCATION FACTORS

Wells	Test Date	# Days Effective	Well Test			Period Volume Allocation Factor			Monthly Volume Allocation Factor		
			Oil (Bbls)	Gas (Mcf)	Water (Bbls)	Oil Factor	Gas Factor	Water Factor	Oil Factor	Gas Factor	Water Factor
Halberd 27 State Com 50H	6/1/2022	15	260	160	3,000	3,900	2,400	45,000			
	6/16/2022	15	258	160	2,800	3,870	2,400	42,000			
	<b>TOTAL</b>					<b>7,770</b>	<b>4,800</b>	<b>87,000</b>	<b>0.195</b>	<b>0.104</b>	<b>0.323</b>
Halberd 27 State Com 51H	6/1/2022	14	225	300	1,400	3,150	4,200	19,600			
	6/15/2022	16	200	350	1,300	3,200	5,600	20,800			
	<b>TOTAL</b>					<b>6,350</b>	<b>9,800</b>	<b>40,400</b>	<b>0.160</b>	<b>0.212</b>	<b>0.150</b>
Halberd 27 State Com 71H	6/1/2022	14	200	325	1,400	2,800	4,550	19,600			
	6/15/2022	16	250	300	1,200	4,000	4,800	19,200			
	<b>TOTAL</b>					<b>6,800</b>	<b>9,350</b>	<b>38,800</b>	<b>0.171</b>	<b>0.203</b>	<b>0.144</b>
Halberd 27 State Com 72H	6/1/2022	15	250	375	1,200	3,750	5,625	18,000			
	6/16/2022	15	275	350	1,000	4,125	5,250	15,000			
	<b>TOTAL</b>	<b>5</b>				<b>7,875</b>	<b>10,875</b>	<b>33,000</b>	<b>0.198</b>	<b>0.236</b>	<b>0.122</b>
Halberd 27 State Com 90H	6/1/2022	15	365	380	2,400	5,475	5,700	36,000			
	6/16/2022	15	365	375	2,300	5,475	5,625	34,500			
	<b>TOTAL</b>					<b>10,950</b>	<b>11,325</b>	<b>70,500</b>	<b>0.276</b>	<b>0.245</b>	<b>0.261</b>
	<b>TOTAL</b>					<b>39,745</b>	<b>46,150</b>	<b>269,700</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>

## MONTHLY COMMINGLED VOLUME ALLOCATION

Well	Monthly Volume Allocation Factor			Monthly Commingled Volume Allocation		
	Oil Factor	Gas Factor	Water Factor	Oil (Bbls)	Gas (Mcf)	Water (Bbls)
Halberd 27 State Com 50H	0.195	0.104	0.323	7,820	4,576	83,871
Halberd 27 State Com 51H	0.160	0.212	0.150	6,391	9,343	38,947
Halberd 27 State Com 71H	0.171	0.203	0.144	6,844	8,914	37,405
Halberd 27 State Com 72H	0.198	0.236	0.122	7,926	10,368	31,813
Halberd 27 State Com 90H	0.276	0.245	0.261	11,020	10,797	67,964
<b>TOTAL</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>	<b>40,000</b>	<b>44,000</b>	<b>260,000</b>

## \*\*\*NOTE\*\*

It is mathematically expected that the Sum of the *Period Volume Allocation Factors* for all the wells will be different than the Total Halberd South Facility *Commingled Monthly Production Volume*

STEP 1 - List all wells with Welltest Date, #Days Effective, and Oil, Gas, & Water Welltest Rate in facility

STEP 2 - Determine Period Volume Allocation Factor

- Multiply #Days Effective times Welltest Rate for each well

STEP 3 - Determine Monthly Volume Allocation Factor

- Divide Total Period Volume Allocation Factor for each well by the Sum of all Total Period Volume Allocation Factors for all wells

STEP 4 - Determine Monthly Commingled Volume Allocation for each well in facility

- Multiply Monthly Volume Allocation Factor times the

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1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number <b>30-015-49358</b>	<sup>2</sup> Pool Code <b>96830</b>	<sup>3</sup> Pool Name <b>ARTESIA; GLORIETA-YESO</b>
<sup>4</sup> Property Code <b>326714</b>	<sup>5</sup> Property Name <b>HALBERD 27 STATE COM</b>	<sup>6</sup> Well Number <b>50H</b>
<sup>7</sup> OGRID NO. <b>328947</b>	<sup>8</sup> Operator Name <b>SPUR ENERGY PARTNERS LLC.</b>	<sup>9</sup> Elevation <b>3634'</b>

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/West line	County
<b>E</b>	<b>26</b>	<b>17S</b>	<b>28E</b>		<b>2220</b>	<b>NORTH</b>	<b>745</b>	<b>WEST</b>	<b>EDDY</b>

<sup>11</sup> 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
<b>E</b>	<b>27</b>	<b>17S</b>	<b>28E</b>		<b>1575</b>	<b>NORTH</b>	<b>50</b>	<b>WEST</b>	<b>EDDY</b>
<sup>12</sup> Dedicated Acres <b>320</b>	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.						

No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.

<p><sup>16</sup> <b>GEODETIC DATA</b> NAD 83 GRID - NM EAST</p> <p><b>SURFACE LOCATION (SL)</b> N: 657313.1 - E: 596743.3 LAT: 32.8068536° N LONG: 104.1530012° W</p> <p><b>FIRST TAKE POINT (FTP)</b> 1575' FNL &amp; 100' FEL - SEC 27 N: 657900.2 - E: 595905.6 LAT: 32.8084712° N LONG: 104.1557244° W</p> <p><b>LAST TAKE POINT (LTP)</b> 1575' FNL &amp; 100' FWL - SEC 27 N: 657883.6 - E: 590879.3 LAT: 32.8084476° N LONG: 104.1720842° W</p> <p><b>BOTTOM HOLE (BH)</b> N: 657883.4 - E: 590829.3 LAT: 32.8084473° N LONG: 104.1722469° W</p> <p><b>CORNER DATA</b> NAD 83 GRID - NM EAST</p> <p>A: FOUND BRASS CAP "1941" N: 654235.0 - E: 590741.9</p> <p>B: FOUND BRASS CAP "1941" N: 656846.0 - E: 590769.0</p> <p>C: FOUND BRASS CAP "1941" N: 659457.7 - E: 590794.9</p> <p>D: FOUND BRASS CAP "1941" N: 659466.8 - E: 593406.4</p> <p>E: FOUND BRASS CAP "1941" N: 659475.1 - E: 596017.9</p> <p>F: FOUND BRASS CAP "1941" N: 659675.9 - E: 598617.6</p> <p>G: FOUND BRASS CAP "1941" N: 659870.2 - E: 601205.0</p> <p>H: FOUND BRASS CAP "1941" N: 657214.4 - E: 601209.0</p> <p>I: FOUND BRASS CAP "1941" N: 654552.6 - E: 601197.1</p> <p>J: FOUND BRASS CAP "1941" N: 654424.1 - E: 598586.6</p> <p>K: FOUND BRASS CAP "1941" N: 654298.0 - E: 595977.3</p> <p>L: FOUND BRASS CAP "1941" N: 654266.7 - E: 593360.1</p> <p>M: FOUND BRASS CAP "1941" N: 656886.5 - E: 595997.7</p>	<p><b><sup>17</sup> OPERATOR CERTIFICATION</b> 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 a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Sarah Chapman</i> 03/01/2022 Signature Date <b>SARAH CHAPMAN</b> Printed Name <b>SCHAPMAN@SPURENERGY.COM</b> E-mail Address</p> <p><b><sup>18</sup> SURVEYOR CERTIFICATION</b> 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.</p> <p><b>12/28/21</b> Date of Survey Signature and Seal of Professional Surveyor  <b>19680</b> Certificate Number <b>LS21121320</b></p>
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District I  
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OIL CONSERVATION DIVISION  
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WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number <b>30-015- 49359</b>	<sup>2</sup> Pool Code <b>96830</b>	<sup>3</sup> Pool Name <b>ARTESIA; GLORIETA-YESO</b>
<sup>4</sup> Property Code <b>326714</b>	<sup>5</sup> Property Name <b>HALBERD 27 STATE COM</b>	<sup>6</sup> Well Number <b>51H</b>
<sup>7</sup> OGRID NO. <b>328947</b>	<sup>8</sup> Operator Name <b>SPUR ENERGY PARTNERS LLC.</b>	<sup>9</sup> Elevation <b>3678'</b>

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/West line	County
<b>M</b>	<b>26</b>	<b>17S</b>	<b>28E</b>		<b>989</b>	<b>SOUTH</b>	<b>612</b>	<b>WEST</b>	<b>EDDY</b>

<sup>11</sup> 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
<b>L</b>	<b>27</b>	<b>17S</b>	<b>28E</b>		<b>1500</b>	<b>SOUTH</b>	<b>50</b>	<b>WEST</b>	<b>EDDY</b>
<sup>12</sup> Dedicated Acres <b>320</b>	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.						

No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.

<p><sup>16</sup> <b>GEODETIC DATA</b> NAD 83 GRID - NM EAST</p> <p><b>SURFACE LOCATION (SL)</b> N: 655315.9 - E: 596596.2 LAT: 32.8013646° N LONG: 104.1534910° W</p> <p><b>FIRST TAKE POINT (FTP)</b> 1500' FSL &amp; 100' FEL - SEC 27 N: 655796.4 - E: 595889.1 LAT: 32.8026887° N LONG: 104.1557895° W</p> <p><b>LAST TAKE POINT (LTP)</b> 1500' FSL &amp; 100' FWL - SEC 27 N: 655735.7 - E: 590857.5 LAT: 32.8025440° N LONG: 104.1721659° W</p> <p><b>BOTTOM HOLE (BH)</b> N: 655735.1 - E: 590807.5 LAT: 32.8025425° N LONG: 104.1723285° W</p> <p><b>CORNER DATA</b> NAD 83 GRID - NM EAST</p> <p>A: FOUND BRASS CAP "1941" N: 654235.0 - E: 590741.9</p> <p>B: FOUND BRASS CAP "1941" N: 656846.0 - E: 590769.0</p> <p>C: FOUND BRASS CAP "1941" N: 659457.7 - E: 590794.9</p> <p>D: FOUND BRASS CAP "1941" N: 659466.8 - E: 593406.4</p> <p>E: FOUND BRASS CAP "1941" N: 659475.1 - E: 596017.9</p> <p>F: FOUND BRASS CAP "1941" N: 659675.9 - E: 598617.6</p> <p>G: FOUND BRASS CAP "1941" N: 659870.2 - E: 601205.0</p> <p>H: FOUND BRASS CAP "1941" N: 657214.4 - E: 601209.0</p> <p>I: FOUND BRASS CAP "1941" N: 654552.6 - E: 601197.1</p> <p>J: FOUND BRASS CAP "1941" N: 654424.1 - E: 598586.6</p> <p>K: FOUND BRASS CAP "1941" N: 654298.0 - E: 595977.3</p> <p>L: FOUND BRASS CAP "1941" N: 654266.7 - E: 593360.1</p> <p>M: FOUND BRASS CAP "1941" N: 656886.5 - E: 595997.7</p>	<p><b><sup>17</sup> OPERATOR CERTIFICATION</b></p> <p>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 a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Sarah Chapman</i> 03/01/2022 Signature Date <b>SARAH CHAPMAN</b></p> <p>Printed Name <b>SCHAPMAN@SPURENERGY.COM</b></p> <p>E-mail Address</p> <p><b><sup>18</sup> SURVEYOR CERTIFICATION</b></p> <p>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.</p> <p><b>12/28/21</b> Date of Survey</p> <p>Signature and Seal of Professional Surveyor <i>Robert M. Howett</i></p> <p><b>19680</b> Certificate Number</p> <p><b>LS21121328</b></p>
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WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number <b>30-015-49361</b>	<sup>2</sup> Pool Code <b>96830</b>	<sup>3</sup> Pool Name <b>ARTESIA; GLORIETA-YESO</b>
<sup>4</sup> Property Code <b>326714</b>	<sup>5</sup> Property Name <b>HALBERD 27 STATE COM</b>	<sup>6</sup> Well Number <b>71H</b>
<sup>7</sup> OGRID NO. <b>328947</b>	<sup>8</sup> Operator Name <b>SPUR ENERGY PARTNERS LLC.</b>	<sup>9</sup> Elevation <b>3633'</b>

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/West line	County
<b>E</b>	<b>26</b>	<b>17S</b>	<b>28E</b>		<b>2240</b>	<b>NORTH</b>	<b>745</b>	<b>WEST</b>	<b>EDDY</b>

<sup>11</sup> 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
<b>L</b>	<b>27</b>	<b>17S</b>	<b>28E</b>		<b>2475</b>	<b>SOUTH</b>	<b>50</b>	<b>WEST</b>	<b>EDDY</b>
<sup>12</sup> Dedicated Acres <b>320</b>	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.						

No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.

<p><sup>16</sup> <b>GEODETIC DATA</b> NAD 83 GRID - NM EAST</p> <p><b>SURFACE LOCATION (SL)</b> N: 657293.2 - E: 596743.1 LAT: 32.8067988° N LONG: 104.1530020° W</p> <p><b>FIRST TAKE POINT (FTP)</b> 2475' FSL &amp; 100' FEL - SEC 27 N: 656771.1 - E: 595896.8 LAT: 32.8053678° N LONG: 104.1557592° W</p> <p><b>LAST TAKE POINT (LTP)</b> 2475' FSL &amp; 100' FWL - SEC 27 N: 656710.4 - E: 590867.6 LAT: 32.8052230° N LONG: 104.1721281° W</p> <p><b>BOTTOM HOLE (BH)</b> N: 656709.8 - E: 590817.6 LAT: 32.8052216° N LONG: 104.1722908° W</p> <p><b>CORNER DATA</b> NAD 83 GRID - NM EAST</p> <p>A: FOUND BRASS CAP "1941" N: 654235.0 - E: 590741.9</p> <p>B: FOUND BRASS CAP "1941" N: 656846.0 - E: 590769.0</p> <p>C: FOUND BRASS CAP "1941" N: 659457.7 - E: 590794.9</p> <p>D: FOUND BRASS CAP "1941" N: 659466.8 - E: 593406.4</p> <p>E: FOUND BRASS CAP "1941" N: 659475.1 - E: 596017.9</p> <p>F: FOUND BRASS CAP "1941" N: 659675.9 - E: 598617.6</p> <p>G: FOUND BRASS CAP "1941" N: 659870.2 - E: 601205.0</p> <p>H: FOUND BRASS CAP "1941" N: 657214.4 - E: 601209.0</p> <p>I: FOUND BRASS CAP "1941" N: 654552.6 - E: 601197.1</p> <p>J: FOUND BRASS CAP "1941" N: 654424.1 - E: 598586.6</p> <p>K: FOUND BRASS CAP "1941" N: 654298.0 - E: 595977.3</p> <p>L: FOUND BRASS CAP "1941" N: 654266.7 - E: 593360.1</p> <p>M: FOUND BRASS CAP "1941" N: 656886.5 - E: 595997.7</p>	<p><b><sup>17</sup> OPERATOR CERTIFICATION</b> 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 a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Sarah Chapman</i> 03/01/2022 Signature Date <b>SARAH CHAPMAN</b></p> <p>Printed Name <b>SCHAPMAN@SPURENERGY.COM</b> E-mail Address</p> <p><b><sup>18</sup> SURVEYOR CERTIFICATION</b> 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.</p> <p><b>12/28/21</b> Date of Survey</p> <p>Signature and Seal of Professional Surveyor  <b>19680</b> Certificate Number</p> <p><b>LS21121321</b></p>
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WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number <b>30-015-49362</b>	<sup>2</sup> Pool Code <b>96830</b>	<sup>3</sup> Pool Name <b>ARTESIA; GLORIETA-YESO</b>
<sup>4</sup> Property Code <b>326714</b>	<sup>5</sup> Property Name <b>HALBERD 27 STATE COM</b>	<sup>6</sup> Well Number <b>72H</b>
<sup>7</sup> OGRID NO. <b>328947</b>	<sup>8</sup> Operator Name <b>SPUR ENERGY PARTNERS LLC.</b>	<sup>9</sup> Elevation <b>3677'</b>

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/West line	County
<b>M</b>	<b>26</b>	<b>17S</b>	<b>28E</b>		<b>993</b>	<b>SOUTH</b>	<b>631</b>	<b>WEST</b>	<b>EDDY</b>

<sup>11</sup> 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
<b>M</b>	<b>27</b>	<b>17S</b>	<b>28E</b>		<b>525</b>	<b>SOUTH</b>	<b>50</b>	<b>WEST</b>	<b>EDDY</b>
<sup>12</sup> Dedicated Acres <b>160</b>	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.						

No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.

<p><sup>16</sup> <b>GEODETIC DATA</b> NAD 83 GRID - NM EAST</p> <p><b>SURFACE LOCATION (SL)</b> N: 655321.6 - E: 596615.3 LAT: 32.8013803° N LONG: 104.1534288° W</p> <p><b>FIRST TAKE POINT (FTP)</b> 525' FSL &amp; 100' FEL - SEC 27 N: 654821.7 - E: 595881.5 LAT: 32.8000096° N LONG: 104.1558198° W</p> <p><b>LAST TAKE POINT (LTP)</b> 525' FSL &amp; 100' FWL - SEC 27 N: 654761.0 - E: 590847.3 LAT: 32.7998649° N LONG: 104.1722036° W</p> <p><b>BOTTOM HOLE (BH)</b> N: 654760.4 - E: 590797.4 LAT: 32.7998635° N LONG: 104.1723663° W</p> <p><b>CORNER DATA</b> NAD 83 GRID - NM EAST</p> <p>A: FOUND BRASS CAP "1941" N: 654235.0 - E: 590741.9</p> <p>B: FOUND BRASS CAP "1941" N: 656846.0 - E: 590769.0</p> <p>C: FOUND BRASS CAP "1941" N: 659457.7 - E: 590794.9</p> <p>D: FOUND BRASS CAP "1941" N: 659466.8 - E: 593406.4</p> <p>E: FOUND BRASS CAP "1941" N: 659475.1 - E: 596017.9</p> <p>F: FOUND BRASS CAP "1941" N: 659675.9 - E: 598617.6</p> <p>G: FOUND BRASS CAP "1941" N: 659870.2 - E: 601205.0</p> <p>H: FOUND BRASS CAP "1941" N: 657214.4 - E: 601209.0</p> <p>I: FOUND BRASS CAP "1941" N: 654552.6 - E: 601197.1</p> <p>J: FOUND BRASS CAP "1941" N: 654424.1 - E: 598586.6</p> <p>K: FOUND BRASS CAP "1941" N: 654298.0 - E: 595977.3</p> <p>L: FOUND BRASS CAP "1941" N: 654266.7 - E: 593360.1</p> <p>M: FOUND BRASS CAP "1941" N: 656886.5 - E: 595997.7</p>	<p><b><sup>17</sup> OPERATOR CERTIFICATION</b></p> <p>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 a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Sarah Chapman</i> 03/01/2022 Signature Date <b>SARAH CHAPMAN</b></p> <p>Printed Name <b>SCHAPMAN@SPURENERGY.COM</b> E-mail Address</p> <p><b><sup>18</sup> SURVEYOR CERTIFICATION</b></p> <p>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.</p> <p><b>12/28/21</b> Date of Survey</p> <p>Signature and Seal of Professional Surveyor <i>Robert M. Howett</i> 19680 Certificate Number</p> <p><b>LS21121330</b></p>
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<sup>1</sup> API Number <b>30-015- 49363</b>	<sup>2</sup> Pool Code <b>96830</b>	<sup>3</sup> Pool Name <b>ARTESIA; GLORIETA-YESO</b>
<sup>4</sup> Property Code <b>326714</b>	<sup>5</sup> Property Name <b>HALBERD 27 STATE COM</b>	<sup>6</sup> Well Number <b>90H</b>
<sup>7</sup> OGRID NO. <b>328947</b>	<sup>8</sup> Operator Name <b>SPUR ENERGY PARTNERS LLC.</b>	<sup>9</sup> Elevation <b>3675'</b>

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/West line	County
<b>M</b>	<b>26</b>	<b>17S</b>	<b>28E</b>		<b>1003</b>	<b>SOUTH</b>	<b>669</b>	<b>WEST</b>	<b>EDDY</b>

<sup>11</sup> 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
<b>M</b>	<b>27</b>	<b>17S</b>	<b>28E</b>		<b>1075</b>	<b>SOUTH</b>	<b>50</b>	<b>WEST</b>	<b>EDDY</b>
<sup>12</sup> Dedicated Acres <b>160</b>	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.						

No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.

<p><sup>16</sup> <u>GEODETIC DATA</u> NAD 83 GRID - NM EAST</p> <p><u>SURFACE LOCATION (SL)</u> N: 655333.1 - E: 596653.6 LAT: 32.8014116° N LONG: 104.1533040° W</p> <p><u>FIRST TAKE POINT (FTP)</u> 1075' FSL &amp; 100' FWL - SEC 27 N: 655371.5 - E: 595885.8 LAT: 32.8015209° N LONG: 104.1558027° W</p> <p><u>LAST TAKE POINT (LTP)</u> 1075' FSL &amp; 100' FWL - SEC 27 N: 655310.8 - E: 590853.1 LAT: 32.8013762° N LONG: 104.1721823° W</p> <p><u>BOTTOM HOLE (BH)</u> N: 655310.2 - E: 590803.1 LAT: 32.8013747° N LONG: 104.1723450° W</p> <p><u>CORNER DATA</u> NAD 83 GRID - NM EAST</p> <p>A: FOUND BRASS CAP "1941" N: 654235.0 - E: 590741.9</p> <p>B: FOUND BRASS CAP "1941" N: 656846.0 - E: 590769.0</p> <p>C: FOUND BRASS CAP "1941" N: 659457.7 - E: 590794.9</p> <p>D: FOUND BRASS CAP "1941" N: 659466.8 - E: 593406.4</p> <p>E: FOUND BRASS CAP "1941" N: 659475.1 - E: 596017.9</p> <p>F: FOUND BRASS CAP "1941" N: 659675.9 - E: 598617.6</p> <p>G: FOUND BRASS CAP "1941" N: 659870.2 - E: 601205.0</p> <p>H: FOUND BRASS CAP "1941" N: 657214.4 - E: 601209.0</p> <p>I: FOUND BRASS CAP "1941" N: 654552.6 - E: 601197.1</p> <p>J: FOUND BRASS CAP "1941" N: 654424.1 - E: 598586.6</p> <p>K: FOUND BRASS CAP "1941" N: 654298.0 - E: 595977.3</p> <p>L: FOUND BRASS CAP "1941" N: 654266.7 - E: 593360.1</p> <p>M: FOUND BRASS CAP "1941" N: 656886.5 - E: 595997.7</p>	<p><sup>17</sup> <b>OPERATOR CERTIFICATION</b> 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 a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Sarah Chapman</i> 03/01/2022 Signature Date <b>SARAH CHAPMAN</b> Printed Name <b>SCHAPMAN@SPURENERGY.COM</b> E-mail Address</p> <p><sup>18</sup> <b>SURVEYOR CERTIFICATION</b> 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.</p> <p><b>12/28/21</b> Date of Survey Signature and Seal of Professional Surveyor <b>19680</b> Certificate Number</p> <p><b>LS21121329</b></p>
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August 12, 2022

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

RE: ***Application for Pool and Lease Commingle Permit and Off-Lease Measurement, Sales & Storage for Wells at the Halberd 27 State Com South Tank Battery in Eddy County, New Mexico***

Dear Interest Owner:

This is to advise you that SPUR ENERGY PARTNERS LLC is filing to surface commingle the wells at the Halberd 27 State Com South Tank Battery. A copy of the application submitted to the Division is attached.

Any objections or requests for a hearing regarding this application must be submitted to the New Mexico Oil Conservation Division Santa Fe Office within 20 days from the date of this letter.

If you need any additional information, you can contact myself at 832-930-8613 or at [schapman@spurepllc.com](mailto:schapman@spurepllc.com).

Thank you,

*Sarah Chapman*

Regulatory Director

Application for CTB-Lease Commingling  
Spur Energy Partners LLC  
Halberd 27 State Com South Tank Battery

Name	Address	City	State	Zip	Tracking Info
New Mexico State Land Office	310 Old Santa Fe Trail	Santa Fe	NM	87504	9407 1118 9876 5843 9360 54
SEP Permian LLC	9655 Katy Freeway, Suite 500	Houston	TX	77024	NA
EOG Resources Inc	104 S. 4th Street	Artesia	NM	88210	9407 1118 9876 5843 9360 23
Jalapeno Corporation	P.O. Box 1608	Albuquerque	NM	87103	9407 1118 9876 5843 9360 92
Occidental Petroleum Corporation	5 Greenway Plaza, Ste 110	Houston	TX	77046	9407 1118 9876 5843 9360 47
Sharbro Energy, LLC	P.O. Box 840	Artesia	NM	88211	9407 1118 9876 5843 9360 85
Spiral, Inc.	P.O. Box 1933	Roswell	NM	88202	9407 1118 9876 5843 9360 30
Vladin LLC	P.O. Box 100	Artesia	NM	88211	9407 1118 9876 5843 9360 78
OXY USA WTP LP	5 Greenway Plaza, Ste 110	Houston	TX	77046	9407 1118 9876 5843 9364 50
Yates Energy Corporation	P.O. Box 2323	Roswell	NM	88202	9407 1118 9876 5843 9364 67
The Wright Company	P.O. Box 752	Stanton	TX	79782	9407 1118 9876 5843 9364 29
Chisos Ltd.	1331 Lamar St., Ste 1077	Houston	TX	77010	9407 1118 9876 5843 9364 05
Cross Border Resources	14282 Gills Road	Farmers Branch	TX	75244	9407 1118 9876 5843 9364 98
Longfellow LH, LLC	8115 Preston Road, Ste 800	Dallas	TX	75225	9407 1118 9876 5843 9364 43
Mark B. Heinen	122 Mountain Springs Dr.	Boerne	TX	78006	9407 1118 9876 5843 9364 81
Debra Latham, Ttee of the Latham Family Trust	954 Riverforest Drive	New Braunfels	TX	78132	9407 1118 9876 5843 9364 36
Mel Riggs	2513 Regency Oaks Court	Midland	TX	79705	9407 1118 9876 5843 9365 11
Mark Tisdale	6951 Sunrise Court	Midland	TX	79707	9407 1118 9876 5843 9365 59
Greg Benton	P.O. Box 51034	Midland	TX	79710	9407 1118 9876 5843 9365 66
John Kennedy	1724 Normandy Lane	Midland	TX	79705	9407 1118 9876 5843 9365 28
Mary Ann Curtis, LLC	P.O. Box 58095	Oklahoma City	OK	73157	9407 1118 9876 5843 9365 04
Gordon G. Marcum, II Trust	782 Kreutzberg Drive	Boerne	TX	78006	9407 1118 9876 5843 9365 42
David W. Marcum	3115 Standolind Avenue	Midland	TX	79705	9407 1118 9876 5843 9365 80
DMM Family, LLC	P.O. Box 101	Midland	TX	79702	9407 1118 9876 5843 9365 35
Dorothy Marcum Oil & Gas Assets Trust	5205 Rain Creek Pkwy	Austin	TX	78759	9407 1118 9876 5843 9365 73
Marla Joe Moats Schmid	5205 Rain Creek Pkwy	Austin	TX	78759	9407 1118 9876 5843 9312 19
Estate of Judith Ann Moats Gischrist - John Gilchrist	1518 Lexington Street	Taylor	TX	76574	9407 1118 9876 5843 9312 57
Judy F. Mulroy	2331 Pine River Drive	Kingwood	TX	77339	9407 1118 9876 5843 9312 64
Beverly Gooden	5445 Caruth Haven Lane, Apt. 826	Dallas	TX	75225	9407 1118 9876 5843 9312 26
SAC Investments I, LP	1603 Oakridge Trail	Bridgeport	TX	76426	9407 1118 9876 5843 9312 02
CKHallco LLC	P.O. Box 3499	Tulsa	OK	74101	9407 1118 9876 5843 9312 95
Dianna Ray Wynne, Successor Trustee of Carolyn Kay Lisle	P.O. Box 21357	Oklahoma City	OK	73156	9407 1118 9876 5843 9312 40
Larry Marcum	P.O. Box 2782	Midland	TX	79702	9407 1118 9876 5843 9312 88
Wadi Petroleum Inc.	13231 Champion Forest Dr.	Houston	TX	77069	9407 1118 9876 5843 9312 33
Red Bird Ventures, Inc.	15814 Champion Forest Dr.	Spring	TX	77379	9407 1118 9876 5843 9312 71
Finwing Corporation	P.O. Box 10886	Midland	TX	79702	9407 1118 9876 5843 9318 13
Mike Petraitis	1603 Holloway Ave.	Midland	TX	79701	9407 1118 9876 5843 9318 51
S.E.S Oil & Gas Inc.	P.O. Box 371	Midland	TX	79702	9407 1118 9876 5843 9318 68
Olwick Corportation	P.O. Box 10886	Midland	TX	79702	9407 1118 9876 5843 9318 20
Manta Oil and Gas Inc	103 E. Virginia St., Suite 209	McKinney	TX	75069	9407 1118 9876 5843 9318 06
John & Theresa Hillman Family Properties, LP	P. O. Box 50187	Midland	TX	79710	9407 1118 9876 5843 9318 99
Manix Royalty, Ltd.	P.O. Box 2818	Midland	TX	79702	9407 1118 9876 5843 9318 82
Bud F. Walker	1235 Diamondback Dr., NE	Albuquerque	NM	87113	9407 1118 9876 5843 9318 37
Ernest Byron Hailey, III	6 Parwood Court	The Woodlands	TX	77382	9407 1118 9876 5843 9318 75
Michael Lee Hailey	22145 CR 798	Mathis	TX	78368	9407 1118 9876 5843 9317 14
Marjorie Ann Estevis	1620 Vista Florida	Edinburg	TX	78539	9407 1118 9876 5843 9317 52

**NM State Land Office  
Oil, Gas, & Minerals Division**

**STATE/STATE OR  
STATE/FEE**

Revised December 2021

**COMMUNITIZATION AGREEMENT**

ONLINE Version

KNOW ALL PERSONS BY THESE PRESENTS:

API #: 30-0 \_\_\_\_ - \_\_\_\_

STATE OF NEW MEXICO ) Well Name: \_\_\_\_\_  
SS)

COUNTY OF )

THAT THIS AGREEMENT [which is NOT to be used for carbon dioxide or helium] is entered into as of (date before 1<sup>st</sup> production) \_\_\_\_\_, 20\_\_, by and between the parties subscribing, ratifying or consenting hereto, such parties hereinafter being referred to as "Parties hereto";

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by the Legislature, as set forth in Sec. 19-10-53, New Mexico Statutes, Annotated, 1978, in the interest of conservation of oil & gas and the prevention of waste to consent to and approve the development or operation of State Trust Lands under agreements made by lessees of oil & gas leases thereon, jointly or severally with other oil & gas lessees of State Trust Lands, or oil and gas lessees or mineral owners of privately owned or fee lands, for the purpose of pooling or communitizing such lands to form a proration unit or portion thereof, or well-spacing unit, pursuant to any order, rule or regulation of the New Mexico Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department where such agreement provides for the allocation of the production of oil or gas from such pools or communitized areas on an acreage or other basis found by the Commissioner of Public Lands to be fair and equitable.

WHEREAS, the parties hereto, own working, royalty, or other leasehold interests or operating rights under the oil and gas leases and lands subject to this agreement, and all such State leases are required to remain in good standing and compliant with State laws, rules & regulations, which leases are more particularly described in the schedule attached hereto, marked Exhibit "A" and made a part hereof, for all purposes; and

WHEREAS, said leases, insofar as they cover the \_\_\_\_\_ formation or pool as defined by the NMOCD, as further described on Exhibit "A" (hereinafter referred to as "said formation") in and under the land hereinafter described cannot be independently developed and operated in conformity with the well spacing program established for such formation in and under said lands; and

WHEREAS, the parties hereto desire to communitize and pool their respective interests in said leases subject to this agreement for the purpose of developing, operating and producing hydrocarbons in the said formation in and under the land hereinafter described subject to the terms hereof.

ONLINE  
version  
December 9, 2021

State/State

NOW THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the undersigned as follows:

1. The lands covered by this agreement (hereinafter referred to as the "communitized area") are described as follows:

Subdivisions: \_\_\_\_\_

Of Sect(s): \_\_\_\_\_ Twp: \_\_\_\_ Rng: \_\_\_\_ NMPM \_\_\_\_\_ County, NM

Containing \_\_\_\_\_ acres, more or less. It is the judgment of the parties hereto that the communitization, pooling and consolidation of the aforesaid land into a single unit for the development and production of hydrocarbons from the said formation in and under said land is necessary and advisable in order to properly develop and produce the hydrocarbons in the said formation beneath the said land in accordance with the well spacing rules of the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, and in order to promote the conservation of the hydrocarbons in and that may be produced from said formation in and under said lands, and would be in the public interest;

AND, for the purposes aforesaid, the parties hereto do hereby communitize for proration or spacing purposes only the leases and depths described in Exhibit "A" hereto insofar as they cover hydrocarbons within and that may be produced from the said formation (hereinafter referred to as "communitized substances") beneath the above-described land, into a single communitization, for the development, production, operation and conservation of the hydrocarbons in said formation beneath said lands.

Attached hereto and made a part of this agreement for all purposes, is Exhibit A showing the acreage, depths communitized and ownership (Lessees of Record) of all leases within the communitized area.

2. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leases described in Exhibit "A" hereto in the proportion that the number of surface acres covered by each of such leases and included within the communitized area bears to the total number of acres contained in the communitized area.
3. Subject to Paragraph 5, the royalties payable on communitized substances allocated to the individual leases and the rentals provided for in said leases shall be determined and paid in the manner and on the basis prescribed in each of said leases. Except as provided for under the terms and provisions of the leases described in Exhibit "A" hereto or as herein provided to the contrary, the payment of rentals under the terms of said leases shall not be affected by this agreement; and except as herein modified and changed or heretofore amended, the oil and gas leases subject to this agreement shall remain in full force and effect as originally issued and amended.

4. \_\_\_\_\_ shall be the Operator of the said communitized area and all matters of operation shall be determined and performed by \_\_\_\_\_.

5. The State of New Mexico hereafter is entitled to the right to take in kind its share for the communitized substances allocated to such tract, and Operator shall make deliveries of such royalty share taken in kind in conformity with applicable contracts, laws, and regulations.

6. There shall be no obligation upon the parties hereto to offset any well or wells situated on the tracts of land comprising the communitized area, nor shall the Operator be required to measure separately the communitized substances by reason of the diverse ownership of the separate tracts of land comprising the said communitized area; provided, however, that the parties hereto shall not be released from their obligation to protect the communitized area from drainage of communitized substances by wells which may be drilled within offset distance (as that term is defined) of the communitized area.

7. The commencement, completion, and continued operation or production of a well or wells of communitized substances on the communitized area shall be considered as the commencement, completion, continued operation or production as to each of the leases described in Exhibit "A" hereto.

8. The production of communitized substances and disposal thereof shall be in conformity with the allocations, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State laws. This agreement shall be subject to all applicable Federal and State laws, executive orders, rules and regulations affecting the performance of the provisions hereof, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if compliance is prevented by or if such failure results from compliance with any such laws, orders, rules and regulations.

9. This agreement shall be effective as of the date hereinabove written upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Commissioner of Public Lands, shall remain in full force and effect for a period of one year from the date hereof and as long thereafter as communitized substances are produced from the communitized area in paying quantities, and so long as all State leases remain in good standing with all State laws, rules, and regulations; provided, that this agreement shall not expire if there is a well capable of producing gas in paying quantities located upon some part of the communitized area, if such a well is shut-in due to the inability of the Operator to obtain a pipeline connection or to market the gas therefrom, and if either: **(a)** a shut-in royalty has been timely and properly paid pursuant to the provisions of one of the State of New Mexico oil and gas leases covering lands subject to this agreement so as to prevent the expiration of such lease; or **(b)** each of the State of New Mexico oil and gas leases covering lands subject to this agreement is in its primary term (if a five-year lease), or in its primary or secondary term (if a ten-year lease), or is held by production from another well. Provided further, however, that prior to production in paying quantities from the communitized

area, and upon fulfillment of all requirements of the Commissioner of Public Lands with respect to any dry hole or abandoned well drilled upon the communitized area, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production of communitized substances if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence. As to State Trust Lands, written notice of intention to commence such operations shall be filed with the Commissioner of Public Lands within thirty (30) days after the cessation of such production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.

10. Operator will furnish the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, and the Commissioner of Public Lands of the State of New Mexico, with any and all reports, statements, notices and well logs and records which may be required under the laws and regulations of the State of New Mexico.

11. It is agreed between the parties hereto that the Commissioner of Public Lands, or his duly authorized representatives, shall have the right of supervision over all operations under the communitized area to the same extent and degree as provided in the oil and gas leases described in Exhibit "A" hereto and in the applicable oil and gas regulations of the State of New Mexico.

12. If any order of the Oil Conservation Division of the New Mexico Energy Minerals and Natural Resources Department, upon which this agreement is predicated or based is in anyway changed or modified, then in such event said agreement is likewise modified to conform thereto.

13. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instruments, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

14. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written.

OPERATOR:\_\_\_\_\_

**OPERATOR:** \_\_\_\_\_

**BY:** \_\_\_\_\_ (Name and Title of Authorized Agent)

\_\_\_\_\_  
(Signature of Authorized Agent)

**Acknowledgment in an Individual Capacity**

State of )  
SS)  
County of )

This instrument was acknowledged before me on \_\_\_\_\_ Date

By

Name(s) of Person(s)

(Seal)

\_\_\_\_\_  
Signature of Notarial Officer

My commission expires: \_\_\_\_\_

**Acknowledgment in an Representative Capacity**

State of )  
SS)  
County of )

This instrument was acknowledged before me on \_\_\_\_\_ Date : \_\_\_\_\_

By: \_\_\_\_\_

Name(s) of Person(s)

(Seal)

\_\_\_\_\_  
Signature of Notarial Officer

My commission expires: \_\_\_\_\_



**Lease # and Lessee of Record:** \_\_\_\_\_

**BY:** \_\_\_\_\_ (Name and Title of Authorized Agent)

\_\_\_\_\_  
(Signature of Authorized Agent)

**Acknowledgment in an Individual Capacity**

State of \_\_\_\_\_ )

SS)

County of \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_

Date

By

Name(s) of Person(s)

(Seal)

\_\_\_\_\_  
Signature of Notarial Officer

My commission expires: \_\_\_\_\_

**Acknowledgment in an Representative Capacity**

State of \_\_\_\_\_ )

SS)

County of \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_

Name(s) of Person(s)

(Seal)

\_\_\_\_\_  
Signature of Notarial Officer

My commission expires: \_\_\_\_\_

**Lease # and Lessee of Record:** \_\_\_\_\_

**BY:** \_\_\_\_\_ (Name and Title of Authorized Agent)

\_\_\_\_\_  
(Signature of Authorized Agent)

**Acknowledgment in an Individual Capacity**

State of \_\_\_\_\_ )

SS)

County of \_\_\_\_\_ )

This instrument was acknowledged before me on

Date

By

Name(s) of Person(s)

(Seal)

\_\_\_\_\_  
Signature of Notarial Officer

My commission expires: \_\_\_\_\_

**Acknowledgment in an Representative Capacity**

State of \_\_\_\_\_ )

SS)

County of \_\_\_\_\_ )

This instrument was acknowledged before me on

Date: \_\_\_\_\_

By: \_\_\_\_\_

Name(s) of Person(s)

(Seal)

\_\_\_\_\_  
Signature of Notarial Officer

My commission expires: \_\_\_\_\_

**Lease # and Lessee of Record:** \_\_\_\_\_

**BY:** \_\_\_\_\_ (Name and Title of Authorized Agent)

\_\_\_\_\_  
(Signature of Authorized Agent)

**Acknowledgment in an Individual Capacity**

State of \_\_\_\_\_ )

SS)

County of \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_

Date

By

Name(s) of Person(s)

(Seal)

\_\_\_\_\_  
Signature of Notarial Officer

My commission expires: \_\_\_\_\_

**Acknowledgment in an Representative Capacity**

State of \_\_\_\_\_ )

SS)

County of \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_

Name(s) of Person(s)

(Seal)

\_\_\_\_\_  
Signature of Notarial Officer

My commission expires: \_\_\_\_\_

**Lease # and Lessee of Record:** \_\_\_\_\_

**BY:** \_\_\_\_\_ (Name and Title of Authorized Agent)

\_\_\_\_\_  
(Signature of Authorized Agent)

**Acknowledgment in an Individual Capacity**

State of \_\_\_\_\_ )

SS)

County of \_\_\_\_\_ )

This instrument was acknowledged before me on

Date

By

Name(s) of Person(s)

(Seal)

\_\_\_\_\_  
Signature of Notarial Officer

My commission expires: \_\_\_\_\_

**Acknowledgment in an Representative Capacity**

State of \_\_\_\_\_ )

SS)

County of \_\_\_\_\_ )

This instrument was acknowledged before me on

Date: \_\_\_\_\_

By: \_\_\_\_\_

Name(s) of Person(s)

(Seal)

\_\_\_\_\_  
Signature of Notarial Officer

My commission expires: \_\_\_\_\_

**Lease # and Lessee of Record:** \_\_\_\_\_

**BY:** \_\_\_\_\_ (Name and Title of Authorized Agent)

\_\_\_\_\_  
(Signature of Authorized Agent)

**Acknowledgment in an Individual Capacity**

State of \_\_\_\_\_ )

SS)

County of \_\_\_\_\_ )

This instrument was acknowledged before me on

Date

By

Name(s) of Person(s)

(Seal)

\_\_\_\_\_  
Signature of Notarial Officer

My commission expires: \_\_\_\_\_

**Acknowledgment in an Representative Capacity**

State of \_\_\_\_\_ )

SS)

County of \_\_\_\_\_ )

This instrument was acknowledged before me on

Date: \_\_\_\_\_

By: \_\_\_\_\_

Name(s) of Person(s)

(Seal)

\_\_\_\_\_  
Signature of Notarial Officer

My commission expires: \_\_\_\_\_

**EXHIBIT A**

Attached to and made a part of that Communitization Agreement dated March 11, 2022  
 by and between Spur Energy Partners, LLC, (Operator) ConocoPhillips Co. and Chisos, Ltd,  
 \_\_\_\_\_,  
 \_\_\_\_\_, (Record Title Holders/Lesseees of Record) covering  
 the Subdivisions : S2S2  
 Sect(s): 27, Twnshp 17S, Rnge: 28E, NMPM Eddy County, NM  
 Limited in depth from 4000' ft to 5682' ft. (enter here what is granted in pooling order if  
 applicable)  
 OPERATOR of Communitized Area: Spur Energy Partners, LLC

**DESCRIPTION OF LEASES COMMITTED:****TRACT NO. 1**

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: SEP Permian, LLC

Serial No. of Lease: B0-8814-0030 Date of Lease: 9/10/1940

Description of Lands Committed:

Subdivisions: SWSW

Sect(s): 27 Twnshp: 17S, Rng: 28E NMPM Eddy County NM

No. of Acres: 40

**TRACT NO. 2**

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: ConocoPhillips Co. and Chisos, Ltd.

Serial No. of Lease: E0-0135-0005 Date of Lease: 2/10/1945

Description of Lands Committed:

Subdivisions: SESW

Sect(s): 27 Twnshp: 17S Rng: 28E NMPM

Eddy County, NM No. of Acres: 40

**TRACT NO. 3**Lessor: State of New Mexico acting by and through its Commissioner of Public LandsLessee of Record: SEP Permian, LLCSerial No. of Lease: B0-2071-0035 Date of Lease: 8/10/1933

Description of Lands Committed:

Subdivisions: SWSESect(s): 27 Twnshp: 17S Rng: 28E NMPM Eddy County, NMNo. of Acres: 40**TRACT NO. 4**Lessor: State of New Mexico acting by and through its Commissioner of Public LandsLessee of Record: SEP Permian, LLCSerial No. of Lease: B0-2071-0037 Date of Lease: 8/10/1933

Description of Lands Committed:

Subdivisions: SESESect(s): 27 Twnshp: 17S Rng: 28E NMPM Eddy County, NMNo. of Acres: 40**RECAPITULATION**

Tract number	Number of Acres Committed	Percentage of Interest In Communitized Area (Must equal 100%)
No. 1	<u>40</u>	<u>25%</u>
No. 2	<u>40</u>	<u>25%</u>
No. 3	<u>40</u>	<u>25%</u>
No. 4	<u>40</u>	<u>25%</u>
TOTALS	<u>160</u>	<u>100%</u>



**NM State Land Office  
Oil, Gas, & Minerals Division**

**STATE/STATE OR  
STATE/FEE**

Revised December 2021

**COMMUNITIZATION AGREEMENT**

ONLINE Version

KNOW ALL PERSONS BY THESE PRESENTS:

API #: 30-0 \_\_\_\_ - \_\_\_\_

STATE OF NEW MEXICO ) Well Name: \_\_\_\_\_  
SS)

COUNTY OF )

THAT THIS AGREEMENT [which is NOT to be used for carbon dioxide or helium] is entered into as of (date before 1<sup>st</sup> production) \_\_\_\_\_, 20\_\_, by and between the parties subscribing, ratifying or consenting hereto, such parties hereinafter being referred to as "Parties hereto";

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by the Legislature, as set forth in Sec. 19-10-53, New Mexico Statutes, Annotated, 1978, in the interest of conservation of oil & gas and the prevention of waste to consent to and approve the development or operation of State Trust Lands under agreements made by lessees of oil & gas leases thereon, jointly or severally with other oil & gas lessees of State Trust Lands, or oil and gas lessees or mineral owners of privately owned or fee lands, for the purpose of pooling or communitizing such lands to form a proration unit or portion thereof, or well-spacing unit, pursuant to any order, rule or regulation of the New Mexico Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department where such agreement provides for the allocation of the production of oil or gas from such pools or communitized areas on an acreage or other basis found by the Commissioner of Public Lands to be fair and equitable.

WHEREAS, the parties hereto, own working, royalty, or other leasehold interests or operating rights under the oil and gas leases and lands subject to this agreement, and all such State leases are required to remain in good standing and compliant with State laws, rules & regulations, which leases are more particularly described in the schedule attached hereto, marked Exhibit "A" and made a part hereof, for all purposes; and

WHEREAS, said leases, insofar as they cover the \_\_\_\_\_ formation or pool as defined by the NMOCD, as further described on Exhibit "A" (hereinafter referred to as "said formation") in and under the land hereinafter described cannot be independently developed and operated in conformity with the well spacing program established for such formation in and under said lands; and

WHEREAS, the parties hereto desire to communitize and pool their respective interests in said leases subject to this agreement for the purpose of developing, operating and producing hydrocarbons in the said formation in and under the land hereinafter described subject to the terms hereof.

ONLINE  
version  
December 9, 2021

State/State

NOW THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the undersigned as follows:

1. The lands covered by this agreement (hereinafter referred to as the "communitized area") are described as follows:

Subdivisions: \_\_\_\_\_

Of Sect(s): \_\_\_\_\_ Twp: \_\_\_\_ Rng: \_\_\_\_ NMPM \_\_\_\_\_ County, NM

Containing \_\_\_\_\_ acres, more or less. It is the judgment of the parties hereto that the communitization, pooling and consolidation of the aforesaid land into a single unit for the development and production of hydrocarbons from the said formation in and under said land is necessary and advisable in order to properly develop and produce the hydrocarbons in the said formation beneath the said land in accordance with the well spacing rules of the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, and in order to promote the conservation of the hydrocarbons in and that may be produced from said formation in and under said lands, and would be in the public interest;

AND, for the purposes aforesaid, the parties hereto do hereby communitize for proration or spacing purposes only the leases and depths described in Exhibit "A" hereto insofar as they cover hydrocarbons within and that may be produced from the said formation (hereinafter referred to as "communitized substances") beneath the above-described land, into a single communitization, for the development, production, operation and conservation of the hydrocarbons in said formation beneath said lands.

Attached hereto and made a part of this agreement for all purposes, is Exhibit A showing the acreage, depths communitized and ownership (Lessees of Record) of all leases within the communitized area.

2. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leases described in Exhibit "A" hereto in the proportion that the number of surface acres covered by each of such leases and included within the communitized area bears to the total number of acres contained in the communitized area.
3. Subject to Paragraph 5, the royalties payable on communitized substances allocated to the individual leases and the rentals provided for in said leases shall be determined and paid in the manner and on the basis prescribed in each of said leases. Except as provided for under the terms and provisions of the leases described in Exhibit "A" hereto or as herein provided to the contrary, the payment of rentals under the terms of said leases shall not be affected by this agreement; and except as herein modified and changed or heretofore amended, the oil and gas leases subject to this agreement shall remain in full force and effect as originally issued and amended.

4. \_\_\_\_\_ shall be the Operator of the said communitized area and all matters of operation shall be determined and performed by \_\_\_\_\_.

5. The State of New Mexico hereafter is entitled to the right to take in kind its share for the communitized substances allocated to such tract, and Operator shall make deliveries of such royalty share taken in kind in conformity with applicable contracts, laws, and regulations.

6. There shall be no obligation upon the parties hereto to offset any well or wells situated on the tracts of land comprising the communitized area, nor shall the Operator be required to measure separately the communitized substances by reason of the diverse ownership of the separate tracts of land comprising the said communitized area; provided, however, that the parties hereto shall not be released from their obligation to protect the communitized area from drainage of communitized substances by wells which may be drilled within offset distance (as that term is defined) of the communitized area.

7. The commencement, completion, and continued operation or production of a well or wells of communitized substances on the communitized area shall be considered as the commencement, completion, continued operation or production as to each of the leases described in Exhibit "A" hereto.

8. The production of communitized substances and disposal thereof shall be in conformity with the allocations, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State laws. This agreement shall be subject to all applicable Federal and State laws, executive orders, rules and regulations affecting the performance of the provisions hereof, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if compliance is prevented by or if such failure results from compliance with any such laws, orders, rules and regulations.

9. This agreement shall be effective as of the date hereinabove written upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Commissioner of Public Lands, shall remain in full force and effect for a period of one year from the date hereof and as long thereafter as communitized substances are produced from the communitized area in paying quantities, and so long as all State leases remain in good standing with all State laws, rules, and regulations; provided, that this agreement shall not expire if there is a well capable of producing gas in paying quantities located upon some part of the communitized area, if such a well is shut-in due to the inability of the Operator to obtain a pipeline connection or to market the gas therefrom, and if either: **(a)** a shut-in royalty has been timely and properly paid pursuant to the provisions of one of the State of New Mexico oil and gas leases covering lands subject to this agreement so as to prevent the expiration of such lease; or **(b)** each of the State of New Mexico oil and gas leases covering lands subject to this agreement is in its primary term (if a five-year lease), or in its primary or secondary term (if a ten-year lease), or is held by production from another well. Provided further, however, that prior to production in paying quantities from the communitized

area, and upon fulfillment of all requirements of the Commissioner of Public Lands with respect to any dry hole or abandoned well drilled upon the communitized area, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production of communitized substances if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence. As to State Trust Lands, written notice of intention to commence such operations shall be filed with the Commissioner of Public Lands within thirty (30) days after the cessation of such production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.

10. Operator will furnish the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, and the Commissioner of Public Lands of the State of New Mexico, with any and all reports, statements, notices and well logs and records which may be required under the laws and regulations of the State of New Mexico.

11. It is agreed between the parties hereto that the Commissioner of Public Lands, or his duly authorized representatives, shall have the right of supervision over all operations under the communitized area to the same extent and degree as provided in the oil and gas leases described in Exhibit "A" hereto and in the applicable oil and gas regulations of the State of New Mexico.

12. If any order of the Oil Conservation Division of the New Mexico Energy Minerals and Natural Resources Department, upon which this agreement is predicated or based is in anyway changed or modified, then in such event said agreement is likewise modified to conform thereto.

13. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instruments, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

14. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written.

OPERATOR:\_\_\_\_\_

**OPERATOR:** \_\_\_\_\_

**BY:** \_\_\_\_\_ (Name and Title of Authorized Agent)

\_\_\_\_\_  
(Signature of Authorized Agent)

**Acknowledgment in an Individual Capacity**

State of )  
SS)  
County of )

This instrument was acknowledged before me on \_\_\_\_\_ Date

By

Name(s) of Person(s)

(Seal)

\_\_\_\_\_  
Signature of Notarial Officer

My commission expires: \_\_\_\_\_

**Acknowledgment in an Representative Capacity**

State of )  
SS)  
County of )

This instrument was acknowledged before me on \_\_\_\_\_ Date : \_\_\_\_\_

By: \_\_\_\_\_

Name(s) of Person(s)

(Seal)

\_\_\_\_\_  
Signature of Notarial Officer

My commission expires: \_\_\_\_\_

**Lease # and Lessee of Record:** \_\_\_\_\_

**BY:** \_\_\_\_\_ (Name and Title of Authorized Agent)

\_\_\_\_\_  
(Signature of Authorized Agent)

**Acknowledgment in an Individual Capacity**

State of \_\_\_\_\_ )

SS)

County of \_\_\_\_\_ )

This instrument was acknowledged before me on

Date

By

Name(s) of Person(s)

(Seal)

\_\_\_\_\_  
Signature of Notarial Officer

My commission expires: \_\_\_\_\_

**Acknowledgment in an Representative Capacity**

State of \_\_\_\_\_ )

SS)

County of \_\_\_\_\_ )

This instrument was acknowledged before me on

Date: \_\_\_\_\_

By: \_\_\_\_\_

Name(s) of Person(s)

(Seal)

\_\_\_\_\_  
Signature of Notarial Officer

My commission expires: \_\_\_\_\_

**Lease # and Lessee of Record:** \_\_\_\_\_

**BY:** \_\_\_\_\_ (Name and Title of Authorized Agent)

\_\_\_\_\_  
(Signature of Authorized Agent)

**Acknowledgment in an Individual Capacity**

State of \_\_\_\_\_ )

SS)

County of \_\_\_\_\_ )

This instrument was acknowledged before me on

Date

By

Name(s) of Person(s)

(Seal)

\_\_\_\_\_  
Signature of Notarial Officer

My commission expires: \_\_\_\_\_

**Acknowledgment in an Representative Capacity**

State of \_\_\_\_\_ )

SS)

County of \_\_\_\_\_ )

This instrument was acknowledged before me on

Date: \_\_\_\_\_

By: \_\_\_\_\_

Name(s) of Person(s)

(Seal)

\_\_\_\_\_  
Signature of Notarial Officer

My commission expires: \_\_\_\_\_



**Lease # and Lessee of Record:** \_\_\_\_\_

**BY:** Kerr-McGee Oil & Gas Onshore, LP (Name and Title of Authorized Agent)

\_\_\_\_\_  
(Signature of Authorized Agent)

**Acknowledgment in an Individual Capacity**

State of \_\_\_\_\_ )

SS)

County of \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_

Date

By

Name(s) of Person(s)

(Seal)

\_\_\_\_\_  
Signature of Notarial Officer

My commission expires: \_\_\_\_\_

**Acknowledgment in an Representative Capacity**

State of \_\_\_\_\_ )

SS)

County of \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_

Name(s) of Person(s)

(Seal)

\_\_\_\_\_  
Signature of Notarial Officer

My commission expires: \_\_\_\_\_

**Lease # and Lessee of Record:** \_\_\_\_\_

**BY:** \_\_\_\_\_ (Name and Title of Authorized Agent)

\_\_\_\_\_  
(Signature of Authorized Agent)

**Acknowledgment in an Individual Capacity**

State of \_\_\_\_\_ )

SS)

County of \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_

Date

By

Name(s) of Person(s)

(Seal)

\_\_\_\_\_  
Signature of Notarial Officer

My commission expires: \_\_\_\_\_

**Acknowledgment in an Representative Capacity**

State of \_\_\_\_\_ )

SS)

County of \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_

Name(s) of Person(s)

(Seal)

\_\_\_\_\_  
Signature of Notarial Officer

My commission expires: \_\_\_\_\_

**EXHIBIT A**

Attached to and made a part of that Communitization Agreement dated April 13 , 2022  
 by and between Spur Energy Partners, LLC , (Operator) Kerr-McGee Oil & Gas Onshore, LP,  
and EOG Resources, Inc. \_\_\_\_\_,  
 \_\_\_\_\_, (Record Title Holders/Lessees of Record) covering  
 the Subdivisions : S2N2 and N2S2  
 Sect(s): 27 \_\_\_\_\_, Twnshp 17S \_\_\_\_\_, Rnge: 28E \_\_\_\_\_, NMPM Eddy \_\_\_\_\_ County, NM  
 Limited in depth from 4000' ft to 5,682' ft. (enter here what is granted in pooling order  
 if applicable)  
 OPERATOR of Communitized Area: Spur Energy Partners, LLC \_\_\_\_\_

**DESCRIPTION OF LEASES COMMITTED:****TRACT NO. 1**

Lessor: \_\_\_\_\_ State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: SEP Permian, LLC \_\_\_\_\_

Serial No. of Lease: B0-2071-0037 \_\_\_\_\_ Date of Lease: 8/10/1933 \_\_\_\_\_

Description of Lands Committed:

Subdivisions: S2N2 and N2SE4 \_\_\_\_\_

Sect(s): 27 \_\_\_\_\_ Twnshp: 17S \_\_\_\_\_, Rng: 28E \_\_\_\_\_ NMPM Eddy \_\_\_\_\_ County NM

No. of Acres: 240 \_\_\_\_\_

**TRACT NO. 2**

Lessor: \_\_\_\_\_ State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: EOG Resources, Inc. \_\_\_\_\_

Serial No. of Lease: X0-0647-0324 \_\_\_\_\_ Date of Lease: 11/14/1922 \_\_\_\_\_

Description of Lands Committed:

Subdivisions: NESW \_\_\_\_\_

Sect(s): 27 \_\_\_\_\_ Twnshp: 17S \_\_\_\_\_ Rng: 28E \_\_\_\_\_ NMPM \_\_\_\_\_

Eddy \_\_\_\_\_ County, NM No. of Acres: 40 \_\_\_\_\_

**TRACT NO. 3**Lessor: State of New Mexico acting by and through its Commissioner of Public LandsLessee of Record: Kerr-McGee Oil & Gas Onshore, LPSerial No. of Lease: B1-1593-0010 Date of Lease: 11/10/1944

Description of Lands Committed:

Subdivisions: NWSWSect(s): 27 Twnshp: 17S Rng: 28E NMPM Eddy County, NMNo. of Acres: 40**TRACT NO. 4**

Lessor:

Lessee of Record: \_\_\_\_\_

Serial No. of Lease: \_\_\_\_\_ Date of Lease: \_\_\_\_\_

Description of Lands Committed:

Subdivisions: \_\_\_\_\_

Sect(s): \_\_\_\_\_ Twnshp: \_\_\_\_\_ Rng: \_\_\_\_\_ NMPM \_\_\_\_\_ County, NM

No. of Acres: \_\_\_\_\_

**RECAPITULATION**

<b>Tract number</b>	<b>Number of Acres Committed</b>	<b>Percentage of Interest In Communitized Area (Must equal 100%)</b>
No. 1	<u>240</u>	<u>75%</u>
No. 2	<u>40</u>	<u>12.5%</u>
No. 3	<u>40</u>	<u>12.5%</u>
No. 4	_____	_____
<b>TOTALS</b>	<u>320</u>	<u>100%</u>

# Carlsbad Current Argus.

PART OF THE USA TODAY NETWORK

## Affidavit of Publication

Ad # 0005245971

This is not an invoice

### SPUR ENERGY PARTNERS LLC

9655 KATY FWY STE 500

HOUSTON, TX 77024

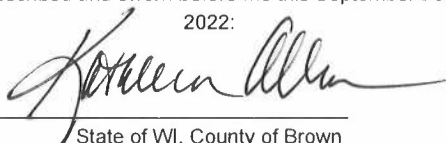
I, a legal clerk of the **Carlsbad Current Argus**, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof in editions dated as follows:

05/06/2022



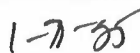
Legal Clerk

Subscribed and sworn before me this September 26,  
2022:



State of WI, County of Brown

NOTARY PUBLIC

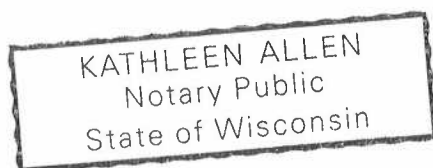


My commission expires

### NOTICE OF APPLICATION FOR SURFACE COMMINGLING:

Spur Energy Partners LLC located at 9655 Katy Freeway, Suite 500, Houston, TX 77024 is applying with the NMOCD for a surface commingling permit for oil and gas production at the Halberd 27 State Com South Tank Battery. The facility is located in Eddy County in Section 26 T17S R28E. Wells going to the battery are located in Section 26 T17S R28E and are drilled through Section 27 T17S R28E. Production is from the Artesia; Glorieta-Yeso pool. Pursuant to Statewide Rule 19.15.12.10, interested parties must file objections or requests for hearing in writing with the division's Santa Fe office within 20 days of publication, or the NMOCD may approved the application.

Any questions concerning this application should be directed to Sarah Chapman, Regulatory Director at 832-930-8613. #0005245971, Current Argus, May 6, 2022



Ad # 0005245971

PO #: 0005245971

# of Affidavits: 1

This is not an invoice

**From:** [McClure, Dean, EMNRD](#) on behalf of [Engineer, OCD, EMNRD](#)  
**To:** [Sarah Chapman](#)  
**Cc:** [McClure, Dean, EMNRD](#); [Wrinkle, Justin, EMNRD](#); [Powell, Brandon, EMNRD](#); [lisa@rwbyram.com](mailto:lisa@rwbyram.com); [Dawson, Scott](#)  
**Subject:** Approved Administrative Order CTB-1060  
**Date:** Tuesday, September 27, 2022 9:52:37 AM  
**Attachments:** [CTB1060 Order.pdf](#)

NMOCD has issued Administrative Order CTB-1060 which authorizes Spur Energy Partners, LLC (328947) to surface commingle or off-lease measure, as applicable, the following wells:

<b>30-015-49358</b>	<b>Halberd 27 State Com #50H</b>	<b>S/2 N/2, N/2 S/2</b>	<b>27-17S-28E</b>	<b>96830</b>
<b>30-015-49359</b>	<b>Halberd 27 State Com #51H</b>	<b>S/2 N/2, N/2 S/2</b>	<b>27-17S-28E</b>	<b>96830</b>
<b>30-015-49361</b>	<b>Halberd 27 State Com #71H</b>	<b>S/2 N/2, N/2 S/2</b>	<b>27-17S-28E</b>	<b>96830</b>
<b>30-015-49362</b>	<b>Halberd 27 State Com #72H</b>	<b>S/2 S/2</b>	<b>27-17S-28E</b>	<b>96830</b>
<b>30-015-49363</b>	<b>Halberd 27 State Com #90H</b>	<b>S/2 S/2</b>	<b>27-17S-28E</b>	<b>96830</b>

The administrative order is attached to this email and can also be found online at OCD Imaging.

Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.

Dean McClure  
 Petroleum Engineer, Oil Conservation Division  
 New Mexico Energy, Minerals and Natural Resources Department  
 (505) 469-8211

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

**APPLICATION FOR SURFACE COMMINGLING  
SUBMITTED BY SPUR ENERGY PARTNERS, LLC**

**ORDER NO. CTB-1060**

**ORDER**

The Director of the New Mexico Oil Conservation Division (“OCD”), having considered the application and the recommendation of the OCD Engineering Bureau, issues the following Order.

**FINDINGS OF FACT**

1. Spur Energy Partners, LLC (“Applicant”) submitted a complete application to surface commingle the oil and gas production from the pools, leases, and wells identified in Exhibit A (“Application”).
2. Applicant proposed a method to allocate the oil and gas production to the pools, leases, and wells to be commingled.
3. To the extent that ownership is identical, Applicant submitted a certification by a licensed attorney or qualified petroleum landman that the ownership in the pools, leases, and wells to be commingled is identical as defined in 19.15.12.7.B. NMAC.
4. To the extent that ownership is diverse, Applicant provided notice of the Application to all persons owning an interest in the oil and gas production to be commingled, including the owners of royalty and overriding royalty interests, regardless of whether they have a right or option to take their interests in kind, and those persons either submitted a written waiver or did not file an objection to the Application.
5. Applicant provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.
6. Applicant submitted or intends to submit one or more proposed communitization agreement(s) (“Proposed Agreement(s)”) to the BLM or NMSLO, as applicable, identifying the acreage of each lease to be consolidated into a single pooled area (“Pooled Area”), as described in Exhibit B.

**CONCLUSIONS OF LAW**

7. OCD has jurisdiction to issue this Order pursuant to the Oil and Gas Act, NMSA 1978, §§ 70-2-6, 70-2-11, 70-2-12, 70-2-16, and 70-2-17, 19.15.12. NMAC, and 19.15.23. NMAC.
8. Applicant satisfied the notice requirements for the Application in accordance with 19.15.12.10.A.(2) NMAC, 19.15.12.10.C.(4)(c) NMAC, and 19.15.12.10.C.(4)(e) NMAC, as applicable.

9. Applicant satisfied the notice requirements for the Application in accordance with 19.15.23.9.A.(5) NMAC and 19.15.23.9.A.(6) NMAC, as applicable.
10. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.10.B.(1) NMAC or 19.15.12.10.C.(1) NMAC, as applicable.
11. Commingling of oil and gas production from state, federal, or tribal leases shall not commence until approved by the BLM or NMSLO, as applicable, in accordance with 19.15.12.10.B.(3) NMAC and 19.15.12.10.C.(4)(h) NMAC.
12. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

### **ORDER**

1. Applicant is authorized to surface commingle oil and gas production from the pools, leases, and wells identified in Exhibit A.

Applicant is authorized to store and measure oil and gas production off-lease from the pools, leases, and wells identified in Exhibit A at a central tank battery or gas title transfer meter described in Exhibit A.

2. For each Pooled Area described in Exhibit B, Applicant shall submit a Proposed Agreement to the BLM or NMSLO, as applicable, prior to commencing oil and gas production. If Applicant fails to submit the Proposed Agreement, this Order shall terminate on the following day.

No later than sixty (60) days after the BLM or NMSLO approves or denies a Proposed Agreement, Applicant shall submit a Form C-103 to OCD with a copy of the decision and a description of the approved lands, as applicable. If Applicant withdraws or the BLM or NMSLO denies a Proposed Agreement, this Order shall terminate on the date of such action, and Applicant shall cease commingling the production from the Pooled Area. If the BLM or NMSLO approves but modifies the Proposed Agreement(s), Applicant shall comply with the approved Agreement(s), and no later than sixty (60) days after such decision, Applicant shall submit a new surface commingling application to OCD to conform this Order with the approved Agreement(s). If Applicant fails to submit the new surface commingling application or OCD denies the new surface commingling application, this Order shall terminate on the date of such action.

Applicant shall allocate the oil and gas production to each lease within a Pooled Area in proportion to the acreage that each lease bears to the entire acreage of the Pooled Area described in Exhibit B until the Proposed Agreement which includes the Pooled Area is approved. After the Proposed Agreement is approved, the oil and gas production from the Pooled Area shall be allocated as required by the BLM's or NMSLO's, as applicable, approval of the Agreement, including any production that had been allocated previously in accordance with this Order.



3. The allocation of oil and gas production shall be based on the production life of each well as measured for three periods: (a) the initial production period shall be measured from the first production until the earlier of either the peak production rate or thirty (30) days after the first production; (b) the plateau period shall be measured from the end of the initial production period to the peak decline rate; and (c) the decline period shall be measured from the end of the plateau period until the well is plugged and abandoned.

During the initial production period, the oil and gas production for each well identified in Exhibit A shall be allocated using a production curve calculated from a minimum of ten (10) well tests per month, except that any day in which a well test cannot achieve an accurate result due to a temporary change in oil and gas production shall not be included in the computation of time determining the well test schedule. The production curve shall be calculated by interpolating daily production for each day using the known daily production obtained by well tests and shall use a method of interpolation that is at minimum as accurate as maintaining a constant rate of change for each day's production between the known daily production values.

During the plateau period, the oil and gas production for each well identified in Exhibit A shall be allocated using a minimum of three (3) well tests per month.

During the decline period, the oil and gas production for each well identified in Exhibit A shall be allocated as follows: (a) a minimum of three (3) well tests per month when the decline rate is greater than twenty-two percent (22%) per month; (b) a minimum of two (2) well tests per month when the decline rate is between twenty-two percent (22%) and ten percent (10%) per month; and (c) a minimum of one (1) well test per month when the decline rate is less than ten percent (10%) per month.

Upon OCD's request, Applicant shall submit a Form C-103 to the OCD Engineering Bureau that contains the decline rate curve and other relevant information demonstrating the production life of a well.

Applicant shall conduct a well test by separating and metering the oil and gas production from that well for either (a) a minimum of twenty-four (24) consecutive hours; or (b) a combination of nonconsecutive periods that meet the following conditions: (i) each period shall be a minimum of six (6) hours; and (ii) the total duration of the nonconsecutive periods shall be a minimum of eighteen (18) hours.

The well test requirements of this Order shall be suspended for any well shut-in for a period that continues for more than fifteen (15) days until the well commences production.

4. Applicant shall measure and market the commingled oil at a central tank battery described in Exhibit A in accordance with this Order and 19.15.18.15. NMAC or 19.15.23.8. NMAC.
5. Applicant shall measure and market the commingled gas at a well pad, central delivery point, central tank battery, or gas title transfer meter described in Exhibit A in accordance with this Order and 19.15.19.9. NMAC, provided however that if the gas is vented or flared, and regardless of the reason or authorization pursuant to 19.15.28.8.B. NMAC for such venting

or flaring, Applicant shall measure or estimate the gas in accordance with 19.15.28.8.E. NMAC.

6. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10.C.(2) NMAC.
7. If the commingling of oil and gas production from any pool, lease, or well reduces the value of the commingled oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred Applicant shall submit a new surface commingling application to OCD to amend this Order to remove the pool, lease, or well whose oil and gas production caused the decrease in value. If Applicant fails to submit a new application, this Order shall terminate on the following day, and if OCD denies the application, this Order shall terminate on the date of such action.
8. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
9. If OCD determines that Applicant has failed to comply with any provision of this Order, OCD may take any action authorized by the Oil and Gas Act or the New Mexico Administrative Code (NMAC).
10. OCD retains jurisdiction of this matter and reserves the right to modify or revoke this Order as it deems necessary.

**STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION**

  
\_\_\_\_\_  
**ADRIENNE E. SANDOVAL  
DIRECTOR**

**DATE:** 9/26/2022

State of New Mexico  
Energy, Minerals and Natural Resources Department

## Exhibit A

Order: **CTB-1060**

Operator: **Spur Energy Partners, LLC (328947)**

Central Tank Battery: **Halberd 27 State Com South Facility**

Central Tank Battery Location: **UL M, Section 26, Township 17 South, Range 28 East**

Gas Title Transfer Meter Location: **UL M, Section 26, Township 17 South, Range 28 East**

### Pools

Pool Name	Pool Code
<b>ARTESIA; GLORIETA-YESO (O)</b>	<b>96830</b>

### Leases as defined in 19.15.12.7(C) NMAC

Lease	UL or Q/Q	S-T-R
<b>CA Yeso NMSLO PUN 1361721</b>	<b>S/2 S/2</b>	<b>27-17S-28E</b>
<b>BO 20710037</b>	<b>E F G H I J</b>	<b>27-17S-28E</b>
<b>XO 06470324</b>	<b>K</b>	<b>27-17S-28E</b>
<b>B1 15930010</b>	<b>L</b>	<b>27-17S-28E</b>

### Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool
<b>30-015-49358</b>	<b>Halberd 27 State Com #50H</b>	<b>S/2 N/2, N/2 S/2</b>	<b>27-17S-28E</b>	<b>96830</b>
<b>30-015-49359</b>	<b>Halberd 27 State Com #51H</b>	<b>S/2 N/2, N/2 S/2</b>	<b>27-17S-28E</b>	<b>96830</b>
<b>30-015-49361</b>	<b>Halberd 27 State Com #71H</b>	<b>S/2 N/2, N/2 S/2</b>	<b>27-17S-28E</b>	<b>96830</b>
<b>30-015-49362</b>	<b>Halberd 27 State Com #72H</b>	<b>S/2 S/2</b>	<b>27-17S-28E</b>	<b>96830</b>
<b>30-015-49363</b>	<b>Halberd 27 State Com #90H</b>	<b>S/2 S/2</b>	<b>27-17S-28E</b>	<b>96830</b>

State of New Mexico  
Energy, Minerals and Natural Resources Department

## Exhibit B

Order: **CTB-1060**  
Operator: **Spur Energy Partners, LLC (328947)**

### Pooled Areas

Pooled Area	UL or Q/Q	S-T-R	Acres	Pooled Area ID
CA Yeso NMSLO	S/2 N/2, N/2 S/2	27-17S-28E	320	A

### Leases Comprising Pooled Areas

Lease	UL or Q/Q	S-T-R	Acres	Pooled Area ID
BO 20710037	E F G H I J	27-17S-28E	240	A
XO 06470324	K	27-17S-28E	40	A
B1 15930010	L	27-17S-28E	40	A

**District I**  
1625 N. French Dr., Hobbs, NM 88240  
Phone:(575) 393-6161 Fax:(575) 393-0720  
**District II**  
811 S. First St., Artesia, NM 88210  
Phone:(575) 748-1283 Fax:(575) 748-9720  
**District III**  
1000 Rio Brazos Rd., Aztec, NM 87410  
Phone:(505) 334-6178 Fax:(505) 334-6170  
**District IV**  
1220 S. St Francis Dr., Santa Fe, NM 87505  
Phone:(505) 476-3470 Fax:(505) 476-3462

**State of New Mexico**  
**Energy, Minerals and Natural Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

CONDITIONS  
  
Action 101757

CONDITIONS

Operator: Spur Energy Partners LLC 9655 Katy Freeway Houston, TX 77024	OGRID: 328947
	Action Number: 101757
	Action Type: [C-107] Surface Commingle or Off-Lease (C-107B)

CONDITIONS

Created By	Condition	Condition Date
dmcclure	Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.	9/27/2022