

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

**APPLICATION OF SPC RESOURCES, LLC
TO AMEND ORDER NO. R-21096,
EDDY COUNTY, NEW MEXICO.**

**CASE NO. _____
ORDER NO. R-21096**

APPLICATION

SPC Resources, LLC (“Applicant”) (OGRID No. 372262), through its undersigned attorneys, hereby files this application with the Oil Conservation Division, to amend Order No. R-21096: (1) to pool additional interest owners under the terms of Order No. R-21096; (2) to allow for an extension of time for drilling a well under Order No. R-21096; (3) to update the names and locations (if necessary) of the Proposed Wells, and (4) to conform Order No. R-21096 to the amended order template (“Amended Order”) described in the Division Director’s April 9, 2020 *Letter to Counsel Regarding Amended CP Order Template*. In support of its application, Applicant states:

1. Division Order No. R-21096, entered on February 12, 2020 in Case No. 20762, created a 1,267.1-acre, more or less, standard horizontal spacing unit consisting of the W/2 and E/2 of Section 12, Township 22 South, Range 26 East, and the W/2 and E/2 of Section 7, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico (the “Unit”), and designated Applicant as the operator of the Unit.

2. Order No. R-21096 further pooled the uncommitted interests in the Wolfcamp formation (Purple Sage; Wolfcamp Pool (Pool Code 98220)) in the Unit and dedicated the Unit to the following Proposed Wells: (1) the **Caveman 7-12 WCXY #2H well**; and (2) the **Caveman 7-12 WCD #3H well**.

3. Since the entry of Order No. R-21096, Applicant has changed the names of the Proposed wells as follows: the **Caveman 7-12 WCXY #2H well** is now the **Caveman 402H well**, and the **Caveman 7-12 WCD #3H well** is now the **Caveman 443H well**. Santo may update the locations of the Proposed Wells which will be presented at the hearing in this case.

4. Further, Applicant seeks to pool additional interest owners in the Unit under the terms of Order No. R-21096. The pooling of the additional interest owners under the terms of the Order will prevent waste, will protect correlative rights, and will promote administrative efficiency. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the additional interest owners should be pooled in the Unit pursuant to the terms of Order No. R-21096.

5. Applicant requests that Order No. R-21096 be re-opened and amended to allow Applicant additional time to commence drilling a well under the Order. There is good cause for Applicant's request for an extension of time due to the unfavorable economic environment, the global pandemic caused by COVID and reduction in rig count, and Applicant has delayed its intended plans to develop the acreage subject to the Order. Under the Order, Applicant would be required to commence drilling a well by February 12, 2021; and therefore asks for the deadline to commence drilling a well be extended for a year, to February 12, 2022.

6. Finally, Applicant requests that Order No. R-21096 be re-issued to conform this order to the terms of the Amended Order.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on January 7, 2021, and after notice and hearing as required by law, the Division pool the additional interest owners pursuant to the terms of Order No. R-21096; amend Order No. R-21096 to extend the time for SPC Resources LLC to commence

drilling a well under the Order for a year, through February 12, 2022; update the names and locations (if necessary) of the Proposed Wells; and amend Order No. R-21096 to conform to the terms of the Amended Order.

Respectfully submitted,

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