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

APPLICATION OF SPUR ENERGY PARTNERS, LLC TO POOL ADDITIONAL INTEREST OWNERS UNDER ORDER NO. R-22060, EDDY COUNTY, NEW MEXICO.

CASE NO. 22737 ORDER NO. R-22060 (Re-Open Case No. 22532)

EXHIBIT INDEX

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

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SELF-AFFIRMED STATEMENT OF BLAIR BRUMMELL

- 1. I am a senior landman at Spur Energy Partners, LLC ("Spur") and am over 18 years of age. I have personal knowledge of the matters addressed herein and am competent to provide this Self-Affirmed Statement. I have previously testified before the New Mexico Oil Conservation Division ("Division") and my qualifications as an expert in petroleum land matters were accepted and made a matter of record.
- 2. I am familiar with Spur's application in the above-referenced case and with the status of the lands in the subject area. A copy of Spur's application and proposed notice are attached as Exhibit A-1.
- 3. None of the parties proposed to be pooled in this case indicated opposition to this matter proceeding by affidavit, therefore I do not expect any opposition at hearing.
- 4. On March 9, 2022, the Division issued Order No. R-22060 in Case No. 22532, which pooled uncommitted interests from a depth of approximately 4,000' to the base of the Yeso formation (Artesia; Glorieta-Yeso Pool, Code 96830) in a 320-acre, more or less, standard horizontal spacing unit ("Unit") comprised of the N/2 S/2 and S/2 N/2 of Section 27, Township 17 South, Range 28 East in Eddy County, New Mexico. The Order dedicated the Unit to the Halberd

Spur Energy Partners, LLC
Case No. 22737
Exhibit A

27 State Com 50H well, Halberd State Com 51H well, and Halberd 27 State Com 71H well ("Wells") and designated Spur as operator of the Unit and the Wells.

- 5. A copy of Order No. R-22060 is attached as **Exhibit A-2**.
- 6. Since the Order was entered, Spur has identified additional interest owners in the Unit that have not been pooled under the terms of the Order.
- 7. **Exhibit A-3** provides a plat of the tracts included in the HSU, identifies the interests in each tract included in the HSU, and identifies the additional uncommitted interests to be pooled under the terms of Order No. R-22060, which are highlighted in yellow. None of the interest owners are unlocatable.
- 8. **Exhibit A-4** is a sample well proposal letter that I sent to the working interest owners.
- 9. In my opinion, Spur has made a good-faith effort to reach voluntary joinder as indicated by the chronology of contact described in **Exhibit A-5**.
- Spur requests the additional mineral interest owners be pooled under the terms of Order No. R-22060.
- 11. In my opinion, the granting of Spur's application would serve the interests of conservation and the prevention of waste.
- 12. The attached exhibits attached were either prepared by me or under my supervision or were compiled from company business records.
- 13. I understand that this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 12 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

Blair Brummell

 $\frac{4-26-32}{\text{Date}}$

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

APPLICATION OF SPUR ENERGY PARTNERS, LLC TO POOL ADDITIONAL INTEREST OWNERS UNDER ORDER NO. R-22060, EDDY COUNTY, NEW MEXICO.

CASE NO. 22737

ORDER NO. R-22060
(Re-Open Case No. 22532)

<u>APPLICATION</u>

Spur Energy Partners, LLC, OGRID No. 328947 ("Spur") files this application with the Oil Conservation Division ("Division") for the limited purpose of pooling additional interest owners under the terms of Division Order No. R-22060. In support of its application, Spur states as follows.

- 1. On March 9, 2022, the Division issued Order No. R-22060 in Case No. 22532, which pooled uncommitted interests from a depth of approximately 4,000' to the base of the Yeso formation (Artesia; Glorieta-Yeso Pool, Code 96830) in a 320-acre, more or less, standard horizontal spacing unit ("Unit") comprised of the N/2 S/2 and S/2 N/2 of Section 27, Township 17 South, Range 28 East in Eddy County, New Mexico. The Order dedicated the Unit to the **Halberd 27 State Com 50H** well, **Halberd State Com 51H** well, and **Halberd 27 State Com 71H** well ("Wells") and designated Spur as operator of the Unit and the Wells.
- 2. Since entry of the Order, Spur has identified additional interest owners in the Unit that have not been pooled under the terms of the Order.
- 3. Spur has undertaken diligent, good-faith efforts to obtain voluntary agreements from the additional interest owners to participate in the drilling of the Wells but has been unable to obtain voluntary agreements from the owners.

Spur Energy Partners, LLC Case No. 22737 Exhibit A-1

- 4. In order to permit Spur to obtain its just and fair share of the oil and gas underlying the subject lands, the additional interest owners should be pooled into the Unit pursuant to the terms of the Order.
- 5. The pooling of the additional interest owners will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Applicant requests this application be set for hearing before an Examiner of the Division on May 5, 2022, and after notice and hearing as required by law, the Division pool the additional interest owners into the Unit pursuant to the terms of Division Order No. R-22060.

Respectfully submitted,

HINKLE SHANOR LLP

/s/ Dana S. Hardy

Dana S. Hardy Jaclyn M. McLean

P.O. Box 2068

Santa Fe, NM 87504-2068

Phone: (505) 982-4554 Facsimile: (505) 982-8623

dhardy@hinklelawfirm.com

jmclean@hinklelawfirm.com

Counsel for Spur Energy Partners, LLC

Application of Spur Energy Partners, LLC, to Pool Additional Interest Owners Under Order No. R-22060, Eddy County, New Mexico. Applicant applies for an order pooling additional interest owners under the terms of Division Order No. R-22060. On March 9, 2022, the Division issued Order No. R-22060 in Case No. 22532, which pooled uncommitted interests from a depth of approximately 4,000' to the base of the Yeso formation (Artesia; Glorieta-Yeso Pool, Code 96830) in a 320-acre, more or less, standard horizontal spacing unit ("Unit") comprised of the N/2 S/2 and S/2 N/2 of Section 27, Township 17 South, Range 28 East in Eddy County, New Mexico. The Order dedicated the Unit to the Halberd 27 State Com 50H well, Halberd State Com 51H well, and Halberd 27 State Com 71H well ("Wells") and designated Spur as operator of the Unit and the Wells. Since entry of the Order, Spur has identified additional interest owners in the Unit that should be pooled under the terms of the Order. The Wells are located approximately 10 miles west of Loco Hills, New Mexico.

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

IN THE MATTER OF APPLICATION FOR COMPULSORY POOLING SUBMITTED BY SPUR ENERGY PARTNERS, LLC

CASE NO. 22532 ORDER NO. R-22060

<u>ORDER</u>

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on February 3, 2022, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

- 1. Spur Energy Partners, LLC ("Operator") submitted an application ("Application") to compulsory pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
- 2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.
- 3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
- 4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
- 5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

- 6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
- 7. Operator is the owner of an oil and gas working interest within the Unit.
- 8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
- 9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
- 10. Operator has the right to drill the Well(s) to a common source of supply at the

Spur Energy Partners, LLC Case No. 22737 Exhibit A-2

- depth(s) and location(s) in the Unit described in Exhibit A.
- 11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
- 12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
- 13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
- 14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

- 15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
- 16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
- 17. Operator is designated as operator of the Unit and the Well(s).
- 18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
- 19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
- 20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.
- 21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
- 22. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
- 23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the

CASE NO. 22532 ORDER NO. R-22060

Page 2 of 6

well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

- 24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
- 25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
- 26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
- 27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
- 28. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
- 29. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share

CASE NO. 22532 ORDER NO. R-22060

- of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
- 30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
- 31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
- 32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
- 33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
- 34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
- 35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

STATE OF NEW MEXICO OIL CONSERVATION DIVISION

ADRIENNE SANDOVAL DIRECTOR

AES/jag

Date: 3/09/2022

CASE NO. 22532 ORDER NO. R-22060

Exhibit A

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS		
Case No.:	22532	
Hearing Date:	2/3/2022	
Applicant	Spur Energy Partners, LLC	
Designated Operator & OGRID	OGRID # 328947	
Applicant's Counsel	Hinkle Shanor LLP	
Case Title	Application of Spur Energy Partners, LLC for Compulsory Pooling, Edd	
	County, New Mexico	
Entries of Appearance/Intervenors	-	
Well Family	Halberd	
Formation/Pool	Halbert	
Formation Name(s) or Vertical Extent	Yeso	
Primary Product (Oil or Gas)	Oil	
Pooling this vertical extent	Yeso, 4000' MD to 5682' MD.	
Pool Name and Pool Code	Artesia; Glorieta-Yeso (Pool Code 96830)	
Well Location Setback Rules	Statewide	
Spacing Unit Size	320-acre	
Spacing Unit	320-dcl e	
Type (Horizontal/Vertical)	Havinostal	
Size (Acres)	Horizontal	
Building Blocks	320-acre	
Orientation	quarter-quarter	
	laydown	
Description: TRS/County	N/2S/2 and S/2N/2 of Section 27, Township 17 South, Range 28 East in Eddy County, New Mexico	
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes	
Other Situations		
Depth Severance: Y/N. If yes, description	Yes; at 4000' MD in the Artesia; Glorieta-Yeso Pool	
Proximity Tracts: If yes, description	-	
Proximity Defining Well: if yes, description	- Paragraphic Research (California California Californi	
Well(s)		
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status	Add wells as needed	
standard or non-standard)		
Well #1	Halberd 27 State Com 50H (API # pending)	
	SHL: 2220' FNL & 745' FWL, Unit E, Section 26, T17S-R28E	
	BHL: 1575' FNL & 50' FWL, Unit E, Section 27, T17S-R28E	
A/-II II 2	Completion Target: Yeso formation (Approx. 4137' TVD)	
Vell #2	Halberd 27 State Com 51H (API # pending)	
	SHL: 989' FSL & 612' FWL, Unit M, Section 26, T17S-R28E	
	BHL: 1500' FSL & 50' FWL, Unit L, Section 27, T17S-R28E	
	Completion Target: Yeso formation (Approx. 4275' TVD)	
Vell #3	Halberd 27 State Com 71H (API # pending)	
	SHL: 2240' FNL & 745' FWL, Unit E, Section 26, T17S-R28E	
	BHL: 2475' FSL & 50' FWL, Unit L, Section 27, T17S-28E	
	Completion Target: Yeso formation (Approx. 4385' TVD)	
orizontal Well First and Last Take Points	Exhibit A-2	
mpletion Target (Formation, TVD and MD)	Exhibit A-4	
E Capex and Operating Costs		
illing Supervision/Month \$	8000	
roduction Supervision/Month \$	800	
stification for Supervision Costs	Exhibit A	
equested Risk Charge	200%	
equested thisk charge		

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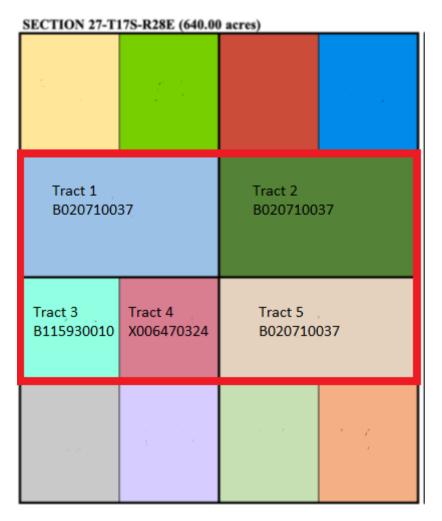
CASE NO. 22532 ORDER NO. R-22060

Exhibit A-6 Exhibit A-7 Exhibit A-3
Evhibit A 2
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Exhibit A-3
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Exhibit A-3
Exhibit A-3
Exhibit A-4
Exhibit A-3
Exhibit A-5
N/A
Exhibit A-4
Exhibit A-4
Exhibit A-4
Exhibit B
Exhibit B-1
Exhibit B-4
Exhibit B
Exhibit B
Exhibit B-3
N/A
Exhibit A-2
Exhibit A-3
Exhibit A-3
Exhibit B-1
Exhibit B-1
Exhibit B-2
Exhibit B-2
Exhibit B-3
Dana S. Hardy ,
Hours D. Hardy
2/1/2022

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Exhibit A-3

South Half of North Half (S/2 N/2) and North Half of South Half (N/2 S/2) of Section 27, Township 17 South, Range 28 East, Eddy County, New Mexico as to those depths from 4000' to the Top of the ABO Formation.



Tract 1: S2 NW4 of Section 27-17S-28E (NM State Lease No. B0-2071-0037)

•	OXY USA WTP, LP	46.80% Working Interest
•	Occidental Permian Limited Partnership	22.00% Working Interest
•	SEP Permian LLC	31.20% Working Interest

Tract 2: S2 NE4 of Section 27-17S-28E (NM State Lease No. B0-2071-0037)

•	Occidental Permian Limited Partnership	22.00% Working Interest
•	SEP Permian, LLC	78.00% Working Interest

Tract 3: NW4 SW4 of Section 27-17S-28E (NM State Lease No. B1-1593-0010)

• Kerr-McGee Oil & Gas Onshore LP 100% Working Interest

Tract 4: NE4 SW4 of Section 27-17S-28E (NM State Lease No. X0-0647-0324)

•	EOG Resources Inc.	43.75% Working Interest
•	Jalapeno Corporation	3.00% Working Interest
•	Sharbro Energy, LLC	18.75% Working Interest
•	Spiral, Inc.	7.136% Working Interest
•	Vladin LLC	12.50% Working Interest
•	Tinian Oil and Gas, LLC	12.50% Working Interest
•	Yates Energy Corporation	2.365% Working Interest

Tract 5: N2 SE4 of Section 27-17S-R28E (NM State Lease No. B0-2071-0023)

Occidental Permian Limited Partnership
 SEP Permian LLC
 22.00% Working Interest
 78.00% Working Interest

RECAPITULATION

Tract Number	Number of Acres Committed	Percentage of Interest in Unit
1	80	25.00%
2	80	25.00%
7	40	12.50%
8	40	12.50%
9	80	25.00%
TOTAL	320	100.00%

SEP Permian LLC 46.80% Working Interest

9655 Katy Freeway, Ste 500 Houston, Texas 77024

EOG Resources Inc 5.47% Working Interest

104 S. 4th Street

Artesia, New Mexico 88210

Jalapeno Corporation 0.37% Working Interest

P.O. Box 1608

Albuquerque, New Mexico 87103

Occidental Permian Limited Partnership 16.50% Working Interest

5 Greenway Plaza, Ste 110 Houston, Texas 77046

Kerr-McGee Oil & Gas Onshore LP 12.5% Working Interest

1201 Lake Robbins Dr.
The Woodlands, Texas 77380

Sharbro Energy, LLC 2.34% Working Interest

P.O. Box 840

Artesia, New Mexico 88211

Spiral, Inc. 0.89% Working Interest

P.O. Box 1933

Roswell, New Mexico 88202

Vladin LLC 1.56% Working Interest

P.O. Box 100

Artesia, New Mexico 88211

Tinian Oil and Gas, LLC 1.56% Working Interest

P.O. Box 1000

Artesia, New Mexico 88211

OXY USA WTP LP 11.70% Working Interest

S. Greenway Plaza, Ste 110 Houston, Texas 77046 Yates Energy Corporation P.O. Box 2323 Roswell, New Mexico 88202 0.30% Working Interest

Total

100% Working Interest

Leasehold Interest:

SEP Permian LLC 9655 Katy Freeway, Ste 500 Houston, Texas 77024

EOG Resources Inc 104 S. 4th Street Artesia, New Mexico 88210

Jalapeno Corporation P.O. Box 1608 Albuquerque, New Mexico 87103

Occidental Permian Limited Partnership 5 Greenway Plaza, Ste 110 Houston, Texas 77046

OXY USA WTP LP 5 Greenway Plaza, Ste 110 Houston, Texas 77046

Sharbro Energy, LLC P.O. Box 840 Artesia, New Mexico 88211

Kerr-McGee Oil & Gas Onshore LP 1201 Lake Robbins Dr. The Woodlands, Texas 77380

Spiral, Inc. P.O. Box 1933 Roswell, New Mexico 88202

Vladin LLC P.O. Box 100 Artesia, New Mexico 88211

Tinian Oil and Gas, LLC P.O. Box 1000 Artesia, New Mexico 88211

Yates Energy Corporation P.O. Box 2323 Roswell, New Mexico 88202

Overriding Royalty Interests:

The Wright Company P.O. Box 752 Stanton, Texas 79782

WPX Energy Permian LLC 333 W Sheridan Avenue Oklahoma City, OK 73102



November 12, 2021

Occidental Petroleum Corporation 5 Greenway Plaza, Ste 110 Houston, TX 77046 Sent Certified Mail, Return Receipt Requested

RE: Well Proposals – Halberd 27 State Com 50H, 51H, 71H

Proposed Spacing Unit
Section 27: S2N2 & N2S2 – 17S, R28E

Eddy County, New Mexico

Dear Working Interest Owner,

SEP Permian LLC, an affiliate of Spur Energy Partners LLC, ("Spur"), hereby proposes to drill and complete the Halberd 27 State Com 50H, 51H, and 71H as horizontal Yeso wells (the "Subject Wells") to the approximate total vertical depth as referenced below at the following proposed location (subject to change upon staking of the wells and/or pads).

Halberd 27 State Com 50H well - Horizontal Yeso Well, Eddy County, NM

- Proposed Surface Hole Location 2220' FNL & 745' FWL, Section 26, T17S-R28E
- Proposed Bottom Hole Location = 1575' FNL & 50' FWL, Section 27, T17S-R28E
- TVD: 4137'
- Total AFE: \$3,375,000

Halberd 27 State Com 51H well - Horizontal Yeso Well, Eddy County, NM

- Proposed Surface Hole Location 1825' FSL & 465' FEL, Section 28, T17S-R28E
- Proposed Bottom Hole Location 1500' FSL & 50' FEL, Section 27, T17S-R28E
- TVD: 4275'
- Total AFE: \$3,375,000

Halberd 27 State Com 71H well - Horizontal Yeso Well, Eddy County, NM

- Proposed Surface Hole Location 2240' FNL & 745' FWL, Section 26, T17S-R28E
- Proposed Bottom Hole Location = 2475' FNL & 50' FWL, Section 27, T17S-R28E
- TVD: 4385'
- Total AFE: \$3,375,000

Spur proposes to form a Drilling Spacing Unit ("DSU") covering the South Half of the North Half (S2N2) and the North Half of the South Half (N2S2) of Section 27-T17S-R28E, Eddy County, New Mexico, containing 320 acres of land, more or less, from 4000' to the base of the Yeso. Portions of these lands are likely governed by existing Joint Operating Agreements ("JOAs") which also cover the Yeso formation and which govern operations for vertical wells. For the mutually exclusive development of horizontal wells, and any concept wells (i.e micro seismic wells, pilot hole wells) within the DSU, Spur hereby submits for your consideration, a new Joint Operating Agreement dated July 1, 2022, being a modified 2015 Horizontal AAPL Form 610 Operating Agreement ("NJOA") to govern proposals and operations within the DSU. The NJOA shall supersede any existing operations under any JOAs, expressly limited however, to horizontal well development and related concept wells and operations within the DSU. The NJOA has the following general provisions:

Spur Energy Partners, LL& Case No. 22737 Exhibit A-4



- Effective Date of July 1, 2022
- Contract Area consisting of S2N2 & N2S2 of Section 27, Township 17 South, Range 28 East limited to a depth from 4000' to the base of the Yeso formation
- 100%/300%/300% non-consenting penalty
- \$8,000/\$800 drilling and producing monthly overhead rate
- Spur Energy Partners LLC named Operator

Please find the enclosed AFE's reflecting a total well cost estimate for drilling and completing costs for each well. Spur respectfully requests that you select one of the following four options with regard to your interest in the proposed well(s).

Option 1: Participate in the drilling and completion of the proposed well

Option 2: Elect to not participate in the proposed well (an election of "Non-Consent")

Term Assignment Option: Assign your working interest in the Contract Area, exclusive of wellbores of existing wells, to Spur through a Term Assignment with a primary term of (3) years and a bonus consideration of \$500 per net acre, delivering 80% leasehold net revenue interest (limited to the Yeso formation).

Assignment Option: Assign all your working interest in the Contract Area, exclusive of wellbores of existing wells, to Spur for a bonus consideration of \$1,500.00 per net acre delivering all rights owned.

Please indicate your election as to one of the above four options for each well in the space provided below and execute and return a copy of this letter to Spur by U.S. mail to the letterhead address below within 30 days of receipt of this proposal. If a voluntary agreement cannot be reached in 30 days of receipt of this letter, please be advised Spur may apply to the New Mexico Oil and Conversation Division for compulsory pooling of any uncommitted interest owners into a spacing unit for the proposed wells if uncommitted at such time.

In the event you would like to assign your interest under the terms outlined above by way of the Term Assignment Option or Assignment Option, please signify your intentions by signing the enclosed Assignment Election page and returning an executed W-9. Upon receipt Spur will submit an Assignment for your review and acceptance.

If you have any questions concerning the proposed wells, please contact Murphy Lauck by phone at 832-982-1087 or by email to mlauck@spurepllc.com

Sincerely,

Blair Brummell Senior Landman

Be Bu de



Halberd 27 State Com 50H well

Option 1) The undersigned elects to participate in the drilling and completion of the Halberd 27 State Com 50I well. Enclosed please find our share of the payment of the estimated AFE costs based upon the calculation of its working interest as stated above, with the cost and maintenance of all surface facilities, including any shared well pads, being reapportione between each well drilled in the Unit.		
Option 2) The undersigned elects not to participate in the drilling and completion of the proposed Halberd 27 State Com 50H well.		
Agreed to and Accepted this day of, 2021.		
Company/Individual:		
By:		
Name:		
Title:		



Halberd 27 State Com 51H well

Option 1) The undersigned elects to participate in the drilling and completion of the Halberd 27 State Comwell. Enclosed please find our share of the payment of the estimated AFE costs based upon the calculation of its working in as stated above, with the cost and maintenance of all surface facilities, including any shared well pads, being reapport between each well drilled in the Unit.	
Option 2) The undersigned elects not to particular to 51H well.	ticipate in the drilling and completion of the proposed Halberd 27 State
Agreed to and Accepted this day of	, 2021.
Company/Individual:	
Ву:	
Name:	
Title:	



Halberd 27 State Com 71H well

Option 1) The undersigned elects to participate in the drilling and completion of the Halberd 27 State Cowell. Enclosed please find our share of the payment of the estimated AFE costs based upon the calculation of its working is as stated above, with the cost and maintenance of all surface facilities, including any shared well pads, being reapport between each well drilled in the Unit.	
	Option 2) The undersigned elects not to participate in the drilling and completion of the proposed Halberd 27 State Com 71H well.
	Agreed to and Accepted this day of, 2021.
	Company/Individual:
	By:
	Name:
	Title:



Term Assignment Option		
The undersigned elects to assign its working interest in the Contract Area, exclusive of wellbores of existi to Spur through a term assignment with a primary term of three (3) years and a bonus consideration of \$500 per delivering a 80% leasehold net revenue interest (limited to the Yeso formation).		years and a bonus consideration of \$500 per net acre
Assignment Option		
The undersigned elects to a to Spur for a bonus consideration of \$1		ne Contract Area, exclusive of wellbores of existing wells l rights owned.
Agreed to and Accepted this da	ay of,	2021.
Company/Individual:		
Ву:		
Name:		
Title:		

Halberd 27 State Com 50H, 51H, 71H – Chronology	<u>/ Efforts</u>
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4.1.2022	Mailed out Halberd B&C Well Proposals via Certified Mail with previous TVDs and total AFE Cost to Occidental Permian Limited Partnership. Emailed Alissa Payne Halberd C Shallow, B&C, and D JOAs.
4.4.2022	Proposals delivered
4.5.2022	Received updated TVDs and total AFE Cost for Halberd 27 State Com 50H, Halberd 27 State Com 51H, and Halberd 27 State Com 71H. Mailed out a letter informing Occidental Permian Limited Partnership of the updated locations
4.6.2022	Spur grants Occidental a June 1^{st} extension for all Halberd well proposals in exchange for Oxy and its affiliates to not protest the Force Pooling Hearing on May 5^{th} .
	Oxy affiliates include: Occidental Petroleum Corporation, Occidental Permian Limited Partnership, Oxy Y-1 Company, OXY USA WTP Limited Partnership, Kerr-McGee Oil & Gas Onshore LP, and Anadarko Petroleum Corporation
4.7.2022	Revised the April 1^{st} proposals by adding the correct well locations and emailed to Alissa Payne at Occidental Permian Limited Partnership
4.7.2022	Mailed out the Halberd B&C proposals to Kerr-McGee Oil & Gas Onshore, LP to the following addresses: 1201 Lake Robbins Drive, The Woodlands, TX 77380 5 Greenway Plaza, Ste 110, Houston, TX 77046
4.8.2022	Kerr-McGee proposals are delivered to both addresses

Spur Energy Partners, LLC Case No. 22737 Exhibit A-5

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

APPLICATION OF SPUR ENERGY PARTNERS, LLC TO POOL ADDITIONAL INTEREST OWNERS UNDER ORDER NO. R-22060, EDDY COUNTY, NEW MEXICO.

CASE NO. 22737 ORDER NO. R-22060 (Re-Open Case No. 22532)

SELF-AFFIRMED STATEMENT OF DANA HARDY

- 1. I am attorney in fact and authorized representative of Spur Energy Partners, LLC, the Applicant herein, and being first duly sworn, upon oath, state as follows.
- 2. I am familiar with the Notice Letter attached as **Exhibit B-1** and caused the Notice Letter to be sent to the parties set out in the chart attached as **Exhibit B-2**.
- 3. The above-referenced Application was provided, along with the Notice Letters, to the recipients listed in Exhibit B-2. Exhibit B-2 also provides the date each Notice Letter was sent and the date each return was received and includes copies of the certified mail receipts and white slips.
- 4. On April 19, 2022, I caused a notice to be published to all interested parties in the Carlsbad Current Argus. An Affidavit of Publication from the Legal Clerk of the Carlsbad Current Argus, along with a copy of the notice publication, is attached as **Exhibit B-3**.

/s/ Dana S. Hardy	5/3/22
Dana S. Hardy	Date

Spur Energy Partners, LLC Case No. 22737 Exhibit B



HINKLE SHANOR LLP

ATTORNEYS AT LAW
PO BOX 2068
SANTA FE, NEW MEXICO 87504
505-982-4554 (FAX) 505-982-8623

WRITER:

Dana S. Hardy, Partner dhardy@hinklelawfirm.com

April 6, 2022

VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED

TO ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Case No. 22737 - Application of Spur Energy Partners, LLC to Pool Additional Interest Owners Under Order No. R-22060, Lea County, New Mexico.

To whom it may concern:

This letter is to advise you that Spur Energy Partners, LLC filed the enclosed application with the New Mexico Oil Conservation Division. The hearing will be conducted on **May 5, 2022** beginning at 8:15 a.m.

During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: http://www.emnrd.state.nm.us/OCD/announcements.html. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Pursuant to Division Rule 19.15.4.13.B, a party who intends to present evidence at the hearing shall file a pre-hearing statement and serve copies on other parties, or the attorneys of parties who are represented by counsel, at least four business days in advance of a scheduled hearing, but in no event later than 5:00 p.m. mountain time, on the Thursday preceding the scheduled hearing date. The statement must be filed at the Division's Santa Fe office or electronically submitted to ocd.hearings@state.nm.us and should include: the names of the parties and their attorneys, a concise statement of the case, the names of all witnesses the party will call to testify at the hearing, the approximate time the party will need to present its case, and identification of any procedural matters that are to be resolved prior to the hearing.

Please do not hesitate to contact me if you have any questions about this matter.

Sincerely,

/s/ Dana S. Hardy

Dana S. Hardy

Enclosure

Spur Energy Partners, LLC Case No. 22737 Exhibit B-1

PO BOX 10
ROSWELL, NEW MEXICO 88202
575-622-6510
(FAX) 575-623-9332
Released to Imaging: 5/3/2022 11:25:03 AM

PO BOX 2068 SANTA FE, NEW MEXICO 87504 505-982-4554 (FAX) 505-982-8623 7601 JEFFERSON ST NE • SUITE 180 ALBUQUERQUE, NEW MEXICO 87109 505-858-8320 (FAX) 505-858-8321

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

APPLICATION OF SPUR ENERGY PARTNERS, LLC TO POOL ADDITIONAL INTEREST OWNERS UNDER ORDER NO. R-22049, EDDY COUNTY, NEW MEXICO

Case No. 22737

NOTICE LETTERS

PARTY	NOTICE LETTER SENT	RETURN RECEIVED
Kerr-McGee Oil & Gas Onshore LP 1201 Lake Robbins Dr. The Woodlands, TX 77380	04/07/22	Picked up at facility 4/12/22
Occidental Permian Limited Partnership 5 Greenway Plaza, Ste. 110 Houston, TX 77046	04/06/22	04/18/22
Tinian Oil and Gas, LLC P.O. Box 1000 Artesia, NM 88211	04/06/22	4/26/22 Return to Sender Undeliverable
The Wright Company P.O. Box 752 Stanton, TX 79782	04/06/22	No response







HINKLE SHA LLP
ATTORNEYS A: LAW
POST OFFICE 9-0X 2068
SANTA FE. NEW MEXICO 87504





Tinian Oil and Gas, LLC P.O. Box 1000 Artesia, NM 88211





USPS Tracking®

FAQs >

Track Another Package +

Tracking Number: 70210950000203645419

Remove X

Your item was picked up at a postal facility at 11:48 am on April 12, 2022 in SPRING, TX 77387.

USPS Tracking Plus[®] Available ✓

⊘ Delivered, Individual Picked Up at Postal Facility

April 12, 2022 at 11:48 am SPRING, TX 77387

reedbac

Text & Email Updates	~
Tracking History	~
USPS Tracking Plus®	~
Product Information	~

See Less ^

Can't find what you're looking for?

Go to our FAQs section to find answers to your tracking questions.

FAQs

Feedbac

Carlsbad Current Argus.

This is to notify all interested parties, including Kerr-McGee Oil & Gas Onshore LP; Occidental

Permian Limited Partnership; Tinian Oil & Gas, LLC; The Wright Company; and their suc-cessors and assigns, that the New Mexico Oil Conservation Di-

vision will conduct a hearing on

vision will conduct a hearing on an application submitted by Spur Energy Partners, LLC (Case No. 22737). During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on May 5, 2022 beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the docket for the hearing date: http://www.emnrd

hearing date: http://www.emnrd.state.nm. us/OCD/hearings.html.

Applicant applies for an order pooling additional interest own-ers under the terms of Division

Order No. R-22060. On March 9, 2022, the Division issued Order No. R-22060 in Case No. 22532,

which pooled uncommitted in-terests from a depth of approxi-mately 4,000' to the base of the Yeso formation (Artesia; Glorieta-Yeso Pool, Code 96830)

in a 320-acre, more or less,

standard horizontal spacing unit

("Unit") comprised of the N/2 S/2 and S/2 N/2 of Section 27, Township 17 South, Range 28 East in Eddy County, New Mexico. The Order dedicated the

Unit to the Halberd 27 State
Com 50H well, Halberd State
Com 51H well, and Halberd 27
State Com 71H well ("Wells")
and designated Spur as operator
of the Unit and the Wells. Since

entry of the Order, Spur has identified additional interest owners in the Unit that should be pooled under the terms of

the Order. The Wells are located approximately 10 miles west of Loco Hills, New Mexico. #5219102, Current Argus, April

Affidavit of Publication Ad # 0005219102 This is not an invoice

HINKLE SHANOR LLP 218 MONTEZUMA

SANTA FE, NM 87501

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:

04/19/2022

Subscribed and sworn before me this April 19, 2022:

NOTARY PUBLIC

My commission expires

County of Brown

NANCY HEYRMAN Notary Public State of Wisconsin

19, 2022

Ad #0005219102 PO #: 5219102 # of Affidavits1

This is not an invoice

Spur Energy Partners, LLC Case No. 22736 Exhibit B-3