

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

**APPLICATION OF SPUR ENERGY
PARTNERS, LLC FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO**

CASE NO. _____

APPLICATION

Pursuant to NMSA § 70-2-17, Spur Energy Partners, LLC (“Spur”) applies for an order pooling all uncommitted mineral interests in the Yeso formation underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the S/2 of Section 28, Township 17 South, Range 28 East, Eddy County, New Mexico (“Unit”). In support of its application, Spur states the following.

1. Spur (OGRID No. 328947) is a working interest owner in the Unit and has the right to drill wells thereon.
2. The Unit will be dedicated to following wells (collectively “Wells”):
 - **Welch CD 28 State Com 10H, Welch CD 28 State Com 21H, Welch CD 28 State Com 51H, and Welch CD 28 State Com 91H**, which will be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 27 to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 28; and
 - **Welch CD 28 State Com 20H, Welch CD 28 State Com 50H, Welch CD 28 State Com 70H, and Welch CD 28 State Com 90H**, which will be horizontally drilled from a surface location in the NW/4 SW/4 (Unit L) of Section 27 to a bottom hole location in the NW/4 SW/4 (Unit L) of Section 28.
3. The completed interval of the **Welch CD 28 State Com 50H** will be unorthodox.

4. The completed interval of the **Welch CD 28 State Com 10H** will be located within 330' of the line separating the N/2 S/2 and S/2 S/2 of Section 28 to allow for the formation of a standard 320-acre horizontal spacing unit.

5. Spur has undertaken diligent, good-faith efforts to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the Wells but has been unable to obtain voluntary agreements from all of the mineral interest owners.

6. The pooling of uncommitted mineral interests will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

7. In order to allow Spur to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted mineral interests in the Unit should be pooled and Spur should be designated the operator of the Wells and Unit.

WHEREFORE, Spur requests this application be set for hearing on April 6, 2023, and that, after notice and hearing, the Division enter an order:

- A. Pooling all uncommitted interests in the Unit;
- B. Approving the Wells in the Unit;
- C. Designating Spur as operator of the Unit and the Wells to be drilled thereon;
- D. Authorizing Spur to recover its costs of drilling, equipping and completing the Wells;
- E. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- F. Imposing a 200% penalty for the risk assumed by Spur in drilling and completing the Wells against any working interest owner who does not voluntarily participate in the drilling of the Wells.

Respectfully submitted,

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