

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

**APPLICATION OF NSP RESOURCES,
LLC FOR APPROVAL OF AN
OVERLAPPING NON-STANDARD
HORIZONTAL SPACING UNIT AND
COMPULSORY POOLING, EDDY
COUNTY, NEW MEXICO.**

CASE NO. _____

AMENDED APPLICATION

NSP Resources, LLC, OGRID No. 333426 (“NSP” or “Applicant”), through its undersigned attorneys, hereby files this Application with the Oil Conservation Division (“Division”) pursuant to the provisions of NMSA 1978, § 70-2-17, for an order (1) approving a 1,896.92-acre, more or less, overlapping non-standard horizontal spacing unit (“NSHSU”) composed of all of Sections 7, 8, and 9, Township 18 South, Range 31 East, N.M.P.M., Eddy County, New Mexico (the “Application Lands”), and (2) pooling all uncommitted oil and gas interests in the Shugart; Bone Spring, North [56405] the “Pool”), designated as an oil pool, underlying said NSHSU.

In support of its Application, NSP states the following:

1. NSP and/or its affiliates are working interest owners in the Application Lands and have the right to drill wells thereon as the designated Operator of the Application Lands.
2. NSP seeks to dedicate all of the Application Lands to form a 1,896.92-acre, more or less, NSHSU.
3. NSP seeks to dedicate the above-referenced NHSU to the following proposed wells:
 - A. **Four Fan 9 7 Fed Com 111H** (API No. *Pending*), which is an oil well that will be horizontally drilled from a surface location in the SE/4 NE/4 (Unit H) of Section 9,

Township 18 South, Range 31 East, to a bottom hole location in the Pool in the SW/4 SW/4 (Lot 4) of Section 7, Township 18 South, Range 31 East;

B. **Four Fan 9 7 Fed Com 112H** (API No. *Pending*), which is an oil well that will be horizontally drilled from a surface location in the SE/4 NE/4 (Unit H) of Section 9, Township 18 South, Range 31 East, to a bottom hole location in the Shugart; Bone Spring Pool in the NW/4 SW/4 (Lot 3) of Section 7, Township 18 South, Range 31 East;

C. **Four Fan 9 7 Fed Com 124H** (API No. *Pending*), which is an oil well that will be horizontally drilled from a surface location in the NE/4 SE/4 (Unit I) of Section 9, Township 18 South, Range 31 East, to a bottom hole location in the Shugart; Bone Spring Pool in the NW/4 NW/4 (Lot 1) of Section 7, Township 18 South, Range 31 East;

D. **Four Fan 9 7 Fed Com 211H** (API No. *Pending*), which is an oil well that will be horizontally drilled from a surface location in the SE/4 NE/4 (Unit H) of Section 9, Township 18 South, Range 31 East, to a bottom hole location in the Shugart; Bone Spring Pool in the SW/4 SW/4 (Lot 4) of Section 7, Township 18 South, Range 31 East;

E. **Four Fan 9 7 Fed Com 212H** (API No. *Pending*), which is an oil well that will be horizontally drilled from a surface location in the SE/4 NE/4 (Unit H) of Section 9, Township 18 South, Range 31 East, to a bottom hole location in the Shugart; Bone Spring Pool in the NW/4 SW/4 (Lot 3) of Section 7, Township 18 South, Range 31 East;

F. **Four Fan 9 7 Fed Com 223H** (API No. *Pending*), which is an oil well that will be horizontally drilled from a surface location in the NE/4 SE/4 (Unit I) of Section 9, Township 18 South, Range 31 East, to a bottom hole location in the Shugart; Bone Spring Pool in the SW/4 NW/4 (Lot 2) of Section 7, Township 18 South, Range 31 East;

G. **Four Fan 9 7 Fed Com 224H** (API No. *Pending*), which is an oil well that will be horizontally drilled from a surface location in the NE/4 SE/4 (Unit I) of Section 9, Township 18 South, Range 31 East, to a bottom hole location in the Shugart; Bone Spring Pool in the NW/4 NW/4 (Lot 1) of Section 7, Township 18 South, Range 31 East;

H. **Four Fan 9 7 Fed Com 311H** (API No. *Pending*), which is an oil well that will be horizontally drilled from a surface location in the SE/4 NE/4 (Unit H) of Section 9, Township 18 South, Range 31 East, to a bottom hole location in the Shugart; Bone Spring Pool in the SW/4 SW/4 (Lot 4) of Section 7, Township 18 South, Range 31 East;

I. **Four Fan 9 7 Fed Com 312H** (API No. *Pending*), which is an oil well that will be horizontally drilled from a surface location in the SE/4 NE/4 (Unit H) of Section 9, Township 18 South, Range 31 East, to a bottom hole location in the Shugart; Bone Spring Pool in the NW/4 SW/4 (Lot 3) of Section 7, Township 18 South, Range 31 East;

J. **Four Fan 9 7 Fed Com 323H** (API No. *Pending*), which is an oil well that will be horizontally drilled from a surface location in the NE/4 SE/4 (Unit I) of Section 9, Township 18 South, Range 31 East, to a bottom hole location in the Shugart; Bone Spring Pool in the SW/4 NW/4 (Lot 2) of Section 7, Township 18 South, Range 31 East;

K. **Four Fan 9 7 Fed Com 324H** (API No. *Pending*), which is an oil well that will be horizontally drilled from a surface location in the NE/4 SE/4 (Unit I) of Section 9, Township 18 South, Range 31 East, to a bottom hole location in the Shugart; Bone Spring Pool in the NW/4 NW/4 (Lot 1) of Section 7, Township 18 South, Range 31 East;

4. All wells are orthodox in location as defined by 19.15.16.15(C) NMAC, and the take points and laterals comply with Statewide Rules for setbacks under 19.15.16.15.C(1)(a)-(b) NMAC.

5. The NSHSU will partially or entirely overlap the following spacing unit(s) and well(s) in the Bone Spring formation:

- A. A 40-acre spacing unit dedicated to the **Sand 7 Federal #002 Well** (API No. 30-015-26136) located in SE/4 NW/4 (Unit F) of Section 7, T18S, R31E, and operated by Devon Energy Production Company, LP (OGRID: 6137);
- B. A 34.18-acre spacing unit dedicated to the **Sand 7 Federal #005 Well** (API No. 30-015-26569) located in SW/4 NW/4 (Unit E) of Section 7, T18S, R31E, and operated by Devon Energy Production Company, LP (OGRID: 6137);
- C. A 40-acre spacing unit dedicated to the **Allied 7 Federal #001** (API No. 30-015-25900) located in the SW/4 NE/4 (Unit G) of Section 7, T18S, R31E, and operated by Devon Energy Production Company, LP (OGRID: 6137);
- D. A 40-acre spacing unit dedicated to the **Allied 7 Federal #004** (API No. 30-015-25973) located in the SE/4 NE/4 (Unit H) of Section 7, T18S, R31E, and operated by Devon Energy Production Company, LP (OGRID: 6137);
- E. A 40-acre spacing unit dedicated to the **Hanley Federal #001** (API No. 30-015-26068) located in the NE/4 NW/4 (Unit C) of Section 7, T18S, R31E, and operated by Devon Energy Production Company, LP (OGRID: 6137);
- F. A 40-acre spacing unit dedicated to the **Roche Federal #001** (API No. 30-015-25972) located in the SW/4 SE/4 (Unit O) of Section 7, T18S, R31E, and operated by Devon Energy Production Company, LP (OGRID: 6137);
- G. A 40-acre spacing unit dedicated to the **PMS 8 Federal #002** (API No. 30-015-26060) located in the NE/4 NW/4 (Unit C) of Section 8, T18S, R31E, and operated by Matador Production Company (OGRID: 314301);

- H. A 40-acre spacing unit dedicated to the **PMS 8 Federal #003** (API No. 30-015-26127) located in the SW/4 NW/4 (Unit E) of Section 8, T18S, R31E, and operated by Matador Production Company (OGRID: 314301);
- I. A 40-acre spacing unit dedicated to the **PMS 8 Federal #005** (API No. 30-015-26765) located in the NW/4 NW/4 (Unit D) of Section 8, T18S, R31E, and operated by NSP Resources, LLC (OGRID: 333426);
- J. A 40-acre spacing unit dedicated to the **PMS 8 Federal #006** (API No. 30-015-26766) located in the SE/4 NW/4 (Unit F) of Section 8, T18S, R31E, and operated by NSP Resources, LLC (OGRID: 333426);
- K. A 40-acre spacing unit dedicated to the **Arco 8 Federal #001** (API No. 30-015-27055) located in the NE/4 SW/4 (Unit K) of Section 8, T18S, R31E, and operated by Matador Production Company (OGRID: 314301);
- L. A 40-acre spacing unit dedicated to the **Baish Federal #002** (API No. 30-015-25728) located in the NW/4 NE/4 (Unit B) of Section 9, T18S, R31E, and operated by NSP Resources, LLC (OGRID: 333426);
- M. A 40-acre spacing unit dedicated to the **Baish Federal #003** (API No. 30-015-25729) located in the NE/4 NW/4 (Unit C) of Section 9, T18S, R31E, and operated by NSP Resources, LLC (OGRID: 333426);
- N. A 40-acre spacing unit dedicated to the **Baish Federal #004** (API No. 30-015-26219) located in the SW/4 NE/4 (Unit G) of Section 9, T18S, R31E, and operated by NSP Resources, LLC (OGRID: 333426);

- O. A 40-acre spacing unit dedicated to the **Baish Federal #005** (API No. 30-015-30901) located in the SE/4 NW/4 (Unit F) of Section 9, T18S, R31E, and operated by NSP Resources, LLC (OGRID: 333426);
 - P. A 160-acre spacing unit dedicated to the **Baish Federal #006** (API No. 30-015-30902) located in the NW/4 (Units C, D, E, F) of Section 9, T18S, R31E, and operated by NSP Resources, LLC (OGRID: 333426);
 - Q. A 40-acre spacing unit dedicated to the **Baish Federal #007** (API No. 30-015-30904) located in the SE/4 NE/4 (Unit H) of Section 9, T18S, R31E, and operated by NSP Resources, LLC (OGRID: 333426);
 - R. A 40-acre spacing unit dedicated to the **Baish Federal #008** (API No. 30-015-30837) located in the NW/4 SE/4 (Unit J) of Section 9, T18S, R31E, and operated by NSP Resources, LLC (OGRID: 333426);
 - S. A 40-acre spacing unit dedicated to the **Baish Federal #009** (API No. 30-015-30954) located in the SW/4 SE/4 (Unit O) of Section 9, T18S, R31E, and operated by NSP Resources, LLC (OGRID: 333426);
 - T. A 40-acre spacing unit dedicated to the **Baish Federal #011** (API No. 30-015-31191) located in the SE/4 SE/4 (Unit P) of Section 9, T18S, R31E, and operated by NSP Resources, LLC (OGRID: 333426);
 - U. A 40-acre spacing unit dedicated to the **Paton B Federal #003** (API No. 30-015-30835) located in the NW/4 SW/4 (Unit L) of Section 9, T18S, R31E, and operated by NSP Resources, LLC (OGRID: 333426);
6. NSP has made good faith efforts to obtain voluntary agreement from all interest owners in the Shugart; Bone Spring Pool underlying the proposed spacing unit, but has been unable

to secure agreement from all parties to participate in the drilling of the wells or otherwise commit their interests.

7. The pooling of all interests in the Shugart; Bone Spring Pool within the proposed unit will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

8. To provide for its just and fair share of oil and gas underlying the Application Lands, NSP requests that all uncommitted interests in this NSHSU be pooled and that NSP be designated as the operator of the proposed horizontal wells and NSHSU.

WHEREFORE, NSP requests this Application be set for hearing on August 6, 2026, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

- A. Approving the overlapping non-standard horizontal spacing unit; pooling all uncommitted interests in Shugart; Bone Spring Pool underlying the Application Lands; and Approving the **Four Fan 9 7 Fed Com 111H, Four Fan 9 7 Fed Com 112H, Four Fan 9 7 Fed Com 124H, Four Fan 9 7 Fed Com 211H, Four Fan 9 7 Fed Com 212H, Four Fan 9 7 Fed Com 223H, Four Fan 9 7 Fed Com 224H, Four Fan 9 7 Fed Com 311H, Four Fan 9 7 Fed Com 312H, Four Fan 9 7 Fed Com 323H, and the Four Fan 9 7 Fed Com 324H** as the initial wells for the NSHSU;
- B. Designating NSP as operator of the NSHSU and the horizontal wells to be drilled thereon;
- C. Authorizing NSP to recover its costs of drilling, completing, and equipping the wells;

- D. 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
- E. Imposing a 200% charge for the risk assumed by NSP in drilling, equipping, and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

BEATTY & WOZNIAK, P.C.

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Attorneys for NSP Resources, LLC

Application of NSP Resources, LLC for Approval of an Overlapping Non-Standard Horizontal Spacing Unit and Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) approving a 1,896.92-acre, more or less, overlapping non-standard horizontal spacing unit composed of All of Sections 7, 8, and 9, Township 18 South, Range 31 East, N.M.P.M., Eddy County, New Mexico, and (2) pooling all uncommitted oil and gas interests in the Shugart; Bone Spring, North [56405], designated as an oil pool, underlying said overlapping non-standard horizontal spacing unit. The proposed wells to be dedicated to the overlapping non-standard horizontal spacing unit are the: **Four Fan 9 7 Fed Com 111H** (API No. Pending), which is an oil well that will be horizontally drilled from a surface location in the SE/4 NE/4 (Unit H) of Section 9, Township 18 South, Range 31 East, to a bottom hole location in the Shugart; Bone Spring Pool in the SW/4 SW/4 (Lot 4) of Section 7, Township 18 South, Range 31 East; **Four Fan 9 7 Fed Com 112H** (API No. Pending), which is an oil well that will be horizontally drilled from a surface location in the SE/4 NE/4 (Unit H) of Section 9, Township 18 South, Range 31 East, to a bottom hole location in the Shugart; Bone Spring Pool in the NW/4 SW/4 (Lot 3) of Section 7, Township 18 South, Range 31 East; **Four Fan 9 7 Fed Com 124H** (API No. Pending), which is an oil well that will be horizontally drilled from a surface location in the NE/4 SE/4 (Unit I) of Section 9, Township 18 South, Range 31 East, to a bottom hole location in the Shugart; Bone Spring Pool in the NW/4 NW/4 (Lot 1) of Section 7, Township 18 South, Range 31 East; **Four Fan 9 7 Fed Com 211H** (API No. Pending), which is an oil well that will be horizontally drilled from a surface location in the SE/4 NE/4 (Unit H) of Section 9, Township 18 South, Range 31 East, to a bottom hole location in the Shugart; Bone Spring Pool in the SW/4 SW/4 (Lot 4) of Section 7, Township 18 South, Range 31 East; **Four Fan 9 7 Fed Com 212H** (API No. Pending), which is an oil well that will be horizontally drilled from a surface location in the SE/4 NE/4 (Unit H) of Section 9, Township 18 South, Range 31 East, to a bottom hole location in the Shugart; Bone Spring Pool in the NW/4 SW/4 (Lot 3) of Section 7, Township 18 South, Range 31 East; **Four Fan 9 7 Fed Com 223H** (API No. Pending), which is an oil well that will be horizontally drilled from a surface location in the NE/4 SE/4 (Unit I) of Section 9, Township 18 South, Range 31 East, to a bottom hole location in the Shugart; Bone Spring Pool in the SW/4 NW/4 (Lot 2) of Section 7, Township 18 South, Range 31 East; **Four Fan 9 7 Fed Com 224H** (API No. Pending), which is an oil well that will be horizontally drilled from a surface location in the NE/4 SE/4 (Unit I) of Section 9, Township 18 South, Range 31 East, to a bottom hole location in the Shugart; Bone Spring Pool in the NW/4 NW/4 (Lot 1) of Section 7, Township 18 South, Range 31 East; **Four Fan 9 7 Fed Com 311H** (API No. Pending), which is an oil well that will be horizontally drilled from a surface location in the SE/4 NE/4 (Unit H) of Section 9, Township 18 South, Range 31 East, to a bottom hole location in the Shugart; Bone Spring Pool in the SW/4 SW/4 (Lot 4) of Section 7, Township 18 South, Range 31 East; **Four Fan 9 7 Fed Com 312H** (API No. Pending), which is an oil well that will be horizontally drilled from a surface location in the SE/4 NE/4 (Unit H) of Section 9, Township 18 South, Range 31 East, to a bottom hole location in the Shugart; Bone Spring Pool in the NW/4 SW/4 (Lot 3) of Section 7, Township 18 South, Range 31 East; **Four Fan 9 7 Fed Com 323H** (API No. Pending), which is an oil well that will be horizontally drilled from a surface location in the NE/4 SE/4 (Unit I) of Section 9, Township 18 South, Range 31 East, to a bottom hole location in the Shugart; Bone Spring Pool in the SW/4 NW/4 (Lot 2) of Section 7, Township 18 South, Range 31 East; and the **Four Fan 9 7 Fed Com 324H** (API No. Pending), which is an oil well that will be horizontally drilled from a surface location in the NE/4 SE/4 (Unit I) of Section 9, Township 18 South, Range 31 East, to a bottom hole location in the Shugart; Bone Spring Pool in the NW/4 NW/4 (Lot 1) of Section 7, Township

18 South, Range 31 East. The wells are orthodox in location, and the take points and laterals comply with Statewide Rules for setbacks. The proposed unit will partially or entirely overlap with the following existing spacing unit(s) and well(s) in the Bone Spring formation:

- A 40-acre spacing unit dedicated to the Sand 7 Federal #002 Well (API No. 30-015-26136) located in SE/4 NW/4 (Unit F) of Section 7, T18S, R31E, and operated by Devon Energy Production Company, LP (OGRID: 6137);
- A 34.18-acre spacing unit dedicated to the Sand 7 Federal #005 Well (API No. 30-015-26569) located in SW/4 NW/4 (Unit E) of Section 7, T18S, R31E, and operated by Devon Energy Production Company, LP (OGRID: 6137);
- A 40-acre spacing unit dedicated to the Allied 7 Federal #001 (API No. 30-015-25900) located in the SW/4 NE/4 (Unit G) of Section 7, T18S, R31E, and operated by Devon Energy Production Company, LP (OGRID: 6137);
- A 40-acre spacing unit dedicated to the Allied 7 Federal #004 (API No. 30-015-25973) located in the SE/4 NE/4 (Unit H) of Section 7, T18S, R31E, and operated by Devon Energy Production Company, LP (OGRID: 6137);
- A 40-acre spacing unit dedicated to the Hanley Federal #001 (API No. 30-015-26068) located in the NE/4 NW/4 (Unit C) of Section 7, T18S, R31E, and operated by Devon Energy Production Company, LP (OGRID: 6137);
- A 40-acre spacing unit dedicated to the Roche Federal #001 (API No. 30-015-25972) located in the SW/4 SE/4 (Unit O) of Section 7, T18S, R31E, and operated by Devon Energy Production Company, LP (OGRID: 6137);
- A 40-acre spacing unit dedicated to the PMS 8 Federal #002 (API No. 30-015-26060) located in the NE/4 NW/4 (Unit C) of Section 8, T18S, R31E, and operated by Matador Production Company (OGRID: 314301);
- A 40-acre spacing unit dedicated to the PMS 8 Federal #003 (API No. 30-015-26127) located in the SW/4 NW/4 (Unit E) of Section 8, T18S, R31E, and operated by Matador Production Company (OGRID: 314301);
- A 40-acre spacing unit dedicated to the PMS 8 Federal #005 (API No. 30-015-26765) located in the NW/4 NW/4 (Unit D) of Section 8, T18S, R31E, and operated by NSP Resources, LLC (OGRID: 333426);
- A 40-acre spacing unit dedicated to the PMS 8 Federal #006 (API No. 30-015-26766) located in the SE/4 NW/4 (Unit F) of Section 8, T18S, R31E, and operated by NSP Resources, LLC (OGRID: 333426);
- A 40-acre spacing unit dedicated to the Arco 8 Federal #001 (API No. 30-015-27055) located in the NE/4 SW/4 (Unit K) of Section 8, T18S, R31E, and operated by Matador Production Company (OGRID: 314301);
- A 40-acre spacing unit dedicated to the Baish Federal #002 (API No. 30-015-25728) located in the NW/4 NE/4 (Unit B) of Section 9, T18S, R31E, and operated by NSP Resources, LLC (OGRID: 333426);
- A 40-acre spacing unit dedicated to the Baish Federal #003 (API No. 30-015-25729) located in the NE/4 NW/4 (Unit C) of Section 9, T18S, R31E, and operated by NSP Resources, LLC (OGRID: 333426);
- A 40-acre spacing unit dedicated to the Baish Federal #004 (API No. 30-015-26219) located in the SW/4 NE/4 (Unit G) of Section 9, T18S, R31E, and operated by NSP Resources, LLC (OGRID: 333426);

- A 40-acre spacing unit dedicated to the Baish Federal #005 (API No. 30-015-30901) located in the SE/4 NW/4 (Unit F) of Section 9, T18S, R31E, and operated by NSP Resources, LLC (OGRID: 333426);
- A 160-acre spacing unit dedicated to the Baish Federal #006 (API No. 30-015-30902) located in the NW/4 (Units C, D, E, F) of Section 9, T18S, R31E, and operated by NSP Resources, LLC (OGRID: 333426);
- A 40-acre spacing unit dedicated to the Baish Federal #007 (API No. 30-015-30904) located in the SE/4 NE/4 (Unit H) of Section 9, T18S, R31E, and operated by NSP Resources, LLC (OGRID: 333426);
- A 40-acre spacing unit dedicated to the Baish Federal #008 (API No. 30-015-30837) located in the NW/4 SE/4 (Unit J) of Section 9, T18S, R31E, and operated by NSP Resources, LLC (OGRID: 333426);
- A 40-acre spacing unit dedicated to the Baish Federal #009 (API No. 30-015-30954) located in the SW/4 SE/4 (Unit O) of Section 9, T18S, R31E, and operated by NSP Resources, LLC (OGRID: 333426);
- A 40-acre spacing unit dedicated to the Baish Federal #011 (API No. 30-015-31191) located in the SE/4 SE/4 (Unit P) of Section 9, T18S, R31E, and operated by NSP Resources, LLC (OGRID: 333426);
- A 40-acre spacing unit dedicated to the Paton B Federal #003 (API No. 30-015-30835) located in the NW/4 SW/4 (Unit L) of Section 9, T18S, R31E, and operated by NSP Resources, LLC (OGRID: 333426);

The wells and lands are located approximately 5.10 miles southeast of Loco Hills, New Mexico.