

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

Sarah Cottrell Propst
Cabinet Secretary

Todd E. Leahy, JD, PhD
Deputy Cabinet Secretary

Adrienne Sandoval, Director
Oil Conservation Division



May 23, 2019

Mr. John F. Special
Special Energy Corporation
P.O. Box 369
Stillwater OK, 74076

RE: Request for Time Extension to Complete the following Wells

Case No. 16079, R-14685-A approved date June 7, 2018

Applicant/Operator: Special Energy Corporation

Proposed Well:

Sarah Well No. 1H, API No. 30-025-PENDING, Spud: Not Yet

Dear Sir:

The following pertains to your request received by the Division on April 3, 2019 and to the requirements in the captioned hearing order.

You have requested an extension of the time limit given by the Division in the captioned order in which to complete at least one of the captioned well(s) after commencement of drilling operations on the first of the proposed well(s). The operator has not spud this well.

The well could not be completed due to a lack of produced water disposal, lack of electric services, fresh water usage restrictions, lack of gas market access and drilling contractor availability. Accordingly, you are requesting a new drilling date of June 30, 2020 to replace the existing time limit.

The operator is hereby granted an extension time limit to June 30, 2020 of the referenced well(s) to the date the C-104 is approved for at least one of the wells. All other provisions of this order remain in full force and effect.

Sincerely,

A handwritten signature in black ink, appearing to read "AS", is written over a horizontal line.

Adrienne Sandoval
Director

AS/lrl

cc: Oil Conservation Division – Hobbs
Case No. 16079

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

Sarah Cottrell Propst
Cabinet Secretary

Todd E. Leahy, JD, PhD
Deputy Cabinet Secretary

Adrienne Sandoval, Director
Oil Conservation Division



May 23, 2019

Mr. John F. Special
Special Energy Corporation
P.O. Box 369
Stillwater OK, 74076

RE: Request for Time Extension to Complete the following Wells

Case No. 16079, R-14685-A approved date June 7, 2018

Applicant/Operator: Special Energy Corporation

Proposed Well:

Sarah Well No. 1H, API No. 30-025-PENDING, Spud: Not Yet

Dear Sir:

The following pertains to your request received by the Division on April 3, 2019 and to the requirements in the captioned hearing order.

You have requested an extension of the time limit given by the Division in the captioned order in which to complete at least one of the captioned well(s) after commencement of drilling operations on the first of the proposed well(s). The operator has not spud this well.

The well could not be completed due to a lack of produced water disposal, lack of electric services, fresh water usage restrictions, lack of gas market access and drilling contractor availability. Accordingly, you are requesting a new drilling date of June 30, 2020 to replace the existing time limit.

The operator is hereby granted an extension time limit to June 30, 2020 of the referenced well(s) to the date the C-104 is approved for at least one of the wells. All other provisions of this order remain in full force and effect.

Sincerely,

A handwritten signature in black ink, appearing to read "AS", is written over a horizontal line.

Adrienne Sandoval
Director

AS/lrl

cc: Oil Conservation Division – Hobbs
Case No. 15998

APR 09 2019 AM 11:41



April 3, 2019

Attention: Mr. Will Jones, Engineering Bureau
State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
1220 South St. Francis Drive
Sante Fe, NM 87505

RE: REQUEST FOR TIME EXTENSION
Order No. R-14685-A
Case No. 16079

Dear Mr. Jones:

Order No. R-14685-A issued by the New Mexico Oil Conservation Division established a 320-acre non-standard spacing and proration unit for oil and gas production (San Andres formation) with compulsory pooling covering the **E/2 of Section 29, Township 12 South, Range 38 East, NMPM**, Lea County, New Mexico. Drilling operations of the unit well were specified to commence on or before June 30, 2019.

Llano Energy LLC, as applicant, and Special Energy Corporation, as operator, do hereby request a one-year time extension of Order No. R-14685-A for the following reasons:

- (1) Lack of produced water disposal capacity
- (2) Lack of electric service
- (3) Annual fresh water usage restrictions
- (4) Lack of gas market access
- (5) Drilling contractor availability

Please call Gary Bond at 405-377-1177 with any questions or comments. Thank you.

Respectfully submitted,

APPLICANT:
Llano Energy LLC

John F. Special, Chief Executive Officer

OPERATOR:
Special Energy Corporation

Gary Bond, Vice President

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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION TO CONSIDER:**

**CASE NO. 16079
ORDER NO. R-14685-A
*Nunc Pro Tunc***

**APPLICATION OF LLANO ENERGY, LLC FOR A NON-STANDARD SPACING
AND PRORATION UNIT, COMPULSORY POOLING, AND UNORTHODOX
WELL LOCATION, LEA COUNTY, NEW MEXICO**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on May 3, 2018, at Santa Fe, New Mexico, before Examiner Michael A. McMillan. On May 16, 2018, the Division Director issued Order No. R-14685.

NOW, on this 7th day of June 2018, the Division Director,

FINDS THAT

(1) Division Order No. R-14685 contains clerical errors pertaining to the date certain to commence drilling, the effects of not commencing drilling within a date certain, and the location of the proposed well.

IT IS THEREFORE ORDERED THAT

(1) Finding Paragraph (3) is hereby amended and replaced *nunc pro tunc* effective as of the date of the original order, to read as follows:

(3) *The Unit will be dedicated to Applicant's Sarah Well No. 1H (the "proposed well"; API No. 30-025-pending), a horizontal well to be drilled from a surface location 480 feet from the North line and 1120 feet from the East line (Unit A) of Section 32, to a bottom-hole location 100 feet from the North line and 1300 feet from the East line (Unit A) of Section 29, both in Township 12 South, Range 38 East, NMPM. The location of the completed interval will be unorthodox for oil production within the Unit.*

(2) Ordering Paragraphs (3), (4), (5), and (6) are hereby amended and replaced *nunc pro tunc* effective as of the date of the original order, to read as follows:

(3) *The Unit shall be dedicated to Applicant's Sarah Well No. 1H (the "proposed well"; API No. 30-025-pending), a horizontal well to be drilled from a surface location 480 feet from the North line and 1120 feet from the East line (Unit A) of Section 32, to a bottom-hole location 100 feet from the North line and 1300 feet from the East line (Unit A) of Section 29, both in Township 12 South, Range 38 East, NMPM.*

(4) *The requested Non-Standard location is hereby approved. The completed interval of the proposed well shall be no closer than 100 feet from the South line and 1300 feet from the East line (Unit P) and the last perforation shall be no closer than 100 feet from the North line and 1300 feet from the East line (Unit A), both in Section 29, Township 12 South, Range 38 East, NMPM.*

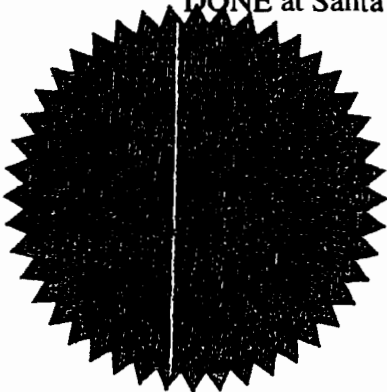
(5) *The operator of the Unit shall commence drilling the proposed well on or before June 30 2019 and shall thereafter continue drilling the proposed well with due diligence to test the San Andres formation.*

(6) *In the event the operator does not commence drilling the proposed well on or before June 30, 2019, Ordering Paragraphs (1) and (2) shall be of no effect, unless the operator obtains a time extension from the Division Director for good cause demonstrated by satisfactory evidence.*

(3) In all other respects, Order No. R-14685 shall remain in full force and effect as originally written.

(4) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

HEATHER RILEY
Director