

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

**APPLICATION OF SEP PERMIAN, LLC
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

SEP Permian, LLC (“Spur” or “Applicant”) (OGRID No. 338479) through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Yeso formation underlying a standard 320-acre horizontal spacing unit comprised of the S/2 of Section 33, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico. In support of its application, Spur states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.

2. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed initial wells:

- The **Dorami 33 Fed Com #2H Well**, the **Dorami 33 Fed Com #3H Well**, and the **Dorami 33 Fed Com #4H Well**, each of which will be horizontally drilled from a common surface location in the NW/4 SW/4 (Unit L) of Section 34 to bottom-hole locations in the NW/4 SW/4 (Unit L) of Section 33; and
- The **Dorami 33 Fed Com #8H Well**, the **Dorami 33 Fed Com #9H Well**, and the **Dorami 33 Fed Com #10H Well**, each of which will be horizontally drilled from

a common surface location in the SW/4 SW/4 (Unit M) of Section 34 to bottom-hole locations in the SW/4 SW/4 (Unit M) of Section 33.

3. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all of the interest owners in the subject spacing unit.

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

5. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled and Applicant should be designated the operator of these proposed horizontal wells and this horizontal spacing unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 3, 2019, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the horizontal spacing unit in the Yeso formation and approving the initial wells thereon;
- B. Designating Applicant as operator of this spacing unit and the horizontal wells to be drilled thereon;
- C. Authorizing Applicant to recover its costs of drilling, equipping, and completing 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 Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

HOLLAND & HART LLP

By: 

Michael H. Feldewert
Adam G. Rankin
Julia Broggi
Kaitlyn A. Luck
Post Office Box 2208
Santa Fe, NM 87504
505-998-4421
505-983-6043 Facsimile
mfeldewert@hollandhart.com
agrarkin@hollandhart.com
jbroggi@hollandhart.com
kaluck@hollandhart.com

ATTORNEYS FOR SEP PERMIAN, LLC

CASE _____:

Application of SEP Permian, LLC for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Yeso formation underlying a standard 320-acre horizontal spacing unit comprised of the S/2 of Section 33, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico. Applicant proposes to dedicate the above-referenced spacing unit to the following wells:

- The **Dorami 33 Fed Com #2H Well**, the **Dorami 33 Fed Com #3H Well**, and the **Dorami 33 Fed Com #4H Well**, each of which will be horizontally drilled from a common surface location in the NW/4 SW/4 (Unit L) of Section 34 to bottom-hole locations in the NW/4 SW/4 (Unit L) of Section 33; and
- The **Dorami 33 Fed Com #8H Well**, the **Dorami 33 Fed Com #9H Well**, and the **Dorami 33 Fed Com #10H Well**, each of which will be horizontally drilled from a common surface location in the SW/4 SW/4 (Unit M) of Section 34 to bottom-hole locations in the SW/4 SW/4 (Unit M) of Section 33.

Also, to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a 200% charge for risk involved in drilling said wells. Said area is located approximately 13 miles south of Artesia, New Mexico.