

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

**APPLICATION OF SEP PERMIAN LLC
TO AMEND ORDER R-20412 TO ADD
ADDITIONAL WELLS TO THE APPROVED
HORIZONTAL WELL SPACING UNIT,
EDDY COUNTY, NEW MEXICO**

**CASE NO. 21024
ORDER NO. R-20412-A**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on February 6, 2020, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. On February 28, 2019, OCD issued Order R-20412 to Percussion Petroleum Operating (“Percussion”) to pool the uncommitted oil and gas interests within the specified spacing unit (“Unit”).
2. Subsequent to the issuance of Order R-20412, SEP Permian, LLC (“Operator”) succeeded to the interest of Percussion in the Unit.
3. Subsequent to the issuance of Order R-20412, Operator decided to add additional Wells (“Wells”) to the Unit as described in Exhibit A.
4. Operator provided evidence that it gave notice of the Application and the hearing to the previously pooled interest owners.
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 Wells to a common source of supply at the depth and location in the Unit described in Exhibit A.
11. This Order affords to each owner of an uncommitted interest the opportunity to produce its just and equitable share of the oil or gas in the pool.

ORDER

12. The Wells will now be dedicated to the Unit established by Order R-20396.
13. If the location of the wells 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.
14. The Operator shall commence drilling the Wells within one year after the date of this Order, and complete the Wells no later than one (1) year after the commencement of drilling the Wells.
15. This Order shall terminate automatically if Operator fails to comply with Paragraph 14 unless Operator obtains an extension by an amendment of this Order for good cause shown.
16. Order R-20412 shall remain in full force and effect.
17. 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: 9/03/2020

Exhibit A

COMPULSORY POOLING APPLICATION CHECKLIST (pdf)	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
21024	APPLICANT'S RESPONSE
Date: February 6, 2020	
Applicant	SEP PERMIAN, LLC
Designated Operator & OGRID (affiliation if applicable)	SEP PERMIAN, LLC (OGRID 338479)
Applicant's Counsel:	Holland & Hart LLP
Case Title:	APPLICATION OF SEP PERMIAN, LLC TO AMEND ORDER NO. R-20412 TO ADD ADDITIONAL WELLS TO THE APPROVED HORIZONTAL WELL SPACING UNIT, EDDY COUNTY, NEW MEXICO.
Entries of Appearance/Intervenors:	None
Well Family	Lakewood Fed Com wells
Formation/Pool	
Formation Name(s) or Vertical Extent:	Glorieta-Yeso formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Glorieta-Yeso formation
Pool Name and Pool Code:	N. Seven Rivers; Glorieta-Yeso Pool (Pool Code 97565)
Well Location Setback Rules:	Statewide oil
Spacing Unit Size:	160 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	160 acres, more or less
Building Blocks:	40-acre
Orientation:	Standup
Description: TRS/County	E/2 W/2 of Section 34, Township 19 South, Range 25 East, NMPM, 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, depth severance at 3095' TVD in the SE/4 SE/4 of Section 34. See Exhibit C, ¶ 13; Case No. 20188, Exhibit 1, ¶ 16. Spur owns 100% of the working interest ownership below the depth severance line. Spur is the only affected owner and has agreed to pay all the mineral owners in the Unit as if there was no depth severance
Proximity Tracts: If yes, description	None
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	Yes
Well(s)	

Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	
Well #1	<p>Lakewood Fed Com Well No. 9H, API No. 30-015-45677 SHL:485 feet from the South line and 2375 feet from the East line, (Unit N) of Section 27, Township 19 South, Range 25 East, NMPM. BHL:50 feet from the South line and 2630 feet from the West line, (Unit N) of Section 34, Township 19 South, Range 25 East, NMPM.</p> <p>Completion Target: Glorieta-Yeso at approx 3025 feet TVD. Well Orientation: North to South Completion Location expected to be:non-standard</p>
Well #2	<p>Lakewood Fed Com Well No. 10H, API No. 30-015-45678 SHL:465 feet from the South line and 2375 feet from the West line, (Unit N) of Section 27, Township 19 South, Range 25 East, NMPM. BHL:50 feet from the North line and 2274 feet from the West line, (Unit N) of Section 34, Township 19 South, Range 25 East, NMPM.</p> <p>Completion Target: Glorieta-Yeso at approx 2725 feet TVD. Well Orientation: North to South Completion Location expected to be:standard</p>
Well #3	<p>Lakewood Fed Com Well No. 14H, API No. 30-015-46122 SHL:430 feet from the North line and 1290 feet from the West line, (Lot 4) of Section 3, Township 20 South, Range 25 East, NMPM. BHL:50 feet from the North line and 1561 feet from the West line, (Unit C) of Section 34, Township 19 South, Range 25 East, NMPM.</p> <p>Completion Target: Glorieta-Yeso at approx 2780 feet TVD. Well Orientation: North to South Completion Location expected to be:non-standard</p>
Horizontal Well First and Last Take Points	See Exhibit C-2, C-3 for the C-102s
Completion Target (Formation, TVD and MD)	See Exhibit C-5 for the well proposals of the wells. This data is also listed above with each well.

AFE Capex and Operating Costs	
Drilling Supervision/Month \$	See Order No. R-20412
Production Supervision/Month \$	See Order No. R-20412
Justification for Supervision Costs	See Order No. R-20412
Requested Risk Charge	See Order No. R-20412
Notice of Hearing	
Proposed Notice of Hearing	See Application
Proof of Mailed Notice of Hearing (20 days before hearing)	See Exhibit D-1
Proof of Published Notice of Hearing (10 days before hearing)	See Exhibit D-2
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit C-4
Tract List (including lease numbers and owners)	Exhibit C-4
Pooled Parties (including ownership type)	Exhibit C-4, D-1
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit C-5
List of Interest Owners (ie Exhibit A of JOA)	Exhibit C-4, D-1
Chronology of Contact with Non-Joined Working Interests	Exhibit C-6
Overhead Rates In Proposal Letter	See Order No. R-20412, Exhibit C-5
Cost Estimate to Drill and Complete	Exhibit C-5
Cost Estimate to Equip Well	Exhibit C-5
Cost Estimate for Production Facilities	Exhibit C-5
Geology	
Summary (including special considerations)	See Case No. 20188, Exhibit 2
Spacing Unit Schematic	See Case No. 20188, Exhibit 2
Gunbarrel/Lateral Trajectory Schematic	N/A
Well Orientation (with rationale)	See Case No. 20188, Exhibit 2
Target Formation	See Case No. 20188, Exhibit 2
HSU Cross Section	See Case No. 20188, Exhibit 2
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit C-2, C-3
Tracts	Exhibit C-4
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit C-4
General Location Map (including basin)	See Case No. 20188, Exhibit 2

Well Bore Location Map	See Case No. 20188, Exhibit 2
Structure Contour Map - Subsea Depth	See Case No. 20188, Exhibit 2
Cross Section Location Map (including wells)	See Case No. 20188, Exhibit 2
Cross Section (including Landing Zone)	See Case No. 20188, Exhibit 2
Additional Information	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Kaitlyn A. Luck
Signed Name (Attorney or Party Representative):	
Date:	26-Aug-20