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

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

CASE NOS. 21586 & 21587

SPUR ENERGY PARTNERS, LLC'S CONSOLIDATED PRE-HEARING STATEMENT

Spur Energy Partners, LLC ("Spur") (OGRID No. 328947), the applicant in the above-referenced case, submits this Consolidated Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

ATTORNEY

Spur Energy Partners, LLC

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APPLICANT'S STATEMENT OF CASE

In Case No. 21586, Spur seeks an order pooling all uncommitted interests in a portion of the Yeso formation [Red Lake, Glorieta-Yeso (51120)], from the top of the Yeso formation to a depth of 3,000 feet, in the 160-acre horizontal spacing comprised of the N/2 S/2 of Section 18, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico. Spur seeks to dedicate this spacing unit to the proposed initial Smashing Pumpkins #1H well (API No.

30-15-pending), to be drilled from a surface location in the NE/4 SE/4 (Unit I) of Section 13 to a bottom hole location in the NE/4 SE/4 (Unit I) of Section 18. The completed interval for each well will comply with Statewide rules for oil wells. A depth severance exists in the Yeso formation within the proposed the horizontal spacing unit. Spur seeks to pool only a portion of the Yeso formation, from the top of the Yeso formation to a depth of 3,000 feet, as defined in the Misc. 127/584 Pooling Agreement for the S/2 of Section 18, dated January 21, 1975, and in the Gamma Ray-Neutron Log of the Feathers Comm No. 1H Well (API No. 30-015-21356).

In Case No. 21587, Spur seeks an order pooling all uncommitted interests in a portion of the Yeso formation [Red Lake, Glorieta-Yeso (51120)], from a depth of 3,001 feet to the base of the Yeso formation, in the 160-acre horizontal spacing comprised of the N/2 S/2 of Section 18, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico. Spur seeks to dedicate this spacing unit to these proposed initial wells: (1) the Smashing Pumpkins #10H well (API No. 30-15-pending), (2) the Smashing Pumpkins #50H well (API No. 30-15-pending), and (3) the Smashing Pumpkins #70H well (API No. 30-15-pending), to be drilled from a common surface location in the NE/4 SE/4 (Unit I) of Section 13 to bottom hole locations in the NE/4 SE/4 (Unit I) of Section 18. The completed interval for each well will comply with Statewide rules for oil wells. A depth severance exists in the Yeso formation within the proposed the horizontal spacing unit. As such, Spur seeks to pool only a portion of the Yeso formation, from a depth of 3,001 feet, to the base of the Yeso formation, as defined in the Misc. 127/584 Pooling Agreement for the S/2 of Section 18, dated January 21, 1975, and in the Gamma Ray-Neutron Log of the Feathers Comm No. 1H Well (API No. 30-015-21356).

APPLICANT'S PROPOSED EVIDENCE

| <u>WITNESS</u> Name and Expertise | ESTIMATED TIME | EXHIBITS |
|--------------------------------------|----------------|-----------------|
| Megan Peña, Landman | Affidavit | Approx. 4 |
| C.J. Lipinski, Geologist | Affidavit | Approx. 4 |

PROCEDURAL MATTERS

If uncontested at the time of hearing, Spur intends to present these consolidated cases by affidavit.

Respectfully submitted,

HOLLAND & HART LLP

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