

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

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

**Case No. \_\_\_\_\_**

**APPLICATION**

Pursuant to NMSA § 70-2-17, Spur Energy Partners, LLC (“Spur”) applies for an order pooling all uncommitted mineral interests in the Yeso formation in a 320-acre, more or less, standard (proximity tract) horizontal spacing unit comprised of the S/2 of Section 3, Township 17 South, Range 30 East in Eddy County, New Mexico. In support of its application, Spur states the following.

1. Spur (OGRID No. 328947) is a working interest owner in the horizontal spacing unit and has the right to drill wells thereon.
2. The horizontal spacing unit will be dedicated to following wells:
  - a. Poseidon 3 Fed #20H well, which will be horizontally drilled from a surface location in Unit I in Section 4 to a bottom hole location in Unit I in Section 3;
  - b. Poseidon 3 Fed #23H well, which will be horizontally drilled from a surface location in Unit I in Section 4 to a bottom hole location in Unit I in Section 3; and
  - c. Poseidon 3 Fed #27H well, which will be horizontally drilled from a surface location in Unit I in Section 4 to a bottom hole location in Unit P in Section 3.
3. The completed intervals of the wells will be orthodox.

4. Spur has undertaken diligent, good-faith efforts to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the wells but has been unable to obtain voluntary agreements from all of the mineral interest owners.

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

6. In order to allow Spur to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted mineral interests in the horizontal spacing unit should be pooled.

WHEREFORE, Spur requests that this application be set for hearing on November 5, 2020 and that, after notice and hearing, the Division enter an order:

A. Pooling all uncommitted mineral interests in the Yeso formation underlying the S/2 of Section 3, Township 17 South, Range 30 East in Eddy County;

B. Authorizing Spur to recover its costs of drilling, equipping, and completing the Poseidon 3 Fed #20H, #23H, and #27H wells;

C. Considering the cost of drilling and completing the wells and allocating the cost among the uncommitted mineral interest owners;

D. Approving the actual operating charges and costs of supervision during drilling and after completion, together with a provision for adjusting the rates pursuant to the COPAS accounting procedure; and

E. Imposing a 200% penalty for the risk assumed by Spur in drilling and completing the Poseidon 3 Fed #20H, #23H, and #27H wells against any mineral interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

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