

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

**APPLICATION OF SPUR ENERGY  
PARTNERS LLC FOR COMPULSORY  
POOLING AND APPROVAL OF OVERLAPPING  
SPACING UNIT, EDDY COUNTY, NEW MEXICO.**

**CASE NO. \_\_\_\_\_**

**APPLICATION**

Pursuant to NMSA § 70-2-17, Spur Energy Partners LLC (OGRID No. 328947) (“Applicant”) applies for an order pooling all uncommitted interests in the Yeso formation underlying a 320.79-acre, more or less, standard, overlapping horizontal spacing unit comprised of the E/2 of Section 2, Township 18 South, Range 27 East, Eddy County, New Mexico (“Unit”).

In support of this application, Spur states the following:

1. Applicant is a working interest owner in the Unit and has the right to drill wells thereon.
2. Applicant seeks to dedicate the Unit to the following wells (“Wells”):
  - a. **Cheshire Cat State Com 1H, Cheshire Cat State Com 20H, and Cheshire Cat State Com 50H**, to be drilled from a surface hole location in NE/4 NE/4 (Unit A) of Section 11 to a bottom hole location in NW/4 NE/4 (Unit B) of Section 2; and
  - b. **Cheshire Cat State Com 21H and Cheshire Cat State Com 51H**, to be drilled from a surface hole location in NE/4 NE/4 (Unit A) of Section 11 to a bottom hole location in NE/4 NE/4 (Unit A) of Section 2.
3. The completed intervals of the Wells will be orthodox.
4. The completed interval of the **Cheshire Cat State Com 1H** well will be located within 330’ of the quarter-quarter section line separating the W/2 E/2 and E/2 E/2 of Section 2 to

allow for the creation of a 320.79-acre standard horizontal spacing unit.

5. The spacing unit for the Wells partially overlaps with the spacing units for the following wells, which produce from the Red Lake; Glorieta-Yeso, Northeast Pool (Code 96836):

- a. State H #002 (API No. 30-015-35814) located in the SE/4 NE/4 (Unit H) of Section 2, Township 18 South, Range 27 East; and
- b. SCBP STATE #001 (API No. 30-015-32946) located in the NW/4 SE/4 (Unit J) of Section 2, Township 18 South, Range 27 East.

6. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from all interest owners to participate in the drilling of the Wells but has been unable to obtain voluntary agreements from all interest owners.

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

8. In order to allow Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in the Unit should be pooled and Applicant should be designated the operator of the Wells and Unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on December 4, 2025, and, after notice and hearing as required by law, the Division enter an order:

- a. Pooling all uncommitted interests in the Unit;
- b. Approving the Wells in the Unit;
- c. Approving the overlapping spacing unit;
- d. Designating Applicant as operator of the Unit and the Wells to be drilled thereon;
- e. Authorizing Applicant to recover its costs of drilling, equipping and completing the Wells;

- f. 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
- g. Imposing a 200% penalty 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,

HARDY MCLEAN LLC

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