

**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 (from the stratigraphic equivalent of 4,225’ MD to 5,000’ MD as observed on the Anderson-Federal 1 well Schlumberger Sidewall Neutron Porosity Log (API No. 30-015-20565)) in a 315-acre, more or less, standard (proximity tract) horizontal spacing unit comprised of the S/2 of Section 7, 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 the following wells:
 - (a) Merak 7 Federal 10H well, which will be horizontally drilled from a surface location in Unit L of Section 8 to a bottom hole location in Lot 3 of Section 7;
 - (b) Merak 7 Federal 11H well, which will be horizontally drilled from a surface location in Unit M of Section 8 to a bottom hole location in Lot 4 of Section 7;
 - (c) Merak 7 Federal 22H well, which will be horizontally drilled from a surface location in Unit M of Section 8 to a bottom hole location in Lot 3 of Section 7;

- (d) Merak 7 Federal 51H well, which will be horizontally drilled from a surface location in Unit L of Section 8 to a bottom hole location in Lot 3 of Section 7; and
- (e) Merak 7 Federal 52H well, which will be horizontally drilled from a surface location in Unit M of Section 8 to a bottom hole location in Lot 4 of Section 7.

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 prevent 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 and Spur should be designated the operator of the proposed horizontal wells and spacing unit.

WHEREFORE, Spur requests that this application be set for hearing on March 4, 2021 and that, after notice and hearing, the Division enter an order:

- A. Pooling all uncommitted interests in the horizontal spacing unit, as set forth above;
- B. Approving the wells in the horizontal spacing unit;
- C. Designating Spur as operator of the spacing unit and the wells to be drilled thereon;
- D. Authorizing Spur to recover its costs of drilling, equipping and completing the wells;

- E. 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
- F. Imposing a 200% penalty for the risk assumed by Spur in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

HINKLE SHANOR LLP

/s/ Dana S. Hardy

Dana S. Hardy

Dioscoro A. Blanco

P.O. Box 2068

Santa Fe, NM 87504-2068

Phone: (505) 982-4554

Facsimile: (505) 982-8623

dhardy@hinklelawfirm.com

Counsel for Spur Energy Partners, LLC