

**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 from the top of the Yeso formation (at a stratigraphic equivalent of approximately 4,225’ MD as observed on the Anderson-Federal 1 well Schlumberger Sidewall Neutron Porosity Log (API No. 30-015-20565)) to a depth of approximately 5,000’ MD in a 320-acre, more or less, standard horizontal spacing unit comprised of the S/2 of Section 12, Township 17 South, Range 29 East, Eddy County, New Mexico (“HSU”). In support of its application, Spur states the following:

1. Spur (OGRID No. 328947) is a working interest owner in the HSU and has the right to drill wells thereon.
2. The HSU will be dedicated to following wells:
 - a. **Fat Tire 12 Federal 10H** and **Fat Tire 12 Federal 51H**, which will be horizontally drilled from a surface location in Lot 3 in Section 7, Township 17 South, Range 30 East to a bottom hole location in Unit L in Section 12, Township 17 South, Range 29 East;
 - b. **Fat Tire 12 Federal 71H**, which will be horizontally drilled from a surface location in Lot 4 in Section 7, Township 17 South, Range 30 East to a bottom hole location in Unit L in Section 12, Township 17 South, Range 29 East; and

- c. **Fat Tire 12 Federal 11H, 22H, and 52H**, which will be horizontally drilled from a surface location in Lot 4 in Section 7, Township 17 South, Range 30 East to a bottom hole location in Unit M in Section 12, Township 17 South, Range 29 East (collectively “Wells”).
3. The completed intervals of the Wells will be orthodox.
4. The completed interval of the **Fat Tire 12 Federal 22H** will be within 330’ of the line separating the N/2S/2 and S/2S/2 of Section 7 to allow inclusion of this acreage into a standard 320-acre horizontal spacing unit.
5. 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.
6. The pooling of uncommitted mineral interests will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.
7. 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 HSU should be pooled and Spur should be designated the operator of the Wells and HSU.

WHEREFORE, Spur requests that this application be set for hearing on July 1, 2021 and that, after notice and hearing, the Division enter an order:

- A. Pooling all uncommitted interests in the HSU;
- B. Approving the Wells in the HSU;
- C. Designating Spur as operator of the HSU 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

Michael Rodriguez

P.O. Box 2068

Santa Fe, NM 87504-2068

Phone: (505) 982-4554

Facsimile: (505) 982-8623

dhardy@hinklelawfirm.com

mrodriguez@hinklelawfirm.com

Counsel for Spur Energy Partners, LLC