

**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 a depth of approximately 4,000’ MD to the base of the Yeso formation in a 320-acre, more or less, standard horizontal spacing unit comprised of the N/2S/2 and S/2N/2 of Section 27, Township 17 South, Range 28 East in Eddy County, New Mexico (“Unit”). In support of its application, Spur states the following.

1. Spur (OGRID No. 328947) is a working interest owner in the Unit and has the right to drill wells thereon.
2. The Unit will be dedicated to the following wells (“Wells”):
  - a. **Halberd 27 State Com 50H** to be horizontally drilled from a surface location in the SW/4NW/4 (Unit E) of Section 26 to a bottom hole location in the SW/4NW/4 (Unit E) of Section 27,
  - b. **Halberd 27 State Com 71H** to be horizontally drilled from a surface location in the SW/4NW/4 (Unit E) of Section 26 to a bottom hole location in the NW/4SW/4 (Unit L) of Section 27, and
  - c. **Halberd State Com 51H** to be horizontally drilled from a surface location in the SW/4SW/4 (Unit M) of Section 26 to a bottom hole location in the NW/4SW/4 (Unit L) of Section 27.

3. The completed interval of the **Halberd 27 State Com 71H** will be within 330' of the interior Unit line separating the N/2S/2 and the S/2N/2 of Section 27 to allow for the creation of a standard 320-acre horizontal spacing unit.

4. The completed interval of the **Halberd 27 State Com 50H** and the **Halberd 27 State Com 51H** will be unorthodox. The completed interval of the **Halberd 27 State Com 71H** will be orthodox.

5. A depth severance exists in the Yeso formation within the proposed Unit. Accordingly, Spur seeks to pool all uncommitted interests from a depth of approximately 4,000' MD to the base of the Yeso formation (at a stratigraphic equivalent of approximately 5,682' MD as observed on the Geronimo '27' State Com #1 Platform Express, Azimuthal Laterolog (API No. 30-015-31173)).

6. 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 the mineral interest owners.

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

8. 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 Unit should be pooled and Spur should be designated the operator of the Wells and Unit.

WHEREFORE, Spur requests that this application be set for hearing on February 3, 2022 and after notice and hearing the Division enter an order:

- A. Pooling all uncommitted interests in the Unit as set forth above;
- B. Approving the Wells in the Unit;
- C. Designating Spur as operator of the 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,

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