

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

**APPLICATION OF SPC RESOURCES, LLC
TO AMEND ORDER NO. R-21100-A,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 22534

**APPLICATION OF SPC RESOURCES, LLC
TO AMEND ORDER NO. R-21104-B,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 22535

**APPLICATION OF SPC RESOURCES, LLC
TO AMEND ORDER NOS. R-21123-B,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 22536

SPC'S CONSOLIDATED PRE-HEARING STATEMENT

SPC Resources, LLC, applicant in the above-referenced cases, submits this consolidated Pre-Hearing Statement, pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

SPC Resources, LLC ("SPC Resources")

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APPLICANT’S STATEMENT OF CASE

In these consolidated cases, SPC Resources seeks to amend each of the subject pooling orders for an extension of time to drill a well. Good cause exists for SPC Resource’s request. The Division has determined that drilling and completing any wells—at any depth and within any formation—within the subject acreage “poses a clear and immediate risk of harm to the stability of the [Carlsbad Brine Well] Cavity and the successful completion of the ongoing Carlsbad Brine Well remediation project[,]” and “to surface development and the groundwater aquifer overlying the Cavity.” *See* Order R-21888, ¶¶ 57-58; *see also* Division Application in Case No. 22472. As a result, the Division has ordered the cessation of drilling and completion activities of oil and gas wells within the vicinity of the subject acreage. *See generally* Order R-21888 and Case No. 22472.

Specifically, as of July 2, 2021, the Division has determined that to protect the Carlsbad Brine Well and the ongoing remediation project and to prevent collateral injury to life, property, environment, public infrastructure, and neighboring properties, all drilling and completion activities within a three-mile radius should be temporarily prohibited. *See* Division Emergency Order, dated July 2, 2021; *see also* Order R-21888. Each of the spacing units referenced under Order Nos. R-21100-A, R-21104-B, and R-21123-B are within a three-mile radius of the Carlsbad Brine Well and the remediation project. The Division continues its temporary

prohibition of drilling and completion activities within this area, thereby preventing SPC Resources from meeting its drilling obligations under each of the subject orders. To preserve its interests, and in consideration of fairness and equity, SPC Resources requests that each order be extended for one year from the date SPC Resources receives notice that the Division has determined remediation of the Carlsbad Brine Well is complete and drilling and completion activities may resume.

SPC Resources requests a similar extension of time for the APDs issued for its proposed initial wells dedicated to each spacing unit: In **Case No. 22534**, the **Betty #402H** (formerly the Betty 5-6 WCXY #2H well) (API No. 30-015-49105); in **Case No. 22535**, the **Barney #303H well** (formerly Barney 5-6 B3 3H well) (API No. 30-015-49106); and in **Case No. 22536**, the **Barney #404H well** (formerly Barney 5-6 WCXY 4H well) (API No. 30-015-49097) and the **Barney #434H well** (formerly the Barney #444H and formerly the Barney 5-6 WCD 4H well) (API No. 30-015-49107). The Division approved these APDs under certain conditions. SPC Resources requests that the conditions of approval for each APD be modified to comport with the conditions in Order No. R-21888 and that they be extended for one year from the date SPC Resources receives notice that the Division has determined remediation of the Carlsbad Brine Well is complete and drilling and completion activities may resume.

APPLICANT’S PROPOSED EVIDENCE

WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Gary Waldrop, Land Representative	Affidavit	Approx. 4

PROCEDURAL MATTERS

SPC intends to present these consolidated cases by affidavit, if uncontested at time of hearing.

Respectfully submitted,

HOLLAND & HART LLP



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CERTIFICATE OF SERVICE

I hereby certify that on January 27, 2021, I served a copy of the foregoing document to the following counsel of record via Electronic Mail to:

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State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
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QUESTIONS

Action 76197

QUESTIONS

Operator: SPC RESOURCES, LLC P.O. Box 1020 Artesia, NM 88211	OGRID: 372262
	Action Number: 76197
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

Testimony	
<i>Please assist us by provide the following information about your testimony.</i>	
Number of witnesses	<i>Not answered.</i>
Testimony time (in minutes)	<i>Not answered.</i>