

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

**APPLICATION OF SPC RESOURCES, LLC
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

SPC Resources, LLC (“Applicant”) (OGRID No. 372262) through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Wolfcamp formation underlying a standard 1,908.20-acre, more or less, horizontal well spacing unit comprised of Section 36, Township 21 South, Range 26 East, and irregular Section 31 and Section 32 in Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico. In support of its application, Applicant states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed initial wells: (1) the **Fred 402H well**, and (2) the **Fred 442H well**, both are to be horizontally drilled from a common surface location in the SE/4 NE/4 (Unit H) of said Section 32, Township 21 South, Range 27 East, to bottom-hole locations in the SW/4 NW/4 (Unit E) of Section 36, Township 21 South, Range 27 East.
3. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all of the working interest owners in the subject spacing unit.

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

6. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this proposed unit should be pooled and Applicant should be designated the operator of the proposed horizontal wells and spacing unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on March 3, 2022, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the Wolfcamp formation underlying the proposed spacing unit;
- B. Approving the initial wells in the horizontal well spacing unit;
- C. Designating Applicant as operator of the horizontal spacing unit and the horizontal wells to be drilled thereon;
- D. Authorizing Applicant 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% charge for the risk assumed by Applicant in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

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