

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

**APPLICATION OF SPUR ENERGY
PARTNERS LLC FOR TWO COMPULSORY
POOLING ORDERS REPLACING AND
REVOKING ORDER NO. R-21578, EDDY
COUNTY, NEW MEXICO.**

CASE NO. 22760

SPUR ENERGY PARTNERS LLC’S PRE-HEARING STATEMENT

Spur Energy Partners, LLC (“Spur”) (OGRID No. 328947), the applicant in the above-referenced case, submits this Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

Spur Energy Partners, LLC

ATTORNEY

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APPLICANT’S STATEMENT OF CASE

Spur seeks two compulsory pooling orders replacing and revoking Order No. R-21578, as amended, (the “Order”) and pooling (1) all uncommitted interests in a portion of the Yeso formation, from the top of the formation to 3,150 feet, underlying a standard 480-acre horizontal spacing unit comprised of the SE/4 of Section 6 and E/2 of Section 7, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico; and (2) all uncommitted interests in a portion of the Yeso formation, from below 3,150 feet to the base of the Yeso formation, underlying a standard 480-acre horizontal spacing unit

comprised of the SE/4 of Section 6 and E/2 of Section 7, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico.

Division Order R-21578, entered on January 19, 2021, in Case No. 21588, created a 320-acre, more or less, standard horizontal well spacing unit consisting of the E/2 of Section 7, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico (the “Unit”), and designated Applicant as the operator of the Unit, pooled the uncommitted interests in the Yeso formation [Penasco Draw; SA-Yeso (Assoc) (50270)] in the Unit, and dedicated the Unit to the proposed initial wells identified in the Order.

The Division issued Order R-21578-A, amending the Order to extend the deadlines until January 19, 2023.

Since the entry of the Order, Applicant has determined that it is prudent to re-form the subject spacing unit into a 480-acre, more or less, standard spacing unit by including the SE/4 of Section 6. Inclusion of SE/4 of Section 6, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico, introduces an ownership depth severance at 3,150 feet into the proposed spacing unit. The depth severance necessitates that Spur seek separate pooling orders for the shallow and deep intervals of the proposed unit.

Accordingly, Applicant seeks two orders that will revoke the existing Order and replace it with two separate pooling orders creating two standard 480-acre, more or less, horizontal spacing units comprised of the SE/4 of Section 6 and E/2 of Section 7, Township 19 South, Range 25 East. The first order will pool all uncommitted interests from the top of the Yeso formation to a depth of 3,150 feet within the proposed acreage (the “Shallow Unit”). The second order will pool all uncommitted interests from a depth below 3,150 feet to the base of the Yeso formation within the proposed acreage (the “Deep Unit”).

Applicant proposes to dedicate the Shallow Unit to the following initial proposed wells:

- The Trudy Federal Com 10H, 30H, and 50H Wells, each of which will be horizontally drilled from a surface location in the SE/4 NE/4 (Unit H) of said Section 6 to bottom hole locations in the SE/4 SE/4 (Unit P) of Section 7; and
- The Trudy Federal Com 11H, 20H, 51H, and 70H Wells, each of which will be horizontally drilled from a surface location in the SW/4 NE/4 (Unit G) of said Section 6 to bottom hole locations in the SW/4 SE/4 (Unit O) of Section 7.

Applicant proposes to dedicate the Deep Unit to the following initial proposed wells:

- The Trudy Federal Com 90H Well, which will be horizontally drilled from a surface location in the SE/4 NE/4 (Unit H) of said Section 6 to bottom hole locations in the SE/4 SE/4 (Unit P) of Section 7; and
- The Trudy Federal Com 91H Well, which will be horizontally drilled from a surface location in the SW/4 NE/4 (Unit G) of said Section 6 to bottom hole location in the SW/4 SE/4 (Unit O) of Section 7.

APPLICANT’S PROPOSED EVIDENCE

<u>WITNESS</u> Name and Expertise	<u>ESTIMATED TIME</u>	<u>EXHIBITS</u>
Rett Dalton, Landman	Affidavit	Approx. 6
C.J. Lipinski, Geologist	Affidavit	Approx. 4

PROCEDURAL MATTERS

If uncontested at the time of hearing, Spur intends to present this case by affidavit.

Respectfully submitted,

HOLLAND & HART LLP

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State of New Mexico
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Oil Conservation Division
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QUESTIONS

Action 102606

QUESTIONS

Operator: Spur Energy Partners LLC 9655 Katy Freeway Houston, TX 77024	OGRID: 328947
	Action Number: 102606
	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>