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

APPLICATION OF SPUR ENERGY PARTNERS, LLC TO POOL ADDITIONAL INTEREST OWNERS UNDER ORDER NO. R-22049, EDDY COUNTY, NEW MEXICO.

CASE NO. 22736 ORDER NO. R-22049 (Re-Open Case No. 22475)

EXHIBIT INDEX

Exhibit A	Self-Affirmed Statement of Blair Brummell
A-1	Application & Proposed Notice of Hearing
A-2	Order No. R-22049
A-3	Plat of Tracts, Ownership Interests, Uncommitted Interests to be Pooled
A-4	Sample Well Proposal Letter and AFEs
A-5	Chronology of Contact
Exhibit B	Self-Affirmed Statement of Dana S. Hardy
B-1	Sample Notice Letter to All Interested Parties
B-2	Chart of Notice to All Interested Parties and Certified Mail Receipts
B-3	Affidavit of Publication for April 19, 2022

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

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CASE NO. 22736 ORDER NO. R-22049 (Re-Open Case No. 22475)

SELF-AFFIRMED STATEMENT OF BLAIR BRUMMELL

- 1. I am a senior landman at Spur Energy Partners, LLC ("Spur") and am over 18 years of age. I have personal knowledge of the matters addressed herein and am competent to provide this Self-Affirmed Statement. I have previously testified before the New Mexico Oil Conservation Division ("Division") and my qualifications as an expert in petroleum land matters were accepted and made a matter of record.
- 2. I am familiar with Spur's application in the above-referenced case and with the status of the lands in the subject area. A copy of Spur's application and proposed notice are attached as Exhibit A-1.
- 3. None of the parties proposed to be pooled in this case indicated opposition to this matter proceeding by affidavit, therefore I do not expect any opposition at hearing.
- 4. On March 9, 2022, the Division issued Order No. R-22049 in Case No. 22475, which pooled uncommitted interests from a depth of approximately 4,000' to the base of the Yeso formation (Artesia; Glorieta-Yeso Pool, Code 96830) in a 160-acre, more or less, standard horizontal spacing unit ("Unit") comprised of the S/2 S/2 of Section 27, Township 18 South, Range 28 East in Eddy County, New Mexico. The Order dedicated the Unit to the Halberd 27 State Com

72H and Halberd 27 State Com 90H wells ("Wells") and designated Spur as the operator of the Unit and the Wells.

- 5. A copy of Order No. R-22049 is attached as **Exhibit A-2**.
- 6. Since the Order was entered, Spur has identified additional interest owners in the Unit that have not been pooled under the terms of the Order.
- 7. **Exhibit A-3** provides a plat of the tracts included in the Unit, identifies the interests in each tract included in the Unit, and identifies the additional uncommitted interests to be pooled under the terms of Order No. R-22049, which are highlighted in yellow. None of the interest owners are unlocatable.
- 8. Exhibit A-4 is a sample well proposal letter that I sent to the working interest owners.
- 9. In my opinion, Spur has made a good-faith effort to reach voluntary joinder as indicated by the chronology of contact described in **Exhibit A-5**.
- 10. Spur requests the additional mineral interest owners be pooled under the terms of Order No. R-22049.
- 11. In my opinion, the granting of Spur's application would serve the interests of conservation and the prevention of waste.
- 12. The attached exhibits attached were either prepared by me or under my supervision or were compiled from company business records.
- 13. I understand that this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 12 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

Blair Brummell

<u>4-26-22</u> Date

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

APPLICATION OF SPUR ENERGY PARTNERS, LLC TO POOL ADDITIONAL INTEREST OWNERS UNDER ORDER NO. R-22049, EDDY COUNTY, NEW MEXICO.

CASE NO. 22736
ORDER NO. R-22049
(Re-Open Case No. 22475)

<u>APPLICATION</u>

Spur Energy Partners, LLC, OGRID No. 328947 ("Spur") files this application with the Oil Conservation Division ("Division") for the limited purpose of pooling additional interest owners under the terms of Division Order No. R-22049. In support of its application, Spur states as follows.

- 1. On February 23, 2022, the Division issued Order No. R-22049 in Case No. 22475, which pooled uncommitted interests from a depth of approximately 4,000' to the base of the Yeso formation (Artesia; Glorieta-Yeso Pool, Code 96830) in a 160-acre, more or less, standard horizontal spacing unit ("Unit") comprised of the S/2 S/2 of Section 27, Township 17 South, Range 28 East in Eddy County, New Mexico. The Order dedicated the HSU to the **Halberd 27 State Com 72H** and **Halberd 27 State Com 90H** wells ("Wells") and designated Spur as operator of the Unit and the Wells.
- 2. Since entry of the Order, Spur has identified additional interest owners in the Unit that have not been pooled under the terms of the Order.
- 3. Spur has undertaken diligent, good-faith efforts to obtain voluntary agreements from the additional interest owners to participate in the drilling of the Wells but has been unable to obtain voluntary agreements from the owners.
- 4. In order to permit Spur to obtain its just and fair share of the oil and gas underlying the subject lands, the additional interest owners should be pooled into the Unit pursuant to the terms of the Order.

Spur Energy Partners, LLC Case No. 22736 Exhibit A-1 5. The pooling of the additional interest owners will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Applicant requests this application be set for hearing before an Examiner of the Division on May 5, 2022, and after notice and hearing as required by law, the Division pool the additional interest owners into the Unit pursuant to the terms of Division Order No. R-22049.

Respectfully submitted,

HINKLE SHANOR LLP

/s/ Dana S. Hardy

Dana S. Hardy Jaclyn M. McLean P.O. Box 2068

Santa Fe, NM 87504-2068

Phone: (505) 982-4554 Facsimile: (505) 982-8623 dhardy@hinklelawfirm.com jmclean@hinklelawfirm.com

Counsel for Spur Energy Partners, LLC

Application of Spur Energy Partners, LLC, to Pool Additional Interest Owners Under Order No. R-22049, Eddy County, New Mexico. Applicant applies for an order pooling additional interest owners under the terms of Division Order No. R-22049. On February 23, 2022, the Division issued Order No. R-22049 in Case No. 22475, which pooled uncommitted interests from a depth of approximately 4,000' to the base of the Yeso formation (Artesia; Glorieta-Yeso Pool, Code 96830) in a 160-acre, more or less, standard horizontal spacing unit ("Unit") comprised of the S/2 S/2 of Section 27, Township 17 South, Range 28 East in Eddy County, New Mexico. The Order dedicated the Unit to the Halberd 27 State Com 72H and Halberd 27 State Com 90H wells ("Wells") and designated Spur as operator of the Unit and the Wells. Since entry of the Order, Applicant has identified additional interest owners in the Unit that should be pooled under the terms of the Order. The Wells are located approximately 10 miles west of Loco Hills, New Mexico.

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

IN THE MATTER OF APPLICATION FOR COMPULSORY POOLING SUBMITTED BY SPUR ENERGY PARTNERS, LLC

CASE NO. 22475 ORDER NO. R-22049

<u>ORDER</u>

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on February 3, 2022, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

- 1. Spur Energy Partners, LLC ("Operator") submitted an application ("Application") to compulsory pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
- 2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.
- 3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
- 4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
- 5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

- 6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
- 7. Operator is the owner of an oil and gas working interest within the Unit.
- 8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
- 9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
- 10. Operator has the right to drill the Well(s) to a common source of supply at the

Spur Energy Partners, LLC Case No. 22736 Exhibit A-2

- depth(s) and location(s) in the Unit described in Exhibit A.
- 11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
- 12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
- 13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
- 14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

- 15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
- 16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
- 17. Operator is designated as operator of the Unit and the Well(s).
- 18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
- 19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
- 20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.
- 21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
- 22. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
- 23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the

CASE NO. 22475 ORDER NO. R-22049

Page 2 of 6

well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

- 24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
- 25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
- 26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
- 27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
- 28. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
- 29. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share

- of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
- 30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
- 31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
- 32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
- 33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
- 34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
- 35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

STATE OF NEW MEXICO
OF CONSERVATION DIVISION
ADRIENNE SANDOVAL

DIRECTOR AES/jag

Date: 2/23/2022

Exhibit A

ALL INFORMATION IN THE APPLICATION MUST	BE SUPPORTED BY SIGNED AFFIDAVITS
Case No.:	22475
Hearing Date:	2/3/2022
Applicant	Spur Energy Partners, LLC
Designated Operator & OGRID	OGRID # 328947
Applicant's Counsel	Hinkle Shanor LLP
Case Title	Application of Spur Energy Partners, LLC for Compulsory Pooling, Edd
^	County, New Mexico
Entries of Appearance/Intervenors	-
Well Family	Halberd
Formation/Pool	Trainer a
Formation Name(s) or Vertical Extent	Yeso
Primary Product (Oil or Gas)	Oil
Pooling this vertical extent	Yeso, 4000' MD to 5682' MD.
Pool Name and Pool Code	Artesia; Glorieta-Yeso (Pool Code 96830)
Well Location Setback Rules	Statewide
Spacing Unit Size	160-acre
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	160-acre
Building Blocks	quarter-quarter
Orientation	laydown
Description: TRS/County	S/2S/2 of Section 27, Township 17 South, Range 28 East in Eddy
,	County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	Yes; at 4000' MD in the Artesia; Glorieta-Yeso Pool
Proximity Tracts: If yes, description	- Tes, at 4000 MD III the Artesia, Giorieta-reso Pool
Proximity Defining Well: if yes, description	_
Well(s)	
Name & API (if assigned), surface and bottom hole location,	Add wells as needed
footages, completion target, orientation, completion status	,
(standard or non-standard)	
Well #1	Halberd 27 State Com 72H (API # pending)
	SHL: 993' FSL & 631' FWL, Unit M, Section 26, T17S-R28E
	BHL: 525' FSL & 50' FWL, Unit M, Section 27, T175-R28E
	Completion Target: Yeso formation (Approx. 4475' TVD)
Well #2	Halberd 27 State Com 90H (API # pending)
	SHL: 1003' FSL & 669' FWL, Unit M, Section 26, T17S-R28E
	BHL: 1075' FSL & 50' FWL, Unit M, Section 27, T175-R28E
	Completion Target: Yeso formation (Approx. 4725' TVD)
orizontal Well First and Last Take Points	Exhibit A-2
ompletion Target (Formation, TVD and MD)	Exhibit A-2
FE Capex and Operating Costs	
willing Currentiates / Marstle C	8000
Juliug Supervision/iviontn \$	800
oduction Supervision/Month \$	Exhibit A
oduction Supervision/Month \$ distification for Supervision Costs equested Risk Charge	Exhibit A 200%
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illing Supervision/Month \$ coduction Supervision/Month \$ distification for Supervision Costs equested Risk Charge otice of Hearing coposed Notice of Hearing oof of Mailed Notice of Hearing (20 days before hearing)	200%
oduction Supervision/Month \$ diffication for Supervision Costs equested Risk Charge otice of Hearing	200% Exhibit A-1

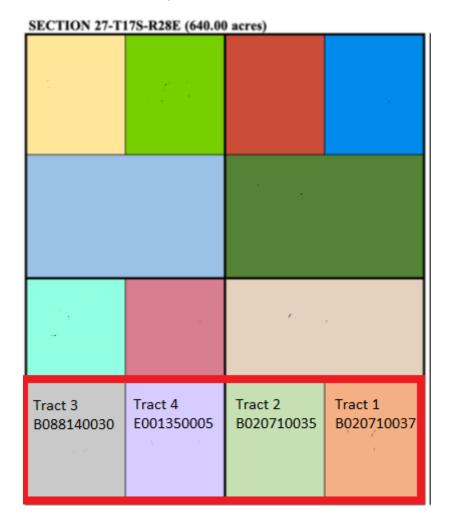
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Land Ownership Schematic of Spacing Unit	Exhibit A-3
Tract List (including lease numbers & owners)	Exhibit A-3
Pooled Parties (including ownership type)	Exhibit A-3
Unlocatable Parties to be Pooled	Exhibit A-3
Ownership Depth Severance (including percentage above &	
below)	Exhibit A-3
Joinder	
Sample Copy of Proposal Letter	Exhibit A-4
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-3
Chronology of Contact with Non-Joined Working Interests	Exhibit A-5
Overhead Rates In Proposal Letter	N/A
Cost Estimate to Drill and Complete	Exhibit A-4
Cost Estimate to Equip Well	Exhibit A-4
Cost Estimate for Production Facilities	Exhibit A-4
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-1
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-4
Well Orientation (with rationale)	Exhibit B
Target Formation	Exhibit B
HSU Cross Section	Exhibit B-3
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit A-2
Tracts	Exhibit A-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-3
General Location Map (including basin)	Exhibit B-1
Well Bore Location Map	Exhibit B-1
Structure Contour Map - Subsea Depth	Exhibit B-2
Cross Section Location Map (including wells)	Exhibit B-2
Cross Section (including Landing Zone)	Exhibit B-3
Additional Information	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Qana S. Hardy
Signed Name (Attorney or Party Representative):	May Laudy
Date:	2/1/2022

Received by OCD: 2/1/2022 4:32:30 PM

Exhibit A-3

South Half of South Half (S/2 S/2) of Section 27, Township 17 South, Range 28 East, Eddy County, New Mexico as to those depths from 4,000' to 6,289'.



Tract 3: SW/4 SW/4 of Section 27-17S-28E (NM State Lease No. B0-8814-0030)

Occidental Permian Limited Partnership

100% Working Interest

<u>Tract 4: SE/4 SW/4 of Section 27-17S-28E (NM State Lease No. B0-0135-0005)</u>

•	SEP Permian LLC	47.39% Working Interest
•	Occidental Permian Limited Partnership	23.79% Working Interest
•	Chisos Ltd.	6.25% Working Interest
•	Longfellow LH, LLC	10.40% Working Interest
•	Longfellow Energy LP	0.09% Working Interest
•	Mark B. Heinen	1.19% Working Interest
•	Debra Denise Latham, Ttee of the Latham Family Trust	0.13% Working Interest
•	Mel Riggs	0.87% Working Interest
•	Mark Tisdale	0.87% Working Interest
•	Greg Benton	0.05% Working Interest
•	Mary Ann Curtis, LLC	3.13% Working Interest
•	Michael Dedwylder, Ttee of the Gordon G. Marcum, II Trust	0.87% Working Interest
•	David W. Marcum	0.58% Working Interest

Tract 4: SE/4 SW/4 of Section 27-17S-28E (NM State Lease No. B0-0135-0005) Continued

•	DMM Family, LLC	0.58% Working Interest
•	Dorothy Marcum Oil and Gas Assets Trust	1.22% Working Interest
•	Marla Joe Moats Schmid, as separate property	0.21% Working Interest
•	Judith Ann Moats Gilchrist, as separate property	0.21% Working Interest
•	Judy F. Mulroy, as separate property	0.57% Working Interest
•	Beverly Gooden, as separate property	0.57% Working Interest
•	Valar Investments LLC	0.23% Working Interest
•	Alakai Investments LLC	0.14% Working Interest
•	N. Kahootz, LLC	0.09% Working Interest
•	Lions Gate Exploration LLC	0.23% Working Interest
•	Fingers Crossed LLC	0.14% Working Interest
•	JTF Investments LLC	0.23% Working Interest

Tract 2: SW/4 SE/4 of Section 27-17S-28E (NM State Lease No. B0-2071-0035)

•	SEP Permian LLC	22.00% Working Interest
•	Marjorie Ann Estevis	5.56% Working Interest
•	Michael Lee Hailey	5.56% Working Interest
•	Ernest Byron Hailey, III	5.56% Working Interest
•	Ardis Eileen Walker by Julie Ann Walker, Attorney-in-Fact	16.67% Working Interest

Tract 1: SE/4 SE/4 of Section 27-17S-28E (NM State Lease No. B0-2071-0037)

Occidental Permian Limited Partnership 22.00% Working Interest 5EP Permian LLC 78.00% Working Interest

RECAPITULATION

Tract Number	Number of Acres Committed	Percentage of Interest in Unit
3	40	25.00%
4	40	25.00%
5	40	25.00%
6	40	25.00%
TOTAL	160	100.00%

SEP Permian LLC 48.01% Working Interest

9655 Katy Freeway, Ste 500 Houston, Texas 77024

Occidental Permian Limited Partnership 36.45% Working Interest

5 Greenway Plaza, Ste 110 Houston, Texas 77046

Marjorie Ann Estevis 1.39% Working Interest

1620 Vista Florida Edinburg, TX 78539

Michael Lee Hailey 1.39% Working Interest

22145 County Road 798 Mathis, Texas 78368

Ernest Byron Hailey, III 1.39% Working Interest

6 Parwood Ct.

The Woodlands, Texas 77382

Ardis Eileen Walker By Julie Ann Walker, Attorney-in-Fact 1235 Diamondback Dr., NE Albuquerque, NM 87113	4.17% Working Interest
Chisos Ltd. 1331 Lamar Street, Ste 1077 Houston, Texas 77010	1.56% Working Interest
Longfellow LH, LLC 8115 Preston Road, Ste 800 Dallas, Texas 75225	2.60% Working Interest
Longfellow Energy, LP 8115 Preston Road, Ste 800 Dallas, Texas 75225	0.02% Working Interest
Valar Investments LLC 8115 Preston Road, Ste 800 Dallas, Texas 75225	0.06% Working Interest
Alakai Investments LLC 8115 Preston Road, Ste 800 Dallas, Texas 75225	0.04% Working Interest
N. Kahootz, LLC 8115 Preston Road, Ste 800	0.02% Working Interest
Lions Gate Exploration LLC 8115 Preston Road, Ste 800	0.06% Working Interest
Pallas, Texas 75225 Fingers Crossed LLC 8115 Preston Road, Ste 800	0.04% Working Interest
JTF Investments LLC 8115 Preston Road, Ste 800	0.06% Working Interest
Dallas, Texas 75225 Mark B. Heinen 122 Mountain Springs Dr.	0.30% Working Interest
Boerne, Texas 78006 Debra Denise Latham, Ttee of the Latham Family Trust 954 Riverforest Drive	0.03% Working Interest
New Braunfels, Texas 78132 Mel Riggs	0.22% Working Interest
2513 Regency Oaks Court Midland, Texas 79705	5
Mark Tisdale 6951 Sunrise Court Midland, Texas 79707	0.22% Working Interest

Greg Benton 0.01% Working Interest P.O. Box 51034

Midland, Texas 79710

Midland, Texas 79705

Austin, Texas 78759

Kingwood, Texas 77339

Dallas, Texas 75225

Mary Ann Curtis, LLC 0.78% Working Interest

P.O. Box 58095 Oklahoma City, Oklahoma 73157

Gordon G. Marcum, II Trust 0.22% Working Interest

782 Kreutzberg Drive Boerne, Texas 78006

David W. Marcum 0.14% Working Interest 3115 Standolind Avenue

DMM Family, LLC 0.14% Working Interest

P.O. Box 101 Midland, Texas 79702

Dorothy Marcum Oil & Gas Assets Trust 0.30% Working Interest

5205 Rain Creek Pkwy
Austin, Texas 78759

Marla Joe Moats Schmid 0.05% Working Interest 5205 Rain Creek Pkwy

Estate of Judith Ann Moats Gilchrist 0.05% Working Interest

John W. Gilchrist 1518 Lexington Street Taylor, Texas 76574

Judy F. Mulroy 0.14% Working Interest 2331 Pine River Drive

Beverly Gooden 0.14% Working Interest

5445 Caruth Haven Lane, Apt 826

Total 100% Working Interest

Leasehold Interest:

SEP Permian LLC 9655 Katy Freeway, Ste 500 Houston, Texas 77024

Occidental Permian Limited Partnership 5 Greenway Plaza, Ste 110 Houston, Texas 77046

Chisos Ltd. 1331 Lamar Street, Ste 1077 Houston, Texas 77010 Longfellow LH, LLC 8115 Preston Road, Ste 800 Dallas, Texas 75225

Longfellow Energy, LP 8115 Preston Road, Ste 800 Dallas, Texas 75225

Valar Investments LLC 8115 Preston Road, Ste 800 Dallas, Texas 75225

Alakai Investments LLC 8115 Preston Road, Ste 800 Dallas, Texas 75225 N. Kahootz, LLC 8115 Preston Road, Ste 800 Dallas, Texas 75225

Lions Gate Exploration LLC 8115 Preston Road, Ste 800 Dallas, Texas 75225

Fingers Crossed LLC 8115 Preston Road, Ste 800 Dallas, Texas 75225

JTF Investments LLC 8115 Preston Road, Ste 800 Dallas, Texas 75225

Mark B. Heinen 122 Mountain Springs Dr. Boerne, Texas 78006

Debra Denise Latham, Ttee of the Latham Family Trust 954 Riverforest Drive

Mel Riggs 2513 Regency Oaks Court Midland, Texas 79705

Mark Tisdale 6951 Sunrise Court Midland, Texas 79707

Greg Benton P.O. Box 51034 Midland, Texas 79710

Mary Ann Curtis, LLC P.O. Box 58095 Oklahoma City, Oklahoma 73157

Gordon G. Marcum, II Trust 782 Kreutzberg Drive Boerne, Texas 78006 David W. Marcum 3115 Standolind Avenue Midland, Texas 79705

DMM Family, LLC P.O. Box 101 Midland, Texas 79702

Dorothy Marcum Oil & Gas Assets Trust 5205 Rain Creek Pkwy Austin, Texas 78759

Marjorie Ann Estevis 1620 Vista Florida Edinburg, Texas 78539

Michael Lee Hailey 22145 County Road 798 Mathis, Texas 78368

Ernest Byron Hailey, III 6 Parwood Ct. The Woodlands, Texas 77382

Ardis Eileen Walker By Julie Ann Walker, Attorney-in-Fact 1235 Diamondbadk Dr., NE Albuquerque, NM 87113

Leasehold Interest cont.:

Marla Joe Moats Schmid, 5205 Rain Creek Pkwy Austin, Texas 78759

Estate of Judith Ann Moats Gilchrist John W. Gilchrist 1518 Lexington Street Taylor, Texas 76574

Judy F. Mulroy 2331 Pine River Drive Kingwood, Texas 77339

Beverly Gooden 5445 Caruth Haven Lane, Apt 826 Dallas, Texas 75225

Overriding Royalty Interests:

SAC Investments I, L.P. 1603 Oakridge Trail Bridgeport, Texas 76426

CKHallco LLC c/o BOKF, NA P.O. Box 3499 Tulsa, Oklahoma 74101-3499 Dianna Ray Wynne, Successor Trustee of the Carolyn Kay Lisle 1990 Revocable Trust Dated September 17, 1990 365 Wheatfield Dr Lititz, PA 17543

Larry Marcum 6921 N County Road 1294 Midland, Texas 79707

Wadi Petroleum Inc. 13231 Champion Forest Dr., Suite 401 Houston, Texas 77069

Red Bird Ventures, Inc. 13231 Champion Forest Dr., Suite 401 Houston, Texas 77069

Finwing Corporation P.O. Box 10886 Midland, Texas 79702

Mike Petraitis 1603 Holloway Avenue Midland, Texas 79701

S.E.S Oil & Gas Inc. P.O. Box 10886 Midland, Texas 79702

Olwick Corporation 101 Brookline Drive Asheville, North Carolina 28803

Manta Oil and Gas Inc. 190 E. Stacy Rd. 306-373 Allen, Texas 75002

DMM Family, LLC P.O. Box 101 Midland, Texas 79702-0101

John & Theresa Hillman Family Properties, LP P.O. Box 50187 Midland, Texas 79710

Manix Royalty, Ltd. P.O. Box 2818 Midland, Texas 79702

The Wright Company P.O. Box 752 Stanton, Texas 79782



April 7, 2022

Occidental Permian Limited Partnership 5 Greenway Plaza, Ste 110 Houston, TX 77046

RE: Well Proposal – Halberd 27 State Com 72H & 90H

Proposed Spacing Unit
Section 27: S2S2 – 17S, R28E
Eddy County, New Mexico

Dear Working Interest Owner,

SEP Permian LLC, an affiliate of Spur Energy Partners LLC, ("Spur"), hereby proposes to drill and complete the **Halberd 27 State Com 72H and 90H as horizontal Yeso** wells (the "Subject Well") to the approximate total vertical depth as referenced below at the following proposed locations (subject to change upon staking of the wells and/or pads).

- Halberd 27 State Com 72H Horizontal Yeso Well, Eddy County, NM
- Proposed Surface Hole Location 993' FSL; 631' FWL (SEC 26 T17S 28E)
- Proposed Bottom Hole Location 525' FSL; 50' FWL (SEC 27 17S 28E)
- TVD: 4425'
- Total AFE: \$4,232,900
- Halberd 27 State Com 90H Horizontal Yeso Well, Eddy County, NM
- Proposed Surface Hole Location 1003' FSL; 669' FWL (SEC 26 T17S 28E)
- Proposed Bottom Hole Location 1075' FSL; 50' FWL (SEC 27 17S 28E)
- TVD: 4700'
- Total AFE: \$4,232,900

Spur proposes to form a Drilling Spacing Unit ("DSU") covering the South Half of the South Half (S2S2) of Section 27-T17S-R28E, Eddy County, New Mexico, containing 160 acres of land, more or less, from 4000' to 5682'. Portions of these lands are likely governed by existing Joint Operating Agreements ("JOAs") which also cover the Yeso formation and which govern operations for vertical wells. For the mutually exclusive development of horizontal wells, and any concept wells (i.e micro seismic wells, pilot hole wells) within the DSU, Spur hereby submits for your consideration, a new Joint Operating Agreement dated April 1, 2022, being a modified 2015 Horizontal AAPL Form 610 Operating Agreement ("NJOA") to govern proposals and operations within the DSU. The NJOA shall supersede any existing operations under any JOAs, expressly limited however, to horizontal well development and related concept wells and operations within the DSU. The NJOA has the following general provisions:

- Effective Date of April 1, 2022
- Contract Area consisting of the S2S2 of Section 27, Township 17 South, Range 28 East limited to a depth from 4000' to 5682'
- 100%/300%/300% non-consenting penalty
- \$8,000/\$800 drilling and producing monthly overhead rate
- Spur Energy Partners LLC named Operator

Please find the enclosed AFE's reflecting a total well cost estimate for drilling and completing costs for each well. Spur respectfully requests that you select one of the following four options with regard to your interest in the proposed well(s).

Spur Energy Partners, LLC 1 Case No. 22736 Exhibit A-4



Option 1: Participate in the drilling and completion of the proposed well(s).

Option 2: Elect to not participate in the proposed well(s) (an election of "Non-Consent")

Term Assignment Option: Assign your working interest in the Contract Area, exclusive of wellbores of existing wells, to Spur through a Term Assignment with a primary term of (3) years and a bonus consideration of \$500 per net acre, delivering 80% leasehold net revenue interest (limited to the Yeso formation).

Assignment Option: Assign all your working interest in the Contract Area, exclusive of wellbores of existing wells, to Spur for a bonus consideration of \$1,500.00 per net acre delivering all rights owned.

Please indicate your election as to one of the above four options in the space provided below and execute and return a copy of this letter to Spur by U.S. mail to the letterhead address below within 30 days of receipt of this proposal. If a voluntary agreement cannot be reached in 30 days of receipt of this letter, please be advised Spur may apply to the New Mexico Oil and Conversation Division for compulsory pooling of any uncommitted interest owners into a spacing unit for the proposed wells if uncommitted at such time.

In the event you would like to assign your interest under the terms outlined above by way of the Term Assignment Option or Assignment Option, please signify your intentions by signing the enclosed Assignment Election page and returning an executed W-9. Upon receipt Spur will submit an Assignment for your review and acceptance.

If you have any questions concerning the proposed wells, please contact Murphy Lauck by phone at 832-982-1087 or by email to mlauck@spurepllc.com

Sincerely,

Blair Brummell Senior Landman

BerBull



Well Proposals – Halberd 27 State Com 72H & 90H S/2 S/2 of Section 27-17S-28E, Eddy County, New Mexico April 7, 2022

Halberd	1 27 State Com 72H Well Election
Owner:	Occidental Permian Limited Partnership

WI: 36.45%

Option 1: The undersigned elects to participate in the drilling and completing of the Halberd 27 State Com 72H well. Enclosed please find our share of the payment of the estimated AFE costs based upon the calculation of its working interest as stated above, with the cost and maintenance of all surface facilities, including any shared well pads, being reapportioned between each well drilled in the Unit.
Option 2: The undersigned elects not to participate in the drilling and completion of the proposed Halberd 27 State Com 72H well.
Should you elect to participate, please also indicate your Well Insurance election below. If you elect to obtain individual Well Insurance coverage, please provide Spur with a copy of your Certificate of Insurance.
Well Insurance:
The undersigned requests Well Insurance coverage provided by Spur Energy Partners.
The undersigned elects to obtain individual Well Insurance coverage.
Agreed to and Accepted this day of, 2022, by:
Company/Individual: Occidental Permian Limited Partnership
By:
Name:
Title:



Well Proposals – Halberd 27 State Com 72H & 90H S/2 S/2 of Section 27-17S-28E, Eddy County, New Mexico April 7, 2022

Halberd	d 27 State Com 90H Well Election	
Owner:	Occidental Permian Limited Partnership)

WI: 36.45%

Option 1: The undersigned elects to participate in the drilling and completing of the Halberd 27 State Com 90H well. Enclosed please find our share of the payment of the estimated AFE costs based upon the calculation of its working interest as stated above, with the cost and maintenance of all surface facilities, including any shared well pads, being reapportioned between each well drilled in the Unit.
Option 2: The undersigned elects not to participate in the drilling and completion of the proposed Halberd 27 State Com 90H well.
Should you elect to participate, please also indicate your Well Insurance election below. If you elect to obtain individual Well Insurance coverage, please provide Spur with a copy of your Certificate of Insurance.
Well Insurance:
The undersigned requests Well Insurance coverage provided by Spur Energy Partners.
The undersigned elects to obtain individual Well Insurance coverage.
Agreed to and Accepted this day of, 2022, by:
Company/Individual: Occidental Permian Limited Partnership
By:
Name:
Title:



Well Proposals – Halberd 27 State Com 72H & 90H S/2 S/2 of Section 27-17S-28E, Eddy County, New Mexico April 7, 2022

Halberd 27 State Com Assignment Election

Owner: Occidental Permian Limited Partnership

WI: 36.45%

Term Assignment Option
The undersigned elects to assign its working interest in the Contract Area, exclusive of wellbores of existing wells to Spur through a term assignment with a primary term of three (3) years and a bonus consideration of \$500 per net acredelivering a 80% leasehold net revenue interest (limited to the Yeso formation).
Assignment Option
The undersigned elects to assign its working interest in the Contract Area, exclusive of wellbores of existing wells to Spur for a bonus consideration of \$1,500 per net acre delivering all rights owned.
Agreed to and Accepted this day of, 2022, by:
Company/Individual: Occidental Permian Limited Partnership
By:
Name:
Title

Halberd 27 State Com 72H & 90H – Chronology Efforts

4.1.2022	Mailed out Halberd D Well Proposals via Certified Mail with previous TVDs and total AFE Cost to Occidental Permian Limited Partnership. Emailed Alissa Payne Halberd C Shallow, B&C, and D JOAs.
4.4.2022	Proposals delivered
4.5.2022	Received updated TVDs and total AFE Cost for Halberd 27 State Com 72H and Halberd 27 State Com 90H. Mailed out a letter informing Occidental Permian Limited Partnership of the updated locations
4.6.2022	Spur grants Occidental a June 1^{st} extension for all Halberd well proposals in exchange for Oxy and its affiliates to not protest the Force Pooling Hearing on May 5^{th} .
	Oxy affiliates include: Occidental Petroleum Corporation, Occidental Permian Limited Partnership, Oxy Y-1 Company, OXY USA WTP Limited Partnership, Kerr-McGee Oil & Gas Onshore LP, and Anadarko Petroleum Corporation
4.7.2022	Revised the April 1 st proposals by adding the correct well locations and emailed to Alissa Payne at Occidental Permian Limited Partnership

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

APPLICATION OF SPUR ENERGY PARTNERS, LLC TO POOL ADDITIONAL INTEREST OWNERS UNDER ORDER NO. R-22049, EDDY COUNTY, NEW MEXICO.

CASE NO. 22736 ORDER NO. R-22049 (Re-Open Case No. 22475)

SELF-AFFIRMED STATEMENT OF DANA HARDY

- 1. I am attorney in fact and authorized representative of Spur Energy Partners, LLC, the Applicant herein, and being first duly sworn, upon oath, state as follows.
- 2. I am familiar with the Notice Letter attached as **Exhibit B-1** and caused the Notice Letter to be sent to the parties set out in the chart attached as **Exhibit B-2**.
- 3. The above-referenced Application was provided, along with the Notice Letters, to the recipients listed in Exhibit B-2. Exhibit B-2 also provides the date each Notice Letter was sent and the date each return was received and includes copies of the certified mail receipts and white slips.
- 4. On April 19, 2022, I caused a notice to be published to all interested parties in the Carlsbad Current Argus. An Affidavit of Publication from the Legal Clerk of the Carlsbad Current Argus, along with a copy of the notice publication, is attached as **Exhibit B-3**.

/s/ Dana S. Hardy	5/3/22
Dana S. Hardy	Date

Spur Energy Partners, LLC Case No. 22736 Exhibit B



HINKLE SHANOR LLP

ATTORNEYS AT LAW
PO BOX 2068
SANTA FE, NEW MEXICO 87504
505-982-4554 (FAX) 505-982-8623

WRITER:

Dana S. Hardy, Partner dhardy@hinklelawfirm.com

April 6, 2022

<u>VIA CERTIFIED MAIL</u> RETURN RECEIPT REQUESTED

TO ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Case No. 22736 - Application of Spur Energy Partners, LLC to Pool Additional Interest Owners Under No. R-22049, Lea County, New Mexico.

To whom it may concern:

This letter is to advise you that Spur Energy Partners, LLC filed the enclosed application with the New Mexico Oil Conservation Division. The hearing will be conducted on **May 5, 2022** beginning at 8:15 a.m.

During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: http://www.emnrd.state.nm.us/OCD/announcements.html. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Pursuant to Division Rule 19.15.4.13.B, a party who intends to present evidence at the hearing shall file a pre-hearing statement and serve copies on other parties, or the attorneys of parties who are represented by counsel, at least four business days in advance of a scheduled hearing, but in no event later than 5:00 p.m. mountain time, on the Thursday preceding the scheduled hearing date. The statement must be filed at the Division's Santa Fe office or electronically submitted to ocd.hearings@state.nm.us and should include: the names of the parties and their attorneys, a concise statement of the case, the names of all witnesses the party will call to testify at the hearing, the approximate time the party will need to present its case, and identification of any procedural matters that are to be resolved prior to the hearing.

Please do not hesitate to contact me if you have any questions about this matter.

Sincerely,

/s/ Dana S. Hardy

Dana S. Hardy

Enclosure

Spur Energy Partners, LLC Case No. 22736 Exhibit B-1

PO BOX 10

ROSWELL, NEW MEXICO 88202

575-622-6510

(FAX) 575-623-9332

Released to Imaging: 5/3/2022 11:16:33 AM

PO BOX 2068 SANTA FE, NEW MEXICO 87504 505-982-4554 (FAX) 505-982-8623 7601 JEFFERSON ST NE • SUITE 180 ALBUQUERQUE, NEW MEXICO 87109 505-858-8320 (FAX) 505-858-8321

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

APPLICATION OF SPUR ENERGY PARTNERS, LLC TO POOL ADDITIONAL INTEREST OWNERS UNDER ORDER NO. R-22049, EDDY COUNTY, NEW MEXICO

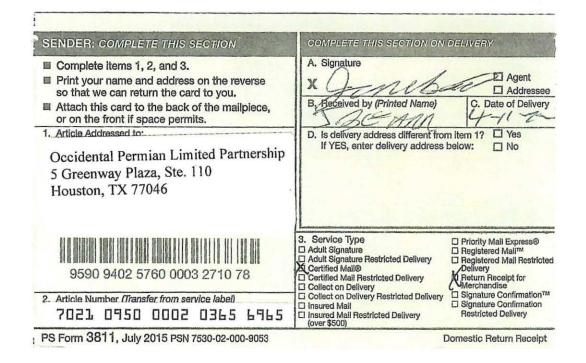
Case No. 22736

NOTICE LETTERS

PARTY	NOTICE LETTER SENT	RETURN RECEIVED
Occidental Permian Limited	04/06/22	04/18/22
Partnership		
5 Greenway Plaza, Ste. 110		
Houston, TX 77046		

Spur Energy Partners, LLC Case No. 22736 Exhibit B-2





Carlsbad Current Argus.

This is to notify all interested parties, including Kerr-McGee Oil & Gas Onshore LP; Occidental Permian Limited Partnership; Tinian Oil & Gas, LLC; The Wright Company; and their suc-cessors and assigns, that the New Mexico Oil Conservation Di-

vision will conduct a hearing on

vision will conduct a hearing on an application submitted by Spur Energy Partners, LLC (Case No. 22736). During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on May 5, 2022 beginning at 8:15 a.m. To participate in the electronic

participate in the electronic hearing, see the instructions posted on the docket for the

hearing date: http://www.emnrd.state.nm. us/OCD/hearings.html.

Applicant applies for an order pooling additional interest owners under the terms of Division Order No. R-22049. On February

23, 2022, the Division issued Order No. R-22049 in Case No.

22475, which pooled uncommit-ted interests from a depth of ap-proximately 4,000' to the base

of the Yeso formation (Artesia; Glorieta-Yeso Pool, Code 96830) in a 160-acre, more or less,

in a lov-acte, more of less standard horizontal spacing unit ("Unit") comprised of the S/2 S/2 of Section 27, Township 17 South, Range 28 East in Eddy County, New Mexico. The Order dedicated the Unit to the Hall-band 37 State Com 73 Hall Hall

berd 27 State Com 72H and Hal-berd 27 State Com 90H wells ("Wells") and designated Spur as operator of the Unit and the

Wells. Since entry of the Order, Applicant has identified additional interest owners in the Unit that should be pooled un-der the terms of the Order. The Wells are located approximately 10 miles west of Loco Hills, New

#5219164, Current Argus, April

Affidavit of Publication Ad # 0005219164 This is not an invoice

HINKLE SHANOR LLP 218 MONTEZUMA

SANTA FE, NM 87501

I, a legal clerk of the Carlsbad Current Argus, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof in editions dated as follows:

04/19/2022

Subscribed and sworn before me this April 19, 2022:

County of Brown

NOTARY PUBLIC

My commission expires

NANCY HEYRMAN Notary Public State of Wisconsin

19, 2022

Ad # 0005219164 PO#: 5219164 # of Affidavits 1

This is not an invoice