

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

**APPLICATIONS OF SPUR ENERGY
PARTNERS, LLC FOR APPROVAL OF AN
OVERLAPPING HORIZONTAL WELL
SPACING UNIT AND COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.**

CASE NOS. 22597 & 22598

SPUR’S CONSOLIDATED PRE-HEARING STATEMENT

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

APPEARANCES

APPLICANT

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APPLICANT'S STATEMENT OF CASE

In these consolidated cases, Spur seeks orders approving overlapping horizontal well spacing units within vertical portions of the Yeso formation and pooling all uncommitted interests in the proposed overlapping horizontal well spacing units, as follows:

In **Case No. 22597**, Spur seeks an order approving a 320-acre, more or less, overlapping horizontal well spacing unit in a portion of the Yeso formation from the top of the Yeso formation to a depth of 4,100 feet comprised of the N/2 of Section 32, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico, and pooling all uncommitted interests in this overlapping horizontal well spacing unit.

Spur seeks to dedicate the above-referenced horizontal spacing unit to the following proposed initial wells:

- The **Blalock 32 State #1H well**, to be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 31, to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 32;

- the **Blalock 32 State #10H well**, to be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 31, to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 32; and the
- **Blalock 32 State #11H well**, to be horizontally drilled from a surface location in the SE/4 NE/4 (Unit H) of Section 31, to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 32.

The completed interval of the **Blalock 32 State #1H well** will remain within 330 feet of the offsetting quarter-quarter sections or equivalent tracts to include them in a standard horizontal well spacing unit.

A depth severance exists in the Yeso formation within the proposed horizontal spacing unit. Accordingly, Spur seeks to pool only a portion of the Yeso formation, from the top of the Yeso formation to a depth of 4,100 feet, as defined in the Schlumberger Platform Express High Resolution Azimuthal Laterolog of the Dancer “32” State Com No.1 Well (API No. 30-015-28863).

In **Case No. 22598**, Spur seeks an order approving a 320-acre, more or less, overlapping horizontal well spacing unit in a portion of the Yeso formation, from the depth of 4,130 feet to the base of the Yeso formation comprised of the N/2 of Section 32, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico, and pooling all uncommitted interests in this overlapping horizontal well spacing unit.

Spur seeks to dedicate the above-referenced horizontal spacing unit to the following proposed initial wells:

- The **Blalock 32 State #50H well**, to be horizontally drilled from a surface location in the SE/4 NE/4 (Unit H) of Section 31, to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 32;
- the **Blalock 32 State #70H well**, to be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 31, to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 32; and the
- **Blalock 32 State #90H well**, to be horizontally drilled from a surface location in the SE/4 NE/4 (Unit H) of Section 31, to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 32.

The completed interval of the **Blalock 32 State #90H well** will remain within 330 feet of the offsetting quarter-quarter sections or equivalent tracts to include them in a standard horizontal well spacing unit.

A depth severance also exists in the Yeso formation within the proposed horizontal spacing unit in this case. Accordingly, Spur seeks to pool only a portion of the Yeso formation, from a depth of 4,130 feet to the base of the Yeso formation, at a stratigraphic equivalent of 5,564 feet measured depth, as defined in the Schlumberger Platform Express High Resolution Azimuthal Laterolog of the Dancer “32” State Com No.1 Well (API No. 30-015-28863).

In both cases, the proposed 320-acre horizontal well spacing units will overlap three existing 40-acre vertical well spacing units in the Yeso formation, as follows:

- a. A 40-acre vertical well spacing unit comprised of the NW/4 NW/4 of Section 32, Township 17 South, Range 28 East, NMPM, Eddy County, and dedicated to the Enron State #012 (API# 30-015-35050), Enron State #018 (API# 30-015-

40339), Enron State #021 (API# 30-015-42156), and the Enron State #002 (API# 30-015-31920).

- b. A 40-acre vertical well spacing unit comprised of the NE/4 NW/4 of Section 32, Township 17 South, Range 28 East, NMPM, Eddy County, and dedicated to the Enron State #019 (API# 30-015-41833), Enron State #014 (API# 30-015-36979), Enron State #001 (API# 30-015-31530), and the Enron State #017 (API# 30-015-39996).
- c. A 40-acre vertical well spacing unit comprised of the SE/4 NW/4 of Section 32, Township 17 South, Range 28 East, NMPM, Eddy County, and dedicated to the AA State #001 (API# 30-015-01657).

Contango Oil & Gas Company operates the two spacing units dedicated to the Enron State wells. Apache Corporation operates the spacing unit dedicated to the AA State #001 well. Spur owns a 40% working interest in that well. Spur provided notice of the proposed overlapping spacing units to all working interest owners by certified mail, return-receipt requested, pursuant to Division regulations. Contango Oil & Gas Company and Apache Corporation have withdrawn their objections to these cases.

Spur has sought and been unable to obtain voluntary agreement for the development of these lands from all of the interest owners in the subject spacing units.

Approval of these overlapping horizontal well spacing units and the pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

APPLICANT’S PROPOSED EVIDENCE

<u>WITNESS</u> Name and Expertise	<u>ESTIMATED TIME</u>	<u>EXHIBITS</u>
Rett Dalton, Landman	Affidavit	Approx. 6
Matt Van Wie, Geology	Affidavit	Approx. 5
John M. Nabors, Engineer	Affidavit	Approx. 6

PROCEDURAL MATTERS

These cases have been consolidated for hearing purposes and are governed by a prehearing order entered on March 2, 2022. Contango Oil & Gas, Apache Corporation, and Jalapeno Corporation have all withdrawn their objections to these cases proceeding by affidavit. Spur has or will file a motion to vacate the Pre-Hearing Order and intends to present these cases by affidavit if no party objects at the time of hearing.

Spur notes that it has updated the well names to the “Blalock 32 State” wells.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on May 26, 2022, I served a copy of the foregoing document to the following counsel of record via Electronic Mail to:

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QUESTIONS

Action 111546

QUESTIONS

Operator: Spur Energy Partners LLC 9655 Katy Freeway Houston, TX 77024	OGRID: 328947
	Action Number: 111546
	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>