

**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-22062,  
EDDY COUNTY, NEW MEXICO.**

**CASE NO. 22738  
ORDER NO. R-22062  
(Re-Open Case No. 22533)**

**EXHIBIT INDEX**

Exhibit A	Self-Affirmed Statement of Blair Brummell
A-1	Application & Proposed Notice of Hearing
A-2	Order No. R-22062
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 and May 10, 2022

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**CASE NO. 22738  
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(Re-Open Case No. 22533)**

**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-22062 in Case No. 22533, which pooled uncommitted interests from the top of the Yeso formation to a depth of approximately 4,000' (Artesia; Glorieta.-Yeso Pool, Code 96830) in a 160-acre, more or less, standard horizontal spacing unit ("Unit") comprised of the N/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 21H well ("Well") and designated Spur as the operator of the Unit and the Well.

5. A copy of Order No. R-22062 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 HSU, identifies the interests in each tract included in the HSU, and identifies the additional uncommitted interests to be pooled under the terms of Order No. R-22062, 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-22062.
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

4-26-22  
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-22062,  
EDDY COUNTY, NEW MEXICO.**

**CASE NO. 22738  
ORDER NO. R-22062  
(Re-Open Case No. 22533)**

**APPLICATION**

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-22062. In support of its application, Spur states as follows.

1. On March 9, 2022, the Division issued Order No. R-22062 in Case No. 22533, which pooled uncommitted interests from the top of the Yeso formation to a depth of approximately 4,000' (Artesia; Glorieta-Yeso Pool, Code 96830) in a 160-acre, more or less, standard horizontal spacing unit ("Unit") comprised of the N/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 21H** well ("Well") and designated Spur as operator of the Unit and the Well.

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 Well 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. 22738  
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-22062.

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-22062, Eddy County, New Mexico.** Applicant applies for an order pooling additional interest owners under the terms of Division Order No. R-22062. On March 9, 2022, the Division issued Order No. R-22062 in Case No. 22533, which pooled uncommitted interests from the top of the Yeso formation to a depth of approximately 4,000' (Artesia; Glorieta-Yeso Pool, Code 96830) in a 160-acre, more or less, standard horizontal spacing unit ("Unit") comprised of the N/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 21H well ("Well") and designated Spur as operator of the Unit and the Well. Since entry of the Order, Spur has identified additional interest owners in the Unit that should be pooled under the terms of the Order. The Well is 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. 22533  
ORDER NO. R-22062**

**ORDER**

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. 22738  
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. 22533  
ORDER NO. R-22062

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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  
OIL CONSERVATION DIVISION

  
ADRIENNE SANDOVAL  
DIRECTOR  
AES/jag

Date: 3/09/2022

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## Exhibit A

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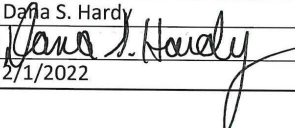
COMPULSORY POOLING APPLICATION CHECKLIST	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case No.:	22533
Hearing Date:	2/3/2022
Applicant	Spur Energy Partners, LLC
Designated Operator & OGRID	OGRID # 328947
Applicant's Counsel	Hinkle Shanor LLP
Case Title	Application of Spur Energy Partners, LLC for Compulsory Pooling, Eddy County, New Mexico
Entries of Appearance/Intervenors	-
Well Family	Halberd
<b>Formation/Pool</b>	
Formation Name(s) or Vertical Extent	Yeso
Primary Product (Oil or Gas)	Oil
Pooling this vertical extent	Yeso, 3694' MD to 4000' MD.
Pool Name and Pool Code	Artesia; Glorieta-Yeso (Pool Code 96830)
Well Location Setback Rules	Statewide
Spacing Unit Size	160-acre
<b>Spacing Unit</b>	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	160-acre
Building Blocks	quarter-quarter
Orientation	laydown
Description: TRS/County	N/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
<b>Other Situations</b>	
Depth Severance: Y/N. If yes, description	Yes; at 4000' MD in the Artesia; Glorieta-Yeso Pool
Proximity Tracts: If yes, description	-
Proximity Defining Well: if yes, description	-
<b>Well(s)</b>	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed
Well #1	Halberd 27 State Com 21H (API # pending) SHL: 998' FSL & 650' FWL, Unit M, Section 26, T17S-R28E BHL: 1900' FSL & 50' FEL, Unit L, Section 27, T17S-R28E Completion Target: Yeso formation (Approx. 3900' TVD)
Horizontal Well First and Last Take Points	Exhibit A-2
Completion Target (Formation, TVD and MD)	Exhibit A-4
<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	8000
Production Supervision/Month \$	800
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%
<b>Notice of Hearing</b>	
Proposed Notice of Hearing	Exhibit A-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit A-6
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit A-7
<b>Ownership Determination</b>	
Land Ownership Schematic of Spacing Unit	Exhibit A-3
Tract List (including lease numbers & owners)	Exhibit A-3
Proposed Parties (including ownership type)	Exhibit A-3
Non-locatable Parties to be Pooled	Exhibit A-3

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Ownership Depth Severance (including percentage above & below)	Exhibit A-3
<b>Joinder</b>	
Sample Copy of Proposal Letter	Exhibit A-2
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-2
Cost Estimate to Equip Well	Exhibit A-2
Cost Estimate for Production Facilities	Exhibit A-2
<b>Geology</b>	
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
<b>Forms, Figures and Tables</b>	
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
<b>Additional Information</b>	
<b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b>	
<b>Printed Name</b> (Attorney or Party Representative):	Dana S. Hardy
<b>Signed Name</b> (Attorney or Party Representative):	
<b>Date:</b>	2/1/2022

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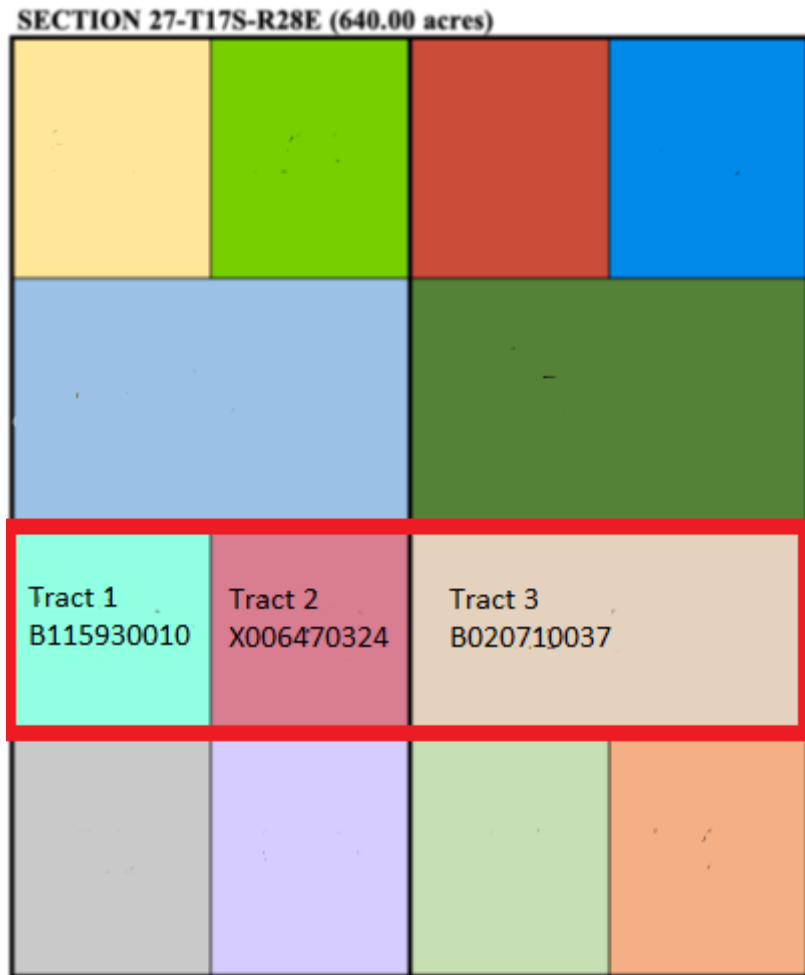
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### Exhibit A-3

North Half of South Half (N/2 S/2) of Section 27, Township 17 South, Range 28 East, Eddy County, New Mexico as to those depths from the Top of the Yeso Formation to 4000'.



**Tract 1: NW4 SW4 of Section 27-17S-28E (NM State Lease No. B1-1593-0010)**

- **Kerr-McGee Oil & Gas Onshore LP** 100% Working Interest

**Tract 2: NE4 SW4 of Section 27-17S-28E (NM State Lease No. X0-0647-0324)**

- EOG Resources Inc. 43.75% Working Interest
- Vlatin, LLC 12.50% Working Interest
- Tinian Oil and Gas, LLC 12.50% Working Interest
- Sharbro Energy LLC 18.75% Working Interest
- Spiral, Inc. 7.14% Working Interest
- Jalapeno Corporation 7.14% Working Interest
- Yates Energy Corporation 2.37% Working Interest

**Tract 3: N2 SE4 of Section 27-17S-R28E (NM State Lease No. B0-2071-0023)**

- SEP Permian LLC 100% Working Interest

**RECAPITULATION**

Tract Number	Number of Acres Committed	Percentage of Interest in Unit
7	40	25.00%
8	40	25.00%
9	80	50.00%
<b>TOTAL</b>	<b>160</b>	<b>100.00%</b>

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

50.00% Working Interest

EOG Resources Inc  
104 S. 4th Street  
Artesia, New Mexico 88210

10.94% Working Interest

Jalapeno Corporation  
P.O. Box 1608  
Albuquerque, New Mexico 87103

0.75% Working Interest

Kerr-Mcgee Oil & Gas Onshore LP  
1201 Lake Robbins Dr.  
The Woodlands, Texas 77380

25.00% Working Interest

Sharbro Energy, LLC  
P.O. Box 840  
Artesia, New Mexico 88211

4.69% Working Interest

Spiral, Inc.  
P.O. Box 1933  
Roswell, New Mexico 88202

1.78% Working Interest

Vladin LLC  
P.O. Box 100  
Artesia, New Mexico 88211

3.13% Working Interest

Tinian Oil & Gas, LLC  
PO Box 100  
Artesia, NM 88211

3.13% Working Interest

Yates Energy Corporation  
P.O. Box 2323  
Roswell, New Mexico 88202

0.59% Working Interest

**Total**

**100% Working Interest**



**Leasehold Interest:**

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

EOG Resources Inc  
104 S. 4th Street  
Artesia, New Mexico 88210

Jalapeno Corporation  
P.O. Box 1608  
Albuquerque, New Mexico 87103

Kerr-McGee Oil & Gas Onshore LP  
1201 Lake Robbins Dr.  
The Woodlands, Texas 77380

Sharbro Energy, LLC  
P.O. Box 840  
Artesia, New Mexico 88211

Spiral, Inc.  
P.O. Box 1933  
Roswell, New Mexico 88202

Vladin LLC  
P.O. Box 100  
Artesia, New Mexico 88211

Tinian Oil and Gas, LLC  
P.O. Box 100  
Artesia, New Mexico 88211

Yates Energy Corporation  
P.O. Box 2323  
Roswell, New Mexico 88202

**Overriding Royalty Interests:**

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



**April 1, 2022**

Trust Q u/w/o Peggy A. Yates, deceased  
c/o Jim Ball  
105 S. Fourth Street  
Artesia, NM 88210

**RE: Well Proposals – Halberd 27 State Com 21H  
Proposed Spacing Unit  
Section 27: N2S2 – 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 21H as a horizontal Yeso well** (the “Subject Well”) to the approximate total vertical depth as referenced below at the following proposed location (subject to change upon staking of the wells and/or pads).

**Halberd 27 State Com 21H well – Horizontal Yeso Well, Eddy County, NM**

- Proposed Surface Hole Location – 1845’ FSL & 465’ FEL, Section 28, T17S-R28E
- Proposed Bottom Hole Location – 1900’ FSL & 50’ FEL, Section 27, T17S-R28E
- TVD: 3900’
- Total AFE: \$3,227,000

Spur proposes to form a Drilling Spacing Unit (“DSU”) covering the North Half of the South Half (N2S2) of Section 27-T17S-R28E, Eddy County, New Mexico, containing 160 acres of land, more or less, from the top of the Yeso formation to 4000’. 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 N2S2 of Section 27, Township 17 South, Range 28 East limited to a depth from the top of the Yeso to 4000’
- 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  
Case No. 22738  
Exhibit A-4





Option 1: Participate in the drilling and completion of the proposed well

Option 2: Elect to not participate in the proposed well (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](mailto:mlauck@spurepllc.com)

Sincerely,

Blair Brummell  
Senior Landman

**Halberd 27 State Com 21H well**

Owner: Trust Q u/w/o Peggy A. Yates, deceased

Working Interest: 3.125%

\_\_\_\_\_ **Option 1)** The undersigned elects to participate in the drilling and completion of the Halberd 27 State Com 21H 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 21H 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:** Trust Q u/w/o Peggy A. Yates, deceased

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_



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 acre, delivering 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.

**Company/Individual:**    **Trust Q u/w/o Peggy A. Yates, deceased**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Halberd 27 State Com 21H – Chronology Efforts

- 4.6.2022                      Spur grants Occidental a June 1<sup>st</sup> extension for all Halberd well proposals in exchange for Oxy and its affiliates to not protest the Force Pooling Hearing on May 5<sup>th</sup>.
- 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                      Mailed out the Halberd C shallow proposals to Kerr-McGee Oil & Gas Onshore, LP to the following addresses:  
                                    1201 Lake Robbins Drive, The Woodlands, TX 77380  
                                    5 Greenway Plaza, Ste 110, Houston, TX 77046
- 4.8.2022                      Kerr-McGee proposals are delivered to both addresses

Spur Energy Partners, LLC  
Case No. 22738  
Exhibit A-5

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-22062,  
EDDY COUNTY, NEW MEXICO.

CASE NO. 22738  
ORDER NO. R-22062  
(Re-Open Case No. 22533)

**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 and May 10, 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  
Dana S. Hardy

5/31/22  
Date

Spur Energy Partners, LLC  
Case No. 22738  
Exhibit B



hinklelawfirm.com

**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

**VIA CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED****TO ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS****Re: Case No. 22738 - Application of Spur Energy Partners, LLC to Pool Additional Interest Owners under Order No. R-22062, 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](mailto: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. 22738  
Exhibit B-1PO BOX 10  
ROSWELL, NEW MEXICO 88202  
575-622-6510  
(FAX) 575-623-9332PO BOX 2068  
SANTA FE, NEW MEXICO 87504  
505-982-4554  
(FAX) 505-982-86237601 JEFFERSON ST NE • SUITE 180  
ALBUQUERQUE, NEW MEXICO 87109  
505-858-8320  
(FAX) 505-858-8321





**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

May 4, 2022

**VIA CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**TO ALL PARTIES ENTITLED TO NOTICE**

**Re: Case No. 22738**  
**Application of Spur Energy Partners, LLC to Pool Additional Interest Owners**  
**Under Order No. R-22062, Eddy County, New Mexico.**

To whom it may concern:

This letter is to advise you that the enclosed applications were filed with the New Mexico Oil Conservation Division. The hearing will be conducted on **June 2, 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: <https://www.emnrd.nm.gov/oed/hearing-info/>. 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 submitted through the OCD E-Permitting system (<https://wwwapps.emnrd.state.nm.us/oed/oedpermitting/>) 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 contact Blair Brummell at (832) 930-8502 or bbrummell@spurenergy.com if you have any questions about this matter.

Sincerely,

/s/ Dana S. Hardy

Dana S. Hardy

Enclosure

PO BOX 10  
ROSWELL, NEW MEXICO 88202  
575-622-6510  
(FAX) 575-623-9332

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-22062, EDDY COUNTY, NEW MEXICO

Case No. 22738

## NOTICE LETTERS

<b>PARTY</b>	<b>NOTICE LETTER SENT</b>	<b>RETURN RECEIVED</b>
Kerr-Mcgee Oil &. Gas Onshore LP 1201 Lake Robbins Dr. The Woodlands, Texas 77380	05/04/22	No response. USPS status: picked up by individual at postal facility 05/07/22
The Wright Company P.O. Box 752 Stanton, TX 79782	04/06/22	05/06/22 Return to sender. Unclaimed, unable to forward.
The Wright Company P.O. Box 752 Stanton, Texas 79782	05/04/22	05/11/22 Return to sender. Unable to forward

Spur Energy Partners, LLC  
Case No. 22738  
Exhibit B-2



7021 0950 0002 0367 2484

U.S. Postal Service™ CERTIFIED MAIL® RECEIPT Domestic Mail Only	
For delivery information, visit our website at <a href="http://www.usps.com">www.usps.com</a> ®.	
<b>OFFICIAL USE</b>	
Certified Mail Fee	\$
Extra Services & Fees (check box, add fee as appropriate)	
<input type="checkbox"/> Return Receipt (hardcopy)	\$
<input type="checkbox"/> Return Receipt (electronic)	\$
<input type="checkbox"/> Certified Mail Restricted Delivery	\$
<input type="checkbox"/> Adult Signature Required	\$
<input type="checkbox"/> Adult Signature Restricted Delivery	\$
Postage	\$
Total Postage and Fees	\$
Sent To: <u>Kerr - McBee Oil &amp; Gas</u>	
Street and Apt. No. or PO Box No. <u>1201 Lake Robbins Dr.</u>	
City, State, ZIP+4® <u>Woodlands, TX 77380</u>	
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions	

Postmark Here  
MAY 04 2022  
87501  
POST OFFICE

Released to Imaging: 5/31/2022 10:08:06 AM

## OFFICIAL BSE

7021 0950 0002 0364 5310

<p>PS Form 3800, April 2015 PSN 7550-02-000-9047</p> <p>See Reverse for Instructions</p>	<p>87501 9898</p> <p>OFFICE</p> <p>APR 06 2015</p> <p>Postmark Here.</p>
--	--

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

**CERTIFIED MAIL**

**HINKLE SHANOR LLP**  
**ATTORNEYS AT LAW**  
**POST OFFICE BOX 2068**  
**SANTA FE, NEW MEXICO 87504**



2021 0950 0002 0364 5310

FIRST-CLASS



US POSTAGE  
MARITNEY BOWES  
ZIP 87501  
02 7H  
0006052409  
\$ 007.330  
APR 06 2022

RECEIVED

MAY - 6 2022

Hinkle Shanor LLP  
Santa Fe NM 87504

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

[illegible]

RETURN TO SENDER  
UNDELIVERABLE  
TO ADDRESSEE

UNC BC: 87504206868 # 2255-02993-06-41

**BOOK REVIEW**

U.S. Postal Service<sup>TM</sup>  
**CERTIFIED MAIL<sup>®</sup> RECEIPT**  
Domestic Mail Only

For delivery information, visit our website at [www.usps.com](http://www.usps.com).

**OFFICIAL USE**  
PSN 87501

Certified Mail Fee	
\$	
Extra Services & Fees (check box, add fee as appropriate)	
<input type="checkbox"/> Return Receipt (hardcopy)	\$
<input type="checkbox"/> Return Receipt (electronic)	\$
<input type="checkbox"/> Certified Mail Restricted Delivery	\$
<input type="checkbox"/> Adult Signature Required	\$
<input type="checkbox"/> Adult Signature Restricted Delivery	\$
Postage	\$
Total Postage and Fees	\$

Sent To	Wright Co.
Street and Apt. No. or P.O. Box No.	P.O. Box 752
City, State, ZIP+4 <sup>®</sup>	Stanton, TX 79782
PS Form 3800, April 2015 PSN 7530-02-000-9047	SPR 27788

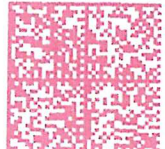
See Reverse for Instructions

**CERTIFIED MAIL<sup>®</sup>**



7021 0950 0002 0367 2477

FIRST-CLASS



US POSTAGE<sup>SM</sup> PTNEY BOWES  
ZIP 87501  
02 74  
0006052409 MAY 04 2022  
**\$ 007.33<sup>0</sup>**

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

SPUR 22738

**RECEIVED**

MAY 11 2022

Hinkle Shanor LLP  
Santa Fe NM 87504

ANK  
79782307526 MO

NIXIE 799 FE 1 0005/08/22  
RETURN TO SENDER  
ATTEMPTED - NOT KNOWN  
UNABLE TO FORWARD  
BC: 87504206868 \*2255-00115-04-42



# Carlsbad Current Argus.

PART OF THE USA TODAY NETWORK

## Affidavit of Publication

Ad # 0005249916

This is not an invoice

HINKLE SHANOR LLP  
218 MONTEZUMA

SANTA FE, NM 87501

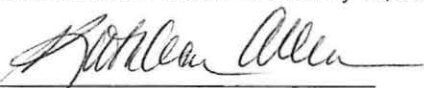
I, a legal clerk of the **Carlsbad Current Argus**, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements 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:

05/10/2022



Legal Clerk

Subscribed and sworn before me this May 10, 2022:



State of WI, County of Brown  
NOTARY PUBLIC

1-7-25

My commission expires

This is to notify all interested parties, including Kerr-McGee Oil & Gas Onshore LP; The Wright Company; and their successors and assigns, that the New Mexico Oil Conservation Division will conduct a hearing on an application submitted by Spur Energy Partners, LLC (Case No. 22738). 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 June 2, 2022, beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website for that 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-22062. On March 9, 2022, the Division issued Order No. R-22062 in Case No. 22533, which pooled uncommitted interests from the top of the Yeso formation to a depth of approximately 4,000' (Artesia; Glorieta-Yeso Pool, Code 96830) in a 160-acre, more or less, standard horizontal spacing unit ("Unit") comprised of the N/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 21H well ("Well") and designated Spur as operator of the Unit and the Well. Since entry of the Order, Spur has identified additional interest owners in the Unit that should be pooled under the terms of the Order. The Well is located approximately 10 miles west of Loco Hills, New Mexico.

#5249916, Current Argus, May 10, 2022

KATHLEEN ALLEN  
Notary Public  
State of Wisconsin

Ad # 0005249916  
PO #: Case No. 22738  
# of Affidavits 1

This is not an invoice

Spur Energy Partners, LLC  
Case No. 22738  
Exhibit B-3

# Carlsbad Current Argus.

PART OF THE USA TODAY NETWORK

## Affidavit of Publication

Ad # 0005219073

This is not an invoice

HINKLE SHANOR LLP  
218 MONTEZUMA

SANTA FE, NM 87501

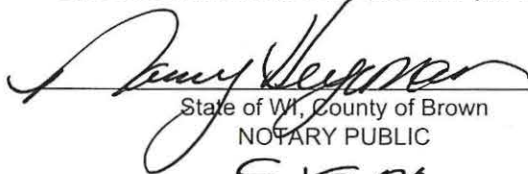
I, a legal clerk of the **Carlsbad Current Argus**, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements 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



Legal Clerk

Subscribed and sworn before me this April 19, 2022:



State of WI, County of Brown  
NOTARY PUBLIC

5.15.23

My commission expires

This is to notify all interested parties, including Alakai Investments LLC; Ardis Eileen Walker, Julie Ann Walker, attorney-in-fact; CKHallco LLC; DMM Family, LLC; Marjorie Ann Estevis; Fingers Crossed LLC; Finwing Corporation; Ernest Byron Hailey, III; Michael Lee Hailey; John & Theresa Hillman Family Properties, LP; JTF Investments LLC; Lions Gate Exploration, LLC; Longfellow Energy, LP; Manix Royalty, Ltd.; Manta Oil and Gas Inc.; Larry Marcum; N. Kahootz, LLC; Occidental Permian Limited Partnership; Olwick Corporation; Mike Petraitis; Red Bird Ventures, Inc.; SAC Investments I, L.P.; S.E.S. Oil & Gas, Inc.; Valar Investments LLC; Wadi Petroleum Inc.; Dianna Ray Wynne, Successor Trustee of the Carolyn Kay Lisle 1990 Revocable Trust; The Wright Company; and their successors and assigns, that the New Mexico Oil Conservation Division will conduct a hearing on an application submitted by Spur Energy Partners, LLC (Case No. 22738). 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 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-22062. On March 9, 2022, the Division issued Order No. R-22062 in Case No. 22533, which pooled uncommitted interests from the top of the Yeso formation to a depth of approximately 4,000' (Artesia; Glorieta-Yeso Pool, Code 96830) in a 160-acre, more or less, standard horizontal spacing unit ("Unit") comprised of the N/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 21H well ("Well") and designated Spur as operator of the Unit and the Well. Since entry of the Order, Spur has identified additional interest owners in the Unit that should be pooled under the terms of the Order. The Well is located approximately 10 miles west of Loco Hills, New Mexico.  
#5219073, Current Argus, April 19, 2022

Ad # 0005219073  
PO #: 5219073  
# of Affidavits 1

This is not an invoice

NANCY HEYRMAN  
Notary Public  
State of Wisconsin