

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

**APPLICATION OF SPUR ENERGY
PARTNERS, LLC FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO**

Case No. _____

APPLICATION

In accordance with NMSA 1978, § 70-2-17, Spur Energy Partners, LLC (“Spur” or “Applicant”), through its undersigned attorneys, files this application with the Oil Conservation Division (“Division”) seeking an order pooling all uncommitted interests in the Yeso formation underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the S/2 of Section 25, Township 19 South, Range 25 East, Eddy County, New Mexico (“Unit”). In support of this application, Spur states the following.

1. Applicant (OGRID No. 328947) is a working interest owner in the Unit and has the right to drill wells thereon.
2. Applicant seeks to dedicate the Unit to the following proposed wells:
 - a. The **Darko 25 Federal 20H well**, to be drilled from a surface hole location in the NE/4 SE/4 (Unit I) of Section 26, Township 19 South, Range 25 East, to a bottom hole location in the NE/4 SE/4 (Unit I) of Section 25, Township 19 South, Range 25 East;
 - b. The **Darko 25 Federal 21H well**, to be drilled from a surface hole location in the SE/4 SE/4 (Unit P) of Section 26, Township 19 South, Range 25 East, to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 25, Township 19 South, Range 25 East; and

- c. The **Darko 25 Federal 30H well**, to be drilled from a surface hole location in the NE/4 SE/4 (Unit I) of Section 26, Township 19 South, Range 25 East, to a bottom hole location in the NE/4 SE/4 (Unit I) of Section 25, Township 19 South, Range 25 East.
3. The completed intervals of the wells will be orthodox.
4. The completed interval of the Darko 25 Federal 30H well will be located within 330' of the quarter-quarter section line separating the N/2 S/2 and S/2 S/2 of Section 25 to allow for the creation of a 320-acre standard horizontal spacing unit.
5. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all interest owners in the Unit.
6. The pooling of uncommitted interests will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.
7. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in the Unit should be pooled and Applicant should be designated the operator of the proposed horizontal wells and the Unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on September 1, 2022, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the Unit;
- B. Approving the initial wells in the Unit;
- C. Designating Applicant as the operator of the Unit and the horizontal wells to be drilled thereon;

- D. Authorizing Applicant to recover its costs of drilling, equipping, and completing the wells;
- E. Approving the actual operating charges and costs of supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- F. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

HINKLE SHANOR LLP

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