

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

**APPLICATION OF SPC RESOURCES, LLC
TO AMEND ORDER NO. R-21100, AS
AMENDED, EDDY COUNTY, NEW MEXICO.**

CASE NO. 24341

**APPLICATION OF SPC RESOURCES, LLC
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 24342

SPC’S CONSOLIDATED PRE-HEARING STATEMENT

SPC Resources, LLC, applicant in the above-referenced cases, submits this Consolidated Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

SPC Resources, LLC (“SPC Resources”)

ATTORNEY

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OTHER PARTIES

Coterra Energy, Inc., and subsidiaries including Cimarex Energy Co. and Magnum Hunter Production, Inc.

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APPLICANT'S STATEMENT OF CASES

Under **Case No. 24341**, SPC Resources (“SPC”) seeks to amend pooling Order No. R-21100-D (the “Order”) to allow for a one-year extension of time to commence drilling an initial well until July 7, 2025, to add additional initial wells under the Order, and to designate Permian Resources Operating, LLC (OGRID 372165) (“Permian”) as the operator of the horizontal well spacing unit.

SPC is now a wholly owned subsidiary of Permian under a transaction that closed in December 2023 with an effective date in September 2023. SPC therefore seeks to designate Permian as the operator of the horizontal well spacing unit. SPC also seeks to amend the drilling deadline under Order No. R-21100-D until July 7, 2025, to add following proposed wells as initial wells under the pooling order:

- **Betty 221H and 421H wells**, with first take points in the NE/4 NE/4 (Lot 1) of said Section 5 and last take points in the NW/4 NW/4 (Lot 5) of irregular Section 6, all within Township 22 South, Range 27 East; and
- **Betty 422H** with a first take point in the SE/4 NE/4 (Unit H) of said Section 5 and a last take point in the SW/4 NW/4 (Unit E) of irregular Section 6, all within Township 22 South, Range 27 East.

Finally, SPC seeks to rename the **Betty #402H** well (formerly Betty 5-6 WCXY 2H) (API No. 30-015-49015) to the **Betty 222H** well.

Good cause exists for Applicant's request that the Order be amended to allow additional time to commence drilling the initial well under the Order and to add additional initial wells. SPC Resources was recently acquired by Permian, which has determined it is prudent to drill additional initial wells through batch drilling and to simultaneously co-develop the targeted

Upper Wolfcamp in this spacing unit with the Lower Bone Spring formation in an overlying spacing unit. The overlying Bone Spring pool spacing unit is not yet subject to a voluntary agreement or a compulsory order. Accordingly, Applicant requires additional time to compulsory pool the overlying Bone Spring formation, which is the subject of Case No. 24342, and to coordinate simultaneous co-development of both spacing units. Applicant has filed an application contemporaneously with this one to compulsory pool the overlying Bone Spring formation to allow it to co-develop both pools.

Under **Case No. 24342**, SPC Resources seeks an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 635.06-acre, more or less, horizontal well spacing unit comprised of Lots 1-4 and the S/2 N/2 (N/2 equivalent) of irregular Section 5, and Lots 1-5, the SE/4 NW/4, and the S/2 NE/4 (N/2 equivalent) of irregular Section 6, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico. Applicant seeks to initially dedicate the above-referenced horizontal spacing unit to the proposed following proposed wells:

- **Betty 131H well** with a first take point in the NE/4 NE/4 (Unit A) of said Section 5 and a last take point in NW/4 NW/4 (Unit D) of said Section 6; and
- **Betty 132H well** with a first take point in the SE/4 NE/4 (Unit H) of said Section 5 and a last take point in SW/4 NW/4 (Unit E) of said Section 6.

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

Approval of these applications will allow Applicant to obtain a just and fair share of the oil and gas underlying the subject lands, avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

APPLICANT’S PROPOSED EVIDENCE

| WITNESS Name and Expertise | ESTIMATED TIME | EXHIBITS |
|---------------------------------------|-------------------------|-----------------|
| Chris Astwood, Senior Landman | Self-Affirmed Statement | Approx. 4 |
| Tyler Chesworth, Petroleum Geology | Self-Affirmed Statement | Approx. 3 |

PROCEDURAL MATTERS

SPC intends to present these cases by self-affirmed statement if uncontested at time of hearing.

Respectfully submitted,

HOLLAND & HART LLP



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CERTIFICATE OF SERVICE

I hereby certify that on April 11, 2024, I served a copy of the foregoing document to the following counsel of record via Electronic Mail to:

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State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
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QUESTIONS

Action 332715

QUESTIONS

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| Operator: SPC RESOURCES, LLC 300 N. Marienfeld St Ste 1000 Midland, TX 79701 | OGRID: 372262 |
| | Action Number: 332715 |
| | Action Type: [HEAR] Prehearing Statement (PREHEARING) |

QUESTIONS

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| 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> |