

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

**APPLICATION OF SPC RESOURCES, LLC  
TO AMEND ORDER NO. R-21096,  
EDDY COUNTY, NEW MEXICO**

**CASE NO. 24340  
ORDER NO. R-21096-E**

**ORDER**

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on April 18, 2024, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

**FINDINGS OF FACT**

1. On February 2, 2020, OCD issued Order R-21096 to SPC Resources, LLC (“Operator”) to pool the uncommitted oil and gas interests within the specified spacing unit.
2. On April 12, 2021, OCD issued Order R-21096-A to Operator to pool additional interests owners under the terms of Order R-21096 and to extend the time to commence drilling operations until February 12, 2022.
3. On May 17, 2021, OCD issued Order R-21096-B to Operator to pool additional interests owners under the terms of Order R-21096
4. On October 19, 2021, OCD issued Order R-21888 temporarily suspending Order No. R-21096 pending remediation of the Carlsbad Brine Well project and until other certain conditions were met.
5. On August 4, 2023, OCD issued Order R-21096-C to Operator to extend the time to commence drilling operations until February 17, 2024.
6. On March 27, 2024, OCD issued Order R-21096-D to Operator to extend the time to commence drilling operations until February 17, 2025.
7. Subsequent to the above Orders, Operator has revised its development plans and seeks to amend Order R-21096 to add additional wells to to it developmnt plan under the Order.
8. Subsequent to the above Orders, Operator seeks to designate Permian Resources Operating, LLC as the Operator of the horizontal well spacing unit.
9. Operator provided evidence that it gave notice of the Application and the hearing to the previously unidentified interest owner(s) and the previously pooled interest owners.
10. 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**

- 11. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
- 12. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
- 13. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.

**ORDER**

- 14. The Unit shall be dedicated to the Well(s) set forth in Exhibit A
- 15. Permian Resources Operating, LLC is designated as operator of the Unit and the Well(s).
- 16. Order R-21096, as previously amended, shall remain in full force and effect.
- 17. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION**

  
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**DYLAN MEUGE**  
**DIRECTOR (ACTING)**  
DMF/hat

**Date:** 5/30/2024


## Exhibit A

<b>COMPULSORY POOLING APPLICATION CHECKLIST</b>		Page 3 of 7
<b>ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS</b>		
<b>Case: 24340</b>	<b>APPLICANT'S RESPONSE</b>	
<b>Date</b>	April 18, 2024	
Applicant	SPC Resources, LLC	
Designated Operator & OGRID (affiliation if applicable)	SPC Resources, LLC (OGRID No.372262)	
Applicant's Counsel:	Holland & Hart LLP	
Case Title:	APPLICATION OF SPC RESOURCES, LLC TO AMEND ORDER NO. R-21096, AS AMENDED, EDDY COUNTY, NEW MEXICO.	
Entries of Appearance/Intervenors:	N/A	
Well Family	Caveman	
<b>Formation/Pool</b>		
Formation Name(s) or Vertical Extent:	Wolfcamp	
Primary Product (Oil or Gas):	Oil	
Pooling this vertical extent:	Wolfcamp Formation	
Pool Name and Pool Code:	Purple Sage Wolfcamp (Gas) Pool (98220)	
Well Location Setback Rules:	Special Pool Rules	
<b>Spacing Unit</b>		
Type (Horizontal/Vertical)	Horizontal	
Size (Acres)	1,280 acres, more or less	
Building Blocks:	320 acres	
Orientation:	East-West	
Description: TRS/County	Section 12, Township 22 South, Range 26 East, and Section 7, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico.	
Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in this application?	Yes	
<b>Other Situations</b>		
Depth Severance: Y/N. If yes, description	No	
Proximity Tracts: If yes, description	Yes	
Proximity Defining Well: if yes, description	Yes; the completed interval of the Caveman 423H is expected to remain within 330 feet of the adjoining quarter-quarter section (or equivalent) tracts to allow inclusion of these proximity tracts within the proposed horizontal well spacing unit under 19.15.16.15.B(3)(b) NMAC.	
Applicant's Ownership in Each Tract	See Case No. 20762; see also Case No. 21577, Exhibit B	
<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 #3	<b>Caveman 221H (API PENDING)</b> SHL: 2474' FNL, 483' FWL (Unit E) of Section 8 BHL: 660' FNL, 330' FWL (Unit D) of Section 12 Target: Wolfcamp Orientation: East-West Completion: Standard Location	
Well #2	<b>Caveman 222H (30-015-53285)</b> SHL: 2573' FNL, 482' FWL (Unit L) of Section 8 BHL: 1980' FNL, 330' FWL (Unit E) of Section 12 Target: Wolfcamp Orientation: East-West Completion: Standard Location	
	<b>BEFORE THE OIL CONSERVATION DIVISION</b> Santa Fe, New Mexico Exhibit No. A Submitted by: SPC Resources, LLC Hearing Date: April 18, 2024 Case No. 24340	

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Well #3 <i>Received by OCD: 4/16/2024 7:39:09 PM</i>	<b>Caveman 223H (30-015-53280)</b> SHL: 2536' FSL, 480' FWL (Unit L) of Section 8 BHL: 1980' FSL, 330' FWL (Unit L) of Section 12 Target: Wolfcamp Orientation: East-West Completion: Standard Location	<i>Page 4 of 7</i>
Well #4	<b>Caveman 224H (API PENDING)</b> SHL: 2470' FSL, 480' FWL (Unit L) of Section 8 BHL: 330' FSL, 330' FWL (Unit M) of Section 12 Target: Wolfcamp Orientation: East-West Completion: Standard Location	
Well #5	<b>Caveman 421H (API PENDING)</b> SHL: 2507' FNL, 483' FWL (Unit E) of Section 8 BHL: 1330' FNL, 330' FWL (Unit E) of Section 12 Target: Wolfcamp Orientation: East-West Completion: Standard Location	
Well #6	<b>Caveman 423H (API PENDING)</b> SHL: 2569' FSL, 481' FWL (Unit L) of Section 8 BHL: 2310' FSL, 330' FWL (Unit L) of Section 12 Target: Wolfcamp Orientation: East-West Completion: Standard Location	
Well #6	<b>Caveman 424H (API PENDING)</b> SHL: 2503' FSL, 480' FWL (Unit L) of Section 8 BHL: 660' FSL, 330' FWL (Unit M) of Section 12 Target: Wolfcamp Orientation: East-West Completion: Standard Location	
Horizontal Well First and Last Take Points	Exhibit C-1; see also Case No. 21577 Exhibit B-3	
Completion Target (Formation, TVD and MD)	Exhibit C-6, see also Case No. 20762, Exhibits 4B, 10	
<b>AFE Capex and Operating Costs</b>		
Drilling Supervision/Month \$	\$8,000	
Production Supervision/Month \$	\$800	
Justification for Supervision Costs	Exhibit C; see also Case No. 20762 Exhibit 4B	
Requested Risk Charge	200%	
<b>Notice of Hearing</b>		
Proposed Notice of Hearing	Exhibit A	
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit E	
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit F	
<b>Ownership Determination</b>		
Land Ownership Schematic of the Spacing Unit	See Case No. 21577, Exhibit B-2	
Tract List (including lease numbers and owners)	Case No. 21577, Exhibit B-2	
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	N/A	
Pooled Parties (including ownership type)	Case No. 21577, Exhibit B-2, B-4	
Unlocatable Parties to be Pooled	Case No. 21577, Exhibit B-4	
Ownership Depth Severance (including percentage above & below)	N/A	
<b>Joinder</b>		
Sample Copy of Proposal Letter	Exhibit C-2; see also Case No. 20762, Exhibit 4B	
List of Interest Owners (ie Exhibit A of JOA)	Case No. 21577, Exhibit B-4	
Chronology of Contact with Non-Joined Working Interests	Exhibit C; see also Case No. 21577, Exhibit B	

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Overhead Costs	See Case No. 20762, Exhibit 4B
Cost Estimate to Drill and Complete	See Case No. 20762, Exhibit 4B
Cost Estimate to Equip Well	See Case No. 20762, Exhibit 4B
Cost Estimate for Production Facilities	See Case No. 20762, Exhibit 4B
<b>Geology</b>	
Summary (including special considerations)	Exhibit D; see Case No. 20762, Exhibit 7-10
Spacing Unit Schematic	Exhibit D-3; see Case No. 20762, Exhibit 7-8
Gunbarrel/Lateral Trajectory Schematic	Exhibit D-6; see Case No. 20762, Exhibit 7-8
Well Orientation (with rationale)	Exhibit D; see Case No. 20762, Exhibit 7-8
Target Formation	Exhibit D-5; see Case No. 20762, Exhibit 7-8
HSU Cross Section	Exhibit D-5; see Case No. 20762, Exhibit 7-8
Depth Severance Discussion	N/A
<b>Forms, Figures and Tables</b>	
C-102	Exhibit C-1; see also Case No. 21577 Exhibit C-3
Tracts	See Case No. 21577 Exhibit B-2
Summary of Interests, Unit Recapitulation (Tracts)	See Case No. 21577 Exhibit B-2, B-4
General Location Map (including basin)	Exhibit D-3; see Case No. 20762, Exhibits 1A-1B
Well Bore Location Map	Exhibit D-3; see Case No. 20762, Exhibits 1A-1B
Structure Contour Map - Subsea Depth	Exhibit D-4; see Case No. 20762, Exhibits 7-8
Cross Section Location Map (including wells)	Exhibit D-4; See Case No. 20762, Exhibit 9
Cross Section (including Landing Zone)	Exhibit D-5; See Case No. 20762, Exhibit 10
<b>Additional Information</b>	
Special Provisions/Stipulations	N/A
<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):	Adam G. Rankin
<b>Signed Name</b> (Attorney or Party Representative):	
<b>Date:</b>	4/16/2024

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