

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

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

**CASE NO. 24341
ORDER NO. R-21100-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 12, 2020, OCD issued Order R-21100 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-21100-A to Operator to pool additional interests owners under the terms of Order R-21100 and to extend the time to commence drilling operations until February 12, 2022.
3. On October 19, 2021, OCD issued Order R-21888 temporarily suspending Order No. R-21100 pending remediation of the Carlsbad Brine Well project and until other certain conditions were met.
4. On March 9, 2022, OCD issued Order R-21100-B to Operator to extend the time to commence drilling operations until such time as the Director determines that drilling and completion activities may commence.
5. On June 7, 2023, OCD issued Order R-21100-C to Operator to extend the time to commence drilling operations until July 7, 2024.
6. On April 10, 2023, OCD issued an nunc pro tunc Order No. R-21100-D to Operator correcting error in order R-21100-C.
7. Subsequent to the above Orders, Operator has revised its development plans and seeks to amend Order R-21100 to add additional wells to its development 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 submitted an application (“Application”) requesting an extension to drill the well(s) as required by Order R-21100, as amended (“Order”).
10. Operator has demonstrated good cause to extend the deadlines in the Order.

11. 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.
12. 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

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

ORDER

16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A
17. Permian Resources Operating, LLC is designated as operator of the Unit and the Well(s).
18. The period to drill the well(s) is extended until July 7, 2025.
19. This Order shall terminate automatically if Operator fails to comply with Paragraph 15 unless prior to termination Operator applies, and OCD grants, to amend the Order for good cause shown.
20. Order R-21100, as previously amended, shall remain in full force and effect.
21. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



DYLAN M FUGE
DIRECTOR (ACTING)
DMF/hat

Date: 6/17/2024


Exhibit A

COMPULSORY POOLING APPLICATION CHECKLIST		Page 3 of 7.
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS		
Case: 24341	APPLICANT'S RESPONSE	
Date	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-2110, AS AMENDED, EDDY COUNTY, NEW MEXICO.	
Entries of Appearance/Intervenors:	Coterra/Cimarex, ConocoPhillips	
Well Family	Betty	
Formation/Pool		
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 Rules Purple Sage Wolfcamp	
Spacing Unit		
Type (Horizontal/Vertical)	Horizontal	
Size (Acres)	640 acres, more or less	
Building Blocks:	320 acres	
Orientation:	East-West	
Description: TRS/County	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.	
Standard Horizontal Well Spacing Unit (Y/N), if No, describe <u>and</u> is approval of non-standard unit requested in this application?	Yes	
Other Situations		
Depth Severance: Y/N. If yes, description	No	
Proximity Tracts: If yes, description	No	
Proximity Defining Well: if yes, description	N/A	
Applicant's Ownership in Each Tract	See Case No. 20859, Exhibit A-2	
Well(s)		
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	Betty 221H (API PENDING) SHL: 2165' FNL, 303' FEL (Unit H) of Section 5 BHL: 350' FNL, 100' FWL (Unit D) of Section 6 Target: Wolfcamp Orientation: East-West Completion: Standard Location	
Well #2	BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Exhibit No. A Submitted by: SPC Resources, LLC Hearing Date: April 18, 2024 Case No. 24341 Betty 222H (30-015-49015) SHL: 2131' FNL, 245' FEL (Unit H) of Section 5 BHL: 1670' FNL, 100' FWL (Unit E) of Section 6 Target: Wolfcamp Orientation: East-West Completion: Standard Location	

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Well #3 <i>Received by OCD: 4/16/2024 7:42:05 PM</i>	Betty 421H (API PENDING) SHL: 2148' FNL, 274' FEL (Unit H) of Section 5 BHL: 1110' FNL, 100' FWL (Unit D) of Section 6 Target: Wolfcamp Orientation: East-West Completion: Standard Location	<i>Page 4 of 7.</i>
Well #4	Betty 422H (API PENDING) SHL: 2182' FNL, 331' FEL (Unit H) of Section 5 BHL: 2430' FNL, 100' FWL (Unit E) of Section 6 Target: Wolfcamp Orientation: East-West Completion: Standard Location	
Horizontal Well First and Last Take Points	Exhibit C-1	
Completion Target (Formation, TVD and MD)	Exhibit C-2	
AFE Capex and Operating Costs		
Drilling Supervision/Month \$	\$8,000	
Production Supervision/Month \$	\$800	
Justification for Supervision Costs	See Case No. 20859, Exhibit A	
Requested Risk Charge	200%	
Notice of Hearing		
Proposed Notice of Hearing	Exhibit B	
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit E	
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit F	
Ownership Determination		
Land Ownership Schematic of the Spacing Unit	See Case No. 20859, Exhibit A-2	
Tract List (including lease numbers and owners)	See Case No. 20859, Exhibit A-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)	See Case No. 20859, Exhibit A-9, A-10, A-11, A-11	
Unlocatable Parties to be Pooled	See Case No. 20859, Exhibit A-5	
Ownership Depth Severance (including percentage above & below)	N/A	
Joinder		
Sample Copy of Proposal Letter	Exhibit C-2	
List of Interest Owners (ie Exhibit A of JOA)	See Case No. 20859, Exhibit A-9, A-10, A-11, A-11	
Chronology of Contact with Non-Joined Working Interests	See Case No. 20859, Exhibit A, A-9, A-10, A-11, A-11	
Overhead Rates In Proposal Letter	See Case No. 20859, Exhibit A-6	
Cost Estimate to Drill and Complete	Exhibit C-2	
Cost Estimate to Equip Well	Exhibit C-2	
Cost Estimate for Production Facilities	Exhibit C-2	
Geology		
Summary (including special considerations)	Exhibit D; see Case No. 20859, Exhibit B	
Spacing Unit Schematic	Exhibit D-3; see Case No. 20859, Exhibit B-1	
Gunbarrel/Lateral Trajectory Schematic	Exhibit D-6	
Well Orientation (with rationale)	Exhibit D-3; see Case No. 20859, Exhibit B-1	
Target Formation	Exhibit D-5; see Case No. 20859, Exhibit B-3	
HSU Cross Section	Exhibit D-5; see Case No. 20859, Exhibit B-3	
Depth Severance Discussion	N/A	

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C-102	Exhibit C-1
Tracts	See Case No. 20859, Exhibit A-2
Summary of Interests, Unit Recapitulation (Tracts)	See Case No. 20859, Exhibit A-4, A-5, A-9, A-10, A-11, A-11
General Location Map (including basin)	Exhibit D-2; see Case No. 20859, Exhibit B-1
Well Bore Location Map	Exhibit D-3; see Case No. 20859, Exhibit B-1
Structure Contour Map - Subsea Depth	Exhibit D-4; see Case No. 20859, Exhibit B-1
Cross Section Location Map (including wells)	Exhibit D-4; see Case No. 20859, Exhibit B-2
Cross Section (including Landing Zone)	Exhibit D-5; see Case No. 20859, Exhibit B-3
Additional Information	
Special Provisions/Stipulations	N/A
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Adam G. Rankin
Signed Name (Attorney or Party Representative):	
Date:	4/16/2024

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