

**BEFORE THE OIL CONSERVATION DIVISION  
EXAMINER HEARING JUNE 25, 2020**

**CASE No. 21254  
ORDER No. R-20642**

*NIRVANA No. 1H WELL  
NIRVANA No. 2H WELL*

**EDDY COUNTY, NEW MEXICO**



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

**AMENDED APPLICATION OF SPUR  
ENERGY PARTNERS, LLC TO AMEND  
ORDER NO. R-20642 TO ADD AN  
ADDITIONAL WELL TO THE APPROVED  
HORIZONTAL WELL SPACING UNIT,  
EDDY COUNTY, NEW MEXICO.**

**CASE NO. 21254  
ORDER NO. R-20642**

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

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**AMENDED APPLICATION**

Spur Energy Partners, LLC (“Spur”) (OGRID No. 328947), through its undersigned attorneys, hereby files this amended application with the Oil Conservation Division to amend Order No. R-20642 to add an additional well to the approved horizontal spacing unit. In support of its application, Spur states:

1. An affiliate entity of Spur is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Division Order No. R-20642, entered June 24, 2019, in Case No. 20191, created a 200-acre, more or less, standard horizontal oil spacing unit in the Penasco Draw; San Andres Yeso Pool (50270) underlying the S/2 S/2 of Section 28, and the SE/4 SE/4 of Section 29, all in Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico. The Order limited the pooled vertical depths from a stratigraphic equivalent of the top of the San Andres-Yeso formation at 2279 feet measured depth to a depth of 3,200 feet, as defined in the Gamma Ray-Neutron Log from the Len Mayer 1 Well (API No. 30-015-05926).
3. The Order dedicated the above-described spacing unit, subject to the pooled vertical limits, to the following initial proposed well: **Nirvana No. 1H Well**, which will be drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 27, to a standard bottom-hole location in

the SE/4 SE/4 (Unit P) of Section 29, all in Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico.


4. Since entry of Order No. R-20642, Spur, as successor operator to Percussion Petroleum, LLC, has determined that prior to the commencement of drilling it is prudent to add the following additional well to the approved spacing unit: The **Nirvana 2H Well**, to be drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 27, to a standard bottom-hole location in the SE/4 SE/4 (Unit P) of Section 29, all in Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico.

5. Spur has submitted a revised well proposal letter to the mineral owners pooled under Division Order No. R-20642 and will further notify them of this hearing.

WHEREFORE, Spur requests that this amended application be set for hearing before an Examiner of the Oil Conservation Division on May 14, 2020, and, after notice and hearing as required by law, the Division amend Division Order No. R-20642 to add the well identified herein to the approved horizontal well spacing unit.

Respectfully submitted,

HOLLAND & HART LLP

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**ATTORNEYS FOR SEP PERMIAN, LLC**

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

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**CASE NO. 21254  
ORDER NO. R-20642**

**AFFIDAVIT OF MEGAN PEÑA  
IN SUPPORT OF CASE NO. 21254 (ORDER NO. R-20642)**

I, Megan Peña, of lawful age and being first duly sworn, declares as follows:

1. My name is Megan Peña. I work for Spur Energy Partners, LLC, an affiliate of SEP Permian, LLC, (“Spur”) as a Senior Landman.
2. I am familiar with the application filed by Spur in this case and familiar with the status of the lands in the subject area.
3. I do not anticipate opposition to Spur’s requested amendment of Order No. R-20642 in this case or its presentation by affidavit.
4. This case was initially presented to the Division on February 7, 2019.
5. Division Order No. R-20642, entered June 24, 2019, in Case No. 20231, created a 200-acre, more or less, standard horizontal oil spacing unit in the Penasco Draw; San Andres Yeso Pool (50270) underlying the S/2 S/2 of Section 28, and the SE/4 SE/4 of Section 29, all in Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico. The Order limited the pooled vertical depths from a stratigraphic equivalent of the top of the San Andres-Yeso at 2279 feet measured depth, as defined in the Gamma Ray-Neutron Log of the Len Mayer No. 1 Well

**BEFORE THE OIL CONSERVATION DIVISION**  
Santa Fe, New Mexico  
**Exhibit No. A**  
Submitted by: **Spur Energy Partners, LLC**  
Hearing Date: June 25, 2020  
Case No. 21254

(API No. 30-015-05926) to a depth of 3200 feet. Division Order No. R-20642 is attached as

**Spur Exhibit A-1.**

6. The Order dedicated the above-described spacing unit, subject to the pooled vertical limits, to the following initial proposed well: **Nirvana No. 1H Well**, which will be drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 27, to a standard bottom-hole location in the SE/4 SE/4 (Unit P) of Section 29, all in Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico.

7. Spur seeks an order to amend Order No. R-20642 to add an additional well to the approved horizontal spacing unit.

8. Since entry of Order No. R-20642, Spur, as successor operator to Percussion Petroleum, LLC, has determined that prior to the commencement of drilling it is prudent to add the following additional wells to the approved spacing unit: The **Nirvana 2H Well** (API No. pending), which will be drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 27, to a standard bottom-hole location in the SE/4 SE/4 (Unit P) of Section 29, all in Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico.

9. **Spur Exhibit A-2** is a draft Form C-102 reflecting the footage locations and the completed interval for the well.

10. The **Nirvana 2H Well** is located in the Penasco Draw; San Andres-Yeso Pool (Pool Code 50270).

11. The completed interval for the well will comply with the statewide setback requirements for oil wells.

12. Other than the addition of the **Nirvana No. 2H Well** as an additional initial well, all other provisions of Order No. R-20642 are requested to remain unchanged.

13. **Spur Exhibit A-3** contains a plat outlining the pooled unit, identifies the tracts of land comprising the pooled unit, and identifies the mineral interests pooled under Order No. R-20642.

14. There is a depth severance in this Unit, as defined in Order No. R-20642 that limited the pooled vertical depth from a stratigraphic equivalent of the top of the San Andres-Yeso at 2279 feet measured depth to 3200 feet. Spur provided proper notice of this hearing to vertical offset parties within the pool. As presented at hearing in Case No. 20191 and reflected in Order No. R-20642, the proposed horizontal development in the Penasco Draw; San Andres-Yeso (Assoc) Pool will not be in hydraulic contact with the interval below the 3200-foot depth severance.

15. Spur sent a well proposal letter to the working interest owners for each of these proposed initial wells advising that Spur intended to seek amendment to Order No. R-20642. An AFE for each of the wells was included with the well proposal letter. The costs reflected in the AFE are consistent with what other operators have incurred for drilling similar horizontal wells in the area. A copy of the well proposal letter, along with the AFE, is attached as **Spur Exhibit No. A-4**.

16. As provided in Spur Exhibit No. A-4, Spur will provide each pooled working interest owner a new election period following the issuance of an amended pooling order due to the need to add additional well for purposes of batch drilling.

17. Because Division Order No. R-20642 requires drilling be commenced on or before June 30, 2020, Spur simultaneously requests that the timeframe for election, drilling, and completion be extended by the Division in any Order entered in this case. There is no additional

notice requirement related to this extension request because none of the pooled working interest owners have made an election under Order No. R-20642.

18. I provided the law firm of Holland & Hart LLP a list of names and addresses for the parties that were forced pooled under Order No. R-20642. All pooled parties were locatable.

19. **Spur Exhibit Nos. A-1 through A-4** were either prepared by me or compiled under my direction and supervision.

**FURTHER AFFIANT SAYETH NAUGHT.**



Megan Peña 6/22/20  
MEGAN PEÑA

STATE OF TEXAS )

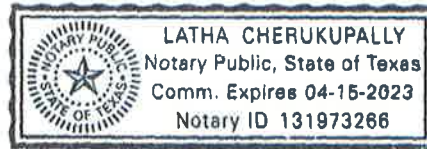
COUNTY OF HARRIS )

SUBSCRIBED and SWORN to before me this 22<sup>nd</sup> day of June 2020, by Megan Peña.

Latha Cherukupally  
NOTARY PUBLIC

My Commission Expires:

04-15-2023



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

**IN THE MATTER OF THE HEARING CALLED BY  
THE OIL CONSERVATION DIVISION TO  
CONSIDER:**

**CASE NO. 20191  
ORDER NO. R-20642**

**APPLICATION OF PERCUSSION PETROLEUM OPERATING, LLC FOR  
COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.**

**ORDER OF THE DIVISION**

**BY THE DIVISION:**

This case came on for hearing at 8:15 a.m. on February 7, 2019, at Santa Fe, New Mexico, before Examiner Scott A. Dawson.

NOW, on this 24<sup>th</sup> day of June, 2019, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

**FINDS THAT**

(1) Due public notice has been given and the Division has jurisdiction of this case and the subject matter.

(2) Case Nos. 20191 and 20263 were consolidated at the hearing for the purpose of testimony and a single order is being issued for each case.

(3) The Applicant, Percussion Petroleum Operating, LLC seeks in this case to compulsory pool all uncommitted oil and gas interests within a spacing unit ("the Unit") described as follows:

A Horizontal Spacing Unit (the "Unit") comprising 200 acres (more or less) in the San Andres-Yeso (Assoc) formation, Penasco Draw; San Andres-Yeso (Assoc) Pool (Pool code 50270), comprising the S/2 S/2 of Section 28 and SE/4 SE/4 of Section 29, all in Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico.

Pooled vertical depths are limited to the depths from 3201 feet to the base of the Yeso.

(4) The Unit will be dedicated to the following "proposed well". The completed interval for the proposed well within the Unit will be orthodox:

**BEFORE THE OIL CONSERVATION DIVISION**  
Santa Fe, New Mexico  
**Exhibit No. A1**  
Submitted by: **Spur Energy Partners, LLC**  
Hearing Date: June 25, 2020  
Case No. 21254

**Nirvana No. 1H, API No. 30-015-Pending**

SHL: 520 feet from the South line and 665 feet from the West line,  
(Unit M) of Section 27, Township 18 South, Range 26 East, NMPM.  
BHL: 360 feet from the South line and 1306 feet from the East line,  
(Unit P) of Section 29, Township 18 South, Range 26 East, NMPM;

(5) The Penasco Draw; San Andres-Yeso Pool is governed by Division Rule 19.15.15.9(A) NMAC, which specifies 40-acre spacing and proration units [for vertical wells], each comprising a governmental quarter-quarter section.

(6) The allowed setback footage distance for the proposed horizontal Oil well(s) is specified in Paragraph (1) of Subsection C of 19.15.16.15 NMAC effective June 26, 2018. Said rules allow the first or last take points to be no closer than 100 feet to the nearest unit boundary, and the setbacks measured perpendicular to the well path to be a minimum of 330 feet from the outer boundary of the horizontal spacing unit.

(7) No other party entered an appearance in this case or otherwise opposed this application.

(8) Applicant appeared through counsel and presented the following land and technical evidence:

- (a) The San Andres-Yeso formation in this area is suitable for development by horizontal drilling.
- (b) The proposed orientation of the horizontal well from east to west is appropriate for optimum recovery of oil and gas.
- (c) A depth severance exists in the Yeso formation at 3200 feet. Accordingly, Percussion seeks to compulsory pool in Case No. 20191 from the top of the pool [at a stratigraphic equivalent of 2279 feet measured depth], as defined in the Gamma Ray-Neutron Log of the Len Mayer No. 1 Well (API No. 30-015-05926) to a depth of 3200 feet.
- (d) The depth severance was created by virtue of an assignment between two predecessors in interest. This document defines the depth severance due to a pugh clause for an old well, the Mallard HM #2 well. And the document creating the depth severance does define the depth as 3200 feet, as measured in the Mallard HM No. 2 Well (API No. 30-015-22052).
- (e) All owners of the mineral estate above and below the depth severance were notified of the proposed pooling. One overriding interest owner, Helen Holt, had mail returned to sender.

- (f) In addition to parties the Applicant seeks to compulsory pool, the Applicant provided notice of these applications to the vertical offsets who were excluded from the spacing unit that the Applicant seeks to pool. All parties received notice of the pooling and the spacing unit and did not object to the Applicant's plan to pool only a portion of the pool in each case.
- (g) The cross-section submitted at the hearing depicts the Nirvana 1H target interval to be at 2765 feet true vertical feet which is approximately 435 feet above the depth severance at 3200 feet; therefore, the well will not impair correlative rights at 3200 feet or below the 3200-foot depth severance.
- (h) In addition, Applicant provided geologic testimony and exhibits indicating there are silts that act as a frac barriers in each of the two wells and the applicant opines in their affidavit that the silts will act as a frac barrier, preventing drainage from the other side of the depth severance line.
- (i) The proposed well(s) will not drain pressure from, produce oil or gas from, or otherwise affect, or be affected by, production from each other or the respective depth severance at 3200 feet.
- (j) Applicant testified and included in their affidavit statement that their current wells are each about 400 feet from the depth-severance line above and below, and they will not infill closer than those current proposed depths above and below without coming to hearing before the division.
- (k) All quarter-quarter sections to be included in the Unit are expected to be substantially productive in the San Andres-Yeso formation, so that the Unit as requested will not impair correlative rights.
- (l) Notice by certified mail was provided to all uncommitted interest owners in the proposed Unit whose interests were evidenced by a conveyance instrument, either of record or known to Applicant when the Application was filed, and to heirs known to Applicant of deceased persons who appear as owners in such instruments.
- (m) Those potentially affected parties whose whereabouts could not be ascertained were noticed by publication as provided in Rule 19.15.4.12.B NMAC.

The Division finds and concludes that

(9) The application in this case was filed, and the Well(s) were permitted, on or after the June 26, 2018 date on which amendments to 19.15.16.7 and 19.15.16.15 NMAC (prescribing new spacing rules for horizontal wells) became effective (see Order No. R-14689). Hence the

Well(s) must be spaced, permitted and drilled pursuant 19.15.16.15 NMAC, as amended effective June 26, 2018.

(10) Provided that the Unit constitutes a standard horizontal spacing unit for each of the Well(s) under now effective rules, no non-standard spacing unit approval is needed. If, however, the Unit is not a standard horizontal spacing unit for any of the Well(s), the operator must obtain approval of a non-standard horizontal spacing unit pursuant to 19.15.16.15.B(5) prior to producing such well(s). The Unit shall not be considered non-standard due to the depth limitations approved in this Order.

(11) The depth severance and upper limit of the interval to be pooled was described as follows in applicant's exhibits presented February 7, 2019:

A depth severance exists in the San Andres-Yeso formation at 3200 feet. Accordingly, Percussion seeks to compulsory pool from the top of the pool at a stratigraphic equivalent of 2279 feet measured depth, as defined in the Gamma Ray-Neutron Log of the Len Mayer No. 1 Well (API No. 30-015-05926) to a depth of 3200 feet.

(12) Applicant has presented evidence that the proposed horizontal well if drilled in the Penasco Draw; San Andres-Yeso (Assoc) Pool will not be in hydraulic contact with the interval in Penasco Draw; San Andres-Yeso (Assoc) Pool located below the 3200-foot depth severance.

(13) Applicant testified and included in their affidavit statement that their current wells are each about 400 feet from the depth-severance line above and below, and they will not infill closer than those current proposed depths above and below without coming to hearing before the division.

(14) Percussion Petroleum Operating, LLC (OGRID 371755) should be designated the operator of the Well(s) and of the Unit.

(15) Two or more separately owned tracts are embraced within the Unit, and/or there are royalty interests and/or undivided interests in oil and gas minerals in one or more tracts included in the Unit that are separately owned.

(16) Applicant is owner of an oil and gas working interest within the Unit. Applicant has the right to drill and proposes to drill the Well(s) to a common source of supply within the Unit at the described depths and location(s).

(17) There are interest owners in the Unit that have not agreed to pool their interests.

(18) To avoid the drilling of unnecessary wells, protect correlative rights, prevent waste and afford to the owner of each interest in the Unit the opportunity to recover or receive without unnecessary expense a just and fair share of hydrocarbons, this application should be approved by pooling all uncommitted interests, whatever they may be, in the oil and gas in the San Andres-Yeso formation within the Unit.

(19) To ensure protection of correlative rights, any pooled working interest owner whose address is known, and who has elected to participate under the terms of this order should be notified before the Division grants any extension of the time provided herein for commencing drilling. Any such owner may file an application, with notice to the operator, requesting that the extension be denied.

(20) Infill wells within the Unit should be subject to Division Rules 19.15.13.9 NMAC through 19.15.13.10 NMAC, and to the terms and conditions of this order.

(21) Any pooled working interest owner who does not pay its share of estimated well costs of any well should have withheld from production from such well its share of reasonable well costs plus an additional 200% thereof as a reasonable charge for the risk involved in drilling the Well(s).

(22) Reasonable charges for supervision (combined fixed rates) should be fixed at \$7000 per month, per well, while drilling and \$700 per month, per well, while producing, provided that these rates should be adjusted annually pursuant to the COPAS form titled "*Accounting Procedure-Joint Operations*."

**IT IS THEREFORE ORDERED THAT**

(1) All uncommitted interests, whatever they may be, in the oil and gas within the following described spacing unit ("the Unit") are hereby pooled:

A Horizontal Spacing Unit comprising 200 acres (more or less) within the San Andres-Yeso formation (as it is described below) and in the Penasco Draw; San Andres-Yeso (Assoc) Pool (Pool code 50270) and all other pools hereafter defined within the San Andres-Yeso formation in the S/2 S/2 of Section 28 and the SE/4 SE/4 of Section 29, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico.

Pooled Interval: A stratigraphic equivalent of the top of the San Andres-Yeso at 2279 feet measured depth, as defined in the Gamma Ray-Neutron Log of the Len Mayer No. 1 Well (API No. 30-015-05926) to a depth of 3200 feet.

(2) The Unit shall be dedicated to the following "proposed well". The completed interval of the proposed well will be orthodox:

**Nirvana No. 1H, API No. 30-015-Pending**

SHL: 520 feet from the South line and 665 feet from the West line,  
(Unit M) of Section 27, Township 18 South, Range 26 East, NMPM.

BHL: 360 feet from the South line and 1306 feet from the East line,  
(Unit P) of Section 29, Township 18 South, Range 26 East, NMPM;

(3) Percussion Petroleum Operating, LLC (OGRID 371755) is hereby designated the operator of the Well(s) and Unit.



(4) If any of the Well(s) is completed at an unorthodox location under applicable rules in effect at the time such well is completed, the operator shall provide notice and apply administratively for a location exception prior to producing the well.

(5) The operator of the Unit shall commence drilling the proposed well on or before June 30, 2020 and shall thereafter continue drilling the proposed well with due diligence to test the San Andres-Yeso formation at or about the proposed true vertical and measured depths.

(6) In the event the operator does not commence drilling the Well(s) on or before the date provided in the foregoing paragraph, the compulsory pooling provision of this order shall be of no effect, unless the operator obtains a written time extension from the Division Director pursuant to a written request stating its reasons for such extension and attaching satisfactory evidence.

(7) In the event the operator does not commence completion operations within one year after commencement of drilling operations pursuant to this order, then the compulsory pooling provisions of this order shall be of no effect unless operator obtains a written time extension from the Division Director pursuant to a written request stating its reasons for such extension and attaching satisfactory evidence.

(8) The operator shall provide a copy of any request for extension of time to drill or complete any well filed with the Director pursuant to this order to each pooled working interest owner who has elected to participate in the drilling of any well that is the subject of the request. Such copy shall be sent at the same time the request is sent to the Director.

(9) Upon final plugging and abandonment of the Well(s) and any other well drilled on the Unit pursuant to Division Rule 19.15.13.9 NMAC, the pooled unit created by this order shall terminate unless this order has been amended to authorize further operations.

(10) Infill wells within the Unit shall be subject to Division Rule 19.15.13.9 NMAC and to the terms and conditions of this order.

(11) After pooling, uncommitted working interest owners are referred to as pooled working interest owners. ("Pooled working interest owners" are owners of working interests in the Unit, including unleased mineral interests, who are not parties to an operating agreement governing the Unit.) After the effective date of this order, the operator shall furnish the Division and each known pooled working interest owner in the Unit separate itemized schedules of estimated costs of drilling, completing and equipping each of the Well(s) ("well costs").

(12) Within 30 days from the date the schedule of estimated well costs for any well is furnished, any pooled working interest owner shall have the right to elect to pay its share of estimated well costs to the operator in lieu of paying its share of reasonable well costs out of production as hereinafter provided. Payment shall be rendered within 90 days after expiration of the 30-day election period and any such owner who pays its share of estimated well costs as provided above for any well shall remain liable for operating costs but shall not be liable for risk

charges to the extent computed based on costs of such well. Pooled working interest owners who do not elect to pay their share of estimated well costs, or who do not render timely payment to the operator, as provided in this paragraph shall thereafter be referred to as "non-consenting working interest owners."

(13) The operator shall furnish the Division and each known pooled working interest owner (including non-consenting working interest owners) an itemized schedule of actual well costs of each well within 180 days following completion of the proposed well. If no objection to the actual well costs for any well is received by the Division, and the Division has not objected, within 45 days following receipt of the schedule for such well, the actual well costs shall be deemed to be the reasonable well costs. If there is an objection to actual well costs within the 45-day period, the Division will determine reasonable well costs for such well after public notice and hearing.

(14) Within 60 days following determination of reasonable well costs for any well, any pooled working interest owner who has paid its share of estimated costs of such well in advance as provided above shall pay to the operator its share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator the amount, if any, that the estimated well costs it has paid for such well exceed its share of reasonable well costs.

(15) The operator is hereby authorized to withhold the following costs and charges from each non-consenting working interest owner's share of production from each well:

(a) the proportionate share of reasonable well costs attributable to the non-consenting working interest owner; and

(b) as a charge for the risk involved in drilling the well, 200% of the above costs.

(16) During the cost recovery period, the operator shall furnish to the Division and to each known non-consenting pooled working interest owner, annually, and within 90 days after payout occurs, a schedule of all revenues attributable to each proposed well, and all charges for supervision and operating costs charged against such revenues. Operating costs shall include all reasonable costs incurred for the maintenance and operation of the well, except for "well costs" reported pursuant to prior ordering paragraphs, that are properly chargeable to the joint account pursuant to COPAS procedures. If no objection to the operating costs is received by the Division, and the Division has not objected, within 45 days following receipt of any schedule, the costs shall be deemed to be the reasonable operating costs. If there is an objection to the accuracy or reasonableness of operating costs reported within the 45-day period, the Division will determine reasonable operating costs after public notice and hearing.

(17) The operator shall distribute the costs and charges withheld from production, proportionately, to the parties who advanced the well costs for such well.



(18) Reasonable charges for supervision (combined fixed rates) are hereby fixed at \$7000 per month, per well, while drilling and \$700 per month, per well, while producing, provided that these rates shall be adjusted annually pursuant to the COPAS form titled "Accounting Procedure-Joint Operations." The operator is authorized to withhold from production from each well the proportionate share of both the supervision charges and the actual expenditures required for operating of such well, not more than what are reasonable, attributable to pooled working interest owners.

(19) Except as provided in the foregoing paragraphs, all proceeds from production from the Well(s) that are not disbursed for any reason shall be held for the account of the person or persons entitled thereto pursuant to the Oil and Gas Proceeds Payment Act (NMSA 1978 Sections 70-10-1 through 70-10-6, as amended). If not sooner disbursed, such proceeds shall be turned over to the appropriate authority as and when required by the Uniform Unclaimed Property Act (NMSA 1978 Sections 7-8A-1 through 7-8A-31, as amended).

(20) Any unleased mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for allocating costs and charges under this order. Any costs that are to be paid out of production shall be withheld only from the working interests' share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(21) Should all the parties to this compulsory pooling order reach voluntary agreement after entry of this order, this order shall thereafter be of no further effect.

(22) The operator of the wells and Unit shall notify the Division in writing of the subsequent voluntary agreement of any party subject to the compulsory pooling provisions of this order.

(23) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

ADRIENNE SANDOVAL  
Director

District I  
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State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number	<sup>2</sup> Pool Code	<sup>3</sup> Pool Name
<sup>4</sup> Property Code	<sup>5</sup> Property Name <b>NIRVANA</b>	<sup>6</sup> Well Number <b>2H</b>
<sup>7</sup> OGRID NO.	<sup>8</sup> Operator Name <b>SPUR ENERGY PARTNERS LLC.</b>	<sup>9</sup> Elevation <b>3369'</b>

<sup>10</sup> Surface Location

UL or lot no. <b>M</b>	Section <b>27</b>	Township <b>18S</b>	Range <b>26E</b>	Lot Idn	Feet from the <b>560</b>	North/South line <b>SOUTH</b>	Feet From the <b>665</b>	East/West line <b>WEST</b>	County <b>EDDY</b>
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<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no. <b>P</b>	Section <b>29</b>	Township <b>18S</b>	Range <b>26E</b>	Lot Idn	Feet from the <b>913</b>	North/South line <b>SOUTH</b>	Feet from the <b>1306</b>	East/West line <b>EAST</b>	County <b>EDDY</b>
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<sup>12</sup> Dedicated Acres	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.

<p><b>16</b></p> <p><u>GEODETIC DATA</u> NAD 83 GRID - NM EAST</p> <p><u>SURFACE LOCATION</u> N: 623161.2 - E: 528122.8 LAT: 32.7131038° N LONG: 104.3762990° W</p> <p><u>FIRST TAKE POINT</u> 910' FSL 100' FEL (SEC.28) N: 623513.4 - E: 527358.3 LAT: 32.7140708° N LONG: 104.3787851° W</p> <p><u>LAST TAKE POINT</u> 913' FSL 1227' FEL (SEC.29) N: 623542.9 - E: 520918.7 LAT: 32.7141427° N LONG: 104.3997227° W</p> <p><u>BOTTOM HOLE</u> N: 623543.3 - E: 520838.7 LAT: 32.7141435° N LONG: 104.3999827° W</p> <p><u>CORNER DATA</u> NAD 83 GRID - NM EAST</p> <p>A: FOUND FENCE POST N: 622614.8 - E: 516841.1</p> <p>B: CALCULATED CORNER N: 627902.6 - E: 516889.4</p> <p>C: CALCULATED CORNER N: 627898.4 - E: 522165.5</p> <p>D: FOUND NAIL N: 627894.1 - E: 527461.9</p> <p>E: FOUND 5/8" REBAR N: 627877.8 - E: 532755.3</p> <p>F: FOUND 1.5"X0.6"X0.6" LIMESTONE ROCK N: 625234.8 - E: 532747.8</p> <p>G: FOUND REBAR N: 622587.3 - E: 532746.3</p> <p>H: FOUND COTTON SPINDLE N: 622595.8 - E: 530101.6</p> <p>I: FOUND REBAR N: 622603.2 - E: 527457.4</p> <p>J: CALCULATED CORNER N: 622625.1 - E: 522141.2</p> <p>K: FOUND 3/8" REBAR N: 622636.0 - E: 519499.8</p> <p>L: FOUND COTTON SPINDLE N: 625243.8 - E: 527459.8</p>	<p><b>17 OPERATOR CERTIFICATION</b> <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p> <p><b>18 SURVEYOR CERTIFICATION</b> <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p><b>11-20-2019</b> Date of Survey</p> <p>Signature and Seal of Professional Surveyor _____</p> <p><b>19680</b> Certificate Number</p>
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BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. A2  
Submitted by: Spur Energy Partners, LLC  
Hearing Date: June 25, 2020  
Case No. 21254

**Eddy County, NM**

1.25%

SERPENTINO LLC - 25%  
 EDGA Resources - 18.75%  
 EDG M Resources - 25%  
 EDG Resources - 25%  
 EDG Resources, LLC - 2.15%  
 Vladin, LLC - 5.125%

Case No. 21254

## **Nirvana Unit ORRI**

**S/2 S/2 Section 28-18S-26E**

**SE/4 SE/4 Section 29-18S-26E**

**Eddy County, NM**

<b><u>ORRI Owners</u></b>	<b><u>Address</u></b>	<b><u>City</u></b>	<b><u>State</u></b>	<b><u>Zip</u></b>
Rolla R. Hinkle, III	P.O. Box 2292	Roswell	NM	88202-2292
Rosemary Hinkle	P.O. Box 2292	Roswell	NM	88202-2292
William J. McCaw	P.O. Box 127	Artesia	NM	88211-0127
COG Operating LLC	550 W. Texas Ave., Ste. 100	Midland	TX	79701
Concho Oil & Gas LLC	550 W. Texas Ave., Ste. 100	Midland	TX	79701

**ORRI %**

1.000000%

1.000000%

0.052083%

0.049479%

0.002604%



**May 26, 2020**

*Sent Certified Mail, Return Receipt Requested*

Vladin, LLC  
Attn: Jim Bell  
PO Box 100  
Artesia, NM 88211-0100

**RE: Updated Notice of Intent to Amend Compulsory Pooling Order R-20642  
Nirvana Unit Update  
S/2 S/2 Section 28, T18S, R26E and  
SE/4 SE/4 Section 29, T18S, R26E  
Eddy County, New Mexico**

Dear Pooled Working Interest Owner:

SEP Permian LLC ("SEP") is the successor operator to Percussion Petroleum LLC ("Percussion") by an Assignment, Bill of Sale, Deed and Conveyance, effective March 1, 2019, filed June 24, 2019 in Eddy County NM County Clerk's Office in Book 1124, Page 918. Percussion obtained the operating rights to the Nirvana Unit with a Term Assignment with OXY Y-1 Company ("OXY") effective November 1, 2018, filed January 30, 2019, Book 1119, Page 12 in which OXY assigned their working interest from the top of the Glorieta formation to the base of the Yeso formation.

Prior to SEP's acquisition of Percussion's assets, Percussion sought and received approval from the New Mexico Oil Conservation Division ("OCD") to compulsory pool the above referenced lands. Enclosed for your reference is Compulsory Pooling Order R-20642 (the "Order") which provides details of the pooled lands, the approved initial well, and the terms and conditions to which the operator and pooled working interest owners are obligated.

SEP's subsurface and engineering teams have evaluated the original Nirvana Unit development plans and believe it is prudent to amend the Order to authorize an additional well as part of the initial drilling program. Currently, the Order limits the initial drilling program to a single well, the Nirvana No. 1H, which is planned to be drilled to a True Vertical Depth ("TVD") of 2,840 feet. SEP intends to file an application with the OCD to amend the Order to allow an additional well, the Nirvana No. 2H, to be drilled to an estimated TVD of 2,550 feet. The AFE's for both of these wells are enclosed.

It was recently brought to our attention that the letter you received entitled Notice of Intent to Amend Compulsory Pooling Order R-20642, dated December 6, 2019, incorrectly referenced the single well authorized to be drilled by Order R-20642 as the Nirvana Com Well No. 3H instead of the Nirvana No. 1H. Please allow this Updated Notice of Intent to Amend Compulsory Pooling Order R-20642 as notice of that inadvertent mistake.

Since the authorized Nirvana No. 1H has not yet been drilled, you will be afforded a new election period for both wells upon receipt of the amended Order. Should you have any questions, would like to participate in these wells under the terms of a Joint Operating Agreement, or would like to explore some other voluntary agreement, please contact me via email at [mpena@spurepllc.com](mailto:mpena@spurepllc.com).

Regards,

A handwritten signature in blue ink that reads "Megan Peña". The signature is written in a cursive, flowing style.

Megan Peña  
Senior Landman

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

**IN THE MATTER OF THE HEARING CALLED BY  
THE OIL CONSERVATION DIVISION TO  
CONSIDER:**

**CASE NO. 20191  
ORDER NO. R-20642**

**APPLICATION OF PERCUSSION PETROLEUM OPERATING, LLC FOR  
COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.**

**ORDER OF THE DIVISION**

**BY THE DIVISION:**

This case came on for hearing at 8:15 a.m. on February 7, 2019, at Santa Fe, New Mexico, before Examiner Scott A. Dawson.

NOW, on this 24<sup>th</sup> day of June, 2019, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

**FINDS THAT**

(1) Due public notice has been given and the Division has jurisdiction of this case and the subject matter.

(2) Case Nos. 20191 and 20263 were consolidated at the hearing for the purpose of testimony and a single order is being issued for each case.

(3) The Applicant, Percussion Petroleum Operating, LLC seeks in this case to compulsory pool all uncommitted oil and gas interests within a spacing unit ("the Unit") described as follows:

A Horizontal Spacing Unit (the "Unit") comprising 200 acres (more or less) in the San Andres-Yeso (Assoc) formation, Penasco Draw; San Andres-Yeso (Assoc) Pool (Pool code 50270), comprising the S/2 S/2 of Section 28 and SE/4 SE/4 of Section 29, all in Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico.

Pooled vertical depths are limited to the depths from 3201 feet to the base of the Yeso.

(4) The Unit will be dedicated to the following "proposed well". The completed interval for the proposed well within the Unit will be orthodox:



**Nirvana No. 1H, API No. 30-015-Pending**

SHL: 520 feet from the South line and 665 feet from the West line,  
(Unit M) of Section 27, Township 18 South, Range 26 East, NMPM.  
BHL: 360 feet from the South line and 1306 feet from the East line,  
(Unit P) of Section 29, Township 18 South, Range 26 East, NMPM;

(5) The Penasco Draw; San Andres-Yeso Pool is governed by Division Rule 19.15.15.9(A) NMAC, which specifies 40-acre spacing and proration units [for vertical wells], each comprising a governmental quarter-quarter section.

(6) The allowed setback footage distance for the proposed horizontal Oil well(s) is specified in Paragraph (1) of Subsection C of 19.15.16.15 NMAC effective June 26, 2018. Said rules allow the first or last take points to be no closer than 100 feet to the nearest unit boundary, and the setbacks measured perpendicular to the well path to be a minimum of 330 feet from the outer boundary of the horizontal spacing unit.

(7) No other party entered an appearance in this case or otherwise opposed this application.

(8) Applicant appeared through counsel and presented the following land and technical evidence:

- (a) The San Andres-Yeso formation in this area is suitable for development by horizontal drilling.
- (b) The proposed orientation of the horizontal well from east to west is appropriate for optimum recovery of oil and gas.
- (c) A depth severance exists in the Yeso formation at 3200 feet. Accordingly, Percussion seeks to compulsory pool in Case No. 20191 from the top of the pool [at a stratigraphic equivalent of 2279 feet measured depth], as defined in the Gamma Ray-Neutron Log of the Len Mayer No. 1 Well (API No. 30-015-05926) to a depth of 3200 feet.
- (d) The depth severance was created by virtue of an assignment between two predecessors in interest. This document defines the depth severance due to a pugh clause for an old well, the Mallard HM #2 well. And the document creating the depth severance does define the depth as 3200 feet, as measured in the Mallard HM No. 2 Well (API No. 30-015-22052).
- (e) All owners of the mineral estate above and below the depth severance were notified of the proposed pooling. One overriding interest owner, Helen Holt, had mail returned to sender.



- (f) In addition to parties the Applicant seeks to compulsory pool, the Applicant provided notice of these applications to the vertical offsets who were excluded from the spacing unit that the Applicant seeks to pool. All parties received notice of the pooling and the spacing unit and did not object to the Applicant's plan to pool only a portion of the pool in each case.
- (g) The cross-section submitted at the hearing depicts the Nirvana 1H target interval to be at 2765 feet true vertical feet which is approximately 435 feet above the depth severance at 3200 feet; therefore, the well will not impair correlative rights at 3200 feet or below the 3200-foot depth severance.
- (h) In addition, Applicant provided geologic testimony and exhibits indicating there are silts that act as a frac barriers in each of the two wells and the applicant opines in their affidavit that the silts will act as a frac barrier, preventing drainage from the other side of the depth severance line.
- (i) The proposed well(s) will not drain pressure from, produce oil or gas from, or otherwise affect, or be affected by, production from each other or the respective depth severance at 3200 feet.
- (j) Applicant testified and included in their affidavit statement that their current wells are each about 400 feet from the depth-severance line above and below, and they will not infill closer than those current proposed depths above and below without coming to hearing before the division.
- (k) All quarter-quarter sections to be included in the Unit are expected to be substantially productive in the San Andres-Yeso formation, so that the Unit as requested will not impair correlative rights.
- (l) Notice by certified mail was provided to all uncommitted interest owners in the proposed Unit whose interests were evidenced by a conveyance instrument, either of record or known to Applicant when the Application was filed, and to heirs known to Applicant of deceased persons who appear as owners in such instruments.
- (m) Those potentially affected parties whose whereabouts could not be ascertained were noticed by publication as provided in Rule 19.15.4.12.B NMAC.

The Division finds and concludes that

(9) The application in this case was filed, and the Well(s) were permitted, on or after the June 26, 2018 date on which amendments to 19.15.16.7 and 19.15.16.15 NMAC (prescribing new spacing rules for horizontal wells) became effective (see Order No. R-14689). Hence the

Well(s) must be spaced, permitted and drilled pursuant 19.15.16.15 NMAC, as amended effective June 26, 2018.

(10) Provided that the Unit constitutes a standard horizontal spacing unit for each of the Well(s) under now effective rules, no non-standard spacing unit approval is needed. If, however, the Unit is not a standard horizontal spacing unit for any of the Well(s), the operator must obtain approval of a non-standard horizontal spacing unit pursuant to 19.15.16.15.B(5) prior to producing such well(s). The Unit shall not be considered non-standard due to the depth limitations approved in this Order.

(11) The depth severance and upper limit of the interval to be pooled was described as follows in applicant's exhibits presented February 7, 2019:

A depth severance exists in the San Andres-Yeso formation at 3200 feet. Accordingly, Percussion seeks to compulsory pool from the top of the pool at a stratigraphic equivalent of 2279 feet measured depth, as defined in the Gamma Ray-Neutron Log of the Len Mayer No. 1 Well (API No. 30-015-05926) to a depth of 3200 feet.

(12) Applicant has presented evidence that the proposed horizontal well if drilled in the Penasco Draw; San Andres-Yeso (Assoc) Pool will not be in hydraulic contact with the interval in Penasco Draw; San Andres-Yeso (Assoc) Pool located below the 3200-foot depth severance.

(13) Applicant testified and included in their affidavit statement that their current wells are each about 400 feet from the depth-severance line above and below, and they will not infill closer than those current proposed depths above and below without coming to hearing before the division.

(14) Percussion Petroleum Operating, LLC (OGRID 371755) should be designated the operator of the Well(s) and of the Unit.

(15) Two or more separately owned tracts are embraced within the Unit, and/or there are royalty interests and/or undivided interests in oil and gas minerals in one or more tracts included in the Unit that are separately owned.

(16) Applicant is owner of an oil and gas working interest within the Unit. Applicant has the right to drill and proposes to drill the Well(s) to a common source of supply within the Unit at the described depths and location(s).

(17) There are interest owners in the Unit that have not agreed to pool their interests.

(18) To avoid the drilling of unnecessary wells, protect correlative rights, prevent waste and afford to the owner of each interest in the Unit the opportunity to recover or receive without unnecessary expense a just and fair share of hydrocarbons, this application should be approved by pooling all uncommitted interests, whatever they may be, in the oil and gas in the San Andres-Yeso formation within the Unit.

(19) To ensure protection of correlative rights, any pooled working interest owner whose address is known, and who has elected to participate under the terms of this order should be notified before the Division grants any extension of the time provided herein for commencing drilling. Any such owner may file an application, with notice to the operator, requesting that the extension be denied.

(20) Infill wells within the Unit should be subject to Division Rules 19.15.13.9 NMAC through 19.15.13.10 NMAC, and to the terms and conditions of this order.

(21) Any pooled working interest owner who does not pay its share of estimated well costs of any well should have withheld from production from such well its share of reasonable well costs plus an additional 200% thereof as a reasonable charge for the risk involved in drilling the Well(s).

(22) Reasonable charges for supervision (combined fixed rates) should be fixed at \$7000 per month, per well, while drilling and \$700 per month, per well, while producing, provided that these rates should be adjusted annually pursuant to the COPAS form titled "*Accounting Procedure-Joint Operations.*"

**IT IS THEREFORE ORDERED THAT**

(1) All uncommitted interests, whatever they may be, in the oil and gas within the following described spacing unit ("the Unit") are hereby pooled:

A Horizontal Spacing Unit comprising 200 acres (more or less) within the San Andres-Yeso formation (as it is described below) and in the Penasco Draw; San Andres-Yeso (Assoc) Pool (Pool code 50270) and all other pools hereafter defined within the San Andres-Yeso formation in the S/2 S/2 of Section 28 and the SE/4 SE/4 of Section 29, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico.

Pooled Interval: A stratigraphic equivalent of the top of the San Andres-Yeso at 2279 feet measured depth, as defined in the Gamma Ray-Neutron Log of the Len Mayer No. 1 Well (API No. 30-015-05926) to a depth of 3200 feet.

(2) The Unit shall be dedicated to the following "proposed well". The completed interval of the proposed well will be orthodox:

**Nirvana No. 1H, API No. 30-015-Pending**

SHL: 520 feet from the South line and 665 feet from the West line,  
(Unit M) of Section 27, Township 18 South, Range 26 East, NMPM.

BHL: 360 feet from the South line and 1306 feet from the East line,  
(Unit P) of Section 29, Township 18 South, Range 26 East, NMPM;

(3) Percussion Petroleum Operating, LLC (OGRID 371755) is hereby designated the operator of the Well(s) and Unit.

(4) If any of the Well(s) is completed at an unorthodox location under applicable rules in effect at the time such well is completed, the operator shall provide notice and apply administratively for a location exception prior to producing the well.

(5) The operator of the Unit shall commence drilling the proposed well on or before June 30, 2020 and shall thereafter continue drilling the proposed well with due diligence to test the San Andres-Yeso formation at or about the proposed true vertical and measured depths.

(6) In the event the operator does not commence drilling the Well(s) on or before the date provided in the foregoing paragraph, the compulsory pooling provision of this order shall be of no effect, unless the operator obtains a written time extension from the Division Director pursuant to a written request stating its reasons for such extension and attaching satisfactory evidence.

(7) In the event the operator does not commence completion operations within one year after commencement of drilling operations pursuant to this order, then the compulsory pooling provisions of this order shall be of no effect unless operator obtains a written time extension from the Division Director pursuant to a written request stating its reasons for such extension and attaching satisfactory evidence.

(8) The operator shall provide a copy of any request for extension of time to drill or complete any well filed with the Director pursuant to this order to each pooled working interest owner who has elected to participate in the drilling of any well that is the subject of the request. Such copy shall be sent at the same time the request is sent to the Director.

(9) Upon final plugging and abandonment of the Well(s) and any other well drilled on the Unit pursuant to Division Rule 19.15.13.9 NMAC, the pooled unit created by this order shall terminate unless this order has been amended to authorize further operations.

(10) Infill wells within the Unit shall be subject to Division Rule 19.15.13.9 NMAC and to the terms and conditions of this order.

(11) After pooling, uncommitted working interest owners are referred to as pooled working interest owners. ("Pooled working interest owners" are owners of working interests in the Unit, including unleased mineral interests, who are not parties to an operating agreement governing the Unit.) After the effective date of this order, the operator shall furnish the Division and each known pooled working interest owner in the Unit separate itemized schedules of estimated costs of drilling, completing and equipping each of the Well(s) ("well costs").

(12) Within 30 days from the date the schedule of estimated well costs for any well is furnished, any pooled working interest owner shall have the right to elect to pay its share of estimated well costs to the operator in lieu of paying its share of reasonable well costs out of production as hereinafter provided. Payment shall be rendered within 90 days after expiration of the 30-day election period and any such owner who pays its share of estimated well costs as provided above for any well shall remain liable for operating costs but shall not be liable for risk

charges to the extent computed based on costs of such well. Pooled working interest owners who do not elect to pay their share of estimated well costs, or who do not render timely payment to the operator, as provided in this paragraph shall thereafter be referred to as "non-consenting working interest owners."

(13) The operator shall furnish the Division and each known pooled working interest owner (including non-consenting working interest owners) an itemized schedule of actual well costs of each well within 180 days following completion of the proposed well. If no objection to the actual well costs for any well is received by the Division, and the Division has not objected, within 45 days following receipt of the schedule for such well, the actual well costs shall be deemed to be the reasonable well costs. If there is an objection to actual well costs within the 45-day period, the Division will determine reasonable well costs for such well after public notice and hearing.

(14) Within 60 days following determination of reasonable well costs for any well, any pooled working interest owner who has paid its share of estimated costs of such well in advance as provided above shall pay to the operator its share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator the amount, if any, that the estimated well costs it has paid for such well exceed its share of reasonable well costs.

(15) The operator is hereby authorized to withhold the following costs and charges from each non-consenting working interest owner's share of production from each well:

(a) the proportionate share of reasonable well costs attributable to the non-consenting working interest owner; and

(b) as a charge for the risk involved in drilling the well, 200% of the above costs.

(16) During the cost recovery period, the operator shall furnish to the Division and to each known non-consenting pooled working interest owner, annually, and within 90 days after payout occurs, a schedule of all revenues attributable to each proposed well, and all charges for supervision and operating costs charged against such revenues. Operating costs shall include all reasonable costs incurred for the maintenance and operation of the well, except for "well costs" reported pursuant to prior ordering paragraphs, that are properly chargeable to the joint account pursuant to COPAS procedures. If no objection to the operating costs is received by the Division, and the Division has not objected, within 45 days following receipt of any schedule, the costs shall be deemed to be the reasonable operating costs. If there is an objection to the accuracy or reasonableness of operating costs reported within the 45-day period, the Division will determine reasonable operating costs after public notice and hearing.

(17) The operator shall distribute the costs and charges withheld from production, proportionately, to the parties who advanced the well costs for such well.



(18) Reasonable charges for supervision (combined fixed rates) are hereby fixed at \$7000 per month, per well, while drilling and \$700 per month, per well, while producing, provided that these rates shall be adjusted annually pursuant to the COPAS form titled "Accounting Procedure-Joint Operations." The operator is authorized to withhold from production from each well the proportionate share of both the supervision charges and the actual expenditures required for operating of such well, not more than what are reasonable, attributable to pooled working interest owners.

(19) Except as provided in the foregoing paragraphs, all proceeds from production from the Well(s) that are not disbursed for any reason shall be held for the account of the person or persons entitled thereto pursuant to the Oil and Gas Proceeds Payment Act (NMSA 1978 Sections 70-10-1 through 70-10-6, as amended). If not sooner disbursed, such proceeds shall be turned over to the appropriate authority as and when required by the Uniform Unclaimed Property Act (NMSA 1978 Sections 7-8A-1 through 7-8A-31, as amended).

(20) Any unleased mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for allocating costs and charges under this order. Any costs that are to be paid out of production shall be withheld only from the working interests' share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(21) Should all the parties to this compulsory pooling order reach voluntary agreement after entry of this order, this order shall thereafter be of no further effect.

(22) The operator of the wells and Unit shall notify the Division in writing of the subsequent voluntary agreement of any party subject to the compulsory pooling provisions of this order.

(23) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

A handwritten signature in blue ink, appearing to read "Adrienne Sandoval".

ADRIENNE SANDOVAL  
Director

**SEP Permian LLC**  
**AUTHORITY FOR EXPENDITURE**

AFE NO.: D19073	COMPANY	
AFE DESC: NIRVANA 1H	DIVISION	
DATE: 12/10/2019	OPERATOR:	
AFE TYPE: DRILL COMPLETE AND EQUIP	102 - SEP PERMIAN,	
GROSS/NET: GROSS	LLC	

DETAIL OF EXPENDITURES	DRYHOLE	COMPLETION	EQUIP-TIE	SUPPLEMENT	TOTAL	ACTUAL
LOCATION/DAMAGES-LAND		10,000.00	0.00		10,000.00	
TOTAL:		10,000.00	0.00		10,000.00	
TITLE WORK/OPINIONS - LAND		133,000.00	0.00		133,000.00	
TOTAL:		133,000.00	0.00		133,000.00	
DAMAGES/ROW - LAND		83,667.00	0.00		83,667.00	
TOTAL:		83,667.00	0.00		83,667.00	
DRILLING RENTALS: SURFACE		65,000.00	0.00		65,000.00	
TOTAL:		65,000.00	0.00		65,000.00	
DRILLING RENTALS: SUBSURFACE		36,000.00	0.00		36,000.00	
TOTAL:		36,000.00	0.00		36,000.00	
DRILL MUD & COMPL FLUID		30,000.00	0.00		30,000.00	
TOTAL:		30,000.00	0.00		30,000.00	
WELLSITE SUPERVISION		39,000.00	0.00		39,000.00	
TOTAL:		39,000.00	0.00		39,000.00	
GROUND TRANSPORT		15,000.00	0.00		15,000.00	
TOTAL:		15,000.00	0.00		15,000.00	
CONTRACT DRILLING (DAY RATE/TUF		195,000.00	0.00		195,000.00	
TOTAL:		195,000.00	0.00		195,000.00	
DIRECTIONAL TOOLS AND SERVICES		110,500.00	0.00		110,500.00	
TOTAL:		110,500.00	0.00		110,500.00	
FLUID & CUTTINGS DISPOSAL		85,000.00	0.00		85,000.00	
TOTAL:		85,000.00	0.00		85,000.00	
FRAC TANK RENTALS		1,300.00	0.00		1,300.00	
TOTAL:		1,300.00	0.00		1,300.00	
BITS		35,000.00	0.00		35,000.00	
TOTAL:		35,000.00	0.00		35,000.00	
CONTINGENCIES		96,180.00	0.00		96,180.00	
TOTAL:		96,180.00	0.00		96,180.00	
FUEL, WATER & LUBE		39,000.00	0.00		39,000.00	
TOTAL:		39,000.00	0.00		39,000.00	
CEMENT		105,000.00	0.00		105,000.00	
TOTAL:		105,000.00	0.00		105,000.00	
CASING CREWS AND LAYDOWN SERV		30,000.00	0.00		30,000.00	
TOTAL:		30,000.00	0.00		30,000.00	
MUD LOGGER		13,000.00	0.00		13,000.00	
TOTAL:		13,000.00	0.00		13,000.00	
MOB/DEMOB RIG		50,000.00	0.00		50,000.00	
TOTAL:		50,000.00	0.00		50,000.00	
VACUUM TRUCKING		15,000.00	0.00		15,000.00	
TOTAL:		15,000.00	0.00		15,000.00	
DRILLPIPE INSPECTION		10,000.00	0.00		10,000.00	
TOTAL:		10,000.00	0.00		10,000.00	
CONTRACT LABOR/SERVICES		35,000.00	0.00		35,000.00	
TOTAL:		35,000.00	0.00		35,000.00	
SURFACE CASING		22,815.00	0.00		22,815.00	
TOTAL:		22,815.00	0.00		22,815.00	
PRODUCTION/LINER CASING		137,620.00	0.00		137,620.00	
TOTAL:		137,620.00	0.00		137,620.00	
CONDUCTOR PIPE		25,000.00	0.00		25,000.00	
TOTAL:		25,000.00	0.00		25,000.00	
WELLHEAD		10,000.00	0.00		10,000.00	
TOTAL:		10,000.00	0.00		10,000.00	
LINER HANGER/CASING ACCESSORY		15,000.00	0.00		15,000.00	
TOTAL:		15,000.00	0.00		15,000.00	
EQUIP RENT		175,000.00	0.00		175,000.00	
TOTAL:		175,000.00	0.00		175,000.00	
DRILL MUD & COMPL FLUID		350,000.00	0.00		350,000.00	

**SEP Permian LLC**  
**AUTHORITY FOR EXPENDITURE**

AFE NO.: D19073		COMPANY	
AFE DESC: NIRVANA 1H		DIVISION	
DATE: 12/10/2019		OPERATOR:	
AFE TYPE: DRILL COMPLETE AND EQUIP		102 - SEP PERMIAN,	
GROSS/NET: GROSS		LLC	
<b>TOTAL:</b>	<b>350,000.00</b>	<b>0.00</b>	<b>350,000.00</b>
WELLSITE SUPERVISION	44,000.00	0.00	44,000.00
<b>TOTAL:</b>	<b>44,000.00</b>	<b>0.00</b>	<b>44,000.00</b>
GROUND TRANSPORT	10,000.00	0.00	10,000.00
<b>TOTAL:</b>	<b>10,000.00</b>	<b>0.00</b>	<b>10,000.00</b>
CASED HOLE WIRELINE	160,000.00	0.00	160,000.00
<b>TOTAL:</b>	<b>160,000.00</b>	<b>0.00</b>	<b>160,000.00</b>
FRAC/FLUID SW DISPOSAL	10,000.00	0.00	10,000.00
<b>TOTAL:</b>	<b>10,000.00</b>	<b>0.00</b>	<b>10,000.00</b>
FRAC TANK RENTALS	9,000.00	0.00	9,000.00
<b>TOTAL:</b>	<b>9,000.00</b>	<b>0.00</b>	<b>9,000.00</b>
FLOWBACK	8,000.00	0.00	8,000.00
<b>TOTAL:</b>	<b>8,000.00</b>	<b>0.00</b>	<b>8,000.00</b>
BITS	1,000.00	0.00	1,000.00
<b>TOTAL:</b>	<b>1,000.00</b>	<b>0.00</b>	<b>1,000.00</b>
CONTINGENCIES	151,000.00	0.00	151,000.00
<b>TOTAL:</b>	<b>151,000.00</b>	<b>0.00</b>	<b>151,000.00</b>
SPECIALIZED SERVICE	30,000.00	0.00	30,000.00
<b>TOTAL:</b>	<b>30,000.00</b>	<b>0.00</b>	<b>30,000.00</b>
STIMULATION AND PUMPING SERVIC	990,000.00	0.00	990,000.00
<b>TOTAL:</b>	<b>990,000.00</b>	<b>0.00</b>	<b>990,000.00</b>
FUEL, WATER & LUBE	260,000.00	0.00	260,000.00
<b>TOTAL:</b>	<b>260,000.00</b>	<b>0.00</b>	<b>260,000.00</b>
COMPLETION/WORKOVER (RIG)	48,000.00	0.00	48,000.00
<b>TOTAL:</b>	<b>48,000.00</b>	<b>0.00</b>	<b>48,000.00</b>
CONTRACT LABOR/SERVICES	30,000.00	0.00	30,000.00
<b>TOTAL:</b>	<b>30,000.00</b>	<b>0.00</b>	<b>30,000.00</b>
SITE PREPARATION	10,000.00	0.00	10,000.00
<b>TOTAL:</b>	<b>10,000.00</b>	<b>0.00</b>	<b>10,000.00</b>
INSTALLATION & LABOR EXPENSES (I	90,000.00	0.00	90,000.00
<b>TOTAL:</b>	<b>90,000.00</b>	<b>0.00</b>	<b>90,000.00</b>
BATTERY CONSTRUCTION LABOR	70,000.00	0.00	70,000.00
<b>TOTAL:</b>	<b>70,000.00</b>	<b>0.00</b>	<b>70,000.00</b>
TUBING	60,000.00	0.00	60,000.00
<b>TOTAL:</b>	<b>60,000.00</b>	<b>0.00</b>	<b>60,000.00</b>
TUBING HEAD/XMAS TREE	15,000.00	0.00	15,000.00
<b>TOTAL:</b>	<b>15,000.00</b>	<b>0.00</b>	<b>15,000.00</b>
PUMPING & LIFTING EQUIP	50,000.00	0.00	50,000.00
<b>TOTAL:</b>	<b>50,000.00</b>	<b>0.00</b>	<b>50,000.00</b>
SEP, DEHY, TREATERS, HEAT EXCHA	57,000.00	0.00	57,000.00
<b>TOTAL:</b>	<b>57,000.00</b>	<b>0.00</b>	<b>57,000.00</b>
MEASUREMENT EQUIP	23,000.00	0.00	23,000.00
<b>TOTAL:</b>	<b>23,000.00</b>	<b>0.00</b>	<b>23,000.00</b>
LEASE AND FLOW LINES	11,000.00	0.00	11,000.00
<b>TOTAL:</b>	<b>11,000.00</b>	<b>0.00</b>	<b>11,000.00</b>
MISC FITTINGS & SUPPLIES	135,000.00	0.00	135,000.00
<b>TOTAL:</b>	<b>135,000.00</b>	<b>0.00</b>	<b>135,000.00</b>
TANKS (OIL & WATER)	53,000.00	0.00	53,000.00
<b>TOTAL:</b>	<b>53,000.00</b>	<b>0.00</b>	<b>53,000.00</b>
<b>TOTAL THIS AFE:</b>	<b>4,292,082.00</b>	<b>0.00</b>	<b>4,292,082.00</b>



**SEP Permian LLC**  
AUTHORITY FOR EXPENDITURE

AFE NO.:	D19074	COMPANY	
AFE DESC:	NIRVANA 2H	DIVISION	
DATE:	12/10/2019	OPERATOR:	
AFE TYPE:	DRILL COMPLETE AND EQUIP	102 - SEP PERMIAN,	
GROSS/NET:	GROSS	LLC	

DETAIL OF EXPENDITURES	DRYHOLE	COMPLETION	EQUIP-TIE	SUPPLEMENT	TOTAL	ACTUAL
LOCATION/DAMAGES-LAND		10,000.00	0.00		10,000.00	
<b>TOTAL:</b>		<b>10,000.00</b>	<b>0.00</b>		<b>10,000.00</b>	
TITLE WORK/OPINIONS - LAND		133,000.00	0.00		133,000.00	
<b>TOTAL:</b>		<b>133,000.00</b>	<b>0.00</b>		<b>133,000.00</b>	
DAMAGES/ROW - LAND		83,667.00	0.00		83,667.00	
<b>TOTAL:</b>		<b>83,667.00</b>	<b>0.00</b>		<b>83,667.00</b>	
DRILLING RENTALS: SURFACE		65,000.00	0.00		65,000.00	
<b>TOTAL:</b>		<b>65,000.00</b>	<b>0.00</b>		<b>65,000.00</b>	
DRILLING RENTALS: SUBSURFACE		36,000.00	0.00		36,000.00	
<b>TOTAL:</b>		<b>36,000.00</b>	<b>0.00</b>		<b>36,000.00</b>	
DRILL MUD & COMPL FLUID		30,000.00	0.00		30,000.00	
<b>TOTAL:</b>		<b>30,000.00</b>	<b>0.00</b>		<b>30,000.00</b>	
WELLSITE SUPERVISION		39,000.00	0.00		39,000.00	
<b>TOTAL:</b>		<b>39,000.00</b>	<b>0.00</b>		<b>39,000.00</b>	
GROUND TRANSPORT		15,000.00	0.00		15,000.00	
<b>TOTAL:</b>		<b>15,000.00</b>	<b>0.00</b>		<b>15,000.00</b>	
CONTRACT DRILLING (DAY RATE/TUF		195,000.00	0.00		195,000.00	
<b>TOTAL:</b>		<b>195,000.00</b>	<b>0.00</b>		<b>195,000.00</b>	
DIRECTIONAL TOOLS AND SERVICES		110,500.00	0.00		110,500.00	
<b>TOTAL:</b>		<b>110,500.00</b>	<b>0.00</b>		<b>110,500.00</b>	
FLUID & CUTTINGS DISPOSAL		85,000.00	0.00		85,000.00	
<b>TOTAL:</b>		<b>85,000.00</b>	<b>0.00</b>		<b>85,000.00</b>	
FRAC TANK RENTALS		1,300.00	0.00		1,300.00	
<b>TOTAL:</b>		<b>1,300.00</b>	<b>0.00</b>		<b>1,300.00</b>	
BITS		35,000.00	0.00		35,000.00	
<b>TOTAL:</b>		<b>35,000.00</b>	<b>0.00</b>		<b>35,000.00</b>	
CONTINGENCIES		96,180.00	0.00		96,180.00	
<b>TOTAL:</b>		<b>96,180.00</b>	<b>0.00</b>		<b>96,180.00</b>	
FUEL, WATER & LUBE		39,000.00	0.00		39,000.00	
<b>TOTAL:</b>		<b>39,000.00</b>	<b>0.00</b>		<b>39,000.00</b>	
CEMENT		105,000.00	0.00		105,000.00	
<b>TOTAL:</b>		<b>105,000.00</b>	<b>0.00</b>		<b>105,000.00</b>	
CASING CREWS AND LAYDOWN SERV		30,000.00	0.00		30,000.00	
<b>TOTAL:</b>		<b>30,000.00</b>	<b>0.00</b>		<b>30,000.00</b>	
MUD LOGGER		13,000.00	0.00		13,000.00	
<b>TOTAL:</b>		<b>13,000.00</b>	<b>0.00</b>		<b>13,000.00</b>	
MOB/DEMOB RIG		50,000.00	0.00		50,000.00	
<b>TOTAL:</b>		<b>50,000.00</b>	<b>0.00</b>		<b>50,000.00</b>	
VACUUM TRUCKING		15,000.00	0.00		15,000.00	
<b>TOTAL:</b>		<b>15,000.00</b>	<b>0.00</b>		<b>15,000.00</b>	
DRILLPIPE INSPECTION		10,000.00	0.00		10,000.00	
<b>TOTAL:</b>		<b>10,000.00</b>	<b>0.00</b>		<b>10,000.00</b>	
CONTRACT LABOR/SERVICES		35,000.00	0.00		35,000.00	
<b>TOTAL:</b>		<b>35,000.00</b>	<b>0.00</b>		<b>35,000.00</b>	
SURFACE CASING		22,815.00	0.00		22,815.00	
<b>TOTAL:</b>		<b>22,815.00</b>	<b>0.00</b>		<b>22,815.00</b>	
PRODUCTION/LINER CASING		137,620.00	0.00		137,620.00	
<b>TOTAL:</b>		<b>137,620.00</b>	<b>0.00</b>		<b>137,620.00</b>	
CONDUCTOR PIPE		25,000.00	0.00		25,000.00	
<b>TOTAL:</b>		<b>25,000.00</b>	<b>0.00</b>		<b>25,000.00</b>	
WELLHEAD		10,000.00	0.00		10,000.00	
<b>TOTAL:</b>		<b>10,000.00</b>	<b>0.00</b>		<b>10,000.00</b>	
LINER HANGER/CASING ACCESSORY		15,000.00	0.00		15,000.00	
<b>TOTAL:</b>		<b>15,000.00</b>	<b>0.00</b>		<b>15,000.00</b>	
EQUIP RENT		175,000.00	0.00		175,000.00	
<b>TOTAL:</b>		<b>175,000.00</b>	<b>0.00</b>		<b>175,000.00</b>	
DRILL MUD & COMPL FLUID		350,000.00	0.00		350,000.00	

**SEP Permian LLC**  
**AUTHORITY FOR EXPENDITURE**

AFE NO.: D19074		COMPANY		
AFE DESC: NIRVANA 2H		DIVISION		
DATE: 12/10/2019		OPERATOR:		
AFE TYPE: DRILL COMPLETE AND EQUIP		102 - SEP PERMIAN,		
GROSS/NET: GROSS		LLC		
TOTAL:		350,000.00	0.00	350,000.00
WELLSITE SUPERVISION		44,000.00	0.00	44,000.00
TOTAL:		44,000.00	0.00	44,000.00
GROUND TRANSPORT		10,000.00	0.00	10,000.00
TOTAL:		10,000.00	0.00	10,000.00
CASED HOLE WIRELINE		160,000.00	0.00	160,000.00
TOTAL:		160,000.00	0.00	160,000.00
FRAC/FLUID SW DISPOSAL		10,000.00	0.00	10,000.00
TOTAL:		10,000.00	0.00	10,000.00
FRAC TANK RENTALS		9,000.00	0.00	9,000.00
TOTAL:		9,000.00	0.00	9,000.00
FLOWBACK		8,000.00	0.00	8,000.00
TOTAL:		8,000.00	0.00	8,000.00
BITS		1,000.00	0.00	1,000.00
TOTAL:		1,000.00	0.00	1,000.00
CONTINGENCIES		151,000.00	0.00	151,000.00
TOTAL:		151,000.00	0.00	151,000.00
SPECIALIZED SERVICE		30,000.00	0.00	30,000.00
TOTAL:		30,000.00	0.00	30,000.00
STIMULATION AND PUMPING SERVIC		990,000.00	0.00	990,000.00
TOTAL:		990,000.00	0.00	990,000.00
FUEL, WATER & LUBE		260,000.00	0.00	260,000.00
TOTAL:		260,000.00	0.00	260,000.00
COMPLETION/WORKOVER (RIG)		48,000.00	0.00	48,000.00
TOTAL:		48,000.00	0.00	48,000.00
CONTRACT LABOR/SERVICES		30,000.00	0.00	30,000.00
TOTAL:		30,000.00	0.00	30,000.00
SITE PREPARATION		10,000.00	0.00	10,000.00
TOTAL:		10,000.00	0.00	10,000.00
INSTALLATION & LABOR EXPENSES (I		90,000.00	0.00	90,000.00
TOTAL:		90,000.00	0.00	90,000.00
BATTERY CONSTRUCTION LABOR		70,000.00	0.00	70,000.00
TOTAL:		70,000.00	0.00	70,000.00
TUBING		60,000.00	0.00	60,000.00
TOTAL:		60,000.00	0.00	60,000.00
TUBING HEAD/XMAS TREE		15,000.00	0.00	15,000.00
TOTAL:		15,000.00	0.00	15,000.00
PUMPING & LIFTING EQUIP		50,000.00	0.00	50,000.00
TOTAL:		50,000.00	0.00	50,000.00
SEP, DEHY, TREATERS, HEAT EXCHA		57,000.00	0.00	57,000.00
TOTAL:		57,000.00	0.00	57,000.00
MEASUREMENT EQUIP		23,000.00	0.00	23,000.00
TOTAL:		23,000.00	0.00	23,000.00
LEASE AND FLOW LINES		11,000.00	0.00	11,000.00
TOTAL:		11,000.00	0.00	11,000.00
MISC FITTINGS & SUPPLIES		135,000.00	0.00	135,000.00
TOTAL:		135,000.00	0.00	135,000.00
TANKS (OIL & WATER)		53,000.00	0.00	53,000.00
TOTAL:		53,000.00	0.00	53,000.00
TOTAL THIS AFE:		4,292,082.00	0.00	4,292,082.00



June 3, 2020

Dear Reference MPena:

The following is in response to your request for proof of delivery on your item with the tracking number:  
**9414 8108 9876 5060 1690 39.**


#### Item Details

<b>Status:</b>	Delivered
<b>Status Date / Time:</b>	June 2, 2020, 12:22 pm
<b>Location:</b>	ARTESIA, NM 88210
<b>Postal Product:</b>	First-Class Mail®
<b>Extra Services:</b>	Certified Mail™
	Return Receipt Electronic
<b>Recipient Name:</b>	Jim Bell

#### Shipment Details

<b>Weight:</b>	3.5oz
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#### Recipient Signature

Signature of Recipient:	
Address of Recipient:	100

Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

Thank you for selecting the United States Postal Service® for your mailing needs. If you require additional assistance, please contact your local Post Office™ or a Postal representative at 1-800-222-1811.

Sincerely,  
United States Postal Service®  
475 L'Enfant Plaza SW  
Washington, D.C. 20260-0004



*Sent Certified Mail, Return Receipt Requested*

**December 6, 2019**

**EOG A Resources, Inc.  
Attn: Janet Richardson  
104 South 4<sup>th</sup> Street  
Artesia, NM 88210**

**RE: Notice of Intent to Amend Compulsory Pooling Order R-20642  
Nirvana Unit Update  
S/2 S/2 Section 28, T18S, R26E and  
SE/4 SE/4 Section 29, T18S, R26E  
Eddy County, New Mexico**

**Dear Pooled Working Interest owner;**

SEP Permian LLC ("SEP") is the successor operator to Percussion Petroleum, LLC ("Percussion") by an Assignment, Bill of Sale, Deed and Conveyance, effective March 1, 2019, filed June 24, 2019 in Eddy County, NM County Clerk's Office in Book 1124, Page 918. Percussion obtained the operating rights to the Nirvana Unit with a Term Assignment with OXY Y-1 Company ("OXY") effective November 1, 2018, filed January 30, 2019, Book 1119, Page 12 in which OXY assigned their working interest from the top of the Glorieta foundation to the base of the Yeso formation.

Prior to SEP's acquisition of Percussion's assets, Percussion sought and received approval from the New Mexico Oil Conservation Division ("OCD") to compulsory pool the above referenced lands. Enclosed for your reference is Compulsory Pooling Order R-20642 ("R-20642") which provides details of the pooled lands, the approved initial well, and the terms and conditions to which the operator and pooled working interest owners are obligated.

SEP's subsurface and engineering teams have evaluated the original Nirvana Unit development plans and believe it is prudent to amend the pooling order to authorize additional wells as part of the initial drilling program. Currently, Order R-20642 limits the initial drilling program to a single well, the Nirvana Com Well No. 3H. SEP intends to file an application with the OCD to amend Order R-20642 to allow additional wells at the location and depth noted on the enclosure. An AFE is also enclosed for each of these wells.

Since the authorized Nirvana Com Well No. 3H has not yet been drilled, you will be afforded a new election period for both wells upon receipt of the amended pooling order. If you have any questions, would like to participate in these wells under the terms of a Joint Operating Agreement or would like to explore some other voluntary agreement, please contact me at 832-930-8627 or [v-smithell@spurepllc.com](mailto:v-smithell@spurepllc.com).

**Regards,**

**Stan Mitchell, CPL  
Contract Senior Landman**

District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0710  
District II  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9120  
District III  
1000 Rio Brazos Road, Arice, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name					
4 Property Code		5 Property Name <b>NIRVANA</b>						6 Well Number <b>1H</b>	
7 OORID NO		8 Operator Name <b>SPUR ENERGY PARTNERS LLC.</b>						9 Elevation <b>3370'</b>	
10 Surface Location									
UL or lot no. <b>M</b>	Section <b>27</b>	Township <b>18S</b>	Range <b>26E</b>	Lot Idn	Feet from the <b>520</b>	North/South line <b>SOUTH</b>	Feet from the <b>665</b>	East/West line <b>WEST</b>	County <b>EDDY</b>
11 Bottom Hole Location If Different From Surface									
UL or lot no. <b>P</b>	Section <b>29</b>	Township <b>18S</b>	Range <b>26E</b>	Lot Idn	Feet from the <b>360</b>	North/South line <b>SOUTH</b>	Feet from the <b>1306</b>	East/West line <b>EAST</b>	County <b>EDDY</b>
12 Dedicated Acres		13 Joint or Infill		14 Consolidation Code		15 Order No.			

No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.

<p><b>16 GEODETIC DATA</b> NAD 83 GRID -- NM EAST</p> <p><b>SURFACE LOCATION</b> N: 823121.3 -- E: 528122.7 LAT: 32.7129939° N LONG: 104.3782891° W</p> <p><b>FIRST TAKE POINT</b> 360' FSL 100' FEL (SEC.28) N: 822963.5 -- E: 527357.8 LAT: 32.7125594° N LONG: 104.3787860° W</p> <p><b>LAST TAKE POINT</b> 360' FSL 1226' FEL (SEC.29) N: 822990.1 -- E: 520917.1 LAT: 32.7126231° N LONG: 104.3997286° W</p> <p><b>BOTTOM HOLE</b> N: 822990.4 -- E: 520837.2 LAT: 32.7126238° N LONG: 104.3999867° W</p>		<p><b>17 OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or undivided mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or in a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>Current Address _____</p>	
<p><b>18 SURVEYOR CERTIFICATION</b> I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p><b>11-20-2019</b> Date of Survey</p> <p>Signature and Seal of Professional Surveyor _____</p> <p><b>19680</b> Certificate Number</p>		<p><b>19</b> Job No.: LS19111092</p>	



**District I**  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
**District II**  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-0720  
**District III**  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
**District IV**  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department  
**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

☐ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1 API Number		2 Pool Code		3 Pool Name	
4 Property Code		5 Property Name <b>NIRVANA</b>			6 Well Number <b>2H</b>
7 OGRID NO.		8 Operator Name <b>SPUR ENERGY PARTNERS LLC.</b>			9 Elevation <b>3369'</b>
10 Surface Location					
UL or lot no. <b>M</b>	Section <b>27</b>	Township <b>18S</b>	Range <b>26E</b>	Lot Idn	Foot From the <b>560</b>
				North/South line <b>SOUTH</b>	Foot From the <b>665</b>
				East/West line <b>WEST</b>	County <b>EDDY</b>
11 Bottom Hole Location If Different From Surface					
UL or lot no. <b>P</b>	Section <b>29</b>	Township <b>18S</b>	Range <b>26E</b>	Lot Idn	Foot From the <b>913</b>
				North/South line <b>SOUTH</b>	Foot From the <b>1306</b>
				East/West line <b>EAST</b>	County <b>EDDY</b>
12 Dedicated Acres		13 Joint or Infill		14 Consolidation Code	
				15 Order No.	

No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.

<b>16 GEOGETIC DATA</b> MAD 83 GRID - NM EAST <b>SURFACE LOCATION</b> N: 823161.2 - E: 528122.8 LAT: 32.7131038° N LONG: 104.3782990° W <b>FIRST TAKE POINT</b> 910' FSL 100' FEL (SEC.28) N: 823513.4 - E: 527358.3 LAT: 32.7140708° N LONG: 104.3787851° W <b>LAST TAKE POINT</b> 913' FSL 1227' FEL (SEC.29) N: 823542.9 - E: 520918.7 LAT: 32.7141427° N LONG: 104.3897227° W <b>BOTTOM HOLE</b> N: 823543.3 - E: 520838.7 LAT: 32.7141435° N LONG: 104.3898827° W		<b>17 OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Signature: _____ Date: _____ Printed Name: _____ E-mail Address: _____	
<b>CORNER DATA</b> MAD 83 GRID - NM EAST A: FOUND FENCE POST N: 822814.8 - E: 516841.1 B: CALCULATED CORNER N: 827902.8 - E: 516889.4 C: CALCULATED CORNER N: 827898.4 - E: 522165.5 D: FOUND NAIL N: 827894.1 - E: 527481.9 E: FOUND 5/8" REBAR N: 827877.8 - E: 532755.3 F: FOUND 1.5"x0.6"x0.6" LIMESTONE ROCK N: 825234.8 - E: 532747.8		G: FOUND REBAR N: 822587.3 - E: 532746.3 H: FOUND COTTON SPINDLE N: 822595.8 - E: 530101.8 I: FOUND REBAR N: 822603.2 - E: 527487.4 J: CALCULATED CORNER N: 822825.1 - E: 522141.2 K: FOUND 3/8" REBAR N: 822636.0 - E: 519499.8 L: FOUND COTTON SPINDLE N: 825243.8 - E: 527488.8	
<b>18 SURVEYOR CERTIFICATION</b> I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Date of Survey <b>11-20-2019</b> Signature and Seal of <b>ROBERT M. HOWETT</b> <b>19680</b> Certificate Number		<b>Job No.: LS19111093</b>	

District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (505) 393-6161 Fax: (505) 393-0720  
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State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name	
4 Property Code		5 Property Name <b>NIRVANA</b>			6 Well Number <b>3H</b>
7 OORID NO.		8 Operator Name <b>SPUR ENERGY PARTNERS LLC.</b>			9 Elevation <b>3369'</b>
10 Surface Location					
UL or lot no. <b>M</b>	Section <b>27</b>	Township <b>18S</b>	Range <b>26E</b>	Lot Idn	Feet from the <b>540</b>
				North/South line <b>SOUTH</b>	Post From the <b>665</b>
				East/West line <b>WEST</b>	County <b>EDDY</b>
11 Bottom Hole Location If Different From Surface					
UL or lot no. <b>P</b>	Section <b>29</b>	Township <b>18S</b>	Range <b>26E</b>	Lot Idn	Feet from the <b>410</b>
				North/South line <b>SOUTH</b>	Post From the <b>1307</b>
				East/West line <b>EAST</b>	County <b>EDDY</b>
12 Dedicated Acres		13 Joint or Infill		14 Consolidation Code	
				15 Order No.	

No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.

<p><b>16</b></p> <p><b>GEODETIC DATA</b> NAD 83 GRID - NM EAST</p> <p><b>SURFACE LOCATION</b> N: 623141.3 - E: 528122.8 LAT: 32.7130489° N LONG: 104.3762990° W</p> <p><b>FIRST TAKE POINT</b> 410' FSL 100' FEL (SEC.28) N: 623013.5 - E: 527357.8 LAT: 32.7126988° N LONG: 104.3787859° W</p> <p><b>LAST TAKE POINT</b> 410' FSL 1226' FEL (SEC.29) N: 623040.1 - E: 520817.4 LAT: 32.7127805° N LONG: 104.3997260° W</p> <p><b>BOTTOM HOLE</b> N: 623040.4 - E: 520837.4 LAT: 32.7127612° N LONG: 104.3999860° W</p>		<p><b>CORNER DATA</b> NAD 83 GRID - NM EAST</p> <p>A: FOUND FENCE POST N: 622614.8 - E: 518841.1</p> <p>B: CALCULATED CORNER N: 627902.8 - E: 516889.4</p> <p>C: CALCULATED CORNER N: 627898.4 - E: 522185.5</p> <p>D: FOUND NAIL N: 627894.1 - E: 527461.9</p> <p>E: FOUND 5/8" REBAR N: 627877.8 - E: 532755.3</p> <p>F: FOUND 1.5"x0.6"x0.8" LIMESTONE ROCK N: 628234.8 - E: 532747.8</p> <p>G: FOUND REBAR N: 622587.3 - E: 532746.3</p> <p>H: FOUND COTTON SPINDLE N: 622595.8 - E: 530101.6</p> <p>I: FOUND REBAR N: 622603.2 - E: 527457.4</p> <p>J: CALCULATED CORNER N: 622625.1 - E: 522141.2</p> <p>K: FOUND 3/8" REBAR N: 622636.0 - E: 519499.8</p> <p>L: FOUND COTTON SPINDLE N: 625243.8 - E: 527459.8</p>		<p><b>17 OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p>	
<p><b>18 SURVEYOR CERTIFICATION</b> I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p><b>11-20-2019</b> Date of Survey</p> <p>Signature and Seal of <b>ROBERT M. HOWETT</b></p> <p><b>19880</b> Certificate Number</p>		<p><b>19880</b> Certificate Number</p> <p><b>Job No.: LS19111094</b></p>			

**SEP Permian LLC**  
**AUTHORITY FOR EXPENDITURE**

AFE NO: D19073		COMPANY
AFE DESC: NIRVANA 1H		DIVISION
DATE: 12/10/2019	OPERATOR:	
AFE TYPE: DRILL COMPLETE AND EQUIP	102 - SEP PERMIAN,	
GROSS/NET: GROSS	LLC	

DETAIL OF EXPENDITURES	DRYHOLE	COMPLETION	EQUIP-TIE	SUPPLEMENT	TOTAL	ACTUAL
LOCATION/DAMAGES-LAND		10,000.00	0.00		10,000.00	
TOTAL:		10,000.00	0.00		10,000.00	
TITLE WORK/OPINIONS - LAND		133,000.00	0.00		133,000.00	
TOTAL:		133,000.00	0.00		133,000.00	
DAMAGES/ROW - LAND		83,667.00	0.00		83,667.00	
TOTAL:		83,667.00	0.00		83,667.00	
DRILLING RENTALS: SURFACE		65,000.00	0.00		65,000.00	
TOTAL:		65,000.00	0.00		65,000.00	
DRILLING RENTALS: SUBSURFACE		36,000.00	0.00		36,000.00	
TOTAL:		36,000.00	0.00		36,000.00	
DRILL MUD & COMPL FLUID		30,000.00	0.00		30,000.00	
TOTAL:		30,000.00	0.00		30,000.00	
WELLSITE SUPERVISION		39,000.00	0.00		39,000.00	
TOTAL:		39,000.00	0.00		39,000.00	
GROUND TRANSPORT		15,000.00	0.00		15,000.00	
TOTAL:		15,000.00	0.00		15,000.00	
CONTRACT DRILLING (DAY RATE/TUF)		195,000.00	0.00		195,000.00	
TOTAL:		195,000.00	0.00		195,000.00	
DIRECTIONAL TOOLS AND SERVICES		110,500.00	0.00		110,500.00	
TOTAL:		110,500.00	0.00		110,500.00	
FLUID & CUTTINGS DISPOSAL		85,000.00	0.00		85,000.00	
TOTAL:		85,000.00	0.00		85,000.00	
FRAC TANK RENTALS		1,300.00	0.00		1,300.00	
TOTAL:		1,300.00	0.00		1,300.00	
BITS		35,000.00	0.00		35,000.00	
TOTAL:		35,000.00	0.00		35,000.00	
CONTINGENCIES		96,180.00	0.00		96,180.00	
TOTAL:		96,180.00	0.00		96,180.00	
FUEL, WATER & LUBE		39,000.00	0.00		39,000.00	
TOTAL:		39,000.00	0.00		39,000.00	
CEMENT		105,000.00	0.00		105,000.00	
TOTAL:		105,000.00	0.00		105,000.00	
CASING CREWS AND LAYDOWN SER <sup>1</sup>		30,000.00	0.00		30,000.00	
TOTAL:		30,000.00	0.00		30,000.00	
MUD LOGGER		13,000.00	0.00		13,000.00	
TOTAL:		13,000.00	0.00		13,000.00	
MOB/DEMOB RIG		50,000.00	0.00		50,000.00	
TOTAL:		50,000.00	0.00		50,000.00	
VACUUM TRUCKING		15,000.00	0.00		15,000.00	
TOTAL:		15,000.00	0.00		15,000.00	
DRILLPIPE INSPECTION		10,000.00	0.00		10,000.00	
TOTAL:		10,000.00	0.00		10,000.00	
CONTRACT LABOR/SERVICES		35,000.00	0.00		35,000.00	
TOTAL:		35,000.00	0.00		35,000.00	
SURFACE CASING		22,815.00	0.00		22,815.00	
TOTAL:		22,815.00	0.00		22,815.00	
PRODUCTION/LINER CASING		137,620.00	0.00		137,620.00	
TOTAL:		137,620.00	0.00		137,620.00	
CONDUCTOR PIPE		25,000.00	0.00		25,000.00	
TOTAL:		25,000.00	0.00		25,000.00	
WELLHEAD		10,000.00	0.00		10,000.00	
TOTAL:		10,000.00	0.00		10,000.00	
LINER HANGER/CASING ACCESSORY		15,000.00	0.00		15,000.00	
TOTAL:		15,000.00	0.00		15,000.00	
EQUIP RENT		175,000.00	0.00		175,000.00	
TOTAL:		175,000.00	0.00		175,000.00	
DRILL MUD & COMPL FLUID		350,000.00	0.00		350,000.00	



**SEP Permian LLC**  
**AUTHORITY FOR EXPENDITURE**

AFE NO.: D19073		COMPANY	
AFE DESC: NIRVANA 1H		DIVISION	
DATE: 12/10/2019	OPERATOR:		
AFE TYPE: DRILL COMPLETE AND EQUIP	102 - SEP PERMIAN,		
GROSS/NET: GROSS	LLC		
<b>TOTAL:</b>	<b>350,000.00</b>	<b>0.00</b>	<b>350,000.00</b>
WELLSITE SUPERVISION	44,000.00	0.00	44,000.00
<b>TOTAL:</b>	<b>44,000.00</b>	<b>0.00</b>	<b>44,000.00</b>
GROUND TRANSPORT	10,000.00	0.00	10,000.00
<b>TOTAL:</b>	<b>10,000.00</b>	<b>0.00</b>	<b>10,000.00</b>
CASED HOLE WIRELINE	160,000.00	0.00	160,000.00
<b>TOTAL:</b>	<b>160,000.00</b>	<b>0.00</b>	<b>160,000.00</b>
FRAC/FLUID SW DISPOSAL	10,000.00	0.00	10,000.00
<b>TOTAL:</b>	<b>10,000.00</b>	<b>0.00</b>	<b>10,000.00</b>
FRAC TANK RENTALS	9,000.00	0.00	9,000.00
<b>TOTAL:</b>	<b>9,000.00</b>	<b>0.00</b>	<b>9,000.00</b>
FLOWBACK	8,000.00	0.00	8,000.00
<b>TOTAL:</b>	<b>8,000.00</b>	<b>0.00</b>	<b>8,000.00</b>
BITS	1,000.00	0.00	1,000.00
<b>TOTAL:</b>	<b>1,000.00</b>	<b>0.00</b>	<b>1,000.00</b>
CONTINGENCIES	151,000.00	0.00	151,000.00
<b>TOTAL:</b>	<b>151,000.00</b>	<b>0.00</b>	<b>151,000.00</b>
SPECIALIZED SERVICE	30,000.00	0.00	30,000.00
<b>TOTAL:</b>	<b>30,000.00</b>	<b>0.00</b>	<b>30,000.00</b>
STIMULATION AND PUMPING SERVIC	990,000.00	0.00	990,000.00
<b>TOTAL:</b>	<b>990,000.00</b>	<b>0.00</b>	<b>990,000.00</b>
FUEL, WATER & LUBE	260,000.00	0.00	260,000.00
<b>TOTAL:</b>	<b>260,000.00</b>	<b>0.00</b>	<b>260,000.00</b>
COMPLETION/WORKOVER (RIG)	48,000.00	0.00	48,000.00
<b>TOTAL:</b>	<b>48,000.00</b>	<b>0.00</b>	<b>48,000.00</b>
CONTRACT LABOR/SERVICES	30,000.00	0.00	30,000.00
<b>TOTAL:</b>	<b>30,000.00</b>	<b>0.00</b>	<b>30,000.00</b>
SITE PREPARATION	10,000.00	0.00	10,000.00
<b>TOTAL:</b>	<b>10,000.00</b>	<b>0.00</b>	<b>10,000.00</b>
INSTALLATION & LABOR EXPENSES (	90,000.00	0.00	90,000.00
<b>TOTAL:</b>	<b>90,000.00</b>	<b>0.00</b>	<b>90,000.00</b>
BATTERY CONSTRUCTION LABOR	70,000.00	0.00	70,000.00
<b>TOTAL:</b>	<b>70,000.00</b>	<b>0.00</b>	<b>70,000.00</b>
TUBING	60,000.00	0.00	60,000.00
<b>TOTAL:</b>	<b>60,000.00</b>	<b>0.00</b>	<b>60,000.00</b>
TUBING HEAD/XMAS TREE	15,000.00	0.00	15,000.00
<b>TOTAL:</b>	<b>15,000.00</b>	<b>0.00</b>	<b>15,000.00</b>
PUMPING & LIFTING EQUIP	50,000.00	0.00	50,000.00
<b>TOTAL:</b>	<b>50,000.00</b>	<b>0.00</b>	<b>50,000.00</b>
SEP, DEHY, TREATERS, HEAT EXCHA	57,000.00	0.00	57,000.00
<b>TOTAL:</b>	<b>57,000.00</b>	<b>0.00</b>	<b>57,000.00</b>
MEASUREMENT EQUIP	23,000.00	0.00	23,000.00
<b>TOTAL:</b>	<b>23,000.00</b>	<b>0.00</b>	<b>23,000.00</b>
LEASE AND FLOW LINES	11,000.00	0.00	11,000.00
<b>TOTAL:</b>	<b>11,000.00</b>	<b>0.00</b>	<b>11,000.00</b>
MISC FITTINGS & SUPPLIES	135,000.00	0.00	135,000.00
<b>TOTAL:</b>	<b>135,000.00</b>	<b>0.00</b>	<b>135,000.00</b>
TANKS (OIL & WATER)	53,000.00	0.00	53,000.00
<b>TOTAL:</b>	<b>53,000.00</b>	<b>0.00</b>	<b>53,000.00</b>
<b>TOTAL THIS AFE:</b>	<b>4,292,082.00</b>	<b>0.00</b>	<b>4,292,082.00</b>

**SEP Permian LLC**  
**AUTHORITY FOR EXPENDITURE**

AFE NO.: D19074		COMPANY	
AFE DESC: NIRVANA 2H		DIVISION	
DATE: 12/10/2019	OPERATOR:		
AFE TYPE: DRILL COMPLETE AND EQUIP	102 - SEP PERMIAN,		
GROSS/NET: GROSS	LLC		
<b>TOTAL:</b>	<b>350,000.00</b>	<b>0.00</b>	<b>350,000.00</b>
WELLSITE SUPERVISION	44,000.00	0.00	44,000.00
<b>TOTAL:</b>	<b>44,000.00</b>	<b>0.00</b>	<b>44,000.00</b>
GROUND TRANSPORT	10,000.00	0.00	10,000.00
<b>TOTAL:</b>	<b>10,000.00</b>	<b>0.00</b>	<b>10,000.00</b>
CASED HOLE WIRELINE	160,000.00	0.00	160,000.00
<b>TOTAL:</b>	<b>160,000.00</b>	<b>0.00</b>	<b>160,000.00</b>
FRAC/FLUID SW DISPOSAL	10,000.00	0.00	10,000.00
<b>TOTAL:</b>	<b>10,000.00</b>	<b>0.00</b>	<b>10,000.00</b>
FRAC TANK RENTALS	9,000.00	0.00	9,000.00
<b>TOTAL:</b>	<b>9,000.00</b>	<b>0.00</b>	<b>9,000.00</b>
FLOWBACK	8,000.00	0.00	8,000.00
<b>TOTAL:</b>	<b>8,000.00</b>	<b>0.00</b>	<b>8,000.00</b>
BITS	1,000.00	0.00	1,000.00
<b>TOTAL:</b>	<b>1,000.00</b>	<b>0.00</b>	<b>1,000.00</b>
CONTINGENCIES	151,000.00	0.00	151,000.00
<b>TOTAL:</b>	<b>151,000.00</b>	<b>0.00</b>	<b>151,000.00</b>
SPECIALIZED SERVICE	30,000.00	0.00	30,000.00
<b>TOTAL:</b>	<b>30,000.00</b>	<b>0.00</b>	<b>30,000.00</b>
STIMULATION AND PUMPING SERVIC	990,000.00	0.00	990,000.00
<b>TOTAL:</b>	<b>990,000.00</b>	<b>0.00</b>	<b>990,000.00</b>
FUEL, WATER & LUBE	260,000.00	0.00	260,000.00
<b>TOTAL:</b>	<b>260,000.00</b>	<b>0.00</b>	<b>260,000.00</b>
COMPLETION/WORKOVER (RIG)	48,000.00	0.00	48,000.00
<b>TOTAL:</b>	<b>48,000.00</b>	<b>0.00</b>	<b>48,000.00</b>
CONTRACT LABOR/SERVICES	30,000.00	0.00	30,000.00
<b>TOTAL:</b>	<b>30,000.00</b>	<b>0.00</b>	<b>30,000.00</b>
SITE PREPARATION	10,000.00	0.00	10,000.00
<b>TOTAL:</b>	<b>10,000.00</b>	<b>0.00</b>	<b>10,000.00</b>
INSTALLATION & LABOR EXPENSES (	90,000.00	0.00	90,000.00
<b>TOTAL:</b>	<b>90,000.00</b>	<b>0.00</b>	<b>90,000.00</b>
BATTERY CONSTRUCTION LABOR	70,000.00	0.00	70,000.00
<b>TOTAL:</b>	<b>70,000.00</b>	<b>0.00</b>	<b>70,000.00</b>
TUBING	60,000.00	0.00	60,000.00
<b>TOTAL:</b>	<b>60,000.00</b>	<b>0.00</b>	<b>60,000.00</b>
TUBING HEAD/XMAS TREE	15,000.00	0.00	15,000.00
<b>TOTAL:</b>	<b>15,000.00</b>	<b>0.00</b>	<b>15,000.00</b>
PUMPING & LIFTING EQUIP	50,000.00	0.00	50,000.00
<b>TOTAL:</b>	<b>50,000.00</b>	<b>0.00</b>	<b>50,000.00</b>
SEP, DEHY, TREATERS, HEAT EXCHA	57,000.00	0.00	57,000.00
<b>TOTAL:</b>	<b>57,000.00</b>	<b>0.00</b>	<b>57,000.00</b>
MEASUREMENT EQUIP	23,000.00	0.00	23,000.00
<b>TOTAL:</b>	<b>23,000.00</b>	<b>0.00</b>	<b>23,000.00</b>
LEASE AND FLOW LINES	11,000.00	0.00	11,000.00
<b>TOTAL:</b>	<b>11,000.00</b>	<b>0.00</b>	<b>11,000.00</b>
MISC FITTINGS & SUPPLIES	135,000.00	0.00	135,000.00
<b>TOTAL:</b>	<b>135,000.00</b>	<b>0.00</b>	<b>135,000.00</b>
TANKS (OIL & WATER)	53,000.00	0.00	53,000.00
<b>TOTAL:</b>	<b>53,000.00</b>	<b>0.00</b>	<b>53,000.00</b>
<b>TOTAL THIS AFE:</b>	<b>4,292,082.00</b>	<b>0.00</b>	<b>4,292,082.00</b>

**SEP Permian LLC**  
**AUTHORITY FOR EXPENDITURE**

AFE NO.: D19074		COMPANY
AFE DESC: NIRVANA 2H		DIVISION
DATE: 12/10/2019	OPERATOR:	
AFE TYPE: DRILL COMPLETE AND EQUIP	102 - SEP PERMIAN,	
GROSS/NET: GROSS	LLC	

DETAIL OF EXPENDITURES	DRYHOLE	COMPLETION	EQUIP-TIE	SUPPLEMENT	TOTAL	ACTUAL
LOCATION/DAMAGES-LAND		10,000.00	0.00		10,000.00	
TOTAL:		10,000.00	0.00		10,000.00	
TITLE WORK/OPINIONS - LAND		133,000.00	0.00		133,000.00	
TOTAL:		133,000.00	0.00		133,000.00	
DAMAGES/ROW - LAND		83,667.00	0.00		83,667.00	
TOTAL:		83,667.00	0.00		83,667.00	
DRILLING RENTALS: SURFACE		65,000.00	0.00		65,000.00	
TOTAL:		65,000.00	0.00		65,000.00	
DRILLING RENTALS: SUBSURFACE		36,000.00	0.00		36,000.00	
TOTAL:		36,000.00	0.00		36,000.00	
DRILL MUD & COMPL FLUID		30,000.00	0.00		30,000.00	
TOTAL:		30,000.00	0.00		30,000.00	
WELLSITE SUPERVISION		39,000.00	0.00		39,000.00	
TOTAL:		39,000.00	0.00		39,000.00	
GROUND TRANSPORT		15,000.00	0.00		15,000.00	
TOTAL:		15,000.00	0.00		15,000.00	
CONTRACT DRILLING (DAY RATE/TUF)		195,000.00	0.00		195,000.00	
TOTAL:		195,000.00	0.00		195,000.00	
DIRECTIONAL TOOLS AND SERVICES		110,500.00	0.00		110,500.00	
TOTAL:		110,500.00	0.00		110,500.00	
FLUID & CUTTINGS DISPOSAL		85,000.00	0.00		85,000.00	
TOTAL:		85,000.00	0.00		85,000.00	
FRAC TANK RENTALS		1,300.00	0.00		1,300.00	
TOTAL:		1,300.00	0.00		1,300.00	
BITS		35,000.00	0.00		35,000.00	
TOTAL:		35,000.00	0.00		35,000.00	
CONTINGENCIES		96,180.00	0.00		96,180.00	
TOTAL:		96,180.00	0.00		96,180.00	
FUEL, WATER & LUBE		39,000.00	0.00		39,000.00	
TOTAL:		39,000.00	0.00		39,000.00	
CEMENT		105,000.00	0.00		105,000.00	
TOTAL:		105,000.00	0.00		105,000.00	
CASING CREWS AND LAYDOWN SER		30,000.00	0.00		30,000.00	
TOTAL:		30,000.00	0.00		30,000.00	
MUD LOGGER		13,000.00	0.00		13,000.00	
TOTAL:		13,000.00	0.00		13,000.00	
MOB/DEMOB RIG		50,000.00	0.00		50,000.00	
TOTAL:		50,000.00	0.00		50,000.00	
VACUUM TRUCKING		15,000.00	0.00		15,000.00	
TOTAL:		15,000.00	0.00		15,000.00	
DRILLPIPE INSPECTION		10,000.00	0.00		10,000.00	
TOTAL:		10,000.00	0.00		10,000.00	
CONTRACT LABOR/SERVICES		35,000.00	0.00		35,000.00	
TOTAL:		35,000.00	0.00		35,000.00	
SURFACE CASING		22,815.00	0.00		22,815.00	
TOTAL:		22,815.00	0.00		22,815.00	
PRODUCTION/LINER CASING		137,620.00	0.00		137,620.00	
TOTAL:		137,620.00	0.00		137,620.00	
CONDUCTOR PIPE		25,000.00	0.00		25,000.00	
TOTAL:		25,000.00	0.00		25,000.00	
WELLHEAD		10,000.00	0.00		10,000.00	
TOTAL:		10,000.00	0.00		10,000.00	
LINER HANGER/CASING ACCESSORY		15,000.00	0.00		15,000.00	
TOTAL:		15,000.00	0.00		15,000.00	
EQUIP RENT		175,000.00	0.00		175,000.00	
TOTAL:		175,000.00	0.00		175,000.00	
DRILL MUD & COMPL FLUID		350,000.00	0.00		350,000.00	

**SEP Permian LLC**  
**AUTHORITY FOR EXPENDITURE**

AFE NO.:	D19075	COMPANY		
AFE DESC:	NIRVANA 3H	DIVISION		
DATE:	12/10/2019	OPERATOR:		
AFE TYPE:	DRILL COMPLETE AND EQUIP	102 - SEP PERMIAN,		
GROSS/NET:	GROSS	LLC		
TOTAL:		350,000.00	0.00	350,000.00
WELLSITE SUPERVISION		44,000.00	0.00	44,000.00
TOTAL:		44,000.00	0.00	44,000.00
GROUND TRANSPORT		10,000.00	0.00	10,000.00
TOTAL:		10,000.00	0.00	10,000.00
CASED HOLE WIRELINE		160,000.00	0.00	160,000.00
TOTAL:		160,000.00	0.00	160,000.00
FRAC/FLUID SW DISPOSAL		10,000.00	0.00	10,000.00
TOTAL:		10,000.00	0.00	10,000.00
FRAC TANK RENTALS		9,000.00	0.00	9,000.00
TOTAL:		9,000.00	0.00	9,000.00
FLOWBACK		8,000.00	0.00	8,000.00
TOTAL:		8,000.00	0.00	8,000.00
BITS		1,000.00	0.00	1,000.00
TOTAL:		1,000.00	0.00	1,000.00
CONTINGENCIES		151,000.00	0.00	151,000.00
TOTAL:		151,000.00	0.00	151,000.00
SPECIALIZED SERVICE		30,000.00	0.00	30,000.00
TOTAL:		30,000.00	0.00	30,000.00
STIMULATION AND PUMPING SERVIC		990,000.00	0.00	990,000.00
TOTAL:		990,000.00	0.00	990,000.00
FUEL, WATER & LUBE		260,000.00	0.00	260,000.00
TOTAL:		260,000.00	0.00	260,000.00
COMPLETION/WORKOVER (RIG)		48,000.00	0.00	48,000.00
TOTAL:		48,000.00	0.00	48,000.00
CONTRACT LABOR/SERVICES		30,000.00	0.00	30,000.00
TOTAL:		30,000.00	0.00	30,000.00
SITE PREPARATION		10,000.00	0.00	10,000.00
TOTAL:		10,000.00	0.00	10,000.00
INSTALLATION & LABOR EXPENSES (		90,000.00	0.00	90,000.00
TOTAL:		90,000.00	0.00	90,000.00
BATTERY CONSTRUCTION LABOR		70,000.00	0.00	70,000.00
TOTAL:		70,000.00	0.00	70,000.00
TUBING		60,000.00	0.00	60,000.00
TOTAL:		60,000.00	0.00	60,000.00
TUBING HEAD/XMAS TREE		15,000.00	0.00	15,000.00
TOTAL:		15,000.00	0.00	15,000.00
PUMPING & LIFTING EQUIP		50,000.00	0.00	50,000.00
TOTAL:		50,000.00	0.00	50,000.00
SEP, DEHY, TREATERS, HEAT EXCHA		57,000.00	0.00	57,000.00
TOTAL:		57,000.00	0.00	57,000.00
MEASUREMENT EQUIP		23,000.00	0.00	23,000.00
TOTAL:		23,000.00	0.00	23,000.00
LEASE AND FLOW LINES		11,000.00	0.00	11,000.00
TOTAL:		11,000.00	0.00	11,000.00
MISC FITTINGS & SUPPLIES		135,000.00	0.00	135,000.00
TOTAL:		135,000.00	0.00	135,000.00
TANKS (OIL & WATER)		53,000.00	0.00	53,000.00
TOTAL:		53,000.00	0.00	53,000.00
TOTAL THIS AFE:		4,673,052.00	0.00	4,673,052.00

**SEP Permian LLC**  
**AUTHORITY FOR EXPENDITURE**

AFE NO.:	D19075	COMPANY	
AFE DESC:	NIRVANA 3H	DIVISION	
DATE:	12/10/2019	OPERATOR:	
AFE TYPE:	DRILL COMPLETE AND EQUIP	102 - SEP PERMIAN,	
GROSS/NET:	GROSS	LLC	

DETAIL OF EXPENDITURES	DRYHOLE	COMPLETION	EQUIP-TIE	SUPPLEMENT	TOTAL	ACTUAL
LOCATION/DAMAGES-LAND		10,000.00	0.00		10,000.00	
TOTAL:		10,000.00	0.00		10,000.00	
TITLE WORK/OPINIONS - LAND		133,000.00	0.00		133,000.00	
TOTAL:		133,000.00	0.00		133,000.00	
DAMAGES/ROW - LAND		83,667.00	0.00		83,667.00	
TOTAL:		83,667.00	0.00		83,667.00	
DRILLING RENTALS: SURFACE		105,000.00	0.00		105,000.00	
TOTAL:		105,000.00	0.00		105,000.00	
DRILLING RENTALS: SUBSURFACE		60,000.00	0.00		60,000.00	
TOTAL:		60,000.00	0.00		60,000.00	
DRILL MUD & COMPL FLUID		30,000.00	0.00		30,000.00	
TOTAL:		30,000.00	0.00		30,000.00	
WELLSITE SUPERVISION		63,000.00	0.00		63,000.00	
TOTAL:		63,000.00	0.00		63,000.00	
GROUND TRANSPORT		15,000.00	0.00		15,000.00	
TOTAL:		15,000.00	0.00		15,000.00	
CONTRACT DRILLING (DAY RATE/TUF)		315,000.00	0.00		315,000.00	
TOTAL:		315,000.00	0.00		315,000.00	
DIRECTIONAL TOOLS AND SERVICES		178,500.00	0.00		178,500.00	
TOTAL:		178,500.00	0.00		178,500.00	
FLUID & CUTTINGS DISPOSAL		90,000.00	0.00		90,000.00	
TOTAL:		90,000.00	0.00		90,000.00	
FRAC TANK RENTALS		2,100.00	0.00		2,100.00	
TOTAL:		2,100.00	0.00		2,100.00	
BITS		60,000.00	0.00		60,000.00	
TOTAL:		60,000.00	0.00		60,000.00	
CONTINGENCIES		129,260.00	0.00		129,260.00	
TOTAL:		129,260.00	0.00		129,260.00	
FUEL WATER & LUBE		63,000.00	0.00		63,000.00	
TOTAL:		63,000.00	0.00		63,000.00	
CEMENT		100,000.00	0.00		100,000.00	
TOTAL:		100,000.00	0.00		100,000.00	
CASING CREWS AND LAYDOWN SER		30,000.00	0.00		30,000.00	
TOTAL:		30,000.00	0.00		30,000.00	
MUD LOGGER		21,000.00	0.00		21,000.00	
TOTAL:		21,000.00	0.00		21,000.00	
MOB/DEMOB RIG		50,000.00	0.00		50,000.00	
TOTAL:		50,000.00	0.00		50,000.00	
VACUUM TRUCKING		15,000.00	0.00		15,000.00	
TOTAL:		15,000.00	0.00		15,000.00	
DRILLPIPE INSPECTION		10,000.00	0.00		10,000.00	
TOTAL:		10,000.00	0.00		10,000.00	
CONTRACT LABOR/SERVICES		35,000.00	0.00		35,000.00	
TOTAL:		35,000.00	0.00		35,000.00	
SURFACE CASING		22,815.00	0.00		22,815.00	
TOTAL:		22,815.00	0.00		22,815.00	
PRODUCTION/LINER CASING		151,710.00	0.00		151,710.00	
TOTAL:		151,710.00	0.00		151,710.00	
CONDUCTOR PIPE		25,000.00	0.00		25,000.00	
TOTAL:		25,000.00	0.00		25,000.00	
WELLHEAD		10,000.00	0.00		10,000.00	
TOTAL:		10,000.00	0.00		10,000.00	
LINER HANGER/CASING ACCESSORY		15,000.00	0.00		15,000.00	
TOTAL:		15,000.00	0.00		15,000.00	
EQUIP RENT		175,000.00	0.00		175,000.00	
TOTAL:		175,000.00	0.00		175,000.00	
DRILL MUD & COMPL FLUID		350,000.00	0.00		350,000.00	

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

**IN THE MATTER OF THE HEARING CALLED BY  
THE OIL CONSERVATION DIVISION TO  
CONSIDER:**

**CASE NO. 20263  
ORDER NO. R-20643**

**APPLICATION OF PERCUSSION PETROLEUM OPERATING, LLC FOR  
COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.**

**ORDER OF THE DIVISION**

**BY THE DIVISION:**

This case came on for hearing at 8:15 a.m. on February 7, 2019, at Santa Fe, New Mexico, before Examiner Scott A. Dawson.

NOW, on this 24<sup>th</sup> day of June 2019, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

**FINDS THAT**

(1) Due public notice has been given and the Division has jurisdiction of this case and the subject matter.

(2) Case Nos. 20191 and 20263 were consolidated at the hearing for the purpose of testimony and a single order is being issued for each case.

(3) The Applicant, Percussion Petroleum Operating, LLC seeks in this case to compulsory pool all uncommitted oil and gas interests within a spacing unit ("the Unit") described as follows:

A Horizontal Spacing Unit (the "Unit") comprising 200 acres (more or less) in the San Andres-Yeso (Assoc) formation, Penasco Draw; San Andres-Yeso Pool (Pool code 50270), comprising the S/2 S/2 of Section 28 and SE/4 SE/4 of Section 29, all in Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico.

Pooled vertical depths are limited from a depth of 3201 feet to the base of the Yeso formation at a stratigraphic equivalent of a measured depth of 4460 feet as defined in the Gamma Ray-Neutron Log of the Len Mayer No. 1 Well (API No. 30-015-05926).

(4) The Unit will be dedicated to the following "proposed well". The completed interval for the proposed well within the Unit will be orthodox:

**Nirvana No. 3H, API No. 30-015-Pending**

SHL: 690 feet from the South line and 635 feet from the West line,  
(Unit M) of Section 27, Township 18 South, Range 26 East, NMPM.  
BHL: 410 feet from the South line and 1306 feet from the East line,  
(Unit P) of Section 29, Township 18 South, Range 26 East, NMPM;

(5) The Penasco Draw; San Andres-Yeso Pool is governed by Division Rule 19.15.15.9(A) NMAC, which specifies 40-acre spacing and proration units [for vertical wells], each comprising a governmental quarter-quarter section.

(6) The allowed setback footage distance for the proposed horizontal oil well(s) is specified in Paragraph (1) of Subsection C of 19.15.16.15 NMAC effective June 26, 2018. Said rules allow the first or last take points to be no closer than 100 feet to the nearest unit boundary, and the setbacks measured perpendicular to the well path to be a minimum of 330 from the outer boundary of the horizontal spacing unit.

(7) No other party entered an appearance in this case or otherwise opposed this application.

(8) Applicant appeared through counsel and presented the following land and technical evidence:

- (a) The San Andres-Yeso formation in this area is suitable for development by horizontal drilling.
- (b) The proposed orientation of the horizontal well from east to west is appropriate for optimum recovery of oil and gas.
- (c) A depth severance exists in the Yeso formation at 3200 feet. Accordingly, Percussion seeks to compulsory pool two subsets of the Pool:

(Case No. 20191) from the top of the pool [at a stratigraphic equivalent of 2279 feet measured depth], as defined in the Gamma Ray-Neutron Log of the Len Mayer No. 1 Well (API No. 30-015-05926) to a depth of 3200 feet, and

(Case No. 20263) from 3201 feet to the base of the Yeso at a stratigraphic equivalent of 4460 feet measured depth as defined in the same log.

- (d) The depth severance was created by virtue of an assignment between two predecessors in interest. This document defines the depth severance due to



a pugh clause for an old well, the Mallard HM #2 well. And the document creating the depth severance does define the depth as 3200 feet, as measured in the Mallard HM No. 2 Well (API No. 30-015-22052).

- (e) All owners of the mineral estate above and below the depth severance were notified of the proposed pooling. One overriding interest owner, Helen Holt, had mail returned to sender.
- (f) In addition to parties the Applicant seeks to compulsory pool, the Applicant provided notice of these applications to the vertical offsets who were excluded from the spacing unit that the Applicant seeks to pool. All parties received notice and did not object to the Applicant's plan to pool only a portion of the pool in each case.
- (g) The cross-section submitted at the hearing depicts the Nirvana 3H target interval to be at 3620 feet true vertical feet which is approximately 420 feet below the depth severance at 3200 feet; therefore, the well will not impair correlative rights at 3200 feet or above the 3200-foot depth severance.
- (h) In addition, Applicant provided geologic testimony and exhibits indicating there are silts that act as frac barriers in each of the two wells and the applicant opines in their affidavit that the silts will act as a frac barrier, preventing drainage from the other side of the depth severance line.
- (i) The proposed well(s) will not drain pressure from, produce oil or gas from, or otherwise affect, or be affected by, production from each other or the respective depth severance at 3200 feet.
- (j) Applicant testified and included in their affidavit statement that their current wells are each about 400 feet off of the depth-severance line above and below, and they will not infill closer than those current proposed depths above and below without coming to hearing before the division.
- (k) All quarter-quarter sections to be included in the Unit are expected to be substantially productive in the San Andres-Yeso formation, so that the Unit as requested will not impair correlative rights.
- (l) Notice by certified mail was provided to all uncommitted interest owners in the proposed Unit whose interests were evidenced by a conveyance instrument, either of record or known to Applicant when the Application was filed, and to heirs known to Applicant of deceased persons who appear as owners in such instruments.

- (m) Those potentially affected parties whose whereabouts could not be ascertained were noticed by publication as provided in Rule 19.15.4.12.B NMAC.

The Division finds and concludes that

(9) The application in this case was filed, and the Well(s) were permitted, on or after the June 26, 2018 date on which amendments to 19.15.16.7 and 19.15.16.15 NMAC (prescribing new spacing rules for horizontal wells) became effective (see Order No. R-14689). Hence the Well(s) must be spaced, permitted and drilled pursuant 19.15.16.15 NMAC, as amended effective June 26, 2018.

(10) Provided that the Unit constitutes a standard horizontal spacing unit for each of the Well(s) under now effective rules, no non-standard spacing unit approval is needed. If, however, the Unit is not a standard horizontal spacing unit for any of the Well(s), the operator must obtain approval of a non-standard horizontal spacing unit pursuant to 19.15.16.15.B(5) prior to producing such well(s). The Unit shall not be considered non-standard due to the depth limitations approved in this Order.

(11) The depth severance and lower limit of the interval to be pooled was described as follows in applicant's exhibits presented February 7, 2019:

A depth severance exists in the San Andres-Yeso formation at 3200 feet. Accordingly, Percussion seeks to compulsory pool from 3201 feet measured depth, as defined in the Gamma Ray-Neutron Log of the Len Mayer No. 1 Well (API No. 30-015-05926) to a depth of 4460 feet.

(12) Applicant has presented evidence that the proposed horizontal well if drilled in the Penasco Draw; San Andres-Yeso (Assoc) Pool will not be in hydraulic contact with the interval in Penasco Draw; San Andres-Yeso (Assoc) Pool located above the 3200-foot depth severance.

(13) Applicant testified and included in their affidavit statement that their current wells are each about 400 feet off of the depth-severance line above and below, and they will not infill closer than those current proposed depths above and below without coming to hearing before the division.

(14) Percussion Petroleum Operating, LLC (OGRID 371755) should be designated the operator of the Well(s) and of the Unit.

(15) Two or more separately owned tracts are embraced within the Unit, and/or there are royalty interests and/or undivided interests in oil and gas minerals in one or more tracts included in the Unit that are separately owned.

(16) Applicant is owner of an oil and gas working interest within the Unit. Applicant has the right to drill and proposes to drill the Well(s) to a common source of supply within the Unit at the described depths and location(s).

(17) There are interest owners in the Unit that have not agreed to pool their interests.

(18) To avoid the drilling of unnecessary wells, protect correlative rights, prevent waste and afford to the owner of each interest in the Unit the opportunity to recover or receive without unnecessary expense a just and fair share of hydrocarbons, this application should be approved by pooling all uncommitted interests, whatever they may be, in the oil and gas in the San Andres-Yeso formation within the Unit.

(19) To ensure protection of correlative rights, any pooled working interest owner whose address is known, and who has elected to participate under the terms of this order should be notified before the Division grants any extension of the time provided herein for commencing drilling. Any such owner may file an application, with notice to the operator, requesting that the extension be denied.

(20) Infill wells within the Unit should be subject to Division Rules 19.15.13.9 NMAC through 19.15.13.10 NMAC, and to the terms and conditions of this order.

(21) Any pooled working interest owner who does not pay its share of estimated well costs of any well should have withheld from production from such well its share of reasonable well costs plus an additional 200% thereof as a reasonable charge for the risk involved in drilling the Well(s).

(22) Reasonable charges for supervision (combined fixed rates) should be fixed at \$7000 per month, per well, while drilling and \$700 per month, per well, while producing, provided that these rates should be adjusted annually pursuant to the COPAS form titled "*Accounting Procedure-Joint Operations*."

**IT IS THEREFORE ORDERED THAT**

(1) All uncommitted interests, whatever they may be, in the oil and gas within the following described spacing unit ("the Unit") are hereby pooled:

A Horizontal Spacing Unit comprising 200 acres (more or less) within the San Andres-Yeso formation (as it is described below) and in the Penasco Draw; San Andres-Yeso (Assoc) (Pool code 50270) and all other pools hereafter defined within the San Andres-Yeso formation in the S/2 S/2 of Section 28 and the SE/4 SE/4 of Section 29, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico.

Pooled Interval: A stratigraphic equivalent from 3201 feet measured depth, as defined in the Gamma Ray-Neutron Log of the Len Mayer No. 1 Well (API No. 30-015-05926) to a depth of 4460 feet.

(2) The Unit shall be dedicated to the following "proposed well". The completed interval of the proposed well will be orthodox:

**Nirvana No. 3H, API No. 30-015-Pending**

SHL: 690 feet from the South line and 635 feet from the West line,  
(Unit M) of Section 27, Township 18 South, Range 26 East, NMPM.  
BHL: 410 feet from the South line and 1306 feet from the East line,  
(Unit P) of Section 29, Township 18 South, Range 26 East, NMPM;

- (3) Percussion Petroleum Operating, LLC (OGRID 371755) is hereby designated the operator of the Well(s) and Unit.
- (4) If any of the Well(s) is completed at an unorthodox location under applicable rules in effect at the time such well is completed, the operator shall provide notice and apply administratively for a location exception prior to producing the well.
- (5) The operator of the Unit shall commence drilling the proposed well on or before June 30, 2020 and shall thereafter continue drilling the proposed well with due diligence to test the San Andres-Yeso formation at or about the proposed true vertical and measured depths.
- (6) In the event the operator does not commence drilling the Well(s) on or before the date provided in the foregoing paragraph, the compulsory pooling provision of this order shall be of no effect, unless the operator obtains a written time extension from the Division Director pursuant to a written request stating its reasons for such extension and attaching satisfactory evidence.
- (7) In the event the operator does not commence completion operations within one year after commencement of drilling operations pursuant to this order, then the compulsory pooling provisions of this order shall be of no effect unless operator obtains a written time extension from the Division Director pursuant to a written request stating its reasons for such extension and attaching satisfactory evidence.
- (8) The operator shall provide a copy of any request for extension of time to drill or complete any well filed with the Director pursuant to this order to each pooled working interest owner who has elected to participate in the drilling of any well that is the subject of the request. Such copy shall be sent at the same time the request is sent to the Director.
- (9) Upon final plugging and abandonment of the Well(s) and any other well drilled on the Unit pursuant to Division Rule 19.15.13.9 NMAC, the pooled unit created by this order shall terminate unless this order has been amended to authorize further operations.
- (10) Infill wells within the Unit shall be subject to Division Rule 19.15.13.9 NMAC and to the terms and conditions of this order.
- (11) After pooling, uncommitted working interest owners are referred to as pooled working interest owners. ("Pooled working interest owners" are owners of working interests in the Unit, including unleased mineral interests, who are not parties to an operating agreement governing the Unit.) After the effective date of this order, the operator shall furnish the Division and each

known pooled working interest owner in the Unit separate itemized schedules of estimated costs of drilling, completing and equipping each of the Well(s) ("well costs").

(12) Within 30 days from the date the schedule of estimated well costs for any well is furnished, any pooled working interest owner shall have the right to elect to pay its share of estimated well costs to the operator in lieu of paying its share of reasonable well costs out of production as hereinafter provided. Payment shall be rendered within 90 days after expiration of the 30-day election period and any such owner who pays its share of estimated well costs as provided above for any well shall remain liable for operating costs but shall not be liable for risk charges to the extent computed based on costs of such well. Pooled working interest owners who do not elect to pay their share of estimated well costs, or who do not render timely payment to the operator, as provided in this paragraph shall thereafter be referred to as "non-consenting working interest owners."

(13) The operator shall furnish the Division and each known pooled working interest owner (including non-consenting working interest owners) an itemized schedule of actual well costs of each well within 180 days following completion of the proposed well. If no objection to the actual well costs for any well is received by the Division, and the Division has not objected, within 45 days following receipt of the schedule for such well, the actual well costs shall be deemed to be the reasonable well costs. If there is an objection to actual well costs within the 45-day period, the Division will determine reasonable well costs for such well after public notice and hearing.

(14) Within 60 days following determination of reasonable well costs for any well, any pooled working interest owner who has paid its share of estimated costs of such well in advance as provided above shall pay to the operator its share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator the amount, if any, that the estimated well costs it has paid for such well exceed its share of reasonable well costs.

(15) The operator is hereby authorized to withhold the following costs and charges from each non-consenting working interest owner's share of production from each well:

(a) the proportionate share of reasonable well costs attributable to the non-consenting working interest owner; and

(b) as a charge for the risk involved in drilling the well, 200% of the above costs.

(16) During the cost recovery period, the operator shall furnish to the Division and to each known non-consenting pooled working interest owner, annually, and within 90 days after payout occurs, a schedule of all revenues attributable to each proposed well, and all charges for supervision and operating costs charged against such revenues. Operating costs shall include all reasonable costs incurred for the maintenance and operation of the well, except for "well costs" reported pursuant to prior ordering paragraphs, that are properly chargeable to the joint account pursuant to COPAS procedures. If no objection to the operating costs is received by the Division,

and the Division has not objected, within 45 days following receipt of any schedule, the costs shall be deemed to be the reasonable operating costs. If there is an objection to the accuracy or reasonableness of operating costs reported within the 45-day period, the Division will determine reasonable operating costs after public notice and hearing.

(17) The operator shall distribute the costs and charges withheld from production, proportionately, to the parties who advanced the well costs for such well.

(18) Reasonable charges for supervision (combined fixed rates) are hereby fixed at \$7000 per month, per well, while drilling and \$700 per month, per well, while producing, provided that these rates shall be adjusted annually pursuant to the COPAS form titled "Accounting Procedure-Joint Operations." The operator is authorized to withhold from production from each well the proportionate share of both the supervision charges and the actual expenditures required for operating of such well, not more than what are reasonable, attributable to pooled working interest owners.

(19) Except as provided in the foregoing paragraphs, all proceeds from production from the Well(s) that are not disbursed for any reason shall be held for the account of the person or persons entitled thereto pursuant to the Oil and Gas Proceeds Payment Act (NMSA 1978 Sections 70-10-1 through 70-10-6, as amended). If not sooner disbursed, such proceeds shall be turned over to the appropriate authority as and when required by the Uniform Unclaimed Property Act (NMSA 1978 Sections 7-8A-1 through 7-8A-31, as amended).

(20) Any unleased mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for allocating costs and charges under this order. Any costs that are to be paid out of production shall be withheld only from the working interests' share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(21) Should all the parties to this compulsory pooling order reach voluntary agreement after entry of this order, this order shall thereafter be of no further effect.

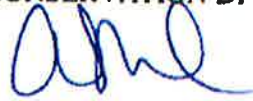
(22) The operator of the wells and Unit shall notify the Division in writing of the subsequent voluntary agreement of any party subject to the compulsory pooling provisions of this order.

(23) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



ADRIENNE SANDOVAL  
Director



**BEFORE THE OIL CONSERVATION DIVISION**  
Santa Fe, New Mexico  
**Exhibit No. B**  
Submitted by: **Spur Energy Partners, LLC**  
Hearing Date: June 25, 2020  
Case No. 21254



**Adam G. Rankin**  
**Phone** (505) 988-4421  
**Fax** (505) 983-6043  
agrarkin@hollandhart.com

June 5, 2020

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

**TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS**

**Re: Amended Application of Spur Energy Partners, LLC to Amend Order No. R-20642 to Add An Additional Well to the Approved Horizontal Well Spacing Unit, Eddy County, New Mexico.**  
**Nirvana 1H and 2H Wells**

Ladies & Gentlemen:

This letter is to advise you that Spur Energy Partners, LLC has filed the enclosed application with the New Mexico Oil Conservation Division. A hearing has been requested on June 25, 2020, and the status of the hearing can be monitored through the Division's website at <http://www.emnrd.state.nm.us/ocd/>. 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.

**During the COVID-19 Pubic Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on June 25, 2020 beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: <http://www.emnrd.state.nm.us/OCD/announcements.html>.**

Parties appearing in cases are required by Division Rule 19.15.4.13.B to file a Pre-hearing Statement four business days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address 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.

If you have any questions about this matter, please contact Megan Peña at (832) 930-8581 or [mpena@spurepllc.com](mailto:mpena@spurepllc.com).

Sincerely,

A handwritten signature in blue ink, appearing to read "Adam G. Rankin".

Adam G. Rankin  
**ATTORNEY FOR SPUR ENERGY PARTNERS, LLC**

**HOLLAND & HART**



**Adam G. Rankin**

**Phone** (505) 988-4421

**Fax** (505) 983-6043

agrarkin@hollandhart.com

June 5, 2020

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

**Vladin, LLC**

**Attn: Jim Ball**

**P.O. Box 100**

**Artesia, NM 88211-00100**

**Re: Amended Application of Spur Energy Partners, LLC to Amend Order No. R-20642 to Add An Additional Well to the Approved Horizontal Well Spacing Unit, Eddy County, New Mexico.**  
**Nirvana 1H and 2H Wells**

Ladies & Gentlemen:

This letter is to advise you that Spur Energy Partners, LLC has filed the enclosed application with the New Mexico Oil Conservation Division. A hearing has been requested on June 25, 2020, and the status of the hearing can be monitored through the Division's website at <http://www.emnrd.state.nm.us/ocd/>. *Your interest is not being pooled by this application.* You are receiving this notice because you own an interest in the Penasco Draw; San Andres Yeso Pool (50270) that is not being included in the horizontal spacing unit.

**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 25, 2020 beginning at 8:15 a.m. 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. Parties appearing in cases are required by Division Rule 19.15.4.13.B to file a Pre-hearing Statement four business days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address 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.

If you have any questions about this matter, please contact Megan Peña at (832) 930-8581 or [mpeña@spurepllc.com](mailto:mpeña@spurepllc.com).

Sincerely,

Adam G. Rankin

**ATTORNEY FOR SPUR ENERGY PARTNERS, LLC**

Percussion - Nirvana 1H, 2H  
Case Nos. 21254 Postal Delivery Report

TrackingNo	ToName	DeliveryAddress	City	State	Zip	USPS_Status
9414810898765060768638	COG Operating LLC Attn Rita Bures	600 W Illinois Ave	Midland	TX	79701-4882	Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.
9414810898765060768645	Concho Oil & Gas LLC Attn Rita Bures	600 W Illinois Ave	Midland	TX	79701-4882	Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.
9414810898765060768652	Devon Energy Production Company L P Attn Cari Allen	333 W Sheridan Ave	Oklahoma City	OK	73102-5010	Your package will arrive later than expected, but is still on its way. It is currently in transit to the next facility.
9414810898765060768669	EOG A Resources Inc. Attn Janet Richardson	104 S 4th St	Artesia	NM	88210-2123	Your item was delivered to an individual at the address at 8:47 am on June 8, 2020 in ARTESIA, NM 88210.
9414810898765060768676	EOG M Resources Inc. Attn Janet Richardson	104 S 4th St	Artesia	NM	88210-2123	Your item was delivered to an individual at the address at 8:47 am on June 8, 2020 in ARTESIA, NM 88210.
9414810898765060768683	EOG Resources Inc. Attn Janet Richardson	104 S 4th St	Artesia	NM	88210-2123	Your item was delivered to an individual at the address at 8:47 am on June 8, 2020 in ARTESIA, NM 88210.
9414810898765060768690	EOG Y Resources Inc. Attn Janet Richardson	104 S 4th St	Artesia	NM	88210-2123	Your item was delivered to an individual at the address at 8:47 am on June 8, 2020 in ARTESIA, NM 88210.
9414810898765060768706	Helen Holt	2808 Racquet Club Dr	Midland	TX	79705-7435	Your item has been delivered to an agent for final delivery in MIDLAND, TX 79705 on June 8, 2020 at 11:28 am.
9414810898765060768713	Helen Holt	96 Vienna Ter No Te	Ruidoso	NM	88345-7009	Your item has been delivered to the original sender at 12:32 pm on June 17, 2020 in SANTA FE, NM 87501.
9414810898765060768720	OXY Y-1 Company Attn Lauren Guest	5 Greenway Plz Ste 110	Houston	TX	77046-0521	Your item has been delivered to an agent for final delivery in HOUSTON, TX 77046 on June 8, 2020 at 11:06 am.
9414810898765060768737	William J McCaw c/o McCaw Properties LLC	PO Box 127	Artesia	NM	88211-0127	Your item was delivered at 10:44 am on June 10, 2020 in ARTESIA, NM 88210.
9414810898765060770051	Vladin LLC Attn Jim Ball	PO Box 100	Artesia	NM	88211-0100	Your item was delivered at 11:06 am on June 10, 2020 in ARTESIA, NM 88210.

# Carlsbad Current Argus.

## Affidavit of Publication

Ad # 0004167102

This is not an invoice

HOLLAND & HART  
POBOX 2208

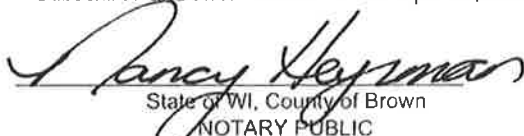
SANTA FE, NM 87504

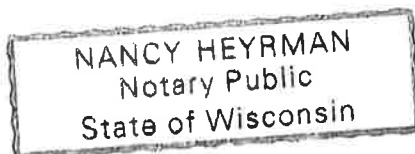
I, a legal clerk of the **Carlsbad Current Argus**, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements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

04/28/2020

  
Legal Clerk

Subscribed and sworn before me this April 28, 2020:

  
State of WI, County of Brown  
NOTARY PUBLIC  
5.15.23  
My commission expires



Ad # 0004167102  
PO #: Nirvana  
# of Affidavits 1

This is not an invoice

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. C

Submitted by: **Spur Energy Partners, LLC**

Hearing Date: June 25, 2020

Case No. 21254

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

The State of New Mexico, Energy Minerals and Natural Resources Department, Oil Conservation Division ("Division") hereby gives notice that the Division will hold public hearings before a hearing examiner on the following case. During the COVID-19 Public Health Emergency, state buildings are closed to the public and Division hearings will be conducted remotely. The remote electronic public hearing will be conducted remotely. The hearing will be conducted on Thursday, May 14, 2020, beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted below. The docket may be viewed at <http://www.emnrd.state.nm.us/OCD/hearings.html> or obtained from Marlene Salvidrez, at [Marlene.Salvidrez@state.nm.us](mailto:Marlene.Salvidrez@state.nm.us). Documents filed in the case may be viewed at <http://ocdimage.emnrd.state.nm.us/imaging/CaseFileCriteria.aspx>. If you are an individual with a disability who needs a reader, amplifier, qualified sign language interpreter, or other form of auxiliary aid or service to attend or participate in a hearing, contact Marlene Salvidrez at [Marlene.Salvidrez@state.nm.us](mailto:Marlene.Salvidrez@state.nm.us), or the New Mexico Relay Network at 1-800-659-1779, no later than Monday, May 4, 2020.

Persons may view and participate in the hearings through the following link and as indicated below:

Meeting number: 968 329 152  
Password: YQe6KZBe3n6  
<https://nmemnrd.webex.com/nmemnrd/j.php?MTID=mb3ddb90721ccc17207709b8c71dc2ac1>

Join by video system  
Dial 968329152@nmemnrd.webex.com  
You can also dial 173.243.2.68 and enter your meeting number.

Join by phone  
+1-408-418-9388 United States Toll  
Access code: 968 329 152

**STATE OF NEW MEXICO TO:  
All named parties and persons  
having any right, title, interest  
or claim in the following case  
and notice to the public.**

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

**To: All overriding royalty interest owners and pooled parties, including: EOG M Resources, Inc.; EOG Y Resources, Inc.; EOG A Resources, Inc.; OXY Y-1 Company; Vladin, LLC; EOG Resources Assets LLC; Rolla R. Hinkle, III, his heirs and devisees; Rosemary Hinkle, her heirs and devisees; William J. McCaw, his heirs and devisees; COG Operating LLC; Concho Oil & Gas LLC; Helen Holt, her heirs and devisees; and Devon Energy Production Company LP.**

Case No. 21254: Amended Application of Spur Energy Partners, LLC to Amend Order No. R-20642 to Add An Additional Well to the Approved Horizontal Well Spacing Unit, Eddy County, New Mexico. Applicant in the above-styled cause seeks to amend Division Order No. R-20642, originally entered in Case No. 20191, to add an additional well to the approved 200-acre, more or less, standard horizontal spacing unit in the Penasco Draw; San Andres Yeso Pool (50270) underlying the S/2 S/2 of Section 28, and the SE/4 SE/4 of Section 29, all in Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico. Under Order No. R-20642, the pooled vertical depths are limited to the top of the pool (at a stratigraphic equivalent depth of 2,279 feet measured depth) as defined in the Gamma Ray-Neutron Log of the Len Mayer No. 1 Well (API No. 30-015-05926) to a depth of 3,200 feet. The spacing unit will now be dedicated to the Nirvana No. 1H Well, and the Nirvana 2H Well, to be drilled from surface locations in the SW/4 SW/4 (Unit M) of Section 27, to bottom-hole locations in the SE/4 SE/4 (Unit P) of Section 29, all in Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico. Said area is located approximately 8.5 miles southeast of Artesia, New Mexico.  
#4167072, Current Argus, Apr. 28, 2020