

Spur Energy
Partners, LLC
Case No. 21759

SHORTY 2 STATE COM
NMOCD Exhibits

Hearing Date: 4/8/21



SPUR



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

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

Case No. 21759

**SPUR ENERGY PARTNERS, LLC'S
HEARING EXHIBITS**

Compulsory Pooling Checklist

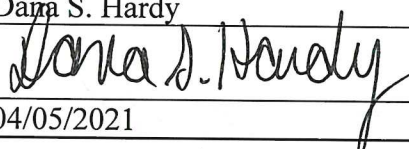
- | | |
|-----------|--|
| Exhibit A | Self-Affirmed Statement of Morgan Landry |
| A-1 | Application & Proposed Notice of Hearing |
| A-2 | C-102(s) |
| A-3 | Plat of Tracts, Tract Ownership, Pooled Party, Unit Recapitulation |
| A-4 | Sample Well Proposal Letter & AFE(s) |
| A-5 | Summary of Communications |
| A-6 | Hearing Notice Letter and Return Receipts |
| A-7 | Affidavit of Publication |
| Exhibit B | Self-Affirmed Statement of C.J. Lipinski |
| B-1 | Location Map |
| B-2 | Structure Map |
| B-3 | Cross Section |
| B-4 | Gunbarrel Schematic |

COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 21759	APPLICANT'S RESPONSE
Date	April 8, 2021
Applicant	Spur Energy Partners, LLC
Designated Operator & OGRID (affiliation if applicable)	OGRID # 328947
Applicant's Counsel:	Hinkle Shanor LLP
Case Title:	Application of Spur Energy Partners, LLC for Compulsory Pooling, Eddy County, New Mexico
Entries of Appearance/Intervenors:	N/A
Well Family	Shorty
Formation/Pool	
Formation Name(s) or Vertical Extent:	Yeso
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Yeso, 4375' MD to 5000' MD.
Pool Name and Pool Code:	Loco Hills; Glorieta-Yeso Pool (Pool Code 96718)
Well Location Setback Rules:	Statewide
Spacing Unit Size:	~160 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	~160 acres
Building Blocks:	Quarter-quarter
Orientation:	Laydown
Description: TRS/County	S/2N/2 of Section 2, Township 17 South, Range 30 East, Eddy County, New Mexico.
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	Yes, at 5,000' MD in the Loco Hills; Glorieta-Yeso Pool within the Yeso formation.
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	Exhibit A-3
Well(s)	
Name (API [if assigned]); Surface hole location; Bottom hole location; Completion target (TVD); Orientation, Completion status (standard or non-standard).	
Well #1	Shorty 2 State Com #10H (API # 30-015-48122) SHL: 1978 FNL, 205 FWL, Unit E, 2-17S-30E BHL: 1425 FNL & 50 FEL, Unit H, 2-17S-30E Completion Target: Yeso formation (Approx. 4775' TVD)

	Completion status: Standard
Well #2	Shorty 2 State Com #20H (API # 30-015-48121) SHL: 2018 FNL, 205 FWL, Unit E, 2-17S-30E BHL: 2175 FNL & 50 FEL, Unit H, 2-17S-30E Completion Target: Yeso formation (Approx. 4850' TVD) Completion status: Standard
Horizontal Well First and Last Take Points	Exhibit A-2
Completion Target (Formation, TVD and MD)	Exhibit A-4
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	7000
Production Supervision/Month \$	700
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit A-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit A-6
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit A-7
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A-3
Tract List (including lease numbers and owners)	Exhibit A-3
Pooled Parties (including ownership type)	Exhibit A-3
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	Exhibits A and A-3
Joinder	
Sample Copy of Proposal Letter	Exhibit A-4
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-3
Chronology of Contact with Non-Joined Working Interests	Exhibit A-5
Overhead Rates in Proposal Letter	N/A
Cost Estimate to Drill and Complete	Exhibit A-4
Cost Estimate to Equip Well	Exhibit A-4
Cost Estimate for Production Facilities	Exhibit A-4
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-1
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-4
Well Orientation (with rationale)	Exhibit B
Target Formation	Yeso
HSU Cross Section	Exhibit B-3
Depth Severance Discussion	Exhibit B

Forms, Figures and Tables	
C-102	Exhibit A-2
Tracts	Exhibit A-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-3
General Location Map (including basin)	Exhibit B-1
Well Bore Location Map	Exhibit B-1
Structure Contour Map - Subsea Depth	Exhibit B-2
Cross Section Location Map (including wells)	Exhibit B-1
Cross Section (including Landing Zone)	Exhibit B-3
Additional Information	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Dana S. Hardy
Signed Name (Attorney or Party Representative):	
Date:	04/05/2021

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

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

CASE NO. 21759

**SELF-AFFIRMED STATEMENT
OF MORGAN LANDRY**

1. I am over 18 years of age and am competent to provide this Self-Affirmed Statement. I have personal knowledge of the matters addressed herein.

2. I am the Senior Landman at Spur Energy Partners, LLC ("Spur"). I had direct involvement with Spur's development of the acreage that is the subject of this case. A copy of the application and proposed notice are attached as **Exhibit A-1**.

3. I have previously testified before the Division, and my qualifications as an expert in petroleum land matters were accepted.

4. None of the parties proposed to be pooled in these cases indicated opposition to this case proceeding by affidavit, therefore I do not expect any opposition at hearing.

A. Proposed Well(s) and HSU

5. Spur seeks an order pooling all uncommitted mineral interests from the top of the Yeso formation to a depth of 5,000' in a 160-acre, more or less, standard horizontal spacing unit comprised of the S/2N/2 of Section 2, Township 17 South, Range 30 East, Eddy County, New Mexico.

6. The HSU will be dedicated to the following proposed initial wells, which it proposes to drill simultaneously: (1) Shorty 2 State Com #10H, and (2) Shorty 2 State Com #20H

Spur Energy
Partners
Case No. 21759

Exhibit A

well; to be horizontally drilled from surface locations in Unit E of Section 2 to bottom hole locations in Unit H of Section 2 (“Wells”).

7. The Wells are located in the Loco Hills; Glorieta-Yeso Pool (Pool Code 96718).

8. With respect to well setback requirements, this pool is subject to the statewide horizontal well rules set out in NMAC 19.15.16.15.

9. The completed interval of the Shorty 2 State Com #10H well will be unorthodox, and the completed interval of the Shorty 2 State Com #20H well will be orthodox.

10. The C-102s for the Wells are attached as **Exhibit A-2**.

B. Ownership Determination

11. A depth severance exists in the Yeso formation within the HSU by virtue of assignment. As such, Spur seeks to pool only a portion of the Loco Hills; Glorieta-Yeso Pool from the top of the pool at a stratigraphic equivalent of 4,375 feet measured depth, as defined in the Schlumberger Dual Laterolog for the Federal I Com #1 well (API No. 30-015-22456), to a depth of 5,000 feet.

12. Ownership is different above and below the depth severance line.

13. **Exhibit A-3** contains a plat identifying ownership by tract in the HSU from the top of the formation to a depth of 5,000 feet. This exhibit also contains a unit recapitulation and the interests Spur seeks to pool highlighted in yellow.

14. Spur has provided notice of this application to the vertical offset parties within the pool who are not subject to this application.

C. Joinder

15. **Exhibit A-4** contains a sample well proposal letter and AFEs sent to working interest owners for the Wells and associated delivery confirmations. The estimated costs reflected

on the AFEs are fair and reasonable and comparable to the cost of other wells of similar depth and length drilled in the Yeso formation in the area.

16. Spur has conducted a diligent search of all public records in Eddy County, including phone directories and computer databases.

17. All interest owners Spur seeks to pool are locatable.

18. In my opinion, Spur made a good-faith effort to reach voluntary joinder of uncommitted interests in the Wells as indicated by the Chronology of Contact described in **Exhibit A-5**.

D. Notice of Hearing

19. Notice of Spur's application and the Division hearing was provided to the uncommitted interests by certified mail more than 20 days prior to the hearing date. A sample of the notice letter and the associated green cards are attached as **Exhibit A-6**.

20. Notice of Spur's application and the Division hearing was published more than ten business days prior to the hearing date. The affidavit of publication is attached as **Exhibit A-7**.

E. Drilling and Operating Costs

21. Spur requests overhead and administrative rates of \$8,000 per month while the Wells are being drilled and \$800 per month while the Wells are producing. These rates are fair and are comparable to the rates charged by Spur and by other operators in the vicinity. Spur further requests that the rates be adjusted periodically in accordance with the COPAS Accounting Procedure.

22. Spur requests that it be designated the operator of the Wells.

23. Spur also requests that a 200% risk charge be assessed against the uncommitted interests if they are non-consenting working interest owners.

24. The exhibits attached hereto were either prepared by me or under my supervision or were compiled from company business records.

25. In my opinion, the granting of Spur's application would serve the interests of conservation, the protection of correlative rights, and the prevention of waste.

26. I understand that this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 25 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.



Morgan Landry

March 31, 2021
Date

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

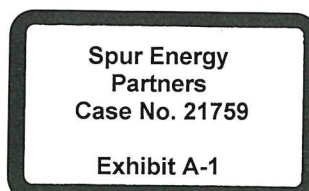
**APPLICATION OF SPUR ENERGY
PARTNERS, LLC FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO**

Case No. 21759

APPLICATION

Pursuant to NMSA § 70-2-17, Spur Energy Partners, LLC (“Spur”) applies for an order pooling all uncommitted mineral interests from the top of the Yeso formation to a depth of 5,000’ in a 160-acre, more or less, standard horizontal spacing unit comprised of the S/2 N/2 of Section 2, Township 17 South, Range 30 East in Eddy County, New Mexico. In support of its application, Spur states the following.

1. Spur (OGRID No. 328947) is a working interest owner in the horizontal spacing unit and has the right to drill wells thereon.
 2. The horizontal spacing unit will be dedicated to the following wells:
 - (a) Shorty 2 State Com #10H well, which will be horizontally drilled from a surface location in Unit E of Section 2 to a bottom hole location in Unit H of Section 2; and
 - (b) Shorty 2 State Com #20H well, which will be horizontally drilled from a surface location in Unit E of Section 2 to a bottom hole location in Unit H of Section 2.
 3. The completed interval of the Shorty 2 State Com #10H well will be unorthodox, and the completed interval of the Shorty 2 State Com #20H well will be orthodox.
 4. A depth severance exists in the Yeso formation in the horizontal spacing unit.
- Accordingly, Spur seeks to pool uncommitted interests from the top of the Yeso formation (at a



stratigraphic equivalent of approximately 4,375' MD as observed on the Federal I Com #1 well Schlumberger Dual Laterolog (API No. 30-015-22456)) to a depth of 5,000'. Spur will provide notice of this application to the vertical offset parties within the pool who are not subject to this application.

5. Spur has undertaken diligent, good-faith efforts to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the wells but has been unable to obtain voluntary agreements from all of the mineral interest owners.

6. The pooling of uncommitted mineral interests will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

7. In order to allow Spur to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted mineral interests in the horizontal spacing unit should be pooled and Spur should be designated the operator of the proposed horizontal wells and spacing unit.

WHEREFORE, Spur requests that this application be set for hearing on April 8, 2021 and that, after notice and hearing, the Division enter an order:

- A. Pooling all uncommitted interests in the horizontal spacing unit, as set forth above;
- B. Approving the wells in the horizontal spacing unit;
- C. Designating Spur as operator of the spacing unit and the wells to be drilled thereon;
- D. Authorizing Spur to recover its costs of drilling, equipping and completing the wells;
- E. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

- F. Imposing a 200% penalty for the risk assumed by Spur in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

HINKLE SHANOR LLP

/s/ Dana S. Hardy

Dana S. Hardy

Dioscoro A. Blanco

P.O. Box 2068

Santa Fe, NM 87504-2068

Phone: (505) 982-4554

Facsimile: (505) 982-8623

dhardy@hinklelawfirm.com

Counsel for Spur Energy Partners, LLC

Application of Spur Energy Partners, LLC for Compulsory Pooling, Eddy County, New Mexico. Applicant seeks an order pooling all uncommitted mineral interests from the top of the Yeso formation (at a stratigraphic equivalent of approximately 4,375' MD as observed on the Federal 1 Com #1 well Schlumberger Dual Laterolog (API No. 30-015-22456)) to a depth of 5,000' in a 160-acre, more or less, standard horizontal spacing unit comprised of the S/2 N/2 of Section 2, Township 17 South, Range 30 East in Eddy County, New Mexico. The horizontal spacing unit will be dedicated to following wells: (1) Shorty 2 State Com #10H well, which will be horizontally drilled from a surface location in Unit E of Section 2 to a bottom hole location in Unit H of Section 2; and Shorty 2 State Com #20H well, which will be horizontally drilled from a surface location in Unit E of Section 2 to a bottom hole location in Unit H of Section 2. The completed interval of the Shorty 2 State Com #10H well will be unorthodox, and the completed interval of the Shorty 2 State Com #20H well will be orthodox. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost, the designation of Spur Energy Partners, LLC as the operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The wells are located approximately 3 miles north-northeast of Loco Hills, New Mexico.

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) 748-9720
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 SHORTY 2 STATE COM			⁶ Well Number 10H
⁷ GRID NO.		⁸ Operator Name SPUR ENERGY PARTNERS LLC.			⁹ Elevation 3752'

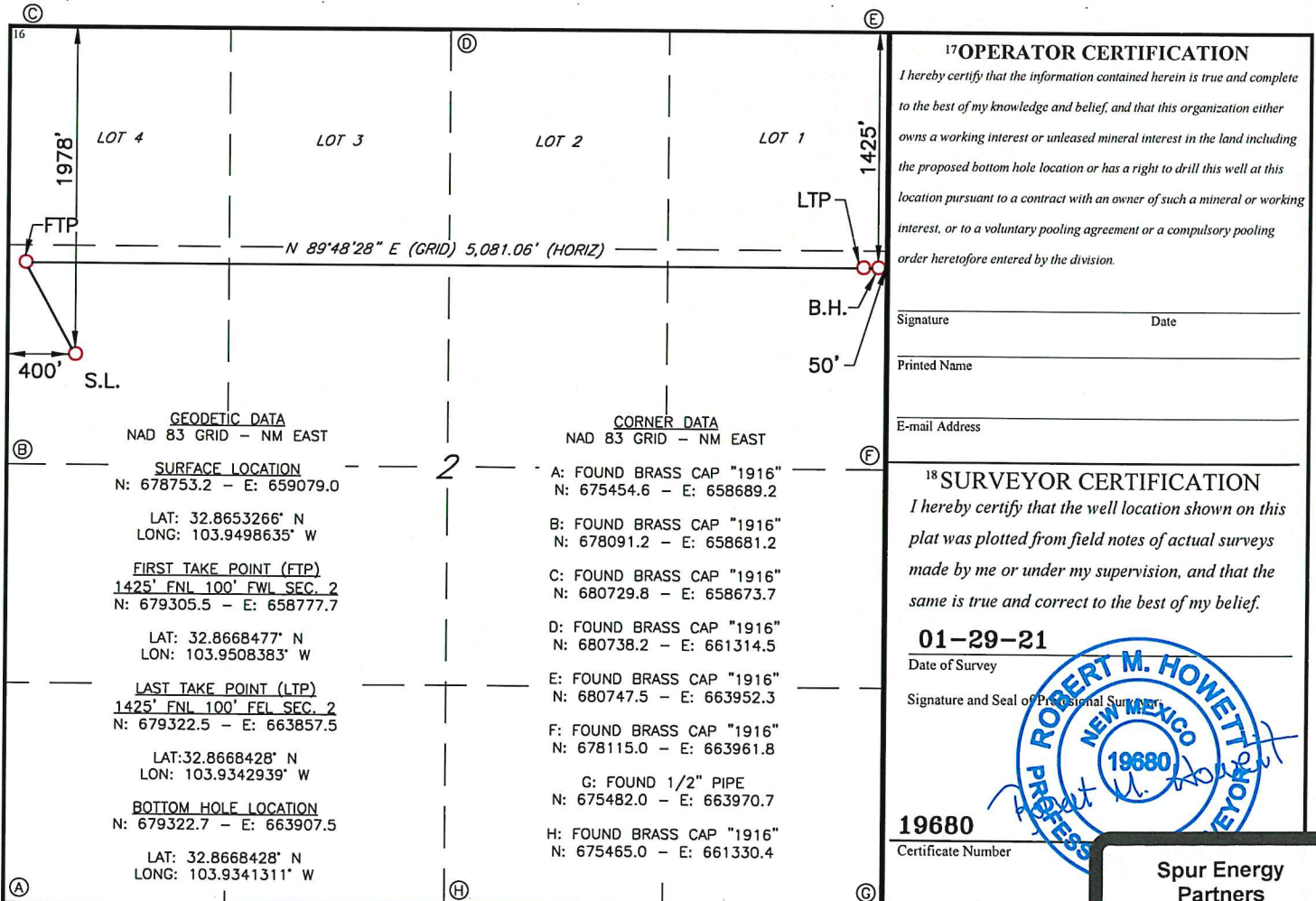
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/West line	County
E	2	17S	30E		1978	NORTH	400	WEST	EDDY

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	2	17S	30E		1425	NORTH	50	EAST	EDDY
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.



Job No.: **LS21010059**

Spur Energy Partners
Case No. 21759
Exhibit A-2

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) 748-9720
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 SHORTY 2 STATE COM			⁶ Well Number 20H
⁷ GRID NO.		⁸ Operator Name SPUR ENERGY PARTNERS LLC.			⁹ Elevation 3752'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/West line	County
E	2	17S	30E		2018	NORTH	400	WEST	EDDY

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	2	17S	30E		2175	NORTH	50	EAST	EDDY

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.

GEODETIC DATA
NAD 83 GRID - NM EAST

SURFACE LOCATION
N: 678713.2 - E: 659079.0
LAT: 32.8652168° N
LONG: 103.9498640° W

FIRST TAKE POINT (FTP)
2175' FNL 100' FWL SEC. 2
N: 678555.6 - E: 658779.8
LAT: 32.8647868° N
LONG: 103.9508402° W

LAST TAKE POINT (LTP)
2175' FNL 100' FWL SEC. 2
N: 678572.7 - E: 663860.2
LAT: 32.8647819° N
LONG: 103.9342944° W

BOTTOM HOLE LOCATION
N: 678572.9 - E: 663910.2
LAT: 32.8647819° N
LONG: 103.9341316° W

CORNER DATA
NAD 83 GRID - NM EAST

A: FOUND BRASS CAP "1916"
N: 675454.6 - E: 658689.2

B: FOUND BRASS CAP "1916"
N: 678091.2 - E: 658681.2

C: FOUND BRASS CAP "1916"
N: 680729.8 - E: 658673.7

D: FOUND BRASS CAP "1916"
N: 680738.2 - E: 661314.5

E: FOUND BRASS CAP "1916"
N: 680747.5 - E: 663952.3

F: FOUND BRASS CAP "1916"
N: 678115.0 - E: 663961.8

G: FOUND 1/2" PIPE
N: 675482.0 - E: 663970.7

H: FOUND BRASS CAP "1916"
N: 675465.0 - E: 661330.4

¹⁷ OPERATOR CERTIFICATION
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 _____

¹⁸ SURVEYOR CERTIFICATION
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.

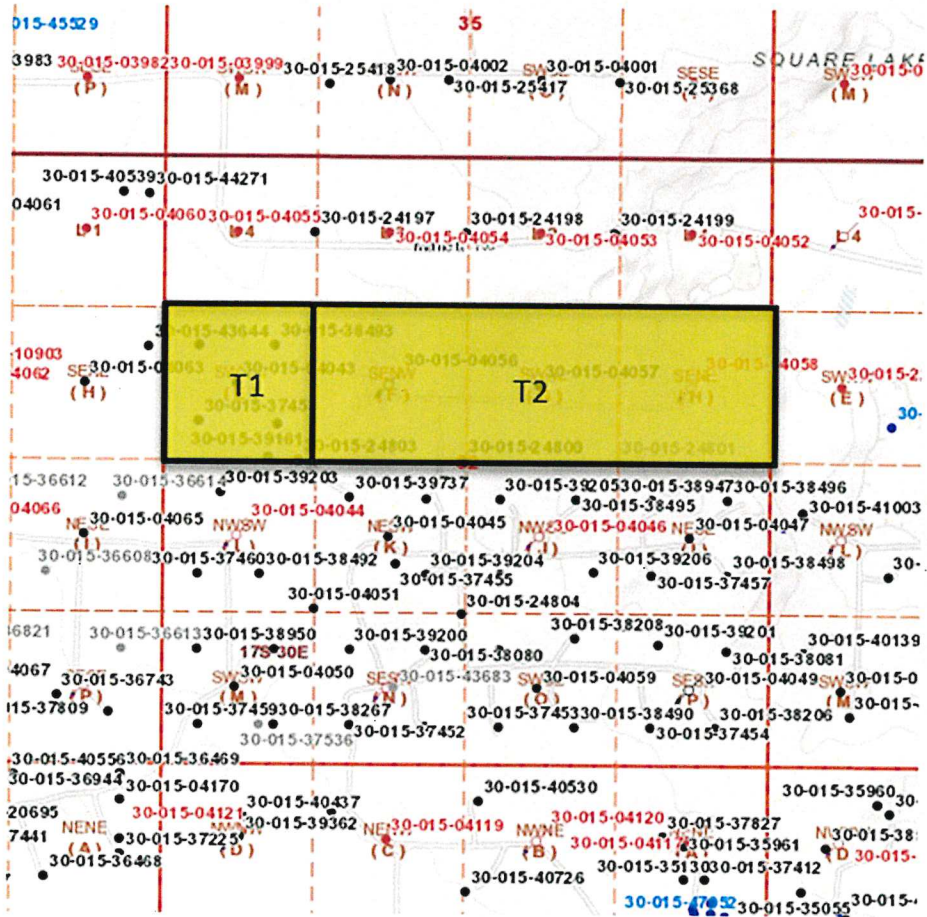
01-29-21
Date of Survey

Signature and Seal of Professional Surveyor _____

19680
Certificate Number

Exhibit A-3

South Half of North Half of Section 2, Township 17 South, Range 30 East, Eddy County, New Mexico as to those depths from 4500' to 5000'.



Tract 1: SW4 NW4 of Section 2-17S-30E (NM State Lease 3635-0049)

- SEP Permian LLC 100% Working Interest

Tract 2: SE4 NW4 and S2 NE4 of Section 2-17S-30E (NM State Lease 2130-39)

- SEP Permian LLC 75% Working Interest
- Square Lake Drilling, LLC 25% Working Interest

Spur Energy
Partners
Case No. 21759

Exhibit A-3

RECAPITULATION		
Tract Number	Number of Acres Committed	Percentage of Interest in Unit
1	40	25.00%
2	120	75.00%
TOTAL	160	100%
SEP Permian LLC		81.25% Working Interest
9655 Katy Freeway, Ste 500		
Houston, Texas 77024		
Square Lake Drilling, LLC		18.75% Working Interest
2704 Botticelli Drive		
Henderson, Nevada 89052		
Total		100% Working Interest

Leasehold Interest:

SEP Permian LLC
 9655 Katy Freeway, Ste 500
 Houston, Texas 77024

Square Lake Drilling LLC
 2704 Botticelli Drive
 Henderson, Nevada 89052



January 27, 2021

Square Lake Drilling, LLC
2704 Botticelli Drive
Henderson, Nevada 89052

RE: Well Proposal
Shorty 2 State Com 10H and 20H
S/2 N/2 of Section 2-T17S-R30E
Eddy County, New Mexico

Dear Working Interest Owner,

SEP Permian LLC ("Spur"), an affiliate of Spur Energy Partners LLC, hereby proposes to drill and complete the **Shorty 2 State Com 10H and 20H** wells to the approximate total vertical depths as referenced below as horizontal Yeso wells (the "Subject Wells") at the following proposed locations (subject to change upon staking and survey).

Shorty 2 State Com 10H well – Horizontal Yeso Well, Eddy County, NM

- Proposed Surface Hole Location – 410' FWL & 1980' FNL, Section 2, T17S-R30E
- Proposed Bottom Hole Location – 50' FEL & 1425' FNL, Section 2, T17S-R30E
- TVD: 4775'

Shorty 2 State Com 20H well – Horizontal Yeso Well, Eddy County, NM

- Proposed Surface Hole Location – 410' FWL & 1940' FNL, Section 2, T17S-R30E
- Proposed Bottom Hole Location – 50' FEL & 2175' FNL, Section 2, T17S-R30E
- TVD: 4850'

Spur proposes to form a Drilling Spacing Unit ("DSU") covering the S/2 N/2 of Section 2-T17S-R30E, Eddy County, New Mexico, containing 160 acres of land, more or less, from the top of the Yeso formation to 5000 feet. Portions of these lands are likely governed by existing Joint Operating Agreements ("JOAs") which also cover the Yeso formation and which govern operations for vertical wells. For the mutually exclusive development of horizontal wells, and any concept wells (i.e. micro seismic wells, pilot hole wells) within the DSU, Spur hereby submits for your consideration, a new joint operating agreement dated January 1, 2021, being a modified 2015 Horizontal AAPL Form 610 Operating Agreement ("NJOA") to govern proposals and operations within the DSU. The NJOA shall supersede any existing operations under any JOAs, expressly limited however, to horizontal well development and operations within the DSU. The NJOA has the following general provisions:

- Effective Date of January 1, 2021
- S/2 N/2 of Section 2-T17S-R30E
- Limited in depth from the top of the Yeso to 5000'
- 100%/300%/300% non-consenting penalty
- \$7,000/\$700 drilling and producing monthly overhead rate
- Spur Energy Partners LLC named as Operator

The enclosed AFEs reflect the total estimated drilling and completion costs for each well. The AFEs are an estimate only and those parties electing to participate in the Subject Wells shall be responsible for their share of actual well costs, whether more or less than those shown on the enclosed AFEs.



Spur respectfully requests that you select one of the following four options with regard to your interest in the proposed wells:

Option 1: Participate in the drilling and completion of the proposed well and agree to enter into the NJOA with the terms specified above.

Option 2: Not participate in the proposed well (an election of "Non-Consent").

Term Assignment Option: Assign your working interest in the S/2 N/2 of Section 2-17S-30E, exclusive of existing wellbores, to Spur through a term assignment with a primary term of three (3) years and a bonus consideration of \$500 per net acre, delivering a 75% leasehold net revenue interest (limited to the Yeso formation).

Assignment Option: Assign your working interest in the S/2 N/2 of Section 2-17S-30E, exclusive of existing wellbores, to Spur for a bonus consideration of \$1,000 per net acre, delivering a 75% leasehold net revenue interest (all rights owned).

Should you elect Option 1 or Option 2, Spur will send the NJOA for your review and execution. If you prefer to review the NJOA prior to making an election, please request a copy by email and Spur will supply you the NJOA. In the event you elect to assign your working interest under the terms outlined above in the Term Assignment or Assignment Option, please indicate this by signing the enclosed Assignment Election page and returning an executed W-9. Upon receipt, Spur will submit an Assignment to you for your review and execution.

Spur looks forward to working with you on this matter. However, if an agreement cannot be reached within 30 days of the receipt date of this proposal, please be advised Spur may apply to the New Mexico Oil Conservation Division for Compulsory Pooling of any uncommitted interest owners into a spacing unit for the proposed wells.

Please indicate your elections as to the Subject Wells in the spaces provided below and execute and return a copy of this letter to the undersigned within 30 days of receipt of this proposal. Should you have any questions regarding this proposal, please contact me via email at mlandry@spurepllc.com.

Sincerely,

Morgan Landry
Sr. Landman

SEP Permian LLC
AUTHORITY FOR EXPENDITURE

AFE NO.: C21036		COMPANY	
AFE DESC: SHORTY 2 STATE COM 10H		DIVISION	
DATE: 01/25/2021	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 - OPS		13,000.00	0.00		13,000.00	
TOTAL:		13,000.00	0.00		13,000.00	
LOCATION/DAMAGES/ROW-LAND		10,000.00	0.00		10,000.00	
TOTAL:		10,000.00	0.00		10,000.00	
TITLE WORK/LANDMAN SERVICES - L		60,000.00	0.00		60,000.00	
TOTAL:		60,000.00	0.00		60,000.00	
SURVEY - LAND		5,000.00	0.00		5,000.00	
TOTAL:		5,000.00	0.00		5,000.00	
DRILLING RENTALS: SURFACE		21,000.00	0.00		21,000.00	
TOTAL:		21,000.00	0.00		21,000.00	
DRILLING RENTALS: SUBSURFACE		25,000.00	0.00		25,000.00	
TOTAL:		25,000.00	0.00		25,000.00	
DRILL MUD & COMPL FLUID		15,000.00	0.00		15,000.00	
TOTAL:		15,000.00	0.00		15,000.00	
WELLSITE SUPERVISION		15,500.00	0.00		15,500.00	
TOTAL:		15,500.00	0.00		15,500.00	
GROUND TRANSPORT		10,000.00	0.00		10,000.00	
TOTAL:		10,000.00	0.00		10,000.00	
CONTRACT DRILLING (DAY RATE/TUF		101,000.00	0.00		101,000.00	
TOTAL:		101,000.00	0.00		101,000.00	
DIRECTIONAL TOOLS AND SERVICES		62,500.00	0.00		62,500.00	
TOTAL:		62,500.00	0.00		62,500.00	
FLUID & CUTTINGS DISPOSAL		45,000.00	0.00		45,000.00	
TOTAL:		45,000.00	0.00		45,000.00	
FRAC TANK RENTALS		250.00	0.00		250.00	
TOTAL:		250.00	0.00		250.00	
BITS		30,500.00	0.00		30,500.00	
TOTAL:		30,500.00	0.00		30,500.00	
COMPANY LABOR		5,000.00	0.00		5,000.00	
TOTAL:		5,000.00	0.00		5,000.00	
FUEL, WATER & LUBE		19,000.00	0.00		19,000.00	
TOTAL:		19,000.00	0.00		19,000.00	
CEMENT		25,000.00	0.00		25,000.00	
TOTAL:		25,000.00	0.00		25,000.00	
CASING CREWS AND LAYDOWN SER		8,500.00	0.00		8,500.00	
TOTAL:		8,500.00	0.00		8,500.00	
PROD CSG CEMENT AND SERVICE		25,000.00	0.00		25,000.00	
TOTAL:		25,000.00	0.00		25,000.00	
MUD LOGGER		5,000.00	0.00		5,000.00	
TOTAL:		5,000.00	0.00		5,000.00	
MOB/DEMOB RIG		12,500.00	0.00		12,500.00	
TOTAL:		12,500.00	0.00		12,500.00	
VACUUM TRUCKING		5,000.00	0.00		5,000.00	
TOTAL:		5,000.00	0.00		5,000.00	
DRILLPIPE INSPECTION		5,000.00	0.00		5,000.00	
TOTAL:		5,000.00	0.00		5,000.00	
CONTRACT LABOR/SERVICES		30,000.00	0.00		30,000.00	
TOTAL:		30,000.00	0.00		30,000.00	
MISC IDC/CONTINGENCY		32,000.00	0.00		32,000.00	
TOTAL:		32,000.00	0.00		32,000.00	
SURFACE CASING		12,750.00	0.00		12,750.00	
TOTAL:		12,750.00	0.00		12,750.00	
INTERMEDIATE CASING		24,000.00	0.00		24,000.00	
TOTAL:		24,000.00	0.00		24,000.00	
PRODUCTION/LINER CASING		170,000.00	0.00		170,000.00	
TOTAL:		170,000.00	0.00		170,000.00	
CONDUCTOR PIPE		20,000.00	0.00		20,000.00	

SEP Permian LLC
AUTHORITY FOR EXPENDITURE

AFE NO.:	C21036	COMPANY	
AFE DESC:	SHORTY 2 STATE COM 10H	DIVISION	
DATE:	01/25/2021	OPERATOR:	
AFE TYPE:	DRILL COMPLETE AND EQUIP	102 - SEP PERMIAN,	
GROSS/NET:	GROSS	LLC	

	TOTAL:	20,000.00	0.00	20,000.00
WELLHEAD		17,500.00	0.00	17,500.00
	TOTAL:	17,500.00	0.00	17,500.00
LINER HANGER/CASING ACCESSORY		25,000.00	0.00	25,000.00
	TOTAL:	25,000.00	0.00	25,000.00
EQUIP RENT		30,000.00	0.00	30,000.00
	TOTAL:	30,000.00	0.00	30,000.00
RENTALS: SURFACE IRON		50,000.00	0.00	50,000.00
	TOTAL:	50,000.00	0.00	50,000.00
DRILL MUD & COMPL FLUID		200,000.00	0.00	200,000.00
	TOTAL:	200,000.00	0.00	200,000.00
WELLSITE SUPERVISION		40,000.00	0.00	40,000.00
	TOTAL:	40,000.00	0.00	40,000.00
COMPLETION CHEMICALS		80,000.00	0.00	80,000.00
	TOTAL:	80,000.00	0.00	80,000.00
GROUND TRANSPORT		10,000.00	0.00	10,000.00
	TOTAL:	10,000.00	0.00	10,000.00
PUMPDOWN		15,000.00	0.00	15,000.00
	TOTAL:	15,000.00	0.00	15,000.00
CASED HOLE WIRELINE		70,000.00	0.00	70,000.00
	TOTAL:	70,000.00	0.00	70,000.00
FRAC PLUGS		35,000.00	0.00	35,000.00
	TOTAL:	35,000.00	0.00	35,000.00
FRAC/FLUID SW DISPOSAL		10,000.00	0.00	10,000.00
	TOTAL:	10,000.00	0.00	10,000.00
FRAC TANK RENTALS		10,000.00	0.00	10,000.00
	TOTAL:	10,000.00	0.00	10,000.00
FLOWBACK		47,000.00	0.00	47,000.00
	TOTAL:	47,000.00	0.00	47,000.00
STIMULATION AND PUMPING SERVIC		200,000.00	0.00	200,000.00
	TOTAL:	200,000.00	0.00	200,000.00
PROPPANT		100,000.00	0.00	100,000.00
	TOTAL:	100,000.00	0.00	100,000.00
FUEL, WATER & LUBE		80,000.00	0.00	80,000.00
	TOTAL:	80,000.00	0.00	80,000.00
CASING CREWS AND LAYDOWN SER'V		2,500.00	0.00	2,500.00
	TOTAL:	2,500.00	0.00	2,500.00
COMPLETION/WORKOVER RIG		10,000.00	0.00	10,000.00
	TOTAL:	10,000.00	0.00	10,000.00
KILL TRUCK		2,500.00	0.00	2,500.00
	TOTAL:	2,500.00	0.00	2,500.00
CONTRACT LABOR - ARTIFICIAL LIFT		17,500.00	0.00	17,500.00
	TOTAL:	17,500.00	0.00	17,500.00
CONTRACT LABOR - ELECTRICAL/AU'		20,000.00	0.00	20,000.00
	TOTAL:	20,000.00	0.00	20,000.00
CONTRACT LABOR - WELL LEVEL		15,000.00	0.00	15,000.00
	TOTAL:	15,000.00	0.00	15,000.00
FACILITY PAD CONSTRUCTION		15,000.00	0.00	15,000.00
	TOTAL:	15,000.00	0.00	15,000.00
MISC INTANGIBLE FACILITY COSTS		5,000.00	0.00	5,000.00
	TOTAL:	5,000.00	0.00	5,000.00
CONTRACT LABOR - AUTOMATION		6,500.00	0.00	6,500.00
	TOTAL:	6,500.00	0.00	6,500.00
EQUIPMENT RENTALS		5,000.00	0.00	5,000.00
	TOTAL:	5,000.00	0.00	5,000.00
FREIGHT & HANDLING		5,000.00	0.00	5,000.00
	TOTAL:	5,000.00	0.00	5,000.00
CONTRACT LABOR - ELECTRICAL		15,000.00	0.00	15,000.00

SEP Permian LLC
AUTHORITY FOR EXPENDITURE

AFE NO.:	C21036	COMPANY	
AFE DESC:	SHORTY 2 STATE COM 10H	DIVISION	
DATE:	01/25/2021	OPERATOR:	
AFE TYPE:	DRILL COMPLETE AND EQUIP	102 - SEP PERMIAN,	
GROSS/NET:	GROSS	LLC	

	TOTAL:	15,000.00	0.00	15,000.00
FACILITY CONSTRUCTION LABOR		55,000.00	0.00	55,000.00
	TOTAL:	55,000.00	0.00	55,000.00
OVERHEAD POWER		12,500.00	0.00	12,500.00
	TOTAL:	12,500.00	0.00	12,500.00
PARTS & SUPPLIES - ARTIFICIAL LIFT		50,000.00	0.00	50,000.00
	TOTAL:	50,000.00	0.00	50,000.00
PARTS & SUPPLIES - ELECTRICAL/AU		5,000.00	0.00	5,000.00
	TOTAL:	5,000.00	0.00	5,000.00
PARTS & SUPPLIES - WELL LEVEL		20,000.00	0.00	20,000.00
	TOTAL:	20,000.00	0.00	20,000.00
TUBING		45,000.00	0.00	45,000.00
	TOTAL:	45,000.00	0.00	45,000.00
TUBING HEAD/XMAS TREE		10,000.00	0.00	10,000.00
	TOTAL:	10,000.00	0.00	10,000.00
VESSELS		65,000.00	0.00	65,000.00
	TOTAL:	65,000.00	0.00	65,000.00
ELECTRICAL - OVERHEAD & TRANSF(15,000.00	0.00	15,000.00
	TOTAL:	15,000.00	0.00	15,000.00
LACT		20,000.00	0.00	20,000.00
	TOTAL:	20,000.00	0.00	20,000.00
AUTOMATION METERS, SENSORS, V/		25,000.00	0.00	25,000.00
	TOTAL:	25,000.00	0.00	25,000.00
MISC FITTINGS & SUPPLIES		22,500.00	0.00	22,500.00
	TOTAL:	22,500.00	0.00	22,500.00
PUMPS & PUMP SUPPLIES		6,000.00	0.00	6,000.00
	TOTAL:	6,000.00	0.00	6,000.00
MISC TANGIBLE FACILITY COSTS		5,000.00	0.00	5,000.00
	TOTAL:	5,000.00	0.00	5,000.00
TANKS (OIL & WATER)		40,000.00	0.00	40,000.00
	TOTAL:	40,000.00	0.00	40,000.00
CONTAINMENT		15,000.00	0.00	15,000.00
	TOTAL:	15,000.00	0.00	15,000.00
PIPING		15,000.00	0.00	15,000.00
	TOTAL:	15,000.00	0.00	15,000.00
ELECTRICAL - FACILITY		65,000.00	0.00	65,000.00
	TOTAL:	65,000.00	0.00	65,000.00
TOTAL THIS AFE:		2,442,000.00	0.00	2,442,000.00

SEP Permian LLC
AUTHORITY FOR EXPENDITURE

AFE NO.:	C21037	COMPANY	
AFE DESC:	SHORTY 2 STATE COM 20H	DIVISION	
DATE:	01/25/2021	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 - OPS		13,000.00	0.00		13,000.00	
TOTAL:		13,000.00	0.00		13,000.00	
LOCATION/DAMAGES/ROW-LAND		10,000.00	0.00		10,000.00	
TOTAL:		10,000.00	0.00		10,000.00	
TITLE WORK/LANDMAN SERVICES - L		60,000.00	0.00		60,000.00	
TOTAL:		60,000.00	0.00		60,000.00	
SURVEY - LAND		5,000.00	0.00		5,000.00	
TOTAL:		5,000.00	0.00		5,000.00	
DRILLING RENTALS: SURFACE		21,000.00	0.00		21,000.00	
TOTAL:		21,000.00	0.00		21,000.00	
DRILLING RENTALS: SUBSURFACE		25,000.00	0.00		25,000.00	
TOTAL:		25,000.00	0.00		25,000.00	
DRILL MUD & COMPL FLUID		15,000.00	0.00		15,000.00	
TOTAL:		15,000.00	0.00		15,000.00	
WELLSITE SUPERVISION		15,500.00	0.00		15,500.00	
TOTAL:		15,500.00	0.00		15,500.00	
GROUND TRANSPORT		10,000.00	0.00		10,000.00	
TOTAL:		10,000.00	0.00		10,000.00	
CONTRACT DRILLING (DAY RATE/TUF		101,000.00	0.00		101,000.00	
TOTAL:		101,000.00	0.00		101,000.00	
DIRECTIONAL TOOLS AND SERVICES		62,500.00	0.00		62,500.00	
TOTAL:		62,500.00	0.00		62,500.00	
FLUID & CUTTINGS DISPOSAL		45,000.00	0.00		45,000.00	
TOTAL:		45,000.00	0.00		45,000.00	
FRAC TANK RENTALS		250.00	0.00		250.00	
TOTAL:		250.00	0.00		250.00	
BITS		30,500.00	0.00		30,500.00	
TOTAL:		30,500.00	0.00		30,500.00	
COMPANY LABOR		5,000.00	0.00		5,000.00	
TOTAL:		5,000.00	0.00		5,000.00	
FUEL, WATER & LUBE		19,000.00	0.00		19,000.00	
TOTAL:		19,000.00	0.00		19,000.00	
CEMENT		25,000.00	0.00		25,000.00	
TOTAL:		25,000.00	0.00		25,000.00	
CASING CREWS AND LAYDOWN SER		8,500.00	0.00		8,500.00	
TOTAL:		8,500.00	0.00		8,500.00	
PROD CSG CEMENT AND SERVICE		25,000.00	0.00		25,000.00	
TOTAL:		25,000.00	0.00		25,000.00	
MUD LOGGER		5,000.00	0.00		5,000.00	
TOTAL:		5,000.00	0.00		5,000.00	
MOB/DEMOB RIG		12,500.00	0.00		12,500.00	
TOTAL:		12,500.00	0.00		12,500.00	
VACUUM TRUCKING		5,000.00	0.00		5,000.00	
TOTAL:		5,000.00	0.00		5,000.00	
DRILLPIPE INSPECTION		5,000.00	0.00		5,000.00	
TOTAL:		5,000.00	0.00		5,000.00	
CONTRACT LABOR/SERVICES		30,000.00	0.00		30,000.00	
TOTAL:		30,000.00	0.00		30,000.00	
MISC IDC/CONTINGENCY		32,000.00	0.00		32,000.00	
TOTAL:		32,000.00	0.00		32,000.00	
SURFACE CASING		12,750.00	0.00		12,750.00	
TOTAL:		12,750.00	0.00		12,750.00	
INTERMEDIATE CASING		24,000.00	0.00		24,000.00	
TOTAL:		24,000.00	0.00		24,000.00	
PRODUCTION/LINER CASING		170,000.00	0.00		170,000.00	
TOTAL:		170,000.00	0.00		170,000.00	
CONDUCTOR PIPE		20,000.00	0.00		20,000.00	

SEP Permian LLC
AUTHORITY FOR EXPENDITURE

AFE NO.:	C21037	COMPANY	
AFE DESC:	SHORTY 2 STATE COM 20H	DIVISION	
DATE:	01/25/2021	OPERATOR:	
AFE TYPE:	DRILL COMPLETE AND EQUIP	102 - SEP PERMIAN,	
GROSS/NET:	GROSS	LLC	

	TOTAL:	20,000.00	0.00	20,000.00
WELLHEAD		17,500.00	0.00	17,500.00
	TOTAL:	17,500.00	0.00	17,500.00
LINER HANGER/CASING ACCESSORY		25,000.00	0.00	25,000.00
	TOTAL:	25,000.00	0.00	25,000.00
EQUIP RENT		30,000.00	0.00	30,000.00
	TOTAL:	30,000.00	0.00	30,000.00
RENTALS: SURFACE IRON		50,000.00	0.00	50,000.00
	TOTAL:	50,000.00	0.00	50,000.00
DRILL MUD & COMPL FLUID		200,000.00	0.00	200,000.00
	TOTAL:	200,000.00	0.00	200,000.00
WELLSITE SUPERVISION		40,000.00	0.00	40,000.00
	TOTAL:	40,000.00	0.00	40,000.00
COMPLETION CHEMICALS		80,000.00	0.00	80,000.00
	TOTAL:	80,000.00	0.00	80,000.00
GROUND TRANSPORT		10,000.00	0.00	10,000.00
	TOTAL:	10,000.00	0.00	10,000.00
PUMPDOWN		15,000.00	0.00	15,000.00
	TOTAL:	15,000.00	0.00	15,000.00
CASED HOLE WIRELINE		70,000.00	0.00	70,000.00
	TOTAL:	70,000.00	0.00	70,000.00
FRAC PLUGS		35,000.00	0.00	35,000.00
	TOTAL:	35,000.00	0.00	35,000.00
FRAC/FLUID SW DISPOSAL		10,000.00	0.00	10,000.00
	TOTAL:	10,000.00	0.00	10,000.00
FRAC TANK RENTALS		10,000.00	0.00	10,000.00
	TOTAL:	10,000.00	0.00	10,000.00
FLOWBACK		47,000.00	0.00	47,000.00
	TOTAL:	47,000.00	0.00	47,000.00
STIMULATION AND PUMPING SERVIC		200,000.00	0.00	200,000.00
	TOTAL:	200,000.00	0.00	200,000.00
PROPPANT		100,000.00	0.00	100,000.00
	TOTAL:	100,000.00	0.00	100,000.00
FUEL, WATER & LUBE		80,000.00	0.00	80,000.00
	TOTAL:	80,000.00	0.00	80,000.00
CASING CREWS AND LAYDOWN SER		2,500.00	0.00	2,500.00
	TOTAL:	2,500.00	0.00	2,500.00
COMPLETION/WORKOVER RIG		10,000.00	0.00	10,000.00
	TOTAL:	10,000.00	0.00	10,000.00
KILL TRUCK		2,500.00	0.00	2,500.00
	TOTAL:	2,500.00	0.00	2,500.00
CONTRACT LABOR - ARTIFICIAL LIFT		17,500.00	0.00	17,500.00
	TOTAL:	17,500.00	0.00	17,500.00
CONTRACT LABOR - ELECTRICAL/AU		20,000.00	0.00	20,000.00
	TOTAL:	20,000.00	0.00	20,000.00
CONTRACT LABOR - WELL LEVEL		15,000.00	0.00	15,000.00
	TOTAL:	15,000.00	0.00	15,000.00
FACILITY PAD CONSTRUCTION		15,000.00	0.00	15,000.00
	TOTAL:	15,000.00	0.00	15,000.00
MISC INTANGIBLE FACILITY COSTS		5,000.00	0.00	5,000.00
	TOTAL:	5,000.00	0.00	5,000.00
CONTRACT LABOR - AUTOMATION		6,500.00	0.00	6,500.00
	TOTAL:	6,500.00	0.00	6,500.00
EQUIPMENT RENTALS		5,000.00	0.00	5,000.00
	TOTAL:	5,000.00	0.00	5,000.00
FREIGHT & HANDLING		5,000.00	0.00	5,000.00
	TOTAL:	5,000.00	0.00	5,000.00
CONTRACT LABOR - ELECTRICAL		15,000.00	0.00	15,000.00

SEP Permian LLC
AUTHORITY FOR EXPENDITURE

AFE NO.:	C21037	COMPANY	
AFE DESC:	SHORTY 2 STATE COM 20H	DIVISION	
DATE:	01/25/2021	OPERATOR:	
AFE TYPE:	DRILL COMPLETE AND EQUIP		102 - SEP PERMIAN, LLC
GROSS/NET:	GROSS		

	TOTAL:	15,000.00	0.00	15,000.00
FACILITY CONSTRUCTION LABOR		55,000.00	0.00	55,000.00
	TOTAL:	55,000.00	0.00	55,000.00
OVERHEAD POWER		12,500.00	0.00	12,500.00
	TOTAL:	12,500.00	0.00	12,500.00
PARTS & SUPPLIES - ARTIFICIAL LIFT		50,000.00	0.00	50,000.00
	TOTAL:	50,000.00	0.00	50,000.00
PARTS & SUPPLIES - ELECTRICAL/AU		5,000.00	0.00	5,000.00
	TOTAL:	5,000.00	0.00	5,000.00
PARTS & SUPPLIES - WELL LEVEL		20,000.00	0.00	20,000.00
	TOTAL:	20,000.00	0.00	20,000.00
TUBING		45,000.00	0.00	45,000.00
	TOTAL:	45,000.00	0.00	45,000.00
TUBING HEAD/XMAS TREE		10,000.00	0.00	10,000.00
	TOTAL:	10,000.00	0.00	10,000.00
VESSELS		65,000.00	0.00	65,000.00
	TOTAL:	65,000.00	0.00	65,000.00
ELECTRICAL - OVERHEAD & TRANSF		15,000.00	0.00	15,000.00
	TOTAL:	15,000.00	0.00	15,000.00
LACT		20,000.00	0.00	20,000.00
	TOTAL:	20,000.00	0.00	20,000.00
AUTOMATION METERS, SENSORS, V/		25,000.00	0.00	25,000.00
	TOTAL:	25,000.00	0.00	25,000.00
MISC FITTINGS & SUPPLIES		22,500.00	0.00	22,500.00
	TOTAL:	22,500.00	0.00	22,500.00
PUMPS & PUMP SUPPLIES		6,000.00	0.00	6,000.00
	TOTAL:	6,000.00	0.00	6,000.00
MISC TANGIBLE FACILITY COSTS		5,000.00	0.00	5,000.00
	TOTAL:	5,000.00	0.00	5,000.00
TANKS (OIL & WATER)		40,000.00	0.00	40,000.00
	TOTAL:	40,000.00	0.00	40,000.00
CONTAINMENT		15,000.00	0.00	15,000.00
	TOTAL:	15,000.00	0.00	15,000.00
PIPING		15,000.00	0.00	15,000.00
	TOTAL:	15,000.00	0.00	15,000.00
ELECTRICAL - FACILITY		65,000.00	0.00	65,000.00
	TOTAL:	65,000.00	0.00	65,000.00
TOTAL THIS AFE:		2,442,000.00	0.00	2,442,000.00

Communication Timeline

January 29, 2021 – Initial proposal sent to Square Lake Drilling, LLC via FedEx for the Shorty 2 State Com #10H and #20H, Section 2-17S-30E, Eddy County, New Mexico.

February 2021 – Initial conversation in early February, Mr. Chris Rodenfels, owner of Square Lake Drilling, LLC, acknowledged receipt of the FedEx package with our Shorty proposals. He stated he will review and get back with me. I attempted several calls to Square Lake Drilling, LLC throughout the rest of the month to follow up on our proposals and did not get a response.

March 10, 2021 – Have telephone conversation with Square Lake Drilling, LLC and he states he has a landman reviewing our proposals. He also indicated that he believes he will either assign ARTI to Spur or do a Term Assignment, but that he is still reviewing options with landman. I let him know we are set to go to hearing for forced pooling on April 8, 2021 and would like to come to an agreement before this date. He agreed. Mr. Rodenfels wanted a title summary of his interest and I provided via email.

March 23, 2021: Sent Square Lake Drilling, LLC an email following up on our last conversation. Had conversation same day explaining terms of our proposal and reminded him of our previous conversation regarding the possibility of going to hearing should we not be able to come to an agreement prior to April 8, 2021.

March 31, 2021: Continuing to communicate with Square Lake Drilling, LLC to come to an agreement prior to pooling hearing.

Spur Energy
Partners
Case No. 21759

Exhibit A-5



HINKLE SHANOR LLP

ATTORNEYS AT LAW

PO BOX 2068

SANTA FE, NEW MEXICO 87504

505-982-4554 (FAX) 505-982-8623

WRITER:

Dana S. Hardy, Partner
dhardy@hinklelawfirm.com

March 9, 2021

VIA CERTIFIED MAIL

Square Lake Drilling, LLC
2704 Botticelli Drive
Henderson, NV 89052

Re: Spur Energy/New Mexico Oil Conservation Division Application,
NMOCD Case No. 21759

Sir/Madam:

Enclosed is a copy of an application that Spur Energy Partners, LLC ("Spur") has filed with the New Mexico Oil Conservation Division ("the Division").

Spur seeks an order pooling all uncommitted mineral interests from the top of the Yeso formation (at a stratigraphic equivalent of approximately 4,375' MD as observed on the Federal 1 Com #1 well Schlumberger Dual Laterolog (API No. 30-015-22456)) to a depth of 5,000' in a 160-acre, more or less, standard horizontal spacing unit comprised of the S/2 N/2 of Section 2, Township 17 South, Range 30 East in Eddy County, New Mexico.

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 April 8, 2021 beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the docket for the hearing date: <http://www.emnrd.state.nm.us/OCD/hearings.html>. You are not required to attend the hearing, but as an owner of an interest that may be affected by Spur's application, you may appear at the hearing and present testimony. If you do not appear at that time and become a party of record, you will be precluded from contesting the matter at a later date.

A party appearing in a Division case is required by the Division's Rules to file a Pre-Hearing Statement, which in this matter must be filed no later than Thursday, April 1, 2021. The Pre-Hearing Statement must be filed with the Division and should include: the name of the party and the party's attorney; a concise statement of the case; the name(s) of the witness(es) the party will call to testify at the hearing; the approximate amount of time the party will need to present the party's case; and an identification of any procedural matters that need to be resolved prior to the hearing. The Pre-Hearing Statement must also be provided to me.

PO BOX 10
ROSWELL, NEW MEXICO 88202
575-622-6510
(FAX) 575-623-9332

PO BOX 1720
ARTESIA, NEW MEXICO
575-622-6510
(FAX) 575-746-63

**Spur Energy
Partners
Case No. 21759**

PO BOX 2068
SANTA FE, NEW MEXICO 87504
505-982-4554
(FAX) 505-982-8623

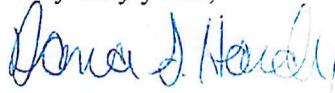
7601 JEFFERSON ST NE • SUITE 180
ALBUQUERQUE, NEW MEXICO 87109
505-858-8320
(FAX) 505-858-8321

Exhibit A-6

March 9, 2021
Page 2

Thank you for your attention to this matter.

Very truly yours,



Dana S. Hardy

Enclosure

7019 2970 0000 7593 6052

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
Domestic Mail Only

For delivery information, visit our website at www.usps.com®.

OFFICIAL USE

Certified Mail Fee	\$	3.60
Extra Services & Fees (check box, add fees as appropriate)		
<input checked="" type="checkbox"/> Return Receipt (hardcopy)	\$	2.85
<input type="checkbox"/> Return Receipt (electronic)	\$	
<input type="checkbox"/> Certified Mail Restricted Delivery	\$	
<input type="checkbox"/> Adult Signature Required	\$	
<input type="checkbox"/> Adult Signature Restricted Delivery	\$	



Postage \$.71

Total Postage and Fees \$ 7.16

Sent To _____
 Street an Square Lake Drilling, LLC
 2704 Botticelli Drive
 City, Stat Henderson, NV 89052

Affidavit of Publication

Ad # 0004639998

This is not an invoice

HINKLE SHANOR LLP
218 MONTEZUMA


SANTA FE, NM 87501

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:

03/16/2021


Legal Clerk

Subscribed and sworn before me this March 16, 2021:


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

This is to notify all interested parties, including Square Lake Drilling, LLC, and its successors and assigns, that the New Mexico Oil Conservation Division will conduct a hearing on an application submitted by Spur Energy Partners, LLC (Case No. 21759). 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 April 8, 2021, beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the docket for that date: <http://www.emnrd.state.nm.us/OCD/hearings.html>. Applicant seeks an order pooling all uncommitted mineral interests from the top of the Yeso formation (at a stratigraphic equivalent of approximately 4,375' MD as observed on the Federal I Com #1 well Schlumberger Dual Laterolog (API No. 30-015-22456)) to a depth of 5,000' in a 160-acre, more or less, standard horizontal spacing unit comprised of the S/2 N/2 of Section 2, Township 17 South, Range 30 East in Eddy County, New Mexico. The horizontal spacing unit will be dedicated to following wells: (1) Shorty 2 State Com #10H well, which will be horizontally drilled from a surface location in Unit E of Section 2 to a bottom hole location in Unit H of Section 2; and Shorty 2 State Com #20H well, which will be horizontally drilled from a surface location in Unit E of Section 2 to a bottom hole location in Unit H of Section 2. The completed interval of the Shorty 2 State Com #10H well will be unorthodox, and the completed interval of the Shorty 2 State Com #20H well will be orthodox. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost, the designation of Spur Energy Partners, LLC as the operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The wells are located approximately 3 miles north-northeast of Loco Hills, New Mexico.
#04639998 March 16, 2021

Ad # 0004639998
PO #: 04639998
of Affidavits 1

This is not an invoice

NANCY HEYRMAN
Notary Public
State of Wisconsin

Spur Energy
Partners
Case No. 21759
Exhibit A-7

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

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

Case No. 21759

**SELF-AFFIRMED STATEMENT OF
C.J. LIPINSKI**

1. I am over 18 years of age and am competent to provide this Self-Affirmed Statement. I have personal knowledge of the matters addressed herein.
2. I am a geologist at Spur Energy Partners, LLC ("Spur"). I am familiar with the geological matters that pertain to Spur's application.
3. I have previously testified before the New Mexico Oil Conservation Division as an expert in geology, and my qualifications were accepted.
4. The Federal 1 Com #1 well (API No. 30-015-22456) Schlumberger Dual Laterolog shows the top of the pool/top of the Yeso at 4,375' feet measured depth, and bottom of the pool/base of the Yeso at 6,420 feet measured depth.
5. **Exhibit B-1** is a location map that I prepared for the spacing unit located in Section 2, and this map shows the proposed initial wells with black lines. This exhibit also identifies the five wells penetrating the targeted intervals that I used to construct a structural cross-section from A to A'. I utilized these well logs because they penetrate the targeted intervals, are of good quality, and have been subjected to a petrophysical analysis of the targeted intervals. In my opinion, these well logs are representative of the geology in the area. Offset Glorieta/Yeso producers are shown with purple squares.

Spur Energy
Partners
Case No. 21759

Exhibit B

6. **Exhibit B-2** is a structure map for the top of the Yeso formation, which also reflects the surrounding area in Eddy County in relation to Section 2 comprising the HSU. The contour interval is 25 feet. The proposed **Shorty 2 State Com 10H and 20H** wells are depicted with black lines, and I have identified the surface and bottom hole location. Exhibit B-2 shows a modest dip to the E-SE. I do not observe any faulting, pinch-outs, or geologic impediments to developing the targeted intervals with horizontal wells.

7. **Exhibit B-3** is a structural cross section using the representative wells depicted on Exhibit B-1. It contains a gamma ray, resistivity and porosity logs. The landing zones for the **Shorty 2 State Com 10H and 20H** are labeled on the exhibit. The cross-section demonstrates that the targeted intervals, within the Yeso formation, extends across the proposed spacing unit. This exhibit also shows a depth severance in a red dotted line at 5000' feet. The subject well is located more than 150ft above the depth severance.

8. **Exhibit B-4** is a Gun Barrel view from B to B' of Spur's intended development of the Yeso formation in Section 2.

9. In my opinion, the laydown orientation in the Yeso formation is appropriate for proper exploitation because of the consistent rock properties throughout the spacing unit and the lack of preferred fracture orientation in this portion of the trend.

10. Based on my geologic study of the area, the Yeso formation underlying the subject areas and subject HSU is suitable for development by horizontal wells and the tracts comprising the HSU will contribute more or less equally to the production of the well.

11. In my opinion, the granting of Spur's application will serve the interests of conservation, the protection of correlative rights, and the prevention of waste.

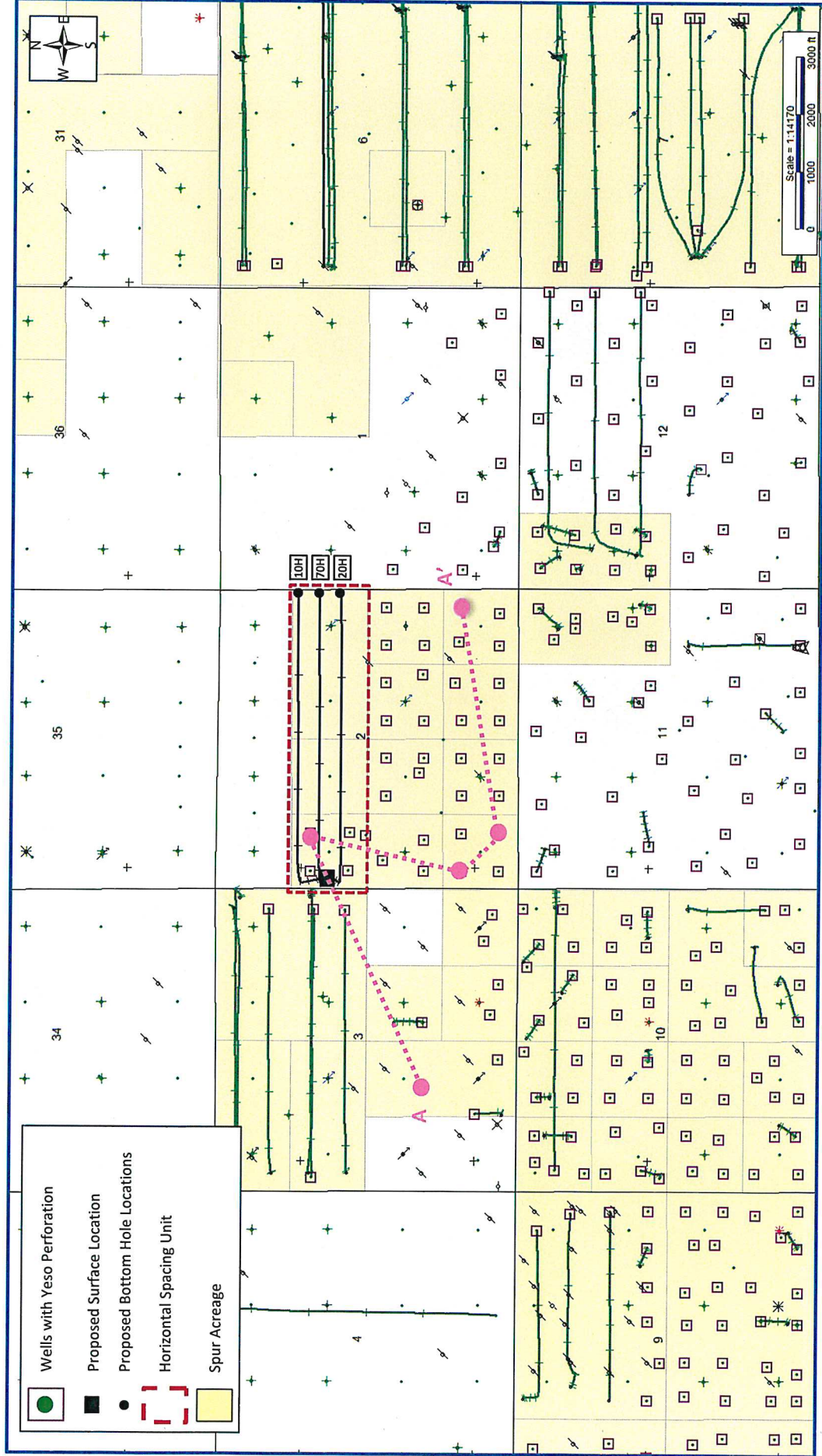
12. The exhibits attached hereto were either prepared by me or under my supervision or were compiled from company business records.

13. I understand that this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 12 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.


E.J. Lipinski

4/5/21
Date

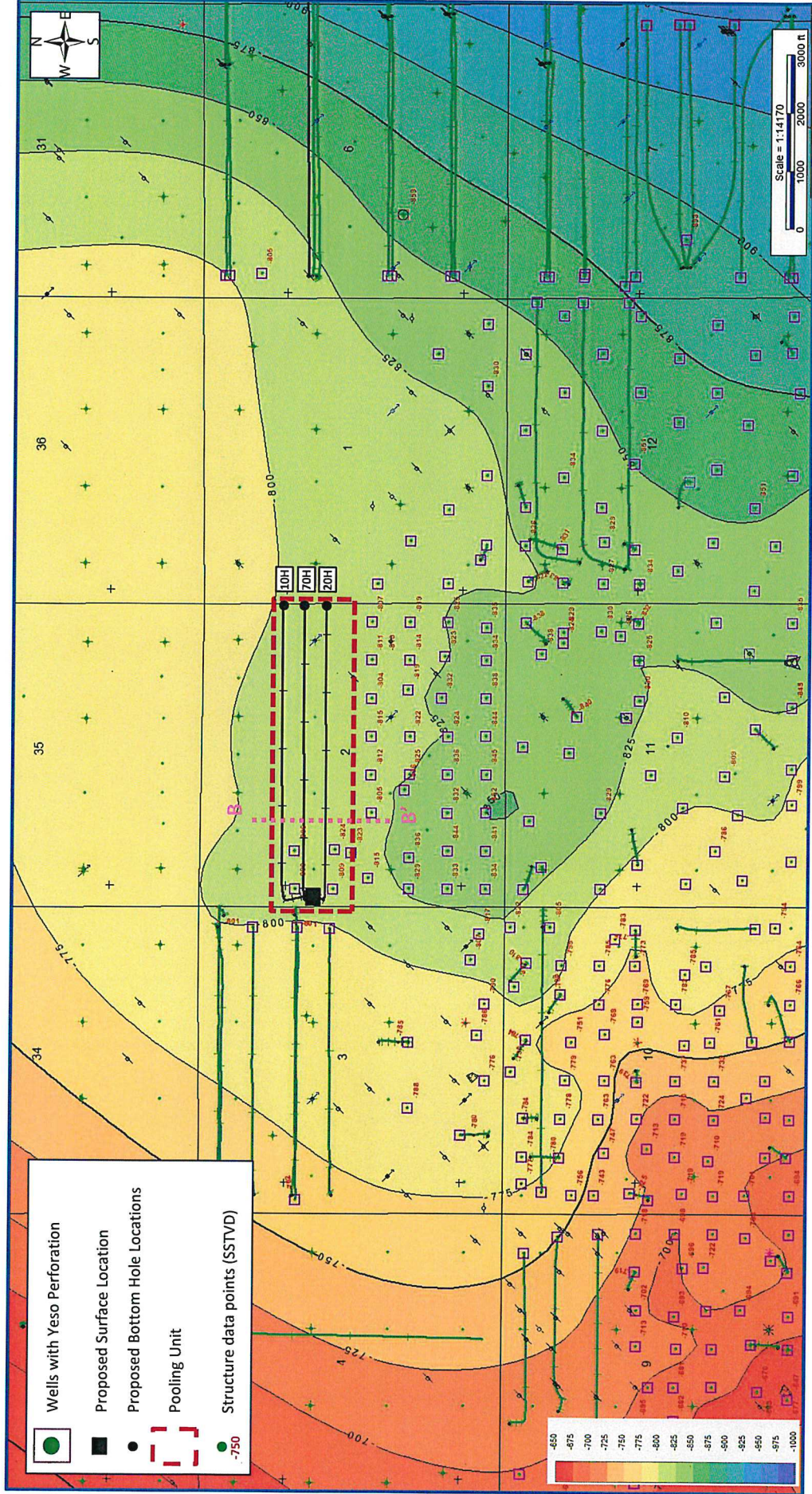
Exhibit B-1: Shorty 2 State Com Basemap



Spur Energy Partners
Case No. 21759
Exhibit B-1

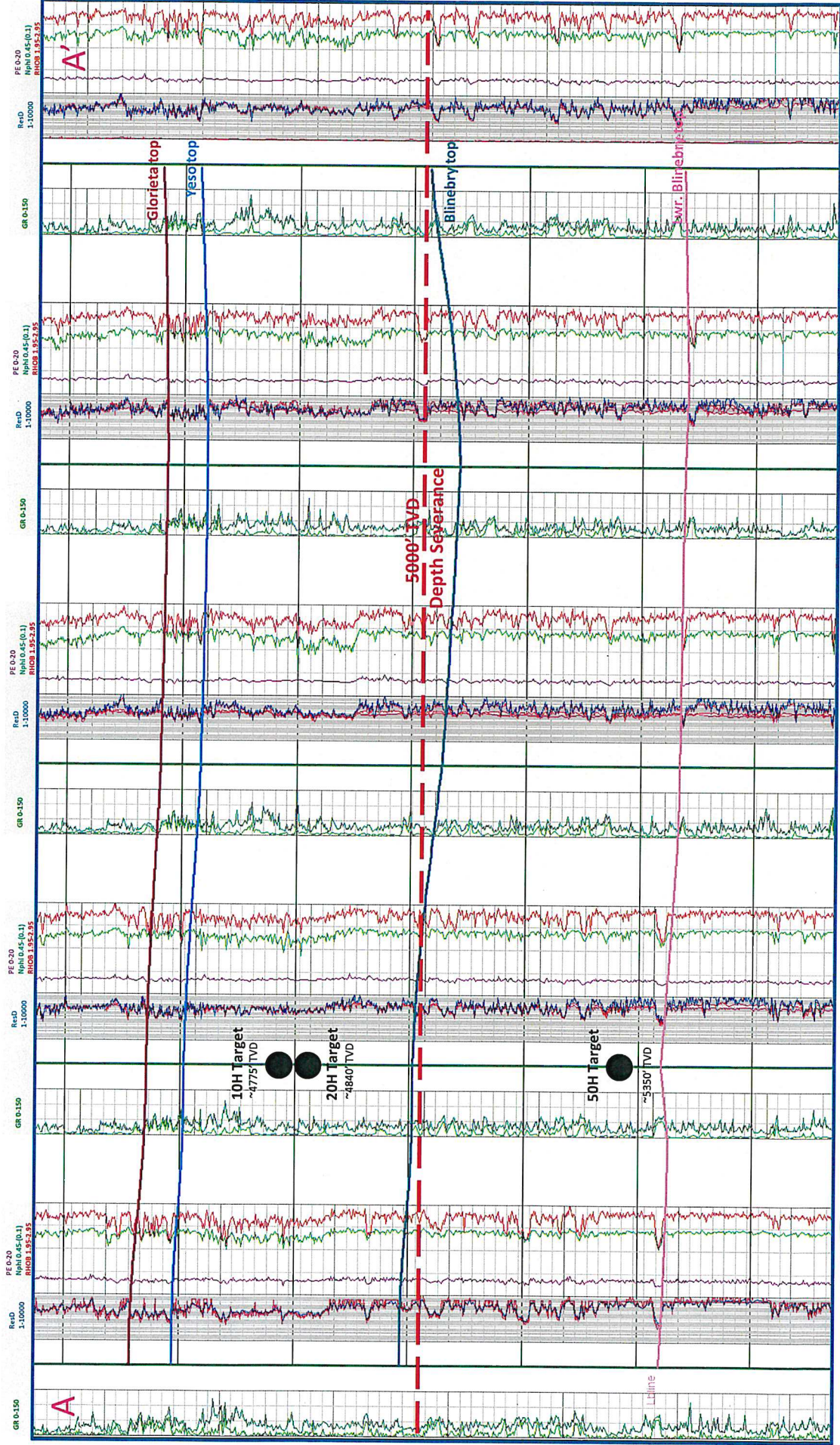


Exhibit B-2: Structure Map (SSTVD): Top Yeso



Spur Energy
Partners
Case No. 21759
Exhibit B-2

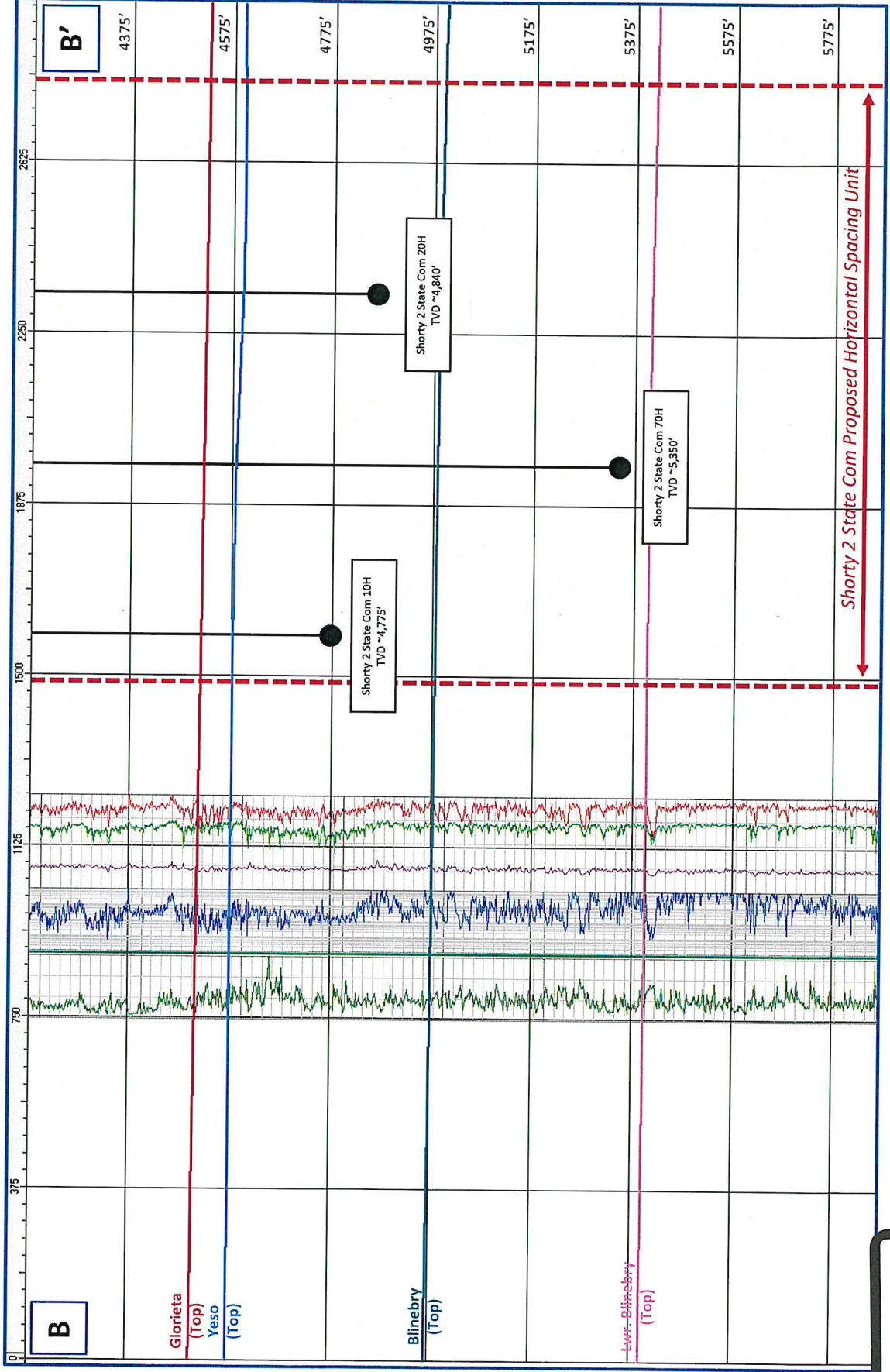
Exhibit B-3: Structural Cross Section (TVD)



Spur Energy
Partners
Case No. 21759
Exhibit B-3



Exhibit B-4: Shorty 2 State Com Gun Barrel (TVD)



Spur Energy
Partners
Case No. 21759
Exhibit B-4