

**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. 21882

PRE-HEARING STATEMENT

Spur Energy Partners, LLC (“Applicant”) submits its Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

Spur Energy Partners, LLC

ATTORNEYS

Dana S. Hardy
Michael Rodriguez
P.O. Box 2068
Santa Fe, NM 87504-2068
Phone: (505) 982-4554
Facsimile: (505) 982-8623
dhardy@hinklelawfirm.com
mrodriguez@hinklelawfirm.com

INTERESTED PARTIES

None.

ATTORNEYS

STATEMENT OF THE CASE

Applicant seeks to pool uncommitted interests from a depth of approximately 4,000’ to the base of the Yeso formation (at a stratigraphic equivalent of approximately 5,568’ MD as observed on the Rio Cinco 26 State #1 Platform Express, Compensated Neutron Lithodensity well log (API No. 30-015-31043)) in a 320-acre, more or less, standard horizontal spacing unit comprised of the S/2 of Section 27, Township 17 South, Range 28 East in Eddy County, New Mexico. The horizontal spacing unit will be dedicated to the following wells: (1) Halberd C 27 State 52H, which

will be horizontally drilled from a surface location in Unit I of Section 28 to a bottom hole location in Unit I of Section 27; (2) Halberd C 27 State 92H, which will be horizontally drilled from a surface location in Unit I of Section 28 to a bottom hole location in Unit I of Section 27; (3) Halberd D 27 State 72H, which will be horizontally drilled from a surface location in Unit P of Section 28 to a bottom hole location in Unit P of Section 27; and (4) Halberd D 27 State 53H, which will be horizontally drilled from a surface location in Unit P of Section 28 to a bottom hole location in Unit P of Section 27. The completed interval of the Halberd D 27 State 72H well will be within 330' of the line separating the N/2S/2 from the S/2S/2 of Section 27 to allow inclusion of this acreage into a 320-acre horizontal spacing unit. The completed intervals of the wells 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 10 miles west of Loco Hills, New Mexico.

PROPOSED EVIDENCE

<u>Witness</u>	<u>Occupation</u>	<u>Estimated Time</u>	<u>Exhibits</u>
Morgan Landry	Landman	Affidavit	Approx. 7
C. J. Lipinski	Geologist	Affidavit	Approx. 5

PROCEDURAL MATTERS

Applicant will present its case by affidavit if there is no opposition to its application.

Respectfully submitted,

HINKLE SHANOR, LLP

/s/ Dana S. Hardy

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Counsel for Spur Energy Partners, LLC