

**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. _____

APPLICATION

Pursuant to NMSA § 70-2-17, Spur Energy Partners, LLC (“Spur”) applies for an order pooling all uncommitted mineral interests in the Yeso formation in a 320-acre, more or less, standard (proximity tract) horizontal spacing unit comprised of the S/2 of Section 12, Township 17 South, Range 29 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 following wells:
 - a. Fat Tire 12 Federal 10H well, which will be horizontally drilled from a surface location in Lot 3 in Section 7, Township 17 South, Range 30 East to a bottom hole location in Unit L in Section 12, Township 17 South, Range 29 East;
 - b. Fat Tire 12 Federal 51H well, which will be horizontally drilled from a surface location in Lot 3 in Section 7, Township 17 South, Range 30 East to a bottom hole location in Unit L in Section 12, Township 17 South, Range 29 East;
 - c. Fat Tire 12 Federal 71H well, which will be horizontally drilled from a surface location in Lot 4 in Section 7, Township 17 South, Range 30 East

to a bottom hole location in Unit L in Section 12, Township 17 South, Range 29 East;

- d. Fat Tire 12 Federal 22H well, which will be horizontally drilled from a surface location in Lot 4 in Section 7, Township 17 South, Range 30 East to a bottom hole location in Unit M in Section 12, Township 17 South, Range 29 East;
- e. Fat Tire 12 Federal 52H well, which will be horizontally drilled from a surface location in Lot 4 in Section 7, Township 17 South, Range 30 East to a bottom hole location in Unit M in Section 12, Township 17 South, Range 29 East; and
- f. Fat Tire 12 Federal 11H well, which will be horizontally drilled from a surface location in Lot 4 in Section 7, Township 17 South, Range 30 East to a bottom hole location in Unit M in Section 12, Township 17 South, Range 29 East.

3. The completed intervals of the wells will be orthodox.

4. 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.

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

6. 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 March 4, 2021 and that, after notice and hearing, the Division enter an order:

- A. Pooling all uncommitted interests in the horizontal spacing unit;
- B. Approving the wells in the horizontal spacing unit;
- C. Designating Spur as operator of this 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

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