

**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 from a depth of approximately 4,000’ to the base of the Yeso formation in a 320-acre, more or less, standard horizontal spacing unit comprised of the N/2 of Section 27, Township 17 South, Range 28 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) Halberd A 27 State 50H, which will be horizontally drilled from a surface location in Unit A of Section 28 to a bottom hole location in Unit A of Section 27;
 - (b) Halberd A 27 State 70H, which will be horizontally drilled from a surface location in Unit A of Section 28 to a bottom hole location in Unit A of Section 27;
 - (c) Halberd A 27 State 90H, which will be horizontally drilled from a surface location in Unit A of Section 28 to a bottom hole location in Unit A of Section 27;
 - (d) Halberd B 27 State 51H, which will be horizontally drilled from a surface location in Unit E of Section 26 to a bottom hole location in Unit E of Section 27;

- (e) Halberd B 27 State 71H, which will be horizontally drilled from a surface location in Unit E of Section 26 to a bottom hole location in Unit E of Section 27; and
- (f) Halberd B 27 State 91H, which will be horizontally drilled from a surface location in Unit E of Section 26 to a bottom hole location in Unit E of Section 27 (“Wells”).

3. The completed interval of the Halberd A State 70H well will be within 330’ of the line separating the N/2N/2 from the S/2N/2 of Section 27 to allow inclusion of this acreage into a 320-acre horizontal spacing unit.

4. The completed interval of the Halberd B State 71H well will be unorthodox. The completed intervals of the Halberd A 27 State 50H, 70H, 90H wells, and Halberd B 27 State 51H and 91H wells will be orthodox.

5. A depth severance exists in the Yeso formation in the horizontal spacing unit. Accordingly, Spur 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)).

6. 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.

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

8. 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 May 6, 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
Michael Rodriguez
P.O. Box 2068
Santa Fe, NM 87504-2068
Phone: (505) 982-4554
dhardy@hinklelawfirm.com
mrodriguez@hinklelawfirm.com

Counsel for Spur Energy Partners, LLC