

**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 the top of the Yeso formation to a depth of approximately 3,000’ in a 320-acre, more or less, standard horizontal spacing unit comprised of the N/2 of Section 10, Township 19 South, Range 25 East, in Eddy County, New Mexico (“Unit”). In support of its application, Spur states the following:

1. Spur (OGRID No. 328947) is a working interest owner in the Unit and has the right to drill wells thereon.
2. The Unit will be dedicated to following wells:
  - **Patrick Federal Com 2H** and **Patrick Federal Com 11H**, which will be horizontally drilled from a surface location in the NE/4NE/4 (Unit A) of Section 9 to a bottom hole location in the NE/4NE/4 (Unit A) of Section 10; and
  - **Patrick Federal Com 1H** and **Patrick Federal Com 10H**, which will be horizontally drilled from a surface location in the SE/4SE/4 (Unit H) of Section 9 to a bottom hole location in the SE/4SE/4 (Unit H) of Section 10 (collectively the “Wells”).
3. The completed intervals of the Wells will be orthodox.

4. The completed interval of the **Patrick Federal Com 1H** will be within 330' of the line separating the N/2N/2 and S/2N/2 of Section 10 to allow inclusion of this acreage into a standard 320-acre horizontal spacing unit.

5. A depth severance exists in the Yeso formation in the horizontal spacing unit. Accordingly, Spur seeks to pool only a portion of the Yeso formation from the top of the formation (at a stratigraphic equivalent of approximately 2,447' measured depth as observed on the OTTAWA 'AOW' FEDERAL #6 Schlumberger Compensated Neutron/Litho-Density Log (API No. 30-015-29453)) to a depth of approximately 3,000' measured depth.

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 avoid 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 Unit should be pooled and Spur should be designated the operator of the Wells and Unit.

WHEREFORE, Spur requests this application be set for hearing on July 1, 2021 and that, after notice and hearing, the Division enter an order:

- A. Pooling all uncommitted interests in the Unit;
- B. Approving the Wells in the Unit;
- C. Designating Spur as operator of the 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

Facsimile: (505) 982-8623

[dhardy@hinklelawfirm.com](mailto:dhardy@hinklelawfirm.com)

[mrodriguez@hinklelawfirm.com](mailto:mrodriguez@hinklelawfirm.com)

*Counsel for Spur Energy Partners, LLC*