

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

**APPLICATION OF SPC RESOURCES, LLC  
TO AMEND ORDER NO. R-21104-B,  
EDDY COUNTY, NEW MEXICO.**

**CASE NO. \_\_\_\_\_**

**APPLICATION**

SPC Resources, LLC (“Applicant” or “SPC Resources”) (OGRID No. 372262), through its undersigned attorneys, hereby files this application with the Oil Conservation Division, to amend Order No. R-21104-B (the “Order”) to allow for a one-year extension for drilling the proposed initial well under the Order. In support of its application, Applicant states:

1. Division Order No. R-21104, entered on February 13, 2020 in Case No. 20860, and Order No. R-21104-A, entered on May 19, 2020 in Case No. 21257, created a 473.59-acre, more or less, standard horizontal spacing unit underlying the SW/4 of irregular Section 5, and Lots 6-7, the E/2 SW/4, and the SE/4 (S/2 equivalent) of irregular Section 6, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico (the “Unit”), and designated Applicant as operator of the Unit.
2. Order Nos. R-21104 & 21104-A further pooled the uncommitted interests in the Bone Spring formation (Esperanza; Bone Spring Pool (Pool Code 97755)) in the Unit and dedicated the Unit to the proposed initial **Barney #303H well (formerly Barney 5-6 B3 3H well)** (API No. 30-015-pending).
3. Subsequently, Order No. R-21104-B pooled previously unidentified interest owners in the subject spacing unit.
4. Order No. R-21104-B requires the drilling of the initial well by February 17, 2022.
5. There is good cause for Applicant’s request that the Order be re-opened and amended to allow additional time to commence drilling the well under the Order.

6. The Division has determined that drilling and completing wells within the subject acreage “poses a clear and immediate risk of harm to the stability of the [Carlsbad Brine Well] Cavity and the successful completion of the ongoing Carlsbad Brine Well remediation project[,]” and “to surface development and the groundwater aquifer overlying the Cavity.” See Order R-21888, ¶¶ 57-58; see also Division Application in Case No. 22472. As a result, the Division has ordered the cessation of drilling and completion activities of oil and gas wells within the vicinity of the subject acreage. See generally Order R-21888 and Case No. 22472.

7. Therefore, Applicant requests a one-year extension of time to drill the initial well under the Order, until February 17, 2023.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on February 3, 2022, and, after notice and hearing as required by law, the Division enter an order granting this application.

Respectfully submitted,

HOLLAND & HART LLP

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