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

APPLICATIONS OF SPUR ENERGY PARTNERS, LLC
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

Case No. 22153
Case No. 22154

MOTION TO AMEND PRE-HEARING ORDER

Spur Energy Partners, LLC ("Spur") (OGRID No. 328947) through its undersigned attorneys, files this motion requesting that the pre-hearing order entered in these cases, dated December 16, 2021, be amended to substitute Case Nos. 22597 and 22598 in place of Case Nos. 22153 and 22154. The prehearing order in this case is attached as **Exhibit A**. In support of this motion, Spur states the following.

1. Spur filed applications for Case Nos. 22153 and 22154 in October 2021. The applications seek orders to force pool all uncommitted interest owners in proposed 320-acre spacing units within the Yeso formation [ARTESIA; GLORIETA-YESO (Oil) (Pool Code 96830)].

2. Overlapping vertical well spacing units exist within the proposed acreage that Spur seeks to pool in both cases.

3. Operators of the vertical well spacing units have indicated to Spur that they object to creating overlapping horizontal well spacing units in the subject acreage at this time.

4. Accordingly, Spur has given notice and revised its applications under Case Nos. 22597 and 22598, attached as **Exhibits B** and **C**, respectfully, to specifically request Division approval of overlapping horizontal well spacing units within the subject acreage pursuant to 19.15.16.15.B(9)(b)(i) NMAC.

5. Spur therefore requests that the December 16, 2021, pre-hearing order be amended to include Case Nos. 22597 and 22598.

6. Once the pre-hearing order is amended, Spur will dismiss Case Nos. 22153 and 22154.

7. Counsel for Spur has conferred with counsel for Apache Corporation, Contango Oil & Gas Company, and Jalapeno Corporation. Apache Corporation and Contango Corporation do not oppose the relief requested in the motion but object to the cases proceeding to hearing on March 3, 2022. Jalapeno Corporation does not oppose the motion.

WHEREFORE, Spur respectfully requests that the Division grant this motion and that the December 16, 2021, pre-hearing order be amended to include Case Nos. 22597 and 22598.

Respectfully submitted,

HOLLAND & HART LLP

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ATTORNEYS FOR SPUR ENERGY PARTNERS, LLC

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing document was served on the following counsel of record by electronic mail on February 10, 2022:

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EXHIBIT A

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

APPLICATIONS OF SPUR ENERGY PARTNERS, LLC
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO

Case No. 22153
Case No. 22154

PRE-HEARING ORDER

This Pre-Hearing Order follows a status conference held on December 16, 2021, before an Oil Conservation Division ("Division") Hearing Examiner ("Examiner"), in which the hearing date was agreed to by all parties.

1. The hearing will commence on March 3, 2022 following the completion of the Division's regular hearing docket and continue as necessary through completion.

2. The hearing will be recorded and transcribed by a court reporter.

3. The hearing will be conducted using the virtual meeting platform; sign-in information will be sent to the parties closer to the date of the hearing. The Examiner may modify the format of the hearing consistent with the available resources and public distancing directives in place at the time of the hearing.

4. The parties shall file, with the pre-hearing statement required by 19.15.4.13.B NMAC, the following additional information, all of which is due by 5 p.m. no later than seven (7) calendar days before the hearing:

   a. a list of material facts not in dispute;
   b. a list of disputed facts and issues;
   c. identification of the witnesses and their qualifications; and
   d. a full narrative of the direct testimony and exhibits for each witness.

5. Any evidentiary objections to the filed direct testimony or any exhibit shall be filed by 5 p.m. no later than two (2) calendar days before the hearing and will be addressed at the commencement of the hearing.

6. All witnesses filing direct testimony shall attend the hearing and will be subject to cross examination by counsel for the parties and the Division Examiners.

7. Any requests for continuances or status conferences shall be filed in writing through the Division fee portal.

EXHIBIT A

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

William R. Brancard

WILLIAM R. BRANCARD
HEARING EXAMINER

Date: December 16, 2021

EXHIBIT B

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

APPLICATION OF SPUR ENERGY PARTNERS, LLC FOR APPROVAL OF AN OVERLAPPING HORIZONTAL WELL SPACING UNIT AND COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

CASE NO. 22597

APPLICATION

Spur Energy Partners, LLC ("Spur" or "Applicant") (OGRID No. 328947) through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order (i) approving a 320-acre, more or less, overlapping horizontal well spacing unit in a portion of the Yeso formation from the top of the Yeso formation to a depth of 4,100 feet comprised of the N/2 of Section 32, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico; and (ii) pooling all uncommitted interests in this overlapping horizontal well spacing unit. In support of its application, Spur states:

1. An affiliate entity of Spur is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.

2. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed initial wells:

- The **Blalock #1H well**, to be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 31, to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 32;

EXHIBIT B

- the **Blalock #10H well**, to be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 31, to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 32; and the
- **Blalock #11H well,** to be horizontally drilled from a surface location in the SE/4 NE/4 (Unit H) of Section 31, to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 32.

3. The completed interval of the **Blalock #1H well** will remain within 330 feet of the quarter-quarter line separating the N/2 N/2 from the S/2 N/2 of Section 32 to allow inclusion of these proximity tracts into a standard horizontal spacing unit.

4. A depth severance exists in the Yeso formation within the proposed horizontal spacing unit. Accordingly, Spur seeks to pool only a portion of the Yeso formation, from the top of the Yeso formation to a depth of 4,100 feet, as defined in the Schlumberger Platform Express High Resolution Azimuthal Laterolog of the Dancer "32" State Com No.1 Well (API No. 30-015-28863). Spur will provide notice of this hearing to the vertical offset parties within the pool who are not subject to this pooling application.

5. This 320-acre horizontal well spacing unit will overlap three existing 40-acre vertical well spacing units in the Yeso formation, as follows:

- A 40-acre vertical well spacing unit comprised of the NW/4 NW/4 of Section 32, Township 17 South, Range 28 East, NMPM, Eddy County, and dedicated to the Enron State #012 (API# 30-015-35050), Enron State #018 (API# 30-015-40339), Enron State #021 (API# 30-015-42156), and the Enron State #002 (API# 30-015-31920).

EXHIBIT B

- A 40-acre vertical well spacing unit comprised of the NE/4 NW/4 of Section 32, Township 17 South, Range 28 East, NMPM, Eddy County, and dedicated to the Enron State #019 (API# 30-015-41833), Enron State #014 (API# 30-015-36979), Enron State #001 (API# 30-015-31530), and the Enron State #017 (API# 30-015-39996).
- A 40-acre vertical well spacing unit comprised of the SE/4 NW/4 of Section 32, Township 17 South, Range 28 East, NMPM, Eddy County, and dedicated to the AA State #001 (API# 30-015-01657).

6. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all of the interest owners in the subject spacing unit.

7. Approval of this overlapping horizontal well spacing unit and the pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

8. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled, and Applicant should be designated the operator of the proposed horizontal spacing unit and the proposed initial wells.

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

A. Approving the overlapping horizontal well spacing unit and pooling all uncommitted interests in the horizontal spacing unit in the defined portion of the Yeso formation and approving the initial wells thereon;

EXHIBIT B

B. Designating Applicant as operator of this spacing unit and the horizontal wells to be drilled thereon;

C. Authorizing Applicant to recover its costs of drilling, equipping, and completing the wells;

D. 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

E. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

HOLLAND & HART LLP

By:_____

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ATTORNEYS FOR SPUR ENERGY PARTNERS, LLC

EXHIBIT C

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

APPLICATION OF SPUR ENERGY PARTNERS, LLC FOR APPROVAL OF AN OVERLAPPING HORIZONTAL WELL SPACING UNIT AND COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

CASE NO. 22598

APPLICATION

Spur Energy Partners, LLC ("Spur" or "Applicant") (OGRID No. 328947) through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order (i) approving a 320-acre, more or less, overlapping horizontal well spacing unit in a portion of the Yeso formation, from the depth of 4,130 feet to the base of the Yeso formation comprised of the N/2 of Section 32, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico; and (ii) pooling all uncommitted interests in this overlapping horizontal well spacing unit. In support of its application, Spur states:

1. An affiliate entity of Spur is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.

2. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed initial wells:

- The **Blalock #50H well**, to be horizontally drilled from a surface location in the SE/4 NE/4 (Unit H) of Section 31, to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 32;

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EXHIBIT C

- the **Blalock #70H well**, to be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 31, to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 32; and the
- **Blalock #90H well,** to be horizontally drilled from a surface location in the SE/4 NE/4 (Unit H) of Section 31, to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 32.

3. The completed interval of the **Blalock #90H well** will remain within 330 feet of the quarter-quarter line separating the N/2 N/2 from the S/2 N/2 of Section 32 to allow inclusion of these proximity tracts into a standard horizontal spacing unit.

4. A depth severance exists in the Yeso formation within the proposed horizontal spacing unit. Accordingly, Spur seeks to pool only a portion of the Yeso formation, from a depth of 4,130 feet to the base of the Yeso formation, at a stratigraphic equivalent of 5,564 feet measured depth, as defined in the Schlumberger Platform Express High Resolution Azimuthal Laterolog of the Dancer "32" State Com No.1 Well (API No. 30-015-28863). Spur will provide notice of this hearing to the vertical offset parties within the pool who are not subject to this pooling application.

5. This 320-acre horizontal well spacing unit will overlap three existing 40-acre vertical well spacing units in the Yeso formation, as follows:

- A 40-acre vertical well spacing unit comprised of the NW/4 NW/4 of Section 32, Township 17 South, Range 28 East, NMPM, Eddy County, and dedicated to the Enron State #012 (API# 30-015-35050), Enron State #018 (API# 30-015-40339), Enron State #021 (API# 30-015-42156), and the Enron State #002 (API# 30-015-31920).

EXHIBIT C

- A 40-acre vertical well spacing unit comprised of the NE/4 NW/4 of Section 32, Township 17 South, Range 28 East, NMPM, Eddy County, and dedicated to the Enron State #019 (API# 30-015-41833), Enron State #014 (API# 30-015-36979), Enron State #001 (API# 30-015-31530), and the Enron State #017 (API# 30-015-39996).
- A 40-acre vertical well spacing unit comprised of the SE/4 NW/4 of Section 32, Township 17 South, Range 28 East, NMPM, Eddy County, and dedicated to the AA State #001 (API# 30-015-01657).

6. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all of the interest owners in the subject spacing unit.

7. Approval of this overlapping horizontal well spacing unit and the pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

8. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled, and Applicant should be designated the operator of the proposed horizontal spacing unit and the proposed initial wells.

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

A. Approving the overlapping horizontal well spacing unit and pooling all uncommitted interests in the horizontal spacing unit in the defined portion of the Yeso formation and approving the initial wells thereon;

EXHIBIT C

B. Designating Applicant as operator of this spacing unit and the horizontal wells to be drilled thereon;

C. Authorizing Applicant to recover its costs of drilling, equipping, and completing the wells;

D. 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

E. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

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