

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

**APPLICATION OF SPUR ENERGY
PARTNERS LLC FOR A
COMPULSORY POOLING ORDER
REPLACING AND REVOKING
ORDER NOS. R-21580 AND R-21583,
EDDY COUNTY, NEW MEXICO.**

CASE NO. _____

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 a compulsory pooling order to replace and revoke Order Nos. R-21580, as amended, and R-21583, as amended, (collectively “the Orders”) with a single order pooling all uncommitted interests in a portion of the Yeso formation from 3,001 feet to the base of the Yeso within proposed a standard 320-acre, more or less, horizontal spacing unit comprised of the S/2 of Section 18, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico. In support of this application, Spur states:

1. Division Order R-21580, entered on January 19, 2021, in Case No. 21587, created a 160-acre, more or less, standard horizontal well spacing unit consisting of the N/2 S/2 of Section 18, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico (the “Unit”), and designated Applicant as the operator of the Unit, pooled the uncommitted interests in a portion of the Yeso formation from 3,001 feet to the base of Yeso [Red Lake; Glorieta-Yeso (51120)] in the Unit, and dedicated the Unit to the proposed initial wells identified in the Order.
2. The Division issued Order R-21580-A, amending the Order to extend the deadlines until January 19, 2023.

3. Division Order R-21583, also entered on January 19, 2021, in Case No. 21583, created a 160-acre, more or less, standard horizontal well spacing unit consisting of the S/2 S/2 of Section 18, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico (the "Unit"), and designated Applicant as the operator of the Unit, pooled the uncommitted interests in a portion of the Yeso formation from 3,001 feet to the base of Yeso [Red Lake; Glorieta-Yeso (51120)] in the Unit, and dedicated the Unit to the proposed initial wells identified in the Order.

4. The Division issued Order R-21583-A, amending the Order to extend the deadlines until January 19, 2023.

5. Since the entry of the Orders, Applicant has determined that it is prudent to re-form the subject spacing units into a 320-acre, more or less, standard spacing unit through the inclusion of proximity tracts.

6. Accordingly, Applicant seeks an order revoking the existing Orders and replacing them with a single pooling order creating a standard 320-acre, more or less, horizontal spacing unit comprised of the S/2 of Section 18, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico. Applicant proposes to dedicate the spacing unit to the following initial proposed wells:

- The (1) **Baffin 10H** and the (2) **Baffin 70H**, to be horizontally drilled from surface location in the NE/4 SE/4 of Section 13, Township 18 South, Range 27 East, to bottom-hole locations in the NE/4 SE/4 of Section 18, Township 18 South, Range 27 East; and
- The (3) **Baffin 11H**, the (2) **Baffin 20H**; and (4) the **Baffin 71H**, which will be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 13, Township 18 South, Range 27 East, to bottom-hole locations in the SE/4 SE/4 (Unit P) of Section 13, Township 18 South, Range 27 East.

7. The completed interval for the proposed **Baffin 20H** well will remain within 330 feet of the quarter-quarter line separating the N/2 S/2 from the S/2 S/2 of Section 18, to allow inclusion of this acreage into a standard horizontal well spacing unit

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

9. The pooling of interests in the proposed horizontal well spacing unit will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

10. 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 wells and spacing unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on May 5, 2022, and, after notice and hearing as required by law, the Division enter an order:

- A. Revoking Order Nos. R-21580, as amended, and R-21583, as amended;
- B. Replacing Order Nos. R-21580, as amended, and R-21583, as amended, with an order pooling all uncommitted interests in a portion of the Yeso formation underlying the proposed horizontal spacing unit described herein;
- B. Approving the initial wells in the horizontal well spacing unit;
- C. Designating Applicant as the operator of the horizontal spacing unit and the wells to be drilled thereon;
- D. Authorizing Applicant 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% charge for the risk assumed by Applicant in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HOLLAND & HART LLP



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