

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

**APPLICATION OF SPUR ENERGY
PARTNERS LLC TO REVOKE ORDER NO.
R-21578 AND FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.**

CASE NO. 22920

SPUR ENERGY PARTNERS LLC’S PRE-HEARING STATEMENT

Spur Energy Partners LLC (“Spur”) (OGRID No. 328947), the applicant in the above-referenced case, submits this Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

Spur Energy Partners LLC

ATTORNEY

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APPLICANT’S STATEMENT OF CASE

Spur seeks to revoke Order No. R-21578, as amended, and for an order pooling all uncommitted interests in a portion of the Yeso formation, from below 3,150 feet to the base of the Yeso formation, underlying a standard 480-acre horizontal spacing unit comprised of the SE/4 of Section 6 and E/2 of Section 7, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico.

Division Order No. R-21578 (the “Order”), entered on January 19, 2021, in Case No. 21588, created a 320-acre, more or less, standard horizontal well spacing unit consisting of the E/2

of Section 7, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico (the “Unit”), and designated Applicant as the operator of the Unit, pooled the uncommitted interests in the Yeso formation [Penasco Draw; SA-Yeso (Assoc) (50270)] in the Unit, and dedicated the Unit to the proposed initial wells identified in the Order. The Division issued Order No. R-21578-A, amending the Order to extend the deadlines until January 19, 2023.

Since the entry of the Order, Applicant has determined that it is prudent to re-form the subject spacing unit into a 480-acre, more or less, standard spacing unit by including the SE/4 of Section 6. Inclusion of SE/4 of Section 6, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico, introduces an ownership depth severance at 3,150 feet into the proposed spacing unit. The depth severance necessitates that Spur seek separate pooling orders for the shallow and deep intervals of the proposed unit (hereinafter, the “Shallow Unit” and “Deep Unit”).

In Case No. 22760, Spur seeks to revoke the existing Order and to replace it with an order pooling all uncommitted interests in a portion of the Yeso formation from the top of the Yeso to a depth of 3,150 feet within a standard 480-acre, more or less, horizontal spacing unit comprised of the SE/4 of Section 6 and E/2 of Section 7, Township 19 South, Range 25 East (the “Shallow Unit”). That case was presented at hearing on June 2, 2022 and has been taken under advisement by the Division. An order has not yet been issued.

In Case No. 22760, the Division Examiner required Spur to file a second application to pool uncommitted interests in the proposed Deep Unit to pool all uncommitted interests from a depth below 3,150 feet to the base of the Yeso formation within the proposed acreage (the “Deep Unit”). Accordingly, Spur now seeks an order pooling those interests.

Applicant proposes to dedicate the Deep Unit to the following initial proposed wells:

- The **Trudy Federal Com 90H Well**, which will be horizontally drilled from a surface location in the SE/4 NE/4 (Unit H) of said Section 6 to bottom hole locations in the SE/4 SE/4 (Unit P) of Section 7; and
- The **Trudy Federal Com 91H Well**, which will be horizontally drilled from a surface location in the SW/4 NE/4 (Unit G) of said Section 6 to bottom hole location in the SW/4 SE/4 (Unit O) of Section 7.

The completed interval for the **Trudy Federal Com 90H** well will remain within 330 feet of the offsetting quarter-quarter sections or equivalent tracts to include them in a standard horizontal well spacing unit. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

APPLICANT’S PROPOSED EVIDENCE

<u>WITNESS</u> Name and Expertise	<u>ESTIMATED TIME</u>	<u>EXHIBITS</u>
Rett Dalton, Landman	Affidavit	Approx. 6
C.J. Lipinski, Geologist	Affidavit	Approx. 4

PROCEDURAL MATTERS

If uncontested at the time of hearing, Spur intends to present this case by affidavit.

Respectfully submitted,

HOLLAND & HART LLP

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QUESTIONS

Action 122126

QUESTIONS

Operator: Spur Energy Partners LLC 9655 Katy Freeway Houston, TX 77024	OGRID: 328947
	Action Number: 122126
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

Testimony	
<i>Please assist us by provide the following information about your testimony.</i>	
Number of witnesses	<i>Not answered.</i>
Testimony time (in minutes)	<i>Not answered.</i>