

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

**APPLICATION OF SPC RESOURCES,  
LLC TO AMEND ORDER NO. R-21096,  
AS AMENDED, EDDY COUNTY, NEW  
MEXICO.**

CASE NO. \_\_\_\_\_  
**ORDER NO. R-21096, As Amended**

**APPLICATION**

SPC Resources, LLC (“Applicant”) (OGRID No. 372262), through its undersigned attorneys, hereby files this application with the Oil Conservation Division to amend Order No. R-21096, as amended, to allow for an extension of time to drill an initial a well under the Order until February 17, 2024. In support of this application, Applicant states:

1. Division Order No. R-21096, entered on February 12, 2020 in Case No. 20762, created a 1,267.1-acre, more or less, standard horizontal spacing unit consisting of the W/2 and E/2 of Section 12, Township 22 South, Range 26 East, and the W/2 and E/2 of Section 7, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico (the “Unit”), and designated Applicant as the operator of the Unit. *See **Exhibit A***.

2. Order No. R-21096 pooled the uncommitted interests in the Wolfcamp formation (Purple Sage; Wolfcamp Pool (Pool Code 98220)) in the Unit and dedicated the Unit to the following Proposed Wells: (1) the **Caveman #402H well** (API No. 30-015-47629), and (2) the **Caveman #442H well** (API 30-015-Pending).

3. On April 12, 2021, the Division entered Order No. R-21096-A in Case No. 21577 to (1) conform Order No. R-21096 to the amended order template (“Amended Order”) described in the Division Director’s April 9, 2020 *Letter to Counsel Regarding Amended CP Order Template*; (2) pool additional interest owners under the terms of Order No. R-21096; (3) extend

the time to commence drilling an initial well under Order No. R-21096 to February 12, 2022; and (4) update the names and locations of the initial Proposed Wells. *See* **Exhibit B**.

4. On May 17, 2021, the Division entered Order No. R-21096-B, pooling additional interest owners under the terms of Order No. R-21096 without modifying the February 12, 2022, drilling deadline.

5. Applicant now requests that Order No. R-21096, as amended, be opened and further amended to allow Applicant additional time to commence drilling an initial well under the Order until February 17, 2024.

6. Good cause exists for Applicant's request for an extension of time.

7. Applicant was under contract with a drilling crew and preparing to spud an initial well under Order No. R-21096 in July 2021 when the Division issued an emergency order suspending approval SPC's initial well. *See* **Exhibit C**.

8. Subsequently, the Division filed an application to revoke Order No. R-21096, as amended, and the approved APDs for the initial wells.

9. On October 19, 2021, the Division entered Order No. R-21888 temporarily suspending Order No. R-21096 pending remediation of the Carlsbad Brine Well project and until other certain conditions were met. *See* **Exhibit D**. All deadlines under Order No. R-21096 were tolled effective July 2, 2021 until the Division Director notified SPC that drilling and/or completion activities may resume. *See id.*

10. The Division notified SPC on July 7, 2022, that suspension of Order No. R-21096 had been lifted and that drilling and completion activities may resume. *See* **Exhibit E**. Pursuant to the tolling of Order No. R-21096, the current deadline to commence drilling an initial well is February 17, 2023.

11. Due to the disruption to SPC's initial drilling schedule, the suspension of its drilling and completion operations, and the uncertainty over when the suspension would be lifted, SPC requires additional time to plan, coordinate, and retain a drilling crew to drill its planned initial wells.

12. Accordingly, SPC requests the deadline to commence drilling an initial well under Order No. R-21096, as amended, be extended for one year until February 17, 2024.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on January 5, 2023, and after notice and hearing as required by law, the Division amend Order No. R-21096, as amended, to extend the time to commence drilling the proposed initial well until February 17, 2024.

Respectfully submitted,

HOLLAND & HART LLP

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**ATTORNEYS FOR SPC RESOURCES, LLC**

**CASE \_\_\_\_\_: Application of SPC Resources, LLC to Amend Order No. R-21096, As Amended, Eddy County, New Mexico.** Applicant in the above-styled cause seeks to amend Order No. R-21096, as amended, to allow for an extension of time to drill an initial a well under the Order until February 17, 2024. The Unit is comprised of the W/2 and E/2 of Section 12, Township 22 South, Range 26 East, and the W/2 and E/2 of Section 7, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico. Order No. R-21096 pooled the uncommitted interests in the Wolfcamp formation (Purple Sage; Wolfcamp Pool (Pool Code 98220)). The Unit is dedicated to the **Caveman #402H well** (API No. 30-015-47629), and (2) the **Caveman #442H well** (API 30-015-Pending). Portions of said area are located within the city limits of Carlsbad, New Mexico.