

**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. 23218  
ORDER NO. R-21096, As Amended**

**SPC'S PRE-HEARING STATEMENT**

SPC Resources, LLC, applicant in the above-referenced cases, submits this Pre-Hearing Statement, pursuant to the rules of the Oil Conservation Division.

**APPEARANCES**

**APPLICANT**

SPC Resources, LLC ("SPC Resources")

**ATTORNEY**

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**OTHER PARTIES**

**ATTORNEY**

**APPLICANT'S STATEMENT OF CASE**

SPC seeks an order 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. 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. 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-Pending), and (2) the Caveman #442H well (API 30-015-Pending).

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. 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.

Applicant now requests that Order No. R-21096, as amended, be amended to allow Applicant additional time to commence drilling an initial well under the Order until February 17, 2024. Good cause exists for Applicant’s request for an extension of time. 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 of SPC’s initial well. Subsequently, the Division filed an application to revoke Order No. R-21096, as amended, and the approved APDs for the initial wells. On October 19, 2021, the Division entered Order No. R-21888 suspending Order No. R-

21096 pending remediation of the Carlsbad Brine Well project and until other certain conditions were met.

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. 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. Pursuant to the tolling of Order No. R-20196, the current deadline to commence drilling an initial well is February 17, 2023.

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. 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.

**APPLICANT’S PROPOSED EVIDENCE**

<b>WITNESS Name and Expertise</b>	<b>ESTIMATED TIME</b>	<b>EXHIBITS</b>
Nicole Singer, VP Land & General Counsel	Affidavit	Approx. 6

**PROCEDURAL MATTERS**

SPC intends to present this case by affidavit if uncontested at the time of hearing.

Respectfully submitted,

HOLLAND & HART LLP



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**State of New Mexico**  
**Energy, Minerals and Natural Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
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QUESTIONS

Action 171118

**QUESTIONS**

Operator: SANTO PETROLEUM LLC P.O. Box 1020 Artesia, NM 88210	OGRID: 371496
	Action Number: 171118
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

**QUESTIONS**

<b>Testimony</b>	
<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>