

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

**APPLICATION OF SPUR ENERGY
PARTNERS, LLC FOR COMPULSORY
POOLING AND OVERLAPPING SPACING
UNIT, EDDY COUNTY, NEW MEXICO**

CASE NO. _____

APPLICATION

Pursuant to NMSA § 70-2-17, Spur Energy Partners, LLC (OGRID No. 328947) (“Spur”) applies for an order pooling all uncommitted interests within the San Andres formation, as limited below, underlying a 120-acre, more or less, standard overlapping horizontal spacing unit comprised of the N/2 SE/4 and NE/4 SW/4 of Section 28, Township 17 South, Range 28 East, Eddy County, New Mexico (“Unit”). In support of its application, Spur states the following.

1. Spur is a working interest owner in the Unit and has the right to drill wells thereon.
2. The Unit will be dedicated to the **Welch CD 28 State Com SA 10H** well (“Well”), which will be horizontally drilled from a surface location in the NW/4 SW/4 (Unit L) of Section 27 to a bottom hole location in the NE/4 SW/4 (Unit K) of Section 28.
3. The completed interval of the Well will be orthodox.
4. There is a depth severance in the San Andres formation within the Unit.

Accordingly, Spur seeks to pool interests from approximately 2,099’ TVD to approximately 3,109’ TVD.

5. The Unit will partially overlap with the spacing unit for the Red Lake 28 K State #002 well (API #30-015-34005), which is located in the NE/4 SW/4 of Section 28, Township 17 South, Range 28 East, Eddy County and produces from the Artesia; Glorieta-Yeso Pool (Code 96830) and the Red Lake; Queen-Grayburg-San Andres Pool (Code 51300).

6. The Unit will also partially overlap with the spacing unit for the Maloof State #001 well (API #30-015-41019), which is located in the NE/4 SE/4 of Section 28, Township 17 South, Range 28 East and produces from the Red Lake; Queen-Grayburg-San Andres Pool (Code 51300).

7. Spur has undertaken diligent, good-faith efforts to obtain voluntary agreements from all interest owners to participate in the drilling of the Well but has been unable to obtain voluntary agreements from all of the interest owners.

8. The pooling of uncommitted interests will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

9. In order to allow Spur to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted mineral interests in the Unit should be pooled and Spur should be designated the operator of the Well and Unit.

WHEREFORE, Spur requests this application be set for hearing before an Examiner of the Oil Conservation Division on May 4, 2023, and that, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the Unit;
- B. Approving the Well in the Unit;
- C. Approving the proposed overlapping spacing unit;
- D. Designating Spur as operator of the Unit and the Well to be drilled thereon;
- E. Authorizing Spur to recover its costs of drilling, equipping and completing the Well;
- F. 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

- G. Imposing a 200% penalty for the risk assumed by Spur in drilling and completing the Well against any working interest owner who does not voluntarily participate in the drilling of the Well.

Respectfully submitted,

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