

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

**APPLICATION OF SPC RESOURCES, LLC
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

SPC Resources, LLC (“Applicant”) (OGRID No. 372262) through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 633.53-acre, more or less, horizontal well spacing unit comprised of the N/2 of Section 7, Township 22 South, Range 27 East, and the N/2 of Section 12, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico. In support of its application, Applicant states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Applicant seeks to designate Permian Resources Operating, LLC (OGRID 372165) as the operator of the proposed horizontal well spacing unit.
3. Applicant seeks to initially dedicate the above-referenced horizontal spacing unit to the proposed **Hanna 131H well**, to be horizontally drilled from a surface location in the SE/4 NE/4 (Unit H) of Section 8, Township 22 South, Range 27 East, with a first take point in the SE/4 NE/4 (Unit H) of said Section 7 and a last take point in SW/4 NW/4 (Unit E) of said Section 12.

4. The completed interval of the proposed **Hanna 131H well** is expected to remain within 330 feet of the offsetting quarter-quarter sections or equivalent tracts to include them within this proposed spacing unit under 19.15.16.15.B(1)(b) NMAC.

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

6. Approval of this application will allow Applicant to obtain a just and fair share of the oil and gas underlying the subject lands, avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on April 4, 2024, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests the proposed horizontal well spacing unit;
- B. Designating Permian Resources Operating, LLC (OGRID 372165) as operator of the horizontal well spacing unit and the wells to be drilled thereon;
- C. Authorizing Applicant to recover its costs of drilling, completing, and equipping the wells;
- D. 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
- E. 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 wells.

Respectfully submitted,

HOLLAND & HART LLP

By:  _____

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ATTORNEYS FOR SPC RESOURCES, LLC

CASE _____: **Application of SPC Resources, LLC for compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 633.53-acre, more or less, horizontal well spacing unit comprised of the N/2 of Section 7, Township 22 South, Range 27 East, and the N/2 of Section 12, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico. Applicant proposes to initially dedicate the above-referenced spacing unit to the proposed **Hanna 131H well**, to be horizontally drilled from a surface location in the SE/4 NE/4 (Unit H) of Section 8, Township 22 South, Range 27 East, with a first take point in the SE/4 NE/4 (Unit H) of said Section 7 and a last take point in SW/4 NW/4 (Unit E) of said Section 12. The completed interval of the proposed well is expected to remain within 330 feet of the offsetting quarter-quarter sections or equivalent tracts to include them within this proposed spacing unit under 19.15.16.15.B(1)(b) NMAC. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator of the wells, and the imposition of a 200% charge for risk involved in drilling and completing the well. Portions of said area are located within the city limits of Carlsbad, New Mexico.