

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

**APPLICATION OF NSP RESOURCES, LLC  
FOR COMPULSORY POOLING AND APPROVAL OF  
NON-STANDARD, OVERLAPPING SPACING UNIT,  
EDDY COUNTY, NEW MEXICO.**

**CASE NO. \_\_\_\_\_**

**APPLICATION**

Pursuant to NMSA § 70-2-17, NSP Resources, LLC, (OGRID No. 333426) (“NSP” or “Applicant”) applies for an order pooling all uncommitted interests in the Bone Spring formation underlying a 480-acre, more or less, non-standard, overlapping horizontal spacing unit comprised of the S/2 of Section 2 and the SE/4 of Section 3, Township 19 South, Range 30 East, Eddy County, New Mexico (“Unit”). In support of its application, NSP states the following:

1. Applicant is a working interest owner in the Unit and has the right to drill wells thereon.
2. The Unit will be dedicated to the following wells (“Wells”):
  - a. **Sunhawk 2-3 Fed Com 301H** well, which will be drilled from a surface hole location in the NE/4 SE/4 (Unit I) of Section 2, to a bottom hole location in the NW/4 SE/4 (Unit J) of Section 3; and
  - b. **Sunhawk 2-3 Fed Com 302H** well, which will be drilled from a surface hole location in the NE/4 SE/4 (Unit I) of Section 2, to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 3.
3. The completed intervals of the Wells will be orthodox.
4. Applicant requests approval of a non-standard horizontal spacing unit pursuant to Rule 19.15.16.15(B)(5) NMAC, which will create cost efficiencies, prevent waste, and protect correlative rights.

5. The spacing unit for the Wells partially overlaps with the spacing unit for the Benson 3 Federal Com #008H (API 30-015-37964), which is located in the E/2 E/2 of Section 3, Township 19 South, Range 30 East, and produces from the Leo; Bone Spring, South Pool (Code 37920).

6. Further, the spacing unit for the Wells will partially overlap with the spacing unit for the West Shugart 2 19 30 State #002H (API No. 30-015-40953), which is located in the N/2 S/2 of Section 2, Township 19 South, Range 30 East, and produces from the Benson; Bone Spring Pool (Code 5200).

7. Applicant has undertaken diligent, good faith efforts to obtain voluntary agreements from all interest owners to participate in the drilling of the Wells but has been unable to obtain voluntary agreements from all 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 Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in the Unit should be pooled and Applicant should be designated the operator of the Wells and the Unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on July 9, 2026, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the Unit;
- B. Approving the Wells in the Unit;
- C. Approving the non-standard spacing Unit;
- D. Approving the overlapping spacing Unit;

- E. Designating Applicant as operator of the Unit and the Wells to be drilled thereon;
- F. Authorizing Applicant to recover its costs of drilling, equipping and completing the Wells;
- G. 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
- H. Imposing a 200% penalty for the risk assumed by Applicant in drilling and completing the Wells against any working interest owner who does not voluntarily participate in the drilling of the Wells.

Respectfully submitted,

HARDY MCLEAN LLC

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