

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

**APPLICATION OF NSP RESOURCES,
LLC FOR APPROVAL OF STANDARD
HORIZONTAL SPACING UNIT AND
COMPULSORY POOLING, LEA
COUNTY, NEW MEXICO**

CASE NO. _____

APPLICATION

NSP Resources, LLC, OGRID No. 333426 (“NSP” or “Applicant”), through its undersigned attorneys, hereby files this Application with the Oil Conservation Division (“Division”) pursuant to the provisions of NMSA 1978, § 70-2-17, for an order (1) approving a 642.07-acre, more or less, standard horizontal spacing unit (“HSU”) composed of the N/2 of Sections 19 and 20, Township 18 South, Range 32 East, N.M.P.M., Lea County, New Mexico (the “Application Lands”), and (2) pooling all uncommitted oil and gas interests in the Young; Bone Spring [65330], designated as an oil pool, underlying said HSU.

In support of its Application, NSP states the following:

1. NSP and/or its affiliates are working interest owners in the Application Lands and have the right to drill wells thereon as the designated Operator of the Application Lands.
2. NSP seeks to dedicate all of the Application Lands to form a 642.07-acre, more or less, HSU.
3. NSP seeks to dedicate the above-referenced HSU to the following proposed wells:
 - A. **Spruce Goose 19-20 Fed Com 111H** (API No. *Pending*), which is an oil well that will be horizontally drilled from a surface location in the NW/4 NW/4 (Lot 1) of Section 19, Township 18 South, Range 32 East, to a bottom hole location in the Young;

Bone Spring Pool in the NE/4 NE/4 (Unit A) of Section 20, Township 18 South, Range 32 East.

B. **Spruce Goose 19-20 Fed Com 112H** (API No. *Pending*), which is an oil well that will be horizontally drilled from a surface location in the NW/4 NW/4 (Lot 1) of Section 19, Township 18 South, Range 32 East, to a bottom hole location in the Young; Bone Spring Pool in the SE/4 NE/4 (Unit H) of Section 20, Township 18 South, Range 32 East.

C. **Spruce Goose 19-20 Fed Com 211H** (API No. *Pending*), which is an oil well that will be horizontally drilled from a surface location in the NW/4 NW/4 (Lot 1) of Section 19, Township 18 South, Range 32 East, to a bottom hole location in the Young; Bone Spring Pool in the NE/4 NE/4 (Unit A) of Section 20, Township 18 South, Range 32 East.

D. **Spruce Goose 19-20 Fed Com 212H** (API No. *Pending*), which is an oil well that will be horizontally drilled from a surface location in the NW/4 NW/4 (Lot 1) of Section 19, Township 18 South, Range 32 East, to a bottom hole location in the Young; Bone Spring Pool in the SE/4 NE/4 (Unit H) of Section 20, Township 18 South, Range 32 East.

E. **Spruce Goose 19-20 Fed Com 213H** (API No. *Pending*), which is an oil well that will be horizontally drilled from a surface location in the NW/4 NW/4 (Lot 1) of Section 19, Township 18 South, Range 32 East, to a bottom hole location in the Young; Bone Spring Pool in the SE/4 NE/4 (Unit H) of Section 20, Township 18 South, Range 32 East.

F. **Spruce Goose 19-20 Fed Com 311H** (API No. *Pending*), which is an oil well that will be horizontally drilled from a surface location in the NW/4 NW/4 (Lot 1) of Section 19, Township 18 South, Range 32 East, to a bottom hole location in the Young; Bone Spring Pool in the NE/4 NE/4 (Unit A) of Section 20, Township 18 South, Range 32 East.

G. **Spruce Goose 19-20 Fed Com 312H** (API No. *Pending*), which is an oil well that will be horizontally drilled from a surface location in the NW/4 NW/4 (Lot 1) of Section 19, Township 18 South, Range 32 East, to a bottom hole location in the Young; Bone Spring Pool in the SE/4 NE/4 (Unit H) of Section 20, Township 18 South, Range 32 East.

4. All wells except for the Spruce Goose 19-20 Fed Com 213H are orthodox in location as defined by 19.15.16.15.C. NMAC, and the take points and laterals comply with Statewide Rules for setbacks under 19.15.16.15.C.(1)(a-b) NMAC. A Non-Standard Location approval will be requested for the Spruce Goose 19-20 Fed Com 213H well upon issuance of the pooling orders requested herein.

5. NSP has made good faith efforts to obtain voluntary agreement from all interest owners in the Young; Bone Spring Pool underlying the proposed spacing unit, but has been unable to secure agreement from all parties to participate in the drilling of the wells or otherwise commit their interests.

6. The pooling of all interests in the Young; Bone Spring Pool within the proposed unit will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

7. To provide for its just and fair share of oil and gas underlying the Application Lands, NSP requests that all uncommitted interests in this HSU be pooled and that NSP be designated as the operator of the proposed horizontal wells and HSU.

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

- A. Approving the horizontal well spacing unit and pooling all uncommitted interests in Young; Bone Spring Pool underlying the HSU within the Application Lands; Approving the **Spruce Goose 19-20 Fed Com 111H; Spruce Goose 19-20 Fed Com 112H; Spruce Goose 19-20 Fed Com 211H; Spruce Goose 19-20 Fed Com 212H; Spruce Goose 19-20 Fed Com 213H; Spruce Goose 19-20 Fed Com 311H;** and the **Spruce Goose 19-20 Fed Com 312H** as the initial wells for the HSU;
- B. Designating NSP as operator of the HSU and the horizontal wells to be drilled thereon;
- C. Authorizing NSP 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 NSP in drilling, equipping, and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

BEATTY & WOZNIAK, P.C.

By:  _____

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Application of NSP Resources, LLC for Approving a Standard Horizontal Spacing Unit and Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) approving a 642.07-acre, more or less, standard horizontal spacing and proration unit composed of the N/2 of Sections 19 and 20, Township 18 South, Range 32 East, N.M.P.M, Lea County, New Mexico, and (2) pooling all uncommitted oil and gas interests in the Young; Bone Spring [65330] Pool, designated as an oil pool, underlying said unit. The proposed wells to be dedicated to the horizontal spacing unit are the: **Spruce Goose 19-20 Fed Com 111H** (API No. Pending), which is an oil well that will be horizontally drilled from a surface location in the NW/4 NW/4 (Lot 1) of Section 19, Township 18 South, Range 32 East, to a bottom hole location in the Young; Bone Spring Pool in the NE/4 NE/4 (Unit A) of Section 20, Township 18 South, Range 32 East; **Spruce Goose 19-20 Fed Com 112H** (API No. Pending), which is an oil well that will be horizontally drilled from a surface location in the NW/4 NW/4 (Lot 1) of Section 19, Township 18 South, Range 32 East, to a bottom hole location in the Young; Bone Spring Pool in the SE/4 NE/4 (Unit H) of Section 20, Township 18 South, Range 32 East; **Spruce Goose 19-20 Fed Com 211H** (API No. Pending), which is an oil well that will be horizontally drilled from a surface location in the NW/4 NW/4 (Lot 1) of Section 19, Township 18 South, Range 32 East, to a bottom hole location in the Young; Bone Spring Pool in the NE/4 NE/4 (Unit A) of Section 20, Township 18 South, Range 32 East; **Spruce Goose 19-20 Fed Com 212H** (API No. Pending), which is an oil well that will be horizontally drilled from a surface location in the NW/4 NW/4 (Lot 1) of Section 19, Township 18 South, Range 32 East, to a bottom hole location in the Young; Bone Spring Pool in the SE/4 NE/4 (Unit H) of Section 20, Township 18 South, Range 32 East; **Spruce Goose 19-20 Fed Com 213H** (API No. Pending), which is an oil well that will be horizontally drilled from a surface location in the NW/4 NW/4 (Lot 1) of Section 19, Township 18 South, Range 32 East, to a bottom hole location in the Young; Bone Spring Pool in the SE/4 NE/4 (Unit H) of Section 20, Township 18 South, Range 32 East; **Spruce Goose 19-20 Fed Com 311H** (API No. Pending), which is an oil well that will be horizontally drilled from a surface location in the NW/4 NW/4 (Lot 1) of Section 19, Township 18 South, Range 32 East, to a bottom hole location in the Young; Bone Spring Pool in the NE/4 NE/4 (Unit A) of Section 20, Township 18 South, Range 32 East; and the **Spruce Goose 19-20 Fed Com 312H** (API No. Pending), which is an oil well that will be horizontally drilled from a surface location in the NW/4 NW/4 (Lot 1) of Section 19, Township 18 South, Range 32 East, to a bottom hole location in the Young; Bone Spring Pool in the SE/4 NE/4 (Unit H) of Section 20, Township 18 South, Range 32 East. The wells are orthodox in location, and the take points and lateral comply with Statewide Rules for setbacks, except for the Spruce Goose 19-20 Fed Com 213H which will require approval of a Non-Standard Location. The wells and lands are located approximately 8.66 miles southwest of Maljamar, New Mexico.