

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

**IN RE APPLICATION FOR PERMIT TO DRILL
CAVEMAN 7-12 WCXY 2H FILED BY SPC RESOURCES, LLC**

EMERGENCY ORDER

The Director of the New Mexico Oil Conservation Division (“Division”) issues this Emergency Order to suspend its approval of the Application for Permit to Drill (“Application to Drill”) for the Caveman 7-12 WCXY 2H well, renamed the Caveman 402H well, filed by SPC Resources, LLC (“SPC”).

FINDINGS OF FACT

1. The Division has jurisdiction over SPC and the subject matter herein.
2. On November 5, 2020, SPC filed the Application to Drill the Caveman 7-12 WCXY 2H well. Exhibit 1.
3. On November 5, 2020, the Division approved the Application to Drill.
4. On March 11, 2021, SPC filed a sundry to rename the well as “Caveman 402H”. Exhibit 2.
5. On June 30, 2021, SPC informed the Division that it intends to commence drilling the Caveman 402H well on or about July 5, 2021.
6. Upon information and belief, SPC intends to complete the well immediately after drilling it.
7. The Division is managing a remediation project for the Carlsbad Brine Well which lies in proximity to the proposed location of drilling and completion for the Caveman 402H well.

8. To date, the state of New Mexico, Eddy County, and the City of Carlsbad have invested approximately \$85 million in the remediation project.

9. Work on the remediation project is ongoing, with the final phase still pending.

10. SPC's intent to drill and complete the Caveman 402H well on its proposed schedule poses a clear and immediate risk of harm to stability of the Carlsbad Brine Cavern and the successful completion of the remediation project.

11. Pursuant to Section 70-2-23 of the Oil and Gas Act, the Division finds that an emergency exists regarding SPC's intent to drill and complete the Caveman 402H well on its proposed schedule that requires the suspension of the Application to Drill without a hearing.

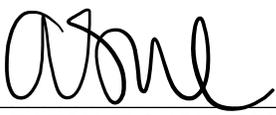
ORDER

12. To protect the Carlsbad Brine Well and the ongoing remediation project and to prevent collateral injury to life, property, environment, public infrastructure, and neighboring properties, the Division hereby ORDERS that SPC's Application to Drill the Caveman 402H well is suspended, and any action by SPC to drill or complete the Caveman 402 well is prohibited.

13. This Emergency Order shall remain in force for fifteen (15) days from the date of signature by the Division Director.

14. The Division retains jurisdiction of this matter for the entry of such further orders as it may deem necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**

Date: 7/2/2021