

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

**APPLICATION OF SPUR ENERGY
PARTNERS, LLC FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

Spur Energy Partners, LLC (“Spur” or “Applicant”) (OGRID No. 338479) 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 a portion of the Yeso formation, from a depth of 3,001 feet to the base of the Yeso formation, in the 160-acre horizontal spacing comprised of the N/2 S/2 of Section 18, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico. In support of its application, Spur states:

1. An affiliate entity of Spur is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced spacing unit to the following initial wells: (1) the **Smashing Pumpkins #10H well**, (2) the **Smashing Pumpkins #50H well**, and (3) the **Smashing Pumpkins #70H well**, to be drilled from a common surface location in the NE/4 SE/4 (Unit I) of Section 13 to bottom hole locations in the NE/4 SE/4 (Unit I) of Section 18.
3. The completed interval for each well will comply with Statewide rules for oil wells.
4. A depth severance exists in the Yeso formation within the proposed the horizontal spacing unit. As such, Spur seeks to pool only a portion of the Yeso formation, from a depth of 3,001 feet to the base of the Yeso formation, as defined in the Misc. 127/584 Pooling Agreement for the S/2 of Section 18, dated January 21, 1975, and in the Gamma Ray-Neutron Log of the

Feathers Comm No. 1H Well (API No. 30-015-21356). Spur will provide notice of this hearing to the vertical offset parties within the pool who are not subject to this pooling application.

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

7. In order to permit Spur to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this proposed unit should be pooled, and Spur should be designated the operator of the proposed initial wells and the proposed horizontal spacing unit.

WHEREFORE, Spur requests that this application be set for hearing before an Examiner of the Oil Conservation Division on January 7, 2021, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the horizontal spacing unit in the Yeso formation and approving the initial wells thereon;
- B. Designating Applicant as operator of this spacing unit and the horizontal wells to be drilled thereon;
- C. Authorizing Applicant to recover its costs of drilling, equipping, and completing 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 wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

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