

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

**APPLICATION OF SPC RESOURCES, LLC
TO AMEND ORDER NO. R-21100-B,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 23469

**APPLICATION OF SPC RESOURCES, LLC
TO AMEND ORDER NO. R-21104-C,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 23470

SPC’S CONSOLIDATED PRE-HEARING STATEMENT

SPC Resources, LLC, applicant in the above-referenced cases, submits this consolidated Pre-Hearing Statement, pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

SPC Resources, LLC (“SPC Resources”)

ATTORNEY

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OTHER PARTIES

ATTORNEY

APPLICANT’S STATEMENT OF CASE

In these consolidated cases, SPC Resources seeks to amend each of the subject pooling orders for an extension of time to drill the initial wells designated under each order. Good cause exists for SPC Resource’s request.

In July 2021, the Division issued an emergency order suspending approval of SPC's initial well in a nearby spacing unit over concerns involving the Carlsbad Brine Well Remediation Area. The Division subsequently determined that drilling and completing wells near the Brine Well Remediation Area "poses a clear and immediate risk of harm to the stability of the [Carlsbad Brine Well] Cavity and the successful completion of the ongoing Carlsbad Brine Well remediation project[,]" and "to surface development and the groundwater aquifer overlying the Cavity." *See* Order R-21888, ¶¶ 57-58; *see also* Division Application in Case No. 22472. As a result, the Division ordered the cessation of drilling and completion activities wells within the vicinity of the Brine Well Remediation Area. *See generally* Order R-21888 and Case No. 22472.

On January 4, 2022, SPC applied in Case Nos. 22534 and 22535 to Amend Order Nos. R-21100-A and R-21104-B to extend the drilling deadlines until February 12, 2023 and February 17, 2023, respectively, due to the Division's suspension of drilling and completion activities. After hearing on February 3, 2022, the Division issued Order Nos. R-21100-B and R-21104-C on March 9, 2022, amending Order Nos. R-21100-A and R-21104-B to extend the deadlines to commence drilling until one year from the date SPC receives notice that the Division has determined remediation of the Carlsbad Brine Well is complete and that drilling and completion activities may resume. SPC received notice from the Division that remediation of the Carlsbad Brine Well was complete and that drilling and completion activities may resume on July 7, 2022. *See* Notice of Resumption, dated July 7, 2022. Accordingly, pursuant to Order Nos. R-21100-B and R-21104-C, the deadlines to commence drilling an initial well under the Orders in each case is July 7, 2023.

Due to the disruption to SPC's initial drilling schedule, the suspension of its drilling and completion operations, and uncertainty over when the suspension would be lifted, SPC requires

additional time to plan, coordinate, and retain a drilling crew to drill its planned initial well in each case.

Accordingly, in **Case Nos. 23469 and 23470**, SPC requests the deadlines to commence drilling an initial well under Order Nos. R-21100 and R-21104, as amended, be extended for one year until July 7, 2024, respectively.

APPLICANT’S PROPOSED EVIDENCE

WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Nicole Singer, VP Land & General Counsel	Self-Affirmed Statement	Approx. 4

PROCEDURAL MATTERS

SPC intends to present these consolidated cases by self-affirmed statement, if uncontested at time of hearing.

Respectfully submitted,

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State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
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QUESTIONS

Action 211063

QUESTIONS

Operator: SPC RESOURCES, LLC P.O. Box 1020 Artesia, NM 88211	OGRID: 372262
	Action Number: 211063
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

Testimony	
<i>Please assist us by provide the following information about your testimony.</i>	
Number of witnesses	Not answered.
Testimony time (in minutes)	Not answered.