

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

**APPLICATION OF SEP PERMIAN, LLC  
FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.**

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

**APPLICATION**

SEP Permian, 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 the Yeso formation within a proposed 320-acre horizontal spacing unit comprised of the W/2 of Section 15, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico. In support of its application, Spur states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.

2. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed initial wells:

- the **Osage Boyd Fed Com #9H Well**, to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 22 to a standard bottom-hole location in the NW/4 NW/4 (Unit D) of Section 15;
- the **Osage Boyd Fed Com #10H Well**, to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 22 to a standard bottom-hole location in the NW/4 NW/4 (Unit D) of Section 15;

- the **Osage Boyd Fed Com #11H Well**, to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 22 to a standard bottom-hole location in the NW/4 NW/4 (Unit D) of Section 15;
- the **Osage Boyd Fed Com #12H Well**, to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 22 to a standard bottom-hole location in the NW/4 NW/4 (Unit D) of Section 15;
- the **Osage Boyd Fed Com #13H Well**, to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 22 to a standard bottom-hole location in the NW/4 NW/4 (Unit C) of Section 15;
- the **Osage Boyd Fed Com #14H Well**, to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 22 to a standard bottom-hole location in the NW/4 NW/4 (Unit C) of Section 15.

3. The completed interval for the proposed **Osage Boyd Fed Com #13H Well** will remain within 330 feet of the W/2 W/2 of Section 15 to allow inclusion of these proximity tracts in a standard 320-acre horizontal well spacing unit.

4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all of the interest owners in the subject spacing unit.

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

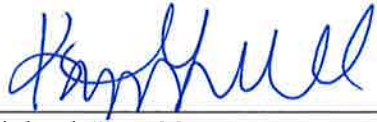
6. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this proposed unit should be pooled and SEP Permian, LLC should be designated the operator of the proposed horizontal well and spacing unit.

WHEREFORE, SEP Permian, LLC requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 3, 2019, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the spacing unit;
- B. Designating SEP Permian, LLC operator of the horizontal spacing unit and the horizontal well to be drilled thereon;
- C. Authorizing SEP Permian, LLC to recover its costs of drilling, equipping and completing the well;
- 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 SEP Permian, LLC in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

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**ATTORNEYS FOR SEP PERMIAN, LLC**

CASE \_\_\_\_\_:

**Amended Application of SEP Permian, LLC for compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Yeso formation within a proposed 320-acre horizontal spacing unit comprised of the W/2 of Section 15, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed initial wells:

- the **Osage Boyd Fed Com #9H Well**, to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 22 to a standard bottom-hole location in the NW/4 NW/4 (Unit D) of Section 15;
- the **Osage Boyd Fed Com #10H Well**, to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 22 to a standard bottom-hole location in the NW/4 NW/4 (Unit D) of Section 15;
- the **Osage Boyd Fed Com #11H Well**, to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 22 to a standard bottom-hole location in the NW/4 NW/4 (Unit D) of Section 15;
- the **Osage Boyd Fed Com #12H Well**, to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 22 to a standard bottom-hole location in the NW/4 NW/4 (Unit D) of Section 15;
- the **Osage Boyd Fed Com #13H Well**, to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 22 to a standard bottom-hole location in the NW/4 NW/4 (Unit C) of Section 15.
- the **Osage Boyd Fed Com #14H Well**, to be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 22 to a standard bottom-hole location in the NW/4 NW/4 (Unit C) of Section 15.

Also, to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of SEP Permian, LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 6 miles northwest of Lakewood, New Mexico.