

**BEFORE THE OIL CONSERVATION DIVISION  
EXAMINER HEARING MARCH 05, 2020**

**CASE No. 21097**

*SHELBY 23 NOS. 2H, 3H, 4H, 5H, AND 6H*

**EDDY COUNTY, NEW MEXICO**



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

**APPLICATION OF SEP PERMIAN, LLC TO  
AMEND ORDER NO. R-20543 TO ADD AN  
ADDITIONAL WELL TO THE APPROVED  
HORIZONTAL WELL SPACING UNIT, EDDY  
COUNTY, NEW MEXICO.**

**CASE NO. 21097  
ORDER NO. R-20543**

**TABLE OF CONTENTS**

1. **Spur Exhibit A** – Compulsory Pooling Application Checklist
2. **Spur Exhibit B** – Application of SEP Permian, LLC to Amend Order No. R-20543 to Add  
An Additional Well to the Approved Horizontal Well Spacing Unit, Eddy County, New  
Mexico (Case No. 21097)
3. **Spur Exhibit C** – Affidavit of Mike Roach, Landman
4. **Spur Exhibit C-1** – Division Order No. 20543
5. **Spur Exhibits C-2** – C-102
6. **Spur Exhibit C-3** – Land/Unit Recap
7. **Spur Exhibit C-4** – Well Proposals/AFE
8. **Spur Exhibit D-1** – Notice Affidavit
9. **Spur Exhibit D-2** – Notice of Publication

# COMPULSORY POOLING APPLICATION CHECKLIST (pdf)

## ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

**Case No. 21097**

**APPLICANT'S RESPONSE**

**Date: March 5, 2020**

Applicant

SEP PERMIAN, LLC

Designated Operator & OGRID (affiliation if applicable)

SEP PERMIAN, LLC (OGRID 338479)

Applicant's Counsel:

Holland & Hart LLP

Case Title:

APPLICATION OF SEP PERMIAN, LLC TO AMEND ORDER NO. R-20543 TO ADD AN ADDITIONAL WELL TO THE APPROVED HORIZONTAL WELL SPACING UNIT, EDDY COUNTY, NEW MEXICO.

Entries of Appearance/Intervenors:

None

Well Family

Shelby wells

### Formation/Pool

Formation Name(s) or Vertical Extent:

Yates Seven Rivers formation

Primary Product (Oil or Gas):

Oil

Pooling this vertical extent:

Yates Seven Rivers formation

Pool Name and Pool Code:

N. Seven Rivers; Glorieta-Yeso Pool (Pool Code 97565)

Well Location Setback Rules:

Statewide oil

Spacing Unit Size:

320 acres

### Spacing Unit

Type (Horizontal/Vertical)

Horizontal

Size (Acres)

320 acres, more or less

Building Blocks:

40-acre

Orientation:

Standup

Description: TRS/County

E/2 of Section 23, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico

Standard Horizontal Well Spacing Unit (Y/N), If No, describe

Yes

### Other Situations

Depth Severance: Y/N. If yes, description

No

Proximity Tracts: If yes, description

None

Proximity Defining Well: if yes, description

N/A

Applicant's Ownership in Each Tract

Yes

### Well(s)

Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)

**BEFORE THE OIL CONSERVATION DIVISION**

Santa Fe, New Mexico

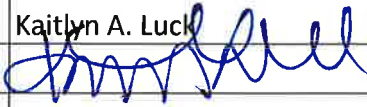
**Exhibit No. A**

Submitted by: **SEP Permian, LLC**

Hearing Date: March 05, 2020

Case No. 21097

Well #1	<p><b>Shelby 23 Well No. 2H</b>, API No. 30-015-46624  SHL:1246 feet from the North line and 1961 feet from the East line, (Unit B) of Section 26, Township 19 South, Range 25 East, NMPM.  BHL:50 feet from the North line and 2250 feet from the East line, (Unit B) of Section 23, Township 19 South, Range 25 East, NMPM.</p> <p>Completion Target: Yates Seven Rivers at approx 2680 feet TVD.  Well Orientation: South to North  Completion Location expected to be:standard</p>
Well #2	<p><b>Shelby 23 Well No. 3H</b>, API No. 30-015-46625  SHL:1235 feet from the North line and 1994 feet from the East line, (Unit B) of Section 26, Township 19 South, Range 25 East, NMPM.  BHL:50 feet from the North line and 1875 feet from the East line, (Unit B) of Section 23, Township 19 South, Range 25 East, NMPM.</p> <p>Completion Target: Yates Seven Rivers at approx 2985 feet TVD.  Well Orientation: South to North  Completion Location expected to be:standard</p>
Well #3	<p><b>Shelby 23 Well No. 4H</b>, API No. 30-015-46626  SHL:858 feet from the North line and 718 feet from the East line, (Unit A) of Section 26, Township 19 South, Range 25 East, NMPM.  BHL:50 feet from the North line and 1125 feet from the East line, (Unit A) of Section 23, Township 19 South, Range 25 East, NMPM.</p> <p>Completion Target: Yates Seven Rivers at approx 2875 feet TVD.  Well Orientation: South to North  Completion Location expected to be:standard</p>
Well #4	<p><b>Shelby 23 Well No. 5H</b>, API No. 30-015-46627  SHL:847 feet from the North line and 702 feet from the East line, (Unit A) of Section 26, Township 19 South, Range 25 East, NMPM.  BHL:50 feet from the North line and 750 feet from the East line, (Unit A) of Section 23, Township 19 South, Range 25 East, NMPM.</p> <p>Completion Target: Yates Seven Rivers at approx 3200 feet TVD.  Well Orientation: South to North  Completion Location expected to be:standard</p>
Well #5	<p><b>Shelby 23 Well No. 6H</b>, API No. 30-015-46628  SHL:836 feet from the North line and 685 feet from the East line, (Unit A) of Section 26, Township 19 South, Range 25 East, NMPM.  BHL:50 feet from the North line and 375 feet from the East line, (Unit A) of Section 23, Township 19 South, Range 25 East, NMPM.</p> <p>Completion Target: Yates Seven Rivers at approx 2725 feet TVD.  Well Orientation: South to North  Completion Location expected to be:standard</p>
Horizontal Well First and Last Take Points	See Exhibit C-2 for the available well information.
Completion Target (Formation, TVD and MD)	See Exhibit C-4 for the well proposals of the wells. This data is also listed above with each well.
<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	See Order No. R-20543
Production Supervision/Month \$	See Order No. R-20543
Justification for Supervision Costs	See Order No. R-20543
Requested Risk Charge	See Order No. R-20543
<b>Notice of Hearing</b>	
Proposed Notice of Hearing	See Application
Proof of Mailed Notice of Hearing (20 days before hearing)	See Exhibit D-1
Proof of Published Notice of Hearing (10 days before hearing)	See Exhibit D-2
<b>Ownership Determination</b>	
Land Ownership Schematic of the Spacing Unit	Exhibit C-3
Tract List (including lease numbers and owners)	Exhibit C-3
Pooled Parties (including ownership type)	Exhibit C-3, D-1
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	

Sample Copy of Proposal Letter	Exhibit C-4
List of Interest Owners (ie Exhibit A of JOA)	Exhibit C-3, D-1
Chronology of Contact with Non-Joined Working Interests	N/A (spacing unit already pooled under Order No. R-20543)
Overhead Rates In Proposal Letter	See Order No. R-20543
Cost Estimate to Drill and Complete	Exhibit C-4
Cost Estimate to Equip Well	Exhibit C-4
Cost Estimate for Production Facilities	Exhibit C-4
<b>Geology</b>	
Summary (including special considerations)	N/A (acreage already pooled under Order No. R-20543)
Spacing Unit Schematic	N/A (acreage already pooled under Order No. R-20543)
Gunbarrel/Lateral Trajectory Schematic	N/A (acreage already pooled under Order No. R-20543)
Well Orientation (with rationale)	N/A (acreage already pooled under Order No. R-20543)
Target Formation	N/A (acreage already pooled under Order No. R-20543)
HSU Cross Section	N/A (acreage already pooled under Order No. R-20543)
Depth Severance Discussion	N/A (acreage already pooled under Order No. R-20543)
<b>Forms, Figures and Tables</b>	
C-102	Exhibit C-2
Tracts	Exhibit C-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit C-3
General Location Map (including basin)	N/A (acreage already pooled under Order No. R-20543)
Well Bore Location Map	N/A (acreage already pooled under Order No. R-20543)
Structure Contour Map - Subsea Depth	N/A (acreage already pooled under Order No. R-20543)
Cross Section Location Map (including wells)	N/A (acreage already pooled under Order No. R-20543)
Cross Section (including Landing Zone)	N/A (acreage already pooled under Order No. R-20543)
<b>Additional Information</b>	
<b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b>	
<b>Printed Name</b> (Attorney or Party Representative):	Kaitlyn A. Luck
<b>Signed Name</b> (Attorney or Party Representative):	
<b>Date:</b>	4-Mar-20

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

**APPLICATION OF SEP PERMIAN, LLC TO  
AMEND ORDER NO. R-20543 TO ADD AN  
ADDITIONAL WELL TO THE APPROVED  
HORIZONTAL WELL SPACING UNIT, EDDY  
COUNTY, NEW MEXICO.**

*Case No. 21097*  
**CASE NO. 20231 (Re-Open)  
ORDER NO. R-20543**

**APPLICATION**

SEP Permian, LLC ("Spur") (OGRID No. 338479), through its undersigned attorneys, hereby files this application with the Oil Conservation Division to amend Order No. R-20543 to add an additional well to the approved horizontal spacing unit. In support of its application, Spur states:

1. Division Order No. R-20543, entered May 17, 2019, in Case No. 20231, created a 320-acre, more or less, standard horizontal oil spacing unit in the N. Seven Rivers; Glorieta-Yeso Pool (Pool Code 97565), comprised of the E/2 of Section 23, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico.

2. The Order dedicated the above-described spacing unit, including the adjacent proximity tracts, to four initial proposed wells:

- The **Shelby 23 No. 2H Well** and the **Shelby 23 No. 3H Well**, which will be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 14 to a standard bottom-hole location in the SW/4 SE/4 (Unit O) of Section 23; and

**BEFORE THE OIL CONSERVATION DIVISION**

Santa Fe, New Mexico

**Exhibit No. B**

Submitted by: **SEP Permian, LLC**

Hearing Date: March 05, 2020

Case No. 21097

- The **Shelby 23 No. 4H Well** and the **Shelby 23 No. 5H Well**, which will be horizontally drilled from a surface location in the SW/4 SE/4 (Unit O) of Section 14 to a standard bottom-hole location in the SE/4 SE/4 (Unit P) of Section 23.

3. Since entry of Order No. R-20543, Spur, as successor operator to Percussion Petroleum, LLC, has determined that prior to the commencement of drilling it is prudent to add the following additional well to the approved spacing unit:

- The **Shelby 23 No. 6H Well**, which will be drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 26 to a standard bottom-hole location in the NE/4 NE/4 (Unit A) of Section 23.

4. Spur has submitted a revised well proposal letter to the mineral owners pooled under Division Order No. R-20543 and will further notify them of this hearing.

WHEREFORE, Spur requests that this application be set for hearing before an Examiner of the Oil Conservation Division on March 5, 2020, and, after notice and hearing as required by law, the Division amend Division Order No. R-20543 to add the well identified herein to the approved horizontal well spacing unit.

Respectfully submitted,

HOLLAND & HART LLP

By: 

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Adam G. Rankin

Julia Broggi

Kaitlyn A. Luck

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**ATTORNEYS FOR SEP PERMIAN, LLC**



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

**APPLICATION OF SEP PERMIAN, LLC TO  
AMEND ORDER NO. R-20543 TO ADD AN  
ADDITIONAL WELL TO THE APPROVED  
HORIZONTAL WELL SPACING UNIT, EDDY  
COUNTY, NEW MEXICO.**

**CASE NO. 21097  
ORDER NO. R-20543**

**AFFIDAVIT OF MIKE ROACH  
IN SUPPORT OF CASE NO. 21097 (ORDER NO. R-20543)**

Mike Roach, of lawful age and being first duly sworn, declares as follows:

1. My name is Mike Roach. I work for Spur Energy Partners, LLC, an affiliate of SEP Permian, LLC, ("Spur") as a Contract Senior Landman.
2. I am familiar with the application filed by Spur in this case and familiar with the status of the lands in the subject area.
3. I do not anticipate any opposition to Spur's requested amendment of Order No. R-20543 in this case and presenting it by affidavit.
4. This case was initially presented to the Division on February 7, 2019.
5. Division Order No. R-20543, entered May 17, 2019, in Case No. 20231, created a 320-acre, more or less, standard horizontal oil spacing unit in the N. Seven Rivers; Glorieta-Yeso Pool (Pool Code 97565), comprised of the E/2 of Section 23, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico. Division Order No. R-20543 is attached as **Spur Exhibit C-1**.
6. The Order dedicated the above-described spacing unit, including the adjacent proximity tracts, to four initial proposed wells: (1) The **Shelby 23 No. 2H Well** (API No. 30-015-

**BEFORE THE OIL CONSERVATION DIVISION**  
Santa Fe, New Mexico  
**Exhibit No. C**  
Submitted by: **SEP Permian, LLC**  
Hearing Date: March 05, 2020  
Case No. 21097

46624), (2) the **Shelby 23 No. 3H Well** (API No. 30-015-46625), (3) the **Shelby 23 No. 4H Well** (API No. 30-015-46626), and (4) the **Shelby 23 No. 5H Well** (API No. 30-015-46627).

7. Spur seeks an order to amend Order No. R-20543 to add an additional well to the approved horizontal spacing unit, and to reflect the changes to its development plans for the four initial wells dedicated to the unit.

8. Since entry of Order No. R-20543, Spur, as successor operator to Percussion Petroleum, LLC, has determined that the currently approved surface locations are outside the proposed unit and that Percussion was never able to reach an agreement with the surface owner for the surface locations approved under Order No. R-20543. Therefore, Spur had to review and revise its development plan for the wells initially dedicated to the unit, which will now be drilled from the following locations:

- The **Shelby 23 No. 2H Well** (API No. 30-015-46624), and the **Shelby 23 No. 3H Well** (API No. 30-015-46625), which will be horizontally drilled from a surface location in the NW/4 NE/4 (Unit B) of Section 26 to a standard bottom-hole location in the NW/4 NE/4 (Unit B) of Section 23; and
- The **Shelby 23 No. 4H Well** (API No. 30-015-46626), and the **Shelby 23 No. 5H Well** (API No. 30-015-46627), which will be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 26 to a standard bottom-hole location in the NE/4 NE/4 (Unit A) of Section 23.

9. Spur has also determined that prior to the commencement of drilling it is prudent to add the following additional well to the approved spacing unit: The **Shelby 23 No. 6H Well** (API No. 30-015-46628), which will be drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 26 to a standard bottom-hole location in the NE/4 NE/4 (Unit A) of Section 23.

10. **Spur Exhibit C-2** are the Form C-102s on file with the Division reflecting the footage locations and the completed interval of the **Shelby 23 Nos. 2H-6H Wells**, and that these wells are located in the N. Seven Rivers; Glorieta-Yeso Pool (Pool Code 97565).

11. The completed intervals of the wells will comply with the Statewide setback requirements for oil wells.

12. Other than the addition of the **Shelby 23 No. 6H Well** and the footage changes to the initial wells, all other provisions of Order No. R-20543 remain unchanged.

13. **Spur Exhibit C-3** contains a plat outlining the pooled unit, identifies the tracts of land comprising the pooled unit, and identifies the mineral interests pooled under Order No. R-20543. There are no depth severances in this Unit.

14. Spur sent a well proposal letter to the working interest owners for each of these proposed initial wells advising that Spur intended to seek amendment to Order No. R-20543. An AFE for the **Shelby 23 No. 6H Well** was included with the well proposal letter. The costs reflected in the AFE are consistent with what other operators have incurred for drilling similar horizontal wells in the area. A copy of the well proposal letter, along with the AFE, is attached as **Spur Exhibit No. C-4**.

15. As provided in Spur Exhibit No. C-4, Spur will provide each pooled working interest owner a new election period following the issuance of an amended pooling order due to the need to add additional well for purposes of batch drilling.

16. Because Division Order No. R-20543 requires drilling be commenced on or before May 31, 2020, Spur simultaneously requests that the timeframe for election, drilling, and completion be extended by the Division in any Order entered in this case. There is no additional

notice requirement related to this extension request because none of the pooled working interest owners have made an election under Order No. R-20543.

17. I provided the law firm of Holland & Hart LLP a list of names and addresses for the parties that were forced pooled under Order No. R-20543. All pooled parties were locatable.

18. **Spur Exhibit Nos. C-1 through C-4** were either prepared by me or compiled under my direction and supervision.

FURTHER AFFIANT SAYETH NOT.

Mike Roach  
MIKE ROACH

STATE OF TEXAS                   )  
  )  
COUNTY OF HARRIS            )

SUBSCRIBED and SWORN to before me this 25<sup>th</sup> day of February 2020, by Mike Roach.

Christine M. Kopasz  
NOTARY PUBLIC

My Commission Expires:

6/24/2021



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

**IN THE MATTER OF THE HEARING CALLED BY  
THE OIL CONSERVATION DIVISION TO  
CONSIDER:**

**CASE NO. 20231  
ORDER NO. R-20543**

**APPLICATION OF PERCUSSION PETROLEUM OPERATING, LLC FOR  
COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.**

**ORDER OF THE DIVISION**

**BY THE DIVISION:**

This case came on for hearing at 8:15 a.m. on February 7, 2019, at Santa Fe, New Mexico, before Examiner Scott A. Dawson.

NOW, on this 17<sup>th</sup> day of May, 2019, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

**FINDS THAT**

(1) Due public notice has been given and the Division has jurisdiction of this case and the subject matter.

(2) Percussion Petroleum Operating, LLC (the "Applicant or Percussion") seeks approval of a standard 320.00-acre (more or less), horizontal spacing unit (the "Unit") in the Yates Seven Rivers formation, N. Seven Rivers; Glorieta-Yeso Pool (Pool code 97565), comprising the E/2 of Section 23, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico. Applicant further seeks an order pooling all uncommitted interests in the Unit for the Yates Seven Rivers formation, N. Seven Rivers; Glorieta-Yeso Pool (Pool code 97565).

(3) The Unit will be dedicated to the following "proposed wells". The completed interval for the proposed wells within the Unit will be standard:

**Shelby 23 Well No. 2H ("2H Well"), API No. 30-015-Pending**

SHL: 680 feet from the South line and 1490 feet from the East line,  
(Unit O) of Section 14, Township 19 South, Range 25 East, NMPM.

BHL: 20 feet from the South line and 1817.4 feet from the East line,  
(Unit O) of Section 23, Township 19 South, Range 25 East, NMPM;

**Shelby 23 Well No. 3H ("3H Well"), API No. 30-015-Pending**

**BEFORE THE OIL CONSERVATION DIVISION**

Santa Fe, New Mexico

**Exhibit No. C1**

Submitted by: **SEP Permian, LLC**

Hearing Date: March 05, 2020

Case No. 21097

SHL: 680 feet from the South line and 1470 feet from the East line,  
(Unit O) of Section 14, Township 19 South, Range 25 East, NMPM.

BHL: 20 feet from the South line and 1392.5 feet from the East line,  
(Unit O) of Section 23, Township 19 South, Range 25 East, NMPM;

**Shelby 23 Well No. 4H ("4H Well"), API No. 30-015-Pending**

SHL: 680 feet from the South line and 1450 feet from the East line,  
(Unit O) of Section 14, Township 19 South, Range 25 East, NMPM.

BHL: 20 feet from the South line and 1242.5 feet from the East line,  
(Unit P) of Section 23, Township 19 South, Range 25 East, NMPM; and

**Shelby 23 Well No. 5H ("5H Well"), API No. 30-015-Pending**

SHL: 680 feet from the South line and 1430 feet from the East line,  
(Unit O) of Section 14, Township 19 South, Range 25 East, NMPM.

BHL: 20 feet from the South line and 767.6 feet from the East line  
(Unit P) of Section 23, Township 19 South, Range 25 East, NMPM.

(4) The proposed wells will be drilled horizontally and completed in the Yates Seven Rivers formation [N. Seven Rivers; Glorieta-Yeso Pool]. Said pool is subject to Division Rule 19.15.15.9(A) NMAC, which provides for standard 40-acre spacing and proration units each comprising a governmental quarter-quarter section.

(5) No other party appeared or otherwise opposed this application.

(6) Applicant appeared through counsel and presented the following land and technical evidence:

- (a) The Yates Sevn Rivers formation in this area is suitable for development by horizontal drilling.
- (b) The proposed orientation of the horizontal well or wells from north to south is appropriate for the Unit.
- (c) Applicant requests that participating tracts be incorporated into the Unit, creating a 320.00-acre (more or less) Unit.
- (d) The first take point for the 2H Well is expected to be 100 feet from the North line and 1826.8 feet from the East line (Unit B) of Section 23, and the final take point is located 100 feet from the South line and 1817.4 feet from the East line (Unit O) of Section 23, Township 19 South, Range 25 East.
- (e) The first take point for the 3H Well is expected to be 100 feet from the North line and 1401.9 feet from the East line (Unit B) of Section 23, and the final take point is located 100 feet from the South line and 1392.5 feet from the East line (Unit O) of Section 23, Township 19 South, Range 25 East.

- (f) The first take point for the 4H Well is expected to be 100 feet from the North line and 1251.9 feet from the East line (Unit A) of Section 23, and the final take point is located 100 feet from the South line and 1242.5 feet from the East line (Unit P) of Section 23, Township 19 South, Range 25 East.
- (g) The first take point for the 5H Well is expected to be 100 feet from the North line and 777 feet from the East line (Unit A) of Section 23, and the final take point is located 100 feet from the South line and 767.6 feet from the East line (Unit P) of Section 23, Township 19 South, Range 25 East
- (h) Incorporating the proximity tracts, the completed interval of the proposed wells will be orthodox
- (i) All quarter-quarter sections to be included in the Unit are expected to be substantially productive in the Yates Seven Rivers formation, so that the Unit as requested will not impair correlative rights.
- (j) Applicant seeks to compulsory pool unleased mineral interest owners and non-participating royalty interest owners.
- (k) Notice by certified mail was provided to all uncommitted interest owners in the proposed Unit whose interests were evidenced by a conveyance instrument, either of record or known to Applicant when the Application was filed, and to heirs known to Applicant of deceased persons who appear as owners in such instruments.
- (l) those potentially affected parties whose whereabouts could not be ascertained were noticed by publication as provided in Rule 19.15.4.12.B NMAC.

The Division Concludes That

(7) The application in this case was filed, and the Well[s] were permitted, on or after the June 26, 2018 date on which amendments to 19.15.16.7 and 19.15.16.15 NMAC (prescribing new spacing rules for horizontal wells) became effective (see Order No. R-14689). Hence the Well[s] must be spaced, permitted and drilled pursuant to 19.15.16.15 NMAC, as amended effective June 26, 2018.

(8) If the location of any of the proposed wells is unorthodox when any of the wells are completed under the spacing rules then in effect and applicable to the well, the operator must obtain a non-standard location approval prior to producing the well.

(9) Two or more separately owned tracts are embraced within the Unit, and/or there are royalty interests and/or undivided interests in oil and gas minerals in one or more tracts included in the Unit that are separately owned.



(10) Applicant is owner of an oil and gas working interest within the Unit. Applicant has the right to drill and proposes to drill the proposed well to a common source of supply within the Unit at the described location.

(11) There are interest owners in the Unit that have not agreed to pool their interests.

(12) Applicant is asking for inclusion of offsetting quarter-quarter section equivalents (proximity tracts) located to the west (W/2 E/2), resulting in a 320.00-acre (more or less) horizontal oil spacing unit, pursuant to Subparagraph (b) of Paragraph (1) of Subsection B of 19.15.16.15 NMAC. Based on the completed interval of the 3H and 4H Wells, the proposed Unit should be allowed.

(13) Applicant should be allowed a one-year period after commencing drilling of the Well(s), provided Applicant shall provide a sundry notice no later than 10 days after the Proposed Well has been drilled that each tract comprising the Unit has been penetrated by one or more wells capable of producing oil or gas. If the Applicant does not meet this requirement, then this Order should be null and void.

(14) To avoid the drilling of unnecessary wells, protect correlative rights, prevent waste and afford to the owner of each interest in the Unit the opportunity to recover or receive without unnecessary expense a just and fair share of hydrocarbons, this application should be approved by pooling all uncommitted interests, whatever they may be, in the oil and gas within the Unit.

(15) Percussion Petroleum Operating, LLC (OGRID 371755) should be designated the operator of the proposed well and the Unit.

(16) Infill wells within the Unit should be subject to Division Rules 19.15.13.9 NMAC through 19.15.13.10 NMAC, and to the terms and conditions of this order.

(17) Any pooled working interest owner who does not pay its share of estimated well costs of any well should have withheld from production from such well its share of reasonable well costs plus an additional 200% thereof as a reasonable charge for the risk involved in drilling the proposed well.

(18) Reasonable charges for supervision (combined fixed rates) should be fixed at \$7000 per month, per well, while drilling and \$700 per month, per well, while producing, provided that these rates should be adjusted annually pursuant to the overhead adjustment provision of the COPAS form titled "*Accounting Procedure-Joint Operations*."

**IT IS THEREFORE ORDERED THAT**

(1) All uncommitted interests, whatever they may be, in the oil and gas within the following described spacing unit ("the Unit") are hereby pooled:

A Horizontal Spacing Unit comprising 320.00 acres (more or less) within the N. Seven Rivers; Glorieta-Yeso Pool (Pool code 97565) and all other pools hereafter defined within the Glorieta-Yeso formations in the E/2 of Section 23, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico.

(2) The Unit shall be dedicated to the following “proposed wells”. The completed interval of the proposed well will be standard:

**Shelby 23 Well No. 2H (“2H Well”), API No. 30-015-Pending**

SHL: 680 feet from the South line and 1490 feet from the East line,  
(Unit O) of Section 14, Township 19 South, Range 25 East, NMPM.  
BHL: 20 feet from the South line and 1817.4 feet from the East line  
(Unit O) of Section 23, Township 19 South, Range 25 East, NMPM.

**Shelby 23 Well No. 3H, API No. 30-015-Pending**

SHL: 680 feet from the South line and 1470 feet from the East line,  
(Unit O) of Section 14, Township 19 South, Range 25 East, NMPM.  
BHL: 20 feet from the South line and 1392.5 feet from the East line  
(Unit O) of Section 23, Township 19 South, Range 25 East, NMPM.

**Shelby 23 Well No. 4H, API No. 30-015-Pending**

SHL: 680 feet from the South line and 1450 feet from the East line,  
(Unit O) of Section 14, Township 19 South, Range 25 East, NMPM.  
BHL: 20 feet from the South line and 1242.5 feet from the East line  
(Unit P) of Section 23, Township 19 South, Range 25 East, NMPM.

**Shelby 23 Well No. 5H, API No. 30-015-Pending**

SHL: 680 feet from the South line and 1430 feet from the East line,  
(Unit O) of Section 14, Township 19 South, Range 25 East, NMPM.  
BHL: 20 feet from the South line and 767.5 feet from the East line  
(Unit P) of Section 23, Township 19 South, Range 25 East, NMPM.

(3) If any of the Well[s] is complete at an unorthodox location under applicable rules in effect at the time such well is completed, the operator shall provide notice and apply administratively for a location exception prior to producing the well.

(4) The operator of the Unit shall commence drilling the proposed well on or before May 31, 2020 and shall thereafter continue drilling the proposed well with due diligence to test the Yates Sevn Rivers formation.

(5) In the event the operator does not commence drilling the proposed well on or before the date provided in the foregoing paragraph, the compulsory pooling provision of this order shall be of no effect, unless the operator obtains a written time extension from the Division Director pursuant to a written request stating its reasons for such extension and attaching satisfactory evidence.

(6) If any of the Well[s] is not completed within one-year commencement of drilling operations pursuant to this order, then the compulsory pooling provisions of this order shall be of no further effect as to such well unless operator obtains a written time extension from the Division Director pursuant to a written request stating its reasons for such extension and attaching satisfactory evidence.

(7) The operator shall provide a copy of any request for extension of time to drill or complete any well filed with the Director pursuant to this order to each pooled working interest owner who has elected to participate in the drilling of any well that is the subject of the request. Such copy shall be sent at the same time the request is sent to the Director.

(8) Upon final plugging and abandonment of the proposed well and any other well drilled on the Unit pursuant to Division Rule 19.15.13.9 NMAC, the pooled Unit shall terminate, unless this Order has been amended to authorize further operations.

(9) Infill wells within the Unit shall be subject to Division Rule 19.15.13.9 NMAC and to the terms and conditions of this order.

(10) Percussion Petroleum Operating, LLC (OGRID 371755) is hereby designated the operator of the proposed wells and the Unit.

(11) After pooling, uncommitted working interest owners are referred to as pooled working interest owners. ("Pooled working interest owners" are owners of working interests in the Unit, including unleased mineral interests, who are not parties to an operating agreement governing the Unit.) After the effective date of this order, the operator shall furnish the Division and each known pooled working interest owner in the Unit a separate itemized schedule of estimated costs of drilling, completing and equipping the proposed well ("well costs").

(12) Within 30 days from its receipt of the schedule of estimated well costs for any well, any pooled working interest owner shall have the right to pay its share of estimated well costs of such well to the operator in lieu of paying its share of reasonable well costs out of production as hereinafter provided, and any such owner who pays its share of estimated well costs as provided above for any well shall remain liable for operating costs but shall not be liable for risk charges for such well. Pooled working interest owners who elect not to pay their share of estimated well costs as provided in this paragraph shall thereafter be referred to as "non-consenting working interest owners."

(13) The operator shall furnish the Division and each known pooled working interest owner (including non-consenting working interest owners) an itemized schedule of actual well costs of each well within 90 days following completion of the proposed well. If no objection to the actual well costs is received by the Division, and the Division has not objected, within 45 days following receipt of the schedule, the actual well costs shall be deemed to be the reasonable well costs. If there is an objection to actual well costs within the 45-day period, the Division will determine reasonable well costs after public notice and hearing.

(14) Within 60 days following determination of reasonable well costs for any well, any pooled working interest owner who has paid its share of estimated costs of such well or wells in advance as provided above shall pay to the operator its share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator the amount, if any, that the estimated well costs it has paid exceed its share of reasonable well costs.

(15) The operator is hereby authorized to withhold the following costs and charges from each non-consenting working interest owner's share of production from each well:

- (a) The proportionate share of reasonable well costs attributable to such interest; and
- (b) As a charge for the risk involved in drilling the well, 200% of the above costs.

(16) The operator shall distribute the costs and charges withheld from production, proportionately, to the parties who advanced the well costs.

(17) Reasonable charges for supervision (combined fixed rates) are hereby fixed at \$7000 per month, per well, while drilling and \$700 per month, per well, while producing, provided that these rates may, at the election of the operator, be adjusted annually pursuant to the overhead adjustment provisions of the COPAS form titled "*Accounting Procedure-Joint Operations*." The operator is authorized to withhold from each pooled working interest owner's share of production from each well the proportionate share of both the supervision charges and the actual expenditures required for operating such well, not more than what are reasonable.

(18) During the cost recovery period, the operator shall furnish to the Division and to each known non-consenting pooled working interest owner, annually, and within 90 days after payout occurs, a schedule of all revenues attributable to each proposed well, and all charges for supervision and operating costs charged against such revenues. Operating costs shall include all reasonable costs incurred for the maintenance and operation of the well, except for "well costs" reported pursuant to requirements herein, that are properly chargeable to the joint account pursuant to COPAS procedures. If no objection to the operating costs is received by the Division, and the Division has not objected, within 45 days following receipt of any schedule, the costs shall be deemed to be the reasonable operating costs. If there is an objection to the accuracy or reasonableness of operating costs reported within the 45-day period, the Division will determine reasonable operating costs after public notice and hearing.

(19) The operator shall distribute the costs and charges withheld from production, proportionately, to the parties who advanced the well costs for such well.

(20) Except as provided above, all proceeds of production from the proposed well that are not disbursed for any reason shall be held for the account of the person or persons entitled thereto pursuant to the Oil and Gas Proceeds Payment Act (NMSA 1978 Sections 70-10-1 through 70-10-6, as amended). If not disbursed, such proceeds shall be turned over to the appropriate

authority as and when required by the Uniform Unclaimed Property Act (NMSA 1978 Sections 7-8A-1 through 7-8A-31, as amended).

(21) Any unleased mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for allocating costs and charges under this Order. Any costs that are to be paid out of production shall be withheld only from the working interests' share of production, and no costs shall be withheld from production attributable to royalty interests.

(22) Should all the parties to this compulsory pooling order reach voluntary agreement after entry of this order, this order shall thereafter be of no further effect.

(23) The operator of the well and the Unit shall notify the Division in writing of the subsequent voluntary agreement of any party subject to the compulsory pooling provisions of this order.

(24) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



S E A L

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

A handwritten signature in blue ink, appearing to read 'ASandoval', written over the printed name.

ADRIENNE SANDOVAL  
Director



**District I**  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
**District II**  
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**District IV**  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department  
**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

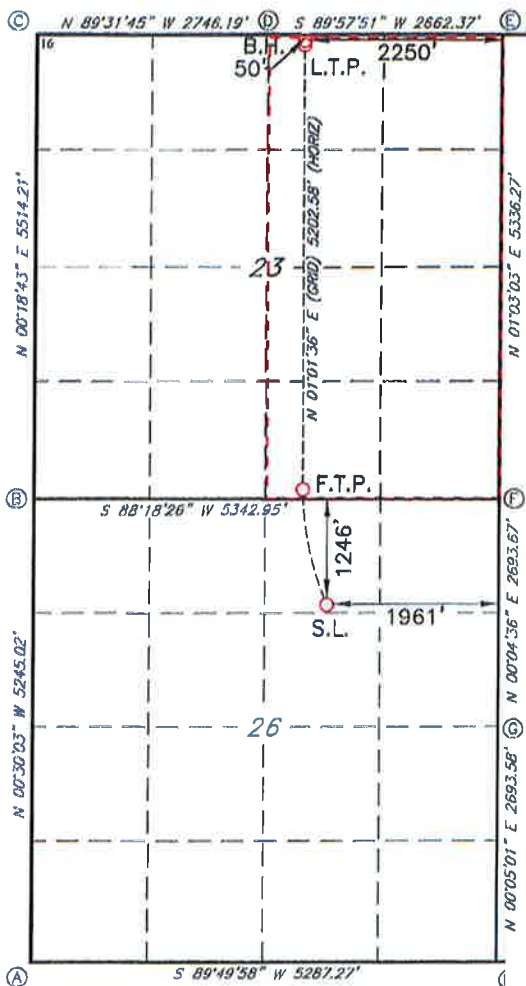
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Revised August 1, 2011  
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District Office

☐ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1 API Number		2 Pool Code 97565		3 Pool Name N. Sevon Energy, Alameda-Yeso	
4 Property Code		5 Property Name SHELBY 23			
7 GRID NO. 32047		8 Operator Name SPUR ENERGY PARTNERS LLC			
		6 Well Number 2H		9 Elevation 3422'	
10 Surface Location					
UL or lot no. B	Section 26	Township 19S	Range 25E	Lot Idn 1246	Feet From the NORTH 1961
				East/West line EAST	County EDDY
11 Bottom Hole Location If Different From Surface					
UL or lot no. B	Section 23	Township 19S	Range 25E	Lot Idn 50	Feet from the NORTH 2250
				East/West line EAST	County EDDY
12 Dedicated Acres 320	13 Joint or Infill I	14 Consolidation Code		15 Order No.	

No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.



**GEODETIC DATA**  
NAD 83 GRID - NM EAST

**SURFACE LOCATION**  
N: 594944.6 - E: 504431.0  
LAT: 32.6354944° N  
LONG: 104.4532253° W

**FIRST TAKE POINT**  
100' FSL 2250' & FEL (Sec. 23)  
N: 596282.5 - E: 504146.9  
LAT: 32.6391711° N  
LONG: 104.4541532° W

**LAST TAKE POINT**  
100' FSL 2250' & FEL (Sec. 23)  
N: 601481.6 - E: 504240.1  
LAT: 32.6534623° N  
LONG: 104.4538669° W

**BOTTOM HOLE**  
N: 601531.8 - E: 504241.0  
LAT: 32.6535998° N  
LONG: 104.4538669° W

**CORNER DATA**  
NAD 83 GRID - NM EAST

A: FOUND 1/2" REBAR  
N: 590847.7 - E: 501100.1

B: FOUND 1/2" REBAR  
N: 596091.2 - E: 501054.3

C: FOUND 6000 NAIL  
N: 601603.9 - E: 501084.3

D: FOUND SPIKE NAIL  
N: 601581.4 - E: 503829.7

E: FOUND 1/2" REBAR  
N: 601583.0 - E: 506491.4

F: FOUND 5/8" REBAR  
N: 596249.0 - E: 506393.5

G: FOUND YPC "PS 12641"  
N: 593556.0 - E: 506389.9

H: FOUND YPC "PS 12641"  
N: 590863.1 - E: 506386.0

**17 OPERATOR CERTIFICATION**

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature: Sarah Chapman 11/7/2020  
Printed Name: Sarah Chapman  
E-mail Address: schapman@spurexllc.com

**18 SURVEYOR CERTIFICATION**

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

12-11-2019

Date of Survey

Signature and Seal of Professional Surveyor

19680

Certificate Number



BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. C2

Submitted by: SEP Permian, LLC

Hearing Date: March 05, 2020

Case No. 21097

RRC-Job No: LS19121144

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District IV  
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Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

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District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name					
		97565		N. Seven Rivers; Aloneta-Yeso					
4 Property Code		5 Property Name						6 Well Number	
		SHELBY 23						3H	
7 GRID NO.		8 Operator Name						9 Elevation	
328947		SPUR ENERGY PARTNERS LLC						3422'	
10 Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	26	19S	25E		1235	NORTH	1944	EAST	EDDY
11 Bottom Hole Location If Different From Surface									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	23	19S	25E		50	NORTH	1875	EAST	EDDY
12 Dedicated Acres		13 Joint or Infill		14 Consolidation Code		15 Order No.			
320		I							

No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.

<p>© N 89°31'45" W 2746.19' (D) S 89°57'51" W 2662.37' (E)</p>		<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature: <u>Jonah Chapman</u> Date: <u>11/9/2020</u> Printed Name: <u>Jonah Chapman</u> E-mail Address: <u>schorman@spurenergyllc.com</u></p>
<p>16</p> <p>N 00°18'43" E 5514.21'</p> <p>23</p> <p>N 01°01'51" E (GRID) 5191.73' (HORZ)</p> <p>1875'</p> <p>L.T.P.</p> <p>50'</p> <p>B.H.</p> <p>1235'</p> <p>F.T.P.</p> <p>1944'</p> <p>S.L.</p> <p>26</p> <p>S 88°18'26" W 5342.95'</p> <p>N 00°30'03" W 5245.02'</p> <p>N 00°05'01" E 2693.58' (C) N 00°04'36" E 2693.67'</p> <p>17</p>		<p>18 SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>12-11-2019 Date of Survey</p> <p>Signature and Seal of Professional Surveyor: <u>Robert M. Howett</u></p> <p>19680 Certificate Number</p>
<p>(A) S 89°49'58" W 5287.27' (H)</p>		<p>GEODETIC DATA NAD 83 GRID - NM EAST</p> <p>SURFACE LOCATION N: 594955.9 - E: 504447.5 LAT: 32.6355255° N LONG: 104.4531717° W</p> <p>FIRST TAKE POINT 100' FSL 1875' &amp; FEL (Sec. 23) N: 598293.6 - E: 504521.7 LAT: 32.6392027° N LONG: 104.4529358° W</p> <p>LAST TAKE POINT 100' FNL 1875' &amp; FEL (Sec. 23) N: 601481.8 - E: 504615.0 LAT: 32.6534641° N LONG: 104.4526515° W</p> <p>BOTTOM HOLE N: 601531.9 - E: 504615.9 LAT: 32.6536016° N LONG: 104.4526487° W</p> <p>CORNER DATA NAD 83 GRID - NM EAST</p> <p>A: FOUND 1/2" REBAR N: 590847.7 - E: 501100.1</p> <p>B: FOUND 1/2" REBAR N: 596091.2 - E: 501054.3</p> <p>C: FOUND 600D NAIL N: 601603.9 - E: 501084.3</p> <p>D: FOUND SPIKE NAIL N: 601581.4 - E: 503829.7</p> <p>E: FOUND 1/2" REBAR N: 601583.0 - E: 506491.4</p> <p>F: FOUND 5/8" REBAR N: 596249.0 - E: 506393.5</p> <p>G: FOUND YPC "PS 12641" N: 593558.0 - E: 506389.9</p> <p>H: FOUND YPC "PS 12641" N: 590863.1 - E: 506386.0</p>

RRC-Job No: LS19121145



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State of New Mexico  
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OIL CONSERVATION DIVISION  
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Santa Fe, NM 87505

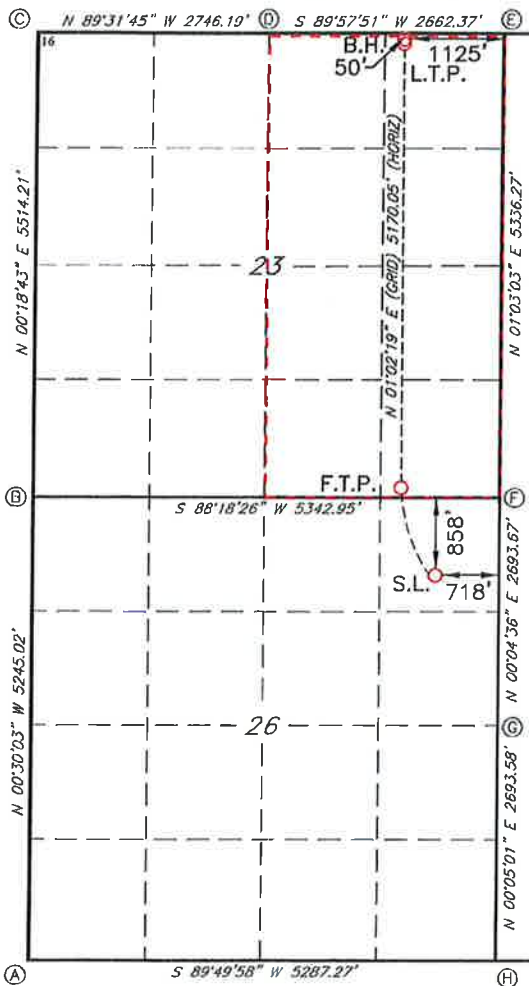
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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code 97565		3 Pool Name N. Senen Arers; filovista-yeso	
4 Property Code		5 Property Name SHELBY 23			6 Well Number 4H
7 GRID NO. 320947		8 Operator Name SPUR ENERGY PARTNERS LLC			9 Elevation 3415'
10 Surface Location					
UL or lot no. A	Section 26	Township 19S	Range 25E	Lot Idn 858	Feet from the NORTH 718
East/West line EAST		County EDDY			
11 Bottom Hole Location If Different From Surface					
UL or lot no. A	Section 23	Township 19S	Range 25E	Lot Idn 50	Feet from the NORTH 1125
East/West line EAST		County EDDY			
12 Dedicated Acres 320		13 Joint or Infill		14 Consolidation Code	
				15 Order No.	

No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.



**GEODETIC DATA**  
NAD 83 GRID - NM EAST

**SURFACE LOCATION**  
N: 595369.7 - E: 505674.1  
LAT: 32.6366667° N  
LONG: 104.4491887° W

**FIRST TAKE POINT**  
100' FSL 1125' & FEL (Sec. 23)  
N: 596315.7 - E: 505271.1  
LAT: 32.6392659° N  
LONG: 104.4505011° W

**LAST TAKE POINT**  
100' FNL 1125' & FEL (Sec. 23)  
N: 601482.3 - E: 505364.8  
LAT: 32.6534677° N  
LONG: 104.4502153° W

**BOTTOM HOLE**  
N: 601532.3 - E: 505365.7  
LAT: 32.6536052° N  
LONG: 104.4502125° W

**CORNER DATA**  
NAD 83 GRID - NM EAST

A: FOUND 1/2" REBAR  
N: 590847.7 - E: 501100.1

B: FOUND 1/2" REBAR  
N: 596091.2 - E: 501054.3

C: FOUND 6000 NAIL  
N: 601603.9 - E: 501084.3

D: FOUND SPIKE NAIL  
N: 601581.4 - E: 503829.7

E: FOUND 1/2" REBAR  
N: 601583.0 - E: 506491.4

F: FOUND 5/8" REBAR  
N: 596249.0 - E: 506393.5

G: FOUND YPC "PS 12641"  
N: 593556.0 - E: 506389.9

H: FOUND YPC "PS 12641"  
N: 590863.1 - E: 506386.0

17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling

under hereinafter entered by the division.

Signature: Sarah Chapman Date: 11/7/2020

Printed Name: Sarah Chapman

E-mail Address: schapman@spur-epc.com

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

12-11-2019

Date of Survey

Signature and Seal of Professional Surveyor

19680

Certificate Number



RRC-Job No: LS19121146



District I  
1625 N. French Dr., Hobbs, NM 88240  
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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code 97565		3 Pool Name N. Senen Kinney; Flovicta - Yero	
4 Property Code		5 Property Name SHELBY 23			6 Well Number 5H
7 GRID NO. 328947		8 Operator Name SPUR ENERGY PARTNERS LLC			9 Elevation 3415'
10 Surface Location					
UL or lot no. A	Section 26	Township 19S	Range 25E	Lot Idn 847	Feet from the NORTH
				Feet From the 702	East/West line EAST
				County EDDY	
11 Bottom Hole Location If Different From Surface					
UL or lot no. A	Section 23	Township 19S	Range 25E	Lot Idn 50	Feet from the NORTH
				Feet from the 750	East/West line EAST
				County EDDY	
12 Dedicated Acres 320	13 Joint or Infill I	14 Consolidation Code		15 Order No.	

No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.

<p>© N 89°31'45" W 2746.19' (D) S 89°57'51" W 2662.37' (E)</p>		<p>16 GEODETIC DATA NAD 83 GRID - NM EAST</p> <p>17 SURFACE LOCATION N: 595380.9 - E: 505690.5 LAT: 32.6366977° N LONG: 104.4491353° W</p> <p>18 FIRST TAKE POINT 100' FSL 750' &amp; FEL (Sec. 23) N: 596326.8 - E: 505645.9 LAT: 32.6392975° N LONG: 104.4492837° W</p> <p>19 LAST TAKE POINT 100' FNL 750' &amp; FEL (Sec. 23) N: 601482.5 - E: 505739.7 LAT: 32.6534695° N LONG: 104.4489971° W</p> <p>20 BOTTOM HOLE N: 601532.8 - E: 505740.6 LAT: 32.6536070° N LONG: 104.4489943° W</p> <p>21 CORNER DATA NAD 83 GRID - NM EAST</p> <p>A: FOUND 1/2" REBAR N: 590847.7 - E: 501100.1</p> <p>B: FOUND 1/2" REBAR N: 596091.2 - E: 601054.3</p> <p>C: FOUND 600D NAIL N: 601603.9 - E: 501084.3</p> <p>D: FOUND SPIKE NAIL N: 601581.4 - E: 503829.7</p> <p>E: FOUND 1/2" REBAR N: 601583.0 - E: 506491.4</p> <p>F: FOUND 5/8" REBAR N: 596249.0 - E: 506393.5</p> <p>G: FOUND YPC "PS 12641" N: 593556.0 - E: 506389.9</p> <p>H: FOUND YPC "PS 12641" N: 590863.1 - E: 506386.0</p>	<p>17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Sarah Chapman 11/9/2020 Signature Date Sarah Chapman Printed Name schapman@spureplc.com E-mail Address</p> <p>18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>12-11-2019 Date of Survey</p> <p>Signature and Seal of Professional Surveyor ROBERT M. HOWETT NEW MEXICO 19680 19680 Certificate Number</p>
--	--	--	--

RRC-Job No: LS19121147

District I  
1625 N. French Dr., Hobbs, NM 88240  
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District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

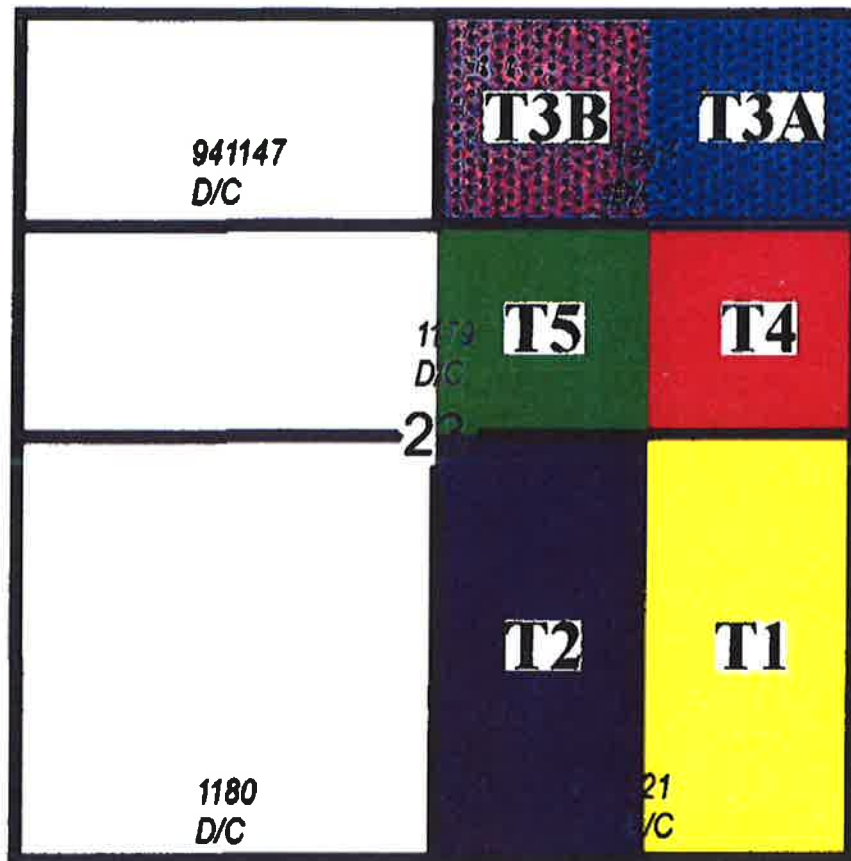
<sup>1</sup> API Number		<sup>2</sup> Pool Code 97565		<sup>3</sup> Pool Name N. Seven Rivers; Aloneta-Yero					
<sup>4</sup> Property Code		<sup>5</sup> Property Name SHELBY 23						<sup>6</sup> Well Number 6H	
<sup>7</sup> GRID NO. 328947		<sup>8</sup> Operator Name SPUR ENERGY PARTNERS LLC						<sup>9</sup> Elevation 3415'	
<sup>10</sup> Surface Location									
UL or lot no. A	Section 26	Township 19S	Range 25E	Lot Idn	Feet from the 836	North/South line NORTH	Feet from the 685	East/West line EAST	County EDDY
<sup>11</sup> Bottom Hole Location If Different From Surface									
UL or lot no. A	Section 23	Township 19S	Range 25E	Lot Idn	Feet from the 50	North/South line NORTH	Feet from the 375	East/West line EAST	County EDDY
<sup>12</sup> Dedicated Acres 320		<sup>13</sup> Joint or Infill I		<sup>14</sup> Consolidation Code		<sup>15</sup> Order No.			

No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.

<p>© N 89°31'45" W 2746.19' (D) S 89°57'51" W 2662.37' (E)</p> <p>© N 00°18'43" E 5514.21' (B) S 88°18'26" W 5342.95' (F) N 01°02'48" E (GRID) 5,148.36' (HORIZ) N 01°02'03" E 5336.27' (H) S 89°49'58" W 5287.27' (A) N 00°30'03" W 5245.02' (G) N 00°04'36" E 2693.67' (C) N 00°05'01" E 2693.58' (H)</p>	<p><b>17 OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Sarah Chapman</i> 1/9/2020 Signature Date <i>Sarah Chapman</i> Printed Name s.chapman@spurxllc.com E-mail Address</p>
	<p><b>18 SURVEYOR CERTIFICATION</b> I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>12-11-2019 Date of Survey Signature and Seal of Professional Surveyor 19680 Certificate Number</p> <p>RR- Job No: LS19121148</p>

**Spur Energy Partners LLC**  
**March 5, 2020**

**JOINT OPERATING AGREEMENTS (JOAs) PLAT\***  
**E½ of Section 23, Township 19 South, Range 25 East, N.M.P.M.**



**November 2013 JOA**  
**Affects: Tract 3**

\*Plat approximates actual Tract locations.

**BEFORE THE OIL CONSERVATION DIVISION**  
Santa Fe, New Mexico  
**Exhibit No. C3**  
Submitted by: **SEP Permian, LLC**  
Hearing Date: March 05, 2020  
Case No. 21097

Tract Breakdown for Proposed Spacing Unit for E/2 of Section 23, T19S, R25E, Eddy County, NM									
Tract No. 1: E/2SE/4 of Sec 23 (80.84 acres of land)									
Surface to 3.231'	SEP Permian LLC	Interest	1 WI JOA	Type of Interest	1 WI JOA	Surface to 3.231'	SEP Permian LLC	Interest	1 WI JOA
Tract No. 2: West 94.4 acres of East 174.4 acres of S/2 Sec. 23 (80.04 acres of land)									
Tract 3A: NE/4NE/4 Sec. 23 (40.00 acres of land)									
Surface to 3.231'	SEP Permian LLC	Interest	0.696533 WI JOA	Type of Interest	0.696533 WI JOA	Surface to 3.231'	SEP Permian LLC	Interest	0.97222222 WI JOA
	Empire Energy, LLC		0.026733 UMI JOA		0.026733 UMI JOA		Mark C. McShurley **		0.00925926 UMI JOA
	New State Gas, LLC		0.026733 UMI JOA		0.026733 UMI JOA		Michael D. McShurley		0.00925926 UMI JOA
	Marshall & Winston, Inc.		0.25 UMI JOA		0.25 UMI JOA		Suzanne Landre **		0.00925926 UMI JOA
Tract 4: SE/4NE/4 Sec. 23 (40.00 acres of land)									
Surface to 3.231'	SEP Permian LLC	Interest	0.97222222 WI JOA	Type of Interest	0.97222222 WI JOA	Surface to 3.231'	SEP Permian LLC	Interest	0.75 WI JOA
	Mark C. McShurley **		0.00925926 UMI JOA		0.00925926 UMI JOA		MRC		0.25 UMI JOA
	Michael D. McShurley		0.00925926 UMI JOA		0.00925926 UMI JOA				
	Suzanne Landre **		0.00925926 UMI JOA		0.00925926 UMI JOA				
Tract 5: SW/4NE/4 Sec. 23 (40.00 acres of land)									
Surface to 3.231'	SEP Permian LLC	Interest	0.75 WI JOA	Type of Interest	0.75 WI JOA	Surface to 3.231'	SEP Permian LLC	Interest	0.75 WI JOA
	MRC		0.25 UMI JOA		0.25 UMI JOA				
MRC presently deciding whether to participate or not.									
Legend:									
Surface to 3.231' Leasehold W/O with JOA covering part of spacing unit									
Released MIO with JOA covering part of spacing unit									
Released MIO with no JOA									
Parties who have not responded to proposals									
Note JOA's submitted for E/2 Sec. 23 - Contractual area									
Pooled parties highlighted									
Tract 3B: NW/4NE/4 Sec. 23 (40.00 acres of land)									
Surface to 3.231'	SEP Permian LLC	Interest	0.953125 WI JOA	Type of Interest	0.953125 WI JOA	Surface to 3.231'	SEP Permian LLC	Interest	0.953125 WI JOA
	Empire Energy, LLC		0.023438 UMI JOA		0.023438 UMI JOA				
	New State Gas, LLC		0.023438 UMI JOA		0.023438 UMI JOA				



*Sent Certified Mail, Return Receipt Requested*

December 6, 2019

Marshall and Winston, Inc.  
C/O: Omar Sanchez, Land Manager  
P.O. Box 50880  
Midland, TX 79710-0880

RE: Notice of Intent to Amend Compulsory Pooling Order R-20543  
Shelby 23 Unit Update  
E/2 Section 23, T19S, R25E  
Eddy County, New Mexico

Dear Working Interest owner;

SEP Permian LLC ("SEP") is the successor operator to Percussion Petroleum, LLC ("Percussion") by an Assignment, Bill of Sale, Deed and Conveyance, effective March 1, 2019, filed June 24, 2019 in Eddy County, NM County Clerk's Office in Book 1124, Page 918.

Under the terms of the JOA dated November 12, 2018 covering the existing lands described you elected to participate in Shelby 23 Nos. 2H, 3H, 4H, and 5H well(s) at depths to test the Yezo Formation. SEP's subsurface and engineering teams have evaluated the original Shelby Unit development plans proposed by Percussion and believe it is prudent to add an additional well to the development plan. Interest not subject to the referenced JOA has been forced pooled; however, the current Order R-20543 limits the initial drilling program to a four (4) well(s), the Shelby 23 Nos. 2H, 3H, 4H, and 5H.

The purpose of this letter is to provide you notice of SEP's intent to file an application with the OCD to amend Order R-20543 to allow an additional well (the Shelby 23 No. 6H) at the location and depth noted on the enclosure. Upon the anticipated approval from the NMOCD SEP will submit well elections for the following well:

**Shelby 6H well – Horizontal Yezo Well, Eddy County, NM**

- Proposed Surface Hole Location – 750' FEL & 750' FNL, Section 26, T19S-R25E
- Proposed Bottom Hole Location – 375' FEL & 50' FNL, Section 23, T19S-R25E
- TVD: 3025'

SEP intends to drill and complete the five (5) wells in the early part of 2020 and in the event you elect to participate in drilling this additional Well, it will be governed under the terms and conditions of the original JOA dated November 12, 2018.

If you have any questions, please contact me at 832-930-8632 or [v-mroach@spurepllc.com](mailto:v-mroach@spurepllc.com).

Regards,

Mike Roach, CPL  
Contract Landman

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. C4  
Submitted by: SEP Permian, LLC  
Hearing Date: March 05, 2020  
Case No. 21097



District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
District II  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department  
**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

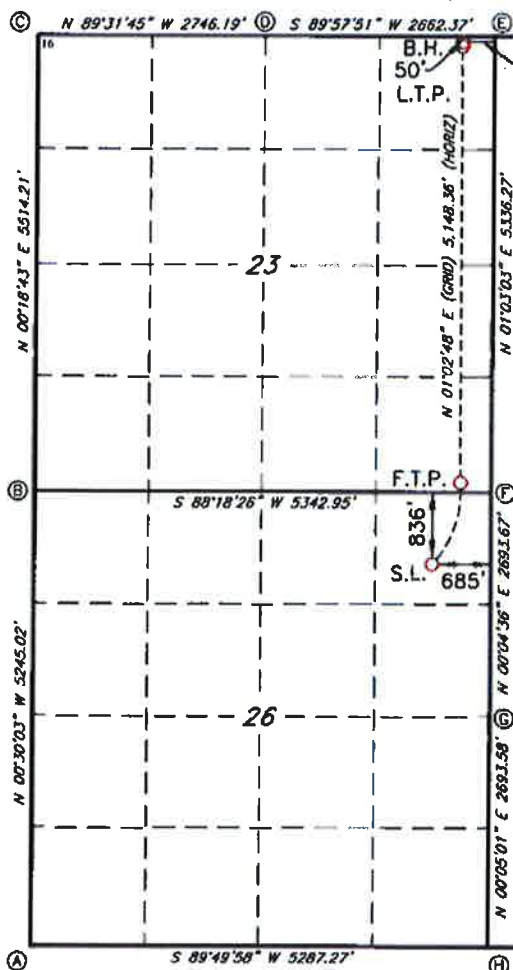
Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

☐ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1 API Number		2 Pool Code		3 Pool Name					
4 Property Code		5 Property Name <b>SHELBY 23</b>						6 Well Number <b>6H</b>	
7 GRID NO		8 Operator Name <b>SPUR ENERGY PARTNERS LLC</b>						9 Elevation <b>3415'</b>	
10 Surface Location									
UL or lot no. <b>A</b>	Section <b>26</b>	Township <b>19S</b>	Range <b>25E</b>	Lot Idn	Feet from the <b>836</b>	North/South line <b>NORTH</b>	Feet from the <b>685</b>	East/West line <b>EAST</b>	County <b>EDDY</b>
11 Bottom Hole Location If Different From Surface									
UL or lot no. <b>A</b>	Section <b>23</b>	Township <b>19S</b>	Range <b>25E</b>	Lot Idn	Feet from the <b>50</b>	North/South line <b>NORTH</b>	Feet from the <b>375</b>	East/West line <b>EAST</b>	County <b>EDDY</b>
12 Dedicated Acres		13 Joint or Infill		14 Consolidation Code		15 Order No.			

No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.



**GEODETIC DATA**  
NAD 83 GRID - NM EAST

**SURFACE LOCATION**  
N: 595382.2 - E: 505707.1  
LAT: 32.6387288° N  
LONG: 104.4490816° W

**FIRST TAKE POINT**  
100' FSL 375' & FEL (Sec. 23)  
N: 596337.9 - E: 506020.6  
LAT: 32.6393290° N  
LONG: 104.4480554° W

**LAST TAKE POINT**  
100' FSL 375' & FEL (Sec. 23)  
N: 601482.8 - E: 506114.6  
LAT: 32.6534712° N  
LONG: 104.4477790° W

**BOTTOM HOLE**  
N: 601532.8 - E: 506115.5  
LAT: 32.6536087° N  
LONG: 104.4477762° W

**CORNER DATA**  
NAD 83 GRID - NM EAST

A: FOUND 1/2" REBAR  
N: 590847.7 - E: 501100.1

B: FOUND 1/2" REBAR  
N: 598091.2 - E: 501054.3

C: FOUND 600D NAIL  
N: 601603.9 - E: 501084.3

D: FOUND SPIKE NAIL  
N: 601581.4 - E: 503829.7

E: FOUND 1/2" REBAR  
N: 601583.0 - E: 506491.4

F: FOUND 5/8" REBAR  
N: 598249.0 - E: 506393.5

G: FOUND YPC "PS 12641"  
N: 593556.0 - E: 506389.9

H: FOUND YPC "PS 12641"  
N: 590863.1 - E: 506386.0

**17 OPERATOR CERTIFICATION**

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature \_\_\_\_\_ Date \_\_\_\_\_  
Printed Name \_\_\_\_\_  
E-mail Address \_\_\_\_\_

**18 SURVEYOR CERTIFICATION**

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

**12-11-2019**

Date of Survey

Signature and Seal of Professional Surveyor

**19680**  
Certificate Number

RRC-Job No: LS19121148

**SEP Permian LLC**  
**AUTHORITY FOR EXPENDITURE**

AFE NO.: D20077		COMPANY
AFE DESC: SHELBY 6H		DIVISION
DATE: 01/07/2020	OPERATOR:	
AFE TYPE: DRILL COMPLETE AND EQUIP	102 - SEP PERMIAN,	
GROSS/NET: G	LLC	

DETAIL OF EXPENDITURES	DRYHOLE	COMPLETION	EQUIP-TIE	SUPPLEMENT	TOTAL	ACTUAL
LOCATION/DAMAGES-LAND		6,000.00	0.00		6,000.00	
TOTAL:		6,000.00	0.00		6,000.00	
TITLE WORK/OPINIONS - LAND		85,600.00	0.00		85,600.00	
TOTAL:		85,600.00	0.00		85,600.00	
DAMAGES/ROW - LAND		80,000.00	0.00		80,000.00	
TOTAL:		80,000.00	0.00		80,000.00	
DRILLING RENTALS: SURFACE		50,000.00	0.00		50,000.00	
TOTAL:		50,000.00	0.00		50,000.00	
DRILLING RENTALS: SUBSURFACE		27,000.00	0.00		27,000.00	
TOTAL:		27,000.00	0.00		27,000.00	
DRILL MUD & COMPL FLUID		30,000.00	0.00		30,000.00	
TOTAL:		30,000.00	0.00		30,000.00	
WELLSITE SUPERVISION		30,000.00	0.00		30,000.00	
TOTAL:		30,000.00	0.00		30,000.00	
GROUND TRANSPORT		15,000.00	0.00		15,000.00	
TOTAL:		15,000.00	0.00		15,000.00	
CONTRACT DRILLING (DAY RATE/TUF		150,000.00	0.00		150,000.00	
TOTAL:		150,000.00	0.00		150,000.00	
DIRECTIONAL TOOLS AND SERVICES		85,000.00	0.00		85,000.00	
TOTAL:		85,000.00	0.00		85,000.00	
FLUID & CUTTINGS DISPOSAL		75,000.00	0.00		75,000.00	
TOTAL:		75,000.00	0.00		75,000.00	
FRAC TANK RENTALS		1,000.00	0.00		1,000.00	
TOTAL:		1,000.00	0.00		1,000.00	
BITS		35,000.00	0.00		35,000.00	
TOTAL:		35,000.00	0.00		35,000.00	
CONTINGENCIES		81,800.00	0.00		81,800.00	
TOTAL:		81,800.00	0.00		81,800.00	
FUEL, WATER & LUBE		30,000.00	0.00		30,000.00	
TOTAL:		30,000.00	0.00		30,000.00	
CEMENT		90,000.00	0.00		90,000.00	
TOTAL:		90,000.00	0.00		90,000.00	
CASING CREWS AND LAYDOWN SERV		30,000.00	0.00		30,000.00	
TOTAL:		30,000.00	0.00		30,000.00	
MUD LOGGER		10,000.00	0.00		10,000.00	
TOTAL:		10,000.00	0.00		10,000.00	
MOB/DEMOB RIG		50,000.00	0.00		50,000.00	
TOTAL:		50,000.00	0.00		50,000.00	
VACUUM TRUCKING		15,000.00	0.00		15,000.00	
TOTAL:		15,000.00	0.00		15,000.00	
DRILLPIPE INSPECTION		10,000.00	0.00		10,000.00	
TOTAL:		10,000.00	0.00		10,000.00	
CONTRACT LABOR/SERVICES		35,000.00	0.00		35,000.00	
TOTAL:		35,000.00	0.00		35,000.00	
SURFACE CASING		22,815.00	0.00		22,815.00	
TOTAL:		22,815.00	0.00		22,815.00	
PRODUCTION/LINER CASING		120,000.00	0.00		120,000.00	
TOTAL:		120,000.00	0.00		120,000.00	
CONDUCTOR PIPE		25,000.00	0.00		25,000.00	
TOTAL:		25,000.00	0.00		25,000.00	
WELLHEAD		10,000.00	0.00		10,000.00	
TOTAL:		10,000.00	0.00		10,000.00	
LINER HANGER/CASING ACCESSORY		15,000.00	0.00		15,000.00	
TOTAL:		15,000.00	0.00		15,000.00	
EQUIP RENT		140,000.00	0.00		140,000.00	
TOTAL:		140,000.00	0.00		140,000.00	
DRILL MUD & COMPL FLUID		240,000.00	0.00		240,000.00	

**SEP Permian LLC**  
**AUTHORITY FOR EXPENDITURE**

AFE NO.: D20077		COMPANY	
AFE DESC: SHELBY 6H		DIVISION	
DATE: 01/07/2020		OPERATOR:	
AFE TYPE: DRILL COMPLETE AND EQUIP		102 - SEP PERMIAN,	
GROSS/NET: G		LLC	
<b>TOTAL:</b>	<b>240,000.00</b>	<b>0.00</b>	<b>240,000.00</b>
WELLSITE SUPERVISION	40,000.00	0.00	40,000.00
<b>TOTAL:</b>	<b>40,000.00</b>	<b>0.00</b>	<b>40,000.00</b>
GROUND TRANSPORT	10,000.00	0.00	10,000.00
<b>TOTAL:</b>	<b>10,000.00</b>	<b>0.00</b>	<b>10,000.00</b>
CASED HOLE WIRELINE	180,000.00	0.00	180,000.00
<b>TOTAL:</b>	<b>180,000.00</b>	<b>0.00</b>	<b>180,000.00</b>
FRAC/FLUID SW DISPOSAL	10,000.00	0.00	10,000.00
<b>TOTAL:</b>	<b>10,000.00</b>	<b>0.00</b>	<b>10,000.00</b>
FRAC TANK RENTALS	10,000.00	0.00	10,000.00
<b>TOTAL:</b>	<b>10,000.00</b>	<b>0.00</b>	<b>10,000.00</b>
FLOWBACK	50,000.00	0.00	50,000.00
<b>TOTAL:</b>	<b>50,000.00</b>	<b>0.00</b>	<b>50,000.00</b>
CONTINGENCIES	120,000.00	0.00	120,000.00
<b>TOTAL:</b>	<b>120,000.00</b>	<b>0.00</b>	<b>120,000.00</b>
SPECIALIZED SERVICE	30,000.00	0.00	30,000.00
<b>TOTAL:</b>	<b>30,000.00</b>	<b>0.00</b>	<b>30,000.00</b>
STIMULATION AND PUMPING SERVIC	680,000.00	0.00	680,000.00
<b>TOTAL:</b>	<b>680,000.00</b>	<b>0.00</b>	<b>680,000.00</b>
FUEL, WATER & LUBE	160,000.00	0.00	160,000.00
<b>TOTAL:</b>	<b>160,000.00</b>	<b>0.00</b>	<b>160,000.00</b>
COMPLETION/WORKOVER (RIG)	50,000.00	0.00	50,000.00
<b>TOTAL:</b>	<b>50,000.00</b>	<b>0.00</b>	<b>50,000.00</b>
CONTRACT LABOR/SERVICES	50,000.00	0.00	50,000.00
<b>TOTAL:</b>	<b>50,000.00</b>	<b>0.00</b>	<b>50,000.00</b>
SITE PREPARATION	5,000.00	0.00	5,000.00
<b>TOTAL:</b>	<b>5,000.00</b>	<b>0.00</b>	<b>5,000.00</b>
EQUIPMENT RENTALS	7,500.00	0.00	7,500.00
<b>TOTAL:</b>	<b>7,500.00</b>	<b>0.00</b>	<b>7,500.00</b>
FREIGHT & HANDLING	15,000.00	0.00	15,000.00
<b>TOTAL:</b>	<b>15,000.00</b>	<b>0.00</b>	<b>15,000.00</b>
INSTALLATION & LABOR EXPENSES (I	10,000.00	0.00	10,000.00
<b>TOTAL:</b>	<b>10,000.00</b>	<b>0.00</b>	<b>10,000.00</b>
BATTERY CONSTRUCTION LABOR	25,000.00	0.00	25,000.00
<b>TOTAL:</b>	<b>25,000.00</b>	<b>0.00</b>	<b>25,000.00</b>
PIPELINE LABOR	7,500.00	0.00	7,500.00
<b>TOTAL:</b>	<b>7,500.00</b>	<b>0.00</b>	<b>7,500.00</b>
TUBING	60,000.00	0.00	60,000.00
<b>TOTAL:</b>	<b>60,000.00</b>	<b>0.00</b>	<b>60,000.00</b>
TUBING HEAD/XMAS TREE	20,000.00	0.00	20,000.00
<b>TOTAL:</b>	<b>20,000.00</b>	<b>0.00</b>	<b>20,000.00</b>
PUMPING & LIFTING EQUIP	50,000.00	0.00	50,000.00
<b>TOTAL:</b>	<b>50,000.00</b>	<b>0.00</b>	<b>50,000.00</b>
SEP, DEHY, TREATERS, HEAT EXCHA	65,000.00	0.00	65,000.00
<b>TOTAL:</b>	<b>65,000.00</b>	<b>0.00</b>	<b>65,000.00</b>
ELECTRICAL	20,000.00	0.00	20,000.00
<b>TOTAL:</b>	<b>20,000.00</b>	<b>0.00</b>	<b>20,000.00</b>
MEASUREMENT EQUIP	20,000.00	0.00	20,000.00
<b>TOTAL:</b>	<b>20,000.00</b>	<b>0.00</b>	<b>20,000.00</b>
AUTOMATION EQUIP	15,000.00	0.00	15,000.00
<b>TOTAL:</b>	<b>15,000.00</b>	<b>0.00</b>	<b>15,000.00</b>
LEASE AND FLOW LINES	7,500.00	0.00	7,500.00
<b>TOTAL:</b>	<b>7,500.00</b>	<b>0.00</b>	<b>7,500.00</b>
MISC FITTINGS & SUPPLIES	10,000.00	0.00	10,000.00
<b>TOTAL:</b>	<b>10,000.00</b>	<b>0.00</b>	<b>10,000.00</b>
SWD PUMPS & EQUIPMENT	10,000.00	0.00	10,000.00
<b>TOTAL:</b>	<b>10,000.00</b>	<b>0.00</b>	<b>10,000.00</b>
PUMP & FILTERS	2,500.00	0.00	2,500.00



**SEP Permian LLC**  
**AUTHORITY FOR EXPENDITURE**

AFE NO.: D20077		COMPANY		
AFE DESC: SHELBY 6H		DIVISION		
DATE: 01/07/2020		OPERATOR:		
AFE TYPE: DRILL COMPLETE AND EQUIP		102 - SEP PERMIAN,		
GROSS/NET: G		LLC		
TOTAL:		2,500.00	0.00	2,500.00
MISC FACILITY COSTS		10,000.00	0.00	10,000.00
TOTAL:		10,000.00	0.00	10,000.00
TANKS (OIL & WATER)		60,000.00	0.00	60,000.00
TOTAL:		60,000.00	0.00	60,000.00
CONTAINMENT		10,000.00	0.00	10,000.00
TOTAL:		10,000.00	0.00	10,000.00
TOTAL THIS AFE:		3,414,215.00	0.00	3,414,215.00

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

**APPLICATION OF SEP PERMIAN, LLC TO  
AMEND ORDER NO. R-20543 TO ADD AN  
ADDITIONAL WELL TO THE APPROVED  
HORIZONTAL WELL SPACING UNIT, EDDY  
COUNTY, NEW MEXICO.**

**CASE NO. 21097  
ORDER NO. R-20543**

**AFFIDAVIT**

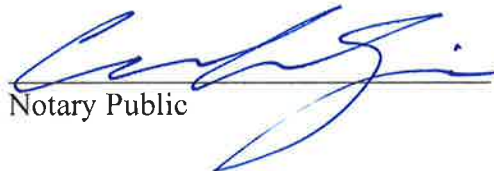
STATE OF NEW MEXICO   )  
  ) ss.  
COUNTY OF SANTA FE   )

Kaitlyn A. Luck, attorney in fact and authorized representative of SEP Permian, LLC., the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Application has been provided under the notice letters and proof of receipts attached hereto.



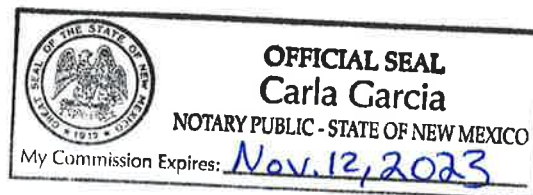
Kaitlyn A. Luck

SUBSCRIBED AND SWORN to before me this 4th day of March, 2020 by Kaitlyn A. Luck.

  
Notary Public

My Commission

Expires: Nov. 12, 2023



**BEFORE THE OIL CONSERVATION DIVISION**  
Santa Fe, New Mexico  
**Exhibit No. D1**  
Submitted by: **SEP Permian, LLC**  
Hearing Date: March 05, 2020  
Case No. 21097

**HOLLAND & HART**



**Adam G. Rankin**

**Phone** (505) 988-4421

**Fax** (505) 983-6043

agrarkin@hollandhart.com

February 11, 2020

**VIA CERTIFIED MAIL**  
**CERTIFIED RECEIPT REQUESTED**

**TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS**

**Re: Application of SEP Permian, LLC to Amend Order No. R-20543 to Add Additional Wells to the Approved Horizontal Well Spacing Unit, Eddy County, New Mexico.**  
**Shelby 23 Nos. 2H, 3H, 4H, 5H, and 6H Wells**

Ladies & Gentlemen:

This letter is to advise you that SEP Permian, LLC has filed the enclosed application with the New Mexico Oil Conservation Division. This application will be set for hearing before a Division Examiner at 8:15 a.m. on March 5, 2020, and the status of the hearing can be monitored through the Division's website at <http://www.emnrd.state.nm.us/ocd/>. Division hearings will commence at 8:15 a.m. in Porter Hall at the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B to file a Pre-hearing Statement four business days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter, please contact Mike Roach at (832) 930-8632 or [v-mroach@spurellc.com](mailto:v-mroach@spurellc.com).

Sincerely,

Adam G. Rankin

**ATTORNEY FOR SEP PERMIAN, LLC**

Tracking Number	Recipient	Status
9214890194038306179143	Empire Energy LLC Attn: Susan M Hinkle 70 Riverside Dr Roswell NM 88201	Delivered Signature Received
9214890194038306179150	New State Gas LLC Attn: Rosemary Hinkle 33530 Tiderunner Avenue Millsboro DE 19966	In-Transit
9214890194038306179167	Marshall & Winston Inc PO BOX 50880 Midland TX 79710-0880	Delivered Signature Received
9214890194038306179174	Mark C McShurley 2927 Freezeland Road Linden VA 22642-5302	Delivered Signature Received
9214890194038306179181	Mark C McShurley 211 S Royal Ave Front Royal VA 22630-3205	Delivered Signature Received
9214890194038306179198	Michael D McShurley 493 Inca Road Linden VA 22642-5863	In-Transit
9214890194038306179204	Suzanne Landre 1431 Willow Brook CV Apt 1431-6 St Louis MO 63146	Delivered Signature Received
9214890194038306179211	MRC Permian Company Attn: David Johns One Lincoln Centre 5400 LBJ Fwy Suite 1500 Dallas TX 75240	Delivered Signature Received
9214890194038306179228	DEBCO LLC 106 Flowing Spring Trail Spicewood TX 78669	In-Transit
9214890194038306179235	Tierra Oil Company PO BOX 700968 San Antonio TX 78270	In-Transit
9214890194038306179242	William S Allison 10 E Independence Shawnee OK 74801	In-Transit
9214890194038306179259	A R Mersiovsky 5008 Belle Grove Court Midland TX 79705	Return To Sender
9214890194038306179266	Heirs of C H Chambers aka Clifton Harold Chambers 2 Stonebrook Brownwood TX 76801	Return To Sender
9214890194038306179273	Flyntt Chancellor 400 W Illinois Suite 1600 Midland TX 79701	Return To Sender
9214890194038306179280	Bobby M Gleason 904 Country Club Midland TX 79710	Delivered Signature Received
9214890194038306179297	Heirs of Burton P Crain C/O: Jack L Crain Jr 1665 Country Meadow Lane Santa Fe TX 77517-3705	Delivered Signature Received
9214890194038306179303	Cascade Acquisition Partners PO BOX 7849 Dallas TX 75209	Delivered Signature Received
9214890194038306179310	Nearburg Producing Company fbo Nearburg Producing Co Employee Fund PO BOX 823085 Dallas TX 75382-3085	Delivered Signature Received
9214890194038306179327	The Neill Blackmar LP (C/O: DEBCO LLC) 106 Flowing Spring Trail Spicewood TX 78669	Return To Sender
9214890194038306179334	Justin Nine 4425 98th St Suite 200 Lubbock TX 79424	Delivered Signature Received
9214890194038306179341	Dylan Carter 2909 112th Street Lubbock TX 79423	Delivered Signature Received
9214890194038306179358	Ross Duncan Properties LLC PO BOX 647 Artesia NM 88211	Delivered Signature Received
9214890194038306179365	Olli Energy LLC 3001 W Loop Suite C-105 PMB 320 Midland TX 79705	Delivered Signature Received
9214890194038306179372	Tanna Energy Partners LP 5014 Bluebird Branch Court Midland TX 79705	In-Transit
9214890194038306179389	Featherstone Development Corp P O 429 Roswell NM 88201-1709	Delivered Signature Received
9214890194038306179396	Alliance Land & Minerals LLC PO BOX 1040 Carlsbad NM 88221	Return To Sender
9214890194038306179402	Yates Petroleum Corporation 105 S Fourth St Artesia NM 88210	Return To Sender



## Shipment Confirmation Acceptance Notice

### A. Mailer Action

**Note to Mailer:** The labels and volume associated to this form online, **must** match the labeled packages being presented to the USPS® employee with this form.

SEP - Shelby 2H-6H

Case No. 21097

CM# 106336.0001

Shipment Date: 02/11/2020

Shipped From:

Name: HOLLAND & HART LLP (1)

Address: 110 N GUADALUPE ST # 1

City: SANTA FE

State: NM ZIP+4® 87501

Type of Mail	Volume
Priority Mail Express®	
Priority Mail®	0
First-Class Package Service®	
Returns	
International*	
Other	27
Total	27

\*Start time for products with service guarantees will begin when mail arrives at the local Post Office™ and items receive individual processing and acceptance scans.

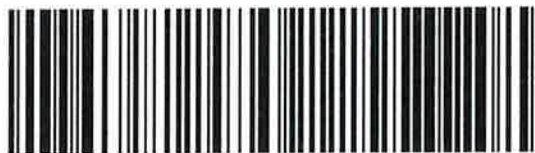
### B. USPS Action

Note to RSS Clerk:

1. Home screen > Mailing/Shipping > More
2. Select Shipment Confirm
3. Scan or enter the barcode/label number from PS Form 5630
4. Confirm the volume count message by selecting Yes or No
5. Select Pay and End Visit to complete transaction

USPS EMPLOYEE: Please scan upon pickup or receipt of mail.  
Leave form with customer or in customer's mail receptacle.

USPS SCAN AT ACCEPTANCE



9275 0901 1935 6200 0020 2060 23



*OR*



Firm Mailing Book For Accountable Mail

Name and Address of Sender  
Holland & Hart LLP (1)  
110 N Guadalupe St # 1  
Santa Fe NM 87501

Check type of mail or service  
☐ Adult Signature Required  
☐ Adult Signature Restricted Delivery  
☒ Certified Mail  
☐ Certified Mail Restricted Delivery  
☐ Collect on Delivery (COD)  
☐ Insured Mail  
☐ Priority Mail  
☐ Priority Mail Express  
☐ Registered Mail  
☐ Return Receipt for Merchandise  
☐ Signature Confirmation  
☐ Signature Confirmation Restricted Delivery

Affix Stamp Here  
(if issued as an international  
certificate of mailing or for  
additional copies of this receipt).  
Postmark with Date of Receipt.

USPS Tracking/Article Number	Addressee (Name, Street, City, State, & ZIP Code™)	Postage	(Extra Service) Fee	Handling Charge	Actual Value if Registered	Insured Value	Due Sender if COD	ASR Fee	ASRD Fee	RD Fee	RR Fee	SC Fee	SCRD Fee	SH Fee
1. 9214 8901 9403 8306 1791 43	Empire Energy LLC Attn: Susan M Hinkle 70 Riverside Dr Roswell NM 88201	0.50	3.55								1.70			
2. 9214 8901 9403 8306 1791 50	New State Gas LLC Attn: Rosemary Hinkle 33530 Tidewater Avenue Millsboro DE 19966	0.50	3.55								1.70			
3. 9214 8901 9403 8306 1791 67	Marshall & Winston Inc PO BOX 50980 Midland TX 79710-0980	0.50	3.55								1.70			
4. 9214 8901 9403 8306 1791 74	Mark C McShurley 2927 Freezeland Road Linden VA 22642-5302	0.50	3.55								1.70			
5. 9214 8901 9403 8306 1791 81	Mark C McShurley 211 S Royal Ave Front Royal VA 22630-3205	0.50	3.55								1.70			
6. 9214 8901 9403 8306 1791 98	Michael D McShurley 483 Inca Road Linden VA 22642-5883	0.50	3.55								1.70			
7. 9214 8901 9403 8306 1792 04	Suzanne Landre 1431 Willow Brook CV Apt 1431-6 St Louis MO 63146	0.50	3.55								1.70			
8. 9214 8901 9403 8306 1792 11	MRC Permian Company Attn: David Johns One Lincoln Centre S400 LBJ FWY Sullia 1500 Dallas TX 75240	0.50	3.55								1.70			

Postmaster, Per (Name of receiving employee)

Total Number of Pieces Listed by Sender  
27

Total Number of Pieces Received at Post Office



Firm Mailing Book For Accountable Mail

Name and Address of Sender		Check type of mail or service		Affix Stamp Here (if issued as an international certificate of mailing or for additional copies of this receipt). Postmark with Date of Receipt.										
		<input type="checkbox"/> Adult Signature Required	<input type="checkbox"/> Priority Mail Express	<input type="checkbox"/> Adult Signature Restricted Delivery		<input type="checkbox"/> Registered Mail	<input type="checkbox"/> Certified Mail	<input type="checkbox"/> Return Receipt for Merchandise	<input type="checkbox"/> Certified Mail Restricted Delivery	<input type="checkbox"/> Collect on Delivery (COD)	<input type="checkbox"/> Signature Confirmation	<input type="checkbox"/> Insured Mail	<input type="checkbox"/> Signature Confirmation Restricted Delivery	<input type="checkbox"/> Priority Mail
USPS Tracking/Article Number		Addressee (Name, Street, City, State, & ZIP Code™)												
		Postage	(Extra Service) Fee	Handling Charge	Actual Value if Registered	Insured Value	Due Sender if COD	ASR Fee	ASRD Fee	RD Fee	RR Fee	SC Fee	SCRD Fee	SH Fee
9.	9214 8901 9403 8306 1792 28	0.50	3.55								1.70			
10.	9214 8901 9403 8306 1792 35	0.50	3.55								1.70			
11.	9214 8901 9403 8306 1792 42	0.50	3.55								1.70			
12.	9214 8901 9403 8306 1792 59	0.50	3.55								1.70			
13.	9214 8901 9403 8306 1792 66	0.50	3.55								1.70			
14.	9214 8901 9403 8306 1792 73	0.50	3.55								1.70			
15.	9214 8901 9403 8306 1792 80	0.50	3.55								1.70			
16.	9214 8901 9403 8306 1792 97	0.50	3.55								1.70			
Total Number of Pieces Listed by Sender		Postmaster, Per (Name of receiving employee)												
27														
Total Number of Pieces Received at Post Office														



Firm Mailing Book For Accountable Mail

Name and Address of Sender Holland & Hart LLP (1) 110 N Guadalupe St # 1 Santa Fe NM 87501		Check type of mail or service <input type="checkbox"/> Adult Signature Required <input type="checkbox"/> Adult Signature Restricted Delivery <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Collect on Delivery (COD) <input type="checkbox"/> Insured Mail <input type="checkbox"/> Priority Mail <input type="checkbox"/> Priority Mail Express <input type="checkbox"/> Registered Mail <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Signature Confirmation <input type="checkbox"/> Signature Confirmation Restricted Delivery		Affix Stamp Here (if issued as an international certificate of mailing or for additional copies of this receipt). Postmark with Date of Receipt.												
USPS Tracking/Article Number		Addressee (Name, Street, City, State, & ZIP Code™)		Postage	(Extra Service) Fee	Handling Charge	Actual Value if Registered	Insured Value	Due Sender if COD	ASR Fee	ASRD Fee	RD Fee	RR Fee	SC Fee	SCRD Fee	SH Fee
17. 9214 8901 9403 8306 1793 03		Cascade Acquisition Partners PO BOX 7949 Dallas TX 75209		0.50	3.55								1.70			
18. 9214 8901 9403 8306 1793 10		Nearburg Producing Company lbo Nearburg Producing Co Employee Fund PO BOX 823085 Dallas TX 75382-3085		0.50	3.55								1.70			
19. 9214 8901 9403 8306 1793 27		The Neil Blackmar LP (C/O: DEBCO LLC) 106 Flowing Spring Trail Spicewood TX 78669		0.50	3.55								1.70			
20. 9214 8901 9403 8306 1793 34		Justin Nine 4425 98th St Suite 200 Lubbock TX 79424		0.50	3.55								1.70			
21. 9214 8901 9403 8306 1793 41		Dylan Carter 2809 112th Street Lubbock TX 79423		0.50	3.55								1.70			
22. 9214 8901 9403 8306 1793 58		Rose Duncan Properties LLC PO BOX 647 Artesia NM 88211		0.50	3.55								1.70			
23. 9214 8901 9403 8306 1793 65		Olli Energy LLC 3001 W Loop Suite C-105 PMB 320 Midland TX 79705		0.50	3.55								1.70			
24. 9214 8901 9403 8306 1793 72		Tanna Energy Partners LP 5014 Bluebird Branch Court Midland TX 79705		0.50	3.55								1.70			

Total Number of Pieces Listed by Sender 27	Total Number of Pieces Received at Post Office	Postmaster, Per (Name of receiving employee)
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Name and Address of Sender

Holland & Hart LLP (1)  
110 N Guadalupe St # 1  
Santa Fe NM 87501

Check type of mail or service

- |  |  |   |
|--|--|---|
| <input type="checkbox"/> Adult Signature Required            | <input type="checkbox"/> Adult Signature Restricted Delivery | <input type="checkbox"/> Priority Mail Express                      |
| <input type="checkbox"/> Adult Signature Restricted Delivery | <input type="checkbox"/> Certified Mail                      | <input type="checkbox"/> Registered Mail                            |
| <input checked="" type="checkbox"/> Certified Mail           | <input type="checkbox"/> Certified Mail Restricted Delivery  | <input type="checkbox"/> Return Receipt for Merchandise             |
| <input type="checkbox"/> Collect on Delivery (COD)           | <input type="checkbox"/> Insured Mail                        | <input type="checkbox"/> Signature Confirmation                     |
| <input type="checkbox"/> Priority Mail                       |  | <input type="checkbox"/> Signature Confirmation Restricted Delivery |

**Affix Stamp Here**  
*(if issued as an international  
certificate of mailing or for  
additional copies of this receipt).*  
**Postmark with Date of Receipt.**

[illegible]

Total Number of Pieces Listed by Sender	Total Number of Pieces Received at Post Office
27	

Postmaster, Per (Name of receiving employee)

# Carlsbad Current Argus.

PART OF THE USA TODAY NETWORK

## Affidavit of Publication

Ad # 0004061188

This is not an invoice

HOLLAND & HART  
POBOX 2208


SANTA FE, NM 87504

I, a legal clerk of the **Carlsbad Current Argus**, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

February 18, 2020

  
Legal Clerk

Subscribed and sworn before me this February 18, 2020:

  
State of WI, County of Brown  
NOTARY PUBLIC

8-25-23

My commission expires

SHELLY HORA  
Notary Public  
State of Wisconsin

Ad # 0004061188

PO #: Shelby 23 No. 2H-6H  
# of Affidavits 1

This is not an invoice

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

The State of New Mexico, Energy Minerals and Natural Resources Department, Oil Conservation Division ("Division") hereby gives notice that the Division will hold a public hearing before a hearing examiner on March 5, 2020, 8:15 a.m., in Porter Hall, 1st Floor, Wendell Chino Building, 1220 South St. Francis, Santa Fe, New Mexico. The docket may be viewed electronically on the Division's website, <http://www.emnrd.state.nm.us/OCD/hearings.html> or obtained from Florene Davidson, OCD Clerk, at (505) 476-3458. Documents filed in the case may be viewed at <http://ocdimage.emnrd.state.nm.us/imaging/CaseFileCriteria.aspx>. If you are an individual with a disability who needs a reader, amplifier, qualified sign language interpreter, or other form of auxiliary aid or service to attend or participate in the hearing, contact Florene Davidson, OCD Clerk, at (505) 476-3458, or at the New Mexico Relay Network, 1-800-659-1779, no later than February 24, 2020.

STATE OF NEW MEXICO TO:

All named parties and persons having any right, title, interest or claim in the following case and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

To: All overriding royalty interest owners and pooled parties, including: Empire Energy, LLC; New State Gas, LLC; Marshall & Winston, Inc.; Mark C. McShurley, his heirs and devisees; Michael D. McShurley, his heirs and devisees; Suzanne Landre, her heirs and retirees; MRC Permian Company; DEBCO, LLC; Tierra Oil Company; William S. Allison, his heirs and devisees; A. R. Mersiovsky, his heirs and devisees; Heirs and devisees of C.H. Chambers aka Clifton Harold Chambers; Flyntt Chancellor, his heirs and devisees; Bobby M. Gleason, his heirs and devisees; Heirs and devisees of Burton P. Crain C/O: Jack L. Crain, Jr.; Cascade Acquisition Partners; Nearburg Producing Company, fbo Nearburg Producing Co. Employee Fund; The Nell Blackmar LP (C/O: DEBCO, LLC); Justin Nine, his heirs and devisees; Dylan Carter, his heirs and devisees; Ross Duncan Properties, LLC; Olii Energy, LLC; Tanna Energy Partners, LP; Featherstone Development Corp.; and Alliance Land & Minerals, LLC.

Case No. 21097: Application of SEP Permian, LLC to Amend Order No. R-20543 to Add Additional Wells to the Approved Horizontal Well Spacing Unit, Eddy County, New Mexico. Applicant in the above-styled cause seeks to amend Division Order No. R-20543 to add an additional well to the approved horizontal spacing unit to be dedicated to the 320-acre, more or less, standard horizontal oil spacing unit in the N. Seven Rivers; Glorieta-Yeso Pool (Pool Code 97565), comprised of the E/2 of Section 23, Township 19 South, Range 25 East, NMMP, Eddy County, New Mexico. The spacing unit will now be dedicated to the following five wells:

- The Shelby 23 No. 2H Well and the Shelby 23 No. 3H Well will now be horizontally drilled from a surface location in the NW/4 NE/4 (Unit B) of Section 26 to a standard bottom-hole location in the NW/4 NE/4 (Unit B) of Section 23;
- The Shelby 23 No. 4H Well and the Shelby 23 No. 5H Well will now be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 26 to a standard bottom-hole location in the NE/4 NE/4 (Unit A) of Section 23; and
- The Shelby 23 No. 6H Well, which will be drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 26 to a standard bottom-hole location in the NE/4 NE/4 (Unit A) of Section 23. Said area is located approximately 8.5 miles southwest of Atoka, New Mexico.

#4061188 Carlsbad Current Argus, February 18, 2020

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. D2

Submitted by: SEP Permian, LLC

Hearing Date: March 05, 2020

Case No. 21097