

BEFORE THE OIL CONSERVATION DIVISION  
EXAMINER HEARING

SPC Resources, LLC

Case Nos.

21257-21258

Hearing Date

05/14/2020

Barney 5-6 B3 #3H

Barney 5-6 B3 #4H

Barney 5-6 WCXY #4H

Barney 5-6 WCD #4H

Eddy County, New Mexico

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

**APPLICATION OF SPC RESOURCES, LLC  
TO POOL ADDITIONAL INTEREST  
OWNERS UNDER THE TERMS OF  
ORDER NO. R-21104, EDDY COUNTY,  
NEW MEXICO.**

**APPLICATION OF SPC RESOURCES, LLC  
TO POOL ADDITIONAL INTEREST  
OWNERS UNDER THE TERMS OF  
ORDER NO. R-21123, EDDY COUNTY,  
NEW MEXICO.**

**CASE NOS. 21257 & 21258  
(ORDER NOS. R-21104 & 21123)**

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

**APPLICATION OF SPC RESOURCES, LLC  
TO POOL ADDITIONAL INTEREST  
OWNERS UNDER THE TERMS OF  
ORDER NO. R-21104, EDDY COUNTY,  
NEW MEXICO.**

**CASE NO. \_\_\_\_\_  
ORDER NO. R-21104**

**APPLICATION**

SPC Resources, LLC ("Applicant") (OGRID No. 372262), through its undersigned attorneys, hereby files this application with the Oil Conservation Division to pool additional interest owners under the terms of Order No. R-21104. In support of its application, Applicant states:

1. Division Order No. R-21104, entered on February 13, 2020, in Case No. 20860, created a 473.59-acre, more or less, horizontal well spacing unit consisting of the SW/4 of irregular Section 5, and Lots 6-7, the E/2 SW/4, and the SE/4 (S/2 equivalent) of irregular Section 6, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico (the "Unit"), and designated Applicant as the operator of the Unit. Order No. R-21104 further pooled the uncommitted interests in the Bone Spring formation (Esperanza; Bone Spring Pool (Pool Code 97755)) in the Unit and dedicated the Unit to the following initial wells: (1) the **Barney 5-6 B3 #3H well**, to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 5 to a bottom-hole location in the NW/4 SW/4 (Lot 6) of Section 6; and (2) the **Barney 5-6 B3 #4H well**, to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 5 to bottom-hole location in the SW/4 SW/4 (Lot 7) of Section 6.

**BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. A  
Submitted by: SPC Resources, LLC  
Hearing Date: May 14, 2020  
Case Nos. 21257-21258**

2. Since the entry of Order No. R-21104, Applicant has determined that there are additional mineral interest owners in the Unit who were not provided notice of the November 14, 2019, compulsory pooling hearing in Case No. 20860, and as a result, whose interests were not pooled by the terms of Order No. R-21104.

4. The pooling of the additional mineral interest owners under the terms of Order No. R-21104 will prevent waste, will protect correlative rights, and will promote administrative efficiency.


5. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the additional interest owners should be pooled in the Unit pursuant to the terms of Order No. R-21104.

6. In order to provide proper notice to these additional interest owners and to bring their interests under the terms of Order No. R-21104, Applicant requests that this case called for hearing at the next available examiner docket.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on May 14, 2020, and after notice and hearing as required by law, the Division pool the additional interest owners pursuant to the terms of Order No. R-21104.

Respectfully submitted,

HOLLAND & HART LLP

By:  \_\_\_\_\_

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**ATTORNEYS FOR SPC RESOURCES, LLC**

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

**APPLICATION OF SPC RESOURCES, LLC  
TO POOL ADDITIONAL INTEREST  
OWNERS UNDER THE TERMS OF  
ORDER NO. R-21104, EDDY COUNTY,  
NEW MEXICO.**

**CASE NO. \_\_\_\_\_  
ORDER NO. R-21123**

**APPLICATION**

SPC Resources, LLC ("Applicant") (OGRID No. 372262), through its undersigned attorneys, hereby files this application with the Oil Conservation Division to pool additional interest owners under the terms of Order No. R-21123. In support of its application, Applicant states:

1. Division Order No. R-21123, entered on February 17, 2020, in Case No. 20858, created a 473.59-acre, more or less, horizontal well spacing unit consisting of the SW/4 of irregular Section 5, and Lots 6-7, the E/2 SW/4, and the SE/4 (S/2 equivalent) of irregular Section 6, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico (the "Unit"), and designated Applicant as the operator of the Unit. Order No. R-21123 further pooled the uncommitted interests in the Wolfcamp formation (Purple Sage; Wolfcamp Pool (Pool Code 98220)) in the Unit and dedicated the Unit to the following initial wells: (1) the **Barney 5-6 WCXY #4H well**, and (2) the **Barney 5-6 WCD #4H well**, both are to be horizontally drilled from a common surface location in the SE/4 SW/4 (Unit N) of Section 5 to bottom-hole locations in the SW/4 SW/4 (Lot 7) of Section 6.

2. Since the entry of Order No. R-21123, Applicant has determined that there are additional interest owners in the Unit who were not provided notice of the November 14,

**BEFORE THE OIL CONSERVATION DIVISION**  
Santa Fe, New Mexico  
**Exhibit No. B**  
Submitted by: **SPC Resources, LLC**  
Hearing Date: May 14, 2020  
Case Nos. 21257-21258

2019, compulsory pooling hearing in Case No. 20858, and as a result, whose interests were not pooled by the terms of Order No. R-21123.

4. The pooling of the additional interest owners under the terms of Order No. R-21123 will prevent waste, will protect correlative rights, and will promote administrative efficiency.

5. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the additional interest owners should be pooled in the Unit pursuant to the terms of Order No. R-21123.

6. In order to provide proper notice to these additional interest owners and to bring their interests under the terms of Order No. R-21123, Applicant requests that this case called for hearing at the next available examiner docket.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on May 14, 2020, and after notice and hearing as required by law, the Division pool the additional interest owners pursuant to the terms of Order No. R-21123.

Respectfully submitted,

HOLLAND & HART LLP

By:  \_\_\_\_\_

Michael H. Feldewert

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**ATTORNEYS FOR SPC RESOURCES, LLC**



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

**APPLICATION OF SPC RESOURCES, LLC  
TO POOL ADDITIONAL INTEREST  
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**APPLICATION OF SPC RESOURCES, LLC  
TO POOL ADDITIONAL INTEREST  
OWNERS UNDER THE TERMS OF  
ORDER NO. R-21123, EDDY COUNTY,  
NEW MEXICO.**

**CASE NOS. 21257 & 21258  
(ORDER NOS. R-21104 & 21123)**

**AFFIDAVIT OF COLLEEN BRADLEY  
IN SUPPORT OF CASE NOS. 21257 & 21258**

Colleen Bradley, of lawful age and being first duly sworn, declares as follows:

1. My name is Colleen Bradley. I work for Santo Petroleum LLC, an affiliate of SPC Resources, LLC ("SPC"), a Landman.
2. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum land matter. My credentials as a petroleum landman have been accepted by the Division and made a matter of record.
3. I am familiar with the applications filed by SPC in these cases, and I am familiar with the status of the lands in the subject areas.
4. I do not anticipate any opposition to these consolidated cases or the presentation of these cases by affidavit.

**Case No. 21257**

5. Division Order No. R-21104, entered on February 13, 2020, in Case No. 20860, created a 473.59-acre, more or less, horizontal well spacing unit consisting of the SW/4 of irregular

SPC Resources, LLC

**Exhibit No. C**

Hearing Date: May 14, 2020

**Case Nos. 21257 & 21258**

Section 5, and Lots 6-7, the E/2 SW/4, and the SE/4 (S/2 equivalent) of irregular Section 6, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico (the "Unit"), and designated SPC as the operator of the Unit.

6. Order No. R-21104 further pooled the uncommitted interests in the Bone Spring formation (Esperanza; Bone Spring Pool (Pool Code 97755)) in the Unit and dedicated the Unit to the following initial wells: (1) the **Barney 5-6 B3 #3H well**, to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 5 to a bottom-hole location in the NW/4 SW/4 (Lot 6) of Section 6; and (2) the **Barney 5-6 B3 #4H well**, to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 5 to bottom-hole location in the SW/4 SW/4 (Lot 7) of Section 6.

7. A true and correct copy of Division Order No. R-21104 is attached hereto as **SPC Exhibit C-1**.

8. Since the entry of Order No. R-21104, SPC has discovered additional leased mineral interest owners in the Unit that need to be pooled. **SPC Exhibit C-2** reflects the locations of the leased mineral interests that SPC seeks to pool with hatched lines across the subject tracts. SPC respectfully requests that these additional leased mineral interest owners be pooled pursuant to the terms of the Order No. R-21104.

**Case No. 21258**

9. Division Order No. R-21123, entered on February 17, 2020, in Case No. 20858, created a 473.59-acre, more or less, horizontal well spacing unit consisting of the SW/4 of irregular Section 5, and Lots 6-7, the E/2 SW/4, and the SE/4 (S/2 equivalent) of irregular Section 6, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico (the "Unit"), and designated SPC as the operator of the Unit.

10. Order No. R-21123 further pooled the uncommitted interests in the Wolfcamp formation (Purple Sage; Wolfcamp Pool (Pool Code 98220)) in the Unit and dedicated the Unit to the following initial wells: (1) the **Barney 5-6 WCXY #4H well**, and (2) the **Barney 5-6 WCD #4H well**, both are to be horizontally drilled from a common surface location in the SE/4 SW/4 (Unit N) of Section 5 to bottom-hole locations in the SW/4 SW/4 (Lot 7) of Section 6.

11. A true and correct copy of Division Order No. R-21123 is attached hereto as **SPC Exhibit C-3**.

12. Since the entry of Order No. R-21123, SPC has discovered additional leased mineral interest owners in the Unit that need to be pooled. **SPC Exhibit C-4** reflects the locations of the leased mineral interests that SPC seeks to pool with hatched lines across the subject tracts. SPC respectfully requests that these additional leased mineral interest owners be pooled pursuant to the terms of the Order No. R-21123.

13. SPC sent a letter to each of the additional leased mineral interest owners in these consolidated cases advising them of SPC's intent to include their interests under the terms of Division Order Nos. 21104 and 21123. A copy of the letters is attached hereto as **SPC Exhibit C-5**.

14. **SPC Exhibit C-6** identifies the names and addresses of each leased mineral interest owner to be pooled under the terms of Division Order Nos. 21104 and 21123. **SPC Exhibit C-6** also provides the tracking information for the letters providing notice of this hearing to the leased mineral interest owners to be pooled in these cases.

15. **SPC Exhibit C-7** is a copy of the letter providing notice of this hearing that SPC sent by certified mail to each of the leased mineral interest owners in these cases.


16. SPC Exhibit C-8 is an Affidavit of Publication reflecting that SPC caused notice of this hearing to be published at least ten (10) business days before this hearing in the newspaper of general circulation in Eddy County.

17. SPC Exhibits C-1 through C-8 were either prepared by me or compiled under my direction and supervision.

FURTHER AFFIANT SAYETH NOT.

  
COLLEEN BRADLEY

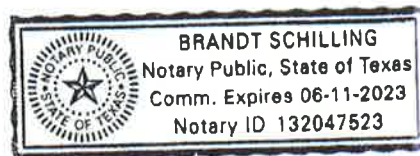
STATE OF Texas )  
COUNTY OF Lubbock )

SUBSCRIBED and SWORN to before me this 07 day of May, 2020 by  
 Colleen Bradley.

  
NOTARY PUBLIC

My Commission Expires:

06/11/2023



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

**IN THE MATTER OF APPLICATION FOR  
COMPULSORY POOLING SUBMITTED BY  
SPC RESOURCES, LLC**

**CASE NO. 20860  
ORDER NO. R-21104**

**ORDER**

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on November 14, 2019, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

**FINDINGS OF FACT**

1. SPC Resources, LLC ("Operator") submitted an application ("Application") to compulsory pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

**SPC Resources, LLC  
Exhibit No. C-1  
Hearing Date: May 14, 2020  
Case Nos. 21257 & 21258**

### CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
10. Operator has the right to drill the Well(s) to a common source of supply at the described depth(s) and location(s) in the Unit.
11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

### ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the Surface Location or Bottom Hole Location of a well is changed from the location described in Exhibit A, Operator shall submit an amended Exhibit A, which the Division shall append to this Order.
19. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location before commencing production of the well.
20. The Operator shall commence drilling the initial well within one (1) year after the date of this Order; and (b) for an infill well, no later than thirty (30) days after completion of the well.

CASE NO. 20860  
ORDER NO. R-21104

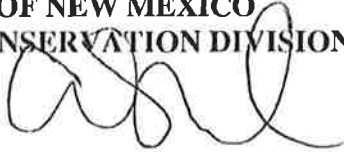
21. Operator shall comply with the infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC.
22. This Order shall terminate automatically if Operator fails to comply with Paragraphs 20 or 21.
23. Operator shall submit to OCD and each owner of a working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs") no later than: (a) for an initial well, no later than thirty (30) days after the date of this Order; (b) for an infill well proposed by Operator, no later than (30) days after the later of the initial notice period pursuant to 19.15.13.10(B) NMAC or the extension granted by the OCD Director pursuant 19.15.13.10(D) NMAC; or (c) for an infill well proposed by an owner of a Pooled Working Interest, no later than thirty (30) days after expiration of the last action required by 19.15.13.11 NMAC.
24. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."
25. No later than within one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to OCD and each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
26. No later than sixty (60) days after the later of the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.

27. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
28. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to OCD and each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
29. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
30. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to OCD and each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*



34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

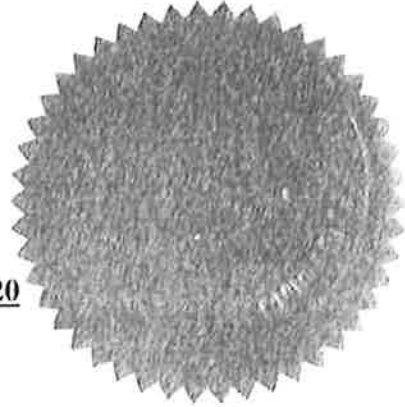
**STATE OF NEW MEXICO**  
**OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL**  
**DIRECTOR**

AS/jag

**Date: February 13, 2020**



CASE NO. 20860  
ORDER NO. R-21104

**Exhibit "A"**

Applicant: SPC Resources, LLC  
Operator: SPC Resources, LLC (OGRID 372262)

Spacing Unit: Horizontal Oil  
Building Blocks: quarter-quarter section equivalents  
Spacing Unit Size: 473.59 acres (more or less)  
Orientation of Unit: East/West

**Spacing Unit Description:**

SW/4 of irregular Section 5, and Lots 6-7, the E/2 SW/4, and the SE/4 (S/2 equivalent) of irregular Section 6, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico.

Pooling this Vertical Extent: Bone Spring Formation  
Depth Severance? (Yes/No): No

Pool: Esperanza; Bone Spring (Pool code 97755)  
Pool Spacing Unit Size: quarter-quarter sections  
Governing Well Setbacks: Horizontal Oil Well Rules  
Pool Rules: Latest Horizontal Rules Apply.

Proximity Tracts: Yes  
Proximity Defining Well: Well No. 3H is to be drilled closer than 330 feet from the Proximity Tracts and therefore defines the Horizontal Spacing Unit.

Monthly charge for supervision: While drilling: \$8000 While producing: \$800  
As the charge for risk, 200 percent of reasonable well costs.

**Proposed Wells:**

**Barney 5-6 B3 Well No. 3H, API No. 30-015-Pending**

SHL: 790 feet from the South line and 2265 feet from the West line,  
(Unit N) of Section 5, Township 22 South, Range 27 East, NMPM.

BHL: 1640 feet from the South line and 50 feet from the West line,  
(Lot 6) of Section 6, Township 22 South, Range 27 East, NMPM.

Completion Target: 3rd Bone Spring Sand at approx. 8540 feet TVD.

Well Orientation: East to West

Completion Location expected to be: standard

**Barney 5-6 B3 Well No. 4H, API No. 30-015-Pending**

SHL: 750 feet from the South line and 2265 feet from the West line,  
(Unit N) of Section 5, Township 22 South, Range 27 East, NMPM.

BHL: 330 feet from the South line and 50 feet from the West line,

CASE NO. 20860  
ORDER NO. R-21104

(Lot 7) of Section 6, Township 22 South, Range 27 East, NMPM.

Completion Target: 3rd Bone Spring Sand at approx. 8540 feet TVD.

Well Orientation: East to West

Completion Location expected to be: standard

CASE NO. 20860  
ORDER NO. R-21104

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T21S-R26E T21S-R27E  
T22S-R26E T22S-R27E



**SANTO**

**Barney (S-6)**  
**Bone Springs Unit Map**  
Eddy County, New Mexico  
May 14, 2020

**LEGEND:**  
Barney (S-6) Bone Springs Unit  
Shaded Area  
Tract Boundary (BSP)  
Poolbed Under Order R-21104  
Leased Interest to Pool

**SCHOFFLER**  
ENERGY GROUP

This map was prepared by Schoffler Energy Group, Inc. ("SEI") for the purpose of showing the location of the Bone Springs Unit in Eddy County, New Mexico. SEI is not responsible for the accuracy or completeness of the information shown on this map. The information shown on this map is for informational purposes only and should not be used for any other purpose. SEI is not a law firm and does not provide legal advice. This map is not a substitute for a legal opinion. SEI is not responsible for the accuracy or completeness of the information shown on this map. The information shown on this map is for informational purposes only and should not be used for any other purpose. SEI is not a law firm and does not provide legal advice. This map is not a substitute for a legal opinion.



SPC Resources, LLC  
Exhibit No. C-2  
Hearing Date: May 14, 2020  
Case Nos. 21257 & 21258

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

**IN THE MATTER OF APPLICATION FOR  
COMPULSORY POOLING SUBMITTED BY  
SPC RESOURCES, LLC**

**CASE NO. 20858  
ORDER NO. R-21123**

**ORDER**

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on November 14, 2019, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

**FINDINGS OF FACT**

1. SPC Resources, LLC (“Operator”) submitted an application (“Application”) to compulsory pool the uncommitted oil and gas interests within the spacing unit (“Unit”) described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A (“Well(s)”) to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

**SPC Resources, LLC  
Exhibit No. C-3  
Hearing Date: May 14, 2020  
Case Nos. 21257 & 21258**

### CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
10. Operator has the right to drill the Well(s) to a common source of supply at the described depth(s) and location(s) in the Unit.
11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

### ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the Surface Location or Bottom Hole Location of a well is changed from the location described in Exhibit A, Operator shall submit an amended Exhibit A, which the Division shall append to this Order.
19. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location before commencing production of the well.
20. The Operator shall commence drilling the initial well within one (1) year after the date of this Order; and (b) for an infill well, no later than thirty (30) days after completion of the well.

CASE NO. 20858  
ORDER NO. R-21123

21. Operator shall comply with the infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC.
22. This Order shall terminate automatically if Operator fails to comply with Paragraphs 20 or 21.
23. Operator shall submit to OCD and each owner of a working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs") no later than: (a) for an initial well, no later than thirty (30) days after the date of this Order; (b) for an infill well proposed by Operator, no later than (30) days after the later of the initial notice period pursuant to 19.15.13.10(B) NMAC or the extension granted by the OCD Director pursuant 19.15.13.10(D) NMAC; or (c) for an infill well proposed by an owner of a Pooled Working Interest, no later than thirty (30) days after expiration of the last action required by 19.15.13.11 NMAC.
24. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."
25. No later than within one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to OCD and each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
26. No later than sixty (60) days after the later of the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.

27. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
28. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to OCD and each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
29. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
30. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to OCD and each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*



34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

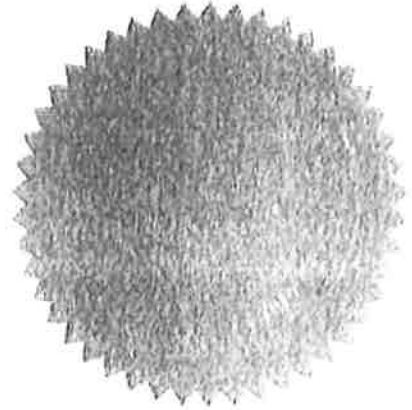
**STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL  
DIRECTOR**

AS/jag

Date: February 17, 2020



**Exhibit "A"**

Applicant: SPC Resources, LLC  
Operator: SPC Resources, LLC (OGRID 372262)

Spacing Unit: Horizontal Gas  
Building Blocks: Quarter Section Equivalent  
Spacing Unit Size: 473.59 acres (more or less)  
Orientation of Unit: West/East

Spacing Unit Description:  
SW/4 of irregular Section 5, and Lots 6-7, the E/2 SW/4, and the SE/4 (S/2 equivalent) of irregular Section 6, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico.

Pooling this Vertical Extent: Wolfcamp Formation  
Depth Severance? (Yes/No): No

Pool: Purple Sage;Wolfcamp Gas (Pool code 98220)  
Pool Spacing Unit Size: Quarter Sections  
Governing Well Setbacks: Special Rules for the Purple Sage Gas Pool Apply  
Pool Rules: Purple Sage and Horizontal Well Rules

Proximity Tracts: No

Monthly charge for supervision: While drilling: \$8000 While producing: \$800  
As the charge for risk, 200 percent of reasonable well costs.

**Proposed Wells:**

**Barney 5-6 WCXY Well No. 4H, API No. 30-015-Pending**

SHL: 770 feet from the South line and 2515 feet from the West line,  
(Unit N) of Section 5, Township 22 South, Range 27 East, NMPM.  
BHL: 1000 feet from the South line and 100 feet from the West line,  
(Lot 7) of Section 6, Township 22 South, Range 27 East, NMPM.

Completion Target: Wolfcamp A at approx. 8810 feet TVD.  
Well Orientation: East to West  
Completion Location expected to be: standard

**Barney 5-6 WCD Well No. 4H, API No. 30-015-Pending**

SHL: 750 feet from the South line and 2515 feet from the West line,  
(Unit N) of Section 5, Township 22 South, Range 27 East, NMPM.  
BHL: 660 feet from the South line and 100 feet from the West line,  
(Lot 7) of Section 6, Township 22 South, Range 27 East, NMPM.

Completion Target: Wolfcamp D at approx. 9335 feet TVD.  
Well Orientation: East to West  
Completion Location expected to be: standard

CASE NO. 20858  
ORDER NO. R-21123

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T21S-R26E T21S-R27E  
T22S-R26E T22S-R27E



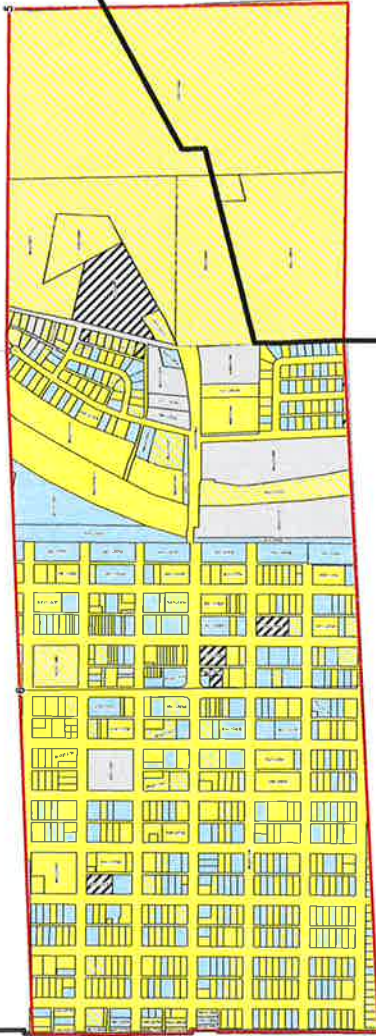
**SANTO**

**Barney (5-6)  
Wolfcamp Unit Map**  
Eddy County, New Mexico  
May 14, 2020

**LEGEND:**

- Barney (5-6) Wolfcamp Unit
- Leasehold
- Third Party Lease (48%)
- Pooler Under Order R21123
- Leased Interest to Pool

**SCHOFFLER**  
ENERGY GROUP  
P.O. BOX 10000, ALBUQUERQUE, NM 87110  
505.263.1000



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SPC Resources, LLC  
Exhibit No. C-4  
Hearing Date: May 14, 2020  
Case Nos. 21257 & 21258

## SPC RESOURCES, LLC

C/O SCHOEFFLER ENERGY GROUP, INC. 224 RUE DE JEAN, LAFAYETTE, LA 70508

PHONE: (337) 232-1122

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Re: New Mexico Oil Conservation Division (NMOCD)  
Unit and Voluntary Pooling Notice  
Barney Units: T22S-R27E-Sec: 5 SW/4 & Sec 6 S/2  
Existing NMOCD Order(s) No. R-21104 & No. R-21123  
Eddy County, New Mexico

Dear Leased Mineral Interest Owner,

SPC Resources, LLC (SPC) as Operator and Applicant has secured the above referenced (and enclosed) Orders to pool oil and gas interests into standard horizontal spacing units pursuant to the New Mexico Administrative Code. Specifically, the units formed and the wells SPC plans to drill are:

- Bone Spring formation Unit consisting of 473.59 acres (more or less) and comprised of the SW/4 of irregular Section 5, and Lots 6-7, the E/2 SW/4, and the SE/4 (S/2 equivalent) of irregular Section 6, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico for the drilling of the *Barney 5-6 B3 #3H* initial defining unit well; and
- Wolfcamp formation Unit consisting of 473.59 acres (more or less) and comprised of the SW/4 of irregular Section 5, and Lots 6-7, the E/2 SW/4, and the SE/4 (S/2 equivalent) of irregular Section 6, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico for the drilling of the *Barney 5-6 WCXY #4H* well and the *Barney 5-6 WCD #4H* well, one of which to be the initial defining unit well;

SPC is seeking your consent to voluntarily pool your leased interest into the Units described above under the captioned and enclosed orders to efficiently and effectively develop the lands and leasehold dedicated to each unit. If successful, production from the pooled units will be proportionately allocated among all the leasehold and tracts in the proportion each bears to the total number of surface acres in each pooled unit. No action is necessary in response to this letter as SPC will seek to pool your leased interest in an additional hearing before the NMOCD on May 14, 2020. You will receive a second notice letter specific to those hearing proceedings, where again no action is required by you; however, should you have any questions about this letter or the upcoming pooling proceedings, please contact Carter Kauffman at Schoeffler Energy Group, Inc., Agent for SPC Resources, LLC by phone at (337) 232-1122 or e-mail at [carterk@segland.com](mailto:carterk@segland.com).

Sincerely,



Carter S. Kauffman  
SEG, Inc. as agent for SPC Resources, LLC

SPC Resources, LLC

Exhibit No. C-5

Hearing Date: May 14, 2020

Case Nos. 21257 & 21258

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

**IN THE MATTER OF APPLICATION FOR  
COMPULSORY POOLING SUBMITTED BY  
SPC RESOURCES, LLC**

**CASE NO. 20860  
ORDER NO. R-21104**

**ORDER**

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on November 14, 2019, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

**FINDINGS OF FACT**

1. SPC Resources, LLC ("Operator") submitted an application ("Application") to compulsory pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

### CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
10. Operator has the right to drill the Well(s) to a common source of supply at the described depth(s) and location(s) in the Unit.
11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

### ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the Surface Location or Bottom Hole Location of a well is changed from the location described in Exhibit A, Operator shall submit an amended Exhibit A, which the Division shall append to this Order.
19. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location before commencing production of the well.
20. The Operator shall commence drilling the initial well within one (1) year after the date of this Order; and (b) for an infill well, no later than thirty (30) days after completion of the well.

CASE NO. 20860  
ORDER NO. R-21104

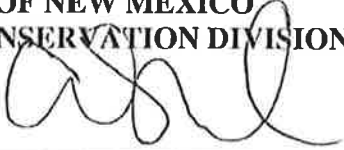
21. Operator shall comply with the infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC.
22. This Order shall terminate automatically if Operator fails to comply with Paragraphs 20 or 21.
23. Operator shall submit to OCD and each owner of a working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs") no later than: (a) for an initial well, no later than thirty (30) days after the date of this Order; (b) for an infill well proposed by Operator, no later than (30) days after the later of the initial notice period pursuant to 19.15.13.10(B) NMAC or the extension granted by the OCD Director pursuant 19.15.13.10(D) NMAC; or (c) for an infill well proposed by an owner of a Pooled Working Interest, no later than thirty (30) days after expiration of the last action required by 19.15.13.11 NMAC.
24. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."
25. No later than within one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to OCD and each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
26. No later than sixty (60) days after the later of the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.



27. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
28. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to OCD and each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
29. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
30. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to OCD and each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*

34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

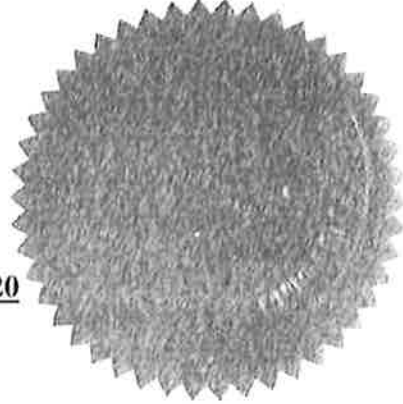
**STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL  
DIRECTOR**

AS/jag

**Date: February 13, 2020**



CASE NO. 20860  
ORDER NO. R-21104

**Exhibit "A"**

Applicant: SPC Resources, LLC  
Operator: SPC Resources, LLC (OGRID 372262)

Spacing Unit: Horizontal Oil  
Building Blocks: quarter-quarter section equivalents  
Spacing Unit Size: 473.59 acres (more or less)  
Orientation of Unit: East/West

Spacing Unit Description:  
SW/4 of irregular Section 5, and Lots 6-7, the E/2 SW/4, and the SE/4 (S/2 equivalent) of irregular Section 6, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico.

Pooling this Vertical Extent: Bone Spring Formation  
Depth Severance? (Yes/No): No

Pool: Esperanza; Bone Spring (Pool code 97755)  
Pool Spacing Unit Size: quarter-quarter sections  
Governing Well Setbacks: Horizontal Oil Well Rules  
Pool Rules: Latest Horizontal Rules Apply.

Proximity Tracts: Yes  
Proximity Defining Well: Well No. 3H is to be drilled closer than 330 feet from the Proximity Tracts and therefore defines the Horizontal Spacing Unit.

Monthly charge for supervision: While drilling: \$8000 While producing: \$800  
As the charge for risk, 200 percent of reasonable well costs.

**Proposed Wells:**

**Barney 5-6 B3 Well No. 3H, API No. 30-015-Pending**

SHL: 790 feet from the South line and 2265 feet from the West line,  
(Unit N) of Section 5, Township 22 South, Range 27 East, NMPM.  
BHL: 1640 feet from the South line and 50 feet from the West line,  
(Lot 6) of Section 6, Township 22 South, Range 27 East, NMPM.

Completion Target: 3rd Bone Spring Sand at approx. 8540 feet TVD.  
Well Orientation: East to West  
Completion Location expected to be: standard

**Barney 5-6 B3 Well No. 4H, API No. 30-015-Pending**

SHL: 750 feet from the South line and 2265 feet from the West line,  
(Unit N) of Section 5, Township 22 South, Range 27 East, NMPM.  
BHL: 330 feet from the South line and 50 feet from the West line,

CASE NO. 20860  
ORDER NO. R-21104

(Lot 7) of Section 6, Township 22 South, Range 27 East, NMPM.

Completion Target: 3rd Bone Spring Sand at approx. 8540 feet TVD.

Well Orientation: East to West

Completion Location expected to be: standard

CASE NO. 20860  
ORDER NO. R-21104

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

**IN THE MATTER OF APPLICATION FOR  
COMPULSORY POOLING SUBMITTED BY  
SPC RESOURCES, LLC**

**CASE NO. 20858  
ORDER NO. R-21123**

**ORDER**

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on November 14, 2019, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

**FINDINGS OF FACT**

1. SPC Resources, LLC (“Operator”) submitted an application (“Application”) to compulsory pool the uncommitted oil and gas interests within the spacing unit (“Unit”) described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A (“Well(s)”) to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

### CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
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11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
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### ORDER

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16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the Surface Location or Bottom Hole Location of a well is changed from the location described in Exhibit A, Operator shall submit an amended Exhibit A, which the Division shall append to this Order.
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20. The Operator shall commence drilling the initial well within one (1) year after the date of this Order; and (b) for an infill well, no later than thirty (30) days after completion of the well.

21. Operator shall comply with the infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC.
22. This Order shall terminate automatically if Operator fails to comply with Paragraphs 20 or 21.
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24. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."
25. No later than within one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to OCD and each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
26. No later than sixty (60) days after the later of the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.

27. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
28. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to OCD and each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
29. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
30. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to OCD and each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*



34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

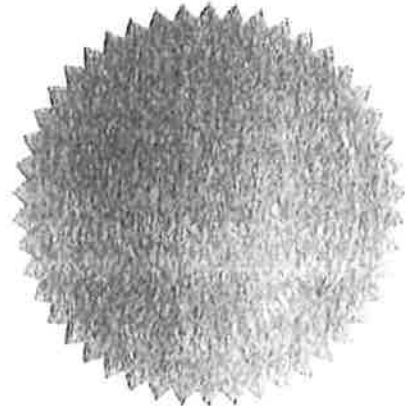
**STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL  
DIRECTOR**

AS/jag

Date: February 17, 2020



**Exhibit "A"**

Applicant: SPC Resources, LLC  
Operator: SPC Resources, LLC (OGRID 372262)

Spacing Unit: Horizontal Gas  
Building Blocks: Quarter Section Equivalent  
Spacing Unit Size: 473.59 acres (more or less)  
Orientation of Unit: West/East

Spacing Unit Description:  
SW/4 of irregular Section 5, and Lots 6-7, the E/2 SW/4, and the SE/4 (S/2 equivalent) of irregular Section 6, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico.

Pooling this Vertical Extent: Wolfcamp Formation  
Depth Severance? (Yes/No): No

Pool: Purple Sage; Wolfcamp Gas (Pool code 98220)  
Pool Spacing Unit Size: Quarter Sections  
Governing Well Setbacks: Special Rules for the Purple Sage Gas Pool Apply  
Pool Rules: Purple Sage and Horizontal Well Rules

Proximity Tracts: No

Monthly charge for supervision: While drilling: \$8000 While producing: \$800  
As the charge for risk, 200 percent of reasonable well costs.

**Proposed Wells:**

**Barney 5-6 WCXY Well No. 4H, API No. 30-015-Pending**

SHL: 770 feet from the South line and 2515 feet from the West line,  
(Unit N) of Section 5, Township 22 South, Range 27 East, NMPM.  
BHL: 1000 feet from the South line and 100 feet from the West line,  
(Lot 7) of Section 6, Township 22 South, Range 27 East, NMPM.

Completion Target: Wolfcamp A at approx. 8810 feet TVD.  
Well Orientation: East to West  
Completion Location expected to be: standard

**Barney 5-6 WCD Well No. 4H, API No. 30-015-Pending**

SHL: 750 feet from the South line and 2515 feet from the West line,  
(Unit N) of Section 5, Township 22 South, Range 27 East, NMPM.  
BHL: 660 feet from the South line and 100 feet from the West line,  
(Lot 7) of Section 6, Township 22 South, Range 27 East, NMPM.

Completion Target: Wolfcamp D at approx. 9335 feet TVD.  
Well Orientation: East to West  
Completion Location expected to be: standard

CASE NO. 20858  
ORDER NO. R-21123

# USPS CMRRR Tracking for Notice of Hearing letters

Contract #	Last Name	First Name	Middle Name	Extra Name	Address	City	State	Zip	USPS Tracking	USPS GC Tracking	Date Mailed	Tracking Status (4/20/2020)
BER-0020	Grafton	Cecelyn	Sue Worley		P O Box 7623	Monroe	LA	71211	70150640000667936554	9590940254939249125061	4/24/2020	Your item arrived at the MONROE LA 71203 post office at 10:24 am on April 28, 2020 and is ready for pickup.
BER-0020	Worley	Curtis	Dwayne		334 Country Club Drive	Hillsboro	TX	76645	70150640000667936561	9590940254939249125054	4/24/2020	Your item was delivered to an individual at the address at 2:29 pm on April 27, 2020 in HILLSBORO, TX 76645.
BER-0020	Worley	Evelyn			334 Country Club Drive	Hillsboro	TX	76645	70150640000667936578	9590940254939249125047	4/24/2020	Your item was delivered to an individual at the address at 2:29 pm on April 27, 2020 in HILLSBORO, TX 76645.
BER-0020	Worley	John	Richard		103 East Markness Road	Carlsbad	NM	88220	70150640000667936585	9590940254939249125030	4/24/2020	Delivery Attempt: Action Needed. April 28, 2020 at 10:58 am Notice Left (No Authorized Recipient Available) CARLSBAD, NM 88220.
BER-0020	Worley	John	Wayne		4006 Townsend Street	Carlsbad	NM	88220	70150640000667936592	9590940254939249125023	4/24/2020	Your item departed our USPS facility in COPPELL TX DISTRIBUTION CENTER on April 30, 2020 at 9:01 am. The item is currently in transit to the destination.
BER-0020	Worley	Kenneth	Ray		1415 North Mission Avenue	Carlsbad	NM	88220	70150640000667936608	9590940254939249125016	4/24/2020	Your package is moving within the USPS network and is on track to be delivered to its final destination. It is currently in transit to the next facility.
BER-0020	Worley	Ricky	J		334 Country Club Drive	Hillsboro	TX	76645	70150640000667936615	959094025580927146241	4/24/2020	Your item was delivered to an individual at the address at 2:29 pm on April 27, 2020 in HILLSBORO, TX 76645.
BER-0021	Heirs of Estates of Omar Newton Sparks and Mary Ann Pleasant Sparks				13752 South State Highway 94	Marthasville	MO	63357	70150640000667936622	959094025580927146234	4/24/2020	Your item departed our USPS facility in SAINT LOUIS MO DISTRIBUTION CENTER on April 29, 2020 at 8:47 pm. The item is currently in transit to the destination.
BER-0114	Mkuch	Ferninand	L		318 Soper Street	Carlsbad	NM	88220	70150640000667936639	959094025580927146227	4/24/2020	Your item departed our USPS facility in COPPELL TX DISTRIBUTION CENTER on April 30, 2020 at 8:39 am. The item is currently in transit to the destination.
TPI-0001	Carlsbad Chamber Of Commerce				302 S. Canal Street	Carlsbad	NM	88220	70150640000667936646	959094025580927146210	4/24/2020	Your item was delivered to an individual at the address at 10:21 am on April 27, 2020 in CARLSBAD, NM 88220.
TPI-0001A	Kelly Steen Testamentary Trust				301 South Canyon Street	Carlsbad	NM	88220	70150640000667936653	959094025580927146203	4/24/2020	Your item arrived at our USPS facility in COPPELL TX DISTRIBUTION CENTER on April 29, 2020 at 12:43 pm. The item is currently in transit to the destination.
TPI-0001A	Steen	Martha	W.		301 South Canyon Street	Carlsbad	NM	88220	70150640000667936660	959094025580927146197	4/24/2020	Your item was delivered at 1:45 am on April 28, 2020 in CARLSBAD, NM 88220.
TPI-0001B	Garner	Gregory	K		1405 Cottonop Road	Carlsbad	NM	88220	70150640000667936677	959094025580927146180	4/24/2020	Your item arrived at our USPS facility in COPPELL TX DISTRIBUTION CENTER on April 29, 2020 at 7:42 am. The item is currently in transit to the destination.
TPI-0001B	Garner	Kevin	Clint		1512 Mission Ave	Carlsbad	NM	88220	70150640000667936684	959094025580927146173	4/24/2020	Your item has been delivered to an agent for final delivery in CARLSBAD, NM 88220 on April 27, 2020 at 2:45 pm.
TPI-0001B	Garner	Margaret		a/k/a Margaret Y. Garner	1304 N. Country Club Circle	Carlsbad	NM	88220	70150640000667936691	959094025580927146166	4/24/2020	Your item arrived at our USPS facility in COPPELL TX DISTRIBUTION CENTER on April 29, 2020 at 12:43 pm. The item is currently in transit to the destination.
TPI-0001B	Schaeffer	Rene	Garner	a/k/a Rene Garner Schaeffer	P O Box 357	Nursery	TX	77976	70150640000667936707	959094025580927146159	4/24/2020	Your item was picked up at the post office at 9:55 am on April 28, 2020 in NURSERY, TX 77976.
TPI-0006	Castaneda	Victoria	Amelia		2701 La Silla Dorada	Santa Fe	NM	87505	70150640000667936714	959094025580927146142	4/24/2020	Alert. April 29, 2020 at 1:10 am Awaiting Delivery Scan. Expected Delivery April 30, 2020.
TPI-0006	Davis	Lerry	F.		2701 La Silla Dorada	Santa Fe	NM	88220	70150640000667936721	959094025580927146135	4/24/2020	Alert. April 29, 2020 at 1:10 am Awaiting Delivery Scan. Expected Delivery April 30, 2020.
TPI-0006	Gabaldon	Antonio		a/k/a Antonio Miguel Davis a/k/a Anthony M. Davis	39A Country Road 840	Santa Fe	NM	87506	70150640000667936738	959094025580927146128	4/24/2020	Delivery Attempt: Action Needed. April 27, 2020 at 3:58 pm Notice Left (No Authorized Recipient Available) SANTA FE, NM 87506.
TPI-0006	Heirs of Herschel E. Davis				2304 Cornell Drive	Rosewell	NM	88201	70150640000667936745	959094025580927146111	4/24/2020	Your item was delivered to an individual at the address at 3:08 pm on April 27, 2020 in ROSWELL, NM 88203.
TPI-0009	Robinson	Scott	G.		16625 Redmond Way RM PM8467	Redmond	WA	98052	70150640000667936509	959094025580927146104	4/24/2020	Your item has been delivered to an agent for final delivery in REDMOND, WA 98052 on April 28, 2020 at 10:40 am.

SPC Resources, LLC  
Exhibit No. C-6  
Hearing Date: May 14, 2020  
Case Nos. 21257 & 21258

TPL-0011	Brown	Myron	Lee		320 Rose Lane	Williston	ND	58801	70150640000667936516	9590940255809274146098	4/24/2020	Alert: April 29, 2020 at 7:44 am Moved, left no Address Williston, ND 58801
TPL-0011	Young	Larry	DeWayne		2008 Pepper Tree Court	Carlsbad	NM	88220	70150640000667936523	9590940255809274146081	4/24/2020	Your package is moving within the USPS network and is on track to be delivered to its final destination. It is currently in transit to the next facility.
TPL-0027	Patrick	Aaron	M.		411 Triple Crown Way	Manyville	OH	43040	70150640000667936550	9590940255809274146074	4/24/2020	Your item was delivered to an individual at the address at 3:41 pm on April 27, 2020 in Manyville, OH 43040.
TPL-0027	Patrick	Gabriel	H.		2312 Washington Street	Carlsbad	NM	88220	70150640000667936547	9590940255809274146067	4/24/2020	Delivery Attempt: Action Needed: April 27, 2020 at 12:05 pm Notice Left [No Authorized Recipient Available] CARLSBAD, NM 88220.
TPL-0027	Patrick	Janie	A.		2312 Washington Street	Carlsbad	NM	88220	70150640000667936455	9590940255809274146050	4/24/2020	Delivery Attempt: Action Needed: April 27, 2020 at 12:04 pm Notice Left [No Authorized Recipient Available] CARLSBAD, NM 88220.
TPL-0027	Patrick	Mariann			2314 North Canal Street	Carlsbad	NM	88220	70150640000667936482	9590940255809274146043	4/24/2020	Your package is moving within the USPS network and is on track to be delivered to its final destination. It is currently in transit to the next facility.
TPL-0027	Patrick	Marshall			5559 South Santa Clara Avenue	Tucson	AZ	85706	70150640000667936479	9590940255809274146036	4/24/2020	Delivery Attempt: Action Needed: April 27, 2020 at 10:13 pm Notice Left [No Authorized Recipient Available] TUCSON, AZ 85706.
TPL-0027	Patrick	Matthew	T.		2312 Washington Street	Carlsbad	NM	88220	70150640000667936485	9590940255809274146029	4/24/2020	Delivery Attempt: Action Needed: April 27, 2020 at 12:05 pm Notice Left [No Authorized Recipient Available] CARLSBAD, NM 88220.
TPL-0027	Patrick	Tracy	Tobin		317 Nelson Street	Carlsbad	NM	88220	70150640000667936493	959094024984963232976	4/24/2020	Your item departed our USPS facility in COPPELL, TX DISTRIBUTION CENTER on April 29, 2020 at 9:59 pm. The item is currently in transit to the destination.

April 22, 2020

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

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

**Re: Application of SPC Resources, LLC to Pool Additional Interest Owners  
Under the Terms of Order No. R-21104, Eddy County, New Mexico.  
Barney 5-6 B3 #3H, #4H wells**

Ladies & Gentlemen:

This letter is to advise you that SPC Resources, LLC has filed the enclosed application with the New Mexico Oil Conservation Division. A hearing has been requested before a Division Examiner on May 14, 2020, and the status of the hearing can be monitored through the Division's website at <http://www.emnrd.state.nm.us/ocd/>. **During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on May 14, 2020 beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: <http://www.emnrd.state.nm.us/OCD/announcements.html>.** 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 remotely and present testimony. Failure to appear remotely at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing remotely 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 remotely 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 Carter Kauffman at Schoeffler Energy Group, Inc., Agent for SPC Resources, LLC by phone at (337) 232-1122 or e-mail at [carterk@segland.com](mailto:carterk@segland.com).

Sincerely,



Kaitlyn A. Luck  
**ATTORNEY FOR SPC RESOURCES, LLC**

**SPC Resources, LLC**

**Exhibit No. C-7**

**Hearing Date: May 14, 2020**

**Case Nos. 21257 & 21258**

T 505.988.4421 F 505.983.6043

110 North Guadalupe, Suite 1, Santa Fe, NM 87501-1849

Mail to: P.O. Box 2208, Santa Fe, NM 87504-2208

[www.hollandhart.com](http://www.hollandhart.com)

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Washington, D.C.  
Wyoming

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

**APPLICATION OF SPC RESOURCES, LLC  
TO POOL ADDITIONAL INTEREST  
OWNERS UNDER THE TERMS OF  
ORDER NO. R-21104, EDDY COUNTY,  
NEW MEXICO.**

**CASE NO. \_\_\_\_\_  
ORDER NO. R-21104**

**APPLICATION**

SPC Resources, LLC ("Applicant") (OGRID No. 372262), through its undersigned attorneys, hereby files this application with the Oil Conservation Division to pool additional interest owners under the terms of Order No. R-21104. In support of its application, Applicant states:

1. Division Order No. R-21104, entered on February 13, 2020, in Case No. 20860, created a 473.59-acre, more or less, horizontal well spacing unit consisting of the SW/4 of irregular Section 5, and Lots 6-7, the E/2 SW/4, and the SE/4 (S/2 equivalent) of irregular Section 6, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico (the "Unit"), and designated Applicant as the operator of the Unit. Order No. R-21104 further pooled the uncommitted interests in the Bone Spring formation (Esperanza; Bone Spring Pool (Pool Code 97755)) in the Unit and dedicated the Unit to the following initial wells: (1) the **Barney 5-6 B3 #3H well**, to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 5 to a bottom-hole location in the NW/4 SW/4 (Lot 6) of Section 6; and (2) the **Barney 5-6 B3 #4H well**, to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 5 to bottom-hole location in the SW/4 SW/4 (Lot 7) of Section 6.

2. Since the entry of Order No. R-21104, Applicant has determined that there are additional mineral interest owners in the Unit who were not provided notice of the November 14, 2019, compulsory pooling hearing in Case No. 20860, and as a result, whose interests were not pooled by the terms of Order No. R-21104.

4. The pooling of the additional mineral interest owners under the terms of Order No. R-21104 will prevent waste, will protect correlative rights, and will promote administrative efficiency.

5. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the additional interest owners should be pooled in the Unit pursuant to the terms of Order No. R-21104.


6. In order to provide proper notice to these additional interest owners and to bring their interests under the terms of Order No. R-21104, Applicant requests that this case called for hearing at the next available examiner docket.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on May 14, 2020, and after notice and hearing as required by law, the Division pool the additional interest owners pursuant to the terms of Order No. R-21104.



Respectfully submitted,

HOLLAND & HART LLP

By:  \_\_\_\_\_  
Michael H. Feldewert  
Adam G. Rankin  
Julia Broggi  
Kaitlyn A. Luck  
Post Office Box 2208  
Santa Fe, New Mexico 87504-2208  
(505) 988-4421  
(505) 983-6043 Facsimile  
mfeldewert@hollandhart.com  
agrankin@hollandhart.com  
jbroggi@hollandhart.com  
kaluck@hollandhart.com

**ATTORNEYS FOR SPC RESOURCES, LLC**



**Kaitlyn A. Luck**  
Phone (505) 954-7286  
kaluck@hollandhart.com

April 22, 2020

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

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

**Re: Application of SPC Resources, LLC to Pool Additional Interest Owners  
Under the Terms of Order No. R-21123, Eddy County, New Mexico.  
Barney 5-6 WCXY #4H well & Barney 5-6 WCD #4H well**

Ladies & Gentlemen:

This letter is to advise you that SPC Resources, LLC has filed the enclosed application with the New Mexico Oil Conservation Division. A hearing has been requested before a Division Examiner on May 14, 2020, and the status of the hearing can be monitored through the Division's website at <http://www.emnrd.state.nm.us/ocd/>. **During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on May 14, 2020 beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: <http://www.emnrd.state.nm.us/OCD/announcements.html>.** 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 remotely and present testimony. Failure to appear remotely at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing remotely 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 remotely 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 Carter Kauffman at Schoeffler Energy Group, Inc., Agent for SPC Resources, LLC by phone at (337) 232-1122 or e-mail at [carterk@segland.com](mailto:carterk@segland.com).

Sincerely,

Kaitlyn A. Luck  
**ATTORNEY FOR SPC RESOURCES, LLC**

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

**APPLICATION OF SPC RESOURCES, LLC  
TO POOL ADDITIONAL INTEREST  
OWNERS UNDER THE TERMS OF  
ORDER NO. R-21104, EDDY COUNTY,  
NEW MEXICO.**

**CASE NO. \_\_\_\_\_  
ORDER NO. R-21123**

**APPLICATION**

SPC Resources, LLC ("Applicant") (OGRID No. 372262), through its undersigned attorneys, hereby files this application with the Oil Conservation Division to pool additional interest owners under the terms of Order No. R-21123. In support of its application, Applicant states:

1. Division Order No. R-21123, entered on February 17, 2020, in Case No. 20858, created a 473.59-acre, more or less, horizontal well spacing unit consisting of the SW/4 of irregular Section 5, and Lots 6-7, the E/2 SW/4, and the SE/4 (S/2 equivalent) of irregular Section 6, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico (the "Unit"), and designated Applicant as the operator of the Unit. Order No. R-21123 further pooled the uncommitted interests in the Wolfcamp formation (Purple Sage; Wolfcamp Pool (Pool Code 98220)) in the Unit and dedicated the Unit to the following initial wells: (1) the **Barney 5-6 WCXY #4H well**, and (2) the **Barney 5-6 WCD #4H well**, both are to be horizontally drilled from a common surface location in the SE/4 SW/4 (Unit N) of Section 5 to bottom-hole locations in the SW/4 SW/4 (Lot 7) of Section 6.

2. Since the entry of Order No. R-21123, Applicant has determined that there are additional interest owners in the Unit who were not provided notice of the November 14,

2019, compulsory pooling hearing in Case No. 20858, and as a result, whose interests were not pooled by the terms of Order No. R-21123.

4. The pooling of the additional interest owners under the terms of Order No. R-21123 will prevent waste, will protect correlative rights, and will promote administrative efficiency.


5. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the additional interest owners should be pooled in the Unit pursuant to the terms of Order No. R-21123.

6. In order to provide proper notice to these additional interest owners and to bring their interests under the terms of Order No. R-21123, Applicant requests that this case called for hearing at the next available examiner docket.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on May 14, 2020, and after notice and hearing as required by law, the Division pool the additional interest owners pursuant to the terms of Order No. R-21123.

Respectfully submitted,

HOLLAND & HART LLP

By:  \_\_\_\_\_  
Michael H. Feldewert  
Adam G. Rankin  
Julia Broggi  
Kaitlyn A. Luck  
Post Office Box 2208  
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**ATTORNEYS FOR SPC RESOURCES, LLC**

# Carlsbad Current Argus.

PART OF THE USA TODAY NETWORK

## Affidavit of Publication

Ad # 0004166974

This is not an invoice

HOLLAND & HART  
POBOX 2208

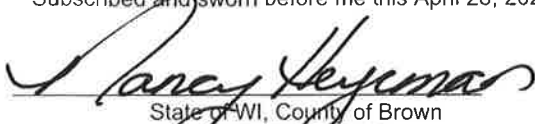
SANTA FE, NM 87504

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:

04/28/2020

  
Legal Clerk

Subscribed and sworn before me this April 28, 2020:

  
State of WI, County of Brown  
NOTARY PUBLIC  
5.15.23  
My commission expires

NANCY HEYRMAN  
Notary Public  
State of Wisconsin

Ad # 0004166974

PO #: Barney  
# of Affidavits 1

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BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. C8

Submitted by: SPC Resources, LLC

Hearing Date: May 14, 2020

Case Nos. 21257-21258

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 public hearings before a hearing examiner on the following case. During the COVID-19 Public Health Emergency, state buildings are closed to the public and Division hearings will be conducted remotely. The remote electronic public hearing will be conducted remotely. The hearing will be conducted on **Thursday, May 14, 2020**, beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted below. The docket may be viewed at <http://www.emnrd.state.nm.us/OCD/hearings.html> or obtained from Marlene Salvidrez, at [Marlene.Salvidrez@state.nm.us](mailto:Marlene.Salvidrez@state.nm.us). 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 a hearing, contact Marlene Salvidrez at [Marlene.Salvidrez@state.nm.us](mailto:Marlene.Salvidrez@state.nm.us), or the New Mexico Relay Network at 1-800-659-1779, no later than **Monday, May 4, 2020**.

Persons may view and participate in the hearings through the following link and as indicated below:

Meeting number: 968 329 152  
Password: YQe6KZBe3n6  
<https://nmemnrd.webex.com/nmemnrd/j.php?MTID=mb3ddb90721ccc17207709b8c71dc2ac1>

Join by video system  
Dial 968329152@nmemnrd.webex.com  
You can also dial 173.243.2.68 and enter your meeting number.

Join by phone  
+1-408-418-9388 United States Toll  
Access code: 968 329 152

**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: Myron Lee Brown, his heirs and devisees; Carlsbad Chamber of Commerce; Victoria Amelia Castaneda, her heirs and devisees; Jerry F. Davis, his heirs and devisees; Antonio Gabaldon a/k/a Antonio Miguel Davis a/k/a Anthony M. Davis, his heirs and devisees; Gregory K. Garner, his heirs and devisees; Kevin Clint Garner, his heirs and devisees; Margaret Garner a/k/a Margaret Y. Garner, her heirs and devisees; Carolyn Sue Worley, her heirs and devisees; Herschel E. Davis, his heirs and devisees; Omar Newton Sparks and Mary Ann Pleasant Sparks, their heirs and devisees; Kelly Skeen Testamentary Trust; Ferdinand L. Miksch, his heirs and devisees; Aaron M. Patrick, his heirs and devisees; Gabriel H. Patrick, his heirs and devisees; Janie A. Patrick, her heirs and devisees; Marlann Patrick, her heirs and devisees; Marshall Patrick, his heirs and devisees; Matthew T. Patrick, his heirs and devisees; Tracy Tobin Patrick, his heirs and devisees; Scott G. Robinson, his heirs and devisees; Rene Garner Schaefer a/k/a Rene Garner Shaeffer, her heirs and devisees; Martha W. Skeen, her heirs and devisees; Curtis Dewayne Worley, his heirs and devisees; Evelyn Spring Pool (Pool Code 97755) and dedicated the Unit to the following initial wells: (1) the Barney 5-6 B3 #3H well, to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 5 to a bottom-hole location in the

Case No. 21257: Application of SPC Resources, LLC to Pool Additional Interest Owners Under the Terms of Order No. R-21104, Eddy County, New Mexico. Applicant in the above-styled cause seeks to pool additional interest owners under the terms of Order No. R-21104. The Unit is comprised of the SW/4 of irregular Section 5, and Lots 6-7, the E/2 SW/4, and the SE/4 (S/2 equivalent) of irregular Section 6, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico. Order No. R-21104 pooled the uncommitted interests in the Bone Spring formation (Esperanza; Bone Spring Pool (Pool Code 97755)) and dedicated the Unit to the following initial wells: (1) the Barney 5-6 B3 #3H well, to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 5 to a bottom-hole location in the

SW/4 SW/4 (Lot 6) of Section 6, and (2) the Barney 3-6 or #4H well, to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 5 to bottom-hole location in the SW/4 SW/4 (Lot 7) of Section 6. Portions of said area are located within the city limits of Carlsbad, New Mexico.  
#4166974, Current Argus, Apr. 28, 2020



**Affidavit of Publication**

Ad # 0004167072

**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:

**04/28/2020**

  
Legal Clerk

Subscribed and sworn before me this April 28, 2020:

  
State of WI, County of Brown  
NOTARY PUBLIC  
**5.15.23**  
My commission expires

NANCY HEYRMAN  
Notary Public  
State of Wisconsin

Ad # 0004167072

PO #: Barney  
# of Affidavits 1

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Case No. 21258: Application of SPC Resources, LLC to Pool Additional Interest Owners Under the Terms of Order No. R-21123, Eddy County, New Mexico. Applicant in the above-styled cause seeks to pool additional interest owners under the terms of Order No. R-21123. The Unit is comprised of the SW/4 of irregular Section 5, and Lots 6-7, the E/2 SW/4, and the SE/4 (S/2 equivalent) of irregular Section 6, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico. Order No. R-21123 pooled the uncommitted interests in the Wolfcamp formation (Purple Sage; Wolfcamp Pool (Pool Code 98220)) and dedicated the Unit to the following initial wells: (1) the Barney 5-6 WCXY #4H well, and (2) the Barney 5-6 WCD #4H well, both are to be horizontally drilled from a common surface location in the

SE/4 SW/4 (Lot 14) of Section 6 to bottom-hole locations in the SW/4 SW/4 (Lot 7) of Section 6. Portions of said area are located within the city limits of Carlsbad, New Mexico.  
#4167072, Current Argus, Apr. 28, 2020