

## Garcia, John A, EMNRD

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**From:** Garcia, John A, EMNRD  
**Sent:** Monday, November 16, 2020 1:57 PM  
**To:** Kaitlyn A. Luck  
**Cc:** Ames, Eric, EMNRD  
**Subject:** Extension Requests  
**Attachments:** Santo Barney - Order R21104 Cases 20860 21257 - extension request[15686054v1].PDF; Santo Barney - Order R21123 Cases 20858 21258- extension request[15686042v1].PDF; Santo Betty - Order R21100 Cases 20859- extension request[15686044v1].PDF; Santo Caveman - Order R21096 (Case 20762) drilling extension request[15686041v1].PDF

Kaitlyn,

The OCD has received your request for an extension of time to drill the wells authorized by Orders R-21104, R-21123, R-21100 and R-21096. The orders can be extended by amendment after notice and opportunity for hearing. In order to obtain an extension to drill or complete the wells, please file an application to amend the orders through the fee portal and give notice to the pooled working interest owners. A well that is not timely drilled or completed is subject to automatic termination under ordering paragraph 22: *"This Order Shall terminate automatically if Operator fails to comply with Paragraphs 20 or 21."*

Thank you,

**John Garcia**

*Petroleum Specialist*  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505  
505-476-3441





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

November 4, 2020

**VIA E-MAIL**

[OCD.Engineer@state.nm.us](mailto:OCD.Engineer@state.nm.us)

Adrienne Sandoval  
Director, Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

**Re: Division Order Nos. R-21104, R-21104-A (Case Nos. 20860 & 21257)  
SPC Resources, LLC's request for extension of deadline to drill initial  
well under pooling order**

Dear Ms. Sandoval,

Order Nos. R-21104 and R-21104-A in Case Nos. 20860 and 21257, enclosed with this request, pooled the uncommitted mineral owners in a 473.59-acre, more or less, standard horizontal spacing unit in the Bone Spring formation (Esperanza; Bone Spring Pool [Pool code 97755]) underlying 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 Order named SPC Resources, LLC ("SPC Resources") (OGRID 372262) as the operator of the spacing unit and dedicated the unit to the initial **Barney 5-6 B3 No. 3H well (API No. 30-015-pending)**, and the **Barney 5-6 B3 No. 4H well (API No. 30-015-pending)**. Paragraph 20 of Order No. R-21104 requires the initial well to be drilled on or before **February 13, 2021**.

SPC Resources has delayed its plans to drill the initial well due to the unfavorable economic environment and reduction in rig count, but still plans to drill the well. All uncommitted working interest owners will be given the opportunity to make a new election or pay their share of costs under the pooling order. Accordingly, there are no pooled working interest owners affected by this request. For these reasons, SPC Resources requests a one-year extension of time to drill the initial well under Order Nos. R-21104 and R-21104-A, until February 13, 2022.

Your attention to this request is appreciated. Please let me know if you have any questions or require additional information. Thank you for your time.

Sincerely,



Kaitlyn A. Luck

**ATTORNEY FOR SPC RESOURCES, LLC**

Encl.

**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.

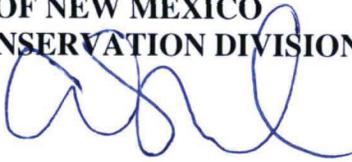
CASE NO. 20860  
ORDER NO. R-21104

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.

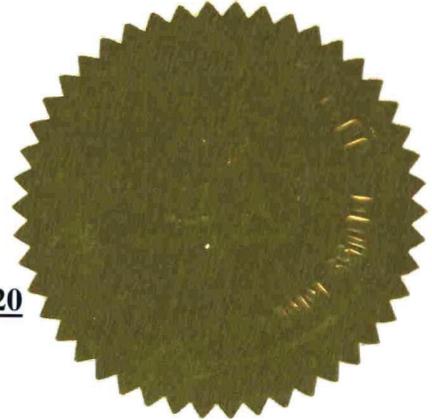
**STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION**



**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**

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

**CASE NO. 21257  
ORDER NO. R-21104-A**

**ORDER**

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on May 14, 2020, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

**FINDINGS OF FACT**

1. On February 13, 2020, OCD issued Order R-21104 to SPC Resources, LLC (“Operator”) to pool the uncommitted oil and gas interests within the specified spacing unit (“Unit”).
2. Subsequent to the issuance of Order R-21104, Operator discovered previously unidentified interest owners in the Unit.
3. Operator provided evidence that it gave notice of the Application and the hearing to the previously unidentified interest owners.
4. Operator presented evidence through affidavits in support of the Application.
5. 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. The previously unidentified interest owners have not agreed to commit their interest to the Unit.
11. The pooling of the previously unidentified uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.

12. This Order affords to the previously unidentified interest owners the opportunity to produce its just and equitable share of the oil or gas in the pool.

**ORDER**

13. The previously unidentified uncommitted interests in the Unit is hereby pooled in the Unit.

14. Order R-21104 shall remain in full force and effect.

15. 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**

AES/jag

**Date:** 5/19/2020



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

November 4, 2020

**VIA E-MAIL**

[OCD.Engineer@state.nm.us](mailto:OCD.Engineer@state.nm.us)

Adrienne Sandoval  
Director, Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

**Re: Division Order No. R-21123, R-21123-A (Case Nos. 20858 & 21258)  
SPC Resources, LLC's request for extension of deadline to drill initial well under pooling order**

Dear Ms. Sandoval,

Order Nos. R-21123, R-21123-A in Case Nos. 20858 and 21258, enclosed with this request, pooled the uncommitted mineral owners in a 437.59-acre, more or less, standard horizontal spacing unit in the Wolfcamp formation (Purple Sage; Wolfcamp Pool (Pool code 98220) underlying 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 Order named SPC Resources, LLC ("SPC Resources") (OGRID 372262) as the operator of the spacing unit and dedicated the unit to the initial **Barney 5-6 WCXY No. 4H well (API No. 30-015-pending)**, and the **Barney 5-6 WCD No. 4H well (API No. 30-015-pending)**. Ordering paragraph 20 of Order No. R-21123 requires this initial well to be drilled on or before **February 17, 2021**.

SPC Resources has delayed its plans to drill the initial well due to the unfavorable economic environment and reduction in rig count, but still plans to drill the well. All uncommitted working interest owners will be given the opportunity to make a new election or pay their share of costs under the pooling order. Accordingly, there are no pooled working interest owners affected by this request. For these reasons, SPC Resources requests a one-year extension of time to drill the initial well under Order Nos. R-21123 and R-21123-A, until February 17, 2022.

Your attention to this request is appreciated. Please let me know if you have any questions or require additional information. Thank you for your time.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kaitlyn A. Luck", written over a horizontal line.

Kaitlyn A. Luck

**ATTORNEY FOR SPC RESOURCES, LLC**

Encl.

**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.
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

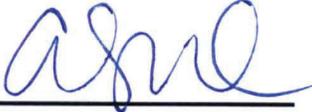
15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the Surface Location or Bottom Hole Location of a well is changed from the 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.

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

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

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

**CASE NO. 21258  
ORDER NO. R-21123-A**

**ORDER**

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on May 14, 2020, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

**FINDINGS OF FACT**

1. On February 17, 2020, OCD issued Order R-21123 to SPC Resources, LLC (“Operator”) to pool the uncommitted oil and gas interests within the specified spacing unit (“Unit”).
2. Subsequent to the issuance of Order R-21123, Operator discovered previously unidentified interest owners in the Unit.
3. Operator provided evidence that it gave notice of the Application and the hearing to the previously unidentified interest owners.
4. Operator presented evidence through affidavits in support of the Application.
5. 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. The previously unidentified interest owners have not agreed to commit their interest to the Unit.
11. The pooling of the previously unidentified uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.

12. This Order affords to the previously unidentified interest owners the opportunity to produce its just and equitable share of the oil or gas in the pool.

**ORDER**

13. The previously unidentified uncommitted interests in the Unit is hereby pooled in the Unit.

14. Order R-21123 shall remain in full force and effect.

15. 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**

AES/jag

**Date:** 5/19/2020

November 4, 2020

VIA E-MAIL  
[OCD.Engineer@state.nm.us](mailto:OCD.Engineer@state.nm.us)

Adrienne Sandoval  
Director, Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

**Re: Division Order No. R-21100 (Case No. 20859)**  
**SPC Resources, LLC's request for extension of deadline to drill initial well under pooling order**

Dear Ms. Sandoval,

Order No. R-21100 in Case No. 20859, enclosed herewith, pooled the uncommitted mineral owners in a 635.06-acre, more or less, standard horizontal spacing unit in the Wolfcamp formation (Purple Sage; Wolfcamp Pool (Pool code 98220) underlying the Lots 1-4 and the S/2 N/2 (N/2 equivalent) of irregular Section 5, and Lots 1-5, the SE/4 NW/4, and the S/2 NE/4 (N/2 equivalent) of irregular Section 6, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico. The Order named SPC Resources, LLC ("SPC Resources") (OGRID 372262) as the operator of the spacing unit and dedicated the unit to the initial **Betty 5-6 WCXY No. 2H well (API No. 30-015-pending)**. Paragraph 20 of Order R-21100 requires this initial well to be drilled on or before **February 12, 2021**.

SPC Resources has delayed its plans to drill the initial well due to the unfavorable economic environment and reduction in rig count, but still plans to drill the well. All uncommitted working interest owners will be given the opportunity to make a new election or pay their share of costs under the pooling order. Accordingly, there are no pooled working interest owners affected by this request. For these reasons, SPC Resources requests a one-year extension of time to drill the initial well under Order R-21100, until February 12, 2022.

Your attention to this request is appreciated. Please let me know if you have any questions or require additional information. Thank you for your time.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kaitlyn A. Luck".

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

Encl.

**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. 20859  
ORDER NO. R-21100**

**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.

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 12, 2020**



**Exhibit "A"**

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

Spacing Unit: Horizontal Gas  
Building Blocks: Half Section Equivalent  
Spacing Unit Size: 635.06 acres (more or less)  
Orientation of Unit: West/East

Spacing Unit Description:

Lots 1-4 and the S/2 N/2 (N/2 equivalent) of irregular Section 5, and Lots 1-5, the SE/4 NW/4, and the S/2 NE/4 (N/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: Half 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 Well:**

**Betty 5-6 WCXY Well No. 2H, API No. 30-015-Pending**

SHL: 2360 feet from the North line and 300 feet from the East line,  
(Unit H) of Section 5, Township 22 South, Range 27 East, NMPM.

BHL: 1670 feet from the North line and 100 feet from the West line,  
(Lot 5) of Section 6, Township 22 South, Range 27 East, NMPM.

Completion Target: Wolfcamp A at approx. 8825 feet TVD.

Well Orientation: East to West

Completion Location expected to be: standard

November 4, 2020

**VIA E-MAIL**  
[OCD.Engineer@state.nm.us](mailto:OCD.Engineer@state.nm.us)

Adrienne Sandoval  
Director, Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

**Re: Division Order No. R-21096 (Case No. 20762)**  
**SPC Resources, LLC's request for extension of deadline to drill initial well under pooling order**

Dear Ms. Sandoval,

Order No. R-21096 in Case No. 20762, enclosed herewith, pooled the uncommitted mineral owners in a 1,267.1-acre, more or less, standard horizontal spacing unit in the Wolfcamp formation (Purple Sage; Wolfcamp Pool (Pool code 98220) underlying the W/2 and the E/2 of Section 12, Township 22 South, Range 26 East, and the W/2 and the E/2 of Section 7, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico. The Order named SPC Resources, LLC ("SPC Resources") (OGRID 372262) as the operator of the spacing unit and dedicated the unit to the initial **Caveman 7-12 WCXY No. 2H Well (API No. 30-015-pending)** and the **Caveman 7-12 WCD No. 3H Well (API No. 30-015-pending)**. Paragraph 20 of Order R-21096 requires this initial well to be drilled on or before **February 12, 2021**.

SPC Resources has delayed its plans to drill the initial well due to the unfavorable economic environment and reduction in rig count, but still plans to drill the well. All uncommitted working interest owners will be given the opportunity to make a new election or pay their share of costs under the pooling order. Accordingly, there are no pooled working interest owners affected by this request. For these reasons, SPC Resources requests a one-year extension of time to drill the initial well under Order R-21096, until February 12, 2022.

Your attention to this request is appreciated. Please let me know if you have any questions or require additional information. Thank you for your time.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kaitlyn A. Luck", written over a horizontal line.

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

Encl.

**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. 20762  
ORDER NO. R-21096**

**ORDER**

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on September 19, 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.

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 12, 2020**



CASE NO. 20762  
ORDER NO. R-21096

**Exhibit "A"**

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

Spacing Unit: Horizontal Gas  
Building Blocks: Half Section Equivalent  
Spacing Unit Size: 1267.1 acres (more or less)  
Orientation of Unit: East/West

**Spacing Unit Description:**

W/2 and E/2 of Section 12, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico, and  
W/2 and E/2 of Section 7, 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: Half 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:**

**Caveman 7-12 WCXY Well No. 2H, API No. 30-015-Pending**

SHL: 2271 feet from the North line and 240 feet from the West line, (Unit E) of Section 8, Township 22 South, Range 27 East, NMPM.  
BHL: 1650 feet from the North line and 100 feet from the West line, (Unit E) of Section 12, Township 22 South, Range 26 East, NMPM.

Completion Target: Wolfcamp A at approx. 8780 feet TVD.  
Well Orientation: East to West  
Completion Location expected to be: standard

**Caveman 7-12 WCD Well No. 3H, API No. 30-015-Pending**

SHL: 2331 feet from the North line and 490 feet from the West line, (Unit E) of Section 8, Township 22 South, Range 27 East, NMPM.  
BHL: 1980 feet from the South line and 100 feet from the West line, (Unit L) of Section 12, Township 22 South, Range 26 East, NMPM.

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Completion Target: Wolfcamp D at approx. 9300 feet TVD.  
Well Orientation: East to West  
Completion Location expected to be: standard

CASE NO. 20762  
ORDER NO. R-21096