

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

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

**CASE NO. 21576
ORDER NO. R-21100**

SPC'S PRE-HEARING STATEMENT

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

APPEARANCES

APPLICANT

SPC Resources, LLC ("SPC Resources")

ATTORNEY

Michael H. Feldewert
Adam G. Rankin
Julia Broggi
Kaitlyn A. Luck
Holland & Hart, LLP
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile

OTHER PARTIES

City of Carlsbad

Deana M. Bennett
Modrall, Sperling, Roehl, Harris & Sisk, P.A.
Post Office Box 2168
500 Fourth Street, NW, Suite 1000
Albuquerque, New Mexico 87103-2168
(505) 848-1800

Elaine Mead Murphy individually and
as trustee of the Elaine Mead Murphy
Revocable Trust

J.E. Gallegos
Michael J. Condon
Gallegos Law Firm, P.C.
460 St. Michael's Drive, Bldg. 300
Santa Fe, New Mexico 87505
(505) 983-6686

APPLICANT'S STATEMENT OF CASE

In **Case No. 21576**, SPC Resources seeks to amend Order No. R-21100 (“Order”): (1) to pool additional interest owners under the terms of Order No. R-21100, (2) to allow for an extension of time for drilling the well under the Order, (3) update the name and location (if necessary) of the Proposed Well, and (4) to conform Order R-21100 to the amended order template (“Amended Order”) described in the Division Director’s April 9, 2020 *Letter to Counsel Regarding Amended CP Order Template*. Division Order No. R-21100, entered on February 12, 2020 in Case No. 20859, created a 635.06-acre, more or less, standard horizontal spacing unit 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 “Unit”), and designated SPC Resources as the operator of the Unit. Order No. R-21100 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 **Betty 5-6 WCXY #2H well** (API No. 30-015-pending). Since the entry of the Order, SPC Resources desires to change the name of the Proposed Well from the Betty 5-6 WCXY #2H well to the **Betty 402H Well**. The location of the Proposed Well has not changed, with the surface hole location in the SE/4 NE/4 (Unit H) of Section 5, to a bottom hole location in the SW/4 NW/4 (Lot 5) of Section 6, Township 22 South, Range 27 East.

SPC Resources seeks to pool additional interest owners in the Unit under the terms of Order No. R-21100. The pooling of the additional interest owners under the terms of Order No. R-21100 will prevent waste, will protect correlative rights, and will promote administrative efficiency. In order to permit SPC Resources 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-21100.

SPC Resources requests that Order No. R-21100 be re-opened and amended to allow SPC Resources additional time to commence drilling the well under the Order. There is good cause for SPC Resources' request for an extension of time due to the unfavorable economic environment, the global pandemic caused by COVID and reduction in rig count, and SPC Resources has delayed its intended plans to develop the acreage subject to the Order. Under the Order, SPC Resources would be required to commence drilling the well by February 12, 2021, and therefore, asks for the deadline to commence drilling the well be extended for a year, to February 12, 2022.

APPLICANT'S PROPOSED EVIDENCE

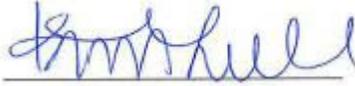
WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Colleen Bradley, Land Representative	Affidavit	Approx. 5

PROCEDURAL MATTERS

SPC Resources intends to present this case by affidavit, if uncontested at time of hearing.

Respectfully submitted,

HOLLAND & HART LLP



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
agrarkin@hollandhart.com
jbroggi@hollandhart.com
kaluck@hollandhart.com

ATTORNEYS FOR SPC RESOURCES, LLC

CERTIFICATE OF SERVICE

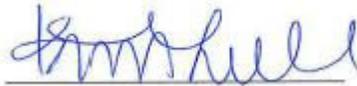
I hereby certify that on January 14, 2021, I served a copy of the foregoing document to the following counsel of record via Electronic Mail to:

Deana M. Bennett.
Modrall, Sperling, Roehl, Harris & Sisk, P.A.
Post Office Box 2168
500 Fourth Street NW, Suite 1000
Albuquerque, New Mexico 87103-2168
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dmb@modrall.com

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