

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

**APPLICATION OF SPC RESOURCES, LLC
TO AMEND ORDER NO. R-21096,
EDDY COUNTY, NEW MEXICO.**

**CASE NO. 21577
ORDER NO. R-21096**

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")

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APPLICANT'S STATEMENT OF CASE

In **Case No. 21577**, SPC Resources seeks to amend Order No. R-21096: (1) to pool additional interest owners under the terms of Order No. R-21096; (2) to allow for an extension of time for drilling a well under Order No. R-21096; (3) to update the names and locations of the Proposed Wells, and (4) to conform Order No. R-21096 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-21096, entered on February 12, 2020 in Case No. 20762, created a 1,267.10-acre, more or less, standard horizontal spacing unit consisting of the W/2 and E/2 of Section 12, Township 22 South, Range 26 East, and the W/2 and E/2 of irregular Section 7, 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-21096 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 Proposed Wells: (1) the **Caveman 7-12 WCXY #2H well**; and (2) the **Caveman 7-12 WCD #3H well**.

Since the entry of Order No. R-21096, SPC Resources has changed the names and locations of the Proposed Wells as follows: the Caveman 7-12 WCXY #2H well is now the **Caveman 402H Well**, and the Caveman 7-12 WCD #3H well is now the **Caveman 442H Well**, to be drilled from surface hole locations in the SW/4 NW/4 (Unit E) of Section 8, Township 22 South, Range 27 East, to bottom hole locations in the SW/4 NW/4 (Unit E) of Section 12, Township 22 South, Range 26 East.

SPC Resources seeks to pool additional interest owners in the Unit under the terms of Order No. R-21096. The pooling of the additional interest owners under the terms of the Order 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-21096.

SPC Resources requests that Order No. R-21096 be re-opened and amended to allow SPC Resources additional time to commence drilling a 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 a well by February 12, 2021; and therefore asks for the deadline to commence drilling a well be extended for a year, to February 12, 2022.

APPLICANT'S PROPOSED EVIDENCE

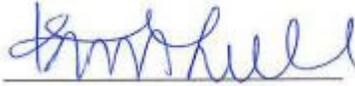
WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Colleen Bradley, Land Representative	Affidavit	Approx. 5

PROCEDURAL MATTERS

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

Respectfully submitted,

HOLLAND & HART LLP



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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:

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