

From: [McClure, Dean, EMNRD](#)
To: [Shaheen, Sharon](#)
Cc: [Darin Savage](#); [Ocean Munds-Dry](#); [Deana M. Bennett](#); [Dana Hardy](#)
Subject: RE: [EXTERNAL] RE: cases 24732-35 and 24772
Date: Thursday, February 6, 2025 2:57:00 PM

Ms. Shaheen,

Please provide a status update on providing a response to the request for information regarding the depth severance no later than 5 business days after receipt of this email. If additional time is needed to provide the response, then please provide a reasonable date for the Division's consideration.

Dean McClure
Petroleum Engineer, Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
(505) 469-8211

From: McClure, Dean, EMNRD
Sent: Tuesday, December 17, 2024 9:10 AM
To: Shaheen, Sharon <sshaheen@spencerfane.com>
Cc: Darin Savage <darin@abadieschill.com>; Ocean Munds-Dry <omundsdry@civiresources.com>; Deana M. Bennett <deana.bennett@modrall.com>; Dana Hardy <DHardy@hinklelawfirm.com>
Subject: RE: [EXTERNAL] RE: cases 24732-35 and 24772

Ms. Shaheen,

Diversly, perhaps it is tied to 300' above the top of the Wolfcamp, but the determination of 8,062' will be coming from somewhere at which the top of the Wolfcamp was determined, etc.

Dean McClure
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From: McClure, Dean, EMNRD
Sent: Tuesday, December 17, 2024 9:07 AM
To: Shaheen, Sharon <sshaheen@spencerfane.com>
Cc: Darin Savage <darin@abadieschill.com>; Ocean Munds-Dry <omundsdry@civiresources.com>; Deana M. Bennett <deana.bennett@modrall.com>; Dana Hardy <DHardy@hinklelawfirm.com>
Subject: RE: [EXTERNAL] RE: cases 24732-35 and 24772

Ms. Shaheen,

The intent of the depth severance field on the CPAC is to identify depth severances within the formation being pooled rather than depth severances within the interval being pooled. Based off your response below, is it accurate to say that there is a depth severance at 8,062'? If so, then the 8,062' within the conveyances of interest will generally be based upon something; for example, it would be at the stratigraphic equivalent of 8,062 in Well XXX. My speculation is that it is either at the top of the 3rd Bone Spring or perhaps the top of the 3rd Bone Spring Sand.

Regardless, once we finish this discussion regarding how the depth severance is identified, the CPAC will need to be amended to include that description.

Dean McClure

Petroleum Engineer, Oil Conservation Division

New Mexico Energy, Minerals and Natural Resources Department

(505) 469-8211

From: Shaheen, Sharon <sshaheen@spencerfane.com>

Sent: Tuesday, December 17, 2024 8:30 AM

To: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>

Cc: Darin Savage <darin@abadieschill.com>; Ocean Munds-Dry <omundsdry@civiresources.com>; Deana M. Bennett <deana.bennett@modrall.com>; Dana Hardy <DHardy@hinklelawfirm.com>

Subject: [EXTERNAL] RE: cases 24732-35 and 24772

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Mr. McClure,

Thank you for your email. Flat Creek has learned from Devon that the unleased tract is currently under consideration in an EA that is set to go out for public comment beginning January 6. The NEPA is on track to be fully completed by late March/early April 2025, and BLM expects the lease to be reinstated fairly quickly once the NEPA is complete.

With this circumstance in mind, Flat Creek proposes the following possibilities:

1. First preference—The Division issues an order forcepooling two alternative spacing units, the first alternative with the BLM tract, which would be conditioned on approval of the lease reinstatement, and the second alternative without the unleased BLM interest. In the prehearing statement, I provided examples of several instances in which the Division has approved, or recognized its authority to approve, alternative spacing units

in the past.

2. Second preference—The Division issues an order forcepooling a spacing unit that includes the BLM tract which is currently in the reinstatement process.
3. Third preference--If the Division will not issue orders as requested in the two possibilities above, Flat Creek requests that the Division wait until the BLM reinstatement process is complete before issuing orders. As soon as the reinstatement process is complete, Flat Creek will inform the Division and request that orders be issued at that time. (This is how we proceeded in the Titus applications referenced in the prehearing statement.)

As for the depth severance, the 8,062' depth is derived from conveyances of the interests in the underlying minerals. One of the working interest owners in the interval below requested that Flat Creek not pool that interval at this time, and Flat Creek agreed. A subsequent application will be made should the parties desire to develop that interval.

My apologies for not identifying an existing depth severance. In the past, I have interpreted the question about depth severance to apply to that portion of the formation to be pooled, because it could affect allocation within the unit. Because there was not a depth severance in the depths sought to be pooled here, I did not believe that the depth severance was relevant to the application. Thank you for clarifying.

Please let me know if you have any additional questions or if it would be helpful to discuss.

Many thanks for your help—

Best,
Sharon

Sharon Shaheen Partner
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From: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>
Sent: Monday, December 9, 2024 4:38 PM
To: Shaheen, Sharon <sshaheen@spencerfane.com>
Cc: Darin Savage <darin@abadieschill.com>; Ocean Munds-Dry <omundsdry@civiresources.com>;
Deana M. Bennett <deana.bennett@modrall.com>; Dana Hardy <DHardy@hinklelawfirm.com>
Subject: [EXTERNAL] cases 24732-35 and 24772

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Ms. Shaheen,

It appears that the Applicant requested to force pool two different areas within cases 24732 and 24772 because of unleased federal minerals in the N/2 NE/4 of Section 23. Is this summary correct? Does the applicant now know which area they would like the Division to force pool in each of the cases?

In cases 24732-35, it appears that the Applicant is requesting to force pool the BS down to 8,062'. Additionally, it is stated that there is not a depth severance. Please provide a very brief explanation for why the applicant is excluding the bottom 300' of the BS. Additionally, please provide where the 8,062 figure is being derived; the basis for it is presumably from a well log in a nearby well.

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