

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

**APPLICATION OF LONGFELLOW
ENERGY LP FOR COMPULSORY
POOLING, EDDY COUNTY, NEW
MEXICO**

**CASE NO. 25572
ORDER NO. R-24036**

RESPONSE TO SPUR'S EMERGENCY MOTION FOR STAY

Longfellow Energy, LP, OGRID No. 372210 ("Longfellow"), through its undersigned attorneys, hereby files this (1) response to Spur Energy Partners LLC ("Spur") Emergency Motion to Stay ("Motion") Oil Conservation Division ("OCD") Order No. R-24036 ("Order") and request to stay the Division approved Application for Permit to Drill ("APD") for the Petty 31CD Fed Com Well (API No. 30-015-58054) under 19.17.7.9 NMAC [sic], and (2) Spur's proposed order requesting the same. Longfellow provides a proposed order denying the entirety of Spur's Motion and requests for relief, set forth as **Exhibit A**.

The Motion should be denied. Spur seeks extraordinary relief without identifying a valid procedural vehicle, without establishing an emergency, and without demonstrating any actual, non-economic, irreparable injury. Instead, Spur attempts to convert the emergency-stay process into a collateral attack on valid Division approvals and into a shortcut for litigating alleged operational-deviation issues that are reserved to the Division in the first instance. The Division should reject that effort, and allow Longfellow to continue operations under the existing Order and approved APD.

FACTUAL BACKGROUND

1. The Division issued Order No. R-24036, attached as **Exhibit B**, on December 1, 2025, in Case No. 25572, which created standard 302.07-acre, more or less, horizontal spacing

unit comprised of the S/2 of Section 31, Township 16 South, Range 31 East, NMPM, Eddy County, New Mexico (the “Unit”), and designated Longfellow as operator of the Unit.

2. Order No. R-24036 pooled the uncommitted interests in the Yeso formation in the Unit, and dedicated the Unit to the following wells: **Petty Federal Com 31CD 001H well, Petty Federal Com 31CD 002H well, Petty Federal Com 31CD 003H well, Petty Federal Com 31CD 004H well, Petty Federal Com 31CD 005H well, Petty Federal Com 31CD 006H well, Petty Federal Com 31CD 007H well, Petty Federal Com 31CD 008H well, and Petty Federal Com 31CD 009H well.**

3. Spur owns a 37.511173% working interest in the Unit. Spur did not enter an appearance or object to Longfellow’s pooling application before entry of the Order.

4. Order No. R-24036 ¶ 20 provides “Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.”

5. Order No. R-24036 ¶ 20 does not require Longfellow to drill the well(s) in any particular sequence, contrary to what Spur asserts. Rather, Order No. R-24036 requires only that Longfellow drill each well prior to November 30, 2026 (one-year from approval), or in the alternative, that Longfellow request an extension from the OCD before Order No. R-24036 expires.

6. Longfellow has not informed Spur, the additional parties entitled to notice, or the Division that it does not intend to drill all nine wells identified in Order No. R-24036 or that it intends to pursue an extension.

7. Order No. R-24036 ¶ 22 provides “Operator may propose *reasonable deviations from the development plan* via notice to the OCD and all parties that required notice of the original

compulsory pooling application in accordance with 19.15.4.12.B and 19.15.4.12.C NMAC. Upon no objection after twenty (20) days the deviation is automatically granted. If a protest is received the deviation is not granted and the Operator must set the case for a hearing.” (emphasis added).

8. The Division has provided guidance to operators seeking *minor* deviations by allowing operators to proceed without a hearing by (1) providing notice, (2) monitoring objections, and (3) submitting the application for deviation to Division permitting with all required documentation. See “NOTICE—Procedure for Deviation from Orders, November 1, 2025.” Attached as **Exhibit C**. Division guidance under this NOTICE is limited to deviations involving the accommodation of scheduling issues with well(s) drilling or completion schedules, or when an operator is seeking to remove less than 20% of the proposed wells from the development plan. *Id.*

9. Spur references the July 12, 2024, “NOTICE—OCD Clarification of Compulsory Pooling Processes Updates” issued by the Division, attached as **Exhibit D**, but the Division has subsequently issued additional clarifying guidance on deviation from orders under the November 1, 2025, Notice.

10. The Division has not issued dispositive guidance defining what constitutes a “minor” or “major” deviation from orders outside of the two options explicitly provided for.

11. Longfellow sent well proposals and election letters to Spur on March 30, 2026, for the **Petty 31CD 006H** well.

12. The March 30, 2026, election letters were consistent with the approved Division and BLM APD and associated drilling and engineering design for the **Petty 31CD 006H** well that Longfellow revised to reflect the Lower Paddock lateral placement instead of the Blineberry. Both pools are in the Yeso formation originally pooled under Order No. R-24036.

13. Spur elected to participate in the **Petty 31CD 006H** well “under protest.” The “protest” was due to the well’s landing placement revision and due to an increase in AFE costs associated with the well as originally proposed during the September 16, 2025, hearing by affidavit and the costs associated with the well as proposed in the March 30, 2026, election letters.

14. The Order provides the Division approved procedure for reconciling project costs against actual costs in ¶ 26 which lays out the following procedure: (1) Longfellow has 180 days to submit to each pooled working interest owner an itemized schedule of the *actual* well costs, and (2) the *actual* well costs will be considered reasonable unless a pooled working interest owner files a written objection no later than 45 days after receipt. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.

15. The correct process for objecting to the *actual* well costs occurs after the well is completed, not when the well is currently being drilled.

16. Longfellow discovered a looming BLM lease expiration that was set to expire during the first half of May 2026, which would result in the Unit falling apart.

17. Longfellow made plans to schedule and perform the drilling of the **Petty 31CD 006H** well to ensure the federal lease would be extended and the Unit would not be impacted due to its removal.

18. On May 1, 2026, Longfellow and Spur met to primarily to discuss joint resolution options for the Unit development that included acreage trades, a buyout of Spur’s interest, and secondarily to discuss Longfellow’s plans to spud the **Petty 31CD 006H** well due to the BLM lease expiration. During this meeting, Longfellow provided a DRAFT notice of minor deviation letter accompanied with a revised gunbarrel diagram for the well(s).

19. The DRAFT notice letter functioned as a demonstrative exhibit to convey the changes in landing to the **Petty 31CD 006H** well initially prior to spud as a form of good faith transparency between Longfellow—the Unit operator—and Spur as working interest owner, and also the contemplated changes in landing to the remaining wells to be accomplished via an amendment to Order No. R-24036 prior to its expiration.

20. The changes in the well(s) landing and placement depicted on the gunbarrel diagram in the May 1, 2026, meeting was intended by Longfellow to demonstrate to Spur the comprehensive modifications to be made via amendment to Order No. R-24036 after the **Petty 31CD 006H** well was drilled to maintain the integrity of the Unit.

21. Longfellow determined that the slight revision to the lateral placement of the **Petty 31CD 006H** well in the Yeso formation would not, in reasonable probability, alter the ultimate drainage of the Unit, and such expeditious action would be necessary and amicable to Spur to preserve the federal lease and Unit, as a whole.

22. Longfellow provided a minor-deviation notice out of an abundance of caution but maintains the lateral re-placement does not actually rise to a deviation requiring approval, because (a) no formation change — both Blinberry and Lower Paddock are within the Yeso formation pooled under R-24036 (and per the May 1 letter itself, within Pool Code 96831, Cedar Lake; Glorieta-Yeso), (b) no change in surface hole or bottomhole location, (c) no change in number of wells, and (d) no reasonable probability of altering ultimate Unit drainage.

23. Since Longfellow has commenced drilling of the **Petty 31CD 006H** well no less than six months before the November 30, 2026, deadline stipulated in Order No. R-24036, Longfellow remains compliant with the Order.

24. Drilling operations have commenced, and any stay of those operations would result in loss and damage to the wellbore integrity, increased fluid and control risks, increased capital expenditure due to rig standby and crew per diems, extended demobilization and remobilization costs, and cascading contractual risks to working interest owners (e.g., service provider contracts, completion crew contracts, and so forth).

25. Longfellow's actions to drill the **Petty 31CD 006H** well and preserve the federal lease will prevent waste and protect correlative rights due to the development of the federal minerals as part of the planned Unit.

26. Spur's motion would result in waste due to the loss of the federal lease within the unit, which would impact the overall recovery of the Unit as originally proposed by Longfellow.

27. Spur's motion fails to show irreparable harm apart from purely economic harm. *See* Spur Emer. Mot. St. at ¶¶ 13, 17.

28. Since Longfellow intends to commence drilling of the remaining wells prior to the November 30, 2026, deadline stipulated in Order No. R-24036, Longfellow remains compliant with the order.

29. Longfellow asserts that the drilling of the wells at different times within the stipulated one-year window in Order No. R-24036 is both contemplated and allowed by Division guidance.

30. Longfellow asserts that its plan to drill the Unit wells at differing times within the initially stipulated one-year window in Order No. R-24036 does not constitute removal of more than 20% of the proposed wells from the development plan.

31. Since Longfellow is not removing any wells from the Unit, Longfellow remains compliant with the order.

32. Longfellow asserts that any deadlines associated with drilling or completing that are imposed by the Division should be considered as a mandate from the Division for the operator to conduct the work “no later than” the one-year deadline, rather than a mandate to conduct the work “on or about” the one-year deadline of the Order.

33. Longfellow concludes that neither notice nor Order amendment is required for its actions governing the **Petty 31CD 006H** well as such revision does not rise to even a “minor” deviation.

ARGUMENT

1. Spur Identifies No Valid Procedural Basis to Stay Both a Final Pooling Order and a Valid APD Through an Emergency Motion

Spur’s threshold problem is procedural. Spur asks the Division to stay both a final compulsory pooling order and the effect of an approved APD. But the Motion does not identify any Division rule that authorizes this relief in the posture presented here.

Rule 19.15.4.23(B) NMAC authorizes the Director to stay Division or Commission orders only when a stay is necessary to prevent waste, protect correlative rights, protect public health or the environment, or prevent gross negative consequences to an affected party. Spur does not satisfy that standard. The Order itself was issued after notice and hearing, approved Longfellow’s development of the Unit, and necessarily reflected the Division’s determination that the pooled development would prevent waste and protect correlative rights. Spur’s disagreement with the timing, sequencing, cost, or intra-formation landing placement of the 006H Well does not justify staying the Order on an emergency basis.

Nor does 19.15.14.10(B) NMAC provide the relief Spur seeks. That provision allows the Division to impose conditions on an approved permit to drill, deepen, or plug back. It does not create a private right for a non-operator working-interest owner to suspend a valid APD by

emergency motion, nor does it convert ordinary operational disputes into collateral attacks on approved permits. Likewise, 19.15.2.11(B) NMAC addresses emergency hearing timing; it is not an independent source of substantive stay authority.

Because Spur has identified no rule authorizing the requested stay of both the Order and the APD, the Motion should be denied for that reason alone. If the Division determines that any future amendment, deviation, or hearing is appropriate, that determination can be made through the Division's ordinary procedures. It does not require, and does not justify, emergency suspension of ongoing operations under an approved APD.

2. Spur Has Not Shown an Emergency or Irreparable Harm

Spur's Motion depends on a chain of unsupported assumptions. Spur first assumes that any revision to a well's lateral placement automatically constitutes a deviation requiring notice and hearing. Spur next asserts that the revised lateral placement of the 006H Well will irreparably harm Spur, impair its correlative rights, and cause waste, but it offers no substantive explanation of how Spur will actually be affected. *See* Spur Em. Mot. ¶ 13. Spur then characterizes these alleged circumstances as an emergency requiring immediate Division intervention that would effectively halt ongoing drilling operations.

Spur's own cited authority confirms why that showing is insufficient. In *Tenneco Oil Co. v. New Mexico Water Quality Control Commission*, the New Mexico Court of Appeals recognized that a stay of administrative action is discretionary and requires a showing of, among other things, irreparable harm, lack of substantial harm to other interested persons, and no harm to the public interest. 1986-NMCA-033, ¶ 10. The court further held that "[t]he mere fact that an administrative regulation or order may cause injury or inconvenience to applicant is insufficient to warrant suspension of an agency regulation by the granting of a stay," and that "[m]ere allegations of irreparable harm are not, of course, sufficient." *Id.* ¶¶ 11–12. Here, Spur offers only conclusory

assertions of harm tied to AFE costs, well sequencing, alleged parent-child effects, and lateral placement within the same pooled formation. Those assertions do not establish the immediate, non-speculative injury required for extraordinary stay relief, particularly where the requested stay would itself create concrete operational, contractual, leasehold, and waste-prevention risks for Longfellow and the participating working interest owners.

The New Mexico standard governing extraordinary injunctive relief confirms the point. Injunctions are “harsh and drastic remedies” available only upon a showing of irreparable injury for which there is no adequate and complete remedy at law. *State ex rel. State Highway & Transp. Dep’t of N.M. v. City of Sunland Park*, 2000-NMCA-044, ¶ 18, 129 N.M. 151, 3 P.3d 128. An irreparable injury is one that cannot be compensated or measured by any certain pecuniary standard, and the injury must be actual and substantial, or an affirmative prospect of such injury, not a mere possibility of harm. *Id.* ¶ 19. The party seeking relief must present evidence of irreparability and inadequacy of remedy; conclusory assertions are not enough. *Id.*

Spur has not made that showing. Spur alleges concerns regarding spacing, sequencing, parent-child effects, costs, and correlative rights, but it does not provide evidence that the approved 006H Well will cause actual and imminent non-economic injury. Spur’s cost objection is particularly unsuitable for emergency relief because Division rules already provide a mechanism for reporting actual well costs and resolving objections to the reasonableness of those costs. *See* 19.15.13.13 NMAC. A dispute over AFE increases does not justify stopping a permitted well.

Spur’s participation “under protest” also does not create emergency rights that the Division’s rules do not otherwise provide. Spur elected to participate in the 006H Well. That election preserves Spur’s economic position in the well; it does not transform an unsupported objection into irreparable harm or authorize an emergency stay.

3. Longfellow Remains in Compliance with the Order and the Approved APD

Spur's Motion repeatedly suggests that Longfellow has abandoned the approved development plan or is attempting to drop 90% of the approved wells. That is incorrect. Longfellow is not removing any well from the Unit. Longfellow has not stated that it will drill only the 006H Well. Longfellow remains within the Order's one-year deadline to commence drilling and intends to address any future changes for remaining wells through appropriate Division procedures before those wells are drilled.

Spur also misreads the Order as requiring "back-to-back" drilling. Paragraph 20 does not impose a particular drilling sequence. It requires the operator to commence drilling the well(s) within one year after the date of the Order and to complete each well no later than one year after commencement of that well. Spur's reliance on language from Longfellow's initial proposal does not rewrite the Order or create a new emergency-stay remedy.

The 006H Well's revised landing placement also does not invalidate the Order or APD. The 006H Well remains within the Yeso formation pooled by the Order. Longfellow has determined that the lateral-placement adjustment will not, in reasonable probability, alter ultimate Unit drainage or impair Spur's correlative rights. And the 006H Well is being drilled under approved federal and Division permitting. Those approvals remain valid unless and until the Division determines otherwise through a proper procedural vehicle.

Spur's attempt to treat Longfellow's May 1 courtesy communication as formal notice requiring a protested hearing is equally misplaced. The draft notice letter was provided to Spur as part of ongoing commercial discussions and in the interest of transparency. It was not served on all parties entitled to notice of the original pooling application, was not served by certified mail, and was not submitted as a formal notice intended to trigger Paragraph 22 of the Order. Spur cannot

manufacture a protest process from a draft negotiation document and then use that manufactured protest to halt drilling operations.

Longfellow does not dispute that its initial well proposal described a “back-to-back” drilling sequence. That language reflected Longfellow's anticipated execution plan, not a binding contractual commitment, and Order R-24036 did not adopt or incorporate that phrase as a condition of approval. The Order's only sequencing constraint is in Paragraph 20, which requires commencement of drilling within one year and completion of each Well within one year of its respective spud date. See also Ex. D (July 12, 2024 Notice) (confirming that “all wells the operator proposed in Exhibit A shall be spudded within one (1) year total from the date of the OCD Director signature”). Longfellow intends to spud all nine Unit wells by November 30, 2026, consistent with the Order's terms and OCD's official interpretation. Longfellow asserts that the proper Division procedure for Spur to follow in effort to reconcile projected and *actual* costs is the process outlined in ¶ 26 in Order No. R-24036.

4. Threshold Deviation Determinations Belong to the Division, Not to Spur

The Division's rules reserve enforcement and operational-deviation determinations to the Division. Rule 19.15.2.16 NMAC provides that Division personnel have authority and duty to enforce Division rules and may allow minor deviations from approved field operational plans upon a showing by an operator that changes are necessary to avoid waste or protect public health or the environment. Rule 19.15.7.9(C) NMAC further provides that forms approved or processed by BLM for wells on federal lands or accessing federal minerals are subject to Division approval in the same manner and to the same extent as corresponding Division forms.

Those rules underscore why Spur's requested relief is improper. Spur asks the Division to accept Spur's threshold characterization of the 006H Well's lateral-placement revision as an

actionable, protested deviation before the Division has made that determination. That approach would allow a non-operator to usurp the Division's role, convert courtesy communications into formal notices, and stop approved operations based on speculation. Nothing in the Division's rules requires that result.

At most, Spur has raised issues that can be addressed through ordinary Division processes if and when the Division determines additional process is necessary. That is not an emergency. It is not a basis to stay a valid pooling order. And it is not a basis to suspend an approved APD while active drilling operations are underway.

5. A Stay Would Create the Concrete Harm Spur Has Failed to Show

The equities also weigh decisively against the requested stay. Spur's alleged harm is speculative. Longfellow's harm from a stay is immediate and concrete. Drilling operations have commenced, and an abrupt suspension would introduce operational, contractual, and leasehold risks that the Division should not impose absent a compelling and properly supported showing by Spur.

Operationally, sudden interruption of active drilling can threaten wellbore integrity; increase the risk of stuck pipe, tight-hole conditions, formation swelling or sloughing, and loss of well path; degrade drilling-fluid characteristics; impair pressure control; and complicate directional drilling and geosteering. Those risks are not abstract. They arise directly from stopping an active drilling operation midstream.

Contractually and economically, a stay would expose Longfellow and participating working-interest owners to rig standby charges, potential rig-release and remobilization costs, crew and service-company scheduling disruptions, equipment and supply-chain delays, and cascading obligations tied to water, fuel, tubulars, trucking, disposal, and completion services. The stay

would also risk federal leasehold consequences that could impair the Unit as a whole and frustrate the very resource-development objectives the Order was designed to advance.

In short, Spur asks the Division to impose the concrete waste, operational disruption, and leasehold risk that Spur has failed to prove it will suffer. Rule 19.15.4.23(B) NMAC does not support that result. The Motion should be denied.

CONCLUSION AND REQUESTED RELIEF

For the foregoing reasons, Longfellow respectfully requests that the Division deny Spur's Emergency Motion for Stay in full, deny Spur's request to stay the Order and the APD, deny Spur's request to invalidate Longfellow's March 30, 2026, well proposal, and grant such other relief as the Division deems just and proper. If the Division sets the Motion for hearing, Longfellow requests that no stay issue pending hearing.

Respectfully submitted,

BEATTY & WOZNIAK, P.C.

By: 

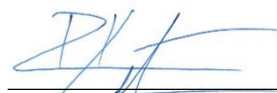
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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the forgoing was served to counsel of record by electronic mail this 15th day of May 2026, as follows:

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EXHIBIT A

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

APPLICATION OF LONGFELLOW
ENERGY LP FOR COMPULSORY
POOLING, EDDY COUNTY, NEW
MEXICO.

CASE NO. 25572
ORDER NO. R-24036

**[PROPOSED] ORDER DENYING REQUEST FOR STAY OF ORDER NO. R-24036 AND
DIVISION APPROVED APD**

This matter, having come before the Division Director and/or the Chair of the Oil Conservation Commission on a response motion filed by Longfellow Energy, LP (“Longfellow”) pursuant to 19.15.7.9 NMAC, and having considered the response motion and otherwise being fully informed in the premises, the Director finds and concludes that a temporary stay of the Order No. R-24036 and the Division’s administrative approval for the following well is not necessary or appropriate to prevent waste and to protect correlative rights, as such prevention and protection is inherent in the valid existing pooling Order and APD:

- **Petty Federal Com 31CD 006H** (API No. 30-015-58054) to be dedicated to a 302.07-acre, more or less, horizontal well spacing unit in the Yeso formation comprised of the S/2 of Section 31, T16S, R31E, Eddy County, New Mexico.

IT IS THEREFORE ORDERED that Spur Energy Partners LLC’s Emergency Motion to Stay is hereby DENIED, and Division Order No. R-24036, together with the Division’s administrative approval of the APD for the above-referenced well, shall remain in full force and effect without the additional requirement to provide notice to the Division or previously noticed affected parties for slight deviations therefrom. This Order is without prejudice to any party seeking further relief through the procedures otherwise available under Division rules and applicable law.

EXHIBIT B

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

**IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
LONGFELLOW ENERGY, LP**

**CASE NO. 25572
ORDER NO. R-24036**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on September 16, 2025, and after considering the testimony, evidence, and recommendation of the Hearing and Technical Examiners, issues the following Order.

FINDINGS OF FACT

1. Longfellow Energy, LP (“Operator”) submitted an application (“Application”) to compulsory pool the uncommitted oil and gas interests within the spacing unit (“Unit”) described in Exhibit A. 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 depth(s) and location(s) in the Unit described in Exhibit A.
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 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 in accordance with 19.15.16.15(C) NMAC.
19. If the Unit is a non-standard horizontal spacing unit which has not been approved under this Order, Operator shall obtain the OCD's approval for a non-standard horizontal spacing unit in accordance with 19.15.16.15(B)(5) NMAC.
20. Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
21. This Order shall terminate automatically if the Operator fails to comply with the preceding paragraph unless the Operator requests an extension by notifying the OCD and all parties that required notice of the original compulsory pooling application in accordance with 19.15.4.12.B and 19.15.4.12.C NMAC. Upon no objection after twenty (20) days the extension is automatically granted up to one year. If a protest is received the extension is not granted and the Operator must set the case for a hearing.

22. Operator may propose reasonable deviations from the development plan via notice to the OCD and all parties that required notice of the original compulsory pooling application in accordance with 19.15.4.12.B and 19.15.4.12.C NMAC. Upon no objection after twenty (20) days the deviation is automatically granted. If a protest is received the deviation is not granted and the Operator must set the case for a hearing.
23. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
24. Operator shall submit each owner of an uncommitted working interest in the pool (“Pooled Working Interest”) an itemized schedule of estimated costs to drill, complete, and equip the well (“Estimated Well Costs”).
25. 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.”
26. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to 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 an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
27. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD’s order determining the Reasonable Well Costs, whichever is later, 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.
28. 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."

29. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to 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 an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
30. 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.
31. 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.
32. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to the preceding paragraph to each Pooled Working Interest that paid its share of the Estimated Well Costs.
33. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to 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.
34. 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.
35. 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.

36. 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.
37. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**

Albert Chang

Date: 12/1/2025

ALBERT C. S. CHANG
DIRECTOR
AC/dm

COMPULSORY POOLING APPLICATION CHECKLIST	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 25572	APPLICANT'S RESPONSE
Date	September 11, 2025
Applicant	Longfellow Energy, L.P.
Designated Operator & OGRID (affiliation if applicable)	Longfellow Energy, L.P., 372210
Applicant's Counsel:	Spencer Fane, LLP (Sharon T. Shaheen)
Case Title:	Application of Longfellow Energy, L.P. for Compulsory Pooling, Eddy County, New Mexico
Entries of Appearance/Intervenors:	None at this time
Well Family	Petty Federal Com 31CD
Formation/Pool	
Formation Name(s) or Vertical Extent:	Yeso Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Yeso Formation
Pool Name and Pool Code (Only if NSP is requested):	
Well Location Setback Rules (Only if NSP is Requested):	
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320 acres
Building Blocks:	Quarter-quarter section (40 ac)
Orientation:	East-West
Description: TRS/County	S/2 of Section 31, Township 16 South, Range 31 East in Eddy County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in this application?	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	Yes, N2 S2 of Section 31
Proximity Defining Well: if yes, description	Yes, Petty Federal Com 31CD 006H well
Applicant's Ownership in Each Tract	Tract 1: 100%; Tract 2: 90%; Tract 3: 0.00%; Tract 4: 0.00%; Tract 5: 0.00%; Tract 6: 0.00%
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed
Well #1	Petty Federal Com 31CD 001H well, API No. 30-015-XXXXX SHL: 411' FWL and 1,717' FSL of Section 32-16S-31E BHL: 20' FWL & 2,628' FSL of Section 31-16S-31E Completion Target: Yeso at ~5,867' Well Orientation: East to West Completion location expected to be standard
Horizontal Well First and Last Take Points	FTP: ~2628' FSL and 100' FEL of Section 31, T16S-31E LTP: ~2628' FSL and 100' FWL of Section 31, T16S-31E
Completion Target (Formation, TVD and MD)	Yeso- TVD (~5867'), MD (~11272')
Well #2	Petty Federal Com 31CD 002H well, API No. 30-015-XXXXX SHL: 411' FWL and 1,697' FSL of Section 32-16S-31E BHL: 20' FWL & 2,319' FSL of Section 31-16S-31E Completion Target: Yeso at ~4,961' Well Orientation: East to West Completion location expected to be standard
Horizontal Well First and Last Take Points	FTP: ~2319' FSL and 100' FEL of Section 31, T16S-31E LTP: ~2319' FSL and 100' FWL of Section 31, T16S-31E
Completion Target (Formation, TVD and MD)	Yeso- TVD (~4961'), MD (~10337')

Well #3	Petty Federal Com 31CD 003H well, API No. 30-015-XXXXX SHL: 411' FWL and 1,677' FSL of Section 32-16S-31E BHL: 20' FWL & 2,159' FSL of Section 31-16S-31E Completion Target: Yeso at ~5,226' Well Orientation: East to West Completion location expected to be standard
Horizontal Well First and Last Take Points	FTP: ~2159' FSL and 100' FEL of Section 31, T16S-31E LTP: ~2159' FSL and 100' FWL of Section 31, T16S-31E
Completion Target (Formation, TVD and MD)	Yeso- TVD (~5226'), MD (~10562')
Well #4	Petty Federal Com 31CD 004H well, API No. 30-015-XXXXX SHL: 411' FWL and 1,657' FSL of Section 32-16S-31E BHL: 20' FWL & 1785' FSL of Section 31-16S-31E Completion Target: Yeso at ~5,875' Well Orientation: East to West Completion location expected to be standard
Horizontal Well First and Last Take Points	FTP: ~1785' FSL and 100' FEL of Section 31, T16S-31E LTP: ~1785' FSL and 100' FWL of Section 31, T16S-31E
Completion Target (Formation, TVD and MD)	Yeso- TVD (~5875'), MD (~11165')
Well #5	Petty Federal Com 31CD 005H well, API No. 30-015-XXXXX SHL: 411' FWL and 1,637' FSL of Section 32-16S-31E BHL: 20' FWL & 1410' FSL of Section 31-16S-31E Completion Target: Yeso at ~4969' Well Orientation: East to West Completion location expected to be standard
Horizontal Well First and Last Take Points	FTP: ~1410' FSL and 100' FEL of Section 31, T16S-31E LTP: ~1410' FSL and 100' FWL of Section 31, T16S-31E
Completion Target (Formation, TVD and MD)	Yeso- TVD (~4969'), MD (~10280')
Well #6	Petty Federal Com 31CD 006H well, API No. 30-015-XXXXX SHL: 1085' FWL and 676' FSL of Section 32-16S-31E BHL: 20' FWL & 1250' FSL of Section 31-16S-31E Completion Target: Yeso at ~5244' Well Orientation: East to West Completion location expected to be standard
Horizontal Well First and Last Take Points	FTP: ~1250' FSL and 100' FEL of Section 31, T16S-31E LTP: ~1250' FSL and 100' FWL of Section 31, T16S-31E
Completion Target (Formation, TVD and MD)	Yeso- TVD (~5244'), MD (~10572')
Well #7	Petty Federal Com 31CD 007H well, API No. 30-015-XXXXX SHL: 1086' FWL and 656' FSL of Section 32-16S-31E BHL: 20' FWL & 875' FSL of Section 31-16S-31E Completion Target: Yeso at ~5894' Well Orientation: East to West Completion location expected to be standard
Horizontal Well First and Last Take Points	FTP: ~875' FSL and 100' FEL of Section 31, T16S-31E LTP: ~875' FSL and 100' FWL of Section 31, T16S-31E
Completion Target (Formation, TVD and MD)	Yeso- TVD (~5894'), MD (~10572')
Well #8	Petty Federal Com 31CD 008H well, API No. 30-015-XXXXX SHL: 1086' FWL and 636' FSL of Section 32-16S-31E BHL: 20' FWL & 500' FSL of Section 31-16S-31E Completion Target: Yeso at ~4987' Well Orientation: East to West Completion location expected to be standard
Horizontal Well First and Last Take Points	FTP: ~500' FSL and 100' FEL of Section 31, T16S-31E LTP: ~500' FSL and 100' FWL of Section 31, T16S-31E
Completion Target (Formation, TVD and MD)	Yeso- TVD (~4987'), MD (~10267')
Well #9	Petty Federal Com 31CD 009H well, API No. 30-015-XXXXX SHL: 1087' FWL and 616' FSL of Section 32-16S-31E BHL: 20' FWL & 340' FSL of Section 31-16S-31E Completion Target: Yeso at ~5243' Well Orientation: East to West Completion location expected to be standard
Horizontal Well First and Last Take Points	FTP: ~340' FSL and 100' FEL of Section 31, T16S-31E LTP: ~340' FSL and 100' FWL of Section 31, T16S-31E

Completion Target (Formation, TVD and MD)	Yeso- TVD (~5243'), MD (~10541')
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$12,000; see Exhibit A, ¶ 19
Production Supervision/Month \$	\$1200; see Exhibit A, ¶ 19
Justification for Supervision Costs	See AFE at Exhibit A-4
Requested Risk Charge	200%; see Exhibit A, ¶ 20
Notice of Hearing	
Proposed Notice of Hearing	Submitted with online filing of Application
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibits C, C-1, C-2, and C-3
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-4
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A-2
Tract List (including lease numbers and owners)	Exhibits A-2 and A-3
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to	n/a
Pooled Parties (including ownership type)	Exhibit A-3
Unlocatable Parties to be Pooled	See Exhibit C-2
Ownership Depth Severance (including percentage above & below)	n/a
Joinder	
Sample Copy of Proposal Letter	Exhibit A-4
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-3
Chronology of Contact with Non-Joined Working Interests	Exhibit A-5
Overhead Rates In Proposal Letter	Exhibit A-4
Cost Estimate to Drill and Complete	See AFE at Exhibit A-4
Cost Estimate to Equip Well	See AFE at Exhibit A-4
Cost Estimate for Production Facilities	n/a
Geology	
Summary (including special considerations)	See Exhibit B, ¶ 11
Spacing Unit Schematic	Exhibit A-2(b)
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-4
Well Orientation (with rationale)	Exhibit B, ¶ 11(d)
Target Formation	Exhibits B-3 & B-4
HSU Cross Section	Exhibit B-3
Depth Severance Discussion	n/a
Forms, Figures and Tables	
C-102	Exhibit A-1
Tracts	Exhibits A-2, A-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-3
General Location Map (including basin)	Exhibit B-1
Well Bore Location Map	See Exhibit A-1, Exhibit B-5
Structure Contour Map - Subsea Depth	Exhibit B-2
Cross Section Location Map (including wells)	Exhibit B-5
Cross Section (including Landing Zone)	Exhibit B-3
Additional Information	
Special Provisions/Stipulations	n/a
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Sharon T. Shaheen
Signed Name (Attorney or Party Representative):	<i>Sharon T. Shaheen</i>
Date:	Sept. 4, 2025

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan-Grisham
Governor

Melanie A. Kenderdine
Cabinet Secretary

Ben Shelton
Deputy Secretary

Erin Taylor
Deputy Secretary

Albert C.S. Chang
Division Director
Oil Conservation Division



Notice: Procedure for Deviation from Orders

DATE: November 1, 2025

OCD hereby provides the following guidance on the process for uncontested applications for minor deviations from development plans associated with compulsory pooling orders, without a hearing. It aligns with historical practices where amendments did not require a hearing unless protested, while ensuring transparency and opportunity for input from affected parties.

This guidance is limited to uncontested applications where an operator needs to deviate from the development plan to accommodate scheduling issues with well(s) drilling or completion schedule, or to remove less than 20% of the proposed wells from the development plan.

Operators seeking these qualifying minor deviations may proceed without a hearing by following these steps:

1. Provide Notice to Affected Parties and OCD pursuant to 19.15.4 NMAC.
2. Monitor for Objections that might arise under 19.15.4.12.B NMAC.
3. Submit the Application for Deviation to OCD Permitting with all required Documentation.

OCD may issue an amended order without a hearing if OCD determines that the application is proper and may be granted without a hearing.

This notice clarifies OCD's July 12, 2024, Notice titled "OCD Clarification of Compulsory Pooling Processes Updates". That Notice stated:

In connection with its allowance for submission of a multi-year development plan, the OCD recognizes that circumstances may arise where deviations from the development plan may be necessary. In recognition of that reality, it will allow operators the ability to request minor deviations to the development plan that was associated with an order through simple notice to the affected interests and the OCD. Minor deviations to development plans will not automatically trigger a subsequent hearing to amend the compulsory pooling order.

State of New Mexico
Energy, Minerals and Natural Resources Department

Specifically, Operators may need to reasonably deviate from the submitted development plan to:

- accommodate scheduling issues with a well(s) drilling or completion schedule, or
- remove less than 20% of the proposed wells from the development plan.

If an operator needs to deviate from the development plan for one of these reasons, they need only provide notice to the OCD and all parties that required notice of the original compulsory pooling application in accordance with 19.15.4.12.B and 19.15.4.12.C NMAC. In the event of objections to noticed deviations, the Operator must request a hearing and amendment of the Order. Modifications beyond those contemplated above will require a hearing and amendment. OCD also reserves the right to request the operator to file for a hearing amendment if conditions merit.

For further inquiries, contact OCD.Engineer@emnrd.nm.gov.



ALBERT C.S. CHANG
DIRECTOR

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

Dylan M. Fuge
Deputy Secretary

Dylan Fuge, Division Director (Acting)
Oil Conservation Division



NOTICE
OCD Clarification of Compulsory Pooling Processes Updates
July 12, 2024

The Oil Conservation Division (“OCD”) is providing additional clarifications on the Compulsory Pooling notice it issued on April 24, 2024, due to questions it received following the notice. The information below provides additional updates to clarifying aspects of the processes and procedures. The guidance does not replace but is additive to that prior notice.

These updates will be effective as of the August 8, 2024, hearing date.

Clarification of timelines related to Compulsory Pooling Orders:

OCD has received multiple inquiries regarding paragraph twenty of the standard compulsory pooling orders and how this is to be interpreted for drilling timelines with multiple wells. The relevant paragraph reads as follows:

“The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.”

OCD’s template Order, paragraph two, declares all wells in Exhibit A as the “Well(s).” “Well(s)” is used as some cases propose a singular well and some cases propose multiple wells in Exhibit A. If multiple wells are in Exhibit A provided by the applicant, then “Wells” is the correct way to read it through the rest of the order.

Paragraph twenty, as seen above, is intended to mean that all wells the operator proposed in Exhibit A shall be spudded within one (1) year **total** from the date of the OCD Director signature. Each well is then to be completed within one (1) year calculated of its own spud date. The above paragraph does **not** grant an operator permission to drill only what the Operator may deem as the defining well within this timeline. An example can be seen below:

Wells in Exhibit A	Signature Date	Spud Deadline	Actual Spud Date	Completion Date
Well #1	1/1/2024	1/1/2025	5/20/2024	5/20/2025
Well #2	1/1/2024	1/1/2025	6/15/2024	6/15/2025
Well #3	1/1/2024	1/1/2025	6/17/2024	6/17/2025
Well #4	1/1/2024	1/1/2025	6/19/2024	6/19/2025
Well #5	1/1/2024	1/1/2025	6/21/2024	6/21/2025

OCD intends to revise the referenced Order paragraph to accommodate contemporary drilling schedules if operators provide development plan summaries in support of the compulsory pooling applications. In any contested or uncontested hearing an applicant can now present a development plan and associated timelines with each well being proposed so plans can be fully evaluated by the OCD for complete

development potential. The development plan shall not exceed five (5) years. For contested cases this allows for proper comparison of competing plans. OCD requests this same development table be included in uncontested applications to allow for proper authorization in compulsory pooling Orders and allows for timely utilization of pooled minerals. Development plans should be included as an exhibit in support of the application. Applications which do not include a development plan will be considered to propose all listed wells as initial wells to be drilled and completed according to paragraph twenty, above.

Development Table	
Well Name	Timeline of Spud (Estimated)
Well 1	Within 1 year of signature
Well 2	Within 1 year of signature
Well 3	Within 1 year of signature
Well 4	Within 1 year of signature
Well 5	Within 1 year of signature
Well 6	Within 2 years of signature
Well 7	Within 2 years of signature
Well 8	Within 2 years of signature
Well 9	Within 2 years of signature
Well 10	Within 3 years of signature
Well 11	Within 3 years of signature
Well 12	Within 3 years of signature
Well 13	Within 3 years of signature
Well 14	Within 4 years of signature
Well 15	Within 4 years of signature
Well 16	Within 4 years of signature

In connection with its allowance for submission of a multi-year development plan, the OCD recognizes that circumstances may arise where deviations from the development plan may be necessary. In recognition of that reality, it will allow operators the ability to request minor deviations to the development plan that was associated with an order through simple notice to the affected interests and the OCD. Minor deviations to development plans will not automatically trigger a subsequent hearing to amend the compulsory pooling order.

Specifically, Operators may need to reasonably deviate from the submitted development plan to:

- accommodate scheduling issues with a well(s) drilling or completion schedule, or
- remove less than 20% of the proposed wells from the development plan.

If an operator needs to deviate from the development plan for one of these reasons, they need only provide notice to the OCD and all parties that required notice of the original compulsory pooling application in accordance with 19.15.4.12.B and 19.15.4.12.C NMAC. In the event of objections to noticed deviations, the Operator must request a hearing and amendment of the Order. Modifications beyond those contemplated above will require a hearing and amendment. OCD also reserves the right to request the operator to file for a hearing amendment if conditions merit.