

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

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

Case No. 21651

**APPLICATION OF SPUR ENERGY PARTNERS, LLC
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

Case No. 21733

LONGFELLOW'S PRE-HEARING STATEMENT

LONGFELLOW ENERGY, LP, OGRID No. 372110 ("Longfellow"), provides this consolidated Pre-Hearing Statement in the above-referenced cases as required by the rules of the Division.

APPEARANCES

APPLICANT

LONGFELLOW ENERGY, LP

ATTORNEY:

Sharon T. Shaheen
Ricardo S. Gonzales
MONTGOMERY & ANDREWS, P.A.
P.O. Box 2307
Santa Fe, New Mexico 87504-2307
Telephone: (505) 986-2678
sshaheen@montand.com
rgonzales@montand.com

OPPONENT

SPUR ENERGY PARTNERS, LLC

ATTORNEYS:

Michael H. Feldewert
Adam G. Rankin
Julia Broggi
Kaitlyn A. Luck
Holland & Hart, LLP
P.O. Box 2208

Santa Fe, New Mexico 87504
505-998-4421
mfeldewert@hollandhart.com
agrarkin@hollandhart.com
jbroggi@hollandhart.com
kaluck@hollandhart.com

OTHER INTERESTED PARTY

CONOCOPHILLIPS COMPANY

ATTORNEYS

Dana S. Hardy
Michael Rodriguez
HINKLE SHANOR, LLP
P.O. Box 2068
Santa Fe, New Mexico 87504-2068
Telephone: (505) 982-4554
dhardy@hinklelawfirm.com
mrodriguez@hinklelawfirm.com

STATEMENT OF THE CASE

These cases concern competing proposals for compulsory pooling to develop the Yeso formation (Empire; Glorieta-Yeso [96210]) in a standard 480-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of the NE/4 of Section 14 and the N/2 of Section 13, all within Township 17 South, Range 28 East, NMPM, in Eddy County, New Mexico. As will be established at hearing, Longfellow has the better development plan and is better situated for development of this HSU.

Longfellow owns the largest working interest in the spacing unit, approximately 47%. Approximately 13% is owned by third-party working interest owners. Upon information and belief, Spur has an interest in the remaining approximately 40%. Longfellow proposed its wells first, and its application for hearing was first-filed. Longfellow has worked diligently, from December 2019 to the present, making acquisitions from fifteen different working interests, to put together its working interest in this unit and develop this HSU.

The instant application is part of Longfellow's larger development plan, which is already in progress. Longfellow has drilled and is currently completing five similar horizontal wells in the adjacent South offsetting 320-acre HSU. The water infrastructure necessary to effect completion and production of the proposed wells in the instant application is located less than 1 mile from Longfellow's proposed drilling pads. This includes a water recycling facility with two 1-million barrel retention ponds which Longfellow plans to utilize to recycle the produced water from its proposed wells. In addition, Longfellow will have a gas connection installed for its five proposed wells and will not flare gas during initial production. Consequently, Longfellow's proposed wells will result in less surface disturbance and less environmental impact overall.

Longfellow has an executed surface use agreement with the surface owner where the two drilling pads will be located. The surface location allows Longfellow to drill full 7,720' laterals with no backbuilding needed during drilling. In contrast, Spur's proposed bottom hole locations are located 856' East of the West unit boundary, requiring more costly and risky "back building" to achieve the equivalent lateral length to Longfellow's wells.

Within the proposed HSU, Longfellow operates four producing vertical Yeso wells. Its working interest in these vertical wells averages approximately 70%. Protecting these vertical Yeso wells from the effects of the fracture treatments needed to complete horizontal wells will be better accomplished—easier and more efficient—if Longfellow operates both the vertical and horizontal Yeso wells.

Longfellow proposed five wells to develop this HSU because the size of its frac stimulations will enable recovery of maximum hydrocarbons at the least cost. In contrast, Spur proposed six wells, one of which encroaches on the boundary of the South offsetting HSU wherein

Longfellow is currently completing five horizontal Yeso wells. Spur's proposal will result in waste and impairment of Longfellow's correlative rights.

As will further be established at hearing, Spur's proposed development of this HSU is inferior for a number of additional reasons. For example, Spur's proposed drilling pad is located in a low elevation drainage area that risks flooding and requires backbuilding. In addition, Spur's latest revisions to its well proposals (by letter dated May 12, 2021) contained numerous errors relating to the surface hole locations. Moreover, in its recent completion operations on the Welch 28A State wells, Spur failed to give the required frac notice to one or more of its offset operators/owners and further engaged in significant continuous gas flaring for almost 2 months from the three Welch 28A State wells.

SUMMARY OF PROPOSED WELLS

In **Case No. 21651**, *Application of Longfellow Energy, LP for Compulsory Pooling, Eddy County, New Mexico*, Applicant proposes to drill the following five wells in the HSU:

- (1) **Hendrix State Com 1314 ABX 001H** well, to be horizontally drilled from an approximate surface hole location 361' FNL and 2400' FEL of Section 14, T17S-R28E, to an approximate bottom hole location 347' FNL and 20' FEL of Section 13, T17S-R28E;
- (2) **Hendrix State Com 1314 ABX 002H** well, to be horizontally drilled from an approximate surface hole location 386' FNL and 2400' FEL of Section 14, T17S-R28E, to an approximate bottom hole location 800' FNL and 20' FEL of Section 13, T17S-R28E;
- (3) **Hendrix State Com 1314 ABX 003H** well, to be horizontally drilled from an approximate surface hole location 1703' FNL and 2428' FEL of Section 14, T17S-R28E, to an approximate bottom hole location 1254' FNL and 20' FEL of Section 13, T17S-R28E;
- (4) **Hendrix State Com 1314 ABX 004H** well, to be horizontally drilled from an approximate surface hole location 1728' FNL and 2428' FEL of Section 14, T17S-R28E, to an approximate bottom hole location 1708' FNL and 20' FEL of Section 13, T17S-R28E; and

- (5) **Hendrix State Com 1314 ABX 005H** well, to be horizontally drilled from an approximate surface hole location 1753' FNL and 2428' FEL of Section 14, T17S-R28E, to an approximate bottom hole location 2161' FNL and 20' FEL of Section 13, T17S-R28E. The completed intervals and first and last take points for these wells will meet statewide setback requirements for horizontal wells.

In **Case No. 21733**, *Application of Spur Energy Partners, LLC for Compulsory Pooling*, *Eddy County, New Mexico*, Spur proposed the following six wells in the HSU: (1) **Aid North #10H** well, and (2) the **Aid North #50H**, each of which will be horizontally drilled from a common surface location in the NW/4 NE/4 (Unit B) of Section 14, to bottom hole locations in the NE/4 NE/4 (Unit A) of Section 13; and (3) the **Aid North #11H** well, (4) the **Aid North #12H** well, (5) the **Aid North #51H** well, and (6) the **Aid North #70H** well each of which will be horizontally drilled from a common surface location in the NW/4 NE/4 (Unit B) of Section 14 to bottom hole locations in the SE/4 NE/4 (Unit H) of Section 13.

MATERIAL FACTS

The parties agree as follows:

Proposed Undisputed facts:

- The parties propose horizontal wells to be drilled in the same HSU.
- The parties agree that the target formation intervals are similar.
- The parties agree that there is no significant difference in the geology relating to the parties' competing proposals.
- The parties agree that a 200% risk charge is appropriate in these cases.

Proposed Disputed facts:

- The parties dispute the number of wells necessary for maximum recovery of hydrocarbons in the proposed HSU.
- The parties dispute their respective percentages of working interest in the proposed spacing unit.
- The parties dispute which proposal is the better proposal, as more specifically stated in their respective pre-hearing statements and pre-filed written testimony, in light of the factors to be considered by the Division as set forth in its prior orders .

PROPOSED EVIDENCE

APPLICANT:

WITNESSES	EST. TIME	EXHIBITS
Landman Ryan Reynolds	Direct Written Testimony	10-12
Geologist Jennifer Eker	Direct Written Testimony	7-8
Petroleum Engineer David Mitchell	Direct Written Testimony	10-12

OPPOSING PARTY:

WITNESSES	EST. TIME	EXHIBITS
TBD	TBD	TBD

OTHER INTERESTED PARTY:

WITNESSES	EST. TIME	EXHIBITS
TBD	TBD	TBD

PROCEDURAL MATTERS

Case Nos. 21651 and 21733 are competing applications set to be heard on June 17, 2021, pursuant to the Amended Pre-Hearing Order entered May 13, 2021 (“Pre-Hearing Order”). In accordance with the Pre-Hearing Order, Longfellow is providing concurrently, by separate submission, a full narrative of direct testimony and exhibits for each witness.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

By: /s/Sharon T. Shaheen
 Sharon T. Shaheen
 Ricardo S. Gonzales
 P.O. Box 2307
 Santa Fe, New Mexico 87504-2307
 Telephone: (505) 982-2678
sshaheen@montand.com
rgonzales@montand.com

Attorney for Longfellow Energy, LP

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served on counsel of record by electronic mail on June 10, 2021:

Dana Hardy
Michael Rodriguez
HINKLE SHANOR, LLP
P.O. Box 2068
Santa Fe, NM 87504-2068
(505) 982-4554
dhardy@hinklelawfirm.com
mrodriguez@hinklelawfirm.com

Attorneys for ConocoPhillips Company

Michael H. Feldewert
Adam G. Rankin
Julia Broggi
Kaitlyn A. Luck
HOLLAND & HART, LLP
P.O. Box 2208
Santa Fe, New Mexico 87504
(505) 988-4421
mfeldewert@hollandhart.com
agrarkin@hollandhart.com
jbroggi@hollandhart.com
kaluck@hollandhart.com

Attorneys for Spur Energy Partners, LLC

/s/Sharon T. Shaheen

District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone:(575) 393-6161 Fax:(575) 393-0720

District II
 811 S. First St., Artesia, NM 88210
 Phone:(575) 748-1283 Fax:(575) 748-9720

District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

QUESTIONS

Action 31446

QUESTIONS

Operator: LONGFELLOW ENERGY, LP 8115 Preston Road Dallas, TX 75225	OGRID: 372210
	Action Number: 31446
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

Testimony	
<i>Please assist us by provide the following information about your testimony.</i>	
Number of witness	<i>Not answered.</i>
Testimony time (in minutes)	<i>Not answered.</i>