

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

**APPLICATION OF LONGFELLOW ENERGY, LP
FOR COMPULSORY POOLING AND FOR APPROVAL OF
A NON-STANDARD LOCATION,
EDDY COUNTY, NEW MEXICO**

Case No. 21954

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

Case No. 21989

**APPLICANT'S RESPONSE TO CONOCOPHILLIPS COMPANY'S
OPPOSED MOTION FOR CONTINUANCE**

Applicant LONGFELLOW ENERGY, LP ("Longfellow") hereby responds to ConocoPhillips Company's ("COP") Opposed Motion for Continuance ("Motion") in the above-referenced matters. The Motion should be denied for all of the reasons stated below, and these matters should be heard on July 1, 2021.

BACKGROUND

In Case No. 21954, Longfellow currently seeks approval of a non-standard location ("NSL") for the Elvis State Com 29A 001H well ("Elvis 1H"). In Case No. 21989, Longfellow seeks an order pooling the interests in a horizontal spacing unit ("HSU"), to be dedicated to the Elvis 1H, the Elvis State Com 29A 002H, and the Elvis State com 29A 003H ("Elvis Wells").

On May 4, 2021, Longfellow filed an application for hearing in Case No. 21954, to obtain approval of a non-standard location and an order pooling the HSU for the Elvis 1H. It has been the practice of undersigned counsel in the past to request hearing on a NSL along with any request for compulsory pooling, in order to be prepared for hearing as soon as possible if the NSL administrative application is objected to. Subsequently, on May 13, 2001, the NSL

administrative application was filed. The 20-day objection period would therefore run as of June 2, prior to the hearing. In the past, as there are rarely objections to an administrative application, the result has been to dismiss the NSL portion of the application at the hearing.

SEP Permian (“Spur”) timely objected to the administrative NSL application by email dated May 19, 2021. Notably, COP did not object to the administrative application within the 20-day period, which ended June 2. *See* 19.15.15.13(D) NMAC (providing that an affected person must file an objection in writing with the division within 20 days from the date the division receives the application). The notice letter for the NSL administrative application was delivered by certified mail to COP on May 20, 2021. However, COP waited until June 8, almost one week after the 20-day deadline, before submitting a letter to the Director objecting to the NSL administrative application.

Nonetheless, COP entered an appearance in Case No. 21954 on May 18, apparently with respect to the compulsory pooling part of the application. On May 20, COP requested that the hearing be continued to July 15 so that it could evaluate the proposals. On or about May 25, undersigned counsel conferred with COP counsel about how to proceed. COP agreed to Longfellow’s proposal to continue the hearing date to June 17 for Case No. 21954, on the condition that the compulsory pooling portion of Case No. 21954 be dismissed at hearing and that a new compulsory pooling application, for all three Elvis Wells, be filed for the July 1 docket. In reliance on this agreement, on May 26, Longfellow filed a motion to continue No. 21954 to June 17 and, on May 27, Longfellow filed an application for compulsory pooling for the Elvis 1H, 2H, and 3H, Case No. 21989.

Although COP previously agreed to this plan, it subsequently filed a motion for continuance with respect to the June 17 hearing on the NSL portion of Case No. 21954, arguing that Longfellow had not had time to consider the implications of the NSL. Although Spur did not join in the motion for continuance, it subsequently objected by email to the case being heard

by affidavit and requested that the No. 21954 be heard as a status conference on June 17 to set a date for a contested hearing. At the status conference on June 17, the hearing examiner determined that Case No. 21954, should be continued to July 1, so that it could be heard along with Case No. 21989. *See* Scheduling Order (June 22, 2010), entered in Nos. 21954 and 21989.

On June 24, 2021, COP filed another motion for continuance, in both cases, asking the Division to continue both cases to August 19. As explained below, COP has no basis to challenge the NSL requested for the Elvis 1H. Nor does it need additional time to consider the impact of pooling the Elvis HSU. Its third request for a continuance should therefore be rejected.

ARGUMENT

As a preliminary matter, Longfellow notes that no well proposals that compete with Longfellow's well proposals in Case No. 21989. Moreover, Longfellow currently has approved applications for permits to drill ("APD") for each of the proposed Elvis Wells. COP's opposition to these cases is not grounded in the substantive issues before the Division. Rather, it is business-related—COP and Spur are using the continuances as leverage in negotiations relating to the purchase and sale of oil and gas interests held by COP. Both Spur and Longfellow have been negotiating with COP to acquire various COP interests, including those interests in the proposed HSU. Misusing continuances before the Division under these circumstances should not be condoned.

COP is the only other significant working interest in the proposed Elvis HSU and in the adjacent offset tract, and COP has already elected to participate in Longfellow's wells in that offset tract. Longfellow owns 87.50% working interest in the proposed Elvis HSU. COP is the only other working interest owner with 12.50%. In the adjacent offset tract, the 320-acre North HSU comprised of the S/2 of Section 20-17S-28E ("Santana State 20CD HSU"), Longfellow owns

77.08% working interest, COP owns 18.75% working interest, and Spur¹ owns 4.17% working interest.

Longfellow proposed the drilling of the six wells in the Santana State 20CD HSU to COP by email correspondence on January 15, 2021. More than two months ago, the Santana State Com wells were pooled *without objection by COP*, in Order No. R-21654 issued April 13, 2021. Moreover, a NSL was administratively approved for the Santana State Com Well No. 20 CD Well No. 6H in Administrative Order NSL-8156, issued April 2, 2021. Again, *no objection from COP*, even though the offset tract is within the proposed Elvis HSU, which is the subject of the instant application.

As noted, COP elected to participate in the drilling of the six Yeso wells proposed by Longfellow in the Santana State 20CD HSU. Consequently, COP's interests in the offset tract would not have been negatively impacted because it has the right to participate in the Elvis 1H, giving COP interests in both adjacent NSL wells, the Elvis 1H and the Santana 6H. Stated differently, COP could have benefitted from the NSL for the Elvis 1H, as well as the NSL for the Santana 6H, and its correlative rights would have been protected. However, COP failed to pay its proportionate share of estimated well costs, due June 25, 2021 and, as a result, has been deemed non-consent. In addition, COP has proposed to assign its interests in the Santana State 20CD HSU to Longfellow. Under these circumstances, COP has no interest, i.e., correlative right, that is being affected, much less adversely affected, by the Elvis 1H NSL. Under these circumstances, COP's third request for a continuance is clearly without merit.

¹ Spur does not oppose COP's motion. Notably, however, Spur did not join in either request for continuance. As noted, Spur's interest in the offset tract is only about 4%, and it has not asserted in the instant application that its interest will be adversely impacted. Although Spur protested the NSL administrative application and entered an appearance in Case No. 21954, it has not filed a prehearing statement and thus will not be presenting evidence at the hearing.

Longfellow has been in continuous communication and negotiation with COP involving their working interest in both HSUs since mid-January. Longfellow proposed the drilling of the Elvis NSL well to COP on April 19, 2021 by email correspondence, confirmed by certified mail. The bottom-hole location of the well was set forth clearly on the AFE provided with Longfellow's well proposal. COP has thus been aware for a period of approximately 70 days that the Elvis 1H would require NSL approval. COP initially indicated that it would consider selling its interest in both HSUs to Longfellow; however, in late May COP indicated to Longfellow that it would no longer consider selling these particular interests to Longfellow. Therefore, Longfellow desires to proceed with its development plans and no longer be delayed by COP.

COP states in error that Longfellow will suffer no prejudice if this case is continued. *See* Motion at 2-3, ¶ 9. COP is wrong. COP was informed that Longfellow is planning to drill the Elvis 1H as soon as possible. Longfellow's APD for the Elvis 1H was approved April 20, 2021, and the Elvis 1H was on Longfellow's July drilling schedule. These wells are currently on the drilling schedule to begin spudding on August 28, 2021. Longfellow will incur additional expense if it cannot drill the Elvis Wells on schedule. Should Longfellow be granted approval for the Elvis 1H NSL, it could proceed to drill the well, as planned. OCD pooling orders provide a one-year period after the drilling of a well thereunder to complete the well as a producer. Thus, contrary to COP's suggestion, Longfellow will have adequate time to obtain a force pooling order after drilling and prior to completion of the well.

CONCLUSION

The Motion should be denied, and these matters should be heard on the July 1, 2021 docket.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served on the following counsel of record by electronic mail on June 28, 2021:

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