

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

**IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:**

**AMENDED APPLICATION OF MEWBOURNE OIL COMPANY
FOR COMPULSORY POOLING AND APPROVAL OF AN
OVERLAPPING HORIZONTAL WELL SPACING UNIT,
EDDY COUNTY, NEW MEXICO**

Case No. 22093

**APPLICATION OF ASCENT ENERGY, LLC
FOR A HORIZONTAL SPACING UNIT AND
COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

Case No. 22112

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

Case No. 22171

**MOTION TO CONSOLIDATE APPLICATIONS IN CASE NOS. 22093 AND 22112
FOR HEARING WITH NEWLY FILED APPLICATION IN CASE NO. 22171**

Ascent Energy, LLC (“Ascent”) respectfully requests that the New Mexico Oil Conservation Division (“Division”) consolidate Case Nos. 22093, 22112, and 22171 based on the fact that each of the cases seek compulsory pooling of the Wolfcamp formation and form a “daisy chain” overlap – Mewbourne Oil Company’s (“Mewbourne”) application to pool the N/2 of Sections 21 and 22 (Case No. 22093) overlaps Ascent’s application to pool the N/2 of Sections 20 and 21 (Case No. 22112), while Alpha Energy Partners, LLC’s (“Alpha”) application to pool the N/2 of Sections 19 and 20 (Case No. 22171) overlaps Ascent’s application to pool the N/2 of Sections 20 and 21 (Case No. 22112). In support of its Motion, Ascent states the following:

1. Factual Background

A. Procedural history of the Subject Applications.

1. On June 1, 2021, Mewbourne filed an application for a compulsory pooling of the N/2 of Sections 21 and 22 in Case No. 22007, which impacted Ascent's plans for Sections 20 and 21.

2. Ascent, which owns 100% working interest in the N/2 of Section 21, filed an appearance in Case No. 22007. Ascent protested Mewbourne's application in its Prehearing Statement ("PHS") filed June 24, 2021, in which Ascent described its development plans for the N/2 of Sections 20 and 21 and announced its plan to file a compulsory pooling application regarding those lands. Ascent also noted that since it operated an existing vertical well in the N/2 of Section 21, the Waltherton No. 1 Well (API No. 30-105-31797), it would be in the best position to ensure the integrity of this vertical well bore and that of any horizontal wells drilled and fraced in the N/2 of Section 21.

3. On July 9, 2021, in response to Ascent's PHS, Mewbourne filed an amended application for compulsory pooling in Case No. 22093.

4. On August 2, 2021, Ascent filed its competing application for Sections 20 and 21 in Case No. 22112.

5. Ascent has been evaluating the lands in this area since before June 2018 and has invested in their development by filing and obtaining APDs for four wells in the N/2 of Section 21. These permits expired as Ascent contemplated an expanded development plan for Sections 20 and 21. Ascent attempted to obtain new permits, but its APDs were placed on hold due to subsidence issues in the area. The hold has since been lifted and Ascent has re-filed those APDs.

6. On August 3, 2021, the Division issued a Pre-hearing Order for the two competing cases setting the hearing date for October 21, 2021.

7. On August 31, 2021, Alpha filed its application for compulsory pooling in Case No. 22171, covering the N/2 of Sections 19 and 20, which overlaps Ascent's existing application in Case No. 22112 in the N/2 of Section 20.

8. As set forth in its Exhibit A-3 in Case No. 22171, Alpha proposed the wells and proposed JOAs to all working interest owners in its proposed unit except Mewbourne. Alpha listed Mewbourne as a working interest owner but stated that it was "not pooling" Mewbourne's working interest.

9. MRC Permian Company and the City of Carlsbad entered appearances in Case Nos. 22171 and 22172. At the status conference held on October 7, 2021, for these cases, the parties discussed potential hearing dates.

10. Consistent with the statewide rules, Alpha did not send a notice of its application in Case No. 22171 to Ascent because it does not own interest in Section 20. However, during the Division's October 7, 2021, hearing, Ascent realized none too late¹ that Alpha's application in Case No. 22171 for The Dude wells overlapped its development plan in Case No. 22112. On October 8, 2021, Ascent filed an Amended Notice of Intervention in Case No. 22171.

11. On October 8, 2021, the Division vacated, *sua sponte*, the Pre-hearing Order for Case No. 22171, and set Case Nos. 22093 and 22112 for a status conference on October 21, 2021. The subject lands of the competing cases herein cover the N/2 of Sections 19, 20, 21 and 22 ("Subject Lands"). Opposing counsel has been notified about this Motion.

¹ "[S]trikes and gutters, ups and downs," said the Dude to The Stranger.

B. Alpha's Lack of Drilling and Completion Experience.

12. The Wolfcamp formation in the lands that the parties seek to development in their respective applications has complicated geological characteristics involving close proximity to a problematic brine well in an area that is experiencing and subject to subsidence.

13. While both Ascent and Mewbourne have established records for drilling and competing horizontal wells in New Mexico, Alpha lacks any such record in New Mexico.

14. On its webpage, referenced at <https://alphapermian.com>, Alpha describes itself as a privately held oil and gas company based in Midland, Texas, that focuses on acquisition of assets across the Permian Basin. Alpha does not describe itself as an operator, and the webpage does not show that Alpha is in the business of drilling and completing wells. *See Exhibit A*, for copy of Alpha's webpage.

15. A search of the Division's online well files indicates that Alpha has never filed for a permit to drill a well in New Mexico, nor does it appear to have any experience drilling a well in this state.

16. Alpha did not apply for an OGRID Number until very recently and just received it (No. 330859) on August 3, 2021. Alpha operates one well – the Merland "A" Com #001 (API No. 30-015-20459), a vertical well that Cities Service Oil Company drilled and completed in 1971. Alpha came into existence as a company less than three years ago and obtained operatorship status for the Merland well on September 8, 2021. Alpha's receipt of its OGRID Number, its acquisition of the Merland well, and the filing of its three pooling applications, all happened rather quickly and generally around the same time, the month of August 2021 and the first few weeks of September 2021.

17. A search of the Division's database reveals that Alpha has filed only three pooling applications in New Mexico, all very recently. Alpha's applications in Case Nos. 22171 and 22172 (for compulsory pooling of the N/2 and S/2 of Sections 19 and 20) were filed for the Subject Lands on August 31, 2021. Alpha's application in Case No. 22232, filed on September 24, 2021, for compulsory pooling of the N/2 of Section 25, Township 22 South, Range 26 East, and the equivalent of the N/2 of Section 30, Township 22 South, Range 27 East.

2. Case Nos. 22093, 22112 and 22171 are overlapping and directly related, and to the extent that the Division decides to hear all three cases, they should be heard together in order.

18. In addition to presenting overlapping, completing development plans, these applications present several unique situations. First, the applications cover lands that have complex geological features and are near a problematic brine well under review in the SW/4 SW/4 of Section 17. Second, Alpha's proposal encompasses Section 19, which extends under a relatively densely populated neighborhood within the city of Carlsbad. Finally, Ascent operates an existing vertical Wolfcamp well in Section 21, whose coordinated operation with the proposed horizontal wells would be a factor in determining the proper operation of and plan for these lands.

19. Thus, the Division needs to consider and balance a number of unique factors in making its determination of which of the competing plans best prevent waste, protect correlative rights, avoid the drilling of unnecessary wells, and protect the environment and public health; the Division also must consider whether Alpha has the technical wherewithal to address the unique and complex circumstances necessary to be able to successfully drill and complete horizontal wells in this area so that they will not adversely affect the reservoir, public health and safety, and the environment.

3. Conclusion:

For the foregoing reasons, Ascent respectfully requests that its Motion be granted and that Case Nos. 22093, 22112, and 22171 be consolidated and set for a hearing date so that, to the extent the Division decides to hear all three cases, the cases can be heard together in competition.

Respectfully Submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage

Darin C. Savage

William E. Zimsky
Paula M. Vance
Andrew D. Schill
214 McKenzie Street
Santa Fe, New Mexico 87501
Telephone: 970.385.4401
Facsimile: 970.385.4901
darin@abadieschill.com
bill@abadieschill.com
paula@abadieschill.com
andrew@abadieschill.com

Attorneys for Ascent Energy, LLC

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was filed with the New Mexico Oil Conservation Division and was served on counsel of record via electronic mail on October 13, 2021:

Michael H. Feldewert
Adam G. Rankin
Julia Broggi
Kaitlyn A. Luck
Post Office Box 2208
Santa Fe, New Mexico 87504
Tel: (505) 988-4421
Fax: (505) 983-6043
mfeldewert@hollandandhart.com
agrarkin@hollandhart.com
jbroggi@hollandhart.com
kaluck@hollandhart.com
*Attorneys for Mewbourne Oil Company; and
Attorneys for MRC Permian, LLC*

Dana S. Hardy
Michael Rodriguez
HINKLE SHANOR LLP
P.O. Box 2068
Santa Fe, NM 87504-2068
Phone: (505) 982-4554
Fax: (505) 982-8623
dhardy@hinklelawfirm.com
mrodriguez@hinklelawfirm.com
Attorneys for Alpha Energy Partners, LLC

Deana M. Bennett
Post Office Box 2168
500 Fourth Street NW, Suite 1000
Albuquerque, New Mexico 87103-2168
Telephone: 505.848.1800
dmb@modrall.com
Attorney for City of Carlsbad

/s/ Darin Savage

Darin Savage

ALPHA

P E R M I A N

Home

Contact

Alpha Permian Resources, LLC is a privately held oil and natural gas company based in Midland, Texas, actively acquiring assets across the Permian Basin - utilizing experience and technical expertise together with an organic land acquisition program purposed to maximize resource potential.



Copyright © 2020 Alpha Permian Resources

