

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

**APPLICATION OF LEGACY RESERVES  
OPERATING LP FOR A HORIZONTAL SPACING  
UNIT AND COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO**

**CASE NOS. 22230-22231**

**APPLICATIONS OF E.G.L. RESOURCES, INC. FOR  
COMPULSORY POOLING, LEA COUNTY, NEW  
MEXICO**

**CASE NOS. 22521-22524**

**Legacy Reserves Operating LP Opposition to Continuance Request**

On April 13, 2022, Earthstone Permian LLC and Earthstone Operating, LLC (collectively “Earthstone”) submitted to the New Mexico Oil Conservation Division (“Division”) a request for continuance (“Continuance”) to the June 2, 2022 hearing docket for the captioned cases (“Subject Cases”). Legacy Reserves Operating LP (“Legacy”) respectfully requests that the Division deny Earthstone’s Continuance, and in support of its request states the following.

1. Legacy has sought continuances on three separate occasions for its applications in Case Nos. 22230 and 22231 (“Legacy Cases”) in order to facilitate discussions and negotiations with other working interest owners, including Earthstone and E.G.L. Resources, Inc. (“EGL”). Legacy requested the first continuance on October 22, 2021.
2. Legacy will be mobilizing a rig and moving the rig from Texas to drill the wells that are the subject of the Legacy Cases (“Ruby Wells”), along with a group of wells in an adjacent unit (“Sapphire Wells”), which are also set for hearing on April 21, 2022 in Case Nos. 22226 through 22229. It is most economic for all stakeholders to drill the Ruby Wells and the Sapphire wells sequentially, avoiding standby time to drill one unit at a later date.

3. The Ruby Wells and the Sapphire Wells are on Legacy's drill schedule for late third quarter or early fourth quarter of 2022.
4. Legacy has invested a substantial amount of time and effort in putting together the units for the Ruby Wells and the Sapphire Wells.
5. Legacy has already had an on-site with the BLM for both the Ruby Wells and the Sapphire Wells, and have submitted a SUPO to the BLM.
6. The Division issued its prehearing order for the Subject Cases on January 10, 2022 more than three months ago, and set a hearing date of April 21, 2022 at that time.
7. Upon information and belief, Earthstone closed on its acquisition from Chisolm Energy Holdings, LLC's ("Chisolm") of an interest in the lands subject to the Legacy Cases on February 15, 2022, and learned of the pending Legacy Cases on or about the same date.
8. Earthstone states that it received notices of the Subject Cases on March 8, 2022, so at a minimum, it has had at least six weeks to prepare for a hearing. Upon information and belief, Earthstone has had as long as nine weeks (since February 15, 2022) to prepare for a hearing. Earthstone has had ample time to evaluate the competing applications and prepare for a contested hearing, the date of which was set more than three months ago.
9. Chisolm and Legacy entered into a binding agreement wherein Chisolm agreed to not protest the Legacy Cases, in return for which Legacy agreed to not protest a set of Chisolm's pooling applications that were already approved (Case Nos. 22173 and 22174). That agreement is binding on Earthstone, as Chisolm's successor. Therefore Earthstone does not need to prepare for a contested hearing, and a continuance will not provide any material benefit for Earthstone.
10. Earthstone did not contact Legacy to seek its consent to a continuance until April 12, 2022, five weeks after Earthstone received notice of the Legacy Cases.

11. Earthstone requested a continuance the day before the deadline for continuances, in a contested hearing that was scheduled more than three months ago. This does not demonstrate good faith, and severely prejudices Legacy, which has an imminent drilling schedule and has made significant progress toward developing the Ruby Wells and Sapphire Wells.

12. For the foregoing reasons, Legacy respectfully requests that the Division DENY Earthstone's Continuance, and for any other relief it deems appropriate in this matter.

13. In the event that the Division determines to grant the Continuance, Legacy respectfully requests that the Division set the Subject Cases for hearing on the following dates, in order of preference:

- a. At a special hearing on Friday, May 6, 2022;
- b. At a special hearing on Friday, May 20, 2022;
- c. At a special hearing on Friday, June 3, 2022; or
- d. At the next earliest available opportunity.

Respectfully submitted,

BEATTY & WOZNIAK, P.C.



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By: James P. Parrot  
1675 Broadway, Suite 600  
Denver, CO 80202  
(303) 407-4499  
[jparrot@bwenergylaw.com](mailto:jparrot@bwenergylaw.com)

*Attorneys for Legacy Reserves Operating LP*

**Certificate of Service**

I hereby certify that on April 13, 2022, I caused a true and correct copy of the foregoing to be emailed to:

Dana S. Hardy  
dhardy@hinklelawfirm.com  
*Attorney for Earthstone Permian LLC and Earthstone Operating, LLC*

James Bruce  
jamesbruc@aol.com  
*Attorney for PBEX, LLC and EGL Resources, Inc.*

Ocean Munds-Dry  
Elizabeth Ryan  
Ocean.munds-dry@conocophillips.com  
Beth.ryan@conocophillips.com  
*Attorneys for COG Operating, LLC*

Michael H. Feldewert  
Adam G. Rankin  
Julia Broggi  
mfeldewert@hollandhart.com  
arankin@hollandhart.com  
jbroggi@hollandhart.com  
*Attorneys for Fasken Oil & Ranch Ltd.*

  
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Grace Go-Hoveland