

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

**APPLICATIONS OF ROCKWOOD ENERGY, LP,
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NOS. 25243-25246

**APPLICATION OF COTERRA ENERGY
OPERATING CO. FOR COMPULSORY
POOLING, AND TO THE EXTENT
NECESSARY, APPROVAL OF AN
OVERLAPPING SPACING
UNIT, LEA COUNTY, NEW MEXICO.**

CASE NO. 25520

**APPLICATIONS OF COTERRA ENERGY
OPERATING CO. FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 25521-25523

ROCKWOOD ENERGY, LP'S CLOSING STATEMENT

Rockwood Energy, LP ("Rockwood"), the applicant in Case Nos. 25243-25246, submits this *Closing Statement*, as requested by Oil Conservation Division's Hearing Examiners at the contested hearing on August 12-13, 2025, and the continued proceedings on September 11, 2025 in these cases. Although Rockwood expects the parties to reach an agreement in these cases, Rockwood requests the OCD issue pooling orders in Case Nos. 25243, 25244, 25245, and 25246, and deny Case Nos. 25520-25523 filed by Coterra Energy Operating Co. ("Coterra"). In the alternative, if the Division issues pooling orders to Coterra, Rockwood requests the orders be limited to a 90-day drilling deadline, with a default provision issuing subsequent pooling orders to Rockwood, in the event of Coterra's failure to timely drill the wells, as follows:

I. Introduction & Statement of Cases

In Case Nos. 25243-25246, Rockwood seeks orders from the Division pooling the designated acreage outlined in the *Revised Exhibits* filed with the OCD on August 18, 2025. The Orders should be issued to Rockwood because Rockwood filed its pooling applications on February 26, 2025, which was five months before the competing development plans in the cases proposed by Coterra. Despite being the minority working interest owner, as compared to Coterra, Rockwood has overwhelming support for its units from the remaining working interest owners, and only seeks to pool Coterra. Furthermore, as outlined below, many of the Division's competing pooling factors weigh in favor of the pooling orders being issued to Rockwood, as supported by the testimony and evidence presented at the contested hearing on August 12-13, 2025.

II. OCD Order No. R-20368

Order No. R-20368 sets forth the factors that the OCD Hearing Examiners must consider in evaluating competing development plans in a compulsory pooling case:

- (a) A comparison of geologic evidence presented by each party as it relates to the proposed well location and the potential of each proposed prospect to efficiently recover the oil and gas reserves underlying the property.
- (b) A comparison of the risk associated with the parties' respective proposal for the exploration and development of the property.
- (c) A review of the negotiations between the competing parties prior to the applications to force pool to determine if there was a "good faith" effort.
- (d) A comparison of the ability of each party to prudently operate the property and, thereby, prevent waste.
- (e) A comparison of the differences in well cost estimates (AFEs) and other operational costs presented by each party for their respective proposals.
- (f) An evaluation of the mineral interest ownership held by each party at the time the application was heard;
- (g) A comparison of the ability of the applicants to timely locate well sites and to operate on the surface (the "surface factor").

None of the factors are determinative, rather, all of the evidence must be considered in light of the factors to determine which applicant should be granted a pooling order in contested proceedings before the OCD. Based on the factors outlined above, Rockwood should be issued the requested pooling orders in Case Nos. 25243-25246, and Coterra's requested poolings in Case Nos. 25520-25523 should be denied. At hearing in these cases, Rockwood submitted testimony and exhibits supporting Rockwood's proposed development plans and ability to effectively and efficiently operate the proposed units, protect correlative rights, and prevent waste.

III. Rockwood Should be Issued Pooling Orders in Cases 25243-25246

Rockwood is ready willing able to drill the units immediately, prior to lease expirations, in partnership with Mewbourne. *See Rockwood's Exhibits C, D, E*, and accompanying sub-exhibits. *See also* See OCD Hearing Transcript, New Mexico Energy, Minerals and Natural Resources Department, Oil Conservation Division Hearing, Cases 25243-25246 (Aug. 12, 2025), at 71-115, 169-183. Rockwood has timely and effectively developed a plan for immediate development of these units due to pending lease expirations, and Coterra is the only reason for unduly delaying Rockwood's proposed development, in partnership with an existing, prudent operator, Mewbourne Oil Company. Rockwood has gained the support of all remaining interest owners in the proposed units, and only seeks to pool Coterra, which is undisputedly the majority interest owner in some of the sections included within the proposed units.

A. Coterra has never drilled a 4 mile well in New Mexico, or the Permian Basin.

Rockwood's applications should be granted in Case Nos. 25243-25246, because most of the factors weigh in favor of Rockwood's proposed development plans. First, "(a) A comparison of geologic evidence presented by each party as it relates to the proposed well location and the

potential of each proposed prospect to efficiently recover the oil and gas reserves underlying the property”, weighs in favor of declining Coterra’s pooling applications and granting the orders requested by Rockwood. Coterra has not drilled a four mile well anywhere in the area, and is not ready or capable to proceed with timely and appropriate development of these units. *See* OCD Hearing Transcript, New Mexico Energy, Minerals and Natural Resources Department, Oil Conservation Division Hearing, Cases 25243-25246, 25520-25523 (Aug. 13, 2025), at 117:6-22; 258-264.

Likewise, as to the second factor, “(b) A comparison of the risk associated with the parties’ respective proposal for the exploration and development of the property,” Coterra’s plan is significantly more risky, given the longer laterals, and the risks involved with drilling longer wells, as admitted by Coterra’s expert witnesses at hearing. *See* Aug. 13 Division Transcript, at 258-264. *See also* Testimony of Gavin Eddington, Aug. 13 Division Transcript, at 36-100.

B. Coterra has no support from any of the other working interests in the proposed Units.

As to the next factor, “(c) A review of the negotiations between the competing parties prior to the applications to force pool to determine if there was a “good faith” effort,” Coterra has not received any support for its proposed development of the units from any of the other interest owners. *See* Aug. 13 OCD Hearing Transcript, at 127:9-12. However, Rockwood has satisfied the requirements for competing compulsory pooling applications, as stated in Commission Order R-20368, to show good faith efforts to obtain Coterra’s voluntary participation in the drilling of the well prior to seeking to force pool the working interest. *See* Aug. 12 Hearing Transcript, at 71-115. Additionally, Rockwood timely engaged in extensive negotiation prior to pooling and the contested hearing, but Coterra has failed to engage appropriately and timely with all interest owners. *See* Rockwood Ex. C.

Notably, Coterra's cases do not comply with OCD precedent, or established practice at the OCD. Coterra did not timely or properly propose the units or wells in its cases, and was only allowed by exception to untimely proceed to hearing on the contested applications in Case Nos. 25520-25523, which were filed after the July 24, 2025 status conference. Since Coterra's acquisition of its working interests in the proposed units, from a former interest owner, Coterra has unduly delayed Rockwood's attempts to reach a voluntary agreement or drill the wells proposed in Rockwood's Applications. *See generally*, Testimony of Scott Richter, in Aug. 13 Division Transcript, at 102-124. Most importantly, Coterra has not properly or timely proposed the wells in these cases, has not provided proper or timely mailed notice of the Applications in Case Nos. 25523-25525 to the interest owners to be pooled, and does not have a plan to timely develop the wells within the applicable lease expirations. Coterra's late applications are a reflection of Coterra's unpreparedness, throughout all stages of this process. Moreover, hearing testimony and evidence has shown that Coterra is not currently ready, willing, or able to drill the four mile wells, as proposed prior to the lease expirations, and should not be the operator chosen in this hearing.

C. Coterra does not appear ready, willing, or able to drill the wells or develop the units before the lease expirations.

It is undisputed that Mewbourne is a prudent operator, that Coterra has partnered with Mewbourne in the past, and that Mewbourne has established operations in the area. *See* Rockwood Ex. C; *see also, generally*, Testimony of Tyler Jolly, August 12 Division Transcript; Aug. 13 Division Transcript, at 120:1-127:8. As such, the next factor, "(d) A comparison of the ability of each party to prudently operate the property and, thereby, prevent waste," weighs in favor of Rockwood being issued the requested pooling orders. Additionally, Mewbourne also has existing oil and gas development all around the proposed units and acreage in these cases. *See*

Rockwood Ex. E. Mewbourne is ready willing and able to drill these wells, immediately, as proposed by Rockwood months ago. Most importantly, Mewbourne can drill these units before the lease expirations, and Coterra has not articulated a timely drilling schedule for the wells prior to the lease expirations.

Because Mewbourne is able to prudently and timely operate the wells, without the risks involved in Coterra's 4-mile lateral development plan, the cost factor, "(e) A comparison of the differences in well cost estimates (AFEs) and other operational costs presented by each party for their respective proposals," also weighs in favor of Rockwood. *See generally* Aug. 13 Division Transcript, at 36-100, and 238-252.

D. The only factor that weighs in favor of Coterra is ownership.

As to the ownership factor "(f) An evaluation of the mineral interest ownership held by each party at the time the application was heard," it is undisputed that Coterra controls the majority working interest in the proposed units. *See generally* Rockwood Exhibit C. However, Coterra fails to articulate any cognizable reasons for denial of Rockwood's applications aside from ownership, which is only one factor in the analysis and is not determinative. *See* Aug. 13 Division Transcript, at 122:13-123:10.

E. The "surface factor" favors both proposed development plans equally.

Coterra's plans are to develop wells "later," and all exhibits submitted by Coterra represent hypothetical development plans for a later date and by connecting with third party infrastructure that is currently available to both Rockwood and Coterra. *See generally*, Testimony of Calvin Boyle, Aug. 13 Hearing Transcript, at 234-252. As such, "(g) A comparison of the ability of the applicants to timely locate well sites and to operate on the surface (the "surface factor")," weighs in favor of neither party. Coterra's development plans are just that,

plans. Coterra relies on third party takeaway as the basis for all of its surface arguments, and none of the well specific infrastructure had been put in place at the time of the hearing. Given that, both parties as oil and gas operators have access to the same surface facilities currently available, and this factor is neutral as to either party. *See* Testimony of Gavin Eddington, Aug. 13 Division Transcript, at 36-100.

IV. Conclusion

For these reasons, Rockwood requests the Division issue pooling orders approving the proposed spacing units in Case Nos. 25243-25246, and deny all requested pooling for Coterra in these contested hearings. In the alternative, and as requested at hearing, Rockwood requests any orders issued to Coterra be limited with a 90-day drilling deadline, and with a provision that the orders will be terminated, and new pooling orders automatically issued to Rockwood, if Coterra fails to develop its units, to permit adequate time for Rockwood's proposed development of the units prior to the lease expirations.

Respectfully,



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CERTIFICATE OF SERVICE

I certify that on this 9th of October 2025, the foregoing pleading was electronically filed by email with the New Mexico Oil Conservation Division Clerk and served on all parties of record through counsel as follows:

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