

**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. 21860

**APPLICANT'S RESPONSE TO CONTANGO'S
OPPOSED MOTION FOR CONTINUANCE**

Applicant LONGFELLOW ENERGY, LP ("Longfellow") hereby responds to Respondent's Motion for Continuance ("Motion") filed by Contango Oil & Gas Company ("Contango"). The Motion should be denied, and this matter should be heard on June 17, 2021, for all the reasons stated below.

Longfellow previously agreed, at Contango's request, to continue this matter for hearing from May 6, 2021 to June 17, 2021. Now Contango contends that it needs even more time to assess the damage to one of its wells resulting from hydraulic fracturing by a third-party operator, at a location more than one mile away from the proposed development in the instant application. Contango's issues have no relation to Longfellow's proposed development and thus do not provide a valid basis for continuing the hearing yet again.

Longfellow has been communicating with Contango concerning Longfellow's proposed wells since late April. In a telephone conversation on April 27, 2021 with Longfellow, Contango informed Longfellow that one of Contango's wells, located in the N/2 of Section 28-17S-28E over 1 mile away from the proposed horizontal spacing unit ("HSU") for Longfellow's wells, was damaged when Spur Energy Partners ("Spur") failed to provide the required frac notice to Contango before Spur conducted hydraulic operations on its three Welch 28 State horizontal

wells. As a result of this failure of notice, Contango was not able to take precautions to better protect their vertical wells near Spur's fracing operations. It is highly probable that with notice, Contango would have shut-in its wells and could have taken additional steps which are available to protect its wells. Longfellow intends to give proper frac notice for its operations.

Moreover, Contango owns a small working interest (12.5%) in the Yeso formation in Longfellow's proposed HSU, but that ownership is limited in depth to 3,560' from the surface. Contango's vertical wells in Longfellow's proposed HSU produce from Yeso intervals above this depth. Longfellow currently owns a 51.96% working interest ownership in the Yeso formation as to depths below Contango's rights, and its proposed well horizontal laterals will be drilled in the Yeso formation at these deeper depths.

Horizontal hydraulic fracing operations within a given oil reservoir conducted in proximity to vertical wells producing from that same reservoir always have the possibility of effecting the production of oil, gas and water from any of those vertical wells. However, it is always a fact that the volume of oil and gas production from the vertical wells at the time of the horizontal hydraulic fracing operations, pales in comparison to the anticipated oil and gas production from those horizontal fractured wells.

Public data indicates that Contango has three vertical producing Yeso wells in Longfellow's proposed HSU and that together those wells currently average approximately 14 BOPD. The anticipated initial oil production from Longfellow's proposed five wells totals in excess of 3,000 BOPD, with substantial associated gas production. Regulatory authorities in Oklahoma, Texas and New Mexico, where this situation frequently occurs, have seen the wisdom of promoting valuable horizontal development and have not let the possibility of

undetermined/unknown damage to vertical stripper well production forestall development of important horizontal oil and gas reserves.

For all the reasons stated herein, which will be established by evidence at hearing on June 17, 2021, the Motion should be denied.

Respectfully submitted,

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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 14, 2021:

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