

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

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

Application of Longfellow Energy, LP  
for Compulsory Pooling and for  
Approval of a Non-Standard Location,  
Eddy County, New Mexico

Case No. 21954  
Case No. 21989

REPORTER'S TRANSCRIPT OF PROCEEDINGS

STATUS CONFERENCE

JULY 1, 2021

This matter came on for hearing before the  
New Mexico Oil Conservation Division, William  
Brancard, Esq. Hearing Examiner, and John  
Garcia, Technical Examiner, on July 1, 2021, via  
the Webex Virtual Conferencing Platform hosted  
by the New Mexico Department of Energy, Minerals  
and Natural Resources.

Reported by: Mary Therese Macfarlane  
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1 (Time noted 8:16 a.m.)

2 EXAMINER BRANCARD: So with that I'm ready to  
3 call the first case on the docket today. It's Cases 1  
4 and 2, Case 21954, 21989, Longfellow Energy.

5 Can I have an entry of appearance for  
6 Longfellow.

7 MS. SHAHEEN: Good morning everyone. Sharon  
8 Shaheen on behalf of Longfellow Energy.

9 EXAMINER BRANCARD: Thank you Ms. Shaheen. Good  
10 morning.

11 EXAMINER BRANCARD: ConocoPhillips.

12 MS. HARDY: Good morning, Mr. Hearing Examiner.  
13 Dana Hardy with the Santa Fe Office of Hinkle Shanor on  
14 behalf of ConocoPhillips.

15 EXAMINER BRANCARD: Thank you.

16 Spur Energy.

17 MR. RANKIN: Good morning, Mr. Hearing Examiner.  
18 Adam Rankin with the Santa Fe office of Holland and Hart  
19 on behalf of Spur Energy Partners.

20 EXAMINER BRANCARD: Thank you. Good morning.

21 And are there any other interested parties  
22 in Cases 21954, 21989? (Note: Pause.) Hearing none, I  
23 will turn to Ms. Shaheen.

24 But I will start with a concern that I  
25 have, having researched these two cases. The following

1 two cases, and I think 21990.

2           It appears from our records that your  
3 client, or perhaps you, have a habit of simultaneously  
4 filing an administrative application for a non-standard  
5 location and an application for a hearing on a  
6 non-standard location. This is a bit unorthodox. It's  
7 confusing us. That doesn't take much to confuse us, but  
8 it does. And so the person who handles the administrative  
9 application doesn't have a clue that there's also an  
10 application for hearing going on. And I'm not sure the  
11 parties understand where they're supposed to file their  
12 objections to, whether it's the administrative application  
13 or the hearing application. So can you please educate us  
14 on what Longfellow's strategy is here, and why this is a  
15 good thing.

16           MS. SHAHEEN: Well, I have done this in the  
17 past, which is to -- uh, out of an abundance of caution,  
18 when filing a Compulsory Pooling Application and there is  
19 an NSL that would be involved, I would file an application  
20 for both compulsory pooling and for an NSL, approval of an  
21 NSL, in the event that someone objects to the  
22 administrative application.

23           That's the way I've always done it. The  
24 difference here is that this is the first time someone has  
25 objected to an administrative application. In the past

1 there have been no objections to the administrative  
2 applications and the NSL portion of the application for  
3 hearing would thus be dismissed.

4 Here is somewhat unusual in that  
5 ConocoPhillips has objected and that Spur objected.

6 I would first note that ConocoPhillips did  
7 not timely object to the administrative application. The  
8 Division rule is very clear it's 20 days from the day that  
9 the administrative application is filed. Conoco filed its  
10 objection with the Director on June 8th, which was six  
11 days after that 20-day period had run.

12 So I apologize if I have confused anyone  
13 but it has been my practice since I've been before the OCD  
14 to file those applications together in an effort to be  
15 efficient, and I don't think that the Division rules  
16 prohibit that.

17 EXAMINER BRANCARD: Well, no, they don't, and  
18 it's not unusual for someone to file a compulsory pooling  
19 application where they mention they have a non-standard  
20 location, but the assumption is that that non-standard  
21 location is handled administratively here. Here we have  
22 actual separate applications for hearing for non-standard  
23 locations, so I think that's what is sort of a little  
24 confusing. 22020 I believe is just for non-standard  
25 location, and I believe 21954 has become just for a

1 non-standard location. So that's a bit confusing.

2 And we have situations here where a party  
3 has filed an Entry of Appearance in the case within the  
4 20-day time frame but not filed an objection, and so our  
5 folks are moving ahead processing the administrative  
6 cases.

7 So I'm not sure where we are going on this.

8 Anyway, let's try to figure out where to go  
9 with this.

10 So Cases 21954, 21989, one is non-standard  
11 location, one is compulsory pooling. We have an objection  
12 to holding these cases by affidavit, so we need to set a  
13 hearing for them.

14 What is your proposal, Ms. Shaheen?

15 MS. SHAHEEN: I would propose these be set as  
16 soon as possible. They were originally on Longfellow's  
17 July drilling schedule, and frankly ConocoPhillips has no  
18 basis for objecting to this.

19 I don't know whether the hearing examiners  
20 have had a chance to look at our response to the Motion  
21 for Continuance, which was filed before the request for  
22 the status conference, but I detailed there why  
23 ConocoPhillips has no basis for objecting to either the  
24 NSL or the compulsory pooling. And I'm happy to go  
25 through those reasons, but maybe that will be unnecessary.

1                   What I would propose: If -- July 15th  
2 would be ideal if it were available. I understand there  
3 are a number of cases on that docket. And if not July  
4 15th, then August 5th. And I'm happy to explain why they  
5 should be heard as quickly as possible.

6                   EXAMINER BRANCARD: Okay. Well, I'm going to  
7 check with the other parties here to see what exactly the  
8 issues are, how much of a hearing we need on this.

9                   I will say in setting contested cases, you  
10 know, our summer hearings have sort of filled up like  
11 beach houses here, and so we are looking at September now  
12 for hearings. That's really what's available.

13                   You know, as I mentioned last time, it  
14 hasn't gotten any better. We had 111 cases in two weeks,  
15 so I don't know what we are going to do, how we are going  
16 to get through August listening to all of that.

17                   So please deal with that reality.

18                   I think September 9th might be the earliest  
19 we can get somebody in at this point.

20                   So let me start.

21                   Ms. Hardy, what is the objection of  
22 ConocoPhillips here?

23                   MS. HARDY: Well, Mr. Examiner, ConocoPhillips  
24 is still evaluating the applications and determining how  
25 they would like to proceed. They hold an 18.75 percent

1 working interest in the adjacent acreage that's affected  
2 by the NSL and a 12 1/2 percent in the spacing unit. And  
3 they really just need additional time to evaluate this.  
4 This is the first docket on which the pooling applications  
5 has been set, so it hasn't been previously continued, and  
6 I think it's reasonable for them to request more time and  
7 determine how to proceed.

8           At this point we filed Prehearing  
9 Statements opposing the application, both applications,  
10 actually. And I think that there are issues regarding  
11 good faith negotiation, potentially, and also potential  
12 concerns regarding engineering and geology, but I think  
13 that those are still being worked out and evaluated.

14           So really I think the issue is that  
15 ConocoPhillips needs more time, and I think that's  
16 reasonable, given the procedural posture of these cases.

17           With respect to the filing of the NSL  
18 administrative application and the objections, as you had  
19 mentioned earlier Longfellow did file its hearing  
20 application before, I think, it filed the administrative  
21 application, and ConocoPhillips did object to the hearing  
22 application.

23           So I do think it has created confusion, the  
24 filing of both applications simultaneously, or the hearing  
25 application prior to the administrative application.



1                   So really I think that these cases need to  
2 be set for contested hearing, and I think September sounds  
3 reasonable.

4                   EXAMINER BRANCARD: Well, I will correct you  
5 there. I think the compulsory pooling was part of 21954,  
6 so the compulsory pooling application was out there  
7 already.

8                   I guess I'm confused. Does ConocoPhillips  
9 not have geologists available to evaluate this stuff?

10                  MS. HARDY: Well, no, we do. We do. But the  
11 pooling application showed Longfellow is dismissing the  
12 pooling request in Case 21954 and proceeding only on the  
13 NSL request under that application, and then filed an  
14 additional application for pooling, 21989, that includes  
15 additional wells. And that application was filed -- this  
16 is the first docket that application has been set on, so  
17 now we're evaluating the request in 21989, which is a new  
18 pooling application.

19                  EXAMINER BRANCARD: I didn't look that  
20 carefully, but what you're saying is that the pooling  
21 application in -989 is different, at least for the number  
22 of wells, than -954?

23                  MS. HARDY: Right. Correct.

24                  EXAMINER BRANCARD: It's the same unit, right?

25                  MS. HARDY: Right. But they have added wells.

1 I think 21954 only included one well, which was the well  
2 that the NSL is proposed for also; and then 21989 I  
3 believe includes three wells. I believe that's correct.  
4 I know it's more than one.

5 EXAMINER BRANCARD: Mr. Rankin, your thoughts  
6 for Spur Energy.

7 MR. RANKIN: Good morning, Mr. Examiner. At  
8 this point Spur Energy does not object to the case being  
9 continued. Our concern is with the NSL for the Elvis  
10 State Com 1H well, and that -- we -- uhm, we did at the  
11 time, uh, timely object to that administrative  
12 application. I will say that Spur was also confused by  
13 the different applications and how they were intended to  
14 be handled by the applicant. And so our intent is to  
15 continue to evaluate that NSL. These cases, that's where  
16 Spur's concern was, more with respect to the NSL for that  
17 well than with the pooling itself.

18 So with that, you know, I think it would be  
19 helpful for the parties to have additional time to  
20 evaluate the impacts of the spacing that would impact  
21 Spur's offsetting development plans.

22 EXAMINER BRANCARD: Okay. Just to circle back  
23 for a second: Ms. Hardy, ConocoPhillips is objecting to  
24 or concerned with the pooling application?

25 MS. HARDY: With those applications. They also

1 have concerns regarding the NSL, similar to Spur.

2 EXAMINER BRANCARD: Okay. Any last thoughts?

3 MS. SHAHEEN: If I may address Ms. Hardy's  
4 comments.

5 First of all, I think it's important for  
6 the hearing examiners to know that the offset tract is --  
7 was previously pooled without objection from  
8 ConocoPhillips. They've elected to participate in those  
9 six wells. There is an NSL within that offset tract that  
10 was approved without objection from ConocoPhillips.

11 Longfellow has been conferring with Conoco  
12 since January about the offset tract in the development  
13 there, and since March about the proposed Elvis unit and  
14 the NSL there, so for them to suggest that they need more  
15 time to evaluate is a little -- I'm not sure what the  
16 right word is, but I don't believe that's actually what's  
17 going on here.

18 The parties have all been negotiating with  
19 each other about acquiring various assets, and I believe  
20 that their objections to these applications going forward  
21 are simply based on business reasons. Conoco knows  
22 exactly how their interest will be impacted here, and the  
23 bottom line is their correlative rights will not be  
24 impaired, because they have an interest in the Santana,  
25 they've elected to participate in those wells, and one of

1 those wells is an NSL that is where the offset tract with  
2 the Elvis unit.

3 So they really have no basis for objecting  
4 here. They have had plenty of time to evaluate it. This  
5 should be heard as soon as possible. It was originally on  
6 the July drilling schedule, now it's been bumped to the  
7 end of August, and we can't drill that NSL until we get  
8 that approval.

9 So with all due respect I would ask this be  
10 set as soon as possible for a hearing date.

11 EXAMINER BRANCARD: Thank you.

12 Let me clarify. So 21954, that's just the  
13 NSL now. Is that correct?

14 MS. SHAHEEN: Well, it is -- I plan to dismiss  
15 the compulsory pooling part of that application, because  
16 we have refiled to pool the three wells in Case No. 21 --  
17 sorry, I lost it. 21989.

18 So yes, the 21954 will only address the NSL  
19 portion, the 21989 will address the force pooling of the  
20 same unit.

21 EXAMINER BRANCARD: So what you're saying is you  
22 haven't dropped the compulsory pooling out of -954.

23 MS. SHAHEEN: That's right. I was concerned  
24 that if I dismissed that portion of it that the entire  
25 case would be dismissed, which I didn't want to happen.

1 And in the past, as I explained earlier, when I have these  
2 NSLs combined with the compulsory pooling, at the hearing  
3 on the compulsory pooling I would dismiss the NSL portion.  
4 Here we are in the opposite position. At the hearing on  
5 the NSL I would dismiss the forced pooling portion of  
6 21954 and go forward with 21989 with respect to the forced  
7 pooling.

8 EXAMINER BRANCARD: Thank you.

9 We are going to set this hearing for  
10 September 9th. That's a New Cases docket, but we can put  
11 this at the end of those new cases. We don't have any  
12 other contested cases.

13 Hopefully all or part of this will get  
14 resolved. My suggestion is that if part of this gets  
15 resolved, such as, say, we get -- you all agree on the  
16 NSL, that you drop that case so we can just proceed on the  
17 compulsory pooling -- or vice versa -- so we are having a  
18 hearing on as few issues as possible, if we have a  
19 hearing.

20 So with that I will try to fashion a  
21 Prehearing Order for this case.

22 MS. SHAHEEN: Thank you.

23 (Time noted 9:26 a.m.)

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1 STATE OF NEW MEXICO )

2 : ss

3 COUNTY OF TAOS )

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REPORTER'S CERTIFICATE

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I, MARY THERESE MACFARLANE, New Mexico Reporter

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CCR No. 122, DO HEREBY CERTIFY that on Thursday, July 1,

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2021, the proceedings in the above-captioned matter were

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taken before me; that I did report in stenographic

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shorthand the proceedings set forth herein, and the

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foregoing pages are a true and correct transcription to

12

the best of my ability and control.

13

I FURTHER CERTIFY that I am neither employed by

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nor related to nor contracted with (unless excepted by the

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rules) any of the parties or attorneys in this case, and

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that I have no interest whatsoever in the final

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disposition of this case in any court.

18

/s/ Mary Macfarlane

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MARY THERESE MACFARLANE, CCR

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