

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

**APPLICATION OF LONGFELLOW ENERGY, LP
FOR COMPULSORY POOLING AND FOR APPROVAL OF
A NON-STANDARD LOCATION,
EDDY COUNTY, NEW MEXICO**

Case No. 21954

**APPLICATION OF LONGFELLOW ENERGY, LP
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

Case No. 21989

APPLICANT'S CONSOLIDATED PRE-HEARING STATEMENT

LONGFELLOW ENERGY, LP ("Longfellow"), provides this Pre-Hearing Statement as required by the rules of the Division.

APPEARANCES

APPLICANT

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STATEMENT OF THE CASE

In Case No. 21954, Longfellow seeks approval of an unorthodox or non-standard location (“NSL”) for the **Elvis State Com 29A 001H** (“Elvis 1H”) to be drilled in a standard 160-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of the N/2 N/2 of Section 29, Township 17 South, Range 28 East, NMPM, in Eddy County, New Mexico, for development of the Yeso formation (Artesia; Glorieta-Yeso [96830]). Initially, Applicant also sought an order from the Division pooling all uncommitted interests in the HSU for purposes of drilling only the Elvis 1H well. However, at hearing, Applicant anticipates requesting dismissal of that part of the instant application seeking to pool interests in the HSU. Instead, Applicant has filed an application in Case No. 21989, now set to be heard with Case No. 21954 on July 1, 2021, *see* Scheduling Order (June 22, 2021); seeking to pool all uncommitted interests in this HSU for the purpose of drilling three wells in the HSU, including the Elvis 1H.

Longfellow seeks approval of a NSL because the completed interval of the Elvis 1H will be closer than 330’ from the outer boundary of the HSU. Longfellow proposes to drill the Elvis

1H horizontally from an approximate surface hole location 790' FNL and 560' FWL of Section 28, T17S-R28E, to an approximate bottom hole location 181' FNL and 100' FWL of Section 29, T17S-R28E. The first and last take points for the well will meet the setback requirements set forth in the statewide rules for horizontal oil wells.

An administrative application for NSL approval was filed on May 13, 2021. COP and Spur objected to the administrative application. As explained below, COP and Spur have no basis to object to the NSL because their correlative rights will not be impaired. The objections to the request for NSL approval should therefore be rejected.

In Case No. 21989, Longfellow seeks an order from the Division pooling all uncommitted interests in the Yeso formation (Artesia; Glorieta-Yeso [96830]) in a standard 160-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the N/2 N/2 of Section 29, Township 17 South, Range 28 East, NMPM, in Eddy County, New Mexico. Applicant proposes to drill the following wells: (1) **Elvis State Com 29A 001H** well, to be horizontally drilled from an approximate surface hole location 790' FNL and 560' FWL of Section 28, T17S-R28E, to an approximate bottom hole location 181' FNL and 100' FWL of Section 29, T17S-R28E ("Elvis 1H"); (2) **Elvis State Com 29A 002H** well, to be horizontally drilled from an approximate surface hole location 815' FNL and 560' FWL of Section 28, T17S-R28E, to an approximate bottom hole location 577' FNL and 100' FWL of Section 29, T17S-R28E (API# 30-015-48183) ("Elvis 2H"); and (3) **Elvis State Com 29A 003H** well, to be horizontally drilled from an approximate surface hole location 840' FNL and 560' FWL of Section 28, T17S-R28E, to an approximate bottom hole location 972' FNL and 100' FWL of Section 29, T17S-R28E (API# 30-015-48184) ("Elvis 3H"). The first and last take points for the wells will meet the setback requirements set forth in the statewide rules for horizontal oil wells.

The completed laterals for the Elvis 2H and Elvis 3H will meet the setback requirements set forth in the statewide rules. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs, the designation of Applicant as Operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 14 miles west of Loco Hills, New Mexico.

PROPOSED EVIDENCE

APPLICANT:

WITNESSES	EST. TIME	EXHIBITS
Landman Ryan Reynolds	Written Testimony	10-12
Geologist Jennifer Eker	Written Testimony	6-8
Engineer Moosa Madha	Written Testimony	6-8

OTHER INTERESTED PARTIES:

WITNESSES	EST. TIME	EXHIBITS
TBD		

PROCEDURAL MATTERS

There are no proposals or applications that compete with Longfellow’s well proposals in the instant applications. Longfellow understands that COP intends to file a motion for continuance in these matters, which is opposed by Longfellow. COP previously filed a motion for continuance in the Case No. 21954, which was opposed by Longfellow and which ultimately resulted in the Division’s Scheduling Order resetting Case No. 21954 for July 1, 2021. As explained in Longfellow’s response to COP’s previous motion for continuance in Case No. 21954, COP’s opposition to these cases is not grounded in the substantive issues before the Division in either case. Rather, it is business-related—COP and Spur are using the continuances

as leverage in negotiations relating to the purchase and sale of oil and gas interests held by COP. Such measures should not be condoned by the Division.

As will be more fully explained in Longfellow's response to the anticipated second motion for continuance filed by COP, Longfellow's applications do not impair COP or Spur's correlative rights and Longfellow is prejudiced by COP's continued stalling tactics. Longfellow has been in communication with COP about this acreage since early March 2021. For now, Longfellow points out that 87.5% and 12.5% of the working interest in the proposed Elvis HSU is owned by Longfellow and COP, respectively, and that COP has already agreed to participate with an 18.75% working interest in the drilling of the six Yeso wells proposed by Longfellow in the offset tract. *See* Case No. 21954, Applicant's Response to COP's Opposed Motion for Continuance. Moreover, Spur has only 4% working interest in the offset tract. These wells are currently on the drilling schedule to begin spudding on August 28, 2021. Additional delay will cause waste and prejudice Longfellow.

If there is no opposition by time of hearing, Applicant will present this matter by affidavit. If opposition remains at the time of hearing, Longfellow's witnesses will appear at hearing on July 1, 2021 for cross-examination.

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 24, 2021:

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State of New Mexico
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QUESTIONS

Action 33678

QUESTIONS

Operator: LONGFELLOW ENERGY, LP 8115 Preston Road Dallas, TX 75225	OGRID: 372210
	Action Number: 33678
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

Testimony	
<i>Please assist us by provide the following information about your testimony.</i>	
Number of witness	3
Testimony time (in minutes)	0