

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

**APPLICATION OF SPUR ENERGY PARTNERS
LLC TO RESCIND THE APPROVAL OF
ADMINISTRATIVE ORDER NSL-8185,
EDDY COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

Spur Energy Partners LLC (“Spur”) (OGRID No. 328947), through its undersigned attorneys, hereby files this application with the Oil Conservation Division for an order rescinding, or in the alternative, staying, the approval of Administrative Order NSL-8185 for the Bonzo Federal Com 1924 CDX #006H well (the “Bonzo NSL”) issued to Longfellow Energy, L.P. (“Longfellow”) on June 23, 2021. In support of this application, Spur states:

1. On June 2, 2021, Longfellow filed an administrative application for approval of an unorthodox location for its Bonzo Federal Com 1924 CDX #006H well, with a surface location approximately 1272 feet FSL and 415 feet FWL of Section 20, and a bottom-hole location approximately 142 feet FSL and 2615 feet FEL of Section 24, all in Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico. The first take point will be located approximately 155 feet FSL and 100 feet FEL of said Section 19, and the last take point will be located approximately 142 feet FSL and 2535 feet FEL of Section 24. The completed lateral will be located approximately 142 feet from the south boundary of the proposed horizontal spacing unit, which constitutes an unorthodox location because it is closer than the 330-foot setback allowed for oil wells.

2. Spur is a working interest owner in Sections 25 and 30, all within Township 17 South, Range 28 East, that immediately offset the unorthodox location of the proposed Bonzo

Federal Com 1924 CDX #006H well. Spur objects to the non-standard location because the proposed location of the completed lateral, 142 feet from the south boundary of the spacing unit, will impair Spur's correlative rights in Sections 25 and 30.

3. On June 1, 2020, the day *before* it filed its administrative application, Longfellow filed an application for hearing in **Case No. 22020** seeking an order approving a Non-Standard Location for its proposed Bonzo Federal Com 1924 CDX #006H well.

4. Spur entered an appearance in Case No. 22020 and filed a pre-hearing statement on June 24, 2021, advising the Division of its opposition to the requested unorthodox location for the Bonzo Federal Com 1924 CDX #006H well, on the assumption that its objections would be taken up at hearing.

5. As stated on the record on July 1, 2021 in Case No. 22020, both Spur and ConocoPhillips, another affected party to the Bonzo NSL, were confused about the appropriate process to be followed for objections to Longfellow's requested Bonzo NSL because of the dual administrative and hearing applications pending before the Division at the same time.

6. On June 23, 2021, prior to a hearing in Case No. 22020, and unbeknownst to Spur at the time, the Division issued the Bonzo NSL approving the request of Longfellow for the Bonzo Federal Com 1924 CDX #006H well.

7. Longfellow's filing of an administrative application for an NSL after it had already filed an application for hearing in Case No. 22020, in which it also seeks an NSL, caused confusion to the affected parties who were subject to the administrative and hearing applications.

8. In order to protect Spur's correlative rights and the integrity of the Division's administrative and hearing processes, the Division's approval of the Bonzo NSL should be

rescinded, or the alternative, the Bonzo NSL should be stayed pending the Division's decision on the competing pooling cases between Longfellow and Spur.

9. Pursuant to Division Order R-21246, the filing of this application maintains the stay of these improperly issued Bonzo NSL pending a full and fair hearing on this matter, and the competing compulsory pooling cases.

10. Should the Division allow the Bonzo NSL to remain in place, Spur seeks an order curtailing production from the Bonzo Federal Com 1924 CDX #006H well, to appropriately protect Spur's correlative rights in the adjoining tracts.

WHEREFORE, Spur requests that the Division set this matter for hearing before an Examiner of the Oil Conservation Division at the next available docket, and after notice and hearing as required by law, the Division issue an order rescinding the Bonzo NSL or, in the alternative, staying the order, and granting such further relief as the Division deems just and proper.

Respectfully submitted,

HOLLAND & HART LLP

By: _____



Michael H. Feldewert
Adam G. Rankin
Julia Broggi
Kaitlyn A. Luck
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile
mhfrldewert@hollandhart.com
agrarkin@hollandhart.com
jbroggi@hollandhart.com
kaluck@hollandhart.com

ATTORNEYS FOR SPUR ENERGY PARTNERS LLC

CERTIFICATE OF SERVICE

I hereby certify that on July 06, 2021, I served a copy of the foregoing document to the following counsel of record, via Electronic Mail:

Sharon T. Shaheen
Ricardo S. Gonzales
Montgomery & Andrews, P.A.
Post Office Box 2307
Santa Fe, New Mexico 87504-2307
(505) 986-2678
sshaheen@montand.com
rgonzales@montand.com

Attorneys for Longfellow Energy, LP

Dana S. Hardy
Michael Rodriguez
Hinkle Shanor LLP
P.O. Box 2068
Santa Fe, NM 87504-2068
Phone: (505) 982-4554
Facsimile: (505) 982-8623
dhardy@hinklelawfirm.com
mrodriguez@hinklelawfirm.com

Attorneys for ConocoPhillips Company



Adam G. Rankin

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

Sarah Cottrell Propst
Cabinet Secretary

Todd E. Leahy, JD, PhD
Deputy Cabinet Secretary

Adrienne E. Sandoval, Director
Oil Conservation Division



June 23, 2021

Ms. Sharon Shaheen
sshaheen@montand.com

NON-STANDARD LOCATION

Administrative Order NSL-8185

Longfellow Energy, L.P. [OGRID 372210]
Bonzo Federal Com 1924 CDX Well No. 006H
API No. 30-015-Pending

	<u>Footages</u>	<u>Unit/Lot</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	1272 FSL & 415 FWL	M	20	17S	28E	Eddy
First Take Point	155 FSL & 100 FEL	P	19	17S	28E	Eddy
Last Take Point	142 FSL & 2535 FEL	O	24	17S	27E	Eddy
Terminus	142 FSL & 2615 FEL	O	24	17S	27E	Eddy

Proposed Horizontal Units

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
S/2 of Section 19, 17S 28E	486.05	Red Lake; Glorieta – Yeso	96836
SE/4 of Section 24, 17S 27E			

Reference is made to your application received on June 2, 2021.

You have requested to drill this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. 19.15.16.15(B)(1)(a) NMAC governs this proposed well and provides that the operator shall dedicate to each horizontal oil well a standard horizontal spacing unit that comprises of one or more contiguous tracts that the horizontal oil well's completed interval penetrates, each of which consists of a governmental quarter-quarter section or equivalent.

This well's completed interval is as close as 175 - 188 feet to the southern edge of the horizontal spacing unit. Encroachment will impact the following tracts.

Section 30, 17S 28E, encroachment to the N/2 N/2
Section 25, 17S 27E, encroachment to the N/2 NE/4

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Longfellow Energy, L.P.
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The Division understands you have given notice of this application to all operators or owners who are "affected persons," as defined in 19.15.2.7(A)(8) NMAC, in all adjoining units towards which the proposed location encroaches.

Division understands you are seeking this unorthodox location in order to maximize recovery of reserves left in the ground and is its preferred well spacing for this location. Thereby prevent waste within the Glorieta - Yeso formation underlying the S/2 of Section 19, 17S 28E and the SE/4 of Section 24, 17S 27E.

Your application has been filed under 19.15.16.15(C)(6) NMAC, 19.15.15.13 NMAC and 19.15.4.12 (A)(2) NMAC.

Per 19.15.15.13 (B) NMAC, **Division approves this unorthodox location.**

The above approvals are subject to your following all other applicable Division rules.

Jurisdiction of this case is retained for the entry of further orders as Division deems necessary.



ADRIENNE E. SANDOVAL
Division Director

AES/lrl

cc: Oil Conservation Division – Artesia District Office
State Land Office – Oil, Gas and Minerals Division