

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

APR 30 2016 10:30

APPLICATION OF ONEENERGY PARTNERS, LLC
FOR A NON-STANDARD OIL SPACING AND
PRORATION UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO

CASE No. 16108

**ONEENERGY PARTNERS, LLC'S RESPONSE TO
BTA'S MOTION FOR CONTINUANCE**

OneEnergy Partners, LLC ("OneEnergy" or "OEP"), for its Response to BTA's Motion for Continuance, states:

Continuances are most-often granted by the Division, but under the circumstances of this case no continuance is warranted.

First, as demonstrated by the Affidavit of OneEnergy's Vice President of Land, Jeff Lierly, OEP has put considerable time, effort and expense to promote the development of Section 4 in Township 24 South, Range 35 East. *Affidavit*, Exhibit 1 attached. It is ahead on maintenance of an existing Morrow well operated under an existing JOA to which BTA is not a party. It is ahead on permitting the proposed Georgetown BS3 Fed Com 1H well. It is ahead on negotiating voluntary participation in the well and acquiring other working interests. It is ahead on title curative work.

BTA's efforts, on the other hand, have been purely reactionary. It has done nothing to advance the development of Section 4. It has done nothing other than to send out a defensive, last-minute well proposal to OEP to satisfy the Division's requirement that it establish it has made a good faith attempt to obtain voluntary participation as a predicate to its own compulsory pooling application. But BTA's well proposal is illusory. OEP confirms that it is the only interest owner

to have received a well proposal from BTA. BTA has not sent well proposals to the other interest owners who would be entitled to receive them. The failure to do so evinces that BTA has not undertaken an investigation into the underlying title to the mineral interests in Section 4 which OneEnergy affirms is exceedingly complex. BTA will be unable to discern ownership in a timely manner and provide well proposals or otherwise join the third-party interest owners in any attendant compulsory pooling proceeding. It is improbable that BTA would accomplish these tasks for months, let alone by a notional May 31, 2018 hearing date.

BTA's Motion For Continuance invites only unnecessary delay that risks impeding the development of Section 4 by the Georgetown BS3 Fed Com 1H and three other wells that OneEnergy has planned for the section.

WHEREFORE, One Energy Partners, LLC requests that BTA's motion be denied.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served on the following counsel of record by electronic mail on April 27, 2018:

James Bruce
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jamesbruc@aol.com

Attorney for BTA Oil Producers, LLC



J. Scott Hall

AFFIDAVIT

COUNTY OF LEA)

STATE OF NEW MEXICO)

The within named person (Affiant), Jeffrey M. Lierly, who is a resident of Dallas County, State of Texas, personally came and appeared before me, the undersigned Notary Public, and makes this his statement, testimony and General Affidavit under oath or affirmation, in good faith, and under penalty of perjury, of sincere belief and personal knowledge that the following matters, facts, and things set forth are true and correct, to the best of his knowledge:

1. McKay Oil Corporation and Western Oil Producers, as Operators, and Gulf Oil Corporation et al, as Non-Operators, entered into that certain Woolworth Ranch Unit Operating Agreement dated October 1, 1978 (the "Operating Agreement"), covering all of Section 4, Township 24 South, Range 35 East, N.M.P.M., Lea County, New Mexico (the "Lands"), among other lands.
2. BTA Oil Producers, LLC ("BTA") elected not to join in the execution of the Operating Agreement, and its interest in the oil and gas lease covering the W2SW of Section 4 was compulsory pooled by Order No. R-5892, dated January 16, 1979, as to the Morrow formation underlying all of Section 4.
3. On May 23, 2017, McKay Oil Corporation (Successor Operator under the Operating Agreement), McKay Petroleum Corporation, et al (collectively "McKay"), as Seller, entered into a Letter Agreement with OneEnergy Partners Operating, LLC ("OEP"), as Buyer, to acquire Seller's working interest in the Woolworth Ranch Unit #1 (API# 30-025-26180) well (the "Well") and the associated leasehold and pooled interests (the "Transaction") in Lands.
4. On July 6, 2017, the Transaction closed thereby giving OEP an ownership interest in the Well and the underlying oil and gas leases, insofar as they cover the Lands.
5. On July 13, 2017, McKay entered into a Temporary Contract Operator Agreement with OEP to enable OEP to commence reworking operations to place the Well in production.
6. On July 14, 2017, OEP notified BTA that it acquired leasehold interest in the Lands and expressed interest purchasing BTA's interest in the W2SW of Section 4, Township 24 South, Range 35 East, N.M.P.M., Lea County, New Mexico which was compulsory pooled in the Well.
7. On July 20, 2017, OEP commenced various operations, including an acid job to restimulate productive zones, repairing a casing leak, and installing a pumping unit and pump in order to restore production in the Well.
8. On July 28, 2017, Form C-145 Change of Operator for the Well from McKay Oil Corporation to OneEnergy Partners Operating, LLC was approved by the State of New Mexico Energy, Minerals and Natural Resources Oil Conservation Division.
9. On August 16, 2017, OEP submitted initial notice of staking to the Bureau of Land Management for review of horizontal development on the Lands.
10. On January 19, 2018, OEP submitted four (4) well proposals to develop the Bone Spring formation to all working interest owners in the Lands, including BTA.

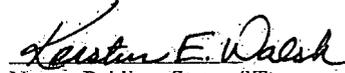
11. On March 6, 2018, BTA sent OEP the Rock Lake 7404 1H well proposal to develop the Bone Spring in the W2W2 of Section 4, Township 24 South, Range 35 East, N.M.P.M., Lea County, New Mexico, but failed to send well proposals to the other working interest owners that are subject to the Operating Agreement covering the Lands.
12. On March 23, 2018, OEP acquired from Tap Rock Resources, LLC additional leasehold and working interest in Section 4, Township 24 South, Range 35 East, N.M.P.M., Lea County, New Mexico, effective March 1, 2018.
13. On April 3, 2018, Montgomery & Andrews, on behalf of OEP, submitted an application (Case No. 16108) with the New Mexico Oil Conservation Division for an order approving a non-standard 160-acre oil spacing and proration unit in the Bone Spring formation comprised of Lot 4, the SWNW, and W2SW of Section 4, Township 24 South, Range 35 East, N.M.P.M., Lea County, New Mexico, associated with OEP's Georgetown BS3 Fed Com 1H well for the May 3, 2018 compulsory pooling docket.
14. On April 12, 2018, OEP acquired from EOG Y Resources, Inc. additional leasehold and working in Section 4, Township 24 South, Range 35 East, N.M.P.M., Lea County, New Mexico, effective February 1, 2018.
15. On April 13, 2018, notice was sent to BTA via certified mail OEP's application for a non-standard oil spacing and proration unit and compulsory pooling in Case No. 16108.

Dated this 27th day of April, 2018.


Jeffrey M. Lierly - Affiant

State of Texas
County of Dallas

Subscribed and sworn to, or affirmed, before me this 27th day of April, 2018, by Jeffrey M. Lierly


Notary Public - State of Texas

