

Lowe, Leonard, EMNRD

From: Darin Savage <darin@abadieschill.com>
Sent: Wednesday, November 4, 2020 9:24 AM
To: Lowe, Leonard, EMNRD
Subject: [EXT] Re: Update on Shire well NSL applications

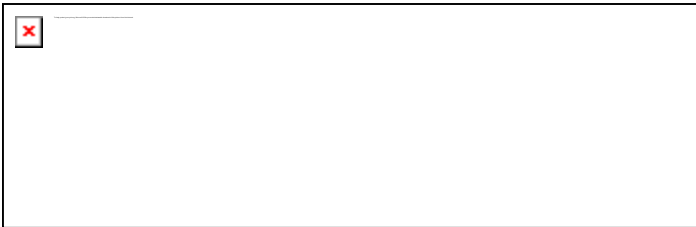
Mr. Lowe,

Good morning, and thank you.

If you have any current guidelines for the NSP application that you have sent out recently or samples that exemplify what the Division is looking for, I would be interested in obtaining copies to make sure I have them to follow. I'll also look around on the NMOCD website for any relevant info.

I have a hearing tomorrow but will get those applications worked up ASAP.

Darin



DARIN SAVAGE

Abadie | Schill P.C.

214 McKenzie Street, Santa Fe, New Mexico 87501

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On Nov 4, 2020, at 9:03 AM, Lowe, Leonard, EMNRD <Leonard.Lowe@state.nm.us> wrote:

Mr. Darin Savage,

Good morning.

With the update, I will cancel and discard your previously submitted NSL applications.

I will await the new ones to be received in the fee portal.

An NSP can be submitted to the Engineering Bureau e-mail. Please CC leonard.lowe@state.nm.us on that submittal. There is no charge for an NSP.

If you have any questions regarding this, you may call me for a verbal discussion on moving forward.

Leonard R. Lowe

Engineering Bureau
OCD - EMNRD
5200 Oakland Ave. NE
Albuquerque, N.M. 87113
C: 505-930-6717
<http://www.emnrd.state.nm.us/oecd/>

From: Darin Savage <darin@abadieschill.com>
Sent: Tuesday, November 3, 2020 5:13 PM
To: Lowe, Leonard, EMNRD <Leonard.Lowe@state.nm.us>
Subject: [EXT] Update on Shire well NSL applications

Mr. Lowe,

I hope your Tuesday is going well, what a night it will be. It looks like my discussions with Devon caused them to start rethinking about what they want to do with the Shire Wells.

They've decided they want to develop a number of the Shire Wells in the E/2 of the two sections, 15 and 22, for a 640 spacing (that would place unit squarely as as standard unit as you've described), but they want to keep the E/2 W/2 of the two Sections for a 320 spacing for two of the wells (which I was wondering if the E/2 W/2 could be viewed as a standard 320 unit or if it needs to be defined as a nonstandard unit and an NSP applied for, but I think you have addressed that in a recent email and it looks like it is nonstandard and requires an NSP) I checked the C102 and APD for the Lusitano well 713 (API 30-015-45658) and have attached them. It looks like an NSP was required for the Lusitano well too, and therefore will be required for the E/2 W/2 of Section 15 and 22, as you've described.

I will draft up the NSL applications for the E/2 of Sections 15 and 22 for a 640 acre spacing and submit them through the portal to send it your way.

I can tell you that the only affected person affected by the offset in these applications is one party, XTO, in Section 10. It looks like they will to give Devon a waiver. Devon is the only owner in the adjacent unit to the south in Section 27.

Thanks for your time working through this.

Darin

<image002.jpg>

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Lowe, Leonard, EMNRD

From: Darin Savage <darin@abadieschill.com>
Sent: Tuesday, November 3, 2020 5:13 PM
To: Lowe, Leonard, EMNRD
Subject: [EXT] Update on Shire well NSL applications
Attachments: C102 Lusitano 713.pdf; Lusitano 713H well APD.pdf

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They've decided they want to develop a number of the Shire Wells in the E/2 of the two sections, 15 and 22, for a 640 spacing (that would place unit squarely as as standard unit as you've described), but they want to keep the E/2 W/2 of the two Sections for a 320 spacing for two of the wells (which I was wondering if the E/2 W/2 could be viewed as a standard 320 unit or if it needs to be defined as a nonstandard unit and an NSP applied for, but I think you have addressed that in a recent email and it looks like it is nonstandard and requires an NSP) I checked the C102 and APD for the Lusitano well 713 (API 30-015-45658) and have attached them. It looks like an NSP was required for the Lusitano well too, and therefore will be required for the E/2 W/2 of Section 15 and 22, as you've described.

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Lowe, Leonard, EMNRD

From: Darin Savage <darin@abadieschill.com>
Sent: Sunday, November 1, 2020 8:44 PM
To: Lowe, Leonard, EMNRD
Subject: [EXT] Follow up on NSL Application for Shire Wells

Mr. Lowe,

After our conversation, I was able to talk with Devon over the weekend, and I got a better understanding about what they are trying to do with the Shire Wells in Sections 15 and 22, 25W-31E, Eddy County, NM. They are wanting these Shire Well units to match the Lusitano wells in Section 27 which are also in the Purple Sage Wolfcamp. For example, Lusitano 27 34 Federal Com #713H well in the Purple Sage WC was spaced as to the E/2 W/2 in Sections 27 and 34. Therefore, Devon wants to have the adjacent Shire 616H & 716H Wells spaced in the E/2 W/2 of Sections 15 and 22. Devon believes this is best for optimal development.

The first issue we discussed was proper notice to the affected offset persons. The regulation on this, 19.15.4.12A(2)(a), states the applicant shall notify the affected persons in each adjoining spacing unit in the same pool or formation located closer to the unorthodox well location than the minimum distance prescribed by the applicable rule or order.

To the south, the FTP of 613H is adjacent to the spacing unit denoted in green on the sectional map covering the E/2 W/2 of Section 27, which is the spacing unit for the Lusitano Well. To the north, the LTP of 613H is adjacent to the spacing unit covering the W/2 of Section 10, which is the XTO operated Poker Lake Unit.

In each of the NSL applications for the Shire Wells, Devon has specified the adjacent spacing units of the affected persons which conforms with the Rule. This should satisfy the notice requirement.

The second issue we discussed involves the nature of the unit itself. Devon has informed me that they believe the Lusitano 27 34 Federal Com 713H Well whose unit covers the E/2 W/2 of Sections in the Purple Sage WC was designated as a standard unit. It is 320 acres.

Would it be possible to confirm this designation? If the Lusitano is a standard unit, then the Shire Well 613H, and the other Shire Wells, should also be standard units as well. I view the unit for the 613H Well as being built by stacking a 160 ac block, comprised of the E/2 W/2 of Section 15, on top of a 160 ac block, comprised of the E/2 W/2 of Section 22. In this way, the resulting unit would be 320, and would be viewed as a standard unit. I also see how the E/2 W/2 can be viewed as comprised of 8 40 ac blocks stacked vertically. The question seems to be whether the E/2 W/2 of Section 15 could be viewed as a 160 ac block and have it stacked on the E/2 W/2 of Section 22, also viewed as a 160 acre block, and have the resulting 320 ac unit be designated as a standard unit?

Please let me know if this would be feasible. It looks like this would satisfy the criteria of a standard unit, if the units can be defined this way.

Devon also informed me that the Shire wells are scheduled to be spud in January, so we are hoping to be able to have everything in order before the spud date.

Thanks for your help on this. Let me know if you need any additional information, or if you wish to discuss.

Darin



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Lowe, Leonard, EMNRD

From: Darin Savage <darin@abadieschill.com>
Sent: Friday, October 30, 2020 2:39 PM
To: Lowe, Leonard, EMNRD
Subject: [EXT] Follow up

Mr. Lowe,

I will talk with Devon to see exactly what they are wanting to do. I based that NSL application on the exhibits they sent me. If I have to revise it and re-submit it, so be it. I just want to make sure I do it right with your specifications.

Enjoy the weekend, I plan to.

Darin



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Lowe, Leonard, EMNRD

From: Darin Savage <darin@abadieschill.com>
Sent: Friday, October 30, 2020 1:53 PM
To: Lowe, Leonard, EMNRD
Subject: [EXT] Thanks for the phone call

Mr. Lowe,

Thank you for the phone call. I see what you are saying about the shape of the unit as to whether it is standard or non standard spacing. The question I have to consider is whether you have to have two 160 acre building blocks to fill out half the section before you can stack two other 160 acre building blocks in the adjacent section for a standup. Under this scenario, a standard spacing in the purple sage would either be a 320 acre unit covering the E/2 of Section 15 or a 640 acre unit covering the E/2 of Sections 15 and 22, as we discussed.

The scenario I have in the applications, as we know, is a unit that covers the W/2 E/2 of Sections 15 and 22, which is 320 acres.

The question here is whether a single 160 building block, covering the W/2 E/2 of Section 15, can be stacked on a single 160 acre building block covering the W/2 E/2 of Section 22, to create a standard standup 320 acre that covers the W/2 E/2 of Sections 15 and 22. The question is whether the single 320 acre unit covering the W/2 E/2 of the two sections is a non standard 320 acre spacing unit? Or could it be viewed as a standard 320 acre unit?

I have not pondered this question, and I see your point about viewing it as a non standard spacing because of the shape. Let me look through the regulations to make sure I fully understand the scenarios.

I will do what I need to do to meet the criteria for these applications.

Darin



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Lowe, Leonard, EMNRD

From: Darin Savage <darin@abadieschill.com>
Sent: Friday, October 30, 2020 12:52 PM
To: Lowe, Leonard, EMNRD
Subject: [EXT] Fwd: NSP applications

Importance: High

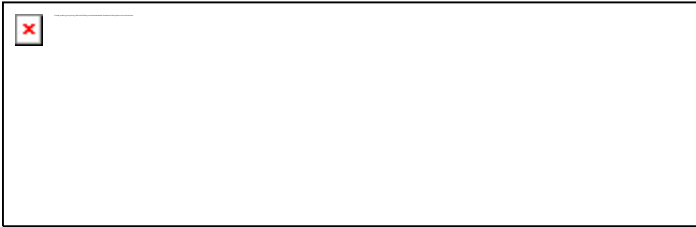
Mr. Lowe,

Sorry for the additional email, I just wanted to clarify and understand something better. If you have time, I may be interested in discussing.

I pulled up the NSL app and am looking at the Sectional Map for the Shire 613H Well as an example, Exhibit C. Based on the map, it's a stand up well, and covers 320 acres in the W/2 E/2 of Sections 15 and 22.

Would this satisfy the 160 acre building blocks, stacked together, the one block being the W/2 E/2 of Section 15 and the other block being the W/2 E/2 of Section 22? The unit as a whole is 320 acres.

Darin



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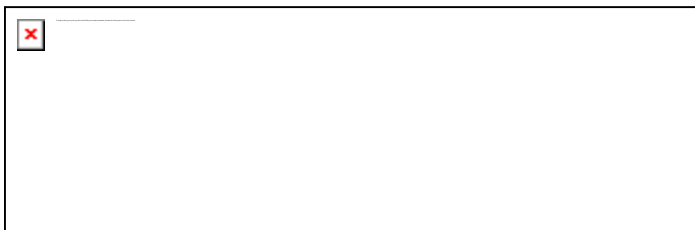
Begin forwarded message:

From: Darin Savage <darin@abadieschill.com>
Subject: NSP applications
Date: October 30, 2020 at 12:38:15 PM MDT
To: "Lowe, Leonard, EMNRD" <Leonard.Lowe@state.nm.us>

Mr. Lowe,

I was looking through my emails. If you sent out recent info on NSP applications, I don't think I received them. Are there new guidelines for NSP apps similar to guidelines for NSL apps? I haven't applied for NSP apps, so I may not have been on your list of current applicants to receive such info.

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On Oct 30, 2020, at 12:25 PM, Darin Savage <darin@abadieschill.com> wrote:

Mr. Lowe, good afternoon,

Thank you for the email and feedback. I'll start looking into the NSP application (that is something a bit new for me) and get on that.

Have a good weekend,

Darin



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<Leonard.Lowe@state.nm.us> wrote:

Mr. Darin Savage,

Good morning,

Of your latest submittal of NSL's for Devon's Shire wells.

For Purple Sage; WC pools/formation, the Horizontal Spacing Unit needs to be based on 160 acre building blocks. What your NSL's state are built on 40 acre building blocks.

Unless you have an approved order to support your irregular spacing unit for this Pool/Formation, you'll need to submit an NSP for all these wells.

I'm still reviewing your NSL applications.

llowe

Leonard R. Lowe

Engineering Bureau

OCD - EMNRD

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Lowe, Leonard, EMNRD

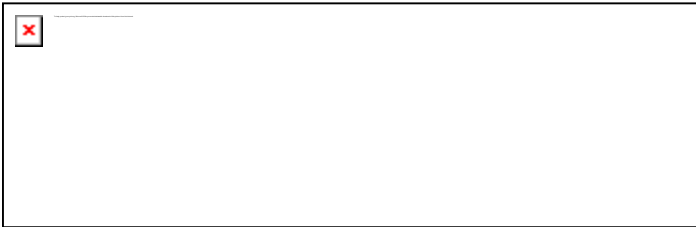
From: Darin Savage <darin@abadieschill.com>
Sent: Friday, October 30, 2020 12:38 PM
To: Lowe, Leonard, EMNRD
Subject: [EXT] NSP applications

Importance: High

Mr. Lowe,

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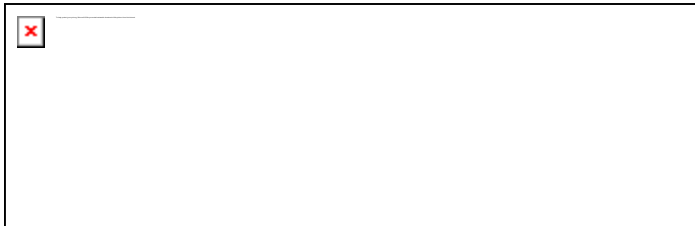
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Lowe, Leonard, EMNRD

From: Darin Savage <darin@abadieschill.com>
Sent: Friday, October 30, 2020 12:26 PM
To: Lowe, Leonard, EMNRD
Subject: [EXT] Re: Devon NSL's

Importance: High

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