

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

**APPLICATION OF WPX ENERGY PERMIAN, LLC
FOR COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO**

CASE NO. 20450

**APPLICATION OF WPX ENERGY PERMIAN, LLC
FOR COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO**

CASE NO. 20451

**APPLICATION OF MATADOR PRODUCTION
COMPANY FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

CASE NO. 20324

**APPLICATION OF MATADOR PRODUCTION
COMPANY FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

CASE NO. 20492

WPX’S RESPONSE TO MATADOR’S MOTION FOR CONTINUANCE

WPX ENERGY PERMIAN, LLC, formerly known as RKI Exploration & Production, LLC (“WPX”), hereby responds in opposition to Matador Production Company’s and MRC Permian Company’s (collectively, “Matador”) Motion for Continuance (“Motion”).

Matador’s grounds for continuance are unsupported. Moreover, WPX opposes a continuance because WPX has leases that expire July 31, 2019. WPX is in the process of obtaining lease extensions or renewed leases from the lessors. Upon information and belief, WPX understands that other competitors are attempting to obtain leases from the same lessors. WPX believes that Matador seeks another continuance now in order to delay production on these leases, resulting in lease expirations to Matador’s advantage. Matador’s Motion should be denied for this reason alone.

As grounds for its Motion, Matador states that a continuance “would lead to a more efficient hearing at a time when the cases can actually be heard.” Motion at 4. However, the parties previously agreed to the June 13 docket, with the knowledge that the applications may not be heard until June 14. Moreover, the size of the June 27 docket is unpredictable, and there is no support or assurance, much less guarantee, that hearing on the June 27 docket will be any more efficient than hearing on the June 13 docket.

Matador suggests that the timing of the parties’ respective well proposals and applications supports another continuance. *Id.* WPX disagrees. Although Matador filed the first application, it did so on March 5, 2019 with the knowledge that WPX had competing proposals. No later than January 17, 2019, WPX informed Matador of its development plans for Sections 34 and 35. Matador received WPX’s well proposals for the Collie well, No. 20451, on January 24, 2019, and for the Beagle well, No. 20450, on January 14, 2019. Matador’s suggestion that it had no notice of WPX’s competing proposals is thus unsupported. *See id.* at 4. Moreover, Matador waited until May 10 to file its proposal in Case No. 20492, resulting in additional time before these cases could be heard. Case Nos. 20324, 20450, and 20451 were previously continued to May 30, but were continued again to accommodate Matador’s belated filing in Case No. 20492. In light of the foregoing, Matador’s request for a continuance is not supported by Matador’s filing of the first application; nor does its assertion that it is the “first mover” support approval of its applications. Although Matador may have filed the first application, WPX is the “first mover” in other areas, having already staked the Collie well and the Beagle well and been in negotiations with surface owners on pad location.

As further grounds for continuance, Matador states that the parties need “more time to engage in discussions to see if these cases can be resolved by agreement.” *Id.* However, WPX

has in good faith engaged in negotiations with Matador since January. It is unlikely that another two-week continuance will be the impetus for resolution at this time. Contrary to Matador's representations, neither of its offers are equally beneficial to the parties. *See* Motion at 3. WPX's first proposal would leave WPX with a 1-mile unit in Section 34 and result in an advantage for Matador, as Matador currently has a minimal interest in the S/2. Matador's second proposal would contribute to waste and harm correlative rights. Under the second proposal, WPX would have a 1.5-mile unit in the S/2 of Section 34 and SW/4 of Section 35, leaving the SE/4 of Section 35 stranded. It could only be developed by a less efficient half-mile lateral.

WPX has also offered alternatives in an effort to resolve the competing proposals. Currently pending is WPX's proposal to split the N/2 into 1.5-mile units, while WPX develops the S/2 of Sections 34 and 35 with 2-mile units, which would leave no stranded tracts. Matador has yet to respond to WPX's latest offer.

In addition, as recognized by Matador, WPX owns the majority interest in its applications. *Id.* at 3. Notably, WPX also owns the majority interest in the disputed tract, Section 35. Indeed, Matador owns a minimal interest in the S/2 of Section 35.

Finally, Matador contends that these cases should be continued to avoid additional unnecessary costs. *Id.* at 4. However, the costs to WPX of lease expirations would far exceed the cost of going to hearing. Thus, a continuance would result in unfair detriment to WPX under the circumstances.

For all of these reasons, Matador's motion for continuance should be denied. As will be proved at hearing, Matador's competing proposals are inferior because they are adverse to conservation and would contribute to waste and impair correlative rights.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

By: /s/Sharon T. Shaheen

Sharon T. Shaheen

John McIntyre

P.O. Box 2307

Santa Fe, New Mexico 87504-2307

(505) 982-3873

sshaheen@montand.com

jmcintyre@montand.com

Attorneys for WPX Energy Permian, LLC

CERTIFICATE OF SERVICE

I hereby certify that on June 10, 2019, a true and correct copy of the foregoing was served by electronic mail on the following counsel of record:

James Bruce

P.O. Box 1056

Santa Fe, New Mexico 87504

(505) 982-2043

jamesbruc@aol.com

Attorney for Matador Production Company

Deana M. Bennett

Modrall, Sperling, Roehl, Harris & Sisk, P.A.

P.O. Box 2168

500 Fourth Street NW, Suite 1000

Albuquerque, NM 87103-2168

(505) 848-1800

dmb@modrall.com

Attorney for Marathon Oil Permian, LLC

Ocean Munds-Dry

William F. Carr

Elizabeth A. Ryan

1048 Paseo de Peralta

Santa Fe, New Mexico 87501

(505) 780-8000

omundsdry@concho.com

wcarr@concho.com

eryan@concho.com

Attorneys for COG Operating, LLC

/s/Sharon T. Shaheen

Sharon T. Shaheen