

**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

**APPLICANT'S RESPONSE TO CONOCOPHILLIPS COMPANY'S
OPPOSED MOTION FOR CONTINUANCE**

Applicant LONGFELLOW ENERGY, LP ("Longfellow") hereby responds to ConocoPhillips Company's ("Conoco") Motion for Continuance ("Motion") in the above-referenced matter. The Motion should be denied for all of the reasons stated below.

As a threshold matter, Longfellow notes that it will be dismissing the compulsory pooling part of this case at hearing and thus seeks hearing only on Longfellow's request for approval of a non-standard location ("NSL") for the Elvis State Com 29A 001H well (API# 30-015-48142) ("Elvis 1H") on June 17, 2021. Conoco was informed of Longfellow's intentions in this regard on May 26, 2021. Undersigned counsel understood that Conoco agreed to a continuance to June 17, 2021, for hearing on the NSL only. *See* Email, Dana Hardy to Sharon Shaheen (May 26, 2021) Exhibit A, attached hereto. It is unclear why now, one week before the hearing that Conoco previously agreed to, Conoco objects to a hearing on the NSL on June 17, 2021.

Upon information and belief, the basis for both protests of the NSL (Conoco and Spur Energy Partners) are business-related. Both Spur Energy Partners ("Spur") and Longfellow have been negotiating with Conoco to acquire various Conoco interests, including those interests in the proposed spacing unit dedicated to the Elvis wells. Longfellow believes that the Motion is a delaying tactic, being used as leverage, in these negotiations.

Longfellow owns 87.50% working interest in the proposed Elvis NSL HSU. Conoco is the only other working interest owner with 12.50%. In the adjacent Santana State 20CD HSU, Longfellow owns 77.08% working interest, Spur¹ owns 4.17% working interest, and Conoco is the only other working interest owner with 18.75%. Longfellow proposed the drilling of the six wells in the Santana State 20CD HSU to Conoco by email correspondence on **January 15, 2021**. Since Conoco is the only other significant working interest in the adjacent Santana State HSU and the proposed Elvis HSU, Longfellow has been in continuous communication and negotiation with Conoco involving their working interest in both HSUs since mid-January. Conoco initially indicated they would consider selling both interests to Longfellow, however, in late May Conoco indicated to Longfellow that they would no longer consider selling them to Longfellow. Therefore, Longfellow desires to proceed with its development plans and no longer be delayed by Conoco.

Conoco states in error that Longfellow will suffer no prejudice if this case is continued. *See* Motion at 2, ¶ 8. Indeed, Conoco was informed that Longfellow is planning to drill the Elvis 1H as soon as possible. Longfellow's application for permit to drill was approved April 20, 2021, and the Elvis 1H was on Longfellow's July drilling schedule. Longfellow will incur additional expense if it cannot drill the Elvis 1H on schedule. Should Longfellow be granted approval for the Elvis NSL well, it could proceed to promptly re-schedule a rig and drill the well, as previously planned. OCD pooling orders provide a one year period after the drilling of a well thereunder to complete the well as a producer. Thus, contrary to Conoco's suggestion,

¹ Spur does not oppose Conoco's motion. Notably, however, Spur did not join in the request for continuance. As noted, Spur's interest in the offset tract is only about 4%, and it has not asserted in the instant application that its interest will be adversely impacted. Although Spur protested the NSL administrative application and entered an appearance in this matter, it did not file a prehearing statement and thus will not be presenting evidence at the hearing on June 17.

Longfellow will have adequate time to obtain a force pooling order after drilling and prior to completion of the well.

In the Motion, Conoco states that it “has not had sufficient time to properly evaluate the impact Longfellow’s non-standard well location will have on its acreage.” Motion at 2, ¶ 6. Conoco’s statement is not supported by the facts. Conoco’s percentage of interest in the pertinent tracts indicates that Conoco will not be adversely impacted by the NSL proposed by Longfellow. As noted, Conoco owns an 18.75% working interest the adjacent 320-acre North HSU comprised of the S/2 of Section 20-17S-28E (Santana State 20CD HSU) and has properly elected to participate in the drilling of the six Yeso wells proposed by Longfellow in that HSU. One of those six wells (the #006H well) is a NSL well with a BHL of 214 FSL. This NSL was approved administratively without protest by Conoco. As further noted, Conoco owns 12.50% working interest in the HSU proposed by Longfellow for the drilling of the Elvis NSL well, so they will not be negatively impacted since they will have the right to participate in the Elvis NSL well, giving them interests in both adjacent NSL wells (the Santana NSL well and the Elvis NSL well). In short, Conoco will be benefitting from the NSL for the Elvis 1H, and its correlative rights are thus protected. In light of these facts, Conoco has no need for further time to prepare for hearing on this matter.

Finally, Conoco argues that the practice before the Division is to file an application for administrative approval prior to requesting a hearing for approval. Motion at 2, ¶ 7. Conoco cites no statute or Division rule that precludes a prompt hearing on the NSL if an administrative application is protested, and undersigned counsel has learned of none. *See generally* 19.15.16.15(C)(6), 19.15.15.13, 19.15.4.12(A)(2) NMAC. Moreover, Conoco’s recitation of the facts regarding timing is inaccurate. The administrative application for this NSL was filed on May 13, 2021. The deadline for protests of the same was 20 days thereafter, which was June 3,

2021. Although the application for hearing was originally set for June 3, 2021, hearing was continued to June 17, 2021, which provided Conoco with two weeks *after* the deadline for protests of the administrative application. As noted above, Conoco did not object to the continuance to June 17, 2021. Further, Longfellow proposed the drilling of the Elvis NSL well to Conoco on April 19, 2021 by email correspondence, confirmed by certified mail. The BHL of the well was set forth clearly on the AFE provided with Longfellow's well proposal. Therefore, Conoco has been aware for a period of 57 days (as of today) that Longfellow had proposed the Elvis NSL well which would require NSL approval.

For all of the reasons stated here, the Motion should be denied, and this matter should be heard on the June 17, 2021 docket.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

By: /s/ Sharon T. Shaheen

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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 June 14, 2021:

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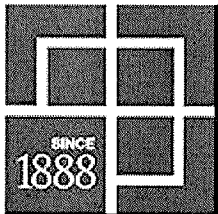
From: Dana Hardy <DHardy@hinklelawfirm.com>
Sent: Wednesday, May 26, 2021 10:34 AM
To: Sharon T. Shaheen; Michael Rodriguez
Subject: RE: Longfellow OCD No. 21954 - continuance to June 17

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Good morning Sharon,

COP does not oppose a continuance to 6/17 or the plan we discussed yesterday (dismissing the pooling request at hearing and proceeding only on the NSL).

Thanks,
Dana



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From: Sharon T. Shaheen <sshshaheen@montand.com>
Sent: Wednesday, May 26, 2021 9:48 AM
To: Dana Hardy <DHardy@hinklelawfirm.com>; Michael Rodriguez <mrodriguez@hinklelawfirm.com>
Subject: Longfellow OCD No. 21954 - continuance to June 17

Good morning, Dana and Michael. I'm checking in to see whether you have heard from COP about its position on the continuance for the above-referenced case to June 17. I would like to get that filed today if possible.

Thanks,
Sharon

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