

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

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:

CASE NOS: 20939

APPLICATION OF STEWARD ENERGY II, LLC
FOR COMPULSORY POOLING AND APPROVAL OF
UNORTHODOX WELL LOCATION,
LEA COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS
EXAMINER HEARING
December 12, 2019
SANTA FE, NEW MEXICO

This matter came on for hearing before the New Mexico Oil Conservation Division, EXAMINERS LEONARD LOWE, DEAN McCCLURE, DYLAN COSS and LEGAL EXAMINER ERIC AMES, on Thursday, December 12, 2019, at the New Mexico Energy, Minerals, and Natural Resources Department, Wendell Chino Building, 1220 South St. Francis Drive, Porter Hall, Room 102, Santa Fe, New Mexico.

Reported by: Irene Delgado, NMCCR 253
PAUL BACA PROFESSIONAL COURT REPORTERS
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A P P E A R A N C E S

For the Applicant:

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I N D E X

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|-------------------------|----|
| CASE NO. 20939 CALLED | 03 |
| SUMMARY OF CASE | 03 |
| TAKEN UNDER ADVISEMENT: | 06 |
| REPORTER CERTIFICATE | 07 |

E X H I B I T I N D E X

Offered

| | |
|---------------------------|----|
| 1 and 2 (All Attachments) | 04 |
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1 HEARING EXAMINER COSS: The Division would case
2 20939, Steward Energy for compulsory pooling and non-
3 standard location.

4 MR. LARSON: Good morning, Mr. Examiner. Gary
5 Larson of the Santa Fe office of the Hinkle Shanor on behalf
6 of the applicant Steward Energy, Roman II, LLC.

7 HEARING EXAMINER COSS: You may proceed.

8 MR. LARSON: The application in this case Steward
9 Energy requests pooling of all uncommitted interest in the
10 San Andres horizontal spacing unit comprised of the E/2 of
11 Section 23, and the NE/4 of Section 26, Township 13 South,
12 Range 20 -- 38 East in Lea County.

13 The horizontal spacing unit will be dedicated to
14 Slippin Jimmy Fee Number 1H Well, and Steward's had a series
15 of pooling cases in this area, and they all have a Breaking
16 Bad naming pattern to them.

17 Because the completed interval for the proposed
18 well will not comply with the setback requirement in
19 relation to the eastern boundary of the horizontal spacing
20 unit, which is the Texas state line, Steward Energy also
21 requests approval of the unorthodox well location.

22 And I presented you with two exhibits, which are
23 an affidavit of Steward landman Mark Taylor Warren, and an
24 affidavit by Steward Energy geologist Shane Seals.

25 And in its self-affirmed statement, Mr. Warren

1 confirms compliance with both the notice requirements
2 applicable to the request for compulsory pooling, and the
3 notice requirements applicable to the additional request for
4 approval of the unorthodox well location.

5 And with that I would move the admission of
6 Exhibits 1 and 2.

7 (Exhibit 1 and 2 offered.)

8 HEARING EXAMINER COSS: Wonderful. Thank you. I
9 guess I just wanted to make sure and clarify the
10 non-standard location application has been submitted in
11 addition to the --

12 MR. LARSON: They were both included in the same
13 application.

14 HEARING EXAMINER COSS: Does that work for you?

15 MR. LOWE: As of last, as of previous concerns,
16 we -- the OCD was extrapolating in requests like this,
17 taking out the NSL requests and having the applicant process
18 it administratively. And I don't have a copy of the
19 exhibit, but where are you encroaching on?

20 MR. LARSON: The eastern boundary. It's a
21 laydown well, and so the eastern boundary is less than
22 330 -- it's actually the Texas state line.

23 MR. LOWE: So you encroached to the Texas state
24 line.

25 MR. LARSON: Exactly.

1 MR. LOWE: In this a scenario like that, I would
2 still submit an application administratively being you are
3 encroaching on Texas, you will not need to do the public
4 notice, you still have to go through the process because
5 technically it's still unorthodox measure-wise. But you
6 will submit the application, and then we will process it
7 right then and there.

8 MR. LARSON: Actually we did provide notice. And
9 I contacted Mr. Goetze about the potential notice issues and
10 it would likely be the equivalent of 40-acre spacing units
11 in New Mexico on the Texas side. So Steward looked into
12 that. They are the only operator in that acreage, and there
13 was one unleased mineral interest which was the Texas
14 General Land Fund which we did provide notice to.

15 MR. LOWE: That's fine. If Phil Goetze
16 recommended that, that's still good, and we'll, I guess,
17 move forward in that fashion right now as it is, I guess.

18 MR. LARSON: I'm sorry?

19 MR. LOWE: We will move forward in that fashion
20 now. I just noticed in previous hearing orders that there
21 were changes at times with any different criteria in the
22 hearing order pertaining to NSL requests. So to try to edit
23 that, you had to come back to hearing for that. If it was
24 done administratively, it was an easier process at that
25 time. But you know, in this case, it's already moved

1 forward in that fashion, so I guess we will move it as is.

2 EXAMINER COSS: Well, thank for the
3 clarification. With that, we will take 20939 under
4 advisement.

5 MR. LARSON: Thank you, and best of the holidays.

6 (Case 20939 taken under advisement. Adjourned.)

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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4 REPORTER'S CERTIFICATE

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6 I, IRENE DELGADO, New Mexico Certified Court
7 Reporter, CCR 253, do hereby certify that I reported the
8 foregoing proceedings in stenographic shorthand and that the
9 foregoing pages are a true and correct transcript of those
10 proceedings that were reduced to printed form by me to the
11 best of my ability.

12 I FURTHER CERTIFY that the Reporter's Record of
13 the proceedings truly and accurately reflects the exhibits,
14 if any, offered by the respective parties.

15 I FURTHER CERTIFY that I am neither employed by
16 nor related to any of the parties or attorneys in this case
17 and that I have no interest in the final disposition of this
18 case.

19 Dated this 12th day of December 2019.

20

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Irene Delgado, NMCCR 253
License Expires: 12-31-19

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