

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: 20962, 20963

APPLICATION OF DEVON ENERGY PRODUCTION
COMPANY LP FOR A HORIZONTAL SPACING UNIT
AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

JANUARY 09, 2020

SANTA FE, NEW MEXICO

This matter came on for hearing before the New Mexico Oil Conservation Division, HEARING EXAMINER DYLAN COSS and LEGAL EXAMINER ERIC AMES, on Thursday, January 09, 2020, 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
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A P P E A R A N C E S

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1 HEARING EXAMINER COSS: So at this time we will
2 call Case 20962, Devon Energy for Compulsory Pooling.

3 MR. SAVAGE: Darin Savage of Abadie & Schill for
4 Devon Energy Production Company, LP.

5 HEARING EXAMINER COSS: Good morning. Are there
6 any additional appearances?

7 MR. HOUGH: Lance Hough on behalf of Cimarex
8 Energy Company.

9 HEARING EXAMINER COSS: Okay. Do you have any --
10 oh, good morning.

11 MR. SAVAGE: Good morning.

12 HEARING EXAMINER COSS: So I understand that you
13 are intending to present this by affidavit and just a
14 supplemental exhibits.

15 MR. SAVAGE: That is correct. Darin Savage with
16 with Abadie & Schill for Devon Energy. As you know, there
17 was an issue with the notice publication at the December 12
18 hearing, and this is a Supplemental Exhibit 4 that, that
19 addresses that and covers the -- ensures that that matter
20 for consolidated Cases 20962 and 20963.

21 Page Number 1 is the order that you issued
22 demonstrating how to cure the matter. And there's the
23 affidavit of notice that I prepared and notarized. The two
24 affidavits of publication showing that the affidavit -- that
25 the notices were published ten days prior to the hearing

1 date today.

2 And then the Page 6 is the legal issue that we
3 discussed at the December 12 hearing. There's a one-page
4 summary.

5 And Page 9 is a short, one-page PowerPoint
6 presentation showing the analysis and the highlights.

7 And then Page 10 is an overview of how, based on
8 the Tenth Circuit decision that originated originally in New
9 Mexico showing how the overriding royalty owner is subject
10 to the pooling provision of the lease.

11 So I -- I ask the Examiners to accept these,
12 this Exhibit 4 for the record and take the matter under
13 advisement.

14 HEARING EXAMINER COSS: Do you have any
15 objection?

16 MR. HOUGH: No objection.

17 HEARING EXAMINER COSS: No objection, okay.

18 Well then we will accept the case. I thank you
19 for your review of the overriding royalty interest owner
20 ruling. I enjoyed reading the brief, and we will take case
21 Number 20962 and Case Number -- oh, the supplemental
22 exhibit -- under advisement.

23 (Exhibit 4 Supplemental admitted.)

24 MR. SAVAGE: Thank you. If there are any
25 questions on the legal issues, I would be happy to address

1 them at any point.

2 (Cases 20962 and 20963 taken under advisement.)

3 (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 9th day of January 2020.

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Irene Delgado, NMCCR 253
License Expires: 12-31-20

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