

Oil Conservation Division Hearing

Docket No. 12-24

Moderated by Gregory Chakalian

Thursday, April 18, 2024

8:17 a.m.

Pecos Hall

Wendell Chino Building

1220 South Saint Francis Drive

Santa Fe, NM 87505

Reported by: James Cogswell

JOB NO.: 6649011

A P P E A R A N C E S

List of Attendees:

Gregory A. Chakalian, Hearing Examiner - Oil
Conservation Division

John Garcia, Technical Examiner - Oil Conservation
Division

Freya Tschantz, Law Clerk - Oil Conservation Division

Deana M. Bennett, Attorney - Modrall Sperling

James G. Bruce, Attorney

Michael H. Feldewert, Attorney - Holland & Hart LLP

Miguel A. Suazo, Attorney - Beatty & Wozniak, P.C.

Sharon T. Shaheen, Montgomery & Andrews P.A.

Darin C. Savage, Attorney - Abadie & Schill, P.C.

Ocean Munds-Dry, Attorney - Civitas Permian Operating,
LLC

Jaclyn M. McLean, Attorney - Hinkle Shanor LLP

Dana S. Hardy, Attorney - Hinkle Shanor LLP

Jennifer L. Bradfute, Attorney - Bradfute Consulting &
Legal Services

Adam G. Rankin, Attorney - Holland & Hart LLP

Tyler Chesworth, Witness

Chris Astwood, Witness

Mark R. Horton, Attorney - Horton Law Firm LLC

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P R O C E E D I N G S

THE HEARING EXAMINER: This is the April 18 docket of the hearings of the Oil Conservation Division. My name is Gregory Chakalian. I'm the Hearing Examiner, and today we are going to begin with 27 consolidated cases. I will read the case numbers: 23970, 23971, 24043, 24044, 24152, 24153, 24287 through 24297, and 24304 through 24317.

Entries of appearance, please.

MS. BENNETT: Good morning, Mr. Examiner. Deana Bennett on behalf of Avant Operating.

THE HEARING EXAMINER: Good morning.

MR. BRUCE: Mr. Examiner, Jim Bruce on behalf of E.G.L. Resources.

THE HEARING EXAMINER: Morning.

MR. FELDEWERT: Good morning, Mr. Examiner. Michael Feldewert with the Sante Fe office of Holland & Hart on behalf of MRC Permian, and then its operating affiliate, Matador Production Company.

MR. SUAZO: Good morning, Mr. Hearing Examiner. Miguel Suazo with Beatty & Wozniak on behalf of Lario Oil.

1 THE HEARING EXAMINER: Good morning,
2 Mr. Suazo. What party are you representing?

3 MR. SUAZO: Lario Oil.

4 THE HEARING EXAMINER: Thank you.

5 MR. SUAZO: We just intervened in the
6 case earlier this week.

7 THE HEARING EXAMINER: I see it, Sir.
8 Thank you.

9 If there are no other parties, let's
10 start with Avant and its cases.

11 Ms. Bennett?

12 MS. BENNETT: Good morning. Avant
13 filed these cases back in November. And in the
14 interim, Matador filed competing cases that compete
15 with both Avant's cases and the E.G.L. cases that
16 Mr. Bruce filed. And these cases were set for a
17 contested hearing today, but we asked the
18 Hearing Examiner to vacate the contested hearing to
19 allow us to have a status conference today.

20 And it's my understanding that Avant
21 and Lario are in the process of negotiations about
22 this acreage that Avant has. And so Lario may be
23 stepping into Avant's shoes, but I'm not entirely sure
24 about that at this particular point. And I would
25 defer to Mr. Suazo on how Lario intends to proceed,

1 but that's what I can tell you in terms of Avant's
2 position at this particular point.

3 THE HEARING EXAMINER: So, Mr. Suazo?

4 MR. SUAZO: Sure. I can verify. I
5 spoke to the client yesterday. I spoke to Lario and
6 they indicated that the transfer of the assets from
7 Avant to Lario should be closing today. I haven't
8 received confirmation of that as of the present, but
9 that is my understanding of what is occurring.

10 THE HEARING EXAMINER: So after the
11 assets transfer, are you going to want a contested
12 hearing?

13 MR. SUAZO: Well, I think yes, and I
14 think sooner rather than later because I understand
15 there are some, you know, lease expiration issues.
16 And because of that, we'd like to set a contested case
17 hearing sooner rather than later.

18 I think July is probably the latest,
19 but due to the complexity of the various assets, and
20 given that we're just stepping into the situation now,
21 it may be better just to have a special hearing,
22 potentially even as early as June if the other parties
23 are amenable to that.

24 THE HEARING EXAMINER: Okay. Thank
25 you.

1 Let's go to Mr. Bruce.

2 MR. BRUCE: Mr. Examiner, E.G.L. and
3 Matador have a bunch of conflicting well units,
4 obviously, from the number of the cases. They have
5 been in discussions regarding an acreage trade that
6 would resolve the issues between them, and they're
7 both in favor of moving this block of cases down the
8 road.

9 I'm not sure the exact status of the
10 negotiations, but as of yesterday afternoon, my client
11 told me they were getting along pretty well.

12 THE HEARING EXAMINER: When were your
13 cases filed?

14 MR. BRUCE: January.

15 THE HEARING EXAMINER: January? And
16 you're saying that with an acreage trade, you would
17 not be opposed to Avant moving forward by affidavit?

18 MR. BRUCE: Well, I'm not sure. I'll
19 have to find out. MRC, or Matador, as Mr. Feldewert
20 can tell you, has a group of cases that involve two
21 sections which there's a partial conflict with Avant.
22 And then to the south they have another two sections.
23 Now, E.G.L.'s acreage is right in the middle, so it
24 depends on whether E.G.L. gets the southern acreage or
25 the northern acreage where Avant's acreage is.

1 THE HEARING EXAMINER: So you're saying
2 the land -- the acreage trade may alleviate the need
3 for E.G.L. to participate in a contested hearing?

4 MR. BRUCE: But we're ready to, you
5 know, of course, we -- if there is a contested
6 hearing, we will participate. Yeah.

7 THE HEARING EXAMINER: So E.G.L. filed
8 competing compulsory pooling applications with
9 Avant's?

10 MR. BRUCE: Not Avant. With Matador.

11 THE HEARING EXAMINER: Okay. So your
12 applications for compulsory pooling do not compete
13 with Avant's, they compete with Matador's?

14 MR. BRUCE: That's right. She is
15 correct. I didn't hear. So that is correct. I had
16 forgotten that. They do not compete. Correct.

17 MS. BENNETT: Mr. Examiner, that's
18 correct. So the Avant acreage covers two sections.
19 Or the Avant cases, I should say, cover two sections.
20 Then there's an intervening section, as I recall, and
21 then the E.G.L. cases are down here, but what Matador
22 has done is proposed competing applications that span
23 both the Avant acreage and the E.G.L. acreage. And by
24 "acreage," I mean that is under the applications.

25 THE HEARING EXAMINER: Okay. Thank

1 you, Ms. Bennett.

2 So, Mr. Bruce, you agree with that?

3 MR. BRUCE: Yes.

4 THE HEARING EXAMINER: Okay. So your
5 applications don't compete directly with Avant's, but
6 both Avant's and E.G.L.'s compete with Matador
7 Permian -- MRC -- Matador; is that correct? Okay.

8 Mr. Feldewert?

9 MR. FELDEWERT: Can I share a map with
10 you that might --

11 THE HEARING EXAMINER: Yes -- yes.
12 Thank you.

13 MR. FELDEWERT: Can you see the map?

14 THE HEARING EXAMINER: Just a moment.
15 Sheila, you'll -- you're going to make it bigger?

16 MR. FELDEWERT: Or I can. Okay.

17 THE HEARING EXAMINER: I see it now.

18 MR. FELDEWERT: So Avant is -- hold on
19 a second. Their applications --

20 THE HEARING EXAMINER: I see it.

21 MR. FELDEWERT: -- involve the west
22 half of 15 and the west half of 22 where MRC has its
23 acreage; okay? MRC's Jim Rolfe wells overlap,
24 therefore, the Avant extended spacing unit and the
25 northern half of the E.G.L. Skyfall spacing unit.

1 THE HEARING EXAMINER: Mr. Feldewert,
2 did you say, "the west half"? Do you mean the east
3 half?

4 MR. FELDEWERT: I'm sorry. East half.
5 Thank you.

6 THE HEARING EXAMINER: Okay.

7 MR. FELDEWERT: Thank you. And then
8 the MRC Art Smith, which is down here in orange,
9 overlaps the southern portion of the E.G.L. spacing
10 unit. So that's why these are all --

11 THE HEARING EXAMINER: Thank you.

12 MR. FELDEWERT: -- interrelated.
13 Secondly, I know Mr. Suazo said Lario Oil had
14 intervened. I'd seen an entry of appearance. I had
15 not seen a motion to intervene because they're not yet
16 a party to the case. And now I understand, I guess,
17 the potential interest that they're going to have, but
18 at this point in time, they're really not a party to
19 the case and they haven't formally intervened.

20 And Mr. Bruce is correct that MRC and
21 E.G.L. are having productive settlement discussions.
22 My understanding was that Avant and Lario were working
23 together where Lario was going to have an opportunity
24 to address their lease expiration issue which involves
25 the east half of 15. And more specifically, the

1 southeast border of Section 15 by drilling a well that
2 would only encompass Section 15 and would not intrude
3 onto MRC's acreage in the east half of Section 22.

4 Now, whether that happens or not, I
5 guess we'll find out, but that's kind of where things
6 stand. So I don't know if a contested hearing setting
7 is appropriate yet, given the fact that Lario and
8 Avant are in some kind of an acreage trade that may or
9 may not close today. And E.G.L., if it closes and
10 Lario's going to develop their acreage in the east
11 half of 15, that issue goes away.

12 And E.G.L. and MRC are in extensive
13 discussions, so I'm not sure you want to set a
14 contested hearing yet, but I understand it's -- you
15 know, my opinion would be maybe we ought to have a
16 status conference in a month and see where they are
17 with their trade, what Lario's going to do to address
18 the lease, and where MRC and E.G.L. are on their trade
19 discussions.

20 THE HEARING EXAMINER: When were
21 MRC's -- Matador's applications filed?

22 MR. FELDEWERT: Last month.

23 THE HEARING EXAMINER: March?

24 MR. FELDEWERT: Mm-hmm.

25 THE HEARING EXAMINER: Now, if Avant

1 and Lario do work out their transfer of assets, and if
2 E.G.L. is successful with their acreage trade, will
3 that resolve all the issues?

4 MR. FELDEWERT: Well, I think there's a
5 potential, yes. I mean, it all depends on what
6 Avant/Lario want to do with their current application
7 for an extended lateral into the east half of 22.
8 That's what we object to, but they can certainly
9 develop their acreage in the east half of 15 and deal
10 with the lease expiration by developing their -- by
11 drilling a one-mile well.

12 THE HEARING EXAMINER: So what is the
13 issue, then, between MRC and E.G.L.?

14 MR. FELDEWERT: You'll see it's
15 two-fold: one, the MRC Jim Rolfe wells -- the
16 overlap -- the spacing unit for the E.G.L. Skyfall
17 well in Section 27; and then the MRC Art Smith wells
18 are south -- overlap the E.G.L. Skyfall wells in
19 Section 34.

20 THE HEARING EXAMINER: So when
21 compulsory pooling applications overlap, the parties
22 negotiate to what end?

23 MR. FELDEWERT: A lot different
24 options; my experience, they do some trading out and
25 resolve -- get out of each other's way.

1 THE HEARING EXAMINER: I see. Okay.
2 All right.

3 Mr. Suazo, you've heard the suggestion
4 that I set this for a status conference in a month to
5 give the parties a little more time to negotiate. I
6 understand that you would like to have a contested
7 hearing sooner than later. Why is it not a good idea
8 to set this for one more final status conference?

9 MR. SUAZO: Well, I think for a number
10 of reasons, and just to address what Mr. Feldewert
11 said, you know, he's correct. We haven't intervened.
12 We just entered the appearance.

13 We weren't sure mechanically how to
14 actually be involved in the case until, you know, the
15 transfer had actually closed. But that should happen
16 today, in which case will -- my understanding -- not
17 be an issue; in which case we can move forward more
18 formally if that's what the Hearing Examiner prefers.

19 But the issue for Lario is that if we
20 don't get a hearing set, with the leases expiring in
21 September that leaves us only two months, you know, to
22 do surface preparation, to spud and move the rig. So
23 that's just not enough time given where we are and
24 where the lease is in terms of its expiration to
25 actually get all that work done, which is why an

1 actual hearing, even if it's a special hearing, is
2 appropriate in this case.

3 THE HEARING EXAMINER: Mr. Feldewert?

4 MR. FELDEWERT: Well, they can
5 certainly begin preparation work and actually commence
6 drilling for their well to address their lease in
7 Section 15 without having to have a pooling
8 application. If -- because my understanding they own
9 the acreage there in the -- well, I -- Lario doesn't
10 own anything yet, but potentially they're going to
11 have an ownership there in the east half of 15.

12 And to the extent that they just
13 develop the east half of 15, no problem. I think the
14 problem here is that they want to extend their lateral
15 into MRC's acreage in the east half of 22. If
16 Mr. Suazo is representing that's still going to be
17 their development plan, and they want to pursue that,
18 then at some point we are going to have a contested
19 hearing.

20 My thought would be that if Lario is a
21 new party to this case, there probably have not been
22 any discussions, and perhaps that would be fruitful.
23 And I don't think one month is going to make a
24 difference in terms of signing.

25 MR. SUAZO: So --

1 THE HEARING EXAMINER: Okay.

2 Mr. Suazo, hold on. I haven't called on you yet. Are
3 you done, Mr. Feldewert?

4 MR. FELDEWERT: I am. Thank you.

5 THE HEARING EXAMINER: And before I go
6 back to you, Mr. Suazo -- Mr. Bruce, do you have
7 anything to say about this?

8 MR. BRUCE: No. The only thing I would
9 point out is -- just so you're clear -- regarding a
10 potential conflict between Avant and E.G.L. E.G.L.
11 owns in the southern green section and in the northern
12 orange section, so it does not have a conflict right
13 now with Avant, but if the acreage trade involved them
14 getting the northern section, there would.

15 THE HEARING EXAMINER: Okay.
16 Mr. Suazo?

17 MR. SUAZO: Sure. So I think that the
18 issue is that in order to hold the lease, there has to
19 be a rig capable of drilling to total depth. And
20 that's why I think it's a little bit time-sensitive
21 here than it might otherwise be. So I think that is
22 why Lario is pushing for the hearing to be sooner
23 rather than later even if it's special.

24 THE HEARING EXAMINER: Okay. All
25 right. I can understand the imperative nature,

1 Mr. Suazo, but at this point, you're not a party. At
2 this point, you don't have an interest yet.

3 MS. BENNETT: Mr. Hearing Examiner,
4 this is Ms. Bennett. May I just chime in on that
5 point for the Division's benefit? The OCD Rules do
6 allow for late intervention, including oral
7 intervention at a hearing.

8 THE HEARING EXAMINER: Okay.

9 MS. BENNETT: And that's
10 Rule 19.15.4.11. And I would note that there have
11 been several instances in the past when parties were
12 negotiating a trade or involved in a trade, and a
13 non-party has participated in a hearing before the
14 Division without objection.

15 And so I would suggest that Mr. Suazo
16 could request orally to be allowed to intervene in the
17 matter today, and then under the OCD's Rules, that
18 would be permissible.

19 THE HEARING EXAMINER: Okay. Thank you
20 for that.

21 Mr. Suazo, why didn't you ask to
22 intervene, then?

23 MR. SUAZO: I guess I should have,
24 Mr. Hearing Examiner. Apologies.

25 Thank you, Ms. Bennett, for the

1 suggestion.

2 I would like to formally request that
3 Lario be allowed to intervene in this matter.

4 THE HEARING EXAMINER: Okay. And I
5 think I understood Ms. Bennett to say that if it's not
6 objectionable to the other parties, then I can allow
7 that; is that right, Ms. Bennett?

8 MS. BENNETT: That's right. There's
9 no -- I'm looking at the rule right now and there's
10 nothing in the rule that specifically discusses
11 objections to intervention, but I would imagine that
12 is always a possibility in the rule.

13 It does allow for the Division to
14 strike a notice of intervention if the intervenor
15 fails to show that he has standing, he or she -- or
16 that the intervenor's participation would not
17 contribute substantially to the proceeding. And here,
18 given Lario's interest in this matter, I think that
19 there's no reason to object or to strike his motion to
20 intervene.

21 THE HEARING EXAMINER: Okay. You've
22 said several things that are somewhat confusing to me
23 because you said that he has to have an interest.

24 Mr. Suazo, what interest do you have at
25 this time to intervene?

1 MR. SUAZO: Just the interest that my
2 client is working with Avant to have the assets
3 transferred. And I understand that closes today. It
4 could have already closed for all I know, I just
5 haven't received confirmation of that yet.

6 THE HEARING EXAMINER: Let me look at
7 the rule: "A person with standing with respect to the
8 case's subject matter may intervene by filing a
9 written notice of intervention with the division or
10 commission clerk, as applicable, at least one business
11 day before the date for filing a pre-hearing
12 statement. Notice of intervention," so blah --
13 blah -- blah.

14 "The division examiner or commission
15 chairman may, at their discretion, allow late
16 intervenors to participate if the intervenor files a
17 written notice on or after the date provided or by
18 oral appearance on the record at the hearing.

19 The division examiner or commission
20 chairman may strike a notice of intervention on a
21 party's motion if the intervenor fails to show that
22 the intervenor has standing or that the intervenor's
23 participation will contribute substantially to the
24 prevention of waste, protection of correlative rights
25 or protection of the public health or the

1 environment."

2 Are there any objections to Mr. Suazo
3 entering a motion to intervene on behalf of Lario in
4 these cases?

5 MR. FELDEWERT: Could I ask some
6 questions?

7 THE HEARING EXAMINER: Mm-hmm.

8 MR. FELDEWERT: Mr. Suazo, are you
9 representing that Lario is acquiring all of Avant's
10 interest in the acreage?

11 MR. SUAZO: That is my understanding.
12 I have not been furnished the details about the
13 acquisition. I don't know if Ms. Bennett potentially
14 has that information since she is representing Avant.
15 As of yesterday, the most recent conversations were
16 that the transaction would close, but I don't have
17 that information at this time, Mr. Feldewert.

18 MR. FELDEWERT: Do you know where the
19 acreage is located?

20 MR. SUAZO: I do not.

21 MR. FELDEWERT: So you don't know where
22 their -- what acreage they are acquiring?

23 MR. SUAZO: I have not been provided
24 that information. No, Sir.

25 MR. FELDEWERT: That's all the

1 questions I have.

2 THE HEARING EXAMINER: Thank you.

3 Mr. Suazo, I'm not sure that your
4 intervening orally today matters to my decision on how
5 this case will proceed. If it did, I would make some
6 sort of ruling regarding that intervention. I think
7 you have time to intervene by writing.

8 I'm going to set this for a final
9 status conference. And I will leave open the date for
10 a special hearing at the end of June or beginning of
11 July to try to accommodate you and your client's
12 needs. So we will have the final status conference in
13 one month from today. Mr. Bruce, which docket in June
14 -- no, we're still in April, aren't we -- which docket
15 in May would you like these cases to be?

16 MR. BRUCE: Probably the 16th of May.
17 I think May 2nd is too soon to --

18 THE HEARING EXAMINER: Okay. Thank
19 you.

20 Ms. Bennett?

21 MS. BENNETT: That's fine.

22 THE HEARING EXAMINER: Mr. Feldewert?

23 MR. FELDEWERT: That makes total sense
24 to me.

25 THE HEARING EXAMINER: Okay.

1 Mr. Suazo, May 16 is fine with you for the final
2 status conference?

3 MR. SUAZO: That's fine.

4 THE HEARING EXAMINER: Okay. I won't
5 delay these cases any further. That gives you time to
6 acquire the interests, that gives E.G.L. time to
7 acquire the acreage that it needs, and it still gives
8 me time to set this case for a contested hearing
9 within the time frame that you're asking -- late June,
10 early July.

11 So I encourage you, Mr. Suazo, to reach
12 out to the other parties and coordinate a date in late
13 June, early July. The Division is flexible.

14 Freya, what dates are unavailable in
15 the last week of June, first week of July?

16 MS. TSCHANTZ: The dates that are not
17 available?

18 THE HEARING EXAMINER: Yes.

19 MS. TSCHANTZ: The last week of June?

20 THE HEARING EXAMINER: Yes.

21 MS. TSCHANTZ: June 25th, 26th, and
22 before that the 20th and the 21st.

23 THE HEARING EXAMINER: Okay. Did you
24 say June 25th and 26th?

25 MS. TSCHANTZ: Correct. And that is

1 for a contested hearing for OCD.

2 THE HEARING EXAMINER: Fine. So, and
3 then, what about the first week of July?

4 MS. TSCHANTZ: The only issue in July
5 is July 16th.

6 THE HEARING EXAMINER: Okay. And July
7 4th is what day of the week?

8 MS. TSCHANTZ: I believe it's a
9 Thursday.

10 THE HEARING EXAMINER: And when is our
11 first docket in July?

12 MS. TSCHANTZ: July -- let's see --
13 July 11th.

14 THE HEARING EXAMINER: Okay.
15 Mr. Suazo, does that give you some dates to work with?

16 MR. SUAZO: Yes, it certainly does.
17 Thank you.

18 THE HEARING EXAMINER: Okay. And
19 Mr. Suazo, you can file a notice of intervention, or
20 however you want to word it, with the Division as soon
21 as you acquire standing in these cases. It'll be
22 granted.

23 MR. SUAZO: I will do that.

24 THE HEARING EXAMINER: Okay. Is there
25 anything more from the parties before we move on from

1 these 27 consolidated cases?

2 MR. FELDEWERT: No. Thank you.

3 THE HEARING EXAMINER: You're welcome.

4 Mr. Suazo, anything further?

5 MR. SUAZO: No, Mr. Examiner. Thank
6 you.

7 THE HEARING EXAMINER: Okay.

8 And Ms. Bennett?

9 MS. BENNETT: Nothing.

10 THE HEARING EXAMINER: All right. We
11 are going to move on.

12 I am calling Case Number 24094,
13 Summit Oil & Gas.

14 MS. BENNETT: Good morning,
15 Mr. Examiner. Deana Bennett on behalf of
16 Summit Oil & Gas.

17 THE HEARING EXAMINER: Are there any
18 other parties that you know of?

19 MS. BENNETT: None.

20 THE HEARING EXAMINER: Why are we
21 having a status conference today?

22 MS. BENNETT: The reason we're having a
23 status conference is because I filed a motion to
24 continue this case to June 27th, and the Division
25 denied the motion and instead set it for a status

1 conference today.

2 THE HEARING EXAMINER: Okay. And when
3 was this case filed?

4 MS. BENNETT: I don't have the exact
5 date in front of me when it was filed, but the --

6 THE HEARING EXAMINER: I'll look it up.
7 I think it's important to put that on the record.

8 MS. BENNETT: Mr. Hearing Examiner, I
9 found the date if that's helpful for you.

10 THE HEARING EXAMINER: Okay.

11 MS. BENNETT: I filed the application
12 in December 2023 and requested a January 2024 hearing
13 date.

14 THE HEARING EXAMINER: And I see that
15 there was a continuation -- there were continuances
16 filed it looks like in December, in January, and in
17 February.

18 MS. BENNETT: That's correct.

19 THE HEARING EXAMINER: I think that's
20 why I denied the motion because I think there were no
21 facts to support another continuance. Had you
22 provided some reason why, then I might not have. So
23 why are you not prepared to go forward?

24 MS. BENNETT: Mr. Hearing Examiner, I
25 got a little ahead of myself here in filing the

1 application, and so that's why I've been continuing
2 the case to allow Summit to catch up to me. So it was
3 entirely my fault for filing early.

4 And so I've been working diligently
5 with my client to make sure that we are ready to go to
6 hearing, but I just -- I got ahead of them by
7 filing -- I'm in the habit of just filing after a
8 proposal is sent out -- 30 days, and so I just got
9 ahead of them. And so that's why I've been continuing
10 the cases.

11 THE HEARING EXAMINER: Okay. When will
12 Summit be ready for a hearing by affidavit?

13 MS. BENNETT: June 27th.

14 THE HEARING EXAMINER: Okay. That's
15 the soonest that they'll be ready for a hearing by
16 affidavit? All right. So if I set a hearing by
17 affidavit on June 27th, there won't be any more
18 motions for continuances?

19 MS. BENNETT: I understand that.

20 THE HEARING EXAMINER: All right. So
21 then I'll grant the motion to continue, and you've
22 already filed the motion to continue?

23 MS. BENNETT: I did, and it was denied.

24 THE HEARING EXAMINER: Right. But did
25 you also pay the fee to continue?

1 MS. BENNETT: I -- I did.

2 THE HEARING EXAMINER: Okay.

3 So Freya, would you approve the
4 continuance to June 27 and mark it as a final hearing
5 date?

6 MS. TSCHANTZ: Yes, I will.

7 THE HEARING EXAMINER: Hearing by
8 affidavit. Okay. Thank you.

9 MS. BENNETT: Thank you very much.

10 THE HEARING EXAMINER: Okay. Thank
11 you.

12 Next, I am calling Franklin Mountain
13 Energy cases for a status conference. We have 24195,
14 -96, -97, and 24207.

15 MS. BENNETT: Good morning,
16 Mr. Examiner, Deana Bennett on behalf of
17 Franklin Mountain Energy, and the next four cases are
18 also included with this status conference: 24198,
19 24199, 24205, and 24206.

20 THE HEARING EXAMINER: Okay.

21 Freya, will you make a note to
22 consolidate those cases as well?

23 MS. TSCHANTZ: Yes, I will.

24 THE HEARING EXAMINER: Thank you.
25 Okay.

1 Entries of appearance for other
2 parties?

3 MR. FELDEWERT: May it please the
4 Examiner, Michael Feldewert with the Santa Fe office
5 of Holland & Hart on behalf of MRC Permian.

6 THE HEARING EXAMINER: Thank you.

7 MR. SUAZO: And Miguel Suazo with
8 Beatty & Wozniak on behalf of Marathon Oil Permian,
9 Mr. Hearing Examiner.

10 THE HEARING EXAMINER: I didn't quite
11 hear the name of the party you're representing, Sir.

12 MR. SUAZO: Marathon Oil.

13 THE HEARING EXAMINER: Marathon. Thank
14 you.

15 Are there any other parties,
16 Ms. Bennett? The -- just three?

17 MS. BENNETT: That's all I'm aware.

18 THE HEARING EXAMINER: Okay. Fine.
19 How do you want to proceed with your cases?

20 MS. BENNETT: In these -- well,
21 Franklin Mountain Energy filed these cases in
22 February, and Marathon entered an objection to the
23 cases proceeding by affidavit which transferred or
24 transformed the March 7th hearing date into a status
25 conference.

1 And I actually am not sure whether
2 Matador objected to the four cases it's in proceeding
3 by affidavit, but be that as it may, the March 7th
4 hearing on these cases was transformed into a status
5 conference.

6 THE HEARING EXAMINER: Just to clarify,
7 you said you filed four applications since February;
8 what about the other four?

9 MS. BENNETT: I misspoke. We filed all
10 eight applications in February.

11 THE HEARING EXAMINER: Okay. All
12 right. All. Okay. And did you say that Marathon
13 didn't -- no, sorry -- MRC did not object to any of
14 them or just four of them?

15 MS. BENNETT: MRC is in four of the
16 cases. I am not sure right now whether -- I haven't
17 looked back at the case files to see if MRC objected,
18 but I do know that Marathon objected to all of the
19 cases proceeding by affidavit.

20 THE HEARING EXAMINER: All eight cases?

21 MS. BENNETT: Yes.

22 THE HEARING EXAMINER: Okay. How do
23 you want to proceed?

24 MS. BENNETT: Well, I am interested in
25 hearing from Mr. Suazo in terms of Marathon's

1 perspective on this, and I suppose Mr. Feldewert's as
2 well, but Franklin Mountain Energy, I understand from
3 discussions with them, has been in discussions with
4 the parties and is hopeful that those discussions will
5 be fruitful, but also doesn't want these cases to
6 languish and so would prefer a contested hearing be
7 set rather than, you know, delaying.

8 So that's my information from
9 Franklin Mountain Energy. And as I mentioned, I'm
10 interested in hearing from the other parties as well,
11 of course.

12 THE HEARING EXAMINER: Okay. I'm going
13 to come back to you and ask you what are the issues
14 that we would be going to hearing over after I hear
15 from the two other parties.

16 So, Mr. Feldewert, did you object to
17 all eight cases?

18 MR. FELDEWERT: Give me one second.

19 THE HEARING EXAMINER: Okay.

20 Mr. Suazo, did you object to all eight
21 cases?

22 MR. SUAZO: Yes, Mr. Hearing Examiner.

23 THE HEARING EXAMINER: Why?

24 MR. SUAZO: Well, I understand that the
25 parties are working on a trade, and at the moment

1 they're waiting on their subsurface team to evaluate
2 that trade. I know that they had lunch and a meeting
3 this week and are feeling like it's going in a good
4 direction.

5 But I don't know all of the details
6 around what the issues are just because we're new to
7 this matter also and have limited information, but I
8 think that my client's preference is to set it for a
9 final status conference before an actual contested
10 case hearing is set.

11 THE HEARING EXAMINER: Okay. And if I
12 was going to set this for a final status conference,
13 how much time would you need to finish negotiations?

14 MR. SUAZO: Say, 60 days.

15 THE HEARING EXAMINER: All right. I'll
16 make a note of your position.

17 Mr. Feldewert?

18 MR. FELDEWERT: Mr. Examiner, I double-
19 checked here, we appeared in the later four cases:
20 24198, 24199, 24205, and 24206, and actually have
21 filed competing well proposals and competing pooling
22 applications which are on the May 2nd docket under
23 cases 24367 through 24370.

24 THE HEARING EXAMINER: Let me just make
25 note.

1 MR. FELDEWERT: Yeah. And those --

2 THE HEARING EXAMINER: So I have Case
3 Numbers 24367 through 24370 are competing pooling
4 applications filed recently for the May 2nd docket?

5 MR. FELDEWERT: Yes, Sir.

6 THE HEARING EXAMINER: Freya, will
7 you --

8 Are you asking me to consolidate those
9 cases with these?

10 MR. FELDEWERT: Yes, please.

11 THE HEARING EXAMINER: With all eight
12 of these or just four of these?

13 MR. FELDEWERT: Well, I think all eight
14 of these are currently consolidated, so I guess we put
15 them in with them at this point.

16 THE HEARING EXAMINER: Well, hold on
17 that.

18 MR. FELDEWERT: Yeah.

19 THE HEARING EXAMINER: Ms. Bennett, why
20 are we consolidating all eight cases instead of four
21 and four?

22 MS. BENNETT: Mr. Hearing Examiner, I
23 did not know until just now that MRC -- or Matador,
24 excuse me, had filed competing applications. And so
25 to the extent I said that these should be

1 consolidated, I retract that.

2 THE HEARING EXAMINER: I can understand
3 why.

4 So Freya, we're not consolidating the
5 first four with the second four, but we are
6 consolidating the second four, which means lines
7 33 through 36 with the new cases -- the competing
8 applications 24367 through 24370.

9 MS. TSCHANTZ: Got it.

10 THE HEARING EXAMINER: Okay. Thank
11 you.

12 So okay. So, Mr. Feldewert, you're not
13 objecting to the first four cases; is that correct?

14 MR. FELDEWERT: Correct.

15 THE HEARING EXAMINER: Okay. You are
16 objecting to the second four cases because you have
17 competing pooling applications. Okay. And we're
18 going to hear those May 2nd. How do you plan to
19 proceed then?

20 MR. FELDEWERT: So they're on the
21 May 2nd docket?

22 THE HEARING EXAMINER: Yes.

23 MR. FELDEWERT: I would suggest a --
24 well, let me step back. So I think as evident from
25 recent dismissals, MRC and Franklin Mountain are

1 engaged in extensive discussions about a number of
2 cases, including these; okay? Those have been
3 fruitful. The parties have been able to dismiss a lot
4 of matters. It's kind of, "this is in the queue and
5 it's being discussed."

6 So I would suggest another status
7 conference given the success of the past discussions
8 and the hope that we can continue to have that success
9 and resolve this matter as well.

10 THE HEARING EXAMINER: Okay. So
11 Marathon is involved in all eight cases.

12 Mr. Suazo, did you know about the
13 competing pooling applications that MRC has filed?

14 MR. SUAZO: I did not, Mr. Hearing
15 Examiner. I will need to take a look at those and
16 confer with my client.

17 THE HEARING EXAMINER: Right. Okay.

18 So this is -- we're going to hear the
19 first status conference in about two weeks for MRC's
20 competing applications, and I know that Mr. Suazo
21 wants to wait 60 days for a status conference. I know
22 that Ms. Bennett would like to move these along.

23 What I'll do is I will set -- so we're
24 not going to consolidate -- okay -- so Ms. Bennett,
25 when do you want me to set another status conference

1 for -96 through -- that's funny -- -95, -96, -97
2 and -07; when do you want me to set another status
3 conference for those?

4 MS. BENNETT: Would May -- May 16th.

5 THE HEARING EXAMINER: Oh. That soon?

6 MS. BENNETT: Mm-hmm.

7 THE HEARING EXAMINER: All right. And
8 you will file the appropriate motion to continue
9 and --

10 MS. BENNETT: Yes.

11 THE HEARING EXAMINER: Okay. May 16.

12 MS. BENNETT: And will that be a final
13 status conference, or will that just be a status
14 conference?

15 THE HEARING EXAMINER: Well, these
16 cases were filed in February. I think that will be a
17 final status conference.

18 Okay. So these cases will be set for a
19 final status conference, Freya, May 16.

20 And your next four cases, Ms. Bennett?

21 MS. BENNETT: I suppose since
22 Mr. Feldewert's cases will be on the May 2nd docket,
23 we could set a status conference for May 2nd on those
24 cases, recognizing it would not be a final status
25 conference because of the recency of the filing.

1 Given that those cases are already on the May 2nd
2 docket, we could just have a status conference that
3 day.

4 THE HEARING EXAMINER: Mr. Feldewert?

5 MR. FELDEWERT: We are on that docket,
6 so I don't necessarily disagree. We may as well see
7 where we are on May 2nd. Yeah.

8 THE HEARING EXAMINER: And they're all
9 connected?

10 MR. FELDEWERT: Yes.

11 THE HEARING EXAMINER: Your four and
12 Franklin Mountain's four will be consolidated.

13 And I know, Mr. Suazo, you wanted to
14 wait 60 days to let things work out on this trade, but
15 it won't be a final status conference. However, the
16 first four cases that I called, that will be a final
17 status conference May 16, which is in about a month
18 from now. If you can provide an excellent reason why
19 on May 16 we should have another status conference for
20 cases that were filed in February, you can make that
21 argument then.

22 But at this point, those cases: 24195,
23 -96, -97, and 24207 will be set for a final status
24 conference, and that will be to come up with a date
25 for a contested hearing. Now, obviously, if the

1 parties can conclude settlement negotiations before
2 the date of the contested hearings, they can dismiss
3 the cases, or we can go to a hearing by affidavit if
4 necessary, but that's how that will play out.

5 Okay. Anything further on these cases,
6 Mr. Suazo?

7 MR. SUAZO: No, Mr. Hearing Examiner.
8 Understood. Thank you.

9 THE HEARING EXAMINER: Ms. Bennett?

10 MS. BENNETT: Nothing further. Thank
11 you.

12 THE HEARING EXAMINER: Mr. Feldewert?

13 MR. FELDEWERT: Thanks for your time.

14 THE HEARING EXAMINER: Okay. Thank
15 you.

16 I'm now calling Case Numbers -- it
17 looks like we have another pack of consolidated cases:
18 24259, 24260, 24262, 24263.

19 Entries of appearance, please.

20 MS. SHAHEEN: Good morning,
21 Mr. Examiner; colleagues. Sharon Shaheen on behalf of
22 Flat Creek Resources.

23 THE HEARING EXAMINER: Good morning,
24 Ms. Shaheen.

25 MR. SAVAGE: Good morning,

1 Mr. Hearing Examiner. Darin Savage with
2 Abadie & Schill appearing on behalf of Coterra Energy
3 and Cimarex Energy Company.

4 MS. BENNETT: Good morning,
5 Mr. Examiner. Deana Bennett appearing on behalf of
6 Marathon Oil Permian LLC.

7 THE HEARING EXAMINER: Mr. Savage, I
8 didn't quite hear who you represent. I heard Cimarex,
9 but who else?

10 MR. SAVAGE: Cimarex is a subsidiary of
11 Coterra Energy, and I just threw their name in there
12 for clarification.

13 THE HEARING EXAMINER: Could you spell
14 that?

15 MR. SAVAGE: Coterra, C-O-T-E-R-R-A,
16 and then Energy, Inc.

17 THE HEARING EXAMINER: I got it. Thank
18 you, Mr. Savage.

19 Are there any other parties, or are
20 there only three parties?

21 MS. MUNDS-DRY: Yes. Good morning,
22 Mr. Hearing Examiner, Ocean Munds-Dry with
23 Civitas Permian Operating. Thank you.

24 THE HEARING EXAMINER: Nice to finally
25 meet you.

1 MS. MUNDS-DRY: Nice to meet you too.

2 THE HEARING EXAMINER: I know Bill Carr
3 used to talk a lot about you.

4 MS. MUNDS-DRY: Don't believe him.

5 THE HEARING EXAMINER: Okay. So
6 Ms. Shaheen, how do you want to proceed?

7 MS. SHAHEEN: Mr. Examiner, the parties
8 have been conferring. These are cases that have
9 spacing units that overlap what I understand are --
10 are spacing units that Marathon has an interest in as
11 well as Civitas. I'm not sure what Mr. Savage's
12 client's -- where his interest -- where their
13 interests lie, but they involve overlapping -- the
14 possibility of overlapping spacing units.

15 There are no competing applications at
16 this time. There are some timing issues involved
17 here, and for that reason, Flat Creek would like to go
18 to a contested hearing in July if necessary.

19 Of course, we would continue to confer
20 with the parties hoping to resolve the issues and make
21 sure that there is no stranded acreage, but the timing
22 issues relate to two things. One is these need
23 federal permits, and the applications are made in the
24 alternative until we have a pooling order. Flat Creek
25 is not going to be requesting approval for its APD's

1 from BLM, and as you know, those take some time.

2 And the other issue is that I believe
3 Civitas has some lease expirations that come up in
4 about a year. So for that reason, Flat Creek would
5 like to go ahead and set this for a contested hearing
6 in July with the hope that we can resolve everyone's
7 issues by that time and go forward by affidavit.

8 THE HEARING EXAMINER: So when were
9 your four cases filed?

10 MS. SHAHEEN: They were filed
11 February 6th of this year.

12 THE HEARING EXAMINER: Okay. And
13 you've been talking about Civitas, and I see they're
14 listed in two cases, but not the other two cases. I
15 don't know if that's just an error on our part or not.
16 Have they entered an appearance in all four cases?

17 MS. SHAHEEN: That's a good question,
18 and I would defer to Ms. Munds-Dry with respect to
19 that question.

20 THE HEARING EXAMINER: Okay. Before I
21 go to Ms. Munds-Dry though, I want to finish asking
22 you questions.

23 Which parties have objected to your
24 proceeding by affidavit?

25 MS. SHAHEEN: I believe Marathon is the

1 only one that has filed an actual objection.
2 Ms. Bennett and I were conferring about that, and she
3 agreed to do that so that we could go to a status
4 conference today instead of continuing it again, but
5 my understanding is that both Civitas and Cimarex or
6 Coterra, whichever is -- is the client there, objected
7 to us going forward by affidavit today.

8 They had requested the continuance for
9 another month, but as I explained, due to the timing
10 issues, Flat Creek did not feel comfortable just
11 simply continuing it yet again.

12 THE HEARING EXAMINER: So Ms. Bennett,
13 did you file an objection in all four cases?

14 MS. BENNETT: Yes, I did.

15 THE HEARING EXAMINER: Okay.

16 MS. BENNETT: And just to clarify
17 something that Ms. Shaheen said, I did confer with
18 Ms. Shaheen about filing the objection because
19 Marathon does object to the cases going forward by
20 affidavit, and also because there wasn't an agreement
21 for an additional continuance so that preserved
22 Marathon's rights to come to a status conference
23 today.

24 THE HEARING EXAMINER: Okay.

25 Ms. Shaheen is there anything else

1 before I turn to the other parties?

2 MS. SHAHEEN: Not at this time.

3 THE HEARING EXAMINER: Okay.

4 Mr. Savage?

5 MR. SAVAGE: Yeah, Mr. Hearing
6 Examiner, we're just monitoring and preserving rights
7 at this time.

8 THE HEARING EXAMINER: Okay. So you
9 filed no objections?

10 MR. SAVAGE: No. We did not. Just
11 entry of appearance.

12 THE HEARING EXAMINER: Okay. And how
13 do you feel about Ms. Shaheen's request for a
14 contested hearing in July?

15 MR. SAVAGE: We're not taking a
16 position on this; just monitoring.

17 THE HEARING EXAMINER: Okay.

18 And Ms. Bennett, how do you feel about
19 a contested hearing in July?

20 MS. BENNETT: Thank you, Mr. Hearing
21 Examiner. I think a contested hearing in July is
22 premature. I only recently became aware of Civitas's
23 interest or appearance in these matters, and so I'm
24 not sure if Marathon and Civitas have had a chance to
25 communicate.

1 It seems like there's additional
2 discussions that need to occur before a contested
3 hearing would take place, given Civitas's recent entry
4 of appearance, so I think a July hearing is premature.

5 THE HEARING EXAMINER: Ms. Munds-Dry,
6 did you file objections in these cases?

7 MS. MUNDS-DRY: No. We did not,
8 Mr. Hearing Examiner.

9 THE HEARING EXAMINER: So what is your
10 interest in these cases?

11 MS. MUNDS-DRY: So we don't have any
12 interest in the north half -- in cases 24259 and
13 24260, so that is why we only entered our appearance
14 in cases 24262 and 24263.

15 THE HEARING EXAMINER: Okay. So what
16 is your interest in the south half?

17 MS. MUNDS-DRY: So yes, we do have
18 interest in the south half, and we are, what I would
19 say, in very early stages of discussions with both
20 Flat Creek.

21 And Ms. Bennett is correct, we have not
22 even started conversations with Marathon, so it's
23 early days that -- and so I would agree with
24 Ms. Bennett that there's a lot to work out here, a lot
25 of clearly parties who are interested in this acreage,

1 and I don't think there's a clear plan for or
2 agreement on how to develop it.

3 And I would also say that Ms. Shaheen
4 is correct, we are probably the only party that
5 actually has a timing in that we have a lease expiring
6 in June of 2025. However, that said, we still do
7 think it's premature to set this for a contested
8 hearing considering this could go a number of
9 different ways, in our view. Thank you.

10 THE HEARING EXAMINER: Of course. And
11 so you haven't filed competing applications?

12 MS. MUNDS-DRY: We have not.

13 THE HEARING EXAMINER: Are you
14 contemplating competing applications?

15 MS. MUNDS-DRY: We are contemplating
16 all sorts of things.

17 THE HEARING EXAMINER: That's helpful.
18 Okay. Ms. Shaheen, you heard
19 Ms. Munds-Dry. What do you have to say about that?

20 MS. SHAHEEN: Well, I would just
21 reiterate that we do have these timing issues. A
22 contested hearing in July is three months away, which
23 gives us plenty of time to negotiate. Flat Creek
24 provided Civitas with a JOA more than a month ago and
25 had received no has had no interaction with them until

1 recently.

2 But I believe three months is plenty of
3 time to get this resolved, and due to the timing
4 issues we believe that a contested hearing in July is
5 reasonable.

6 THE HEARING EXAMINER: And what are the
7 timing issues?

8 MS. SHAHEEN: The timing issues are:
9 one, we still need to get our BLM permits in place,
10 but we cannot file our applications for those permits
11 until we have a pooling order in place. Second,
12 Civitas has lease expirations in about a year, so as
13 you are likely aware, it can take up to a year to get
14 an APD from BLM. So that is why we have some pressing
15 timing issues here.

16 THE HEARING EXAMINER: Ms. Munds-Dry?

17 MS. MUNDS-DRY: I would just observe
18 that -- I would argue the other side of that -- there
19 is no timing issue because no one has even started
20 filing the federal APD's, so lots of runway here to
21 come up with a way to work out how we're going to
22 develop this acreage.

23 THE HEARING EXAMINER: And when you
24 say, "we develop this acreage," what do --

25 MS. MUNDS-DRY: And I mean, is it

1 Civitas? Is it Flat Creek? We have two other parties
2 here that may have interest in developing it their
3 way. And Ms. Shaheen is correct, Civitas had a
4 conversation with Flat Creek folks last week.

5 We have yet to this date even received
6 a full JOA, so just my point being we are early on in
7 our conversation. And I don't want to waste the
8 Division's time until, you know, there's a more direct
9 position from the different parties.

10 THE HEARING EXAMINER: So these cases
11 were filed in February and we're now in April and
12 you're in very early discussions. What prevented you
13 from beginning these discussions earlier on?

14 MS. MUNDS-DRY: Civitas just became the
15 operator of these -- we acquired this acreage from
16 Tap Rock. And so we acquired this acreage and just
17 became fully suited in February, so we're just kind of
18 getting our arms around everything.

19 THE HEARING EXAMINER: And how much
20 time are you asking me for a final status conference
21 in these cases?

22 MS. MUNDS-DRY: Mr. Hearing Examiner, I
23 think it's fine if you want to set another to keep us
24 moving. I can appreciate you want to keep us moving
25 along. I can understand that. And if you want to set

1 a status conference in a month, that might be a little
2 early, but it also holds us accountable, so I can
3 fully appreciate and understand that. I just don't --
4 I think it's premature for a contested case at this
5 time.

6 THE HEARING EXAMINER: And Ms. Shaheen,
7 you'd like to have a contested hearing in July, so if
8 I set this for another status conference in late May,
9 or even early June, you could confer with the parties
10 and come up with a July date for a hearing; is that
11 right?

12 MS. SHAHEEN: I would be happy to do
13 that.

14 THE HEARING EXAMINER: Okay.

15 MS. SHAHEEN: I would request a status
16 conference be in -- in May.

17 THE HEARING EXAMINER: I don't know how
18 our docket is.

19 Freya?

20 MS. TSCHANTZ: Mr. Hearing Examiner,
21 for May 16th we have over a hundred cases.

22 THE HEARING EXAMINER: That's why it
23 can't be in May.

24 So the first docket in June is, I
25 think, the 13th; is that right?

1 MS. TSCHANTZ: That's right.

2 THE HEARING EXAMINER: All right. So
3 what I'm going to do is I'm going to set these.

4 Now, Ms. Munds-Dry, is there any reason
5 why the first -- you don't have an interest in the
6 north half, you said?

7 MS. MUNDS-DRY: That is correct,
8 Mr. Hearing Examiner.

9 THE HEARING EXAMINER: Okay.

10 So -- and Mr. Savage, you're just
11 monitoring these cases?

12 MR. SAVAGE: Correct.

13 THE HEARING EXAMINER: So, Ms. Bennett,
14 is there any reason why these two cases in the north
15 half should not proceed on a different schedule as the
16 south half?

17 MS. BENNETT: Yes. There is a reason
18 why they should not, which is that the north half and
19 the south half both involve Marathon and Flat Creek,
20 and so they should -- I would think they should be on
21 the same schedule, notwithstanding Civitas's interest
22 in the south half, at least for the status conference.

23 I understand if there's competing
24 issues or different issues that need to go to a
25 contested hearing as between the parties, given that

1 there's different parties in the south half, but at
2 least for the status conference, I think it makes
3 sense at this point anyway for a combined status
4 conference.

5 THE HEARING EXAMINER: Ms. Shaheen, do
6 you agree?

7 MS. SHAHEEN: I do.

8 THE HEARING EXAMINER: Okay.

9 MS. SHAHEEN: And I think I would
10 prefer that all of these cases be heard at the same
11 contested --

12 THE HEARING EXAMINER: Okay.

13 MS. SHAHEEN: -- hearing in July, if
14 necessary.

15 THE HEARING EXAMINER: Okay. So we're
16 going to set these cases once proper motions -- and I
17 always mean the same thing when I say, "we're going to
18 set these cases." It's up to the parties to file the
19 proper continuances through the portal, but we will
20 set these once that continuance comes in, Ms. Shaheen,
21 for the June 13th docket.

22 I'm not going to call it a final status
23 conference at this time, but I am going to expect that
24 the parties will have conferred on a contested hearing
25 date for July. And I think June 13th gives the

1 parties two more months to negotiate and hopefully
2 work out their issues.

3 So is there anything left?

4 MS. MUNDS-DRY: No. Thank you,
5 Mr. Hearing Examiner.

6 THE HEARING EXAMINER: Thank you.

7 MS. BENNETT: Thank you.

8 THE HEARING EXAMINER: Thank you.

9 Ms. Shaheen?

10 MS. SHAHEEN: No. Thank you,
11 Mr. Examiner.

12 THE HEARING EXAMINER: Okay.

13 Thank you, Mr. Savage.

14 Our Technical Examiner has asked me to
15 make a statement, which I haven't done yet, but let me
16 put it in his words and not mine.

17 "It seems the Division has received a
18 large amount of status requests from counsel on cases
19 that have been taken under advisement. Please
20 remember that the Division is working as fast as
21 possible on these matters."

22 And that's what I have to say about
23 that. Okay.

24 So let's move on to Item Number 41.
25 These are consolidated cases; about ten -- no, about

1 five of them. They're Permian Resource Operating Case
2 Number 24266, -67, -68, -69, -70, and -71.

3 Entries of appearance, please.

4 MS. HARDY: Good morning, Mr. Examiner,
5 Dana Hardy with Hinkle Shanor on behalf of
6 Permian Resources.

7 THE HEARING EXAMINER: Good morning.

8 MR. BRUCE: Mr. Examiner, Jim Bruce
9 representing -- it says Mewbourne Oil -- I'm actually
10 representing Kaiser-Francis Oil Company, but I'll have
11 another little statement regarding Mewbourne in a
12 minute.

13 THE HEARING EXAMINER: Okay. But it's
14 called Kaiser-Francis?

15 MR. BRUCE: Yes.

16 THE HEARING EXAMINER: Freya, will you
17 make that correction?

18 MS. TSCHANTZ: Yes, I will.

19 THE HEARING EXAMINER: Okay. Thank
20 you.

21 Are there any other parties that you
22 know of Ms. Hardy?

23 MR. BRUCE: No.

24 MR. SAVAGE: Good morning.

25 Darin Savage on behalf of Cimarex Energy Company,

1 subsidiary of Coterra Energy.

2 THE HEARING EXAMINER: Thank you, Sir.

3 Are those the three parties, Ms. Hardy?

4 MS. HARDY: They are, Mr. Examiner.

5 THE HEARING EXAMINER: When were your
6 cases filed?

7 MS. HARDY: They were filed in early
8 February.

9 THE HEARING EXAMINER: Early February.
10 Okay. How do you want to proceed on -- well, before I
11 ask, who has objected to going forward by affidavit?

12 MS. HARDY: Kaiser-Francis has
13 objected.

14 THE HEARING EXAMINER: Kaiser-Francis
15 only?

16 MS. HARDY: Correct.

17 THE HEARING EXAMINER: Okay. Not
18 Cimarex?

19 MS. HARDY: Right.

20 THE HEARING EXAMINER: Okay. How do
21 you want to proceed?

22 MS. HARDY: Mr. Examiner, since we
23 filed these cases in early February, the parties have
24 negotiated but have not reached an agreement, so at
25 this point, Permian Resources would request that they

1 be set for a contested hearing in late June or early
2 or mid-July.

3 There are no competing applications at
4 this point. I understand from Mr. Bruce that
5 Mewbourne may be involved in a transaction that would
6 result in the filing of competing applications, but
7 even if that occurs, I think they could file them in
8 time so that we could be set for a contested hearing
9 in late June or mid-July.

10 THE HEARING EXAMINER: Okay.

11 Mr. Bruce?

12 MR. BRUCE: Yes. Just a couple days
13 ago, I was informed that Kaiser-Francis would probably
14 be making an agreement to assign its interest to
15 Mewbourne Oil Company, which also owns additional
16 interest in this acreage.

17 And I emailed my landman at Mewbourne,
18 and I haven't heard back because this is the big event
19 of the year for Permian Basin Landmen. It's the
20 Permian Basin Landmen's Association annual meeting,
21 and I haven't heard anything from clients in three
22 days. So -- and I don't think I'll find out until
23 Monday about whether or not I'll be filing counter-
24 applications.

25 THE HEARING EXAMINER: Okay. That

1 being what it may, if you do file counter-
2 applications, it would most likely be before early May
3 so that --

4 MR. BRUCE: I would probably file them
5 in time for the June 13 hearing.

6 THE HEARING EXAMINER: Okay. When
7 would you be available for a contested hearing?

8 MR. BRUCE: I think the dates that she
9 mentioned would be good.

10 THE HEARING EXAMINER: So early July?

11 MR. BRUCE: Yeah.

12 THE HEARING EXAMINER: Okay.

13 And Mr. Savage?

14 MR. SAVAGE: Yeah. So we're just
15 monitoring and preserving rights. Thank you.

16 THE HEARING EXAMINER: You're welcome.
17 Would you be participating in the contested hearing?

18 MR. SAVAGE: Just as entry of
19 appearance.

20 THE HEARING EXAMINER: Sorry. I don't
21 understand.

22 MR. SAVAGE: We would just be
23 monitoring and preserving our rights at that point.

24 THE HEARING EXAMINER: But you would be
25 here participating; is that right?

1 MR. SAVAGE: Oh. Yes.

2 THE HEARING EXAMINER: Okay. That's
3 what I was asking.

4 Okay. Let's set these five cases for
5 another status conference in June. Let's do June 13
6 in case Mr. Bruce files competing applications.

7 And at that time, Ms. Hardy, please
8 confer with the parties on a date in early July for a
9 contested hearing. As you've heard before, I think I
10 would prefer the second week in July.

11 I know the Commission -- Sheila --
12 oh -- or Freya, when is the Commission meeting in
13 July?

14 MS. TSCHANTZ: July 18th. Okay. I
15 would recommend July 9th potentially.

16 THE HEARING EXAMINER: Freya, do you
17 have the ability to mute microphones if necessary?

18 MS. TSCHANTZ: I don't.

19 THE HEARING EXAMINER: Oh. I thought
20 you did. Okay.

21 Ms. Hardy, would you confer with the
22 parties?

23 And Freya, when is our first docket in
24 July?

25 MS. TSCHANTZ: July 11.

1 THE HEARING EXAMINER: Okay.

2 Ms. Hardy, would you confer with your parties
3 prospectively for a July 9 contested hearing?

4 MS. HARDY: Yes. I will do that.

5 Thank you.

6 THE HEARING EXAMINER: Okay. All
7 right. So at the June status conference, you can
8 advise me if that date works for you. If not, another
9 day in July.

10 MS. HARDY: Yes. Thank you,
11 Mr. Examiner.

12 THE HEARING EXAMINER: Okay. Is there
13 anything else?

14 MS. HARDY: Not from Permian Resources.

15 THE HEARING EXAMINER: No?

16 Mr. Bruce? No?

17 Mr. Savage? Okay.

18 That concludes those cases.

19 We will move on now to
20 Matador Production cases. They are many consolidated
21 cases. We have 24314, -15, -16, -17, -18, -19;
22 24327, -28, -29, -30, -31, -32, -33, and -34.

23 Entries of appearance, please.

24 MR. FELDEWERT: May it please the
25 Examiner, Michael Feldewert with the Santa Fe office

1 of Holland & Hart for MRC Permian, who is the
2 applicant, and then Matador Production Company, its
3 operating affiliate.

4 THE HEARING EXAMINER: Thank you.

5 MS. BENNETT: Good morning,
6 Mr. Examiner, Deana Bennett, on behalf of
7 Franklin Mountain Energy.

8 THE HEARING EXAMINER: Thank you. Are
9 those the only two parties? Okay.

10 Mr. Feldewert, are these competing
11 applications?

12 MR. FELDEWERT: Yes, Sir. These are.
13 MRC Permian filed their applications last month. But
14 again, these are part of the extensive and ongoing
15 discussions between MRC and Franklin Mountain, and as
16 based on recent dismissals as I said before, there's
17 been a lot of success. My client believes they're
18 making substantial progress on the discussions that
19 hopefully will resolve the disputes.

20 THE HEARING EXAMINER: So these cases
21 were filed when, did you say?

22 MR. FELDEWERT: MRC filed their cases
23 last month.

24 THE HEARING EXAMINER: In March?

25 MR. FELDEWERT: March.

1 THE HEARING EXAMINER: Okay. And when
2 I said are there competing applications, it looks like
3 all of these cases were filed by Matador?

4 MR. FELDEWERT: So let me step back.
5 I'll just be specific. MRC Permian --

6 THE HEARING EXAMINER: Okay.

7 MR. FELDEWERT: -- filed these --
8 they're competing Jack Hammack and Mark McKinley
9 matters, and there's a number of cases. And then you
10 have Franklin Mountains Parallel State and Gold State
11 matters which I think you all still listed in the
12 docket call; or not?

13 THE HEARING EXAMINER: Well, what's
14 confusing me is the worksheet has Matador, not MRC,
15 but I realize it should be MRC --

16 MR. FELDEWERT: Mm-hmm.

17 THE HEARING EXAMINER: -- for all of
18 the cases as the applicant; is that not right?

19 MR. FELDEWERT: That is not right. It
20 should be MRC Permian --

21 THE HEARING EXAMINER: Right. Okay. I
22 understand that.

23 MR. FELDEWERT: -- as the applicant.
24 Yes.

25 THE HEARING EXAMINER: But what -- can

1 you be specific about case numbers? Which ones did
2 MRC Permian file?

3 MR. FELDEWERT: So it would be -- if I
4 may, rather than reading case numbers, if I could read
5 docket numbers, it would be 47 through 60, and then
6 the competing Franklin Mountain cases are 61 on the
7 docket through --

8 THE HEARING EXAMINER: Okay.

9 MR. FELDEWERT: -- 72.

10 THE HEARING EXAMINER: Yeah. And I
11 didn't call those cases.

12 MR. FELDEWERT: Okay.

13 THE HEARING EXAMINER: So I've only
14 called through 24334, which is line 60, and they're
15 all MRC's applications, so are you asking to
16 consolidate the Franklin Mountain cases which appear
17 on line 61 and go until 72?

18 MR. FELDEWERT: Yes.

19 THE HEARING EXAMINER: Okay. So --

20 MR. FELDEWERT: And I'm looking --
21 yeah, let me look in -- yeah, they have not -- I guess
22 there's been no formal order yet consolidating them.

23 THE HEARING EXAMINER: Okay. So let me
24 also call then at this time Franklin Mountain Energy
25 Cases 24348, -50, -51, -52, -53, -54, -55, -56, -58,

1 -59, -60, and -62. And do we have the same entries of
2 appearance on those cases?

3 MS. BENNETT: Yes.

4 THE HEARING EXAMINER: Okay.

5 MS. BENNETT: With the exception of an
6 additional entry of appearance.

7 MS. HARDY: Mr. Examiner, Dana Hardy
8 with Hinkle Shanor on behalf of Armstrong Energy and
9 Slash Exploration in Case Numbers 24356 through --
10 yeah, sorry -- 24356 through 24360.

11 THE HEARING EXAMINER: Through what was
12 that?

13 MS. HARDY: 24360. So in the Franklin
14 Mountain --

15 THE HEARING EXAMINER: Yes.

16 MS. HARDY: -- Gold State cases.

17 THE HEARING EXAMINER: Thank you.

18 Freya, we don't have an entry of
19 appearance for Armstrong in those cases?

20 MS. TSCHANTZ: I don't see one.

21 THE HEARING EXAMINER: Was one filed?

22 MS. HARDY: Mr. Examiner, I had not yet
23 filed an entry. We had entered an appearance in the
24 prior cases that these supplanted, so I'm entering my
25 appearance today, and then I will file a writ entry

1 later today. Thank you.

2 THE HEARING EXAMINER: Okay. Very
3 good. Okay. Thank you.

4 So since I'm talking to you, Ms. Hardy,
5 do you -- now that you know that all of these cases
6 are now consolidated, are you restricting your entry
7 of appearance to just the cases you mentioned?

8 MS. HARDY: I believe so, Mr. Examiner.
9 I would likely also need to enter my appearance in the
10 Matador cases that compete with those specific
11 cases --

12 THE HEARING EXAMINER: Okay.

13 MS. HARDY: -- but I don't know at this
14 moment exactly which case numbers those are.

15 THE HEARING EXAMINER: Okay.

16 MS. HARDY: But we were just monitoring
17 these cases.

18 THE HEARING EXAMINER: Ah. So you
19 haven't filed any objections.

20 MS. HARDY: That's correct.

21 THE HEARING EXAMINER: And you don't
22 anticipate filing an objection.

23 MS. HARDY: Correct.

24 THE HEARING EXAMINER: Okay. That's
25 helpful.

1 So let me start with Mr. Feldewert,
2 since I called the Matador cases first.
3 Mr. Feldewert, how do you want to proceed on all of
4 these cases?

5 MR. FELDEWERT: Well, like I said, I
6 believe they're making progress on the discussions. I
7 don't know to the extent that, when they're fruitful,
8 whether there'll still be certain pooling matters that
9 need to go forward; okay? We don't know yet. That'll
10 depend upon the discussions between the parties.

11 I had talked with Ms. Bennett about
12 having another status conference. I'll let her speak,
13 but it seems like Franklin Mountain wanted to set a
14 contested hearing date.

15 THE HEARING EXAMINER: Okay. And I
16 would assume you would think that's premature?

17 MR. FELDEWERT: I would say yes because
18 my understanding is there was a number pieces on the
19 board, they're methodically going through it, and this
20 is being discussed now. So --

21 THE HEARING EXAMINER: Okay.

22 MR. FELDEWERT: I'm always optimistic
23 they can reach an agreement.

24 THE HEARING EXAMINER: Ms. Bennett,
25 when were Franklin Mountain Energy cases filed?

1 MS. BENNETT: I don't have that
2 information. Oh, well, these files -- these cases
3 were filed relatively recently, actually, but we did
4 have previously pending cases that I dismissed and
5 then re-filed, but I would say these cases were
6 probably filed --

7 MR. FELDEWERT: March.

8 MS. BENNETT: March. Yeah.

9 THE HEARING EXAMINER: That makes
10 sense. From the numbers, I can --

11 MS. BENNETT: And the Matador
12 Production cases were filed very recently as well.

13 THE HEARING EXAMINER: Great.

14 MS. BENNETT: But Mr. Feldewert and I
15 did discuss next steps, and he's accurate
16 Franklin Mountain Energy would prefer to have a
17 contested hearing date. I agree the parties are in
18 discussions, but having a contested hearing date is a
19 powerful tool to motivate the parties.

20 And it's my understanding that
21 depending upon how the negotiations play out,
22 Franklin Mountain Energy will still need to come to
23 hearing for pooling authority. And so the discussions
24 are not -- even if they are resolved in Franklin's
25 favor, that doesn't eliminate the need to have a

1 hearing before the Division. It may not be contested,
2 but there still will need to be a hearing.

3 And so for that reason, I would ask
4 that the Division set a contested hearing in June.
5 And earlier today, the Division noted that June 25th
6 and 26th were unavailable due to a contested hearing,
7 and I'm wondering if that was perhaps the Franklin
8 Mountain Energy MRC case that we have since asked to
9 be vacated.

10 THE HEARING EXAMINER: I'll look. It
11 takes some time for me to find that, but I will find
12 that, so give me a moment. Why don't we take a five-
13 minute break. It is now 9:27. Let's come back at
14 9:35 on the record.

15 (Off the record.)

16 THE HEARING EXAMINER: It's 9:38 a.m.
17 on April 18, 2024. So we are continuing our
18 discussions.

19 And Ms. Bennett?

20 MS. BENNETT: Thank you, Mr. Examiner.
21 As I was saying before we took a break,
22 Franklin Mountain Energy would like to have these
23 cases set for a contested hearing. And it's my
24 understanding that June 25th and June 26th are
25 available for a contested hearing, and Mr. Feldewert

1 and I both are involved in a contested hearing on
2 June 18th which would be when the exhibits would be
3 due for a June 25th hearing, and so I would suggest a
4 June 26th contested hearing for these cases.

5 THE HEARING EXAMINER: Okay. Thank
6 you.

7 Mr. Feldewert?

8 MR. FELDEWERT: If you feel like you
9 must set a contested hearing, which I would suggest
10 you don't have to, but if you feel like you must, I
11 agree June 26th on a Wednesday would be better than
12 the 25th on a Tuesday. But I would say there's been a
13 track record of getting these resolved, and I don't
14 think they need threat of a contested hearing.
15 They're moving along without that. So --

16 THE HEARING EXAMINER: I think
17 Ms. Bennett called it a "persuasive tool." These were
18 filed in March. We're now at the first status
19 conference. Ms. Bennett, if I was going to set a
20 final status conference in these cases before a
21 contested hearing, what is a good date for you?

22 MS. BENNETT: Mr. Examiner, the next
23 available status conference would be June 13th, and so
24 that doesn't really accommodate a June contested
25 hearing if we needed one. And it's only two weeks

1 before I would be asking for a contested hearing, so
2 given the schedule as it currently exists, I think
3 setting this for a contested hearing on June 26th is
4 the equivalent of a final status conference in early
5 June.

6 THE HEARING EXAMINER: Okay.

7 MR. FELDEWERT: So let me get -- point
8 of clarification -- let me ask you something. If we
9 know these are only status conferences, you can't put
10 them on the May 16th docket?

11 THE HEARING EXAMINER: Well, we have a
12 hundred and something cases as it is.

13 MR. FELDEWERT: These are status
14 conferences?

15 THE HEARING EXAMINER: Right. We have
16 a hundred cases as it is. Many of them are hearing by
17 affidavit, so no, that docket is --

18 MR. FELDEWERT: Okay.

19 THE HEARING EXAMINER: -- closed at
20 this point. But I understand why you're asking.

21 And Ms. Bennett, what would be the
22 issue for setting, let's say, a contested hearing in
23 early July as opposed to late June to give the parties
24 enough time to negotiate since Mr. Feldewert -- and,
25 from my observations, it seems as though Franklin and

1 Matador are successful in their negotiations -- what
2 would be the problem of putting these on the June 13th
3 for a status conference at -- with the idea that we
4 will reserve time in early July for a contested
5 hearing?

6 MS. BENNETT: I explored that option
7 with Franklin Mountain Energy and with myself, and I
8 am actually not available at the beginning of July. I
9 have previously booked travel plans for the end of
10 June and early July and what that means, then, is
11 there's sort of a trickle-down effect in terms of
12 preparing exhibits and filing exhibits a week earlier.

13 So when I looked at my own schedule, it
14 looked like the earliest I could be ready for a
15 hearing would be July 23rd, which is quite a ways out
16 from June.

17 THE HEARING EXAMINER: All right.
18 Okay. All right. I will set a contested hearing for
19 June 26. Now, frequently, when I set a contested
20 hearing on a special hearing date, I'll get a motion
21 several weeks before the hearing asking me to vacate.
22 I understand that we are a tool for negotiations; I
23 understand that.

24 What I will say, though, is if I set
25 this at your request -- and I know that Mr. Feldewert

1 doesn't feel it's necessary to go to a contested
2 hearing that soon -- that if you file a request for a
3 continuance and try to turn this into a status
4 conference, I'll probably deny it because you are
5 asking me point blank and I'm granting it.

6 So we will set -- Freya, will you issue
7 a pre-hearing order for June 26?

8 MS. TSCHANTZ: Yes, I will.

9 THE HEARING EXAMINER: Okay. And I'll
10 put it in my notes that we had this discussion.

11 MS. BENNETT: Mr. Hearing Examiner, if
12 I could just clarify?

13 THE HEARING EXAMINER: Yes.

14 MS. BENNETT: If the parties are able
15 to reach an agreement and either party is able to move
16 forward by an uncontested case, would that be a reason
17 to allow a continuance?

18 THE HEARING EXAMINER: Of course.

19 MS. BENNETT: Thank you.

20 THE HEARING EXAMINER: However, why not
21 just have the hearing by affidavit on that day?

22 MS. BENNETT: That would be fine.

23 THE HEARING EXAMINER: Okay.

24 MS. BENNETT: I do know that recently,
25 for a case I had set for a special hearing docket, the

1 parties reached an agreement and Marathon in that case
2 will be allowed to move forward by affidavit and it
3 was the Division's preference to move that to a
4 regular docket. And so I'm just --

5 THE HEARING EXAMINER: Sure.

6 MS. BENNETT: -- based on that, I would
7 just want to make sure we'd have that option.

8 THE HEARING EXAMINER: You'll have the
9 option of proceeding by affidavit on June 26, as would
10 Matador, or MRC, so that would be the option in this
11 case. We'll have either a contested hearing on
12 June 26 or a hearing by affidavit on June 26, but I
13 wouldn't move it to another docket at that point
14 because we have many cases here. And so that's my
15 order.

16 MS. BENNETT: Thank you.

17 THE HEARING EXAMINER: You're welcome.
18 Thank you.

19 We are now moving on to affidavit
20 hearings. We finished the status conferences. As far
21 as I understand we are moving to Permian Resource
22 Operating 24164, 24165, 24166. I think 24167 was
23 dismissed.

24 MS. MCLEAN: That's correct.

25 THE HEARING EXAMINER: Entries of

1 appearance, please.

2 MS. MCLEAN: Yes. Jackie McLean from
3 Hinkle Shanor on behalf of Colgate Production and
4 Permian Resources.

5 THE HEARING EXAMINER: Are there any
6 other parties, Ms. McLean?

7 MS. MCLEAN: Yes.

8 MR. FELDEWERT: Mr. Examiner,
9 Michael Feldewert from the Santa Fe office of
10 Holland & Hart appearing first on behalf of
11 MRC Delaware Resources Company, and then separately
12 for COG Operating LLC and Concho Oil & Gas LLC. And
13 we do not object to the matter proceeding by
14 affidavit.

15 THE HEARING EXAMINER: Thank you. And
16 have you had a chance to review the exhibits?

17 MR. FELDEWERT: I have.

18 THE HEARING EXAMINER: And do you
19 object to any of those being admitted into evidence?

20 MR. FELDEWERT: I do not.

21 THE HEARING EXAMINER: Okay.

22 Ms. McLean?

23 MS. MCLEAN: And we have one more
24 party.

25 THE HEARING EXAMINER: Oh.

1 MS. BRADFUTE: Yes. Mr. Examiner,
2 Jennifer Bradfute with Bradfute Consulting & Legal
3 Services on behalf of Tap Rock Resources 3. Like
4 Mr. Feldewert's statement, Tap Rock does not have any
5 objections to the case proceeding by affidavit. I
6 have reviewed the exhibits, and I have no objections.

7 THE HEARING EXAMINER: Wonderful.
8 Thank you, Ms. Bradfute. Is that how you say it?
9 Bradfute?

10 MS. BRADFUTE: Yes, it is. Yeah.

11 THE HEARING EXAMINER: Okay. Good.
12 Welcome. First time meeting you.

13 Okay. Ms. McLean?

14 MS. MCLEAN: Thank you. In
15 Case Number 24164, Colgate seeks an order pooling all
16 uncommitted interests in the Bone Spring formation
17 underlying a 240-acre, more or less, standard
18 horizontal spacing unit comprised of the North Half
19 North Half of Section 7, Township 19 South, Range 28
20 East, and the North Half Northeast Quarter of
21 Section 12, Township 19 South, Range 27 East, in
22 Eddy County, and this unit will be dedicated to the
23 Alpine 7-12 State 121H and 131H wells.

24 Then in Case Number 24165, Colgate is
25 seeking an order pooling all uncommitted interests

1 again in the Bone Spring formation in a 240-acre, more
2 or less, horizontal spacing unit comprised of the
3 South Half North Half of Section 7, Township 19 South,
4 Range 28 East, and the South Half Northeast Quarter of
5 Section 12 of Township 19 South, Range 27 East in
6 Eddy County, and this unit will be dedicated to the
7 Alpine 7-12 State 122H and 132H wells.

8 Then finally, in Case Number 24166,
9 Colgate is seeking an order pooling all uncommitted
10 interests in the Bone Spring formation underlying a
11 240-acre, more or less, standard horizontal spacing
12 unit comprised of the North Half South Half of
13 Section 7, Township 19 South, Range 28 East, and the
14 North Half Southeast Quarter of Section 12,
15 Township 19 South, Range 27 East in Eddy County, and
16 that unit will be dedicated to the Alpine 7-12 State
17 123H and 133H wells.

18 The exhibit packets that were submitted
19 for Case Numbers 24164, 24165, and 24166 contain a
20 compulsory pooling checklist, land testimony, geology
21 testimony, and notice testimony.

22 Exhibit A is the land professional
23 testimony of Ryan Curry, and Mr. Curry has previously
24 testified as an expert in petroleum land matters
25 before the Division. And we have the standard land

1 exhibits attached to Exhibit A.

2 Geology testimony is at Exhibit B.
3 This is Christopher Cantin, who has also previously
4 testified before the Division as an expert geologist.
5 And attached to Exhibit B are his Regional Locator
6 Map, Cross-Section Map, Second and Third Bone Spring
7 Subsea Structure Maps, a Stratigraphic Cross-Section,
8 and a Gun Barrel Diagram.

9 And then Exhibit C is the notice
10 testimony. And attached to that is the notice letter
11 that was sent to the parties to be pooled, copies of
12 the certified mail green cards and white slip returns,
13 as well as an affidavit of publication which shows
14 that we timely published on March 27, 2024.

15 And I'm happy to answer any questions,
16 but at this time I'd ask that Exhibits A, B, and C be
17 admitted into the record in Case Numbers 24164, 24165,
18 and 24166 and that the cases be taken under
19 advisement.

20 THE HEARING EXAMINER: Ms. McLean, is
21 Mr. Curry and Mr. Cantin available for questions?

22 MS. MCLEAN: They should be on --
23 available.

24 THE HEARING EXAMINER: Okay.
25 Fantastic. At this point of the presentation, I

1 normally ask if there are any objections. Now, I know
2 from both parties that there are no objections to your
3 exhibits, and as a matter of procedure or as a matter
4 of law, is it your understanding that someone else may
5 have an objection to an exhibit that is not a party?

6 MS. MCLEAN: I mean, I guess someone
7 could always hop on and object that hasn't entered an
8 appearance.

9 THE HEARING EXAMINER: Okay. That's
10 what I thought. That's why I asked the question just
11 to be on the safe side. So are there any objections
12 in Case Number 24164 to Exhibits A, B, and C? Not
13 hearing any, these exhibits are admitted into
14 evidence.

15 (Exhibit 1: 24164 - Exhibit A;
16 Exhibit 2: 24164 - Exhibit B; and
17 Exhibit 3: 24164 - Exhibit C were
18 received into evidence.)

19 Do either party have any questions for
20 the witnesses?

21 MR. FELDEWERT: No, Sir.

22 MS. BRADFUTE: No, Mr. Examiner.

23 THE HEARING EXAMINER: Okay.

24 So now I go to Mr. Garcia, our
25 Technical Examiner today.

1 MR. GARCIA: I have no questions.

2 THE HEARING EXAMINER: Wonderful. So
3 Case Number 24164 is taken under advisement. I am
4 going to proceed to 24165.

5 MR. GARCIA: Are you asking me,
6 Mr. Examiner?

7 THE HEARING EXAMINER: I'm not. It
8 takes me some time on this laptop to move from case to
9 case, unfortunately. So I'm not. I need to admit
10 exhibits into evidence before I turn to you for
11 questions. Thank you.

12 MR. GARCIA: No problem. Just couldn't
13 see you.

14 THE HEARING EXAMINER: By all means.
15 In Case Number 24165, are there any
16 objections to Exhibits A, B, and C?

17 Not hearing any, these exhibits are
18 admitted into evidence.

19 (Exhibit 4: 24165 - Exhibit A;
20 Exhibit 5: 24165 - Exhibit B; and
21 Exhibit 6: 24165 - Exhibit C were
22 received into evidence.)

23 Are there any questions from the
24 parties to these exhibits?

25 MR. FELDEWERT: No, Sir.

1 MS. MCLEAN: No, Mr. Examiner.

2 THE HEARING EXAMINER: Okay.

3 Mr. Garcia?

4 MR. GARCIA: No questions.

5 THE HEARING EXAMINER: This case is
6 taken under advisement, Ms. McLean.

7 MS. MCLEAN: Thank you.

8 THE HEARING EXAMINER: And then we have
9 your final case, 24166. Yes, that's it. Okay. I
10 have Exhibits A, B, and C from the same witnesses.
11 Are there any objections?

12 These exhibits are admitted into
13 evidence.

14 (Exhibit 7: 24166 - Exhibit A;
15 Exhibit 8: 24166 - Exhibit B; and
16 Exhibit 9: 24166 - Exhibit C were
17 received into evidence.)

18 Are there any questions from the
19 parties to these exhibits?

20 MR. FELDEWERT: No questions.

21 MS. MCLEAN: No questions.

22 THE HEARING EXAMINER: Thank you.

23 Mr. Garcia?

24 MR. GARCIA: No questions.

25 THE HEARING EXAMINER: Ms. McLean, this

1 case is taken under advisement. Well done. Thank
2 you.

3 MS. MCLEAN: Thank you, Mr. Examiner.
4 Easy today.

5 THE HEARING EXAMINER: Yes, it was.

6 I'm now calling the last cases,
7 SPC Resources, 24340, -43, hmm, I guess we're not
8 consolidating -41 and -42 with these two. Okay. Very
9 good.

10 Entries of appearance, please.

11 MR. RANKIN: Good morning,
12 Mr. Examiner. May it please the Division, Adam Rankin
13 with the Santa Fe office of Holland & Hart appearing
14 on behalf of the applicant in these cases,
15 SPC Resources.

16 THE HEARING EXAMINER: Mr. Rankin, do
17 you know if there are any other parties that have
18 entered an appearance?

19 MR. RANKIN: Not to my knowledge,
20 Mr. Examiner; in these cases, no other parties have
21 appeared.

22 THE HEARING EXAMINER: Okay. Please
23 proceed.

24 MR. RANKIN: Mr. Examiner, as a prelude
25 or a preface to these cases, I want to just make the

1 Division aware that SPC intends to commence drilling
2 operations on these wells and the additional initial
3 proposed wells that they're seeking approval in the
4 June time frame.

5 These cases are set up to drill these
6 wells, and so they'd like an order -- I know the
7 Division works very hard and they're doing a very good
8 job of getting the cases out and orders out. I just
9 want to make the Division aware that they're intending
10 to drill these wells in the June time frame. So we
11 appreciate, you know, any, you know, focus on these
12 orders if at all possible.

13 In this case, Mr. Examiner, I want to
14 take each one in turn. Although they're consolidated,
15 I consolidated them because they are related acreage.

16 In Case Number 24340, SPC Resources
17 seeks to amend Order Number R-21096 as amended to add
18 five additional proposed wells under the terms of the
19 existing pooling order and to designate
20 Permian Resources Operating, LLC as the operator of
21 the horizontal well spacing unit and the wells.

22 This case is related to
23 Case Number 24343, which is the proposed Hanna spacing
24 unit. That is a Bone Springs spacing unit which
25 targets the north half of the same acreage in the

1 Bone Spring formation.

2 Now, this unit is dedicated to the
3 Wolfcamp and it's pooled the Wolfcamp. It's comprised
4 of Section 12, Township 22, South Range 26 East, and
5 Section 7, Township 22, South Range 27 East in
6 Eddy County.

7 The Order that we're seeking to amend
8 pooled -- all uncommitted interest in the Wolfcamp in
9 the Purple Sage Wolfcamp Pool, is dedicated to two
10 existing wells that have not yet been drilled: the
11 Caveman 402H well and the Caveman 442H well.

12 In addition to seeking additional wells
13 to add under the terms of the Order, SPC Resources is
14 seeking to also rename those two existing wells. The
15 402H well will become the Caveman 222H well, and the
16 Caveman 442H well will become the Caveman 223H well.

17 Filed on Tuesday, Mr. Examiner, a
18 hearing exhibit packet that contains Exhibit A, which
19 is a revised or updated compulsory pooling checklist
20 that identifies each of the elements necessary for
21 issuance of an order.

22 Exhibit B is an application that was
23 filed in this case giving the justification for the
24 request.

25 Exhibit C is a landman statement that

1 identifies the requested amendments and confirms,
2 Mr. Examiner, that the company is dropping its request
3 to extend the deadline to drill under the pooling
4 order, as that extension was recently already approved
5 in an order that was issued after we filed the
6 application, and that was in Case Number 24062, and it
7 was issued under Order R-21096-D.

8 So because that was already granted,
9 we're dropping that specific request from the case.

10 Exhibit D is a geology statement
11 prepared by Mr. Tyler Chesworth. Mr. Chesworth has
12 not previously testified before the Division.
13 Attached to his statement is a copy of his resume that
14 outlines his experience and education as a petroleum
15 geologist.

16 Mr. Examiner, I would ask after you
17 have a chance to review -- and I can tell you the page
18 that it's on -- it's on PDF page 47 of 78 -- that
19 outlines his professional experience as a senior
20 geologist currently, and his prior experience as a
21 develop manager, and his education at a --

22 THE HEARING EXAMINER: Give me a minute
23 to review it.

24 MR. RANKIN: Yeah.

25 THE HEARING EXAMINER: Is he available?

1 MR. RANKIN: He is available.

2 THE HEARING EXAMINER: Okay. Thank
3 you. And what field are you seeking to admit him as
4 an expert?

5 MR. RANKIN: Petroleum geology.

6 THE HEARING EXAMINER: Mr. Chesworth,
7 can you turn your camera on and can you --

8 MR. CHESWORTH: Morning, Mr. Examiner.

9 THE HEARING EXAMINER: Good morning. I
10 see a good amount of experience as a geologist, but
11 you want to be qualified as a petroleum geologist; is
12 that correct?

13 MR. CHESWORTH: Yes, Mr. Examiner.

14 THE HEARING EXAMINER: Okay. And what
15 here on your resume qualifies you as a petroleum
16 geologist specifically?

17 MR. CHESWORTH: I would say the past
18 decade of experience I have in exploration and
19 development of oil and gas would qualify me as an
20 expert in petroleum geology.

21 THE HEARING EXAMINER: And what is your
22 understanding of the difference between a geologist
23 and a petroleum geologist?

24 MR. CHESWORTH: Well, there's some
25 different types of geologists that maybe just focus on

1 environmental work or more academia research that's
2 not directly driven towards oil and gas exploration
3 and development.

4 THE HEARING EXAMINER: Thank you.
5 Okay.

6 Mr. Rankin, Tyler Chesworth is hereby
7 qualified as an expert in the field of petroleum
8 geology.

9 MR. RANKIN: Thank you, Mr. Examiner.
10 Attached also to Mr. Chesworth's land statement -- or
11 I'm sorry, geology statement are exhibits that review
12 the location of the pooled unit, the location of the
13 additional proposed wells, and the existing initial
14 proposed wells, as well as a structure map that
15 identifies, again, the location of the wells and the
16 top of the Wolfcamp structure.

17 He includes a cross-section showing the
18 target interval for each of the proposed wells, and
19 the additional initial proposed wells, as well as a
20 gun barrel map showing the relationship to the
21 proposed Wolfcamp development in relation to the
22 overlying Hanna development, which is the subject of
23 the next case, Mr. Examiner.

24 And as Mr. Chesworth testifies, the
25 intent here is to develop these zones together with

1 the notion that by doing so, it will increase ultimate
2 recovery from both zones.

3 Exhibit E is --

4 THE HEARING EXAMINER: Mister --

5 MR. RANKIN: Yeah.

6 THE HEARING EXAMINER: Mr. Rankin, we
7 also have a Self-Affirmed statement of Chris Astwood;
8 is that correct?

9 MR. RANKIN: Correct. I believe I --
10 if I didn't touch on it, I meant to. I apologize. I
11 may have cruised by it. Chris Astwood is a landman
12 for SPC Resources, which is a wholly-owned subsidiary
13 of Permian Resources Operating.

14 He has previously testified, and
15 attached to his Affidavit or Self-Affirmed Statement
16 is a copy of the C-102 for each of the additional
17 proposed wells that are being sought to be included
18 under the existing Order, as well as Exhibit C2 which
19 is a well proposal letter identifying the amendments
20 that SPC Resources was requesting under this
21 application, identifying the well name changes that
22 it's requesting, and the additional proposed wells
23 that it's seeking to add under the Order.

24 Included with the AFE -- I'm sorry,
25 included with the well proposal for these wells is a

1 AFE for each of the additional proposed wells
2 providing a estimated cost for their drilling and
3 operation.

4 Just to be clear, because this is an
5 existing pooling order and we're asking for these
6 additional wells to be incorporated under the existing
7 terms, you'll note that we're not asking for a change
8 in the overhead rates or the operating charges that's
9 outlined in the compulsory pooling checklist.

10 Finally, Exhibit E is a Self-Affirmed
11 Statement by myself reflecting that we have provided
12 notice under the cover of the notice letter attached
13 in that packet saying -- identifying that we're
14 seeking to amend the pooling order; giving notice of
15 the hearing. And following the letter is a copy of
16 all the status of the certified mailings that went out
17 to each of these many, many, many interest owners.

18 The reason there are so many,
19 Mr. Examiner -- just to remind everybody that -- is
20 that this is partially within the city limits of
21 Carlsbad, and so there are many lots and many owners
22 within those lots. And so it was an -- this whole
23 process was an extensive process to identify and
24 locate and negotiate with each of these parties.

25 Exhibit F is a copy of the Affidavit of

1 Publication reflecting that we have identified each of
2 the parties by name and given them constructive notice
3 in the newspaper of general circulation within the
4 county.

5 With that, Mr. Examiner, I would move
6 the admissions of Exhibit A through F, and unless
7 there's any questions by the examiners, ask that the
8 case be taken under advisement.

9 THE HEARING EXAMINER: Are there any
10 objections?

11 In Case Number 24340, I am admitting
12 into evidence Exhibits A, B, C, D, E, and F.

13 (Exhibit 13: 24340 - Exhibit A;
14 Exhibit 14: 24340 - Exhibit B;
15 Exhibit 15: 24340 - Exhibit C;
16 Exhibit 16: 24340 - Exhibit D;
17 Exhibit 17: 24340 - Exhibit E; and
18 Exhibit 18: 24340 - Exhibit F were
19 received into evidence.)

20 Mr. Garcia?

21 MR. GARCIA: Mr. Rankin, just to
22 summarize, you guys are seeking additional wells and
23 well renaming in this amendment order?

24 MR. RANKIN: Correct, Mr. Garcia. And
25 the one additional is to designate Permian as the

1 operator.

2 MR. GARCIA: Correct. Okay. No
3 questions.

4 THE HEARING EXAMINER: Okay.

5 Mr. Rankin, Case Number 24340 will be
6 taken under advisement.

7 So we're going to move on to 24343?

8 MR. RANKIN: Yes, Sir. In this case,
9 Mr. Examiner, it's a related case that seeks
10 compulsory pooling, so this is a new compulsory
11 pooling case that has not previously been pooled for
12 the overlying Bone Spring acreage in the north half of
13 the related acreage.

14 In this case, SPC Resources seeks an
15 order pooling all uncommitted interests in the
16 Bone Spring formation underlying a standard 633-, more
17 or less, acre horizontal well spacing unit. As I
18 mentioned, it's comprised of the north half of the
19 same acreage in Eddy County.

20 In this case, the applicant proposes
21 initially to dedicate to a single well the Hanna 131H
22 to be horizontally drilled, and the completed interval
23 of that well will be within 330 feet of the offset
24 quarter sections or the equivalent tracts to allow
25 inclusion of the offsetting acreage as proximity

1 acreage.

2 Attached to the exhibit packet that we
3 filed is Exhibit A, which is the Compulsory Pooling
4 Checklist which identifies the elements necessary for
5 a pooling order.

6 B is the application that was filed in
7 the case.

8 C is a landman statement from
9 Mr. Chris Astwood, who has previously testified. It
10 outlines the requests here and identifies the wells,
11 including the C-102's, a land plat that identifies the
12 many tracts that comprise the acreage, and goes into
13 detail and the efforts undertaken to identify each of
14 these parties and their -- of which there are many --
15 I believe in this case there are more than 900
16 unleased mineral interest owners that they have
17 identified and have attempted to reach agreement with.

18 Just because it is a complex case with
19 many, many parties, I will just spend a moment to
20 review some of these additional exhibits.

21 After the land plat, which is
22 Exhibit C2, you will see in the exhibit packet at
23 PDF page 17, there is an overview or summary of the
24 working interest.

25 You'll note on that working interest

1 summary that SPC has been able to lease more than
2 92 percent of the working interests across this large
3 tract of development acreage. Meaning that there's a
4 little over 7 percent -- or approximately 7 percent of
5 working interest remaining to be pooled.

6 So they've done a lot of work and have
7 been able to lease many, many of these interest owners
8 who often own very small acreage, so it was a
9 significant undertaking.

10 Exhibit C4 is a breakdown or a detail
11 of those working interests. You'll see each party
12 working interest or that they seek to pool is
13 identified with a asterisk. The only party in this
14 case that they're not seeking to pool is
15 Jalapeno Corporation. They've reached a separate
16 agreement with Jalapeno.

17 In addition, at the bottom of that
18 list, you'll see a list of overriding royalty interest
19 owners. SPC is seeking to pool all those overrides as
20 well.

21 The next exhibit, C5, is a list of all
22 of the identified unleased mineral interest owners --
23 more than 900 that they have identified and have not
24 yet been able to reach agreement with, so seeking to
25 pool each of those 900 unleased mineral interest

1 owners.

2 SPC and their contract agent, SEG, is
3 working to continue to reach agreement with each of
4 these parties. And they will continue to do so even
5 after issuance of an order as and when anybody reaches
6 out and wants to get leased or reach a participating
7 agreement that will engage those people to reach a
8 voluntary agreement, so the order will not terminate
9 those efforts.

10 C6 is the AFE and well proposals that
11 were sent out for the well; identifies each of the
12 costs, and these costs are costs that SPC and other
13 operators have incurred while drilling wells in the
14 area.

15 Exhibit D is the land statement -- or
16 I'm sorry, the geology statement of the geologist who
17 identifies the wells and confirms that the acreage is
18 suitable for horizontal well drilling and that no
19 impediments to development of horizontal wells in the
20 acreage.

21 Exhibit E is the Self-Affirmed
22 Statement by myself reflecting we have given notice to
23 each of those parties that are seeking to pool in this
24 case, along with a notice letter, the status of the
25 certified mailings that went out showing the current

1 status as of the date noticed in my letter -- my
2 statement.

3 And then Exhibit F is the Affidavit of
4 Publication showing that we have given notice
5 constructively to each of these parties by name of
6 today's hearing and of the application.

7 With that, Mr. Examiner, we would move
8 the admission of A through F and their attachments and
9 ask that the case be taken under advisement.

10 THE HEARING EXAMINER: Okay. Are there
11 any objections?

12 Hearing none, Exhibits A, B, C, D, E,
13 and F are admitted into evidence.

14 (Exhibit 19: 24343 - Exhibit A;
15 Exhibit 20: 24343 - Exhibit B;
16 Exhibit 21: 24343 - Exhibit C;
17 Exhibit 22: 24343 - Exhibit D;
18 Exhibit 23: 24343 - Exhibit E; and
19 Exhibit 24: 24343 - Exhibit F were
20 received into evidence.)

21 Mr. Garcia?

22 MR. GARCIA: I have one question, I
23 believe, for the landman. My question involves --

24 THE HEARING EXAMINER: Hold on,
25 Mr. Garcia, we got to get the landman sworn in.

1 Mr. Astwood, would you turn on your
2 camera. We have a -- maybe your camera has a little
3 sliding bar over it, Mr. Astwood. There we go. We're
4 almost there. There we go. Would you unmute
5 yourself. You're going to be sworn in.

6 MR. ASTWOOD: Okay. Can you hear me?

7 THE HEARING EXAMINER: Yes.

8 THE REPORTER: Please raise your right
9 hand. Do you swear or affirm that the testimony you
10 give today will be the truth, the whole truth, and
11 nothing but the truth?

12 MR. ASTWOOD: I do.

13 THE HEARING EXAMINER: Okay.

14 Mr. Garcia?

15 MR. GARCIA: Thank you. The City of
16 Carlsbad --

17 THE HEARING EXAMINER: Hold Mr. --
18 okay. There we go. Sorry, Mr. Garcia, but
19 Mr. Astwood had turned off his camera, so he's back
20 on.

21 MR. GARCIA: No problem. The City of
22 Carlsbad has their -- where they allow leases of
23 streets, roads, and other public entities. Do you
24 have any letter from the Carlsbad city supporting this
25 or granting those leases?

1 MR. ASTWOOD: We do. We worked with
2 the City -- I don't know if -- Adam, did we
3 incorporate some of that documentation or is it part
4 of the other leasing projects?

5 MR. RANKIN: May I respond?

6 Mr. Garcia, I don't believe we attached
7 those as part of this record. We may have for the
8 Caveman case, but it's certainly something we can
9 provide supplemental to this hearing if the Division
10 would like to have a record of that.

11 MR. GARCIA: If you don't mind. I
12 don't remember these cases and it's nice to have
13 supporting document that shows efforts made and the
14 City's thoughts on these cases.

15 MR. RANKIN: Yeah. I know we did
16 supply a letter of support from the City. I believe
17 it was in one of the earlier Caveman cases reflecting
18 their support for the development of the acreage.

19 THE HEARING EXAMINER: All right. Let
20 me step in before there's any more back-and-forth
21 conversation about this.

22 So, Mr. Garcia is requesting an
23 additional document, Mr. Rankin. Would you please
24 file a amended exhibit packet in this case and include
25 a cover letter to show the additional exhibit that has

1 been requested. I'm just thinking about how to admit
2 this into evidence when it doesn't exist and I can't
3 see it. I tell you what, Mr. Rankin, copy me. We'll
4 leave the record open in this case -- go ahead.

5 MR. RANKIN: Mr. Examiner, I believe
6 it's already of record with the Division.

7 THE HEARING EXAMINER: Oh. Is it?

8 MR. RANKIN: So I would recommend that
9 maybe you could take administrative notice of it.

10 THE HEARING EXAMINER: Okay.

11 MR. RANKIN: And I will reflect the
12 filing with a supplemental filing, as you requested.

13 THE HEARING EXAMINER: Okay. So how
14 would I take notice of it if I -- it -- can you direct
15 me to it so I can see it?

16 MR. RANKIN: One moment. I believe I
17 can indicate case number.

18 THE HEARING EXAMINER: Okay. Great.
19 Take your time.

20 MR. RANKIN: And this is --

21 THE HEARING EXAMINER: You want a
22 break?

23 MR. RANKIN: This --

24 THE HEARING EXAMINER: You want to take
25 a five-minute break?

1 MR. RANKIN: If you want to actually
2 see it --

3 THE HEARING EXAMINER: I do.

4 MR. RANKIN: -- I will need to take a
5 break.

6 THE HEARING EXAMINER: Yeah. I do.

7 MR. RANKIN: So I can try to pull it up
8 off the Division's records. Yeah.

9 THE HEARING EXAMINER: Thank you.
10 Okay. So we're going to take a five-minute break.
11 It's 10:12 a.m. We'll come back at 10:17 a.m. for
12 Mr. Garcia's follow-up questions, if he has any, on
13 this case, and so I can admit this or take an
14 administrative notice of this document. Thank you.

15 (Off the record.)

16 THE HEARING EXAMINER: -- record. It
17 looks like Mr. Garcia is pointing me to a document.

18 Mr. Garcia, what case would this be in?

19 MR. GARCIA: Case 22554. It's a
20 related case.

21 THE HEARING EXAMINER: Let me get
22 there. Hold on. It's just going to take me a minute.

23 MR. GARCIA: No problem.

24 THE HEARING EXAMINER: Okay. Would you
25 tell me the case number again?

1 MR. GARCIA: 22554.

2 THE HEARING EXAMINER: Okay. Thank
3 you. And then I'm in the case file, where am I going
4 to see this exhibit?

5 MR. GARCIA: One -- two -- three --
6 four -- six -- sixth to the right, second row.

7 THE HEARING EXAMINER: Thank you. I
8 see it now.

9 MR. GARCIA: So --

10 THE HEARING EXAMINER: I see it. Give
11 me a minute. I see this is a letter dated April 27 of
12 '22 to the Division from the City of Carlsbad.
13 Mr. Rankin, is this the letter you're asking me to
14 take notice of?

15 MR. RANKIN: I'm getting there. I
16 believe it is. There was only one letter and one
17 ordinance that was passed by the --

18 THE HEARING EXAMINER: "Please consider
19 this letter in support of SPC Resources, who is an
20 affiliate of Santo Petroleum, and they have two cases
21 before the OCD. I support the current effort. I'd
22 like to remark on the status as an exceptional
23 community partner and reasonable business." Is that
24 what you're asking me to take notice of?

25 MR. RANKIN: Correct, Mr. Examiner.

1 THE HEARING EXAMINER: Okay.

2 Mr. Rankin, do you have something like this due to the
3 large pooling under the City for this case?

4 MR. RANKIN: Not separately for this
5 case, Mr. Examiner. Like I mentioned, there -- and
6 Mr. Astwood's testimony identifies there is a single
7 ordinance that was passed that covered the leasing for
8 all this acreage and so I would point to the city
9 ordinance that authorized the leasing of that acreage
10 and this letter in support of the company's efforts in
11 this area generally.

12 THE HEARING EXAMINER: And are you able
13 to give us that ordinance over the --

14 MR. RANKIN: It's in Mr. Astwood's
15 testimony.

16 THE HEARING EXAMINER: It's in
17 Mr. Astwood?

18 MR. RANKIN: It is.

19 THE HEARING EXAMINER: Can you point me
20 to that page, please?

21 Or Mr. Astworth, can you point me to
22 the page in your testimony where you cite the City of
23 Carlsbad's ordinance?

24 MR. RANKIN: Let's see. Mr. Examiner,
25 it's paragraph 20 of Mr. Astwood's testimony. It's

1 PDF page 13 of 69.

2 THE HEARING EXAMINER: Okay. Thank
3 you. Let me get to it. 13 and it's paragraph 20. I
4 see it. So there's the ordinance.

5 Mr. Garcia, would you take a look at on
6 page 13, paragraph 20?

7 MR. GARCIA: I'm there.

8 THE HEARING EXAMINER: Will you let me
9 know if you have any questions based on that
10 paragraph?

11 MR. GARCIA: No questions on the
12 paragraph. I understand the ordinance.

13 THE HEARING EXAMINER: Okay.
14 Wonderful. Do you have any other questions for any of
15 the witnesses, Mr. Garcia?

16 MR. GARCIA: I do not.

17 THE HEARING EXAMINER: Okay. So is it
18 your position that we can take this case under
19 advisement at this point, and do we need another
20 letter from the City and an amended exhibit packet?

21 MR. GARCIA: I don't think it's
22 necessary due to the record's discussions of it.

23 THE HEARING EXAMINER: Okay.

24 Mr. Rankin, this case will be taken
25 under advisement. We're going to move on to 24341.

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1 MR. RANKIN: Thank you, Mr. Examiner.
2 Adam Rankin appearing in this case on behalf of the
3 applicant, SPC Resources with the Santa Fe office of
4 Holland & Hart.

5 THE HEARING EXAMINER: Thank you.

6 MR. SAVAGE: Good morning.
7 Darin Savage with Abadie & Schill appearing on behalf
8 of Cimarex Energy Company, a subsidiary of Coterra.

9 THE HEARING EXAMINER: And Mr. Savage,
10 do you object to this case moving forward by
11 affidavit?

12 MR. SAVAGE: No. We have no objection
13 to that, and we have no objection to the exhibits
14 being admitted of record.

15 THE HEARING EXAMINER: Okay.
16 Wonderful. Thank you, Sir.

17 MS. HARDY: Mr. Examiner, Dana Hardy
18 with Hinkle Shanor on behalf of ConocoPhillips
19 Company, and we also do not object to the presentation
20 of this case by affidavit or to the exhibits.

21 THE HEARING EXAMINER: Thank you.
22 Mr. Rankin?

23 MR. RANKIN: Thank you, Mr. Examiner.
24 In this case, SPC Resources seeks to amend existing
25 Order R-21100-D to allow for a one-year extension

1 until July 7, 2025 for drilling the initial proposed
2 wells under the order and to add three additional
3 initial proposed wells under the terms of that order
4 and to designate Permian Resources Operating as the
5 operator of the spacing unit and of the existing
6 proposed wells and the additional initial proposed
7 wells.

8 This case is related to -- this case,
9 which is a Wolfcamp Pool, is related to
10 Case Number 24342, which you haven't yet called, and
11 that's a Bone Spring unit similar to the previous set
12 of cases that Bone Spring unit seeks to pool the north
13 half of the same acreage.

14 So I just bring that up just so you're
15 aware that there's a relation with those cases. In
16 this case, we're seeking to amend Order R21100-D. We
17 are seeking the extension, as I mentioned, and to add
18 additional wells.

19 Exhibits A through F were filed on
20 Tuesday.

21 Exhibit A is an updated revised
22 Compulsory Pooling Checklist that identifies each of
23 the elements necessary to issue an order.

24 B is the application.

25 C is the landman's statement from

1 Mr. Chris Astwood, who has previously testified before
2 the Division, and outlines the requested amendments,
3 the additional proposed wells, efforts to reach
4 agreement, includes the AFE and well proposals for the
5 additional wells, and identifies their plans of
6 development.

7 Exhibit D is the geology statement of
8 Mr. Tyler Chesworth, who has previously testified now
9 before the Division and has been accepted. He reviews
10 the additional wells and goes through the geology and
11 confirms the appropriateness of development.

12 Exhibit E is the affidavit prepared by
13 myself identifying that we have provided notice to
14 each of the parties who are subject to the existing
15 pooling order and identifies the delivery status and
16 shows the certified mailing status for each of the
17 letters.

18 And as well, Exhibit F is the Affidavit
19 of Publication identifying each party by name, showing
20 that they have received constructive notice.

21 With that, Mr. Examiner, we would move
22 Exhibits A through F and their attachments into the
23 record and ask unless there's any questions from the
24 Division or other parties that the case be taken under
25 advisement.

1 THE HEARING EXAMINER: Thank you.

2 MR. HORTON: Mr. Examiner, my name is
3 Mark Horton. I am here on behalf of St. Edward
4 Catholic Church, which is one of the named parties
5 with regard to 24342 and 24341, which is now before
6 you.

7 And one of the concerns that St. Edward
8 Parish has is that it's not been provided information
9 regarding the safety of the operations beneath. That
10 doesn't necessarily mean that it opposes the entry of
11 the order, but at this time, it has insufficient
12 information and would request that the geology report
13 be provided to St. Edward so that it can make a
14 decision as to whether to voluntarily join this pool
15 or to oppose the pooling.

16 THE HEARING EXAMINER: Okay, Mr. -- is
17 it Mr. Horton, H-O-R-T-O-N?

18 MR. HORTON: Yes, Mr. Examiner.

19 THE HEARING EXAMINER: Okay. When I
20 called this case, you didn't announce an entry of
21 appearance. Have you entered an appearance?

22 MR. HORTON: I have not.

23 THE HEARING EXAMINER: Okay.

24 MR. HORTON: And I was asked at the
25 last minute to step in at this hearing.

1 THE HEARING EXAMINER: Okay. Are you
2 an attorney?

3 MR. HORTON: I am.

4 THE HEARING EXAMINER: Okay. I
5 think -- have you reviewed the rules to see whether
6 you can enter an appearance at the hearing?

7 MR. HORTON: I have not, Mr. Examiner.

8 THE HEARING EXAMINER: Okay.

9 Mr. Rankin, do you have any objection
10 to Mr. Horton's entry of appearance?

11 MR. RANKIN: Mr. Examiner, I think at
12 this point, I would take his appearance as a comment
13 and a request that we provide additional information
14 to them. And so on that grounds, I have no objection
15 to him making the comment, and so in terms of being --
16 obtaining party status, I don't think that's, you
17 know, necessary.

18 I have to look through to make sure
19 he -- that the entity is a party subject to notice.
20 And I'm not sure right now if that's the case, but I
21 have no problem putting Mr. Horton in touch with
22 Permian and providing him with the geology information
23 so he can review it.

24 THE HEARING EXAMINER: Okay.

25 MR. HORTON: Thank you. I appreciate

1 that.

2 THE HEARING EXAMINER: Okay.

3 Mr. Horton, hold on. First of all, let
4 me find -- are -- so Mr. Horton, are you asking for
5 an -- to -- are you verbally entering an appearance on
6 behalf of a party at this time?

7 MR. HORTON: I only intended to either
8 obtain information or to proceed in that way so that
9 St. Edwards' interest as a landowner would be
10 protected, but if I can't proceed without verbally
11 entering an appearance, I will do so at this time.

12 THE HEARING EXAMINER: Okay. So who is
13 the party you're representing?

14 MR. HORTON: It is St. Edward Catholic
15 Parish.

16 THE HEARING EXAMINER: Oh. St. Edward
17 Catholic Parish. And what interest does St. Edward
18 Catholic Parish have in this case?

19 MR. HORTON: It owns the mineral
20 interest. St. Edward's Parish received an election to
21 join the voluntary pool as well as an election to
22 accept or decline the insurance coverage for the
23 operations beneath. And it was provided with an
24 application by SPC Resources, and there was a legal
25 description of the lands that SPC was seeking to work

1 on which have been stated on the record here.

2 And that's its interest. It is one of
3 the landowners. It's one of the parties seeking to be
4 pooled.

5 THE HEARING EXAMINER: Okay.

6 So, Mr. Rankin, knowing that St.
7 Edwards owns the mineral interest that your client is
8 seeking to pool, do you agree or disagree that they
9 have a right to appear as a party?

10 MR. RANKIN: Mr. Examiner, thank you.
11 Looking at the file, it is clear that they are a
12 party. They have already been pooled --

13 THE HEARING EXAMINER: Ah.

14 MR. RANKIN: -- and so I have no
15 objection to them appearing in this case.

16 THE HEARING EXAMINER: Okay. So they
17 have been pooled?

18 MR. RANKIN: They have been pooled.
19 This is a unit in the Wolfcamp that has already been
20 pooled, so they're already subject to a pooling order.

21 THE HEARING EXAMINER: And you're
22 seeking to amend the pooling order?

23 MR. RANKIN: We are; to add additional
24 wells, to extend the time to drill, and to make
25 Permian the operator.

1 THE HEARING EXAMINER: Okay. So I
2 understand.

3 So, Mr. Horton, did you know that your
4 client has already been pooled?

5 MR. HORTON: I did not. And I would
6 request a copy of the pooling order.

7 THE HEARING EXAMINER: Okay. So really
8 what you are doing by entering an appearance today
9 verbally at the hearing is to ask for more
10 information.

11 MR. HORTON: That's correct.

12 THE HEARING EXAMINER: Okay. Good.
13 What information are you asking for?

14 MR. HORTON: We would ask for the
15 geology report that discusses additional wells, the
16 safety of that.

17 If there's already an order, obviously,
18 we can't contest that order at this point, but just so
19 that I can take that information to St. Edward and let
20 them know that an order has already been entered, that
21 what they have received is a request to drill
22 additional wells.

23 And the geologist report that supports
24 that operation and the safety of that operation so
25 that St. Edward Parish can then make a decision

1 whether to elect to -- like, I don't understand -- if
2 they've already been pooled, we were provided with an
3 election and that's probably the confusing part of
4 this. It sounds like it wasn't pooled yet because
5 there was a form to elect, but perhaps I'm just
6 unclear at this point as to what the status is.

7 THE HEARING EXAMINER: Okay. So
8 let's -- first of all, would you state your name and
9 spell it and also provide contact information on the
10 record for the Division.

11 MR. HORTON: Yes, Mr. Examiner. My
12 name is Mark, M-A-R-K, Horton, H-O-R-T-O-N. My
13 address is 209 North Guadalupe Street, Carlsbad,
14 New Mexico 88220. I can be reached by email at the
15 following address: mhorton@hortonlawllc -- all one
16 word -- dot.com.

17 THE HEARING EXAMINER: Okay. Thank
18 you. And do you have a phone number?

19 MR. HORTON: Yes. It is 575-725-5027.
20 That's the office line.

21 THE HEARING EXAMINER: Okay. Now, have
22 you gone to the Division's imaging system for lack of
23 better word? Because I think that some of the
24 documents that you might want are on our system.

25 MR. HORTON: I have not gone there. I

1 would appreciate direction either from you or from a
2 staff member who could help me get there.

3 THE HEARING EXAMINER: Okay. I tell
4 you what. I'm going to give you my email, and you
5 send me an email and I'll make sure that you know how
6 to get to the imaging system so that you can pull up
7 all the documents in this case and in the original
8 case which granted the compulsory pooling order,
9 unless Mr. Rankin knows what that case number -- there
10 we go.

11 MR. RANKIN: Mr. Hearing Examiner, I
12 appreciate the offer. I will happily direct
13 Mr. Horton to that, and I will also provide you with
14 those files so you can find them on your own as well.

15 MR. HORTON: Thank you.

16 MR. RANKIN: And I will put you in
17 touch with the folks at SPC Resources and Permian so
18 you can ask your questions.

19 And just to be clear, so the record's
20 clear and it's clear in Mr. Astwood's testimony, but
21 while it may be the case that St. Edward Parish is
22 already pooled, SPC and Permian are continuing to make
23 efforts to reach agreement with parties, and so that's
24 probably why they're offering these additional
25 elections for each of these additional wells.

1 So they're continuing to attempt to
2 reach voluntary agreement notwithstanding the status
3 of the pooling order. So with that, Mr. Horton, I
4 will reach out to you after the hearing and put you in
5 contact with Permian so you can direct additional
6 questions their way.

7 I will tell you that they are looking
8 at -- because this is an operation just outside the
9 city limits -- that the actual location of the well
10 will be outside city limits.

11 As I understand, they are taking
12 additional considerations and precautions in place in
13 the development of this acreage. So I'm sure they'll
14 be able to supply you with some of what their efforts
15 are around that.

16 MR. HORTON: Appreciate that. I know
17 one of the concerns that St. Edward had was the issue
18 with the Brine well at the south wall of the
19 intersection of 285 and 62/180 which involved a lot of
20 trouble to fill in order to keep a collapse at a
21 critical junction of the city.

22 So that would be appreciated. And if
23 you would, please, also provide the ordinance number I
24 think that was referenced just a moment ago.

25 THE HEARING EXAMINER: Mr. Horton, the

1 ordinance number is in the testimony that Mr. Rankin
2 will send to you by email that's also available on our
3 website as well under the case file.

4 If you go to our website and look for
5 case files, you can type in 24341, which is the case
6 number, and you will then be taken to all of the
7 documents that are filed. Look for the exhibit
8 packet, which is the last document filed, and you will
9 see on page 13, paragraph 20, the ordinance as it is
10 laid out in the testimony of the landman.

11 So let's proceed. Mr. --

12 MR. HORTON: Thank you.

13 THE HEARING EXAMINER: You're welcome
14 Mr. Horton.

15 Mr. Garcia, do you have any questions
16 in this case? Well, hold on, excuse me, Mr. Garcia.
17 Have I admitted these exhibits into evidence yet? I
18 don't remember, so let's do it again just in case I
19 didn't do it. Let's do it again.

20 MR. RANKIN: Mr. Examiner, I would move
21 the admission of Exhibits A through F in this case
22 with their attachments.

23 THE HEARING EXAMINER: Very good. So I
24 have in Case Number 24341, Exhibits A, B, C, D, E, and
25 F. Are there any objections to admitting these

1 exhibits into evidence?

2 Not hearing any, these exhibits are
3 admitted into evidence.

4 (Exhibit 25: 24341 - Exhibit A;
5 Exhibit 26: 24341 - Exhibit B;
6 Exhibit 27: 24341 - Exhibit C;
7 Exhibit 28: 24341 - Exhibit D;
8 Exhibit 29: 24341 - Exhibit E; and
9 Exhibit 30: 24341 - Exhibit F were
10 received into evidence.)

11 So, Mr. Horton, I will give you a
12 chance to ask questions to the witnesses in just a
13 moment.

14 Unless Mr. Rankin, that's improper. I
15 think he's entered an appearance as a party.

16 MR. RANKIN: I have no objection --

17 THE HEARING EXAMINER: Okay.

18 MR. RANKIN: -- if Mr. Horton has
19 questions. Yeah.

20 THE HEARING EXAMINER: So, Mr. Garcia,
21 do you have any questions for the witnesses in this
22 case?

23 MR. GARCIA: No questions of the
24 witnesses. If I could just clarify --

25 THE HEARING EXAMINER: Yes.

1 MR. GARCIA: -- the request that
2 Mr. Rankin --

3 THE HEARING EXAMINER: Go ahead.

4 MR. GARCIA: Mr. Rankin, just for my
5 notes so they're clear for my memory, you are seeking
6 to amend this order to add new wells, and an extension
7 of time?

8 MR. RANKIN: Correct, Mr. Garcia. In
9 the application we outline, and in Mr. Astwood and
10 Mr. Chesworth's testimony, they explain that the
11 extension is necessary to allow them time to co-
12 develop the acreage with offsetting Bone Spring.

13 I do believe based on their drilling
14 schedule that they will be -- should be spudding these
15 wells in June, but it's a close call, and so we were
16 asking for an extension to ensure that there's no
17 timing issues.

18 MR. GARCIA: Okay. No other questions,
19 Mr. Rankin.

20 THE HEARING EXAMINER: Okay.

21 MR. GARCIA: Mr. Hearing Examiner, if I
22 could ask Mr. Horton, I may have just missed his law
23 firm for my notes, if he had a law firm he was
24 associated with.

25 MR. HORTON: Horton Law Firm LLC

1 MR. GARCIA: Okay. Thank you so much.
2 No other questions, Mr. Examiner.

3 THE HEARING EXAMINER: Thank you,
4 Mr. Garcia.

5 Mr. Horton, do you have any questions
6 for the witnesses?

7 MR. HORTON: The only question I would
8 have is the geologist report that was offered into
9 evidence; does that address safety issues regarding
10 potential problems that might arise from fracking in
11 this particular location?

12 THE HEARING EXAMINER: Well, let's go
13 to Mr. Chesworth.

14 Mr. Chesworth, we need to swear you in,
15 which means you should turn on your camera.

16 MR. CHESWORTH: Mr. Examiner.

17 THE REPORTER: Please raise your right
18 hand. Do you swear or affirm that the testimony you
19 give today will be the truth, the whole truth, and
20 nothing but the truth?

21 MR. CHESWORTH: I do.

22 THE HEARING EXAMINER: Okay.
23 Mr. Chesworth, did you hear the question?

24 MR. CHESWORTH: Yes. I believe
25 Mr. Horton is referring to a brine well. Or is this a

1 water disposal well? I'm -- I'm a little unclear on
2 what the -- the request is.

3 THE HEARING EXAMINER: Okay.

4 Mr. Horton, please ask your questions in a simple non-
5 compound way for the witness.

6 MR. HORTON: Thank you.

7 Mr. Chesworth, does the geology report
8 that you prepared address safety issues regarding the
9 fracking in the location that's at issue now?

10 MR. CHESWORTH: No, it does not.

11 MR. HORTON: Is there any plan to
12 address safety issues on the part of you or someone
13 associated with your operation?

14 MR. CHESWORTH: I'm a little unfamiliar
15 with the request in regards to geology report that
16 would clarify any safety concerns. I -- I think you
17 may have referenced something earlier that was dealing
18 with a brine well, and I'm -- I'm a little unfamiliar
19 with that as it pertains to the location of these
20 wells. I do not have any safety concerns at the
21 moment, but that is not in written report.

22 MR. HORTON: Does any part of your
23 report come into -- I'm sorry. Let me rephrase. Is
24 there any reason, based on what you've seen, to
25 require, for example, a surface owner to have

1 insurance on -- a surface and mineral owner to have
2 insurance with regard to operations that take place as
3 part of the fracking?

4 MR. CHESWORTH: I'm not really sure how
5 to answer that. I'm unfamiliar with insurance
6 requirements for surface owners or mineral owners, so
7 I would have to refer to legal on that.

8 MR. HORTON: I might to need to address
9 this question elsewhere, Mr. Examiner.

10 THE HEARING EXAMINER: Okay. Is that
11 all the questions you have?

12 MR. HORTON: It is.

13 THE HEARING EXAMINER: Okay.

14 Mr. Rankin, I'm not going to have you
15 answer legal questions at this time. So those are all
16 the questions. Did you have any follow-up questions
17 for your witnesses?

18 MR. RANKIN: Mr. Examiner, I don't.
19 But I may be able to help Mr. Horton a little bit.

20 THE HEARING EXAMINER: What if we do
21 this not on the record?

22 MR. RANKIN: That's fine.

23 THE HEARING EXAMINER: Okay. Great.
24 So, Mr. Garcia, may we take this case under
25 advisement?

1 MR. GARCIA: I believe so.

2 THE HEARING EXAMINER: Okay. Great.

3 Mr. Rankin, we'll take
4 Case Number 24341 under advisement, and that leaves
5 24342.

6 MR. RANKIN: Mr. Examiner, this is a
7 related case to the one just presented. In this case,
8 SPC Resources seeks an order pooling all uncommitted
9 interests in the Bone Spring formation overlying the
10 Wolfcamp that we just discussed in a standard
11 635-acre, more or less, horizontal well spacing unit
12 that's comprised of the north half equivalent of
13 irregular Section 5 and the north half equivalent of
14 irregular Section 6, Township 22 South, Range 27 East
15 in Eddy County.

16 In this case, applicant seeks to
17 initially dedicate, I believe, two proposed wells to
18 the Bone Spring formation in this acreage.

19 Attached to the exhibit packet we filed
20 on Tuesday were Exhibits A through F that outlines the
21 compulsory point checklist, the application, the
22 landman statement identifying the well proposals and
23 AFE for each of the wells proposed.

24 Exhibit D is the geology statement
25 confirming that the acreage is suitable for

1 development by horizontal wells.

2 E is the affidavit of notice, along
3 with a letter and certified mail delivery status for
4 each party, and the Exhibit F is the Affidavit of
5 Publication identifying each party by name.

6 We ask that Exhibits A through F be
7 admitted to the record with their attachments, and
8 that this case be taken under advisement.

9 THE HEARING EXAMINER: In Case Number
10 24342, are there any objections to these exhibits?

11 You have something?

12 MS. HARDY: Mr. Examiner, I just want
13 to be sure it's clear for the record that I had
14 entered my appearance in this case as well for
15 ConocoPhillips.

16 THE HEARING EXAMINER: It was clear.

17 MS. HARDY: Okay. Thank you. I wasn't
18 sure if they called at the same time.

19 THE HEARING EXAMINER: It was.

20 MR. HORTON: Mr. Examiner, the same
21 here. St. Edward is also an owner with regard to this
22 case.

23 THE HEARING EXAMINER: Okay.
24 Mr. Horton, I was in the middle of addressing counsel.

25 MR. HORTON: I'm sorry.

1 THE HEARING EXAMINER: That's okay.
2 We'll get to you in a minute, but for a clear record,
3 we can't talk over each other.

4 So Ms. Hardy, I believe you entered an
5 appearance when I called the case, but if you're
6 unclear, I can call it again.

7 MS. HARDY: Well, I just wasn't sure if
8 when you called Case 24341, if you were calling 24342
9 as well.

10 THE HEARING EXAMINER: I was calling
11 them individually.

12 MS. HARDY: Okay. Thank you. Good.

13 THE HEARING EXAMINER: So since we are
14 discussing Case 24342, are there any objections?

15 MS. HARDY: No objection. Thank you.

16 THE HEARING EXAMINER: Okay.

17 Wonderful. Or to the exhibits?

18 MS. HARDY: No, Mr. Examiner.

19 THE HEARING EXAMINER: Excellent.

20 MS. HARDY: Thank you.

21 THE HEARING EXAMINER: Okay.

22 Excellent. Thank you.

23 And of course, Mr. Savage, you've
24 already told me you don't have any objections.

25 MR. SAVAGE: We do not. And we'd like

1 to confirm our appearance in this case. Yeah.

2 THE HEARING EXAMINER: Okay. Thank
3 you, sir.

4 Okay. Now, Mr. Horton, my question was
5 Are there any objections to the exhibits that
6 Mr. Rankin has offered on behalf of SPC Resources in
7 Case Number 24342? Do you have an objection?

8 MR. HORTON: I haven't seen the
9 exhibits. However, there's been an arrangement made
10 that those will be provided to me. I have no
11 objections at this time.

12 THE HEARING EXAMINER: Okay. Thank
13 you, Sir. This is the time that's critical.

14 Okay. So let's turn to Mr. Garcia.

15 So before I continue, Mr. Rankin, your
16 exhibits are admitted into evidence, so let's make
17 that clear. There's been no objection.

18 (Exhibit 31: 24342 - Exhibit A;
19 Exhibit 32: 24342 - Exhibit B;
20 Exhibit 33: 24342 - Exhibit C;
21 Exhibit 34: 24342 - Exhibit D;
22 Exhibit 35: 24342 - Exhibit E; and
23 Exhibit 36: 24342 - Exhibit F; were
24 received into evidence.)

25 Mr. Garcia, are there any questions for

1 the witnesses?

2 MR. GARCIA: One question for
3 Mr. Rankin.

4 Mr. Rankin, I believe you are in charge
5 of the notice; is that correct?

6 MR. RANKIN: I coordinated the notice
7 with a contract entity, SEG. Yes. I mean, I didn't
8 physically send them out myself, but I coordinated
9 issuance of notice.

10 MR. GARCIA: Okay. I have a question.
11 If it's not you -- please let me know --

12 MR. RANKIN: Okay.

13 MR. GARCIA: -- if it's not you and I
14 need to talk to someone else. You filed a few amended
15 exhibits. The one I'm looking at is the one you filed
16 at 3:13 p.m. Timestamp is upper-left corner for those
17 of you -- in that amended exhibit it said you are
18 including Enplat III, LLC, which was inadvertently
19 excluded as a pool party. I just want to ensure that
20 their notice was given and was proper and they are
21 aware of this case.

22 MR. RANKIN: And I can answer that
23 question. I left off the asterisk inadvertently when
24 I was putting together the exhibits. They did get
25 notice and everything was proper. I just didn't

1 include the asterisk next to their name.

2 MR. GARCIA: Okay. Thank you.

3 That's all my questions.

4 THE HEARING EXAMINER: Thank you,
5 Mr. Garcia.

6 So, Mr. Rankin, let's talk about the
7 late-filed exhibits after the packet came in. Let's
8 get them -- I'm going to look at them -- there are
9 three different filings here, and I want to make sure
10 that we get them all entered into evidence properly.
11 So I have here -- so let's -- let me ask you this.
12 What was the purpose of filing amended exhibits?

13 MR. RANKIN: Mr. Examiner, I think I
14 took care to attach a cover pleading with each one
15 that identifies the purpose, and off the top of my
16 head I cannot recall --

17 THE HEARING EXAMINER: Okay.

18 MR. RANKIN: -- what each one is.

19 THE HEARING EXAMINER: So I'll go
20 through them.

21 MR. RANKIN: Okay.

22 THE HEARING EXAMINER: So at 7:51 p.m.
23 on 4/16, we have a notice of amended exhibits in this
24 case which corrects the compulsory pooling checklist
25 which is Exhibit A. So that was that and that

1 document is 89 pages long, so that would supersede the
2 first document that we -- we're looking at.

3 Then we have another exhibit packet
4 with 92 pages, and this one seeks to correct the
5 exhibit packet by including Enplat, E-N-P-L-A-T, III,
6 LLC as a party subject to pooling. They were
7 inadvertently excluded. Okay.

8 And then finally, we have at -- what
9 time would this be -- for some reason, I guess when
10 you scanned these in, they didn't -- they're small and
11 not in the normal ways. So this one here -- this
12 amended exhibit, an authorization for expenditure for
13 Betty 132H, Exhibit C6. So, Mr. Rankin, what is the
14 last amended exhibit packet? I can't tell.

15 MR. RANKIN: One moment, Mr. Examiner.
16 As my assistant did the filings, I would have to pull
17 up the Division's well case file to --

18 THE HEARING EXAMINER: And I believe,
19 Mr. Rankin, it is the one filed yesterday at 2:19 p.m.
20 based on the times.

21 MR. RANKIN: Okay.

22 THE HEARING EXAMINER: No. Excuse me.
23 I think it's the one filed at 3:13 p.m. yesterday.

24 MR. RANKIN: Mr. Examiner, my
25 understanding working with my assistant that each

1 amended exhibit packet superseded the previous one, so
2 that we were sure to include all the corrections. So
3 the last filed would be the one that should be the
4 final, and it incorporates each of those previous
5 changes.

6 THE HEARING EXAMINER: Okay. So then
7 to be complete, I am admitting the amended exhibit
8 packet that was filed at 3:13 p.m. yesterday,
9 April 17, that is titled: "Notice of Amended
10 Exhibits" and includes the Enplat III party subject to
11 pooling. Does that sound fair, Mr. Rankin?

12 MR. RANKIN: That sounds correct,
13 Mr. Examiner.

14 THE HEARING EXAMINER: Okay. Very
15 good. So I think we have all your exhibits and your
16 amended exhibits entered into evidence. Is there
17 anything further on this case, Mr. Rankin?

18 MR. RANKIN: Trying to think. I don't
19 think so, Mr. Examiner. I just note again that these
20 wells are also on the drill rig schedule for June, and
21 Permian Resources intends to get these wells spudded
22 and to proceed apace with the drilling and completion
23 of these wells.

24 THE HEARING EXAMINER: Okay. Thank
25 you.

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So, Mr. Garcia, may we take this case
under advisement?

MR. GARCIA: I believe so.

THE HEARING EXAMINER: Okay. Great.
24342 is concluded.

And that ends the Division's hearing
docket for April 18. Thank you for everyone's
participation. We are off the record.

(Whereupon, the meeting concluded at
10:53 a.m.)

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CERTIFICATE

I, JAMES COGSWELL, the officer before whom the foregoing proceedings were taken, do hereby certify that any witness(es) in the foregoing proceedings, prior to testifying, were duly sworn; that the proceedings were recorded by me and thereafter reduced to typewriting by a qualified transcriptionist; that said digital audio recording of said proceedings are a true and accurate record to the best of my knowledge, skills, and ability; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this was taken; and, further, that I am not a relative or employee of any counsel or attorney employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.



JAMES COGSWELL
Notary Public in and for the
State of New Mexico

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CERTIFICATE OF TRANSCRIBER

I, HOLLY ARQUETTE, do hereby certify that this transcript was prepared from the digital audio recording of the foregoing proceeding, that said transcript is a true and accurate record of the proceedings to the best of my knowledge, skills, and ability; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this was taken; and, further, that I am not a relative or employee of any counsel or attorney employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.



HOLLY ARQUETTE

&	133h 70:17	209 104:13	73:19,20,21
& 2:10,11,12	13th 45:25	20th 20:22	24166 67:22
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	2025 42:6 97:1	69:24 70:19	24340 75:7
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[9:27 - affirm]

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