

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

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

7 APPLICATION OF BC OPERATING, INC. CASE NO. 15538
8 TO RE-OPEN CASE NO. 15538 TO POOL
9 THE INTERESTS OF ADDITIONAL LEASEHOLD
10 OWNERS UNDER THE TERMS OF COMPULSORY
11 POOLING ORDER R-14227, EDDY COUNTY,
12 NEW MEXICO.

13
14 REPORTER'S TRANSCRIPT OF PROCEEDINGS
15 EXAMINER HEARING
16 December 1, 2016
17 Santa Fe, New Mexico

18 BEFORE: WILLIAM V. JONES, CHIEF EXAMINER
19 GABRIEL WADE, LEGAL EXAMINER
20
21

22 This matter came on for hearing before the
23 New Mexico Oil Conservation Division, William V. Jones,
24 Chief Examiner, and Gabriel Wade, Legal Examiner, on
25 Thursday, December 1, 2016, at the New Mexico Energy,
Minerals and Natural Resources Department, Wendell Chino
Building, 1220 South St. Francis Drive, Porter Hall,
Room 102, Santa Fe, New Mexico.

26 REPORTED BY: Mary C. Hankins, CCR, RPR
27 New Mexico CCR #20
28 Paul Baca Professional Court Reporters
29 500 4th Street, Northwest, Suite 105
30 Albuquerque, New Mexico 87102
31 (505) 843-9241

1 APPEARANCES

2 FOR APPLICANT BC OPERATING, INC.:

3 JORDAN L. KESSLER, ESQ.
 4 HOLLAND & HART
 5 110 North Guadalupe, Suite 1
 6 Santa Fe, New Mexico 87501
 7 (505) 988-4421
 8 jlkessler@hollandhart.com

8 INDEX

9		PAGE
10	Case Number 15538 Called	3
11	Case Presented by Affidavit	3
12	Proceedings Conclude	5
13	Certificate of Court Reporter	6

14 EXHIBITS OFFERED AND ADMITTED

15		
16	BK Operating, Inc. Exhibit Number 2	5

17
 18
 19
 20
 21
 22
 23
 24
 25

1 (10:20 a.m.)

2 EXAMINER JONES: I think we're on page 7,
3 which is BC Operating. Let's call Case Number 15538,
4 re-opened, application of BC Operating, Incorporated to
5 re-open Case Number 15538 to pool the interests of
6 additional leasehold owners under the terms of
7 compulsory pooling Order Number R-14227, Eddy County,
8 New Mexico.

9 Call for appearances.

10 MS. KESSLER: Mr. Examiner, Jordan Kessler,
11 from the office of Holland & Hart, on behalf of the
12 Applicant.

13 EXAMINER JONES: Any other appearances?

14 MS. KESSLER: Mr. Examiner, no witnesses.
15 Today this case will be presented by affidavit.

16 EXAMINER JONES: Okay.

17 MS. KESSLER: This case was -- is
18 re-opening for Order R-14227, entered on October 31st of
19 2016. That order created a 320-acre spacing unit in the
20 Wolfcamp Formation, the Wolfcamp; Salt Draw Gas Pool,
21 which consisted of the east half of Section 34 in
22 Township 24 South, 28 East of Eddy County, and it pooled
23 uncommitted interest owners in that pool.

24 BC subsequently, after the order was
25 entered, identified additional working interest owners

1 that had not been subject to the terms of the compulsory
2 pooling order, so we are re-opening the case to pool
3 that additional interest owner.

4 We have continued with the numbering of the
5 exhibits from the original case, so this is Exhibit 2.

6 EXAMINER JONES: Okay.

7 MS. KESSLER: That is an affidavit from
8 Caleb Hopson who testified by affidavit in the original
9 cases. It details his attempt to reach an agreement
10 with the working owner who is RKC, Incorporated. They
11 have been -- BC has been in communication with that
12 interest owner but has not been able to reach an
13 agreement and has been told by that interest owner to
14 proceed with pooling, and they do not object.

15 Attachment A to Exhibit 2 is the original
16 pooling order.

17 Attachment B lists the interests. Both
18 you'll see, in yellow, are the parties that were pooled
19 pursuant to the original order, and then the interest of
20 RKC in blue who we're seeking to pool in this hearing.

21 C is a well-proposal letter that was sent
22 to RKC, and that was sent on September 21st.

23 Attachment D is the AFE that was included
24 with a well-proposal letter.

25 And finally, Attachment E is a notice

1 affidavit from Holland & Hart with an attached letter
2 providing notice to RKC, and that green card has been
3 returned.

4 So nothing else in terms of the original
5 order. BC is asking that this additional interest owner
6 be pooled pursuant to the terms of the original order.

7 EXAMINER JONES: As of the date of the
8 original pooling order?

9 MS. KESSLER: Correct. And this well has
10 not yet been drilled.

11 EXAMINER JONES: Oh, okay. Okay.

12 EXAMINER WADE: I'm not sure the order will
13 reflect that these people are pooled as of the date of
14 the original order. It will just be as of this
15 application and issuance of a new order.

16 MS. KESSLER: I think that's correct. And
17 since the well hasn't been drilled, we're not asking for
18 any sort of allocation.

19 EXAMINER JONES: Okay. This was Exhibit
20 Number 2? We'll just -- Exhibit Number 2 and all of its
21 attachments will be admitted, and we'll take Case Number
22 15538, re-opened, under advisement.

23 (BC Operating, Inc. Exhibit Number 2 and
24 attachments are offered and admitted into
25 evidence.)

1 (Case Number 15538 concludes, 10:24 a.m.)
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

3

4 CERTIFICATE OF COURT REPORTER

5 I, MARY C. HANKINS, Certified Court
6 Reporter, New Mexico Certified Court Reporter No. 20,
7 and Registered Professional Reporter, do hereby certify
8 that I reported the foregoing proceedings in
9 stenographic shorthand and that the foregoing pages are
10 a true and correct transcript of those proceedings that
11 were reduced to printed form by me to the best of my
12 ability.

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

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

20

21

22 MARY C. HANKINS, CCR, RPR
23 Certified Court Reporter
24 New Mexico CCR No. 20
25 Date of CCR Expiration: 12/31/2016
Paul Baca Professional Court Reporters

24

25