

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 COMMISSION FOR  
6   THE PURPOSE OF CONSIDERING:

7   DE NOVO APPLICATION OF CAZA                               CASE NO. 15437  
8   PETROLEUM, INC. FOR A  
9   NONSTANDARD OIL SPACING AND  
10   PRORATION UNIT AND COMPULSORY  
11   POOLING, LEA COUNTY, NEW MEXICO.

12                               REPORTER'S TRANSCRIPT OF PROCEEDINGS  
13                               COMMISSIONER HEARING  
14                               January 4, 2017  
15                               Santa Fe, New Mexico

16   BEFORE:   DAVID R. CATANACH, CHAIRPERSON  
17               PATRICK PADILLA, COMMISSIONER  
18               DR. ROBERT S. BALCH, COMMISSIONER  
19               GABRIEL WADE, ESQ.

20               This matter came on for hearing before the  
21   New Mexico Oil Conservation Commission on Wednesday,  
22   January 4, 2017, at the New Mexico Energy, Minerals and  
23   Natural Resources Department, Wendell Chino Building,  
24   1220 South St. Francis Drive, Porter Hall, Room 102,  
25   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

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12	EXHIBITS MARKED, OFFERED AND/OR ADMITTED	
13	(Not Applicable)	
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1 (9:13 a.m.)

2 CHAIRMAN CATANACH: Okay. The next order  
3 of business on today's docket is the deliberation of  
4 Case Number 15437, which is the de novo application of  
5 Caza Petroleum, Inc. for a nonstandard oil spacing and  
6 proration unit and compulsory pooling in Lea County,  
7 New Mexico.

8 Commissioners, this case was heard by the  
9 Commission on November 10th, 2016 and has been continued  
10 to this date for deliberations.

11 Commissioners, do I hear a motion to go  
12 into executive session to deliberate on Case Number  
13 15437?

14 COMMISSIONER BALCH: So moved.

15 COMMISSIONER PADILLA: And seconded.

16 CHAIRMAN CATANACH: All in favor?

17 (Ayes are unanimous.)

18 CHAIRMAN CATANACH: Motion to go into  
19 executive session to deliberate on Case 15437 is passed.

20 (Recess, Executive Session, 9:14 a.m. to  
21 10:38 a.m.)

22 CHAIRMAN CATANACH: Commissioners, do I  
23 hear any motions to go back into regular session?

24 COMMISSIONER PADILLA: So moved.

25 COMMISSIONER BALCH: And seconded.

1 CHAIRMAN CATANACH: All in favor?

2 (Ayes are unanimous.)

3 CHAIRMAN CATANACH: We'll just state for  
4 the record that during the executive session, the only  
5 thing that was discussed was the deliberations in Case  
6 Number 15437. No other issues were discussed.

7 The Commission did reach a decision in Case  
8 15437. The Commission has decided to uphold the  
9 Division order in that case. Just a couple of notes  
10 from the deliberation, I'll go over.

11 The Commission felt that the unit is being  
12 developed in a prudent manner by Legacy.

13 In Caza's case, we believe that they did  
14 not prove unavoidable waste of the reserves in the  
15 southwest quarter.

16 Legacy showed that their correlative rights  
17 will be immediately affected in the granting of Caza's  
18 application, and drilling two one-mile laterals in the  
19 west half of the west half of Sections 18 and 19 will  
20 likely result in reduced recovery of oil due to setback  
21 requirements.

22 So that's the final decision in that case.

23 Mr. Feldewert, would you be so kind as to  
24 draft an order that we can use as a starting point.

25 MR. FELDEWERT: I normally would, but I was

1 not involved in this particular case. I'm not sure I'd  
2 do a very good job.

3 (Laughter.)

4 COMMISSIONER BALCH: We know that already,  
5 but we like your orders.

6 (Laughter.)

7 CHAIRMAN CATANACH: We'll contact  
8 Mr. Larson and see if he will provide that to us.

9 (Proceedings conclude, 10:40 a.m.)

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1 STATE OF NEW MEXICO  
2 COUNTY OF BERNALILLO

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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

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22 MARY C. HANKINS, CCR, RPR  
23 Certified Court Reporter  
24 New Mexico CCR No. 20  
25 Date of CCR Expiration: 12/31/2017  
Paul Baca Professional Court Reporters

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