

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

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

APPLICATION OF XTO ENERGY, INC. CASE NO. 15806
TO REVISE THE WELL NAME AND TO
DEDICATE TWO ADDITIONAL INITIAL
WELLS TO THE NONSTANDARD SPACING
AND PRORATION UNIT UNDER THE TERMS
OF ORDER R-14478, EDDY COUNTY,
NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

November 30, 2017

Santa Fe, New Mexico

BEFORE: WILLIAM V. JONES, CHIEF EXAMINER
DAVID K. BROOKS, LEGAL EXAMINER

This matter came on for hearing before the
New Mexico Oil Conservation Division, William V. Jones,
Chief Examiner, and David K. Brooks, Legal Examiner, on
Thursday, November 30, 2017, at the New Mexico Energy,
Minerals and Natural Resources Department, Wendell Chino
Building, 1220 South St. Francis Drive, Porter Hall,
Room 102, Santa Fe, New Mexico.

REPORTED BY: Mary C. Hankins, CCR, RPR
New Mexico CCR #20
Paul Baca Professional Court Reporters
500 4th Street, Northwest, Suite 105
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APPEARANCES

FOR APPLICANT XTO ENERGY, INC.:

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EXHIBITS OFFERED AND ADMITTED

XTO Energy, Inc. Exhibit Numbers 8 through 10	6
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1 (10:28 a.m.)

2 EXAMINER JONES: Case Number 15806,
3 re-opened, call that case, application of XTO Energy
4 Inc. to revise the well name and dedicate two additional
5 initial wells -- two additional initial wells to the
6 nonstandard proration unit under the terms of Order
7 R-14478, Eddy County, New Mexico.

8 Call for appearances.

9 MS. KESSLER: Jordan Kessler, from Holland
10 & Hart, on behalf of the Applicant. This case will also
11 be presented by affidavit, if I may proceed,
12 Mr. Examiner.

13 EXAMINER JONES: Yes. Yes.

14 MS. KESSLER: This case is similar to the
15 last case. Case Number 15806 and corresponding Order
16 R-14478, requested and approved formation of 479.09-acre
17 nonstandard spacing unit comprised of Section 6 and the
18 southeast quarter of Section 31 in the Purple Sage;
19 Wolfcamp Pool. The unit was dedicated to the Sizzler
20 State No. 2H well.

21 And I have included, as Exhibit 8, an
22 affidavit from Ms. Repka asking for two things, asking
23 first to change the name of the initial well to conform
24 with the inclusion of federal acreage. So the Sizzler
25 State Well No. 2H well will now be called the Sizzler

1 Fed Com No. 2H well. And a C-102 reflecting that change
2 is included as Exhibit B.

3 And the second thing that XTO is asking for
4 is two additional initial wells. Again, Mr. Examiners,
5 those wells will be simultaneously drilled with the
6 original initial well and batch completed ultimately.
7 There are some additional economic efficiencies and cost
8 savings for XTO.

9 EXAMINER JONES: So three wells drilled and
10 fracked simultaneously?

11 MS. KESSLER: Three wells drilled and
12 simultaneously completed in a 479-acre spacing unit in
13 the Purple Sage Pool.

14 EXAMINER JONES: Okay. Yeah. This one
15 (indicating) was -- this one (indicating) was the Purple
16 Sage here.

17 MS. KESSLER: It was a Bone Spring case
18 that we just heard, and this is a Wolfcamp case.

19 I've included as Attachment C and D the
20 well-proposal letters for the two additional initial
21 wells and the AFEs for each of these wells. Those were
22 sent to all of the working interest owners. And I've
23 also included, as Exhibit E -- or Attachment E, the
24 C-102s for each of the two additional initial wells.

25 Finally, Mr. Examiners, Exhibit 9 is an

1 affidavit prepared by my office with letters notifying
2 the parties of the request to change the name and for
3 the two additional initial wells in the hearing.

4 And Exhibit 10 is an Affidavit of
5 Publication.

6 EXAMINER JONES: You did this late last
7 night; is that correct?

8 MS. KESSLER: It was a long day yesterday.

9 EXAMINER JONES: This shows the 29th of
10 November here.

11 MS. KESSLER: Oh, this was actually -- if
12 look at the top, it says the 15th.

13 EXAMINER JONES: I know, the top.

14 MS. KESSLER: Because of the holiday, we --
15 we didn't get these back until late.

16 EXAMINER JONES: Okay. I guess this was
17 oil-gas reserve, is why, because it shows up as state,
18 but it's really federal acreage, looks like.

19 MS. KESSLER: That would explain --

20 EXAMINER JONES: That's what it shows in
21 our records.

22 MS. KESSLER: So, Mr. Examiner, I would
23 move admission of Exhibits 8, 9 and 10.

24 EXAMINER JONES: Exhibits 8, 9 and 10 are
25 admitted.

1 (XTO Energy, Inc. Exhibit Numbers 8 through
2 10 are offered and admitted into evidence.)

3 MS. KESSLER: And ask this case be taken
4 under advisement.

5 EXAMINER BROOKS: This is in the Purple
6 Sage?

7 MS. KESSLER: That's correct.

8 EXAMINER BROOKS: And you're not changing
9 the size of the unit?

10 MS. KESSLER: No, Mr. Examiner.

11 EXAMINER BROOKS: It's 400 and what?

12 MS. KESSLER: 479.09.

13 EXAMINER BROOKS: So close to 480.

14 MS. KESSLER: (Indicating.)

15 EXAMINER BROOKS: This is tough, because I
16 don't know when you're amending an order whether we have
17 to be concerned about whether we had adequate service of
18 notice the first time, and we have an issue about notice
19 in the Purple Sage for 408-acre units. Are you aware of
20 that?

21 MS. KESSLER: I believe I saw an email that
22 was sent along requiring notice to the mineral estate.

23 EXAMINER BROOKS: Right, in the portions of
24 the section that were left out of the -- of any possible
25 320-acre units within that section.

1 MS. KESSLER: And, Mr. Examiner, I don't
2 have the notice parties for the initial case in front of
3 me. What I can do is confirm whether or not the mineral
4 estate was notified.

5 EXAMINER BROOKS: Okay.

6 MS. KESSLER: I don't know that, but --

7 EXAMINER BROOKS: I think it sounds like we
8 need to get confirmed, and I think once -- when you go
9 to amend the order -- of course the courts have said
10 that if there is a defect in the notice -- if the proper
11 parties have not been noticed, then the order is void as
12 to the interest of the party that was not -- that should
13 have been notified that wasn't. I think they mean void
14 as to election of that party because to void one party
15 doesn't make sense to me any other way.

16 I think if we're going to issue an
17 amendment on an order, we need to make sure the order
18 was an originally valid order.

19 MS. KESSLER: Okay. So to confirm, we're
20 not changing -- it sounds like you're aware. We're not
21 changing anything about the spacing except for adding
22 initial wells, but we will confirm --

23 EXAMINER BROOKS: Right. Again, the pool
24 parties will have separate elections on each initial
25 well.

1 MS. KESSLER: Correct.

2 EXAMINER BROOKS: Okay. Well, see if we
3 can figure that out, because this would be a good time
4 to go back and cure that notice defect if there is one
5 so you won't re-open the case again. Let's not take it
6 under advisement, and let's continue it until -- when's
7 the next hearing date?

8 EXAMINER JONES: There is one in December,
9 December 21st.

10 EXAMINER BROOKS: December 21. Can XTO
11 live with that?

12 MS. KESSLER: That should be fine.

13 EXAMINER BROOKS: Okay. Let's continue it
14 to December 21st so we can determine if there is a
15 notice issue. And if there is not --

16 MS. KESSLER: That will give us time to
17 cure any notice issue.

18 EXAMINER BROOKS: Right, because you have
19 three weeks, until December 21st.

20 EXAMINER JONES: Okay. Case Number 15806
21 has been heard, but we're continuing it to December the
22 21st.

23 EXAMINER BROOKS: Right.

24 (Case Number 15806 concludes, 10:36 a.m.)

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: 12/31/2017
Paul Baca Professional Court Reporters