

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 CHISHOLM ENERGY	CASE NOS. 15865,
OPERATING, LLC FOR A NONSTANDARD	15866,
SPACING AND PRORATION UNIT AND	15867,
COMPULSORY POOLING, LEA COUNTY,	15868
NEW MEXICO.	

Consolidated with

APPLICATION OF GREAT WESTERN	CASE NOS. 15875,
DRILLING, LTD. FOR A NONSTANDARD	15876
OIL SPACING AND PRORATION UNIT	
AND COMPULSORY POOLING, LEA COUNTY,	
NEW MEXICO.	

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

January 11, 2018

Santa Fe, New Mexico

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

This matter came on for hearing before the New Mexico Oil Conservation Division, Michael McMillan, Chief Examiner, William V. Jones, Technical Examiner, and David K. Brooks, Legal Examiner, on Thursday, January 11, 2018, 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  
Albuquerque, New Mexico 87102

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APPEARANCES

FOR APPLICANT CHISHOLM ENERGY OPERATING, LLC:

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FOR APPLICANTS GREAT WESTERN DRILLING LIMITED AND  
ADVANCE ENERGY PARTNERS:

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1 (8:36 a.m.)

2 EXAMINER McMILLAN: The next case I will be  
3 calling is Case Number 15865, application of Chisholm  
4 Energy Operating, LLC for a nonstandard spacing and  
5 proration unit and compulsory pooling, Eddy County, New  
6 Mexico. This case was heard in conjunction with the  
7 following cases:

8 Case Number 15866, application of Chisholm  
9 Energy Operating, LLC for a nonstandard spacing and  
10 proration unit and compulsory pooling, Lea County, New  
11 Mexico; Case Number 15867, amended application of  
12 Chisholm Energy Operating, LLC for a nonstandard spacing  
13 and proration unit and pooling, Lea County, New Mexico;  
14 Case Number 15868, amended application of Chisholm  
15 Energy Operating, LLC for a nonstandard spacing and  
16 proration unit and compulsory pooling, Lea County, New  
17 Mexico; Case Number 15875, application of Great Western  
18 Drilling, Limited for a nonstandard oil spacing and  
19 proration unit and compulsory pooling, Lea County, New  
20 Mexico; and lastly, Case Number 15876, application of  
21 Great Western Drilling, Limited for a nonstandard oil  
22 spacing and proration unit and compulsory pooling, Lea  
23 County, New Mexico.

24 Call for appearances.

25 MS. KESSLER: Mr. Examiner, Jordan Kessler

1 from Holland & Hart, on behalf of Chisholm.

2 MR. HALL: Mr. Examiner, Scott Hall,  
3 Montgomery & Andrews of Santa Fe, on behalf of Great  
4 Western Drilling, Limited and Advance Energy Partners.

5 EXAMINER McMILLAN: Okay. Please proceed.

6 MS. KESSLER: Mr. Examiner, these  
7 consolidated cases were heard on December 13th at a  
8 special hearing. At that time the Division had  
9 questions about whether or not overriding royalty  
10 interest owners should be notified. We continued the  
11 case for, I think, three weeks to provide notice to  
12 overriding royalty interest owners and to allow  
13 supplementation of exhibits and closings statements. So  
14 my understanding is today is closing statements, and  
15 they will be submitted electronically or at hearing, as  
16 the Division prefers. And we have a notice exhibit as  
17 well. So I'll pass out Exhibit 26, which is the notice  
18 to the overriding royalty interest owners. And as the  
19 Division prefers with the closing statements.

20 EXAMINER McMILLAN: Well, what does -- what  
21 do you want to do, Scott?

22 MR. HALL: We were asked to submit  
23 written --

24 EXAMINER McMILLAN: Okay. Well, then,  
25 it'll be written.

1 MR. HALL: -- statements by midnight  
2 tonight.

3 EXAMINER McMILLAN: Okay. I'll stay here  
4 until midnight if it makes you happy.

5 (Laughter.)

6 MR. HALL: And we too provide notice to  
7 overriding royalty interest owners.

8 EXAMINER McMILLAN: Okay. So any objection  
9 to this (indicating)?

10 MR. HALL: No objection.

11 EXAMINER McMILLAN: Okay. Then Exhibit 26  
12 for Chisholm Energy Operating, LLC may now be accepted  
13 as part of the record.

14 (Chisholm Energy Operating, LLC Exhibit  
15 Number 26 is offered and admitted into  
16 evidence.)

17 EXAMINER McMILLAN: Please proceed.

18 MR. HALL: We too have provided notice to  
19 the overrides. We received back green card receipts for  
20 all but one, Wayne Newkumet, who I believe is still  
21 around. We have addresses for him. We'll try him  
22 again. We'll advertise as well, and that will require  
23 us to continue the case for another two weeks to  
24 accomplish that. And with that, we move the admission  
25 of our Exhibit 16.

1 MS. KESSLER: Mr. Examiner, I don't know  
2 that publication for overrides is strictly necessary.  
3 And we would prefer not to continue this for two weeks,  
4 but --

5 EXAMINER BROOKS: Well, we had a question,  
6 which we never solved, as to whether or not notice to  
7 overrides is required at all. And, you know, I'm not  
8 any smarter now than I was at the last hearing, and I  
9 would say there are arguments that it's required.

10 Is this one where we have actual notice,  
11 but you don't have a green card, or is it just a  
12 question of --

13 MR. HALL: We have one missing green card.

14 EXAMINER BROOKS: Okay. But do you have  
15 any other reason to believe it's just pertinent to  
16 actual notice? Because I know a lot these people don't  
17 get green cards back, but somehow, for some other  
18 reason, somebody says they got it.

19 MR. HALL: Yeah. I do not know.

20 EXAMINER BROOKS: Okay. Well, I guess it  
21 does need to be continued then. I mean, if we assume  
22 the overrides are entitled to notice, then I think they  
23 would be entitled to notice. So like I say, it should  
24 be continued.

25 MR. HALL: It's fine with us if we don't

1 have to advertise, if that's the wish of the Division,  
2 too. That's our preference.

3 EXAMINER BROOKS: Well, I'm going to study  
4 this, but not on this case. I'm going to go ahead and  
5 say we have to have notice in this case and try to  
6 figure this out one of these days.

7 MR. HALL: That's it.

8 EXAMINER McMILLAN: Okay. And then what  
9 about Exhibit -- what about Great Western Drilling  
10 Exhibit 16?

11 MR. HALL: I moved its admission.

12 EXAMINER McMILLAN: Okay.

13 MS. KESSLER: No objection.

14 EXAMINER McMILLAN: Great Western Drilling,  
15 Limited Exhibit 16 may now be part of the record.

16 (Great Western Drilling, Ltd. Exhibit  
17 Number 16 is offered and admitted into  
18 evidence.)

19 EXAMINER McMILLAN: And Case Number 15865,  
20 Case Numbers 15866, 15867, 15868, Case Number 15875 and  
21 Case Number 15876 shall be continued until February the  
22 8th.

23 EXAMINER JONES: February 8th or January  
24 25?

25 EXAMINER BROOKS: Well, wouldn't it have to



1 be February 8th if you're going to give notice by  
2 publication and get it published -- ten days, isn't it,  
3 in the rule?

4 MS. KESSLER: Ten business days. It can be  
5 done, and also maybe his green card will come back.

6 EXAMINER BROOKS: I'm sorry. I didn't  
7 hear.

8 MS. KESSLER: His green card may come back.

9 EXAMINER BROOKS: Okay. Well, if his green  
10 card comes back, we'll be good.

11 MR. HALL: I thought we were dispensing  
12 with publication. Is that not right?

13 EXAMINER BROOKS: No. I don't believe I  
14 said that. I think we said we need to do it.

15 MR. HALL: Okay.

16 EXAMINER BROOKS: I mean, for the guy that  
17 you don't have -- that you don't know whether -- you do  
18 not have a green card and you do not have any other  
19 means of knowledge --

20 MR. HALL: We have a couple of other  
21 addresses we'll try, but we'll do both.

22 EXAMINER BROOKS: Well, but you have to  
23 publish ten days before the hearing, so in order to get  
24 it published -- unless you publish today, which is  
25 probably not possible, you would have to publish -- you

1 would have to continue it to February the 8th. Of  
2 course, as you say, if you want -- if you want it set on  
3 January 25th, we'll set it then, and we'll take it under  
4 advisement in case this gentleman's green card comes in.  
5 But if we have to wait for the publication, it'll have  
6 to be four weeks.

7 MR. HALL: I think I'll be here the 8th.  
8 I'm not so sure about the 25th.

9 EXAMINER BROOKS: You can have other people  
10 cover for you.

11 MR. HALL: Well, that's true.

12 MS. KESSLER: Mr. Examiners, if we could  
13 set it for the 25th, I would prefer that.

14 EXAMINER BROOKS: Okay. Well, that's an  
15 acceptable procedure.

16 EXAMINER McMILLAN: Cases 15865, 15866,  
17 15867, 15868, 15875 and 15876 shall be continued until  
18 January the 25th.

19 (Case Numbers 15865, 15866, 15867, 15868  
20 and 15875 and 15876 conclude, 8:45 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 DATED THIS 26th day of January 2018.

21

22 MARY C. HANKINS, CCR, RPR  
23 Certified Court Reporter  
24 New Mexico CCR No. 20  
25 Date of CCR Expiration: 12/31/2018  
Paul Baca Professional Court Reporters

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