

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 OXY USA INC. TO
RE-OPEN CASE NUMBER 16013, OR TO
AMEND ITS APPLICATION, FOR PURPOSES
OF DEDICATING THE PROPOSED NONSTANDARD
SPACING AND PRORATION UNIT TO THE
NIMITZ MDP1 13 FEDERAL COM NO. 2H WELL,
EDDY COUNTY, NEW MEXICO.

CASE NO. 16013
(Re-opened)

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

May 17, 2018

Santa Fe, New Mexico

BEFORE: SCOTT DAWSON, CHIEF EXAMINER
MICHAEL McMILLAN, TECHNICAL EXAMINER
DAVID K. BROOKS, LEGAL EXAMINER

This matter came on for hearing before the
New Mexico Oil Conservation Division, Scott Dawson,
Chief Examiner, Michael McMillan, Technical Examiner,
and David K. Brooks, Legal Examiner, on Thursday,
May 17, 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
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1 APPEARANCES

2 FOR APPLICANT OXY USA INC.:

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8 INDEX

9		PAGE
10	Case Number 16013 Called	3
11	OXY USA Inc.'s Case-in-Chief:	
12	Witnesses:	
13	India Isbell:	
14	Direct Examination by Mr. Feldewert	3
15	Proceedings Conclude	9
16	Certificate of Court Reporter	10

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19 EXHIBITS OFFERED AND ADMITTED

20	OXY USA Inc. Exhibit Numbers 9 through 12	8
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1 (12:09 p.m.)

2 EXAMINER DAWSON: At this point I will call
3 case number 30 on the list, which is Case Number 16013,
4 and it's application of OXY USA Incorporated to re-open
5 Case Number 16013, or to amend its application, for
6 purposes of dedicating the proposed nonstandard spacing
7 and proration unit to the Nimitz MDP1 13 Federal Com #2H
8 well in Eddy County, New Mexico.

9 Call for appearances, please.

10 MR. FELDEWERT: May it please the Examiner,
11 Michael Feldewert, Santa Fe office of Holland & Hart,
12 appearing on behalf of OXY USA. I have one witness here
13 today.

14 EXAMINER DAWSON: Okay.

15 No other appearances?

16 Would your one witness please stand up and
17 be sworn in by the court reporter?

18 INDIA ISBELL,
19 after having been first duly sworn under oath, was
20 questioned and testified as follows:

21 EXAMINER DAWSON: When you're ready,
22 Mr. Feldewert.

23 DIRECT EXAMINATION

24 BY MR. FELDEWERT:

25 Q. Would you please state your name, identify by

1 whom you're employed and in what capacity?

2 A. My name is India Isbell. I'm employed by
3 Occidental Petroleum as a landman.

4 Q. And, Ms. Isbell, you've previously testified
5 before this Division, correct?

6 A. I have.

7 Q. Are you familiar with the application filed in
8 this re-opened matter?

9 A. I am.

10 Q. Are you familiar with the statutes of the lands
11 in the subject area?

12 A. Yes.

13 MR. FELDEWERT: I would retender Ms. Isbell
14 as an expert witness in petroleum land matters.

15 EXAMINER DAWSON: She'll be accepted on the
16 record as an expert in petroleum land matters at this
17 time.

18 Q. (BY MR. FELDEWERT) Ms. Isbell, this case was
19 heard on March 8th, correct?

20 A. Yes.

21 Q. And at that time, under that application,
22 evidence was presented to form a 160-acre spacing unit
23 for the proposed well?

24 A. Yes.

25 Q. What has occurred since that hearing?

1 A. OXY has decided not to drill the Nimitz
2 MDP [sic] 13 #1H and instead move the #2H into that
3 spacing unit.

4 Q. Okay. So the 1H will no longer be the
5 dedicated well, and you're moving the 2H into this
6 spacing unit for which evidence was presented on March
7 8?

8 A. Correct.

9 Q. In addition to moving that 2H into that spacing
10 unit, are you moving it to a different location than
11 what was discussed at the March 8th hearing?

12 A. Yes.

13 Q. And so you're essentially here today to simply
14 replace the initial well discussed on March 8 with a
15 reproposed well?

16 A. That's correct.

17 Q. If I turn to what's been marked as OXY Exhibit
18 9, is this a C-102 for the replacement well in the
19 spacing unit that was discussed at the March 8th
20 hearing?

21 A. It is.

22 Q. And that provides the Examiner with the pool
23 name, pool code and the API number, correct?

24 A. That's correct.

25 Q. And this pool, Ms. Isbell, is it subject to the

1 **Division's statewide rules for oil wells?**

2 A. Yes, it is.

3 Q. And will this repropose well also comply with
4 the Division setback requirements?

5 A. Yes.

6 Q. If I then turn to what's been marked as OXY
7 Exhibit Number 10, is this the exhibit that is
8 reconfirming the ownership in the 160-acre spacing unit
9 that was discussed at the March 8th hearing?

10 A. Yes, it is.

11 Q. Does EOG -- is that the only party that remains
12 to be pooled?

13 A. It is, yes.

14 Q. What's the status of your discussions with EOG?

15 A. I have exchanged emails. I repropose this
16 well to them along with an AFE. They did not express
17 any interest in participating, but they are aware that
18 the well has changed and that we're here today.

19 Q. So you mentioned you've repropose this to EOG,
20 correct?

21 A. That's correct.

22 Q. At the location identified in Exhibit 9?

23 A. Yes.

24 Q. Okay. If I then turn to what's been marked as
25 OXY Exhibit Number 11, is this the letter under which

1 you repropose this well for this 160-acre spacing unit
2 to EOG?

3 A. It is.

4 Q. And at that time, did you provide an AFE for
5 this repropose well?

6 A. I did.

7 Q. And are the costs reflected on that AFE
8 consistent with what other operators are charging for
9 drilling other similar horizontal wells?

10 A. Yes.

11 Q. You mentioned also you've been in discussions
12 with EOG?

13 A. Yes.

14 Q. Did you have discussions and contact them about
15 the hearing today?

16 A. I did, yes.

17 Q. About the hearing day on this modified well?

18 A. Yes.

19 Q. And did EOG provide a waiver of the notice of
20 this hearing by email?

21 A. Yes, they did.

22 Q. If I turn to what's been marked as OXY Exhibit
23 Number 12, is this the email under which EOG waived
24 notice of this hearing on this 2H well?

25 A. Yes, it is.

1 Q. Now, none of the other aspects of the pooling
2 application that we discussed at the March 8 hearing?
3 No other aspects have changed; is that correct?

4 A. That's correct.

5 Q. You're just dedicating a new well to the
6 spacing unit?

7 A. Correct.

8 Q. Okay. Were OXY Exhibits 9 through 12 prepared
9 by you or compiled under your direction and supervision?

10 A. Yes.

11 MR. FELDEWERT: Mr. Examiner, I would move
12 admission into evidence of OXY Exhibits 9 through 12.
13 And just note that the sequence is due to the fact that
14 at the March 8th hearing, OXY presented eight exhibits.

15 EXAMINER DAWSON: Okay. At this point
16 Exhibits 9 through 12 will be admitted to the record.

17 (OXY USA Inc. Exhibit Numbers 9 through 12
18 are offered and admitted into evidence.)

19 MR. FELDEWERT: And that concludes my
20 examination of this witness.

21 EXAMINER DAWSON: Do you have any
22 questions?

23 EXAMINER McMILLAN: And you're
24 incorporating the geologic and the engineering testimony
25 as part of the record?

1 MR. FELDEWERT: Yes, sir.

2 EXAMINER McMILLAN: Okay. Thanks.

3 EXAMINER DAWSON: Any questions?

4 EXAMINER McMILLAN: I don't.

5 EXAMINER DAWSON: Questions, David?

6 EXAMINER BROOKS: No questions.

7 EXAMINER DAWSON: No questions. Thank you
8 very much, Ms. Isbell.

9 MR. FELDEWERT: Thanks for accommodating
10 us.

11 THE WITNESS: Yes.

12 Thank you.

13 EXAMINER DAWSON: You're welcome.

14 At this point Case Number 16013 will be
15 taken under advisement.

16 (Case Number 16013 concludes, 12:15 p.m.)

17 (Recess 12:15 p.m. to 1:30 p.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 19th day of June 2018.

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

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