

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:

CASE NO: 20279, 20280

Application of Ascent Energy, LLC
for compulsory pooling in
Eddy County, New Mexico.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

THURSDAY, MARCH 7, 2019

SANTA FE, NEW MEXICO

This matter came on for hearing before the New Mexico Oil Conservation Division, Examiners Leonard Lowe and William Jones, and Legal Examiner David Brooks, on Thursday, March 7, 2019, 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: Irene Delgado, NMCCR 253
PAUL BACA PROFESSIONAL COURT REPORTERS
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A P P E A R A N C E S

For the Applicant:	James Bruce
	P.O. Box 1056
	Santa Fe, NM 87504
For XTO Energy Inc.:	Julia Broggi
	Holland & Hart
	110 N Guadalupe Street, Suite 1
	Santa Fe, NM 87501

I N D E X

Admitted

CASE NOS. 20279, 20280 CALLED	
LEE ZINK (By Affidavit)	03
BEN METZ (By Affidavit)	04
TAKEN UNDER ADVISEMENT:	06

E X H I B I T I N D E X

Admitted

Exhibit 1, Attachments A-D	05
Exhibit 2, Attachment A	05
Exhibit 3, Attachments A-C	05

1 HEARING EXAMINER: We will call -- will we
2 combine the next two cases?

3 MR. BRUCE: Yes.

4 HEARING EXAMINER: Case Number 20279 and 20280,
5 Ascent Energy LLC for compulsory pooling, Eddy County.

6 MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe
7 representing the applicant. I'm submitting this case by
8 affidavit.

9 MS. BROGGI: And Julia Broggi of Holland & Hart
10 on behalf of XTO Energy Inc. and no objection to publication
11 by affidavit.

12 MR. BRUCE: Mr. Examiner, I handed you a set of
13 exhibits. Exhibit 1 is the affidavit of Lee Zink, Ascent's
14 landman. They are seeking to force pool -- in Case 20279,
15 they are seeking to force pool the Bone Spring Formation.

16 In Case 20280 they are seeking to force pool the
17 Wolfcamp Formation. Both well units are the S/2 S/2 of
18 Section 23 in the S/2 S/2 of Section 24, 20 South, 30 East.

19 If you go through the exhibits, this is part of a
20 proposed federal potash development area shown on Attachment
21 A. Attachment B is the well unit. Attachment C is proposal
22 letter which was sent, oh, five or six months ago.

23 Attachment D contains the affidavit or -- excuse
24 me -- AFEs for the three wells, that is the 501H -- Red
25 Hornet 501H Well is the Bone Spring, the 601H, which is a

1 Bone Spring well, I believe the Third Bone Spring, and then
2 the 701H well, which is the Wolfcamp well.

3 The affidavit contains the usual information.
4 The only party being forced pool is XTO Holdings LLC. They
5 own a 12.5 percent working interest in the various wells and
6 in the well units. The AFEs are stated to be fair and
7 reasonable.

8 Ascent is requesting 7500 a month for a drilling
9 well and 750 a month for a producing well. And they also
10 request the cost plus 200 percent risk charge. I understand
11 the parties are negotiating for a trade or something like
12 that, but at this point we still need to force pool them.

13 Exhibit 2 is the affidavit of notice for these
14 hearings, and XTO did receive actual notice.

15 And then Exhibit 3 is the affidavit of William
16 Metz, also called Ben Metz, and he has information on the
17 Second Bone Spring Sand, which is the 501H Well in the Third
18 Bone Spring Sand, which is the 601H Well, and then the
19 Wolfcamp, which is the 701H Well.

20 Each of the packages as to each zone contains a
21 structure map, a cross-section showing the targets for the
22 wells, and also as to each well there is production data
23 from wells in the area, Second, Third and Wolfcamp. So I'm
24 -- there are a number of Bone Spring wells out here, and the
25 production data from the Wolfcamp is kind of sparse, to say

1 the least. There is only one recent well, and that was
2 drilled by Madagar.

3 The affidavit states that each quarter-quarter
4 section in the well units will contribute more-or-less
5 equally to production for each respective zone. And there
6 is no faulting or other problem which would impair the
7 drilling of the wells in this area.

8 With that, I move the admission of Exhibits 1
9 through 3 and ask that these cases be taken under
10 advisement.

11 MS. BROGGI: No objection.

12 HEARING EXAMINER: No objection. Exhibits 1
13 through 3 will be accepted and will be taken under
14 advisement for this case.

15 I have one question for you. On your verified
16 statement for Ben Metz, on the top portion it says -- it
17 identifies the same case number twice. Is that just an
18 error?

19 MR. BRUCE: You know what, that should be -- I
20 meant to correct that. The second one should be 280.

21 HEARING EXAMINER: 280, okay.

22 Any questions?

23 MR. JONES: No.

24 HEARING EXAMINER: Mr. Brooks?

25 MR. BROOKS: No questions.

1 HEARING EXAMINER: We've tortured him enough.

2 The case will be taken under advisement.

3 MR. JONES: When do you have to leave,

4 Mr. Brooks?

5 MR. BROOKS: In about ten minutes, five to ten
6 minutes.

7 MR. JONES: We can get five more cases in.

8 MR. BROOKS: Jim can do it.

9 MR. BRUCE: If we can do this next one and then
10 take a break.

11 HEARING EXAMINER: You want to combine the next
12 two?

13 MR. BRUCE: Yeah, because the geology is the
14 same. There is a little difference in the land, but I will
15 go into that in a minute.

16 (Adjourned.)

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STATE OF NEW MEXICO)
)SS
COUNTY OF SANTA FE)

I, IRENE DELGADO, certify that I reported the proceedings in the above-transcribed pages, that pages numbered 1 through 6 are a true and correct transcript of my stenographic notes and were reduced to typewritten transcript through Computer-Aided Transcription, and that on the date I reported these proceedings I was a New Mexico Certified Court Reporter.

Dated at Santa Fe, New Mexico, this 7th day of March 2019.

Irene Delgado, NMCCR 253
Expires: 12-31-19