

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 HILCORP ENERGY COMPANY CASE NO. 20425
FOR AUTHORITY TO DOWNHOLE COMMINGLE
EXISTING PRODUCTION FROM THE BASIN
DAKOTA POOL WITH THE BLANCO-MESAVERDE
IN THE SAM COOLEY NO. 1 WELL, LOCATED
IN UNIT I, SECTION 9, TOWNSHIP 30 NORTH,
RANGE 11 WEST, NMPM, SAN JUAN COUNTY,
NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

May 2, 2019

Santa Fe, New Mexico

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

This matter came on for hearing before the
New Mexico Oil Conservation Division, Scott Dawson,
Chief Examiner, and David K. Brooks, Legal Examiner, on
Thursday, May 2, 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: Mary C. Hankins, CCR, RPR
 New Mexico CCR #20
 Paul Baca Professional Court Reporters
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APPEARANCES

FOR APPLICANT HILCORP ENERGY COMPANY:

ADAM G. RANKIN, ESQ.
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1 (9:46 a.m.)

2 EXAMINER DAWSON: At this point we'll go
3 back on the record.

4 And I just wanted to announce that the --
5 these NGL Water Solution Permian cases, 16504, 16506,
6 20150, 20404, those will be heard after lunch. Those
7 will be set after lunch, which we're going to be on
8 lunch from 11:30 to 1:00, for those of you who want to
9 know.

10 And also that OXY pressure maintenance case
11 will probably be heard after lunch. After the SWDs and
12 the pressure maintenance cases are heard, then we'll
13 hear the Hilcorp Energy cases for the simultaneous
14 dedication.

15 So at this point, we're going to go to Case
16 Number 20425, which is Hilcorp Energy. It's a downhole
17 commingling, the Dakota and Mesaverde, San Juan County.

18 Please call for appearances.

19 MR. RANKIN: Mr. Examiner, Adam Rankin, on
20 behalf of the Applicant in this case, Hilcorp Energy
21 Company. No witnesses today.

22 EXAMINER DAWSON: No witnesses?

23 Any other appearances in this case? No
24 other appearances?

25 Okay. Mr. Rankin, when you're ready.

1 MR. RANKIN: Mr. Examiner, I have one
2 exhibit for this case. It's the Affidavit of Notice
3 reflecting that we provided notice of today's hearing to
4 the protestants. Hilcorp filed a sundry notice with the
5 district office under the Division rules for a downhole
6 commingling for a preapproved commingling between the
7 Dakota-Mesaverde pools. One of the interest owners in
8 the well protested. As a consequence of that protest,
9 Hilcorp was required to set this matter for hearing. We
10 provided notice to the protestant, Diana C. Mesh Trust,
11 timely.

12 The exhibit I just distributed to you is a
13 copy of the affidavit prepared by me reflecting that we
14 did provide notice to the protestant. The second page
15 of that exhibit is a copy of the letter that was
16 provided to her indicating that the hearing would be
17 heard today. The subsequent pages reflect that she
18 actually did receive notice and signed for a copy of the
19 application and letter. And finally, out of an
20 abundance of caution, we prepared a Notice of
21 Publication, and the last page of that exhibit is an
22 Affidavit of Publication.

23 So in light of the fact that Ms. Mesh was
24 provided notice of today's hearing and she did not
25 appear and did not enter entry of appearance and did not

1 file a prehearing statement, we ask that this matter be
2 remanded for administrative approval and that the
3 Division approve the C-103 sundry notice authorizing
4 downhole commingling for these preapproved wells --
5 pools.

6 EXAMINER DAWSON: Okay.

7 And I'm going to ask once again. Is there
8 anyone here representing Diana C. Mesh Trust, or is
9 Diana C. Mesh here?

10 Seeing none --

11 David, is that it?

12 EXAMINER BROOKS: That sounds appropriate.

13 EXAMINER DAWSON: Okay. That will be
14 appropriate. So at this point, we will accept the
15 exhibits presented by Holland & Hart, by Mr. Rankin.
16 They will be admitted to the record.

17 (Hilcorp Energy Company Exhibits A, A1 and
18 A2 are offered and admitted into evidence.)

19 EXAMINER DAWSON: And I'm assuming you're
20 asking for Case 20425 to be taken under advisement?

21 MR. RANKIN: Well, actually, I think --
22 unless you have a different idea, Mr. Examiner, I'd ask
23 that the case be dismissed, since it was -- we ask that
24 the protest be dismissed and that the case be dismissed
25 and that simply the Division approve the C-102 sundry

1 that was filed with the district office authorizing
2 downhole commingling.

3 EXAMINER BROOKS: This is one that the
4 district office can approve if there is no protest?

5 MR. RANKIN: That's my understanding of the
6 rules, Mr. Examiner. Like in a situation of surface
7 commingling, if there were a protest, the protestant
8 does not appear at the hearing in which they've been
9 given notice, then the district office can proceed to
10 approve the commingling without any further evidence.
11 In this case these pools have been preapproved for
12 downhole commingling, so there is no need for additional
13 evidence on the matter, and it ought to be just
14 administratively approved by the district office.

15 EXAMINER BROOKS: Well, I believe that's
16 correct, so I will --

17 Do you know -- has that been done by the
18 Division? Has that been the Division's practice
19 previously?

20 MR. RANKIN: I have never received a
21 protest for a preapproval downhole commingling.

22 EXAMINER BROOKS: That's understandable.
23 Well, let's strike out on our own and do
24 what you suggest.

25 MR. RANKIN: I think it would be the least

1 burdensome to the Division and all involved to permit
2 the Division to authorize downhole commingle by sundry.

3 EXAMINER BROOKS: We don't want to burden
4 anybody and especially not the Division.

5 MR. RANKIN: I agree. That was my aim.

6 EXAMINER DAWSON: Okay. So at this point
7 Case 20425 will be dismissed.

8 (Case Number 20425 concludes, 9:51 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 21st day of May 2019.

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23 MARY C. HANKINS, CCR, RPR
24 Certified Court Reporter
New Mexico CCR No. 20
Date of CCR Expiration: 12/31/2019
Paul Baca Professional Court Reporters

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