

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 NOS: 20872

APPLICATION OF DEVON ENERGY PRODUCTION
COMPANY LP FOR COMPULSORY POOLING
LEA COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

November 14, 2019

SANTA FE, NEW MEXICO

This matter came on for hearing before the New Mexico Oil Conservation Division, EXAMINERS LEONARD LOWE, KATHLEEN MURPHY, PHILLIP GOETZE, and LEGAL EXAMINER ERIC AMES, on Thursday, November 14, 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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Albuquerque, NM 87102
505-843-9241

1 A P P E A R A N C E S

2 For the Applicant:

3 MICHAEL FELDEWERT
 4 HOLLAND & HART
 5 110 North Guadalupe, Suite 1
 Santa Fe, NM 87501
 505-954-7286

6 I N D E X

7 CASE NO. 20872CALLED

8 JOE HAMMOND (By Affidavit) 03

9 RUSSELL GOODIN (By Affidavit) 04

10 TAKEN UNDER ADVISEMENT: 06

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

13 Admitted

14 Exhibit A and Attachments 05

15 Exhibit B and Attachments 05

16 Exhibit C 05

17 Exhibit D 05

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1 HEARING EXAMINER LOWE: We will call case Number
2 20872 Devon for compulsory pooling. Call for appearance.

3 MR. FELDEWERT: May it please the Examiner,
4 Michael Feldewert of the Santa Fe office of Holland & Hart
5 appearing on behalf of the applicant, and we intend to
6 present this case by affidavit.

7 HEARING EXAMINER LOWE: You may proceed.

8 MR. FELDEWERT: Mr. Examiner, Exhibit A in the
9 package is the affidavit of Joe Hammond the landman. He
10 points out that they are seeking to -- and I would actually,
11 I would orient you by having you turn to what's been marked
12 as Exhibit Number 3. That shows you the proposed horizontal
13 well spacing unit and the two proposed wells, and this is in
14 the Wolfcamp formation. They are seeking to pool the W/2 of
15 Section 16 and the W/2 of Section 21 in the standard
16 horizontal well spacing unit.

17 The 2H well is the well that is going to be
18 within 330 feet or a quarter-quarter line to allow the
19 inclusion of the offsetting 40 acre tracts into this
20 standard horizontal well spacing unit.

21 Exhibit 1 provides the C-102 for the initial --
22 for the Number 1H well. The unique thing here is that
23 because of the nature -- because of this acreage, we
24 actually have two Wolfcamp pools involved, so each well has
25 two C-102s. The acreage in Section 16 is for the Wildcat

1 Pool which you see as the first page of Exhibit Number 1.

2 And then the acreage in Section 21 which is in
3 the second pool, Jabalina Wolfcamp Southwest Pool, which is
4 identified on the second page of Exhibit 1. So that's why
5 we have two C-102s for each of these wells. There are no
6 depth severances in the formation of this area.

7 And Exhibit Number 3 identifies on the second and
8 third pages the parties that they seek to pool which
9 consists of a group of working interest owners, and then as
10 identified in the last page of Exhibit Number 3, a group of
11 overriding royalty interest owners.

12 Exhibit Number 4 is the well proposal, a sample
13 of the well proposal letter that was sent out. You will see
14 that they are seeking the approval in this case of overhead
15 rates of 8000 a month while drilling and 800 a month while
16 producing.

17 Exhibit B is the affidavit of the geologist,
18 Mr. Goodin, and he provides under Tab B-1 the structure map
19 showing the spacing unit and the proposed wells. And
20 Exhibit B-2 is the stratigraphic cross section using the
21 three wellbores that are identified on Exhibit B-1. And he
22 provides testimony that it's appropriate and necessary for
23 approval of this application from a geologic perspective.

24 Exhibit Number C or Tab C, Exhibit C, is our
25 affidavit of the notice. It was sent out to parties that

1 they seek to pool. There are a few overriding royalty
2 interest owners and parties that did not receive notice.
3 It's either in transit or two of them have been returned.
4 As a result, we published notice of this hearing by name of
5 all of these individuals in the local newspaper, and that is
6 marked as Exhibit D in our package.

7 So with that, we ask that Exhibits A, B, C and D
8 be taken or be admitted into the record.

9 HEARING EXAMINER LOWE: Exhibits A, B, C and D
10 will be admitted for the record.

11 (Exhibits A, B, C and D admitted.)

12 MR. FELDEWERT: We ask this matter be taken under
13 advisement.

14 HEARING EXAMINER LOWE: Any questions?

15 EXAMINER MURPHY: So everybody is known that is
16 being pooled?

17 MR. FELDEWERT: Yes. Yes. There are no unknown
18 unlocatable parties.

19 EXAMINER MURPHY: Thank you.

20 HEARING EXAMINER LOWE: Is that it?

21 EXAMINER MURPHY: Thank you.

22 EXAMINER GOETZE: Quick question? You want to
23 make a comment?

24 MR. FELDEWERT: Yeah. The only thing I didn't
25 add that I should is that it's the district office that

1 instructed us to file two separate C-102s.

2 EXAMINER GOETZE: I would do whatever the
3 district office --

4 MR. FELDEWERT: That's exactly right.

5 EXAMINER GOETZE: Out of curiosity, one is north
6 and south of each other going this way through the pool?

7 MR. FELDEWERT: Through two pools, correct.

8 EXAMINER GOETZE: See how well the horizontal
9 rule holds up.

10 MR. FELDEWERT: No commingling.

11 EXAMINER GOETZE: No more questions.

12 MR. AMES: None.

13 HEARING EXAMINER LOWE: Case Number 20872 will be
14 taken under advisement. Thank you.

15 (Case 20872 taken under advisement.)

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

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

10 Dated at Santa Fe, New Mexico, this 14th day of
11 November 2019.

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

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