

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: 21098

APPLICATION OF SEP PERMIAN LLC TO AMEND  
ORDER R-20642 TO ADD ADDITIONAL WELLS TO  
THE APPROVED HORIZONTAL WELL SPACING UNIT,  
EDDY COUNTY, NEW MEXICO

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

MARCH 5, 2020

SANTA FE, NEW MEXICO

This matter came on for hearing before the New Mexico Oil Conservation Division, EXAMINERS FELICIA ORTH KATHLEEN MURPHY, PHILLIP GOETZE on Thursday, March 5, 2020 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  
500 Fourth Street, NW, Suite 105  
Albuquerque, NM 87102  
505-843-9241

A P P E A R A N C E S

For the Applicant:

KAITLYN LUCK  
HOLLAND & HART  
110 North Guadalupe, Suite 1  
Santa Fe, NM 87501  
505-954-7286

I N D E X

CASE CALLED	03
SUMMARY OF CASE AND EXHIBITS	03
TAKEN UNDER ADVISEMENT	05
REPORTER CERTIFICATE	06

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

	Admitted
All Exhibits and Attachments	05

1 HEARING EXAMINER ORTH: 21098, Ms. Luck?

2 MS. LUCK: Good morning again. Kaitlyn Luck with  
3 the Santa Fe office of Holland & Hart heart on behalf of the  
4 applicant in case, SEP Permian LLC.

5 And this case is similar to the last case that  
6 was just submitted to Division. After Permian reviewed  
7 their drilling plan after the issuance of Order R-20462 and  
8 decided to add an additional well to the spacing unit that  
9 was already approved under the terms of that order.

10 The order is included as Exhibit C-1 and this  
11 case went to hearing originally on February 7, 2019. And  
12 then the order was issued on June 24 of 2019. Again that's  
13 Order R-20643.

14 So we have provided a landman affidavit that  
15 explains the changes to the initial wells to be dedicated to  
16 the spacing unit. And then behind Tab D we provided proof  
17 of timely notice of this hearing, as well as published  
18 notice that was published in the county where the wells are  
19 located.

20 So with that, I would ask that this case also be  
21 taken under advisement for the same reason, to add  
22 additional wells to the approved spacing unit.

23 HEARING EXAMINER ORTH: Ms. Murphy, questions?  
24 Ms. Murphy, whenever you are ready.

25 EXAMINER MURPHY: When you -- just a question on

1 my part when you add additional wells, you give another AFE  
2 and opportunity for people to sign on?

3 MS. LUCK: That's correct. So our landman  
4 affidavit addresses that in Paragraph 15 of Exhibit D, he  
5 explains that a well proposal letter was sent to provide  
6 notice of these new wells and that --

7 HEARING EXAMINER ORTH: I see the letter.

8 MS. LUCK: He explained in the letter there will  
9 be a new election period because no cash call was made  
10 originally, so all operators will be provided a new --

11 EXAMINER MURPHY: For the one well, or all the  
12 wells.

13 MS. LUCK: All the wells in the spacing unit.

14 HEARING EXAMINER ORTH: The letter is behind D-1.

15 MS. LUCK: It's C-4, it's the letter from SEP  
16 Permian, the well proposal letter.

17 EXAMINER MURPHY: So because there's an  
18 additional well, the clock -- I mean, the clock starts on  
19 them again?

20 MS. LUCK: That's correct. And none of the wells  
21 that were initially dedicated to the spacing unit have been  
22 drilled, so the letter explains that each operator will be  
23 afforded a new election period for the wells upon receipt of  
24 the amended form order.

25 EXAMINER MURPHY: And they can pick and choose a

1 couple, one or two wells and that other well?

2 MS. LUCK: That's correct.

3 EXAMINER MURPHY: Thank you. I have no more  
4 questions.

5 MS. LUCK: Okay.

6 HEARING EXAMINER ORTH: Okay, the matter -- the  
7 packet is admitted and accepted and the matter taken under  
8 advisement.

9 MS. LUCK: Thank you.

10 (Exhibits admitted.)

11 (Taken under advisement.)

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 STATE OF NEW MEXICO  
2 COUNTY OF BERNALILLO

3

4 REPORTER'S CERTIFICATE

5

6 I, IRENE DELGADO, New Mexico Certified Court  
7 Reporter, CCR 253, do hereby certify that I reported the  
8 foregoing proceedings in stenographic shorthand and that the  
9 foregoing pages are a true and correct transcript of those  
10 proceedings that were reduced to printed form by me to the  
11 best of my ability.

12 I FURTHER CERTIFY that the Reporter's Record of  
13 the proceedings truly and accurately reflects the exhibits,  
14 if any, offered by the respective parties.

15 I FURTHER CERTIFY that I am neither employed by  
16 nor related to any of the parties or attorneys in this case  
17 and that I have no interest in the final disposition of this  
18 case.

19 Dated this 5th of March 2020.

20

21

Irene Delgado, NMCCR 253  
License Expires: 12-31-20

23

24

25