

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: 21254

AMENDED APPLICATION OF SPUR ENERGY PARTNERS LLC  
TO AMEND ORDER NO R-20642 TO ADD AN ADDITIONAL WELL  
TO THE APPROVED HORIZONTAL WELL SPACING UNIT,  
EDDY COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS

EXAMINER HEARING

JUNE 25, 2020

SANTA FE, NEW MEXICO

This matter came on for virtual hearing before the New Mexico Oil Conservation Division, EXAMINERS FELICIA ORTH, KURT SIMMONS and LEONARD LOWE and on Thursday, June 25, 2020, through 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

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A P P E A R A N C E S

For the Applicant:

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

I N D E X

CASES CALLED

TAKEN UNDER ADVISEMENT 08

REPORTER CERTIFICATE 09

E X H I B I T S

Exhibits and All Attachments 08

1 HEARING EXAMINER ORTH: Moving then to 21254, the  
2 applicant is Spur Energy. The application was to amend an  
3 order. The well name is Nirvana. Is that you, Mr. Rankin?

4 MR. RANKIN: Good morning, Madam Examiner. It is  
5 indeed myself will be presenting this case on behalf of the  
6 applicant Spur Energy with the law firm of Holland & Hart.

7 HEARING EXAMINER ORTH: Thank you. Let me pause  
8 a moment to see if there are any other appearances.

9 (No audible response.)

10 HEARING EXAMINER ORTH: No? Please go ahead.

11 MR. RANKIN: Thank you, Madam Examiner. In front  
12 of you is the exhibit packet to this case, and in it you  
13 will see a table of contents. This is an application to  
14 amend an existing order to add an additional well, therefore  
15 there is no geology or geology testimony (inaudible) seeking  
16 authority that is needed, we're simply asking that an  
17 additional well be designated as an additional well under  
18 the terms of the order.

19 In your exhibit packet are Exhibits A through C.  
20 Exhibit A is the affidavit of the Megan Pena, senior landman  
21 who previously testified before the Division and her  
22 credentials accepted as a matter of record.

23 In her affidavit Ms. Pena reviews that Spur  
24 Energy, its acquisition from Percussion has determined it is  
25 prudent to add an additional well to the spacing unit that

1 was originally created when Percussion was the operator.

2 Exhibit A, A-1 is a copy of the Division order  
3 that was entered in this case Order R 20642.

4 Exhibit A-2 is a copy of the C-102 of the most  
5 additional -- initial well that Spur would like to add to  
6 this spacing unit is the Nirvana 2H.

7 Exhibit A-3 is a copy of the spacing unit by  
8 ownership breakdown, which identifies each of the owners and  
9 their interest by tract within the spacing unit as well on a  
10 spacing unit-wide basis, as well as a list of the overriding  
11 royalty interest owners who would also be included within  
12 that, that spacing unit to require pooling.

13 Exhibit A-4 is a copy of the well proposal and  
14 AFEs that were sent out to the uncommitted working interest  
15 owners in the spacing unit notifying them of plans to add an  
16 additional well and to amend the existing pooling order to  
17 include that additional well.

18 Exhibit B is a copy of the notice affidavit  
19 prepared by me in this case giving notice of the application  
20 to all affected parties.

21 And Exhibit C is a copy of the affidavit of  
22 publication indicating that we provided notice to each of  
23 the parties as well by publication.

24 One thing I want to add, Madam Examiner, is that  
25 in this case the original pooling order required the

1 commencement of drilling of a well by June 3rd -- I'm sorry  
2 -- June 30, 2020, and therefore Spur is asking that the  
3 deadlines to drill and to produce or rather to complete the  
4 well are extended under any order that is issued in this  
5 case. So because of the deadlines we ask that this case  
6 be -- an order to be expedited so that we can maintain the  
7 time frames under the order.

8 With that, we ask that Case Number 21254,  
9 Exhibits A through C, be accepted into the record and the  
10 case be taken under advisement.

11 HEARING EXAMINER ORTH: Thank you. Exhibits A  
12 through C are accepted. Mr. Lowe or Mr. Simmons, do you  
13 have questions of Mr. Rankin?

14 TECHNICAL EXAMINER LOWE: Good morning again,  
15 this is Leonard. Just to clarify, on, on what was being  
16 presented, this, an order was initially approved through  
17 Percussion and Spur took over Percussion? Is that what I  
18 understand?

19 MR. RANKIN: That's correct.

20 TECHNICAL EXAMINER LOWE: And then the initial,  
21 the initial spud date for this order for the number one well  
22 was to be -- spud date was given June 30, 2020?

23 MR. RANKIN: That's correct.

24 TECHNICAL EXAMINER LOWE: And you still want to  
25 meet that, that (inaudible) of the amended order?

1           MR. RANKIN: No. We would like to have the  
2 deadline extended out under any new orders to the standard  
3 time frames that are under existing orders. But we would  
4 like to ensure that there is no break in the time frame so  
5 it's possible just to get an extension or to have the order  
6 issued in advance of that deadline and ensure there is no  
7 break -- make sure the order stays in effect.

8           TECHNICAL EXAMINER LOWE: Okay. So basically --  
9 well, we are making the order, so therefore there isn't  
10 going to be a new spud date with the amended order including  
11 the additional well.

12          MR. RANKIN: Correct.

13          TECHNICAL EXAMINER LOWE: Thank you. Thank you.

14          HEARING EXAMINER ORTH: Mr. Simmons, do you have  
15 any questions?

16          TECHNICAL EXAMINER SIMMONS: Well, the normal  
17 procedure to get an extension is just to write the Division,  
18 and I just was wondering why you elected to pursue it  
19 through the hearing here instead.

20          MR. RANKIN: Just to be clear, the purpose of the  
21 hearing was to add an additional well. That was necessary  
22 to go to hearing for that purpose, and since we were going  
23 to hearing, we wanted to make clear that we were also  
24 seeking an extension of the deadlines as well. They were  
25 originally set for hearing some time ago, but due to the

1 various issues and Coronavirus, so forth, it was necessary  
2 to continue the case, so it's gotten tighter than it  
3 otherwise would have been.

4 TECHNICAL EXAMINER SIMMONS: All right. Thank  
5 you. No further questions.

6 HEARING EXAMINER ORTH: All right. Thank you,  
7 gentlemen. Thank you, Mr. Rankin. The matter is accepted  
8 and will be taken under advisement.

9 (Exhibits admitted.)

10 (Taken under advisement.)

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1 STATE OF NEW MEXICO  
2 COUNTY OF BERNALILLO

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4 REPORTER'S CERTIFICATE

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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 I am neither employed by  
13 nor related to any of the parties or attorneys in this case  
14 and that I have no interest in the final disposition of this  
15 case.

16 I FURTHER CERTIFY that the Virtual Proceeding was  
17 of fair quality.

18 Dated this 25th day of June 2020.

19

/s/ Irene Delgado

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

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