

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: 21433 21434

AMENDED APPLICATION OF DEVON ENERGY PRODUCTION
COMPANY FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS

EXAMINER HEARING

OCTOBER 8, 2020

SANTA FE, NEW MEXICO

This matter came on for virtual hearing before
the New Mexico Oil Conservation Division, HEARING OFFICER
FELICIA ORTH and TECHNICAL EXAMINERS LEONARD LOWE and KURT
SIMMONS on Thursday, October 8, 2020, through the Webex
Platform.

Reported by: Irene Delgado, NMCCR 253
PAUL BACA PROFESSIONAL COURT REPORTERS
500 Fourth Street, NW, Suite 105
Albuquerque, NM 87102
505-843-9241

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

2 For the Applicant:

3 KAITLYN LUCK
4 HOLLAND & HART
5 110 North Guadalupe, Suite 1
6 Santa Fe, NM 87501
7 505-954-7286

6 I N D E X

7 CASE CALLED

8 SUMMARY OF CASE AND EXHIBITS 03

9 TAKEN UNDER ADVISEMENT 06

10 REPORTER CERTIFICATE 07

11

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

13 Admitted

14 All Exhibits and Attachments 06

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1 HEARING EXAMINER ORTH: This is 21433 and 21434,
2 Devon Energy is the applicant, compulsory pooling
3 application. The well name is Galapagos. Who here is from
4 Holland & Hart on behalf of the applicant?

5 MS. LUCK: Good morning, Madam Examiner. Kaitlyn
6 Luck with the Santa Fe office of Holland & Hart on behalf of
7 the applicant in these cases, Devon Energy Company LP.

8 HEARING EXAMINER ORTH: Thank you. Good morning,
9 Ms. Luck. Let me pause a moment to see if there are any
10 other entries of appearance.

11 (No audible response.)

12 HEARING EXAMINER ORTH: If you would, please, go
13 ahead.

14 MS. LUCK: Thank you. These two cases have been
15 consolidated for purposes of hearing because they both
16 involve the same acreage underlying the W/2 and the E/2 of
17 Sections 14, 23 and 26 in Township 23 South, Range 31 East,
18 in Eddy County, New Mexico.

19 In these two cases Devon Energy has filed their
20 exhibits on Tuesday, October 6, and there was no objection
21 to the case going forward by affidavit, and so Devon has
22 provided all of the usual exhibits with the affidavit of the
23 Devon landman Katie Dean, as well as the geologist Derek
24 Ohl.

25 Their landman's affidavit explains that in these

1 two cases, as I mentioned, Devon is seeking to pool two
2 horizontal spacing units in the Bone Spring formation. In
3 Case 21433, Devon is seeking an order pooling the interest
4 in the Bone Spring formation underlying a 960-acre spacing
5 unit in the W/2 of Sections 14, 23 and 26.

6 In Case Number 21434 Devon is seeking a
7 horizontal spacing unit in the Bone Spring formation
8 underlying also a 960-acre spacing unit, but this spacing
9 unit will be dedicated to the E/2 of Sections 14, 23 and 27.

10 The landman's affidavit goes on to explain these
11 two spacing units will be dedicated to the Galapagos 14-26
12 Fed Com 211H through 216H wells, and the API numbers for
13 each of those six wells have been provided.

14 All of these wells are located in the James Ranch
15 Bone Spring Pool, and that's Pool Code 96919. Also both of
16 these spacing units involve proximity tract wells, and the
17 landman's affidavit explains that in Case 21433, the
18 proximity tract well is the Galapagos 212H well and in
19 21434, the proximity tract well is the Galapagos 215H well.

20 Devon has also provided for both cases a list of
21 the tracts of land that they are seeking pooling and the
22 working interest owners and overriding royalty interest
23 owners that Devon seeks to pool in both of these cases.

24 Devon provides all of the -- or copies of well
25 proposal letters and AFE, as well as chronology of contact

1 with non-joined working interest owners in these cases.

2 That concludes Devon's Exhibit C. And turning
3 Devon's Exhibit D is the affidavit of Derek Ohl, the
4 geologist. In his exhibit he explains that the Bone Spring
5 formation is appropriate for horizontal well development in
6 this area, and that in his opinion the joining of these
7 wells is in the best interest of conservation, the
8 prevention of waste and protection of correlative rights.

9 Finally, Exhibits E and F, Devon provides notice
10 affidavit signed by me reflecting that our office provided
11 notice of this pooling hearing to the interest owners to be
12 pooled, and out of an abundance of caution, Devon also
13 published notice of this hearing in the newspaper of general
14 circulation in Eddy County and directed the publication to
15 each interest owner in these spacing units that Devon is
16 seeking to pool.

17 So with that, I would ask that the Division
18 accept into the record Devon Exhibits A through F and take
19 these two cases under advisement.

20 HEARING EXAMINER ORTH: Thank you, Ms. Luck. Let
21 me pause a moment to see if the technical examiners have
22 questions. Mr. Simmons?

23 TECHNICAL EXAMINER SIMMONS: No. Everything
24 appears to be in order. Thank you.

25 HEARING EXAMINER ORTH: Thank you. Mr. Lowe?

1 MR. LOWE: Everything is fine. Thank you.

2 HEARING EXAMINER ORTH: Thank you. All right.

3 Exhibits A through F are accepted and the two cases will be
4 taken under advisement.

5 (Exhibits A-F admitted.)

6 (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 virtual proceedings in stenographic shorthand and
9 that the foregoing pages are a true and correct transcript
10 of those proceedings to the best of my ability.

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

15 I FURTHER CERTIFY that the Virtual Proceeding was
16 of poor to good quality.

17 Dated this 8th day of October 2020.

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/s/ Irene Delgado

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

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