

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: 21463

APPLICATION OF MANZANO LLC
FOR APPROVAL OF EXPLORATORY UNIT,
LEA 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
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I N D E X

CASE CALLED

STATUS CONFERENCE

REPORTER CERTIFICATE

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1 HEARING EXAMINER ORTH: Let's move then to matter
2 21463. Manzano is the applicant, so it's a request for
3 approval of a unit. The well name is Deep Park. Mr.
4 Feldewert, are you here for the applicant?

5 MR. FELDEWERT: Yes, Madam Examiner, I'm Michael
6 Feldewert with the Santa Fe office of Holland & Hart here
7 for Manzano LLC.

8 HEARING EXAMINER ORTH: Thank you. I see a
9 number of other appearances.

10 Marathon, who here is from Modrall Sperling for
11 Marathon?

12 MS. BENNETT: Good morning, Madam Examiner. This
13 is Deana Bennett on behalf of Marathon Oil Permian LLC.

14 HEARING EXAMINER ORTH: Good morning. And then
15 we have Texas Standard. Mr. Bruce, are you here for Texas
16 Standard?

17 MR. BRUCE: Yes, ma'am, I am.

18 HEARING EXAMINER ORTH: Thank you. And then we
19 have BTA Oil. Who here is from Hinkle Shanor for BTA Oil?

20 MS. HARDY: Good morning. Dana Hardy with Hinkle
21 Shanor on behalf of BTA Oil Producers LLC.

22 HEARING EXAMINER ORTH: All right, good morning.
23 So it appears we are here for -- oh, sorry, let me ask if
24 there are any other appearances.

25 (No audible response.)

1 HEARING EXAMINER ORTH: I don't hear anything, so
2 I see we are here for a status conference. If you would
3 kick off the discussion, Mr. Feldewert.

4 MR. FELDEWERT: Thank you. In this case Manzano
5 merely seeks approval of a voluntarily exploratory unit
6 involving state lands. Not forcing anyone into this unit.
7 The Division doesn't do that for exploratory units. It's a
8 purely voluntary unit for the mineral owners.

9 Texas Standard is the only party that I'm aware
10 of that's filed an objection to the unit application. As a
11 result, Manzano has actually visited with the State Land
12 Office about excluding the acreage in which Texas Standard
13 holds most of its interest, excluding that acreage from the
14 unit.

15 State Land Office is agreeable with that
16 contraction of their acreage, and will be sending a revised
17 preliminary approval letter excluding any (unclear) that we
18 will (unclear) at the hearing. So I'm not sure what Texas
19 Standard intends to present in opposition to this voluntary
20 unit since we've taken their acreage out of the unit because
21 of their objection.

22 Texas Standard has not presented any development
23 plans to the working interest owners in the unit area. The
24 State Land Office wants this unit, so they are not going to
25 approve (unclear) agreements for whatever spacing units

1 Texas Standard may want to present that are inconsistent
2 with the unit area.

3 So I'm not sure why we are being delayed, but I
4 guess it's the result of where we are with Covid because
5 Texas Standard has objected to this matter moving forward by
6 affidavit. I don't know what's going to be contested, but
7 if we have a contested hearing, it seems to me it's not
8 going to take very long because there is nothing to debate
9 here.

10 So we are asking that we have a -- if we are
11 going to have a contested hearing, that we have it as soon
12 as possible because the State Land Office has requested that
13 Manzano commence drilling of the unit well in January.

14 So we need to get this moving forward and get the
15 approval order from the Division because we will have
16 already the preliminary approval letter from the State Land
17 Office.

18 HEARING EXAMINER ORTH: All right. Thank you,
19 Mr. Feldewert. Mr. Bruce, if you would, please, address the
20 question of what we would be doing at a hearing in this
21 matter.

22 MR. BRUCE: Well, basically Texas Standard has
23 its own development plans. I was not aware -- actually, I
24 don't think Texas Standard is aware that Manzano has met
25 with the State Land Office because Texas Standard and

1 Manzano had a meeting yesterday afternoon, and at least from
2 the communications I had, Manzano was unwilling to do
3 anything differently.

4 So Texas Standard does have its own development
5 plans. I, I generally don't object to voluntarily units,
6 but I would note that Mewbourne Oil Company, that case that
7 has been continued to October 22, for a large state unit,
8 state land unit, 100 percent state lands, has been getting
9 objections from several people, including from Mr. Feldewert
10 on behalf of some of his clients.

11 So Texas Standard does not want its acreage in
12 the unit. If, I assume Mike is right, that the acreage is
13 being excised, that may well satisfy it. And I would also
14 agree with Mike that I don't think this would take
15 excessively long to present.

16 So with that, I mean, obviously we are not ready
17 to go today, but things could be cleared up over the next
18 few days. Maybe we could push this off to another status
19 conference on October 22 and see if perhaps the parties have
20 come to terms.

21 HEARING EXAMINER ORTH: All right. Thank you,
22 Mr. Bruce. Ms. Hardy, do you have anything to add?

23 MS. HARDY: Only that BTA has also been working
24 with Manzano to have its acreage removed from the unit, but
25 subject to that condition occurring, which I believe is

1 (unclear), BTA doesn't object to the application.

2 MR. FELDEWERT: Madam Examiner, are you still
3 there?

4 HEARING EXAMINER ORTH: I'm sorry, I was speaking
5 while my mute button was on. I'm sorry. Mr. Feldewert,
6 what would you think about pushing the matter to October 22
7 consistent with Mr. Bruce's suggestion?

8 MR. FELDEWERT: I would oppose that only because
9 the State Land Office wants this well drilled in January, so
10 I'd just as soon use today to obtain a hearing date as soon
11 as possible, recognizing it's not going to take very long,
12 so that we have a certainty that we're going to be able to
13 present this and get this to hearing as soon as possible.

14 So if we can use that October 22 as the initial
15 hearing date, that would be great, or anytime around that,
16 that would be fine.

17 HEARING EXAMINER ORTH: All right. If we were to
18 set a hearing on the 22nd, there are a few of our contested
19 hearings, as you know --

20 MR. BRUCE: That's what I thought. And like I
21 said, I agree with Mr. Feldewert, it's not going to be an
22 excessively long hearing, but it's only about a week to that
23 November -- whatever date you gave -- November 4, or maybe I
24 had the wrong thing.

25 I don't object to a quick hearing date, but I

1 would like to confirm that Texas Standard's acreage would be
2 removed, because, as of late yesterday afternoon, I had not
3 heard that.

4 HEARING EXAMINER ORTH: Okay. So, Mr. Feldewert?
5 So -- I'm sorry -- so looking at -- let me mute Mr.
6 Feldewert again. I'm looking at October 22, there are a
7 couple of other contested hearings there. If this one would
8 be quick, we could do it before any others that might
9 actually go on that date that would not be so quick.

10 And of course we have all of the 23rd as well for
11 anything that might sort of carry over. There are several
12 dates between now and October 30 -- not October 30, but many
13 dates between now and October 30 that we could schedule a
14 short hearing.

15 So let me ask again, shall we put this on the
16 October 22 docket for a quick hearing, understanding that if
17 in fact it was going to be quick, we could do the less quick
18 ones afterwards?

19 MR. FELDEWERT: I think that's a great idea.
20 That works for Manzano.

21 HEARING EXAMINER ORTH: Mr. Bruce?

22 MR. BRUCE: That's fine.

23 HEARING EXAMINER ORTH: All right. And Ms.
24 Hardy?

25 MS. HARDY: That's fine, Madam Examiner.

1 HEARING EXAMINER ORTH: Okay. So --

2 MS. BENNETT: Madam Examiner, this is Deana
3 Bennett on behalf of Marathon, and we've entered our
4 appearance in this case as well as you noticed from the
5 outset. And I don't -- sitting here right now I can't say
6 that Marathon would object to the October 22 date. I don't
7 have enough information right now to say whether that date
8 works for them, but I also don't want to be the one to hold
9 up setting this case for hearing.

10 So if I could sort of put a pin in this from my
11 perspective, but not hold up the case being set for hearing
12 on October 22, but just sort of reserve my right to come
13 back after the hearing today and confer with Marathon and
14 then confer with the other parties about Marathon's position
15 while allowing the hearing date to be set for the 22nd, I
16 would appreciate that opportunity.

17 HEARING EXAMINER ORTH: All right. Thank you for
18 jumping in. Mr. Bruce?

19 MR. BRUCE: Yes, I just got an e-mail message
20 that I'm having a telephone conference with my clients in
21 about ten minutes. So I would kind of mirror Ms. Bennett's
22 claim. I will verify that date immediately, as soon as I
23 get done with my clients this morning on the phone in about
24 ten minutes.

25 HEARING EXAMINER ORTH: All right. Thank you

1 again, Ms. Bennett, for jumping in there, and Mr. Bruce.

2 Let me just say that, I'll just leave it this way: That I
3 will be looking for a prehearing order that is stipulated as
4 to availability by all parties for October 22.

5 In the event, when you discuss the date with your
6 clients, that date is not available, please check with your
7 client for dates near that time. Because, for example, the
8 21st, the 23rd, 26th, 27th, 28th or 29th would be available
9 for a short hearing, just not the 30th.

10 MR. BRUCE: Thank you very much.

11 HEARING EXAMINER ORTH: Thank you all.

12 (Concluded.)

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

3 REPORTER'S CERTIFICATE

4 I, IRENE DELGADO, New Mexico Certified Court
5 Reporter, CCR 253, do hereby certify that I reported the
6 foregoing virtual proceedings in stenographic shorthand and
7 that the foregoing pages are a true and correct transcript
8 of those proceedings to the best of my ability.

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

13 I FURTHER CERTIFY that the Virtual Proceeding was
14 of poor to good quality.

15 Dated this 8th day of October 2020.

16
17 /s/ Irene Delgado
18 _____
Irene Delgado, NMCCR 253
License Expires: 12-31-20

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