

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: 21520 - 21522

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

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS

EXAMINER HEARING

NOVEMBER 5, 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 DYLAN ROSE-COSS on
Thursday, November 5, 2020, through the Webex Platform.

Reported by: Irene Delgado, NMCCR 253
PAUL BACA PROFESSIONAL COURT REPORTERS
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1 A P P E A R A N C E S

2 For the Applicant:

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7 I N D E X

8 CASE CALLED

9 SUMMARY OF CASE 03

10 TAKEN UNDER ADVISEMENT 09

11 REPORTER CERTIFICATE 10

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

14 Admitted

15 Exhibits and All Attachments 09

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1 HEARING EXAMINER ORTH: Let us move then to the
2 next set of matters. This is 21520, 21521 and 21522. Devon
3 Energy Production is the applicant, application for
4 compulsory pooling, non-standard spacing. The well name is
5 Lone Tree.

6 Mr. Savage, is that you for the applicant?

7 MR. SAVAGE: Yes. Good morning again, Madam
8 Examiner. I'm appearing on behalf of Devon Energy Company
9 LP. We are presenting in a consolidated form Cases 21520,
10 21521 and 21522.

11 These cases cover Sections 13 and 14, Township 21
12 South, Range 27 East in Eddy County, New Mexico. The
13 landman, Andy D. Bennett for these cases has testified
14 before the Division and his credentials have been accepted
15 and made a matter of record.

16 The geologist, however, Joseph Dixon, has not
17 testified before the Division. He provided a description of
18 his credentials in his affidavit, as well as a one-page
19 resume for the Division's review that's attached to the
20 affidavit.

21 And I talked with the examiners a little bit
22 about this. This first case, 21520 is a little unusual in
23 that Devon seeks an order to basically amend an existing
24 Division Orders Numbers R-20524 and R-20575, which created
25 two 320 acre spacing units in Section 13 and 14, one in the

1 N/2 N/2 of the section and the other in the S/2 N/2.

2 Devon seeks to combine and expand the two units
3 to form a 640 acre unit covering the N/2 of the two sections
4 and to pool all uncommitted interest owners in the Bone
5 Spring formation underlying those units.

6 The unit will be dedicated to the Lone Tree Draw
7 14-13 State Com 332H well, which will be the defining well
8 for purposes of including proximity tracts. The two infill
9 wells are also proposed, those being the Lone Tree Draw
10 14-13 State Com 331 and 332 wells.

11 Because the wells will be part of a simultaneous
12 drilling program, Devon respectfully requests that the
13 Division allow some level of flexibility in the drilling
14 order of these wells and ask the Division to deem the
15 defining well and infill wells all as initial wells so they
16 can be developed and drilled at the same time and be
17 completed at the same time at a later date within the
18 deadline described by the order.

19 Only the 332H well is being relocated from its
20 original location in the Division orders to create the large
21 unit, while the 331H and 333H wells are maintaining their
22 original location. The orientation of the wells is lay-down
23 east to west, and all setback requirements under statewide
24 rules are met.

25 Mr. Bennett's exhibits for Case 21520 include his

1 landman testimony by affidavit, the C-102s, the ownership
2 breakdown, the well proposal letters with AFEs and a
3 chronology of contacts showing good faith negotiations.

4 Mr. Dixon's Exhibit B for the same case includes
5 his geology testimony by affidavit, along with the standard
6 geology exhibits that's important to the development plan.

7 Exhibit C provides the affidavit of notice for
8 mailing and publication. Notice was timely sent and
9 published. Both Mr. Bennett and Mr. Dixon affirm that the
10 approval of this application is in the best interest of
11 conservation, protection of correlative rights and the
12 prevention of waste and will prevent the drilling of
13 unnecessary wells.

14 Next in Case Number 21521, Devon seeks an order
15 creating a standard 320 acre spacing unit comprised of the
16 N/2 N/2 of the same sections, 13 and 14, pooling all
17 uncommitted interest in the Wolfcamp formation. The unit
18 will be dedicated to Lone Tree Draw 14-13 State Com 621H
19 well. Orientation of the well is lay-down east to west and
20 all setback requirements under state rules are met.

21 Again, Mr. Bennett's Exhibit A for Case 21421
22 includes his landman affidavit, C-102s, ownership breakdown
23 and well proposal letters with AFEs, as well as the
24 chronology of contacts showing good faith negotiations.

25 Mr. Dixon's Exhibit B for this case includes his

1 geology affidavit, along with the standard geology exhibits.

2 Exhibit C is the mailings. A notice was timely
3 sent and published and timely published.

4 Both Mr. Bennett and Mr. Dixon, again, affirm the
5 proposal of this application is in the best interest of
6 conservation, the protection of correlative rights, and the
7 prevention of waste and will prevent -- and will prevent the
8 drilling of unnecessary wells.

9 The unit will be dedicated to the Lone Tree Draw
10 14-13 State Com 623H well. Orientation of the well is
11 lay-down east to west, and all setback requirements under
12 state rules have been met.

13 In Mr. Bennett's Exhibit A for Case 21522 -- and
14 I apologize, I should have -- that previous statement, I
15 said -- it should be the 621H well for Case 21521.

16 Going on then to the next case, Mr. Bennett's
17 Exhibit A -- excuse me. I'm sorry, Madam Examiner, I can't
18 remember where I left off. Here, let me say, the Case
19 21522, it does involve a standard 320 acre spacing unit for
20 the N/2 S/2 of Section 13 and 14 and pooling all uncommitted
21 interests in the Wolfcamp formation. Same as with the
22 21521.

23 This unit will be dedicated to the Lone Tree Draw
24 14-13 State Com 623H well, and orientation is the same, it's
25 a lay-down east to west, and all setback requirements under

1 statewide rules are met.

2 Again, Mr. Bennett's Exhibit A for Case 21522
3 includes his landman affidavit, C-102s, an ownership
4 breakdown, the well proposal letter with an AFE and the
5 chronology of contacts showing good faith negotiations.

6 And Mr. Dixon's Exhibit B for this case includes
7 his geology affidavit along with the standard geology
8 exhibits.

9 Exhibit C is the affidavit -- the affidavit of
10 notice for mailing, publication notice, and again, notice
11 was timely sent and timely published.

12 Both Mr. Bennett and Mr. Dixon affirm that the
13 approval of this application is in the best interest of
14 conservation, the protection of correlative rights, and the
15 prevention of waste and will prevent the drilling of
16 unnecessary wells.

17 At this time I move that Exhibits A, B and C and
18 all other exhibits be accepted into the record for Cases
19 21520, 21521, 21522, and these cases be taken under
20 advisement.

21 And I apologize for getting off track there in
22 the recitation. I'm available for any questions regarding
23 these cases. Thank you.

24 HEARING EXAMINER ORTH: All right. Thank you,
25 Mr. Savage. I haven't seen any other appearances from

1 anyone else, so let me ask Mr. Rose-Coss if he has any
2 questions.

3 TECHNICAL EXAMINER COSS: I would ask for a
4 little bit of clarification on the -- and ensure it's going
5 to be documented in the packets explaining the flexibility
6 in terms of the order that the wells are drilled and the
7 defining wells. Can you expand on that a little bit.

8 MR. SAVAGE: Yes, thank you. Mr. Bennett
9 explains that, further in the testimony in the affidavit,
10 basically that they would like to be able to drill the
11 defining well and the two infill wells at the same time as
12 part of their drilling program, and then they would like to,
13 you know, complete, later complete them. Instead of
14 drilling -- instead of drilling the defining well and having
15 to complete it and then move on to the infill wells, they
16 would like to be able to do the completion simultaneously at
17 a later date, but all within the prescribed deadlines, the
18 standard prescribed deadlines of the standard pooling order.
19 Those seem to fit the schedule, it's just the management of
20 the drilling itself of the individual wells. And as a
21 result, we would request that wells be deemed all initial
22 wells so there is no issue with the order in which they are
23 drilled.

24 TECHNICAL EXAMINER COSS: I understand. Thank
25 you for that clarification, it seems reasonable. And I

1 would say just, the only other thing, having scrolled
2 through exhibits real quick, you can inform Mr. Dixon that
3 his isochore maps do not contain north arrows or legends so
4 it makes them hard to interpret.

5 MR. SAVAGE: We can give a revised version of
6 those to you if you wish.

7 TECHNICAL EXAMINER COSS: Just in the future.

8 MR. SAVAGE: Okay. All right. We will do that
9 for sure. This is the first time he has been involved in
10 this before the Division, so I will let him know. He will
11 appreciate that.

12 TECHNICAL EXAMINER COSS: Just from my days as a
13 teacher's assistant in grad school, maps have north arrows
14 and legends. That's it.

15 MR. SAVAGE: All right. Thank you.

16 HEARING EXAMINER ORTH: All right. Thank you,
17 Mr. Rose-Coss. In that case, Mr. Savage, your exhibits are
18 admitted and the matters will be taken under advisement.

19 (Exhibits admitted.)

20 (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 5th day of November 2020.

18

/s/ Irene Delgado

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

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