

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: 21554, 21555

APPLICATION OF CAZA PETROLEUM LLC
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS

EXAMINER HEARING

DECEMBER 3, 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 EXAMINER BAYLEN LAMKIN on
Thursday, December 3, 2020, through the Webex Platform.

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

For the Applicant:

JAMES BRUCE
P.O. Box 1056
Santa Fe, NM 87504-1056
505-982-2151
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I N D E X

CASE CALLED

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REPORTER CERTIFICATE 07

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

Admitted

Exhibits and Attachments 06

1 HEARING EXAMINER ORTH: We move then to Cases
2 21554 and 21555. Caza Petroleum, compulsory pooling
3 applications related to a well named Comanche. Mr. Bruce,
4 are you here for the applicant?

5 MR. BRUCE: That is correct.

6 HEARING EXAMINER ORTH: Thank you. I did not see
7 another entry of appearance in the file, but let me pause
8 for a moment to see if there are any entries.

9 (No audible response.)

10 HEARING EXAMINER ORTH: I hear nothing. If you
11 would please, Mr. Bruce, go ahead.

12 MR. BRUCE: I submitted an exhibit package
13 Exhibits 1-A and 1-B are the applications proposed ads. 1-A
14 is for the Bone Spring formation, 1-B is for the Wolfcamp
15 formation. In both of them the land being pooled the E/2 of
16 Section 25 and the E/2 of Section 36, 26 South, 35 East in
17 Lea County.

18 These are actually one-and-a-half-mile wells
19 because Section -- Township 26 South is the southern most
20 township in New Mexico, in Southeast New Mexico, and the
21 bottom tier of Sections 31 through 36 are all more or less
22 about 160 acres in size or, I mean, 320 acres in size. So
23 the E/2 is actually only about 160 acres.

24 One thing I would note with the applications is
25 that although the applicant is Caza Petroleum LLC, the

1 operator will be Caza Operating LLC.

2 Exhibits 2-A and 2-B are the landman's affidavits
3 for the two cases, are virtually identical. The interest
4 owners being pooled are identical. The only three parties
5 being pooled are Chevron USA, Inc., Devon Energy Production
6 Company and a company called SCM Crude Incorporated.

7 Caza is in discussions with these parties, and it
8 looks like they will settle out eventually, but Caza does
9 have plans for drilling, drilling these wells probably by
10 the end of January so wants to proceed, but if it comes to
11 terms with any of these interest owners, it will notify the
12 Division of that fact.

13 The landman's affidavit contains the usual
14 information, the C-102s, a plat showing the sections
15 involved and interest ownership in each tract and the
16 overall interest owned by each interest owner.

17 On one of these there is a tract or a plot that
18 shows that Caza, the only two owners being Caza and Chevron,
19 that is simply because on that exhibit Caza incorporated the
20 interests of SCM and Devon into it because it's pretty
21 confident it will make a deal with those two companies.

22 The other situation on the Bone Spring formation
23 is when you look at the C-102s, they were initially filed
24 for Wolfcamp wells, but they did -- also attached are sundry
25 notices filed subsequently changing them to Bone Spring

1 wells and pool codes, et cetera, on that exhibit.

2 Exhibits 3-A and 3-B are the geology of the Third
3 Bone Spring which is the Bone Spring test zone and then the
4 Upper Wolfcamp, which is the Wolfcamp test zone, and
5 contains all the usual information that each quarter-quarter
6 section will contribute more or less equally to production.

7 Both of the witnesses' affidavits, David Gibson
8 is the landman, Richard Carol is the geologist, and they
9 both previously testified before the Division.

10 The affidavit of notice for both cases submitted
11 as Exhibit 4, a publication notice was included, but actual
12 notice was received pursuant to my notice letter, so it's
13 kind of superfluous.

14 And then Exhibit 6-A and 6-B are the pooling
15 checklists for the wells. I believe the package is
16 complete, and I would move the admission of Exhibits 1-A
17 through 6-B and ask that the matters be taken under
18 advisement.

19 HEARING EXAMINER ORTH: Thank you, Mr. Bruce.
20 Mr. Lamkin, do you have any questions of Mr. Bruce on these
21 matters?

22 TECHNICAL EXAMINER LAMKIN: No, I don't have any
23 questions. Thank you.

24 HEARING EXAMINER ORTH: All right, thank you.
25 Exhibits 1-A through 6-B are admitted and matters 21554 and

1 21555 are taken under advisement.

2 MR. BRUCE: Thank you.

3 (Exhibits admitted.)

4 (Taken under advisement.)

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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4 REPORTER'S CERTIFICATE

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

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

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

16 Dated this 3rd day of December 2020.

17

/s/ Irene Delgado

18

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

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