

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:

ASE NOS: 21565

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

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS

EXAMINER HEARING

JANUARY 21, 2021

SANTA FE, NEW MEXICO

This matter came on for virtual hearing before the New Mexico Oil Conservation Division, HEARING OFFICER BILL BRANCARD and TECHNICAL EXAMINER KATHLEEN MURPHY on Thursday, January 21, 2021, through the Webex Platform.

Reported by: Irene Delgado, NMCCR 253
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A P P E A R A N C E S

For the Applicant:

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I N D E X

CASE CALLED

STATUS CONFERENCE 03

REPORTER CERTIFICATE 09

1 HEARING OFFICER BRANCARD: Okay. Moving along,
2 we have -- I am on Number 21 on our spreadsheet, Case 21565,
3 Caza Petroleum. Mr. Bruce?

4 MR. BRUCE: Yes. I am representing Caza
5 Petroleum, and this is for a status conference because
6 Chisholm Energy objected to putting on the case by
7 affidavit.

8 HEARING OFFICER BRANCARD: Okay. So let's enter
9 some appearances here. Chisholm, is that Holland & Hart?

10 MR. FELDEWERT: May it please the Examiner,
11 Michael Feldewert of the Santa Fe office of Holland & Hart
12 on behalf of Chisholm Energy.

13 HEARING OFFICER BRANCARD: A pleasure, Mr.
14 Feldewert. Advance Energy Partners?

15 (No audible response.)

16 HEARING OFFICER BRANCARD: I have the Hinkle
17 Firm?

18 MS. HARDY: Sorry, I was on mute. Good morning.
19 Dana Hardy with the Santa Fe office of Hinkle Shanor on
20 behalf of Advance Energy Partners.

21 HEARING OFFICER BRANCARD: Thank you, Ms. Hardy.
22 Okay, Mr. Bruce, any suggestions on how to proceed here?

23 MR. BRUCE: We just need a hearing date. I
24 understand from talking with the other -- the primary
25 opponent, which I think is Chisholm, that they will be

1 filing counter applications.

2 So, you know, the earliest next date we can get
3 on, I don't know what they've got planned, but would be,
4 obviously, be March or even early April, so I would turn it
5 over to them.

6 HEARING OFFICER BRANCARD: Mr. Feldewert?

7 MR. RODRIGUEZ: Mr. Examiner, this is Michael
8 Rodriguez, and I wanted to enter an appearance on behalf of
9 COG Operating in this matter.

10 HEARING OFFICER BRANCARD: Thank you, Mr.
11 Rodriguez. I'm sorry, I didn't ask for additional
12 appearances. Okay, so Mr. Feldewert?

13 MR. FELDEWERT: Mr. Examiner, this case is kind
14 of interesting because I'm afraid Mr. Bruce's clients have
15 the process reversed. They filed their pooling application
16 before they sent well proposal letters and AFEs to all the
17 working interest owners.

18 And it's my understanding that the well proposal
19 letters were not mailed until last Thursday, which means
20 that Ms. Hardy's client, Mr. Rodriguez' client, and other
21 working interest owners did not receive well proposal
22 letters until this week.

23 So we kind of have the process flipped around
24 here, instead of sending out the well proposals letters and
25 entering into good faith efforts to reach voluntary, they

1 filed pooling applications and then later initiated that
2 process.

3 So, you know, one option is to dismiss the
4 pooling applications and have them properly filed at a later
5 time. But recognizing the need to be efficient here, I mean
6 that is certainly one option.

7 The other option, Mr. Examiner, which we would
8 not have a problem with is really setting this matter for a
9 status conference sometime in April, since that seems to be
10 where you're at, to discuss the status of the efforts to
11 reach an agreement with these other working interest owners
12 and ascertain actually who else is going to oppose this and
13 whether anyone else is going to present evidence, because I
14 suspect Ms. Hardy's client and Mr. Rodriguez' client have
15 not had a chance to look at this, so they are not sure what
16 their position is, and they certainly don't know whether
17 they are going to be presenting evidence.

18 So our proposal is you either dismiss the pooling
19 applications knowing they will get refiled, and I guess you
20 will get another filing fee, or you know, we can have a
21 status conference in April and decide where everybody is
22 with respect to this effort by Caza to pool for these two
23 mile wells.

24 HEARING OFFICER BRANCARD: Okay. I will, I will
25 hear from Ms. Hardy.

1 MS. HARDY: Thank you. And I agree with Mr.
2 Feldewert, and he is correct that Advance Energy Partners
3 did not receive a well proposal on this matter until last
4 week, so they are evaluating their options and how they
5 would like to proceed.

6 So I agree that the applications could be
7 dismissed or that the cases should be set for a status
8 conference in a couple of months where we can talk about a
9 date for a contested hearing. Thank you.

10 HEARING OFFICER BRANCARD: Thank you. Mr.
11 Rodriguez?

12 MR. RODRIGUEZ: COG takes the same position as
13 Ms. Hardy and Mr. Feldewert. COG did not receive proposals
14 until Thursday like Ms. Hardy's client as well, so we are
15 still reviewing them.

16 HEARING OFFICER BRANCARD: Okay. Mr. Bruce? You
17 have been accused of filing a compulsory pooling application
18 too soon.

19 MR. BRUCE: That's because my client sent me a
20 letter. Apparently they did propose to one party, and they
21 sent me that letter, and I just mistakenly assumed they sent
22 it to everyone. And I think the one letter that went out
23 went out in late September, early October, hence the mix-u[.

24 I would -- I will abide by whatever the Division
25 decides. I would much rather just put it down for a status

1 conference two or three months down the road and see if
2 other parties are filing their own applications and go on
3 from there. I would rather not shell out another couple of
4 grand, is basically it.

5 HEARING OFFICER BRANCARD: We love those filing
6 fees. Well, we can't prevent Mr. Feldewert, et al, here
7 from filing a motion to dismiss, but in the absence of one
8 having been filed, I'm willing to set this for a status
9 conference in April. Would that be workable, that time
10 frame?

11 MR. FELDEWERT: That makes sense to us, Mr.
12 Examiner. We did not file a motion. I think a status
13 conference in April or May, whatever works in your schedule
14 really accomplishes the same goal here. So we do not have a
15 problem with that.

16 HEARING OFFICER BRANCARD: Ms. Hardy, would you
17 like to file a motion to dismiss?

18 MS. HARDY: Well, at this point I think we are
19 fine with setting it for a status conference. We may end up
20 filing a motion to dismiss, but I think at this point a
21 status conference would be fine.

22 HEARING OFFICER BRANCARD: Mr. Rodriguez?

23 MR. RODRIGUEZ: That's fine by COG, if we have a
24 status conference in April.

25 HEARING OFFICER BRANCARD: Okay. Having heard

1 all of that, we can set case 21565 as continued to April 22
2 where it will be set for a status conference.

3 MR. BRUCE: Thank you.

4 MR. FELDEWERT: Thank you, Mr. Examiner.

5 MS. HARDY: Thank you.

6 (Status conference concluded.)

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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 21st day of January 2021.

18

/s/ Irene Delgado

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Irene Delgado, NMCCR 253
License Expires: 12-31-21

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