

STATE OF NEW MEXICO.
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTTTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:

Application of Centennial Resource
Production, LLC for Compulsory Pooling
Lea County, New Mexico

Case No. 21979

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

JULY 1, 2021

This matter came on for hearing before the New Mexico Oil Conservation Division, William Brancard, Hearing Examiner, John Garcia, Technical Examiner, on July 1, 2021, via the Webex Virtual Conferencing Platform hosted by the New Mexico Department of Energy, Minerals and Natural Resources

Reported by: Mary Therese Macfarlane
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A P P E A R A N C E S

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1 (Time noted 10:11 a.m.)

2 EXAMINER BRANARD: So the next case is Case
3 21979. That's No. 18 on today's docket, Centennial
4 Resource Productions, Holland and Hart.

5 MS. LUCK: Good morning again. Kaitlyn Luck
6 with the Santa Fe office OF Holland and Hart for
7 Centennial Resource Productions in this case.

8 EXAMINER BRANARD: Thank you.

9 And I have an Entry of Appearance from
10 Marathon Oil, Modrall Sperling.

11 MS. BENNETT: Good morning. Deana Bennett on
12 behalf of Marathon Oil. Thank you.

13 EXAMINER BRANARD: Ms. Bennett, does Marathon
14 have any objection to this case proceeding by affidavit?

15 MS. BENNETT: No, Mr. Examiner, Marathon does
16 not have any objection to this case proceeding by
17 affidavit, and has only entered its appearance in this
18 case to preserve its rights.

19 EXAMINER BRANARD: Thank you.

20 Any other interested persons for Case
21 21979?

22 Hearing none, you may proceed, Ms. Luck.

23 MS. LUCK: Thank you.

24 Centennial understood there would not be
25 any objection to this case proceeding today by affidavit,

1 and on Tuesday Centennial filed an exhibit packet with the
2 Division which included the standard set of exhibits.

3 The first exhibit in the packet is Exhibit
4 A, which is a pooling checklist. It provides all the
5 details required by the Division.

6 The next is Exhibit B, which is a copy of
7 the Application.

8 The next exhibit is Exhibit C, which is the
9 affidavit of Gavin Smith. He is the landman for
10 Centennial who has previously testified before the
11 Division. His affidavit reflects that in this case
12 Centennial is seeking an order pooling all uncommitted
13 interests in the Bone Spring Formation in a standard
14 324.37 horizontal spacing unit comprised of the west half
15 of Section 2 in Township 22 South, Range 34 East. And
16 this is all in Lea County, New Mexico.

17 Centennial is seeking to dedicate the
18 spacing unit to the initial Grama Ridge 2 State Com 501H,
19 601H, 502H and 602H wells, and Mr. Smith provides in his
20 affidavit copies of the C-102s for each of the wells.
21 These wells are located in a Bone Spring pool, which is
22 Pool Code 5695.

23 His affidavit also reflects that Centennial
24 initially applied for the Grama Ridge 2 State Com 503 and
25 603 wells, but Centennial is no longer going forward with

1 those wells and so Mr. Smith has not included those
2 details with his application.

3 The completed intervals for the 501H and
4 the 601H wells will remain within 330 feet of
5 quarter/quarter line separating the west half/west half
6 from the east half/west half of Section 2, and they will
7 be pooling in the proximity tracts to create the enlarged
8 spacing unit in this case.

9 Also in his affidavit he provides the
10 standard plat and unit recap reflecting the tracts that
11 are included in the standard spacing unit, as well as the
12 working interest in each tract and their interest in the
13 overall horizontal spacing.

14 He also provides copies of the Well
15 Proposal Letter and AFE, as wells as a chronology of his
16 contacts with the uncommitted working interest owners.

17 Next, Centennial's Exhibit D is the
18 affidavit of Centennial's geologist Isabel Harper. She
19 has also testified before the Division before, and she
20 provides the standard geology exhibits, including a
21 structure map, cross-section map, and cross-section for
22 the Bone Spring in this area.

23 Finally in the packet we have provided the
24 Notice information for this case reflecting that
25 Centennial provided proper Notice of this pooling hearing

1 to the interest owners to be pooled, and out of an
2 abundance of caution the Notice was also published in the
3 county where the wells are located and directly to the
4 interest owners by name.

5 So with that I would move the admission of
6 Centennial Exhibits A through F and request that this case
7 be taken under advisement.

8 EXAMINER BRANCARD: Thank you.

9 Ms. Bennett, any questions or concerns?

10 Ms. Bennett, are you here?

11 MS. BENNETT: Sorry about that.

12 No objections or concerns and -- yeah, no
13 questions or concerns and no objections to the exhibits
14 being admitted into the record. Thank you.

15 EXAMINER BRANCARD: Thank you.

16 Mr. Garcia, any questions?

17 EXAMINER GARCIA: No questions.

18 EXAMINER BRANCARD: Ms. Luck, I may have missed
19 something here. Did you say that the wells changed from
20 the original application? Is that correct?

21 MS. LUCK: That's right. So Centennial
22 initially applied for six wells in the original
23 application for this east half spacing unit, and -- or
24 sorry, for the west half spacing unit. So originally six
25 wells and now there's only four.

1 EXAMINER BRANCARD: Okay. And so the checklist
2 indicates four wells?

3 MS. LUCK: That's correct. It should indicate
4 only four wells, and that's the 501, 502, 601 and 602. So
5 it's the 503 and 603 that were taken out of the
6 application.

7 EXAMINER BRANCARD: Mr. Garcia, is that
8 clarification good enough?

9 EXAMINER GARCIA: I believe so.

10 EXAMINER BRANCARD: Okay. Thank you.

11 You know, we look at those checklists, make
12 sure they are accurate.

13 MS. LUCK: Yeah. And I appreciate it.

14 EXAMINER BRANCARD: All right. So are there any
15 other parties interested in Case 21979? (Note: Pause.)

16 Hearing none, the exhibits will be admitted
17 into the record and Case 21979 will be taken under
18 advisement. Thank you.

19 MS. LUCK: Thank you.

20 (Time noted 10:16 a.m.)

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1 STATE OF NEW MEXICO)

2 : ss

3 COUNTY OF TAOS)

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REPORTER'S CERTIFICATE

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I, MARY THERESE MACFARLANE, New Mexico Reporter

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CCR No. 122, DO HEREBY CERTIFY that on Thursday, July 1,

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2021, the proceedings in the above-captioned matter were

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taken before me; that I did report in stenographic

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shorthand the proceedings set forth herein, and the

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foregoing pages are a true and correct transcription to

12

the best of my ability and control.

13

I FURTHER CERTIFY that I am neither employed by

14

nor related to nor contracted with (unless excepted by the

15

rules) any of the parties or attorneys in this case, and

16

that I have no interest whatsoever in the final

17

disposition of this case in any court.

18

/s/ Mary Macfarlane

19

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MARY THERESE MACFARLANE, CCR

21

NM Certified Court Reporter No. 122

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License Expires: 12/31/2021

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