

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:

Application of Spur Energy Partners, LLC
to Amend Orders Nos. R-20642, 20642-B,
20642-C, 20642-D. Case No. 22049

Application of Spur Energy Partners, LLC
to Amend Orders Nos. R-20643, 20643-A,
20643-C Case No. 22050

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

August 5, 2021

This matter came on for hearing before the
New Mexico Oil Conservation Division, William
Brancard, Esq. Hearing Examiner, Baylen Lamkin,
Technical Examiner, on August 5, 2021 through
the Webex Virtual Conferencing Platform hosted
by the New Mexico Department of Energy, Minerals
and Natural Resources.

Reported by: Mary Therese Macfarlane
New Mexico CCR #122
PAUL BACA COURT REPORTERS
500 Fourth Street NW, Suite 105
Albuquerque, New Mexico 87102
(505) 843-9241

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A P P E A R A N C E S

FOR SPUR ENERGY PARTNERS:

Kaitlyn A. Luck, Esq.
Holland & Hart
110 North Guadalupe, Suite 1
Santa Fe, New Mexico 87501
(505) 988-4421
kaluck@hollandhart.com

C O N T E N T S

CASE NOS. 22049, 22050	PAGE
CASES CALLED:	3
TAKEN UNDER ADVISEMENT:	6

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

EXHIBITS:	ADMITTED
A Copies of Application to Amend Orders	6
B Affidavit of Rett Dalton, Landman	6
B-1 Division Orders 20642-A, 20642-B,	6
20642-C, 20642-D	
B-2 Case 22049 C-102	6
B-3 Division Orders 20643, 20643-A, 20643-C	6
B-4 Case 22050 C-102	6
B-5 Unit Rehab	6
B-6 Well Proposal Letter	6
B-7 Chronology of Contacts	6
C Notice Affidavit	6
D Notice of Publication	6

1 (Time noted 8:26 a.m.)

2 EXAMINER BRANCARD: So now we come into the
3 hearings portion of today's agenda. And I will start with
4 Item No. 13, and I believe 14, Cases 22049, 22050, Spur
5 Energy Partners, Holland & Hart.

6 MS. LUCK: Good morning again. This is Kaitlyn
7 Luck with the Santa Fe office of Holland & Hart for the
8 applicant in these two cases, Spur Energy Partners, LLC.

9 EXAMINER BRANCARD: Thank you. I don't see any
10 other parties but I'll open it up.

11 Are there any other interested parties in
12 Cases 22049, 22050? (Note: Pause.) Hearing none, Ms.
13 Luck you may proceed.

14 MS. LUCK: Thank you.

15 In these two cases Spur is seeking Orders
16 to amend the existing Orders that have been entered in
17 both of these cases. The first Case 22049 relates to
18 Order No. R-20642, and Case No. 22050 relates to Order No.
19 20643, and the orders that followed after that Order.

20 Just to give a brief recap, these orders
21 pooled two spacing units in the Yeso Formation which
22 included a 200-acre standard horizontal spacing unit in
23 the Penasco Draw; San Andres-Yeso Pool, which is Pool Code
24 50270, and this underlies the south half of the south half
25 of Section 28 and the southeast quarter of the southeast

1 quarter of Section 29, all in Township 18 South, Range 26
2 East in Eddy County, New Mexico.

3 The first Orders relate to the upper units
4 and then the second case relates to the lower units,
5 because there is a depth department severance here.

6 And just to be clear, in both of these
7 cases at this point Spur is seeking to pool additional
8 unleased mineral interest owners, because originally there
9 were leased interests that were pooled into these units.
10 Since the Pooling Orders have been entered it's become
11 clear to Spur that there are now unleased interests due to
12 the expiration of the existing agreements that were in
13 place related to this acreage, and that's why Spur is now
14 returning to hearing to pool the unleased mineral
15 exhibits.

16 So if you turn to Exhibit B-5, which starts
17 on page 49 of the exhibit packet, you will see a Tract of
18 Unit Rehab and that provides the parties that Spur is now
19 seeking to pool into these units. Spur has highlighted
20 the parties to be pooled in yellow.

21 And one additional point that I do want to
22 make and be sure is that Spur has reached an agreement
23 with ConocoPhillips, so Spur is not seeking to pool that
24 party anymore. And I don't see that Spur has made any
25 indication that we are seeking to pool ConocoPhillips'

1 interest at this point, but I just want to be sure and
2 state that on the record.

3 So in the exhibit packet, just to recap
4 we've got the land affidavit, the pre-existing Orders for
5 both cases, C-102s for both of the wells, as well as a
6 Tract and Unit Recap, a Well Proposal Letter, and a
7 chronology of the contacts with the working interest
8 owners.

9 Finally, Spur's Exhibits C and D are the
10 Notice information for both cases.

11 So with that I would move the admission of
12 Spur Exhibits A through D and request that both of these
13 cases be taken under advisement to pool the additional
14 interest owners.

15 EXAMINER BRANCARD: Thank you. Mr. Lamkin, any
16 questions?

17 EXAMINER LAMKIN: No questions.

18 EXAMINER BRANCARD: All right. Ms. Luck, I
19 don't have our standard Order in front of me, but I don't
20 know, do we have sufficient language to deal with
21 unpleased mineral interests in there or do we need to add
22 anything? Because you're still going to be paying them a
23 royalty.

24 MS. LUCK: I don't know the answer to that
25 question right offhand. I can look at the existing Orders

1 to see if they address the -- what would be these unleased
2 interests that were pooled, but I would think that they
3 would fall under the general language of the Oil and Gas
4 Act that's at 1/8th, 7/8.

5 EXAMINER BRANCARD: All right. Okay. Well, we
6 will take a look at the Order and see if anything needs to
7 be put in to deal with this issue.

8 MS. LUCK: Okay. And I can look at it after the
9 hearing, as well, and follow up.

10 EXAMINER BRANCARD: Thank you.

11 All right. Are there any other interested
12 parties to comment on Cases 22049 and 22050? (Note:
13 Pause.) Hearing none, Cases 22049, 22050, will be taken
14 under advisement.

15 MS. LUCK: Thank you.

16 (Time noted 8:28 a.m.)

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1 STATE OF NEW MEXICO)
2 : SS
3 COUNTY OF TAOS)

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5 REPORTER'S CERTIFICATE

6 I, MARY THERESE MACFARLANE, New Mexico Reporter
7 CCR No. 122, DO HEREBY CERTIFY that on Thursday, August 5,
8 2021, the proceedings in the above-captioned matter were
9 taken before me; that I did report in stenographic
10 shorthand the proceedings set forth herein, and the
11 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 _____

20 MARY THERESE MACFARLANE, CCR
21 NM Certified Court Reporter No. 122
License Expires: 12/31/2021

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