

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 Kaiser-Francis Oil CASE NO. 22017
Company for Compulsory Pooling,
Eddy County, New Mexico

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

THURSDAY, AUGUST 19, 2021

This matter came on for hearing before the
New Mexico Oil Conservation Division, William
Brancard, Esq. Hearing Examiner, Kathleen Murphy,
Technical Examiner, on August 19, 2021, via Webex
Virtual Conferencing Platform hosted by New Mexico
Department of Energy, Minerals and Natural Resources

Reported by: Mary Therese Macfarlane.
 New Mexico CCR #122
 PAUL BACA COURT REPORTERS
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A P P E A R A N C E S

FOR KAISER-FRANCIS OIL COMPANY: James Bruce, Esq.
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C O N T E N T S

CASE NO. 22017	PAGE
CASE CALLED:	3
TAKEN UNDER ADVISEMENT:	7

I N D E X O F E X H I B I T S .

EXHIBIT NO.	DESCRIPTION	ADMITTED
1	Application and Proposed Notice	7
2	Landman's Affidavit	7
3	Geologist's Affidavit	7
4	Affidavit of Notice	7
5	Affidavit of Publication	7
6	Pooling Checklist	7

1 (Time noted 8:55 a.m.)

2 EXAMINER BRANCARD: All right. With that I will
3 call Item No. 39, Case 22017, Kaiser Francis Oil Company.

4 MR. BRUCE: Mr. Examiner, Jim Bruce here on
5 behalf of Kaiser Francis, and I'm presenting the case by
6 affidavit.

7 EXAMINER BRANCARD: All right. I see no other
8 parties. Are there any other interested persons in Case
9 22017? (Note: Pause.) Hearing none, Mr. Bruce you may
10 proceed

11 MR. BRUCE: Mr. Examiner, I filed the exhibit
12 package. Exhibit 1 is the Application and Proposed Notice
13 in this case. Applicant seeks to force pool the
14 west half/southwest quarter of Section 24 and the
15 west half/west half of Section 25, 23 South, 28 East,
16 pooling the Delaware Formation.

17 The well is the Brantley Fee 2425 LBC Well
18 No. 1H, which will be completed in the lower portion of
19 the Brushy Canyon zone of the Delaware Formation.

20 Exhibit 2 is the landman's affidavit. It
21 contains all the usual information on the well, the
22 overhead rates, which are \$8,000 and \$800 a month.

23 They seek the maximum risk charge.

24 It contains all the usual exhibits: The
25 C-102, a history here, a summary -- showing the interests

1 being force pooled and the percentage interest; the
2 Summary of Communications, together with the Letters and
3 AFE. That is the affidavit of Brendon Kushnerick, who has
4 previously testified before the Division.

5 Then next is the Verified Statement of Lee
6 ** Whitman, the geologist on this prospect, and it
7 contains the usual structure map, isopach, cross section,
8 and directional drilling information showing that this
9 reservoir is capable of being developed by horizontal
10 drilling, and each quarter/quarter section will contribute
11 more or less equally to production.

12 Exhibit 4 is my Affidavit of Notice.
13 Notice was sent out, and I received back, wonder of all
14 wonders, all the green cards.

15 But also Exhibit 5 is an Affidavit of
16 Publication showing that all the parties did receive
17 Publication Notice also.

18 And finally Exhibit 5 is my Compulsory
19 Pooling Checklist. I truly hope it's correct. That's
20 usually the last thing I do in these hearings. Some of
21 them come out incorrectly.

22 I think everything is in the package, and I
23 would merely request that Exhibits 1 through 6 be entered
24 into the record and this matter be taken under advisement.

25 .

1 EXAMINER BRANCARD: Thank you.

2 Ms. Murphy, questions?

3 MS. MURPHY: I have a couple of questions.

4 Mr. Bruce is Attachment C, is that the
5 percentage of the working interests that you're pooling?
6 Page 10.

7 .

8 EXAMINER BRANCARD: Mr. Bruce, are you with us?

9 MR. BRUCE: Sorry. I was muted.

10 Yes, Attachment C shows the six entities
11 and their working interests who are being pooled, and were
12 notified of the hearing.

13 MS. MURPHY: So what percentage does Kaiser
14 Francis own overall in the spacing unit?

15 MR. BRUCE: Well, doing the math real quick in
16 my head, about 70, 72 percent.

17 MS. MURPHY: Okay. I have one other request.

18 On page 8, and I'm certainly not picking on
19 you, but we need to move away from the Midland maps. They
20 are just not useful at this point; the data is out of
21 date. And so I'll request that documents I see from now
22 on -- and also it was affirmed when Mr. Brooks was still
23 here that they requested not to use the Midland maps any
24 more.

25 And there is other sources of maps with

1 useful information that you can use, and you can find
2 those on the OCD website and also at the State Land Office
3 has good maps available for you to use with actual lease
4 information and tract ownership.

5 So I'll request that you submit the
6 Attachment A (sic) in I think it's these two cases.

7 Thank you.

8 MR. BRUCE: One case. One case.

9 MS. MURPHY: I think it's two cases coming up.
10 I'm confused.

11 MR. BRUCE: I will do that. I never recalled
12 Mr. Brooks saying that.

13 MS. MURPHY: You know, Mr. Goetz told me that
14 they had affirmed that they should move away from the
15 Midland maps. And at this stage you might as well just
16 put a quilt pattern or a newspaper pattern behind them,
17 because they are not useful. And we actually do use a lot
18 of -- examiners do look at these maps, which is a good
19 thing.

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21 EXAMINER BRANCARD: Any other questions?

22 MS. MURPHY: No further questions.

23

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24 EXAMINER BRANCARD: I will second that on the
25 maps. We have other cases that are using these maps today

1 and it's really a pain.

2 All right. Are there any your interested
3 parties in Case 22017? (Note: Pause.) Hearing none,
4 the exhibits will be admitted into the record.

5 Ms. Murphy, you wanted an updated map; is
6 that correct?

7 MS. MURPHY: Correct.

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9 EXAMINER BRANCARD: With that the case will be
10 taken under advisement.

11 MR. BRUCE: Thank you.

12 (Time noted 9:02 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
8 19, 2021, the proceedings in the above-captioned matter
9 were 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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