

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
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
COMPANY FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

CASE NO. 22033

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS
EXAMINER HEARING
DECEMBER 16 2021
SANTA FE, NEW MEXICO

This matter came on for virtual hearing before
the New Mexico Oil Conservation Division, HEARING OFFICER
WILLIAM BRANCARD and TECHNICAL EXAMINER KATHLEEN MURPHY on
Thursday, December 16, 2021, through the Webex Platform.

Reported by: PAUL BACA
 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
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I N D E X

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1 HEARING EXAMINER BRANCARD: With that, calling
2 Item Number 33, Case 22033, Kaiser-Francis.

3 MR. BRUCE: Mr. Examiner, Jim Bruce for the
4 applicant, and I just received an e-mail from Mr. Feldewert
5 saying that MRC Permian is no longer involved in this case.

6 HEARING EXAMINER BRANCARD: Well, okay.

7 MR. BRUCE: He asked me to inform you of that.

8 HEARING EXAMINER BRANCARD: Has he ducked out of
9 the hearing?

10 MR. BRUCE: I think so.

11 HEARING EXAMINER BRANCARD: Apparently so. I
12 believe he was on earlier. All right. Mr. Rankin, is that
13 okay with you?

14 MR. RANKIN: Whatever is okay with Mr. Feldewert
15 is okay with me.

16 HEARING EXAMINER BRANCARD: All right. Are there
17 any other entries of appearance for case Number 22033?

18 (No audible response.)

19 HEARING EXAMINER BRANCARD: With that, Mr. Bruce,
20 you may proceed.

21 MR. BRUCE: Mr. Examiner, this case was heard,
22 and it was another one where the publication lacked one day
23 of the ten business days, so this was continued to cure that
24 issue, and I would ask that the case be taken under
25 advisement.

1 HEARING EXAMINER BRANCARD: Sorry, was this the
2 last hearing we had December 2?

3 MR. BRUCE: I believe so.

4 HEARING EXAMINER BRANCARD: If that is the case
5 then, are there any other interested persons for Case 22033?

6 (No audible response.)

7 HEARING EXAMINER BRANCARD: Ms. Murphy, any
8 questions or concerns?

9 TECHNICAL EXAMINER MURPHY: I do not have any
10 questions. Thank you.

11 HEARING EXAMINER BRANCARD: Okay. With that, the
12 case will be taken under advisement. Thank you.

13 (Case adjourned and reopened.)

14 HEARING EXAMINER BRANCARD: I want to take a step
15 backwards here and let's go back to Case 22033. Mr. Bruce,
16 are you there.

17 MR. BRUCE: Yes, I am. Thankfully Mr. Baca got
18 the transcripts done quickly on this, and I went back
19 because I was confused by this.

20 So what happened two weeks ago, Mr. Bruce, is you
21 had your exhibits filed and your prehearing statement filed
22 right before the hearing.

23 MR. BRUCE: That's right, I forgot about that,
24 Mr. Examiner.

25 HEARING EXAMINER BRANCARD: And we decided to

1 actually continue the case because you just filed it, so you
2 never got your exhibits admitted into the record. So can we
3 go back into Case 22033 and start up this hearing again, if
4 you are ready to do so, Mr. Bruce?

5 MR. BRUCE: I am. Give me one second here so I
6 can pull up my copy of the exhibits. Okay, here we go.

7 Yes, Mr. Examiner, in this matter applicant seeks
8 to pool the E/2 NE of Section 25 and the E/2 E/2 of Section
9 24 in 23 South, 28 East for the Wright Federal 2H well.

10 Exhibit 1 is the application and proposed notice,
11 Exhibit 2 is the landman's affidavit which identifies the
12 usual -- contains the usual exhibits, shows who is being
13 pooled. And requesting overhead rates of, I think it's
14 8,000 per month for a drilling well, 800 for a producing
15 well and requesting the 200 percent penalty.

16 The geologist affidavit contains the structure
17 map, isopach and cross section showing that -- which is
18 Exhibit 3 -- shows the usual documents, and that the, the
19 formation being pooled, which is what they are targeting is
20 the Lower Brushy Canyon portion of the Delaware Formation is
21 continuous across the well unit in each quarter-quarter
22 section to contribute to production.

23 And then there's my affidavit of mailing, Exhibit
24 4, affidavit of publication, I believe notice is proper --
25 kind of a change for me. And then the pooling checklist is

1 Exhibit 6. And I think all the documents are there.

2 MRC Permian was involved because the -- MRC
3 Permian and Kaiser-Francis were kind of working together in
4 this area to decide who would be operating certain acreage,
5 and, in the end, Kaiser-Francis got this acreage, and so
6 that's why MRC Permian stepped out.

7 And so I think all is set to go, and I would ask
8 that Exhibits 1 through 6 be taken under advisement --
9 exhibits be admitted into evidence and the matter be taken
10 under advisement.

11 HEARING EXAMINER BRANCARD: Thank you. Ms.
12 Murphy, do you have any questions?

13 TECHNICAL EXAMINER MURPHY: I do not have any
14 questions. Thank you.

15 HEARING EXAMINER BRANCARD: Once again, are there
16 any other interested persons for Case 22033, application of
17 Kaiser-Francis?

18 (No audible response.)

19 HEARING EXAMINER BRANCARD: Hearing none, the
20 exhibits will be admitted into the record and the case will
21 now be taken under advisement.

22 MR. BRUCE: Thank you.

23 (Exhibits admitted.)

24 (Taken under advisement.)

25

1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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4 REPORTER'S CERTIFICATE

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6 I, PAUL BACA, New Mexico Certified Court
7 Reporter, do hereby certify that I reported the foregoing
8 virtual proceedings in stenographic shorthand and that the
9 foregoing pages are a true and correct transcript of those
10 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 reasonable quality.

17 Dated this 16th day of December 2021.

18

/s/ Paul Baca

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Paul Baca
License Expires: 12-31-22

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