

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 CENTENNIAL RESOURCE PRODUCTION, LLC
FOR COMPULSORY POOLING
LEA COUNTY, NEW MEXICO

Case No. 22766

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS
EXAMINER HEARING
June 2, 2022
SANTA FE, NEW MEXICO

This matter came on for virtual hearing
before the New Mexico Oil Conservation Division,
HEARING OFFICER WILLIAM BRANCARD and TECHNICAL
HEARING OFFICER JOHN GARCIA on Thursday, June 2,
2022, through the Webex Platform.

Reported by: PAUL BACA COURT REPORTERS
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A P P E A R A N C E S

For Centennial Resource Production, LLC:

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For MRC Permian Company:

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1 HEARING OFFICER BRANCARD: All right. I'm
2 on Item 34 on our worksheet today. This is
3 Case 22766, Centennial Resource Production.

4 MS. VANCE: Good morning, Mr. Examiner,
5 Paula Vance. I'm not sure I'm hearing --

6 HEARING OFFICER BRANCARD: You have got a
7 soundtrack on with you.

8 MS. VANCE: I am not sure where that's
9 coming from. Hold on a second. I'm sorry about
10 that. I literally have no idea where that's coming
11 from.

12 MR. FELDEVERT: I'm calling you.

13 TECHNICAL HEARING OFFICER GARCIA: Sounds
14 like somebody on hold.

15 MS. VANCE: Yeah, that's not me. I'm not
16 sure if maybe somebody has unmuted themselves.

17 HEARING OFFICER BRANCARD: Mr. Feldewert,
18 are you pulling a prank on Ms. Vance?

19 MR. FELDEVERT: No, sir. I'm just
20 perplexed as she is.

21 MS. VANCE: It sounds like it went away.

22 HEARING OFFICER BRANCARD: It went away.
23 Thank you, Ms. Vance.

24 I have an entry of appearance from MRC
25 Permian Company.

1 MR. BRUCE: Mr. Examiner, Jim Bruce for
2 MRC.

3 HEARING OFFICER BRANCARD: All right.
4 Does MRC object to this case going forward by
5 affidavit?

6 MR. BRUCE: No, sir.

7 HEARING OFFICER BRANCARD: Are there any
8 other entries of appearance for Case 22766?

9 Hearing none, Ms. Vance, you may proceed.

10 MS. VANCE: All right. I am going to try
11 that one more time. So this is Paula Vance with the
12 Santa Fe office of Holland & Hart on behalf of the
13 Applicant, Centennial Resource Production, LLC.

14 In Case 22766 Centennial seeks to pool
15 uncommitted mineral interests within the Bone Spring
16 formation, and the pool code is 96585, and that's
17 underlying a standard 320-acre horizontal spacing
18 unit comprised of the west half, west half of
19 Sections 12 and 1, Township 29 South, Range 35 East,
20 Lea County, New Mexico.

21 And Centennial seeks to dedicate the
22 spacing unit to the proposed King Eider, 12 Fed Com
23 501H well.

24 In this case we have provided the
25 compulsory pooling checklist, as well as a

1 self-affirmed statement and testimony of landman
2 Gavin Smith and geologist Isabel Harper, both of
3 whom have previously testified before the Division
4 and their credentials have been accepted as a matter
5 of record.

6 Mr. Smith's affidavit is Exhibit C, which
7 includes sub-exhibits C1, which is a C102; C2, the
8 land tract map; C3, uncommitted owners; C4, the
9 sample well proposals letter with AFEs; and C5, a
10 chronology of contacts.

11 In this case, Mr. Smith testifies that the
12 drilling of this well is in the best interest of
13 conservation, the prevention of waste, and the
14 protection of correlative rights.

15 This is followed by Ms. Harper's
16 affidavit, which is Exhibit D, and I did want to
17 note that we were going to file a revised Exhibit D
18 this morning. Ms. Harper provided a small update
19 tweaked in Paragraph 16 of her affidavit, and it
20 states, "The structure match shows that the Bone
21 Spring dips gently to northwest rather than just the
22 west."

23 This also includes sub-exhibits D1, the
24 locator map; D2, the Bone Spring sub-C structure
25 map; D3, the Bone Spring cross section map; and D4,

1 the Bone Spring stratigraphic cross section.

2 In this case Ms. Harper did not observe
3 any faulting, pinch-outs or other geological
4 impediments to the horizontal drilling of this well.

5 And lastly our Exhibit E, the affidavit of
6 notice with sample letters that were timely mailed
7 on April 15th, 2022 and May 13, 2022.

8 And the in May 13th was to notice
9 additional parties that were identified. And I'm
10 sorry, and Exhibit F, which is the affidavit of
11 notice of publication, which was timely published on
12 April 17, 2022 and May 17th, 2022 to notice those
13 additional parties that were identified.

14 And unless there are any questions, I
15 would ask that all exhibits and sub-exhibits be
16 admitted into the record and that Case 22766 be
17 taken under advisement by the Division at this time.

18 I stand by for any questions you might
19 have.

20 HEARING OFFICER BRANCARD: Thank you.

21 Mr. Bruce, any questions?

22 MR. BRUCE: No, sir.

23 HEARING OFFICER BRANCARD: Mr. Garcia?

24 TECHNICAL HEARING OFFICER GARCIA: No
25 questions.

1 HEARING OFFICER BRANCARD: Ms. Vance,
2 let's go to the notice section.

3 MS. VANCE: Okay.

4 HEARING OFFICER BRANCARD: It looks like
5 Mr. Rankin did the notice, so you can just blame
6 him. I'm looking at the mail postal delivery
7 report.

8 MS. VANCE: And I highlighted for you all
9 the parties that were to be noticed per the C2
10 Exhibit.

11 HEARING OFFICER BRANCARD: Well, you just
12 answered my question, what's the highlighting.

13 MS. VANCE: Yes, yeah. They provided
14 additional notice and I just wanted to make it clear
15 who were the required parties to be noticed so
16 that's what that is.

17 HEARING OFFICER BRANCARD: So the parties
18 in yellow are the ones being pooled here?

19 MS. VANCE: Yes, Mr. Examiner.

20 HEARING OFFICER BRANCARD: And the other
21 parties and the other --

22 MS. VANCE: It was just additional notice
23 and the Applicant, Centennial, just being cautious
24 about ensuring they provided notice to the required
25 parties.

1 HEARING OFFICER BRANCARD: Okay. Thank
2 you.

3 So did you -- you mailed it twice to XTO
4 because it looks like the first mailing to XTO was
5 refused. Right there at the top. At the top, XTO.

6 MS. VANCE: I'm looking. I see XTO.

7 HEARING OFFICER BRANCARD: It says,
8 "Refused."

9 MS. VANCE: And, yes, I'm sorry, I should
10 have highlighted that second one as well that was
11 delivered, I think it's one, two --

12 HEARING OFFICER BRANCARD: Yes, okay,
13 there is another one there for Spring --

14 MS. VANCE: It's about 12 lines down,
15 Mr. Examiner.

16 HEARING OFFICER BRANCARD: Okay.

17 MS. VANCE: Sorry I missed that for you.

18 HEARING OFFICER BRANCARD: Okay. Those
19 are my questions.

20 Mr. Garcia, did you have any other
21 questions?

22 TECHNICAL HEARING OFFICER GARCIA: No.

23 HEARING OFFICER BRANCARD: All right.

24 With that, the exhibits in Case 22766 will
25 be admitted into the record and Case 22766 will be

1 taken under advisement.

2 MS. VANCE: Thank you, Mr. Examiner, and
3 thank you, Mr. Garcia.

4 (Matter concluded.)

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REPORTER'S CERTIFICATE

I certify that the foregoing is a correct transcript from the record of proceedings in the above-entitled matter. I further certify that the transcript fees and format comply with those prescribed by the Court and the Judicial Conference of the United States.

Date: June 2, 2022

/s/ Edwina Castillo

EDWINA CASTILLO, RPR, CCR
Certified Court Reporter #407
License Expires: 12-31-2022