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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:

CASE NOS: 22924

APPLICATION OF INVITO OPERATING,
LLC FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS
EXAMINER HEARING
AUGUST 4, 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 EXAMINER JOHN GARCIA on
Thursday, August 4, 2022, through the Webex Platform.

Reported by: PAUL BACA PROFESSIONAL COURT REPORTERS
500 Fourth Street, NW, Suite 105
Albuquerque, NM 87102
505-843-9241

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A P P E A R A N C E S

For the Applicant:

DANA HARDY
HINKLE SHANOR LLP
P.O. Box 0268
Santa Fe, NM 87504
505-982-4554

I N D E X

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| SUMMARY OF CASE AND EXHIBITS | 03 |
| TAKEN UNDER ADVISEMENT | 09 |
| REPORTER CERTIFICATE | 10 |

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

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|--------------------------|----------------|
| Exhibits and Attachments | Admitted 09 |
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1 HEARING EXAMINER BRANCARD: All right. Item
2 number 33, case 22924, Invito Operating.

3 MS. HARDY: Yes, Mr. Examiner, Dana Hardy with
4 Hinkle Shanor on behalf of Invito Operating.

5 HEARING EXAMINER BRANCARD: Are there any other
6 persons or here for case 22924?

7 (No audible response.)

8 HEARING EXAMINER BRANCARD: Hearing none, Ms.
9 Hardy, you may proceed.

10 MS. HARDY: Thank you, in this case Invito seeks
11 an order pooling all uncommitted interest in the San Andres
12 Formation underlying a 160 acre, more or less, standard
13 horizontal spacing unit comprised of Lot 1, SE/4 of the NE/4
14 and the E/2 of the SE/4, so that's the E/2 E/2 equivalent of
15 Section 1, Township 9 South, Range 33 East in Lea County,
16 and the unit will be dedicated to the Palisade Number 1H
17 Well.

18 We have provided with our exhibit packet the
19 supplemental statement of landman Jarod Poteet. He provides
20 the standard land exhibits, C-102, the plot of tracts and
21 ownership interests, the sample well proposal letter and AFE
22 and the chronology of contacts.

23 The tract ownership information and the pooled
24 parties are identified in Exhibit A-3, and we did have a
25 unlocatable interests. They are indicated by asterisks, and

1 Mr. Poteet's chronology of contacts, A-5, discusses the
2 efforts that were made to locate those unlocatable parties.
3 And Mr. Poteet has not previously testified before the
4 Division, and we did provide his qualifications.

5 Exhibit B is the self-affirmed statement of
6 geologist Candice Carrell. Ms. Carrell has not previously
7 testified, and we provided her resume.

8 She also provides the standard geology exhibits,
9 a regional location map, a Pi marker structure map and a
10 stratigraphic cross section.

11 Exhibit C is my self-affirmed statement on
12 notice, provided a sample notice letter, the chart of notice
13 that shows interested parties and (unclear audio) and we
14 also did timely publish for this case on July 15 of 2022,
15 and we provided the affidavit of publication.

16 So with that, unless there are questions, I
17 request the exhibits be accepted and the case be taken under
18 advisement.

19 HEARING EXAMINER BRANCARD: Thank you.

20 Mr. Garcia?

21 TECHNICAL EXAMINER GARCIA: Are you compulsory
22 pooling only mineral interest owners, or is there other
23 interests?

24 MS. HARDY: I think they are primarily unleased
25 mineral interest owners.

1 TECHNICAL EXAMINER GARCIA: I'm trying to
2 remember, are (unclear audio) needed for mineral interest
3 owners only?

4 MS. HARDY: I believe it's that they -- that they
5 are. I think it was rights that we are not pooling.

6 TECHNICAL EXAMINER GARCIA: Okay. Yeah, I'm fine
7 with that. I have no other questions than that,
8 Mr. Brancard.

9 HEARING EXAMINER BRANCARD: Okay. There is whole
10 lot of people you are trying to pool here.

11 MS. HARDY: A lot of very small interests in this
12 area.

13 HEARING EXAMINER BRANCARD: Okay. Which means we
14 expect you to do more. So who did you -- who is actually
15 being pooled here?

16 MS. HARDY: If you look at -- look at actually a
17 couple of places. If you look at Page -- on Page 12 of the
18 PDF.

19 HEARING EXAMINER BRANCARD: Okay.

20 MS. HARDY: It lists the parties, and it
21 continues for several pages. We list the parties with
22 interest in each tract, the percentage of the interest and
23 whether they are being pooled. And it also identifies
24 whether they are unlocatable. Most of them are locatable,
25 but there are some unlocatable.

1 HEARING EXAMINER BRANCARD: Tract 1 and 2, 3,
2 there is no cumulative.

3 MS. HARDY: The cumulative information is on
4 Page 11.

5 HEARING EXAMINER BRANCARD: Okay. So if we took
6 this list, and then we took it to -- I think it's on Page 22
7 where you sent out notice to people, that should correlate?

8 MS. HARDY: It should.

9 HEARING EXAMINER BRANCARD: And it includes like
10 the unlocatable parties in the list here that notices were
11 sent out to?

12 MS. HARDY: It does if they were addressed to
13 them. They were all listed in the publication notice. We
14 would send notice to everyone we had addresses for, and then
15 only if there were no address available (unclear audio).

16 HEARING EXAMINER BRANCARD: So you have all of
17 these estates here, and you are claiming that there is no
18 addresses for them?

19 MS. HARDY: I believe we would have sent notices
20 to the address located. Look at the green cards.

21 HEARING EXAMINER BRANCARD: I am looking at Page
22 21, there is a whole list, there is like five estates in a
23 row that says, "no address found." In other words, you
24 didn't even send -- you didn't send -- it says, "No letter
25 sent."

1 MS. HARDY: Okay. I'm -- I'm sorry, which --
2 are you looking at?

3 HEARING EXAMINER BRANCARD: I'm on Page 21 of the
4 PDF.

5 MS. HARDY: Okay. So those -- those are the
6 landman's efforts to contact and locate parties, so that
7 would be correct. And she discussed on Page -- Page 19,
8 what she had done to try to locate parties.

9 I think this is an area where the land ownership
10 has been very fragmented and complicated, so I think it's
11 difficult and not possible to track down everyone. They use
12 (unclear audio) to try to locate people with land brokers,
13 there was a lot of work done to try to locate all of the
14 owners.

15 HEARING EXAMINER BRANCARD: So it says, "Searched
16 obituaries to identify possible heirs." So I would guess
17 that these -- so I guess I just like some more information
18 where you are not sending letters out to people as to how
19 you came to that conclusion. In other words, have you sent
20 AFEs to addresses before and there was nobody there, and you
21 tried to contact heirs and no one responded, and so you
22 finally just broke her hand. But totally you will have done
23 enough due diligence to be able to justify the fact that no
24 letter was sent at all.

25 MS. HARDY: Okay. We can provide a supplemental

1 affidavit from the landman.

2 HEARING EXAMINER BRANCARD: And of course it also
3 seems, you know, often in these cases you have people that
4 are related to each other. So if you talk to one person,
5 perhaps then they tell you about someone else.

6 MS. HARDY: That is possible.

7 HEARING EXAMINER BRANCARD: They are related to
8 somebody on the list.

9 MS. HARDY: That's right. I think (unclear
10 audio) routinely.

11 HEARING EXAMINER BRANCARD: So, anyway, I mean,
12 as you're aware, we are getting challenges to whether proper
13 notice has been given and whether people really were
14 unlocatable, and we are getting people coming back a year
15 later challenging orders, so we need to have these things
16 documented. And, you know, in one case you have one tract
17 at 17.5 percent unreachable party. That's quite a decent
18 percentage there.

19 Okay. I think that was only questions I had, so
20 if you could just try to provide a little more information
21 about people you were unable to locate and what efforts
22 specifically to arrive at that conclusion.

23 MS. HARDY: Sure, we would be happy to do that,
24 Mr. Examiner.

25 HEARING EXAMINER BRANCARD: Mr. Garcia, do you

1 have any follow-up?

2 TECHNICAL EXAMINER GARCIA: I have no further
3 questions.

4 HEARING EXAMINER BRANCARD: All right. Once
5 again, any other persons for case 22924?

6 (No audible response.)

7 HEARING EXAMINER BRANCARD: Hearing none, the
8 exhibits will be admitted into the record and the case will
9 be taken under advisement, but there will be additional
10 information on unlocatable parties.

11 MS. HARDY: Thank you, Mr. Examiner.

12 (Exhibits admitted.)

13 (Taken under advisement.)

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STATE OF NEW MEXICO
COUNTY OF BERNALILLO

REPORTER'S CERTIFICATE

I do hereby certify that I reported the foregoing virtual proceedings in stenographic shorthand and that the foregoing pages are a true and correct transcript of those proceedings to the best of my ability.

I FURTHER CERTIFY that I am neither employed by nor related to any of the parties or attorneys in this case and that I have no interest in the final disposition of this case.

I FURTHER CERTIFY that the Virtual Proceeding was of poor to good quality.

Dated this 4th day of August 2022.

Irene Delgado
Court Reporter
License Expires: 12-31-22

[0268 - cumulative]

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