

STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

ORIGINAL

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:

CASE 15317
(Cont'd)

APPLICATION OF DEVON ENERGY PRODUCTION
COMPANY, L.P. FOR A NON-STANDARD OIL SPACING
AND PRORATION UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

JUNE 25, 2015

Santa Fe, New Mexico

BEFORE: MICHAEL McMILLAN, CHIEF EXAMINER
WILLIAM V. JONES, EXAMINER
GABRIEL WADE, LEGAL EXAMINER

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This matter came on for hearing before the
New Mexico Oil Conservation Division, Michael McMillan,
Chief Examiner, William V. Jones, Examiner, and Gabriel
Wade, Legal Examiner, on June 25, 2015, at the New
Mexico Energy, Minerals, and Natural Resources
Department, Wendell Chino Building, 1220 South St.
Francis Drive, Porter Hall, Room 102, Santa Fe, New
Mexico.

REPORTED BY: ELLEN H. ALLANIC
NEW MEXICO CCR 100
CALIFORNIA CSR 8670
PAUL BACA COURT REPORTERS
500 Fourth Street, NW
Suite 105
Albuquerque, New Mexico 87102

A P P E A R A N C E S

For the Applicant

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I N D E X

CASE NUMBER 15317 CALLED

DEVON ENERGY PRODUCTION COMPANY, L.P. CASE-IN-CHIEF:

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E X H I B I T I N D E X
Exhibits Offered and Admitted

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1 (Time noted 10:34 a.m.)

2 EXAMINER McMILLAN: I would like to call the
3 hearing back to order. I would like to call case 15317,
4 Application of Devon Energy Production Company, L.P.,
5 for a non-standard oil spacing and proration unit and
6 compulsory pooling, Eddy County, New Mexico.

7 Call for appearances.

8 MR. BRUCE: Mr. Examiner, Jim Bruce of
9 Santa Fe representing the applicant. I am submitting
10 this case by affidavit.

11 EXAMINER McMILLAN: Okay.. Any other
12 appearances?

13 (No response.)

14 EXAMINER McMILLAN: The question I have is
15 what is the acreage?

16 MR. BRUCE: 160 acres.

17 EXAMINER McMILLAN: The south half and north
18 half of section 22, Township 27 South, Range 27 East,
19 correct?

20 MR. BRUCE: 22, 27.

21 EXAMINER McMILLAN: And the acreage type?

22 MR. BRUCE: Fee, all fee land.

23 EXAMINER McMILLAN: And is this the Cass
24 Draw Bone Spring?

25 MR. BRUCE: Cass Draw Bone Spring, Pool Code

1 10380.

2 EXAMINER McMILLAN: Status?

3 MR. BRUCE: Drilled.

4 EXAMINER McMILLAN: Costs?

5 MR. BRUCE: Mr. Examiner, if I could, just
6 very briefly -- I don't have the costs -- let me explain
7 what we are doing here. And if you look at the
8 statement of the landman, Brandon Patrick --

9 EXAMINER McMILLAN: Yes.

10 MR. BRUCE: What they are seeking to do is
11 pool the south half, north half of section 22. The well
12 has been drilled. There is an API number on the
13 affidavit. The people there are seeking to pool our fee
14 royalty owners, and Devon's pooling -- the pooling
15 clauses in the leases don't specifically pertain to
16 horizontal wells. I'm afraid they will not be committed
17 interest owners if they don't force pool.

18 So what they did, there were about, I don't
19 know, 20 or two-dozen fee royalty owners in this land
20 and Devon wrote to them and asked them to amend their
21 leases to include a pooling clause which allowed pooling
22 of horizontal well units, either non-standard units or
23 project areas.

24 About five of the interest owners never
25 ratified the lease amendments and, therefore, that's the

1 people they are pooling. They are not seeking costs
2 against any party nor are they seeking overhead rates.

3 And the names of the parties being pooled
4 are all from current Division or as stated in the
5 affidavit, all from an applicant's Division order file,
6 so the addresses should be current and correct.

7 And that's the only thing we are seeking,
8 just to force pool royalty owners who haven't either
9 ratified the well unit or have not agreed to amend the
10 pooling provision of the lease.

11 And that's Exhibit 1.

12 Exhibit 2 is a typical geologist affidavit,
13 showing continuity of the formation across the well bore
14 and indicating the -- with the cross section attached.
15 It's a Second Bone Spring Sand Well.

16 Exhibit 3 is my affidavit of notice.
17 Despite these addresses being from Division order files,
18 two letters came back, one to Donald Finley and one to
19 James Reed, et al.

20 And so Exhibits 4 and 5 are affidavits of
21 publication in the Carlsbad newspaper against those
22 interest owners.

23 The parties being pooled are identified in
24 the lineman's affidavit.

25 If you look at Exhibit 3, my affidavit of

1 notice, the last two pages of that show that they were
2 either -- notice was left or it says it's undeliverable
3 as addressed. So Exhibits 4 and 5 are affidavits of
4 publication in the Carlsbad newspaper and the landman's
5 affidavit also.

6 EXAMINER McMILLAN: What day is June 12th?

7 MR. BRUCE: It was a Friday, so it is ten
8 days.

9 EXAMINER McMILLAN: Okay.

10 MR. BRUCE: I made sure of that. One of
11 them came back the day before, and I had to pressure the
12 Carlsbad newspaper to get it published in time.

13 And Exhibit 6 is just an affidavit of notice
14 to the offsets as required by the Division for a
15 non-standard unit.

16 EXAMINER McMILLAN: Is the project area
17 standard?

18 MR. BRUCE: It is standard, one mile.

19 EXAMINER McMILLAN: I have no further
20 questions in case No. 15317.

21 MR. BRUCE: I pass the admission of Exhibits
22 1 through 6.

23 EXAMINER McMILLAN: Exhibits 1, Exhibit 2,
24 Exhibit 3, Exhibit 4, Exhibit 5, and Exhibit 6 may now
25 be accepted as part of the record.

1 (Devon Energy Production Company, L.P.,
2 Exhibits 1 through 6 were offered and admitted.)

3 MR. BRUCE: Thank you, Mr. Examiner.

4 EXAMINER McMILLAN: Thank you. Have a nice
5 trip.

6 EXAMINER WADE: I understand you have to
7 leave and before you go, you mentioned two cases that
8 you entered appearances that we are going to hear later
9 today. Can we just put that on the record, that you
10 have entered an appearance --

11 MR. BRUCE: In two COG cases, 15327 and
12 15331, cases seven and eleven on the docket, I entered
13 appearances for Devon Energy Production Company, L.P.,
14 but the parties are trying to work things out, and I
15 don't need to ask any questions of anybody.

16 EXAMINER WADE: Okay.

17

18

19

(Time noted 10:41 a.m.)

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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. _____
heard by me on _____.

_____, Examiner
Oil Conservation Division

1 STATE OF NEW MEXICO)
 2) ss.
 3 COUNTY OF BERNALILLO)
 4
 5
 6

7 REPORTER'S CERTIFICATE

8
 9 I, ELLEN H. ALLANIC, New Mexico Reporter CCR
 10 No. 100, DO HEREBY CERTIFY that on Thursday, June 25,
 11 2015, the proceedings in the above-captioned matter were
 12 taken before me, that I did report in stenographic
 13 shorthand the proceedings set forth herein, and the
 14 foregoing pages are a true and correct transcription to
 15 the best of my ability and control.

16
 17 I FURTHER CERTIFY that I am neither employed by
 18 nor related to nor contracted with (unless excepted by
 19 the rules) any of the parties or attorneys in this case,
 20 and that I have no interest whatsoever in the final
 21 disposition of this case in any court.

22
 23
 24
 25


ELLEN H. ALLANIC, CSR
 NM Certified Court Reporter No. 100
 License Expires: 12/31/15