

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 ENDURANCE RESOURCES  
TO REOPEN CASE NUMBER 15465 FOR THE  
PURPOSE OF CREATING A DEFINED DELAWARE  
OIL POOL SUBJECT TO THE SPECIAL RULES  
ENACTED UNDER DIVISION ORDER R-14153,  
LEA COUNTY, NEW MEXICO.

CASE NO. 15465  
(Reopened)

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

July 21, 2016

Santa Fe, New Mexico

BEFORE: MICHAEL McMILLAN, CHIEF EXAMINER  
WILLIAM V. JONES, TECHNICAL EXAMINER

This matter came on for hearing before the  
New Mexico Oil Conservation Division, Michael McMillan,  
Chief Examiner, and William V. Jones, Technical  
Examiner, on Thursday, July 21, 2016, 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: Mary C. Hankins, CCR, RPR  
New Mexico CCR #20  
Paul Baca Professional Court Reporters  
500 4th Street, Northwest, Suite 105  
Albuquerque, New Mexico 87102  
(505) 843-9241

1 APPEARANCES

2 FOR APPLICANT ENDURANCE RESOURCES:

3 JORDAN L. KESSLER, ESQ.  
 4 HOLLAND & HART  
 5 110 North Guadalupe, Suite 1  
 6 Santa Fe, New Mexico 87501  
 7 (505) 988-4421  
 8 jlkessler@hollandhart.com

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9 INDEX

10		PAGE
11	Case Number 15465 Called	3
12	Opening Statement by Ms. Kessler	3
13	Endurance Resources' Case-in-Chief:	
14	Witnesses:	
15	Jason South:	
16	Direct Examination by Ms. Kessler	5
17	Proceedings Conclude	10
18	Certificate of Court Reporter	11

19

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21 EXHIBITS OFFERED AND ADMITTED

22	Endurance Resources Exhibit Numbers 11 through 15	9
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1 (11:22 a.m.)

2 EXAMINER McMILLAN: Case Number 15465,  
3 application of Endurance Resources to reopen Case Number  
4 15465 for the purpose of creating a defined Delaware oil  
5 pool subject to the special pool rules enacted under  
6 Division Order R-14153, Lea County, New Mexico.

7 Call for appearances.

8 MS. KESSLER: Jordan Kessler, from the  
9 Santa Fe office of Holland & Hart, on behalf of  
10 Endurance Resources.

11 EXAMINER McMILLAN: Any other appearances?  
12 Please proceed.

13 MS. KESSLER: I have one witness.

14 EXAMINER McMILLAN: Would the witness  
15 please be sworn in at this time?

16 (Jason South sworn.)

17 MS. KESSLER: Mr. Examiners, I'll just give  
18 you a brief background of this case.

19 It was originally heard by the Division on  
20 April 14th. At that time Endurance requested a special  
21 depth bracket allowable for the WC-025 S253523H,  
22 Delaware Oil Pool. That's Pool Code 97779, and I will  
23 refer to that as the Wildcat Delaware Pool. At that  
24 time we presented land, geology and engineering evidence  
25 for an increased allowable. First of all, it was

1 necessary, and second of all, it would not cause harm to  
2 the reservoir.

3           The Division accepted the evidence and  
4 issued Order R-14153 on April 19th and set forth special  
5 pool rules for the special pool. Pool Rules -- Special  
6 Pool Rules 1 and 2 recognize the applicability of the  
7 pool rules and authorize to increase allowables to 350  
8 barrels of oil per day per 40-acre spacing unit.

9           And the order in paragraph three of that  
10 order required Endurance to reopen to request special --  
11 to request pool creation of a defined Delaware oil pool  
12 and to request the special pool rules apply to said  
13 pool. So I'm here to request the creation of a new  
14 pool, as designated by Paul Kautz, the Doggy Draw  
15 Delaware Oil Pool --

16           EXAMINER JONES: Say that again. Doggy  
17 Draw?

18           MS. KESSLER: Doggy Draw Delaware Oil Pool.  
19 And also to request the special pool rules, in  
20 particular the increased allowable be applied to the  
21 Doggy Draw Delaware Oil Pool, and we'll provide evidence  
22 regarding the pool boundaries and the designation by  
23 Paul Kautz.

24                           JASON SOUTH,  
25           after having been previously sworn under oath, was

1           questioned and testified as follows:

2                                 DIRECT EXAMINATION

3       BY MS. KESSLER:

4           Q.    Mr. South, can you please state your name for  
5       the record and tell the Examiners by whom you are  
6       employed and in what capacity?

7           A.    Yes.   Jason South, Land Manager for Endurance  
8       Resources, LLC.

9           Q.    Have you previously testified before the  
10      Division?

11          A.    Yes, I have.

12          Q.    Were your credentials as a petroleum landman  
13      accepted and made a matter of record?

14          A.    Yes, they were.

15          Q.    And you're familiar with the application filed  
16      on behalf of Endurance in this case?

17          A.    Yes, I am.

18          Q.    And are you familiar with the status of the  
19      lands in the subject area?

20          A.    Yes, I am.

21                         MS. KESSLER:  I would tender Mr. South as  
22      an expert in petroleum land matters.

23                         EXAMINER McMILLAN:  So qualified.

24          Q.    (BY MS. KESSLER) Mr. South, can you please  
25      state what Endurance seeks with this application?

1           A.     Endurance seeks a pool creation of a defined  
2 Delaware oil pool, and we want to bring in the  
3 boundaries of the pool that was referenced earlier, what  
4 we call the Delaware Wildcat Pool. We want to bring  
5 those boundaries into this specific pool.

6                     We would like to name it the Doggy Draw  
7 Pool, and we would request that the special pool rules  
8 that we were granted at the last order be applied to  
9 this pool, the Doggy Draw Pool.

10          Q.     Are you familiar with Division Order 14153?

11          A.     Yes, I am.

12          Q.     Did you appear before the Division to present  
13 land testimony in that matter?

14          A.     Yes, I did.

15          Q.     If you can turn to what I've marked as Exhibit  
16 11, did Endurance previously request an increase in the  
17 depth bracket allowables for the Wildcat Delaware Pool?

18          A.     Yes, we did. We requested it -- it was  
19 originally 230 barrels of oil per 40-acre tract, and we  
20 requested 350 barrels per 30-acre tract. And this was  
21 also applied to the acreage in a defined pool presented  
22 to us by Paul Kautz prior to our hearing.

23          Q.     And did the Division request that endurance  
24 reopen Case Number 15465 to request a defined Delaware  
25 Oil Pool?

1           A.    Yes, they did, per paragraph number three of  
2   the order.

3           Q.    And did Paul Kautz recently confirm that the  
4   Wildcat Delaware Pool boundaries had been expanded?

5           A.    Yes, he did.

6           Q.    And that's reflected in Exhibit 12, correct?

7           A.    That is correct.

8           Q.    What is the current acreage within the proposed  
9   Doggy Draw Pool?

10          A.    The acreage included in the Doggy Draw Pool the  
11   south half of Section 15, the west half in southeast  
12   quarter of Section 16, the northeast quarter of Section  
13   22, the north half and southwest quarter of Section 23,  
14   and the west half of Section 26, all in Township 25  
15   South, Range 35 East, Lea County, New Mexico.

16          Q.    And that's shown on Exhibit 12 by cross lines,  
17   correct?

18          A.    That is correct.

19          Q.    Do you request that the acreage be designated  
20   as a defined Delaware oil pool?

21          A.    Yes.

22          Q.    Has Endurance proposed a name for said pool?

23          A.    Yes.

24          Q.    Did you originally request that the pool be  
25   called the White Falcon Pool?

1           A.    Yes.  Originally, we wanted the White Falcon  
2   after the well was drilled, but --

3           Q.    And after speaking with Paul Kautz, did he  
4   indicate that the pool would be titled the Doggy Draw  
5   Delaware Oil Pool?

6           A.    Yes, that is correct.

7           Q.    So that's what you're requesting?

8           A.    Yes, ma'am.  Correct.

9           Q.    And the pool code will remain the same?

10          A.    Yes.

11          Q.    Do you request that the special pools rules set  
12   forth in Order R-14153 be applied to the Doggy Draw Oil  
13   Pool?

14          A.    Yes.

15          Q.    And specifically that the increased allowable  
16   will apply to the Doggy Draw Oil Pool?

17          A.    Yes.

18          Q.    Is the area of notice marked on Exhibit 12 by a  
19   red line?

20          A.    Yes, that is correct.

21          Q.    Okay.  So did you provide notice of this  
22   hearing and a copy of the application to all operators  
23   within the pool and to operators within the same  
24   formation within a mile of the pool?

25          A.    Yes, ma'am.



1 Q. Okay. And did you -- is a copy of this notice  
2 included as Exhibit 13?

3 A. Yes, it is.

4 Q. Did you publish notice of this hearing directed  
5 to each of the operators?

6 A. Yes, we did.

7 Q. Is that included in Exhibit 14?

8 A. Yes, ma'am.

9 Q. And did you prepare Exhibit 12?

10 A. Yes.

11 MS. KESSLER: Mr. Examiners, I move  
12 admission of Exhibits 11 through 14, which also include  
13 the Division's order and our affidavits.

14 EXAMINER McMILLAN: Okay. Exhibits 11  
15 through 14 may now be accepted as part of the record.

16 And I also expect the email that you sent  
17 yesterday; I want that as part of the record, too.

18 MS. KESSLER: Okay. Do you need me to send  
19 another copy of that, or can we designate that as  
20 Exhibit 15?

21 EXAMINER McMILLAN: Yeah. That's Exhibit  
22 15.

23 And Exhibit 15.

24 (Endurance Resources Exhibit Numbers 11  
25 through 15 are offered and admitted into

1 evidence.)

2 EXAMINER McMILLAN: Case Number 15465 shall  
3 be taken under advisement.

4 Thanks.

5 (Case Number 15465 concludes, 11:31 a.m.)  
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I-25 hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. \_\_\_\_\_  
heard by me on \_\_\_\_\_

\_\_\_\_\_  
Oil Conservation Division, Examiner

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1 STATE OF NEW MEXICO

2 COUNTY OF BERNALILLO

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4 CERTIFICATE OF COURT REPORTER

5 I, MARY C. HANKINS, Certified Court

6 Reporter, New Mexico Certified Court Reporter No. 20,

7 and Registered Professional Reporter, do hereby certify

8 that I reported the foregoing proceedings in

9 stenographic shorthand and that the foregoing pages are

10 a true and correct transcript of those proceedings that

11 were reduced to printed form by me to the best of my

12 ability.

13 I FURTHER CERTIFY that the Reporter's

14 Record of the proceedings truly and accurately reflects

15 the exhibits, if any, offered by the respective parties.

16 I FURTHER CERTIFY that I am neither

17 employed by nor related to any of the parties or

18 attorneys in this case and that I have no interest in

19 the final disposition of this case.

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MARY C. HANKINS, CCR, RPR

Certified Court Reporter

New Mexico CCR No. 20

Date of CCR Expiration: 12/31/2016

Paul Baca Professional Court Reporters