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

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

PREHEARING TRANSCRIPT

CONTINUANCES, DISMISSALS AND SCHEDULING

April 18, 2019

Santa Fe, New Mexico

BEFORE: WILLIAM V. JONES, CHIEF EXAMINER TERRY WARNELL, TECHNICAL EXAMINER
DAVID K. BROOKS, LEGAL EXAMINER

ALSO PRESENT: Velvet Valentine Marlene Salvidrez

This matter came on for hearing before the New Mexico Oil Conservation Division, William V. Jones, Chief Examiner, Terry Warnell, Technical Examiner, and David K. Brooks, Legal Examiner, on Thursday, April 18, 2019, 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.

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(8:22 p.m.)
EXAMINER JONES: Good morning, everyone. This is the examiner hearing for April the 18th. This is Docket Number 14-19. Already the end of the first quarter is here and time for the reports to EPA for all of us.

We wanted to make sure we introduced Velvet Valentine.

Velvet, will you stand up?
She is our point of contact now with the office here in Santa Fe. And so there is a sign-in sheet when you come in to -- right next to her. She's very efficient. She's got up calendars, and we tell her when we're going to be absent, and she knows everything. And she's got -- if you call the main number, she gets the main number. It's going to be Velvet, Florene and -- who else now is going to get it?

MS. MURPHY: Marlene.
EXAMINER JONES: -- Marlene. Okay.
And so Velvet is going to be our person to make appointments to come in and talk and make sure we're there. It's better if you know we're there before you come in.

Now, Marlene --
Marlene, do you want to come up and sit?

Marlene is pretty much taking over -taking care of our examiner dockets, and we wanted to make sure that everyone knows that. We've got the OCD hearing email now and the OCC hearing email. So those should always be copied every time you have correspondence related to a case. And Marlene takes care of that email, and she takes care of all our files and basically been a great help to Florene. She's coming back after being down in Forestry for a while. So we're glad to have her back.

Okay. So we've got a handout back in the back. I don't know if everybody got my email last night about the current record of what's on the docket right now. I don't know if the handout is still back there, but if you don't have one, please pick it up and follow along with me, if you will, and then -- and then tell me your corrections after -- after I dismiss all of Mr. Bruce's cases here.

Okay. Page 1, I've got a record that Case 20267 is continued. And Cases 16239, 16240, 16241, 16242, 16243 -- these are all EOG cases -- they're all dismissed.

Down to number 23 on the docket, which is Cases 20291, 20292, 20293, 20210, 20211, 20255, 16381, 20169, 20164, 20163, those are all -- I have a record of
those being continued.

Before I move on, we have the Lime Rock cases, 20210 and 20211, as continued to May 30th. It will be Mr. Larson -- or Mr. Bruce.

Is that correct?

MR. BRUCE: My two cases?

EXAMINER JONES: Your two cases. They would be in conjunction with the other contested matters.

MR. BRUCE: Percussion cases.
MR. RANKIN: Correct.
EXAMINER JONES: Percussion cases.
Okay. Continuing on with the docket: 20136, continued; 20138, continued; 20317, continued; 20135, continued. And then the Matador cases, 16470, 16471, 16472, 16473, 16474, 16475, are continued. And Cases 20246, 20247, 20265, continued. And then Mewbourne cases, 20053, 20054, are continued. Okay.

Number 51 on the docket, Cases 20175, 20176, 20177, 20178, 20173, 20180, those are all Novo cases. They're continued.

And the Percussion case, 20226, continued. The two Tap Rock -- the first two Tap Rock cases, 20118, 20119, dismissed. And there are four Tap Rock cases now, 16467, 16430, 16431, 16489, continued.

The NGL cases, 16504, 16506 and 20150 are being readvertised, and they're set for May the 2 nd. And Cases 16507, 20141, 20151, 20142 are all continued, all those NGL cases.

And the two Rover cases, 16354 and 16355, are continued.

Of the two Novo cases, numbers 76 and 77, which is 16344, 16345, are dismissed.

The two EOG cases, 16221, 16434, continued.
And two Mewbourne cases, 16184, 20248, are continued.

And Percussion Case 20190 is continued.
And the Cimarex cases, 20301 through 20308, are continued to June 20th, along with Cases 20162, 20260, 20259. Those are all continued to June 20th.

Marathon cases, 20309, 20310, 20219, 20217, 20218, are continued. The three XTO cases, 20276, 77, and 78, are continued.

Two Cimarex cases, 20283, 20284, are continued.

And the Blackbuck case, Case 20315, is continued to May 30 th and will be heard in conjunction with the Mesquite matter. And 20316 is dismissed.

Any changes to the docket?
MR. BRUCE: Mr. Examiner, on page 1, cases
one and two, 16409 and 16410, Ascent, those cases should be dismissed.

EXAMINER JONES: Thanks, Jim.

MR. BRUCE: And then on page 3, the Novo cases, in the middle of the page -- there's six of them -- five of them, whatever -- they were continued to -- I requested May $16 t h$, but Mr. DeBrine isn't available then and so he's asked that they be continued to May 30th.

And, Mike, were you interested in those?
MR. FELDEWERT: Yes.

MR. BRUCE: Do you have an objection to May 30th?

MR. FELDEWERT: No.

MR. LARSON: And I represent WPG [sic]

Exploration, and I don't object.

EXAMINER JONES: Okay. Will those be a contested matter?

MR. BRUCE: I don't know. The parties are discussing amongst themselves. There are three players, I think, COG and Chevron and Novo. So this gives them extra time.

EXAMINER JONES: Okay.
MR. BRUCE: Right above that, it says -Mewbourne Oil Company is the next case. That was the
one that was filed by Tom Ragsdale contesting well costs. I just bring it up because I don't believe he's here. So the Division can do what it wants with the case.

EXAMINER JONES: Okay. Subject to Mr. Bruce's -- Mr. Brooks' guidance here, I think we're going to dismiss that case.

EXAMINER BROOKS: Sounds like a good idea.
EXAMINER JONES: If it needs to be
refiled --
MR. BRUCE: And then the one final thing is on page 2, the last three Kaiser-Francis cases, 20291, 2 and 3. With Mr. Feldewert's permission -- I do plan on putting them on, but I would ask they be moved to the end of the docket, as well as the other Kaiser-Francis cases.

MR. FELDEWERT: That's fine.
EXAMINER JONES: That's acceptable?
Okay. Any other changes?
Any other pleas for a certain continuance date also?

MR. DeBRINE: Yeah. While we're on page 2, Mr. Bruce neglected to mention the Matador cases, which are set -- which were continued to May 16 th, but it's the same issue, that they should be continued to May

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$30 t h$ when we're available.

EXAMINER ONES: Okay. There are a whole
bunch of Matador -- you're talking about the
Leatherneck?
MR. DeBRINE: Numbers 45, 46 and 47, the
Ray State.

EXAMINER JONES: The Ray state.
MR. DeBRINE: 20246 .

EXAMINER JONES: And 20265, too, right?
MR. DeBRINE: Right, the two Ray States.
EXAMINER JONES: To May 30th?
MR. DeBRINE: May 30th.
And also on page 1, the third case for Cimarex, 20254, should be continued to May 30th as well.

EXAMINER JONES: Okay. I'm having a little troubling finding that one.

20254, continued?
MR. DeBRINE: Yeah, continued to May 30th.
EXAMINER JONES: Okay. That's number three on the docket.

MR. DeBRINE: Correct.

EXAMINER JONES: As we have been doing the last few hearings --

MR. LARSON: Mr. Examiner, I have one more.
EXAMINER JONES: Yes, sir.

PAUL BACA PROFESSIONAL COURT REPORTERS Gas, case number 73,20253 . I requested that be continued to May 16th.

EXAMINER JONES: You need it on May $16 t h ?$
MR. LARSON: (Indicating.)
I emailed a request.
EXAMINER JONES: Sharon.
MS. SHAHEEN: Case Number 20190, 82 on the docket, the Percussion Lakewood Federal \#20H. You'll notice there is a competing case, 20248, that Mr. Bruce has, and it notes that there was a special docket requested. So I just wanted to clarify whether you wanted us to go forward on May 16 th or you wanted us to set a special docket date.

EXAMINER JONES: Who is 20190 and 20248?
MS. SHAHEEN: 20190 is Percussion and 20248
Mewbourne. Is that right?
MR. BRUCE: Yes.
EXAMINER JONES: Oh, yeah, yeah. I'm sorry.

Both of these cases are competing. How long will they take?

MR. BRUCE: I don't think it's a whole day.
EXAMINER JONES: Okay. Okay. Thanks, Jim (laughter). Not a whole day, huh?

PAUL BACA PROFESSIONAL COURT REPORTERS three hours. I mean, it's a case where I do not plan on presenting any engineering. It would be a landman and a geologist. I think it's fairly straightforward.

MS. SHAHEEN: We'll have all three, a landman, geologist and engineer.

EXAMINER JONES: Okay. Sounds like half a day then.

EXAMINER WARNELL: Why can't we do it on the 16 th ?

MS. SHAHEEN: We can. There was the note about the special docket, so I wanted to make sure that you weren't expecting a special docket date.

EXAMINER JONES: Okay. So tell your witnesses it may be on the 17 th, depending on the load. But for scheduling purposes, for the $16 t h$.

MS. SHAHEEN: Okay.
MR. BRUCE: Okay.
EXAMINER JONES: Okay. Any other changes, comments?

MR. FELDEWERT: A comment, question.
EXAMINER JONES: Yes, sir.
MR. FELDEWERT: The May 30th docket, which would be the third docket in May, is that going to be a hybrid docket where we can have new cases, as well as
continued cases?

EXAMINER JONES: The word I got is it's just continued cases. That's what -- Florene was asking that early on, and that's -- unless -- unless something changes on that. You know, we're using that for continued cases. But let's see here. So far -- so far my list only has four cases on that day other than the ones we are doing from this docket.

MR. FELDEWERT: Right. So is it possible we could consider making that like a hybrid docket?

EXAMINER JONES: It's possible. Florene would have to -- you'd have to get the stuff in 30 days before that --

MR. FELDEWERT: Yes.
EXAMINER JONES: -- of course, and she'd have to publish a notice.

Marlene, this is your bailiwick. What do you think?

MS. SALVIDREZ: What do I think? I would say no, but that's just me.
(Laughter.)
MR. FELDEWERT: Wait a minute. Let's talk about that.
(Laughter.)
MS. SALVIDREZ: It's up to you guys.

MR. FELDEWERT: Because the problem we have
is it's more than a month before we have a new case docket, and, of course, filings would be due at the end of month. But if there is any possibility of making that more of a hybrid docket, where we could have some new cases, that would be helpful to a lot of people.

EXAMINER JONES: Well, it's possible that docket won't be very full.

EXAMINER WARNELL: We can run it by the folks upstairs, but $I$ tend to agree with Marlene, the answer is no. But we'll run it by the folks upstairs and see what we can do.

EXAMINER BROOKS: Remember the Capital One commercials. The answer is always no.

EXAMINER JONES: Well, we'll talk about it upstairs --

MR. FELDEWERT: Okay. Thank you. EXAMINER JONES: -- with Florene and Gabe. As far as this -- we're rapidly moving towards maybe having our new database print these dockets out, so we're trying to get all our data entered and get the report out. So that's coming. In the meantime, if -- I had a nightmare trying to get all my cases ready for today because Scott got pulled into some other meeting, and so it really helps to be able to sort
this. And I've been sending it out to you folks in PDF format, and I'm thinking you probably want an Excel
format so you can sort it a little bit. So if you do, let me know. I can just send it that way.

And we had discussed talking about -- so, Earl and Jim, can get together with Terry by phone, maybe, about setting the Apache, Ascent issue.

MR. DeBRINE: Okay. We can do that.
EXAMINER JONES: Okay.
Okay. If anybody is -- looks like we'll
just move right on down the docket and -- it's too early to take a break.

Mr. Bruce, do you want to start first?
We've got yours scheduled, the Cimarex cases.
MR. BRUCE: Oh. Those were also continued at somebody else's request, and I don't object.

EXAMINER JONES: Number four and five?
MR. BRUCE: Number four and five, those should be continued to May 16th.

EXAMINER JONES: Is it all right if we go to May 30th on those?

MR. BRUCE: Sure. Sure.
MS. BENNETT: Actually, that was Jennifer Bradfute with Marathon.

MR. BRUCE: Yeah. It's Marathon.

May 30th is all right with me.
EXAMINER WARNELL: We have a little bit of issue with the docket on May $16 t h$, you know, because it may carry over to May 17 th. They've rescheduled the OCC hearing to May 17th.

MR. FELDEWERT: Why did they do that?
(Laughter.)
EXAMINER WARNELL: I don't know. They didn't ask me.

So, you know, I'm not quite sure how we're going to handle that. Perhaps we can do everything for the OCD hearings on the $16 t h$, and Maureen, on the 17 th , could have OCC later in the day.

MR. FELDEWERT: Does that OCC docket have cases on it?

EXAMINER WARNELL: I believe it does, but --

MR. FELDEWERT: Because the last two have been very short.

EXAMINER WARNELL: The last two have been extremely short. This could be a little longer.

MS. BENNETT: On the scheduling for the 16th and 17th, we also have a special hearing date set for May 17 for the Homework Larry, Duda Bides, Little Giant, Little Rascals, and I think Mike might have some
cases for that hearing date, too. So that's been set for May 17 th, just as a reminder.

EXAMINER JONES: So there might be some issues with it -- with that date?

MS. BENNETT: Well, I'm just saying that it's already booked, so to the extent that there is discussion about having other things on the 17th, like moving cases over from the 16 th --

EXAMINER JONES: Oh, yeah, yeah.
MS. BENNETT: -- there is already a full day set aside for this special hearing date for those -all of those cases.

MR. FELDEWERT: Right. They're saying there is a Commission hearing.

MS. BENNETT: Right. Yes. There's that, too, so just as a heads-up.

EXAMINER JONES: Terry, is that true?
We've got a Commission date the same day?
EXAMINER WARNELL: Yeah. There is a Commission date on the 17th.

EXAMINER JONES: Well, we've got May 30th available.

EXAMINER BROOKS: There is a rumor that the Hilcorp cases have been settled. Is that true?

MR. FELDEWERT: Completely settled? It
depends on what the Division's position is.

EXAMINER BROOKS: Okay. And this is one of those situations where I've been asked to file papers and things, but I've not been told what's going on.

MR. FELDEWERT: And that's made it difficult for this to get resolved.

EXAMINER BROOKS: It makes it difficult for everyone.

MR. FELDEWERT: So whatever clarification you can provide there at some point will be helpful.

EXAMINER BROOKS: Well, if $I$ can catch the boss at some point, $I$ will ask her.

EXAMINER JONES: We have one SWD case on the docket, I believe, Solaris. And Mr. Bruce is putting that case on. I don't know how many people are here for that, but we hope to just start that right after lunch.

MR. BRUCE: Which case?
MR. GOETZE: Solaris. Does that work for you?

MR. BRUCE: Everything works for me.
EXAMINER JONES: Which would be 1:30, just for talking purposes.

Okay. Adam, sounds like you're ready to go.
(The prehearing proceedings, continuances, dismissals and scheduling, conclude, 8:46 a.m.)
(2:39 p.m.)
EXAMINER JONES: We wanted to make sure that a few cases that we heard the disbursement on during the day, at least we have it on the record.

The Kaiser-Francis cases, those are numbers
18 through 25 on the docket. I think it's Cases 20286, 20287, 20288, 20289, 20290, 20291, 20292 and 20293. Those are continued to May the 30 th.

And also, Mr. Bruce, I understand we're dismissing Case 16231, which is number 75 on the docket?

MR. BRUCE: Yes. That should be dismissed.
EXAMINER JONES: Dismiss that case.
And -- excuse me. I can't talk today.
And, Mr. Warnell, did you want to talk
about Case --
EXAMINER WARNELL: Was that 78, 79 and 80?
EXAMINER JONES: Yeah, 78, 79 and 80.
EXAMINER WARNELL: Cases 16221, 16434 and 16184 have been dismissed.

EXAMINER JONES: Okay. For the record, those cases were heard -- they were on the docket for the 29 th of November last year. They were continued to

January 24 th, and they were further continued from there to this docket. And because of the number of continuances, the director has decided to dismiss the cases without prejudice for reapplying. We still have the other two cases that were heard on that date, November 29th, under advisement. Scott Dawson has them, and he's working on them right now. And he did send an email out yesterday to confirm that those two cases are still needed. They were, I think, your cases.

MR. BRUCE: I'm sure they were. They are still needed because they -- they pertain to different land than these.

EXAMINER JONES: Different land. So they weren't contested.

MR. RANKIN: I trust counsel's assessment.
MR. BRUCE: I think they were in the north
half of a section or two, and these cases are in the south half.

MR. RANKIN: Sounds right, but I can't -MR. BRUCE: So Mr. Rankin and I will just -- the parties are negotiating with -- probably have to refile.

MR. RANKIN: That much, $I$ can confirm. EXAMINER JONES: And the other thing I wanted to make sure we brought up is Cases 81 and 82 ,
which is Mewbourne versus Percussion, those -- we talked earlier about continuing those to May 16th. We have a little concern because we have to get the whole docket done in one day that day, because Sharon and Jim and, I guess, EOG was in that, too.

MR. BRUCE: Whatever works with the
Division is fine with me.

EXAMINER GOETZE: That's a dangerous precedent.
(Laughter.)
EXAMINER JONES: Leave it up to Mr. Warnell.

EXAMINER BROOKS: Leave it in his capable hands.

EXAMINER WARNELL: Continued to a future date.

EXAMINER JONES: Anyway, that was our concern. So I don't think May 16th --

MR. BRUCE: Will work.
EXAMINER JONES: I don't think we can do it
there because it might take three hours for that matter or so.

MS. SHAHEEN: Would May 30th work?
EXAMINER BROOKS: Didn't we set something on May 30th?

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EXAMINER JONES: Deana might have something tied up here. May 16th, also there was this other case, this Marathon-Mewbourne matter.

Terry, what did you decide on that?

EXAMINER WARNELL: We can take that up with the four of us when we're done.

EXAMINER JONES: We can do that. Gabe kind of wanted things to be on the record.

EXAMINER WARNELL: Oh, okay.
(Laughter.)
MS. BENNETT: I guess my question about that was really -- so we had set May 17 th for the Mewbourne Little Giant, Little Rascals, Homework Larry and Duda Bides. And I believe that there is some Holland \& Hart involvement in that scenario, but $I$ can't really say for sure. And so we had agreed on May 17 th as the date for that contested hearing, but now $I$ understand that the Commission changed its hearing date to May 17th.

EXAMINER WARNELL: Yes.
MS. BENNETT: But -- and maybe there are other countervailing things that Mr. Bruce would like to say about that.

MR. BRUCE: Not really.
MS. BENNETT: Okay.
(Laughter.)
MR. BRUCE: I live on a two-week cycle. This is 12 weeks into the future. Well, if you want to mark it, down I'll check with my clients.

MS. BENNETT: Well, that's just the date we're continuing them to. That's not the date we would be discussing as a potential date for a hearing, just so -- I mean, am I right about that? Would that be the hearing date you're proposing?

EXAMINER WARNELL: That's the hearing date I'm proposing. We wouldn't hear them before that.

EXAMINER GOETZE: Remember, he's a contract person. He may go away at any time, but we'll bring him back because he does a good job.
(Laughter.)
MS. BENNETT: Yeah. I'm smiling.
EXAMINER WARNELL: Keep smiling.
EXAMINER JONES: Okay. That's all we have on this docket. This docket is adjourned.
(The proceedings conclude, 2:47 p.m.)

STATE OF NEW MEXICO
COUNTY OF BERNALILLO

CERTIFICATE OF COURT REPORTER

I, MARY C. HANKINS, Certified Court
Reporter, New Mexico Certified Court Reporter No. 20, and Registered Professional Reporter, do hereby certify that $I$ reported the foregoing proceedings in stenographic shorthand and that the foregoing pages are a true and correct transcript of those proceedings that were reduced to printed form by me to the best of my ability.

I FURTHER CERTIFY that the Reporter's Record of the proceedings truly and accurately reflects the exhibits, if any, offered by the respective parties.

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.

DATED THIS 28th day of April 2019.

MARY C. HANKINS, CCR, RPR
Certified Court Reporter
New Mexico CCR No. 20
Date of CCR Expiration: 12/31/2019
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