

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

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

Application of Advance Energy  
Partners Hat Mesa for  
Compulsory Pooling, Case Nos. 22105, 22106  
Eddy County, New Mexico 22107, 22108

REPORTER'S TRANSCRIPT OF PROCEEDINGS

STATUS CONFERENCE

THURSDAY, SEPTEMBER 9 2021

SANTA FE, NEW MEXICO

This matter came on for hearing before the  
New Mexico Oil Conservation Division, William  
Brancard, Esq. Hearing Examiner, Kurt Simmons,  
Technical Examiner, on September 9, 2021, via Webex  
Virtual Conferencing Platform hosted by New Mexico  
Department of Energy, Minerals and Natural Resources

Reported by: Mary Therese Macfarlane.  
New Mexico CCR #122  
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A P P E A R A N C E S

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C O N T E N T S

| CASE NOS. 22105, 22106, 22107, 22108                                  | PAGE |
|---|------|
| Case Called:  | 4    |
| Exhibits admitted, record left open<br>for submission of documents, . | 11   |

|    |   |    |
|----|---|----|
| 1  | INDEX OF EXHIBITS                                       |    |
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| 13 | B-3 Stratigraphic Cross Section                         | 11 |
| 14 |   |    |
| 15 | (Time noted 9:09 a.m.)                                  |    |
| 16 | EXAMINER BRANCARD: So maybe a real hearing now.         |    |
| 17 | Case No. 21 -- and I'm not sure whether we are          |    |
| 18 | consolidating these. It's 22105, there's also a -106,   |    |
| 19 | -107, -108, Advance Energy Partners.                    |    |
| 20 | This is a single hearing or multiple                    |    |
| 21 | hearings?   |    |
| 22 | Hinkle Shanor.  |    |
| 23 | MR. RODRIGUEZ: Good morning, Mr. Examiner.              |    |
| 24 | Michael Rodriguez of Hinkle Shanor on behalf of the     |    |
| 25 | applicant Advance Energy Partners Hat Mesa. And I would |    |

1 request that these matters be consolidated as they are  
2 competing cases, different intervals underlying adjacent  
3 acreage.

4 EXAMINER BRANCARD: Thank you. So we have Cases  
5 22105, 22106, 22107, 22108.

6 We have an Entry of Appearance from  
7 ConocoPhillips.

8 MR. FELDEWERT: May it please the Examiner,  
9 Michael Feldewert with the Santa Fe Office of Holland and  
10 Hart on behalf of ConocoPhillips in all four cases.

11 EXAMINER BRANCARD: Mr. Feldewert, do you have  
12 any objection with this case going ahead by affidavit?

13 MR. FELDEWERT: I do not.

14 EXAMINER BRANCARD: Thank you. Are there any  
15 other interested persons in Cases 22105, -106, 107 and  
16 -108. (Note: Pause.)

17 Hearing none, Mr. Rodriguez you may  
18 proceed.

19 MR. RODRIGUEZ: Thank you. First,  
20 Ms. Macfarlane, can you hear me all right?

21 (Note: The reporter responded.)

22 Thank you. I'll try to keep this brief.

23 I'll start with Case 22105. Advance is  
24 seeking an Order pooling all uncommitted mineral interests  
25 in the Bone Spring Formation underlying a 360-acre

1 standard horizontal spacing unit comprised of the  
2 southeast quarter/northeast quarter and east  
3 half/southeast quarter, of Section 13, east half/east half  
4 of Section 24, and east half/northeast quarter of  
5 Section 25, Township 21 South, Range 32 East, in Lea  
6 County New Mexico, and it seeks to dedicate this unit to  
7 its Margarita Federal Com 7H, 8H, 12H and 16H wells.

8                   And in Case No. 22106, Advance is seeking  
9 an Order pooling all uncommitted mineral interests within  
10 the Wolfcamp Formation underlying a 360-acre standard  
11 horizontal spacing unit comprised of the same acreage as  
12 22105, in Section 25, Township 21 South, Range 32 East, in  
13 Lea County New Mexico, and it seeks to dedicate this unit  
14 to its Margarita Federal Com 20 and 24H wells.

15                   In Case No. 22107 Advance is seeking an  
16 Order pooling all uncommitted mineral interests within the  
17 Bone Spring Formation once again, underlying a 360-acre  
18 standard horizontal spacing unit comprised of the  
19 southwest quarter/northeast quarter and west  
20 half/southeast quarter of Section 13, west half/east half  
21 of Section 24, and the west half/northeast quarter of  
22 Section 25, Township 21 South, Range 32 East, in Lea  
23 County, New Mexico, and it seeks to dedicate this unit to  
24 its Margarita Federal Com 5, 6, 11 and 15H wells.

25                   And, finally, in Case No. 22108 Advance

1 seeks an Order pooling all uncommitted mineral interests  
2 within the Wolfcamp Formation underlying a 360-acre  
3 standard horizontal spacing unit within the same acreage  
4 as Case 22107 in Township 21 South, Range 32 East, in Lea  
5 County New Mexico, and it seeks to dedicate this unit to  
6 its Margarita Federal Com 19 and 23H wells.

7 Identical exhibit packets were submitted  
8 for these four cases to the Division, and those exhibit  
9 packets contain: The Compulsory Pooling Checklist;  
10 Exhibit A, which is the landman's testimony and related  
11 land exhibits identified in the testimony; Exhibit B,  
12 which is the geologist's testimony and related geology  
13 exhibits identified within its testimony; and Exhibits A-7  
14 are the sample Notice of Hearing Letter, Green Cards, and  
15 Affidavit of Publication reflecting all Notice  
16 requirements have been met.

17 With that I ask that Exhibits A, A-1  
18 through A-7, B and B-1 through B-3 in all four of these  
19 cases be admitted into the record and Case Nos. 22105,  
20 22106, 22107 and 22108 be taken under advisement.

21 EXAMINER BRANCARD: Thank you. Mr. Feldewert,  
22 any questions or concerns?

23 MR. FELDEWERT: No, sir.

24 EXAMINER BRANCARD: Thank you. Mr. Simmons, any  
25 questions?

1           EXAMINER SIMMONS: No, everything appears to be  
2 in order. Thank you. If anything comes up, we'll contact  
3 the applicant while writing up the Order.

4           EXAMINER BRANCARD: Thank you.

5                         So, Mr. Rodriguez, I have one concern and  
6 perhaps you can address this.

7                         In each of the applications -- and maybe --  
8 you know, it would be embarrassing given how much emphasis  
9 I put on this in our oil and gas law class. I may be  
10 getting my Township, Ranges and Sections and Quarter  
11 Sections wrong, but there appears to be a quarter/quarter  
12 section in each of these units to the north. I believe  
13 it's Section 13 northeast/northeast and  
14 northwest/northeast. Are they being stranded?

15           MR. RODRIGUEZ: Can you repeat which acreage  
16 you're referring to?

17           EXAMINER BRANCARD: I think It's Section 13.  
18 It's the top part of the section. The northeast/northeast  
19 tract and the northwest of the northeast, depending on  
20 which of these units we are looking at.

21           MR. RODRIGUEZ: I believe what's happening is  
22 the surface hole location is kicking off in Unit A, and  
23 the first take point is right on that boundary line. So I  
24 do believe that all that acreage is actually being  
25 utilized. But it's something that maybe I should confer

1 with our landman for a more firm answer.

2 EXAMINER BRANCARD: Because the take point seems  
3 to be in the quarter/quarter below

4 MR. RODRIGUEZ: Yeah, it seems like it's right  
5 on the borderline.

6 EXAMINER BRANCARD: So those quarter/quarter  
7 sections are not being developed, it appears.

8 Mr. Simmons, am I getting this right?

9 EXAMINER SIMMONS: Yes, that appears correct to  
10 me, too, that these do appear to be stranded, and unless  
11 they have a take point within the required setbacks,  
12 they're going to -- you know, they are not going to be  
13 producing Units A and B of Section 13 in any of these four  
14 wells or four applications. Yeah.

15 EXAMINER BRANCARD: I don't know if you know,  
16 Mr. Rodriguez, but is that acreage under Advance Energy  
17 Partners' control?

18 MR. RODRIGUEZ: I believe so. But again, I  
19 would have to -- I believe there's a few other interested  
20 parties that may have some of that acreage, but I will  
21 have to take a further look at that and get back to you,  
22 if you don't mind.

23 EXAMINER BRANCARD: Mr. Feldewert, did you have  
24 any concerns?

25 MR. FELDEWERT: I'm looking for the land plat.



1 Because obviously that's ascertaining whether  
2 ConocoPhillips has an interest in the north half of the  
3 northeast quarter.

4 Do we have a land plat some place?

5 Here we go. Okay.

6 MR. RODRIGUEZ: Yes. The C-102s are on page 2,  
7 I believe.

8 MR. FELDEWERT: I'm looking for -- it looks like  
9 Exhibit A-3, perhaps.

10 MR. RODRIGUEZ: Uh-huh. On page 16. Correct.

11 MR. FELDEWERT: Correct.

12 I would have to -- I doubt if Mr. Rodriguez  
13 knows, just like I would not know. I don't know if  
14 ConocoPhillips has an interest in the north half of the  
15 northeast quarter, Mr. Brancard, but I do see your point  
16 about the first take point, based on the footages, is  
17 appearing to start in the the south half of the northeast  
18 quarter.

19 MR. RODRIGUEZ: As I look at this exhibit, there  
20 is also an indication that it's on a drill island, the  
21 northeast quarter. So I believe that this might have  
22 something to do with the first take point.

23 MR. FELDEWERT: Are you including or is Advance  
24 Energy including -- doesn't look they are -- the north  
25 half of the northeast quarter? That's being excluded from

1 the spacing unit?

2 MR. RODRIGUEZ: Right.

3 EXAMINER BRANCARD: Mr. Simmons, I would leave  
4 it up to you. How would you like Advance to respond to  
5 this question? Can they just respond directly to you or  
6 would you like to continue this to another hearing?

7 EXAMINER SIMMONS: I don't see a need to  
8 continue it. We can try to deal with it through  
9 communication with counsel, and try to resolve it.  
10 Because it will potentially strand that acreage, we need  
11 to know why the plan is not including it at this point;  
12 and if it does strand it, we will have to address it,  
13 so...

14 But, yeah, we can handle it without a  
15 hearing, I believe.

16 EXAMINER BRANCARD: Thank you. So we will leave  
17 the record -- I will admit your exhibits, Mr. Rodriguez,  
18 and all your evidence today. We will leave the record  
19 open for any further submittals that Mr. Simmons and you  
20 work out to explain whether there's something innocent or  
21 nefarious about what's going on up there in the north half  
22 of the northeast quarter of Section 13.

23 MR. FELDEWERT: Mr. Brancard, I would like the  
24 opportunity just to check with ConocoPhillips and just  
25 alert Mr. Rodriguez and Mr. Simmons on whether we see an

1 issue there.

2 EXAMINER BRANCARD: Thank you. I appreciate  
3 that. That would be great, too.

4 All right. So with that, the record is  
5 left open in this case, and hopefully we will be able to  
6 resolve this without having to go back to hearing. If so,  
7 I will alert the parties if we need to continue this and  
8 go back to hearing.

9 MR. RODRIGUEZ: Thank you.

10 MR. FELDEWERT: Thank you.

11 (Time noted 9:20 a.m.)

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STATE OF NEW MEXICO )

: ss

COUNTY OF TAOS )

REPORTER'S CERTIFICATE

I, MARY THERESE MACFARLANE, New Mexico Reporter  
CCR No. 122, DO HEREBY CERTIFY that on Thursday,  
September 9, 2021, the proceedings in the above-captioned  
matter were taken before me; that I did report in  
stenographic shorthand the proceedings set forth herein,  
and the foregoing pages are a true and correct  
transcription to the best of my ability and control.

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

/s/ Mary Macfarlane

\_\_\_\_\_

MARY THERESE MACFARLANE, CCR  
NM Certified Court Reporter No. 122  
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