

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 Caza Petroleum, LLC,
for Compulsory Pooling,
Lea County, New Mexico

Case No. 21565

Application of Caza Petroleum, LLC,
and Caza Operating, LLC, for Approval
of an Overlapping Spacing Unit and to
Allow Two Operators in a Certain Well,
Lea County, New Mexico

Case No. 22048

REPORTER'S TRANSCRIPT OF PROCEEDINGS

THURSDAY, OCTOBER 7, 2021

SANTA FE, NEW MEXICO

This matter came on for hearing before the
New Mexico Oil Conservation Division, William
Brancard, Esq. Hearing Examiner, Dylan Rose-Coss,
Technical Examiner, on Thursday, October 7, 2021,
via Webex Virtual Conferencing Platform hosted
by the New Mexico Department of Energy, Minerals and
Natural Resources

Reported by: Mary Therese Macfarlane.
New Mexico CCR #122
PAUL BACA COURT REPORTERS
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(505) 843-9241

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A P P E A R A N C E S

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1 (Time noted 8:18 a.m.)

2 EXAMINER BRANCARD: With that we will start with
3 Items No. 1 and 2 on the agenda, Cases 21565 and 22048,
4 Caza Petroleum.

5 MR. BRUCE: Mr. Examiner, Jim Bruce here on
6 behalf of Caza.

7 EXAMINER BRANCARD: I have Advance Energy
8 Partners.

9 MS. HARDY Good morning, Mr. Examiner. Dana
10 Hardy with the Santa Fe office of Hinkle Shanor on behalf
11 of Advance Energy Partners.

12 MR. BRANCARD: Thank you. And I have Chisholm
13 Energy.

14 MR. FELDEWERT: May it please the examiner,
15 Michael Feldewert of the Santa Fe Office of Holland & Hart
16 on behalf of Chisholm Energy Holdings.

17 EXAMINER BRANCARD: Then I have COG Operating,
18 LLC.

19 MS. MUNDS-DRY: Good morning, Mr. Examiner.
20 Ocean Munds-Dry with COG Operating, LLC.

21 EXAMINER BRANCARD: Thank you. Are there any
22 other interested persons for Cases 21565 and 22048?

23 (Note: Pause.)

24 Hearing none, Mr. Bruce how do we want to
25 proceed?

1 MR. BRUCE: You know, these hearings were set
2 for last month or the month before, I forget, and I can't
3 remember off the top of my head, I don't have the file in
4 front of me, but I think was it Chisholm was going to file
5 competing applications?

6 MR. FELDEWERT: Well, it was --

7 MR. BRUCE: Or no, no, no. They are not filing
8 competing applications. I think they just wanted to
9 develop their own acreage.

10 I think what -- the parties were discussing
11 settlement, Mr. Examiner, and so this was just set up as a
12 status conference. And I have emailed my client to ask
13 him what the status was on potential settlement, and I
14 defer to Mr. Feldewert, but I don't really think they are
15 ready for hearing yet, so maybe schedule it for another
16 scheduling conference or status conference down the road.

17 EXAMINER BRANCARD: Mr. Feldewert, any competing
18 applications?

19 MR. FELDEWERT: No, Mr. Examiner. It is a
20 circumstance where Chisholm is the operator of the Bone
21 Spring Formation in Section 34, which is one of the -- a
22 portion of the acreage that Caza seeks to pool here,
23 granted that they seek to pool for a limited interval of
24 the Bone Spring Formation.

25 But Mr. Bruce is right, the parties have

1 been discussing a Joint Operating Agreement that we
2 understand would resolve the issues. I expect -- my
3 understanding is when that Joint Operating Agreement is
4 finally agreed to that that would result in a dismissal of
5 both of these cases.

6 So the parties are still working on that.
7 It doesn't make sense, it seems to me, to go forward with
8 a hearing at this point in time or schedule a hearing.
9 The scheduling for a status conference -- what, we are
10 here in October -- maybe in December might make the most
11 sense.

12 EXAMINER BRANCARD: Thank you.

13 MR. BRUCE: I agree.

14 EXAMINER BRANCARD: Sorry. Mr. Bruce?

15 MR. BRUCE: I was saying I agree with the date
16 proposed by Mr. Feldewert. And the reason these cases
17 would be dismissed -- there are still some issues, but
18 Caza would no longer be operator, so Chisholm would be the
19 operator on the subacreage. So I just wanted to let you
20 know that.

21 EXAMINER BRANCARD: However you work it out.

22 Ms. Hardy.

23 MS. HARDY The status conference in December is
24 fine with Advance. Thank you.

25 EXAMINER BRANCARD: Okay. And you're a little

1 quiet, Ms. Hardy.

2 MS. HARDY: I'll try to speak up.

3 EXAMINER BRANCARD: So when you get to perform
4 here you're ready to go.

5 Ms. Munds-Dry.

6 MS. MUNDS-DRY: No objection from COG. Thank
7 you, Mr. Examiner.

8 EXAMINER BRANCARD: All right. So why don't we
9 schedule this for December 2nd as a status conference.
10 Will that work for everyone?

11 MR. FELDEWERT: Yes. Thank very much, Mr.
12 Examiner.

13 EXAMINER BRANCARD: Mr. Bruce, you got cut off.
14 That's okay with you?

15 MR. BRUCE: Yup.

16 EXAMINER BRANCARD: All right. Thank you.

17 (Time noted 8:24 a.m.)

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1 STATE OF NEW MEXICO)

2 : ss

3 COUNTY OF TAOS)

4 REPORTER'S CERTIFICATE

5 I, MARY THERESE MACFARLANE, New Mexico Reporter
6 CCR No. 122, DO HEREBY CERTIFY that on Thursday,
7 October 7, 2021, the proceedings in the above-captioned
8 matter were taken before me; that I did report in
9 stenographic shorthand the proceedings set forth herein,
10 and the foregoing pages are a true and correct
11 transcription to the best of my ability and control.

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

17 /s/ Mary Macfarlane

18 _____
19 MARY THERESE MACFARLANE, CCR
20 NM Certified Court Reporter No. 122
License Expires 12/31/2021

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