

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:

Case Nos.

Application of Chevron U.S.A, Inc. 22029
for Compulsory Pooling, Lea County,
New Mexico

REPORTER'S TRANSCRIPT OF PROCEEDINGS

THURSDAY, OCTOBER 21, 2021

This matter came on for hearing
before the New Mexico Oil Conservation Division,
William Brancard, Esq. Hearing Examiner, on
October 21, 2021, via Webex Virtual Conferencing
platform hosted by New Mexico Department of Energy
Minerals and Natural Resources

Reported by: Christine J. Roybal
New Mexico CCR #50
PAUL BACA COURT REPORTERS
500 Fourth Street NW, Suite 105
Albuquerque, New Mexico 87102
(505) 843-9241

A P P E A R A N C E S

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

For Chevron U.S.A.:

Candace H. Callahan, Esq.
Beatty & Wozniak
500 Don Gaspar Ave.
Santa Fe, NM 87505-2626
(505) 983-8764
ccallahan@bwenenergyllaw.com

For ConocoPhillips:

Michael D. Rodriguez, Esq.
ConocoPhillips
1048 Paseo De Peralta
Santa Fe, NM 87501-3034
(505) 780-8000
mrodriguez@concho.com

Examiner:

Bill Brancard

Technical Examiner:

Dean McClure

1	E X H I B I T S		
2	NO.		PAGE:
3	A	Affidavit of Kevin	
4		C. Stubbs	7
5	B	Self-Affirmed Statement	7
6	C	Copy of 9/5/19 Transcript	7
7	D	Pooling Checklist	7
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			

1 EXAMINER BRANCARD: With that, I call item no. 39,
2 case 22029, Chevron U.S A.

3 MS. CALLAHAN: Thank you Mr. Examiner this,
4 Candace Callahan appearing on behalf of Chevron U.S.A.,
5 Inc., with the firm of Beatty & Wozniak.

6 EXAMINER BRANCARD: Thank you.

7 I have an entry from ConocoPhillips Company.

8 MR. RODRIGUEZ: Good morning, Michael Rodriguez
9 with Hinkle Shanor on behalf of ConocoPhillips, and Conoco
10 does not object to this matter moving forward by affidavit.

11 EXAMINER BRANCARD: Thank you, Mr. Rodriguez.

12 Any other interested persons for case 22029?

13 With that, I believe you can move forward,
14 Ms. Callahan.

15 MS. CALLAHAN: Thank you, Mr. Examiner.

16 In case 22029, Chevron is seeking to pool the Bone
17 Springs formation underlying the east half of Sections 9 and
18 16 in Township 22 south, Range 33 east, creating a 640-acre
19 spacing unit, using a proximity track well, the DL 9 16
20 Loch Ness Fed Com No. 17H.

21 The three initial wells for spacing unit, the DL 9 16
22 Loch Ness Fed Com 16H, 17H and 18H were all timely commenced
23 and drilled in early February of 2020, to the plan total
24 depth under Division Order R-20859, entered on September 13,
25 2019 in Case No. 20768.

1 Order No. R-20859 has expired pursuant its terms.

2 Chevron is now seeking a new pooling order to be able to
3 complete and produce these wells.

4 As you look through the packets we filed, you'll see a
5 coversheet and followed by a table of contents. And then in
6 Exhibit A, which is the affidavit of Kevin C. Stubbs, land
7 representative for Chevron who has previously testified
8 before the Division and has had his credentials accepted.
9 Attached to his affidavit as Exhibits A1 through A7 is a
10 copy of the application, the general locations plat, C102s,
11 lease tract map, the AFEs, and sample of Chevron's well
12 proposal letter and a summary of Chevron's communications
13 with ConocoPhillips and Marathon, the two working at this
14 and Chevron is seeking to pool.

15 Exhibit B, which is found at Page 31 of the packet is
16 my self-affirmed statement of notice to which is attached a
17 copy of the notice letter and return receipts for the
18 notices mailed, it is Exhibit B1, and an affidavit of
19 publication, which is Exhibit B2. Exhibit B3, which is
20 found at Page 40 of today's packet is the spreadsheet
21 providing the status of the mailed notices and requests for
22 subro 2 overriding royalty interests, found or received
23 notices were returned.

24 Exhibit B3 also identifies all of the working
25 interests in overriding royalty interests known as Chevron

1 is seeking to pool. Exhibit C, found at Page 41, is a copy
2 of the transcript, excuse me, for Case No. 20768 which was
3 heard on September 5, 2019, and we are seeking to
4 incorporate by reference the record of this case into the
5 current case, 22029.

6 Case No. 20768 is the basis for the order of R-20859,
7 under which the Loch Ness wells were drilled.

8 Ms. Schrayner, [phonetic] Chevron's development
9 geologist, is found at Pages 54 through 59 of today's
10 hearing packet. Also, Pages 14 through 19 of the
11 transcript. In her testimony Ms. Schrayner provided and
12 discussed the structure map for the Bone Spring and also
13 provided and discussed iso-pac [phonetic] and
14 cross-sections. Ms. Schrayner's exhibits for her testimony
15 are found at Pages 62 through 65.

16 Exhibit D, which was filed separately is the pooling
17 checklist. As I noted earlier, the 640-acre spacing unit
18 uses a proximity track well, the DL 9 16, Lock Ness Fed Com
19 17H. The application and land testimony in case 20768 also
20 identifies its proximity track well. I noticed that the
21 checklist I filed admitted reference to the fact that there
22 is a tract -- submitted tract well and I request leave to
23 revise the checklist. With that, we ask that exhibits --
24 together with the exhibits referenced in each of those
25 exhibits be admitted, be taken under advisement unless there

1 are questions.

2 EXAMINER BRANCARD: Thank you. It could be your
3 mic or my mic, my speaker but I think your last sentence cut
4 off, what you requested, Ms. Callahan, if you could repeat
5 that.

6 MS. CALLAHAN: Yes, I'm having trouble with the
7 video, too, apparently.

8 So Exhibits A, B, C and D together with the exhibits
9 referenced in each of those exhibits be admitted into the
10 record and the case be taken under advisement unless there
11 are questions.

12 EXAMINER BRANCARD: Thank you.

13 Mr. Rodriguez, any questions or concerns?

14 MR. RODRIGUEZ: No questions. Thank you.

15 EXAMINER BRANCARD: Thank you.

16 Mr. McClure.

17 MR. MCCLURE: No, I think we have everything in
18 the case file. I don't have any questions at this time.

19 EXAMINER BRANCARD: So I think you made this
20 clear, Ms. Callahan, but the original order lapsed because
21 you failed to complete the well within the one-year
22 deadline, is that correct?

23 MS. CALLAHAN: Yes, that's correct.

24 EXAMINER BRANCARD: Okay. Okay.

25 MS. CALLAHAN: I just am wanting to point out that

1 Chevron had planned to batch, drill and complete several
2 wells in their Dagger Lake program, and because of events
3 related to COVID, that didn't happen and so they drilled
4 this and so, yeah, the order expired during that time.

5 EXAMINER BRANCARD: Okay, thank you.

6 Are there any other questions or concerns from any
7 parties on case 22029?

8 Hearing none, the exhibits will be admitted into the
9 record and case 22029 will be taken under advisement. Thank
10 you.

11 (Exhibits A, B, C and D admitted into the record.)

12

13

14

15

16

17

18

19

20

21

22

23

24

25

