

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: 22320

APPLICATION OF STEWARD ENERGY II LLC  
TO POOL ADDITIONAL INTEREST OWNERS  
UNDER ORDER NO. R-21691,  
LEA COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS  
EXAMINER HEARING  
DECEMBER 2, 2021  
SANTA FE, NEW MEXICO

This matter came on for virtual hearing before  
the New Mexico Oil Conservation Division, HEARING OFFICER  
WILLIAM BRANCARD and TECHNICAL EXAMINERS DEAN McCLURE and  
DYLAN ROSE-COSS on Thursday, December 2, 2021, through the  
Webex Platform.

Reported by: Irene Delgado, NMCCR 253  
PAUL BACA PROFESSIONAL COURT REPORTERS  
500 Fourth Street, NW, Suite 105  
Albuquerque, NM 87102  
505-843-9241

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A P P E A R A N C E S

For the Applicant:

MICHAEL RODRIGUEZ  
HINKLE SHANOR LLP  
P.O. Box 0268  
Santa Fe, NM 87504  
505-982-4554

I N D E X

CASE CALLED

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Admitted

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1 HEARING EXAMINER BRANCARD: With that, I call  
2 case 22320, Steward Energy.

3 MR. RODRIGUEZ: Michael Rodriguez again with  
4 Hinkle Shanor on behalf of the applicant.

5 HEARING EXAMINER BRANCARD: Are there any other  
6 interested persons for Case 22320?

7 (No audible response.)

8 HEARING EXAMINER BRANCARD: Hearing none,  
9 Mr. Rodriguez, you may proceed.

10 MR. RODRIGUEZ: Thank you. In this case Steward  
11 seeks to pool all additional unleased mineral interest  
12 owners under the terms of Division Order R-21691. This  
13 order pooled all uncommitted interest in the same pool, the  
14 Bronco San Andres South Pool within the San Andres formation  
15 in a 480 acre, more or less, standard horizontal spacing  
16 unit, comprised of the SW/4 of Section 11, and the W/2 of  
17 Section 14, Township 13 South, Range 38 East in Lea County,  
18 New Mexico.

19 The order further dedicated the unit to the  
20 Gustavo Fee Number 5H well and designated Steward as  
21 operator (unclear). Since the order was issued, Steward  
22 determined there are additional interest owners, and the  
23 interest should be pooled under the terms of the order.

24 And the case packet submitted to the Division  
25 contains Exhibit A, which is the landman's affidavit and

1 related attachments. And attachments A-3 through A-4  
2 include the sample notice of hearing lettering, an affidavit  
3 of publication reflecting all notice requirements have been  
4 met. And with that I ask that the exhibit packet and  
5 Exhibit A, along with its related attachments, be admitted  
6 into the record and case 22320 be taken under advisement.

7 HEARING EXAMINER BRANCARD: Thank you. Mr.  
8 Rose-Coss, any questions?

9 TECHNICAL EXAMINER ROSE-COSS: No, no questions.  
10 From looking at our website real quick, it seems like --  
11 maybe you could have Mr. Rodriguez Gustavo or Steward Energy  
12 provide a little statement about development in the area.  
13 It looks like my question would be, is this developing  
14 virgin San Andres pool in the area, or has there been  
15 historic development?

16 And I'm looking over our maps in the area. It  
17 seems like maybe there is a historic San Andres production  
18 in the area, and that would be my question.

19 MR. RODRIGUEZ: I'm sorry, just understand, you  
20 are asking whether there has been prior development in this  
21 area outside of these applications?

22 TECHNICAL EXAMINER ROSE-COSS: Within the  
23 specific pool.

24 MR. RODRIGUEZ: I'm aware of Steward, I believe,  
25 they have focused on this, this pool in a number of other

1 cases as well that have taken place, I believe, in 2020 and  
2 2021 since I have been here with Hinkle, and that's the  
3 extent of it.

4 HEARING EXAMINER BRANCARD: Would you like some  
5 follow-up, Mr. Rose-Coss?

6 MR. RODRIGUEZ: I can provide you with the orders  
7 and case numbers that have been previously issued for  
8 Steward in this pool if would like.

9 TECHNICAL EXAMINER ROSE-COSS: Why don't you do  
10 that.

11 MR. RODRIGUEZ: Of course. I can get you that  
12 this afternoon.

13 HEARING EXAMINER BRANCARD: Your concern,  
14 Mr. Rose-Coss is whether there was prior vertical  
15 development in this area.

16 TECHNICAL EXAMINER ROSE-COSS: In this particular  
17 pool.

18 HEARING EXAMINER BRANCARD: In the San Andres?

19 TECHNICAL EXAMINER ROSE-COSS: Yes. It's looking  
20 as if it's not, so I suppose we won't have any issues.

21 It's just interesting to me geologist-wise, they  
22 are able to develop the San Andres in this location with  
23 horizontal wells, and that has never been done vertical well  
24 prior. So that's my observation.

25 HEARING EXAMINER BRANCARD: All right. Are there

1 any other interested persons in Case 22320?

2 (No audible response.)

3 HEARING EXAMINER BRANCARD: Hearing none, the  
4 exhibits will be admitted into the record and Case 22320  
5 will be taken under advisement. And Mr. Rodriguez, you are  
6 just going to provide us with case numbers and prior orders  
7 in the San Andres with Steward Energy in this particular  
8 area?

9 MR. RODRIGUEZ: Correct, unless you all would  
10 appreciate any other information.

11 HEARING EXAMINER BRANCARD: Unless your client  
12 wants to volunteer something, that's fine, that's all we are  
13 asking for right now.

14 MR. RODRIGUEZ: We will stick with orders then.

15 HEARING EXAMINER BRANCARD: Thank you.

16 MR. RODRIGUEZ: Thank you.

17 (Exhibits admitted.)

18 (Taken under advisement.)

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1 STATE OF NEW MEXICO  
2 COUNTY OF BERNALILLO

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4 REPORTER'S CERTIFICATE

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6 I, IRENE DELGADO, New Mexico Certified Court  
7 Reporter, CCR 253, do hereby certify that I reported the  
8 foregoing virtual proceedings in stenographic shorthand and  
9 that the foregoing pages are a true and correct transcript  
10 of those proceedings to the best of my ability.

11 I FURTHER CERTIFY that I am neither employed by  
12 nor related to any of the parties or attorneys in this case  
13 and that I have no interest in the final disposition of this  
14 case.

15 I FURTHER CERTIFY that the Virtual Proceeding was  
16 of reasonable quality.

17 Dated this 2nd day of December 2021.

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/s/ Irene Delgado

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Irene Delgado, NMCCR 253  
License Expires: 12-31-21

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