

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: 22532, 22533,
22475

APPLICATIONS OF SPUR ENERGY PARTNERS,
LLC FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS
EXAMINER HEARING
February 3, 2022
SANTA FE, NEW MEXICO

This matter came on for virtual hearing before
the New Mexico Oil Conservation Division, HEARING OFFICER
WILLIAM BRANCARD and TECHNICAL EXAMINER DYLAN ROSE-COSS on
Thursday, February 3, 2022, through the Webex Platform.

Reported by: Irene Delgado, NMCCR 253
PAUL BACA PROFESSIONAL COURT REPORTERS
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A P P E A R A N C E S

For the Applicant:

DANA HARDY
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I N D E X

CASE CALLED

SUMMARY OF CASE AND EXHIBITS	03
TAKEN UNDER ADVISEMENT	07
REPORTER CERTIFICATE	08

E X H I B I T I N D E X

Admitted

Exhibits and Attachments	07
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1 HEARING EXAMINER BRANCARD: With that we move
2 on to Item 39, Case 22532 -- I don't know if you want to
3 combine this with the next two cases, we'll find out -- spur
4 Energy Partners.

5 MS. HARDY: Yes, Mr. Examiner, Dana Hardy on
6 behalf of Spur Energy Partners. I would like to consolidate
7 these three cases for hearing.

8 HEARING EXAMINER BRANCARD: So we have Cases
9 22532, 22533, 22475. Are there any interested persons for
10 these three cases? Halberd Wells.

11 (No audible response.)

12 HEARING EXAMINER BRANCARD: Hearing none, Ms.
13 Hardy, you may proceed.

14 MS. HARDY: Thank you. In Case 22475, Spur seeks
15 to pool uncommitted mineral interests from a depth of
16 approximately 4000 feet to the base of the Yeso formation in
17 a 160 acre standard horizontal spacing unit comprised of the
18 S/2 of the S/2 of Section 27, Township 17 South, Range 28
19 East in Eddy County. And that unit will be dedicated to the
20 Halberd 27 State Com 72H and 90H wells.

21 In Case Number 22532, Spur seeks to pool
22 uncommitted interests from a depth of approximately 4000
23 feet to the base of the Yeso formation in a 320 acre
24 standard horizontal spacing unit comprised of the N/2 of the
25 S/2 and the S/2 of the N/2 of Section 27, Township 17 South,

1 Range 28. And that unit will be dedicated to the Halberd 27
2 State 50H, 51H and 71H wells.

3 In Case 22533 Spur seeks to pool all uncommitted
4 interests from the top of the Yeso formation to a depth of
5 approximately 4000 feet in a 160 acre standard horizontal
6 spacing unit comprised of the N/2 of the S/2 of Section 27,
7 Township 17 South, Range 28 East. That unit will be
8 dedicated to the Halberd 27 State Com 21H well.

9 In our exhibit packet we provided the affidavit
10 of landman Blair Brummell and geologist C.J. Lapinski.
11 Mr. Brummell provides the standard land exhibits. The tract
12 ownership information for each case is provided in Exhibit
13 A-3. The notice information is provided in Exhibit A-6 and
14 that is the hearing notice letter and certified mail
15 receipts and we did timely send those notices out by
16 certified mail. We also timely published notice in each
17 case, and those affidavits of publication are provided in
18 Exhibit A-7.

19 And with respect to land ownership exhibits, Spur
20 has acquired WPX's interest which significantly increased
21 Spur's interest in each of the spacing units. And
22 Mr. Lipinski provides the standard geology exhibits, a
23 location map, structure map, cross section and gunbarrel.

24 With that, unless there are questions, I would
25 request that the exhibits be admitted into the record and

1 that the cases be taken under advisement. And one more
2 request I would have is that Spur would very much appreciate
3 receiving an expedited order in these cases because they
4 have an upcoming spud date to drill these wells quickly.
5 Thank you.

6 HEARING EXAMINER BRANCARD: Thank you. Mr.
7 Rose-Coss, questions? You have several, come on.

8 TECHNICAL EXAMINER ROSE-COSS: Is this
9 development going to be occurring in an area where there is
10 like vertical development?

11 MS. HARDY: I don't know the answer to that
12 question, Mr. Rose-Coss. I can find that out for you if you
13 would like to know that. I do know that there are a number
14 of depth severances in this acreage, and that's the reason
15 for the spacing units in the wells partially.

16 TECHNICAL EXAMINER ROSE-COSS: Can't you go into
17 any more depth about the depth severances?

18 MS. HARDY: I cannot, but if you have specific
19 questions, I can get the information for you.

20 TECHNICAL EXAMINER ROSE-COSS: What intervals are
21 going to be pooled again?

22 MS. HARDY: So in Case Numbers 22475 and 22532,
23 it is 4000 feet to the base of the Yeso. And in 22533 it is
24 the top of the Yeso to 4000 feet. And I know that Spur had
25 a number of other developments like this that involved depth

1 severances, relatively common on acreage.

2 TECHNICAL EXAMINER ROSE-COSS: Well, I just dealt
3 with Spur regarding their saltwater disposal capacity that
4 didn't come up in this case per se, but producing oil when
5 they have saltwater disposal capacity, that's not the case
6 here again or that none of these wells are going to be
7 drilled within several feet of a saltwater disposal well
8 because that's often an issue. So I will make notes of all
9 those to -- I will also do some more digging in terms of the
10 severance in this case and make a note to Mr. Garcia of the
11 request for expedited -- we are not sure we can accommodate
12 that, so --

13 MS. HARDY: Is there any information that we can
14 get you on these issues?

15 TECHNICAL EXAMINER ROSE-COSS: Not offhand.

16 MS. HARDY: Okay.

17 TECHNICAL EXAMINER ROSE-COSS: But we will reach
18 out if there is. Thank you.

19 HEARING EXAMINER BRANCARD: Ms. Hardy, my
20 question is on Spur's list of interested parties, you list
21 overriding royalty interests but you don't seem to be
22 pooling them; is that correct.

23 MS. HARDY: That's correct.

24 HEARING EXAMINER BRANCARD: You are only pooling
25 working interest owners, not overriding royalty interests?

1 MS. HARDY: That's correct.

2 HEARING EXAMINER BRANCARD: Are you going to come
3 back later?

4 MS. HARDY: I don't believe so, Mr. Examiner.

5 HEARING EXAMINER BRANCARD: All right. Just
6 making sure. I think that's it. Any there other persons
7 with questions on Cases 22475, 22532, 22533?

8 (No audible response.)

9 HEARING EXAMINER BRANCARD: Hearing none, the
10 exhibits will be admitted into the record and the cases will
11 be taken under advisement. And if we have any further
12 questions or issues we'll address them in the orders and let
13 you know.

14 MS. HARDY: Thank you very much.

15 (Exhibits admitted.)

16 (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 poor to good quality.

17 Dated this 3rd day of February 2022.

18

/s/ Irene Delgado

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Irene Delgado, NMCCR 253
License Expires: 12-31-22

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