

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:

APPLICATION OF CENTENNIAL RESOURCE  
PRODUCTION, LLC  
FOR COMPULSORY POOLING  
LEA COUNTY, NEW MEXICO

Case No. 22815, 22816

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS  
EXAMINER HEARING  
June 2, 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  
HEARING OFFICER JOHN GARCIA on Thursday, June 2,  
2022, through the Webex Platform.

Reported by: PAUL BACA COURT REPORTERS  
500 4th Street, NW, Suite 105  
Albuquerque, New Mexico 87102  
505-843-9241

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

A P P E A R A N C E S

For Centennial Resource Production, LLC:

HOLLAND & HART LLP  
PO Box 2208  
Santa Fe, New Mexico 87504-2208  
505-988-4421  
BY: ADAM RANKIN  
agrarkin@hollandhart.com

For COG Operating LLC:

CONOCOPHILLIPS  
1048 Paseo de Peralta  
Santa Fe, New Mexico 87501-3034  
505-780-8000  
BY: OCEAN MUNDS-DRY  
dry@conocophillips.com

I N D E X

PAGE

CASE CALLED	
HEARING	3
CERTIFICATE OF REPORTER	12

EXHIBITS

NUMBER	PAGE ADMITTED
A	11
B	11
C	11
D	11
E	11

1 HEARING OFFICER BRANCARD: All right.

2 Thank you.

3 With that, I would like to call Items 62,  
4 and 63, Case Numbers 22815 and 22816, Centennial  
5 Resource Production.

6 MR. RANKIN: May it please the Division,  
7 Mr. Examiner, Adam Rankin appearing with the Santa  
8 Fe office of Holland & Hart, on behalf of the  
9 applicant in the case, Centennial Resource  
10 Production, in both cases.

11 HEARING OFFICER BRANCARD: Thank you.

12 We have an entry of appearance from COG  
13 Operating.

14 MS. MUNDS-DRY: Hello, Mr. Examiner, Ocean  
15 Munds-Dry with COG Operating, LLC.

16 HEARING OFFICER BRANCARD: Thank you.

17 Does COG object to this case moving  
18 forward by affidavit?

19 MS. MUNDS-DRY: We have no objection to  
20 its proceeding by affidavit.

21 Thank you.

22 HEARING OFFICER BRANCARD: Thank you. Are  
23 there any other interested persons for Cases 22815,  
24 22816?

25 Hearing none, Mr. Rankin, you may proceed.

1 MR. RANKIN: Mr. Examiner, these  
2 consolidated cases in Case Number 22815, Centennial  
3 has filed an application seeking an order pooling  
4 all uncommitted interests in the Bone Spring  
5 formation underlying a standard 640-acre, more or  
6 less, horizontal spacing unit comprised of the west  
7 half of irregular Section 6, in Township 22 South,  
8 Range 35 East, and the west half of irregular  
9 Section 31, Township 21 South, Range 35 East in Lea  
10 County.

11 Centennial will dedicate that spacing  
12 until to three wells, the Eric Cartman 6 State Com  
13 601H, 602H and 603H wells. The 602H will be within  
14 330 feet of the offsetting quarter, quarter sections  
15 allowing inclusion of the adjacent tracts into the  
16 horizontal well spacing unit.

17 In addition, just so you're apprised, the  
18 Division has approved an application for an NSL,  
19 nonstandard location for the Eric Cartman 6 State  
20 Com Number 603H well under Order NSL 8342.

21 All the other intervals will comply with  
22 the standard setback requirements under the  
23 provision requirements.

24 In Case 22816, Centennial has filed an  
25 application seeking approval of a standard 640-acre,

1 more or less, horizontal spacing unit in a part of  
2 the Bone Spring from the depth of 10,388 feet to the  
3 base of the Bone Spring formation that is to be  
4 comprised of the east half of irregular Section 6,  
5 in Township 26 South, Range 35 East and east half of  
6 irregular Section 31, Township 21 South, Range 35  
7 East in Lea County.

8 That proposed spacing unit will be  
9 dedicated to the Eric Cartman 6 State 604 and 605H  
10 well. The 604H well will be within 330 feet of the  
11 offsetting quarter of quarters sections allowing  
12 those adjacent tracks to be included.

13 We filed on Tuesday an exhibit packet that  
14 includes Exhibit A, which is the application,  
15 compulsory pooling application checklist for each of  
16 the cases identifying the acreage, wells and spacing  
17 units.

18 Exhibit B is a copy the application in  
19 each case.

20 Exhibit C is the affidavit of Gavin Smith,  
21 Centennial's landman who has previously testified.  
22 His affidavit reviews the request under each  
23 application the acreage to be dedicated to each  
24 spacing unit, the proposed interval targeted in case  
25 22816, as well as the wells that will be dedicated

1 to each.

2 In addition, Mr. Examiner, in this case  
3 there were some -- there is an overlapping spacing  
4 unit in the Bone Spring and Mr. Smith reviews that  
5 Centennial has given notice of the overlapping  
6 spacing unit to each of the working interest owners  
7 in both of those units.

8 And that notice is attached as Exhibit C1.  
9 No parties have objected to that proposal or that  
10 request.

11 Exhibit C2 is a copy of the C102s that  
12 were drafted for each of the wells identifying the  
13 locations of each well. We understand that the pool  
14 assigned to these spacing units are the -- will be  
15 the Ojo Chiso Bone Spring Pool, Pool Code 96553.

16 Exhibit C3 is an exhibit showing the land  
17 that is comprised of -- will comprise the spacing  
18 unit by tract. It is all State acreage. There are  
19 no ownership depth severances in the Bone Spring  
20 underlying this acreage.

21 C4 is the breakout of the working interest  
22 owners and the parties that Centennial seeks to pool  
23 in each case as well Mr. Gavin's affidavit states  
24 that they're seeking to pool the overrides  
25 identified on the exhibit as well the working

1 interests.

2 C5 is an example of the well proposal  
3 letters that were sent along with the AFEs for each  
4 of the wells reflecting the costs that are  
5 consistent with wells that have been drilled in the  
6 acreage within this area.

7 C6 is an overview summary of the contacts  
8 that Centennial has made in the efforts to reach an  
9 agreement with the parties. And as well they're  
10 seeking overhead rates of 8,800 per month while  
11 producing.

12 Exhibit D, Mr. Examiner, is the affidavit  
13 of Ms. Jane Sloan. Ms. Sloan has not previously  
14 testified before the Division. She reviews her  
15 background and education and work experience as a  
16 petroleum geologist.

17 Attached to her affidavit is Exhibit D1  
18 which is her resume reflecting her experience as a  
19 petroleum geologist.

20 At this time Mr. Examiner, I would move --  
21 I would request that Ms. Sloan be recognized as an  
22 expert in petroleum geology.

23 HEARING OFFICER BRANCARD: Any objections?

24 Hearing none, so recognized as an expert.

25 MR. RANKIN: Thank you.

1           Mr. Examiner, in her affidavit, Ms. Sloan  
2 reviews her Exhibits D1, rather D2 through D5, which  
3 are the standard set of geology exhibits including a  
4 locator map, a structure map, line of cross section  
5 and a stratigraphic cross section identifies that  
6 the target intervals for each of the wells in both  
7 cases are consistent and continuous across the  
8 spacing and there's no pinch-outs or geologic  
9 impediments. She testifies that her opinion,  
10 horizontal development of the acreage is appropriate  
11 and will protect correlative rights and against  
12 waste.

13           Exhibit E is the affidavit that we  
14 prepared reflecting that we provided notice, that  
15 the dates in the manner stated in the affidavit,  
16 including a notice, an affidavit of publication that  
17 was brought into us by the newspaper reflecting that  
18 all the parties have received notice, either by  
19 certified mail or by notice of publication.

20           With that, Mr. Examiner, unless there are  
21 any questions, I would move the admission of  
22 Exhibits A through E and stand for any questions  
23 that the Division may have.

24           HEARING OFFICER BRANCARD: Thank you.

25           Ms. Munds-Dry, questions?

1 MS. MUNDS-DRY: No questions. Thank you,  
2 Mr. Examiner.

3 HEARING OFFICER BRANCARD: Mr. Garcia.

4 TECHNICAL HEARING OFFICER GARCIA:  
5 Mr. Rankin, the overlapping spacing notice, is that  
6 just the same parties as has the application notice,  
7 there's no depth severance?

8 MR. RANKIN: No, it's slightly different  
9 because the spacing unit that overlaps extends to  
10 the south as well, so there are additional parties  
11 that were noticed as a result.

12 TECHNICAL HEARING OFFICER GARCIA: I may  
13 have missed it, but I -- was there a list of people  
14 that letter was sent to?

15 MR. RANKIN: I don't believe we included  
16 that, Mr. Examiner.

17 TECHNICAL HEARING OFFICER GARCIA: Okay.  
18 And then are you guys seeking to pool the entire  
19 Bone Springs or just the Third Bone Springs?

20 MR. RANKIN: It would be -- I believe it's  
21 the equivalent of Third Bone Spring, so from that  
22 depth identified to the base of the Bone Spring.

23 TECHNICAL HEARING OFFICER GARCIA: Thank  
24 you. Bear with me for one second.

25 MR. RANKIN: And that would be in

1 Case 22816.

2 TECHNICAL HEARING EXAMINER GARCIA: I  
3 believe that's all my questions.

4 HEARING OFFICER BRANCARD: Thank you.

5 So if I read this correctly, one of --  
6 these are adjacent units but one has a depth  
7 severance and the other one doesn't.

8 MR. RANKIN: There's not actually a depth  
9 severance in terms of ownership, Mr. Examiner, but  
10 there is an existing well that Centennial has  
11 drilled and developed in a shallower zone of the  
12 Bone Spring. So in this case they prefer to exclude  
13 that well from this spacing unit.

14 HEARING OFFICER BRANCARD: So that's why  
15 it's a severance?

16 MR. RANKIN: Correct.

17 HEARING OFFICER BRANCARD: The 10,388  
18 depth.

19 MR. RANKIN: Correct.

20 HEARING OFFICER BRANCARD: Okay. All  
21 right.

22 And any other questions or comments on  
23 Case Numbers 22815 and 22816?

24 MR. RANKIN: Mr. Examiner, the last  
25 comment I guess I would make is this case,

1 Centennial is seeking to spud these wells and  
2 proceed to drill in July, I believe. So if it's  
3 possible to request an expedited order for these  
4 cases it would be much appreciated.

5 HEARING OFFICER BRANCARD: Sure.

6 Mr. Garcia has nothing else to do.

7 MR. RANKIN: I know it's busy and we  
8 certainly understand that, but we appreciate it if  
9 it's possible.

10 HEARING OFFICER BRANCARD: Hearing no  
11 other comments on these cases, the exhibits will be  
12 admitted into the record, and Cases 22815 and 2216  
13 will be taken under advisement.

14 Thank you.

15 (Matter concluded.)

16

17

18

19

20

21

22

23

24

25

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

REPORTER'S CERTIFICATE

I certify that the foregoing is a correct transcript from the record of proceedings in the above-entitled matter. I further certify that the transcript fees and format comply with those prescribed by the Court and the Judicial Conference of the United States.

Date: June 2, 2022

/s/ Edwina Castillo

---

EDWINA CASTILLO, RPR, CCR  
Certified Court Reporter #407  
License Expires: 12-31-2022