

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 NO. 20786
CASE NO. 20813

Application of OXY USA for compulsory
pooling in Eddy County, New Mexico

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

THURSDAY, OCTOBER 3, 2018

SANTA FE, NEW MEXICO

This matter came on for hearing before the
New Mexico Oil Conservation Division, Phillip Goetz,
Examiner, Dylan Rose-Coss, Examiner, and David Ames,
Legal Examiner, on Thursday, October 3, 2019, at the New
Mexico Energy, Minerals, and Natural Resources Department,
Wendell Chino Building, 1220 South St. Francis Drive,
Porter Hall, Room 102, Santa Fe, New Mexico

Reported by: Mary Therese Macfarlane
New Mexico CCR 122
PAUL BACA COURT REPORTERS
500 Fourth Street NW, Suite 105
Albuquerque, New Mexico 87102
(505) 843-9241

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A P P E A R A N C E S

For the Applicant: Kaitlyn A. Luck, Esq.
Holland & Hart
110 North Guadalupe, Suite 1
Santa Fe, NM 87501
(505) 954-7286
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I N D E X

CASE NOS. 20786 and 20813 CALLED	
APPLICANT WITNESSES:	PAGE
PETER VAN LIEW (Landman) (By affidavit)	4
TYLER EVANS (Geologist) (By affidavit)	5
Taken under advisement	6

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

APPLICANT OXY USA, CASE NOS. 20786 AND 20813	ADMITTED
EXHIBIT	
A	6
A-1 to A-8	6
B	6
B-1 to B-3	6
C	6

1 (Time noted 3:05 p.m.)

2 EXAMINER GOETZ: Going down the line, Case No.
3 20786, application of OXY USA for compulsory pooling in
4 Eddy County, New Mexico.

5 Call for appearances.

6 MS. LUCK: Kaitlyn Luck of the Santa Fe office
7 of Holland & Hart on behalf of the Applicant.

8 EXAMINER GOETZ: You wanted to have this --

9 MS. LUCK: We would like this to be consolidated
10 with 20813.

11 EXAMINER GOETZ: Correct.

12 MS. LUCK: And these were both Bone Spring
13 cases, and so that's why we've put them together this way.

14 So we're pooling --

15 EXAMINER GOETZ: Wait. So for the record we
16 will consolidate Case 20786 with 20813, which has the same
17 title. Proceed, please.

18 MS. LUCK: Thank you. So the reason -- I'll
19 start off by saying OXY is presenting these cases by
20 affidavit. We have the affidavits of the landman and
21 geologist.

22 The reason why we are consolidating these
23 two cases, there is side-by-side spacing units in Section
24 409 and we are pooling the Bone Spring in those two cases,
25 so for purposes of the geology exhibits it just made the

1 most sense.

2 So our first exhibit, Exhibit A, is the
3 Affidavit of Peter Van Liew in support of both of these
4 cases.

5 His Exhibit 1 shows the tracts of land
6 being pooled in these two cases and the subject spacing
7 units that are being requested in both of these cases.

8 His Exhibit 2 -- and just to explain how
9 these exhibits play out, Exhibit 1 applies to both cases,
10 but then Exhibit 2 only applies to 20786, and those are
11 the C-102s for that case.

12 And his affidavit also reflects the
13 proximity tract well for the spacing units to create an
14 enlarged spacing unit.

15 His Exhibit A -- so the C-102s are in 2,
16 3, and 4, and Exhibit 5 shows the working interest owners,
17 as well as the overrides and the record title owners that
18 are being pooled in this case.

19 That's Case No. 20786.

20 Then moving on to Case 20813, behind tabs
21 A-6, A-7, and A-8 are the C-102s for the three wells in
22 this case, and behind A-9 you have again have the exhibit
23 identifying the working interest owners and their
24 percentage of ownership that OXY is seeking to pool in
25 this case.

1 In both of these cases OXY sent protest
2 letters and AFEs, and those are behind Tab A-10.

3 And just to mention briefly, OXY is seeking
4 approval of administrative and overhead costs of \$7,500
5 per month while drilling and \$750 while producing.

6 And then moving on to our Exhibit B, that's
7 the Affidavit of Tyler Evans. He is the geologist for
8 this case who conducted a study of the Bone Spring
9 Formation underlying the two spacing units 20786 and
10 20813. His Exhibit B-1 is the locator map for the units
11 in both cases, and B-2 the structure map identifying the
12 six well bores for the six wells involved in both cases.
13 Again those wells are located in Sections 4 and 9 in the
14 Bone Spring Formation

15 This map also has a line of cross section
16 from north to south going from A to A-prime, and then that
17 map corresponds to Exhibit B-3, which is the line of cross
18 section for those five wells. And he concludes that the
19 Bone Spring is suitable for horizontal development

20 Finally, Exhibit C is an affidavit by me
21 showing that our office provided notice of this hearing
22 together with copies of the applications to the parties
23 being pooled in this case. And out of an abundance of
24 caution we also published notice, in the event that
25 delivery was not made by the time of hearing, and that's

1 included behind Tab C.

2 So with that I move Exhibits A, B and C,
3 together with their attachments, into the record in both
4 of these case, 20786 and 20813.

5 EXAMINER GOETZ: Exhibits A, B and C are so
6 entered into Case Nos. 20786 and 20813.

7 MS. LUCK: Thank you. With that I think, if
8 there's no other questions or objections, I'd move for the
9 case to be taken under advisement.

10 EXAMINER GOETZ: We don't object too much so we
11 will take 207 -- excuse me, 20786 and 20813 under
12 advisement. Thank you.

13 MS. LUCK: Just to note for you, we've made
14 copies of these exhibits so that Kathleen should have all
15 of them.

16 EXAMINER GOETZ: We will find out, that being
17 the true test.

18 MS. LUCK: Okay.

19 (Time noted, 3:12 p.m.)
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1 STATE OF NEW MEXICO)
 2) SS
 3 COUNTY OF TAOS)
 4

5 REPORTER'S CERTIFICATE

6 I, MARY THERESE MACFARLANE, New Mexico Reporter
 7 CCR No. 122, DO HEREBY CERTIFY that on Thursday, October
 8 3, 2019, the proceedings in the above-captioned matter
 9 were taken before me; that I did report in stenographic
 10 shorthand the proceedings set forth herein, and the
 11 foregoing pages are a true and correct transcription to
 12 the best of my ability and control.

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

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MARY THERESE MACFARLANE, CCR
 NM Certified Court Reporter No. 122
 License Expires: 12/31/2019

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