

STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTTTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:

CASE No. 20788

CAASE No. 20789

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.
Hollnad & Hart
P.O Bos 2208
Santa Fe, NM 87501
(505) 954-7286
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I N D E X

CASE NOS. 20788 and 20789 CALLED

APPLICANT WITNESSES:	PAGE
PETER VAN LIEW (Landman) (By affidavit)	3
TYLER EVANS (Geologist) (By affidavit)	5
Taken Under Advsement	6

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

APPLICANT OCY, USA, INC.	CASE NO. 20788 and 20799
EXHIBIT	ADMITTED
A	6
A-1 through A-10	6
B	6
B-1 through B-10	6

1 (Time noted 3:36 p.m.)

2 EXAMINER GOETZ: Okay. Well, I guess we are
3 back to Holland & Hart.

4 Let's go back to the OXY cases, 20788,
5 20789.

6 MS. LUCK: Kaitlyn Luck on behalf of the
7 Applicant in these cases, OXY USA, Inc.

8 We will be presenting both of those by
9 affidavit.

10 EXAMINER GOETZ: Give me a moment here while I
11 catch up.

12 And for the record we're going to hear
13 Cases 20788 and 20789 with the similar application title
14 of Application of OXY USA, Inc. for compulsory pooling,
15 Eddy County, New Mexico.

16 Call for appearances.

17 MS. LUCK: Kaitlyn Luck of the Santa Fe office
18 of Holland & Hart for the Applicant OXY USA Inc., and we
19 will be presenting these cases by affidavit

20 EXAMINER GOETZ: Very good. Proceed.

21 MS. LUCK: Thank you.

22 So behind Tab A is the affidavit of OXY's
23 landman Peter Van Liew. He has previously testified
24 before the Division and had his credentials accepted.

25 His Exhibit A-1 identifies the tracts of

1 land comprising the spacing units in both of these cases,
2 and you will see on Exhibit A-1 one these are again
3 side-by-side spacing units, but in these two cases OXY is
4 pooling the Wolfcamp Formation. In 20788 this is the west
5 half, which OXY seeks to dedicate the spacing unit to the
6 Heads 31H, 32H and 33H wells.

7 Also behind Tabs 2, 3 and 4 are the C-102s
8 for these three initial proposed wells. Each of them are
9 located in the Purple Sage; Wolfcamp Pool.

10 His Exhibit 5 is an exhibit identifying the
11 interest owners in this first case, and the parties that
12 OXY seeks to pool are highlighted on the exhibit.

13 And then moving on to case 20789, this
14 is the east half spacing unit in the the Wolfcamp and in
15 this case OXY seeks to dedicate the spacing unit to the
16 Heads 34H, 35H and 36H wells. Each of the C-102s for
17 those proposals are each located behind Tabs 6, 7 and 8.
18 These are all in the Purple Sage; Wolfcamp Pool.

19 His Exhibit A-9 are those parties OXY is
20 seeking to pool in 20789 in the working interest
21 ownerships.

22 In this case OXY seeks overhead and
23 administrative and operating costs of \$7,500 per month
24 while drilling and \$750 while producing.

25 And that wraps up.

1 And I might have not have said Exhibit 10
2 are the Well Proposal Letters for both cases, as well as
3 the AFEs that correspond with the Well Proposals for all
4 six wells.

5 Moving to Exhibit B, that is the affidavit
6 of Tyler Evans, who is OXY's geologist who conducted a
7 study of the lands in question in the Wolfcamp Formation.

8 For both Cases 20788 and 20789, his exhibit
9 B-1 is a Project Locator Map outlining the sections that
10 comprise the proposed spacing units in both of these
11 cases, as well as the surrounding sections.

12 His Exhibit B-2 is, as you can see, a
13 structure map with a line of cross section overlaying from
14 B to B prime going north to south. His map also
15 identifies the six proposed wellbores for the 31H through
16 36H wells.

17 He doesn't observe any geologic impediments
18 to developing the Wolfcamp in this acreage.

19 Based on his studies his Exhibit B-3 is a
20 cross section.

21 And I don't think I mentioned on the last
22 one but he notes the landed points over to the left and
23 the right side of the cross section for the wells in the
24 Wolfcamp.

25 Then finally Exhibit C is an affidavit by

1 me reflecting that our office provided notice of this
2 hearing, together with a copy of the application to the
3 parties to be pooled in this case. Out of an abundance of
4 caution, we also published Notice to those same parties by
5 name in the local newspaper, and that's included behind
6 Exhibit C, as well.

7 So with that I will move the admission of
8 Exhibits A, B and C, together with the corresponding
9 attachments.

10 EXAMINER GOETZ: Exhibits A, B and C with a
11 attachments are so entered in 20788 and -9.

12 MS. LUCK: Thank you.

13 With that I would ask the cases be taken
14 under advisement.

15 EXAMINER GOETZ: Cases Nos. 20788 and 20789 are
16 taken under advisement.

17 MS. LUCK: Thank you.

18 (Time noted 3:39 p.m.)

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1 STATE OF NEW MEXICO)
2) SS
3 COUNTY OF TAOS)
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5 REPORTER'S CERTIFICATE

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