

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: 20374, 20375

APPLICATION OF WPX ENERGY PERMIAN LLC
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

April 30, 2020

SANTA FE, NEW MEXICO

This matter came on for hearing before the New Mexico Oil Conservation Division, EXAMINERS FELICIA ORTH, LEONARD LOWE, KATHLEEN MURPHY, DYLAN COSS and SCOTT COX on Thursday, April 30, 2020 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: 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:

KAITLYN LUCK
HOLLAND & HART
110 North Guadalupe, Suite 1
Santa Fe, NM 87501
505-954-7286

ON BEHALF OF MARATHON:

JENNIFER BRADFUTE
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5555 San Felipe Street, Rm 2518
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ON BEHALF OF BURNETT, FORTSON, NOVO NORTHERN DELAWARE:

JAMES BRUCE
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I N D E X

CASE CALLED

SUMMARY OF CASE AND EXHIBITS 03

TAKEN UNDER ADVISEMENT 08

REPORTER CERTIFICATE 09

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

Admitted

All Exhibits and Attachments 08

1 HEARING EXAMINER ORTH: Let's move then to the
2 next matter -- or, excuse me, matters, 20374 and 20375, WPX
3 Energy, compulsory pooling matters related to the well
4 Golden 35, and one is the well Retriever.

5 Is there someone here from Holland & Hart on
6 behalf of the applicant?

7 MS. LUCK: Good morning, Madam Examiner, Kaitlyn
8 Luck from the Santa Fe office of Holland & Hart on behalf of
9 WPX Permian LLC.

10 HEARING EXAMINER ORTH: Thank you. Ms. Bradfute,
11 are you here for Marathon?

12 MS. BRADFUTE: Yes, Madam Examiner, I am.

13 HEARING EXAMINER ORTH: Thank you. Is there
14 anyone here on behalf of --

15 (No response.)

16 HEARING EXAMINER ORTH: No? Is there any other
17 appearance at all?

18 MR. BRUCE: Madam Examiner, this is Jim Bruce.
19 I'm entering an appearance in support of WPX on behalf of
20 Burnett Oil Company, and Fortson Oil Company -- that's
21 F-o-r-t-s-o-n -- and Novo Oil & Gas Northern Delaware LLC.
22 They are working interest in the units with WPX.

23 HEARING EXAMINER ORTH: All right. Thank you
24 Mr. Bruce. And is there anyone else?

25 (No response.)

1 HEARING EXAMINER ORTH: So will this be a
2 presentation by affidavit, or are we having a status
3 conference on these matters? Ms. Luck?

4 MS. LUCK: Thank you. WPX requested to present
5 this case by -- or both of these cases by affidavit because
6 they no longer compete with Marathon, and so --

7 HEARING EXAMINER ORTH: Ms. Luck, we are having
8 trouble hearing you. Could you speak up?

9 MS. LUCK: WPX requested to present the cases by
10 affidavit because they no longer compete with Marathon
11 competing cases, and those cases were discussed as a status
12 conference on February 20.

13 MS. BRADFUTE: Madam Examiner, this is Jennifer
14 Bradfute on behalf of Marathon. Marathon has no objection
15 to WPX putting these cases on by affidavit.

16 HEARING EXAMINER ORTH: All right, thank you.
17 Mr. Bruce?

18 MR. BRUCE: No objection.

19 HEARING EXAMINER ORTH: All right. Thank you
20 very much. Ms. Luck, then if you would proceed.

21 MS. LUCK: Thank you. Since WPX requested to
22 present this case -- both of these cases by affidavit, WPX
23 submitted its exhibits to the Division on April 28 --
24 hearing.

25 Included with the exhibit packet are all of the

1 standard exhibits. First are the compulsory pooling
2 application checklist for both cases, as well as copies of
3 both of the applications.

4 Exhibit C is the affidavit of WPX's landman in
5 this case, Brennan West. And he has explained that in case
6 20374, WPX is seeking an order pooling all interest in the
7 Wolfcamp underlying a 636-acre horizontal spacing unit.

8 This is in the NE/4 of Section 35, the N/2 of
9 Section 36, both in Township 22 South, Range 28 East, and
10 Lots 1 and 2, as well as the E/2 of the NW/4 of Section 31,
11 and that is in Township 22 South, Range 29 East, in Eddy
12 County, New Mexico.

13 The spacing unit is going to be dedicated to the
14 Golden re -- Golden Fed Com wells, and those are listed in
15 the affidavit, and C-102s are also provided.

16 In Case 20375 WPX seeks an order creating a
17 spacing unit in the Wolfcamp formation for a 633.85 acres
18 spacing unit comprised of the SE/4 of Section 35, the S/2 of
19 Section 36, both in Township 22 South and Range 28 East and
20 Lot 3 and 4, as well as the E/2 of the SW/4 of Section 31,
21 Township -- Range 29 East, and it's going to be dedicated to
22 the Retriever Fed Com wells.

23 And the C-102s are provided for those wells as
24 well with the land exhibits. WPX has reached agreement with
25 all working interest owners in the spacing unit, so in these

1 two pooling cases, WPX is only seeking to pool the override
2 royalty interest owners and those are provided on the
3 exhibit attached to the landman's affidavit.

4 WPX also provides Exhibit D, the standard geology
5 affidavit in Exhibit 4 of the Wolfcamp formation. And the
6 geologist provides the opinion -- location of the wells for
7 development of the Wolfcamp formation in this area.

8 Finally, WPX exhibits are the notice affidavit
9 and notice letter as well as the publication requesting that
10 notice of this hearing was provided in advance of this
11 hearing to parties to be pooled as required by the Division
12 rules.

13 So with that, I would move the admission of this
14 exhibit packet which comprises WPX Exhibits A through F.

15 HEARING EXAMINER ORTH: Are there objections from
16 counsel to the admission of the exhibits?

17 MS. BRADFUTE: Madam Examiner, there are no
18 objections from Marathon.

19 HEARING EXAMINER ORTH: Mr. Bruce?

20 MR. BRUCE: No objection.

21 HEARING EXAMINER ORTH: All right, thank you.
22 The exhibits are admitted. Ms. Bradfute, do you have
23 questions of the -- before I turn it over to the other
24 hearing examiners?

25 MS. BRADFUTE: No questions, thank you.

1 HEARING EXAMINER ORTH: Mr. Bruce?

2 MR. BRUCE: No questions.

3 HEARING EXAMINER ORTH: All right. Mr. Coss, do
4 you have questions of Ms. Luck?

5 EXAMINER COSS: Thank you. My question is out of
6 curiosity. What changed between that all of a sudden
7 Marathon dropped its objection and there was a lack of
8 competition? What happened there?

9 MS. BRADFUTE: Mr. Coss, this is Jennifer
10 Bradfute on behalf of Marathon.

11 WPX, their applications were involved in a larger
12 contested hearing. The parties reached an agreement to
13 revise the boundaries of different spacing units which
14 resolved some of the competing proposals at least between
15 WPX and Marathon.

16 EXAMINER COSS: Thank you.

17 HEARING EXAMINER ORTH: Anything else, Mr. Coss?

18 EXAMINER COSS: Were those -- were those
19 compulsory pooling cases that were brought to hearing? If
20 so, are the members listed in the packet?

21 MS. BRADFUTE: Mr. Coss, no, they were not
22 matters that have been brought to hearing yet. They are
23 still pending. They were set for a special docket, and that
24 docket was canceled due to the COVID-19 epidemic, so those
25 cases are going to be still going to hearing.

1 EXAMINER COSS: I see. Okay. Well, I will be
2 curious to see that when they come up at a subsequent
3 hearing.

4 MS. BRADFUTE: Thank you very much.

5 HEARING EXAMINER ORTH: Thank you, Mr. Coss.
6 Mr. Cox, do you have questions of Ms. Luck?

7 EXAMINER SCOTT: I have no questions at this
8 time.

9 HEARING EXAMINER ORTH: All right. Thank you.
10 If there is nothing further, then Ms. Luck's packet will be
11 accepted and taken under advisement.

12 MS. LUCK: Thank you. I appreciate your time.

13 HEARING EXAMINER ORTH: Thank you.

14 (Exhibits admitted.)

15 (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 proceedings in stenographic shorthand and that the
9 foregoing pages are a true and correct transcript of those
10 proceedings that were reduced to printed form by me to the
11 best of my ability.

12 I FURTHER CERTIFY that the Reporter's Record of
13 the proceedings truly and accurately reflects the exhibits,
14 if any, offered by the respective parties.

15 I FURTHER CERTIFY that I am neither employed by
16 nor related to any of the parties or attorneys in this case
17 and that I have no interest in the final disposition of this
18 case.

19 Dated this 30th day of April 2020.

20

/s/ Irene Delgado

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Irene Delgado, NMCCR 253
License Expires: 12-31-20

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