

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

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

PRE-HEARING TRANSCRIPT

January 7, 2016

Santa Fe, New Mexico

BEFORE: PHILLIP GOETZE, CHIEF EXAMINER
GABRIEL WADE, LEGAL ADVISOR

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This matter came on for hearing before the New Mexico Oil Conservation Division, Phillip Goetze, Chief Examiner, and Gabriel Wade, Legal Advisor, on January 7, 2016, 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: ELLEN H. ALLANIC
NEW MEXICO CCR 100
CALIFORNIA CSR 8670
PAUL BACA COURT REPORTERS
500 Fourth Street, NW
Suite 105
Albuquerque, New Mexico 87102

1 (Time noted 8:18 a.m.)

2 . EXAMINER GOETZE: Very good. It looks like
3 we're here. Good morning ladies and gentleman. This is
4 the OCD Hearing Examiners docket, docket number 01-16.
5 The date is Thursday, January 7, 2016, in Porter Hall,
6 Santa Fe.

7 I am your Hearing Examiner for today. My
8 name is Phil Goetze. And to my left is Legal Counsel,
9 Gabriel Wade.

10 At this point we will take up the changes to
11 the docket. Starting on page 1, case number 15429, it
12 has been continued to January 21st.

13 Page 2, case number 15416, has been continued
14 to February 18th. Case number 15413, has been dismissed.

15 Case number 15422, has been dismissed. Case
16 number 15410, has been dismissed.

17 On to page 3, case number 15427 has been
18 continued to January 21st. Case No. 15428 has been
19 continued to January 21st.

20 Now we move to case number 15397,
21 Application of Devon Energy Production Company, LP, to
22 revoke injection authority, Lea County, New Mexico.

23 Would counsel please come forward and have a
24 seat.

25 Please identify yourselves for the court

1 reporter.

2 MR. BRUCE: Mr. Examiner, Jim Bruce of
3 Santa Fe representing the applicant.

4 MR. FELDEWERT: Michael Feldewert of the
5 Santa Fe Office of Holland and Hart appearing on behalf
6 of Oxy U.S.A.

7 EXAMINER GOETZE: And as a quick synopsis,
8 following hearing on December 3rd, the Division issued a
9 subpoena on behalf of Oxy to be submitted to Devon for
10 information related to the case.

11 Following that, on December 17th, a response
12 to that subpoena was issued by Devon by attorney, Mr.
13 Bruce. Following that on December 30th, Oxy responded
14 to Devon's motion to partially quash the subpoena.

15 So at this point, we will start with --
16 let's see. We have pretty much an idea of what's in the
17 subpoena. Mr. Bruce, your motion to quash, you have no
18 changes to that?

19 MR. BRUCE: No changes.

20 EXAMINER GOETZE: And, Mr. Feldewert, you
21 stand by your statement submitted in response to the
22 motion by -- you folks are getting me confused -- by
23 Devon?

24 MR. FELDEWERT: Yes, sir.

25 EXAMINER GOETZE: Let's go through the list.

1 You have a copy of your subpoena?

2 MR. FELDEWERT: I think it's just the one
3 item that we have a debate over.

4 MR. WADE: That's in paragraph 7, I believe?

5 MR. FELDEWERT: Paragraph 7.

6 MR. BRUCE: Paragraph 7.

7 MR. WADE: So all the rest of the items,
8 there's no problem with?

9 MR. BRUCE: Yes.

10 MR. FELDEWERT: The issue is paragraph 7,
11 and you'll see basically the debate is over the scope of
12 the geographic area for which we sought the information.

13 As we said in our response, you know, we
14 believe that part of our defense in this matter is that
15 the water that they encountered is naturally occurring.
16 But it occurs in various pockets throughout the region.

17 And so in order to be able to demonstrate
18 that, we have asked for information from Devon as to
19 when they have encountered various pockets of isolated
20 water throughout the region. And that's why we chose
21 the areas that we did.

22 And, essentially, they seek to cut it down
23 to just two geographic areas. We think we are entitled
24 to examine the region because the region is relevant,
25 particularly when we are dealing with pockets of

1 isolated water.

2 EXAMINER GOETZE: You are bringing in the
3 reef in this and you are going up dip; is there any
4 reason for that?

5 MR. FELDEWERT: Not that I am aware of.

6 EXAMINER GOETZE: Okay. That's what you are
7 seeing there.

8 At this point, I would ask Devon to go the
9 length for the township you are in, which is 22, 33 --
10 22 South, 33 East -- as well as 23 South, and 33 East;
11 and that in the remaining townships and range, I would
12 ask you to do a cursory review to see if there are any
13 incidences available. If such, at that time, we will
14 revisit them for more information. I don't feel this is
15 going to go ahead in a few hearings so...

16 MR. BRUCE: And, Mr. Examiner, just so you
17 know, there has been no exchange of data yet but counsel
18 have agreed that next Friday will be the turnover date
19 for data.

20 EXAMINER GOETZE: Very good. Have we
21 thought about schedule? You had proposed the 16th, I
22 believe, February 16th.

23 MR. BRUCE: February 16th, yes.

24 MR. FELDEWERT: That's fine with Oxy.

25 EXAMINER GOETZE: Well, then, let us go

1 ahead. We will go and schedule case 15397 for off
2 docket on February 16th, gentlemen.

3 MR. WADE: What day is that?

4 MR. BRUCE: Tuesday.

5 MR. WADE: And at what time?

6 EXAMINER GOETZE: Let's go with 9 o'clock.

7 MR. BRUCE: That is the beauty of knowing
8 every Thursday in the year. You feel like an idiot
9 savant.

10 EXAMINER GOETZE: There's always
11 Thanksgiving.

12 Okay. Thank you very much.

13 MR. FELDEWERT: Thank you.

14 EXAMINER GOETZE: Are there any additional
15 changes to the docket or applications submitted?

16 (No response.)

17 EXAMINER GOETZE: Very well. Then we will
18 move to the first case on docket.

19
20 (Time noted 8:24 a.m.)

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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examining hearing of Case No.
heard by me on 01/07/16

[Signature] 01/07/16

Oil Conservation Division, Examiner

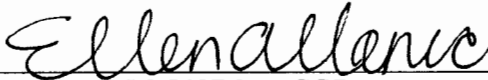
- | Cases |
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| No. 15429 |
| No. 15416 |
| No. 15413 |
| No. 15422 |
| No. 15410 |
| No. 15427 |
| No. 15428 |
| No. 15397 |

1 STATE OF NEW MEXICO)
2) ss.
3 COUNTY OF BERNALILLO)
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7 REPORTER'S CERTIFICATE
8

9 I, ELLEN H. ALLANIC, New Mexico Reporter CCR
10 No. 100, DO HEREBY CERTIFY that on Thursday, January 7,
11 2016, the proceedings in the above-captioned matter were
12 taken before me, that I did report in stenographic
13 shorthand the proceedings set forth herein, and the
14 foregoing pages are a true and correct transcription to
15 the best of my ability and control.
16

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