

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 XTO ENERGY, INC.
TO REVISE THE WELL NAME AND TO
DEDICATE AN ADDITIONAL INITIAL
WELL TO THE NONSTANDARD SPACING
AND PRORATION UNIT UNDER THE
TERMS OF ORDER R-14477, EDDY
COUNTY, NEW MEXICO.

CASE NO. 15805
(Re-opened)

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

November 30, 2017

Santa Fe, New Mexico

BEFORE: WILLIAM V. JONES, CHIEF EXAMINER
DAVID K. BROOKS, LEGAL EXAMINER

This matter came on for hearing before the
New Mexico Oil Conservation Division, William V. Jones,
Chief Examiner, and David K. Brooks, Legal Examiner, on
Thursday, November 30, 2017, 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 C. Hankins, CCR, RPR
New Mexico CCR #20
Paul Baca Professional Court Reporters
500 4th Street, Northwest, Suite 105
Albuquerque, New Mexico 87102
(505) 843-9241

1 APPEARANCES

2 FOR APPLICANT XTO ENERGY, INC.:

3 JORDAN L. KESSLER, ESQ.
 4 HOLLAND & HART, LLP
 5 110 North Guadalupe, Suite 1
 6 Santa Fe, New Mexico 87501
 (505) 988-4421
 jlkessler@hollandhart.com

7 INDEX

8		PAGE
9	Case Number 15805 Called	3
10	Affidavit Presented/Submitted	3
11	Proceedings Conclude	7
12	Certificate of Court Reporter	8

13

14

15

16 EXHIBITS OFFERED AND ADMITTED

17	XTO Energy, Inc. Exhibit Numbers 8 through 10	6
----	---	---

18

19

20

21

22

23

24

25

1 C(10:22 a.m.)

2 EXAMINER JONES: Call Case Number 15805,
3 re-opened, application of XTO Energy to revise the well
4 name and dedicate an additional initial well to the
5 nonstandard spacing and proration unit under the terms
6 Order R-14477, Eddy County, New Mexico.

7 Call for appearances.

8 MS. KESSLER: Jordan Kessler, from Holland
9 & Hart, Santa Fe, on behalf of the Applicant.

10 EXAMINER JONES: Any other appearances?

11 MS. KESSLER: This case will also be
12 presented by affidavit, Mr. Examiner.

13 Mr. Examiner, this case pertains to Case
14 Number 15805 and corresponding Order R-14477, which was
15 issued in October of 2017. A copy of that order is
16 included as Exhibit A. This order created a 239.62-acre
17 nonstandard spacing and proration unit in the Bone
18 Spring Formation the Willow Lake, Southeast Pool, and
19 pooled uncommitted working interest owners.

20 The spacing unit was, at the time,
21 dedicated to the Cattle Baron State Well No. 2H, and
22 that well has not yet been drilled.

23 Exhibit 8 -- so there were seven exhibits
24 in the prior case. Now, Exhibit 8 is an affidavit from
25 Angie Repka, who is the landman for XTO that testified

1 in that case.

2 And there are two things that we're asking
3 for in the re-opened case. The first is pursuant to a
4 provision in the order which required that the Cattle
5 Baron State Well No. 2H well be re-named to the Cattle
6 Baron Fed Com No. 2H well because of inclusion of
7 federal acreage in the spacing unit. So that's the
8 first thing that XTO is asking for.

9 The second thing that XTO is asking for is
10 an additional initial well, and that would be the Golden
11 Corral Fed No. 2H well.

12 The C-102 for the additional initial well
13 is included as Exhibit B. I'm sorry. It's included as
14 Exhibit D.

15 And Exhibit C to the affidavit is a
16 well-proposal letter and AFE that was sent to all of the
17 working interest owners for the additional initial well.

18 Now, the reason that XTO is asking for the
19 additional initial well is because the two wells that --
20 the original initial well and the additional initial
21 well will be pad drilled and batch completed. So there
22 are some economic efficiencies and cost savings
23 associated with -- with pad drilling and simultaneous
24 completion.

25 Paragraph five of Ms. Repka's affidavit, as

1 well as Attachment D, which is the C-102 for the
2 additional initial well, both set forth the location of
3 the additional initial well. And paragraphs six, seven
4 and eight outline the reasons that XTO is asking for the
5 additional initial well.

6 But nothing about Order R-14477 will change
7 except for including an additional initial well and then
8 also changing the name of the initial well to conform
9 with the Division's request.

10 EXAMINER JONES: Same well location?

11 MS. KESSLER: Same well location, same
12 initial well. Nothing about the initial well location
13 has changed except for the name.

14 EXAMINER JONES: Name?

15 MS. KESSLER: Yeah.

16 EXAMINER BROOKS: They just added an
17 additional initial well.

18 MS. KESSLER: And we're also requesting an
19 additional initial well, and the location for that is
20 set forth both in the C-102 and in the affidavit.

21 EXAMINER BROOKS: It's been our practice
22 where you have more than one initial well to give a
23 separate election to each -- to the pooled working
24 interest owners. So --

25 MS. KESSLER: That's our understanding,

1 too.

2 EXAMINER BROOKS: You understand that?

3 MS. KESSLER: And as I mentioned, the
4 initial well has not been drilled, so they will be
5 drilled together, and there will be elections on each of
6 the two wells.

7 EXAMINER JONES: Was there testimony at the
8 first hearing about federal acreage being involved?

9 MS. KESSLER: There was.

10 EXAMINER JONES: Okay. But we just didn't
11 name it with -- where it said "Fed Com" in there?

12 MS. KESSLER: That's exactly right. There
13 is a provision of the order -- I believe it's paragraph
14 seven, page 2 -- requiring XTO change the name of the
15 well to include "Fed Com."

16 So, Mr. Examiners, I would ask that
17 Exhibits 8, 9 and 10 be included in the record, and I
18 would ask that this case be taken under advisement.

19 EXAMINER JONES: Exhibits 8, 9 and 10 are
20 admitted.

21 (XTO Energy, Inc. Exhibit Numbers 8
22 through 10 are offered and admitted into
23 evidence.)

24 EXAMINER JONES: Any questions?

25 EXAMINER BROOKS: No more questions I can

1 think of.

2 EXAMINER JONES: Case 15805, re-opened, is
3 taken under advisement.

4 (Case Number 15805 concludes, 10:28 a.m.)

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO
3

4 CERTIFICATE OF COURT REPORTER

5 I, MARY C. HANKINS, Certified Court
6 Reporter, New Mexico Certified Court Reporter No. 20,
7 and Registered Professional Reporter, do hereby certify
8 that I reported the foregoing proceedings in
9 stenographic shorthand and that the foregoing pages are
10 a true and correct transcript of those proceedings that
11 were reduced to printed form by me to the best of my
12 ability.

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

16 I FURTHER CERTIFY that I am neither
17 employed by nor related to any of the parties or
18 attorneys in this case and that I have no interest in
19 the final disposition of this case.
20

21
22 MARY C. HANKINS, CCR, RPR
23 Certified Court Reporter
24 New Mexico CCR No. 20
25 Date of CCR Expiration: 12/31/2017
Paul Baca Professional Court Reporters