

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 OXY USA, INC. FOR	CASE NOS. 16009,
A NONSTANDARD SPACING AND PRORATION	16010,
UNIT AND COMPULSORY POOLING, EDDY	16011,
COUNTY, NEW MEXICO.	16012,
	16013,
	16014

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

March 22, 2018

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, March 22, 2018, 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

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APPEARANCES

FOR APPLICANT OXY USA, INC.:

ADAM G. RANKIN, ESQ.  
HOLLAND & HART, LLC  
110 North Guadalupe, Suite 1  
Santa Fe, New Mexico 87501  
(505) 988-4421  
agrarkin@hollandhart.com

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EXHIBITS OFFERED AND ADMITTED

OXY USA, Inc. Exhibit Number 9	3
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1 (2:08 p.m.)

2 EXAMINER JONES: And, Mr. Rankin, you  
3 have --

4 MR. RANKIN: Notice cases.

5 EXAMINER JONES: We're going to call Cases  
6 16009, 16010, 16011, 16012, 16013 and 16014. I believe  
7 all of them are application of OXY USA, Incorporated for  
8 a nonstandard spacing and proration unit and compulsory  
9 pooling in Eddy County, New Mexico.

10 Call for appearances.

11 MR. RANKIN: Thank you, Mr. Examiner. Adam  
12 Rankin, from the Santa Fe office of Holland & Hart, on  
13 behalf of the Applicant. I have no witnesses, but I'm  
14 asking to supplement the record for some of the cases  
15 with additional notice.

16 If I might proceed, Mr. Examiner --

17 EXAMINER JONES: Sure.

18 MR. RANKIN: -- at the time of the original  
19 hearing in these cases, we had consolidated the cases  
20 into two groups. 16013 and 16014 were consolidated, and  
21 then 16009 through 16012 were consolidated.

22 We continued both groups of cases for  
23 notice purposes. However, Cases 16013 and 16014 did not  
24 have any notice defect. We continued them all so they  
25 would all stay together. However, the only notice

1 issues we had were for 16009 to 16012. So if I might,  
2 before proceeding, just ask the Division take under  
3 advisement Cases 16013 and 16014.

4 EXAMINER JONES: Case Number 16013 is taken  
5 under advisement, and Case Number 16014 is taken under  
6 advisement.

7 MR. RANKIN: Thank you, Mr. Examiner.

8 I have distributed to you what's been  
9 marked as Exhibit Number 9 in Cases 16009 through 16012.

10 Pursuant to the testimony in the original  
11 case -- the original hearing on March 8th, 2018, we  
12 presented evidence and exhibits reflecting that we had  
13 published notice in the "Carlsbad Current-Argus" on  
14 February 20th, 2018 identifying each of the pool  
15 parties, overrides and offsets by name, and those were  
16 Exhibit Numbers 6A, B, C and D. I'm sorry. I don't  
17 have copies of those for you right now.

18 At the time we published notice, we  
19 identified each of the parties, including the override  
20 royalty interest owners, by name. However, when we sent  
21 out our notice letters, OXY identified a secondary -- a  
22 second address for six of the overriding royalty  
23 interest owners who were uncommitted to the spacing  
24 units in each of those cases. Out of an abundance of  
25 caution, even though we had named them as an --

1 identified them by name in the Notice of Publication, we  
2 went ahead and attempted to serve them with actual  
3 notice. And so what I've given you is a copy of the  
4 affidavit indicating that we had done that, that we  
5 tried to reach all these additional parties by  
6 additional notice.

7 Behind the affidavit prepared by me and my  
8 office is a letter that we sent out for each of the  
9 wells -- each of the cases in 16009 through 16012. And  
10 if you flip through all these exhibits, you'll see,  
11 after the notice letters, a list of the overriding  
12 royalty interests who required the supplemental notice.  
13 There are six entities or parties identified. The  
14 following pages behind the list is the United States  
15 Postal Service tracking information. And if you skip to  
16 the second-to-the-last page, you'll see the tracking  
17 information for each of those six overrides. You'll  
18 note that all -- all but one received actual notice.

19 The one party that didn't receive actual  
20 notice, it indicates that the notice letter is still in  
21 transit. And if you flip to the last page, you'll see  
22 that there is a more detailed status for that notice  
23 package, and it indicates that as of March 17th, that  
24 the package appears to have been returned.

25 However, as I stated earlier, that one

1 party, Jareed Partners Limited, being the one and only  
2 override that did not receive actual notice, was a named  
3 party identified in each of the Notices of Publication  
4 that was timely published originally and giving notice  
5 of the original hearing on March 8th.

6                   And so, Your Honor -- Mr. Examiner, we --  
7 we have requested a continuation in order to try to give  
8 actual notice to all the overrides. And we've done that  
9 successfully but for one. And that one override,  
10 however, did receive constructive notice, notice by  
11 publication timely in advance of the first hearing on  
12 March 8th.

13                   So with that, I believe that we've done our  
14 best to perfect notice and ask that these cases, Cases  
15 16009 through 16012, be taken under advisement.

16                   EXAMINER JONES: Cases Number 16009, 16010,  
17 16011 and 16012 are taken under advisement.

18                   Thank you very much.

19                   MR. RANKIN: Any questions?

20                   EXAMINER BROOKS: Sounds like you've got  
21 your bases covered.

22                   MR. RANKIN: I tried. I tried.

23                   EXAMINER JONES: With that, the hearing is  
24 adjourned.

25                   MR. RANKIN: Thank you.

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EXAMINER JONES: Thank you.  
(Case Numbers 16009 through 16014 conclude,  
2:15 p.m.)

1 STATE OF NEW MEXICO  
2 COUNTY OF BERNALILLO

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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 DATED THIS 9th day of April 2018.

21

22 MARY C. HANKINS, CCR, RPR  
23 Certified Court Reporter  
24 New Mexico CCR No. 20  
25 Date of CCR Expiration: 12/31/2018  
Paul Baca Professional Court Reporters

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