

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 COMPULSORY POOLING, EDDY
COUNTY, NEW MEXICO.

CASE NO. 20549

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

June 13, 2019

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, June 13, 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 C. Hankins, CCR, RPR
New Mexico CCR #20
Paul Baca Professional Court Reporters
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APPEARANCES

FOR APPLICANT OXY USA, INC.:

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EXHIBITS OFFERED AND ADMITTED

OXY USA, Inc. Exhibits A, B and C	7
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1 (3:53 p.m.)

2 EXAMINER JONES: Let's call Case 20549, OXY
3 USA, Incorporated for compulsory pooling, Eddy County,
4 New Mexico.

5 Call for appearances.

6 MS. LUCK: Kaitlyn Luck with the Santa Fe
7 office of Holland & Hart.

8 In this case OXY is seeking an order for
9 pooling all uncommitted interests in the Bone Spring
10 Formation. Again, this is a 560-acre horizontal spacing
11 unit comprised of the south half of Section 15 and the
12 east half of the southwest quarter and the southeast
13 quarter of Section 16, Township 24 South, Range 29 East.
14 And this spacing unit will be dedicated to the proposed
15 Refried Beans CC 15-16 State Com 14H well.

16 OXY presents the testimony of Jeremy
17 Murphrey in support of this application. He is a
18 petroleum landman, and his credentials have been
19 accepted and made a matter of record. None of the
20 mineral owners have expressed opposition, and he doesn't
21 expect any.

22 Behind his affidavit is Exhibit A1, which
23 contains a tract map showing the location of the well.
24 The acreage consists of state and private lands, state
25 and fee lands.

1 Exhibit A2 is the C-102 for the well, which
2 has not yet been approved. It reflects the surface- and
3 bottom-hole locations for the well. This is also going
4 to be a proximity tract well, pulling in proximity
5 acreage to create a standard 560-acre spacing unit that
6 complies with statewide setbacks.

7 Exhibit A3 identifies the ownership
8 interest in the spacing unit and the tracts of land.
9 Again, in this case OXY is only seeking to pool the
10 record title owners and has been able to locate the
11 interests.

12 So well-proposal letters were sent to the
13 working interest owners, and those are behind Exhibit
14 A4, along with AFEs, which are consistent with other
15 horizontal wells. OXY is requesting overhead and
16 administrative costs of \$7,500 per month while drilling
17 and 750 per month while producing.

18 EXAMINER JONES: Okay. Both these cases
19 are just record title owner?

20 MS. LUCK: That's correct.

21 So, again, in these cases, like earlier,
22 it's my understanding that there are not costs assessed
23 against record title owners, but AFEs were sent to the
24 working interest partners. And we've been able to
25 subsequently reach agreements with those, so we went

1 ahead and included hearing packets to show the wells
2 were proposed timely and that the applications were
3 filed timely.

4 EXAMINER JONES: Okay. Thank you very
5 much.

6 MS. LUCK: Behind Exhibit B, OXY presents
7 the testimony again of Tony Troutman. He is a geologist
8 with OXY, and he's conducted a geologic study of the
9 Bone Spring in this area. He has also been accepted as
10 an expert witness in petroleum geology with the
11 Division. OXY is proposing to target the 1st Bone
12 Spring Sand with this Refried Beans 14H well.

13 B1 contains a structure map prepared for
14 the Bone Spring target interval with contour lines every
15 25 feet. The structure in this area is gently dipping
16 to the east as shown on B1.

17 Exhibit B2 is a stratigraphic cross section
18 again identifying the wells used to create these cross
19 sections. There's one from the northwest to the
20 southeast from A to A prime in red and one from the west
21 to the east from B to B prime in red on Exhibit B2.

22 These wells are shown on the logs on
23 Exhibit B3. And it is Mr. Troutman's opinion that the
24 targeted interval is present and continuous across the
25 subject acreage, and the east-to-west orientation for

1 the proposed wells is consistent and will efficiently
2 and effectively develop the target interval under the
3 subject acreage.

4 In this case it is Mr. Troutman's opinion
5 that OXY's application will be in the best interest of
6 conservation, the prevention of waste and the protection
7 of correlative rights.

8 Again, Exhibit C is an affidavit from our
9 office showing that notice of this hearing was provided
10 to those record title owners, as well as the delivery
11 confirmation for those letters.

12 And that concludes the materials for this
13 case, and OXY would move the admission of Exhibits A, B
14 and C and ask that the case be taken under advisement.

15 EXAMINER JONES: Exhibits A, B and C with
16 their attachments are admitted, and Case 20549 is taken
17 under advisement.

18 Thank you.

19 MS. LUCK: Thank you.

20 (OXY USA, Inc. Exhibits A, B and C are
21 offered and admitted into evidence.)

22 (Case Number 20549 concludes, 3:58 p.m.)

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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 30th day of June 2019.

21

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23 MARY C. HANKINS, CCR, RPR
24 Certified Court Reporter
New Mexico CCR No. 20
Date of CCR Expiration: 12/31/2019
Paul Baca Professional Court Reporters

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