

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: 21238

AMENDED APPLICATION OF DEVON ENERGY  
PRODUCTION COMPANY LP FOR NON-STANDARD  
SPACING AND COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS

EXAMINER HEARING

May 28, 2020

SANTA FE, NEW MEXICO

This matter came on for virtual hearing before the New Mexico Oil Conservation Division, EXAMINERS FELICIA ORTH, KATHLEEN MURPHY, SCOTT COX and BAYLEN LAMKIN on Thursday, May 28, 2020, through 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  
500 Fourth Street, NW, Suite 105  
Albuquerque, NM 87102  
505-843-9241

A P P E A R A N C E S

For the Applicant:

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

I N D E X

CASE CALLED

SUMMARY OF CASE AND EXHIBITS	03
TAKEN UNDER ADVISEMENT	07
REPORTER CERTIFICATE	08

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

Admitted

All Exhibits and Attachments	07
------------------------------	----

1                   HEARING EXAMINER ORTH: Move on to the second  
2     matter here, Case Number 21238, Devon Energy is the  
3     applicant, compulsory pooling, non-standard spacing, well  
4     named Thoroughbred.

5                   Who here is from Holland & Hart?

6                   MR. FELDEWERT: May it please the Examiner,  
7     Michael Feldewert of the Santa Fe office of Holland & Hart  
8     appearing on behalf of the applicant.

9                   HEARING EXAMINER ORTH: All right. Thank you.  
10    Let me ask if there is anyone else entering an appearance  
11    this morning?

12                   (No audible response.)

13                   HEARING EXAMINER ORTH: I hear no one. Please go  
14    ahead, Mr. Feldewert.

15                   MR. FELDEWERT: Madam Examiner, this is a little  
16    unusual in the sense that this was formerly Case Number  
17    21099 and was heard, the initial application was heard in  
18    March. We then, in consultation with the other working  
19    interest owners, filed an amended application which was  
20    assigned a current case number which was 21238.

21                   The reason for the filing of the amended  
22    application from the current case number is that we are  
23    seeking not just pooling, but also the creation of a  
24    non-standard horizontal spacing unit in the Purple Sage  
25    Wolfcamp Gas Pool.

1           It would be, this non-standard spacing unit is  
2    comprised of the W/2 of the SW/4 of Section 3, and then the  
3    W/2 of the W/2 of Section 10. So it's non-standard in the  
4    sense that the building blocks, so to speak, for  
5    quarter-quarter sections, rather than quarter sections or  
6    half sections, which are allowed under the Purple Sage  
7    Wolfcamp Gas Pool rules.

8           Just so you know, there is a companion matter to  
9    this pooling case, which was handled administratively under  
10   Administrative Order NSP 2123, which created the -- what  
11   you might call a mirror non-standard horizontal spacing unit  
12   comprised of the E/2 of the W/2 of Sections 3 and 10.

13           And all of this was done to exclude the W/2 of  
14   the NW/4 of Section 3. And that was done because that  
15   acreage is part of the Fulker Lake Federal Unit which was  
16   operated by XTO. So when you get to the notice here, notice  
17   was provided to basically two different groups.

18           One, we provided notice of the non-standard  
19   horizontal spacing unit to XTO which operates the Fulker  
20   Lake Unit, as well as the Bureau of Land Management. That's  
21   why you see them on the notice, because it's a federal unit.  
22   It's a federal unit involved there.

23           Then we also then noticed the parties that we  
24   seek to pool for this non-standard horizontal spacing unit,  
25   which is essentially two working interest owners, XTO and

1 Chevron, and a group of overriding royalty interest owners.

2 With that said, you will see in our exhibit  
3 package we have, Exhibit A is the affidavit of Tim Prout who  
4 has previously testified before this Division. He is a  
5 landman with Devon. He provides the Division with all of  
6 the standard exhibits that are necessary and required to  
7 pool this matter.

8 Exhibit B is the affidavit of the geologist,  
9 Sloan Anderson, and he has provided the Division not only  
10 with his testimony, but with the -- what you would normally  
11 see as your structure map, your cross sections.

12 Exhibit C then is our notice affidavit for the  
13 mailing of this -- and the hearing of this submitted  
14 application. And then because there was a group of  
15 overriding royalty interest owners involved, Exhibit C is  
16 the affidavit of publication notifying the parties by name  
17 of the filing of this amended application and this hearing.

18 So with that said, I would ask that Exhibits A,  
19 B, C and D be admitted into the record and that this matter  
20 be taken under advisement.

21 HEARING EXAMINER ORTH: Thank you, Mr. Feldewert.  
22 Ms. Murphy, do you have questions of Mr. Feldewert?

23 EXAMINER MURPHY: I do have a question. So you  
24 are seeking to pool two working interest owners, Chevron,  
25 and who was the second one?

1 MR. FELDEWERT: XTO.

2 EXAMINER MURPHY: XTO. And what's the  
3 percentage that you are -- I mean, how much percentage did  
4 Devon hold?

5 MR. FELDEWERT: If you have in front of you  
6 Exhibit A-3, which is attached to Tim Prout's affidavit, it  
7 provides ownership by tract and then by spacing unit. So  
8 when you get to the second page of that exhibit, you will  
9 see that Devon owns 45.8 percent, and the remaining two  
10 working interest owners own the 54.31 something.

11 EXAMINER MURPHY: I think that's on Page 16?

12 MR. FELDEWERT: That would be -- one second.

13 EXAMINER MURPHY: That's the O-R-R-I?

14 MR. FELDEWERT: Page 17 of the 40.

15 EXAMINER MURPHY: Okay.

16 MR. FELDEWERT: Down at the bottom.

17 EXAMINER MURPHY: Oh, I see, okay. And they  
18 don't object?

19 MR. FELDEWERT: Correct. In fact, this was done  
20 in consultation with them.

21 EXAMINER MURPHY: And you have notified them of  
22 the virtual hearing and they have not appeared?

23 MR. FELDEWERT: Correct.

24 EXAMINER MURPHY: And that's all the questions I  
25 have, then. Thank you.

1 MR. FELDEWERT: Thank you.

2 HEARING EXAMINER ORTH: Thank you, Ms. Murphy.

3 Let me pause for a moment in the event any other technical  
4 examiner has a question of Mr. Feldewert?

5 EXAMINER LAMKIN: No.

6 HEARING EXAMINER ORTH: All right. Thank you,  
7 Mr. Lamkin. Thank you, Mr. Feldewert. Exhibits A through D  
8 are accepted and the matter will be taken under advisement.

9 MR. FELDEWERT: Thank you.

10 (Exhibits admitted.)

11 (Taken under advisement.)

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 STATE OF NEW MEXICO  
2 COUNTY OF BERNALILLO

3 REPORTER'S CERTIFICATE

4 I, IRENE DELGADO, New Mexico Certified Court  
5 Reporter, CCR 253, do hereby certify that I reported the  
6 foregoing virtual proceedings in stenographic shorthand and  
7 that the foregoing pages are a true and correct transcript  
8 of those proceedings and were reduced to printed form by me  
9 to the best of my ability.

10 I FURTHER CERTIFY that I am neither employed by  
11 nor related to any of the parties or attorneys in this case  
12 and that I have no interest in the final disposition of this  
13 case.

14 I FURTHER CERTIFY that the virtual proceeding was  
15 of varying quality.

16 Dated this 28th day of May 2020.

17  
18 /s/ Irene Delgado  
19 \_\_\_\_\_  
Irene Delgado, NMCCR 253  
License Expires: 12-31-20  
20  
21  
22  
23  
24  
25