

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: 21231, 21232

APPLICATION OF DEVON ENERGY PRODUCTION
COMPANY LP FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS

EXAMINER HEARING

JUNE 25, 2020

SANTA FE, NEW MEXICO

This matter came on for virtual hearing before the New Mexico Oil Conservation Division, EXAMINERS FELICIA ORTH, KURT SIMMONS and LEONARD LOWE and on Thursday, June 25, 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

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A P P E A R A N C E S

For the Applicant:

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For ConocoPhillips Company and Burlington Resources Oil & Gas Company:

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I N D E X

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1 HEARING EXAMINER ORTH: Let's move back up to the
2 docket worksheet and call case 21231 and 21232, the
3 applicant in each case is Devon Energy, compulsory pooling
4 application, and the well name is Yukon Gold.

5 Who here is from Holland & Hart?

6 MR. RANKIN: Good morning, Madam Examiner,
7 Technical Examiners, I'm Adam Rankin appearing from the law
8 office of Holland & Hart on behalf of Devon Energy Company
9 LP in both cases.

10 THE COURT: Thank you, Mr. Rankin. And Mr.
11 Bruce, are you on?

12 MR. BRUCE: Yes. I'm entering an appearance on
13 behalf of ConocoPhillips Company and Burlington Resources
14 Oil & Gas Company LP, and I have no objection to the case
15 being heard by affidavit.

16 HEARING EXAMINER ORTH: Thank you very much for
17 that. If you would then, please, Mr. Rankin.

18 MR. RANKIN: Good morning, Madam Examiner, taking
19 each case in turn, Case Number 21231 is an application by
20 Devon Energy for a creation of a standard 800 acre spacing
21 unit in the Bone Spring Formation. The applicant seeks to
22 dedicate four wells to the spacing unit.

23 In front of you hopefully is the exhibit packet
24 containing the exhibits from the case along with the table
25 of contents and compulsory pooling checklist.

1 Exhibit A is the affidavit of the Mr. Verl Brown,
2 landman who has previously testified before the Division.
3 Attached as exhibit to his affidavit is A-1 is C-102s for
4 each of the wells to be dedicated to the spacing unit
5 identifying the location of the wells and compliance with
6 the statewide setback rules.

7 Exhibit A-2 is the spacing unit in order to show
8 break down (inaudible) prepared by Mr. Brown. This reflects
9 each of the (inaudible) spacing units as far as the
10 ownership interests in the unit-wide basis, as well as the
11 overriding royalty interest owners that Devon seeks to pool.

12 Exhibit 3 is well proposals and AFEs that were
13 sent to the working interest owners.

14 And then A-4 is a chronology of contacts between
15 (inaudible) the parties that Devon is seeking to pool.

16 Exhibit B in the exhibit packet is the affidavit
17 of Ms. Miranda Childress. She is a geologist, and she has
18 previously testified before the Division and her credentials
19 as an expert in geology were made a matter of record.

20 Exhibit B-1 is the interval for the proposed
21 wells.

22 Exhibit B-2 is a stratigraphic cross section
23 identifying the target interval in the Second Bone Spring
24 for those wells, showing there is no -- there is no problems
25 with the proposed wells and development of the horizontal

1 wells within the spacing unit.

2 Exhibit B-3 is a structure map identifying the
3 Third Bone Spring which is the one of the target intervals
4 for the proposed wells.

5 B-4 is a stratigraphic cross section showing
6 those wells, the cross section and target interval
7 demonstrating that there is no impediment to development of
8 the horizontal wells in the spacing unit.

9 Exhibit B-5 is a gunbarrel diagram showing how
10 each of the wells are targeting the intervals within the
11 spacing unit.

12 And Exhibit C is a notice affidavit prepared by
13 me and my office reflecting that notice was sent to all the
14 affected parties as required by the rules, along with a copy
15 of the application.

16 And Exhibit D is a copy of an affidavit of
17 publication reflecting that each of the parties that Devon
18 is seeking to pool is identified by name and was published
19 in the newspaper of general circulation in the county. With
20 that, unless there are any questions, I would ask Exhibits A
21 through D in this case be accepted into the record.

22 HEARING EXAMINER ORTH: All right. Thank you,
23 Mr. Rankin. Mr. Simmons or Mr. Lowe, do you have a question
24 of Mr. Rankin?

25 TECHNICAL EXAMINER LOWE: Good morning, Mr. Adam

1 Rankin. This is Leonard Lowe. Can you all hear me?

2 HEARING EXAMINER ORTH: Yes.

3 TECHNICAL EXAMINER LOWE: I just wanted to find
4 out, on the four wells, which one is the defining well?

5 MR. RANKIN: Thank you, Leonard. In this
6 application the defining well will be the 212H well, which
7 will remain within 330 feet of the W/2 E/2 of Sections 19,
8 30 in the W/2 of the NE/4 of Section 31, so (inaudible) of
9 that additional acreage.

10 TECHNICAL EXAMINER LOWE: And you already did,
11 you gave -- you gave proper notice to all the affected
12 parties, and then on top of that, in addition to that you
13 did the public notice in the newspaper?

14 MR. RANKIN: That's correct.

15 TECHNICAL EXAMINER LOWE: Okay. That's all I
16 wanted to clarify in my end. That's all I have. Thank you.

17 HEARING EXAMINER ORTH: Thank you, Mr. Lowe.

18 TECHNICAL EXAMINER SIMMONS: No questions.

19 HEARING EXAMINER ORTH: Thank you, Mr. Simmons.
20 And I'm sorry, Mr. Bruce, I forgot to ask if you had any
21 questions.

22 MR. BRUCE: No, ma'am.

23 HEARING EXAMINER ORTH: Thank you. Mr. Rankin,
24 Exhibits A through D are accepted, and the matters will be
25 taken under advisement.

1 MR. RANKIN: Thank you very much, Madam Examiner.

2 Moving to the next case we call 21232, this is an
3 application by Devon Energy for compulsory pooling in
4 another 800 acre standard spacing unit within the Wolfcamp
5 formation. The acreage is the same, it's just in the
6 Wolfcamp formation underlying the Bone Spring acreage that
7 we just discussed.

8 In front of you is an exhibit packet containing
9 Exhibits A through D. Again, the affidavits of landman
10 Mr. Verl Brown along with the attached Exhibits, the C-102s,
11 the spacing unit plat ownership breakdown with all the
12 uncommitted interest owners and the overrides that Devon
13 seeks to pool, as well as sample well proposals and AFEs in
14 Exhibit A-3.

15 And A-4, again, is a chronology of contacts
16 between Mr. Brown and the uncommitted non-joining interest
17 owners.

18 Exhibit B is the affidavit of the Miranda
19 Childress, the geologist in this case. She is identifying
20 the proposed target interval. And in B-1 she -- area
21 structure map of the Wolfcamp, and B-2 is the structural
22 cross section identifying the target interval.

23 And in B-3 she testifies there is no impediment
24 to drilling horizontal wells within the acreage.

25 Exhibit C is the notice of affidavit prepared by

1 me and my office for parties, affected parties identified to
2 us by Devon.

3 And finally Exhibit D are the -- is the affidavit
4 of application that each of the affected parties identified
5 to us were given notice by publication as well and
6 identifying each of them by name.

7 With that, Madam Examiner, if there are no
8 questions, I would ask that Exhibits A through D in this
9 case be accepted into the record.

10 THE COURT: Thank you, Mr. Rankin. Mr. Bruce, do
11 you have any questions?

12 MR. BRUCE: No questions.

13 HEARING EXAMINER ORTH: Thank you. Mr. Lowe or
14 Mr. Simmons?

15 TECHNICAL EXAMINER LOWE: I do not have any
16 questions. Thank you.

17 TECHNICAL EXAMINER SIMMONS: No questions. Thank
18 you.

19 HEARING EXAMINER ORTH: Thank you very much, Mr.
20 Rankin. Again, your exhibits are accepted and matter 21232
21 is taken under advisement.

22 MR. RANKIN: Thank you.

23 (Exhibits admitted.)

24 (Taken under advisement.)

25 STATE OF NEW MEXICO

1 COUNTY OF BERNALILLO

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REPORTER'S CERTIFICATE

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

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

15 I FURTHER CERTIFY that the Virtual Proceeding was
16 of fair quality.

17 Dated this 25th day of June 2020.

18

/s/ Irene Delgado

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Irene Delgado, NMCCR 253
License Expires: 12-31-20

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