

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: 21533, 21535

APPLICATION OF CENTENNIAL RESOURCES
PRODUCTION LLC FOR COMPULSORY POOLING
LEA COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS

EXAMINER HEARING

DECEMBER 3, 2020

SANTA FE, NEW MEXICO

This matter came on for virtual hearing before
the New Mexico Oil Conservation Division, HEARING OFFICER
FELICIA ORTH and TECHNICAL EXAMINER BAYLEN LAMKIN on
Thursday, December 3, 2020, through the Webex Platform.

Reported by: Irene Delgado, NMCCR 253
PAUL BACA PROFESSIONAL COURT REPORTERS
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A P P E A R A N C E S

For the Applicant:

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

For MRC:

JAMES BRUCE
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Santa Fe, NM 87504-1056
505-982-2151
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I N D E X

CASE CALLED
SUMMARY OF CASE AND EXHIBITS
TAKEN UNDER ADVISEMENT
REPORTER CERTIFICATE

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

Admitted

Exhibits and Attachments

1 HEARING EXAMINER ORTH: Let's move on to Case
2 21533, the applicant is Centennial Resources, compulsory
3 pooling application. The well name is Raider. Who is here
4 from Holland & Hart on behalf of the applicant?

5 MS. LUCK: Good morning, Madam Examiner. Kaitlyn
6 Luck with the Santa Fe office of Holland & Hart on behalf of
7 the applicant in this case, Centennial Resources Production
8 LLC.

9 HEARING EXAMINER ORTH: Good morning. And I see
10 there is an appearance on behalf MRC Permian made by Mr.
11 Bruce. Mr. Bruce, are you with us?

12 MR. BRUCE: Yes. Can you hear me?

13 HEARING EXAMINER ORTH: Yes, I can hear you.

14 MR. BRUCE: I'm here for MRC, thanks, and I do
15 not object to the matter being presented by affidavit.

16 HEARING EXAMINER ORTH: Thank you. Let me pause
17 for a moment to see if there are any other entries this
18 morning.

19 (No audible response.)

20 HEARING EXAMINER ORTH: Hearing none, if you
21 would please proceed.

22 MS. LUCK: Thank you, Madam Examiner. Centennial
23 requested prior to this hearing in our prehearing statement
24 to consolidate Case Numbers 21533 and 21535, and on Tuesday
25 we filed our exhibits in a single packet, so I would just

1 like to ask for permission to proceed with both of those
2 cases together at the same time.

3 HEARING EXAMINER ORTH: Yes, if you would,
4 please. Let me just read, 21535, Centennial Resources, the
5 applicant, compulsory pooling application, the well name in
6 case 21535 is Romeo. And I see you are here for the
7 applicant, and Mr. Bruce is here for MRC Permian.

8 MR. BRUCE: Correct.

9 HEARING EXAMINER ORTH: Thank you. So go ahead,
10 Ms. Luck.

11 MS. LUCK: Thank you again. In both of these
12 cases Centennial filed the exhibits on Tuesday, December 1,
13 and the exhibit packet contains the standard set of
14 exhibits, starting with the compulsory pooling application
15 checklist for both cases included as Centennial Exhibit A.

16 And then as Centennial Exhibit B are copies of
17 the application.

18 And then then as Centennial Exhibit C is the
19 affidavit of Centennial's landman in this case, Devon Smith.
20 He starts the affidavit by testifying that he has been
21 accepted as an expert witness, and the Division has made his
22 credentials a matter of record. He is familiar with both of
23 these cases.

24 And in Case 21533 Centennial is seeking an order
25 pooling a 320 acre spacing unit in the Wolfcamp Formation

1 underlying the E/2 E/2 of Sections 16 and 21, and this is in
2 Township 24 South, Range 34 East in Lea County.

3 And Centennial seeks to dedicate the spacing unit
4 to the Raider Fed Com 703H Well. Centennial provides
5 standard exhibits for this well, including the C-102 which
6 shows it's in (unclear) Wolfcamp pool, pool code 2220. He
7 also provides a tract and unit recap of the parties that
8 Centennial is seeking to pool including overriding royalty
9 interest owners. As Centennial Exhibit C-4 he provides a
10 copy of the well proposal letter and the AFEs for the Raider
11 well.

12 Next in his affidavit he turns to Case 21535
13 which in that case Centennial is seeking an order pooling
14 all uncommitted interest in a 240 acre spacing unit in the
15 Wolfcamp Formation underlying the W/2 W/2 of Section 22 and
16 the W/2 of the NW/4 of Section 27 in Township 24 South,
17 Range 34 East, and this is also in Lea County.

18 In this case Centennial is seeking to dedicate
19 (unclear) Romeo 701H well. Centennial also provides the
20 standard exhibits, including the C-102, the tract and unit
21 recap, the well proposal letter. And then finally as
22 Exhibit C-9 a chronology of Centennial's contact with those
23 uncommitted working interest owners that Centennial is
24 seeking to pool in both of these cases. And also just for
25 case 21535 I want to note this is in the same pool code

1 2220.

2 Next Centennial provides Exhibit B which is the
3 affidavit of Centennial's geologist. She provides the
4 standard -- excuse me -- her name is Isabel Harper, and she
5 provides the standard geology affidavit for the Wolfcamp
6 Formation and provides her opinion that both of these
7 spacing units are appropriate for development with the
8 proposed horizontal wells.

9 Finally as Exhibits E and F, Centennial has
10 provided the notice affidavit from our office showing that
11 notice of this hearing was timely provided, as well as a
12 notice of publication, which shows that notice of both of
13 these cases was provided in the county where these spacing
14 units are located and direct each of the interest owners by
15 name.

16 So with that, if there aren't any objections, I
17 would move the admission of Centennial Exhibits A through F
18 and request that both of these cases be taken under
19 advisement.

20 HEARING EXAMINER ORTH: Thank you, Ms. Luck. Mr.
21 Bruce, do you have questions of Ms. Luck on either case?

22 MR. BRUCE: No, I do not.

23 HEARING EXAMINER ORTH: Okay. Thank you.

24 Mr. Lamkin?

25 TECHNICAL EXAMINER LAMKIN: I don't have any

1 questions, thanks.

2 HEARING EXAMINER ORTH: All right. Thank you.
3 Ms. Luck, thank you. Exhibits A through F in cases 21533
4 and 21535 are admitted and both matters will be taken under
5 advisement.

6 (Exhibits admitted.)

7 (Taken under advisement.)

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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4 REPORTER'S CERTIFICATE

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6 I, IRENE DELGADO, New Mexico Certified Court
7 Reporter, CCR 253, do hereby certify that I reported the
8 foregoing virtual proceedings in stenographic shorthand and
9 that the foregoing pages are a true and correct transcript
10 of those proceedings to the 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 poor to good quality.

17 Dated this 3rd day of December 2020.

18

/s/ Irene Delgado

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

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