

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: 21540

APPLICATION OF OXY USA INC. FOR
APPROVAL OF A 1,278.62 ACRE NON-STANDARD
SPACING UNIT IN THE BONE SPRING FORMATION
COMPRISED OF ACREAGE SUBJECT TO A PROPOSED
COMMUNITIZATION AGREEMENT,
EDDY 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

I N D E X

CASE CALLED

SUMMARY OF CASE AND EXHIBITS 03

TAKEN UNDER ADVISEMENT 06

REPORTER CERTIFICATE 07

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

Admitted

Exhibits and Attachments 06

1 HEARING EXAMINER ORTH: Let's move then to --
2 let's see -- let's move then to case 21540. This is Oxy
3 USA.

4 (Audio interference from unidentified speaker.)

5 HEARING EXAMINER ORTH: Who is that that needs to
6 be muted?

7 Please, Irene, if you would, strike that last
8 sentence from the transcript. I'm certain that was not
9 intended for the transcript.

10 Let me call case 21540, Oxy USA, non-standard
11 spacing application. The well name is Tails. The next case
12 is 21541 -- I'm sorry -- 21540 Oxy USA. The well name is
13 Tails. Who is here from Holland & Hart for the applicant?

14 MS. LUCK: Good morning again. Kaitlyn Luck with
15 the Santa Fe office of Holland & Hart on behalf of the
16 applicant in this case, Oxy USA Inc.

17 HEARING EXAMINER ORTH: Thank you. I did not see
18 another entry of appearance in the file. Let me pause for a
19 moment to see if there are any entries this morning.

20 (No audible response.)

21 HEARING EXAMINER ORTH: No? Please go ahead, Ms.
22 Luck.

23 MS. LUCK: Thank you. It was Oxy's understanding
24 prior to this hearing there would not be any opposition to
25 this case because it is an unopposed case, and so Oxy filed

1 the exhibits on Tuesday.

2 In the exhibit packet Oxy included first a copy
3 of its application in this case seeking approval of a
4 1,278.62 acre non-standard spacing unit in the Bone Spring
5 Formation, comprised of acreage subject to a proposed
6 communitization agreement in Eddy County, New Mexico.

7 Attached as Oxy's Exhibit B is the affidavit of
8 Peter Van Liew who is Oxy's landman in this case. He has
9 previously testified before the Division and had his
10 credentials accepted. He is the landman who is familiar
11 with this proposed non-standard unit, which, as I mentioned,
12 is in the Bone Spring Formation and comprised of
13 approximately 1200 acres. And this non-standard unit is
14 located in Sections 3 and 10 in Township 24 South, Range 29
15 East in Eddy County, New Mexico.

16 Oxy's Exhibit B-1 is a land plat that outlines
17 this proposed unit and identifies the tracts of land
18 included in the unit. Oxy is the designated operator in the
19 federal leases in this unit in the Bone Spring Formation.
20 And Mr. Van Liew's affidavit explains that Oxy is seeking
21 approval of this proposed unit to conform to a federal
22 communitization agreement.

23 And with this non-standard unit, Oxy would be
24 able to minimize surface disturbance by consolidating
25 surface facilities and commingling production from these

1 proposed wells in the unit.

2 Mr. Van Liew's affidavit also explains that Oxy
3 intends to (unclear) Tails CC 10-35 Com Wells, and each of
4 those are listed in his affidavit. These wells will be
5 located in the Pierce Crossing Bone Spring East Pool and the
6 pool code for that pool is 96473.

7 His -- attached to his affidavit are also the
8 C-102s and a plat which identifies the parties that were
9 provided interest -- excuse me -- provided notice of this
10 hearing, and a list of each of the interest owners that were
11 provided notice is provided with Oxy's Exhibit C -- excuse
12 me -- Oxy's Exhibit E.

13 And then moving on to Oxy's Exhibit C, that's the
14 affidavit of Oxy's geologist in this case, and he explains
15 in his affidavit that the Bone Spring formation in this area
16 is appropriate for horizontal development and that each
17 tract included in this proposed non-standard spacing unit
18 will be productive and contribute to production of the
19 wellbore in this spacing unit.

20 So moving on to Oxy's Exhibit D, that's, as I
21 mentioned, the notice information reflecting that Oxy
22 provided notice of this hearing both by mail. And then's
23 Oxy's Exhibit E is the notice of publication to each of the
24 interest owners in the Carlsbad newspaper which is the
25 newspaper of circulation in the county where these wells and

1 the spacing unit is to be located.

2 So with that, I would move the admission of Oxy's
3 A through E and request that the cases be taken under
4 advisement.

5 HEARING EXAMINER ORTH: Thank you very much.
6 Mr. Lamkin, do you have questions of Ms. Luck?

7 TECHNICAL EXAMINER LAMKIN: I do not.

8 HEARING EXAMINER ORTH: Thank you. Ms. Luck,
9 Exhibits A through E are admitted and the matter will be
10 taken under advisement.

11 MS. LUCK: Thank you.

12 (Exhibits admitted.)

13 (Taken under advisement.)

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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4 REPORTER'S CERTIFICATE

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

16 Dated this 3rd day of December 2020.

17

/s/ Irene Delgado

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

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