

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: 21713

APPLICATION OF MANZANO LLC TO AMEND
ORDER NO R-21572 FOR APPROVAL OF THE
EXPANSION OF THE VINDICATOR CANYON
STATE EXPLORATORY UNIT,
LEA COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS
EXAMINER HEARING
March 4, 2021
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, March 4, 2021, through the Webex Platform.

Reported by: Irene Delgado, NMCCR 253
PAUL BACA PROFESSIONAL COURT REPORTERS
500 Fourth Street, NW, Suite 105
Albuquerque, NM 87102
505-843-9241

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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: Moving to case 21713.
2 Manzano is the applicant to request to amend an earlier
3 order. The name of the well is Deep Sparkling Muddler.

4 Mr. Feldewert, are you here for the applicant?

5 MR. FELDEWERT: Yes, except I believe that the
6 matter here, 21713, involves what we call the Vindicator
7 unit. I'm not sure whether the -- what did you say?

8 HEARING EXAMINER ORTH: Muddler.

9 MR. FELDEWERT: I'm not sure what that came from.

10 HEARING EXAMINER ORTH: I would have pulled it
11 out of the application.

12 MR. FELDEWERT: Because 21713 involves Manzano's
13 application to amend the order approving the Vindicator.

14 HEARING EXAMINER ORTH: So I did see the
15 Vindicator unit mentioned in the application, and then the
16 name of -- the crazy name of this well. Let me see if there
17 are any other appearances.

18 (No audible response.)

19 HEARING EXAMINER ORTH: No? Please go ahead.

20 MR. FELDEWERT: So I think in this application --
21 well, to start, in this application the unit agreement for
22 the vindicator unit and the unit area was approved by the
23 Division in Case 21463 under Order Number 21572.

24 We now seek to add additional acreage to the
25 approved unit area, and I think the best way to proceed is

1 if you look at the PDF that we filed, there is an Exhibit
2 C-1, and it's the State Land Office's final approval letter.

3 And, Examiner Lamkin, it's Page 9 of 22 of the
4 PDF that we filed. And you will see in that final approval
5 letter the State Land Office requested in the second to the
6 last paragraph that Manzano add to the unit area the E/2 of
7 Section 20 and all of Section 22 in 17 South, 36 East.

8 Now, what happened is that after the approval of
9 this unit, the Manzano group was able to acquire the working
10 interest in this acreage, and it's state land. And so the
11 State Land Office then in their final approval letter has
12 requested that this acreage be added, and they go on to say
13 that they want us to provide a copy of the OCD order adding
14 these tracts back to the unit. So that's why we are here.

15 Exhibit -- Nick McClelland, he testified in the
16 initial case, has filed a second affidavit which we have
17 marked as Exhibit C. And the reason we did that is because
18 in the initial case there was an Exhibit A and Exhibit B
19 admitted into evidence. So I thought we would start with
20 Exhibit C.

21 So we added the affidavit of Nick McClelland. He
22 is the landman that testified in the initial case. He has
23 attached as Exhibit C-1 the final approval letter from the
24 State Land Office that we just went through.

25 He then attached to his affidavit as Exhibit C-2

1 a revised Exhibit A to the unit agreement that is a plat
2 that shows the added acreage in the E/2 of Section 20 and
3 then all of Section 22, and you will see that it involves
4 essentially three tracts, all of which are now owned by
5 working interest, by the the Manzano Group.

6 He then provides as Exhibit C-3 a revised
7 scheduled ownership, which is the exhibit to the unit
8 agreement, and it reflects the addition of this acreage.
9 And then as part of that Exhibit C-3, at the very end of
10 that Exhibit C-3, you will see a breakdown of what we call
11 the Manzano Group, which is a number of various parties that
12 are involved.

13 Exhibit C-4 to his affidavit is then a revised
14 schedule of tract participation which is also attached now
15 to the revised unit agreement.

16 So that's the documents now that would encompass
17 the unitized area. The unit agreement remains the same
18 other than the addition of this acreage.

19 You will also find in our package an Exhibit D,
20 as in David, which is an affidavit of notice that was
21 provided to two parties. One is BTA Oil Producers who
22 actually appeared in the initial case, which is why we
23 noticed them here. They are not within the unit. They
24 actually own a -- have a working interest in Section 21,
25 which is between Section 20 and 22. That is not included in

1 the unit agreement.

2 Bta did not want to be part of this unit, and so
3 we provided notice to them, since they appeared in the
4 initial case, and then you will see we also provided notice
5 to a company called Klabzuba -- I think that's how you say
6 it -- Oil & Gas. They are a working interest owner within
7 the unit area that has chosen not to participate in the
8 unit.

9 We also then added a notice of publication as
10 Exhibit E because of the time that notice went out, and if
11 you look at the tracking sheet, you will see that it still
12 has not made its way to BTA Oil Producers, although we used
13 the same address that we utilized first time around, but out
14 of abundance of caution, we did provide notice to those two
15 parties as reflected in Exhibit E.

16 So with that, we ask that the Division issue an
17 order that would amend the unit area to add the E/2 of
18 Section 20 and all of Section 22, and you will find a list
19 of the revised unit area which includes this acreage not
20 only in our prehearing statement but also in Mr.
21 McClelland's affidavit so it's easier for the Division to
22 get the correct acreage into the revised order.

23 So we ask that Exhibits C, D and E be admitted
24 into the record and that the Division issue an order
25 amending the approved unit area to include this additional

1 language.

2 HEARING EXAMINER ORTH: Thank you, Mr. Feldewert.
3 Mr. Lamkin, do you have questions about any of that?

4 TECHNICAL EXAMINER LAMKIN: I don't have any
5 questions. Thank you.

6 HEARING EXAMINER ORTH: All right, thank you. So
7 the exhibits are admitted, and the matter is taken under
8 advisement.

9 (Exhibits admitted.)

10 (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 4th day of March 2021.

18

/s/ Irene Delgado

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Irene Delgado, NMCCR 253
License Expires: 12-31-21

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