

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. 22093, 22349

APPLICATIONS OF MEWBOURNE OIL COMPANY
FOR COMPULSORY POOLING AND APPROVAL OF AN
OVERLAPPING HORIZONTAL WELL SPACING UNIT,
EDDY COUNTY, NEW MEXICO.

CASE NOS. 22112, 22184

APPLICATIONS OF ASCENT ENERGY, LLC FOR A
HORIZONTAL SPACING UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

CASE NOS. 22171, 22172
22408

APPLICATIONS OF ALPHA ENERGY PARTNERS, LLC
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS
EXAMINER HEARING
MARCH 3, 2022
SANTA FE, NEW MEXICO

This matter came on for virtual hearing before
the New Mexico Oil Conservation Division, HEARING OFFICER
WILLIAM BRANCARD and TECHNICAL EXAMINER DEAN McCLURE on
Thursday, March 3, 2022, 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 Mewbourne:

MICHAEL FELDEWERT
HOLLAND & HART
110 North Guadalupe, Suite 1
Santa Fe, NM 87501

For Ascent:

DARIN SAVAGE
ABADIE & SCHILL
214 McKenzie Street
Santa Fe, New Mexico 87501

For Alpha:

DANA HARDY
HINKLE SHANOR LLP
P.O. Box 0268
Santa Fe, NM 87504

For City of Carlsbad:

DEANA BENNETT
MODRALL SPERLING ROEHL HARRIS & SISK PA
500 4th Street, NW, Suite 1000
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For Realeza del Spear:

SCOTT S. MORGAN
CAVIN & INGRAM, P.A.
P.O. Box 1216
Albuquerque, NM 87103

I N D E X

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3	STATUS CONFERENCE	03
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1 HEARING EXAMINER BRANCARD: We will go to Items 7
2 through 13? Yes. The Cases 22093, 22349, 22112, 22184,
3 22171, 22172 and 22408. Let's start off with Mewbourne Oil
4 Company.

5 MR. FELDEWERT: Good morning, Mr. Examiner.
6 Michael Feldewert with the Santa Fe office of Holland &
7 Hart.

8 HEARING EXAMINER BRANCARD: Thank you. Ascent
9 Energy?

10 MR. SAVAGE: Good morning, Darin Savage for
11 Ascent Energy.

12 HEARING EXAMINER BRANCARD: Alpha Energy
13 Partners.

14 MS. HARDY: Good morning, Mr. Examiner. Dana
15 Hardy with the Santa Fe office of Hinkle Shanor on behalf of
16 Alpha Energy Partners.

17 HEARING EXAMINER BRANCARD: We have a few other
18 parties involved here. Let's see, Matador Production
19 Company?

20 (No audible response.)

21 HEARING EXAMINER BRANCARD: By the look on your
22 face, Mr. Feldewert, it is falling apart.

23 MR. FELDEWERT: I wasn't aware because I wasn't
24 conscious of the fact that we did enter an appearance for
25 Matador.

1 MR. SAVAGE: Mr. Hearing Examiner, so Matador
2 received the interest of Ascent in these units, and they are
3 working out -- trying to work out some kind of a resolution.
4 Matador is in this -- I'm in the other -- in both cases, I
5 made an appearance on behalf of Matador, but Holland & Hart
6 hasn't had an entry of appearance for Matador, so I'm still
7 maintaining Ascent. But those interests that Ascent has,
8 those are Matador's interests, just to clarify on that, but,
9 you know.

10 So I didn't know how to handle that, I e-mailed
11 Holland & Hart on that, and but that's how it stands now,
12 just the point of confusion about how we got to this point.

13 HEARING EXAMINER BRANCARD: Okay. At some point
14 when you reach a conclusion, if you could put something into
15 the record that would be appreciated.

16 MR. FELDEWERT: Will do.

17 HEARING EXAMINER BRANCARD: Thank you. I think I
18 have MRC Permian?

19 MR. FELDEWERT: That would be Matador.

20 HEARING EXAMINER BRANCARD: Okay. City of
21 Carlsbad?

22 MS. BENNETT: Good morning. Deana Bennett,
23 Modrall Sperling on behalf of the City of Carlsbad.

24 HEARING EXAMINER BRANCARD: Thank you. And Oil
25 Conservation Division here today? Mr. Tremaine?

1 (No audible response.)

2 HEARING EXAMINER BRANCARD: And I also have
3 Realeza del Spear in one of the cases.

4 MR. MORGAN: Scott Morgan with Cavin & Ingram for
5 Realeza del Spear.

6 HEARING EXAMINER BRANCARD: Any other interested
7 persons in Cases 22093, 22349, 112, 184, 171, 172 and 22408?

8 (No audible response.)

9 HEARING EXAMINER BRANCARD: I think these are
10 contested cases in the Carlsbad area overlapping
11 applications. I guess I will throw it to you, Mr. Savage,
12 can you can start us off?

13 MR. SAVAGE: Yes, thank you. They are, they are
14 the overlapping cases, and they have been put on, on some
15 delay because of certain remediation of other wells adjacent
16 in that area. And then now, we had transition from Ascent
17 Energy to Matador, which throws another bit of a wrench into
18 the matter.

19 Matador's interested in a -- a second status
20 conference. They have been working with the parties and
21 talking with the parties in the same way they have been with
22 the same Anvil cases. And in those cases, the Division was
23 kind enough to grant a second status conference.

24 This involves the same kinds of issues, the
25 conversations, negotiations can be productive, and on behalf

1 of Ascent and Matador, based on discussions we have had with
2 Holland & Hart on this, we would request a second status
3 conference and see how this progresses to see if we can
4 reach a resolution in the matter.

5 HEARING EXAMINER BRANCARD: Okay. Ms. Hardy?

6 MS. HARDY: Thank you. Alpha Energy Partners is
7 talking with the other parties. I think they would like to
8 have a hearing set for these matters given the hearings are
9 being set several months out, I think they are concerned
10 about the delay that would result from another status
11 conference and if a resolution isn't reached then a
12 contested hearing date two or three months after that. So
13 they would like to have this matter resolved.

14 It's my understanding the Brine Well remediation
15 that was at issue is almost complete, and so Alpha would
16 prefer to set a contested hearing date in, I would suggest
17 May, and then if the parties are still talking and need more
18 time at that point we could seek a continuance or another
19 status conference.

20 HEARING EXAMINER BRANCARD: Thank you. Mr.
21 Feldewert?

22 MR. FELDEWERT: Mr. Brancard, as you know we
23 filed a motion to vacate the hearing that was scheduled for
24 today so that we could have a status conference. I have
25 been in touch with Mewbourne. They, they agree there are

1 productive discussions occurring, but they wanted to set
2 this for another status conference, but their suggestion was
3 a month, but no longer than that for another status
4 conference to keep things moving.

5 So kind of leave it up to you, if you want to
6 have a status conference in a month or set a hearing in May,
7 I think either of those actions would keep things moving
8 here towards a resolution.

9 HEARING EXAMINER BRANCARD: Thank you. I will
10 just check with Ms. Bennett?

11 MS. BENNETT: The City of Carlsbad is just
12 waiting to see how this all shakes out, so no position on
13 any of these discussions today.

14 HEARING EXAMINER BRANCARD: Okay. Well City of
15 Carlsbad shouldn't be doing any shaking of the Brine Well.

16 MS. BENNETT: That's right.

17 HEARING EXAMINER BRANCARD: Mr. Morgan?

18 MR. MORGAN: Mr. Examiner, my clients are
19 comfortable with setting for a hearing or another status
20 conference. We checked with our clients for all dates of
21 their non-availability through the end of June, and there
22 was only two dates, May 19 and June 16 they wouldn't be
23 available. Other than that they would be available for a
24 contested hearing.

25 HEARING EXAMINER BRANCARD: You are not available

1 May 19.

2 MR. MORGAN: May 19 my clients are not available.

3 HEARING EXAMINER BRANCARD: All right. I'm going
4 to throw out this idea and you all can react to it. I'm
5 going to set this for a contested hearing on June 2.

6 Reactions? Ms. Hardy?

7 MS. HARDY: That would be fine with Alpha, Mr.
8 Examiner.

9 HEARING EXAMINER BRANCARD: Mr. Savage? And I
10 know it wasn't what you wanted, but -- you are on mute, I
11 believe.

12 MR. SAVAGE: That sounds like a fair compromise,
13 you know, as long as we are moving forward with negotiations
14 we have some time to do that. And if the Division is
15 willing to consider a continuance or another status
16 conference depending on how things work out, that would be
17 great.

18 HEARING EXAMINER BRANCARD: Mr. Feldewert?

19 MR. FELDEWERT: My only concern is whether that
20 keeps discussions moving forward knowing how people work.
21 But, Mr. Examiner, if you think that's the appropriate
22 thing, Mewbourne does not object to that. They are all
23 (inaudible) to keep things moving forward.

24 HEARING EXAMINER BRANCARD: I appreciate that.

25 And I think that hopefully in the short while, I'm not privy

1 to this, but I assume there will be a little more clarity
2 about the conditions that the Division expects around the
3 Brine Well.

4 The Division should be getting a report from its
5 contractors soon about, what does it all look and feel like
6 now that they are pumping sand into the ground, are there
7 any recommendations from the contractor about future work.

8 So hopefully that will clarify things for
9 everybody and you all can work with the Division on that if
10 other conditions are needed. All right.

11 So Cases 22093, 349, 22112, 184, 171, 172 and
12 22408 will be set for a contested hearing on June 2, and if
13 I need to issue an order I will. Thank you all.

14 (Concluded.)

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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REPORTER'S CERTIFICATE

I, IRENE DELGADO, New Mexico Certified Court Reporter, CCR 253, do hereby certify that I reported the foregoing virtual proceedings in stenographic shorthand and that the foregoing pages are a true and correct transcript of those proceedings to the best of my ability.

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

I FURTHER CERTIFY that the Virtual Proceeding was of extremely poor to good quality.

Dated this 3rd day of March 2022.

/s/ Irene Delgado

Irene Delgado, NMCCR 253
License Expires: 12-31-22