

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:

APPLICATION OF CHISHOLM ENERGY OPERATING, LLC
TO AMEND ORDER R21917 TO CORRECT THE POOLED
UPPER BONE SPRING INTERVAL,
LEA COUNTY, NEW MEXICO.

CASE NO. 22585
(Formerly Case 22175)

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
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A P P E A R A N C E S

For the Applicant:

MICHAEL FELDEWERT
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I N D E X

CASE CALLED

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Admitted

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1 HEARING EXAMINER BRANCARD: Now we go to Case
2 22585, Number 55 on today's worksheet, Chisholm Energy
3 Operating.

4 MR. FELDEWERT: Good morning, Mr. Examiner.
5 Michael Feldewert with the Santa Fe office of Holland & Hart
6 appearing on behalf of the applicant.

7 HEARING EXAMINER BRANCARD: Okay. Are there any
8 other interested persons for Case 22585?

9 (No audible response.)

10 HEARING EXAMINER BRANCARD: Hearing none, Mr.
11 Feldewert, you may proceed.

12 MR. FELDEWERT: Mr. Examiner, this is pretty
13 straightforward. It's an application to amend the pooling
14 Order R-21917 to correct the designation of the pooled
15 interval in the Bone Spring Formation.

16 We have submitted in the hearing package an
17 application. And in the affidavit of Luke Shelton who is
18 the landman that starts on Page 4, he is the landman who
19 testified in the former case, 22175, which resulted in the
20 order, and noted that the materials presented in that case
21 transposed the description of the interval, and that instead
22 of reading 9651 feet as defined in the log for the Lone
23 Ranger, it should read 9561 feet.

24 He confirms that in his affidavit I then
25 submitted for the Division beginning on Page 6, which is our

1 Exhibit G, and I will say we continued the sequencing of
2 exhibits. That's why the affidavit is Exhibit F and the
3 revised compulsory pooling checklist is Exhibit G which now
4 correctly defines the pooled interval as the stratigraphic
5 equivalent of the top of the Bone Spring Formation to a
6 depth of 9561 as defined in that reference log.

7 Exhibit H is our notice affidavit. You will see
8 there were three companies that received actual notice of
9 this hearing that were affected by this application.

10 So with that, we ask that exhibits -- that
11 these exhibits be admitted into evidence in this case noting
12 that they follow sequentially with the exhibits designated
13 in the original case.

14 HEARING EXAMINER BRANCARD: Thank you. Mr.
15 McClure, questions?

16 TECHNICAL EXAMINER McCLURE: No, sir, I don't
17 have any questions on this case.

18 HEARING EXAMINER BRANCARD: Well, Mr. Feldewert,
19 let me ask you a dumb question. How do we know you got it
20 right this time?

21 MR. FELDEWERT: Well, because, first off, it
22 wouldn't be me that got it right, it would be the landman,
23 Mr. Shelton, who states in his affidavit that the top of the
24 description of the stratigraphic interval which they seek to
25 pool which is essentially the First Bone Spring interval, it

1 it should be described as 9561 rather than 9651, and that
2 corresponds with ownership depth severance that exists in
3 this area.

4 HEARING EXAMINER BRANCARD: Okay. So all of
5 these documents are referring to presumably a log from this
6 Schlumberger Lone Ranger well.

7 MR. FELDEWERT: Correct.

8 HEARING EXAMINER BRANCARD: You know, I actually
9 went and looked at the first case with all the exhibits, and
10 the only pictures of that log on there, along with a bunch
11 of other wells, I couldn't find any depth on there that
12 correlated to these numbers. So I'm just wondering whether
13 there is an actual piece of paper that you all have that
14 shows this depth of 9561 that you are relying on here.

15 MR. FELDEWERT: Well, I have -- I do not have the
16 prior records in front of me, Mr. Examiner. The -- this
17 depth that was chosen corresponds, I would think, more so
18 with the ownership depth severance that exists in the
19 formation in this area, which of course would be a matter of
20 a number of, I'm assuming, contracts, et cetera.

21 HEARING EXAMINER BRANCARD: So it's not really a
22 scientific number, it's a legal number that's put in a bunch
23 of title documents?

24 MR. FELDEWERT: I think that's a fair
25 characterization, yes.

1 HEARING EXAMINER BRANCARD: Is the ownership
2 above and below this line, this demarcation different?

3 MR. FELDEWERT: The ownership is different above
4 and below, which is why Oxy was notified here, and if you
5 will see the materials from the previous case, they note
6 that there is an agreement that Oxy was provided notice,
7 number one, and number two, that there is as an agreement
8 with the parties about the -- this particular pooling to
9 deal with the depth severance, ownership depth severance.

10 HEARING EXAMINER BRANCARD: Okay. And in that
11 regard, have you provided notice to everyone above and
12 below?

13 MR. FELDEWERT: Yes.

14 HEARING EXAMINER BRANCARD: Okay.

15 MR. FELDEWERT: Yes.

16 HEARING EXAMINER BRANCARD: And finally, in going
17 through the record in the previous case, that elevation
18 number appears in a number of documents. So I guess we are
19 assuming that as long as the checklist is okay, that will do
20 it?

21 MR. FELDEWERT: Yeah, I think the combination of
22 the amended compulsory pooling checklist along with the
23 affidavit from Mr. Shelton and the fact that it references
24 the former case number, which is why I did it, should allow
25 anyone reviewing the record to ascertain the correct pool

1 interval.

2 HEARING EXAMINER BRANCARD: All right. And so
3 our order would basically say we are amending prior order
4 through the checklist?

5 MR. FELDEWERT: You could say it that way. You
6 could essentially adopt what's been marked as Exhibit G as
7 the checklist to the existing pooling order.

8 HEARING EXAMINER BRANCARD: Right, so we replace
9 the checklist that's in the first pooling order with the new
10 checklist that you submitted.

11 MR. FELDEWERT: Bingo.

12 HEARING EXAMINER BRANCARD: Okay. Just a little
13 unusual here trying to make sure we have covered everything.

14 HEARING EXAMINER BRANCARD: Are there any other
15 interested persons then for Case 22585?

16 (No audible response.)

17 HEARING EXAMINER BRANCARD: Hearing none, your
18 exhibits will be admitted into the record and Case 22585
19 will be taken under advisement.

20 MR. FELDEWERT: Thank you, gentlemen.

21 (Exhibits admitted.)

22 (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 extremely poor to good quality.

16 Dated this 3rd day of March 2022.

17

/s/ Irene Delgado

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

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