

3 IN THE MATTER OF THE HEARING CALLED
4 BY THE OIL CONSERVATION DIVISION FOR
5 THE PURPOSE OF CONSIDERING:

6 APPLICATION OF LIME ROCK
7 RESOURCES II-A, L.P. FOR
8 APPROVAL OF A COMPULSORY
9 POOLING WELL, EDDY COUNTY,
10 NEW MEXICO.

CASE NO. 14955

ORIGINAL

11 REPORTER'S TRANSCRIPT OF PROCEEDINGS
12 EXAMINER HEARING

13 BEFORE: RICHARD EZEANYIM, CHIEF EXAMINER
14 DAVID K. BROOKS, LEGAL EXAMINER
15 PHILLIP GOETZE, TECHNICAL EXAMINER

16 February 21, 2013

17 Santa Fe, New Mexico

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18 This matter came on for hearing before the
19 New Mexico Oil Conservation Division, Richard Ezeanyim,
20 Chief Examiner, and David K. Brooks, Legal Examiner, and
21 Phillip Goetze, Technical Examiner, on Thursday,
22 February 21, 2013, at the New Mexico Energy, Minerals
23 and Natural Resources Department, 1220 South St. Francis
24 Drive, Porter Hall, Room 102, Santa Fe, New Mexico.

25 REPORTED BY: Mary C. Hankins, CCR, RPR
New Mexico CCR #20
Paul Baca Professional Court Reporters
500 4th Street, Northwest, Suite 105
Albuquerque, New Mexico 87102

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APPEARANCES

FOR APPLICANT LIME ROCK RESOURCES II-A, L.P.:

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1 (8:26 a.m.)

2 EXAMINER EZEANYIM: Now I'm going to go in
3 order, whatever is left on this docket, and that means I
4 will first call the first case on the first page,
5 application of Lime Rock Resources II-A, L.P. for
6 approval of a compulsory pooling well, Eddy County,
7 New Mexico.

8 MR. PADILLA: Mr. Examiner, Ernest L.
9 Padilla for the Applicant, Lime Rock Resources II-A,
10 L.P.

11 No one has entered an appearance, so we'd
12 present this case through affidavit.

13 EXAMINER EZEANYIM: Any other appearances?
14 There are no appearances.
15 Okay. Go ahead, proceed.

16 MR. PADILLA: This is Exhibit 1 and Exhibit
17 2.

18 Mr. Examiner, the only party to be pooled
19 in this case is ConocoPhillips. On Exhibit 1,
20 ConocoPhillips is the affidavit of Charles Reagan,
21 landman for the Applicant. And if you go to -- he has
22 two exhibits to his affidavit, and I'd call your
23 attention to Exhibit "1." It shows who the owners of
24 interest are and --

25 EXAMINER EZEANYIM: I have three Exhibit

1 1s. Do I need three?

2 MR. PADILLA: No, Your Honor. I just gave
3 you three.

4 EXAMINER EZEANYIM: Okay. A mistake.

5 EXAMINER BROOKS: Pass them out to the rest
6 of us.

7 EXAMINER EZEANYIM: I'm sorry. I thought
8 you gave them to everybody. Okay. Okay. Go ahead.
9 I'm sorry.

10 MR. PADILLA: If you'll notice on Exhibit
11 1, ConocoPhillips has been totally unresponsive, and
12 this also shows that Cross Border Resources and Magnum
13 Hunter are nonconsent. And the nonconsent is under the
14 operating agreement that they signed. So they've signed
15 an operating agreement. So Apache and Chisos all
16 signed -- well, they all signed, with the exception of
17 ConocoPhillips.

18 Now, Exhibit 2 is a summary of contacts
19 that Mr. Reagan had with ConocoPhillips, and this shows
20 his latest attempt to obtain Conoco's -- ConocoPhillips'
21 consent. And essentially, there's been no response from
22 ConocoPhillips, including the notice I sent
23 ConocoPhillips regarding this hearing, which is on
24 Exhibit Number 2 in this case.

25 Attached, also, to Exhibit Number 1 is the

1 correspondence that we sent to ConocoPhillips by Federal
2 Express, together with the Federal Express receipts
3 showing that Conoco received the notices.

4 But I should say that sometime in the
5 middle of last summer, we had attempted to force pool --
6 bring this matter to forced pooling, and Conoco, at that
7 time, indicated that they were going to join, but they
8 never did; and so we had to come back a second time. So
9 there's been continuous effort since last year to try to
10 get ConocoPhillips signed up on this well.

11 So those are the efforts that have been
12 made. Mr. Reagan, in discussions with him, indicates
13 that probably this is just not a good enough prospect
14 for ConocoPhillips to deal with, and I don't know why.

15 Now, in the affidavit, it also states that
16 the overhead charges of -- on paragraph eight, that
17 drilling rate -- charges of \$7,650 are for the drilling
18 rate and the producing rate of 765 per month, and those
19 are taken from the operating agreement that has been
20 signed by the other operators in this case.

21 That's all I have, Mr. Examiner. I move
22 the introduction of Exhibits 1 and 2.

23 EXAMINER EZEANYIM: Exhibits 1 and 2 will
24 be admitted.

25 (Lime Rock Resources Exhibit Numbers 1 and

1 2 were offered and admitted into
2 evidence.)

3 EXAMINER EZEANYIM: Do you have any
4 questions?

5 EXAMINER BROOKS: No questions.

6 EXAMINER EZEANYIM: Do you have any
7 questions?

8 EXAMINER GOETZE: No questions.

9 EXAMINER EZEANYIM: Now, like I mentioned
10 in my announcement, you don't know what pool and, you
11 know, you don't have any -- I have to ask you, but you
12 don't have any witnesses. I need to have that pool.
13 How can we write an order without the pool?

14 MR. PADILLA: I can supply that,
15 Mr. Examiner. I think we just listed the formation, in
16 this case, in our application, so -- we simply -- it's
17 the Yeso Formation, so I will get you the name of the
18 pool.

19 EXAMINER BROOKS: Also, I don't see the API
20 number. Has the API number been issued?

21 MR. PADILLA: I don't think -- it probably
22 has been, so I will get the API number.

23 EXAMINER BROOKS: That will be helpful.

24 EXAMINER EZEANYIM: We need the pool name
25 and code, like I said; pool name and code and the API

1 number.

2 And then about ConocoPhillips, you looked
3 at every interest owner?

4 MR. PADILLA: Yes.

5 EXAMINER EZEANYIM: But ConocoPhillips has
6 not responded?

7 MR. PADILLA: No. That's why we had to
8 come back again. I think, originally, they signed an
9 AFE, but they never responded to signing the operating
10 agreement. So Lime Rock felt we had to come back and
11 pool them correctly.

12 EXAMINER EZEANYIM: If it is --
13 ConocoPhillips is a big company. If it is your feeling
14 that they don't really give a damn what is going on --

15 MR. PADILLA: Well, that's the assessment
16 of Mr. Reagan. He feels that they're not particularly
17 interested in -- that's just an assessment and the
18 belief.

19 EXAMINER EZEANYIM: They got notice, and
20 they didn't reply. They got notice, right?

21 MR. PADILLA: Right.

22 EXAMINER EZEANYIM: Okay. So there is no
23 reason for you to advertise in the newspapers?

24 MR. PADILLA: No. They've gotten notice.

25 EXAMINER EZEANYIM: So in this case, there

1 is no reason for escrow funds?

2 MR. PADILLA: No.

3 EXAMINER EZEANYIM: You are pooling at
4 5,100 feet. So you are not -- you are not interested in
5 anything farther than 101 feet?

6 MR. PADILLA: No, Your Honor.

7 EXAMINER EZEANYIM: Okay. You are not.
8 Okay.

9 And that is from the surface to that depth?

10 MR. PADILLA: Right.

11 EXAMINER EZEANYIM: I just want to make
12 sure, you know, because -- I mean, nobody wants you to
13 pool from the surface to the base of -- you know, to the
14 top formation or something. But if you are going to
15 be -- given that your surface is 5,000 to a depth of
16 5,100 feet. See, if you go farther than 101 feet, you
17 can't go there, because it's not approved. I mean, I'm
18 just trying to -- it's not that you want maybe
19 everything is.

20 MR. PADILLA: I think that contemplates any
21 producing formations, and, obviously --

22 EXAMINER EZEANYIM: I thought so. Okay.
23 Very good.

24 And you had to start from the surface,
25 right?

1 MR. PADILLA: Yes.

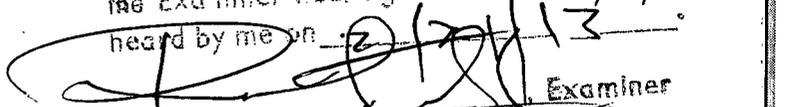
2 EXAMINER EZEANYIM: Okay. Nothing further
3 at this point?

4 Case Number 14955 will be taken under
5 advisement.

6 MR. PADILLA: Thank you, Mr. Examiner.

7 (Case Number 14955 concludes, 8:36 a.m.)

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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 14955
heard by me on 2/21/13.

Examiner
Oil Conservation Division

1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

3

4 CERTIFICATE OF COURT REPORTER

5 I, MARY C. HANKINS, New Mexico Certified
6 Court Reporter No. 20, and Registered Professional
7 Reporter, do hereby certify that I reported the
8 foregoing proceedings in stenographic shorthand and that
9 the foregoing pages are a true and correct transcript of
10 those proceedings that were reduced to printed form by
11 me to the best of my ability.

12 I FURTHER CERTIFY that the Reporter's
13 Record of the proceedings truly and accurately reflects
14 the exhibits, if any, offered by the respective parties.

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

19



20

MARY C. HANKINS, CCR, RPR
Paul Baca Court Reporters
New Mexico CCR No. 20
Date of CCR Expiration: 12/31/2013

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