

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 ENDURANCE RESOURCES
TO REOPEN CASE NUMBER 15465 FOR THE
PURPOSE OF CREATING A DEFINED DELAWARE
OIL POOL SUBJECT TO THE SPECIAL RULES
ENACTED UNDER DIVISION ORDER R-14153,
LEA COUNTY, NEW MEXICO.

CASE NO. 15465
(Reopened)

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

July 21, 2016

Santa Fe, New Mexico

BEFORE: MICHAEL McMILLAN, CHIEF EXAMINER
WILLIAM V. JONES, TECHNICAL EXAMINER

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This matter came on for hearing before the
New Mexico Oil Conservation Division, Michael McMillan,
Chief Examiner, and William V. Jones, Technical
Examiner, on Thursday, July 21, 2016, at the New Mexico
Energy, Minerals and Natural Resources Department,
Wendell Chino Building, 1220 South St. Francis Drive,
Porter Hall, Room 102, Santa Fe, New Mexico.

REPORTED BY: Mary C. Hankins, CCR, RPR
New Mexico CCR #20
Paul Baca Professional Court Reporters
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APPEARANCES

FOR APPLICANT ENDURANCE RESOURCES:

JORDAN L. KESSLER, ESQ.
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1 (11:22 a.m.)

2 EXAMINER McMILLAN: Case Number 15465,
3 application of Endurance Resources to reopen Case Number
4 15465 for the purpose of creating a defined Delaware oil
5 pool subject to the special pool rules enacted under
6 Division Order R-14153, Lea County, New Mexico.

7 Call for appearances.

8 MS. KESSLER: Jordan Kessler, from the
9 Santa Fe office of Holland & Hart, on behalf of
10 Endurance Resources.

11 EXAMINER McMILLAN: Any other appearances?
12 Please proceed.

13 MS. KESSLER: I have one witness.

14 EXAMINER McMILLAN: Would the witness
15 please be sworn in at this time?

16 (Jason South sworn.)

17 MS. KESSLER: Mr. Examiners, I'll just give
18 you a brief background of this case.

19 It was originally heard by the Division on
20 April 14th. At that time Endurance requested a special
21 depth bracket allowable for the WC-025 S253523H,
22 Delaware Oil Pool. That's Pool Code 97779, and I will
23 refer to that as the Wildcat Delaware Pool. At that
24 time we presented land, geology and engineering evidence
25 for an increased allowable. First of all, it was

1 necessary, and second of all, it would not cause harm to
2 the reservoir.

3 The Division accepted the evidence and
4 issued Order R-14153 on April 19th and set forth special
5 pool rules for the special pool. Pool Rules -- Special
6 Pool Rules 1 and 2 recognize the applicability of the
7 pool rules and authorize to increase allowables to 350
8 barrels of oil per day per 40-acre spacing unit.

9 And the order in paragraph three of that
10 order required Endurance to reopen to request special --
11 to request pool creation of a defined Delaware oil pool
12 and to request the special pool rules apply to said
13 pool. So I'm here to request the creation of a new
14 pool, as designated by Paul Kautz, the Doggy Draw
15 Delaware Oil Pool --

16 EXAMINER JONES: Say that again. Doggy
17 Draw?

18 MS. KESSLER: Doggy Draw Delaware Oil Pool.
19 And also to request the special pool rules, in
20 particular the increased allowable be applied to the
21 Doggy Draw Delaware Oil Pool, and we'll provide evidence
22 regarding the pool boundaries and the designation by
23 Paul Kautz.

24 JASON SOUTH,
25 after having been previously sworn under oath, was

1 questioned and testified as follows:

2 DIRECT EXAMINATION

3 BY MS. KESSLER:

4 Q. Mr. South, can you please state your name for
5 the record and tell the Examiners by whom you are
6 employed and in what capacity?

7 A. Yes. Jason South, Land Manager for Endurance
8 Resources, LLC.

9 Q. Have you previously testified before the
10 Division?

11 A. Yes, I have.

12 Q. Were your credentials as a petroleum landman
13 accepted and made a matter of record?

14 A. Yes, they were.

15 Q. And you're familiar with the application filed
16 on behalf of Endurance in this case?

17 A. Yes, I am.

18 Q. And are you familiar with the status of the
19 lands in the subject area?

20 A. Yes, I am.

21 MS. KESSLER: I would tender Mr. South as
22 an expert in petroleum land matters.

23 EXAMINER McMILLAN: So qualified.

24 Q. (BY MS. KESSLER) Mr. South, can you please
25 state what Endurance seeks with this application?

1 A. Endurance seeks a pool creation of a defined
2 Delaware oil pool, and we want to bring in the
3 boundaries of the pool that was referenced earlier, what
4 we call the Delaware Wildcat Pool. We want to bring
5 those boundaries into this specific pool.

6 We would like to name it the Doggy Draw
7 Pool, and we would request that the special pool rules
8 that we were granted at the last order be applied to
9 this pool, the Doggy Draw Pool.

10 Q. Are you familiar with Division Order 14153?

11 A. Yes, I am.

12 Q. Did you appear before the Division to present
13 land testimony in that matter?

14 A. Yes, I did.

15 Q. If you can turn to what I've marked as Exhibit
16 11, did Endurance previously request an increase in the
17 depth bracket allowables for the Wildcat Delaware Pool?

18 A. Yes, we did. We requested it -- it was
19 originally 230 barrels of oil per 40-acre tract, and we
20 requested 350 barrels per 30-acre tract. And this was
21 also applied to the acreage in a defined pool presented
22 to us by Paul Kautz prior to our hearing.

23 Q. And did the Division request that endurance
24 reopen Case Number 15465 to request a defined Delaware
25 Oil Pool?

1 A. Yes, they did, per paragraph number three of
2 the order.

3 Q. And did Paul Kautz recently confirm that the
4 Wildcat Delaware Pool boundaries had been expanded?

5 A. Yes, he did.

6 Q. And that's reflected in Exhibit 12, correct?

7 A. That is correct.

8 Q. What is the current acreage within the proposed
9 Doggy Draw Pool?

10 A. The acreage included in the Doggy Draw Pool the
11 south half of Section 15, the west half in southeast
12 quarter of Section 16, the northeast quarter of Section
13 22, the north half and southwest quarter of Section 23,
14 and the west half of Section 26, all in Township 25
15 South, Range 35 East, Lea County, New Mexico.

16 Q. And that's shown on Exhibit 12 by cross lines,
17 correct?

18 A. That is correct.

19 Q. Do you request that the acreage be designated
20 as a defined Delaware oil pool?

21 A. Yes.

22 Q. Has Endurance proposed a name for said pool?

23 A. Yes.

24 Q. Did you originally request that the pool be
25 called the White Falcon Pool?

1 A. Yes. Originally, we wanted the White Falcon
2 after the well was drilled, but --

3 Q. And after speaking with Paul Kautz, did he
4 indicate that the pool would be titled the Doggy Draw
5 Delaware Oil Pool?

6 A. Yes, that is correct.

7 Q. So that's what you're requesting?

8 A. Yes, ma'am. Correct.

9 Q. And the pool code will remain the same?

10 A. Yes.

11 Q. Do you request that the special pools rules set
12 forth in Order R-14153 be applied to the Doggy Draw Oil
13 Pool?

14 A. Yes.

15 Q. And specifically that the increased allowable
16 will apply to the Doggy Draw Oil Pool?

17 A. Yes.

18 Q. Is the area of notice marked on Exhibit 12 by a
19 red line?

20 A. Yes, that is correct.

21 Q. Okay. So did you provide notice of this
22 hearing and a copy of the application to all operators
23 within the pool and to operators within the same
24 formation within a mile of the pool?

25 A. Yes, ma'am.

1 Q. Okay. And did you -- is a copy of this notice
2 included as Exhibit 13?

3 A. Yes, it is.

4 Q. Did you publish notice of this hearing directed
5 to each of the operators?

6 A. Yes, we did.

7 Q. Is that included in Exhibit 14?

8 A. Yes, ma'am.

9 Q. And did you prepare Exhibit 12?

10 A. Yes.

11 MS. KESSLER: Mr. Examiners, I move
12 admission of Exhibits 11 through 14, which also include
13 the Division's order and our affidavits.

14 EXAMINER McMILLAN: Okay. Exhibits 11
15 through 14 may now be accepted as part of the record.

16 And I also expect the email that you sent
17 yesterday; I want that as part of the record, too.

18 MS. KESSLER: Okay. Do you need me to send
19 another copy of that, or can we designate that as
20 Exhibit 15?

21 EXAMINER McMILLAN: Yeah. That's Exhibit
22 15.

23 And Exhibit 15.

24 (Endurance Resources Exhibit Numbers 11
25 through 15 are offered and admitted into

1 evidence.)

2 EXAMINER McMILLAN: Case Number 15465 shall
3 be taken under advisement.

4 Thanks.

5 (Case Number 15465 concludes, 11:31 a.m.)
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I-25 hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. _____
heard by me on _____

Oil Conservation Division, Examiner

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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CERTIFICATE OF COURT REPORTER

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

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

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.



MARY C. HANKINS, CCR, RPR
Certified Court Reporter
New Mexico CCR No. 20
Date of CCR Expiration: 12/31/2016
Paul Baca Professional Court Reporters