

1                               STATE OF NEW MEXICO  
2                               ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
3                               OIL CONSERVATION DIVISION

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

7   AMENDED APPLICATION OF OXY USA,                               CASE NO. 15540  
8   INC. FOR APPROVAL OF SURFACE  
9   POOL-LEASE COMMINGLING, OFF-LEASE  
10   STORAGE, AND OFF-LEASE MEASUREMENT,  
11   EDDY COUNTY, NEW MEXICO.

12

13                               REPORTER'S TRANSCRIPT OF PROCEEDINGS

14                               EXAMINER HEARING

15                               January 5, 2017

16                               Santa Fe, New Mexico

17

18   BEFORE:   MICHAEL McMILLAN, CHIEF EXAMINER  
19               WILLIAM V. JONES, TECHNICAL EXAMINER  
20               DAVID K. BROOKS, LEGAL EXAMINER

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22                               This matter came on for hearing before the  
23   New Mexico Oil Conservation Division, Michael McMillan,  
24   Chief Examiner, William V. Jones, Technical Examiner,  
25   and David K. Brooks, Legal Examiner, on Thursday,  
26   January 5, 2017, at the New Mexico Energy, Minerals and  
27   Natural Resources Department, Wendell Chino Building,  
28   1220 South St. Francis Drive, Porter Hall, Room 102,  
29   Santa Fe, New Mexico.

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31   REPORTED BY:   Mary C. Hankins, CCR, RPR  
32                               New Mexico CCR #20  
33                               Paul Baca Professional Court Reporters  
34                               500 4th Street, Northwest, Suite 105  
35                               Albuquerque, New Mexico 87102  
36                               (505) 843-9241

37

1 APPEARANCES

2 FOR APPLICANT OXY USA, INC.:

3 JORDAN L. KESSLER, ESQ.  
 4 HOLLAND & HART  
 5 110 North Guadalupe, Suite 1  
 6 Santa Fe, New Mexico 87501  
 7 (505) 988-4421  
 8 jlkessler@hollandhart.com

8 INDEX

|    |                               |      |
|----|-------------------------------|------|
| 9  |                               | PAGE |
| 10 | Case Number 15540 Called      | 3    |
| 11 | Exhibit Offered for Admission | 3    |
| 12 | Proceedings Conclude          | 5    |
| 13 | Certificate of Court Reporter | 6    |

16 EXHIBITS OFFERED AND ADMITTED

|    |                                      |   |
|----|--------------------------------------|---|
| 17 | OXY USA, Inc. Exhibit Number 18 with |   |
| 18 | Attachments A - D                    | 5 |

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1 (8:33 a.m.)

2 EXAMINER McMILLAN: We're now going to call  
3 Case Number 15540, the amended application of OXY USA,  
4 Inc. for approval of surface pool-lease commingling,  
5 off-lease storage, and off-lease measurement, Eddy  
6 County, New Mexico.

7 Call for appearances.

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

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

13 MS. KESSLER: No witnesses today. This is  
14 by affidavit.

15 Mr. Examiners, this case was originally  
16 heard on September 15th of 2016. At the time, the  
17 request was for approval of surface pool-lease  
18 commingling, off-lease storage and off-lease  
19 measurement. At the time, we, OXY, presented three  
20 witnesses and 17 exhibits. There was a significant  
21 amount of technical testimony that occurred in support  
22 of OXY's request to allocate by well-test method. The  
23 case was, at the time, taken under advisement.

24 And then OXY realized some of the spacing  
25 units in the original application did not match the

1 exhibits due to increased and changed lateral lengths.  
2 OXY also decided to exclude 160 spacing unit, which is  
3 comprised of the north half-south half of Section 22 and  
4 that production will be sent to a different facility.  
5 That spacing unit was the only spacing unit that  
6 produced from a different pool.

7               So OXY now seeks to dismiss the portion of  
8 the application requesting pool commingling. This is  
9 simply a lease -- surface lease commingling, off-lease  
10 measurement and off-lease storage request in front of  
11 the Division. OXY still is requesting allocation by the  
12 well-test method.

13               You have in front of you an exhibit labeled  
14 Exhibit 18. This is an affidavit from Jeremy Murphrey,  
15 who is the landman from OXY, who testified at the time  
16 in support of this application.

17               Attachment A to his exhibit is an amended  
18 land description. You'll see the corrected spacing  
19 units and also the exclusion of the north half-south  
20 half of Section 22.

21               Attachment B is a revised C-107-B, and this  
22 was revised to the fact that pool commingling is no  
23 longer requested.

24               Attachment C is an affidavit from my office  
25 with a letter providing notice of this hearing and the

1 amended application and the amended C-107-B to all  
2 parties who are entitled to notice. Again, the green  
3 cards are attached.

4 Finally, Attachment D is the very last  
5 page, and this provides published notice to all parties.

6 So, Mr. Examiners, I would ask that Exhibit  
7 18, including Attachments A, B, C and D be admitted as  
8 part of the record.

9 EXAMINER JONES: Exhibits 18 and  
10 Attachments A, B, C and D are admitted.

11 (OXY USA, Inc. Exhibit Number 18 with  
12 Attachments A, B, C and D are offered and  
13 admitted into evidence.)

14 MS. KESSLER: I would ask this case, once  
15 again, be taken under advisement.

16 EXAMINER JONES: Case Number 15540 is taken  
17 under advisement. Thank you.

18 (Case Number 15540 concludes, 8:37 a.m.)  
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1 STATE OF NEW MEXICO  
2 COUNTY OF BERNALILLO

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4 CERTIFICATE OF COURT REPORTER

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

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

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

20

21

22 MARY C. HANKINS, CCR, RPR  
23 Certified Court Reporter  
24 New Mexico CCR No. 20  
25 Date of CCR Expiration: 12/31/2017  
Paul Baca Professional Court Reporters

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