

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 CAZA PETROLEUM, LLC                      CASE NO. 16360  
TO RE-OPEN CASE NO. 16360 FOR  
COMPULSORY POOLING, EDDY COUNTY,  
NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

January 10th, 2019

Santa Fe, New Mexico

BEFORE:    WILLIAM V. JONES, CHIEF EXAMINER  
             KATHLEEN MURPHY, TECHNICAL EXAMINER  
             LEONARD LOWE, TECHNICAL EXAMINER  
             DAVID K. BROOKS, LEGAL EXAMINER

             This matter came on for hearing before the  
New Mexico Oil Conservation Division, William V. Jones,  
Chief Examiner; Kathleen Murphy and Leonard Lowe,  
Technical Examiners; and David K. Brooks, Legal  
Examiner, on Thursday, January 10th, 2019, 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  
                         500 4th Street, Northwest, Suite 105  
                         Albuquerque, New Mexico 87102  
                         (505) 843-9241

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# APPEARANCES

FOR APPLICANT CAZA PETROLEUM, LLC:

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FOR INTERESTED PARTIES MRC DELAWARE RESOURCES, LLC; MRC  
EXPLORER RESOURCES, LLC; and MRC SPRIAL RESOURCES, LLC:

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1 (3:23 p.m.)

2 MR. BRUCE: Mr. Examiner, I am going to  
3 present one case and one case only today so that Jordan  
4 doesn't have to come back.

5 EXAMINER JONES: Oh, please.

6 MR. BRUCE: I'm trying to butter her up.

7 EXAMINER JONES: Oh, you are?

8 MR. BRUCE: It's not working.

9 (Laughter.)

10 MR. BRUCE: On the first page there, it's  
11 case number seven, Caza Petroleum, 16360, re-opened, at  
12 the top of the red list -- kind of at the top.

13 EXAMINER JONES: Caza?

14 MR. BRUCE: It's the seventh one down.

15 EXAMINER JONES: Yeah, Caza, 16360.

16 MR. BRUCE: Yeah.

17 EXAMINER JONES: Let's call Case 16360.  
18 Call for appearances.

19 MR. BRUCE: Mr. Examiner, Jim Bruce of  
20 Santa Fe representing the Applicant. I'm submitting  
21 this case by affidavit.

22 EXAMINER JONES: Any other appearances?

23 MS. BROGGI: Julia Broggi, from Holland &  
24 Hart, on behalf of MRC Delaware Resources, LLC; MRC  
25 Explorer Resources, LLC; and MRC Sprial Resources, LLC.

1 And we have no objection to presenting the case by  
2 affidavit.

3 MR. BRUCE: I'm kind of running short of  
4 exhibits.

5 EXAMINER JONES: Oh, that's fine. We  
6 share.

7 EXAMINER BROOKS: I'll give it to the  
8 reporter when you're finished, and she will remind me if  
9 I forget.

10 MR. BRUCE: Mr. Examiner, this case is  
11 similar to the one that just was presented by  
12 Centennial. In this case, Caza, back in September,  
13 sought to force pool the north half of 22 and the north  
14 half of 21 and 23-27 for its Forehand Ranch #2H well.  
15 But it wants to drill another well. It wants to drill  
16 those wells consecutively and then simultaneously frac  
17 them. So it's just seeking to drill -- have each well  
18 as the first well so it doesn't have to comply with the  
19 regulation.

20 So I've submitted the verified statement of  
21 John Brown. It's basically kind of a mirror image of  
22 what was presented in September. It just emphasizes the  
23 4H well. The 2H well was in the south half-north half  
24 of each section. The 4H well is in the north half-north  
25 half of each section. And the wells are equivalent

1 depths, so they're just seeking to drill them and  
2 simultaneously frac them. And no order was previously  
3 issued in this matter.

4 And the landman's affidavit contains the  
5 normal -- normal things, overhead rates, et cetera. And  
6 you can see there is C-102 for the 4H well, listed  
7 interest owners, proposal letter and AFE. The well is  
8 about 12-and-3-quarters million. It contains the normal  
9 items.

10 The Affidavit of Notice is marked Exhibit  
11 2. There are still a few people that didn't sign, or I  
12 didn't get the green cards back.

13 But Exhibit 3 is the Affidavit of  
14 Publication in the Carlsbad newspaper, and everybody  
15 received notice, either actual or constructive.

16 And Exhibit 4 is the verified statement of  
17 the geologist, Richard Carroll, which basically, again,  
18 shows the same -- if you turn to Attachment A to Exhibit  
19 4, you can see the well unit and the two wells being  
20 drilled; a structure map, isopach, cross section showing  
21 where the wells will be completed.

22 And then Attachment D is a wellbore diagram  
23 showing the placement of the well, and it pretty much  
24 tracks what was presented in September.

25 And so we would like -- the notice is

1 complete, rare enough as it is for me, and we would just  
2 like this matter taken under advisement and the order  
3 issued containing both wells so that they can drill them  
4 and complete them at the same time.

5 And I would move the admission of Exhibits  
6 1 through 4.

7 EXAMINER JONES: So this case was presented  
8 before?

9 MR. BRUCE: It was presented in September,  
10 6th or something.

11 EXAMINER JONES: So we probably haven't  
12 released it yet.

13 MR. BRUCE: No. I think I specifically --  
14 when I filed the re-opened case, I know I emailed the  
15 Division and said to hold off on entering the order.

16 EXAMINER JONES: Any objection to admitting  
17 these exhibits?

18 MS. BROGGI: Oh. No objection.

19 EXAMINER JONES: No objection from MRC at  
20 all.

21 Okay. So the exhibits in Case 16360,  
22 re-opened, are admitted, and the case is taken under  
23 advisement.

24 (Caza Petroleum, LLC Exhibit Numbers 1  
25 through 4 are offered and admitted into

1 evidence.)

2 MR. BRUCE: Thank you.

3 (Case Number 16360 concludes, 3:20 p.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 DATED THIS 31st day of January 2019.  
21

22  
23 MARY C. HANKINS, CCR, RPR  
24 Certified Court Reporter  
25 New Mexico CCR No. 20  
Date of CCR Expiration: 12/31/2019  
Paul Baca Professional Court Reporters