

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 KAISER-FRANCIS OIL CASE NOS. 20050,
COMPANY FOR COMPULSORY POOLING, LEA 20051
COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

January 11, 2019

Santa Fe, New Mexico

BEFORE: WILLIAM V. JONES, CHIEF EXAMINER
TERRY WARNELL, 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, Terry Warnell, Technical Examiner, and David K. Brooks, Legal Examiner, on Friday, January 11, 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
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APPEARANCES

FOR APPLICANT KAISER-FRANCIS OIL COMPANY;

JAMES G. BRUCE, ESQ.
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EXHIBITS OFFERED AND ADMITTED

Case Number 20050:	
Kaiser-Francis Oil Company Exhibit Numbers 1, 3, 4	7
Case Number 20051:	
Kaiser-Francis Oil Company Exhibit Numbers 2 and 5	9

1 (2:30 p.m.)

2 MR. BRUCE: Okay. Which ones do you want
3 to do now? I've got them all.

4 EXAMINER JONES: The Kaiser-Francis or
5 whatever is on top of your stack.

6 MR. BRUCE: Mr. Examiner, Jim Bruce of
7 Santa Fe representing Kaiser-Francis in Cases 20050 and
8 20051. I'd just like to combine them.

9 EXAMINER JONES: Any other appearances?
10 Will Concho be making any appearances?

11 MS. RYAN: I'm just hanging out, just
12 keeping warm, observing.

13 EXAMINER JONES: That Charlie Crosby, he
14 isn't related to the famous Roper from Roswell, is he?

15 MR. BRUCE: I don't think so.

16 Mr. Examiner, these cases -- the first case
17 involves the Bone Spring wells. That's 20050. And the
18 second case involves a Wolfcamp well.

19 Exhibits 1 and 2 are affidavits by the
20 landman, Mike Maxey. I'm doing these together because
21 the land work is virtually identical. There is no depth
22 severance in the Bone Spring and the Wolfcamp, and the
23 only difference is the proposal letters in these. But
24 they do -- they do give the pool code. Who knew? And
25 it contains the usual factors, a summary of contacts,

1 the overhead rates, which are 8,800. They're asking for
2 a risk charge. You can run through these and see that
3 the C-102s for each well will comply with the Division
4 setback requirements: The proposal letters for the two
5 wells and the two AFEs for the wells. The Bone Spring
6 wells are each about, plus or minus, \$9.5 million -- a
7 little bit more than \$9.5 million.

8 So Exhibit 1 is for the Bone Spring case.

9 Exhibit 2 is virtually identical. Case
10 20051 is for the Wolfcamp case.

11 Exhibit 3 is my Affidavit of Notice.

12 This one will also have to be continued for
13 two weeks. We thought we had a valid -- there are three
14 parties being pooled: Atlas, Royalty Clearinghouse and
15 West Texas Gas. The Royalty Clearinghouse letter came
16 back and had a new address on it, so I have remailed
17 notice to Royalty Clearinghouse. I haven't gotten a
18 green card back, so that can be continued to January
19 24th.

20 EXAMINER JONES: You published in the
21 newspaper?

22 MR. BRUCE: I did not publish in the
23 newspaper, and I'm never going to do that again.

24 EXAMINER BROOKS: Well, for reasons stated
25 earlier, I suppose this will have to be continued to

1 February 21st; will it not?

2 EXAMINER JONES: No. This one -- January's
3 our continuance docket. January 24th is the continuance
4 docket.

5 EXAMINER BROOKS: Oh, that's right. That's
6 right.

7 MR. BRUCE: And Exhibits 4 and 5 are the
8 affidavits of Mitch Sullivan, the geologist. One is for
9 the Bone Spring. They're going for the Avalon-Bone
10 Spring. And it contains a structure map, isopach and
11 cross section.

12 And then Case 20051, the Wolfcamp well is
13 the Wolfcamp A or Upper Wolfcamp well.

14 EXAMINER JONES: Okay.

15 MR. BRUCE: And it contains the same type
16 of data, and the geology is consistent across the well
17 unit. Each quarter-quarter section will contribute more
18 or less equally to production.

19 And with that, we'd ask that Exhibits 1
20 through 5 be admitted and that the case be continued for
21 two weeks.

22 EXAMINER JONES: No depth severances?

23 MR. BRUCE: No depth severances in either
24 of the Bone Spring or the Wolfcamp.

25 EXAMINER BROOKS: My 5 is the wrong case.

1 It's the 20051 geology. This is the land affidavit for
2 200- -- oh, okay. I just need to look at the land
3 affidavit and see if I can figure it out.

4 You've got two wells in this case?

5 MR. BRUCE: There are two Bone Spring wells
6 and one Wolfcamp well.

7 EXAMINER BROOKS: Okay. Is there another
8 plat on the Wolfcamp well or --

9 MR. BRUCE: What's that now?

10 EXAMINER BROOKS: Attachment B is the Bone
11 Spring or --

12 MR. BRUCE: Yeah. The geologist started
13 out with the Wolfcamp, so I didn't correct him. It's
14 always dangerous correcting a geologist.

15 EXAMINER BROOKS: Well, yeah, it probably
16 is.

17 EXAMINER JONES: We've got a Paul Upper
18 Wolfcamp pool, and we've got a Paul Upper Bone Spring
19 pool.

20 EXAMINER BROOKS: And we've got a list of
21 the owners in here somewhere?

22 MR. BRUCE: Yes. Yes. Attachment C to
23 each landman's affidavit -- there are only three
24 interest owners.

25 EXAMINER BROOKS: There are only three, and

1 none of them is committed?

2 MR. BRUCE: Correct. It's about maybe a
3 13, 14 percent interest.

4 EXAMINER BROOKS: Okay. I guess that
5 works.

6 We need to get the exhibits in correct
7 order. Mine were not when I got them, so they probably
8 are still not.

9 EXAMINER JONES: Exhibit 1 for Case 20050
10 and Exhibit 2 and the rest of them, 3, 4, 5, for both
11 cases. And they're all admitted, and continued to
12 January 24th.

13 (Kaiser-Francis Oil Company Exhibit Numbers
14 1, 3 and 4, Case Number 20050, and Exhibit
15 Numbers 2 and 5, Case Number 20051, are
16 offered and admitted into evidence.)

17 (Case Numbers 20050 and 20051 conclude,
18 2:37 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 29th day of January 2019.

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

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