

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 ASCENT ENERGY, LLC FOR           CASE NO. 20172  
COMPULSORY POOLING, EDDY 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  
                  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 ASCENT ENERGY, LLC:

JAMES G. BRUCE, ESQ.  
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# EXHIBITS OFFERED AND ADMITTED

Ascent Energy, LLC Exhibit Numbers 1 through 3	6
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1 (3:06 p.m.)

2 EXAMINER JONES: We have one more Mewbourne  
3 one or Ascent, is the way I've got it.

4 MR. BRUCE: Let's do the Ascent ones first.  
5 Let's do that one.

6 EXAMINER JONES: Let's call Case 20172,  
7 application of Ascent.

8 MR. BRUCE: Mr. Examiner, Jim Bruce of  
9 Santa Fe representing the Applicant. I'm presenting  
10 this case by affidavit.

11 This is a new case, Mr. Examiner. When you  
12 go through the exhibits, just be aware that there were  
13 supposed to be several different cases filed.  
14 Unfortunately, Florene's computer and mine did not  
15 negotiate well, so I'm only putting on one case.

16 EXAMINER JONES: Okay.

17 MR. BRUCE: And there may be reference, at  
18 least in the landman's exhibit, to some additional  
19 lands. But in this case, they're seeking to force pool  
20 the north half-south half of 23 and the north half-south  
21 half of 24. And there may be some additional language  
22 regarding the south half-north half rather than the  
23 north half. But it's north half-south half for some  
24 Bone Spring wells -- 2nd and 3rd Bone Spring wells. The  
25 affidavit contains the usual data.

1                   This is a proposed federal potash  
2   development area. The Red Hornet development area  
3   covers the south half of Sections 23 and 24. In this  
4   case -- in this Case, 20172, Ascent is seeking to force  
5   pool the Bone Spring only in the north half-south half  
6   of those two sections.

7                   The landman's affidavit contains the usual  
8   information regarding contacts with the interest owner.  
9   The only interest owner being force pooled is XTO  
10   Holdings, and the overhead rates are 7,500 and 750.

11                  EXAMINER JONES: This is close to the ones  
12   that are still being contested?

13                  MR. BRUCE: It's a few sections -- it's a  
14   couple of townships to the west.

15                  EXAMINER JONES: To the west.

16                  MR. BRUCE: This is Eddy County as opposed  
17   to Lea.

18                  EXAMINER JONES: Okay.

19                  MR. BRUCE: But I think they're basically  
20   directly west.

21                  EXAMINER BROOKS: Have you got an exhibit  
22   that shows all the interest owners? I'm not finding it.

23                  MR. BRUCE: The only interest owner --  
24   yeah, we do. Hold on. Look at the landman's affidavit,  
25   Attachment B, as in boy.

1 EXAMINER BROOKS: Attachment B. Okay.

2 Yeah. I see it down at the bottom.

3 MR. BRUCE: Ascent owns 87-1/2 percent, and  
4 XTO Holdings owns 1/8. They've been in touch since  
5 September, as shown by the correspondence. There is an  
6 AFE in there, which is fair and reasonable.

7 EXAMINER BROOKS: No overrides?

8 MR. BRUCE: No overrides.

9 Exhibit 2 is my notice letter, Affidavit of  
10 Notice, and XTO did receive actual notice.

11 Exhibit 3 is the affidavit of Ben Metz, the  
12 geologist, and he contains in there two 2nd Bone Spring  
13 Sand wells -- well, one 2nd -- excuse me. In the north  
14 half-south half -- again, there is some superfluous data  
15 in here. In the north half-south half, there is one 2nd  
16 Bone Spring Sand well in this unit and one 3rd Bone  
17 Spring Sand well. And he has geologic information, a  
18 structure map, isopach, cross section. Each zone will  
19 contribute more or less equally to production. And  
20 there is quite a bit of mainly 2nd Bone Spring  
21 production in this area, and he contains a chart showing  
22 production from these various -- production in this area  
23 was first ten years ago. So there's been quite a bit of  
24 drilling in this area.

25 There are C-102s for the well and contains

1 all the usual data. Each quarter-quarter section will  
2 contribute more or less equally to production of each  
3 2nd and 3rd Bone Spring zone. And that's about it.

4 I'd move the admission of Exhibits 1, 2 and  
5 3 and ask that the case be taken under advisement.

6 EXAMINER JONES: Exhibits 1, 2 and 3 are  
7 admitted, and Case 20172 will be taken under advisement.

8 (Ascent Energy, LLC Exhibit Numbers 1  
9 through 3 are offered and admitted into  
10 evidence.)

11 (Case Number 20172 concludes, 3:11 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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