

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 LIME ROCK RESOURCES CASE NO. 20214
II-A, L.P. FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

February 7, 2019

Santa Fe, New Mexico

BEFORE: SCOTT DAWSON, CHIEF EXAMINER
 KATHLEEN MURPHY, TECHNICAL EXAMINER
 TERRY WARNELL, TECHNICAL EXAMINER
 DAVID K. BROOKS, LEGAL EXAMINER

This matter came on for hearing before the New Mexico Oil Conservation Division, Scott Dawson, Chief Examiner; Kathleen Murphy and Terry Warnell, Technical Examiners; and David K. Brooks, Legal Examiner, on Thursday, February 7, 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 LIME ROCK RESOURCES II-A, L.P.:

GARY W. LARSON, ESQ.
HINKLE SHANOR, LLP
218 Montezuma Avenue
Santa Fe, New Mexico 87501
(505) 982-4554
glarson@hinklelawfirm.com

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EXHIBITS OFFERED AND ADMITTED

Lime Rock Resources II-A, L.P. Exhibit Numbers 1 and 2	5
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1 (11:07 a.m.)

2 EXAMINER DAWSON: So now we will go to Case
3 20214, which was initially dismissed. The attorney told
4 me this case would be heard today. It was not
5 dismissed.

6 This is Case 20214, which is docket number
7 29 on the list, and it's application of Lime Rock
8 Resources II-A, L.P. for compulsory pooling, Eddy
9 County, New Mexico, for the Leavitt 13 Well 3H.

10 Mr. Larson, when you're ready.

11 MR. LARSON: Thank you, Mr. Examiner.

12 Mr. Examiner, Lime Rock's application in
13 this case seeks the pooling of all uncommitted interests
14 in the Yeso Formation and a standard 160-acre horizontal
15 spacing unit comprised of the south half-south half of
16 Section 13, Township 18 South, Range 26 East in Eddy
17 County. And the unit will be dedicated to Lime Rock's
18 proposed Leavitt 13 #3H well.

19 Exhibit 1 is the self-affirmed statement of
20 Lime Rock landman Doug Lacey. The attachments to
21 Mr. Lacey's affidavit include the C-102 for the well, a
22 sample of his well-proposal letter, a list identifying
23 all of the mineral and royalty interest owners in the
24 horizontal spacing unit, proof of notice of today's
25 hearing and the AFE for the proposed well.

1 As Mr. Lacey notes in his affidavit, there
2 are no depth severances in the Yeso Formation.

3 Lime Rock is requesting overhead and
4 administrative rates of 8,000 and \$800, which are
5 actually less than the rates in the governing JOAs for
6 the well, the previous JOAs in place.

7 And finally, Lime Rock is requesting a 200
8 percent risk penalty.

9 Exhibit 2 is a self-affirmed statement of
10 Lime Rock geologist Stan Bishop. Attached as exhibits
11 to Mr. Bishop's affidavit are a location map depicting
12 the proposed well and offset Yeso-producing wells, a top
13 of the Yeso carbonate structure contour map, a location
14 map that delineates the well logs Mr. Bishop used to
15 prepare his stratigraphic cross section and, finally,
16 his cross section that depicts the target interval.

17 As stated in Mr. Bishop's affidavit, the
18 horizontal spacing is justified from a geologic
19 standpoint, and east-to-west orientation is preferred
20 for the proposed well. There is no faulting or other
21 geologic impediment that might adversely affect the
22 drilling of the well, and each quarter section in the
23 proposed unit will contribute more or less equally to
24 production.

25 And with that, I'd move the admission of

1 Exhibits 1 and 2 and the exhibits attached thereto.

2 EXAMINER DAWSON: Any opposition to the
3 admission of the exhibits, Mr. Feldewert?

4 MR. FELDEWERT: I'm not in this matter.

5 EXAMINER DAWSON: Oh, you're not? Okay.

6 MR. FELDEWERT: Sorry.

7 EXAMINER DAWSON: Okay. Sorry about that
8 (laughter). That was the last case.

9 (Laughter.)

10 EXAMINER DAWSON: Sorry about that.

11 So at this point, Exhibits 1 and 2 and all
12 attached exhibits underneath those exhibits will be
13 admitted to the record.

14 (Lime Rock Resources II-A, L.P. Exhibit
15 Numbers 1 and 2 are offered and admitted
16 into evidence.)

17 MR. LARSON: Thank you, Mr. Examiner.

18 EXAMINER DAWSON: This case will be taken
19 under advisement at this time.

20 MR. LARSON: Thank you, Mr. Examiner.

21 EXAMINER DAWSON: Thanks so much.

22 (Case Number 20214 concludes, 11:11 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 DATED THIS 7th day of March 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