

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:

CASE NO: 20270

Application of Chisholm Energy
Operating LLC for Compulsory Pooling,
Lea County, New Mexico.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

THURSDAY, MARCH 7, 2019

SANTA FE, NEW MEXICO

This matter came on for hearing before the New Mexico Oil Conservation Division, Examiners Leonard Lowe and William Jones, and Legal Examiner David Brooks, on Thursday, March 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: Irene Delgado, NMCCR 253
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A P P E A R A N C E S

For the Applicant: Julia Broggi
Holland & Hart
110 N Guadalupe Street, Suite 1
Santa Fe, NM 87501

I N D E X

CASE NO. 20270 CALLED	
JACOB DANIELS (By Affidavit)	03
JOSH KUHN (By Affidavit)	05
TAKEN UNDER ADVISEMENT:	07

E X H I B I T I N D E X

	Admitted
Exhibit A, Attachments 1-3	07
Exhibit B, Attachments 1-2	07
Exhibit C	07

1 HEARING EXAMINER: Call case 20270, Chisholm
2 Energy Operating LLC for compulsory pooling.

3 MS. BROGGI: Julia Broggie with the Santa Fe
4 office of Holland & Hart on behalf of the applicant Chisholm
5 Energy Operating LLC.

6 I'm presenting this case by affidavit.

7 HEARING EXAMINER: Okay.

8 MS. BROGGI: Mr. Examiner, Exhibit A to the
9 packet before you is an affidavit from the landman of
10 Chisholm Energy Operating LLC, Jacob Daniels. And he
11 testifies that in this case Chisholm is seeking an order to
12 pool all uncommitted interest in the Wolfcamp Formation in
13 the 238-acre more-or-less horizontal spacing unit identified
14 in Paragraph 5.

15 And he is seeking to dedicate that horizontal
16 spacing to the proposed Minis 1 Fed Com WCA Number 12H Well.

17 And Exhibit 1A to his affidavit is a C-102 that
18 was submitted to the Division. The pool code is identified
19 on that C-102. It's 98282. And he testifies at Paragraph
20 that there are no depth severances in the Wolfcamp
21 Formation.

22 Exhibit A2 to his affidavit is a land exhibit
23 that was prepared by him. It's two pages. On the first
24 page we will see identified the acreage and three different
25 tracts with different colors.

1 And then if you turn to the second page of
2 Exhibit A2, you will see that he identifies the ownership
3 interests by tract up at the top, and then he also provided
4 information in the middle there. Those are the working
5 interest owners, and working interest owner is highlighted
6 in yellow. Marathon Oil Permian LLC, that is the only
7 working interest owner that we are seeking to pool in this
8 case.

9 MR. JONES: Do you think they might sign up?

10 MS. BROGGI: I think there is a good chance they
11 will. Initially they were also seeking to pool that PGP
12 Holdings, but they were able to reach an agreement with
13 them.

14 And then you also see below we have identified by
15 tract not only the working interest, but also the overriding
16 royalty interest, and we are also seeking to pool the
17 overriding royalty interest identified on Exhibit A2.

18 Exhibit A3 is the well proposal letter that was
19 sent out, and it also has an AFE which is right behind it.
20 And the landman testifies that the costs on the AFE are
21 consistent with other costs other operators are charging in
22 the area.

23 MR. JONES: I'm sorry, did you say -- where is
24 the override shown?

25 MS. BROGGI: I'm not --

1 MR. JONES: There it is.

2 MS. BROGGI: It's at the bottom. It's broken out
3 by tracts.

4 MR. JONES: Thank you. I'm sorry to interrupt.

5 MS. BROGGI: And he testifies that Chisholm has
6 made a good-faith effort to reach an agreement with the
7 parties it is seeking to pool.

8 And then Exhibit B in that packet is the
9 affidavit of the geologist, Josh Kuhn. And he testifies
10 that Chisholm is targeting the Wolfcamp Formation in this
11 case. And Exhibit B1 to that affidavit is the subsea
12 structure map which he prepared off the top of the Wolfcamp.

13 The contour interval is 50 feet. Chisholm's
14 acreage is what's been identified there in yellow. And you
15 will see the proposed wellbore path for the Minis 1F Com WCA
16 12. And we've also identified the wells that were used to
17 create this Wolfcamp structure map, you know, based on the
18 feedback we've been getting from the Division if you guys
19 would like to see that.

20 MR. JONES: Now, what would we like to see?
21 Where is it at?

22 MS. BROGGI: Specifically Examiner McMillan, and
23 you can see the data points that we used to create the
24 structure map.

25 MR. JONES: Okay. Oh -- oh, yeah.

1 MR. BROOKS: Examiner McMillan is not hesitant to
2 express his preferences to exhibits.

3 MR. JONES: Thank you for doing that.

4 MS. BROGGI: And then the four wells from A to A
5 prime that are in the stratigraphic cross-section are also
6 identified on that Exhibit B1, so you will see the pullouts.

7 And then if you turn to Exhibit B2, that is the
8 stratigraphic cross-section, and for each well in that
9 cross-section, you will see that there are logs for gamma
10 ray, resistivity and porosity.

11 And Mr. Kuhn testifies that he says consistent --
12 I'm sorry -- that the intervals marked there, the target
13 intervals also marked there in green on B2, and he testifies
14 that the logs demonstrate that the target interval within
15 the Wolfcamp Formation is consistent in thickness across the
16 entire spacing unit and he observed no geologic impediment
17 to drilling in the area.

18 And finally he testified that it's his opinion
19 that granting of this application in this case would be in
20 the best of conservation, the prevention of waste, and the
21 protection of correlative rights.

22 And then finally Exhibit C is an affidavit from
23 myself showing that notice of this hearing was provided to
24 all parties, and the working interest owners and
25 the overriding interest owners.

1 Do you have any questions?

2 MR. JONES: Well, probably not.

3 This is Lea County Wolfcamp, so it's oil.

4 MS. BROGGI: Yes.

5 MR. JONES: The well has already been permitted,
6 so -- this section here, though, isn't it, or is this --
7 this is one section, it's a big tall section.

8 MS. BROGGI: Yes.

9 MR. JONES: And you did say that overrides are
10 being pooled?

11 MS. BROGGI: Yes, they are, and they have been
12 identified in the exhibit, and we provided notice.

13 HEARING EXAMINER: Okay.

14 MS. BROGGI: Just for the record, I ask that
15 Exhibits A, B and C be admitted into the record.

16 HEARING EXAMINER: They will be admitted into the
17 record.

18 MS. BROGGI: If there are no further questions,
19 we would ask that Case 20270 be taken under advisement.

20 HEARING EXAMINER: Case 20270 will be taken under
21 advisement.

22 MS. BROGGI: Thank you.

23 (Adjourned.)

24

25

1 STATE OF NEW MEXICO)
2)SS
3 COUNTY OF SANTA FE)

4 I, IRENE DELGADO, certify that I reported the
5 proceedings in the above-transcribed pages, that pages
6 numbered 1 through 7 are a true and correct transcript of my
7 stenographic notes and were reduced to typewritten
8 transcript through Computer-Aided Transcription, and that on
9 the date I reported these proceedings I was a New Mexico
10 Certified Court Reporter.

11 Dated at Santa Fe, New Mexico, this 7th day of
12 March 2019.

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14 _____
15 Irene Delgado, NMCCR 253
16 Expires: 12-31-19
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