

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 WPX ENERGY PERMIAN, CASE NO. 20376
LLC FOR COMPULSORY POOLING, EDDY
COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

April 4, 2019

Santa Fe, New Mexico

BEFORE: MICHAEL McMILLAN, CHIEF EXAMINER
DAVID K. BROOKS, LEGAL EXAMINER

This matter came on for hearing before the
New Mexico Oil Conservation Division, Michael McMillan,
Chief Examiner, and David K. Brooks, Legal Examiner, on
Thursday, April 4, 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 WPX ENERGY PERMIAN, LLC:

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1 (4:25 p.m.)

2 EXAMINER McMILLAN: I guess I'm calling
3 Case 20376.

4 Geez. Just remember the name Lopez.

5 MR. FELDEWERT: You're right, 20376.

6 EXAMINER McMILLAN: Well, you need to
7 remember that question. You're going to remember Lopez.
8 So we're calling Case 20376 --

9 MR. FELDEWERT: And I'm remembering Lopez.

10 EXAMINER McMILLAN: Yes.

11 -- application of WPX Exploration
12 Production, LLC for compulsory pooling, Eddy County, New
13 Mexico.

14 Call for appearances.

15 MR. FELDEWERT: May it please the examiner,
16 Michael Feldewert, with the Santa Fe office of Holland &
17 Hart, appearing on behalf of Applicant. I am presenting
18 this case by affidavit.

19 EXAMINER McMILLAN: Any other appearances?

20 Okay. Please proceed.

21 MR. FELDEWERT: Mr. Examiner, in this case
22 WPX is seeking to create a 640-acre standard horizontal
23 spacing unit comprised of the north half of Sections 2
24 and 3 in 23 South, 27 East in the Wolfcamp; Purple Sage
25 gas pool.

1 Exhibit A is the affidavit of Mr. Aaron
2 Young, who has previously testified before this
3 Division.

4 He has attached as Exhibit A1 the C-102 for
5 the proposed Shepherd 401H well, which provides you with
6 the pool, pool code and the identity of the spacing unit
7 and the proposed well. He points out that the completed
8 interval for the well will comply with the special rules
9 for the Purple Sage; Wolfcamp gas pool. This is fee
10 land only.

11 He testifies in paragraph nine there are no
12 depth severances and that WPX is simply seeking to pool
13 an unleased mineral interest owner, which is -- who is
14 identified in bold on Exhibit A2, and it's a group of
15 unleased mineral interest owners. He provides -- in
16 addition to Exhibit A2, he provides a breakdown of all
17 the tracts within this. He then, on the latter pages,
18 shows the uncommitted interests in bold, which are all
19 unleased mineral interest owners.

20 Exhibit A3 is his well-proposal letter that
21 was submitted, along with the AFE for this well, which
22 he testifies is consistent with what WPX and other
23 operators have incurred for drilling similar horizontal
24 wells. The company requests 8,000 a month while
25 drilling and 800 a month while producing, which he

1 testifies are consistent in this area.

2 We then have the affidavit, as Exhibit B,
3 of Kasmira Workman -- unless you want to deal with some
4 land issues first.

5 EXAMINER McMILLAN: Yeah. I like going
6 through the different issues first.

7 Okay. Any unlocatable interests?

8 MR. FELDEWERT: Yes, sir, which is why we
9 had an Affidavit of Publication. Because you'll see, if
10 you look at Exhibit A2, he's dealing with unleased
11 mineral interests owners, including estates.

12 EXAMINER McMILLAN: Okay. The reason I
13 brought up Lopez is, I think -- somehow or another I was
14 looking on my desk today and they're protesting a
15 surface commingle application for either one of these
16 wells.

17 MR. FELDEWERT: I am not -- that's news to
18 me.

19 EXAMINER McMILLAN: Well, I just heard
20 about it. It's hard. I get confused when we start
21 talking about the Shepherds and the Collies and so on,
22 so forth.

23 MR. FELDEWERT: Right.

24 EXAMINER McMILLAN: Okay. So no
25 unlocatable and no depth severances.

1 EXAMINER BROOKS: Any overrides that need
2 to be pooled?

3 MR. FELDEWERT: No.

4 EXAMINER BROOKS: Just as well to get that
5 in because that's the only question I usually ask.

6 EXAMINER McMILLAN: It doesn't look like
7 they're in this well so -- all right. Let's proceed.

8 MR. FELDEWERT: Exhibit B is the affidavit
9 of Kasmira Workman, who has previously testified before
10 this Division as an expert in petroleum geology.

11 She provides, under Exhibit B1, a structure
12 map on the top of the Wolfcamp Y.

13 And you'll see, then, as you go to Exhibit
14 B2, while I know it's not ideal, they have provided on
15 the left-hand side a separate map showing the well that
16 they used for A to A prime. And then on the other half
17 of this exhibit, on the log, corresponding with the
18 exhibit, A to A prime, and she observes -- I'm using
19 this stratigraphic cross section. She was able to
20 utilize gamma ray, resistivity and porosity logs that
21 demonstrate that the target interval, which she likewise
22 identifies on Exhibit B2, is consistent as you move
23 across the proposed spacing unit. She finds no
24 structural impediments to drilling in this area using
25 horizontal wells, and she testifies that horizontal

1 drilling to develop the spacing unit is appropriate.

2 Exhibit C is the affidavit prepared by our
3 office providing notice of this hearing to the various
4 interest owners that the company seeks to pool,
5 including -- they were able to locate addresses for some
6 of the potential heirs of the estates.

7 And then Exhibit D, as in dog, is an
8 Affidavit of Publication in the local newspaper directed
9 by name to all of the estates and potential heirs that
10 are known for the interest that the company seeks to
11 pool.

12 So we ask that Exhibits A, B, C and D be
13 admitted into evidence.

14 EXAMINER McMILLAN: Exhibits A, B, C and D
15 may now be accepted as part of the record.

16 (WPX Energy Permian, LLC Exhibits A, B, C
17 and D are offered and admitted into
18 evidence.)

19 MR. FELDEWERT: And ask this case be taken
20 under advisement.

21 EXAMINER McMILLAN: Will each quarter
22 section be expected to contribute equally to production?

23 MR. FELDEWERT: She testifies yes in
24 paragraph eight.

25 EXAMINER McMILLAN: Do you have any

1 questions?

2 EXAMINER BROOKS: No questions.

3 EXAMINER McMILLAN: Okay. All right.

4 MR. FELDEWERT: We'd ask that the case be
5 taken under advisement.

6 EXAMINER McMILLAN: Okay. 20376 shall be
7 taken under advisement.

8 We're going to take a five-minute break.

9 By the way, don't forget we all need to get
10 together so we can figure out what's expected out of
11 everyone for these affidavits cases in terms of
12 exhibits.

13 MR. FELDEWERT: I agree. I understand you
14 want everything on all on one exhibit.

15 EXAMINER McMILLAN: Yeah.

16 (Laughter.)

17 (Case Number 20376 concludes, 4:32 p.m.)

18 (Recess, 4:32 p.m. to 4:40 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 24th day of April 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