

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 CHISHOLM ENERGY
OPERATING, LLC TO RE-OPEN CASE
NO. 14826 TO POOL ADDITIONAL MINERAL
OWNERS UNDER THE TERMS OF COMPULSORY
POOLING ORDER NOS. R-13628 AND
R-13628-A, LEA COUNTY, NEW MEXICO. CASE NO. 14826
(re-opened)

APPLICATION OF CHISHOLM ENERGY
OPERATING, LLC TO RE-OPEN CASE
NO. 14940 TO POOL ADDITIONAL MINERAL
OWNERS UNDER THE TERMS OF COMPULSORY
POOLING ORDER NO. R-13691, LEA
COUNTY, NEW MEXICO. CASE NO. 14940
(re-opened)

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

June 13, 2019

Santa Fe, New Mexico

BEFORE: SCOTT DAWSON, CHIEF EXAMINER
DAVID K. BROOKS, LEGAL EXAMINER

This matter came on for hearing before the
New Mexico Oil Conservation Division, Scott Dawson,
Chief Examiner, and David K. Brooks, Legal Examiner, on
Thursday, June 13, 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
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APPEARANCES

FOR APPLICANT CHISHOLM ENERGY OPERATING, LLC:

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1 (10:03 a.m.)

2 EXAMINER DAWSON: Moving down the list, our
3 next case will be 14940, which is application of
4 Nearburg Exploration Company, LLC for compulsory
5 pooling, Lea County, New Mexico.

6 Please call for appearances.

7 MS. LUCK: Good morning, Mr. Hearing
8 Examiner. Kaitlyn Luck with the Santa Fe office of
9 Holland & Hart. And we are asking that in -- Case
10 Number 14940 and 14826 be consolidated for hearing.
11 Both of these cases are applications by Chisholm Energy
12 to re-open these original cases that had been filed by
13 Nearburg.

14 EXAMINER DAWSON: Okay. When you're ready,
15 Ms. Luck.

16 MS. LUCK: Thank you.

17 Turning to Exhibit A in the packet, this is
18 an affidavit of Davis Armour. He works for Chisholm
19 Energy Operating, LLC as a landman, and he has
20 previously testified before the Division and had his
21 credentials accepted as a matter of record. This
22 affidavit applies to both Case Number 14826 and 14940.
23 He is familiar with these two applications filed by
24 Chisholm on May 13th and the lands located in Section
25 23, Township 20 South, Range 34 East, Lea County, New

1 Mexico.

2 In Case Number 14826, the Division order
3 attached as Exhibit A1 created a standard 160-acre
4 spacing unit underlying the west half of the west half
5 of Section 23. The orders pooled the uncommitted
6 interests in the Bone Spring Formation and dedicated it
7 to the Laguna 23 Fed Com Well 2H.

8 And since entry of that order, Chisholm has
9 discovered four additional mineral interest owners who
10 did not receive notice of the June 7th, 2012 compulsory
11 pooling hearings in Case Number 14826, and those
12 interest owners are identified on Exhibit A2. Chisholm
13 respectfully requests that these four additional mineral
14 interests be pooled pursuant to the terms of Order
15 Number R-13628 and Order R-13628A.

16 In Case Number 14940, Division Order
17 R-13691 created a 160-acre spacing unit underlying the
18 east half of the west half of Section 23, and it pooled
19 the uncommitted working -- it pooled the uncommitted
20 interest in the Bone Spring Formation and dedicated it
21 to the Laguna 23 Fed Com #1H well.

22 Exhibit A3 is a copy of Order R-13691.
23 Since the entry of that order, Chisholm has discovered
24 four additional mineral interest owners who did not
25 receive notice of the January 24th, 2013 hearing.

1 And Exhibit A4 reflects the names of those
2 interest owners. Since the entry of that order,
3 Chisholm requests that these four additional mineral
4 interest owners identified on Exhibit A4 be pooled
5 pursuant to the terms of Order R-13691 and be subject to
6 pooling in these two cases.

7 Exhibit B is an affidavit from my office
8 showing that notice of this hearing, along with the
9 applications were provided to these four additional
10 owners to be pooled in these proceedings in both cases,
11 14826 and 14940.

12 And with that, Chisholm moves the admission
13 of Exhibits A and B, along with the accompanying
14 exhibits and ask that the case be taken under
15 advisement.

16 EXAMINER DAWSON: Okay. Are there any
17 other attorneys appearing on this case -- these cases?
18 No?

19 Okay. So at this point, Exhibits A and B
20 will be admitted to the record on both cases, 14826 and
21 14940.

22 (Chisholm Energy Operating, LLC Exhibits
23 A and B are offered and admitted into
24 evidence.)

25 EXAMINER DAWSON: Do you have any

1 questions, David?

2 EXAMINER BROOKS: Well, yeah.

3 What you're doing is you're pooling --
4 you're pooling a prior -- you have pooled this unit
5 previously in a previous proceeding, right? There's
6 been a previous compulsory pooling proceeding regarding
7 this unit?

8 MS. LUCK: That's correct. And hearing
9 orders were entered after both of those poolings
10 proceedings in both cases.

11 EXAMINER BROOKS: Okay. And in the
12 evidence that was presented in those previous hearings,
13 did the alleged interests of the parties then before the
14 Division add to 100 percent in your exhibits?

15 MS. LUCK: And I don't have those exhibits
16 here in front of me. I'm happy to review those exhibits
17 and advise the Division as far as the interests that
18 were reflected. I'm understanding from the affidavit of
19 Mr. Armour that these interest owners were discovered
20 after the hearing, and so I'm not sure they would be
21 reflected on those exhibits.

22 EXAMINER BROOKS: Well, yeah. And I'm not
23 sure of the law on this subject. It's a little vague to
24 me, so I -- since we only pool the interest of certain
25 people, whatever they may be, in our orders, we have not

1 decreed that anybody's entitled to any particular
2 interest. However, if we only had evidence before us of
3 a larger interest -- well, I'm not going to go there
4 because we don't have jurisdiction to determine title
5 anyway. So that being the case -- I think we've usually
6 assumed -- although the practice used to be to re-open
7 the prior case, but I don't know what notices were
8 given. So I would be going down a rabbit trail, I
9 think, so I won't say anything more about it.

10 EXAMINER DAWSON: Okay.

11 EXAMINER BROOKS: So we could go with what
12 we've got.

13 MS. LUCK: And if there is nothing further,
14 we'd ask that these cases that we're requesting to be
15 re-opened be re-opened for the purpose of pooling these
16 additional mineral interest owners and that the cases be
17 taken under advisement, both 14826 and 14940.

18 EXAMINER DAWSON: Okay. So both cases,
19 14826 and 14940, will be re-opened for the admission of
20 the contact of the unlocated interest owners that have
21 now been located.

22 MS. LUCK: Thank you.

23 EXAMINER DAWSON: With that, we will take
24 both cases, 14826 and 14940, under advisement at this
25 time.

1 MS. LUCK: Thank you.

2 EXAMINER DAWSON: Thank you very much.

3 EXAMINER BROOKS: Let me ask you one more
4 question. I'm concerned about this. These are
5 re-opened cases?

6 MS. LUCK: That's correct.

7 EXAMINER BROOKS: And the applications were
8 filed as re-opened?

9 MS. LUCK: The applications were filed
10 under the original case number and then filed
11 applications --

12 EXAMINER BROOKS: Okay. Was notice given
13 to the people who were pooled in the previous
14 proceeding?

15 MS. LUCK: Notice was provided to the
16 additional mineral interest owners who were not provided
17 notice the first time.

18 EXAMINER BROOKS: That wasn't provided, the
19 ones who were involved in the earlier proceeding.

20 MS. LUCK: That's correct.

21 EXAMINER BROOKS: Thank you.

22 EXAMINER DAWSON: Okay. Both cases, 14826
23 and 14940, will be taken under advisement. Thank you.

24 (Case Numbers 14826 and 14940 conclude,
25 10:11 a.m.)

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 30th day of June 2019.

21

22

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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