

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 OXY USA, INCORPORATED CASE NO. 20552
FOR COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

June 13, 2019

Santa Fe, New Mexico

BEFORE: WILLIAM V. JONES, CHIEF EXAMINER
 DAVID K. BROOKS, LEGAL EXAMINER

This matter came on for hearing before the
New Mexico Oil Conservation Division, William V. Jones,
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 OXY USA, INCORPORATED:

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1 (4:12 p.m.)

2 EXAMINER JONES: Call Case 20552,
3 application of OXY USA, Incorporated for compulsory
4 pooling, Eddy County, New Mexico.

5 Call for appearances.

6 MS. LUCK: Kaitlyn Luck with the Santa Fe
7 office of Holland & Hart.

8 EXAMINER JONES: Any other appearances?

9 MS. LUCK: In this case OXY is seeking an
10 order pooling all uncommitted interests in the Wolfcamp
11 Formation in the Purple Sage; Wolfcamp Pool, pool code
12 98220 underlying a standard 640-acre spacing unit
13 comprised of the south half of Sections 15 and 16,
14 Township 24 South, Range 29 East, Eddy County, New
15 Mexico.

16 OXY provides the testimony of Jeremy
17 Murphrey, who is a petroleum landman, as Exhibit A. He
18 is familiar with this application, and he has previously
19 testified before the Division and had his credentials
20 accepted and made a matter of record. As the affidavit
21 reflects, he doesn't expect any opposition to these
22 pooling proceedings.

23 He provides Exhibit 1 to his affidavit
24 which shows the tracts of land. Again, the subject
25 acreage is -- and I apologize -- in this case the

1 subject acreage is state and fee land. And that's
2 reflected on his tract map, as well as -- and I
3 apologize.

4 Exhibit A2 contains the Form C-102 for the
5 Whomping Willow CC 15-16 State Com 44H well. And,
6 again, on this C-102, it does indicate that the -- I'm
7 not sure whether or not we're looking at another NSL
8 issue.

9 EXAMINER JONES: It looks like that on the
10 last take point.

11 MS. LUCK: And so I will again clarify
12 that, as far as whether they have filed an NSL because I
13 can't confirm that the setbacks comply with the Purple
14 Sage; Wolfcamp Pool rules.

15 EXAMINER JONES: Sounds good. Thank you.

16 MS. LUCK: Exhibit A3 identifies the
17 ownership interest in this case that OXY seeks to pool.
18 In this case OXY is only seeking to pool the two record
19 title owners that have been highlighted on this exhibit.

20 Again, this well was proposed back in
21 September of 2018, so a well-proposal letter was
22 provided as Exhibit A4, along with the AFE. There are
23 no depth severances, and there are no unleased mineral
24 interests in the subject acreage.

25 Exhibit B is the affidavit of OXY's

1 geologist Tony Troutman. He's conducted a geologic
2 study of the Wolfcamp Formation in this area. He has
3 also previously testified as an expert witness and had
4 his credentials accepted as a matter of record. In this
5 case OXY is targeting the Wolfcamp B interval underlying
6 the proposed spacing unit with its Whomping Willow State
7 Com 44H well.

8 He provides Exhibit 1, which is a structure
9 map showing the contour line every 25 feet. The
10 wellbore path is also noted in Sections 15 and 16. He
11 does not observe any faulting, pinch-outs or geologic
12 impediments developing the targeted interval with this
13 well.

14 On Exhibit B2, he identifies the wells used
15 to create the stratigraphic cross section both from
16 northwest to southeast and west to east.

17 He then created logs, which are shown on
18 Exhibit A3. These logs reflect the target interval for
19 the Whomping Willow well with a blue box, and he opines
20 that the cross section demonstrates the targeted
21 interval and it's present and continuous and across the
22 subject acreage. In his opinion, the granting of OXY's
23 application will be in the best interest of
24 conservation, the prevention of waste and the protection
25 of correlative rights.

1 And we're also providing as Exhibit C an
2 affidavit from my office showing that notice of this
3 hearing was provided to the record title owners that OXY
4 is seeking to pool in these proceedings.

5 And with that, I'd like to move the
6 admission of Exhibits A through C in this case and ask
7 that it be taken under advisement with the caveat that I
8 will provide you the information on this case about
9 whether OXY has applied for an NSL yet.

10 EXAMINER JONES: Okay. Exhibits A, B and C
11 and the attachments are admitted, and Case 20552 is
12 taken under advisement.

13 Thank you.

14 MS. LUCK: Thank you.

15 (OXY USA, Inc. Exhibits A, B and C are
16 offered and admitted into evidence.)

17 (Case Number 20552 concludes, 4:16 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 30th day of June 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