

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. 20211
II-A, L.P. FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

August 22, 2019

Santa Fe, New Mexico

BEFORE: MICHAEL McMILLAN, CHIEF EXAMINER
 KATHLEEN MURPHY, TECHNICAL EXAMINER
 DYLAN ROSE-COSS, TECHNICAL EXAMINER
 BILL BRANCARD, LEGAL EXAMINER

 This matter came on for hearing before the
New Mexico Oil Conservation Division, Michael McMillan,
Chief Examiner; Kathleen Murphy and Dylan Rose-Coss,
Technical Examiners; and Bill Brancard, Legal Examiner,
on Thursday, August 22, 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.:

JAMES G. BRUCE, ESQ.
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043
jamesbruc@aol.com

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EXHIBITS OFFERED AND ADMITTED

Lime Rock Resources II-A, L.P. Exhibit Numbers 1 through 4	4
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1 (4:33 p.m.)

2 EXAMINER McMILLAN: Call Case Number 20211,
3 application of Lime Rock Resources, II-A, L.P. for
4 compulsory pooling, Eddy County, New Mexico.

5 Call for appearances.

6 MR. BRUCE: Mr. Examiner, Jim Bruce of
7 Santa Fe representing the Applicant.

8 I am submitting the case by affidavit.

9 Okay. Exhibit 1, a verified statement of
10 the landman. They're seeking to force pool the north
11 half-south half of Section 11 -- Section 13, 18-26, for
12 the Leavitt well 13-4H, a well in the Glorieta-Yeso, Red
13 Lake; Glorieta-Yeso Pool. They are only seeking to
14 force pool fee royalty owners and overriding royalty
15 interest owners who have not joined in a pooling
16 designation. It is all fee land. There is C-102
17 attached.

18 And then Attachment B shows the three
19 parties that are being pooled.

20 Exhibit 2 is the statement of Stan Bishop,
21 the geologist, and he has a locator map. There are a
22 lot of Glorieta-Yeso wells out there, vertical wells.
23 This is a horizontal one; the structure map, the
24 structure dips to the southeast; a cross section showing
25 that the target zone, which is the Paddock within the

1 Glorieta-Yeso Pool shows that the well -- or the target
2 zone is continuous across the well unit. It does give
3 the horizontal landing zone. And then the Standard
4 Planning Report is attached, and it states that the
5 application -- or the -- each quarter-quarter section in
6 the well unit will contribute more or less equally to
7 production.

8 Affidavit of Notice to the parties being
9 pooled is submitted as Exhibit 3.

10 Exhibit 4 is the just the Affidavit of
11 Publication. So the three parties received notice
12 either actually or constructively by publication.

13 And I would move the admission of Exhibits
14 1 through 4 and ask that the case be taken under
15 advisement.

16 (Lime Rock Resources II-A, L.P. Exhibit
17 Numbers 1 through 4 are offered into
18 evidence.)

19 EXAMINER McMILLAN: Okay. So the first
20 question is: What are the costs?

21 MR. BRUCE: They are overriding royalty
22 interest owners and royalty interest owners, so --

23 EXAMINER McMILLAN: No cost-bearing?

24 MR. BRUCE: No cost-bearing, no overhead
25 rates.

1 EXAMINER McMILLAN: Hold on.

2 And let's see. That takes care of that.
3 Don't worry about that.

4 Okay. There was -- what's going on with
5 Percussion Petroleum Operating?

6 MR. BRUCE: They -- they sold out to Lime
7 Rock, so they're no longer involved in the case. And
8 they had --

9 EXAMINER McMILLAN: What about Ann Landrith
10 Holdings?

11 MR. BRUCE: She was only involved in Case
12 20210 and 20319.

13 EXAMINER McMILLAN: Okay. So she's not a
14 factor.

15 MR. BRUCE: And if you look at page 6 of
16 the docket, you will see --

17 EXAMINER McMILLAN: It was dismissed.

18 MR. BRUCE: -- cases 98 through 101 were
19 Percussion Petroleum cases, the Cranberries and Toadies
20 wells, and those were contrary to the Lime Rock ads
21 [sic], but they sold out, and so those cases were
22 dismissed.

23 EXAMINER McMILLAN: And what's the status
24 of the well?

25 MR. BRUCE: It is not drilled.

1 EXAMINER McMILLAN: Okay. And were all of
2 these overriding royalty interests locatable?

3 MR. BRUCE: One, the letter came back. The
4 landman does discuss in his affidavit the efforts taken
5 to locate these. And there was one entity down in
6 Artesia where the letter came back, but we did publish
7 notice against them.

8 EXAMINER McMILLAN: Okay. Let's make sure
9 that's right.

10 MR. BRUCE: It is Donald Fanning & Sons,
11 Inc.

12 EXAMINER McMILLAN: Okay. Well, then we're
13 done.

14 So Case Number 20211 was heard and is taken
15 under advisement.

16 Tomorrow, 8:30.

17 (Case Number 20211 concludes, 4:38 p.m.)

18 (Recess, 4:38 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 13th day of September 2019.
21

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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