

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: 20826

APPLICATION of XTO ENERGY INC.  
FOR COMPULSORY POOLING  
EDDY COUNTY, NEW MEXICO

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

November 14, 2019

SANTA FE, NEW MEXICO

This matter came on for hearing before the New Mexico Oil Conservation Division, EXAMINERS LEONARD LOWE, KATHLEEN MURPHY, PHILLIP GOETZE and LEGAL EXAMINER ERIC AMES, on Thursday, November 14, 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  
PAUL BACA PROFESSIONAL COURT REPORTERS  
500 Fourth Street, NW, Suite 105  
Albuquerque, NM 87102

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# A P P E A R A N C E S

For the Applicant:

MICHAEL FELDEWERT  
HOLLAND & HART  
110 North Guadalupe, Suite 1  
Santa Fe, NM 87501  
505-954-7286

# I N D E X

CASE NO. 20826 CALLED

KENNETH HILGER (By Affidavit)	03
BRIAN HENTHORN (By Affidavit)	04

TAKEN UNDER ADVISEMENT:	07
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# E X H I B I T I N D E X

Offered

Exhibit A, Attachments 1-7	05
Exhibit B, Attachments 1-2	05
Exhibit C	05
Exhibit D	05

1                   HEARING EXAMINER LOWE: We will call case Number  
2   20826 XTO for compulsory pooling. Call for appearance.

3                   MR. FELDEWERT: May it please the Examiner,  
4   Michael Feldewert with the Santa Fe office of Holland & Hart  
5   appearing on behalf of the applicant.

6                   HEARING EXAMINER LOWE: Any other appearances?  
7                   (No response.)

8                   HEARING EXAMINER LOWE: You may proceed.

9                   MR. FELDEWERT: Mr. Examiner, We are presenting  
10   this case by affidavit. This involves a 1280 acre  
11   horizontal well spacing unit in the Purple Sage Wolfcamp Gas  
12   Pool.

13                   You will see as Exhibit A we have the affidavit  
14   of Ken Hilger, and he attaches various exhibits to his  
15   affidavit. Exhibit Number 1 outlines in yellow the acreages  
16   that are involved here comprising the proposed spacing unit,  
17   and then it depicts, the various colored sticks here, the  
18   wells that are involved, the initial wells that are  
19   involved. What you will notice is there are four well pads.  
20   If you look down there at the bottom you will see Pad 1, Pad  
21   2, Pad 3 and Pad 4.

22                   Exhibit 2 are all the C-102s for Pad 2. Exhibit  
23   3 are all the -- I'm sorry -- C-102s for Pad 1 are under  
24   Exhibit 2. C-102s for Pad 2 are under Exhibit 3. C-102s  
25   for Pad 4 are under Exhibit 4, and then the final pad is

1 under Exhibit 5.

2 The binding well that's going to allow the  
3 inclusion of all this acreage into a standard horizontal  
4 well spacing unit is the 104H, which is, the C-102 for that  
5 is produced as Exhibit Number 6. Okay.

6 Mr. Hilger also testifies, among other things in  
7 his affidavit, that that acreage there, if you look at  
8 Exhibit Number 1, that acreage down on the right-hand  
9 corner, the E/2 of the NW/4 of Section 8, they had to move  
10 that well pad to the north because of some acreage concerns,  
11 and they plan on developing that acreage by bringing wells  
12 in from the south. That's why well Pad 4 looks different  
13 from all the other pads, it had to be moved due to acreage  
14 concerns, and he testifies about that in his affidavit.

15 They are only seeking to pool the overriding  
16 royalty interest owners, and they are under Exhibit Number  
17 7.

18 Exhibit B then is the affidavit from the  
19 geologist Brian Henthorn. He provides you the cross  
20 sections -- I'm sorry -- the structure maps that you are  
21 used to seeing. Under Exhibit B-1 he identifies the wells  
22 that he used in the cross -- in stratigraphic cross section,  
23 which you will find under Exhibit Number 2.

24 And he offers his opinions that this is suitable  
25 for development, the formation is continuous, and that there

1 are no impediments to developing this acreage horizontal.

2 Exhibit C is our notice of affidavit sent out to  
3 the overriding royalty interest owners.

4 Exhibit D is an affidavit of publication, because  
5 there are a few overriding royalty interest owners who did  
6 not receive notice of the hearing, so they were named in the  
7 affidavit of publication, which is Exhibit Number D.

8 So unless you have questions. I will move the  
9 admission of Exhibits A, B, C and D and all of its  
10 attachments and ask that this application be taken under  
11 advisement.

12 (Exhibits A, B, C, D and attachments offered.)

13 HEARING EXAMINER LOWE: Any questions?

14 MR. GOETZE: Just one. There is a couple of  
15 exhibits that are kind of green. Are you these submitting  
16 these electronically so we can have --

17 MR. FELDEWERT: Which one is green?

18 MR. GOETZE: Come on.

19 MR. FELDEWERT: You can't read that?

20 We will be submitting them electronically. I  
21 think this is a PDF that I got, I'm not sure. Let me see  
22 what I can do.

23 MR. GOETZE: That and the cross section we would  
24 like to be able to see. No big deal.

25 EXAMINER MURPHY: How many total wells?

1           MR. FELDEWERT: 20, is what I count. It's  
2 because you will see they go across, and they're going to  
3 batch drill from these -- move from one pad to the other.  
4 That's why there is so many initial wells.

5           EXAMINER MURPHY: And they are all Wolfcamp?

6           MR. FELDEWERT: All Purple Sage Wolfcamp. And of  
7 note, perhaps, is we are only pooling overriding royalty  
8 interest owners. They have reached an agreement with all  
9 the working interest percentage.

10          HEARING EXAMINER LOWE: Do all the wells have APN  
11 numbers?

12          MR. FELDEWERT: Yes.

13          HEARING EXAMINER LOWE: All orthodox?

14          MR. FELDEWERT: Yes. Yes. They all meet the  
15 setback requirements for the Purple Sage Wolfcamp Gas Pool.

16          HEARING EXAMINER LOWE: You indicated Well Number  
17 104H is the defining well.

18          MR. FELDEWERT: The well under Exhibit Number 6,  
19 which is the 104H, correct, sir. So that well is within 330  
20 of the center line of the acreage.

21          HEARING EXAMINER LOWE: Okay. I was curious to  
22 know, how many -- what would define -- I'm sure it would  
23 probably be cost, but in this case you have four well pads;  
24 right?

25          MR. FELDEWERT: Yes, sir.

1                   HEARING EXAMINER LOWE: If you were to make it  
2 less, would it be better or worse or depend on the surface  
3 location?

4                   MR. FELDEWERT: Well, they -- part of it  
5 certainly depends upon surface location. That's why they  
6 had to put Pad 4 that you see in Exhibit 1 at that location.  
7 They intended to put it at the bottom, he testifies in his  
8 affidavit that the -- (cell phone interruption) -- required  
9 them to move that pad north because of surface concerns down  
10 there. So some of this, I'm sure, is driven by surface  
11 concerns and surface constraint, but beyond that, I'm not  
12 familiar with how they came up with the development.

13                  HEARING EXAMINER LOWE: That's all the questions  
14 I have. No other questions. Thank you. Case Number 20826  
15 will be taken under advisement.

16                  MR. FELDEWERT: Thank you.

17                  (Case 20826 taken under advisement.)

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

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

10 Dated at Santa Fe, New Mexico, this 14th day of  
11 November 2019.

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Irene Delgado, NMCCR 253  
Expires: 12-31-19

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