

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 NOS: 20902

APPLICATION OF HILCORP ENERGY
COMPANY FOR COMPULSORY POOLING,
SAN JUAN 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
505-843-9241

1 A P P E A R A N C E S

2 For the Applicant:

3 KAITLYN LUCK
4 HOLLAND & HART
5 110 North Guadalupe, Suite 1
6 Santa Fe, NM 87501
7 505-954-7286

6 I N D E X

7 CASE NO. 20902 CALLED

8 ROBERT CARLSON (By Affidavit) 03

9 TAKEN UNDER ADVISEMENT: 06

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11 E X H I B I T I N D E X

12 Admitted

13 Exhibit A and Attachments 05

14 Exhibit B 05

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1 HEARING EXAMINER LOWE: It's about 9:46. We will
2 take a 15-minute break. And then we'll come back and
3 reconvene afterwards.

4 (Recess taken.)

5 HEARING EXAMINER LOWE: We will go back on the
6 record. As of recent we are going to move down to
7 the Hilcorp case; right?

8 MR. AMES: Yes.

9 HEARING EXAMINER LOWE: We're going to head down
10 to Number 23, which is Case Number 20902, Hilcorp for
11 compulsory pooling. Call for appearance.

12 MS. LUCK: Kaitlyn Luck on behalf of the
13 applicant, Hilcorp. And we are presenting this case by
14 affidavit.

15 HEARING EXAMINER LOWE: You may proceed.

16 MS. LUCK: In this case Hilcorp is providing two
17 affidavits.

18 Exhibit A is the affidavit of Hilcorp's landman,
19 Robert Carlson. He notes in his affidavit that in this case
20 Hilcorp is seeking an order pooling all uncommitted interest
21 in the Pictured Cliffs formation underlying a standard 160-
22 acre spacing unit comprised of the SW/4 of Section 36, and
23 dedicating the spacing unit to the State Com M 010 Well and
24 designating Hilcorp as operator of the wells.

25 This well is currently configured in the

1 Mesaverde and Dakota formation and is dedicated to a
2 320-acre gas spacing unit comprised of the W/2 of Section
3 36.

4 In this case Hilcorp intends to recomplete the
5 well at a six standard gas well location in the NW/4 of the
6 SW/4 of the section. His affidavit provides the location
7 for the Pictured Cliff formation where the well will be
8 recompleted.

9 Behind his Tab A-1 is the C-102 for the well.

10 Behind his Exhibit A-2 is a tract map identifying
11 the interest owners in the spacing unit, as well as the
12 overriding royalty interest owners that Hilcorp seeks to
13 pool in this case.

14 And then behind his Exhibit A-3 is the well
15 proposal letter that was sent to the working interest
16 owners, together with an AFE.

17 And then behind Exhibit -- and Mr. Carlson notes
18 in his affidavit that Hilcorp is seeking an administrative
19 overhead cost of 7500 per month while drilling and 750 per
20 month while operating the wells.

21 And then he also provided our office with the
22 uncommitted interest owners' names and addresses, and we
23 provided notice of this hearing.

24 So behind Exhibit B is an affidavit prepared by
25 me reflecting that our office provided notice to the

1 uncommitted interest owners in the spacing unit, and each of
2 them received notice of this hearing as reflected on the
3 tracking list.

4 And with that, that concludes our presentation in
5 this case. So we would move the admission of Exhibits A and
6 B, together with attachments.

7 HEARING EXAMINER LOWE: Exhibits A and B will be
8 accepted for this case.

9 (Exhibits A and B admitted.)

10 MS. LUCK: With that, I would ask that this case
11 be taken under advisement.

12 HEARING EXAMINER LOWE: Ms. Murphy, any
13 questions.

14 EXAMINER MURPHY: The current well is in the
15 Mesaverde and Dakota, and then we -- okay.

16 MS. LUCK: It's a vertical well.

17 HEARING EXAMINER LOWE: Mr. Goetze?

18 EXAMINER GOETZE: Are we going to apply for
19 a downhole commingle?

20 MS. LUCK: I'm not sure about that, but --

21 EXAMINER GOETZE: You're looking at it.

22 MS. LUCK: Mr. Carlson is actually here. I can
23 ask him.

24 EXAMINER GOETZE: Well, very good.

25 MS. LUCK: Yes, looks like we are going to be

1 applying.

2 EXAMINER GOETZE: No more questions. Thank you.

3 MS. LUCK: Okay. Thank you.

4 MR. AMES: No questions.

5 HEARING EXAMINER LOWE: I have no questions at
6 this time. We're good.

7 MS. LUCK: So we ask to take everything under
8 advisement.

9 HEARING EXAMINER LOWE: Case Number 20902 will be
10 taken under advisement.

11 MS. LUCK: Thank you.

12 (Case 20902 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 6 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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14 Irene Delgado, NMCCR 253
15 Expires: 12-31-19

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