

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: 21133

APPLICATION OF SPC RESOURCES LLC
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

MARCH 5, 2020

SANTA FE, NEW MEXICO

This matter came on for hearing before the New Mexico Oil Conservation Division, EXAMINERS FELICIA ORTH KATHLEEN MURPHY, PHILLIP GOETZE on Thursday, March 5, 2020 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

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A P P E A R A N C E S

For the Applicant:

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Admitted

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1 HEARING EXAMINER ORTH: We will move then to
2 matter 21133. This is SPC Resources, compulsory pooling,
3 matter related to a well named Hanna.

4 MS. LUCK: Good morning. Kaitlyn Luck with the
5 Santa Fe office of Holland & Hart, on behalf of the
6 applicant in this case SPC Resources LLC, and SPC is asking
7 to present this case by affidavit.

8 HEARING EXAMINER ORTH: Please proceed.

9 MS. LUCK: Thank you. To my knowledge there are
10 no other entries of appearance in this case. This is a
11 standard case creating a spacing unit in the Bone Spring
12 formation that is approximately 640 acres in the N/2 of
13 Section 7, Township 22 South, Range 27 East, in the N/2 of
14 Section 12, Township 22 South, Range 26 East.

15 This application proximity tracts, so we have
16 indicated that both of these wells will be within 330 feet
17 of the proximity tracts to allow the proximity tracts to be
18 included in an enlarged --

19 These -- this applicant has presented several
20 other cases to the Division, and they are a little bit
21 different than the pooling cases in terms of the tract map
22 and ownership breakdown because the drilling is occurring
23 underneath the City of the Carlsbad.

24 So the Division should be familiar with these
25 exhibits because a couple of recent orders have been issued

1 relating to SPC's prior cases. But I will walk you through
2 really quick. There is a checklist behind Exhibit A, the
3 landman behind Exhibit B, geologist behind Exhibit D, and
4 then our notice information is actually included with our
5 landman affidavit behind Tab C 13, 14, 15. And then the
6 notice of publication is included behind C 16.

7 So SPC Resources did mail notice of this hearing
8 timely as well as published notice of this hearing due to
9 the significant number of mineral interests, it was
10 necessary to publish notice of this hearing because we were
11 not able to make contact with every single person that we
12 seek to pool in this case.

13 HEARING EXAMINER ORTH: Would you just expand a
14 bit on the statement Behind Tab C, the affidavit by Ms.
15 Bradley around the relation between this application and
16 ordinances of City of Carlsbad?

17 MS. LUCK: Yeah. So the Division can also
18 reference the transcript in case 20762, and it explains a
19 little bit more in detail about the efforts SPC Resources
20 went through to secure leases with both the city of Carlsbad
21 and the Carlsbad school board to lease all of the remaining
22 property that wouldn't be included in a typical subdivision
23 tract. So that would be like the city streets, easement,
24 alleyways, school properties, so that's why we have included
25 the ordinance that the city passed, as well as the lease

1 that the city and the lease with the city schools.

2 As you can imagine, when you are drilling
3 underneath a subdivision, there is many tracts of typical
4 landowners, but then there is also the city and county
5 property that has to be leased.

6 HEARING EXAMINER ORTH: Questions?

7 EXAMINER MURPHY: So C 3, that map, are you
8 adding additional wells or -- I mean, I believe I have
9 either sat in on this or I have read the transcript. It's
10 quite involved. I mean, it was an incredible case that I
11 would not have wanted to be the landman, but are you adding
12 additional wells to this?

13 MS. LUCK: No. Just to clarify. So there was
14 N/2 and S/2 spacing unit in Section 7 and 12, and I believe
15 this is the N/2 spacing unit. And the previous case was the
16 S/2, and so that's why it looks familiar in terms of the
17 tract maps and the tracts that appear on the tract map, so
18 it's very similar, but I believe that case involved the S/2
19 and this involves the N/2.

20 EXAMINER MURPHY: So have they drilled the other
21 ones in the S/2.

22 MS. LUCK: I'm not sure where they are at in the
23 stage of development with the other wells.

24 EXAMINER MURPHY: All right. Well, that is for
25 our abled CP to figure out.

1 HEARING EXAMINER ORTH: All right. Thank you
2 very much, Ms. Luck. The packet is accepted and the matter
3 will be taken under advisement.

4 MS. LUCK: Thank you.

5 (Exhibits admitted.)

6 (Taken under advisement.)

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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4 REPORTER'S CERTIFICATE

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6 I, IRENE DELGADO, New Mexico Certified Court
7 Reporter, CCR 253, do hereby certify that I reported the
8 foregoing proceedings in stenographic shorthand and that the
9 foregoing pages are a true and correct transcript of those
10 proceedings that were reduced to printed form by me to the
11 best of my ability.

12 I FURTHER CERTIFY that the Reporter's Record of
13 the proceedings truly and accurately reflects the exhibits,
14 if any, offered by the respective parties.

15 I FURTHER CERTIFY that I am neither employed by
16 nor related to any of the parties or attorneys in this case
17 and that I have no interest in the final disposition of this
18 case.

19 Dated this 5th of March 2020.

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Irene Delgado, NMCCR 253
License Expires: 12-31-20

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