

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: 20831

APPLICATION OF CENTENNIAL RESOURCE  
PRODUCTION LLC, FOR COMPULSORY, NON-STANDARD  
SPACING AND PRORATION UNIT,  
LEA COUNTY, NEW MEXICO.

CASE NOS: 20861, 20862

APPLICATION OF V-F PETROLEUM INC.  
FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS

EXAMINER HEARING

May 28, 2020

SANTA FE, NEW MEXICO

This matter came on for virtual hearing before the New Mexico Oil Conservation Division, EXAMINERS FELICIA ORTH, KATHLEEN MURPHY, DYLAN COSS, SCOTT COX and BAYLEN LAMKIN on Thursday, May 28, 2020, through 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:

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

For V-F Petroleum:

SHARON SHAHEEN  
MONTGOMERY & ANDREWS  
325 Paseo de Peralta  
Santa Fe, NM 87501

I N D E X

CASE CALLED	
STATUS CONFERENCE	03
REPORTER CERTIFICATE	10

1 HEARING EXAMINER ORTH: Moving then to Matter 19.  
2 This is Case Number 20831. Centennial is the applicant,  
3 compulsory pooling application for a well named Margarita  
4 36.

5 Is that you, Mr. Feldewert, from Holland & Hart?

6 MR. FELDEWERT: (No audio.)

7 HEARING EXAMINER ORTH: You are muted.

8 MR. FELDEWERT: Sorry about that. Yes, Madam  
9 Examiner, Michael Feldewert from the Santa Fe office of  
10 Holland & Hart appearing on behalf of Centennial Resource  
11 Production LLC.

12 HEARING EXAMINER ORTH: Thank you very much. And  
13 Ms. Shaheen, are you here for V-F Petroleum Fuel Product  
14 Energy and (unclear audio).

15 MS. SHAHEEN: Yes, Madam Examiner, I am. And  
16 this Centennial case is competing with the V-F Petroleum  
17 20 -- I think it's 661 and 20662 on the docket following  
18 this Centennial case.

19 HEARING EXAMINER ORTH: Yes. That's right,  
20 that's why I grouped them. So the other case numbers are  
21 20861 and 20862, V-F Petroleum, the applicant in each case,  
22 compulsory pooling applications. The well names are Getty  
23 1, and we have you, Ms. Shaheen, as applicant's counsel, and  
24 then Centennial, I assume you, Mr. Feldewert, entered an  
25 appearance in each of those?

1 MR. FELDEWERT: Correct, Madam Examiner.

2 HEARING EXAMINER ORTH: All right.

3 Okay. I also noted that prehearing statements  
4 had been filed by the applicants -- by Centennial, excuse  
5 me, in all three matters, and that V-F Petroleum and others  
6 had also filed prehearing statements. So are we doing a  
7 status conference this morning?

8 MR. FELDEWERT: Well, I -- I had hoped to view  
9 this as a prehearing conference, Madam Examiner. As you  
10 know, we have been trying to get this case -- these  
11 competing cases scheduled for hearing. I think it was like  
12 April, I saw the hearing in May and V-F filed an opposed  
13 motion stating they did not have consent to a virtual  
14 hearing on competing applications at this time, and stating  
15 it's not fair to present its witnesses in audio and visual  
16 formats as required by the Division's notice.

17 As a result, we did (unclear audio) scheduled  
18 hearing in May and these cases were bumped to today's  
19 docket, for what I hoped would be for the purpose of  
20 scheduling a virtual hearing. Ms. Shaheen, and I have  
21 conferred. I requested a hearing in June. Ms. Shaheen  
22 indicated that her client did not want to go to hearing any  
23 earlier than perhaps late July.

24 So recognizing my leverage was limited here, I  
25 conceded to a hearing in late July, and I actually drafted a

1 prehearing order, as you and I had previously discussed in  
2 another case, for the purposes of sending it to you, leaving  
3 the hearing date blank.

4 I sent that to Ms. Shaheen, and she and I have  
5 conferred about it. I think, as far as I know, there is  
6 no -- there is no longer or not any issues associated with  
7 that, so I'm hoping to be able to present it to you after  
8 this hearing so that you can make whatever changes you need  
9 to make to the prehearing order and get this matter  
10 scheduled for a hearing in late July.

11 HEARING EXAMINER ORTH: All right. Thank you,  
12 Mr. Feldewert. Ms. Shaheen?

13 MS. SHAHEEN: Thank you, Madam Examiner. Mr.  
14 Feldewert is correct, I don't believe we have any issues  
15 with the prehearing order that he's proposed, although we  
16 want to consider whether there is a need for another  
17 prehearing conference to address logistical issues and also  
18 whether there may be a need for post -- excuse me -- for  
19 pretrial motions. So I'm going to confer with my client in  
20 that regard and get back with Mr. Feldewert about that.

21 He is correct that we are requesting a date in  
22 late July -- in part, I will take this on myself -- in part,  
23 I'm hoping to be out of state for the first couple of weeks  
24 in July. So I think we are in agreement. I will continue  
25 to confer with Mr. Feldewert so we can get a prehearing

1 order to you as soon as possible.

2 I did have a couple of questions about the  
3 logistics of it. I don't know if this is the right time or  
4 not, but just trying to envision how, how -- is there any  
5 way to move forward, particularly with respect to exhibits,  
6 whether the Division anticipates everyone having exhibits  
7 there electronically themselves each alone, or whether the  
8 Division is anticipating some sort of video presentation of  
9 the exhibits during the hearing itself, while the parties  
10 are cross-examining.

11 I don't know if you have had an opportunity to  
12 consider that, but I did have that question and thought I  
13 would ask it today.

14 HEARING EXAMINER ORTH: Well, thank you for  
15 the -- thank you for the question, actually, Ms. Shaheen. I  
16 have a few e-mails, things are evolving. Let me just share  
17 a few things I think are important about exhibits. One is  
18 that they be submitted before the hearing so that everyone  
19 has it in hand before the hearing with the potential  
20 exception of -- of, I don't know, surrebuttal exhibits or  
21 some things that might have to be presented after, after  
22 hearing another party's evidence.

23 But I want to discourage any recantation of  
24 exhibits that wouldn't come in before the hearing, at least  
25 a little bit. Certainly having the exhibits available,

1 these would cross-examine (unclear audio) questions a  
2 presenter, and I think it would be good if, for example, in  
3 the hearing we could share a screen allowing someone to  
4 refer to an exhibit during the examination.

5 I imagine that that will be technically possible  
6 by late July. At this moment, other than using, for  
7 example, this Webex mechanism or Zoom mechanism, I'm not  
8 sure how to assure that it would happen other than through,  
9 for example, a mechanism like this.

10 As I understand it, it might be possible by late  
11 July for us to accommodate both people in person and  
12 virtually, but we won't, again, be certain about that until  
13 we get closer to that date.

14 In the meantime, I want to encourage you to send  
15 me the prehearing order when you have it as finished as you  
16 can have it between yourselves, and then I will set up a,  
17 not private, but not a Thursday morning session with you, a  
18 prehearing conference so we can actually get the order  
19 finalized. I will do that after I get the order via e-mail.

20 EXAMINER MURPHY: Madam Examiner?

21 HEARING EXAMINER ORTH: Ms. Murphy.

22 EXAMINER MURPHY: I do have a little insight on  
23 this. If you noticed on that ad that goes across with the  
24 mute and unmute button, there is a share content, and you  
25 should be able to show the PDF exhibits and talk along and

1 explain them.

2           So we do this in the teams meetings and in Zoom,  
3 and you see that button there in the Webex, so it is  
4 available for you to show the PDF, discuss what page you're  
5 on and just go through as if you are in a regular hearing  
6 with your exhibits being shown on that TV screen just like  
7 we would be in Porter Hall.

8           HEARING EXAMINER ORTH: All right. Thank you.

9           MR. FELDEWERT: Just a point of clarification,  
10 Madam Examiner, I believe all I need to do -- is it okay,  
11 once I get the approval from Ms. Shaheen, to go ahead and  
12 e-mail to you, to the OCD Division, a Word version of the  
13 pretrial order so that you can easily modify as needed to  
14 fit whatever the Division wants to utilize?

15           HEARING EXAMINER ORTH: Thank you. That's an  
16 excellent, excellent point. Word is always good.

17           MR. FELDEWERT: And then secondly, do you  
18 envision perhaps since we are shooting for the end of July,  
19 perhaps having this matter placed again on the second docket  
20 in June for the purpose of providing an update on where we  
21 stand in having virtual hearings and to address whatever  
22 other questions that may arise between now and then? Would  
23 that be helpful?

24           HEARING EXAMINER ORTH: So let me talk with the  
25 Division staff about that. Because once, once we are

1 marching toward hearing, I'm not sure that it needs to be  
2 included on another docket. That is to say, we may be able  
3 to do more targeted meetings, me and you and Ms. Shaheen and  
4 whoever else needs to be involved.

5 Let me check with the staff about that, and one  
6 of us will get back to you. I'm hoping we can just go, if  
7 you will, off-line to discuss your case.

8 MR. FELDEWERT: So then I will -- my task will be  
9 to confer with Ms. Shaheen one more time and try to get to  
10 you possibly today or tomorrow what we put together as a  
11 prehearing order.

12 HEARING EXAMINER ORTH: Thank you.

13 Ms. Shaheen, anything further?

14 MS. SHAHEEN: No, Madam Examiner. Thank you for  
15 the clarification.

16 HEARING EXAMINER ORTH: Thank you. All right.  
17 So thank you both and wait for the prehearing order.

18 MR. FELDEWERT: Thank you.

19 (Status conference concluded.)  
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1 STATE OF NEW MEXICO  
2 COUNTY OF BERNALILLO

3 REPORTER'S CERTIFICATE

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

10 I FURTHER CERTIFY that I am neither employed by  
11 nor related to any of the parties of attorneys in this case  
12 and that I have no interest in the final disposition of this  
13 case.

14 I FURTHER CERTIFY that the virtual proceeding was  
15 of varying quality.

16 Dated this 28th day of May 2020.

17 /s/ Irene Delgado  
18 \_\_\_\_\_  
19 Irene Delgado, NMCCR 253  
20 License Expires: 12-31-20  
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