

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: 21540

APPLICATION OF OXY USA INC. FOR  
APPROVAL OF A 1,278.62 ACRE NON-STANDARD  
SPACING UNIT IN THE BONE SPRING FORMATION  
COMPRISED OF ACREAGE SUBJECT TO A PROPOSED  
COMMUNITIZATION AGREEMENT,  
EDDY COUNTY, NEW MEXICO

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS

EXAMINER HEARING

DECEMBER 3, 2020

SANTA FE, NEW MEXICO

This matter came on for virtual hearing before  
the New Mexico Oil Conservation Division, HEARING OFFICER  
FELICIA ORTH and TECHNICAL EXAMINER BAYLEN LAMKIN on  
Thursday, December 3, 2020, through the Webex Platform.

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:

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

I N D E X

CASE CALLED

SUMMARY OF CASE AND EXHIBITS	03
TAKEN UNDER ADVISEMENT	06
REPORTER CERTIFICATE	07

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

Admitted

Exhibits and Attachments	06
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1                   HEARING EXAMINER ORTH:  Let's move then to  --  
2   let's see -- let's move then to case 21540.  This is Oxy  
3   USA.

4                   (Audio interference from unidentified speaker.)

5                   HEARING EXAMINER ORTH:  Who is that that needs to  
6   be muted?

7                   Please, Irene, if you would, strike that last  
8   sentence from the transcript.  I'm certain that was not  
9   intended for the transcript.

10                  Let me call case 21540, Oxy USA, non-standard  
11   spacing application.  The well name is Tails.  The next case  
12   is 21541  -- I'm sorry -- 21540 Oxy USA.  The well name is  
13   Tails.  Who is here from Holland & Hart for the applicant?

14                  MS. LUCK:  Good morning again.  Kaitlyn Luck with  
15   the Santa Fe office of Holland & Hart on behalf of the  
16   applicant in this case, Oxy USA Inc.

17                  HEARING EXAMINER ORTH:  Thank you.  I did not see  
18   another entry of appearance in the file.  Let me pause for a  
19   moment to see if there are any entries this morning.

20                  (No audible response.)

21                  HEARING EXAMINER ORTH:  No?  Please go ahead, Ms.  
22   Luck.

23                  MS. LUCK:  Thank you.  It was Oxy's understanding  
24   prior to this hearing there would not be any opposition to  
25   this case because it is an unopposed case, and so Oxy filed

1 the exhibits on Tuesday.

2 In the exhibit packet Oxy included first a copy  
3 of its application in this case seeking approval of a  
4 1,278.62 acre non-standard spacing unit in the Bone Spring  
5 Formation, comprised of acreage subject to a proposed  
6 communitization agreement in Eddy County, New Mexico.

7 Attached as Oxy's Exhibit B is the affidavit of  
8 Peter Van Liew who is Oxy's landman in this case. He has  
9 previously testified before the Division and had his  
10 credentials accepted. He is the landman who is familiar  
11 with this proposed non-standard unit, which, as I mentioned,  
12 is in the Bone Spring Formation and comprised of  
13 approximately 1200 acres. And this non-standard unit is  
14 located in Sections 3 and 10 in Township 24 South, Range 29  
15 East in Eddy County, New Mexico.

16 Oxy's Exhibit B-1 is a land plat that outlines  
17 this proposed unit and identifies the tracts of land  
18 included in the unit. Oxy is the designated operator in the  
19 federal leases in this unit in the Bone Spring Formation.  
20 And Mr. Van Liew's affidavit explains that Oxy is seeking  
21 approval of this proposed unit to conform to a federal  
22 communitization agreement.

23 And with this non-standard unit, Oxy would be  
24 able to minimize surface disturbance by consolidating  
25 surface facilities and commingling production from these

1 proposed wells in the unit.

2 Mr. Van Liew's affidavit also explains that Oxy  
3 intends to (unclear) Tails CC 10-35 Com Wells, and each of  
4 those are listed in his affidavit. These wells will be  
5 located in the Pierce Crossing Bone Spring East Pool and the  
6 pool code for that pool is 96473.

7 His -- attached to his affidavit are also the  
8 C-102s and a plat which identifies the parties that were  
9 provided interest -- excuse me -- provided notice of this  
10 hearing, and a list of each of the interest owners that were  
11 provided notice is provided with Oxy's Exhibit C -- excuse  
12 me -- Oxy's Exhibit E.

13 And then moving on to Oxy's Exhibit C, that's the  
14 affidavit of Oxy's geologist in this case, and he explains  
15 in his affidavit that the Bone Spring formation in this area  
16 is appropriate for horizontal development and that each  
17 tract included in this proposed non-standard spacing unit  
18 will be productive and contribute to production of the  
19 wellbore in this spacing unit.

20 So moving on to Oxy's Exhibit D, that's, as I  
21 mentioned, the notice information reflecting that Oxy  
22 provided notice of this hearing both by mail. And then's  
23 Oxy's Exhibit E is the notice of publication to each of the  
24 interest owners in the Carlsbad newspaper which is the  
25 newspaper of circulation in the county where these wells and

1 the spacing unit is to be located.

2 So with that, I would move the admission of Oxy's  
3 A through E and request that the cases be taken under  
4 advisement.

5 HEARING EXAMINER ORTH: Thank you very much.  
6 Mr. Lamkin, do you have questions of Ms. Luck?

7 TECHNICAL EXAMINER LAMKIN: I do not.

8 HEARING EXAMINER ORTH: Thank you. Ms. Luck,  
9 Exhibits A through E are admitted and the matter will be  
10 taken under advisement.

11 MS. LUCK: Thank you.

12 (Exhibits admitted.)

13 (Taken under advisement.)

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1 STATE OF NEW MEXICO  
2 COUNTY OF BERNALILLO

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4 REPORTER'S CERTIFICATE

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

10 I FURTHER CERTIFY that I am neither employed by  
11 nor related to any of the parties or 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 poor to good quality.

16 Dated this 3rd day of December 2020.

17

/s/ Irene Delgado

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

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