

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: 21673, 21674

APPLICATION OF CHISHOLM ENERGY OPERATING  
LLC FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS  
EXAMINER HEARING  
March 4, 2021  
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, March 4, 2021, through the Webex Platform.

Reported by: Irene Delgado, NMCCR 253  
PAUL BACA PROFESSIONAL COURT REPORTERS  
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1 A P P E A R A N C E S

2 For the Applicant:

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7 505-954-7286

8 For Marathon Oil Permian:

9 DEANA BENNETT  
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13 505-848-9710

14 For Schumate and Thunderbolt Petroleum:

15 JAMES BRUCE  
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18 505-982-2151  
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20 I N D E X

21 CASE CALLED

22 SUMMARY OF CASE AND EXHIBITS 03

23 TAKEN UNDER ADVISEMENT 07

24 REPORTER CERTIFICATE 08

25

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

27 Admitted

28 All Exhibits and Attachments 07

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1 HEARING EXAMINER ORTH: Let's move to the next  
2 two matters, 21673 and 21674, both compulsory pooling  
3 applications. The well name is Anaconda. Who is here from  
4 Holland & Hart for the applicant?

5 MR. FELDEWERT: Madam Hearing Officer and  
6 Examiner Lamkin, Michael Feldewert of the Santa Fe office of  
7 Holland & Hart on behalf of the applicant.

8 HEARING EXAMINER ORTH: Good morning. And  
9 Marathon entered an appearance. Ms. Bennett?

10 MS. BENNETT: Good morning. Deana Bennett on  
11 behalf of Marathon Oil Permian LLC in these two cases, and  
12 Marathon does not object to these two cases going by  
13 affidavit.

14 HEARING EXAMINER ORTH: Thank you very much. Let  
15 me pause for a moment in the event there are other entries.

16 MR. BRUCE: Madam Examiner?

17 HEARING EXAMINER ORTH: Oh, yes, Mr. Bruce.

18 MR. BRUCE: Yes. Can you hear me?

19 HEARING EXAMINER ORTH: Yes.

20 MR. BRUCE: I am entering an appearance on behalf  
21 of, in both cases, on behalf of Gene Schumate and his wife  
22 Carol Schumate and Thunderbolt Petroleum, and they do not  
23 object to the matters proceeding by affidavit.

24 HEARING EXAMINER ORTH: All right. Thank you  
25 very much, Mr. Bruce. Whenever you are ready, Mr.

1 Feldewert.

2 MR. FELDEWERT: Sure, thank you. In these  
3 consolidated cases Chisholm is seeking to create and pool  
4 two separate spacing units in the Bone Spring formation  
5 underlying sections -- underlying the E/2 of Sections 11  
6 and 14, 20 South, 33 East, down in Lea County.

7 The E/2 of the E/2 of these two sections will be  
8 dedicated initially to the Anaconda 7H well. And the W/2 of  
9 the E/2 of these two sections will be initially dedicated to  
10 the Anaconda 13H well.

11 You will see with our exhibit package that we  
12 provide the compulsory pooling application checklist and the  
13 filed applications.

14 We then provide an affidavit from Jacob Daniels  
15 who is the landman with the company that's been provided  
16 under Exhibit A. He has previously testified before this  
17 Division a number of times. His affidavit provides in  
18 numeric order the draft C-102s which are complete except for  
19 the API numbers given that those are still pending.

20 He provides what we marked on the index as a  
21 general location map, that was a mistake. It's actually a  
22 land plat that shows the tracts of ownership, shows the  
23 tracts and the ownership for each of these spacing units,  
24 first the E/2 E/2 and then the W/2 of the E/2 and provides  
25 a -- in highlight the parties that the company seeks to

1 pool.

2 I will add that there has been some recent  
3 executions of JOAs, so we are able to release Javalina  
4 Partners, Zoro Partners LTD and Access Energy Corporation  
5 from the pooling here.

6 Mr. Daniels then provides a sample under Exhibit  
7 A-3, the well proposal letters that went out, one for the 7H  
8 well and the other for the 13H well, along with the AFEs.  
9 And then he has as Exhibit A-4, the chronology of contacts  
10 with each of the parties that the company seeks to pool.

11 I believe it's roughly Page 35 of our PDF we then  
12 provide the affidavit of John Kuhn who is a geologist with  
13 the company. He has likewise testified before the Division  
14 on numerous occasions. He provides under his Exhibit B-1 a  
15 location map down in Lea County that highlights the stand-up  
16 spacing units. He also notes in there, perhaps of interest  
17 to Mr. Lamkin, the substantial development of the Bone  
18 Spring, particularly the Bone Spring, Third Bone Spring Sand  
19 just to the east of this area, all with the stand-up  
20 orientations which is what Mr. Kuhn has testified is  
21 appropriate here.

22 His Exhibit B-2 provides a structure map  
23 highlighting again the proposed spacing units with the well  
24 orientations, and on that structure map he has his cross  
25 section wells from A to A prime. There are four of them in

1 the well logs that he testifies about that comprise Exhibit  
2 B-3 to his affidavit.

3 Our Exhibit C is the notice affidavit, along with  
4 the notice letters, and the status of the notice to all of  
5 the working interest owners and overriding royalty interest  
6 owners that are involved.

7 Exhibit, Chisholm Exhibit D as in David is --  
8 contains the affidavits of publication in a local newspaper  
9 directed by name to these pooled parties, particularly the  
10 overriding royalty interest owners. We have one for each  
11 case.

12 So with that, I would move the admission of  
13 Chisholm Exhibits A, B, C and D and ask if there is any  
14 questions.

15 HEARING EXAMINER ORTH: Thank you very much, Mr.  
16 Feldewert. Ms. Bennett, do you have any questions?

17 MS. BENNETT: No questions. Thank you.

18 HEARING EXAMINER ORTH: Mr. Bruce, any questions?

19 MR. BRUCE: No questions, thanks.

20 HEARING EXAMINER ORTH: Thank you. Mr. Lamkin,  
21 any questions?

22 TECHNICAL EXAMINER LAMKIN: I just have one  
23 question. Were there any interest owners that you were  
24 relying on the publication for notice that you were not able  
25 to contact any of them?

1           MR. FELDEWERT:  If we look at the notice list, I  
2 believe there was some overriding royalty interest owners --  
3 I didn't  -- it looks like there was redelivery efforts made  
4 to some overriding royalty interest owners, and as a result  
5 we seemed to have -- we believe we have valid contact  
6 information, but when we look at the notice list, it hasn't  
7 quite been delivered for various reasons, so that's why we  
8 had a notice of publication.

9           TECHNICAL EXAMINER LAMKIN:  Thank you very much.

10          HEARING EXAMINER ORTH:  All right.  Thank you.  
11 Exhibits A through D are admitted and the matters will be  
12 taken under advisement.  Thank you, Mr. Feldewert.

13          MR. FELDEWERT:  Thank you.

14                   (Exhibits admitted.)

15                   (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 virtual proceedings in stenographic shorthand and  
9 that the foregoing pages are a true and correct transcript  
10 of those proceedings to the best of my ability.

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

15 I FURTHER CERTIFY that the Virtual Proceeding was  
16 of poor to good quality.

17 Dated this 4th day of March 2021.

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/s/ Irene Delgado

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Irene Delgado, NMCCR 253  
License Expires: 12-31-21

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