

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: 21679, 21680

APPLICATION OF DEVON ENERGY PRODUCTION COMPANY LP
TO AMEND ORDERS NO. R-21081-A AND R-21082-A FOR ONE
YEAR EXTENSIONS OF THE WELL COMMENCEMENT DEADLINES,
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
500 Fourth Street, NW, Suite 105
Albuquerque, NM 87102
505-843-9241

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

A P P E A R A N C E S

For the Applicant:
ABADIE & SCHILL, PC
DARIN C. SAVAGE
WILLIAM ZIMSKI
214 McKenzie Street
Santa Fe, NM 87501
970-395-4401

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
All Exhibits and Attachments	07

1 HEARING EXAMINER ORTH: Moving then to cases
2 21679 and 21680, Devon Energy is the applicant. These are
3 requests to amend earlier orders. The name of the well is
4 Sneaky Snake. I guess not all snakes are sneaky.

5 Mr. Savage, are you here for the applicant?

6 MR. SAVAGE: Madam Examiner, I would like to
7 introduce Bill Zimski with Abadie & Schill. He is going to
8 become more involved in helping with hearings and cases with
9 the Division and the Commission. He is out of our Durango
10 office, but I think he will be visiting Santa Fe in the
11 future more often.

12 So, Bill, Mr. Zimski.

13 MR. ZIMSKI: Yes, good morning. William Zimski,
14 Abadie & Schill's Durango office. I am here in the two
15 cases. We are seeking an extension on two pooling orders on
16 behalf of Devon involving the W/2 of Section 24, Township 23
17 South, Range 7 West.

18 In August 2019, Devon filed applications for
19 orders creating these standard 320 acre spacing and
20 proration units, one for the Bone Spring, and that was Case
21 20793, and one for the Wolfcamp, Case Number 20794. A
22 hearing was held, and the Division issued orders, R-21081
23 and R-21082 for the Bone Spring and Wolfcamp respectively.

24 In April 2020, Devon applied to conform these
25 orders to the Division's amended order template, and those

1 applications were granted. And in May of 2020, the Division
2 granted the applications and issued Order R-21081-A with
3 respect to the Bone Spring, and 21082-A with respect to the
4 Wolfcamp, and those were issued on May 20, 2020.

5 Now we are here seeking a one-year extension for
6 both of those pooling orders. Case 21679 is seeking to
7 extend the amended Order 21081-A. And Case 21680 is seeking
8 a one-year extension of Order 21082-A until May 20 of 2022.

9 We filed hearing packets on Tuesday. They are
10 both very similar. Exhibits A of the hearing packets, of
11 each hearing packet is the affidavit of the landman,
12 Mr. Andy Bennett, who is familiar with the subject lands in
13 the unit whose credentials have previously been accepted as
14 an expert witness in professional land matters.

15 He testified by affidavit that Devon is in good
16 standing under statewide rules and the existing pooling
17 order, and there exists good cause to grant the extension
18 requested.

19 As set forth in his affidavit, Devon has made a
20 good faith and diligent effort and has made substantial
21 progress toward development of the unit. Specifically,
22 Devon has obtained drilling permits from the Bureau of Land
23 Management for the four Bone Spring wells that Devon
24 originally proposed, as well as for the four Wolfcamp wells
25 that Devon originally proposed.

1 Devon has accomplished a trade by which they have
2 acquired 100 percent working interest so now -- acquired 50
3 percent working interest from COG after a swap and now Devon
4 owns 100 percent working interest. The remaining interest
5 owners subject to the pooling orders are owners of
6 overriding royalty trusts.

7 As with other companies, Devon has experienced
8 changes and logistical delays in its drilling schedule from
9 Covid-19 and fluctuating market conditions.

10 Devon will continue to work with the remaining
11 interest owners, provide them with the updated order with
12 the extension if granted.

13 Based on the foregoing, Devon respectfully
14 requests the opportunity to move forward without
15 interruption under a one-year time extension.

16 Exhibit B in each hearing packet shows notice of
17 this hearing was timely mailed. The mailing report shows
18 notice letters were received by the six owners, the
19 overriding royalty interests. We received three return
20 receipts, and USPS has tracked and stated that the other
21 three envelopes have been delivered.

22 We made timely publication in the newspaper on
23 February 16, and that's also provided as Exhibit D of the
24 affidavit of notice which I executed yesterday or on
25 Tuesday.

1 We, Devon requests that Exhibits A and B and all
2 related sub exhibits be accepted into the record and that
3 Devon -- and that Devon for both hearing packets in both
4 cases, and Devon requests that it's request for a one year
5 time extension in both applications be taken under
6 advisement.

7 HEARING EXAMINER ORTH: Thank you, Mr. Zimski.
8 Mr. Lamkin, do you have questions?

9 TECHNICAL EXAMINER LAMKIN: I have no questions.

10 HEARING EXAMINER ORTH: All right. Thank you.
11 The exhibits are admitted, Exhibits A and B, and all sub
12 exhibits, and the matter is taken under advisement.

13 MR. ZIMSKI: Thank you, Madam Examiner.

14 (Exhibits admitted.)

15 (Taken under advisement.)

16

17

18

19

20

21

22

23

24

25

1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

3

4 REPORTER'S CERTIFICATE

5

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.

18

/s/ Irene Delgado

19

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

20

21

22

23

24

25