

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: 21727 - 21730
21827, 21878

APPLICATION OF APACHE CORPORATION
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS
EXAMINER HEARING
APRIL 8, 2021
SANTA FE, NEW MEXICO

This matter came on for virtual hearing before
the New Mexico Oil Conservation Division, HEARING OFFICER
WILLIAM BRANCARD and TECHNICAL EXAMINER DEAN McCLURE on
Thursday, April 8, 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

A P P E A R A N C E S

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

For the Applicant:

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

For Colgate:

PADILLA LAW FIRM
ERNEST PADILLA
1512 S. St. Francis Drive
Santa Fe, NM 87505

For Cimarex:

ABADIE & SCHILL, PC
DARIN C. SAVAGE
214 McKenzie Street
Santa Fe, NM 87501
970-395-4401

For V-F and Lawless:

DANA HARDY
HINKLE SHANOR LLP
P.O. Box 0268
Santa Fe, NM 87504
505-982-4554

For XTO:

DREW CLOUTIER
HINKLE SHANOR LLP
P.O. Box 0268
Santa Fe, NM 87504
505-982-4554

For EOG:

JOBY RITTENHOUSE
BEATY & WOZNIAK PC
500 Don Gaspar Avenue
Santa Fe, NM 87505
505-670-2924

I N D E X

1		
2	CASE CALLED	
3	STATUS CONFERENCE	03
4	REPORTER CERTIFICATE	16
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		

1 HEARING EXAMINER BRANCARD: We are going to start
2 by calling Case Number 21727, and I believe it's also
3 combined with Case 21728, 21729, 21730, and I believe the
4 applicant indicated that it should be combined with Case
5 21827. The applicant being Apache Corporation. Holland &
6 Hart, who is here to represent Apache.

7 MR. FELDEWERT: May it please the Examiner,
8 Michael Feldewert with the Santa Fe office of Holland & Hart
9 on behalf of the applicant, Apache Corporation.

10 HEARING EXAMINER BRANCARD: Did I get that right
11 on the number of cases you would like to have as part of
12 this status conference, Mr. Feldewert?

13 MR. FELDEWERT: Yes, sir.

14 HEARING EXAMINER BRANCARD: We have a number of
15 other parties who have entered appearances. I will call
16 them one by one. Colgate, Mr. Padilla?

17 MR. PADILLA: Yes, sir.

18 HEARING EXAMINER BRANCARD: EOG, Beatty &
19 Wozniak.

20 MR. RITTENHOUSE: This is Joby Rittenhouse. I'm
21 here.

22 HEARING EXAMINER BRANCARD: Cimarex, Abadie &
23 Schill.

24 MR. SAVAGE: Good morning, Mr. Examiner, Darin
25 Savage for Cimarex.

1 HEARING EXAMINER BRANCARD: We have a couple of
2 appearances by Hinkle Shanor. XTO?

3 MR. CLOUTIER: Drew Cloutier on behalf of XTO
4 Holdings.

5 HEARING EXAMINER BRANCARD: And I think V-F and
6 Lawless is also Hinkle Shanor.

7 MS. HARDY: This is Dana Hardy. Can you hear me?

8 HEARING EXAMINER BRANCARD: Barely.

9 MS. HARDY: I will try to speak loudly. My
10 computer is having a glitch, so I had to call in. This is
11 Dana Hardy on behalf of V-F and S.K. Lawless.

12 HEARING EXAMINER BRANCARD: Thank you, Ms. Hardy.
13 We hear you.

14 I will turn it back to Apache. Mr. Feldewert,
15 what is the pleasure of the parties?

16 MR. FELDEWERT: Good morning. Thank you, Mr.
17 Brancard. The Apache cases involve four laydown, two-mile
18 spacing units or what they call a Palmillo 29 and 30 wells
19 involving the Bone Spring formation under both the N/2 and
20 S/2 of Sections 29 and 30 in 19 South, 28 East.

21 Mr. Padilla's client, Colgate, under Case 21827,
22 have competing -- has a competing spacing unit in the S/2 of
23 Section 29 and 30 for their, what they call a Black Jack
24 well which is on this docket. I also understand they have
25 proposed and I believe may have filed pooling applications

1 for the N/2 of Section 29 and 30 for what they call the
2 Buckhorn wells. I'm not sure the status of that. I know
3 they were proposed about a month ago, so Mr. Padilla will
4 probably be able to enlighten us, but I am assuming those
5 will be on the docket shortly.

6 So those are the cases that are on the docket or
7 will be on the docket for pooling. We also have a V-F
8 petroleum, Ms. Hardy's client, who has apparently obtained
9 drilling permits for what they call the Bowie State Com
10 wells. These would be one-mile wells in the Bone Spring
11 formation underlying Section 30.

12 So with two purposes here today, I think,
13 Mr. Brancard, one is to perhaps get this case -- these
14 competing cases set for a hearing at some point in the next
15 few months. I would also like, and I assume Colgate would
16 be in the same position on this, we would like some
17 clarification from Ms. Hardy that her client V-F Petroleum
18 is not intending to go out and drill under their existing
19 permits for the Bowie State Com wells before we have a
20 hearing.

21 Otherwise I guess we have to file a motion to
22 stay the drilling of those wells because they involve the
23 acreage at issue in these competing pooling cases for
24 two-mile wells. So that's what I know.

25 HEARING EXAMINER BRANCARD: Mr. Padilla, are we

1 correct that Case 21827 would be combined with these other
2 applications in one hearing?

3 MR. PADILLA: (Inaudible.)

4 HEARING EXAMINER BRANCARD: Are you on mute, Mr.
5 Padilla? I can't tell.

6 MR. PADILLA: Can you hear me?

7 HEARING EXAMINER BRANCARD: Now we can hear you,
8 yes.

9 MR. PADILLA: We would also like to try at the
10 same time the cases involved in your Number 6 case, 21825
11 and 21826, so all of those cases would probably be
12 consolidated for hearing even though they may not be
13 directly competing with some of the Apache cases.

14 So whatever date we choose would be -- would
15 include these other cases as well. And I'm -- my
16 understanding is that Apache and Colgate are negotiating,
17 so -- to try and resolve whatever differences they have
18 between them because of the competing nature of the
19 applications.

20 HEARING EXAMINER BRANCARD: Okay. So do you want
21 to combine 21825 and 21826 with these other five cases or
22 have them heard the same day?

23 MR. PADILLA: Have them heard the same day.

24 HEARING EXAMINER BRANCARD: Okay. Before I go to
25 the other parties, I guess, Ms. Hardy, Mr. Feldewert has

1 tossed something your direction here. Can you respond?

2 MS. HARDY: Yes, I can. I believe that V-F is
3 evaluating how to proceed in this matter, and I know there
4 are negotiations that are ongoing. So I would need to
5 further investigate with them their intent. I think they
6 are still evaluating how to proceed given the competing
7 nature of these applications and they do have approved APDs,
8 so I need to consult with them about that.

9 MR. PADILLA: Mr. Brancard, Mr. Feldewert also
10 mentioned the Buckhorn wells that Colgate has. We filed an
11 application yesterday -- I believe, yesterday or the day
12 before for the Buckhorn Wells, so -- and I don't have that
13 case with me right now, but we do have a case number since
14 we sent the notices yesterday.

15 HEARING EXAMINER BRANCARD: Would those wells be
16 competing with the ones that are at issue right now.

17 MR. PADILLA: They are all wrapped up in the same
18 packet, and I understand that the Buckhorns compete with
19 some of the Apache Corporation applications as well. So
20 that case -- and I can find that very quickly here.

21 MR. FELDEWERT: Mr. Brancard, while Mr. Padilla
22 is doing that, if I may, we have, what's involved here in
23 the cases you just called would be Sections 29 and 30.
24 Okay? And that would be cases 21727 through 21730. And
25 then Colgate's case 21827, which is the Black Jack, and then

1 whatever -- and then the case number that Mr. Padilla is
2 trying to find for the Buckhorn Well would also then involve
3 Sections 29 and 30.

4 The other cases involve different sections in the
5 same township and range, so that would be a separate hearing
6 package.

7 MR. PADILLA: Mr. Brancard, I have the case
8 number now for the Buckhorn Wells. It's 21878.

9 HEARING EXAMINER BRANCARD: It's just one case?

10 MR. PADILLA: Just one case and I believe it's
11 four wells.

12 HEARING EXAMINER BRANCARD: Okay. Mr. Feldewert,
13 my understanding is you're okay with combining that case
14 also in this proceeding?

15 MR. FELDEWERT: With the cases before you right
16 now, yes, they involve the same Sections 29 and 30.

17 HEARING EXAMINER BRANCARD: So we are talking six
18 cases now?

19 MR. FELDEWERT: Yes, sir.

20 HEARING EXAMINER BRANCARD: So do you have a date
21 in mind for a hearing? I believe we can't go any sooner
22 than June at this point.

23 MR. FELDEWERT: I know we had -- I think Mr.
24 Padilla and I talked about that. I had in my head July, but
25 maybe that's just me. I can't remember point if I spoke

1 with Mr. Padilla about that or not.

2 HEARING EXAMINER BRANCARD: I think that was
3 mentioned in your prehearing statement.

4 MR. FELDEWERT: Was it? Okay, then I must have
5 spoken

6 HEARING EXAMINER BRANCARD: Your request for
7 status.

8 MR. PADILLA: June or July would be fine with us,
9 or probably preference would be July.

10 HEARING EXAMINER BRANCARD: Okay. Marlene, what
11 are our dates in July?

12 MS. SALVIDREZ: They are July 1 and July 15.

13 HEARING EXAMINER BRANCARD: Okay, thank you.
14 Well, let me go around to the other parties involved here
15 with their comments and concerns or interest in a July
16 hearing. Start with EOG.

17 MR. RITTENHOUSE: This is Joby Rittenhouse. EOG
18 doesn't have any objection or comment with respect to either
19 a consolidation or continuance to July.

20 HEARING EXAMINER BRANCARD: Okay, thank you,
21 Cimarex?

22 MR. SAVAGE: Darin Savage. Cimarex has no
23 objection. July should be fine. We are just here to
24 monitor and watch how things work out.

25 HEARING EXAMINER BRANCARD: Excellent. XTO,

1 Mr. Cloutier.

2 MR. CLOUTIER: Same position, we don't object to
3 any consolidation and a July hearing is fine with us,
4 Mr. Hearing Examiner.

5 HEARING EXAMINER BRANCARD: And, Ms. Hardy?

6 MS. HARDY: Yes, Mr. Examiner, we don't object to
7 a consolidation and July hearing is fine. I have conflicts
8 in late July, so I would prefer the July 1st date if that's
9 a possibility.

10 HEARING EXAMINER BRANCARD: Okay, thank you.

11 MR. BRUCE: Mr. Brancard, this is Jim Bruce. I
12 forgot, late yesterday I entered an appearance in Colgate
13 Case 21825, Number 6 on the docket for MRC Permian Company.
14 I have -- we are just an interested party. We are not
15 going to take an active part in the case and so I don't have
16 any objection to a July date.

17 HEARING EXAMINER BRANCARD: Thank you, Mr. Bruce.
18 And I'm sorry, who were you representing again?

19 MR. BRUCE: MRC Permian.

20 HEARING EXAMINER BRANCARD: MRC, okay. And
21 that's on 21825 and 21826?

22 MR. BRUCE: 21825.

23 HEARING EXAMINER BRANCARD: Okay.

24 MR. FELDEWERT: So that would be a different set
25 of cases, Mr. Brancard.

1 HEARING EXAMINER BRANCARD: Right. Well, let's
2 first do the first six. Mr. Feldewert, you are the
3 applicant. Are you okay with July 1?

4 MR. FELDEWERT: That's fine with us,
5 Mr. Examiner. Thank you.

6 HEARING EXAMINER BRANCARD: Okay. And Mr.
7 Padilla, you are also an applicant, so --

8 MR. PADILLA: July 1 is fine.

9 HEARING EXAMINER BRANCARD: Okay. I can prepare
10 a prehearing order, but are there any other issues that you
11 want to have addressed in the prehearing order about
12 testimony or other matters?

13 MR. PADILLA: No, Mr. Brancard, we will file a
14 motion for continuance to July 1.

15 HEARING EXAMINER BRANCARD: All right.

16 MR. PADILLA: And I wanted some clarification on
17 the continuance issue. If we have a status conference, if
18 we file a continuance ahead of a status conference, let's
19 just say we continued to take Mr. Feldewert's cases were set
20 for May 6, we filed to May 6, and then we would have to file
21 another continuance after that or could we -- I mean, I'm
22 waiting today to -- and I will continue to July 1 because I
23 know when the case is set. But in the meantime Mr.
24 Feldewert had asked for a continuance to May 6, and he can
25 correct me if I'm wrong, but I'm just trying to avoid having

1 to do two continuances and save some money in the process.

2 MR. FELDEWERT: So if I may interject, May 6
3 involves the next set of cases that we need to address, not
4 this particular set. But I do share your point that I guess
5 I'm a little confused about the announced procedure because
6 if the cases are on the docket, and we ask for that they be
7 addressed as part of a status conference, I'm not sure how
8 we file for a continuance when it's unknown when we would
9 continue to. That's confusing to me.

10 MS. SALVIDREZ: This is Marlene and I can answer
11 that. So you won't file a continuance until after the
12 status conference and you decide on a date for hearing. So
13 you can file them today any time before I send out the
14 docket for July 1. So you wouldn't know until we're in a
15 hearing and we're in a status conference and you discuss the
16 date and agree upon a date.

17 MR. FELDEWERT: That makes sense to me. That's
18 what we had always done. I was a little confused about when
19 it was announced earlier about continuances and status
20 conferences. I guess I misunderstood.

21 HEARING EXAMINER BRANCARD: Marlene understands
22 it much better than I do, so follow her directions.

23 MR. FELDEWERT: And then the second thing,
24 Mr. Brancard, in light of the fact that we are going to have
25 a July 1 hearing, which is a few months from now, I would

1 request that Ms. Hardy visit with her client and be able to
2 provide some assurance that they are not going to go out and
3 start drilling Section 30 before we have our hearing.

4 MS. HARDY: Yes, Mr. Feldewert, I would be happy
5 to do that and I will let you know.

6 MR. FELDEWERT: Thank you.

7 HEARING EXAMINER BRANCARD: Great. Okay, was
8 there any other procedural matters, Mr. Feldewert, for this
9 hearing?

10 MR. FELDEWERT: No, Mr. Examiner, my only comment
11 would be I -- and I think your form of order currently
12 states that the parties file a prehearing statement that
13 identifies the -- the contested issues of fact. As you
14 know, it's always difficult to put together uncontested
15 facts, so I'm not sure -- I don't think your form of order
16 currently requires that and it's probably a good thing.

17 HEARING EXAMINER BRANCARD: You don't want to
18 have the contested facts or uncontested facts?

19 MR. FELDEWERT: I think it's getting agreement on
20 what is contested and uncontested can be time consuming and
21 difficult. Parties can usually not agree on what is
22 uncontested. It's easier to list the contested issues of
23 fact.

24 HEARING EXAMINER BRANCARD: Okay. All right.
25 Any other comments?

1 MR. FELDEWERT: Mr. Brancard, are we still
2 anticipating being in a virtual format in July?

3 HEARING EXAMINER BRANCARD: Yes.

4 MR. FELDEWERT: Okay.

5 HEARING EXAMINER BRANCARD: Any other comments or
6 concerns from any of the other parties?

7 (No audible response.)

8 HEARING EXAMINER BRANCARD: Okay. And so with
9 that, Cases 21727, 21728, 21729, 21730, of Apache
10 Corporation, 21827 of Colgate, and I believe, Mr. Padilla,
11 the number you gave was 21878.

12 MR. PADILLA: Yes, that's correct.

13 HEARING EXAMINER BRANCARD: Okay. Those cases
14 will be consolidated for hearing on July 1, and I will issue
15 a prehearing order to that effect.

16 MR. FELDEWERT: Thank you.

17

18

19

20

21

22

23

24

25

1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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

REPORTER'S CERTIFICATE

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

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

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

Dated this 8th day of April 2021.

/s/ Irene Delgado

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