

STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTTTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:

APPLICATION OF SPUR ENERGY	CASE NOS. 21926, 21927
PARTNERS, LLC FOR COMPULSORY	21928, 21929
POOLING, LEA COUNTY, NEW MEXICO	21930 21931

REPORTER'S TRANSCRIPT OF PROCEEDINGS

STATUS CONFERENCE

THURSDAY, JUNE 3, 2021

This matter came on for hearing before the
New Mexico Oil Conservation Division, William
Brancard, Hearing Examiner, Leonard Lowe,
Technical Examiner, on Thursday, June 3, 2021,
via the Webex Virtual Conferencing Platform

Reported by: Mary Therese Macfarlane
New Mexico CCR No. 122
PAUL BACA COURT REPORTERS
500 Fourth Street NW, Suite 105
Albuquerque, New Mexico 87102
(505) 843-9241

A P P E A R A N C E S

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SPUR ENERGY PARTNERS: Dana Hardy, Esq.
Hinkle, Shanor, LLP
P.O. Box 2068
Santa Fe, NM 87504-2068
(505) 982-4544
dhardy@hinklelawfirm.com

FOR CHEVRON USA: Earl DeBrine, Esq.
Modrall Sperling.
500 Fourth Street NW,
Suite 1000
Albuquerque, NM 87102
(505) 848-1800.
earl.debrine@modrall.com

FOR CONOCOPHILLIPS: Adam G. Rankin, Esq.
Holland & Hart
Adam G. Rankin, Esq.
110 North Guadalupe, Suite 1
Santa Fe, New Mexico 87501
(505) 988-4421
agrarkin@hollandhart.com

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1 (Time Noted 8:17 a.m.)

2 HEARING EXAMINER BRANCARD: We have a series of
3 status conferences. The first one is a series of cases
4 from Spur Energy Partners. These are Cases 21926, 21927,
5 21928, 21929, 21930, 21931.

6 Spur Energy Partners.

7 MS. HARDY: Good morning, Mr. Hearing Examiner.
8 Dana Hardy on behalf of Spur Energy Partners, LLC.

9 MR. DEBRINE: Good morning, Mr. Examiner. Earl
10 DeBrine with the law firm of Modrall Sperling firm on
11 behalf of Chevron USA Inc. in Cases 21926 and 21927.

12 HEARING EXAMINER BRANCARD: Thank you,
13 Mr. DeBrine. Jumped the gun there.

14 Then I think we have Conoco Phillips,
15 holland & Hart.

16 MR. RANKIN: Good morning, Mr. Brancard. Adam
17 Rankin appearing on behalf of ConcocoPhillips Company from
18 the Law Firm of Holland & Hart in Santa Fe, appearing in a
19 series of cases, as well, 21926 through 21931.

20 HEARING EXAMINER BRANCARD: All right. Are
21 there any other appearances in these cases, 21926 through
22 21931. (Note. No response.)

23 Hearing none, Ms. Hardy do you have a
24 proposal for us?

25 MS. HARDY: I do, Mr. Examiner.

1 Spur has been working on this development
2 for several months. It has these wells on its drilling
3 schedule, some for the last quarter of 2021, so we would
4 like to have these matters heard as soon as possible.
5 Spur timely sent its Well Proposals to ConocoPhillips in
6 late March of 2021 and ConocoPhillips had plenty of time
7 to review those but filed its pooling applications that
8 are competing with these cases and its Well Proposals only
9 shortly before Spur's cases were set for hearing. So if
10 Conoco had planned to develop this acreage it could
11 certainly have filed earlier.

12 Spur is ready to proceed, and would like to
13 have these cases heard on July 1st. I understand that
14 Conoco has filed competing applications which are Case
15 Nos. 21997 through 21999, I believe. And those
16 applications, I think, only impact Spur's applications in
17 the south half of these sections, so it seems to me that
18 Spur's north half applications, would be Case Nos. 21926,
19 21928 and 21930 are not competing with Conoco's
20 applications and that those should be set on June 17th by
21 affidavit.

22 So that's what I would request. Thank you.

23 HEARING EXAMINER BRANCARD: I'll start with you
24 Mr. Rankin. Do you have competing applications?

25 MR. RANKIN: Good morning, Mr. Brancard. In

1 response, yes, we do have competing applications for the
2 south half of Section 12 and Section 7, and those are the
3 three cases that Ms. Hardy has referred to, and those are
4 the cases that would be competing with Spur's cases in the
5 south half of 7 and Section 12.

6 HEARING EXAMINER BRANCARD: So they have just
7 been filed. I would assume they would be scheduled for
8 July 1.

9 MR. RANKIN: We have filed them as quickly as
10 possible, and proceeded to do so on an expedited basis in
11 order to -- as instructed by the Division to have
12 competing cases set as quickly as possible.

13 So while they are not, you know, ripe for
14 hearing, because the Well Proposals just went out, as
15 well, we would prefer to set them for a later date to
16 enable all working interest owners the opportunity to
17 review the Well Proposals and make their elections between
18 the competing proposals.

19 So our preference would be, in order to
20 ensure that ConocoPhillips' applications are fully ripe
21 among all interest owners, that we set the hearing,
22 contested hearing later so we can enable all the interest
23 owners the opportunity to review.

24 HEARING EXAMINER BRANCARD: Okay. Well, first
25 let's clarify Ms. Hardy's point of contention that your

1 applications, Mr. Rankin, Conoco's application are only
2 competing with some of Spur's applications.

3 Do you have a comment on that? Is that
4 correct?

5 Mr. Rankin, you're muted.

6 MR. RANKIN: Sorry. Sorry about that.

7 Yes, I believe -- I'll need to double check
8 that. I'll confirm the intent of ConocoPhillips, but it
9 is true for right now that only the south half of Section
10 7 and 12 have been filed. I will confirm whether the
11 intent is to file for the north half, as well.

12 HEARING EXAMINER BRANCARD: Let's go to
13 Mr. DeBrine.

14 MR. DeBRINE: Mr. Examiner, we do not oppose Ms.
15 Hardy's suggestion, and if there is no competing
16 application for Case 21926, that could be presented by
17 affidavit.

18 HEARING EXAMINER BRANCARD: You're also listed
19 for 21927.

20 MR. DeBRINE: Right. I think that was one that
21 she indicated there was a competing application, and we're
22 okay with whatever date the Division sets for those, that
23 case.

24 HEARING EXAMINER BRANCARD: Thank you.

25 So, Ms. Hardy, it looks like we have some

1 competing applications but we may have more.

2 MS. HARDY: Well, Mr. Examiner, I think at this
3 point we don't, so I would request that the north half
4 applications be set on June 17th, and that the south half
5 applications that are currently competing be set for July
6 1st.

7 HEARING EXAMINER BRANCARD: Okay. So tell me
8 again what the numbers are for the north half.

9 MS. HARDY: So the north half cases are 21926,
10 21928 and 21930.

11 HEARING EXAMINER BRANCARD: Okay. The even
12 numbers.

13 MS. HARDY: Yes.

14 HEARING EXAMINER BRANCARD: And you want to put
15 those on the next docket.

16 MS. HARDY: Yes. By affidavit.

17 HEARING EXAMINER BRANCARD: By affidavit.

18 So if there is, if they do get contested,
19 then they get continued.

20 MS. HARDY: I think at that point we could
21 evaluate, yes, but then I would think they would be set
22 with the other cases.

23 HEARING EXAMINER BRANCARD: Marlene, can we
24 still get these cases on June 17th?

25 MS. SALVIDREZ: Yes.

1 HEARING EXAMINER BRANCARD: Okay. And so then,
2 Ms. Hardy, the other cases, the odd-numbered cases, 21927,
3 21929 and 21931, those are the subject of competing
4 applications from ConocoPhillips?

5 MS. HARDY: Correct.

6 HEARING EXAMINER BRANCARD: So we got to find a
7 date for those.

8 MS. HARDY: Correct. And on those we would
9 request July 1st, I think at the latest July 15th.

10 Moving the hearing later into August or
11 September, as Conoco has proposed, is a problem for Spur
12 because of their drilling schedule, and they have plans to
13 complete these wells, at least some of them, in the last
14 quarter of this year. So an August or September hearing
15 just pushes that too late by the time we get the Order,
16 and I think it unfairly penalizes Spur. As they had
17 timely filed their applications and submitted their Well
18 Proposals, they're entitled to have these cases heard.

19 HEARING EXAMINER BRANCARD: Okay. We are
20 starting to really fill up these dockets here. You were
21 looking for July 1?

22 MS. HARDY: Correct. And that's the date,
23 actually, that Conoco's applications are currently set on,
24 or that's the docket for which they were filed.

25 HEARING EXAMINER BRANCARD: Right. That would

1 be the docket for new applications.

2 MS. HARDY: Right.

3 HEARING EXAMINER BRANCARD: So you want to try
4 to do that one at the end of the July 1 docket?

5 MS. HARDY: That would great, yes.

6 HEARING EXAMINER BRANCARD: Possibly going over
7 to July 2nd, which we've found nobody wants to go over to
8 July 2nd these days, but...

9 Mr. Rankin.

10 MR. RANKIN: Thank you, Mr. Brancard. I think
11 our concern about the July docket would be that
12 ConocoPhillips Well Proposals have just gone out, and
13 working interest owners in those sections will have to
14 make a decision between the competing Well Proposals.

15 Our proposed application, they will not
16 have had the normal 60 days to review the Well Proposals
17 prior to the hearing date. You know, 30 days plus the 30
18 days prior to the, uhm -- when the applications for the
19 hearing date.

20 So we would ask that the hearing be set in
21 the August time frame. I think we could do -- actually,
22 the earlier docket in August would be workable if that
23 would be something that we could get on the docket; if
24 not, the second hearing date in August. That way if there
25 are any concerns from working interest owners about

1 timing, they would be -- the hearing would be ripe at that
2 point.

3 HEARING EXAMINER BRANCARD: Okay. As I said,
4 these dockets are starting to fill up, and we are now
5 actually starting to look at September and October.

6 MS. HARDY: Mr. Examiner, may I respond to
7 Mr. Rankin's request?

8 HEARING EXAMINER BRANCARD: Certainly.

9 MS. HARDY: Thank you.

10 I think that 60 days would have elapsed by
11 mid July, I believe from the date of the Well Proposals.
12 So we would really prefer, if we are not going to do the
13 July 1st docket, to do July 15th or 16th. Again, pushing
14 the hearing into August is a problem for Spur. September
15 is certainly a problem. It's just too late.

16 HEARING EXAMINER BRANCARD: Mr. Rankin, can you
17 do a special docket on July 16th?

18 MR. RANKIN: I would have to confer. I don't
19 know about that date. I did not ask the client about July
20 dates, so I will have to confer with them about their
21 availability in July. So I don't know. I know that the
22 August dates can work, but I don't know about the July
23 dates. I'd have to confirm.

24 HEARING EXAMINER BRANCARD: Well, that July 15th
25 docket is really full, could easily go over to the 16th.

1 How about August 6th? A special docket.

2 MR. RANKIN: I know that I have conferred about
3 the August dates. I believe that August 6th would be
4 available for ConocoPhillips.

5 HEARING EXAMINER BRANCARD: Ms. Hardy, I know
6 that's pushing it for you, but we are trying to squeeze
7 cases in here.

8 MS. HARDY: I understand. I would need to
9 confirm that date with my client, actually, as well.

10 HEARING EXAMINER BRANCARD: Okay. So let's move
11 this forward.

12 Cases 21926, 21928, 21930, the north half,
13 will be scheduled for June 17th. We will issue a
14 Scheduling Order, and please file continuances.

15 For now Cases 21927, 21929, 21931 will be
16 set up tentatively for a special docket on August 6th.

17 And we will combine those with Cases 21997,
18 21998 and 21999. Is that correct, Mr. Rankin?

19 MR. RANKIN: That is correct.

20 HEARING EXAMINER BRANCARD: Okay. And so we
21 will prepare a Prehearing Order but we will wait to hear
22 back from the parties to make sure that this date can
23 work. So if you can email us, that would be appreciated.

24 MR. DeBRINE: Mr. Examiner, this is Earl
25 DeBrine.

1 Just to clarify, Chevron did not oppose the
2 presentation of Spur's case by affidavit. ConocoPhillips
3 opposed all of them, so I would expect that Conoco would
4 be the party to be continuing all the cases, even though
5 it does not have competing applications for some of them.

6 HEARING EXAMINER BRANCARD: Well, I think we
7 will find out by the June 17th docket whether they get
8 opposed and continued. For now we are setting them up for
9 going by affidavit and it's up to ConocoPhillips to
10 decide.

11 Appreciate that, Mr. DeBrine.

12 All right. Do the parties understand where
13 we're headed here?

14 MS. HARDY: Yes. Thank you, Mr. Examiner.

15 HEARING EXAMINER BRANCARD: Sorry it's not that
16 clear of road map, but we will get there.

17 (Note: Time noted 8:31 a.m.)

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1 STATE OF NEW MEXICO)
2 : SS
3 COUNTY OF TAOS)
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5 REPORTER'S CERTIFICATE

6 I, MARY THERESE MACFARLANE, New Mexico Reporter
7 CCR No. 122, DO HEREBY CERTIFY that on Thursday, June 3,
8 2021, the proceedings in the above-captioned matter were
9 taken before me; that I did report in stenographic
10 shorthand the proceedings set forth herein, and the
11 foregoing pages are a true and correct transcription to
12 the best of my ability and control.

13 I FURTHER CERTIFY that I am neither employed by
14 nor related to nor contracted with (unless excepted by the
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16 that I have no interest whatsoever in the final
17 disposition of this case in any court.

18 /s/ Mary Macfarlane
19 _____

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