

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 Devon Energy  
Production Company for Compulsory  
Pooling, Lea County, New Mexico

Case No. 21921

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

JULY 1, 2021

This matter came on for hearing before the New Mexico Oil Conservation Division, William Brancard, Hearing Examiner, John Garcia, Technical Examiner, on July 1, 2021, via the Webex Virtual Conferencing Platform hosted by the New Mexico Department of Energy, Minerals and Natural Resources.

Reported by: Mary Therese Macfarlane  
New Mexico CCR #122  
PAUL BACA COURT REPORTERS  
500 Fourth Street NW, Suite 105  
Albuquerque, New Mexico 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 DEVON ENERGY PRODUCTION COMPANY, LP.:

Kaitlyn A. Luck, Esq.  
Holland & Hart  
110 North Guadalupe, Suite 1  
Santa Fe, New Mexico 87501  
(505) 988-4421  
kaluck@hollandhart.com

FOR CONCHO OIL & GAS, LLC:

Elizabeth Ryan  
1048 Paseo de Peralta  
Santa Fe, NM 87501  
(505) 780-8000  
Beth.Ryan@conocophillips.com

FOR REALEZA DEL SPEAR, LP:

Scott S. Morgan, Esq.  
Cavin & Ingram, PA  
P.O. Box 1216  
Albuquerque, NM 87103  
(505) 243-5000  
smorgan@cilawnm.com

C O N T E N T S

CASE NO. 21921	PAGE
CASE CALLED:	4
TAKEN UNDER ADVISEMENT:	9

1	E X H I B I T I N D E X	
2	DEVON ENERGY EXHIBITS:	ADMITTED
3	A Compulsory Pooling App. Checklists	9
4	B Copy of Application	9
5	C Affidavit of Ryan Cloer, Landman	9
6	C-1 Project Location Map	9
7	C-2 C-102s	9
8	C-3 Land Plat/Unit Recap	9
9	C-4 Well Proposals/AFE	9
10	C-5 Chronology of Contace with Non-Joined Working Interests	9
11	D Affidavit of Thomas Peryam, Geologist	9
12	D-1 Wolfcamp Structure & Location Map	9
13	D-2 Cross Section & Map	9
14	E Notice Affidavit	9
15	F Notice of Publication	9
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		

1 (Time noted 9:40 a.m.)

2 EXAMINER BRANCARD: With that we will move on to  
3 our next interesting case, No. 8 on the agenda, 21921.  
4 This is Devon Energy Production, Holland and Hart.

5 MS. LUCK: Good morning again. Kaitlyn Luck of  
6 the Santa Fe office of Holland and Hart on behalf of the  
7 applicant in this case Devon Energy Production Company.

8 EXAMINER BRANCARD: We have an entry for Concho  
9 Oil.

10 MS. RYAN: Yes. This is Beth Ryan on behalf of  
11 Concho Oil & Gas, LLC.

12 EXAMINER BRANCARD: Thank you. Good morning,  
13 Ms. Ryan. Good to see you.

14 And then Realeza -- am I pronouncing this  
15 correct -- Del Spear?

16 MR. MORGAN: Close enough. Good morning, Mr.  
17 Hearing Examiner. Scott Morgan with Cavin & Ingram on  
18 behalf of Realeza Del Spear.

19 EXAMINER BRANCARD: And for the purposes of  
20 disclosure I will tell everyone that I had a conversation  
21 with Mr. Nelson Spear this week, but it was on a  
22 completely unrelated matter, nothing to do with this case.

23 MR. MORGAN: Thank you, Mr. Examiner.

24 EXAMINER BRANCARD: Are there any other  
25 interested parties? 21921. (Note: Pause.)

1                   Hearing none, Ms. Luck, it appears that  
2 Realeza Del Spear has objected to this case going forward  
3 by affidavit, and we need to set a hearing date for this.  
4 Do you have any further updates on the status of this  
5 case?

6                   MS. LUCK: Well, I will defer to Mr. Morgan on  
7 this. It's my understanding they have withdrawn their  
8 objection, so Devon is prepared by affidavit this morning.

9                   EXAMINER BRANCARD: Okay.

10                  MR. MORGAN: Mr. Examiner, yes. Late Tuesday  
11 evening my clients did enter into an agreement to lease  
12 their interests here, and so we are withdrawing that  
13 objection. My purpose for being here this morning with  
14 respect to moving forward by affidavit is simply to ensure  
15 on the record that the Division will, per usual, require  
16 that estimated well costs be provided to each pooled  
17 working interest owner and allow that 30-day period for  
18 those parties to elect once that Order is entered and  
19 those estimated well costs are provided.

20                               That's my purpose for being here this  
21 morning.

22                  EXAMINER BRANCARD: Are we going to have a lease  
23 in place before we get an Order out?

24                  MR. MORGAN: How fast are you going to be on the  
25 Order?

1 EXAMINER BRANCARD: We can be quick on these.

2 MR. MORGAN: So the deadline to have a lease in  
3 place is 21 days from today. Hopefully sooner, but I  
4 anticipate that we will have that lease in place within  
5 the next couple of weeks.

6 EXAMINER BRANCARD: Because we do not want to  
7 inadvertently pool your party, Mr. Morgan. They would end  
8 up with a 1/8 royalty if we did.

9 EXAMINER BRANCARD: I concur. And I conferred  
10 with my clients on that matter. Again they simply  
11 requested that we just ensure that any Order entered, if  
12 entered before that lease is finalized, that they have  
13 that 30-day period to elect to participate, just in case.

14 EXAMINER BRANCARD: Oh, absolutely they will.  
15 Yes.

16 All right. So, Ms. Ryan, let's go to you.  
17 What is the position of Concho in this case?

18 MS. RYAN: We have no objection to this case  
19 moving forward by affidavit.

20 EXAMINER BRANCARD: Thank you. Okay.

21 So, Ms. Luck, do you think we can -- I  
22 guess the Division can just sort of wait a little bit  
23 before it issues an Order to make sure a lease is in  
24 place.

25 MS. LUCK: I don't think that Devon has a

1 problem with that. Devon does have a lease expiration in  
2 November, so we would like to get the Order before then,  
3 but we have plenty of wiggle room here.

4 EXAMINER BRANCARD: I think we can manage that.

5 All right. Well, if there is no objection,  
6 then please go forward with your case, Ms. Luck.

7 MS. LUCK: Thank you.

8 On Tuesday Devon filed with the Division  
9 its exhibits for this case. The exhibit packet included  
10 the standard exhibits, which start off with a Pooling  
11 Application Checklist that provides details required by  
12 the Division, followed by Exhibit B, which is a copy of  
13 the Application.

14 Next in the packet is Devon's Exhibit C,  
15 which is the affidavit of Ryan Cloer. He is the landman  
16 for Devon in this case. He's previously testified before  
17 the Division and his credentials were accepted. And he  
18 testifies that he's familiar with the application filed by  
19 Devon in this case and he provides a General Location Map,  
20 which is Exhibit C-1.

21 This unit that Devon is seeking to create  
22 in the Wolfcamp Formation is a 640-acre standard  
23 horizontal spacing unit comprised of the east half of  
24 Sections 13 and 24, all in Township 24 South, Range 33  
25 East, in Lea County, New Mexico, and the unit will be

1 dedicated to the Broadside 13-24 3H, 25H, 4H, and  
2 15H wells.

3                   And his Exhibit C-2 has C-102s for each of  
4 the wells that shows that it's in the Upper Wolfcamp Pool,  
5 and that pool code is 98135. The Broadside 4H well is a  
6 proximity tract well, and he explains that he's pooling in  
7 the proximity tracts with that well.

8                   Exhibit C-3 identifies the tracts and the  
9 interest owners that Devon is seeking to pool in this  
10 case.

11                   And he's provided a copy of the Well  
12 Proposal Letters as Exhibit C-4 with AFEs for the wells.

13                   Then finally his Exhibit C-5 is a  
14 chronology of his contacts with the uncommitted interest  
15 owners in this case, including the parties intervening  
16 here.

17                   Next, Devon has included its Exhibit D,  
18 which is affidavit of Devon's geologist in this case. He  
19 provides the standard Wolfcamp geology exhibits, including  
20 a Structure and Location Map and a Cross Section and Cross  
21 Section Map.

22                   Finally, Devon's Exhibits E and F are the  
23 notice information for this case reflecting that Devon  
24 provided Notice of this hearing directly by name to each  
25 of the interest owners to be pooled, and out of an

1 abundance of caution, Notice was also published.

2 And so with that I would move the admission  
3 of Devon's Exhibits A through F and request that the case  
4 be taken under advisement.

5 EXAMINER BRANCARD: Thank you.

6 Mr. Morgan, any questions?

7 MR. MORGAN: No questions. Thank you,  
8 Mr. Examiner.

9 EXAMINER BRANCARD: Ms. Ryan, any questions?

10 MS. RYAN: No, thank you.

11 EXAMINER BRANCARD: Mr. Garcia, any questions?

12 EXAMINER GARCIA: No questions.

13 EXAMINER BRANCARD: Once again, is there any  
14 other interested parties in Case 21921? (Note: Pause.)

15 Hearing nothing, I will accept and admit  
16 the exhibits in this case, and this case will be taken  
17 under advisement with the note that we will probably hold  
18 off on issuing a Final Order for a few weeks just to make  
19 sure the lease is in place.

20 MS. LUCK: We can do that.

21 EXAMINER BRANCARD: And if you could update as  
22 to the status, that would be helpful, too.

23 MR. MORGAN: Will do, Mr Examiner.

24 EXAMINER BRANCARD: Thank you.

25 (Time noted 9:45 a.m.)

1 STATE OF NEW MEXICO )  
2 : SS  
3 COUNTY OF TAOS )

5 REPORTER'S CERTIFICATE

6 I, MARY THERESE MACFARLANE, New Mexico Reporter  
7 CCR No. 122, DO HEREBY CERTIFY that on Thursday, July 1,  
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  
15 rules) any of the parties or attorneys in this case, and  
16 that I have no interest whatsoever in the final  
17 disposition of this case in any court.

18 /s/ Mary Macfarlane

19 \_\_\_\_\_

20 MARY THERESE MACFARLANE, CCR  
21 NM Certified Court Reporter No. 122  
License Expires: 12/31/2021

22  
23  
24  
25