

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:

Application of Spur Energy	
Partners, LLC for Compulsory	Case No. 21983
Pooling Eddy County, New Mexico	Case No. 21984

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, Esq. Hearing Examiner, and 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
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1 A P P E A R A N C E S

2 FOR SPUR ENERGY PARTNERS:

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7 C O N T E N T S

8	CASE NOS: 21983, 21984	PAGE
9	CASE CALLED:	3
10	INQUIRY BY EXAMINER GARCIA:	5, 7
11	TAKEN UNDER ADVISEMENT:	7

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

13	SPUR ENERGY PARTNERS, LLC, EXHIBITS:	PAGE
14	A Compulsory Pooling App. Checklist	7
15	B Copy of Application	7
16	C Affidavit of Megan Pena, Landman	7
17	C-1 C-102	7
18	C-2 Tract/Unit Recap	7
19	D Affidavit of C.J. Lipinski, Geologist	7
20	D-1 Project Locator and Cross-Section Map	7
21	D-2 Structure Map	7
22	D-3 Spacing Unit Diagram	7
23	D-4 Cross-Section	7
24	E Notice Affidavit	7
25	F Affidavit of Publication	7

1 (Time noted 10:17 a.m.)

2 EXAMINER BRANCARD: With that I will call Cases
3 21983 and 21984, 19 and 20 on our agenda, Spur Energy
4 Partners, Holland and Hart.

5 MS. LUCK: Good morning, Kaitlyn Luck of the
6 Santa Fe office of Holland and Hart for Spur Energy
7 Partners, LLC, the applicant in these two cases.

8 EXAMINER BRANCARD: Thank you.

9 Are there any other parties or persons
10 interested in Cases 21983 or 21984? (Note: Pause.)

11 Hearing none, you may proceed, Ms. Luck.

12 MS. LUCK: Thank you.

13 Spur has applied for pooling in these two
14 cases to pool the Yeso Formation, and Spur understood
15 there would be no objection to this pooling proceeding.
16 On Tuesday, again Spur filed its exhibits, which include
17 the standard set of exhibits, starting off with Exhibit A
18 as the checklist, followed by Exhibit B, which is copies
19 of both applications. And then Exhibit C is the affidavit
20 of Megan Pena, who is Spur's landman. She has previously
21 testified before the Division and she is familiar with
22 these applications.

23 In the first case, 21983, Spur is seeking
24 to pool a standard 160-acre spacing unit in the Yeso
25 Formation. This is comprised of the west half of the east

1 half of Section 26 in Township 19 South, Range 25 East in
2 Eddy County New Mexico.

3 Ms. Pena explains that Spur initially
4 applied for this spacing unit to be dedicated to both the
5 Morris Boyd 9H and 10H wells, but Spur is only intending
6 to go forward with the Morris Boyd 10H well, and the
7 details of that well are provided in her affidavit.

8 The second case, 21984, Spur is also
9 pooling the Yeso Formation but this time it's in a
10 standard 160-acre spacing unit underlying the east half
11 of the east half of Section 26, all in the same township
12 and range in Eddy County, New Mexico.

13 The details of this case stay the same as
14 in the application and will be dedicated to the Morris
15 Boyd 11H and 13H wells, and both of those well locations
16 are provided in Ms. Pena's affidavit, as well.

17 With her affidavit she has also provided
18 copies of the C-102s for each well which reflect the wells
19 are located in the North Seven Rivers Glorieta-Yeso pool,
20 which is Pool Code 97565.

21 With her affidavit she also provides the
22 standard Tract and Unit Recap showing each of the tracts
23 that are included in the spacing units, as well as the
24 interests being pooled.

25 In this case Spur's only seeking to pool

1 some nonparticipating royalty interests, so you're going
2 to see that her affidavit does vary from the standard in
3 that it doesn't include a Well Proposal Letter because
4 there was not a Well Proposal Letter that was sent to
5 these nonparticipating royalty interests, and Spur is just
6 seeking to pool into these two units.

7 Next in the exhibit packet is the affidavit
8 of C.J. Lipiniski, who is Spur's geologist, that's
9 included as Exhibit D, and he provides the standard
10 geology exhibits for the Yeso Formation, including a
11 Project Locator Map reflecting each of the wells and a
12 Structure Map, a Cross Section, and a Cross-Section Map.

13 Finally, in the packet we've included the
14 Notice information as Spur's Exhibits E and F, and it
15 reflects that Spur provided notice of this hearing to the
16 interest owners to be pooled, and also published Notice to
17 the interested owners by name in Eddy County.

18 So with that I would move the admission of
19 Spur's Exhibits A through F and ask that these two cases
20 be taken under advisement.

21 EXAMINER BRANCARD: Thank you.

22 Mr. Garcia, questions?

23 EXAMINER GARCIA: Just to clarify. You didn't
24 ask for supervision rates in either case because of the
25 interests just being pooled wouldn't be affected, is that

1 correct?

2 MS. LUCK: That's right. These are
3 nonparticipating royalty interests rather than working
4 interests, so there's no discussion about overhead or risk
5 charge because those provisions wouldn't apply to these
6 royalty interests.

7 EXAMINER GARCIA: Thank you. That's all I have.

8 EXAMINER BRANCARD: Thank you.

9 Are there any other interested persons in
10 Cases 21983 or 21984? (Note: Pause.) Hearing none.

11 Again, Ms. Luck, I think you said it was in
12 -983 that you were dropping a well.

13 MS. LUCK: That's right. Originally the 9H and
14 the 10H wells were included, and Spur is no longer
15 intending to proceed with the 9H well so that one has been
16 removed.

17 EXAMINER BRANCARD: Okay. So the other well,
18 then, is in the checklist.

19 MS. LUCK: Correct.

20 EXAMINER BRANCARD: And -984 is the same wells.

21 MS. LUCK: Correct.

22 EXAMINER BRANCARD: Thank you. In Cases 21983
23 and 21984 the exhibits will be admitted into the record
24 and these cases will be taken under advisement.

25 Thank you.

1 MR. GARCIA: Bill, can I have one more question
2 on that?

3 EXAMINER BRANCARD: Sure.

4 EXAMINER GARCIA: Ms. Luck, you said in -983 you
5 removed the 9H. I think your checklist still has it in
6 it.

7 MS. LUCK: Oh, then I will submit an amended
8 checklist. Sorry about that.

9 EXAMINER GARCIA: Again, please use the portal
10 when doing that.

11 MS. LUCK: Absolutely. Yeah, we'll file it into
12 -983 with only the checklist rather than full packet of
13 exhibits.

14 EXAMINER GARCIA: Thank you.

15 EXAMINER BRANCARD: So in Case 21983 the record
16 will remain open for the submittal of an amended
17 checklist.

18 MS. LUCK: Thank you. I'll do that now, today.

19 (Time noted 10:23 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, 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

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