

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
for Compulsory Pooling and Case No. 21676
Eddy County, New Mexico

Application of Spur Energy Partners
for Compulsory Pooling and Case No. 21677
Eddy County, New Mexico

REPORTER'S TRANSCRIPT OF PROCEEDINGS

THURSDAY, SEPTEMBER 23, 2021

EXAMINER HEARING

This matter came on for hearing before the
New Mexico Oil Conservation Division, William
Brancard, Esq. Hearing Examiner, Leonard Lowe,
Technical Examiner, on Thursday, September 23, 2021,
via 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
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A P P E A R A N C E S

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1 (Time noted 9:38 a.m.)

2 EXAMINER BRANCARD: So with that I am going to
3 call Case 21676 -- I'm not sure whether Spur would like to
4 combine that with 21677, but anyway Spur Energy Partners.

5 Ms. Hardy.

6 MS. HARDY: Good morning, Mr. Hearing Examiner.
7 Dana Hardy with the Santa Fe Office of Hinkle Shanor on
8 behalf of Spur Energy Partners, and I would like to
9 combine Case 21676 and 21677 for purposes of hearing.

10 EXAMINER BRANCARD: Thank you. And so with that
11 I believe we have an Entry of Appearance for
12 ConocoPhillips.

13 MR. RANKIN: Good morning Mr. Examiner. Adam
14 Rankin with the law firm of Holland and Hart, the Santa Fe
15 Office, appearing on behalf of ConocoPhillips Company in
16 both cases.

17 EXAMINER BRANCARD: Thank you. Are there any
18 other interested parties for Cases 21676 and 21677?

19 (Note: Pause.) Hearing none, you may proceed,
20 Ms. Hardy.

21 MS. HARDY: Thank you.

22 In Case 21676 Spur seeks an Order pooling
23 all uncommitted mineral interests in the Yeso Formation at
24 a depth of approximately 4,225 feet to 5,000 feet in a
25 315-acre, more or less, standard horizontal spacing unit

1 comprised of the south half of Section 7, Township 17
2 South, Range 30 East in Eddy County.

3 There are five wells in the proposed
4 spacing units and we are using proximity tracts, and the
5 proximity tract defining well is the Marek 7 Federal 22H.

6 In Case No. 21677, Spur seeks an Order
7 pooling the same acreage at a depth of approximately 5,000
8 to 6,341 feet. So we are just dealing with different
9 depths on the same acreage, and in 21677 there is one well
10 that is a proximity tract well.

11 Spur's exhibits were initially submitted in
12 May and the matters were subsequently continued. As a
13 result we submitted an update regarding the land exhibits
14 on Tuesday of this week.

15 In both cases we have submitted the
16 self-affirmed statements of landman Morgan Landry and
17 geologist C.J. Lipinski. Landman Blair Brummell has since
18 replaced Mr. Landry, and we submitted his affidavit
19 adopting his testimony and exhibits on Tuesday.

20 The land ownership information is provided
21 in Exhibit A-3 in both cases, and that includes the plat,
22 tract ownership, pooled parties, and recapitulation. We
23 did update that exhibit on Tuesday with Mr. Brummell's
24 affidavit. The only difference is that ConocoPhillips was
25 removed as a pooled party.

1 The hearing Notice Letter and Certified
2 Mail receipts are provided in Exhibit A-6. Although there
3 were no unlocatable interests, we published Notice out of
4 an abundance of caution, and those Affidavits of
5 Publication are provided in Exhibit A-7 in both cases.

6 Mr. Lipinski provides the standard geology
7 exhibits, including a location map, structure map, cross
8 section and gunbarrel.

9 With that, unless there are questions I
10 request the exhibits be admitted and the cases be taken
11 under advisement.

12 Thank you.

13 EXAMINER BRANCARD: Thank you.

14 Mr. Rankin, questions or concerns on behalf
15 of Conocophillips?

16 MR. RANKIN: Thank you, Mr. Examiner.

17 No objections. Just one request that -- I
18 believe the exhibits are clear but if Ms. Hardy will just
19 confirm that ConocoPhillips is removed in both cases as a
20 pooled party.

21 MS. HARDY: That's correct, Mr. Rankin.

22 MR. RANKIN: Thank you. No questions and no
23 objections to the admission of the exhibits or affidavits
24 in the record.

25 EXAMINER BRANCARD: Thank you.

1 Mr. Lowe, any questions?

2 EXAMINER LOWE: Just one of clarification on
3 your exhibits there.

4 On page 6 of 6 where you highlight in
5 yellow, where you indicate three parties as a leasehold
6 interest, and then the last of that is the Southwest
7 Royalties, Inc., and then below that is the overriding
8 royalty interest, and it indicates there are 28 items
9 under that.

10 What's the highlight for? Are they the
11 same thing? I'm just curious.

12 MS. HARDY The highlighting on Exhibit A-3 -- is
13 that the exhibit you are referring to, Mr. Lowe?

14 EXAMINER LOWE: Let's see here.

15 MS. HARDY: I believe it is, but --

16 EXAMINER LOWE: It's page 6. I don't know which
17 one it is.

18 MS. HARDY: Okay. I think it is.

19 The highlighting shows which parties are
20 being pooled.

21 EXAMINER LOWE: Okay.

22 MS. HARDY And that's stated in the affidavits.

23 EXAMINER LOWE: Okay. Okay. That's all the
24 questions.

25 MS. HARDY Thank you.

1 EXAMINER BRANCARD: Okay. Yeah, I follow Mr.
2 Lowe's questions. I had a hard time figuring out what was
3 different about your new Exhibit A-3. I finally noticed
4 that the highlighting was different.

5 But for Case 21676, unlike 21677, exhibit
6 A-3, it doesn't indicate what the highlighting is for. In
7 21677 it does say the highlighting indicates pooled
8 parties.

9 To me -- maybe this is my simple nature,
10 but a sort of a confusing table in Exhibit A-3, where
11 there is a table there that lists the tracts and
12 percentage of interest in the unit and number of acres
13 committed, and it sort of looks like all the acres are
14 committed. But all the acres are not committed, are they?

15 Or maybe that's just sort of a poor choice
16 of words there.

17 MS. HARDY Well, Mr. Examiner, I think -- are
18 you referring to the table on page -- on the
19 Recapitulation?

20 EXAMINER BRANCARD: Yes.

21 MS. HARDY: I think that's just identifying the
22 percentages of the interests, it's not showing who is
23 committed.

24 EXAMINER BRANCARD: Okay. Because when I first
25 looked at that I thought: Oh, everybody is committed, 100

1 percent, what are we doing here?

2 MS. HARDY: Nope. We would not be here if that
3 were the case.

4 EXAMINER BRANCARD: All right. Again, please be
5 careful when you submit exhibits that they clearly
6 indicate what they're talking about. You know, Mr.
7 Brummell's exhibit simply says, you know, the new exhibit
8 reflects the current parties Spur seeks to pool, but I had
9 a hard time figuring out what those were.

10 MS. HARDY Okay. Noted, Mr. Examiner. Thank
11 you.

12 EXAMINER BRANCARD: Okay. Are there any other
13 questions or concerns on Cases 21676, 21677? (Note:
14 Pause.) Hearing none, the exhibits in Cases 21676 and
15 21677 are admitted and their cases are taken under
16 advisement.

17 MS. HARDY: Thank you.

18 EXAMINER BRANCARD: All right. Why don't we
19 take about a 10-minute break here and come back at about
20 9:55.

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

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1 STATE OF NEW MEXICO)

2 : ss

3 COUNTY OF TAOS)

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REPORTER'S CERTIFICATE

6

I, MARY THERESE MACFARLANE, New Mexico Reporter

7

CCR No. 122, DO HEREBY CERTIFY that on Thursday,

8

September 23, 2021, the proceedings in the above-captioned

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matter were taken before me; that I did report in

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stenographic shorthand the proceedings set forth herein,

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and the foregoing pages are a true and correct

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transcription to 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

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MARY THERESE MACFARLANE, CCR

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