

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:

Applications of CHISHOLM ENERGY	Case No. 21849
OPERATING, LLC, for Compulsory Pooling	Case No. 21850
Lea County, New Mexico	

Applications of MEWBOURNE OIL	Case No. 22161
COMPANY for Compulsory Pooling,	Case No. 22162
Lea County, New Mexico	Case No. 22163
	Case No. 22164

REPORTER'S TRANSCRIPT OF PROCEEDINGS

THURSDAY, NOVEMBER 4, 2021

STATUS CONFERENCE

This matter came on for hearing before the New Mexico Oil Conservation Division, William Brancard, Esq. Hearing Examiner, Dean McClure Technical Examiner, on Thursday, November 4, 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
PAUL BACA COURT REPORTERS
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A P P E A R A N C E S

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C O N T E N T S

CASE NOS. 21849, 21850, PAGE
22161, 22162, 22163, 22164

CASE CALLED: 3

SET FOR CONTESTED HEARING ON 02/03/2022 8

1 (Time noted 8:51 a.m.)

2 EXAMINER BRANCARD: Okay I think we have a lump
3 of cases here, starting with No. 18 on the worksheet,
4 21849, 21850, and then 22161, 22162, 22163, 22164.

5 Let's start with Chisholm Energy Operating.

6 MR. FELDEWERT: May it please the examiner,
7 Michael Feldewert with the Santa Fe office of Holland &
8 Hart appearing on behalf of Chisholm Energy Operating;
9 and, Mr. Examiner, also appearing on behalf of OXY USA.
10 We are supporting Chisholm's development plan in this
11 competing acreage.

12 EXAMINER BRANCARD: Thank you. And then we have
13 Mewbourne Oil Company. I think Jim's muted.

14 Mr. Bruce?

15 MR. BRUCE: Sorry. Jim Bruce representing
16 Mewbourne. Thank you.

17 EXAMINER BRANCARD: Okay. Then I have EOG
18 Resources.

19 MR. RITTENHOUSE: Yes, sir. This is Joby
20 Rittenhouse from Beatty & Wozniak appearing on behalf of
21 EOG.

22 EXAMINER BRANCARD: Are there any other
23 interested persons? Oh, I have a COG Operating for a few
24 of these cases.

25 Ms. Munds-Dry, Ms. Ryan?

1 MS. RYAN: Mr. Examiner, I don't have them
2 listed on my sheet, so...

3 EXAMINER BRANCARD: I think this is for the
4 Mewbourne cases, 22161, et cetera.

5 MS. RYAN: Oh, yes, we are listed on those.
6 Hello. Good morning. We're here.

7 Elizabeth Ryan entering appearance on
8 behalf of COG Operating.

9 EXAMINER BRANCARD: Thank you, Ms. Ryan.
10 So any other interested persons for these
11 cases? And again I'll list them: 21849 -850, and 22161,
12 -162, -163 and -164.

13 Hearing none, I believe we had a Prehearing
14 Order for these contested cases that was vacated, and
15 there might be -- I don't know where we are going here.
16 Somebody said they might be filing new cases. What's
17 going on?

18 Start with Mr. Feldewert.

19 MR. FELDEWERT: Thank you, Mr. Examiner.

20 Essentially where we are at is the parties
21 have competing Well Proposals in the Bone Spring that
22 overlap Sections 18 and 19 South, 33 East over there.
23 Chisholm seeks to pool 7 and 18, while Mewbourne seeks to
24 pool 18 and 19.

25 Uhm, Chisholm filed their applications in

1 April. You will recall, perhaps, that Mewbourne appeared
2 a couple of times and said they were going to file
3 competing pooling applications. There was also a title
4 issue the parties were trying to address.

5 Mewbourne did eventually file their
6 competing pooling applications. It involved all of
7 Section 18. So we have -- Chisholm recently then filed a
8 compulsory pooling application to address the other
9 acreage in Section 18 that had previously not been
10 addressed.

11 We really have two things going on. One is
12 there's still -- Mewbourne claims an interest in
13 Section 18. Chisholm recently obtained a title opinion
14 that doesn't show a Mewbourne interest.

15 My understanding is Chisholm has reached
16 out to Mewbourne about the title opinion for an
17 explanation as to why Mewbourne thinks they have an
18 interest. There hasn't been much of a response, and so we
19 still have that outstanding to try to bring into this.

20 There's also efforts, I know, to reach an
21 amicable resolution about the development of the acreage.
22 That, unfortunately, reached an impasse recently, which is
23 why Chisholm has not proposed competing wells in the west
24 half of 18, because their pooling application involved the
25 east half, and those will be filed in December and appear

1 on the January docket. So they are going to be pooling
2 various parties in Section 7 and 18.

3 We are not sure what to do with Mewbourne.
4 I guess we will give them Notice, only because they claim
5 an interest in Section 18, but we don't show it as having
6 an interest. So we hope to hear from them soon as to why
7 they claim an interest.

8 All of this is to say it appears that we
9 may need to have a status conference in January to see if
10 these title issues are resolved or whether they can reach
11 some resolution, or set a hearing date sometime after
12 January when all of these cases will be on the Division's
13 docket.

14 EXAMINER BRANCARD: Thank you. Mr. Bruce, your
15 perspective.

16 MR. BRUCE: Let's just -- yeah, let's set
17 them for hearing sometime after the first of the year. I
18 don't think Mewbourne is filing any additional
19 applications.

20 But insofar as Section 18 goes, I think
21 Mewbourne still has some right to propose a well across
22 land in which it owns no interest, but I think there's
23 some JOA issues out here that they have acquired an
24 interest in those.

25 Nonetheless, let's just set it for hearing.

1 EXAMINER BRANCARD: Let me check with Mr.
2 Rittenhouse. Any perspective for EOG?

3 MR. RITTENHOUSE: EOG doesn't have anything to
4 add here. Thank you.

5 EXAMINER BRANCARD: Thank you. Ms. Ryan, COG.

6 MS. RYAN: Nothing to add. Thank you.

7 EXAMINER BRANCARD: Thank you.

8 All right. Once again, any other
9 interested persons in these cases? (Note: Pause.)

10 All right. So, Mr. Feldewert, you're
11 saying there may be filings in December by Chisholm?

12 MR. FELDEWERT: Yes. We propose some wells in
13 the west half of 7 and 18, again Section 18 being the
14 overlap acreage.

15 We will be filing in December so that they
16 appear on the January docket, that first docket in
17 January, and that will then -- all four cases will then be
18 on a -- I'm sorry, it will be more than four. All of the
19 competing cases will then have case numbers and be heard
20 at some point after that to go to hearing.

21 EXAMINER BRANCARD: Okay. So why don't we set
22 this for a contested hearing on February 3rd. I will
23 issue a Prehearing Order, and then when Chisholm files its
24 cases it can also ask to amend that Prehearing Order to
25 incorporate those cases.

1 MR. FELDEWERT: Yes, sir.

2 EXAMINER BRANCARD: That would be helpful so we
3 know what's going on.

4 All right, Mr. Bruce?

5 MR. BRUCE: That's fine.

6 EXAMINER BRANCARD: Thank you.

7 (Time noted 8:59 a.m.)

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1 STATE OF NEW MEXICO)

2 : ss

3 COUNTY OF TAOS)

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REPORTER'S CERTIFICATE

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I, MARY THERESE MACFARLANE, New Mexico Reporter

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

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November 4, 2021, the proceedings in the above-captioned

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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.

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I FURTHER CERTIFY that I am neither employed by

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nor related to nor contracted with (unless excepted by the

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rules) any of the parties or attorneys in this case, and

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that I have no interest whatsoever in the final

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disposition of this case in any court.

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19

/s/Mary Macfarlane_____

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MARY THERESE MACFARLANE, CCR

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