

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:

CASE NOS: 22352

APPLICATION OF CHEVRON PRODUCTION COMPANY
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS
EXAMINER HEARING
DECEMBER 2, 2021
SANTA FE, NEW MEXICO

This matter came on for virtual hearing before
the New Mexico Oil Conservation Division, HEARING OFFICER
WILLIAM BRANCARD and TECHNICAL EXAMINERS DEAN McCLURE and
DYLAN ROSE-COSS on Thursday, December 2, 2021, through the
Webex Platform.

Reported by: Irene Delgado, NMCCR 253
PAUL BACA PROFESSIONAL COURT REPORTERS
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A P P E A R A N C E S

For the Applicant:

KAITLYN LUCK
HOLLAND & HART
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Santa Fe, NM 87501
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I N D E X

CASE CALLED

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Admitted

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1 HEARING EXAMINER BRANCARD: With that, I'm
2 calling Item Number 63 on our docket today, Case 22352,
3 Chevron USA Inc.

4 MS. LUCK: Good morning again. Kaitlyn Luck with
5 the Santa Fe office of Holland & Hart on behalf of the
6 applicant in this case Chevron USA Inc.

7 HEARING EXAMINER BRANCARD: Thank you. Are there
8 any other interested persons for Case 22352?

9 (No audible response.)

10 HEARING EXAMINER BRANCARD: Hearing none, you may
11 proceed, Ms. Luck.

12 MS. LUCK: Thank you. Chevron understood there
13 would be no opposition to this case proceeding by affidavit
14 today, and so on Tuesday Chevron filed its exhibit with the
15 Division.

16 The exhibit packet includes all of the standard
17 exhibits starting off with the pooling application checklist
18 as Exhibit A, followed by a copy of the application as
19 Exhibit B, and next in the packet is the affidavit of Greg
20 Pazer who is the landman for Chevron in this case.

21 He has not previously testified before the
22 Division but Chevron seeks to admit him as an expert landman
23 and he provides a copy of his resume as Chevron Exhibit 1.
24 His affidavit explains that Chevron is seeking an order
25 pooling all interest in the Wolfcamp formation in a standard

1 640 acre horizontal spacing unit underlying the E/2 of
2 Section 13 and 24. This is all in Township 26 South, Range
3 32 East in Lea County, New Mexico.

4 The initial wells in this spacing unit will be
5 the SD 24 13 Fed P, as in Paul, 415, and then these are the
6 17H through 19H wells, and it looks like the API numbers
7 have not yet been assigned, but the surface and bottom hole
8 locations are described in Mr. Pazer's affidavit, as well as
9 Chevron's Exhibit B-2 which are copies of the C-102s for
10 each of the wells.

11 This is a spacing unit which is a proximity tract
12 well to allow Chevron to create an enlarged spacing unit.
13 It has the 18H well within 330 feet of the E/2 E/2 of those
14 sections.

15 The pool code for the wells is 98065. And
16 Chevron provides as its Exhibit C-3 and C-4 a tract and unit
17 recap as well as a list of the uncommitted interest owners
18 that Chevron is seeking to pool in this case.

19 Chevron sent each of the interest owners well
20 proposal letters and has made a good faith attempt to obtain
21 voluntary joinder in the wells. And Chevron will notify the
22 Division if there is any agreements that are reached before
23 the pooling order is entered.

24 Then Chevron's Exhibit D is the affidavit of
25 Alexandra Fleming. She is Chevron's geologist for this

1 project. Her affidavit is attached as Chevron's Exhibit D,
2 and she has not previously testified before the Division
3 either, so Chevron seeks to qualify her as an expert in
4 petroleum geology today.

5 Ms. Fleming attaches her resume as D-1. With
6 that, she explains in her affidavit that Chevron is
7 targeting the Wolfcamp formation with these wells and she
8 has included the standard exhibits starting off with a
9 project location map, as well as a gun barrel diagram as
10 shown on Exhibit D-2.

11 Following that map she has a fee structure map,
12 and her opinion is that this formation is appropriate for
13 horizontal well development. She also includes a cross
14 section map of a structural cross section for the Wolfcamp
15 formation that shows the target interval for the initial
16 wells.

17 Finally in the exhibit package I have included an
18 affidavit reflecting that my office provided notice of this
19 hearing to the interest owners to be pooled, and notice by
20 mail and notice by publication was provided just to be sure
21 that notice of the hearing was provided to all interest
22 owners.

23 So with that I would move the admission of
24 Chevron's A through F and tender Mr. Pazer and Ms. Flemming
25 as experts in their qualified fields and just request that

1 the Division take the case under advisement if there are no
2 questions.

3 HEARING EXAMINER BRANCARD: Mr. Rose-Coss, any
4 questions?

5 TECHNICAL EXAMINER ROSE-COSS: No questions.

6 MS. LUCK: Thank you.

7 HEARING EXAMINER BRANCARD: Ms. Luck, I'm just
8 looking at your notice here.

9 MS. LUCK: Okay.

10 HEARING EXAMINER BRANCARD: You seem to have the
11 same problem Mr. Bruce had, which was publishing on November
12 18. And unlike your colleague Mr. Rankin, you have a lot
13 more people you have to notify here. I don't know if I'm
14 reading this exhibit from the postal service correctly, but
15 it does seem like some of them have yet to be delivered or
16 they are threatening to return them. So it seems like you
17 might need the newspaper notice in this case.

18 MS. LUCK: Right. Would it be possible for the
19 case to simply be continued to December 16 hearing to allow
20 the time to run and it brought back up at that time and be
21 taken under advisement if there is no questions?

22 HEARING EXAMINER BRANCARD: It certainly is
23 possible.

24 MS. LUCK: Thank you.

25 HEARING EXAMINER BRANCARD: So with that, I will

1 ask, are there any interested parties or persons with
2 questions for Case 22352?

3 (No audible response.)

4 HEARING EXAMINER BRANCARD: Hearing none, your
5 experts -- your witnesses will be admitted as experts,
6 accepted as experts. The exhibits will be admitted into the
7 record. This case will be continued to December 16 for the
8 sole purpose of notice compliance.

9 MS. LUCK: Thank you.

10 (Exhibits admitted.)

11 (Taken under advisement.)

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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4 REPORTER'S CERTIFICATE

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6 I, IRENE DELGADO, New Mexico Certified Court
7 Reporter, CCR 253, do hereby certify that I reported the
8 foregoing virtual proceedings in stenographic shorthand and
9 that the foregoing pages are a true and correct transcript
10 of those proceedings to the best of my ability.

11 I FURTHER CERTIFY that I am neither employed by
12 nor related to any of the parties or attorneys in this case
13 and that I have no interest in the final disposition of this
14 case.

15 I FURTHER CERTIFY that the Virtual Proceeding was
16 of reasonable quality.

17 Dated this 2nd day of December 2021.

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/s/ Irene Delgado

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Irene Delgado, NMCCR 253
License Expires: 12-31-21

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