

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 SPC RESOURCES, LLC
For Compulsory Pooling,
Eddy County, New Mexico

Case No. 22421

REPORTER'S TRANSCRIPT OF PROCEEDINGS

THURSDAY, JANUARY 6, 2022

EXAMINER HEARING

This matter came on for hearing before the New Mexico Oil Conservation Division, William Brancard, Esq. Hearing Examiner, John Garcia Technical Examiner, on Thursday, January 6, 2022, via Webex Virtual Conferencing Platform hosted by the New Mexico Energy, Minerals and Natural Resources Department --

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 10:10 a.m.)

2 EXAMINER BRANCARD: With that we move to the
3 Case 61, 22421, SPC Resources, LLC.

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

7 EXAMINER BRANCARD: Are there any other
8 interested persons in Case 22421, SPC Resources South
9 Avalon wells?

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

11 MR. SAMANIEGO: Can I interrupt? I'm a little
12 confused with the case numbers. I've got two cases I'd
13 like to voice on, and I'm not finding them on the agenda.

14 EXAMINER BRANCARD: I'm sorry. Could you
15 identify yourself, please?

16 MR. SAMANIEGO: My name is Jonathan Samaniego
17 and I'm thinking that the case numbers are changed. And
18 the two case numbers I'm trying to inquire about are 20470
19 and the second one is 20567. Did we pass them or are they
20 new case numbers now?

21 UNIDENTIFIED VOICE: 20451.

22 EXAMINER BRANCARD: No, I don't have either of
23 those on the agenda.

24 (Note: Multiple voices. Inaudible.)

25 Can you please give me those numbers again.

1 Thank you, Mr. Samaniego.

2 MR. SAMANIEGO: It may be a new one to it is
3 22451.

4 EXAMINER BRANCARD: No, that's not appearing on
5 the agenda. That may have gotten dropped.

6 MS. SALVIDRES: That case has been dismissed.

7 (Note: Multiple voices. Inaudible.)

8 EXAMINER BRANCARD: 2 --

9 MR. SAMANIEGO: They are filing for an
10 extension.

11 EXAMINER GARCIA: Marlene, I believe we lost
12 Bill for a second. If we can just wait and get him back.

13 MS. SALVIDREZ: Case 22451 has been dismissed.

14 MR. SAMANIEGO: What does that mean?

15 MS. SALVIDREZ: The Applicant dismissed the
16 case, so it's dismissed and closed.

17 MR. SAMANIEGO: So it's done? The permit
18 expired and it's done?

19 EXAMINER GARCIA: We would have to look into the
20 case to see the correct status, but we won't be hearing
21 any further information on that case today.

22 MR. SAMANIEGO: It was scheduled to be heard
23 today.

24 EXAMINER GARCIA: According to Marlene, she
25 handles our processing, the case is dismissed and it's not

1 being heard today, so I would have to look into the case
2 files to see the status of it.

3 MR. SAMANIEGO: And the other -- there was an
4 original one that started with one oil company, and this
5 oil company comes and pools from the other direction.
6 It's going to be two companies fighting over the same
7 landowners' minerals.

8 But in the confusion of the hearing and
9 after the pandemic -- everyone is using the pandemic for
10 an excuse, the Holidays, and they're hitting it on
11 the Holidays, a lot of Marathon's leases have expired and
12 they are having trouble with their publications and
13 they're using the holidays and the pandemic as an excuse
14 for their retired permits. And nobody's asking them:
15 Well, what about all those refineries you left in New
16 Mexico? Are you going to clean those up?

17 And they are over there building a brand
18 new one in the Dakotas. Marathon has no plans on drilling
19 here. They're done. They're leaving for the Dakotas, and
20 they're rebuilding the California refinery, but they know
21 New Mexico doesn't care that they're going to leave two
22 refineries and a huge mess. And because of those big
23 messes on the refineries, I ask that all the hearings
24 regarding Marathon be dismissed. They are not good for
25 New Mexico. They are leaving messes and they are focusing

1 on -- online they're focusing -- that is what they are
2 saying. The people who are controlling Marathon are
3 saying their new focus is the Dakotas, and they have got a
4 brand new -- they have got a brand new refinery they're
5 going to build there.

6 They have no business to continue to force
7 pool here while they have that refinery under construction
8 right now. Their plan is to sell all these drilling plans
9 to somebody to fund their project in the Dakotas, and I
10 don't think New Mexico and the fee owners that they can't
11 get ahold of through Certified Letters and we got to
12 believe they were mailed or we got to believe they put it
13 in the newspaper, and we got to believe they are going to
14 clean the refinery.

15 I think we got to hold Marathon accountable
16 before we extend anything as far as their permits.

17 So some of these permits have been expired
18 for four or five months. I mean, it would be -- it's a
19 shame to continue to: Okay, well wait till you're ready.

20 I think a good ideas would be saying:
21 Clean up the refineries.

22 EXAMINER BRANCARD: Mr. Samaniego.

23 MR. SAMANIEGO: And I would like that --

24 EXAMINER BRANCARD: Mr. Samaniego, please. We
25 can only deal with the cases that are before us today. I

1 mean, you may have legitimate issues you may want to take
2 to the Director.

3 MR. SAMANIEGO: The cases are confusing. I'm
4 calling to see about a case and you're saying somebody
5 dismissed it. I mean, they're confusing. The force
6 pooling is so confusing, and we're -- the oil boom isn't
7 the Permian Basin, the oil boom is the force pooling.
8 It's free minerals.

9 EXAMINER BRANCARD: We -- (multiple voices).

10 MR. SAMANIEGO: My last statement I'll say:
11 We'll turning royalty owners into working interest owners.
12 That's what we're doing. They owe 300 percent now.

13 When you're deciding the extension of
14 Marathon and their permits, keep in mind they are --
15 they're not -- they're just here to sell their drilling
16 program. Let the permits expire. They are done in New
17 Mexico. And somebody needs to tell you guys that. Nobody
18 wants to hear it but it's the truth. They're done. And
19 they are going to leave a bunch of messes.

20 EXAMINER BRANCARD: Mr. Samaniego, is there
21 another case you were interested in?

22 MR. SAMANIEGO: To two cases I'm calling about
23 are 20470, 20563, and I can't find them on this roster.

24 EXAMINER BRANCARD: Those were the original case
25 numbers. If they filed an amendment to those cases it

1 would get a new case number. So you already gave one, the
2 22451. That case has been dismissed. In other words, the
3 Applicant withdrew the case. It doesn't exist anymore.

4 So do you know the number for the second
5 case?

6 MR. SAMANIEGO: 20563 is what it started.

7 And that's -- when they change numbers
8 that's them just coming back and stealing again. We'll
9 steal it this time. They are hoping they won't read the
10 paper and they will miss it. We'll do it during the
11 Holidays to steal their minerals.

12 Please stop it up there. People from Eddy
13 wouldn't steal Santa Fe County minerals and give them to
14 Texas.

15 You're making a whole part of New Mexico
16 poor by giving away our minerals, and they are laughing at
17 us: Let's go get some more, Ha-ha. They are laughing at
18 us. I mean the \$2 billion of mineral money that goes to
19 New Mexico, at the same time Texas is taking \$16 billion a
20 year where they force pool. 16 billion they're taking
21 from New Mexico. And as you decide on some forced pooling
22 a extensions and what they are doing, keep in mind who
23 they stole from through forced pooling while we weren't
24 looking.

25 "I mailed a Certified Letter but we got it

1 back, we couldn't contact them, so can we just have their
2 stuff?"

3 Wow. We couldn't do that to the Texans.
4 We -- new Mexico, we don't have the giants around here the
5 Yates or Matt Chase or the giants over there. They are
6 little guys now compared to the giants we've built through
7 force pooling.

8 EXAMINER BRANCARD: Mr. Samaniego, unless you're
9 commenting on a specific case we really can't do any more
10 of this. Okay?

11 MR. SAMANIEGO: The two cases I've mentioned,
12 I'm trying to defend my minerals that are lost in the
13 shuffle. I'm not sure I defended them, so I'm defending
14 them in general saying what that company has done in New
15 Mexico. I don't know how else to defend my back yard.

16 EXAMINER BRANCARD: So unless you can find us
17 the case number for the second one, uhm --

18 MR. SAMANIEGO: They're hidden in other case
19 numbers. It shouldn't be confusing for a fee owner to
20 just zip by and say I sent Certified Letters and they
21 Didn't get them.

22 The way their landmen are doing it is they
23 are finding the weakest link in the chain. Somebody
24 stands up and says I own that, "oH, we will find another
25 owner." It's just -- it's the craziest thing.

1 And Ms. Sandoval used to work for them, the
2 Director. I mean, all that should be brought up.

3 EXAMINER BRANCARD: Thank you.

4 Ms. Luck, you may proceed. We are on Case
5 No. 22421.

6 MS. LUCK: Thank you.

7 This case was filed, and it was understood
8 that all the parties were unlocatable that SPC Resources
9 needs to pool, and so the standard set of exhibits were
10 filed with the Division on Tuesday. Those exhibits start
11 off with the checklist as Exhibit A, followed by a copy of
12 the Application as Exhibit B.

13 The next exhibit in the packet is the
14 Affidavit of SPC's landman Mr. Gary Waldrop. He has
15 previously testified before the Division and in his
16 affidavit he explains that in this case SPC is seeking to
17 pool a standard Wolfcamp spacing unit in a 321.84-acre
18 unit comprised of the north half of Section 23. This is
19 all in Township 21 South, Range 26 East in Eddy County,
20 New Mexico.

21 And this unit will be dedicated to the
22 South Avalon AUA Fed. Com 402H well.

23 The details for that well are provided in
24 Mr. Waldrop's affidavit.

25 He also provides pool codes for the well, as

1 well as a copy of the C-102.

2 He provides first a Project Locator Map and
3 that shows where the unit is located at in relation to the
4 overall Eddy County area. And he also shows that this
5 unit is comprised of only fee acreage.

6 His next map has some color coding. That's
7 Exhibit C-2, and that corresponds with his Exhibit C-4
8 which is the Unit Recap.

9 And you will see that again in this case
10 SPC is only seeking to pool several unlocatable interest
11 owners in a small portion of this unit, and so up to this
12 point SPC hasn't had any contact information for these
13 parties and Notice was published to them. However,
14 because we had some communication issues with the Eddy
15 County, I guess, this publication went out late, so our
16 publication as reflected in the exhibit packet as Exhibit
17 C-6 shows that our Notice went to the parties on December
18 26th, so we would request that this hering be continued
19 just so that the publication timeframe can run, and ensure
20 that there are no objections to the case being taken under
21 advisement.

22 The last exhibit in the packet is the
23 affidavit of SPC's geologist Mr. John Weibe. He has
24 previously testified before the Division and provides the
25 standard Wolfcamp exhibits, which include a Structure Map,

1 a Cross Section Map, a Cross Section, and he provides his
2 opinion that the Wolfcamp is appropriate for horizontal
3 well development in this area.

4 So with that I would move the admission of
5 Exhibits A through E and I would ask that this case
6 be admitted into the record and the case be continued, and
7 SPC will file a Motion for Continuance, if required by the
8 Division, just to allow the Publication of Notice
9 timeframe to continue to run.

10 EXAMINER BRANCARD: Thank you.

11 Mr. Garcia, questions?

12 MR. GARCIA: I have no questions.

13 EXAMINER BRANCARD: So let me get this straight.

14 You have got 16 acres that are owned by
15 other parties here and you have no addresses for them?

16 MS. LUCK: That --

17 EXAMINER BRANCARD: In the county records, in
18 the deeds or anything about how to locate? I see a list
19 of five names here on your Exhibit C-4, and there are no
20 addresses where you can mail anything to them?

21 MS. LUCK: That's correct.

22 So the title has been run, and in Exhibit
23 C-6 to the landman's affidavit he explains the effort of
24 SPC to try to locate any person who had relations to these
25 names that are in the title records, and there are no

1 addresses that have been located for these parties and
2 that's why we did the Notice of Publication. There were
3 no mailing addresses to be mailed to.

4 And I can read off those names, as well. I
5 am looking at the publication now.

6 EXAMINER BRANCARD: Yeah, I see a Pearl Colony,
7 a Lizzie Colony, Albert Lang, Alma Green, William Packard,
8 Lizzie Stephenson.

9 I guess I'm just puzzled as to why there
10 were no attempts to even try to find anything, any
11 attempts to mail to any of these people at any last-known
12 address.

13 MS. LUCK: Yeah. So we've run these names that
14 we found in the title records through multiple public
15 record searches to try to locate either related persons to
16 them to be able to contact them, but nothing has turned up
17 for these five parties.

18 EXAMINER BRANCARD: I will for the record
19 indicate that our department did get a call from someone
20 saying they were related to someone who had an interest in
21 this property, and I simply informed them that they should
22 file an Entry of Appearance, which they apparently did
23 not.

24 And they learned about this by reading the
25 newspaper, wondering why they had not been contacted

1 directly.

2 So okay. We can continue this case to deal
3 with the newspaper publication, but I guess I need
4 something further from your landman about why no possible
5 addresses could be found in this. Just doing newspaper
6 publication does not seem adequate in this situation where
7 you're dealing with people who own 16 acres of land right
8 in the middle of your spacing unit.

9 MS. LUCK: And I just want to confirm whether
10 the Division has contact information for the person that
11 you mentioned that contacted the Division.

12 EXAMINER BRANCARD: I can get you the phone
13 number.

14 MS. LUCK: That would be fantastic if there is a
15 number that we can contact them back. We would be happy
16 to do so.

17 And another question that I have is: Mr.
18 Waldrop, who is SPC's landman, is currently on the hearing
19 now and he can answer any other questions the Division has
20 right now about why there aren't mailing addresses for
21 these five persons that have been identified.

22 But I mean I'm happy to just reference the
23 Division back to our Exhibit C, the landman's affidavit,
24 that explains what we did to try to contact the people
25 that are in the title records. But there is not even tax

1 information for these people to contact them. There's
2 just been nothing for a very long time for this section of
3 land.

4 Excuse me. It's not a whole section but
5 it's a tract.

6 And the title dropped off here almost 100
7 years ago. These people have not been identified since
8 the 1920s.

9 EXAMINER BRANCARD: Okay. So probably a lot of
10 this stuff has been probated but there is no probate
11 records in the county records.

12 All right. I will forward you the phone
13 number that was given to me, and then otherwise we will
14 continue this case to January 20th.

15 MS. LUCK: Okay. Thank you.

16 EXAMINER BRANCARD: Thank you.

17 (Time noted 10:31 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,
8 January 6, 2022, the proceedings in the above-captioned
9 matter were taken before me; that I did report in
10 stenographic shorthand the proceedings set forth herein,
11 and the foregoing pages are a true and correct
12 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

19

20 MARY THERESE MACFARLANE, CCR
21 NM Certified Court Reporter No. 122
License Expires: 12/31/2022

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