

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 STRATA PRODUCTION.  
COMPANY for Compulsory Pooling, Case No. 22435  
Eddy County, New Mexico Case No. 22436

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 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  
PAUL BACA COURT REPORTERS  
500 Fourth Street NW, Suite 105  
Albuquerque, New Mexico 87102  
(505) 843-9241

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A P P E A R A N C E S

FOR STRATA PRODUCTION COMPANY:

Sharon T. Shaheen, Esq.  
Montgomery & Andrews  
325 Paseo de Peralta  
Santa Fe NM 87501  
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C O N T E N T S

CASE NOS. 22435, 22536	PAGE
CASE CALLED:	4
WITNESS SCOTT KELLEY RECOGNIZED AS EXPERT:	7
TAKEN UNDER ADVISEMENT:	7

1	I N D E X   O F   E X H I B I T S	
2	SRATA PRODUCTION COMPANY EXHIBITS	ADMITTED
3	A     Affidavit of Landman Mitch Krakauskas	7
4	A-1   General Location Map	7
5	A-2   Tract Map w/Leashold Owners	7
6	A-3   Tract Map w/Proration Unit Working	7
7	Interest Percentages	7
8	A-4   Ownership Breakdown	7
9	A-5   Chronology of Contacts	7
10	A-6   C-102s	7
11	A-7   Well Proposal Letter and AFEs	7
12	A-8   Notice Letter	7
13	(To be provided post hearing)	
14	B     Affidavit of Geologist Scott Kelley	7
15	B-1   Regional View	7
16	B-2   Delaware Basin Stratigraphic Column	7
17	B-3   Base of Brushy Canyon Structure	7
18	B-4   Target Interval on Offset Log	7
19	B-5   Cross Section Line	7
20	B-6   Structural Cross Section	7
21	B-7   Gunbarrel Diagram and Landing Zone	7
22	C     Affidavit of Notice	7
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1                   EXAMINER BRANCARD: With that we will move  
2 forward then with Nos. 67 and 68 on the worksheet, Case  
3 Nos. 22435 and 22436, Strata Production Company.

4                   MS. SHAHEEN: Thank you, Mr. Examiner. Sharon  
5 Shaheen, Montgomery Andrews, on behalf of Strata  
6 Production.

7                   EXAMINER BRANCARD: Thank you. Are there any  
8 other interested persons for Cases 22435 or 22436?

9                   Hearing none, you may proceed, Ms. Shaheen.

10                  MS. SHAHEEN: Thank you. In Case No. 22435 and  
11 22436 Strata seeks to pool a 160-acre spacing unit in the  
12 north half of the south half of Section 23 South, 30 East  
13 in Eddy County for the purpose of drilling two wells, the  
14 Strata Roadrunner Fed Com 23 Ill 5H and the Strata  
15 Roadrunner Fed Com 23 PML 6H.

16                  Turning to .pdf page 2 of the exhibit  
17 packet, you will find our Table of Contents. In light of  
18 our previous discussion about Affidavits of Notice,  
19 Mr. Examiner, I double checked the Affidavit of Notice and  
20 learned that the dates in the Affidavit of Notice are  
21 correct; however, we inadvertently omitted Exhibit A-8  
22 which is the actual Notice Letter, so we will provide a  
23 supplemental exhibit for Exhibit A-8, which will  
24 illustrate that the Notice Letter was mailed on  
25 December 13th, and that correlates to the Affidavit of

1 Notice in Exhibit C.

2 I will note that the only party that Strata  
3 seeks to pool here is OXY USA, and you will see in the  
4 Chronology of Contacts that for many months Strata sought  
5 to come to a voluntary agreement with OXY, but was really  
6 unable to get a response and was actually told to go ahead  
7 and force pool them.

8 So they did receive Notice and, to my  
9 knowledge, have not entered an appearance.

10 Going forward in the exhibit packets, the  
11 landman affidavit is at approximately .pdf page 20. Mr.  
12 Mitch Krakauskas has previously testified before the  
13 Division and his credentials are provided in the  
14 affidavit, as well.

15 The usual exhibits for the landman are  
16 attached thereto, Exhibit A-1 through A-7, except for that  
17 inadvertent omission of Exhibit A-8 which we will provide  
18 later today.

19 The geologist affidavit is on approximately  
20 .pdf page 43, Mr. Scott Kelley. Mr. Kelley has not  
21 previously testified before the Division but his  
22 credentials are provided in paragraph 4. He has a  
23 Bachelor's degree in geology from the University of  
24 Oklahoma and a Master's degree in geology from of  
25 University of Texas at Arlington. He has worked

1 continuously as a professional geologist since 2009 for  
2 two years at Geosite Inc. for two years at Panther Energy  
3 Company, for six years at Pioneer Natural Resources, and  
4 he has been at Strata Production Company for two and a  
5 half years.

6 So I would ask that Mr. Kelley's affidavit  
7 be accepted as that of an expert in light of his  
8 experience.

9 Going on, Exhibits B-1 through B-7 the  
10 Regional Setting, the Structure Maps, Spacing Units,  
11 Schematic, Type Log, Cross Section and Cross Section Map  
12 and Gunbarrel are all attached to Mr. Kelley's affidavit.

13 And finally Exhibit C is attached thereto,  
14 illustrating that Certified Mailing was made to OXY on  
15 December 13th and that it was received thereafter.

16 With that, unless there are any questions I  
17 ask that the Division admit these exhibits into the record  
18 and take these two cases under advisement.

19 EXAMINER BRANCARD: Mr. Garcia, any questions?

20 EXAMINER GARCIA: No questions.

21 EXAMINER BRANCARD: I guess I'm confused here,  
22 Ms. Shaheen. There are a of bunch of interest owners  
23 here. Are you saying that you have got everyone to commit  
24 except OXY?

25 MS. SHAHEEN: That is correct.

1 EXAMINER BRANCARD: Okay. Good job. Thank you.

2 Are there any other interested persons,  
3 then, for Cases 22435, 22436?

4 Hearing none, the witness will be accepted,  
5 the exhibits will be admitted into the record, and Cases  
6 22435 and 22436 will be taken undervisement, as long as  
7 you provide us with Exhibit A-8.

8 MS. SHAHEEN: We will do that as soon as I am  
9 done here today.

10 EXAMINER BRANCARD: Thank you.

11 (Time noted 10:51 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,

8

January 6, 2022, 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.

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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.

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/s/ Mary MacFarlane

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

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