

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. 22437  
Eddy County, New Mexico Case No. 22438

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 and Philip Goetz, Technical Examiners, 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  
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C O N T E N T S

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WITNESS QUALIFIED:	9
TAKEN UNDER ADVISEMENT:	9

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1 (Time noted 10:51 a.m.)

2 EXAMINER BRANCARD: With that, 22437, 22438,  
3 Strata Production.

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

7 EXAMINER BRANCARD: Any other under interested  
8 persons for Cases 22437, 22438?

9 Hearing none, please proceed, Ms. Shaheen.

10 MS. SHAHEEN: Thank you.

11 In 22437 and 22438 Strata proposes to pool  
12 a 200-acre spacing unit consisting of the south half/south  
13 half of Section 23, Township 23 South, Range 30 East in  
14 Eddy County for the purpose of drilling two wells, the  
15 FNRU Fed Com 22-23 III 15H, and the FNRU Fed Com 22-23 PPI  
16 16H.

17 I will note there was an error in the  
18 application. This first well the III-15H was mistakenly  
19 referred to as the ILL-15H but it is actually the III-15H.

20 Again I did take a look the Notice Letters  
21 the same as it was in Case No. 22437 and 22438. The  
22 Affidavit of Notice is the same. Again we've  
23 inadvertently omitted Exhibit A-8 and will supplement the  
24 record later today with Exhibit A-8.

25 Again Strata is only pooling OXY USA. It

1 has voluntary agreements with the remainder of the working  
2 interest owners.

3 This case is a little unusual in that the  
4 southwest -- oh, you know what? I need to go back,  
5 because I misspoke here.

6 We're pooling 200 acres, the south half of  
7 the south half of Section 23, and also -- let me make sure  
8 I have this right -- the northeast quarter of the  
9 southeast quarter of Section 22, which is why we have 200  
10 acres.

11 That northeast quarter of the southeast  
12 quarter of Section 22 is actually located in the Forty  
13 Niner Ridge unit. I understand it's somewhat unusual to  
14 have a part of a federal unit being pooled with another  
15 acreage that not within the unit, but here we are in a  
16 potash area and so the surface locations were limited. I  
17 understand there's also a pipeline that interferes with  
18 the available surface locations. So Strata proposes to  
19 pool just that southeast quarter of the -- sorry, let me  
20 make sure I have that right again. The northeast quarter  
21 of the southeast quarter with the north half of the south  
22 half of Section 23.

23 I understand that they will be allocating  
24 to those interest owners in the northeast quarter of the  
25 southeast quarter of Section 22, it's with a Unit

1 Agreement, and those interests are reflected in the  
2 standard exhibits that are attached to the landman  
3 affidavit.

4 So again Mr. Krakauskas' credentials have  
5 previously been accepted by the Division, his affidavit  
6 begins on .pdf page 18; and the geologist Scott Kelley has  
7 not previously testified other than the case immediately  
8 preceding this one, and we would ask that his credentials  
9 be accepted in light of his experience.

10 The usual geologist affidavits are  
11 attached -- excuse me, exhibits are attached to his  
12 affidavit.

13 With that I have no further -- nothing  
14 further unless someone has questions. I ask that the  
15 exhibits be admitted into evidence and that the case be  
16 taken under advisement, and we will provide the Exhibit  
17 A-8 as soon as I am done here. Thank you.

18 EXAMINER BRANCARD: Thank you.

19 Mr. Garcia?

20 EXAMINER GARCIA: Yeah. The northeast/southeast  
21 is the federal unit?

22 MS. SHAHEEN: That's correct.

23 EXAMINER GARCIA: I'll just say I'm not sure how  
24 that works with my experience, so I may be in touch later  
25 with questions.

1 MS. SHAHEEN: That's fine. I'm happy to answer  
2 any questions you might have.

3 EXAMINER GARCIA: The discussion about like the  
4 prep (phonetic) lines you discussed on the record are  
5 there exhibits that discuss that or just what we have on  
6 the record?

7 MS. SHAHEEN: I believe the affidavit discusses  
8 it, the landman affidavit discusses it, and also it's  
9 evidenced in the Tract Map and the Unit Interest Map.

10 EXAMINER GARCIA: Okay. I think that'll work  
11 for me for now. I may be in touch. Thank you.

12 MS. SHAHEEN: Thank you.

13 EXAMINER BRANCARD: Are we just discussing Case  
14 22437 at this point?

15 MS. SHAHEEN: 22437 and 22438.

16 EXAMINER BRANCARD: Because -438 is the  
17 southeast/southeast; 437 is the northeast.

18 MS. SHAHEEN: I apologize.

19 EXAMINER GARCIA: Each one has part of the  
20 federal unit maybe?

21 MS. SHAHEEN: That's correct. And let me  
22 correct for the record. My apologies.

23 In 22437 I just want to make sure we have  
24 the acreage right in the record.

25 In 22437 we are pooling the northeast

1 quarter of the southeast quarter of Section 22 and the  
2 north half of the south half of Section 23, Township 23  
3 South, Range 30 East in Eddy county.

4 And in case No. 22438 we are pooling the  
5 southeast quarter of the southeast quarter of Section 22,  
6 Township 23 South, Range 30 East, in the south half/south  
7 half of Section 23, also in Township 23 South, Range 30  
8 East in Eddy County.

9 EXAMINER BRANCARD: And again is the only party  
10 you're pooling OXY?

11 MS. SHAHEEN: That's correct.

12 EXAMINER BRANCARD: All the other parties are  
13 joined in.

14 And we shouldn't worry about any stranded  
15 acreage, because everything, I assume, to the west is part  
16 of this federal.

17 MS. SHAHEEN: That's my understanding. The  
18 Forty Niner Ridge Unit, which is why the wells are called  
19 FNRU.

20 EXAMINER BRANCARD: Okay. I assume you have  
21 been talking to the BLM about this, or somebody has been.

22 MS. SHAHEEN: That I don't know, but I'm happy  
23 to clarify with the client if you would like for me to.

24 EXAMINER BRANCARD: I think we're fine. Just  
25 checking here. I don't want to get in trouble with the

1 BLM by approving something that impinges on their  
2 authority.

3 All right. We are left again with Exhibit  
4 A-8 is needed. And, Mr. Garcia, did you want a little  
5 more clarification on the federal unit, then?

6 EXAMINER GARCIA: I guess I would probably have  
7 to talk to some of my coworkers before I can say it's so.

8 EXAMINER BRANCARD: So you may be in contact  
9 with Ms. Shaheen.

10 EXAMINER GARCIA: If I may, Bill, can we back  
11 up?

12 The last cases didn't have this federal  
13 unit acreage, did they?

14 MS. SHAHEEN: They did not.

15 EXAMINER GARCIA: Thank you.

16 EXAMINER BRANCARD: Any other interested persons  
17 for Cases 22437 and 22438?

18 Hearing none, your witnesses will be  
19 qualified as experts, your exhibits will be admitted into  
20 the record, and Cases 22437 and 22438 will be taken under  
21 advisement with the record supplement of Exhibit A-8, and  
22 to respond to any questions we may have.

23 MS. SHAHEEN: Thank you.

24 (Time noted 11:00 a.m.)

25

1 STATE OF NEW MEXICO )  
2 : ss  
3 COUNTY OF TAOS )

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; that I did report in stenographic  
10 shorthand the proceedings set forth herein, and the  
11 foregoing pages are a true and correct transcription to  
12 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  
22 License Expires: 12/31/2022

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