

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: 22282

APPLICATIONS OF KAISER-FRANCIS OIL COMPANY
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS
EXAMINER HEARING
February 3, 2022
SANTA FE, NEW MEXICO

This matter came on for virtual hearing before
the New Mexico Oil Conservation Division, HEARING OFFICER
WILLIAM BRANCARD and TECHNICAL EXAMINER DYLAN ROSE-COSS on
Thursday, February 3, 2022, 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:

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For Matador Production Company:

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1 HEARING EXAMINER BRANCARD: All right, I think we
2 are done with the Matador show for now, let me get back to
3 it in a minute. Different ways. Let's try case -- Item
4 Number 30, Case 22282, Kaiser-Francis Oil Company.

5 MR. BRUCE: Mr. Examiner, Jim Bruce representing
6 Kaiser-Francis.

7 HEARING EXAMINER BRANCARD: All right. And do we
8 have Matador Production Company?

9 MR. FELDEWERT: Mr. Examiner, Michael Feldewert
10 with the Santa Fe office of Holland & Hart, and we -- I'm
11 thinking here -- Jim, correct me if I'm wrong, but I think,
12 Mr. Examiner, this is a case -- one of the two cases where
13 Matador had competing pooling cases that were dismissed, and
14 so Matador is no longer participating in this remaining
15 case.

16 HEARING EXAMINER BRANCARD: All right. Thank
17 you. I think that's correct. Mr. Bruce, we did one a few
18 weeks back, and this is the second one; correct?

19 MR. BRUCE: Yeah. The parties were trying to
20 sort out who was going to develop the acreage in this second
21 pool area, and they came to terms, and so Kaiser-Francis is
22 doing these two cases, these two adjoining cases, and
23 Matador has plans, I think, further to the east.

24 HEARING EXAMINER BRANCARD: Thank you. Are there
25 any other interested parties for Case 22282?

1 (No audible response.)

2 HEARING EXAMINER BRANCARD: Hearing none, Mr.
3 Bruce, you may proceed, but let's deal right away with a
4 pleading problem you have here and see if we can resolve it.

5 MR. BRUCE: Okay.

6 HEARING EXAMINER BRANCARD: Your prehearing
7 statement in this case, Mr. Bruce, describes some other
8 case.

9 MR. BRUCE: Oh -- I don't have that right in
10 front of me. You know what, I think that was the one from
11 the prior case.

12 HEARING EXAMINER BRANCARD: It would be the 471
13 non-standard spacing unit.

14 MR. BRUCE: Yeah, let me.

15 HEARING EXAMINER BRANCARD: Sections 19 and 30.
16 It is not this case.

17 MR. BRUCE: That's not too bright. Well, this
18 case concerns Sections -- oh, I know how that happened now.
19 I usually pull up old documents, old -- the notices of
20 cases, and there is a Wright -- this particular case is for
21 the Wright Federal 25-24 Well Number 1H in the W/2 NE of
22 Section 25, and W/2 E/2 of Section 24 of 23 South, 28 East.

23 Kaiser-Francis has some other wells also called
24 the Wright wells that involve those sections in adjoining
25 townships, so I apologize. If we need to do a short

1 continuance to remedy that, so be it, but I can pull up the
2 right notice and plug it into the prehearing statement.

3 HEARING EXAMINER BRANCARD: Here is what I
4 propose. Interestingly enough, and it may be because there
5 is a lot Kaiser-Francis, you have the correct witnesses
6 listed in your prehearing statement, and obviously your
7 exhibits do pertain to this case, so I suggest that we go
8 forward with your presentation today and then we simply
9 continue this to the next hearing and you can file a
10 substitute prehearing statement.

11 MR. BRUCE: Okay, thank you.

12 HEARING EXAMINER BRANCARD: Any objection?

13 MR. BRUCE: I thought I was going to have one
14 case at least that something didn't go wrong on me, but so
15 be it.

16 HEARING EXAMINER BRANCARD: So if there are no
17 other parties for Case 22282, Mr. Bruce, you may proceed
18 with your presentation of the case.

19 MR. BRUCE: Okay. Well, I have described the
20 well and well unit, and there is the -- Exhibit 1 is the
21 application and the correct -- which the application which
22 correctly describes the -- what we are here for today.

23 There is the landman's statement, Brendon
24 Kushnerick, who describes the well and the overhead rates,
25 requested penalty. There are no unlocatable interest owners

1 in this matter. His attachment A includes the land plat,
2 the C-102. And Exhibit 3 contains the names of the parties
3 being pooled and their interest in the proposed well. Alpha
4 Energy Partners and Evans Petroleum, as I said they are both
5 locatable.

6 Attachment D describes the negotiations or
7 contacts with these parties, together with the proposal
8 letters. And Exhibit E is the AFE which, I believe,
9 complies with the usual requirements of the Division. And
10 then the verified statement of Lee Lindman who is the
11 geologist and it contains the usual structure isopach cross
12 section showing that the reservoir is continuous across the
13 proposed unit and chose the target zone in the Lower Brushy
14 Canyon, and that there is no -- Kaiser-Francis notes no
15 difference between stand-up and lay-down wells in this area,
16 and each quarter-quarter section in the each well unit will
17 contribute more or less equally to production.

18 He also contains -- that exhibit also contains
19 the standard planning report showing the, how the well was
20 drilled. Exhibit 4 is my affidavit of notice which was
21 mailed out quite some time ago which maybe explains why I
22 got both green cards back. And notice is proper, so there
23 is -- notice was received by certified mail so that there
24 was no need to publish notice in the newspaper.

25 And so with that, I would move the admission --

1 oh, and Exhibit 6 -- Exhibit 5 -- excuse me -- is the
2 pooling checklist. And with that, I would move the
3 admission of Exhibits 1 through 5.

4 HEARING EXAMINER BRANCARD: Thank you. Mr.
5 Feldewert, do you have any questions or objection?

6 MR. FELDEWERT: No, Mr. Examiner, thank you.

7 HEARING EXAMINER BRANCARD: Mr. Coss, any
8 questions?

9 TECHNICAL EXAMINER ROSE-COSS: None from me at
10 this time.

11 HEARING EXAMINER BRANCARD: Thank you.

12 Mr. Bruce, I have a question, but I'm sure it's
13 irrelevant here. In your landman's affidavit there is a
14 reference, and it may be a generic reference that's in every
15 affidavit that Kaiser-Francis has the right to pool
16 overriding royalty owners, but I didn't see any overriding
17 royalty owners in this case. Is that correct.

18 MR. BRUCE: Well, there are some, but I -- they
19 weren't listed in the exhibits since we weren't pooling
20 them.

21 HEARING EXAMINER BRANCARD: Okay. So you are not
22 pooling overriding royalty interests?

23 MR. BRUCE: No.

24 HEARING EXAMINER BRANCARD: Okay, thank you. Are
25 there any other persons interested in Case 22282, Kaiser

1 -Francis?

2 (No audible response.)

3 HEARING EXAMINER BRANCARD: Hearing none, your
4 exhibits will be admitted into the record, Mr. Bruce, and
5 the case will be continued to February 17 for the
6 presentation of a replacement prehearing statement. Since
7 we are continuing the case, you don't need to file a
8 continuance.

9 HEARING EXAMINER BRANCARD: Okay.

10 MR. BRUCE: Okay.

11 HEARING EXAMINER BRANCARD: Thank you.

12 MR. BRUCE: Which hearing should I apply for?

13 HEARING EXAMINER BRANCARD: February 17, but
14 Marlene will just put it on the docket.

15 MR. BRUCE: Oh, okay, thank you.

16 (Exhibits admitted.)

17 (Case continued.)

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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 poor to good quality.

17 Dated this 3rd day of February 2022.

18

/s/ Irene Delgado

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Irene Delgado, NMCCR 253
License Expires: 12-31-22

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