

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: 22506

APPLICATION OF WPX ENERGY PERMIAN,  
LLC 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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505-843-9241

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A P P E A R A N C E S

For the Applicant:

I N D E X

CASE CALLED

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1 HEARING EXAMINER BRANCARD: With that, Item  
2 Number 44 on today's worksheet, Case 22506, WPX Energy  
3 Permian.

4 MR. RANKIN: Good morning, Mr. Examiner, may it  
5 please the Division. Adam Rankin appearing on behalf of the  
6 applicant in this case, Santa Fe office of Holland & Hart.

7 HEARING EXAMINER BRANCARD: Thank you. Are there  
8 any other interested persons for Case 22506, Steel Guitar.

9 (No audible response.)

10 HEARING EXAMINER BRANCARD: Hearing none, Mr.  
11 Rankin, you may proceed.

12 MR. RANKIN: Thank you very much, Mr. Examiner.  
13 In this case WPX Energy Permian LLC, which is an affiliate  
14 of Devon Energy Company, Production Company, seeks an order  
15 pooling all uncommitted interest owners in the Wolfcamp  
16 Formation, Purple Sage Wolfcamp Gas Pool, underlying an  
17 852.4 acre, more or less, horizontal, standard horizontal  
18 spacing unit comprised of all of Sections 26, the N/2  
19 equivalent of irregular Section 35, Township 26 South, Range  
20 29 East, Eddy County.

21 The proposed spacing unit will be dedicated to  
22 one well, the Steal Guitar 35-26 Fed Com Number 451-H well.  
23 In this case Oxy seeks -- I'm sorry -- WPX seeks  
24 (inaudible) charge drilling of the well.

25 Filed on Tuesday, Exhibits A through F in support

1 of the application. Exhibit A is a copy of the compulsory  
2 pooling checklist, identifying each of the elements of the  
3 spacing unit and of the wells dedicated to it. It would  
4 be -- a copy of the application was filed by WPX.

5 Exhibit B is the affidavit of WPX or Devon's  
6 landman, Mr. Andrew Wenzel. Mr. Wenzel identifies the  
7 proposed spacing unit, the well that will be dedicated to  
8 it. Attached to his affidavit is a copy of the C-102 for  
9 the proposed well within the Purple Sage Wolfcamp Gas Pool.

10 Exhibit C-2 is a copy of the land plat  
11 identifying the different tracts that comprise the proposed  
12 spacing unit, and the interest owners in each tract, as well  
13 as some of the working interests on a unit-wide bases.

14 Exhibit C-3 is a copy of the well proposal that  
15 went out to each of the working interest owners subject to  
16 the spacing -- to the proposed pooling, identifying the  
17 costs in the AFE.

18 Exhibit C-4 is a summary of the communications  
19 Mr. Wenzel had with the different interest owners that they  
20 are seeking to pool and have not been able to reach  
21 voluntary agreement with.

22 Exhibit D is a copy of the affidavit of WPX's  
23 geologist, Mr. Keegan DePriest. Mr. DePriest identifies in  
24 his exhibits copies of the location of the proposed well and  
25 the target interval and confirms that exhibit does not

1 identify any impediments to horizontal development of the  
2 proposed acreage.

3 Exhibit E is a copy of the notice affidavit that  
4 was prepared by me and my firm reflecting that we provided  
5 notice to each of the parties that WPX is seeking to pool in  
6 this case, along with the status of the mailings.

7 And Exhibit F is a copy of the notice of  
8 publication that went out -- sorry -- is a copy of the  
9 affidavit of the publication reflecting that we provided  
10 notice to those parties identifying them by name in the  
11 newspaper in that county.

12 Mr. Examiner, as with one of our other cases, we  
13 were unable to get this publication run within ten business  
14 days of the hearing, and therefore it was one day late. And  
15 as with the prior case, we are going to need to continue  
16 this case to February 17 in order to perfect notice by  
17 publication.

18 If there are no questions about this case, Mr.  
19 Examiner, I would ask that Exhibits A through F be admitted  
20 into the record and that the Division continue this case to  
21 February 17 in order to allow us to perfect notice by  
22 publication.

23 HEARING EXAMINER BRANCARD: Thank you. Mr.  
24 Rose-Coss, questions in Case 22506?

25 TECHNICAL EXAMINER ROSE-COSS: No questions.

1 HEARING EXAMINER BRANCARD: So, Mr. Rankin, I  
2 assume you're working under the Wolfcamp special pool.

3 MR. RANKIN: Yeah, that's right.

4 HEARING EXAMINER BRANCARD: Which allows 320  
5 building blocks; correct?

6 MR. RANKIN: Correct.

7 HEARING EXAMINER BRANCARD: And I assume the  
8 Wolfcamp rules don't indicate whether those 320s have to be  
9 stand-up or lay-down?

10 MR. RANKIN: That is correct, Mr. Examiner, and I  
11 understand exactly what you are asking. And in this case,  
12 the orientation of the these building blocks is lay-down so  
13 that it would be the N/2 N/2 -- the N/2 of 26, S/2 of 26,  
14 and the equivalent of the N/2 of 35 in lay-down orientation,  
15 whereas the well we're proposing is in the stand-up  
16 orientation.

17 HEARING EXAMINER BRANCARD: Right, and is in fact  
18 330 feet from the west line, which means you've got about --  
19 do my math here -- 4,950 feet of territory you are capturing  
20 here in one well.

21 MR. RANKIN: That is correct, Mr. Examiner. And  
22 in this case WPX doesn't intend to develop the rest of the  
23 acreage. Under the rules, the rules do not -- under the  
24 special rules, the orientation of the building blocks that  
25 would construct the spacing unit, they only require that the

1 building blocks are oriented in the same direction.

2 And here, each of the spacing units, each of the  
3 building blocks that comprise the spacing unit are lay-down  
4 oriented in the same manner, and they are completed by --  
5 it would be completed by a single lateral that would  
6 traverse each of those building blocks as the rules require.

7 HEARING EXAMINER BRANCARD: (inaudible) oil well.

8 MR. RANKIN: Purple Sage is expected to be  
9 primarily an oil well.

10 HEARING EXAMINER BRANCARD: Which I don't  
11 understand why we have gas pools for (inaudible).

12 MR. RANKIN: I'm not an engineer, Mr. Examiner.

13 HEARING EXAMINER BRANCARD: I will defer to my  
14 predecessors in their wisdom of creating the Wolfcamp Gas  
15 Pool which was used primarily for oil wells, 320 building  
16 blocks.

17 MR. RANKIN: Mr. Examiner, there is precedent for  
18 cases such as this where the orientation of the building  
19 blocks in the Purple Sage Wolfcamp Pool are not in the same  
20 orientation as the proposed wellbore.

21 HEARING EXAMINER BRANCARD: Well, I'm not  
22 questioning the legality, I'm questioning the common sense.  
23 That's all. All right. Any questions, Mr. Rose-Coss?

24 TECHNICAL EXAMINER ROSE-COSS: No questions.

25 HEARING EXAMINER BRANCARD: Any other interested

1 persons for Case 22506.

2 (No audible response.)

3 HEARING EXAMINER BRANCARD: Hearing none, the  
4 exhibits will be admitted into the record, and this case is  
5 going to be continued to February 17 for notice purposes.

6 (Exhibits admitted.)

7 (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.

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/s/ Irene Delgado

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

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