

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: 22042 - 22047

APPLICATION OF CAZA PETROLEUM, LLC
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS
EXAMINER HEARING
FEBRUARY 17, 2021
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 KATHLEEN MURPHY on
Thursday, February 17, 2021, through the Webex Platform.

Reported by: Irene Delgado, NMCCR 253
PAUL BACA PROFESSIONAL COURT REPORTERS
500 Fourth Street, NW, Suite 105
Albuquerque, NM 87102
505-843-9241

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A P P E A R A N C E S

For the Applicant:

JAMES BRUCE
P.O. Box 1056
Santa Fe, NM 87504-1056
505-982-2151
jamesbruce@aol.com

I N D E X

CASE CALLED

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1 HEARING EXAMINER BRANCARD: With that, I'm
2 calling Items 58 through 63, Cases 22042, 22043, 22044,
3 22045, 22046 and 22047, Caza Petroleum.

4 MR. BRUCE: Mr. Examiner, Jim Bruce for Caza.

5 HEARING EXAMINER BRANCARD: Thank you. Are there
6 any other interested persons for Case Numbers 22042, 43, 44,
7 45, 46 and 47?

8 (No audible response.)

9 HEARING EXAMINER BRANCARD: Hearing none,
10 Mr. Bruce, you may proceed.

11 MR. BRUCE: Mr. Examiner, I submitted individual
12 exhibit packages for each particular case, but they are
13 pretty identical, so I will only go through one, and then I
14 will raise a few issues due to my technical problems that I
15 need to fix.

16 In the first two cases, Caza seeks to pool the
17 Bone Spring Formation and separately the Wolfcamp Formation
18 in the E/2 SE/4 of Section 8 and the E/2 E/2 of Section 17
19 in 20 South, 35 East.

20 In Cases 44 and 45, again they seek to pool the
21 Bone Spring and Wolfcamp in the W/2 SE/4 of 8, and W/2 E/2
22 of Section 17, same township and range.

23 And in 46 and 47, again seeks to pool the Bone
24 Spring and Wolfcamp Formation in the E/2 SW/4 of 8 and E/2
25 W/2 of Section 17. Each application packet contains the

1 application and proposed notice, affidavit of the landman,
2 David Gibson, which contains the usual attachments, C-102s,
3 the list of ownership, the proposal letters, AFEs, and the
4 usual requests for the overhead rates which are 7500 and 750
5 and request for cost plus 200 percent risk charge.

6 The affidavit of the geologist Richard Carroll
7 includes numerous structure, isopach and cross section maps,
8 as well as the directional drilling plan on each one. I
9 believe it contains all the Division usually requires.

10 Exhibit 4 is my affidavit of certified notice and
11 notice was sent to numerous interest owners.

12 Here is problem number one as I have informed the
13 Division, I had problems and my computer and printer are not
14 communicating anymore. I do have the green cards, certified
15 green and white cards, but I'm -- I can scan them in, but
16 I'm unable to send them to the Division because there is no
17 communication between the two instruments and I will submit
18 those.

19 Exhibit 5 is a publication notice, which, for
20 once in my life, I believe, is published in time and it does
21 give publication notice to all of the parties. I have not
22 received any green -- I received a number of green cards
23 back. I have not received any letters back.

24 So there may be more green cards coming in in the
25 future, several green cards, but I will get those to the

1 Division.

2 And then finally, Exhibit 6 is the pooling
3 checklist for each well which I have on my computer, and if
4 the Division would like, I can e-mail them to the examiners
5 in Word form, but I can't scan and submit them -- I can't
6 create PDFs of them to submit to the Division at this time,
7 so I will leave that up to you.

8 And then one final thing is I do have land plats,
9 and I know Ms. Murphy likes a good land plat, and again,
10 that came in late, and with my problems I just couldn't get
11 it to the Division.

12 So with that kind of a messed up deal, I
13 would -- but again, everybody was sent certified notice,
14 everybody has been timely noticed by publication. I think
15 the affidavits contain the required information, and so I
16 would move the admission of Exhibits 1 through 6 in each
17 case and ask that the cases be taken under advisement.

18 HEARING EXAMINER BRANCARD: Ms. Murphy,
19 questions?

20 TECHNICAL EXAMINER MURPHY: Good morning, Mr.
21 Bruce. There's a lot to break down there. Congratulations
22 on a timely publication.

23 MR. BRUCE: It's a once in a lifetime deal.

24 TECHNICAL EXAMINER MURPHY: Again,
25 congratulations. And the C-102s for Caza needs to be filled

1 in completely, pool codes, pool, dedicated acres and the
2 certification. Thank you in advance.

3 And then attachment C, is that the -- that is the
4 table of who is getting pooled?

5 MR. BRUCE: Correct. Correct.

6 TECHNICAL EXAMINER MURPHY: There is quite a
7 number of them.

8 MR. BRUCE: Yes, yes, there are. If you look
9 through, if you look at my notice letter, I have contained a
10 table for each well unit that shows that a lot of them are
11 overriding royalty interest owners. I mean, there is a
12 working interest owners who have, you know, more minor
13 interests, but there is a bunch of overrides just being
14 pooled for purposes of being committed to the unitization
15 agreement.

16 TECHNICAL EXAMINER MURPHY: So for the working,
17 what's the percentage for that? They look kind of minor
18 also.

19 MR. BRUCE: Yes. Let me -- look at that. Yeah,
20 the -- if you look at the first exhibit package, Case 42,
21 Attachment C to the landman's affidavit, if you go straight
22 to the bottom of that page you can see there are two primary
23 interest owners, Chevron, with about 60 percent working
24 interest, and Caza with about 30 percent, but they are in
25 discussions, and I believe Caza is in the process of

1 acquiring Chevron's interest, and Chevron has not objected
2 to this case. So what you are looking at is probably 12 to
3 14, very small working interest owners and the rest are
4 overrides.

5 TECHNICAL EXAMINER MURPHY: Thank you.

6 MR. BRUCE: It also lists the United States of
7 America and State of New Mexico as royalty interest owners.
8 Obviously we are not and cannot force pool them. They are
9 just listed to show it's 100 percent interest in the well.

10 TECHNICAL EXAMINER MURPHY: Do we have Ohio State
11 on this one?

12 MR. BRUCE: I do not. I do not think I do.

13 TECHNICAL EXAMINER MURPHY: Okay. Thank you. I
14 don't have any more questions.

15 MR. BRUCE: Okay. And I will get -- I will get
16 corrected C-102s, I will get a land plat, and as soon as my
17 computer and printer are cooperating, I will get the
18 certified green cards and pooling checklist to you. But
19 again, I can give you the Word versions of the pooling
20 checklist, and in those I do have the pools and pool codes
21 and stuff like that on all of the APDs that have been issued
22 on these wells.

23 TECHNICAL EXAMINER MURPHY: I would just caution
24 others that are listening to make sure they put stuff like
25 that on their C-102s. That's the easy button for all of

1 this. All righty. Thank you.

2 MR. BRUCE: Thank you.

3 HEARING EXAMINER BRANCARD: Thank you, Mr. Bruce.

4 So we have the green cards, land plats --

5 MR. BRUCE: Yeah, I know Ms. Murphy likes land
6 plats showing the -- I do have one showing the individual
7 land tracts, but I want to enhance that by putting -- with
8 the interest owners attached which I have. But it's, it's
9 almost all federal land, federal and state land.

10 HEARING EXAMINER BRANCARD: So you need
11 checklists?

12 MR. BRUCE: Pooling checklists and revised
13 C-102s.

14 HEARING EXAMINER BRANCARD: Okay. I don't know
15 if I can help you with the technology, but sometimes Marlene
16 can. I don't know if you can e-mail straight from your
17 printer to us.

18 MR. BRUCE: I can -- well, I can e-mail what I
19 already have on my computer, I can e-mail you the pooling
20 checklists. The other stuff I may be able to get you the
21 land plat, but it doesn't have all of the information that I
22 think Ms. Murphy wants. And maybe by the end of today I can
23 get these certified cards to you. But the C-102s will take
24 a little while. I need to contact the client and get them
25 to change those.

1 TECHNICAL EXAMINER MURPHY: Doesn't the operator
2 do the C-102s? I don't know that it's necessarily you.

3 MR. BRUCE: I will have them do it.

4 HEARING EXAMINER BRANCARD: Thank you. Are there
5 any other interested persons then for Cases 22042, 43, 44,
6 45, 46 or 47?

7 (No audible response.)

8 HEARING EXAMINER BRANCARD: Hearing none, the
9 exhibits will be admitted into the record. The case will be
10 taken under advisement and the record kept open for the
11 submittal of items that were discussed, green card, land
12 plat, checklist and revised C-102.

13 MR. BRUCE: Thank you.

14 HEARING EXAMINER BRANCARD: Thank you.

15 (Exhibits admitted.)

16 (Taken under advisement.)

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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REPORTER'S CERTIFICATE

I, IRENE DELGADO, New Mexico Certified Court Reporter, CCR 253, do hereby certify that I reported the foregoing virtual proceedings in stenographic shorthand and that the foregoing pages are a true and correct transcript of those proceedings to the best of my ability.

I FURTHER CERTIFY that I am neither employed by nor related to any of the parties or attorneys in this case and that I have no interest in the final disposition of this case.

I FURTHER CERTIFY that the Virtual Proceeding was of poor to good quality.

Dated this 17th day of February 2022.

/s/ Irene Delgado

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