

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:

Applications of FASKEN
OIL & RANCH, LTD, for
Compulsory Pooling,
Lea County, New Mexico Case Nos. 22697, 22698

REPORTER'S TRANSCRIPT OF PROCEEDINGS

THURSDAY, APRIL 7, 2022

EXAMINER HEARING

This matter came on for hearing before the New Mexico Oil Conservation Division, William Brancard, Esq. Hearing Examiners, John Garcia Technical Examiner, on Thursday, April 7, 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

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

A P P E A R A N C E S

FOR FASKEN OIL AND RANCH, LTD.

Michael Feldewert, Esq.
Holland & Hart
110 North Guadalupe, Suite 1
Santa Fe, New Mexico 87501
(505) 988-4421
mfeldewert@hollandhart.com.

FOR MARATHON OIL PERMIAN, LLC:

Deana M. Bennett, Esq.
Modrall Sperling.
P.O Box 2168
Albuquerque, NM
(505) 848-1845
deana.bennett@modrall.com

FOR MRC PERMIAN:

James Bruce, Esq.
Post Office Box 1056
Santa Fe, NM 87504
(505) 982-2043
jamesbruc@aol.com

C O N T E N T S

CASE NOS. 22697, 22698	PAGE
CASE CALLED:	3
TAKEN UNDER ADVISEMENT:	9

1	I N D E X O F E X H I B I T S.	
2	FASKEN OIL & RANCH EXHIBITS	ADMITTED
3	Checklists (To be provided)	
4	Filed Application	9
5	A Affidavit of Michael Wallace	9
6	A-1 C-102s (To be Provided)	9
7	A-2 General Location Map	9
8	A-3 Land Plat and Ownership Breakdown	9
9	A-4 Sample Well Proposal Letters and AFEs	9
10	A-5 Chronology of Contact	9
11	B Affidavit of Adam Anderson	9
12	B-1 Subsea Structure Map	9
13	B-2 Structural Cross-Section	9
14	C Notice Affidavit	9
15	D Affidavit of Publication	9
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		

1 (Time noted 2:30 p.m.)

2 EXAMINER BRANCARD: All right. With that, we
3 will call Case 22697, 22698, Fasken Oil & Ranch.

4 MR. FELDEWERT: Good afternoon, Mr. Hearing
5 Officer.

6 EXAMINER BRANCARD: Mr. Feldewert, you're
7 really quiet.

8 MR. FELDEWERT: Can you hear me?

9 EXAMINER BRANCARD: Barely. I'm not sure why.
10 Nothing has changed since this morning.

11 EXAMINER BRANCARD: You've gotten shy.

12 MR. FELDEWERT: Any better?

13 EXAMINER BRANCARD: No.

14 (Note: Discussion off the record re sound
15 issues.)

16 MR. FELDEWERT: How is it now?

17 EXAMINER BRANCARD: Not much better. Do you
18 have a sandwich over your microphone or something?

19 MR. FELDEWERT: Can you hear me if I really
20 speak up?

21 EXAMINER BRANCARD: Yes.

22 MR. FELDEWERT: Okay.

23 I'm here on behalf of the applicant Fasken
24 Oil & Ranch, Ltd.

25 (Note: Discussion off the record re sound.)

1 EXAMINER BRANCARD: Well, speak loudly Mr.
2 Feldewert and with your usual slow manner, I guess.

3 MR. FELDEWERT: I will do my best. You know
4 what I did is I just reset my computer microphone. I
5 guess for whatever reason it -- you know I turned it off
6 and turned it back on. So okay. Good you can hear me
7 now?

8 EXAMINER BRANCARD: Well I had the problem this
9 morning with my camera. All right. So are there any
10 other -- let's try for Marathon Oil Permian, LLC.

11 MS. BENNETT: Good afternoon, Mr. Examiner.
12 This is Deana Bennett on behalf of Marathon Oil Permian,
13 LLC.

14 EXAMINER BRANCARD: Thank you. Does Marathon
15 Oil Permian object to this case going forward by
16 affidavit?

17 MS. BENNETT: No, Mr. Hearing Examiner.
18 Marathon had asked Fasken for a continuance but through
19 negotiations Marathon has agreed to allow those cases to
20 go by affidavit today, and I'm entering my appearance just
21 to preserve Marathon's rights in the event necessary.

22 EXAMINER BRANCARD: Thank you.

23 Are there in you other interested parties
24 for Cases 22697, 22698.

25 MR. BRUCE: Mr. Examiner, Jim Bruce representing

1 MRC Permian. MRC does not have any objection to the cases
2 being presented by affidavit.

3 EXAMINER BRANCARD: Thank you, Mr. Bruce.

4 Anyone else here for Cases 22697, 22698?

5 Hearing none, Mr. Feldewert you may
6 proceed.

7 MR. FELDEWERT: Thank you, sir.

8 In these consolidated cases Fasken seeks an
9 Order pooling all uncommitted interests in the Bone Spring
10 Formation underlying the standard 320-acre spacing unit in
11 the west half of Sections 22 and 15, Township 20 South, 32
12 East in Lea County.

13 The first Case, 22697, seeks to pool the
14 Bone Spring under the west half of the west half of this
15 acreage for the Baetz 22/15 Fed Com 1H well.

16 And in Case 22698 it seeks to pool the Bone
17 Spring under the east half of the west half acreage in 22
18 and 15 for the Baetz 22/15 Fed Com 2H well.

19 As you probably noticed, everything was
20 submitted on Tuesday except for a Compulsory Pooling
21 Checklist and the C-102 plats. We were having difficulty
22 getting the C-102 plats to us in time on Tuesday. We did
23 get them Wednesday morning, and once I had the C-102 plats
24 then I could fill out the Compulsory Pooling Checklist, so
25 we filed a supplemental exhibits package on Wednesday

1 morning.

2 So you should have the initial exhibit
3 package with the land and geology affidavit plus then what
4 would be identified as our supplemental exhibits that was
5 received the next day.

6 We provided the affidavit of Mr. Wallace as
7 Exhibit A. He has previously testified before this
8 Division, and he provided references as A-1 the C-102
9 plats which are in the supplemental hearing package.

10 He provides as Exhibit A-2 the General
11 Location Map for these proposed spacing units.

12 Exhibit A-3 identifies the tracts of land
13 comprising the proposed spacing unit, the ownership of
14 these tracts, and then on the last, what would be page 3
15 of 5 of Exhibit A-3 he has highlighted in yellow the
16 interest owners that the company seeks to pool, and then
17 also on the last page of that exhibit provides a group of
18 overriding royalty interest owners that the company seeks
19 to pool in these cases.

20 Exhibits A-4 is the Well Proposal Letter
21 with the AFEs for each of the wells that was sent to the
22 parties that they seek to pool.

23 And Exhibit A-5 provides a summary of his
24 efforts to reach a voluntary agreement with these working
25 interest owners that remain to be pooled.

1 Exhibit B is the affidavit of the geologist
2 Mr. Adam Anderson, who has testified previously with the
3 Division. He notes that the target for these two wells is
4 the Second Bone Spring Sand.

5 He provides as Exhibit B-1 a Structure Map
6 for this particular interval for the Bone Spring
7 Formation, and identifies on there well logs utilized from
8 A to A prime to create what is marked as Exhibit B-2,
9 which is the Structural Cross-Section across this area,
10 identifying in yellow the target interval for both of the
11 proposed wells.

12 Exhibit C is the Affidavit of Notice along
13 with the letter and the date on which it was sent out to
14 the parties that we seek to pool, and in particular
15 because there is some overriding royalty interest owners
16 some of the packages weren't delivered on time based on
17 the Postal Report, so Exhibit D is the Affidavit of
18 Publication naming these parties directly for both cases
19 and identifying these cases being set for hearing today.

20 So we would ask that the Division admit
21 Exhibits A, B, C and D and that these two cases be taken
22 under advisement.

23 EXAMINER BRANCARD: Thank you.

24 Mr. Garcia.

25 EXAMINER GARCIA: I have no questions.

1 EXAMINER BRANCARD: Thank you. Mr. Feldewert,
2 do you have an Exhibit number for the C-102s?

3 MR. FELDEWERT: He references them in his
4 affidavit as Exhibit A-1 So they would be in the
5 supplemental package.

6 EXAMINER BRANCARD: They are. They just don't
7 have an exhibit number marked on them.

8 MR. FELDEWERT: I did not notice that. I
9 apologize.

10 EXAMINER BRANCARD: Mr. Garcia, do you want a
11 stamp of a surveyor on your C-102 forms?

12 EXAMINER GARCIA: I think since we requested it
13 earlier it would be better to do it again.

14 EXAMINER BRANCARD: Looking for questions but
15 I'm not finding any.

16 Let's go to Ms. Bennett. Did you have any
17 questions?

18 MS. BENNETT: No, I did not. Thank you,
19 Mr. Examiner.

20 EXAMINER BRANCARD: Mr. Bruce.

21 MR. BRUCE: None, Mr. Examiner.

22 EXAMINER BRANCARD: Thank you.

23 Anything further, Mr. Garcia?

24 EXAMINER GARCIA: I don't believe so.

25 EXAMINER BRANCARD: All right. So with that we

1 will take Cases 22697 and 22698 under advisement, and if
2 you can provide us with a signed C-102 that would be
3 wonderful.

4 MR. FELDEWERT: Let me ask a couple of questions
5 about that.

6 Obviously this has not been submitted, it
7 has all the information. There's actually two different
8 signatures that normally accompany the C-102s. Do you
9 need both even though they are not submitted yet?

10 EXAMINER BRANCARD: I think we -- you can
11 check -- I can check with Mr. Garcia, but I believe we
12 allowed somebody today that provided one just with the
13 survey stamp on it.

14 EXAMINER GARCIA: I don't know OCD's rule or
15 policy on it. I know federal applications like an NSL, if
16 the surveyor signs it we accept it with the intention that
17 the applicant who submitted it submits everything and
18 certifies everything in the packet. So...

19 MR. FELDEWERT: For NSLs I totally get that
20 because you have to be able -- you're asking for a
21 specific location.

22 My only concern is, and I know initially
23 that Ms. Murphy had indicated that she wanted all the
24 information on the C-102 form, it didn't necessarily have
25 to be signed, primarily because these are drafts that have

1 not been submitted.

2 EXAMINER GARCIA: Yeah, I guess it might be made
3 a policy call maybe on OCD's part, but I mean with every
4 other submission we get a C-102 comes in signed by
5 somebody. APD is coming in as a proposal and we know it's
6 going to be changed, but they still come in double signed.

7 I guess my preference would be one
8 signature. And I'll defer to Bill Brancard on the policy
9 call that he may want to make at a later date.

10 EXAMINER BRANCARD: I would prefer to have, you
11 know -- I mean, you have the name of the person on there,
12 of the surveyor, you just need a stamp. That's all.

13 It's kind of the drawing that's important I
14 think at this point. You have actually done, Mr.
15 Feldewert, a better job of filling in the C-102s than most
16 people do, which used to get Ms. Murphy all annoyed.

17 So, yeah, stamp on the survey and we're
18 done.

19 MR. FELDEWERT: So stamp the survey?

20 EXAMINER BRANCARD: Yeah.

21 MR. FELDEWERT: Okay-doke.

22 EXAMINER BRANCARD: Thank you.

23 (Time noted 2:39 p.m.)

24

25

1 STATE OF NEW MEXICO) .

2 : ss

3 COUNTY OF TAOS)

4

5 REPORTER'S CERTIFICATE

6 I, MARY THERESE MACFARLANE, New Mexico Reporter
7 CCR No. 122, DO HEREBY CERTIFY that on Thursday, April 7,
8 2022, the proceedings in the above-captioned matter were
9 taken before me; 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

19 /S/CCR/Mary Therese Macfarlane

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

22

23

24

25