

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: 22230, 22231

APPLICATIONS OF LEGACY RESERVES OPERATING LP
FOR A HORIZONTAL SPACING UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO

CASE NOS: 22521 - 22524

APPLICATIONS OF E.G.L. RESOURCES, INC.
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS
EXAMINER HEARING
APRIL 21, 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, April 21, 2022, through the Webex Platform.

Reported by: PAUL BACA PROFESSIONAL COURT REPORTERS
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A P P E A R A N C E S

For Legacy:

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For EGL and PBEX:

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For Fasken Oil & Ranch:

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I N D E X

CASE CALLED	
STATUS CONFERENCE	03
REPORTER CERTIFICATE	08

1 HEARING EXAMINER BRANCARD: All right. Well,
2 don't leave, Mr. Parrot. You are up next.

3 MR. PARROT: I'm not going anywhere.

4 HEARING EXAMINER BRANCARD: I will now call Cases
5 22230, 22231 and 22521, 22522, 22523, 22524. So, first,
6 Legacy Reserves Operating?

7 MR. PARROT: James Parrot from Beatty & Wozniak
8 on behalf of Legacy.

9 HEARING EXAMINER BRANCARD: Thank you. EGL
10 Resources?

11 MR. BRUCE: Mr. Examiner, Jim Bruce representing
12 both EGL and PBEX.

13 HEARING EXAMINER BRANCARD: All right. I have an
14 entry of appearance here from COG Operating LLC.

15 UNIDENTIFIED: These are the Casino Royale cases?

16 HEARING EXAMINER BRANCARD: No. I have that you
17 entered an appearance on the Ruby.

18 UNIDENTIFIED: We are also out of those. We are
19 no longer in the Ruby cases.

20 HEARING EXAMINER BRANCARD: Okay. Then I have a
21 Fasken Oil & Ranch.

22 MR. RANKIN: Mr. Examiner, Adam Rankin with the
23 Santa Fe office of Holland & Hart appearing on behalf of
24 Fasken Oil & Ranch in these two cases, only the Legacy
25 Reserve cases.

1 HEARING EXAMINER BRANCARD: The EGL cases I have
2 Earthstone Permian, Earthstone Operating.

3 MS. HARDY: Yes, Mr. Examiner. Dana Hardy with
4 the Santa Fe office of Hinkle Shanor on behalf of Earthstone
5 Permian and Earthstone Operating, and we had actually
6 entered our appearance in all of these cases, Legacy and
7 EGL.

8 HEARING EXAMINER BRANCARD: Okay. Are there any
9 other entries of appearances in these cases, 22230, 31,
10 22521, 522, 523 and 524?

11 (No audible response.)

12 HEARING EXAMINER BRANCARD: All right. Let's
13 start with Mr. Bruce. EGL is trying to negotiate with
14 somebody?

15 MR. BRUCE: Yes, they have -- I mean, I think
16 things are kind of at an impasse between Legacy and EGL, but
17 there are other working interest owners including
18 Earthstone, which just recently made an appearance, and they
19 would like additional time, not a huge amount of additional
20 time because no additional notice is required, to continue
21 negotiations, especially with Earthstone, but with all the
22 other interests owners, too.

23 So we don't want to drag this out against Legacy,
24 but we would like a little time.

25 HEARING EXAMINER BRANCARD: Ms. Hardy, is that

1 correct?

2 MS. HARDY: Mr. Examiner, Earthstone owns a
3 significant interest in both of these -- all of these
4 spacing units and is evaluating whether it needs to submit
5 competing applications or how to best develop this acreage
6 and thinks there is a possibility this acreage would be
7 stranded by either set of applications, and they are working
8 to avoid that.

9 So I think we would ask for a hearing date that
10 would give Earthstone some more time, probably in July,
11 early July.

12 HEARING EXAMINER BRANCARD: All right. Let me
13 just quickly go down the line here. Mr. Rankin, Fasken's
14 position?

15 MR. RANKIN: Mr. Examiner, Fasken is evaluating
16 Legacy's proposed JOA, and we don't have a position on the,
17 on a hearing date, and whatever works with the parties and
18 the Division is satisfactory with us.

19 HEARING EXAMINER BRANCARD: Thank you. Right now
20 I'm looking at July 7, it's wide open. Ms. Hardy?

21 MR. PARROT: Would you mind if Legacy just made a
22 comment?

23 HEARING EXAMINER BRANCARD: Certainly.

24 MR. PARROT: Thank you.

25 HEARING EXAMINER BRANCARD: I would mind, but you

1 can go ahead and make a comment.

2 MR. PARROT: So this, this set of applications
3 involves two wells that Legacy intends to drill at the same
4 time as the last set of cases that we just discussed that
5 were set for hearing in June. And the same set of rig
6 schedule issues are at play and the tight timing for the rig
7 schedule for Legacy.

8 And as mentioned in the objection to the
9 continuance that we filed, or the opposition to a
10 continuance, the parties, Earthstone, in particular, has had
11 a significant amount of time to evaluate the various
12 applications and prepare for a hearing.

13 We believe it would be prudent to set this matter
14 for the same special hearing date as the last set of matters
15 that you just scheduled. That would give almost two months
16 for the parties to finalize narrowing the issues and prepare
17 for hearing.

18 And that will be a hardship for Legacy to wait
19 that long for a hearing, but certainly less of a hardship
20 than waiting until July.

21 HEARING EXAMINER BRANCARD: All right. Is the
22 acreage in any way overlapping, Mr. Parrot, in these two
23 sets of cases.

24 MR. PARROT: So these cases, Legacy's
25 applications, 22230, 22231, are immediately adjacent to

1 Legacy's applications in 22226, through 29. Legacy intends
2 to drill all of the six wells at the same time from the same
3 pad. Legacy's applications in 22230 and 31 do overlap with
4 other applications, the other applications that we are
5 discussing right now, which is why they have been
6 consolidated.

7 HEARING EXAMINER BRANCARD: Well, we have
8 different parties here, so the acreage is not directly
9 overlapping in these two sets of cases. Well, we'll go
10 ahead with July 7 for this docket. Our hearing schedule is
11 pretty busy, so we have to deal with that issue. And I'm
12 little concerned about having a full day's hearing on June
13 17, considering we already have 60 cases for June 16, and
14 I'm sure there is going to be plenty more. So we will set
15 this for a contested hearing on July 7, and I will issue a
16 prehearing order.

17 MR. PARROT: Thank you, Mr. Brancard.

18 MS. HARDY: Thank you.

19 (Concluded.)

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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 do hereby certify that I reported the
7 foregoing virtual proceedings in stenographic shorthand and
8 that the foregoing pages are a true and correct transcript
9 of those proceedings to the best of my ability.

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

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

16 Dated this 21st day of April 2022.

17

/s/ Irene Delgado

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

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