

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:

Application of Devon Energy Production
Company, L.P., for compulsory pooling,
Eddy County, New Mexico

Case No. 22749

TRANSCRIPT OF PROCEEDINGS

May 5, 2022

EXAMINER HEARING

This matter came on for hearing before the New Mexico Oil Conservation Division, William Brancard, Esq., Hearing Examiner, Dean McClure, Technical Examiner, on May 5th, 2022 via Webex Virtual Conferencing Platform hosted by the New Mexico Energy, Minerals and Natural Resources Department

REPORTED BY: SHANON R. MYERS, CCR, RPR, CRR, RMR, CRC
CCR No. 275
PAUL BACA COURT REPORTERS
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A P P E A R A N C E S

For Devon Energy Production Company, L.P.:

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BY: ADAM RANKIN

I N D E X

Case called	3:1
Summary of case and exhibits	3:10
Taken under advisement	6:20
Court Reporter's Certificate	7:1

1 (Time noted at 10:16 a.m.)

2 EXAMINER BRANCARD: With that, I call Case 22749,
3 Devon Energy Production.

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

7 EXAMINER BRANCARD: Are there any other interested
8 persons for Case 22749?

9 Hearing none, you may proceed, Mr. Rankin.

10 MR. RANKIN: Mr. Examiner, very similar case to
11 the one we just reviewed. In this case, Devon seeks an
12 order pooling all uncommitted owners in the Wolfcamp
13 formation underlying a standard 320-acre, approximately,
14 more or less, horizontal spacing unit in the E/2 E/2 of
15 Sections 3 and 10 in Township 23 South, Range 31 East, in
16 Eddy County. In this case, there will be three wells
17 dedicated to the spacing unit: The Aleutian 10-3 Fed Com
18 well 614H, 704H and 814H wells. As with the prior case,
19 Devon has previously pooled the Bone Spring formation in a
20 prior case and now is seeking to pool and develop the
21 Wolfcamp formation underlying this acreage.

22 Exhibit A is a copy of the compulsory pooling
23 checklist that we have prepared reflecting each of the
24 elements of the proposed pooling and spacing unit, the wells
25 and the corresponding exhibits that identify the information

1 required by the Division. Exhibit B is a copy of the
2 application that was provided -- filed with the Division
3 seeking the pooling in this case. Exhibit C is a copy of
4 the affidavit of Ms. Katie Adams. She reviews the proposed
5 spacing unit the wells that would be dedicated to it.

6 Attached to her exhibit -- affidavit is Exhibit C1,
7 which is the form C-102 for each of the proposed wells,
8 reflecting that it will be dedicated to the Long Camp
9 Wolfcamp pool, and that each of the completed intervals for
10 the wells comply with this Statewide setbacks for oil wells.
11 C2 is a plat that she's prepared that identifies the tract
12 of land that will comprise the spacing unit and the
13 ownership interests attributed to each tract as well as on a
14 unit-line basis. In the exhibit, Devon identifies the
15 working interest owners highlighted in yellow that they seek
16 to pool. They also seek to pool some overriding royalty
17 interest owners and owners of the bare record title who are
18 identified in the exhibit. There are no depth severances
19 here. C3, exhibit, is a copy of the well proposal letter
20 and AFEs that Devon sent to each of the owners with a
21 working interest. Costs are commensurate with what other
22 operators have incurred. We are seeking \$8,000 a month
23 while drilling and 800 while producing, which is also
24 commensurate with the other operators have incurred and
25 requested for similar wells.

1 We are seeking a 200-percent risk charge. Devon has
2 conducted a diligent search of the records to identify each
3 of the parties and has undertaken a good-faith effort to
4 reach agreement with all those owners. C4 is a chronology
5 of the contacts that Devon has had with owners seeking --
6 it's seeking to pool. And, also, if they -- same with the
7 prior case, if they reach agreement with any of the parties,
8 they'll let the Division know they can -- those individuals,
9 the parties, can be dismissed.

10 Exhibit D is a copy of the affidavit of the geologist,
11 Mr. O'Brien. He's now previously been qualified to testify
12 before the Division as an expert in geology. And I should
13 say Dr. O'Brien. Exhibits D2 through D4 are copies of
14 exhibits that he has prepared reflecting his analysis that
15 the proposed spacing unit is suitable for development by
16 horizontal wells and there's no impediments to their
17 development on the acreage. He confirms in his opinion that
18 the acreage will contribute, more or less, equally to
19 production from the wells, and that the approval is in the
20 best interest of observation and reduction of waste,
21 production for well rights.

22 Exhibit E is a copy of the affidavit we prepared
23 reflecting that we have provided notice timely in accordance
24 with the Division rules. Attached is a United States Postal
25 Service report reflecting the updated status of the

1 certified mailing as of April 27th, and that we have
2 effected a publication of notice in the newspaper in the
3 county; that is reflected on Exhibit F. And F is that
4 affidavit of publication showing that the notice was
5 published, identifying each of the owners by name in the
6 newspaper, then the required time frames.

7 Mr. Examiner, I would move at this time Exhibits A
8 through F and their attachments and ask this case be taken
9 under advisement. I'm happy to try to address any questions
10 you may have.

11 EXAMINER BRANCARD: Thank you.

12 Mr. McClure?

13 TECHNICAL EXAMINER McCLURE: Mr. Brancard, yeah, I
14 lost the end of that for a little bit of Mr. Rankin's
15 testimony, but the exhibits look pretty straightened forward.
16 I don't think I have any questions on this case. Thank you.

17 EXAMINER BRANCARD: I don't have any questions,
18 Mr. Rankin.

19 Are there any other interested persons for Case 22749?

20 Hearing none, the exhibits will be admitted and the
21 case will be taken under advisement.

22 (Proceedings concluded at 10:21 a.m.)

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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6 REPORTER'S CERTIFICATE

7 I, SHANON R. MYERS, New Mexico Certified Court
8 Reporter, CCR #275, do hereby certify that I reported the
9 foregoing virtual proceedings in stenographic shorthand and
10 that the foregoing pages are a true and correct transcript
11 of those proceedings to the best of my ability.

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

16 I FURTHER CERTIFY that the virtual proceeding was
17 of extremely poor to good quality.

18 Dated this 2nd day of June 2022.

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/s/ Shanon R. Myers

SHANON R. MYERS, CCR, RPR, CRR, RMR, CRC
License Expires: 12/31/22