

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 CHEVRON U.S.A. INC
FOR COMPULSORY POOLING
LEA COUNTY, NEW MEXICO

Case No. 22822

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS
EXAMINER HEARING
June 2, 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
HEARING OFFICER JOHN GARCIA on Thursday, June 2,
2022, through the Webex Platform.

Reported by: PAUL BACA COURT REPORTERS
500 4th 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 Franklin Mountain Energy, LLC:

MODRALL SPERLING ROEHL HARRIS & SISK PA
PO Box 2168
Albuquerque, New Mexico 87103-2168
505-848-1800
BY: BRYCE H. SMITH
bryce.smith@modrall.com

For COG Production, LLC:

CONOCOPHILLIPS
1048 Paseo de Peralta
Santa Fe, New Mexico 87501-3034
505-780-8000
BY: OCEAN MUNDS-DRY
dry@conocophillips.com

I N D E X

	PAGE
CASE CALLED	
HEARING	3
CERTIFICATE OF REPORTER	8

EXHIBITS

NUMBER	PAGE ADMITTED
A	7
B	7
C	7

1 HEARING OFFICER BRANCARD: I'm going to
2 try to get one more case done before we take a
3 little break, and that would be Item Number 68 on
4 the worksheet. This is Case 22822 Chevron U.S.A.
5 Inc.

6 MR. SMITH: Good morning, Mr. Examiner,
7 Bryce Smith with Modrall Sperling on behalf of the
8 applicant, Chevron U.S.A. Inc.

9 HEARING OFFICER BRANCARD: COG Production,
10 LLC.

11 MS. MUNDS-DRY: Thank you, Mr. Examiner,
12 Ocean Munds-Dry with COG production, LLC. And we
13 have no objection to this case proceeding by
14 affidavit.

15 HEARING OFFICER BRANCARD: Thank you.

16 Are there any other interested persons for
17 Case 22822?

18 Hearing none, Mr. Smith, you may proceed.

19 MR. SMITH: Thank you, Mr. Examiner.

20 In Case Number 22822, Chevron seeks an
21 order from the Division polling all uncommitted
22 mineral interests in a 640-acre Bone Spring
23 horizontal spacing unit underlying the entire east
24 half of Sections 34 and 27 in Township 24 South,
25 Range 32 East in Lea County.

1 And in this case, the completed interval
2 for the CO Grizzly 34 27 Fed Com 408H well will be
3 less than 330 feet from the adjoining tracts and the
4 Division's rules allow for the inclusion of
5 proximity tracts within the proposed spacing unit.

6 You'll see that Chevron timely filed its
7 exhibits on Tuesday, May 31st.

8 Tab A is the compulsory pooling checklist.

9 Tab B is the declaration of professional
10 landman Mr. Kevin Stubbs. Mr. Stubbs has previously
11 testified before the Division and his credentials
12 have been accepted as a matter of record.

13 Behind Mr. Stubbs' declaration you'll find
14 the applications and C102s for these wells. You'll
15 also find the lease tract map, summary of interest
16 and the parties to be pooled.

17 As mentioned COG Production, LLC, the only
18 other working interest. In this case they've
19 entered their appearance and have no opposition to
20 this case.

21 Also included with the land exhibits is
22 the notice affidavit prepared by this firm which
23 shows that notice was timely mailed on May 5th,
24 2022.

25 And in Tab C we have the declaration of

1 Chevron's geologist Ms. Mandy Brewer. Ms. Brewer
2 has not previously testified before the Division.
3 Her credentials are detailed in her affidavit or
4 declaration and -- but she has an MS in geological
5 engineering, engineering, and petroleum engineering
6 from Montana Technical University and she has been
7 working for Chevron since February of 2019.

8 I refer the Division to Ms. Brewer's
9 resume which is attached to her declaration as
10 Exhibit C7, and I ask that her credentials as an
11 expert petroleum geologist be accepted as a matter
12 of record.

13 HEARING OFFICER BRANCARD: Thank you.

14 Any objections?

15 Hearing none, so admitted as an expert.

16 MR. SMITH: Thank you, Mr. Examiner.

17 With Ms. Brewer's declaration is the
18 typical suite of geology exhibits, including the
19 locator map, the well bore schematic, the geology
20 study performed on the wells and the stress
21 orientation showing that north-south is optimal in
22 this area.

23 And with that, Mr. Examiner, I ask that
24 the exhibits in Case Number 22822 be admitted into
25 the record and that this case be taken under

1 advisement.

2 HEARING OFFICER BRANCARD: Thank you.

3 Ms. Munds-Dry, any questions or comments?

4 MS. MUNDS-DRY: No questions. Thank you.

5 HEARING OFFICER BRANCARD: Mr. Garcia?

6 TECHNICAL HEARING OFFICER GARCIA: No

7 questions.

8 HEARING OFFICER BRANCARD: Mr. Smith, did
9 you mention that you were seeking a nonstandard
10 location?

11 MR. SMITH: Mr. Examiner, we were asking
12 for an NSL in our application, but since that time
13 our understanding is that Chevron has been working
14 on that and is applying for that. And so we're not
15 asking for the Division to approve that today.

16 HEARING OFFICER BRANCARD: Okay. But you
17 are seeking an administrative approval for a
18 nonstandard.

19 MR. SMITH: That's our understanding, yes,
20 Chevron is working on that.

21 HEARING OFFICER BRANCARD: Is that -- I'm
22 look at your Exhibit B2. Is that your first take
23 point, is that the issue?

24 MR. SMITH: Correct. Mr. Examiner, the
25 first take point is 25-foot from the south line of

1 Section 34. And that's consistent for the three
2 wells in this spacing unit.

3 HEARING OFFICER BRANCARD: Okay. Thank
4 you. All right.

5 That's the only question I had. So are
6 there any other comments on Case 22822?

7 Hearing none, the exhibits will be
8 admitted into the record and Case 22822 will be
9 taken under advisement.

10 MR. SMITH: Thank you, Mr. Examiner.

11 HEARING OFFICER BRANCARD: Thank you.

12 (Matter concluded.)

13 HEARING OFFICER BRANCARD: With that, I
14 think we should take a break. I will check in with
15 Ms. Castillo. Would it be okay if we got back got
16 at 1:00.

17 THE COURT REPORTER: Yes.

18 (Recess taken at 12:10 to 1:04 p.m.)

19

20

21

22

23

24

25

REPORTER'S CERTIFICATE

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

I certify that the foregoing is a correct transcript from the record of proceedings in the above-entitled matter. I further certify that the transcript fees and format comply with those prescribed by the Court and the Judicial Conference of the United States.

Date: June 2, 2022

/s/ Edwina Castillo

EDWINA CASTILLO, RPR, CCR
Certified Court Reporter #407
License Expires: 12-31-2022