

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: 22885, 22886

APPLICATION OF DEVON ENERGY PRODUCTION
COMPANY, L.P., FOR A HORIZONTAL SPACING
UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS
EXAMINER HEARING
JULY 7, 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 DEAN McCLURE on
Thursday, July 7, 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

DARIN SAVAGE
ABADIE & SCHILL
214 McKenzie Street
Santa Fe, New Mexico 87501

I N D E X

CASE CALLED	
TAKEN UNDER ADVISEMENT	08
REPORTER CERTIFICATE	09

E X H I B I T I N D E X

	Admitted
Exhibits and Attachments	08

1 HEARING EXAMINER BRANCARD: It is 11:24. We will
2 see how much we get in here before a lunch break. And we
3 are at the hearing of the New Mexico Oil Conservation
4 Division on July 7, 2022. I believe we are on Item 67. I
5 don't know if we are doing 67 and 68 together, but let's
6 see, Cases 22885 Devon Energy Production.

7 MR. SAVAGE: Yes, Mr. Brancard, we would like to
8 do 67 and 68 together as a consolidation.

9 HEARING EXAMINER BRANCARD: Thank you. So we
10 will also call 22886. All right. Devon Energy Production.

11 MR. SAVAGE: Darin Savage with Abadie & Schill on
12 behalf of Devon Energy Production Company.

13 HEARING EXAMINER BRANCARD: Are there any other
14 interested person for Cases 22885 and 22886.

15 (No audible response.)

16 HEARING EXAMINER BRANCARD: Hearing none, please
17 proceed, Mr. Savage.

18 MR. SAVAGE: We are presenting by affidavit in
19 consolidated form Cases 22885 and 22886. These two cases
20 cover land in Section 23, of Sections 23, 14 and 11,
21 Township 26 South, Range 34 East, in Lea County, New Mexico.

22 The landman for these cases is Andrew J. Wenzel.
23 He has testified before the Division as an expert witness.
24 His credentials have been accepted as a matter of record.

25 The geologist is Matthew Myers who has also

1 testified before the Division as an expert witness and his
2 credentials have been accepted as a matter of record.

3 In the first case, Case Number 22885, Devon seeks
4 an order creating a standard 800 acre spacing unit comprised
5 of the NE/4 of Section 23 and the E/2 of Sections 14 and 11
6 and pooling all uncommitted interests in the Bone Spring
7 formation.

8 The unit will be dedicated to three initial
9 wells, the Muskie 23-11 Fed Com 14H well, the Muskie 23-11
10 Fed Com 16H well and the Muskie 23-11 Fed Com 35H well.
11 Orientation of the unit is stand up south to north, and all
12 setback requirements under statewide rules are met. The
13 Muskie 35 well will be the proximity well and proximity
14 tracts will be utilized to create a larger unit.

15 Mr. Wenzel's Exhibit A for Case 22885 includes
16 his landman affidavit, the C-102s and ownership breakdown,
17 the well proposal letter with AFEs and the chronology of
18 contacts.

19 Mr. Myers' Exhibit B for this case includes his
20 geology affidavit, along with the five standard geology
21 exhibits that show good potential for development as
22 described in his affidavit.

23 Exhibit C provides the affidavit of notice for
24 mailing and publication notice. Notice was both timely sent
25 and published. All owners were locatable. Both Mr. Wenzel

1 and Mr. Myers confirm the approval of this application is in
2 the best interest of conservation protection of correlative
3 rights and prevention of waste.

4 Next in Case 22886, Devon seeks an order
5 establishing a standard 800 acre spacing unit comprised NE/4
6 of Section 23 and E/2 of Section 14 and 11 and pooling all
7 uncommitted interests in the Wolfcamp formation. This unit
8 will be dedicated indicated to five initial wells, the
9 Muskie 23-11 Fed Com 5H well, the Muskie 23-11 Fed Com 6H
10 well, the 7H well, the 8H well and the 10H, all Muskie 23-11
11 Fed Com.

12 Orientation of the unit is stand up south to
13 north. Setback requirements under statewide rules are met
14 for the 6H, 7H, 8H and 10H wells, however the 5H has a
15 non-standard location, and Devon will be applying
16 administratively for approval of its location. The Muskie
17 10H well is the proximity well, and proximity tracts will be
18 utilized to create a larger unit.

19 Mr. Winzel's Exhibit A for Case 22886 includes
20 his landman affidavit, the C-102s, ownership breakdown, the
21 well proposal letter with AFEs and chronology of contacts.

22 Mr. Myer's Exhibit B for this case includes again
23 the five standard geology exhibits showing potential for
24 good development as described in his affidavit.

25 Exhibit C provides the affidavit of notice for

1 mailing and publication notice, both were timely sent and
2 published. Mr. Wenzel and Mr. Myers again affirm the
3 approval of this application is in the best interest of
4 conservation.

5 At this time I move that Exhibits A, B, C and all
6 sub exhibits be accepted into the record for Cases 22885 and
7 22886, that these cases be taken under advisement, and I'm
8 available for any questions you may have.

9 Mr. Brancard, my dog came into my office. I'm
10 going to have to stand up and relocate him.

11 I apologize for that. She is a big dog and she
12 breathes heavily and I wasn't sure if her panting was being
13 picked up.

14 HEARING EXAMINER BRANCARD: I saw her walking
15 around in there. All right. Mr. McClure, questions?

16 I think you are muted, Mr. McClure.

17 TECHNICAL EXAMINER McCLURE: I'm sorry,
18 Mr. Brancard, yes, I do have some questions. Maybe I'm
19 looking at the exhibit wrong, or maybe I misheard you or
20 Mr. Savage. For Case 22886 did you say that was for the
21 Wolfcamp or Bone Spring?

22 MR. SAVAGE: The Wolfcamp.

23 HEARING EXAMINER BRANCARD: Am I looking at the
24 wrong exhibit then. Do you have them both combined here, or
25 do you have the same exhibit submitted twice?

1 MR. SAVAGE: Is it a geology exhibit or what kind
2 of exhibit?

3 TECHNICAL EXAMINER McCLURE: Well, it looks -- I
4 mean, I'm looking at the overall packet. Is there just one
5 overall packet submitted for both of them, because I know
6 you have both cases mentioned here. I'm just trying to
7 rapidly scroll down through it.

8 MR. SAVAGE: I'm at Page 89. That's where 22886
9 starts.

10 TECHNICAL EXAMINER McCLURE: That answers my
11 question. I was sitting there looking at the --

12 MR. SAVAGE: And that is the Wolfcamp, thank god.

13 TECHNICAL EXAMINER McCLURE: Yeah, I was looking
14 at Page 1, and I'm sitting here, it looks like it's the same
15 exact exhibit. I didn't scroll down far enough. I have no
16 other questions for this case or either of these cases,
17 Mr. Brancard.

18 HEARING EXAMINER BRANCARD: Thank you. Just
19 quickly, Mr. Savage, I got confused with the checklist for
20 both of these cases. Take a look at them here. Beginning
21 Page 10, both of them say there are no proximity tracts or
22 proximity wells.

23 MR. SAVAGE: That is incorrect, an oversight. I
24 apologize for that. If I would be allowed to revise that, I
25 can account for that.

1 HEARING EXAMINER BRANCARD: I think that's it,
2 because I got confused, there must be a proximity well.

3 MR. SAVAGE: No, there is, there is two proximity
4 wells, and that's how we create the larger unit. My
5 apologies for that, it's oversight, we will get that
6 addressed as soon as possible.

7 HEARING EXAMINER BRANCARD: And thank you for
8 your notice documentation, thank you.

9 MR. SAVAGE: The notice documentation?

10 HEARING EXAMINER BRANCARD: Yes.

11 MR. SAVAGE: Okay. Thank you.

12 HEARING EXAMINER BRANCARD: Any other concerns or
13 questions for Cases 22885, 22886?

14 (No audible response.)

15 HEARING EXAMINER BRANCARD: Hearing none, Cases
16 22885, 22886, the exhibits will be admitted into the record
17 and the cases will be taken under advisement with the
18 proviso that we need a revised checklist.

19 MR. SAVAGE: Yes, indeed, thank you.

20 (Exhibits admitted.)

21 (Taken under advisement.)

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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 7th day of July 2022.

17

/s/ Irene Delgado

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Court Reporter
License Expires: 12-31-22

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