

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: 22920

APPLICATION OF SPUR ENERGY
PARTNERS LLC TO REVOKE ORDER NO.
R-21578 AND FOR COMPULSORY
POOLING, EDDY 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 McCLURE on Thursday,
July 7, 2022, through the Webex Platform.

Reported by: PAUL BACA PROFESSIONAL COURT REPORTERS
500 Fourth Street, NW, Suite 105
Albuquerque, NM 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

JULIA BROGGI
HOLLAND & HART
110 North Guadalupe, Suite 1
Santa Fe, NM 87501
505-954-7286

I N D E X

| | |
|------------------------|----|
| CASE CALLED | |
| TAKEN UNDER ADVISEMENT | 07 |
| REPORTER CERTIFICATE | 08 |

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

| | |
|--------------------------|----------|
| | Admitted |
| Exhibits and Attachments | 07 |

1 HEARING EXAMINER BRANCARD: Today is July 7, 2022
2 hearing of the Oil Conservation Division. So the question
3 is, where are we? I believe there was some -- I put here,
4 should we shuffle the deck a bit and try to move ahead with
5 Item Number 79, Case 22920? Is that correct?

6 MR. FELDEWERT: Yes, Mr. Brancard, I requested
7 that at lunch, and yeah, I just got an e-mail from Jim Bruce
8 saying he didn't object, so if that case could proceed, that
9 would allow Ms. Broggi to get to an appointment that she has
10 early this afternoon.

11 HEARING EXAMINER BRANCARD: So with that, we will
12 move to Item Number 79 on today's list, Case 22920, Spur
13 Energy Partners.

14 Ms. Broggi, I believe you are muted.

15 MS. BROGGI: Mr. Examiner, thank you for allowing
16 us to cut in line a little bit. Julia Broggi with the
17 Santa Fe office of Holland & Hart on behalf of the applicant
18 Spur Energy Partners.

19 HEARING EXAMINER BRANCARD: Thank you. Are there
20 any other interested persons for Case 22920?

21 (No audible response.)

22 HEARING EXAMINER BRANCARD: Hearing none, Ms.
23 Broggi, you may proceed.

24 MS. BROGGI: Thank you. Before I turn to the
25 evidence, I wanted to remind the Division of the procedural

1 posture of this case which is a little bit unusual.

2 So there was an initial case which was 21588, and
3 it resulted in Division Order Number 21578, which was
4 entered back in January of 2021. And that basically created
5 a 320 acre horizontal spacing unit in the E/2 of Section 7,
6 Township 19 South, Range 25 East, Eddy County, New Mexico,
7 and it pooled the uncommitted interest in the entire Yeso
8 formation.

9 In the intervening time, you may recall that we
10 reevaluated it and decided it was more prudent to increase
11 the horizontal spacing unit by 160 acres to basically
12 include the SE/4 of Section 6, so it's just right north of
13 that initial horizontal spacing unit, but the addition of
14 this acreage created an issue with a depth severance.

15 So the result of that was that Spur has filed two
16 applications for compulsory pooling in this case, and then
17 Case 22760 which you may recall was presented last month by
18 my colleague Adam Rankin.

19 In that case, 22760, Spur is seeking to revoke
20 that existing Division order, and then seeking to create a
21 480 acre spacing unit, and then pooling the uncommitted
22 interest from the top of the Yeso to a depth of 3150 feet,
23 and that's what we were referring to as the shallow unit.

24 And so in this case we are seeking to commit --
25 seeking to pool the uncommitted interest in that same 480

1 spacing unit -- 3150 feet to the bottom of the Yeso.

2 So with that I will turn to the packet we
3 submitted earlier. You should have it before you, and you
4 will have see that Exhibit A is the compulsory pooling
5 application checklist, the application is Exhibit B to the
6 packet.

7 And then Exhibit C is a declaration from the
8 landman, Mr. Rett Dalton. And you will see his testimony
9 with this case, they are seeking to pool all uncommitted
10 interest in the Yeso formation from below 3150 feet to the
11 base of the Yeso underlying a standard 480 acre horizontal
12 spacing unit, comprised of the SE/4 of Section 6 and the E/2
13 of Section 7, Township 19 South, Range 25 East, Eddy County,
14 New Mexico.

15 And then attached to his statement as C-1 are the
16 C-102s for the two proposed Trudy Fed Com Wells, 19H well
17 and 91H well, and you will see that the 90H well is a
18 proximity tract.

19 And then Exhibit C-2 is the land plat and
20 ownership interest which shows the ownership interest by
21 tract and by unit, and then it's the entity then person
22 highlighted in yellow who we are seeking to pool in this
23 case. And then C-3 is the well proposal letters and the
24 AFEs, and then finally C-4 is the chronology of contacts
25 with the working interest owners.

1 And then Exhibit D is the affidavit from the
2 geologist, C.J. Lipinski, and targeting the Yeso formation.
3 And then attached to that affidavit are -- is a -- D-1 is a
4 locator map, and D-2 a structure map, and D-3 the cross
5 sections. And if you take a look at that, you will see that
6 the depth severance is illustrated on that Exhibit D-3, and
7 you will see the target formation -- the target interval
8 for this case and the different wells there, as well as a
9 comparison with the companion case that we are seeking to
10 pool the interest of the shallow unit. And then Exhibit D-4
11 is a gun -- a Trudy gun barrel exhibit.

12 And then finally we come to Exhibit E which is
13 the affidavit from my colleague Adam Rankin testifying that
14 notice of the hearing was provided by our office to the
15 names of the affected parties that appear on that
16 spreadsheet and then the status of those letters as provided
17 to us by the US Postal Service.

18 And he also testifies that notice -- not all
19 parties were locatable. And then he testified that notice
20 of the hearing was provided by publication, and Exhibit F is
21 the affidavit of publication by the Carlsbad Current Argus.
22 And I stand for any questions.

23 HEARING EXAMINER BRANCARD: Thank you. Mr.
24 McClure, questions?

25 TECHNICAL EXAMINER McCLURE: No, Mr. Brancard, I

1 don't have any questions for this case.

2 HEARING EXAMINER BRANCARD: I don't have any,
3 either, so Ms. Broggi --

4 HEARING EXAMINER BRANCARD: So we ran Mr. Rankin
5 through the ringer on the first go-round.

6 MS. BROGGI: Better him than me.

7 HEARING EXAMINER BRANCARD: You are just here to
8 do clean-up.

9 MS. BROGGI: So with that, we would move the
10 admission of A through F, and we would ask that the Division
11 take the case under advisement.

12 HEARING EXAMINER BRANCARD: Thank you. Are there
13 any other interested persons for case 22920?

14 (No audible response.)

15 HEARING EXAMINER BRANCARD: Hearing none, the
16 exhibits will be admitted into the record and Case 22920
17 will be taken under advisement. Thank you.

18 MS. BROGGI: Thank you very much.

19 (Exhibits admitted.)

20 (Taken under advisement.)

21

22

23

24

25

1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

3 REPORTER'S CERTIFICATE

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

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

12 I FURTHER CERTIFY that the Virtual Proceeding was
13 of poor to good quality.

14 Dated this 7th day of July 2022.

15 /s/ Irene Delgado

16 _____
17 Court Reporter
18 License Expires: 12-31-22

19
20
21
22
23
24
25