

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:

ORIGINAL

APPLICATION OF DEVON ENERGY
PRODUCTION COMPANY, L.P. FOR
A NONSTANDARD OIL SPACING
AND PRORATION UNIT AND
COMPULSORY POOLING, EDDY
COUNTY, NEW MEXICO.

CASE NO. 15144

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

May 29, 2014

Santa Fe, New Mexico

BEFORE: PHILLIP GOETZE, CHIEF EXAMINER

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This matter came on for hearing before the
New Mexico Oil Conservation Division, Phillip Goetze,
Chief Examiner, on Thursday, May 29, 2014, at the New
Mexico Energy, Minerals and Natural Resources
Department, Wendell Chino Building, 1220 South St.
Francis Drive, Porter Hall, Room 102, Santa Fe,
New Mexico.

REPORTED BY: Mary C. Hankins, CCR, RPR
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APPEARANCES

FOR APPLICANT DEVON ENERGY PRODUCTION COMPANY, L.P.:

JAMES G. BRUCE, ESQ.
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EXHIBITS OFFERED AND ADMITTED

Devon Energy Production Company Exhibit Numbers 1 through 9	9
Devon Energy Production Company Exhibit Numbers 10 through 12	(not attached)
(See record for Cases 15145 and 15146, May 29, 2014, for the admission of these exhibits.)	

1 (12:17 p.m.)

2 EXAMINER GOETZE: Okay. Docket Number
3 17-14, Case 15144, application of Devon Energy
4 Production Company, L.P. for a nonstandard oil spacing
5 and proration unit and compulsory pooling, Eddy County,
6 New Mexico.

7 Call for appearances.

8 MR. EXAMINER: Mr. Examiner, Jim Bruce of
9 Santa Fe representing Devon Energy. I have two
10 witnesses.

11 EXAMINER GOETZE: Will the witnesses stand,
12 identify themselves and be sworn in?

13 MR. MCKINNEY: Curt McKinney.

14 MS. MUHLINGHAUSE: Meg Muhlinghouse.

15 (Ms. Muhlinghouse and Mr. McKinney sworn.)

16 MR. BRUCE: Mr. Examiner, on all of the
17 Devon cases, all we are seeking to force pool is the
18 record title owners. There are no working interest
19 owners.

20 EXAMINER GOETZE: Very good.

21 MEG MUHLINGHAUSE,
22 after having been previously sworn under oath, was
23 questioned and testified as follows:
24
25

DIRECT EXAMINATION

1
2 BY MR. BRUCE:

3 Q. Ms. Muhlinghouse, where do you reside?

4 A. Edmond, Oklahoma.

5 Q. Who do you work for and in what capacity?

6 A. Devon Energy Company as a senior land advisor.

7 Q. Have you previously testified before the
8 Division?

9 A. Yes, I have.

10 Q. And were your credentials as an expert
11 petroleum landman accepted as a matter of record?

12 A. Yes.

13 Q. And are you familiar with the land matter
14 regarding all three of these applications?

15 A. I am.

16 MR. BRUCE: Mr. Examiner, I'd tender
17 Ms. Muhlinghouse as an expert petroleum landman.

18 EXAMINER GOETZE: She is so qualified.

19 Q. (BY MR. BRUCE) briefly, Ms. Muhlinghouse, what
20 is Exhibit 1?

21 A. Exhibit 1 -- is this just for the Antares one?

22 Q. Just for the Antares.

23 A. Okay. Exhibit 1 is a Midland Map Company land
24 plat highlighting acreage in Section 23, Township 19
25 South, Range 31 East, which Devon seeks to force pool.

1 Q. And Devon is seeking to force pool the Bone
2 Spring Formation, correct?

3 A. Correct.

4 Q. What is Exhibit 2?

5 A. Exhibit 2 is the Form C-102 for the Antares 23
6 Fed Com Well #1H. The well unit is the north half of
7 the north half of Section 23 forming a 160-acre
8 nonstandard unit.

9 MR. BRUCE: And Exhibit 2, Mr. Examiner,
10 gives the name of the pool, the West Lusk Bone Spring,
11 which is based on statewide rules, and also gives the
12 API number.

13 Q. (BY MR. BRUCE) This well been drilled, is that
14 correct, Ms. Muhlinghouse?

15 A. Yes, it has.

16 Q. And this is the as-drilled C-102 showing the
17 surface and the terminus of the well?

18 A. Yes.

19 Q. And it also, down there, handwritten, the
20 beginning of the producing interval, is denoted on this
21 C-102, where it says, I think, "PP"? ~~not~~

22 A. Let me just double check.

23 Q. Or do you have the producing --

24 A. I do have the producing area. That is the -- I
25 believe that's the first perf. The producing area is --

1 I'm not -- I'm not positive as to this (indicating), but
2 I do know that the producing area is 393 from the north
3 line and 623 from the west line at the beginning of the
4 producing interval.

5 Q. Okay. And, again, you are seeking to force
6 pool only a record title owner?

7 A. Correct.

8 Q. And what is Exhibit 3? Is Exhibit 3 simply a
9 portion of the BLM Serial Register Page?

10 A. Serial Register Page, yes.

11 Q. For a lease that covers, in part, the northeast
12 quarter-northwest quarter of Section 23, correct?

13 A. It is.

14 Q. And who are the record title owners of the
15 record at the BLM?

16 A. The Serial Register Page is -- we'll be pooling
17 Don Angle and his wife Gladys Angle, who are both
18 deceased, as well as --

19 Q. Go ahead.

20 A. Is that your question?

21 Q. Yeah, just for now.

22 Did Devon attempt to locate Mr. and Mrs.
23 Angle?

24 A. Yes.

25 Q. And are the notes marked as Exhibit 4 the

1 information regarding the examination?

2 A. Yes.

3 Q. And the Angles are deceased, but they're still
4 in the BLM's records, so therefore you have to pool them
5 just to get the BLM to sign the comm agreement, correct?

6 A. Correct.

7 Q. There is a successor, I believe, to the Angles,
8 and who is that?

9 A. Richard Jackson, trustee of the John Holmstrom
10 2004 Trust.

11 Q. But even the Trust does not own a working
12 interest; is that correct?

13 A. That is correct.

14 Q. And what is Exhibit 5?

15 A. Exhibit 5 is -- hold on. Let me get there. I
16 don't think --

17 Q. Is Exhibit 5 your proposal letter to --

18 A. Yes. This is our proposal letter to Richard
19 Jackson, trustee of the John Holmstrom Trust.

20 Q. It looks like there were some follow-up
21 letters, correct?

22 A. Follow-up letters and then the tracking.

23 Q. Okay. And was Mr. Holmstrom -- excuse me --
24 Mr. Jackson, the trustee, notified of this hearing?

25 A. Yes, he was.

1 Q. Is that reflected in Exhibit 6?

2 A. Yes.

3 MR. BRUCE: And, Mr. Examiner, for the
4 record, Mr. Jackson called me yesterday and informed me
5 that he was executing the comm agreement. And as soon
6 as we receive that, we will dismiss him from this case,
7 but we still need to notify the decedents of this case.

8 EXAMINER GOETZE: Very good.

9 MR. BRUCE: And Exhibit 7 -- Mr. Examiner,
10 once again, I did not get the Affidavit of Publication
11 back so I have to continue the case, but this was
12 published in the Carlsbad newspaper as against Don Angle
13 and Gladys Angle.

14 Q. (BY MR. BRUCE) Ms. Muhlinghouse, does Exhibit 8
15 reflect the offset operators to the well unit?

16 A. Yes, it does.

17 Q. And other than Devon, the only offset operator
18 is COG Operating?

19 A. Correct.

20 Q. And they were given notice as reflected by
21 Exhibit 9?

22 A. Yes.

23 Q. Are Exhibits 1 through 9 either prepared by you
24 or under your supervision or compiled from company
25 business records?

1 A. They were.

2 Q. And in your opinion, is the granting of this
3 application in the interest of conservation and the
4 prevention of waste?

5 A. It is.

6 MR. BRUCE: Mr. Examiner, I move the
7 admission of Exhibits 1 through 9 in Case 15144.

8 EXAMINER GOETZE: Exhibits 1 through 9 are
9 admitted.

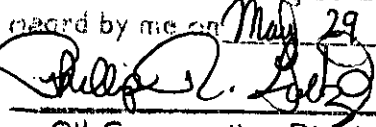
10 (Devon Energy Production Company Exhibits
11 Numbers 1 through 9 were offered and
12 admitted into evidence.)

13 EXAMINER GOETZE: And we still need the
14 Affidavit of Publication.

15 MR. BRUCE: So we have to continue the
16 case.

17 EXAMINER GOETZE: And we will continue the
18 case to June 12th.

19 (Case Number 15144 concludes, 12:25 p.m.)
20
21

22 I do hereby certify that the foregoing is
23 a complete record of the proceedings in
24 the Examiner hearing of Case No. 15144
25 heard by me on May 29 2014
 , Examiner
Oil Conservation Division

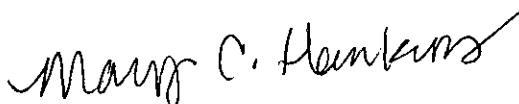
1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO
3

4 CERTIFICATE OF COURT REPORTER

5 I, MARY C. HANKINS, New Mexico Certified
6 Court Reporter No. 20, and Registered Professional
7 Reporter, do hereby certify that I reported the
8 foregoing proceedings in stenographic shorthand and that
9 the foregoing pages are a true and correct transcript of
10 those proceedings that were reduced to printed form by
11 me to the best of my ability.

12 I FURTHER CERTIFY that the Reporter's
13 Record of the proceedings truly and accurately reflects
14 the exhibits, if any, offered by the respective parties.

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

19
20 

21 MARY C. HANKINS, CCR, RPR
22 Paul Baca Court Reporters, Inc.
23 New Mexico CCR No. 20
24 Date of CCR Expiration: 12/31/2014
25