

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

CASE 15405

APPLICATION OF BURNETT OIL CO., INC.,
for a NON-STANDARD OIL SPACING AND
PRORATION UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

November 12, 2015

Santa Fe, New Mexico

BEFORE: WILLIAM V. JONES, CHIEF EXAMINER
GABRIEL WADE, LEGAL EXAMINER

This matter came on for hearing before the
New Mexico Oil Conservation Division, William V. Jones,
Chief Examiner, and Gabriel Wade, Legal Examiner, on
November 12, 2015, 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: ELLEN H. ALLANIC
NEW MEXICO CCR 100
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A P P E A R A N C E S

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Also Present: William F. Carr, Esq.

I N D E X

CASE NUMBER 15405 CALLED

BURNETT OIL CO., INC.
CASE-IN-CHIEF:

WITNESS RAFAEL ZELAYA

	Direct	Redirect	Further
By Mr. Bruce	6		
Examiner Jones	EXAMINATION 8		

Reporter's Certificate

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

2 Exhibits Offered and Admitted

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4	BURNETT OIL CO., INC. EXHIBIT 1	5
5	BURNETT OIL CO., INC. EXHIBIT 12	5
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7 Exhibits Incorporated by Record

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9	BURNETT OIL CO., INC. EXHIBIT 2	5
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17	BURNETT OIL CO., INC. EXHIBIT 10	5
18	BURNETT OIL CO., INC. EXHIBIT 11	5
19	BURNETT OIL CO., INC. EXHIBIT 14	5

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22 NOTE:

23	BURNETT OIL CO., INC. EXHIBIT H was offered but inadvertently not admitted
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1 (Time noted 12:07 p.m.)

2 EXAMINER JONES: Okay. Let's call case
3 15405, Application of Burnett Oil Co., Inc. for a
4 nonstandard oil spacing and proration unit and
5 compulsory pooling, Eddy County, New Mexico.

6 Call for appearances.

7 MR. BRUCE: Mr. Examiner, Jim Bruce of Santa
8 Fe representing the applicant. It looks like I will
9 have one witness in this case.

10 MR. PADILLA: Mr. Examiner, Ernest L.
11 Padilla of Santa Fe, New Mexico, for the Ard entities,
12 Ard Oil, Ltd., and Ard Energy Group, Ltd.

13 EXAMINER JONES: Any other appearances?

14 MR. BRUCE: Mr. Examiner, if you would, I've
15 handed you three exhibits. Exhibit 1 is APD for the
16 well in this case, the Nosler 12 Fed EG, Well No. 6H.

17 The well unit encompasses the south half,
18 northwest and southwest, northeast of section 12, again
19 a 120-acre well unit in the Fren Glorieta Yeso pool.

20 With Mr. Padilla's stipulation I ask that
21 that be admitted into the record. And that is the
22 acreage for which forced pooling is sought in this case.

23 Exhibit 12 is simply my affidavit of notice
24 to the Ards of the pooling case. And Exhibit 13 is the
25 notice to the offsets, again COG and Apache.

1 And with that, I just move the admission of
2 Exhibits 1, 12, and 13; and then incorporate by record
3 Exhibits 2 through 11 and 14 into this case.

4 MR. WADE: There's no objection?

5 MR. PADILLA: No objection.

6 EXAMINER JONES: Exhibits 2 through 11 and
7 14 from case 15404 will be incorporated into this case.
8 And in this case Exhibits No. 1, 12 and 13 are admitted.

9 MR. WADE: Just for the benefit of the court
10 reporter, do you have a clean copy, a second clean copy
11 of 2 through 11?

12 MR. BRUCE: Yes.

13 (Burnett Oil Co., Inc. Exhibits 2 through 11
14 and Exhibit 14 have been incorporated by record into
15 this case.)

16 (Burnett Oil Co., Inc. Exhibits 1, 12, and
17 13 were offered and admitted.)

18 MR. BRUCE: Yes. Let the record reflect
19 that Mr. Zelaya, the witness, has been previously sworn
20 and qualified.

21 EXAMINER JONES: The record will show that
22 Mr. Zelaya has been sworn and is qualified as an expert
23 in geology.

24 RAFAEL ZELAYA
25 having been duly sworn, was examined and testified as

1 follows:

2 DIRECT EXAMINATION

3 BY MR. BRUCE:

4 Q. I have submitted to the Division Burnett Exhibits
5 A through G. Insofar as Exhibits A through F -- are
6 they virtually identical to Exhibits A through F in the
7 prior case?

8 A. That is correct.

9 Q. And so would you just ask that your testimony on
10 those exhibits be incorporated into this case?

11 A. That is correct.

12 Q. And in this case?

13 A. That is correct.

14 Q. And is Exhibit G simply the directional plan for
15 the 6H Well in this case?

16 A. That is correct.

17 Q. And, similarly, there's going to be thirteen
18 completion stages?

19 A. Very similarly, yes, sir.

20 Q. And then one final matter. I don't have the
21 requisite number, but we will have enough for the
22 Division and the court reporter.

23 Could you just briefly identify Exhibit H in this
24 case?

25 A. Exhibit H is Burnett's position highlighted in

1 yellow; and then to the northwest on this map reflects
2 the orientation for the Yeso horizontals in this
3 particular area for offset operators Apache and COG.

4 Q. And are the vast majority of the wells lay-down
5 wells?

6 A. That is correct.

7 Q. Horizontal wells, that is?

8 A. Yes, sir.

9 Q. And that is all this is submitted to show,
10 correct?

11 A. That is correct.

12 Q. Are there -- I only have one copy of this. But
13 in some of these, where there are multiple lines, are
14 there horizontal completions in the Paddock and the
15 Blinebry?

16 A. Yes, sir, stacked horizontals.

17 Q. So where you see, in some of these wells, a
18 double line, there'd be two and maybe even three wells
19 in a well unit?

20 A. That is correct.

21 Q. Was this exhibit prepared under your supervision?

22 A. Yes, sir.

23 MR. BRUCE: Mr. Examiner, I move the
24 admission of Exhibit H.

25 EXAMINER JONES: Any objections?

1 MR. PADILLA: I have no objection --

2 MR. BRUCE: And I have no further questions.

3 MR. PADILLA: -- except I see a purple
4 colored thing --

5 MR. BRUCE: Mr. Padilla, this is a
6 separate -- I will let you see it if you'd like. And
7 I'm submitting --

8 MR. PADILLA: If it's the same information.

9 THE WITNESS: The only thing that's
10 different is the structure map.

11 MR. BRUCE: You can look at it. (Showing
12 document to Mr. Padilla.) It refers to my last
13 question, where it shows the multiple layering of wells
14 in the Yeso well units.

15 I am not submitting it as an exhibit.

16 MR. BRUCE: And I have no other questions.

17 EXAMINER JONES: I have one question.

18 MR. WADE: Did you have questions of the
19 witness, Mr. Padilla?

20 MR. PADILLA: No, I don't.

21 EXAMINATION BY EXAMINER JONES

22 EXAMINER JONES: The COG wells that were
23 drilled north, south versus, on the other side of that
24 wash, the wells being drilled, the lay-down, does that
25 have something to do with the structure map or isopach

1 that you showed earlier?

2 THE WITNESS: The orientation, sir?

3 EXAMINER JONES: Yes.

4 THE WITNESS: That's mainly based off of the
5 acreage position that they own. So it made more sense
6 for them to go north, south because they couldn't go
7 east, west because we own the acreage to the west.

8 So it is mainly an acreage decision, to do
9 that.

10 EXAMINER JONES: Okay. Thank you.

11 MR. BRUCE: That's all I have. I ask that
12 the case be continued for three weeks.

13 EXAMINER JONES: Okay. Case No. 15405 is
14 continued to December the 3rd. And let's go off the
15 record, and break for lunch until 1:30 p.m.)

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(Time noted 12:15 p.m.)

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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. _____
heard by me on _____.

_____, Examiner
Oil Conservation Division

1 STATE OF NEW MEXICO)
2) ss.
3 COUNTY OF BERNALILLO)
4
5
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7 REPORTER'S CERTIFICATE

8
9 I, ELLEN H. ALLANIC, New Mexico Reporter CCR
10 No. 100, DO HEREBY CERTIFY that on Thursday, November
11 12, 2015, the proceedings in the above-captioned matter
12 were taken before me, that I did report in stenographic
13 shorthand the proceedings set forth herein, and the
14 foregoing pages are a true and correct transcription to
15 the best of my ability and control.

16
17 I FURTHER CERTIFY that I am neither employed by
18 nor related to nor contracted with (unless excepted by
19 the rules) any of the parties or attorneys in this case,
20 and that I have no interest whatsoever in the final
21 disposition of this case in any court.

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23
24
25


ELLEN H. ALLANIC, CSR
NM Certified Court Reporter No. 100
License Expires: 12/31/15