

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 M & M ENERGY, LLC CASE NO. 15531
FOR COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

October 13, 2016

Santa Fe, New Mexico

BEFORE: SCOTT DAWSON, CHIEF EXAMINER
WILLIAM V. JONES, TECHNICAL EXAMINER
DAVID K. BROOKS, LEGAL EXAMINER

This matter came on for hearing before the
New Mexico Oil Conservation Division, Scott Dawson,
Chief Examiner, William V. Jones, Technical Examiner,
and David K. Brooks, Legal Examiner, on Thursday,
October 13, 2016, 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
New Mexico CCR #20
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APPEARANCES

FOR APPLICANT M & M ENERGY, LLC:

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M & M Energy, LLC Exhibit Numbers 1 through 3	6
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1 (8:23 a.m.)

2 EXAMINER DAWSON: So we will -- at this
3 point I would like to introduce, to my left, Examiner
4 Will Jones.

5 My name is Scott Dawson. I'm the Chief
6 Examiner.

7 And to my right is our attorney, David
8 Brooks.

9 So we will start with the first case, Case
10 Number 15531. This is continued from the September
11 29th, 2016 Examiner Hearing, and it's the application of
12 M & M Energy, LLC for compulsory pooling, Lea County,
13 New Mexico.

14 At this point I would like to call for
15 appearances.

16 MR. BRUCE: Mr. Examiner, Jim Bruce of
17 Santa Fe representing the Applicant. I am submitting
18 this case by affidavit.

19 EXAMINER DAWSON: Okay. Any other
20 appearances?

21 Okay. Mr. Bruce, you may continue when
22 you're ready.

23 MR. BRUCE: Mr. Examiner, I've handed you
24 three exhibits. The first one is a verified statement
25 of Alan White, a contract landman for the Applicant in

1 this case. The Applicant seeks an order to force pool
2 all mineral interests from the surface to the base of
3 the San Andres Formation in the northeast
4 quarter-southwest quarter of Section 6, Township 22
5 South, Range 36 East, to form a standard 40-acre oil
6 spacing and proration unit. The unit will be dedicated
7 to the Day Well #9, to be located at an orthodox
8 location. This is fee land. There are about 60 mineral
9 owners, and Applicant is seeking to force pool about 20
10 of those.

11 As you go through the attachments, the
12 first attachment, A, is just an outline of the well
13 unit. An APD has not been filed. The planned location
14 at this point is 1,650 feet from the south line and
15 2,100 feet from the west line. I looked -- I will get
16 you information on the pools involved as to those
17 depths.

18 Exhibit B is the list of the interest
19 owners being pooled and percentage interests. Most are
20 quite small, except for the interests of Apache
21 Corporation and Samson Resources.

22 Attachment C are the unlocatable parties.
23 All of the other 55-plus interest owners were located.

24 Exhibit D is a form letter that was sent to
25 all of the -- the last letter that was sent to all of

1 the unleased mineral owners -- they were all unleased
2 mineral owners -- requesting them to join in the well
3 either by lease or by participating in the well.

4 And Attachment E is an AFE for the well,
5 which is about \$1.7 million.

6 As to the interest owners, the Court has
7 searched -- M & M researched the county records and
8 Internet searches, et cetera, and all but about 5 out of
9 60 -- 5 or 6 out of 60-plus mineral owners were located.
10 When you see the Affidavit of Notice, there are four
11 some returned mails, but as Mr. White states in his
12 affidavit, they have had contacts with everyone other
13 than the people listed on Exhibit C.

14 And M & M does request a 200 percent risk
15 charge and requests administrative charges of \$6,000 for
16 drilling the well and \$600 a month for producing the
17 well.

18 Exhibit 2 is my Affidavit of Notice. I
19 sent out letters, a couple of batches of letters, and
20 green cards or letters or copies of them are attached.

21 As to the parties who did not claim their
22 certified mail or even when the post office records show
23 the mail was delivered, there is one or two green cards
24 I never got back. This is after two months' time, so I
25 published notice as against all of the persons who did

1 not receive the certified mail or I never got the green
2 cards back, and that's marked as Exhibit 3.

3 And with that, I will move the admission of
4 Exhibits 1 through 3 and ask that this matter be taken
5 under advisement.

6 EXAMINER DAWSON: Okay. Exhibits 1 through
7 3 will be so admitted.

8 (M & M Energy, LLC Exhibit Numbers 1
9 through 3 are offered and admitted into
10 evidence.)

11 EXAMINER DAWSON: Do you have any
12 questions?

13 EXAMINER JONES: No.

14 EXAMINER DAWSON: Any questions?

15 EXAMINER BROOKS: Yeah. You said you
16 sent -- you published for everybody that you didn't
17 get -- that you don't have a green card received?

18 MR. BRUCE: Correct.

19 EXAMINER BROOKS: And that's your Exhibit
20 3, which is the Notice of Publication?

21 MR. BRUCE: Correct.

22 EXAMINER BROOKS: Okay. This is a vertical
23 well? Those are getting unusual these days.

24 MR. BRUCE: I think I'm the only one that
25 does them.

1 EXAMINER BROOKS: It's on a 40-acre --

2 MR. BRUCE: It's 40-acre.

3 EXAMINER BROOKS: That's all I think I need
4 to ask.

5 EXAMINER DAWSON: I have no questions.

6 MR. BRUCE: With that, I'm out of here.

7 EXAMINER DAWSON: Okay. So Case Number
8 15531 will be taken under advisement.

9 Thank you, Mr. Bruce.

10 (Case Number 15531 concludes, 8:27 a.m.)

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO
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4 CERTIFICATE OF COURT REPORTER

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

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

16 I FURTHER CERTIFY that I am neither
17 employed by nor related to any of the parties or
18 attorneys in this case and that I have no interest in
19 the final disposition of this case.
20
21

22 MARY C. HANKINS, CCR, RPR
23 Certified Court Reporter
24 New Mexico CCR No. 20
25 Date of CCR Expiration: 12/31/2016
Paul Baca Professional Court Reporters