

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 CHEVRON PRODUCTION                      CASE NOS. 20769,  
COMPANY FOR COMPULSORY POOLING,                                              20770  
LEA COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

September 5, 2019

Santa Fe, New Mexico

BEFORE: WILLIAM V. JONES, CHIEF EXAMINER  
KATHLEEN MURPHY, TECHNICAL EXAMINER  
DYLAN ROSE-COSS, TECHNICAL EXAMINER  
DANA Z. DAVID, LEGAL EXAMINER

This matter came on for hearing before the  
New Mexico Oil Conservation Division, William V. Jones,  
Chief Examiner; Kathleen Murphy and Dylan Rose-Coss,  
Technical Examiners; and Dana Z. David, Legal Examiner,  
on Thursday, September 5, 2019, 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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## 1 APPEARANCES

2 FOR APPLICANT CHEVRON PRODUCTION COMPANY:

3 KAITLYN A. LUCK, ESQ.  
 4 HOLLAND & HART, LLP  
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 6 Santa Fe, New Mexico 87501  
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9

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1 (3:10 p.m.)

2 MS. LUCK: We'd ask that these two cases,  
3 Case Numbers 20679 and 20770, be consolidated for  
4 purposes of the hearing.

5 EXAMINER JONES: Call Cases 20769 and  
6 20770, applications of Chevron, USA for compulsory  
7 pooling in Lea County, New Mexico.

8 Call for appearances.

9 MS. LUCK: Kaitlyn Luck, with the Santa Fe  
10 office of Holland & Hart, on behalf of Applicant,  
11 Chevron USA, Inc.

12 And I have two witnesses in this case.

13 EXAMINER JONES: Okay. Any other  
14 appearances in either or both of these cases?

15 Will the witnesses please stand and the  
16 court reporter swear the witnesses?

17 (Ms. Holmes and Ms. Schwehr sworn.)

18 MS. LUCK: I'd like to call my first  
19 witness, Shalyce Holmes.

20 SHALYCE HOLMES,  
21 after having been first duly sworn under oath, was  
22 questioned and testified as follows:

23 DIRECT EXAMINATION

24 BY MS. LUCK:

25 Q. Will you state your name, by whom you're

1     **employed and in what capacity?**

2           A.     Shalyce Holmes, Chevron, and a land  
3     representative for Lea County, New Mexico.

4           **Q.     And have you previously testified before the**  
5     **Division and had your credentials as an expert petroleum**  
6     **land person accepted and made a matter of record?**

7           A.     Yes.

8           **Q.     And are you familiar with the applications**  
9     **filed in Cases 20769 and 20770?**

10          A.     Yes.

11          **Q.     Are you familiar with the status of the lands**  
12     **in the subject area?**

13          A.     Yes.

14                   MS. LUCK:   And with that, I tender  
15     Ms. Holmes as an expert witness in petroleum land  
16     matters.

17                   EXAMINER JONES:   She is so qualified.

18                   MS. LUCK:   Thank you.

19          **Q.     (BY MS. LUCK) Ms. Holmes, please turn to**  
20     **Exhibit Number 1 and identify what Chevron seeks in Case**  
21     **Number 20769 for this Wolfcamp spacing unit.**

22          A.     We seek to pool the east half of Section 15 and  
23     east half of Section 22 of Township 25 South, Range 32  
24     East, Lea County, New Mexico for a 640-acre horizontal  
25     spacing unit in the Wolfcamp Formation.

1 Q. And what is the ownership of this acreage?

2 A. It is all federal.

3 Q. Are there any depth severances?

4 A. No, there are not.

5 Q. Please turn to Chevron Exhibit 2 and identify  
6 what these are.

7 A. These are the C-102s for our Yeti Wolfcamp  
8 wells, being the 52H, 54H and 56H.

9 Q. And do you these C-102s correspond with Case  
10 Number 20769, just for the record?

11 A. Yes.

12 Q. And the pool that's involved in this  
13 application is a wildcat Upper Wolfcamp Pool, 98270?

14 A. Yes.

15 Q. And will the completed interval for the 52H and  
16 the 56H wells comply with the statewide setbacks?

17 A. They will.

18 Q. And then the 54H will be within 330 feet of the  
19 west half of the east half of the sections to allow  
20 inclusion of that acreage to an enlarged spacing unit?

21 A. Yes.

22 Q. And these C-102s also show the first and last  
23 take points for each of the wells?

24 A. Yes, they do.

25 Q. Please turn to Chevron Exhibit Number 3 and

1     **explain what this exhibit shows.**

2           A.     This is a schedule of the ownership for the  
3     proposed horizontal spacing unit.  It shows each party's  
4     interest in each tract across the unit.

5           Q.     And so this is for Case Number 20769 where  
6     Chevron seeks to pool working interests, overrides and  
7     record title owners?

8           A.     Yes.

9                     EXAMINER JONES:  Number 3 is for 20769?

10                    MS. LUCK:  20769.

11                    So just to explain my exhibits layout, we  
12     go through the 20769 land exhibits, and then we'll  
13     switch over to the 20770.

14                    EXAMINER JONES:  Okay.  Thanks.

15           Q.     (BY MS. LUCK) And so were all the interest  
16     owners that you seek to pool locatable?

17           A.     Yes, they were.

18           Q.     And what efforts have you undertaken to reach  
19     an agreement with the remaining working interest owners  
20     to be pooled?

21           A.     We have well proposals and JOAs, and we are  
22     currently in further discussions to acquire their  
23     interest in this acreage.

24           Q.     And will Chevron notify the Division if it  
25     reaches an agreement with any of the parties to be

1     **pooled?**

2           A.     Yes.

3           **Q.     So turning to Chevron Exhibit Number 4, this is**  
4     **for Case Number 20770. Please explain what Chevron**  
5     **seeks in this case.**

6           A.     This shows the acreage for a Bone Spring  
7     horizontal spacing unit, same acreage, section -- for  
8     the east half of Section 15 and the east half of Section  
9     22, Township 25 South, Range 32 East, Lea County, New  
10    Mexico.

11          **Q.     And in this case, you're asking for a Bone**  
12    **Spring --**

13          A.     Yes.

14          **Q.     -- spacing unit?**

15          A.     Yes.

16          **Q.     And are there any depth severances within the**  
17    **acreage?**

18          A.     There are none.

19          **Q.     So turning to Chevron Exhibit Number 5, are**  
20    **these the C-102s for Case Number 20770?**

21          A.     Yes, they are.

22          **Q.     And the pool that's involved in these wells is**  
23    **96715; is that correct?**

24          A.     Yes.

25          **Q.     And it's a wildcat Bone Spring pool?**

1           A.     Yes.

2           Q.     And these C-102s also show the first and last  
3     take points for the 51, 53 and 55H wells?

4           A.     Yes, they do.

5           Q.     Will the completed intervals for the 51H well  
6     comply with statewide setbacks?

7           A.     They will.

8           Q.     And then the 53H will be the proximity tract  
9     well; is that correct?

10          A.     Yes.

11          Q.     So turning to Chevron Exhibit Number 6, does  
12     this exhibit identify each of the working interest  
13     owners in the spacing unit in Case Number 20770?

14          A.     Yes, it does.

15          Q.     And does Chevron also seek to pool in this case  
16     working interests, overrides and royal -- sorry --  
17     record title owners?

18          A.     Yes, we do.

19          Q.     And were all the interests in this case  
20     locatable?

21          A.     Yes, they were.

22          Q.     What efforts have you undertaken to reach an  
23     agreement with the remaining working interest owner in  
24     this case?

25          A.     The same discussions. We've sent a Bone Spring



1 well proposal and a Bone Spring JOA and are in further  
2 discussions to acquire the compulsory pooled party's  
3 interest in this acreage.

4 Q. And so Chevron Exhibit Number 7 is a sample  
5 well-proposal letter that you sent to the working  
6 interest owners in this acreage?

7 A. Yes.

8 Q. And are the costs in the AFE consistent with  
9 what Chevron and other operators have incurred for  
10 drilling similar horizontal wells?

11 A. Yes.

12 Q. Has Chevron made an estimate of the overhead  
13 and administrative costs while drilling and also while  
14 producing these wells?

15 A. Yes.

16 Q. And what is that amount?

17 A. It's going to be 7,000 while drilling and 700  
18 while producing.

19 Q. And are these costs similar to what other  
20 operators are charging in the area for these types of  
21 wells?

22 A. Yes.

23 Q. Does Chevron request the order include a 200  
24 percent charge for any nonconsenting parties?

25 A. Yes.

1           **Q.    And in this case, is Chevron requesting an**  
2           **expedited order?**

3           A.    Yes, we were.   The east half of the east half  
4           of Section 22 -- that is, I believe, Tract 3 on the  
5           map -- is a federal lease that will be expiring soon.

6                   MS. LUCK:   And I understand that the  
7           Division has distributed a form pooling exhibit, so I'd  
8           be happy to complete that to ensure it can be expedited.

9                   EXAMINER JONES:   It's up to you.   I've got  
10          it marked as a rush.

11                  MS. LUCK:   Thank you.

12                  EXAMINER JONES:   You've gone to the trouble  
13          of getting your federal permits already so --

14                  THE WITNESS:   Uh-huh.

15                  EXAMINER JONES:   -- you've already gotten  
16          over the big hurdle there.

17                  THE WITNESS:   Uh-huh.

18                  MS. LUCK:   And it's my understanding that  
19          we have an interest in every tract.

20                  THE WITNESS:   Every tract, uh-huh.

21                  EXAMINER JONES:   Oh, okay.   So you can get  
22          an OCD permit also.

23                  THE WITNESS:   Correct.   Uh-huh.

24           **Q.    (BY MS. LUCK) So finally, is Chevron Exhibit**  
25           **Number 8 an affidavit prepared by my office with the**

1     attached letters providing notice of this hearing to the  
2     parties whom you seek to pool in both cases?

3             A.     Yes.

4             Q.     And were Exhibits 1 through 7 prepared by you  
5     or compiled under your direction and supervision?

6             A.     Yes.

7                     MS. LUCK:   So with that, I'd move the  
8     admission of Chevron Exhibits 1 through 8, which include  
9     my Notice of Affidavit.

10                    EXAMINER JONES:   Exhibits 1 through 8 are  
11     admitted.

12                    (Chevron Production Company Exhibit Numbers  
13     1 through 8 are offered and admitted into  
14     evidence.)

15                    EXAMINER JONES:   Kathleen?

16                    CROSS-EXAMINATION

17     BY EXAMINER MURPHY:

18             Q.     So the holdout -- I'm sorry.   Exhibit 6.   Is  
19     Tumbler the holdout?

20             A.     Yes.

21             Q.     And it's the working interest?

22             A.     Yes.

23             Q.     And then the next page, you noticed all the  
24     ORs, overriding royalties?

25             A.     Uh-huh.

1           **Q.    And those were delivered?**

2           A.    Yes, they were.

3           **Q.    So are some of those holdouts?   No.**

4           A.    No, they're not.

5           **Q.    But the record title, are any of those holding**  
6 **out?**

7           A.    They are not.   The record title is more so from  
8 the BLM process point of view.   As we submit our  
9 communitization agreements, they will want all of the  
10 parties listed as record title owners and the LR2000 to  
11 be on the com agreement.   They will not approve it  
12 without their signatures.   So we pool them for that  
13 reason.

14          **Q.    So it's really --**

15          A.    It's really just -- right.   Right.

16          **Q.    Okay.   Thank you.**

17          A.    Uh-huh.

18                       EXAMINER COSS:   I don't have any questions.

19                       CROSS-EXAMINATION

20   BY EXAMINER JONES:

21          **Q.    But these record title owners, does Chevron**  
22 **know who they are?**

23          A.    By know them, yes, we do.   Uh-huh.

24          **Q.    Okay.   It makes sense that you would.   But**  
25 **you're just not confident they're going to sign right**

1     **away?**

2           A.     Right.  So they have an interest in the lease  
3     in other parts of the lease that are not covered by this  
4     particular spacing unit, which is why they're listed.  
5     But the BLM will still want either their signature on  
6     the communitization agreement or an order to show that  
7     they were pooled -- their record title interest was  
8     pooled.

9           Q.     Okay.  And the overrides, do you have the right  
10    under their instrument to --

11          A.     Yes, we do.

12          Q.     -- pool them already so they're not being  
13    pooled under this action?

14          A.     Right.  Uh-huh.

15          Q.     And Tumbler is -- who are they, Tumbler?  Where  
16    are they located at?

17          A.     They are located out of Midland, Texas.  They  
18    are -- uh-huh.

19          Q.     They've got 1/8 of the working interest in  
20    this --

21          A.     Yes.

22          Q.     -- both of these units?

23          A.     Uh-huh.

24          Q.     And they're not ready to spend the money yet or  
25    sign the JOA?

1           A.    Right.  Right.

2           Q.    Have they done either one of those, signed the  
3   JOA and not the AFE or --

4           A.    No.  We've just been in constant communication  
5   about how to acquire their interest in this acreage and  
6   various different meetings, and we're still in those  
7   communications now.

8           Q.    Okay.  And the proof of communications is in  
9   here somewhere?

10                   MS. LUCK:  Well, we included the  
11   well-proposal letter, but we don't have any additional  
12   record of the communications.  It is my understanding  
13   that there are phone calls and emails that were  
14   exchanged, but we didn't include all of those.

15           Q.    (BY EXAMINER JONES) Okay.  Can you say  
16   verbally, though, when you started negotiating with  
17   them?

18           A.    We actually started negotiating with them maybe  
19   June, and with the expectation that we'd be completed  
20   prior to our drilling operations on this land.  So --

21           Q.    Okay.  Did you get your permit -- federal  
22   permits?

23           A.    Yes, we did.

24           Q.    Did you get them promptly, or did it take six  
25   months or --

1           A.    I want to say it took about six months. Six to  
2   nine months is the average that we're seeing. Uh-huh.

3           Q.    So you're planning ahead to try to -- the  
4   federal -- do they have such a thing as a short-term com  
5   agreement where you can -- I call it a lease, where the  
6   well's actually spud by the end of the lease term?

7           A.    Right. Uh-huh. Uh-huh.

8           Q.    They do that?

9           A.    Uh-huh.

10          Q.    So would that be the com agreement type you  
11   would sign here, like a short-term com agreement?

12          A.    No. We signed a letter and the BLM -- or the  
13   BLM issued us a letter saying that it was okay for us to  
14   spud the wells at a later date.

15          Q.    Okay.

16          A.    Uh-huh.

17                   EXAMINER JONES: As long as everything is  
18   okay on notice, I guess --

19                   CROSS-EXAMINATION

20           BY EXAMINER DAVID:

21          Q.    I was looking at -- Ms. Holmes, looking at  
22   Exhibit A, I notice there are a lot of parties here. So  
23   are you confident that Chevron sought to provide notice  
24   to all the interested parties you've identified?

25          A.    Yes.

1           Q.    And I notice on the log here that there was --  
2   is that right?  There is one person -- only one person  
3   that apparently that the notice documents were returned?

4                   MS. LUCK:  That's correct.  And that's  
5   why -- sorry to step in.

6                   THE WITNESS:  Uh-huh.

7                   MS. LUCK:  That's why we also did the  
8   Notice of Publication, and that reflects that we did  
9   provide constructive notice in the event that that  
10   package was still not delivered as of today's hearing.  
11   But we checked those -- the green card reports as of  
12   Monday of this week, so we're not completely sure by the  
13   time of hearing if that package has been delivered.  But  
14   in that case -- returned, we included the Notice of  
15   Publication.

16                  EXAMINER DAVID:  Yeah.  I also notice for  
17   the record that the name of the person who -- when there  
18   is no proof of delivery, it's also listed on the  
19   newspaper article.  So no further questions from me.

20                  EXAMINER JONES:  Thank.  Thank you very  
21   much.

22                  THE WITNESS:  Thank you.

23                  MS. LUCK:  With that, I'd call my next  
24   witness, Kate Schwehr.

25



1 KATE SCHWEHR,

2 after having been previously sworn under oath, was  
3 questioned and testified as follows:

4 DIRECT EXAMINATION

5 BY MS. LUCK:

6 Q. Please state your name, by whom you're employed  
7 and in what capacity.

8 A. Kate Schwehr, development geologist for  
9 Chevron.

10 Q. And have you previously testified before the  
11 Division?

12 A. Yes.

13 Q. And have your credentials as an expert in  
14 petroleum geology been accepted and made a matter of  
15 record?

16 A. Yes.

17 Q. Are you familiar with the applications filed by  
18 Chevron in Cases 20769 and 20770?

19 A. Yes.

20 Q. And what are the target intervals for the  
21 proposed wells in 20769 and 20770?

22 A. The target intervals are the Wolfcamp and the  
23 Bone Spring Formations.

24 Q. And have you conducted a geologic study of the  
25 Wolfcamp and Bone Spring Formations underlying the

1     **subject acreage?**

2           A.     Yes, I have.

3                   MS. LUCK:   And with that, I tender  
4   Ms. Schwehr as an expert witness in petroleum geology.

5                   EXAMINER JONES:   She is so qualified.

6           **Q.     (BY MS. LUCK) Please identify and explain what**  
7   **Exhibit 9 shows.**

8           A.     Chevron Exhibit 9 is a subsea structure map of  
9   the Wolfcamp target interval, which we call the Wolfcamp  
10   A.   This map does have a contour interval of 25 feet,  
11   and it does show the location of the proposed Wolfcamp A  
12   wellbores.   With this map, we can see that the Wolfcamp  
13   A dips, averages about 2 degrees, and it's generally to  
14   the east over the proposed spacing unit.   I would like  
15   to note that the spacing unit is outlined in red.   Also,  
16   I'd like to add that there are no known structural  
17   complications, including faulting or any other  
18   structural impediments to horizontal production.

19                  MS. LUCK:   And so just again to explain the  
20   exhibits, we'll go through the Wolfcamp exhibits that  
21   apply to Case Number 20769, and then we'll turn to the  
22   Bone Spring exhibits, which address Case Number 20770.

23                  EXAMINER JONES:   Okay.

24           **Q.     (BY MS. LUCK) So turning to Exhibit 10, explain**  
25   **what that map shows.**

1           A.     So Exhibit 10 is a gross isopach thickness map  
2     of the Wolfcamp A target interval. Again, the contour  
3     interval is 25 feet, and it does show the location of  
4     the three proposed horizontal Wolfcamp A wells. This  
5     map does show that the thickness in the Wolfcamp A  
6     ranges from about 680 feet to 750 feet in Sections 15  
7     and 22, decreasing to the east and slightly increasing  
8     in all of the other directions. I'd also like to note  
9     that there are no known stratigraphic complexities,  
10    including pinch-outs or any other impediments to  
11    horizontal production.

12           **Q.     Thank you.**

13                   **Please turn to Exhibit 11 and explain what**  
14    **this map shows.**

15           A.     Exhibit 11 is the cross-section location map.  
16    So on this map, the spacing unit for the proposed wells  
17    is noted by the dark blue rectangle. The four wells  
18    used in the following cross sections go from A to A  
19    prime, northwest to southeast, through the spacing unit  
20    and are noted by red circles with names and API numbers  
21    posted. I would also like to note that the control  
22    points that were used to make the structure and the  
23    isopach maps are also included here.

24           **Q.     And did you prepare a cross section of logs to**  
25    **determine the relative thickness and porosity of the**

1     **Wolfcamp in this area?**

2           A.     Yes, I did.

3           **Q.     And do you consider these wells to be**  
4     **representative of the Wolfcamp area near the proposed**  
5     **spacing unit?**

6           A.     Yes.

7           **Q.     And turning to Exhibit Number 12, can you**  
8     **identify what's shown here?**

9           A.     So Chevron Exhibit 12 is a cross section, again  
10    of the four wells previously identified. The cross  
11    section does include logs of gamma ray, neutron-density,  
12    porosity and deep resistivity. And I would like to  
13    highlight that our Wolfcamp A and A2 target intervals  
14    are noted by the green stars, and you can see from the  
15    cross section that the Wolfcamp A target interval is  
16    continuous in thickness and lithology.

17          **Q.     And in your opinion, is the Wolfcamp in this**  
18    **area suitable for development by horizontal wells?**

19          A.     Yes.

20          **Q.     And is the proposed orientation of these**  
21    **horizontal wells appropriate for the area?**

22          A.     Yes.

23          **Q.     And do you expect each quarter-quarter section**  
24    **within the proposed spacing unit to contribute more or**  
25    **less equally to production from the wellbores?**

1           A.     Yes.

2           Q.     In your opinion, is the granting of Chevron's  
3 application in Case 20769 in the best interest of  
4 conservation, the prevention of waste and the protection  
5 of correlative rights?

6           A.     Yes.

7           Q.     Thank you.

8                         So now turning to Exhibit Number 13, which  
9 applies to Case Number 20770, can you identify what that  
10 map shows?

11          A.     So Exhibit 13 is the subsea structure map of  
12 the Bone Spring target interval, which we call the 2nd  
13 Bone Spring Sand. This does have a 25-foot contour  
14 interval, and it does show the location of the proposed  
15 Bone Spring wells. From this map, we can see that the  
16 2nd Bone Spring Sand is dipping about 2 degrees to the  
17 east-southeast within the spacing unit. And I'd also  
18 like to point out that there are no known structural  
19 complications, including faulting or any other  
20 structural impediments to horizontal production.

21          Q.     So turning to Exhibit Number 14, please explain  
22 what this exhibit shows?

23          A.     Exhibit 14 is the gross isopach thickness map  
24 of the 2nd Bone Spring target interval. Again, the  
25 contour interval is 25 feet, and it does show location

1 of the three proposed horizontal 2nd Bone Spring wells.  
2 And this map highlights that the thickness in the 2nd  
3 Bone Spring Sand ranges from about 1,140 feet to 1,230  
4 feet in Sections 15 and 22, increasing to the northwest.  
5 I'd also like to highlight that there are no known  
6 stratigraphic complexities, including pinch-outs or any  
7 other impediments to horizontal production.

8 **Q. And so for this case, did you also prepare a**  
9 **cross section with a cross-section map showing the**  
10 **relative thickness and porosity of the Bone Spring in**  
11 **this area?**

12 A. Yes, I did.

13 **Q. So turning to Exhibit 15, is this your**  
14 **cross-section map?**

15 A. Yes, it is.

16 **Q. What does this exhibit show?**

17 A. This exhibit shows the spacing unit for the  
18 proposed wells, which again is highlighted by the dark  
19 blue rectangle. The four wells that were used in the  
20 following cross sections go from southwest to -- or  
21 northwest to southeast, A to A prime, through the  
22 spacing unit. And these wells are also noted by the red  
23 circles with the names and APIs listed.

24 **Q. And so turning to Exhibit 16, this is your**  
25 **cross section of those wells; is that correct?**

1           A.     That's correct.

2           Q.     Okay.  What do these cross sections show for  
3     the 2nd Bone Spring?

4           A.     So this cross section does show our two 2nd  
5     Bone Spring target intervals, which again are  
6     highlighted by the green stars, and this cross section  
7     does highlight that the lithology and thickness of the  
8     2nd Bone Spring is generally continuous and consistent.

9           Q.     And so is the Bone Spring in this area suitable  
10    for development with horizontal wells?

11          A.     Yes.

12          Q.     And is the proposed orientation of the  
13    horizontal wells appropriate for this area?

14          A.     Yes.

15          Q.     And do you expect each quarter-quarter section  
16    within the proposed spacing unit to contribute more or  
17    less equally to production from the wellbores?

18          A.     Yes.

19          Q.     And in your opinion, is the granting of the  
20    Chevron's application in Case Number 20770 in the best  
21    interest of conservation, for the prevention of waste  
22    and the protection of correlative rights.

23          A.     Yes.

24                   MS. LUCK:  So with that, I'd move Exhibits  
25    9 through 16.

1                   EXAMINER JONES: Exhibits 9 through 16 are  
2 admitted.

3                   (Chevron Production Company Exhibit Numbers  
4 9 through 16 are offered and admitted into  
5 evidence.)

6                   CROSS-EXAMINATION

7 BY EXAMINER MURPHY:

8           Q.    Forgive me if I'm getting my cases confused.  
9 But on the Bone Spring -- the 2nd Bone Spring, are those  
10 sandstones you're targeting at the top of the 2nd Bone  
11 Spring?

12          A.    Yes. The lithology is sort of a  
13 sandstone-siltstone mixed.

14          Q.    Okay. Thank you.

15                   CROSS-EXAMINATION

16 BY EXAMINER COSS:

17          Q.    What interval is this cross section hung on?

18          A.    Which cross section?

19          Q.    Oh, sorry. The one that I'm looking at.

20                   (Laughter.)

21          Q.    The last one, Section 16.

22          A.    It's hung on the 2nd Bone Spring -- top of the  
23 2nd Bone Spring.

24          Q.    Okay. I guess if I'm looking at the numbers  
25 here, all of your stars for the 2nd Bone Spring target



1     one. That's the lower set of stars for either -- either  
2     interval. That's what your landing zone is, correct?

3           A.     So we have two different landing zones, so the  
4     lower --

5           Q.     Okay. Okay. There are two landing zones.

6           A.     Yes.

7           Q.     And this is a cross section, so it's not  
8     exactly what you're going to be putting the well  
9     through. But I notice, say, for the first one, the  
10    left, that gold star, that is 10,600 feet and then the  
11    one to the right is 10,500 feet, the same interval.  
12    Does that pose a problem?

13          A.     I don't think so.

14          Q.     Okay. And then 10,800. So you would be able  
15    to land in the zone all the same?

16          A.     Right. And I think these might actually be  
17    measured depth instead of the subsea TVDs.

18          Q.     Okay. Well, that'll make a difference.

19          A.     Right.

20          Q.     Those are all my questions.

21                   EXAMINER JONES: Did you anticipate  
22    opposition to this case?

23                   MS. LUCK: We did not. We didn't expect  
24    any opposition coming into it, so that's why we -- yeah.  
25    I think that we don't have any problems at this point.

1                   EXAMINER JONES: But it's a rush -- they're  
2 both rushes?

3                   MS. LUCK: Yeah. It is an expedited  
4 request, though, because of the lease expiration issue.

5                   EXAMINER JONES: Okay.

6                   MS. LUCK: Yeah.

7                   EXAMINER JONES: When is that? I mean,  
8 when do you need these? Do you need them next week?

9                   MS. LUCK: I think the land witness should  
10 answer that question, as to how soon they need it, but  
11 we'll obviously defer to the Division as to how quickly  
12 you guys can get that out. We don't want to ask for  
13 anything too much.

14                  EXAMINER JONES: Okay. We should be able  
15 to do it in the next couple of weeks.

16                  THE WITNESS: That's fine.

17                  EXAMINER JONES: Actually, this guy's going  
18 to be gone.

19                  EXAMINER COSS: Can't be done in the next  
20 week.

21                  EXAMINER JONES: But where did the name  
22 come from? Co Yeti?

23                  THE WITNESS: Yeti. So C-O is Cotton Draw,  
24 and Yeti is -- I don't know. That was before I was part  
25 of the team.

1 EXAMINER JONES: Okay. Well, everybody  
2 seems to be -- you well coached your two witnesses here.

3 EXAMINER MURPHY: Again, thank you for the  
4 lovely exhibits.

5 EXAMINER JONES: Yeah, they are nice.

6 EXAMINER MURPHY: People don't understand  
7 that sometimes they're really difficult to see. So  
8 we've just gotten a number of them in a row that were  
9 really great.

10 THE WITNESS: Good. Well, I appreciate  
11 that.

12 EXAMINER JONES: Do you do your own  
13 graphics and -- do you do your own log analysis, or do  
14 you actually have a --

15 THE WITNESS: I did. I did them all  
16 myself.

17 (Laughter.)

18 EXAMINER JONES: Okay. Well, thanks very  
19 much.

20 THE WITNESS: Okay. Thank you.

21 MS. LUCK: We'd ask that the case be  
22 taken under advisement, or both cases.

23 EXAMINER JONES: Okay. 20769 and 20770 are  
24 taken under advisement.

25 (Case Numbers 20769 and 20770 conclude,

1 3:34 p.m.)  
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1 STATE OF NEW MEXICO  
2 COUNTY OF BERNALILLO

3

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 DATED THIS 1st day of October 2019.

21

22

23 MARY C. HANKINS, CCR, RPR  
24 Certified Court Reporter  
25 New Mexico CCR No. 20  
Date of CCR Expiration: 12/31/2019  
Paul Baca Professional Court Reporters