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7   **OCD Special Docket April 21, 2026 20260422\_135655UTC-Meeting Recording**  
8   **DAY 2 of Hearing**

9   April 22, 2026,  
10   4h 0m 0s

11  
12   **Pecos Hall 19:49**

13   Great. Good morning.  
14   We are back on the record at 8:16 AM one minute late.  
15   It is April 22nd. We're going to hear a case a little out of order.  
16   This is case #5 on the docket.  
17   What is it 25813?  
18   Three, maybe 1325813. Perfect. Yeah.  
19   Interest of appearance please.  
20   Good morning, Mr. Examiner.  
21   Tina Bennett, on behalf of Kotera Energy Operating Co, good morning.  
22   Are there any other parties?  
23   Not that I'm aware of.  
24   Go right ahead.  
25   Thank you. In this case Kotera and I apologize for my voice in advance.  
26   Kotera Energy operating seeks approval of a non standard unit, compulsory pooling and  
27   to the extent necessary approval of an overlapping spacing unit.  
28   And this unit is going to be within the Southeast quarter of section 12.  
29   The east half of sections 13 and 24 and the NE Quarter of Section 25, Township 20 S,  
30   range 35 E and we timely submitted exhibits that included the Self Affirm statement of  
31   Keaton. Curtis, who's previously testified before the division, and his credentials have  
32   been.  
33   Accepted as a matter of record and also exhibits from the geologist Stacy Frey, Fry, who  
34   previously testified before the division and her credentials have been accepted as a  
35   matter of record.  
36   And so with that, I'd ask that the exhibits be admitted into the record.  
37   And that the case be taken under advisement. OK admitted without exception. Mr.  
38   McClure, your questions.

39

40  **McClure, Dean, EMNRD** 21:14

41 Yes, Mr. herring. Examiner, I have questions for the land man.

42

43  **Pecos Hall** 21:17

44 Thank you. Mr. Curtis, if you could turn your camera on, please.

45 OK. Mr. Curtis, please raise your right hand.

46 Apologies, Mr. hearing examiner.

47 There is another party in this case.

48 Yes, it's iqthus Caitlin.

49 Luck had entered an appearance.

50 I think she's here.

51

52  **Kaitlyn Luck** 21:42

53 Yes, Mr. Green zoominer, I am here and I did intern appearance in this case yesterday

54 when I was called. The first time. I apologize. Thank you.

55

56  **Pecos Hall** 21:48

57 OK.

58 So would you enter your appearance now?

59

60  **Kaitlyn Luck** 21:50

61 Yes, Caitlin Locke appearing again for Inca's energy and no objection.

62 Just monitoring. We have withdrawn and dismissed our case.

63 That was competing with this outpatient. Thank you.

64

65  **Pecos Hall** 21:58

66 OK.

67 Thank you, Mr. Curtis, please raise your right hand.

68 Do you swear?

69 Affirm under penalty of perjury, that the testimony you're about to give is the truth, the

70 whole truth, and nothing but the truth.

71

72  **Keaton Curtis** 22:08

73 Yes, I do.

74

75  **Pecos Hall** 22:09

76 Great. You can put your hand down. Please spell your name.

77

 **Keaton Curtis** 22:12

79 Keaton. Keaton. Curtis, Curtis.

80

 **Pecos Hall** 22:18

82 Thank you.

83 And you've been qualified as an expert for this division?

84

 **Keaton Curtis** 22:22

86 Yes.

87

 **Pecos Hall** 22:23

89 In wet field.

90

 **Keaton Curtis** 22:24

92 Patrolling Land Management.

93

 **Pecos Hall** 22:26

95 Thank you, Mr. McClure.

96

 **McClure, Dean, EMNRD** 22:27

98 Thank you, Mr. Harring examiner.

99 Mr. Curtis, if I could draw your attention to.

100 Your guys's exhibit.

101 Ace 8.

102 Page 40 of 74 this should be your NSP notice map.

103

 **Keaton Curtis** 22:49

105 I'm here.

106

 **McClure, Dean, EMNRD** 22:51

108 OK. Can you describe for me the status of the West half of section 30 in terms of  
109 operator?

110

 **Keaton Curtis** 23:02

112 So the West have section 30 doesn't currently have any wells there. So we based it off of  
113 working interest.

114

115  **McClure, Dean, EMNRD** 23:10

116 OK. And is it accurate to say that that Magnum hunter is the so working interest owner  
117 for that track?

118

119  **Keaton Curtis** 23:18

120 I'll need to go back and double check.

121 I can't say definitively.

122

123  **McClure, Dean, EMNRD** 23:23

124 OK. I guess based on your table on the following page, is it accurate to say that Magnum  
125 Hunter production incorporated is the working interest owner for that truck?

126

127  **Keaton Curtis** 23:34

128 That would be correct, yeah.

129

130  **McClure, Dean, EMNRD** 23:36

131 OK. Do you know if Magnum Hunter production incorporated was provided notice of  
132 this application?

133

134  **Keaton Curtis** 23:45

135 So Magnum Hunter production would be a kotera entity.

136 So I maybe.

137 I'm not sure if we actually got a letter out in the mail though.

138 I don't think there be much about necessity to.

139

140  **McClure, Dean, EMNRD** 24:11

141 So, so the relationship between Magnum, Hunter and Katera is that Magnum Hunter is a  
142 subsidiary of Kater.

143 Is that accurate to say?

144

145  **Keaton Curtis** 24:21

146 That's correct.

147

148  **McClure, Dean, EMNRD** 24:32

149 OK. Thank thank you. Mr. Curtis. Mr. Hearing examiner, I don't have any additional  
150 questions, but I do have some guidance for Miss Bennett in regards to that exhibit tag.

151

152  **Pecos Hall** 24:43

153 Go right ahead.

154

155  **McClure, Dean, EMNRD** 24:44

156 Miss Bennett, if I can draw your attention to yourself, affirmed statement.

157 On page 52.

158 Or self affirm decoration.

159 I guess that's listed.

160

161  **Pecos Hall** 24:59

162 I'm there.

163 Thank you.

164

165  **McClure, Dean, EMNRD** 25:01

166 Did you you notice in the middle of that page where we just accident, OK.

167

168  **Pecos Hall** 25:04

169 Oh yeah.

170

171  **McClure, Dean, EMNRD** 25:06

172 Yeah. If we could just get that.

173 Would you be able to submit an amended application packet by the end of day?

174 I guess to get rid of that tag.

175

176  **Pecos Hall** 25:16

177 Yes, definitely.

178 Thank you.

179 Sorry not to have noticed that before.

180

181  **McClure, Dean, EMNRD** 25:20

182 Mr.

183 Hearing examiner, I don't think I have anything additional for this case and with  
184 consideration of the relationship between Magnum, Hunter and Katera, I think NODA  
185 should be fine then for the NSP. So I think we can just take it under advisement once  
186 that a minute exhibit packet is.

187 In there.

188

189 **PH** Pecos Hall 25:38

190 OK, perfect.

191 I'm just reading something.

192 Give. Give me a minute here.

193

194  McClure, Dean, EMNRD 25:44

195 Yep.

196

197 **PH** Pecos Hall 25:54

198 Still have Mr. Curtis on.

199 Yes, Mr. Curtis, could you turn your camera back on?

200

201 **KC** Keaton Curtis 26:05

202 I'm here.

203

204 **PH** Pecos Hall 26:08

205 We don't see you yet, so we're looking for you.

206

207 **KC** Keaton Curtis 26:14

208 Just let me know when. All right.

209

210 **PH** Pecos Hall 26:14

211 Ah, there you are.

212 So Mr. Curtis told me if this is correct.

213 That Magnum Hunter Resources was acquired by Simerex in 2005 and Simarex merged

214 into what is Kotera in 2021 is that the connection?

215

216 **KC** Keaton Curtis 26:33

217 Yes. Yeah.

218

219 **PH** Pecos Hall 26:35

220 OK. With that clarification, Mr. McClure, does that work for you?

221

222  McClure, Dean, EMNRD 26:40

223 It works for me, Mr. Hank zaminer.

224

225 **PH** Pecos Hall 26:42

226 OK, fantastic. So, Miss Bennett, we will leave the record open for that minor correction.  
227 And if you get it in today before 5:00, we will take the case under advisement.  
228 Thank you.  
229 Off the record. In that case, let's go back to our contested hearing between Permian  
230 Resources and Avant.  
231 Yesterday we concluded the testimony of Permian resources Landman.  
232 So we have a substitution of counsel at the table.  
233 Welcome, Miss Pena.  
234 Who will be conducting the examination of your second witness?  
235 I will be, and Miss Hardy is in another hearing today.  
236 So that's it.  
237 Miss Pena is joining us.  
238 You'll do very well with Miss Pena, so thank you.  
239 Need help with the exhibits.  
240 Sure, she so many of them.  
241 OK. All right, Miss McLean, would you like to call your second witness?  
242 Yes, Permian Resources calls Chris Canton.  
243 And M's McLean, while Mr. Canton is taking the witness and turning on the microphone.  
244 Do we have any?  
245 Rebuttal exhibits through Mr. Canton that have not been admitted.  
246 No, we don't.  
247 No, we don't, OK.  
248 He does not have any rebuttal exhibits trying to keep track of the exhibits.  
249 Yeah, there's a button on the right of it.  
250 Should make it go green.  
251 Top button. Gotcha perfect. And Mr. Canton, I remind you that you run the roof.  
252 Great. Good morning, Mr. Canton.  
253 Can you please state your full name for the record? Chris Canton and by whom are you  
254 employed and in what capacity?  
255 Our main resources I am a senior geologist and have you provided direct testimony and  
256 exhibits.  
257 In this case, yes.  
258 And have those documents been marked as exhibit B with sub exhibits B1 through B20?  
259 Yes, ma'am.  
260 Is everything submitted as exhibits? B&B one through 22 and correct.  
261 That's correct.  
262 And you adopt your testimony. I do.  
263 Thank you. And in your opinion, how would the spicy chicken project area best be

264 developed?  
265 1/2 mile stand up with AU turns.  
266 In the.  
267 In the north, in the section 23, and have you reviewed Evans Geologist's testimony in  
268 accompanying exhibits I have.  
269 What's your understanding of Yvonne's position in these cases?  
270 Yvonne believes that drilling more initial wells.  
271 Just because they're drilling more initial wells, they have the the better development.  
272 And do you agree with Avon's position? No.  
273 Let's look at Mr. Harper.  
274 Who's the avant geologist?  
275 Testimony at paragraph 22.  
276 What?  
277 And it's page 265 of their PDF too.  
278 Are you able to see paragraph 22?  
279 Yes, he states that the Avalon is a prospective target interval that Permian Resources  
280 has chosen not to develop, and Avant feels that this will leave significant reserves  
281 behind by neglecting to pursue this target interval in the near term.  
282 Do you agree with that statement?  
283 No, I don't agree with that statement.  
284 And why not?  
285 Pierre, we do believe that.  
286 Avalon over here is a is a prospective target. We have chose not to.  
287 Include them our initial wells because there is a risk involved with an Avalon moving this  
288 far out.  
289 We we believe that.  
290 With the.  
291 All the additional activity in this area.  
292 With permits that we have the opportunity to sit and wait and see how the Avalon is  
293 gonna perform versus other operators offset.  
294 We will.  
295 Assess the Avalon and the best possible development case based on the offsets that  
296 come on so.  
297 And as a geologist, do you believe that you have to Co develop the Avalon with the first  
298 Bone Spring?  
299 No, we did not.  
300 Why I think you you mentioned risk.  
301 Why is the Avalon a risky target?

302 I put together a slide with cross section demonstrating the the degradation in the rock  
303 compared to.  
304 Where?  
305 The development in the Avalon to the east has been.  
306 Is that your exhibit B20?  
307 Yes, B20.  
308 Let's pull that up.  
309 Is this what you're referring to?  
310 Yes it is.  
311 You can just see as you move to the east, you have decreasing rock quality and moving  
312 to the east is where the subject spicy chicken acreage is.  
313 And then the developments that the closest developments to the east are in increased  
314 quality rock. And again, we do not believe that just because you have these quality.  
315 This is a not not a prospective target.  
316 We just know that it's an additional risk and.  
317 Developing this at the density that Yvonne is planning to develop.  
318 Did you mean as you move West as you move West as you move east, the rock  
319 increases, correct?  
320 OK. And as you move West, it decreases, it decreases, yes.  
321 And then Mr. Harper's testimony at paragraph 23.  
322 Says that lower Wolfcamp balls, their prospective target interval that Permian  
323 Resources has chosen not to develop an avant field.  
324 It will leave significant reserves behind by neglecting to pursue this target in the near  
325 term.  
326 Do you agree with that statement?  
327 I do not.  
328 And why not?  
329 The target that they're looking at, to my knowledge and research, has not been tested.  
330 It has been drilled this kind of lower section has been drilled.  
331 You know, two to hundred, 300 feet above.  
332 And also below but not in this section.  
333 And so.  
334 Does Permian resources have plans on coming back and looking at this interval?  
335 Yeah, maybe not that specific target because we don't know exactly how it's supposed  
336 to be drilled.  
337 We don't know.  
338 You know 'cause it hasn't been delineated, but deeper targets eventually as data comes  
339 as we learn more, we'll choose to.

340 Delineate, develop that.  
341 Let's look at Avon's rebuttal exhibit B1.  
342 All right.  
343 Do you have you reviewed Evans for bottle exhibit B1?  
344 And I just wanna draw your attention to what Evans has illustrated on here as Evan  
345 developed.  
346 Wells and those are identified as those points 911 and 12.  
347 Do you see that I do.  
348 And do you believe that the Avalon is the same?  
349 Type of rock in 911 and 12 as you will encounter in spicy chicken. I do not.  
350 Why not?  
351 As I said in my exhibit, as you move to the east, the raw quality increases and all these  
352 rocks are all these wells are further east and about how much further E than spicy  
353 chicken.  
354 Looks like the number 9 is.  
355 Five 5 1/2 miles away all the way.  
356 To you know, close to 12/13/14 miles away.  
357 And are any of the wells Avonte shows here 9/11/12 as having developed an Avalon, do  
358 you know?  
359 Was that developed in at the same density as what they're proposing in spicy chicken?  
360 Not at a full section.  
361 Development no, mostly at parent wells.  
362 And so does. Will that have any impact on the poor rock quality to the to the West?  
363 Yes, if if you try to go more dense and less quality rock, you will see degradation in your  
364 production.  
365 Let's look at Avant rebuttal exhibit C3.  
366 All right.  
367 And have you reviewed this exhibit I have.  
368 So here if you see those bullet points below the the graphs above, the second bullet  
369 point down, it says these analogs represent the closest real-world comparison to  
370 Permian Resources proposal.  
371 Do you agree with that?  
372 I do not.  
373 Why not one? We have a a.  
374 Permian Resources has drilled the Moran wells, which are actually 4 miles South of that  
375 South of this, and a very analogous 6 wells between the two targets, first bone and 2nd  
376 bone shell versus the similar amount of wells in the in the dagger state, Anderson, but  
377 those are.

378 12 miles away. Deeper, deeper rock.  
379 Whereas you know the the Matador dagger state, I don't believe it's analogous.  
380 Maybe in the amount of wells that they drilled?  
381 But the dagger stay was drilled in four different phases between the Second Bone  
382 Spring being drilled first and then in the first Bone Spring sand and shale and 2nd bone  
383 shale being drilled second might have that the Second Bone Spring sand was also  
384 drilled in the Upper SE.  
385 Bone Spring, which is more proximal to the SAG, a bone shell target causing more  
386 degradation and is.  
387 You mentioned that matador drilled in four different stages.  
388 How is that different from what Evan is proposing?  
389 To do here.  
390 Repeat the question.  
391 I'm sorry you said that this was not one of the reasons why these dagger state wells are  
392 not analogous is because OK, those were drilled across four different phases.  
393 So can you just explain why that you know is different than what we're looking at with  
394 spicy chicken?  
395 Yeah, we believe that these targets need to be coca plated together, especially the first  
396 bone in sidebone shell. Being proximal to each other.  
397 You'll see degradation between those targets if drilled in different phases.  
398 And then you also mentioned the Permian Resources Moran wells, which are not shown  
399 on this map and those are only four miles away as opposed to 12. That's correct.  
400 And then Avon also says.  
401 On the third bullet point down, despite superior rock quality, cumulative recovery is  
402 approximately the same.  
403 Do you agree with that?  
404 I do not.  
405 I believe that that statement is baseless and they show no cross section or maps to to  
406 to show that and my my belief is that.  
407 If their time back to Kabo Kabo is in some of the best first Bone Spring rock.  
408 As well as you know, spicy chicken.  
409 So you would go a higher density in the first Bone spring up there.  
410 Yeah, I do not believe that.  
411 The rock is superior down in the amatador.  
412 Well, that they call out.  
413 All right.  
414 And yesterday we heard testimony from Avant.  
415 Talking about how you know the pack C wells are the closest offset wells, immediately

416 offsetting the proposed spicy chicken spacing unit and that calling into question why  
417 Permian Resources hasn't just mimicked the paxi while spacing and well count.  
418 Do you recall that? I do.  
419 Can you explain why Permian Resources has chosen a slightly different well  
420 configuration here?  
421 Yes, like I said.  
422 As we haven't repeated it to date and some of our offset developments because as rock  
423 degrades.  
424 We do less wells because of less resource.  
425 We have since you know, self delineated the second bone shell many times, especially  
426 over the past year.  
427 And we believe that that is a highly perspective target.  
428 And we believe that repeating that.  
429 Target here within the first Bone Spring with the first Bone Spring and 2nd Bone Shale is  
430 is highly accretive to the development.  
431 In your opinion, will permune resources development best prevent waste and protect  
432 relative right?  
433 I do. And would Yvonne's plan results in waste and violate Permian Resources and  
434 Coterra's correlative rights?  
435 I do.  
436 Can you please summarize the reasons?  
437 Yeah, PR has diligently.  
438 Worked to develop its acreage to the sacred.  
439 We have based our development off of.  
440 Offset production.  
441 And similar analogous geologic targets and our development does not strand any  
442 acreage.  
443 Thank you.  
444 I have no further questions, Miss Bennett.  
445 Good morning, Mr. Cantin.  
446 Nice to see you again.  
447 And I apologize in advance.  
448 My allergies are terrible, so I have this frog in my throat.  
449 So if you can't hear me, or if I don't make any sense to stop me and let me know, and I'll  
450 repeat loud and clear, I can hear you. OK, good. Thank you.  
451 I wanted to ask you a few questions about the testimony you just gave.  
452 And then I'll turn back to your slides, OK.  
453 A moment ago, you testified that Permian does believe that.

454 At the Avalon is perspective, right? That is correct.  
455 And that you haven't chosen to include it in your initial wealth?  
456 Is that right?  
457 Yes, ma'am. And I believe what you said is that you're going to sit and wait and decide  
458 whether to develop them.  
459 And I'm quoting you there.  
460 Is that what you said?  
461 Yes, that's what I said.  
462 When do you anticipate that you would actually drill the Avalon wells?  
463 Since we don't feel like we need to Co complete them with the first Bone Spring, as  
464 more developments come on, you know further to the east like you all have pointed out.  
465 We have the opportunity to see how those productions perform before beforehand, so  
466 whenever those end up coming on, I believe they're ducked right now.  
467 We can start developing our plan so As for actual timing.  
468 I'm not sure, but yeah.  
469 So you don't have them on your drill schedule at the moment, but we do not have them  
470 on drill schedule, but we are permitting so about you.  
471 Don't have specific timeline that you could provide about when you will develop that.  
472 That one.  
473 No, ma'am.  
474 You mentioned that you thought that Avalon or you testified.  
475 I'm sorry that you thought the Avalon was risky because of degradation. As you move  
476 from.  
477 West to east or east to West?  
478 East.  
479 Yeah. East to West, east to West. OK, thank you.  
480 And you'll also testify that you all want to sit and wait and tell other operators offset of  
481 you.  
482 Develop the Avalon. Is that right?  
483 That's correct.  
484 Is the rock quality going to improve while you sit and wait?  
485 No. OK.  
486 Yeah, that's what I thought, OK.  
487 And.  
488 I have the same questions about the lower interval of the Wolfcamp, but I just want to  
489 make sure we're talking about the same thing here.  
490 Is that the Wolfcamp D, right?  
491 Not the upper pen.

492 It's still 75 series.  
493 Well, OK, great.  
494 You those wells like the Avalon are not part of your initial plans, is that right?  
495 That is correct and.  
496 You testified that you plan to drill those eventually when when is eventually.  
497 Oh, it would be my same answer with the with the Avalon I just gave you.  
498 So no respective timeline, but we are setting up.  
499 Permits to be able to drill that when we feel more confident.  
500 In that that that adds a perspective target, but does that mean that you're essentially  
501 delaying?  
502 You're not essentially delaying. You are delaying development of the Avalon and the  
503 Wolfcamp D indefinitely.  
504 And definitely no, we do plan on coming back, but you can't say when.  
505 We can't say when no, OK.  
506 Yeah. So.  
507 I wanna know and I apologize. My computer went to sleep. So give me just a second  
508 while I put you on the slides.  
509 Mr. McClure, are you OK to hear? Me too, with this raspiness that I have going on.  
510

511  **McClure, Dean, EMNRD** 46:01

512 Yeah, I'm able to hear you.

513

514  **Pecos Hall** 46:01

515 Can you hear me OK?

516

517  **McClure, Dean, EMNRD** 46:04

518 It is pretty scratchy.

519 I won't lie, but we can hear you understand you.

520

521  **Pecos Hall** 46:07

522 Yeah, I wish there was something I could do about that myself, to be honest with you.

523 Oh my gosh, why do I have such a hard time sharing?

524 OK. Are you seeing my screen?

525 No, no, not yet.

526 Says that I'm sharing but it's not showing my screen which is weird.

527 Take.

528 It's totally OK. So I don't have time to see about, OK.

529 Do you think trying to share one of their? Yeah. Oh, my my own. But but would you mind

530 just pulling up the?  
531 Of our rebuttal exhibits that you were talking about a minute ago, and then I can fix my  
532 Internet as we're moving.  
533 I think this is the one, yeah.  
534 So do you recall your testimony about rebuttal exhibit C3?  
535 I do.  
536 And you testified that first and 2nd, staggering the 1st and 2nd Bone Spring is the  
537 optimal development plan. 1st and 2nd bone shell. Yes, yes.  
538 And you testified that in your expert opinion, those two need to be Co developed. Is that  
539 right?  
540 That is correct.  
541 But you didn't Co develop those at Paxi, did you?  
542 That is correct.  
543 And so does that mean that that you permian's development plan and paxi resulted in  
544 waste?  
545 Not necessarily, I mean our.  
546 I mean, we had not yet delineated the Sega Bone shale because we're at that point in  
547 time, the second Bone shale had been delineated elsewhere, but we had not ourselves  
548 looked at it as a target until we had decided to test it further away in analogous rock at.  
549 One well. And then from there we started testing it more at density.  
550 And found what we believe.  
551 Believe to be the best optimal development and we're taking those learnings.  
552 To spicy chicken, where we believe we do have analogous rock and can make  
553 additional resource by drilling the development that we have. I understand that's your  
554 position about spicy chicken, but what I'm asking is in paxi where you didn't Co  
555 develop, doesn't your logic about the reason that.  
556 You need to Co develop in spicy chicken.  
557 Mean that you?  
558 Left reserves behind.  
559 In the Second Bone Spring seal.  
560 Objection. Asked and answered.  
561 Mr. Examiner, he did not ask answer the question I've asked. He did answer.  
562 He did provide a statement, but it was not a answer to my question about. So I heard  
563 the question what was?  
564 Let me ask the court reporter, would you?  
565 Chance to find his answer. Thank you.  
566 What did your answer start with?  
567 What was your question?

568 Which one?  
569 I mean, we go back.  
570 My question was.  
571 You didn't Co develop the first Bone Spring and the Second Bone Spring shale in Paske  
572 paxi did you? That's my question.  
573 That if you're looking for it, something along those lines anyway, I'm not sure that's  
574 those are the exact words, the very last one.  
575 It was.  
576 Start.  
577 I'm on my keyboard again.  
578 OK. But but I was waiting for you to tell me I played it back.  
579 Exactly what he said.  
580 Oh, I wasn't listening.  
581 I I was thinking you were gonna tell us what the question and answer were, and I played  
582 it back.  
583 Is there a way to put your microphone down there so that we can all hear what the  
584 question and answer were was?  
585 Is this my mic?  
586 That's one of them. You have two.  
587 Perfect.  
588 Can I continue now?  
589 I really don't know.  
590 I couldn't hear.  
591 I don't know what was said, but I remember you asked the question.  
592 He said something.  
593 You seem to go on.  
594 And then there was an objection.  
595 That's the best I can, so I'm happy to summarize anything else I'm I'm happy to  
596 summarize what I heard.  
597 Yes. So I asked if this if the development in Paxi left behind reserves and results in  
598 waste, what was the answer?  
599 The answer was we hadn't yet delineated the second Bone Spring sale and.  
600 We wanted to test it.  
601 Further away, and that is not an answer to whether what happened directly at Paxi,  
602 what results in waste.  
603 Do you agree with the you do not accept the characterization. I believe that her first  
604 question was does it result in waste? And he said no, not necessarily.  
605 And then went on to explain.

606 And then she asked it again, saying it a little bit different instead of instead of waste, she  
607 asked is it leave reserves in the ground?

608 But his initial response was no, not necessarily.

609 And then she allowed him to explain his answer.

610 Mr. McClure, did you hear the exchange at all?

611 Did you hear the witness say?

612 No, it did not result in any waste and then explain himself.

613

614  **McClure, Dean, EMNRD** 54:27

615 Mr. herring examiner.

616 I believe that he stated something about it.

617 Was it that he believed it had not led to waste?

618 But I mean, I would have to parse the transcript to, you know, provide a better response  
619 and confirm that.

620

621  **Pecos Hall** 54:41

622 Right, right, right.

623 I thought they. I thought we'd get more clarity.

624 I I couldn't hear the recording properly.

625 I could always listen again, Mr. examine. I'm sorry.

626 I was just gonna say I'm happy to move on, OK?

627 I've heard from both parties and and I understand that you're willing to move on.

628 Mr. McClure heard what he heard.

629 He's the technical examiner.

630 So I think it's the most important thing is that Mister McClure has as much information  
631 as he needs and that's what he heard.

632 So yes, please move on. Thank you.

633 I am still looking at rebuttal exhibit C3. Do you see that?

634 Yes, ma'am.

635 And you testified that the rock and spicy chicken is superior, like at keto, right?

636 In in in the First Bone Spring, I think I've I've stated that the first one's rain cupbo is in  
637 some of the best rock in this superior to the dagger states as is in spicy chicken is within  
638 kind of that same fairway. So that you would agree.

639 Then that the first Bone Spring is superior in cut, bow and paxi.

640 Than it is in the matador further away.

641 Yes, yes, I believe that Kabo was thrilled in some really good rock.

642 And so why are you only drilling 4 wells per section in?

643 The sorry spicy chicken when you drilled 5 wells per section in taxi. Like I stated earlier,

644 the the Second Bone shale and the first Bone Spring need to be Co developed together  
645 due to their proximity similar like their part.  
646 The same tank.  
647 We believe that drilling 4 wells in the first Bone Spring makes better first Bone Spring  
648 wells and then with the addition of the second bone shell, which we believe to be a very  
649 viable target, adds even more to that.  
650 Why does this first Bone Spring Shale and the Second Bone Spring shale need to be  
651 developed? Co developed.  
652 They're proximity together and.  
653 Their, you know, a part of the same like flow unit.  
654 So they're, you know, they're very similar.  
655 They're they're close distance.  
656 You're likely draining some of the same tank. Thank you. Yeah.  
657 Now I'd like to turn if Miss Peniel won't mind helping me, and I apologize once I can get  
658 back on the Internet, I'll, I'll take over my own slides.  
659 But if you wouldn't mind turning to Permian geology slides, that would be great.  
660 Gonna try again.  
661 I'm sorry about this.  
662 I think it's an Internet problem though, so if you wouldn't mind turning to the.  
663 Cross section exhibit B5.  
664 Are you seeing the cross section exhibit B5?  
665 I am.  
666 And you prepared that right? I did.  
667 Why didn't you use the Hanson log to create your exhibits?  
668 What was that word?  
669 I'm sorry. Why didn't you use the Hanson? Well, that you use to define your applications  
670 to create your exhibits.  
671 The Hanson well, I believe did not have a full suite of logs with density, so I like to use  
672 the density process along with a neutron porosity to to show the the logs so that that is  
673 what this is what I use because these two logs had the.  
674 Full suite of logs.  
675 Yes. So there's nothing in your testimony or exhibits that shows your reference.  
676 Well, TV's for your applications.  
677 That is correct.  
678 And do you have any reason to think that the Hanson well has significantly different  
679 depths shown on it than the snotty? Well, there's proximity, prime minimal.  
680 And so looking at exhibit B5, this cross section that you prepared shows the base of the  
681 first Bone Spring sand at around.

682 And I'm not a geologist, but it's at around 9200.  
683 Is that right? That's correct.  
684 Not it's not at 9444, which is what is in your first Bone Spring application, right?  
685 That is correct. And so based on your own geologic interpretation, the first Bone Spring  
686 sand base is not at 9444, is that right?  
687 That is correct.  
688 And so you don't disagree with Mr. Harper on his reading of the logs?  
689 I do not.  
690 And if we could turn to the Second Bone Spring Shale cross section exhibit B8.  
691 On this one, it's sort of the same cross section as what we were just looking at, but  
692 focusing on the second Bone Spring shale.  
693 You show on this one the second Bone Spring shale starting at approximately 9200 on  
694 the Sam Snotti log, right?  
695 That is correct.  
696 And you also show the base of the Second Bone Spring sand at about 10,100 if you?  
697 I'm extrapolating a little bit.  
698 Base of the second you said.  
699 Yes, ma'am. OK.  
700 And.  
701 The second Bone Spring is the sorry.  
702 In in your applications that were in permian's applications, they define the interval that  
703 Permian is seeking to pool from 9444 to 9930.  
704 TBD is that is correct. And so based on your own in geologic interpretation, the top of  
705 the second Bone Spring shale.  
706 Is that 9200, right?  
707 Approximately top of the top of the second bone formation, correct? Yes, thank you.  
708 And so it doesn't start at 9444, is that right?  
709 That's correct.  
710 And so you don't disagree with Mr. Harper on that either.  
711 I do not. OK.  
712 So I wanted to turn to exhibit B20.  
713 And we might have covered this already.  
714 And you're I did want to ask you, though.  
715 I know you testified that there's no analogous Avalon density in the area.  
716 I believe that's what you testified to, that there's no analogous density of Avalon  
717 development, right near spicy chicken, correct?  
718 But the did you take into account the fact that Civitas is drilling Avalon Wells  
719 immediately adjacent to the spicy Chicken development area?

720 Well, that's drilling or duck does not give you data on production, but does it show that  
721 that area is prospective even as of now?  
722 No, because those wells could come on and.  
723 Be, you know, unproductive or uneconomic.  
724 So you have no idea when you're going to drill the Avalon wells because you you're not  
725 even willing to rely on Civitas's own development immediately north of spicy chicken.  
726 Good objection.  
727 Asked and answered.  
728 We've already talked about the fact that there is no timeline for Permian Resources to  
729 develop the Avalon, although they intend on doing it in the future and sibly toss is not our  
730 own wells.  
731 So I don't know.  
732 Where she's going with that line of questioning. Lou, is it that it's already been asked to  
733 answer?  
734 Is that the basis of the objection?  
735 Correct, that's been OK.  
736 I'm sorry, Ms.  
737 Pena, would you mind going to exhibit B1? And I think it's your exhibit B1, but it might be  
738 Avon's rebuttal exhibit B1.  
739 Oh yeah, it is. Avon's rebuttal exhibit B1.  
740 So on this exhibit, you were asked some questions about the development that is 911  
741 and 12.  
742 Do you remember those?  
743 That line of questioning.  
744 Yes, coterie as well.  
745 And then.  
746 What?  
747 There are a lot of closer Avalon development sticks, though, shown on this slide.  
748 Than 911 and 12.  
749 Is that right?  
750 Yeah, it's mostly permits, but yes.  
751 And I think you said that 911 and 12 or this is my take away and feel free to correct me if  
752 I'm wrong about this, but that 911 and 12 are between 5 and 13 miles away.  
753 Do you recall saying that?  
754 I do and so is it your understanding that?  
755 Analogues that are 5 to 13 miles away are not necessarily.  
756 The closest analogs in terms of rock quality, not necessarily proximity.  
757 Sorry, can you repeat the question?

758 I'm thinking this first part sure.  
759 So earlier you testified and I think what you were getting at is that.  
760 911 and 12 on exhibit B1.  
761 Are 5 to 13 miles away, and so they do not show the same sort of rock quality.  
762 That you would expect around spicy chicken.  
763 Is that a fair yes recap? And so I guess I just restated my question, which was.  
764 So in your opinion, rock, that's 5 to 13 miles away, it's not necessarily analogous to the  
765 rock that's at spicy chicken.  
766 OK.  
767 That's correct. OK. Yeah.  
768 I'm just going to take a quick look at my notes and see if I got everything OK.  
769 Thank you.  
770 That's everything.  
771 Thank you.

772

773  **McClure, Dean, EMNRD** 1:05:01

774 Thank you, Mr. Herring. Examiner, Mr. Cantin.  
775 Just to quickly run through some questions here. I mean I think you kind of sort of  
776 answered to some extent, but I guess just to put it all in one place here.  
777 Sure. Permian later decide to drill the Avalon.  
778 Do you believe that your Bone Spring one development would?  
779 Cause issues.

780

781  **Pecos Hall** 1:05:39

782 No, Sir, I do not.

783

784  **McClure, Dean, EMNRD** 1:05:45

785 Shared Permian later.  
786 Wish to drill Cisco Canyon wells.  
787 Do you believe that?  
788 Your Wolfcamp wells would cause issues.

789

790  **Pecos Hall** 1:05:58

791 The Wolf Camp X wise our initial development.

792 No, I do not believe they will.

793

794  **McClure, Dean, EMNRD** 1:06:10

795 Review Avon's proposed 700 series wells.

796

797 **PH Pecos Hall 1:06:17**

798 Yes, yes, yes, I did.

799

800 **McClure, Dean, EMNRD 1:06:21**

801 And should permium.

802 Decide to develop that horizon later.

803 Do you believe that permian's XY or Wolfcamp XY wells would be problematic?

804

805 **PH Pecos Hall 1:06:41**

806 I have not taken a look at the distance between their target and the XY target because  
807 their target is not the target that we would be looking at.

808 So.

809 But it it from my understanding is deeper within the wolf camp. I think they have it right  
810 on top of the the Cisco Canyon pin top.

811 With that kind of distance.

812 I don't believe so.

813 But again, I haven't seen that distance yet.

814 I don't know exactly what that distance is, but like I stated earlier, their target is  
815 undelanated and nobody's landing that target.

816 They're planning on doing that density.

817 So we we're not looking at that as our perspective target.

818 Our perspective target would be deeper.

819

820 **McClure, Dean, EMNRD 1:07:29**

821 I guess.

822 Would it assist you if we brought up one of?

823 Avant's exhibits for you to look at their 700 series wells again.

824

825 **PH Pecos Hall 1:07:40**

826 Yes.

827

828 **McClure, Dean, EMNRD 1:07:44**

829 Miss, I'm sorry Mr. Herring examined. I don't know if your mic's on.

830

831 **PH Pecos Hall 1:07:44**

832 Who's gonna be?

833

833  **McClure, Dean, EMNRD** 1:07:49

835 I can't hear you.

836

837  **Pecos Hall** 1:07:50

838 I said, who's gonna do that? But it looks like someone's done it. So there we go. Mr.

839 McClure, if you want to tell me what exhibit you like, I can bring it up.

840

841  **McClure, Dean, EMNRD** 1:07:55

842 Yes.

843 Here's miss Pena.

844 Maybe I mean just an easy representation might be the page.

845 288 of 3/22.

846 It kind of shows their 700 series.

847 I don't know if maybe you can zoom in.

848 I don't know.

849 Maybe there's better exhibit for it, but I'm essentially I'm getting at is to show kind of the  
850 distance, the vertical offset.

851 Between.

852 The 700 series wells, which I presumes in the XY and then the, I guess 750 series wells.

853

854  **Pecos Hall** 1:08:43

855 I can.

856 Kind of see if it looks like there's 75 series wells or round 11 four and their XY's are

857 closer to like maybe 11:50 to 1100, putting about 350 feet to 400, maybe 4-3 hundred

858 5300 to 400 feet.

859 Of separation between, I can't really see what kind of rock is in between that.

860 OK.

861 That's better.

862

863  **McClure, Dean, EMNRD** 1:09:10

864 Now permian's. Oh, oh, there you go.

865

866  **Pecos Hall** 1:09:13

867 Hold on, Miss Mr. McClure.

868 Hold on a second for the record.

869 For the record, Mr. Canton, what are you looking at now?

870 I'm looking at.

871 I'm looking at the same.  
872 Slide, but I think it's a little clearer on this on on the exactly how was the slide labeled.  
873 What slide are you looking at?  
874 It's the same slide that's up here it is labeled.  
875 So.  
876 Hang on, just oh, B3.  
877 B3 yes Sir.  
878 Thank you.  
879 Yep, go right ahead, Mr. McClure.  
880 Go ahead. I'm sorry.

881

882  **McClure, Dean, EMNRD** 1:09:46

883 Thank thank you, Mr. Herring examiner.

884 How does?

885 This completion or proposed development plan compare to PERMIAN'S proposed  
886 development plan for the upper portion of the wolf camp here.

887

888  **Pecos Hall** 1:10:05

889 I think the difference is I think we have they have 3 threbone springs and two wolfcamps  
890 and four we have. We are proposing 3 Wolfcamp X wise and they have two.

891

892  **McClure, Dean, EMNRD** 1:10:25

893 So then it would it be accurate to say that permian's 200 series of wells is roughly  
894 equivalent to the 701 H and 702 H of avonts?

895

896  **Pecos Hall** 1:10:40

897 At depth I believe.

898 Yes, they are the same target.

899

900  **McClure, Dean, EMNRD** 1:10:44

901 OK, so looking at.

902 The 750 series wells of Avonce.

903 Assured Permian later decide to develop that target.

904 Do you believe that?

905 The 200 series wells.

906 Have already been completed, would interfere with that.

907

908  **Pecos Hall** 1:11:18

909 With with that target at 350 feet of separation.  
910 Again, it's hard to say because I can't really see or the rock what's in between the two.  
911 But again, like we don't, we don't look at this as as a perspective target.  
912 So this is not our target.  
913 But with that kind of distance, there's likely some potentially some degradation.  
914 But again, it's like that's not, that's not the target that we're going after.  
915 Our target is deeper.

916

917  **McClure, Dean, EMNRD** 1:12:02

918 And by that you just mean your. You mean your the Cisco Canyon in Phil Wells, correct?

919

920  **Pecos Hall** 1:12:08

921 That's correct.

922

923  **McClure, Dean, EMNRD** 1:12:21

924 In regards to, if I were to ask you to correct the pics.

925 For the Bone Spring, two interval that Permian is asking the division to force pool.

926 Do you understand what I would be asking for?

927

928  **Pecos Hall** 1:12:42

929 Are you talking about the depths that are on the application versus the Hansen well?

930

931  **McClure, Dean, EMNRD** 1:12:49

932 Well, I was going to say you don't. OK, well, let me re ask the question, I guess.

933 Would you agree that the total that the current vertical depths that are picked I'll

934 regardless of which well they're picked for is not inclusive of the Bone Spring?

935 The second Bone spring shell.

936

937  **Pecos Hall** 1:13:12

938 Yes, we we do agree that there there has been a you know a mistake in the in

939 applications and that they did not cover the depth of the second bone shell that we're  
940 proposing.

941 Yes, Sir.

942

943  **McClure, Dean, EMNRD** 1:13:27

944 And if I and if I were to ask for the exhibit package to be corrected.

945 To reflect.

946 A.

947 Pick that is inclusive of the entire interval.  
948 That permium is asking the division to force pool for the Bone Spring 2.  
949 Do you understand what I would be asking for?


950

951 **Pecos Hall 1:13:51**

952 **PH** Yes.

953

954 **McClure, Dean, EMNRD 1:14:15**

955  Thank thank you, Mr. Canton.

956 Mr. herring examiner.

957 I don't have any further questions for this expert witness.

958

959 **Pecos Hall 1:14:21**

960 **PH** M's McLean is there any redirect?

961 I just have one question please.

962 Miss Bennett asked about, you know, there not being like a firm timeline.

963 For development of the Avalon and the Wolf camp D.

964 And.

965 I believe you had stated that you wanted to wait and see what other nearby operators  
966 did correct.

967 That's correct.

968 So can you just explain for the division what are the benefits of waiting to see what other  
969 nearby operators get with production results before drilling these targets?

970 Yeah, well, with like I said, one of the risk here is being a step out at integrated rock.

971 At at 5 wells per section like Avalon, as Avant is proposing.

972 Nobody's done that in this this offset area with production.

973 And by waiting and seeing gives us the opportunity to learn from offset developers  
974 offset operators and really hone in and find out what is the best practice for the Avalon  
975 in this particular kind of rock at this particular depth this.

976 You know, at at this in this portion of the fairway and when you say like what is the best  
977 thing to do?

978 Does that mean like picking the number of wells you'll drill there or you know those  
979 types of specifics that is correct?



980 You know how.

981 How dense should we go here?

982 Is this we?

983 We know that it's a viable target. The the question is you know, people drill this at a lot  
984 of different densities.

985 You know, like I stated in my.  
986 In my exhibit, you know, and I've said.  
987 Previously that with more resource you drew more wells.  
988 So by sitting by with the opportunity of having more activity in the area gives us the  
989 opportunity to learn exactly how many wells we want to drill within the Avalon.  
990 And do you believe that a prudent operator would wait and see offset production results  
991 prior to drilling at these targets?  
992 Yes, especially when.  
993 Really, the closest wells are only parent wells.  
994 OK.  
995 Thank you.  
996 No more questions.  
997 Any further, miss Bennett?  
998 Yes, just a couple of things.  
999 One and one is based on Mr. McClure's questions and then one is a follow up to Miss  
1000 Mclean's question.  
1001 I am going to try to share.  
1002 See if I have any success.  
1003 OK, yay, so this is.  
1004 I know this isn't your exhibit, but are you familiar with this exhibit C?  
1005 Two of Permian resources.  
1006 Yes, I am.  
1007 And this exhibit shows that Permian is planning well the PRDSU.  
1008 That's the spicy chicken DSU that we're talking about today, right?  
1009 That's correct. And it shows that you have 3 upper Wolfcamp wells.  
1010 Do you see that in sort of purple?  
1011 That's correct.  
1012 And then you have 4 lower Wolfcamp wells and TL.  
1013 Do you see that?  
1014 The blue.  
1015 Yeah, blue. Yeah.  
1016 Look, I don't think this one was put together by me, but.  
1017 I do believe that that if you're referring to those being Wolfcamp wells, they they are not.  
1018 Which you know, we're not pooling anything deeper than what we believe is the wolf  
1019 camp. So sorry.  
1020 I'm sorry. No, no, go ahead.  
1021 So I was just going to clarify then that, though, even though those are shown as  
1022 Wolfcamp wells on this slide, it's your testimony that those aren't Wolf Campbell's.

1023 That's correct.  
1024 As as stated yeah stated before.  
1025 Yeah, we. But with with that pulling being in question, we we don't believe that those are  
1026 Wolfcamp wells, correct?  
1027 And so do you know if Permian has proposed those?  
1028 Blue wells.  
1029 Or the pinkish wells below.  
1030 Objection. This isn't even his exhibit, and it's certainly not within his direct testimony or  
1031 what.  
1032 Mr. McClure asked about.  
1033 I don't understand how this is, you know, recross examination at this point, Miss  
1034 Bennett.  
1035 Yes, Mr. McClure asked several questions about the proximity between Avon's 700 and  
1036 750 wells, and Mr. Canton testified that.  
1037 The PR.  
1038 Wolfcamp wells are not in the same depth, and this slide shows that they are at the  
1039 same that as the avant well.  
1040 So I wanted to clarify for Mr. McClure's benefit that.  
1041 There is a difference between what this slide shows and what Mr. Canton just testified  
1042 to, which I think is proper recross, and I'll take back my question about the proposal  
1043 letter.  
1044 I do think that's outside of his.  
1045 Testimony, OK.  
1046 Mr. McClure.  
1047  
1048  **McClure, Dean, EMNRD** 1:19:42  
1049 Mr. Heng, Examiner, I think I have a full understanding of the 700 series wells versus the  
1050 750 wells, if that was what you're asking, I guess.  
1051  
1052  **Pecos Hall** 1:19:52  
1053 And that's what you're looking for, right?  
1054 So can we move on?  
1055 And then a moment ago when Miss McLean was asking you about coming back in to  
1056 drill the Avalon.  
1057 You said that it was prudent for an operator to wait to see how.  
1058 The Avalon was being developed nearby.  
1059 Do you?  
1060 Do you recall that objection.

1061 That's not actually what was asked.  
1062 It was production, not how it's generally being developed.  
1063 I'll restate the question.  
1064 I certainly did not intend to mischaracterize the question, OK.  
1065 So you're you were asked whether.  
1066 It's prudent to wait to see how the Avalon is being developed, drilled nearby before you  
1067 drill it yourself, and I'm not trying to, like, mischaracterize it.  
1068 I just didn't write it down word for word. That's fine.  
1069 Yeah, I think as a prudent operator in a highly undilaneated rog, especially at density,  
1070 the density that avaunt is looking to develop at it is prudent, especially when you know  
1071 other people are drilling in the area.  
1072 If you have the option and opportunity to more be a fast follower and see how those  
1073 wealths produce to best develop your acreage with the right, the correct amount of  
1074 wells.  
1075 Wouldn't that apply equally then to your second Bone Spring shale development that  
1076 you noted you've just started to delineate in this area?  
1077 We have been delineating it for.  
1078 Probably going on a a year.  
1079 Now, and we have delineated it as a parent well or as a as a individual first with the first  
1080 Bone Spring.  
1081 Seeing success there and we have since developed that density with success.  
1082 So we believe that we do have.  
1083 A.  
1084 A.  
1085 A development that works in analogous rock.  
1086 Great. Thank you.  
1087 Yeah, may this witness be excused.  
1088 He may.  
1089 OK. Would you like to call your third witness?  
1090 Yes. And can we take like a 5 minute break before we do this before we take a break?  
1091 Let me also mention that.  
1092 I plan on quitting today at 11:45 for at least an hour and a half before we come back if  
1093 necessary.  
1094 So I want to let all the parties know my time limits today.  
1095 And then we had an issue yesterday in which we had a table of data.  
1096 Yeah. OK.  
1097 Well, where?  
1098 Where are we with that issue?

1099 Thank you.  
1100 Yesterday evening we did receive the AFES and I did forward those to Miss McLean and  
1101 Miss Hardy and Miss Pena.  
1102 So you have the data now to cross examine if necessary.  
1103 Yes. And we still maintain our objection to them providing these.  
1104 We got them at 8:00 last night.  
1105 There's many, many, many pages.  
1106 The parties had previously agreed to.  
1107 Exchange rebuttal exhibits by noon on Monday that if they had them at that time, which  
1108 they, you know, had the table that they provided in their rebuttal exhibits, they could  
1109 have provided them at that time not at that late hour last night, which was, you know,  
1110 several hours.  
1111 After we first objected, so we questioned why it was so late in the evening.  
1112 OK, I understand the objection.  
1113 Do you have? Do you have one of your experts looking at these afe's at this point?  
1114 Yes, he's been able to.  
1115 You know, loosely review that because he's here today to paying attention. And who is  
1116 that expert? Mr. Higginson. OK, Mr. who hasn't testified correct. OK, all right.  
1117 Well, let's see what progress he makes in looking at these AF ES that I understand that  
1118 there's a lot of data and it just came over.  
1119 Let's see what he has to say later.  
1120 You want to take a 5 minute break, go right ahead.  
1121 Thank you.  
1122 You ready?  
1123 It's 9:30.  
1124 We're back on the record question about the AF ES.  
1125 Miss Bennett, did you file those or just provide them to opposing counsel?  
1126 I just provided them to opposing counsel. I didn't have a chance to file them yet.  
1127 I apologize, OK, I did not file.  
1128 They're not.  
1129 Mr. McClure was asking. Oh, I'm sorry, Mr. McClure, I should have filed them, OK?  
1130 So they're not in, not filed yet.  
1131 Let me review these.  
1132 Let me review the timeline here.  
1133 Let's start.  
1134 With Permian, when did you file your AFS?  
1135 So the AF ES were filed with the exhibits.  
1136 What date on the the exhibits were due at 9:00 AM April 15th, OK.

1137 So that's when you filed your AFC. Were they the revised AFS or were they the initial  
1138 AFS?  
1139 They were the revised AF ES that were sent out.  
1140 On I would note.  
1141 I think of the week before on the 8th April 8th, the AFS were sent to all interest owners  
1142 including Avant and we actually Permian Resources actually emailed them to avant that  
1143 day. In addition to putting them in the mail. So they would get them as quickly as Poss.  
1144 OK. And Miss Bennett, let me ask you about your AFS.  
1145 When were they filed?  
1146 Thank you.  
1147 So just to clarify.  
1148 Hermione, according to Hermione's summary of contacts they emailed.  
1149 The AFU is to a bond on April 10th, OK, which was shortly before the exhibit hearing.  
1150 The exhibit, OK, ours were filed.  
1151 Also, our original AF ES were filed timely with our exhibit packet, which would have  
1152 been filed before 9:00 AM on the 15th on the 15th or before. OK. And then and then.  
1153 Why? When did you realize that you wanted to revise your AFS?  
1154 When they received Permian's revised AF PS on the 10th OK.  
1155 And.  
1156 And how did you? How did you file your revised AF ES?  
1157 I apologize, Mr. Examiner.  
1158 I did not file the revised AAPS.  
1159 No, I mean, but we we've seen some document that has lumped some figures.  
1160 Yes, I did file that as a rebuttal exhibit.  
1161 Great. OK.  
1162 So that's a rebuttal exhibit.  
1163 Yes, it is OK. And and when did you file the rebuttal exhibit?  
1164 It was filed on Monday by noon Monday at noon. OK.  
1165 And the objection to the revised AF ES is that go ahead, miss, will you turn on your  
1166 microphone and tell me what the objection is?  
1167 Yes, untimely we have not had a chance to fully and completely review them.  
1168 Afez are very detailed documents. As you know from seeing them at for every pooling  
1169 case.  
1170 And if we would have had them in time, we could have reviewed them.  
1171 We question whether or not they actually generated real amps or just put something  
1172 together for the table.  
1173 Because.  
1174 It's very odd that they sent them so late at night when we had, I think their engineer went

1175 yesterday before lunch and it was questioned at that time, yet we got them, you know,  
1176 8-10 hours later.

1177 And we don't believe it is, you know, proper rebuttal testimony. AFS are always included  
1178 with your exhibits. And if they say that they knew they wanted new AF ES as of April  
1179 10th, they had at least five days at that point to do them.

1180 That's actually, you know, the same amount of time that they would have had between  
1181 receiving our exhibits and the when we exchange rebuttal exhibits.

1182 So we just do not believe it's proper at this time.

1183 Time to introduce these new AA fees or that AAFE summary table is proper rebuttal  
1184 testimony in a pooling proceeding.

1185 Thank you, miss Bennett.

1186 I have a question for you and you might ask your witness as well.

1187 I don't who provided you.

1188 The Who provides who provided the figures for you in your rebuttal?  
1189 Exhibit that was submitted on Monday.

1190 Multiple engineering aer.

1191 Multiple engineers under his direction and his being Mr. Kelly's Mr. Kelly, OK.

1192 Is it?

1193 Is it?

1194 Is it customary to provide a FES in that format?

1195 I would say it's not customary.

1196 But I would also say that as soon as the I I understand Miss Mclain's.  
1197 That we didn't e-mail them until 8:00, but we were also.  
1198 Eating dinner and I did eat dinner before I emailed them, so if that's a problem, I  
1199 apologize for that.

1200 Just what I'm trying to understand is why Avon provided the revised AF ES in the format  
1201 that it did.

1202 It seems I I figured it was not customary.

1203 I figured you would normally want to break it down so that the.  
1204 Technical examiner could evaluate them.

1205 Yes, I the reason I I and I'm sort of speculating here, but the reason I think it was done  
1206 that way is because it was a very bite sized exhibit that we were able to put together in a  
1207 timely fashion.

1208 It was not meant to be anything other than a summary.

1209 Yeah. And that. Thank you.

1210 I I appreciate your honesty. And does Mr. Kelly have something else to say?  
1211 What? Why? It was provided in this format.

1212 Yeah, we were just providing the slide that they had in the exact same format.

1213 So we're just trying to keep consistent.  
1214 Well, OK.  
1215 So I'm gonna go to the rules here. I I think ultimately what I really need to focus on is.  
1216 The the real basis behind the administrative process, really, I think I have to go back to  
1217 the ground rules.  
1218 So give me a minute here.  
1219 I mean, procedural fairness is is the ultimate touchstone in an administrative hearing.  
1220 And that requires notice and an opportunity to be heard.  
1221 It also requires a meaningful cross examination.  
1222 However, our rules are even more vague I'm looking at.  
1223 Nineteen 15417 so miss.  
1224 McLean, I don't know if you want to look at nineteen 15417 the rules of evidence and  
1225 exhibits for adjudicatory hearings.  
1226 And and Miss Benedict.  
1227 Oh, you OK with this?  
1228 Yes, you have your rule.  
1229 You have your rule book, OK.  
1230 Do you wanna take a second look at nineteen 15417?  
1231 Alright, so I'm just gonna read it into the record so that the parties who don't have it in  
1232 front of them can just listen.  
1233 Presentation of evidence that's a subject to the provisions of another part of the rule,  
1234 the Commission or division examiner shall afford a full opportunity to the parties. Aetna  
1235 Judicatory hearing before the Commission or division examiner to present evidence and  
1236 cross examine witnesses. The rules of evidence applicable in.  
1237 A trial.  
1238 Before a court shall not control.  
1239 But division examiner and the Commission may use such rules as guidance in  
1240 conducting adjudicatory hearings. The Commission or division examiner may admit  
1241 relevant evidence.  
1242 Unless it's immaterial, repetitions are otherwise unreliable. The Commission or division  
1243 examiner may take administrative notice of authenticity and documents copied from  
1244 the division's files.  
1245 So so far this this tracks with due process under the 5th and 14th Amendment.  
1246 So there I'm not surprised about anything.  
1247 B parties introducing exhibits at hearings before the Commission or division Examiner  
1248 shall provide a complete set of exhibits for the court reporter. Each Commissioner or  
1249 division examiner and other parties of record.  
1250 Now in our prehearing order, which also controls this hearing, it says that exhibits must

1251 be filed at least four business days before the hearing.  
1252 That was done.  
1253 The problem is that this exhibit is deficient.  
1254 In my eyes, because it's not complete.  
1255 It doesn't allow Permian and meaningful opportunity to cross examine.  
1256 Now, on the other hand, it's relevant.  
1257 There's no reason to think that it's not reliable.  
1258 We haven't had cross examination on it yet.  
1259 And to afford a full opportunity, as I need to afford both parties a full opportunity.  
1260 I need to find a way to let this in and give Permian a meaningful opportunity to cross  
1261 examine it.  
1262 I haven't heard an objection that would permit me to keep it out.  
1263 So.  
1264 The schedule today we're we're dealing now.  
1265 Who are you calling next?  
1266 Mr. Higginson. Oh, Mr. Higginson, OK.  
1267 We can find out what Mr. Higginson has reviewed.  
1268 On the witness stand.  
1269 Then we have Mr. Clements.  
1270 Am I saying that right, Clements?  
1271 Thank you. And I don't know if we're gonna get to Mr. Clements before 11:45.  
1272 If not, we'll reconvene at 1:30. We have two more hours today from 1:30 until 3:30 that I  
1273 can attend this hearing.  
1274 Hopefully we'll wrap it up during that time, but if we have to come back virtually another  
1275 day to give permian's resource permission.  
1276 Witness a meaningful opportunity to review how many pages are we talking about?  
1277 It's the number of pages and how many pages are we talking about.  
1278 Jeff, Mr. Goodwin will be able to tell me in just a minute. He's looking at them right now.  
1279 Let's just wait and hear.  
1280 I'm curious to see how how many pages we're talking about and could I just make a  
1281 comment about the schedule?  
1282 Mr. Kelly, who would be the witness who would be cross examined on the AFS?  
1283 Does need to leave early today because of the flight?  
1284 So my suggestion would be and I just confirmed via head nod, that we could do a virtual  
1285 hearing.  
1286 To conclude, given the timing constraints for the AFE portion only that that that works  
1287 for me.  
1288 I don't know how Miss McLean feels about it, but that works for me as well.

1289 I guess it just depends when the virtual we have a lot.  
1290 Yeah, I'm not gonna force a a date on some and the witnesses availability.  
1291 How many pages are we talking about?  
1292 96 pages.  
1293 96 pages.  
1294 That's a lot of information. That's a lot. And and in your AF ES that you submitted timely  
1295 how many pages of AFES did you did you provide?  
1296 It's in my book.  
1297 Yes.  
1298 276 oh wow. So more than 100 pages.  
1299 Oh, that was the original and updated.  
1300 We were very complete.  
1301 So they did alright. So you did both.  
1302 OK.  
1303 And was it, Mr. Kelly that reviewed these AFE that came over from Hermione?  
1304 You did review them and you reviewed all of the all pages.  
1305 Yeah. OK.  
1306 All right.  
1307 I'd just like to make sure I was clear for the record that and I believe I say this earlier,  
1308 part of our objection is that AFS are not proper rebuttal.  
1309 They're included for every single polling case that comes before the division to have  
1310 rebuttal.  
1311 Afez is just improper, OK?  
1312 Well, OK, I can understand part of that argument. But they did provide a F ES.  
1313 But the problem is the revised AF ES are not complete.  
1314 Right. Well, I believe that what I'm saying is the they the revised AFES, we would have no  
1315 objection if they were included with their original exhibits because we provided ours,  
1316 you know, five days before they would have.  
1317 Had the same amount of time to do these AF ES for their rebuttal.  
1318 So what we're saying is the these rebuttal AFE should have been with the original  
1319 exhibits as well as the table that they provided as a rebuttal.  
1320 That should you know, that was in our direct evidence that is typically in everyone's  
1321 direct evidence for these contested hearings, and it's really not proper rebuttal.  
1322 OK.  
1323 And I'll come to you in a minute, Ms. Bennett.  
1324 I.  
1325 I.  
1326 I don't know how much time we're gonna spend on this, but it's an important factor. So

1327 we'll we'll spend with time. We need what I understand from Mr. Kelly was that they  
1328 didn't decide to revise their AF ES until they saw.  
1329 Your AF ES on the 10th.  
1330 Which was five days before exhibits were due.  
1331 I understand why I get it.  
1332 So, so in in their, in their in from what I've heard from them so far.  
1333 Their revised AF ES were rebuttals to yours, and what you're saying is, well, they're not  
1334 rebuttals at all.  
1335 And they shouldn't be rebuttals.  
1336 And you're saying they shouldn't?  
1337 You're saying that they shouldn't be allowed as a rebuttal for what reason?  
1338 Because they're required standard pooling exhibits.  
1339 That have to be submitted and it's. I could pull, you know, it's part of what the divisions  
1340 requirements are for pooling cases.  
1341 So it should be in their original set of standard pooling exhibits and not rebuttal exhibits.  
1342 OK. And I totally get your argument. What I'm struggling with here is.  
1343 There's nothing in the rule that says.  
1344 You know.  
1345 First of all, exhibits can be literally provided at the hearing.  
1346 That's what the rule says.  
1347 Now we have a pre hearing order for fairness and you've complied with the pre hearing  
1348 order and the allegation is well they didn't comply with it so they shouldn't be able to  
1349 submit their revised a FES. They're saying it was a rebuttal exhibit.  
1350 And that their original AF ES were.  
1351 Were provided in their exhibits. However, they did provide a table when was your.  
1352 When was your table with the revised Ames submitted?  
1353 It was submitted on Monday.  
1354 By noon.  
1355 By noon.  
1356 And that and and the AFS that you submitted by the 15th before Monday were the  
1357 original afski, OK.  
1358 I have to think about this. This one's a little tricky.  
1359 It's a little tricky.  
1360 The rules don't mean.  
1361 What does help me though?  
1362 What does help me is the bedrock principles of the administrative process here.  
1363 That does help me.  
1364 I will confer with Mr. McClure later.

1365 Let's continue with the hearing.  
1366 I haven't made a decision yet.  
1367 Oh, but I do need to hear from Miss Ben.  
1368 I have heard you, so go ahead.  
1369 Thank you.  
1370 Just going back to those bedrock principles that you were just talking about and how the  
1371 divisions goal is to reach.  
1372 Result that reflects the actual on the ground.  
1373 Status quo the updated AFES are important to the divisions overall review and the  
1374 divisions goal is to review the most up-to-date information and to make a decision  
1375 based on that information.  
1376 And so, in my opinion, the allowing the AFS to come in would be appropriate.  
1377 Because it advances the divisions overall goal of Fair and complete hearing processes  
1378 and I would also just, I don't mean to belabor the point, but we Permian did e-mail the  
1379 AF ES on April 10th and sure, we did have five days, but two of those days were a.  
1380 Weekend and then the exhibits were due by.  
1381 9:00 AM on Wednesday. So really, it's not as if we had five full days to work through this.  
1382 And I understand Miss Mclean's point that if if that time wasn't enough within the, we  
1383 should have done it with our rebuttal exhibits. At this point, though, I think that's neither  
1384 here nor there.  
1385 We're ready to allow Permian as much time as they need to review them and to cross  
1386 examine our witness on them, and that will allow the division to make a decision based  
1387 on the accurate state affairs.  
1388 I appreciate the you know.  
1389 The argument it's it's it's, it's not so surprised to make that argument as I've just said.  
1390 But you know.  
1391 Avant knows.  
1392 Avant knew that the this day was important, so I don't understand why avant did what it  
1393 did.  
1394 I don't understand why knowing how as you just said, this data is customary and it's  
1395 important why you provided a table instead of all of the data. The way Permian did.  
1396 But I'm not.  
1397 I'm not here to to berate the parties.  
1398 Or to scold them.  
1399 It's that's not my role.  
1400 My role is to be fair and impartial, which I'm trying to do, even though I don't understand  
1401 why avant did what it did.  
1402 That being said, I have not made a ruling yet.

1403 I have not decided how we're going to proceed with these afez.  
1404 I mean, I know Yvonne did provide on the 10th a rebuttal exhibit with with totals. You  
1405 know, just round numbers or whatever you provided, which is insufficient for Permian.  
1406 So I'll think about this some more as we go along, but Miss McLean, would you call your  
1407 third witness, please?  
1408 Yes. Mr. Hank Higginson.  
1409 Good morning, Mr. Higginson.  
1410 Would you turn on your microphone, please? Thank you.  
1411 You were qualified yesterday as a res, as a reservoir engineer before this division.  
1412 You are still Underoath.  
1413 Please proceed. Understood.  
1414 Thank you.  
1415 Thank you.  
1416 Can you please state your name for the record? Hank Higginson.  
1417 And by whom are you employed and in what capacity?  
1418 Permian Resources as a senior reservoir engineer, have you provided direct testimony?  
1419 And exhibits in this case I have.  
1420 And have those documents been marked as exhibit C with sub exhibit C1 through C11.  
1421 Yes. And is everything you've submitted as exhibit C and C1 through C11 true incorrect  
1422 to the best of my knowledge?  
1423 And do you adopt your testimony here today? You do?  
1424 All right. Let's first start with.  
1425 Some testimony we heard yesterday, Mr. Kelly.  
1426 We took some issue with your economic calculations yesterday.  
1427 Do do you remember that?  
1428 I do.  
1429 Can you explain your type curve validation for the division and we can put up exhibit C5  
1430 as a a example of that.  
1431 Can you walk me through the type curve validation with respect to exhibit C5?  
1432 Yes. So all of the type curves were created as described in the footnote.  
1433 Similarly, between both Avant and PR for the first bone, second bone sand, third bone  
1434 sand and Wolfcamp AI referenced existing existi volumes directly to the east.  
1435 There are 7.5 K wells there, similar to the development that we are both proposing.  
1436 From a lateraling standpoint?  
1437 In spicy chicken for the second bone shell, given there was no.  
1438 Nearby analog, I referenced the other analogous units that we have recently and  
1439 historically drilled in what we call our Jude area, which is further east.  
1440 That includes the very, very good Moran development that Chris Canton referenced

1441 earlier.

1442 That primary analog was tied to the Robin. Well that we drilled.

1443 Which was Co developed with the first phones similar to what we plan in spicy chicken.

1444 Lastly for the Avalon, I have a type curve validation slide that uses the same or similar

1445 methodology that Avant uses for spacing as well as the base case.

1446 Well, that they claim is repeatable in the Avalon, which is the Sandra Jean, and from a

1447 CapEx standpoint, I utilized the values within our AF ES.

1448 And then.

1449 And can you also explain like for example in this exhibit C5 you have a footnote that

1450 mentions quote.

1451 Actually, results may differ.

1452 What do you mean by that?

1453 With any development, it is challenging to predict the exact outcome within a negligible

1454 margin, as any resource engineer knows, if we were able to do that, we would not be

1455 here.

1456 I'd be sitting on a beach in Tahiti, drinking Mojito because of all the money I'd made.

1457 Guessing everything.

1458 So that's just a highlight.

1459 There is variability in results, as you will see throughout the rest of my slides.

1460 Thank you.

1461 So let's get back to kind of more general matters.

1462 How many wells does Permian Resources operate in the area surrounding spicy

1463 chicken?

1464 Directly offset in our prolific paxi unit, we have 19 wells across a number of benches

1465 and then within 100 square mile radius.

1466 We have another or we have a total of 66 operated and active wells.

1467 And how is Permian Resources doing relative to other operators in the area?

1468 In line or better?

1469 And how does operating wells in the immediate vicinity, you know that those 19 wells

1470 immediately offsetting spicy chicken, how does that help the efficiency of producing

1471 the underlying reserves in the spicy chicken unit?

1472 When developing Paxi, we gained a lot of experience not only from an operational

1473 standpoint, but from a cost standpoint given operations and costs are the two.

1474 Primary drivers in any development plan, those two in tandem aided us tremendously in

1475 our development plan for spicy chicken.

1476 So how does the paxi development help with the economics of the spicy chicken

1477 development?

1478 Specifically, given we drilled and have operated those wells, we have an understanding

1479 of how the rock performs during drilling operations during completions operations and  
1480 during production.

1481 Operations and as a result, we know the costs that are tied to those and we were able  
1482 to aptly apply those to our subsequent unit.

1483 And does Yvonne have wells that are offsetting the spicy chicken development?  
1484 Not active when you say not active, do you mean not producing correct and do you  
1485 know if those wells have all been permitted?  
1486 Not to my knowledge.  
1487 I don't believe they have.

1488 Do you know how many rigs of Permian Resources is running in New Mexico?  
1489 From what I could gather from public data, it looks like one at their Quayle unit.  
1490 Do you mean Evan?  
1491 That's Evan. Has the quail unit, yes, correct.  
1492 And what about Permian resources?  
1493 How many rigs does Permian resources have?  
1494 It varies from time to time, but.  
1495 You know, 9 to 12 generally depending on the area. We have a large acreage position.  
1496 And how many wells does Yvonne actually have operating?  
1497 And producing in 100 square miles of spicy chicken.  
1498 0 horizontal wells that I'm aware of.  
1499 Let's look at your exhibit C11.  
1500 All right.  
1501 This was one of the ones that avant scrutinized yesterday.  
1502 Can you explain to us what this shows? This is high highlighting the degradation risk  
1503 associated with offsetting a parent.  
1504 Parent will epaxxy.  
1505 And can you explain how you came up with the EUR here?  
1506 The EU Rs in the table are based on the type curves I described before and how did you  
1507 come up with that 45% ur degradation?  
1508 The 45% EUR degradation was determined based on the two wells highlighted on the  
1509 left side of the screen and those are actual volumes on the top left table that is  
1510 normalized to 10,000 feet.  
1511 And then I use the client curve analysis to estimate the err, which is traditional for  
1512 reservoir engineering and what were the wells that you used for that graph at the top?  
1513 The graph matches with the map on the bottom left.  
1514 Those were two paxi wells, one parent, one child.  
1515 And there their Permian resource as well, yes.  
1516 Let's look at your exhibit C6.

1517 I think this was another one that they took issue with yesterday.  
1518 This talks about EU turn.  
1519 Well, optimization.  
1520 Is that correct? That's correct.  
1521 And does avant plan on using any U-turn wells in this development?  
1522 No. Can you just briefly explain why U-turn wells you know are beneficial when drilling  
1523 nowadays?  
1524 U-turn wells allow you to get creative with your development plan and develop similar.  
1525 Volumes of minerals at a lower cost per lateral foot.  
1526 And so then can you explain where you got that 25% decrease in time on location and  
1527 CapEx?  
1528 Yes, as described in the bullet, it is a comparison between 2:00 one mile wells, similar  
1529 to what Avant is proposing and one uturn 10K well.  
1530 These were pulled from our drilling group based on actual results.  
1531 And are you seeing a lot of what just one mile lateral?  
1532 Wells nowadays less and less over time.  
1533 And why is that? They're inefficient.  
1534 And are people replacing them with U-turn wells, yes.  
1535 All right.  
1536 Have you reviewed the exhibits that were submitted by Evans engineer?  
1537 I have.  
1538 And what's your understanding of Evan's position in these cases? Drill as many wells as  
1539 possible and that's essentially it.  
1540 And have you provided rebuttal exhibit?  
1541 Bits which have been marked as exhibits C12 through C21. Yes, and I just want to make  
1542 sure. I think Avant has only not objected to C-12 and C13.  
1543 Rebuttal exhibits.  
1544 Let me look at my notes.  
1545 So Permian at this point has a 13C13 and C-14 admitted into evidence. OK. And the last  
1546 witness didn't have any rebuttals. That's.  
1547 Correct. Does this witness have rebuttal?  
1548 Witnesses exhibits. He does their exhibit C12 through C21.  
1549 Oh, so let me write that down South, C-12.  
1550 Through 21 and Avant has objected to all of them except 13 and 14. Is that right?  
1551 M's Bennett.  
1552 That's right.  
1553 All right.  
1554 And it's Yvonne, still maintaining its objection to those other documents.

1555 Let's move the hearing along.

1556 Avon is no longer objecting to those rebuttal exhibits. We find them all objectionable  
1557 and I will ask Mr. Higginson questions about them to show their irrelevance and that  
1558 they're not proper rebuttal, but to avoid a protracted discussion about the admissibility  
1559 we will stipulate to the admission of all.

1560 The rebuttal exhibits.

1561 Thank you. Excellent.

1562 So miss schulenburg?

1563 Hermiane.

1564 Exhibits C12 through C21 are all admitted into evidence.

1565 Thank you, miss Bennett.

1566 Go right ahead.

1567 Thank you.

1568 That will definitely help shorten things.

1569 All right, let's go to your exhibit C12.

1570 And I do wanna highlight this on because we have heard quite a bit about.  
1571 Stranding. You know the valuable.  
1572 Second Bone Spring in the north half of section 26 acreage.  
1573 And can you just explain what this exhibit shows?  
1574 This highlights the value that we are gaining over avant by developing the second bone  
1575 shale in addition to the portion that they are stranding.  
1576 That is out.  
1577 That is owned by Kotera.  
1578 Who is supporting our proposals, by the way? So by not including that extra half mil  
1579 lateral into the north half of section 26, can you quantify how much avant is leaving  
1580 behind?  
1581 Across the entire set of laterals, it's about \$20 million just within the stranded acreage,  
1582 it's about \$7,000,000.  
1583 In PV 10, and does that include royalties that would be paid to the BLM in this instance?  
1584 Yes.  
1585 Let's go to what's been marked as exhibit C13.  
1586 And can you tell me what this shows?  
1587 This was in reference to one of the slides made by Mr. Kelly, highlighting an immaterial  
1588 difference in volumes comparing the PAXI to the cut bow. I essentially back calculated  
1589 the volumes that he used because part of that process that he he used was  
1590 extrapolating hypothetical second bone Vol.  
1591 So I wanted to figure out how accurate that was.  
1592 And so when I replicated the process.

1593 I'm using similar methodology that they have highlighted in other slides. I found the  
1594 difference to be more much more significant than they highlighted originally.  
1595 Thank you.  
1596 Let's go to C-14.  
1597 I believe we looked at this yesterday as well.  
1598 What does this show?  
1599 This once again highlights the the material nature of these volume differences. In any  
1600 development you need to factor in the timing of when you get your cash flows being oil  
1601 and gas revenue and delaying that reduces your present value significantly.  
1602 Let's go to exhibit C15.  
1603 And can you explain what this is similarly to what we were discussing before? This is  
1604 further providing proof of the efficiency gains number of operators are gaining in New  
1605 Mexico and how that's improved over time as well as highlighting the vast cost  
1606 difference between Avant and PR from.  
1607 A CapEx standpoint?  
1608 And where did you get the numbers in your table?  
1609 Here these were pulled from Afes, Avonne Afss, both avant MPR.  
1610 OK. And those were the original AF ES that they submitted with their exhibits, is that  
1611 correct? That's correct.  
1612 And then let's just look at the bar chart that's on the left.  
1613 Can you tell me exactly what this bar chart is showing?  
1614 I pulled this data from inverts and this is highlighting the efficiency gains PR and other  
1615 operators similar to PR are gaining by drilling longer.  
1616 And Yvonne's only drilling.  
1617 The one mile.  
1618 Laterals in the Second Bone Spring correct, correct.  
1619 And so how does that impact the overall cost of the project increases it substantially as  
1620 you can see in the difference rows, the cost difference between our two original sets of  
1621 a F ES are almost half.  
1622 Thank you.  
1623 Let's go to exhibit C-16.  
1624 OK. And this is total volume comparisons?  
1625 Can you tell me where you got this information from?  
1626 So the original source of the majority of this information was one of Shane Kelly's Mr.  
1627 Shane Kelly's tables. So similarly to my other exhibit, earlier on the immaterial volume  
1628 difference, I wanted to see the source of the data.  
1629 So I back back calculated the total volumes given they were trying to.  
1630 Or they were showing.

1631 Us as producing significantly lower volumes, not factoring in other benches that we will  
1632 develop in a different phase of development. And for the Avalon specifically, given Mr.  
1633 Kelly was not explicit on how he broke out those volumes, I utilize the same type curve  
1634 that I showed in my.  
1635 Type curve validation side for the Avalon, which is in my opinion.  
1636 Accurate approach and you mentioned the different phases of a development.  
1637 Is that what you mean?  
1638 Is the occupation column the phases of development?  
1639 That is correct.  
1640 So there's phase one, which Evans is planning to do all phase one.  
1641 And then there's phase one and two and that shows Permian Resources as developing  
1642 the Bone Spring and the shallow Wolfcamp in phase one. And then the Avalon and  
1643 Wolfcamp deep in phase two.  
1644 That is correct.  
1645 So Permian Resources does intend at some point to produce those targets?  
1646 That is correct, assuming the risks associated are not stark.  
1647 That's why we want to delay.  
1648 And what do the total volume comparison show?  
1649 A very similar EUR difference in total with a significantly lower CapEx spend for PR.  
1650 Alright, let's go.  
1651 To and I think in the interest of time, because there we don't have to introduce each one  
1652 separately, we can just go kind of generally through exhibit C-17 through C21, which I  
1653 believe deal with the Avalon.  
1654 And the risk associated with that.  
1655 Did in your review of Avon's exhibits. Did you see any mention?  
1656 Of risk associated with the Avalon development. I don't believe I saw any mention of  
1657 H2S at all.  
1658 And do you believe in your review of the exhibits that Avant has taken the potential for H  
1659 to sorry H to \*\*\* in consideration as part of this development from a cost standpoint, it  
1660 was not evident based on their testimony yesterday.  
1661 There are some questions to be raised on their ability to be ready for high levels of H2S.  
1662 And so let's look at that cost standpoint first.  
1663 What did you review to determine if Avant had taken H2S into account?  
1664 I compared their relative production casing cost by bench and was that in their first  
1665 from their first set of original AFES it was.  
1666 And did that take a considerable amount of time to go through and determine?  
1667 Yes, there's a lot of data.  
1668 And so.

1669 What? What did you determine based on your review of their original AF ES, I  
1670 determined there's significant risk at their capital cost with drilling Avalon. And why is  
1671 that given the lack of delineation in the area?  
1672 The ability to effectively predict the exact outcome from the EUR standpoint is not  
1673 necessarily possible.  
1674 At this current date, further, their costs do not necessarily or aren't necessarily.  
1675 There's no guarantee their cost estimates effectively capture the potential H2S  
1676 concentrations.  
1677 And why would cost estimates not take that into account?  
1678 Could you rephrase the question?  
1679 You said that you believe that their cost estimates didn't show that they were taking the  
1680 potential H2S into account. So why?  
1681 Why would you look at the cost for something like that? Generally with high H2S wells,  
1682 the production casing is a higher cost relative to. So in this case you know the Avalon  
1683 relative to the other benches from a cost per foot standpoint would be expected to.  
1684 Significantly higher. OK, thank you.  
1685 And I think we heard some mention yesterday about the P110 casing versus P-95.  
1686 Is that correct?  
1687 Yes, sorry.  
1688 And which one is more expensive? In our experience, T 95 is roughly 30% more  
1689 expensive per foot.  
1690 Does Permian Resources believe that the P110 casing is sufficient for this area?  
1691 No, according to Nase, the National Association of Corrosion Engineers.  
1692 In tandem with the ISO, the International Organization of Standards, they are two  
1693 organizational bodies that put together committees on essentially guidelines for  
1694 different topics. In this case, metallurgy.  
1695 They have an exhibit MR0175 that highlights the risks associated with high H2S in  
1696 carbon steel, which was specifically noted by Mr. Kelly yesterday.  
1697 Carbon steel production casing.  
1698 Those risks are associated with.  
1699 Tied to a yeah, essentially.  
1700 That's the gist of it.  
1701 And.  
1702 Have you has Permian Resources reviewed other developments?  
1703 In its attempt to determine whether P110 casing is sufficient for high H2S  
1704 environments, we look at a number of different units. Every time. We plan a  
1705 development to properly factor in any external.  
1706 Well, characteristics to then effectively plan for. I want to look at what we've marked as.

1707 Your rebuttal exhibit C21.  
1708 Oh, sorry, it's C20.  
1709 C20.  
1710 Is this one of the developments?  
1711 Permian Resources reviewed when looking at whether or not there would be H2S in  
1712 spicy chicken.  
1713 Yes, as this is one of the most proximal avalan wells to spicy chicken.  
1714 And what did you find here?  
1715 I found that they used P110 in their. Well, that was promptly shut in and later plugged  
1716 within three years of pop.  
1717 And what's your understanding of why that?  
1718 Was shut in and plugged yesterday. We heard that the assumption was strictly tied to  
1719 marketing, but given the dates, I suspect it was more complicated than that. Although  
1720 marketing may have been a factor given they shut in the well and T8 it for multiple years  
1721 ahead of.  
1722 Plugging it seemed like they were waiting for some sort of potential, you know,  
1723 opportunity to bring it back online. And when they plugged it, oil was actually \$80.00 gas  
1724 was \$6.  
1725 In Avalon, you produce a lot of gas, so in an environment like that, assuming there was  
1726 nothing else wrong, a prudent operator would have put the well back online, further  
1727 highlighting there was probably more going on than meets the eye.  
1728 And in your expert opinion, do you believe that?  
1729 The P110 casing could have been a factor here potentially, and can you see from this  
1730 which is a publicly filed document that they use P110 casing, yes.  
1731 And was as a high. Or is it your understanding this is a high H2S environment? I believe  
1732 Mr. Harper called it significant yesterday and I think you said that this is the closest.  
1733 Avalon producing well to the spicy chicken development. Is that correct?  
1734 I believe so.  
1735 And is that why you believe in your expert opinion?  
1736 P-95 casing would be used by a prudent operator.  
1737 We use T-95 casing. Given the associated risks.  
1738 Because we want to maintain well bore integrity while maintaining surface safety and  
1739 also not wasting money.  
1740 And in addition to the cost associated with H2S, can you tell me what the other risks are  
1741 if you do not account for H2S properly?  
1742 I think the xtol is potentially the perfect example.  
1743 It produced for three total months.  
1744 It produced I believe.

1745 380 give or take barrels of oil.  
1746 And at what?  
1747 I can only assume was a substantial well cost, you know, even referencing the AF ES  
1748 that we have in front of us.  
1749 So to get essentially no revenue back from a huge capital cost, I would consider  
1750 economic waste.  
1751 And with that in mind, Permian resources wants to make sure that we make the most  
1752 data-driven decision ahead of development of the Avalon.  
1753 All right.  
1754 Have you had a chance to review Avon's rebuttal exhibits?  
1755 I have OK.  
1756 Let's look at Avon's rebuttal exhibit B2.  
1757 OK.  
1758 And this rebuttal exhibit B2, accompanies some of Mr. Harper's direct testimony.  
1759 Which says that I think your exhibit C4 is the map on the right, correct?  
1760 I believe so.  
1761 And Mr. Harper is using this to show that.  
1762 Your exhibit is based on an overly narrow and intentionally misleading comparison  
1763 between Avant and Permian. By limiting what is depicted on your exhibit to be based  
1764 only on what Avant has filed with the division.  
1765 Do you remember reading that I do.  
1766 So can you tell me what?  
1767 Your exhibit C4, the one on the right that which is.  
1768 You know, that was originally your C4.  
1769 It's now on Avon's rebuttal exhibit B2.  
1770 What does that show?  
1771 This shows.  
1772 Our understood operated acreage position.  
1773 And why did you only include Avonte operating 2 on your exhibit?  
1774 Because that is the current entity and so all of the wells that we've seen you know  
1775 producing.  
1776 Saying that Yvonne has been talking about during this hearing.  
1777 Who are those wells operated by now?  
1778 Kotera and when did Kotera begin operating those wells?  
1779 January 1st, 2025 or around then was the effective date of the deal. As far as I  
1780 understand.  
1781 So really, those have been under kotera's control for the last like 16 months, something  
1782 like that.

1783 Let's go back to so the one.  
1784 On the left is. That's Avon's new depiction in their rebuttal exhibit B2.  
1785 Do you agree with this representation not based on the current avant entity?  
1786 And in your exhibit the yellow one on the right, does Permian Resources actually have  
1787 operations in producing wells?  
1788 On this exhibit, there are many operations in producing wells.  
1789 Including active permits across the sacred position and about how much of the percent  
1790 of the yellow do you think is actually operated in producing?  
1791 In the 90% range.  
1792 In the zoomed in, it's more variable in the entirety of New Mexico.  
1793 And.  
1794 For Avant, one or two, I think they call out on their exhibit that their actual operations  
1795 are in the dashed.  
1796 Black outlines is. Is that correct?  
1797 That includes historic operations as well, I believe. So it's not currently producing.  
1798 Avant acreage, I think it's a mix of different vintages of wells, some of which are now  
1799 operated by KOTERA.  
1800 Let's go to Avon's rebuttal exhibit C1.  
1801 OK.  
1802 And in that first bullet point underneath the graphs, it says that Permian Resources  
1803 assumes approximately 45% EUR degradation with no supporting analog performance.  
1804 Do you agree with that?  
1805 No. As we've gone over earlier, there's a clear analog that I pointed out at paxi.  
1806 And did you include that in one of your exhibits? Yes.  
1807 So you believe Paxi would be as the analog for this actually provides critical detail for  
1808 any spicy chicken development plan?  
1809 And what does avant use as an analog?  
1810 Repeatedly cut bow.  
1811 And do you think that's analogous?  
1812 Not in every bench.  
1813 Why not?  
1814 Because rock changes greatly in the sacred position.  
1815 And what about the matador?  
1816 Gavilon and silver that are in their picture up there. I believe those are in lower quality  
1817 rock.  
1818 So would they be proper analogs? Not in my opinion.  
1819 And then let's go to that second bullet point.  
1820 It says there's no material parent child degradation observed in kupo.

1821 Do you agree with that?

1822 I believe it's not as cut and dry as that statement shows.

1823 So essentially their first bones were developed in two phases.

1824 The eastern three were first.

1825 The western two were second.

1826 There was a very short pop to pop gap if I remember correctly, limiting the amount of

1827 cumulative volume offset that would impact the child.

1828 Well, additionally the targeting between the two sets of wells was slightly different.

1829 The Western two wells were slightly shallower.

1830 Increasing the distance between parent and child.

1831 And.

1832 On their chart here, they also try to show that five wells per section is better than four

1833 wells per section.

1834 Do you agree with that?

1835 I do not.

1836 I believe this plot is misleading for a number of reasons.

1837 And and why do you think it's misleading?

1838 Firstly, as I touched on earlier, I do not believe the wells or the rock is analogous.

1839 Secondly, as noted by one of my colleagues yesterday, I believe the total or the graph

1840 on the top or on the bottom right excuse me is showing total unit cumulative volume.

1841 So even assuming the rock was identical and the average well results were identical,

1842 the five well per section unit would be higher on that plot, OK.

1843 Let's look at Avon's rebuttal exhibit C2.

1844 Do you agree?

1845 What Yvonne has set out on this slide, I do not for a number of reasons.

1846 Can you just tell me what those reasons are?

1847 Bullet .1 similar to the last slide highlighting a lack of supporting analogs, there is a

1848 paxual directly offset that highlights that degradation.

1849 Bullet .2 the 500 MBO produced is misleading as it assumes the total volume produced

1850 from all three parent wells is impacting the child.

1851 In reality.

1852 It's a portion of that, the legacy parent that they are pointing out that's 1500 feet away, I

1853 believe only produce somewhere in the 200 to 250 MBO range.

1854 Further, the child well performs in line with an undepleted. Well, I do not agree with

1855 that. As you can see on the plot on the right, the gap between the blue and green lines is

1856 material.

1857 And is there already been a depletion impact observed?

1858 It appears that way.

1859 Let's go to Avant rebuttal exhibit C3.  
1860 All right. And can you do you agree with this slide?  
1861 No. And can you just walk me through?  
1862 Why not? As our expert geologist highlighted, the rock quality is not analogous in dagger  
1863 state or Anderson.  
1864 Additionally, the sequencing of development in the dagger state is not a fair  
1865 comparison, giving given it was developed in multiple rounds.  
1866 For to be specific.  
1867 So do you believe that these are proper analogues for the spicy chicken?  
1868 I do not.  
1869 Let's go to Avon's rebuttal exhibit C5.  
1870 And I think this is the one that is in question about being introduced. And I just wanted  
1871 to use it.  
1872 What did you say?  
1873 Revonze rebuttal, exhibit C5.  
1874 This is, you know, the hot.  
1875 Spicy chicken in the room. I guess you would say.  
1876 And I just wanted to use this as a demonstrative at this point to kind of walk through  
1877 why we believe.  
1878 We've it's not proper rebuttal.  
1879 And why, you know, we would need to have seen those AFE in advance.  
1880 Then I need to make a ruling on this.  
1881 Well, I it's just for demonstrative.  
1882 I still need to make a ruling on it, OK, but I might as well make a ruling on it now.  
1883 Exhibit C5.  
1884 What is exhibit C5?  
1885 Exhibit C5 is the comparison between Avon's revised AF ES and Permian Resources.  
1886 Revised A of ES, OK and this was filed when that was filed on Monday by noon.  
1887 OK.  
1888 Your objection to this exhibit is what?  
1889 Our objection to this exhibit.  
1890 Well, it was initially that we did not have backup.  
1891 For this rebuttal slide to make the comparison and then.  
1892 At this point now.  
1893 We're objecting to introducing this new AF ES because they are not proper rebuttal but.  
1894  
1895 **Jaxon Armstrong** 2:30:13  
1896 Seattle.

1897

1898 **PH** **Pecos Hall 2:30:18**

1899 What I would like to do is be able to ask our engineer about, you know.

1900 What he had, if he's had the opportunity to actually review all of the AF ES and all that,  
1901 because I think we need to get that into the record if we're going to be able to get those  
1902 AFS introduce and us to be able to cross him.

1903 Well, I have to figure out first what to do with the rebuttal exhibit C5.

1904 And then I have to rule on the objection.

1905 Through the revised exhibits.

1906 I'm very comfortable with the decision I've made and I'm going to explain it in length.

1907 I'm going to allow rebuttal exhibit C5 into evidence, for whatever it's worth, then Mr.

1908 McClure is well versed.

1909 At putting the weight, he thinks the exhibit deserves based on its reliability.

1910 And relevance, however.

1911 I'm not going to allow the revised AF ES into evidence, so I'm going to sustain the  
1912 objection, but I'm going to explain why.

1913 First of all, I believe.

1914 I don't believe I feel no.

1915 It's part of my ruling that the pre hearing order is clear, mandatory and binding.

1916 I'm not going to go into why I feel that way, but it is second of all.

1917 I don't believe AFES are peripheral.

1918 I think they're core.

1919 I think their core evidence in a compulsory pooling and so does the rule.

1920 This I can actually find in the rule under 1915 four 12.

1921 A1.

1922 B. Little #9.

1923 It requires a copy of the AFE.

1924 The applicant, if appointed operator, will submit to the wellhead.

1925 Interest owners so that everyone is on notice and I think that's why, Miss Bennett said  
1926 it's this is not customary the way Avant did this. They knew it was a core element to the  
1927 application.

1928 Not only that, but it's not even legitimate rebuttal evidence.

1929 I just think it's untimely affirmative evidence, and I'll explain that a little bit more.

1930 Avant no Permian disclose its revised AFES timely. I'm going to go with what Miss

1931 Bennett said April 10.

1932 Even though you have AI that don't count me on that.

1933 That's my also my brother's birthday, so maybe it's just all right, even though even  
1934 though Permian produced its revised AFES to avant on April 10.

1935 Avant had an opportunity to prepare and file its own revisions.  
1936 Or even a full response by the April 15 deadline.  
1937 Instead, it waited until April 20 to file a summary table, and then, for lack of better word,  
1938 dumped 95 pages of detailed data at 8:00 PM last night.  
1939 I mean rebuttal is limited to responding to evidence that could not reasonably have  
1940 been anticipated.  
1941 Hear the need to respond was known and foreseeable.  
1942 And I also don't find the cure to be helpful. Giving Permian time to review the argument  
1943 doesn't cure a due process violation. I think administrative due process requires  
1944 meaningful notice and an opportunity to prepare and respond, not to a last minute data  
1945 dump.  
1946 So it may seem harsh to yvant, but I'm not going to allow in the revised AF ES their  
1947 proposal plan.  
1948 Will will, I guess, sink or swim for lack of better word on this rebuttal exhibit C5, which I  
1949 am admitting admitting into evidence.  
1950 With that, please continue.  
1951 Thank you.  
1952 OK, so Avon Sur bottle exhibit C5. Have you reviewed this?  
1953 In a cursory fashion.  
1954 And I just wanna draw your attention to one of the bullet points here.  
1955 It says that.  
1956 The new Permian Resources AFES, the ones that we included with our exhibits, were  
1957 incorrectly based on three string casing design despite federal requirement for four  
1958 string casing and spicy chicken.  
1959 Do you? Do you see that I do?  
1960 And were the afe's that were sent out.  
1961 Did that show three string casing?  
1962 That's correct.  
1963 And can you tell me what happened there?  
1964 So essentially the source of the CapEx numbers on the premium resources side is  
1965 originally an Excel sheet during file conversion because of a formatting issue.  
1966 Somehow one of the casing strings was kicked out, leading us to three string and a  
1967 roughly \$200,000 difference per well about which is about 3%.  
1968 And when you did the AFE summary table, let's go to your exhibit C7.  
1969 And this this was one of your original exhibits, and this shows a comparison between  
1970 the AF ES that Avant has as an exhibit and Permian Resources AFES.  
1971 Is that correct? That's correct.  
1972 And are these is this exhibit C7 and the costs that are set out in your exhibit C7 based

1973 on three or four string casings?  
1974 These are based on four string as are the rest of my economics throughout the  
1975 presentation, as I work directly from the original Excel sheet, when I was putting those  
1976 together.  
1977 Objection, Mr. herring. Examiner.  
1978 This is the exact same issue that Permian is complaining about.  
1979 Did not include its AF ES and what I hear Mr. Higginson testifying to is that the revised  
1980 AF ES that Permian provided are inaccurate.  
1981 And that he then used his own.  
1982 Accurate it costs to create exhibits for which avant would have had no information in  
1983 the record.  
1984 So what's good for the goose is good for the gander, in my opinion.  
1985 So what's the basis of the object?  
1986 The basis of the objection is the same ruling that you made just a moment ago.  
1987 That it's.  
1988 Irrelevant or untimely. It doesn't reflect the actual material in the record so.  
1989 PRSAFES in the record.  
1990 Do not reflect what's shown on exhibit.  
1991 I can't see the exhibit number here.  
1992 C7 exhibit number.  
1993 On his initial exhibit C7, this was in.  
1994 CCC as in cat.  
1995 7 and so this my understanding from Mr. Higgins.  
1996 And is that this exhibit is based on information only he had, because it's representative  
1997 of four string casing and the afe's that Permian provided.  
1998 In the materials are based on three string casing, so there's no way that Avalon could  
1999 have done an accurate comparison between what's in the record and this exhibit,  
2000 because the materials in the actual filed Afes do not reflect information in the C7.  
2001 OK, I'll come to you in just a moment.  
2002 So in so, let's see, we've admitted.  
2003 Their C7 array, right?  
2004 We did and that's because I did not understand at the time.  
2005 I didn't object to it.  
2006 Yeah, it has been admitted, OK.  
2007 We can only one person talk at the same time for the court reporter.  
2008 So let me go back. We've admitted C7 into evidence, right?  
2009 Yes, OK.  
2010 Now this exhibit here is. This is C7 here.

2011 Correct. OK. And what is your question to this witness about C7 that you just asked?  
2012 So C7 is or. My question about C7 was in Avon's rebuttal exhibit C5.  
2013 Which one?  
2014 I just LED in which you just let in. They have a bullet point that says that.  
2015 Our calculations.  
2016 In our AFE summary table.  
2017 Which they're directly comparing in their exhibit C5 are incorrect and based on three  
2018 string casing.  
2019 OK.  
2020 So what I asked him was, was your AFE summary table actually based on four string  
2021 casing, which he has said, yes, OK, and that's where you objected? Yes. OK, because  
2022 because there are no Afes that Permian filed that reflect for string casing.  
2023 I understand.  
2024 I I got. Oh, I'm sorry.  
2025 Oh, I'm sorry.  
2026 I thought you were asking me to restate my objection.  
2027 OK.  
2028 So. So then the the objection isn't.  
2029 To the question itself, it's not to the answer. The objection is now, hey, we have a  
2030 document here that you feel is unreliable because it's based on the wrong.  
2031 Type of casing.  
2032 Let's just say three string, 4 string, whatever it is, that's your. That's your objection.  
2033 No, my objection really is that it's based on data that was never provided to avant.  
2034 Which data are you talking about?  
2035 Revised AFS Permian's revised AF ES do not include this information.  
2036 For means revised afe's do not take into consideration the four string or the three string.  
2037 The four string, the four string.  
2038 So you're saying it's inaccurate, so why can't you bring that out during cross  
2039 examination? For the technical examiner?  
2040 I will definitely do that.  
2041 Well, I know you're.  
2042 I know you're gonna give it.  
2043 So you. So I'm not sure what the objection is at this point. I mean because I don't have  
2044 an evidence or objection to rule.  
2045 We've admitted this here.  
2046 She's asking a question of it. She the answer? Just.  
2047 Illuminated the fact that the data in the revised may not be accurate.  
2048 You've obviously pointed that out.

2049 Miss McLain, do you have something to say about all this?

2050 Of course.

2051 So what is it?

2052 I think that the afe's that we submitted are the a FES that we submitted. What we're

2053 trying to show is that the summary table that Evant has included as rebuttal exhibit C5

2054 has the correct data to compare in that they say that it's only.

2055 Three string casing in this in our AFE summary table exhibit C7.

2056 It's actually 4 string casing.

2057 They have used our AFE summary table to make their exhibit C5.

2058 So it's not like they're even relying on our AF ES for that information. We're just trying to

2059 show that their bullet point on exhibit C5 is not correct.

2060 So, Miss Bennett, I'd like to turn.

2061 I don't need to change this. This exhibit that's on the screen.

2062 I'm gonna go to your C5 rebuttal exhibit.

2063 I just have to find it.

2064 And and it's. It's plain and and and misbehaved.

2065 You also need to look at C5 with you for a moment.

2066 OK, I have it.

2067 Here it's the last page.

2068 Literally the last page of Avon's exhibits.

2069 AFE rebuttal slide 2.

2070 Is is the document that we're looking at.

2071 Yes, it is OK it is.

2072 And Miss McLean, are you looking at this document?

2073 Yes, OK.

2074 So there's a bullet point here.

2075 Three bullet points.

2076 New PRAFES incorrectly based on three string case design despite federal requirement

2077 of four string casing in spicy chicken.

2078 OK. And the question to your witness was?

2079 Is this bullet point correct?

2080 Basically, and he said and he said no, no, no.

2081 He said yes, our AFES are wrong.

2082 And then I asked him 'cause. They showed three string casing.

2083 And then I asked him, did you use those Afes to come up with your exhibit C7, which is

2084 the AFU summary table? And he said no, he used the Excel spreadsheet.

2085 Then I asked is the Excel spreadsheet taken to account?

2086 The four string casing and he said yes.

2087 So then, in other words, Avance witness, which witness created seed by.  
2088 Kelly, he's here, isn't he?  
2089 He is OK.  
2090 So, Mr. Kelly, you spotted this problem basically with the AFES. OK, fine. And that's why  
2091 you put this bullet point here saying that. Hey, these are incorrectly based on three  
2092 strings and you're basically acknowledging that you're what original AFS or your revised  
2093 AFE a Rev.  
2094 A F ES are incorrectly OK.  
2095 OK.  
2096 But that what's in this summary?  
2097 Table which is derived from RC7 is correct.  
2098 So do you.  
2099 So where are your? So what exhibit are your revised AFE so we can talk about them  
2100 properly?  
2101 That is our role.  
2102 Go to the table of contents.  
2103 Those are a 11.  
2104 Your exhibit A11 correct now is a 11 based on three string or four string.  
2105 It shows 3 strings.  
2106 It shows 3 strings.  
2107 So then what your witness is saying now is that those numbers are unreliable.  
2108 Yeah, they're gonna have to send out new ones at some point, yes.  
2109 Alright, OK, Now I understand.  
2110 Now I understand Miss Bennett's wasn't really an objection, but her.  
2111 Comments.  
2112 And M's McLean, how do you?  
2113 So if if if we.  
2114 OK.  
2115 So I'm gonna ask you how you propose to deal with this before you go on to any  
2116 questions. I'm asking Miss Bennett how she proposes to move forward with this.  
2117 Because it at this point we have revised FE's even though timely submitted.  
2118 Are they have a flaw to them?  
2119 They have a flaw to them.  
2120 And I don't know how I'll say nothing more.  
2121 How do you propose to move forward at this point?  
2122 I propose to ask him. Well, oh, shoot. He's already testified that it would be an  
2123 additional 200,000 per well on the AFS.  
2124 What I had asked him here was.

2125 If he if this exhibit C7.  
2126 Is what the actual costs are anticipated to be, and that's what he had. What Mr. Kelly  
2127 put in this exhibit, C5C5.  
2128 And just still, you know, obvious.  
2129 So what's is? What's in exhibit C5 and C7 is actually higher than the afe's that were  
2130 submitted as exhibits, right?  
2131 And he's going to just come do a comparison between.  
2132 Crimean and Yvonne.  
2133 And then Avon's original auntie. And what they show on this table.  
2134 Since now it's been allowed in, right?  
2135 Based on based on round gross numbers exactly. So the parties seem to be in the same  
2136 in the same place at this point. That's my point, yes.  
2137 So the parties are now literally in the same place now. Ultimately Miss McLean, to be  
2138 fair to both parties, we have to make a decision on whether to accept.  
2139 Any revised AF ES accurate or untimely?  
2140 'Cause they were untimely.  
2141 There's no question about it.  
2142 That doesn't change my ruling that I made before.  
2143 Or none and just go with round numbers because you're saying that this exhibit, well,  
2144 why do I go by what you're saying, Mr. Higginson?  
2145 Did you prepare?  
2146 And I think it says C7 up at the top.  
2147 Did you prepare C7?  
2148 I did OK fine. And is C7.  
2149 Prepared.  
2150 Under your control. Yes, Sir.  
2151 OK, fine. And does C7 accurately depict the revised AF ES using a four string casing?  
2152 The yes.  
2153 This table identifies our CapEx with a four string casing.  
2154 Are you also, if I think that Miss McClure said, are you also comparing your revised 4  
2155 string casing?  
2156 AFES with Avance.  
2157 Revised AFS or their original AF ES.  
2158 This is a comparison to their original 4 string AF ES to remain apples to apples.  
2159 Not the revised table that they provided on with their rebuttal C5, correct?  
2160 Have you looked at their rebuttal? C5. Oh, I know you answered that from Miss.  
2161 You said you gave it a a little bit.  
2162 Yeah, I was up very late and that was a lot of data.

2163 No, the revised table, the rebuttal.  
2164 Oh yes.  
2165 Yes, you know, I've seen that.  
2166 Yes, that you have seen.  
2167 Just not that detail associated with it, I understand.  
2168 I understand that.  
2169 So, Miss McClain, if we are going to do a summary table of.  
2170 Isn't it fair to have Avon's revised summary from their rebuttal? C5 being compared to  
2171 your revised?  
2172 For a string numbers.  
2173 That's what we're doing now.  
2174 You are doing.  
2175 They haven't been able to do that yet.  
2176 That's what I'm trying to find and I'm OK with it, I thought.  
2177 Your witness just told me that this table does not compare to the Yvonne rebuttal  
2178 exhibit C5 numbers this.  
2179 That's what I I don't want him to. Oh, actually compare anything.  
2180 I just wanted to show that Yvonne got these numbers on.  
2181 Their rebuttal exhibit C.  
2182 From our.  
2183 AFE summary Table C7, which is our seven C7.  
2184 But then I was cut off from.  
2185 Doing anything?  
2186 So then we then we have a problem then with exhibit C7 because it's not.  
2187 It's not a fair comparison at this point. I mean, it's comparing what their they had us in  
2188 their exhibits and then now because we have their exhibit C5, we're gonna actually,  
2189 we're gonna use that.  
2190 C7 to compare with our VIVARE C5.  
2191 That's our intention.  
2192 This this exhibit will need to be revised.  
2193 C7 will need to be revised to be accurate.  
2194 We would.  
2195 I mean, I guess we could revise it to put in the actual.  
2196 The AFE numbers.  
2197 The revised AFE.  
2198 The revised but that I but I don't.  
2199 I hesitate to.  
2200 Do that because this is what Mr. Higginson created based on.

2201 The their AF ES and the and I think use just using their C5 which has their new numbers.  
2202 Would be more accurate but he's. But Mr. Higginson is comparing.  
2203 Avant revised figures.  
2204 That were pointed out by.  
2205 Let me start over.  
2206 Mr. Higginson is using Permian's revised AF ES once he learned from Mr. Kelly that they  
2207 were based on the wrong casing.  
2208 But he's not using the revised AFE numbers that were submitted on Monday in this  
2209 chart.  
2210 Right, because this was submitted before that.  
2211 And also I think they're a little bit of disconnect we.  
2212 Mr. Higginson did not realize that.  
2213 The Excel spreadsheet and the PDF that Permian Resources had did not match until we  
2214 saw that exhibit the exhibit C5 with the bullet point.  
2215 Yes, I understand.  
2216 Yes, but Even so, let me ask Mr. McClure.  
2217 Question, Mr. McClure, do you find this exhibit C7 to be helpful the way it is? Or would  
2218 you want it revised to show Evans?  
2219 Numbers that I'm allowing in on their exhibit C5.

2220

2221  **McClure, Dean, EMNRD** 2:53:01

2222 Well, I see what your concern is because essentially this is apples to oranges.

2223 I would say in this comparison.

2224

2225  **Pecos Hall** 2:53:08

2226 Right, right.

2227

2228  **McClure, Dean, EMNRD** 2:53:12

2229 I almost wonder if maybe the best route would be is just to strip the other operators  
2230 numbers from it and have just. This is permium's numbers and then we'll use the  
2231 rebuttal exhibit C5 for Avon's numbers.

2232

2233  **Pecos Hall** 2:53:28

2234 All right, let me ask the parties, Ms. Bennet.

2235 T that that seems workable to us.

2236 I think that the IT doesn't cure the issue that the afe's that they've provided in their  
2237 materials are inaccurate and probably should be stricken as well. And those AFS will  
2238 also have to be resent to the working interest owners to show forestry casing. So while it

2239 might.  
2240 Cure the issue for this particular exhibit.  
2241 It still leaves the issue of having inaccurate.  
2242 AFS in their hearing materials.  
2243 Well, OK, but didn't. OK, well, how does that argue not.  
2244 How does that argument not then do the same thing for yours?  
2245 Yeah, we're fine having our revised. I mean, our original, if you can from the exhibit  
2246 packet, I think my my main point is I I appreciate that the divisions finding common  
2247 ground here and and I definitely appreciate that.  
2248 So the solution you're proposing works for comparing apples to apples, and I  
2249 appreciate that.  
2250 And so that's, that's all I'm going to say about that.  
2251 Not knowing enough about when their fees need to be provided to the actual mineral  
2252 interest owners, although I thought you said yesterday that.  
2253 That's maybe someone said yesterday that that's at the time.  
2254 The well it is drilled or I think Miss Bennett said, that they provide them again at the  
2255 time. That's it.  
2256 But the new elections that are sent out after the polling order, that's what I remember.  
2257 That is what you said.  
2258 Yeah. Yes, that's what I said.  
2259 But I was also referring to your ruling earlier today when you said that.  
2260 Having Affs is a core element of an affirmative case.  
2261 And it said I just looked back at the rule and it says that the afe's are those that are will  
2262 be provided to the working interest owners and the AFS that PERMUNE has included in  
2263 its materials, even if they were provided to the working interest owners, they.  
2264 The ones that need to be provided to the working interest owners because they don't  
2265 reflect 4 string casing.  
2266 I.  
2267 I OK that may very well be the case, and that seems an issue between Permian and the  
2268 working owner.  
2269 Interested. I don't feel like that's my job there. I feel like my job is to make sure that  
2270 Mister McClure has accurate data to make a judgment on who he's going to award the  
2271 compulsory pooling order.  
2272 So in that respect, I find, you know, I.  
2273 Allowed in your rebuttals, yes.  
2274 Five, even though it has, you know, round numbers and I will and and we've already you  
2275 know you you admitted C7 but I have a problem now with C7 Permian C7 because it's  
2276 got numbers on here that I don't think is fair to avant so.

2277 I agree with Mr. McClure.  
2278 I think the way to move forward with this is to allow your revised numbers to come in.  
2279 In in this sort of fashion, some summary fashion, however.  
2280 Where we went to college but remove avant's tape.  
2281 Part of the table here that would be rows 123 and four here.  
2282 Yeah, whatever would help Mr. McClure.  
2283 We're fine with doing so. If you remove the 1st 4 rows and only have permute resources,  
2284 then I think we've struck a good balance on you know how to be fair to both parties.  
2285 Now, what are you going to do about your revised about?  
2286 Your AFS Miss McClain because they're not accurate anymore.  
2287 Well, you know, those are what they are and they're in the exhibits and if we're awarded  
2288 operatorship, we will do like we always do and send updated cost.  
2289 And you have your original AFC in the record, and Mr. McClure is well aware now that  
2290 your original AF BS are not your revised AF BS.  
2291 He has your he has your numbers from C5 which.  
2292 You filed the way you filed them and he now knows that permians are not accurate  
2293 either.  
2294 Because so actually what you're saying, Miss McClain, and maybe your witness saying,  
2295 I don't know, is that these numbers are actually inflated.  
2296 It to inflate it they actually should be lower.  
2297 Is that what you're saying or is it based on three and not 4?  
2298 Or is it the other way around?  
2299 The other way around, they're too low.  
2300 No, no, no, no, no.  
2301 The the ones that we have in our table, not the table the I'm talking about the  
2302 documents.  
2303 You know how you said you had 125?  
2304 Oh, yes, yeah. Are the revised too high or too low?  
2305 OK.  
2306 I think Mr. Higginson should answer.  
2307 I I don't want to test, I don't.  
2308 For me to testify.  
2309 Oh, Mr. McClain knows that they're wrong.  
2310 Basically, and maybe he'll ask the question to Mr. Higginson, your witness.  
2311 So why don't you go on with your questioning and we didn't have an objection to the  
2312 actual question itself, but we needed to work out all of this other stuff.  
2313 OK.  
2314 I'll go back to that Avant rebuttal exhibit C5.

2315 OK.  
2316 OK.  
2317 So did you.  
2318 Compa, did you have your review of Avant, rebuttal exhibit C5 I have.  
2319 And.  
2320 Based on your review, did you determine the cost difference between what's in this  
2321 table and what Yvonne had originally submitted in for AFES?  
2322 Roughly, and what was that around 19% reduction in total costs?  
2323 And do you know when Yvonne's original AFS went out?  
2324 Not, I think yesterday they testified they were in October of last year.  
2325 And then the this table was given to us on Monday, correct?  
2326 As far as I'm aware, and have you seen?  
2327 Night 19% change.  
2328 And costs within that period of time before.  
2329 It seems somewhat abnormal.  
2330 And why is that?  
2331 Because that's a large change in a short amount of time.  
2332 And what's the difference between?  
2333 Permian Resources Original AFS and.  
2334 The lump sum numbers that are set out in exhibit C5.  
2335 The delta is close to half of the Avant delta, so like 8%.  
2336 Elevenish it varies by bench.  
2337 OK.  
2338 So this shows a significant and somewhat out of the ordinary price adjustment for  
2339 avant.  
2340 You could consider it out of ordinary.  
2341 And yesterday Avant talked about proxy and how successful Permian resource as well  
2342 as have been there and how they're you know using that for their well layout here in  
2343 Spicejet, Ken.  
2344 You tell us.  
2345 Why Permian Resources isn't just completely replicating the layout of Paxi here in spicy  
2346 chicken.  
2347 Because it wasn't the optimal gun barrel.  
2348 And we've learned a lot since then.  
2349 And I think would you just say what Mr. Canton said in terms of like what lessons  
2350 learned from spicy chicken?  
2351 Or from paxi. What specific specifically in terms of replicating the layout and why you're  
2352 developing it the way you are?

2353 The our planned spicy chicken gun barrel we believe is optimal for a number of reasons.  
2354 It builds upon extensive knowledge in the area, especially nearby at Paxi.  
2355 Obviously we are not copy pasting it because like I said, that is not the optimal gun  
2356 barrel and so based on our historic learnings, we are going to apply those.  
2357 To improve.  
2358 Our supplies to chicken development.  
2359 In your opinion, will Permian resources development plan best prevent waste and  
2360 protect collective rights?  
2361 Yes, and what? Yvonne's plan results in waste and violate permune resources and  
2362 terrace correlative rights.  
2363 Yes. And can you please summarize the reasons?  
2364 Economics are the key driving point.  
2365 They have a pretty high density in benches that are not are are offset pretty high,  
2366 cumulative producing wells at paxi they are drilling wells in the Avalon and Wolfcamp  
2367 that are.  
2368 Noted as step outs, avant specifically noted their Sandra Jean and Lee unit as step  
2369 outs.  
2370 And this is even further away from Corych.  
2371 And I believe they're not taking proper.  
2372 They're not effectively assuming.  
2373 Risk by going in this aggressively in those benches.  
2374 Thank you.  
2375 I have no further questions. Thank you.  
2376 Would it be possible to take a short break before I start the?  
2377 Read the cross just to get some water.  
2378 My throat is just killing me.  
2379 I have.  
2380 Can you grab some water for me, Miss Bennett?  
2381 So she doesn't have to thank you because we are going to break it. 11:45. Yeah, I  
2382 appreciate that.  
2383 Yeah. Thank you, Freya.  
2384 Umm.  
2385 Thanks Brett.  
2386 Oh, thanks. OK, thank you.  
2387 So good morning, Mr. Higginson, and I apologize for my voice. And if you can't hear me,  
2388 or if you need me to repeat a question, please just let me know and I'll do my best. Will  
2389 do. Thanks.  
2390 How long have you worked at Permian Resources?

2391 Since November 2024.

2392 Did you work on the PAC Pacse development?

2393 I did not.

2394 How many apple and wells have you been involved with in drilling 2 and where are those

2395 two wells?

2396 Our Aztec unit, where is the Aztec unit?

2397 Quite a few miles South of here.

2398 Maybe.

2399 N 8.

2400 It's near.

2401 It's near roughly near the dagger state that you guys have called out in some exhibits,

2402 OK.

2403 So that's your only Avalon experience, correct?

2404 Even though.

2405 PR Permian Resources has had Babylon Wells drilled between the time that you were.

2406 Started working in Avalon and today. Can you rephrase the question please?

2407 Yes. When was the Pete Permian resources Batman? Well, Avalon.

2408 Well drilled.

2409 Batman. Avalon. I'm sorry. That's that first book.

2410 Second one spring shell, sorry.

2411 Over a year ago, you can disregard that question.

2412 I was.

2413 My brain was misfiring on that one.

2414 So I don't want to belabor the point, but you understand now that your AFS didn't show

2415 4 string casing and I don't.

2416 I don't think we need to belabor that point.

2417 The difference is marginal \$200,000 per well 3%.

2418 It's \$200,000 per well though, right?

2419 Correct.

2420 Umm.

2421 And Permian is only proposing to U-turn wells in the second lone spring sand.

2422 Is that right? After wells per section spacing correct and paske haxi has five wells per

2423 section, is that right?

2424 It has six total second bone sand wells. So you're actually two off of paxi then?

2425 It appears so.

2426 And and is proposing 5 second bone sandwells right?

2427 It appears that way, yes.

2428 Thank you.

2429 And so avant is proposed.  
2430 Actually, Avante is proposing less than paxi, correct?  
2431 And so you're proposing even less than Avant is proposing. And that's only in section 23,  
2432 right?  
2433 Based on offset development, yes.  
2434 And section 23 is where owns and controls more than 90% of the working adjusted  
2435 salary. That'd be a better question for my expert, mark.  
2436 So you were present yesterday, weren't you? I was.  
2437 And did you hear the?  
2438 Avant witnesses testify that they've had extensive Babylon and Wolfcamp experience.  
2439 I believe a lot of their experience tied to Centennial and EOG Centennial.  
2440 I don't believe drilled any avalons in this area and Eogs core acreage positions pretty far  
2441 away.  
2442 Do dispute that the AO and AO two teams are the same.  
2443 I don't know, OK.  
2444 I wanted to start with your exhibit C2 and my computer went to sleep.  
2445 So give me just a second here and I'll wake it up.  
2446 OK. Do you recognize this exhibit?  
2447 I do.  
2448 And.  
2449 The Avalon Wells that you've identified in blue on your DSU?  
2450 Do you see those?  
2451 I do.  
2452 Those aren't on any pending applications pending for the division today, right?  
2453 I would not know that OK.  
2454 When does Permian plan on drilling the Avalon Wells?  
2455 When we can mitigate the risks that avant is not potentially taking into account.  
2456 And when you say mitigate the risks that avant is not potentially taking into account.  
2457 Are you aware that Avant has contracted with Sourgas take away company?  
2458 Based on what I heard yesterday, that is not a done deal.  
2459 Assuming it was a done deal, would you feel that Avon's take away is appropriate?  
2460 I'd rather not assume so.  
2461 You can't say one way or the other whether Ava has actual plans in place based on what  
2462 I heard yesterday didn't sound like they were a done deal.  
2463 On your do you have a done deal with trace?  
2464 Well, it depends on what capacity.  
2465 In any capacity we work with trace.  
2466 And does trace take away sourgas?

2467 For us not at Spicejet currently.

2468 An objection I this is gonna be the direct testimony, the take away situation for Mr.  
2469 Clements.

2470 Who will be the next witness? He has several slides about this, including specific as to  
2471 trace, so I don't think this is really properly the subject of cross for this witness.  
2472 He's miss are are these cross examination questions based on?  
2473 The direct or rebuttal testimony from this witness.  
2474 Let me double check and see and it's completely fine if he says he doesn't know I'm  
2475 happy to reserve the questions for someone else.  
2476 Got a ruling based on feedback whether this is even within the scope of this witness's  
2477 direct or rebuttal testimony. It is in the scope of his direct testimony because he has  
2478 been testifying that Evans is not properly prepared and that PR Permian Resources is  
2479 properly prepared to.  
2480 Address sourgass.  
2481 And so I believe that the questions I'm asking is for him, our follow up questions on his  
2482 comparison between the two operators.  
2483 Miss McLean did this witness testify?  
2484 To what Miss Bennett just said?  
2485 Yes, but as to the cost and the materials used in the casing and Mr. Clements is going to  
2486 testify as to that take away readiness.  
2487 I.  
2488 I I think they're fair questions. If you don't have the answer, just say you don't know.  
2489 It's easy as if you don't know.  
2490 You don't know, but I do think it's within the scope of your initial testimony.  
2491 But go ahead, miss Miss bet.  
2492 Thank you.  
2493 On your exhibit C2 you show.  
2494 Some lower Wolfcamp wells in blue. Do you see those?  
2495 Yes, I do.  
2496 Dark blue and are those.  
2497 Actually, Wolfcamp wells or as Mr. as your geologist testified today are those upper  
2498 peninsi will not claim which target it is.  
2499 It was accrued cartoon and I may have mislabeled it. OK, so it could be inaccurate.  
2500 My cartoon could be inaccurate. OK. And do you know when Permian plans on drilling  
2501 those blue wells once we can reduce risk enough to?  
2502 Safely develop them and mitigate risks from an economic.  
2503 Safety and environmental standpoint, what are the safety risks associated with those  
2504 Blue wolf camp wells?

2505 It depends on the context of operations, so you haven't evaluated them yet, and some  
2506 capacity. There's exhibits that I show with Avalon volumes in economics. I was asking  
2507 about the Wolfcamp.  
2508 Oh, sorry, the Wolfcamp. We have looked at Wolfcamp extensively across the Lee  
2509 County area and currently don't find it.  
2510 As a as a.  
2511 Bench develop in our first unit due to the lack of analogous nearby data. So do you  
2512 know when Permian intends to develop that bench? Once we can reduce our risk in  
2513 developing that bench?  
2514 And how about the? To me they look pink.  
2515 But if they don't look pink to you, I understand that.  
2516 But those are the what you're identifying as upper pen wells.  
2517 I'm not identifying them as upper pen wells.  
2518 It's a crude cartoon.  
2519 OK.  
2520 Well, what are you up identifying them as?  
2521 Deeper Wolf camp wells or deeper wells? Excuse me.  
2522 OK. And I'm definitely not trying to put words in your mouth.  
2523 I'm just trying to make sure we're talking the same language here.  
2524 Yeah, this is more geology language, OK.  
2525 So on those deeper pink wells, do you know when Permian intends to develop those or  
2526 drill those wells?  
2527 No.  
2528 I wanna turn to your exhibit C3 now.  
2529 This is a slide where you're comparing and contrasting Permian resources against peers  
2530 in the area. Is that right?  
2531 Roughly yes.  
2532 Did you provide any backup data for any of the wells that are on these slides?  
2533 In what form?  
2534 A list of API list of RAC components prop and used lateral length relative lateral length.  
2535 I did not.  
2536 Umm.  
2537 And then.  
2538 This exhibit B RC3 does show that cut bow is doing quite well to the north, right?  
2539 Let's see.  
2540 Yes, the volumes were pretty delayed, but recent time it looks decent and that's at five  
2541 wheels per section at slightly different targeting per first bone.  
2542 Well, yes.

2543 And that's what Avant is proposing in its spicy chicken development plan. Right? I  
2544 believe so.

2545 And yeah, PR Permian is only proposing 4 wells per section.

2546 Sorry, due to our Co development planning with segment mode shale correct.

2547 Do you think that?

2548 Oh.

2549 Taxi's also on here.

2550 Do you think that cut bow is going to surpass paxi in terms of?

2551 Development it's possible, as our expert Canton, Chris Canton I noted, that is some of  
2552 the best first bone rock in Cut Bow.

2553 OK. Then turning to the next slide, this is still part of your exhibit C3.

2554 On this slide, you're identifying permian's second Bone Spring shale experience with  
2555 your peers. Is that right?

2556 Yes. And again there's no backup data for this slide, right?

2557 That is correct.

2558 This is all public data though.

2559 And this on this slide, there's a far fewer.

2560 Analogues for Second Bone Spring Shale is that right?

2561 Yes, because we've drilled most of them.

2562 And so other folks don't see the same value in the second moment of spring Shields.  
2563 I'd rather not assume what other folks think.

2564 In your exhibit C3, though, you've only identified you've identified.  
2565 That Permian has.

2566 Drilled several second Bone Spring shale wells and the only other operator that's drilled  
2567 second Bone Spring shale wells in this area is matadors.

2568 That right, this is an area highlighting analogous rock.

2569 So there are other wells that might not be an analogous rock drilled by other operators.

2570 Thank you for that clarification. But on this slide, you're showing Matador and Permian  
2571 resources only.

2572 Coincidentally, yes.

2573 Yes. And the last Permian resources.

2574 I'm sorry, the last Matador, second Bone Spring shale development in this area was in  
2575 2022.

2576 Is that right?

2577 It appears that way.

2578 I wanted to just compare the number of wells you have here and this is your second  
2579 page of C3 with the number of wells and operators you have on your third page of PCC  
2580 3.

2581 Do you see that those I do? And would you say that the appetite and I'm not trying to get  
2582 you to speculate, let me ask you a question.

2583 Have you identified more second Bone Spring sandwells on exhibit C3 than you did on?  
2584 The for Second Bone Spring shale side, there have been more second bone Sandwell  
2585 second bone sandwells drilled in the area.

2586 And then second mode shale, but that is not necessarily indicative of appetite.  
2587 And.

2588 On the second bone sand and I'm going to ask you this question every time because you  
2589 did not provide backup data for an for the slides that we're going through now.  
2590 I'm not going to ask you that every time.

2591 The best performer on this table, though, is cut bow right at two wells and.  
2592 That cut bow you acknowledge, was designed and drilled by the same subsurface team  
2593 as Avant operating I mentioned earlier.

2594 I don't know if the leadership team has changed.  
2595 On this slide, it shows that Batman, which is a Permian.  
2596 Development.

2597 You drilled 6 wells per section, is that right? In the second mode, sand?  
2598 Yes, that's up this slide, right.

2599 Yes, OK. And and Robin, Permian.  
2600 6 Wales per section.

2601 Yes, a slightly different spacing and your spicy chicken development plan, though, is  
2602 only four wells per section.  
2603 Is that right?

2604 Just four wells as a result of the offset depletion from PAXI.  
2605 Portable's equivalents to U turns.

2606 On the third ball and spring sand, I think that there's really no dispute that Permian and  
2607 AO2 are have complementary development plans there. The third bone is viable.  
2608 On the Wolfcamp.

2609 A.

2610 You notice on on this slide it shows that the Paxi wolf camp a wells are doing well, right?  
2611 They're in line with the other analogs, and that's at two wells per section Co developed  
2612 with the third bound.

2613 And Avant is proposing to wells per section in Wolfcamp as well, right?  
2614 Their capital structure, yes.

2615 And.

2616 The Sandra Jean Wells you've noted here were operated by Avant until December of  
2617 2025.

2618 Do you see that?

2619 Yes. And I think in your testimony, though, you testified that a avant AO2 doesn't have  
2620 any Wolfcamp experience.

2621 Is that contradicted by your slide?

2622 I said they don't actively operate any Wolfcamp wells.

2623 Let's go to exhibit C5.

2624 Now on exhibit C5, you've identified this slide as a summary of primary targets.

2625 Do you see that?

2626 Correct. Those are permian's primary targets.

2627 Right. These are the targets that have been delineated the most in this general area of  
2628 analogous rock, but this does not reflect avant's determination of what primary targets  
2629 are.

2630 I have no idea what Ivan's determination of primary targets are.

2631 So, but you did not include in this slide Avon's Avalon Development plan. Did you I well  
2632 first of all, Avant has pointed out the Sandra Jean and Lee South as step out or Lee unit  
2633 as step outs.

2634 Once again, this is a further step out, so I wouldn't consider that primary even in Avon's  
2635 assumed opinion.

2636 So you are assuming you're comfortable assuming for avant then?

2637 In this one instance, sure.

2638 Well, do you think it's fair to say that Avant considers the Avalon to be a primary target  
2639 for it, since it's proposing those wells and is here today defending its development  
2640 plan?

2641 It appears so.

2642 And would that be the same for the lower wolf camp?

2643 Based on the same line of thinking prior, yes.

2644 And so your your chart though is limited to.

2645 A subset of what Avant has proposed is that right?

2646 Yes, but I have other tables that compare all the benches and we'll get to those in a  
2647 minute.

2648 But this chart here is limited only to a comparison of what Permian has proposed versus  
2649 a subset of what Yvonne has proposed.

2650 Correct. And if you were to redo this slide and include the avant Avalon.  
2651 And additional Wolfcamp and the upper pen with the values that you've calculated.  
2652 It here be substantially different.

2653 Well, I would need to calculate our time delayed values too for whenever we potentially  
2654 develop the Avalon and Wolfcamp as well.

2655 And I do think in a later slide or in one of your rebuttal slides, you did address the time  
2656 value calculation, right?

2657 I did and that time value calculation and definitely not a reservoir engineer. And as Miss  
2658 McLean said, we became lawyers so we didn't have to do math.  
2659 But my understanding of that test that slide is that.  
2660 A delay in development is a delay in economic value.  
2661 Is that a fair? It brings your NPV closer to 0. So essentially in the case of the Avalon, if  
2662 that ends up being a negative NPV, waiting actually makes it better.  
2663 OK, but how about the Wolfcamp?  
2664 I rephrase the question please.  
2665 Well, you were saying in your rebuttal slide that delaying the second Bone Spring Shale  
2666 has a negative impact because of the delay in net value.  
2667 In a vacuum, that's the case, but with the Wolfcamp, if you improperly develop it as  
2668 well, given a lack of data, you could create a lot of value destruction.  
2669 OK.  
2670 I'll probably come back to that when we get to that slide.  
2671 To me, sure that we're talking about the same calculation.  
2672 I wanted to look at footnote #1 and in footnote #1 you state that actual.  
2673 Results will differ materially due to risks and assumptions.  
2674 Do you see that? That's true.  
2675 And earlier today and I'm trying to find my notes, I think you said that.  
2676 Let me find my notes so I don't misspoke you.  
2677 I've lost an entire notebook.  
2678 Yes.  
2679 He said that.  
2680 You use the words negligible margin. Do you remember that earlier today when you  
2681 were speaking with Miss? What is the context?  
2682 It was in the context of addressing the rationale for this footnote.  
2683 Can you ask that in a different way?  
2684 Not understand the question. I'm asking if you remember using the words negligible  
2685 margin with Miss McLean earlier today.  
2686 If you're claiming that, I'm sure I did, I don't recall.  
2687 I've said a lot of words, OK.  
2688 What do you intend to say by actual results?  
2689 Will materially will differ materially due to risks and assumptions.  
2690 As I noted before, it's extremely difficult to estimate exact outcomes to a narrow  
2691 margin.  
2692 Is materially.  
2693 A material difference?  
2694 The same thing as a narrow margin in your mind.

2695 Depends on the context.

2696 And then I wanted to ask you about the.

2697 MBOE here?

2698 How did you calculate the MBOE?

2699 Gummelt of oil plus cumulative gas divided by 6.

2700 And what what?

2701 Where did you get the cumulative oil figure that you used for this from?

2702 From the type curves I described before.

2703 Where are those type curves?

2704 They're not present on those slides, but I've described them in the footnotes and also

2705 described them during this hearing.

2706 And I I'm not trying to be difficult.

2707 I honestly just don't know which ones you're referring to.

2708 Do you have a specific if I scroll through your exhibits, would you be able to say that's

2709 the type curve I'm talking about?

2710 I've I've include I've mentioned I did not include them in the exhibits, but I've noted them

2711 during this testimony.

2712 Oh, so the type curves aren't part of the exhibits, correct?

2713 So there's no way to validate the information that you put in this table.

2714 Can you repeat the question in a different way?

2715 There's no backup data.

2716 There's no type curve that I could look at or that Mister Kelly could look at to confirm

2717 your MBOE calculation. A type curve exists for every single bench, just not within the

2718 exhibits. And as I described before, the volumes used to compare the two operators are

2719 identical.

2720 Per bench, with the exception of the two degraded wells that I stated as well, the first

2721 bound in the second modes sand.

2722 Which I've included details on.

2723 OK, I thought when I read your footnote too.

2724 It says actual examples that follow and then earlier today when you mentioned the type

2725 curve, although I thought that was actually in your testimony, but it's not.

2726 Yes, I see. OK.

2727 Thank you.

2728 I I think I was looking for something that doesn't exist, so I have you clarified that for me

2729 it exists, just not in the exhibits, OK.

2730 Thank you.

2731 The gross CapEx here based on the changes to exhibit the exhibits that we've talked

2732 about today, that number would need to be revised.

2733 Is that right?

2734 Yes, as I mentioned, the average cost of avant dropped about 18%, so PR would still be  
2735 materially lower. But this does not reflect the new version of the exhibits, correct?

2736 And then.

2737 On value creation, can you explain that to me?

2738 That is present value, the same concept we were describing before on the time value of  
2739 money, and so does this take into effect the fact that avant is presently going to develop  
2740 the Wolfcamp D and the Avalon?

2741 As I mentioned before, if the Avalon economics are negative, it could negatively bring  
2742 down the PV 10, but in this specific table it is only comparing what PR considers primary  
2743 targets, so it doesn't include any any of Avon's other targets.

2744 In your calculations, it does not include any of avant's targets that PR deems risky at  
2745 this time.

2746 So OK.

2747 To see.

2748 I guess.

2749 And this is a time when I shouldn't ask a question that I don't know the answer to, but  
2750 I'm going to take a risk here.

2751 Why do you show avant having lower recovery per well?

2752 When they have more wells, right?

2753 Because that is resource recovery divided by, well, count.

2754 So you're calculating that they'll have less resource recovery based on the type groups  
2755 I've described before, which aren't in the record correct.

2756 I have a lot of the same questions for this slide, so we'll go through it pretty quickly.  
2757 This slide again.

2758 It it doesn't take into account Avant's entire development plan, does it?

2759 Now this is specific to the second bone. As noted in the table.

2760 Umm.

2761 And again, avant and Hermione are proposing different well counts for the second Bone  
2762 Spring. Is that right?

2763 Second Bone spring sand that is correct.

2764 And here how did you calculate the MBOE?

2765 Same way I described before for the previous table and now is it that Avant has 353  
2766 MBOE and PR 867 MBOE? That is resource recovery divided by well count and is there  
2767 any information on this slide that shows the number of the?

2768 Resource recovery, yes.

2769 Resource recovery Mboe 17633467.

2770 And is there any information on the slide that shows where 1763 came from?

2771 There are details in the footnotes on assumptions that are input for those volumes.  
2772 And on this slide with the CapEx need to be revised to reflect the new AFE costs.  
2773 That's correct. But similarly to the other table, PR would still be materially lower.  
2774 On exhibit C6.  
2775 I believe you talked about this with Miss McLean earlier today, and again, I'm not trying  
2776 to put any words in your mouth, but did you when you were talking about the 25%  
2777 decrease in time on location?  
2778 My recollection is that was based on Permian drilling times and not other operators.  
2779 That is correct.  
2780 And so it's not a comparison to an avant.  
2781 One mile well efficiency.  
2782 I don't think one mile well, efficiency matters. If the cost tied to it are still higher.  
2783 Are those?  
2784 25 to 30% reductions in CapEx costs that are reflected here.  
2785 Also PR permian's cost that you're relying on.  
2786 Yes, it's a relative cost between 2:00 one mile per mile and one U-turn 10K per mile.  
2787 And so those are, it's a purely Permian only comparison.  
2788 Yes, theoretically avant could be much lower.  
2789 Not going to spend any time on this.  
2790 I believe Mr. Clean asked you a question about the difference between your original AF  
2791 ES and your revised AF PS.  
2792 Yes. And you said they were anywhere between 8:00 and 11:00 percent.  
2793 That's a wild guess on my part.  
2794 Do you recall what you said? That sounds roughly correct.  
2795 OK.  
2796 Were there any that were higher than 11%?  
2797 To your recollection, I don't recall.  
2798 OK. And this is exhibit C8 and Mr. Examiner, did you want to break at 11:30?  
2799 No, we'll break it.  
2800 1140, OK.  
2801 Thank you.  
2802 So looking at exhibit C8.  
2803 Your title here.  
2804 Is that the second Bone Spring Shale adds value in tandem with the first Bone Spring.  
2805 That is the title, yes and.  
2806 There's no backup data for any of these wells provided is there.  
2807 This is publicly accessible data, but I have not included any tables that highlight this  
2808 data in the exhibits and.

2809 So I guess I'm still struggling to understand why you didn't do the second Bone Spring  
2810 and 1st Bone Spring Co development at Paxi.  
2811 I believe the timing of the developments at Paxi relative to Robin were somewhat  
2812 similar. Also when we test benches, we don't go in at 5 wells per section.  
2813 OK.  
2814 Do you feel in your opinion as a reservoir engineer?  
2815 Do you believe that there were reserves in paxi that were left behind in the Second Bone  
2816 Spring shale?  
2817 If there were, it would be comparable to the reserves left behind at CU.  
2818 And so is that a yes.  
2819 I'm sorry, I'm not trying to be snarky.  
2820 I just there's always more reserves. The recovery factor for these wells is pretty low.  
2821 And.  
2822 Then I wanted to look at.  
2823 Oh, for the second Bone Spring sale here, Robin.  
2824 About how far away is that from paxi?  
2825 I'd say without a wider scale MAP 6 to 8 miles, perhaps you might want to confirm that,  
2826 and if you had drilled the second Bone Spring shell at Paxi though, you'd have a closer  
2827 analog, right?  
2828 Correct. But as I noted, the timing of these developments relatively to each other, I  
2829 don't believe gave us the opportunity to.  
2830 Test 1 and then have the results ready for the next development.  
2831 This one.  
2832 Is. I don't think I have a slide on question on this one.  
2833 It was the same questions all along.  
2834 Oh, actually here I think you could see the. Does this help you with where the Batman  
2835 is?  
2836 It does.  
2837 That is showing the Batman and Robin and Eileen and Riddler developments that we  
2838 have recently developed within the last couple years and I have a different slide that you  
2839 just skipped over that shows they're really, really good performance.  
2840 And Batman again, is only one second Bone Spring shell, correct. As we wanted to test  
2841 the second bone shale in order to mitigate economic risk.  
2842 Eileen and Ridler are both six second bone springsale.  
2843 Is that what I'm seeing here, or is that a no? That's a combination of first and 2nd  
2844 correct. OK.  
2845 Umm.  
2846 C9 not think I have anything on there.

2847 I have a question for you on your rebuttal slide about C9C10.  
2848 Here you're saying that adding additional Wolfcamp well adds value to permian's plan?  
2849 Is that the summary of this slide?  
2850 That is our understanding.  
2851 That's our belief. OK. And how close is what? Well, is that the the westernmost spicy  
2852 chicken? Well there.  
2853 What? Well, is that? The westernmost spicy chicken.  
2854 You mean paxi?  
2855 No, I mean spicy chicken.  
2856 What? What do you mean, the West?  
2857 I'm not understanding the question.  
2858 There's a, isn't there? That green dotted line?  
2859 Is that a spicy chicken?  
2860 Well, that's eastern most.  
2861 Oh, sorry. The green dotted line is eastern. Most correct, OK.  
2862 What is the eastern most?  
2863 Wolf camp.  
2864 Well, there and spicy chicken.  
2865 What do you mean?  
2866 What is it?  
2867 Mean what context?  
2868 What's its name?  
2869 I don't know off the top of my head. OK. And do you know how far it is from?  
2870 A. Do you know where the pacc third Bone spring wells are?  
2871 Yes. Do you know how far?  
2872 This wolf camp east or most wolf camp well is from the third Paxy third Bone Spring.  
2873 I have it in my notes.  
2874 I don't remember off the top of my head, but it is closer to the third Bone Spring well.  
2875 And you're staggering. The third Bone spring in wolf camp. A right.  
2876 That's correct. As we've done in many other locations.  
2877 Is that because you expect degradation from the westernmost passkey? Third bones  
2878 being, well, we're staggering because we both think they are viable targets, but they are  
2879 both viable targets.  
2880 Yeah, it has nothing to do with proximity then the stagger, right.  
2881 I mean in part, yes.  
2882 So are you expecting some degradation from the westernmost PAC?  
2883 Well, not as much as we're expecting.  
2884 In the first bone and 2nd bone sand. If you look at the paxi results, you'll see the

2885 Western wolf camp is actually better than the eastern one on a be open foot  
2886 standpoint.  
2887 And that's closest to the parent, and so does that mean that child wells and parent  
2888 wells can actually benefit one from another?  
2889 I wouldn't necessarily say that there are potentially other geologic factors at play, but  
2890 you can't rule it out either.  
2891 I cannot rule it out.  
2892 On exhibit C11.  
2893 Umm.  
2894 OK, here you are showing Avant's first Bone Spring.  
2895 Development plan. Is that right?  
2896 Yes, that's correct.  
2897 And your contention is that this 5th Bone Spring well is going to lead to degradation.  
2898 The eastern most well, regardless of development, will in the first bone or second bone  
2899 sand likely be impacted by some sort of degradation.  
2900 And when you say regardless of development, do you mean that?  
2901 Could apply to Permian's Eastern most spicy chicken wells.  
2902 Yes, at different capital structure, but so you are acknowledging that those those  
2903 Permian spicy chicken wells will experience degradation.  
2904 It's possible, and do you anticipate that to be the same level of degradation 45%?  
2905 Potentially. Do you know how far your eastern most?  
2906 Spicy chicken, first Bone Spring well is and the westernmost.  
2907 Pasqui first bond, spring Wellness not out the top of my head.  
2908 So you didn't look at that one?  
2909 You created this chart.  
2910 I did.  
2911 Oh, but you just don't know off the top of your head.  
2912 There's a lot of numbers, can't remember everything, OK?  
2913 Question and I apologize for not knowing this, but what does EUR stand for?  
2914 Estimated ultimate recovery.  
2915 And so is that over the life?  
2916 Well, correct. And so aren't you showing here that? And so the base?  
2917 Well, which one is that on the graph?  
2918 Is that the orange? Well, these type curves aren't reflected on the graph because those  
2919 are the type curves I described earlier that are, as you stated, not including in the  
2920 exhibits, but are based.  
2921 Roughly on the Paxi performance.  
2922 At different lateral lengths, OK.

2923 So there's no correlation between this 442 EUR and the cube oil on the graph.  
2924 There's correlation. The cube oil on the graph is normalized at 10,000 feet.  
2925 The EUR's on the table are actuals.  
2926 So non normalized volumes and so are you saying the EUR for the Orange well is  
2927 already?  
2928 Or maybe it's the converse, is the cumulative for the orange well?  
2929 Already surpassing its EUR, that's not a fair comparison because one's normalized and  
2930 one's not.  
2931 OK.  
2932 So then compare, there's no way to make a compare.  
2933 Is there a way to compare the information in the chart versus the graph?  
2934 It would be easier to compare if I included my type curve slides in the exhibits.  
2935 And so you can see how I understand. Yeah, all right.  
2936 So you're not trying to say that the paxi parent in this example has already made more in  
2937 20 months than your chart says.  
2938 Well, it'll make in the lifetime of the well, that was a confusing question.  
2939 Can you restate it?  
2940 I sure can.  
2941 Is this the? Is the orange the paxi parent? The orange is the paxi parent.  
2942 And how much a normalized over 20 months has it made already?  
2943 Let's see. Twenty months, roughly 400,000 normalized barrels of oil.  
2944 And so you're but and you're not saying that that's there's an equivalency there between  
2945 the normalized 400,000 and the EUR of 442, not directly the type curves were based on  
2946 7 1/2 K wells.  
2947 So M's Bennett.  
2948 It's 1138.  
2949 Let's break until 115 hour and a half and is there anything else from the parties?  
2950 Nothing for me.  
2951 All right.  
2952 Thank you. Thank you.  
2953 More cross exams you have with this witness.  
2954 I have.  
2955 Well, I have only like 1 paragraph left on his direct.  
2956 And then I wanted to walk through his rebuttal slides, and I'm hoping that we'll take  
2957 maybe 1/2 an hour, maybe 45 minutes.  
2958 His rebuttal slides our numbers. What it was our numbers.  
2959 C.  
2960 12 through C 21 yes.

2961 All right.

2962 And Mr. Clements.

2963 Do you?

2964 You have a flight out today.

2965 What time?

2966 Oh good.

2967 OK, sounds good.

2968 Alright, so we'll be back on the record at 1:15.

2969 Thank you. Thank you.

2970

2971 **OCD Special Docket April 21, 2026-20260422\_175653UTC-Meeting Recording**

2972 April 22, 2026, 5:56PM

2973 3h 14m 45s

2974

2975 **Pecos Hall 1:14:59**

2976 **PH** All right, it's 1:11 PM Wednesday, April 22nd.

2977 We're back on the record.

2978 I highly recommend the parties use the next two hours very efficiently and effectively

2979 because I'm not sure when we'd be able to continue this hearing. We last left off with

2980 Miss Bennett conducting cross examination of Mr. Higginson. If you will resume the

2981 witness chair turn on the micro.

2982 Sir, I remind you you're Underoath.

2983 Miss Bennett.

2984 Good afternoon, Mr. Higginson.

2985 Hello. When we left off, we were talking about.

2986 The slides that you had prepared showing degradation, alleged degradation from Avon's

2987 extra first bond.

2988 Springwell. Do you remember that?

2989 Yes, and this is your slide.

2990 C11.

2991 Do you know?

2992 How far do you know?

2993 Are you familiar with the Pasqui 111 well?

2994 Yes. Is that a first bone spring? Well that is.

2995 And is are you familiar with Permian's proposed spicy chicken 114 well?

2996 I don't recall the numbers of every well, but I'm familiar with our general gun barrel.

2997 And so if I said to you that the 114 was the.

2998 First bone spring.

2999 Well, closest to paxi, you wouldn't have any reason to doubt me, OK? No, ma'am.  
3000 And do you know how far the one spicy chicken 114? Well is from the paxi 111.  
3001 Well, no, I believe you asked me that this morning and I cannot remember.  
3002 If I showed you the gun barrel, would that help you? Yes. OK.  
3003 I realize this isn't a slide that you prepared, but does it help you?  
3004 Will you list?  
3005 Will you please, for the record, tell him what you're showing him?  
3006 Yes, I'm showing him the gun barrel which is exhibit B-15 and Permian's B-15.  
3007 It's permian's B-15.  
3008 And it was prepared by Permian's geologist.  
3009 And what I'm asking is about the distance between the Pacc 111 well.  
3010 Which?  
3011 I'm circling right here.  
3012 Do you see that?  
3013 I do.  
3014 And the spicy chicken 114 which I'm trying to circle somewhat ineffectively. OK, based  
3015 on this gun barrel.  
3016 How far apart would you say this paxi 111 is to your proposed spicy chicken 1141320  
3017 feet?  
3018 And do you know?  
3019 Well, actually, let me go back to your exhibit.  
3020 OK.  
3021 I'm back on your exhibit C11.  
3022 And.  
3023 Your your testimony at the bottom is that you would anticipate a 45% EUR hit out of  
3024 1600 foot distances, is that correct?  
3025 Yes, potentially. And the your proposed spicy chicken 114 is only at 1320 off the PAX  
3026 key. Pax C 111, is that right?  
3027 Yeah, I believe it's a little bit further away than y'all's Eastern most first bone.  
3028 And.  
3029 I'm happy to pull up.  
3030 Avon's cunberyl.  
3031 But I looked at it last night and I'm happy to pull it up for you, but it's at 1320 as well. So  
3032 would you anticipate that you would experience the 45% EU degradation between your  
3033 PAX C111 and the spicy chicken 114 pot?  
3034 At P Rs cost structure.  
3035 What does that mean? That PRI do recall you saying that earlier today now and I had the  
3036 same question.

3037 What do you mean by P Rs cost structure?  
3038 Because the basis of any reservoir engineering.  
3039 Evaluation is primarily tied to economics, and so any volume has an economic result  
3040 and that's extremely important context in my opinion.  
3041 OK. And so even with that caveat though, you would acknowledge that your spicy  
3042 chicken wells are potentially susceptible to the same degradation factor that you're  
3043 pointing out with the avant. Well, first on spring well from an infill degradation  
3044 standpoint, yes, but less of a degradation standpoint from a  
3045 Density degradation standpoint less of a degradation number from a density  
3046 standpoint, given we're at 4 wells per section.  
3047 I wanted to walk through your rebuttal exhibits now.  
3048 OK, I'm on your exhibit. Your rebuttal exhibit C1 or. I'm sorry, it's C-12.  
3049 Do you see that? Yes, ma'am.  
3050 On the side here, you've said that.  
3051 What I think you're getting at here is that avant is stranding second bone Spring Shale  
3052 acreage worth 7 million.  
3053 Is that what you're getting at?  
3054 Yes. And that's because Avonte isn't drilling second Bone Spring shale in section 23.  
3055 Is that what you're getting at there, correct.  
3056 And were you here yesterday when Mr. Kelly and Mr. Harper testified that Avon could go  
3057 back in and?  
3058 Drill the second one, Springhill.  
3059 Yes, which actually coincides with your prior comment on appetite of the second one,  
3060 shale.  
3061 So if there was significant appetite, you agree that avant, there's no nothing that would  
3062 keep avant from drilling the second bone spur. They might want to evaluate it  
3063 economically.  
3064 That might change their appetite, given it might be degraded from the first bones if they  
3065 come back later.  
3066 OK, I understand what you're saying, but from.  
3067 A purely reservoir engineering perspective.  
3068 That is reservoir engineering perspective.  
3069 And but if if a bond did come back in and decided to and and by coming back in, I mean  
3070 they would be developing, I think at the same time not parent and child or whatever, the  
3071 correct terminology is.  
3072 Would that eliminate the stranding concern that you've raised on the side?  
3073 I'm not sure the land aspects that would potentially prohibit that.  
3074 I believe Mark had some comments on that potentially during his testimony.

3075 On ability to develop the 2nd Bone shale into the KOTERA acreage.  
3076 And he did have some comments on that and that and I apologize.  
3077 That's not what I'm asking about.  
3078 I was just saying if if Ivan were to Co develop the first Bone Spring and 2nd Bone Spring  
3079 Shale, would that ameliorate your concerns here about stranding the second Bone  
3080 Spring shale?  
3081 Once again, it ties back to economics because their first bone is at higher density and  
3082 so the total.  
3083 Drainage of the two in combination would be.  
3084 Different than the spicy chicken for PR.  
3085 And I understand that it might be more nuanced than.  
3086 The simple question I'm asking, but it would no longer be stranded.  
3087 Is that right?  
3088 If there were wells in the acreage, it would not be stranded, OK.  
3089 And.  
3090 As you show on this slide or this is actually an Avon slide that you've superimposed  
3091 some additional information on and on this slide.  
3092 It shows that Permian is in drilling.  
3093 It doesn't currently have any Avalon Wells proposed.  
3094 Is that or in any application? Do you see that?  
3095 I believe we've discussed this.  
3096 We have.  
3097 I do see that OK.  
3098 We haven't had a chance to discuss this particular exhibit, so I'm just trying to get the  
3099 context for this exhibit fair enough.  
3100 And the same thing with the Wolfcamp lower.  
3101 Objection. This is duplicative and unnecessary.  
3102 He's been cross examined.  
3103 Numerous times on the fact that Permian Resources isn't drilling Avalon Wells.  
3104 They're not drilling the lower wolf Pam and their initial development.  
3105 They're gonna do it as an infill at a later date.  
3106 I don't think we need this cumulative testimony, Miss Bennett.  
3107 Is there something additional you're trying to get to?  
3108 Because if there is again time is of the essence and I prefer not to go back over the  
3109 same ground that we've already gone over, what is the additional information?  
3110 The additional information is that he, Mr. Higginson, did not include the same.  
3111 Calculation for the second Bone Spring sale as he did for the Avalon and the Wolf camp  
3112 and without sort of laying the foundation for that, I felt like I needed to address the slide.





3113 But I'm happy to just move forward with my question.  
3114 Perfect. Great.  
3115 Thank you, Mr. Higginson, you did not prepare the same calculation for the Avalon, did  
3116 you? Same in what way?  
3117 You did not prepare.  
3118 A acreage worth in PB 10 for the Avalon with Permian Resources not developing the  
3119 Avalon.  
3120 On this slide, I'm specifically tying to 2nd mode shale.  
3121 I'm not talking about any other benches.  
3122 Thank you.  
3123 That's my I think that answers my question on that one.  
3124 On C-14, I'm sure I'm going to get an objection to this one too, but on C-14 you've  
3125 included the net present value for.  
3126 The is this for the second bone shale.  
3127 Is this C-14?  
3128 Is this not the second page of C13?  
3129 This is C 14 year rebuttal. C14 OK.  
3130 Sorry I didn't see the bottom.  
3131 Can you repeat the question?  
3132 Is this not present value a calculation of the loss you're attributing attributing to the  
3133 second bone shale?  
3134 There's no net present value number on this slide.  
3135 That's just the general equation to highlight the theory.  
3136 Thank you.  
3137 Is this related to the second bone springshell?  
3138 This is related to any bench.  
3139 That's drilled at any time.  
3140 And so this would be equally applicable to the delay in drilling the Avalon that Permian  
3141 is proposing as described earlier, negative cash flows would potentially improve with  
3142 more of a delay.  
3143 So I think we've touched on that, if I remember correctly.  
3144 We did.  
3145 And we touched on it generally, but not with with respect to this particular slide, OK.  
3146 So what is the specific question then?  
3147 This NPV calculation that you've identified on this slide is equally applicable to  
3148 permian's delayed production of the Avalon, right. It is equally applicable to every well.  
3149 In every bench ever developed? Yep.  
3150 Yep.

3151 On this slide, this is slide C-15.  
3152 Are you seeing the slide?  
3153 I am.  
3154 What a lot.  
3155 Slide where you were butting with this slide.  
3156 I do not recall.  
3157 Oh, actually, I do recall it was the efficiency slide claiming if I remember correctly,  
3158 claiming a bunch of efficiencies from recent operations.  
3159 Where they don't one mile operations correct and but you didn't identify anywhere on  
3160 the slide?  
3161 Which I won't lie.  
3162 You're rebutting, right?  
3163 I mentioned word efficiency.  
3164 That's on that slide multiple times.  
3165 Let's see.  
3166 Is there any backup data that you provided to support this chart?  
3167 The chart on the left.  
3168 Yeah, that is all publicly accessible data through embarrass, but there's no table  
3169 showing the data values, but that can be shared if needed.  
3170 And how about the DNC total per foot in millions of dollars?  
3171 Where did you calculate that from?  
3172 AFS tied to the, I believe C7 ECON tables.  
3173 What is the C?  
3174 7 econ Table C7 is one of the exhibits OK and so this will need to be updated to reflect  
3175 the.  
3176 C7 and Avant rebuttal C5 yes, and the numbers in the differential rose will still be vastly  
3177 improved.  
3178 On this one, I was surprised by this slide.  
3179 This is your slide C-16.  
3180 On this one.  
3181 You identify here CapEx for Avalon Wells?  
3182 Did you provide any Afes for Avalon Wells in this hearing that is extrapolated based on  
3183 the relative difference in costs across the remaining A F ES?  
3184 So you haven't prepared any AFS for the Avalon Wells that is the basis for this number  
3185 that would not be appropriate at this time given we are not drilling any Avalon wells in  
3186 our first occupation.  
3187 And that would be the same answer for the Wolfcamp deep that, that's an  
3188 extrapolation, correct?

3189 There's also very little data in the area to create a type group off of.  
3190 And with this slide also need to be updated to reflect the.  
3191 Amount rebuttal exhibit C5 correct, but once again, CapEx for PR would be much lower.  
3192 And turning to your rebuttal, exhibit C-17.  
3193 This rebuttal exhibit is designed to show, in my opinion, and correct me if I'm wrong,  
3194 that H2S solutions are expensive.  
3195 Is that a fair summary of this side?  
3196 It's meant to highlight the risk associated with developing H2 wells with high H2S,  
3197 specifically the Avalon in this area.  
3198 And so I know that.  
3199 You say on this on this exact slide that.  
3200 Their economics tied to the CapEx.  
3201 Quickly diminish with elevated H2S.  
3202 Do you see that? That's correct. Due to high associated treatment expenses.  
3203 Yes, that's correct.  
3204 And so if Avant doesn't have treatment expenses, would your assumptions in this slide  
3205 be wrong?  
3206 If that were the case, yes.  
3207 But currently, Avant has no sour take away. As you guys have noted multiple times.  
3208 I I don't think that's a fair statement of Avant's testimony, but be that as it may.  
3209 At what point has have you determined at what point?  
3210 Avalon Wells become economic for Permian.  
3211 No, because we don't have a type career for the Avalon.  
3212 Like I stated before, there's very limited data and my type curve slide for the Avalon is in  
3213 one of these exhibits. If we need to discuss as well, but it is tied to the Sandra gene as  
3214 highlighted in one of Avon's prior slides as being a repe.  
3215 Target.  
3216 As well as spacing methodology previously used by as well for other benches.  
3217 And.  
3218 So you can't sitting here right now.  
3219 You can't say at what point that Avalon would be too expensive to drill.  
3220 Can you rephrase the question?  
3221 Your this chart.  
3222 I understand you're saying that H2S makes the avant Avalon wells uneconomic.  
3223 That's what this chart says.  
3224 There's a little bit more nuance to that based on the details in the slide. For example,  
3225 using avant's CapEx and also type curves, which may or may not be accurate based on  
3226 the methodology that I pulled from Avon's earlier slides.

3227 So your own type curves may not be accurate.  
3228 Is that what you just said?  
3229 Yes, I suspect they might be.  
3230 The volumes might be significantly lower than this.  
3231 And the economics that are used to create this slide were based on the prior AFS. That  
3232 is correct.  
3233 And this this is your rebuttal, exhibit C18.  
3234 And on the slide you're showing P110, ry.  
3235 And.  
3236 What? I'm sorry not to understand this slide, but I my take away is that you don't believe  
3237 that P110 ry is sufficient casing for this level of H2. SI believe that it is potentially risky to  
3238 use.  
3239 A essentially what is commonly.  
3240 Used in other benches in a highly corrosive well and have you looked to see what the  
3241 operators around spicy chicken who are drilling Avalon wells in this H2S atmosphere  
3242 are using for their casing.  
3243 I'm not sure if any of those wells are online.  
3244 So you don't know that Matador is using P110 four miles away?  
3245 That doesn't mean it's the right decision.  
3246 I understand that, but I'm just asking if you know the answer to the question.  
3247 I do not know the casing for every well in the region, so you didn't look into that before  
3248 you prepared your testimony.  
3249 I've not looked at every piece of data for everyone in the region.  
3250 I'm and I'm definitely not specifically that either.  
3251 It's quite.  
3252 This is gonna waste time if she asks question and he doesn't answer, we're gonna be  
3253 going back and forth.  
3254 So we would please instruct your witness to answer the question that's asked, even if  
3255 he feels it. It's a redundant question or an irrelevant question unless you make an  
3256 objection, he should answer the question just directly. And I mean, is he still allowed to  
3257 ask for her to?  
3258 Rephrase the question. If he doesn't understand the question, you can say I don't  
3259 understand the question, OK?  
3260 And I think some, I mean some of them aren't.  
3261 Yes or no answers so.  
3262 Oh, I agree, but I completely agree.  
3263 But try your try your best to answer, as Miss Bennett asks.  
3264 Apologies, this is my first time doing this, so ah yes I wanna it will help you to know that

3265 the more that the fact finders.  
3266 You don't.  
3267 Need to know who the fact finders are.  
3268 But it's your credibility is very important during this process. If you come across as  
3269 argumentative or or seeming to duck the questions or avoid the questions, you're it's  
3270 going to damage your credibility.  
3271 So I had a feeling this was your first one, but try to hear what the question is and answer  
3272 it honestly fully.  
3273 But if you don't answer the if you don't understand the question, just say you don't  
3274 understand.  
3275 Yes, Sir.  
3276 Thank you. Thank you.  
3277 What was the question then?  
3278 My question was whether he was aware that Matador is using P110 four miles away.  
3279 No. Are you aware of that EOG is using P110 one mile to the northeast?  
3280 Others well as drilled permitted with P110.  
3281 So that could be any bench.  
3282 Are you aware?  
3283 So you're not aware that they're using P110 for the Avalon one mile away?  
3284 I'm not.  
3285 No, I was not aware of the P110 for a permit.  
3286 Are you aware that Civitas is using P110 for the Avalon, just north of spicy chicken? The  
3287 the duct well.  
3288 That's one mile away or directly north directly north.  
3289 Yes, I was not aware of that.  
3290 Were you here?  
3291 Were you here yesterday when Mr. Harper?  
3292 I'm sorry, Mr. Kelly explained that he thought that you're 17.  
3293 Number here might have been based on a misunderstanding of his side.  
3294 I was here yesterday and I heard that comment.  
3295 And do you agree that it's based on a misunderstanding, or do you feel like it's an  
3296 accurate representation of his? I believe he described the sorry to overlap. I believe he  
3297 described the that 17% spacing degradation hit for a change.  
3298 In five to six wells per section.  
3299 In this case, Avant would be going from one to five wells per section.  
3300 So realistically, that degradation number should be much higher.  
3301 This is a slide that you prepared about the Anakin.  
3302 Will that was pioneered after.

3303 A short period of three years.  
3304 And when you were discussing this?  
3305 Well, sorry, this is terrible.  
3306 When you were discussing the causes for this, well, I believe you said that you thought  
3307 it was fairly nuanced or that there could be a number of circumstances that related to  
3308 the need to plug and abandon this.  
3309 Well, yes, based on the timing from initial pop to plugging.  
3310 So you can't say with certainty that it was because of the 110 casing.  
3311 No, there may have been multiple factors though.  
3312 Did you know whether?  
3313 And this is.  
3314 I'm honestly just asking you whether you know this.  
3315 Do you know if XTO had sour gas gathering in place for the Anakin?  
3316 Well, I'm not Privy to their information in that regard.  
3317 Is that information that's publicly available or is that information that you would have to  
3318 be part of XTO to know?  
3319 I'm not sure. OK.  
3320 I think I might be done, but I'd like to just double check.  
3321 Thank you very much Mr. Higginson.  
3322 Thank you, ma'am. Mr. McClure.  
3323  
3324  **McClure, Dean, EMNRD** 1:38:51  
3325 Thank you, Mr. Hurry. Examiner, Mr. hageron.  
3326 Let's see.  
3327 I can draw your attention to your exhibit C-2.  
3328 I have it as page.  
3329 44 of 123.  
3330  
3331  **Pecos Hall** 1:39:35  
3332 Mr. McClure, would you like us to share that?  
3333 Is this the exhibit C2?  
3334  
3335  **McClure, Dean, EMNRD** 1:39:45  
3336 Yes, that's correct.  
3337 Yes. And if you could share, that would probably be easiest.  
3338  
3339  **Pecos Hall** 1:39:49  
3340 Thank. Perfect.

3341

3342  **McClure, Dean, EMNRD** 1:39:50

3343 Yes, ma'am.

3344

3345  **Pecos Hall** 1:39:51

3346 Will do.

3347 I can see it, Mr. McClure.

3348

3349  **McClure, Dean, EMNRD** 1:39:55

3350 On your. Oh, let me ask this question real fast, I thought.

3351 That I had asked Mr. Haddock, but maybe not.

3352 Is it accurate to say that Permian is requesting to force pool the OR requesting the

3353 division to force pool the Avalon along with the first Bone Spring?

3354

3355  **Pecos Hall** 1:40:27

3356 I don't know that information personally.

3357

3358  **McClure, Dean, EMNRD** 1:40:35

3359 Would Mr. Haddock know that information?

3360

3361  **Pecos Hall** 1:40:38

3362 Most likely.

3363

3364  **McClure, Dean, EMNRD** 1:40:40

3365 And I don't recall if I asked him this.

3366 Mr. Herring, examiner, would it be fine to go ahead and recall him real fast before I

3367 continue questioning this expert witness?

3368

3369  **Pecos Hall** 1:40:53

3370 Is there an objection?

3371 No. If it's helpful to the division, we're happy.

3372 Is there any objection?

3373 Not at all.

3374 Thank you, Mr. Hillis, will you let Mr. Haddock retake the stand?

3375 Mr. Haddock, I remind you, you're Underoath.

3376 Yes, you're right ahead, Mr. McClure.

3377

3378  **McClure, Dean, EMNRD** 1:41:14

3379 Mr. Haddock, is it accurate that Permian is requesting the division to force pull the  
3380 Avalon and 1st Bone Spring?

3381

3382 **PH Pecos Hall 1:41:25**

3383 Yes, Sir.

3384 We're we're pulling the full extent of the Bone Spring from the.

3385 From the top of the Bone Spring to the base of Bones Spring.

3386 It's in several different cases due the depth ownership, but yes, we're pulling the full  
3387 extent.

3388

3389  **McClure, Dean, EMNRD 1:41:41**

3390 OK. Thank thank you. Mr. Haddock, I I don't have any further questions for Mr. Haddock  
3391 at the moment, Mr. Hingham.

3392

3393 **PH Pecos Hall 1:41:46**

3394 Mr. Haddock before, before you go, hold on.

3395 He's your witness, Miss McLean.

3396 Was there any follow up to that?

3397 No follow up.

3398 Thank you, Mr. Hadding.

3399 OK, Mr. McClure.

3400 We have Mr. Hellosen back.

3401

3402  **McClure, Dean, EMNRD 1:42:08**

3403 Thank you, Mr. Examiner, Mr. Higdon.

3404 Do you see your depiction on the right hand side there of this exhibit C2?

3405

3406 **PH Pecos Hall 1:42:20**

3407 Yes, Sir, I do.

3408

3409  **McClure, Dean, EMNRD 1:42:22**

3410 Would you agree that red box that you have highlighted there?

3411 Would you agree that it'd be more appropriate to have that include the Avalon as well?

3412

3413 **PH Pecos Hall 1:42:34**

3414 That was only meant to highlight the wells within our application.

3415

3416  **McClure, Dean, EMNRD 1:42:42**

3417 I see.

3418 And looking down, I guess at the first note down there, I see where you say application  
3419 wells, is that what you're referring to then?

3420

3421 **Pecos Hall 1:42:49**

3422  Yes, Sir.

3423


3424  **McClure, Dean, EMNRD 1:42:50**

3425 OK.

3426 So then the reason you drew your red box as you did, is it accurate to say that reason is  
3427 because you're showing 4 Avalon Wells which are not included in the cases?

3428

3429 **Pecos Hall 1:43:02**

3430  Yes, Sir. I wanted to make sure that was a distinct difference in targeting per well set.

3431

3432  **McClure, Dean, EMNRD 1:43:10**

3433 OK. With that in mind, then I I I am in agreement I guess with the way you have this

3434 depicted here in regards to that red box. But on this same table, are you in agreement  
3435 that?

3436 Your labeling of formations needs to be corrected.

3437

3438 **Pecos Hall 1:43:30**

3439  Yes, Sir.

3440


3441  **McClure, Dean, EMNRD 1:43:32**

3442 OK.

3443 So if I were to ask for that to be corrected, then you understand what I'm asking for  
3444 specifically in regards to the Wolfcamp, I guess.

3445

3446 **Pecos Hall 1:43:40**

3447  Yes, Sir, we can do that.

3448

3449  **McClure, Dean, EMNRD 1:43:41**

3450 OK.

3451 Mr. haggerson.

3452 Come on your.

3453 Cost Breakout page 55 of 123 this is your exhibit C-7.

3454

3455  **Pecos Hall** 1:44:11

3456 Yes, Sir, I see it.

3457

3458  **McClure, Dean, EMNRD** 1:44:13

3459 OK.

3460 You were understanding our earlier conversation about removing Avon's wealth from

3461 this exhibit, correct?

3462

3463  **Pecos Hall** 1:44:21

3464 Yes, Sir.

3465

3466  **McClure, Dean, EMNRD** 1:44:22

3467 OK. In addition to that, there's a third note at the kind of at the bottom of the page there

3468 that references operators distribute it, proposal AFES.

3469 Do you see what I'm referring to?

3470

3471  **Pecos Hall** 1:44:34

3472 Yes, Sir, I do.

3473

3474  **McClure, Dean, EMNRD** 1:44:37

3475 I don't recall if this was brought up in an earlier discussion, but would you be in

3476 agreement that it would be most appropriate? I guess for that note to also be removed?

3477

3478  **Pecos Hall** 1:44:47

3479 Yes, Sir. I can either do that or just change the wording.

3480 Whatever your preference is.

3481

3482  **McClure, Dean, EMNRD** 1:44:52

3483 I mean, I guess I don't have a preference other than.

3484 To make the statement accurate, what would you propose to change it to? If you're not  
3485 going?

3486 If, if you're more amenable to doing edit rather removal.

3487

3488  **Pecos Hall** 1:45:11

3489 I think given the timing of AFE redistribution, I can just remove it at this time.

3490

3491  **McClure, Dean, EMNRD** 1:45:17

3492 OK.  
3493 Thank you, Mr. Heggerson.  
3494 Mr. herring examiner.  
3495 I don't believe I have any further questions for this expert witness.  
3496  
3497 **PH** **Pecos Hall** 1:45:53  
3498 Chris McLean, thank you. Mr. McClure, Ms. McLean, any redirect?  
3499 I have my.  
3500 Yes, I just have one question.  
3501 Looking at Yvonne's rebuttal exhibit C5.  
3502 It's your understanding that this has Evan's most recent AFE calculations correct.  
3503 I believe so.  
3504 And looking at this Permian resources still has lower costs than avant.  
3505 Is that correct?  
3506 That is correct.  
3507 No more questions.  
3508 Thank you.  
3509 Any any cross on that one question?  
3510 No, thank you. OK, may this witness be excused? Thank you.  
3511 Thank you, Mr. Skip. The name, right once, Higgins.  
3512 Thank you.  
3513 Lots of variations on the really was like I heard last week.  
3514 Yes, premium resources calls Davro Clements please. And I believe there is one  
3515 rebuttal at exhibit that this witness has submitted that is objected to at this point.  
3516 So I'm just letting you know that I'm keeping track.  
3517 Yes, exhibit D10.  
3518 That's right.  
3519 Hello. Good afternoon.  
3520 Hello can you please state your name for the record? Davro Clements aunt Davro  
3521 Clements?  
3522 Do you want to spell that just?  
3523 DAVROCLEMENTS great and by whom are you employed and in what capacity?  
3524 Permian Resources is a facilities engineer and have you provided direct testimony and  
3525 exhibits. In this case I have.  
3526 And have those documents been marked as exhibit D and sub exhibit?  
3527 D1 through D 9 yes.  
3528 And do you what you've submitted?  
3529 True and correct, yes.

3530 And do you adopt that testimony exhibits today? I do.

3531 Does permission resources have midstream services in place?

3532 Yes, we do.

3533 And can you tell me what those are?

3534 Yes, we have oil, gas and water gathering dedicated to midstream companies.

3535 For oil, it's Salt Creek.

3536 For gases trace and for water is select and those individual midstream companies are

3537 connected to the PAC E development.

3538 And so are the. As a consequence of the Paxi development to the east are those

3539 services in place and can they be up and running for spicy chicken? Yes.

3540 How does operating wells in this vicinity mean with that offset paxi spacing unit help?

3541 The efficiency of producing the underlying reserves in the spicy chicken unit?

3542 Yeah. So we have two existing facilities over in the PAXI unit.

3543 One was built in 2023.

3544 One was built later in 20.

3545 24 the 2024 facility is a PR standard.

3546 It has all the best facility designs and operational procedures worked into the design

3547 process, so that coupled with the midstream take away, we also have a microgrid there

3548 which is able to distribute power to the PAC development as well as plans to distribute

3549 that same power over to.

3550 The spicy chicken developments. And then we also have H2S treatment there.

3551 Set up for gas treatment.

3552 So all those things put together allow us to quickly move on the spicy chicken

3553 development utilizing those set assets.

3554 And then to confirm you have Power Distribution systems in place that can generate

3555 power for spicy chicken. That's correct.

3556 Utility power in New Mexico is challenging to to get, so companies are now focused on

3557 generating their own power through micro grids.

3558 So we have that at the paxe E development and that is able to generate power not only

3559 for that CTB and artificial lift.

3560 Systems but also.

3561 So the spicy chicken CTV and artificial lift systems there. Have you seen anything from

3562 avant about them having their own Power Distribution system?

3563 I have not.

3564 How long would it take to get something like that in place?

3565 The biggest challenge for a micro grid is getting the overhead electric power line right

3566 away, so achieving an easement, especially among federal lands, could take 9 to 12

3567 months just to get the overhead electric right away.

3568 Umm.

3569 Can you tell me a little bit more about the existing Permian resources facilities that they  
3570 have in the adjoining unit?

3571 Maybe like CTB facilities, that sort of thing.

3572 Sure. Yeah. I'll focus on the 2024 PAC Cec's TB. Since Permian Resources built that,  
3573 that facility consists of 40 oz. Storage tanks were best in class. You know, storage tanks  
3574 have grown from 8 oz to 16 now 14, so that 14 oz.

3575 Production storage tank allows for better emissions control, better vapor recovery there  
3576 as well. We have vapor recovery tower and then vapor recovery units to increase the  
3577 potential emissions.

3578 You know that those are captured in the production storage tanks.

3579 We also have, as mentioned, water gathering set up and then gas gathering and gas  
3580 treatment.

3581 And does avant have any of these production handling facilities or infrastructure near  
3582 the spicy?

3583 Chicken spacing unit.

3584 Not that I'm aware of.

3585 Are there any areas specific challenges that you believe Permian Resources is better  
3586 prepared to handle?

3587 At this day and time, midstream gathering, since we do have it connected to the existing  
3588 facilities, which we can also use for the spicy chicken. And then just an understanding  
3589 of H2S in the area, PAX East does have first bone wells with H2S at.

3590 About 1100 parts per million and were able to effectively treat that at a lower cost.  
3591 Than what sourgass take away would be in the area?

3592 And why? You know, why are those challenges on the facility side of things?

3593 The biggest, I mean the two biggest challenges are are time, you know, getting a  
3594 contract in place with a midstream company is a process in itself.

3595 But once that's approved, then that midstream companies is to start building their  
3596 facilities, their compressor stations, and then they also need to acquire.

3597 Right away.

3598 And again, you know, with federal lands and state lands, you know the the right of way  
3599 process can take at minimum nine months in some cases 12 to 16 months.

3600 So that's the timing component of. It is a big challenge. And then just the the H2S  
3601 component and and CO2 in the area which we understand.

3602 There's the midstream companies have certain specs that you have to meet.

3603 So we've talked a lot about gas take away.

3604 And you know, having the option to have sourgass pipelines or having treatment  
3605 options, one thing that hasn't been mentioned today is oil treatment.

3606 So in the oil phase, there's going to be entrained gas and that gas has H<sub>2</sub>S in it.  
3607 There's not a midstream company, oil midstream company out there that's going to  
3608 accept.  
3609 Oil with that type of spec. With that H<sub>2</sub>S in it.  
3610 So you have to treat that which, if you're not prepared to do so, can cost you a lot on  
3611 chemical treatment costs.  
3612 Whereas we've developed a mechanical process through the use of what we call  
3613 contact tower and is that a permanent resources developed?  
3614 There's different operators that have used it, largely in Canada, some in North Dakota,  
3615 but we've we believe we've pioneered and optimized it here in the Permian.  
3616 So with that H<sub>2</sub>S treatment method.  
3617 Do you have to rely on midstream companies take away?  
3618 For sourgass.  
3619 So I was referring to the oil.  
3620 You know, we so with that being said, we manage it ourselves with with gas treatment  
3621 that we have at the PAC.  
3622 No, we we can treat that ourselves and get it into a sweet gas gathering pipeline.  
3623 And as I mentioned, today we're able to do that cheaper than what sour gas gathering  
3624 would be.  
3625 And for the H<sub>2</sub>S and the oil phase, which is not something that Evanth has addressed,  
3626 Permian Resources would be up and running to handle that.  
3627 At spicy chicken? That's right.  
3628 Have you reviewed the exhibits submitted by Avantz engineer?  
3629 I have.  
3630 And what is your understanding of von's position in these cases? From the facility's  
3631 perspective?  
3632 Listening to testimony and looking at the exhibits, my understanding is they are close to  
3633 having contracts in place for crude and gas gathering and are pursuing other gas  
3634 gathering connections.  
3635 But nothing is firm and then as well this do not have any existing facilities in the area.  
3636 And have you provided a rebuttal exhibit which has been marked as exhibit D10?  
3637 Yes, and I know this is objected too.  
3638 So do we want to handle that? Now would be a great time, OK.  
3639 I don't know what the objection is.  
3640 I'm not objecting.  
3641 I believe I withdraw.  
3642 I objection has been withdrawn, so let me acknowledge.  
3643 The exhibit is admitted into evidence that means that all of Permian exhibits some need

3644 to be revised, but all of permian's exhibits have been admitted into evidence.  
3645 Do you concur MC clean?  
3646 Yeah, I believe that's true at this point.  
3647 Yes, M's Bennett. Do you agree with that statement? I do.  
3648 OK, good.  
3649 And then just to be just to be clear.  
3650 All.  
3651 All of Avon's exhibits have been admitted as well.  
3652 Correct. Do you agree with that?  
3653 You do.  
3654 And you agree with that?  
3655 I do think, OK, fantastic.  
3656 And the court reporter got that too. Oh, yeah. OK.  
3657 Good. Go ahead. OK.  
3658 Thank you.  
3659 OK, put it there. OK, so.  
3660 Can you please explain what's shown on your exhibit D10 and there's two pages of that  
3661 exhibit.  
3662 Yeah. So on this slide here, I'm showing avonce exhibit C5 on the bottom left.  
3663 Which addresses surface impact?  
3664 A comparison between P Rs plan, Permian Resources and Avonce.  
3665 And it was initially shown that Permian Resources would impact about 32 acres of  
3666 surface and a blunt would impact 17.9.  
3667 But they are referencing the original development plan that was on site by Earth Stone  
3668 in August in 20 of 2023 Earth stone had some different development plans at the time,  
3669 so they were looking to.  
3670 Utilize more space than what PR is today.  
3671 And another big important part of the onsite process with the BLM is they want you to go  
3672 out there and map out the the maximum impact of surface.  
3673 So you don't.  
3674 You don't need to come back and do additional surveys after the fact to to ask for more  
3675 land.  
3676 So you know we, we followed the BLM's recommendation and on site kind of guidance  
3677 to.  
3678 You know, create the the largest surface impact possible.  
3679 And that provides flexibility, but then as it comes into P Rs ownership and we take a  
3680 look at it, our goal is to reduce service impact.  
3681 Obviously that's great for all stakeholders, but it also has an economic impact as well.

3682 So as we're able to reduce footprints and consolidate wells on the two paths, we're able  
3683 to save money on the pad costs and save money on flow lines.  
3684 Let's go to the second page of D10.  
3685 Can you tell me what that?  
3686 Shows just very slow. OK.  
3687 Yeah. So these are the said to, well, Paas that were were planning to put the full  
3688 development on the West and the east.  
3689 You can see that the West pad has, I think believe it's 16 surface hole locations and  
3690 then the East pad has 14.  
3691 I believe I believe those numbers might be wrong, but I have them written down  
3692 somewhere.  
3693 I believe it's a total of 29 service hold occasions across these two paths, so this is goes  
3694 to show that we are actively pursuing this option.  
3695 And what will Permian Resources total servicing tech be not including flow lines?  
3696 Can you go back to exhibits?  
3697 Yeah, might take a second. That's OK.  
3698 So with outflow lines, we are looking at 17 point acres.  
3699 Of service impact versus upon 17.9.  
3700 So there's really no material difference in service to services here, that's correct.  
3701 And.  
3702 Let's look at Mr. Harper's testimony at paragraph 15.  
3703 Oh there.  
3704 Oh wait, no, not Mr. Kelly.  
3705 Sorry, sorry I can't.  
3706 I can't answer that.  
3707 You don't want to answer about stratigraphic cross sections.  
3708 I guess his rebuttal testimony so.  
3709 Exhibit at paragraph 15.  
3710 Yeah.  
3711 Did this very late at night.  
3712 I might have put the wrong. Is it the exhibit or is it gonna be the testimony? I think it's.  
3713 Let me just ask you, did you hear Mr. Kelly's testimony yesterday that?  
3714 There would have.  
3715 There may have been additional on sites required by BLM for the change in Permian  
3716 Resources surface plan.  
3717 I heard them brought that up as a concern.  
3718 And that was because it was a much smaller surface disturbance.  
3719 Than what was initially proposed? Yes, I think smaller and different from what they

3720 initially saw.

3721 It is Mr. Harper's event that's worried about.

3722 OK, rebuttal paragraph 15 of Mr.

3723 Harper, we're gonna show you that.

3724 So we got the right language here, OK?

3725 Here, Mr. Herbert says that avant was not notified of any changes or additional BLM

3726 onsites that included a different Service plan than what was emailed in October 2025.

3727 In my experience, when an operator proposes changes to service facilities of this

3728 magnitude, a second on site with BLM may be required.

3729 An avant would have been entitled to notice of the onsite.

3730 Do you agree with what he's stated there?

3731 No.

3732 Would those changes and your experience trigger a second onsite with BLM?

3733 The fact that we are making changes within the confines of the approved boundaries by

3734 the onsite, the answer is no. Why not?

3735 I guess as I just mentioned, so when you you go to the on site it you want to be the the

3736 biggest?

3737 Impact possible. You wanna? You wanna talk about that with the BLM? Agree to what

3738 your services services gonna be. And then when you look to downsize within those

3739 approved boundaries at that point in time, you don't need to provide a notification to

3740 the BLM or to other Oper.

3741 If we were going to change the development plan, adding new flow lines or extending

3742 paths moving pads at that point in time, I agree that we would have to notify the BLM, do

3743 another on site, notify their operators.

3744 But again, the fact that we are working in the confines of approved boundaries and

3745 downsizing, we don't need to make those notifications.

3746 And based on your review of Avon's exhibits and listening to their testimony yesterday,

3747 did you hear any discussion of whether Avant has midstream service contracts

3748 currently in place?

3749 Not currently.

3750 And Ivan doesn't have any discussion of existing facilities in the area.

3751 No, and what does that tell you?

3752 It tells me that they're not prepared to develop this spicy chicken today.

3753 And based on your experience, how long might it be before Yvonne is actually able to

3754 utilize midstream services in this location? From my experience, the, the contractual

3755 piece of it can take some time.

3756 There's potentially some hiccups on how that goes and when and when that finally gets

3757 inked. At that point in time, you kick off construction processes and right away

3758 acquisition processes.  
3759 Surveys etc.  
3760 Best case, minimum nine months, but more typically 12 to 16 months.  
3761 In, in your opinion, does permanent resources have a superior facility plan?  
3762 Yes. Can you please summarize the reasons for that?  
3763 We have an existing facility and facilities in the area.  
3764 We have existing infrastructure, existing micro grid and Power Distribution as well as an  
3765 existing H<sub>2</sub>S treatment setup.  
3766 Equipments that's able to effectively treat the H<sub>2</sub>S that we have now and that we're  
3767 planning for for this initial spicy chicken development and will permanent resources be  
3768 ready to begin producing in it much more timely and efficient manner than Ivan.  
3769 Yes, thank you.  
3770 Have no further questions.  
3771 Thanks, Bennett.  
3772 Good afternoon.  
3773 Hi. Hi. And as you've heard me say to everybody else, just let me know if you.  
3774 Can't hear me, sure.  
3775 Or if I need to repeat something, my voice is definitely potentially degrading during the  
3776 day, yeah.  
3777 I wanted to.  
3778 Just talk about a few things that you just testified about.  
3779 A moment ago, you testified that.  
3780 The Pak C facilities are appropriate or are planned for the initial spicy chicken  
3781 development.  
3782 Do you remember saying that a moment ago? Yes, and so.  
3783 Is that when you talked about the H<sub>2</sub>S treatment plant that you have at paxi?  
3784 Is that capable of handling the H<sub>2</sub>S that could be generated by Avalon Development?  
3785 Avalon. No. OK.  
3786 So it's limited to 1st Bone Spring development, first and second, yeah.  
3787 What would Permian have to do in order to be prepared to take Avalon H<sub>2</sub>S? We would  
3788 want to have sour gas gathering.  
3789 So, in your opinion, sour gas gathering is the way to go for Avalon.  
3790 H<sub>2</sub>S for Avalon, yes. And although I know we disagree about the certainty of what Avant  
3791 testified to yesterday, they did testify that they are working on getting sour gas take  
3792 away right.  
3793 Yes, we are as well.  
3794 How long do you anticipate that will take you to get?  
3795 We are working traces who are working with and connected to. They are actively

3796 working on their permit.  
3797 They're working on their Apds and plan to have those submitted by the end of the  
3798 month.  
3799 So I I think you know 12 to 16 months we would have that online.  
3800 And so would it.  
3801 Is it fair to say that it would take you at least 12 to 16 months to be able to produce the  
3802 Avalon?  
3803 I think that's fair.  
3804 And how much? So you're not planning on upgrading?  
3805 The Pax CH2S treatment plant to handle the Avalon H2S.  
3806 So we have like 2 development strategies which I include in exhibits, I believe D1 or D2.  
3807 So we have the existing Pax C facility that we can bring this first phase of wells into with  
3808 the concentration expected from the first bone. That facility is well equipped to handle  
3809 it. If the reservoir team and the rest of the team decides.  
3810 The Avalon is a viable target at that point in time, we would execute on building a new  
3811 spicy chicken CTV that would be better equipped to handle H2S and CO2 involved with  
3812 the Avalon development. How long would it take you to develop and build that?  
3813 New CTV we build facilities within 30 days, OK.  
3814 So really the long lead time would be.  
3815 The the take away that you're waiting for now, that's correct.  
3816 I'm gonna ask you a few questions about your facilities.  
3817 Exhibits.  
3818 And the first one is in your rebuttal exhibit.  
3819 This is your facility.  
3820 Oh shoot, I need to start sharing.  
3821 Maybe just a second here.  
3822 Dear rebuttal exhibit D10.  
3823 Is that right?  
3824 Yes. And what slide of Avonce are you rebutting with this exhibit D10?  
3825 Exhibit C5.  
3826 Of avonce.  
3827 OK. And what?  
3828 Oh, I see.  
3829 Because you were trying to show the. Sorry, why were you using this as a rebuttal slide  
3830 to Avant C5?  
3831 Just C5 from Avon had showed what our surface impact was.  
3832 And and provided a layout of our facility plans and and well pad plans which would  
3833 show the previous and initial on site where as I'm here showing that you know that was

3834 old this is new and this is what our plan is today.  
3835 And in reviewing Avon's rebuttal slides, do you see that they've acknowledged that this  
3836 is what your current plan looks like now?  
3837 Yes, OK. And I think a moment ago you testified that your current facility plan and their  
3838 plan are essentially.  
3839 The same from surfaces, yes, yes.  
3840 When did you make the decision to change from the Earth stone development or  
3841 surface facility plan to the Surface Facility plan?  
3842 That's shown on exhibit D10.  
3843 A part of this process, you know, preparing slides for this, this hearing.  
3844 We wanted to include like the updated plots which I showed on the existing exhibit, so  
3845 we have been talking about this.  
3846 For I guess the last three to four weeks.  
3847 So it's a relatively recent change.  
3848 Yes, even though you've been planning on developing this acreage diligently since 2024.  
3849 To give from a facility standpoint, the BLM on site is handled with a regulatory and land  
3850 man. Once it gets down to like actual well execution and surface facility planning, that's  
3851 where you know I involve myself and look to see if we can optimize, which at this point.  
3852 In time.  
3853 Report requested my attention.  
3854 And we provided our recommendation.  
3855 Did you base your recommendation off of Avant's development plan? No.  
3856 And.  
3857 So there I'm just wanting to make sure that I understand that there's only been one BLM  
3858 on site for per Earth stone slash Permian.  
3859 Is that right?  
3860 That's correct.  
3861 In August of 2023.  
3862 And.  
3863 What? What is the this?  
3864 It's a survey.  
3865 I know that I'm not trying.  
3866 It's a survey. Yeah, but why did you provide this as part of your rebuttal exhibit?  
3867 I think just to add some additional context of how many wells we would add to each of  
3868 these paths to show the you know the full extent of the department.  
3869 And these are dated April 17th.  
3870 It's pretty small, but do you see that right down there?  
3871 Yes. So these are even more recent.

3872 Than your development plans.  
3873 When we were preparing the slides for this, we requested updated surveys.  
3874 So you've been refining your plans in response to this contested hearing?  
3875 We're always refunding our plans to ensure that we make the best economic decisions.  
3876 And.  
3877 Was let me just get to your other exhibits here.  
3878 I'm showing AC102 here and I know that this is outside of your expertise.  
3879 But.  
3880 This shows the survey date down here at 4926 and I'm if you don't know the answer to  
3881 this, please just feel free to say you don't know.  
3882 But do you know why the C?  
3883 One O2's were updated in April of 2026.  
3884 Was that in conjunction with the updates to the development plan?  
3885 I'm not sure I'm not a part of that. The foreign process, OK.  
3886 Earlier, you testified that it would take some time for Avante to get rights of way.  
3887 Do you remember that? Yes, and.  
3888 You had a chance to review their exhibits, right?  
3889 Yes, and this is the exhibit C4. Do you see this?  
3890 And do you see where it says the for gas, the service provider right of way. Efforts are in  
3891 process.  
3892 Yes. And for crude, the service provider has the right of way in hand.  
3893 That's what it says.  
3894 OK, so and do you have any reason to doubt what it says?  
3895 I haven't.  
3896 Seen a midterm company spend money on acquiring right away without a contract in  
3897 place.  
3898 And so, but you don't. From my experience, that's.  
3899 It wouldn't be prudent of an operator to spend money to to connect to a mission  
3900 company without a contract in place.  
3901 It would make the right business decision for a midstream company to connect to an  
3902 operator without a contract in place.  
3903 And the first bullet under crude says commercial agreements and dedication in places  
3904 that the contract that you're referring to, that's what it says. But testimony yesterday  
3905 said that it was near completion.  
3906 And do you recall if that testimony was about the sourgass take away? No, Mr.  
3907 Kelly said that both crude and gas gathering were not complete close to completion.  
3908 And I think that's.  
3909 I understand what you're saying, but your testimony a moment ago was that it was going

3910 to take about some time to get the rights of way, right?  
3911 Yes, and seeing this on this slide, does that change your opinion about the timeline that  
3912 it might take a lot to get rights away?  
3913 I have to take their, you know, sworn testimony as face value.  
3914 So does that change your mind about the amount of time that it might take?  
3915 I just have a hard time.  
3916 Making providing an answer, seeing that bullet one says commercial agreements are in  
3917 place, but hearing something different yesterday.  
3918 I understand this might be outside of your area of expertise, but your testimony just now  
3919 is that it's unusual or you would be surprised if there was rights of way being acquired if  
3920 there wasn't an agreement in place. And have you ever heard of a right of way?  
3921 Reimbursement agreement I have, yeah.  
3922 And so it's not out of the ordinary to.  
3923 Have alternative paths forward for rights of way we premier resources hasn't pursued  
3924 that.  
3925 But it's an option. Sure. OK.  
3926 And.  
3927 Sorry about that. That's good.  
3928 Yesterday and I understand you might not know the answer to this, but yesterday I had  
3929 an exchange with Mr. Haddock about an e-mail from the BLM regarding not being able  
3930 to use the existing.  
3931 Drill islands. Do you recall that? Yes.  
3932 Do you know?  
3933 Where you see seed on those emails by any chance?  
3934 No. OK.  
3935 So you're not sure if those emails have been found and could be provided.  
3936 I'm not sure.  
3937 No. OK.  
3938 Hmm.  
3939 Just one more 2nd.  
3940 I'm gonna so many notes here.  
3941 All the questions I had. Thank you, Mr. McClure.

3942







3943  **McClure, Dean, EMNRD** 2:17:40

3944 Mr. Herring examined. I have no questions for this expert witness.

3945

3946  **Pecos Hall** 2:17:44

3947 Miss McLean, no more questions.

3948 Perfect. May this witness be excused?  
3949 He may. Thank you, Mr. Clements.  
3950 All right. Does Permian Resources rest its case? We do.  
3951 Perfect. Is there any reason?  
3952 That you have additional evidence.  
3953 No, no. And miss McKay. Yes. No, all right.  
3954 Sounds like the evidentiary record is closed with the exception of documents that  
3955 Mister McClure is going to.  
3956 Painfully.  
3957 Illustrate now, Mr. McClure, which party do you want to start with?  
3958  
3959  **McClure, Dean, EMNRD** 2:18:23  
3960 Half a dozen one way 6 the other.  
3961 I guess I'm holding the permium one, but go ahead. Mr. Examiner, if you had a  
3962 recommendation.  
3963  
3964  **Pecos Hall** 2:18:26  
3965 Why don't we?  
3966 Why don't?  
3967 Why don't we start with that notice issue?  
3968  
3969  **McClure, Dean, EMNRD** 2:18:34  
3970 OK works for me.  
3971 I think we already discussed it.  
3972 Do you want me to draw?  
3973 Miss Mclean's attention to specifically what we're looking at, I assume.  
3974  
3975  **Pecos Hall** 2:18:47  
3976 I think so.  
3977  
3978  **McClure, Dean, EMNRD** 2:18:49  
3979 And M's McLean, if you can, if I can draw your attention to the application.  
3980 For case 25835, let me see if I can find a page number.  
3981 Looks like it's page 55 of 278.  
3982  
3983  **Pecos Hall** 2:19:15  
3984 Yes.

3985

3986  **McClure, Dean, EMNRD** 2:19:16

3987 I don't know if.

3988 I don't know if I can hear you. If you said something, Miss McLean.

3989

3990  **Pecos Hall** 2:19:20

3991 Oh, I was just confirming that that was in our the Permian Resources exhibit.

3992

3993  **McClure, Dean, EMNRD** 2:19:26

3994 Yes, ma'am. Yes.

3995

3996  **Pecos Hall** 2:19:30

3997 Yes, case 25835.

3998

3999  **McClure, Dean, EMNRD** 2:19:33

4000 Yep. And we talked about it.

4001 Some are there towards the beginning, but specifically I'm looking at you see where it

4002 says there N half of northwest quarter of section 26.

4003

4004  **Pecos Hall** 2:19:46

4005 Yes, it should just be northwest quarter of section 26.

4006

4007  **McClure, Dean, EMNRD** 2:19:51

4008 Correct. And because of this, we're gonna have to conduct new notice for this case. It  
4009 appears that this.

4010 Incorrect legal description had found its way.

4011 Throughout the written notice here, the public notice that was conducted as well as the

4012 notice that the division had put out.

4013

4014  **Pecos Hall** 2:20:19

4015 Yeah. So I went. I went.

4016 We have previously done just to confirm that this is sufficient. Is file an admitted  
4017 application with the division?

4018 Send Miss Chance a new abstract to be published ahead of the next docket.

4019 We would also send out notice to the interest owners as well as publish in the

4020 newspaper.

4021

4022  **McClure, Dean, EMNRD** 2:20:51

4023 I would agree that that would be our normal procedure and that would be the way to  
4024 rectify it here.  
4025 My only concern is if it if there's any complications needed because of it being a  
4026 competed competing case. And as we I don't know if we would continue it or I guess we  
4027 would need to continue it.  
4028 I don't know if you have any thoughts, Mr. Herring. Examiner on how you'd like to  
4029 proceed. Yeah.

4030

4031 **Pecos Hall 2:21:13**

4032 I do.

4033 I do.

4034 First of all, let me just be.

4035 Let me be let me write down so that I'm clear which case numbers is this affect?

4036

4037 **McClure, Dean, EMNRD 2:21:23**

4038 This is affecting.

4039 Case number 25835.

4040

4041 **Pecos Hall 2:21:27**

4042 Just.

4043 So one of the three.

4044

4045 **McClure, Dean, EMNRD 2:21:33**

4046 One of the.

4047

4048 **Pecos Hall 2:21:35**

4049 Is it not three, it's just one.

4050

4051 **McClure, Dean, EMNRD 2:21:36**

4052 Well, 10 or dozen or something.

4053

4054 **Pecos Hall 2:21:39**

4055 One out of 13 total application, one of 13 excuse me.

4056 OK, Miss Bennett and the objection to their filing, an amended application and re  
4057 noticing that case.

4058 I'm struggling a little with this.

4059 I can see that.

4060 And I'm struggling with it because I'm about to say something that's probably contrary

4061 to my own interest.  
4062 Well, no one's asking you to say anything contrary to your own interest.  
4063 Is there an objection or isn't that?  
4064 Is the only change they're going to make to rectify the north half of the northwest  
4065 quarter of section 26?  
4066 Yeah, it's gonna be the northwest quarter, not the north half of northwest quarter.  
4067 How does that?  
4068 Pertain to paragraph 2 then.  
4069 I'm not looking at paragraph 2.  
4070 So what you're saying? Well, then, paragraph two says it's it has a wrong last take point  
4071 if we're.  
4072 Going to be doing the entire.  
4073 Northwest quarter, it should be.  
4074 It should be E of section 26 as the last take point. Mr. McClure, are you listening to this?  
4075

4076  **McClure, Dean, EMNRD** 2:22:59

4077 I am Mr. Henning, examiner.  
4078 Traditionally, historically maybe it's about the way to say it.  
4079 The division has not been requiring new notice.  
4080 For details like that, I guess primarily we've been focusing on the formation.  
4081

4082  **Pecos Hall** 2:23:13

4083 OK.

4084

4085  **McClure, Dean, EMNRD** 2:23:19

4086 And legal description as kind of the red line.

4087

4088  **Pecos Hall** 2:23:22

4089 OK.

4090 So we're not.

4091 We would not be requiring Permian to add that detail.

4092 We're just saying it's not the north half of the northwest quarter. It's the northwest  
4093 corner.

4094 Mr. Herring, with that may I add another this application, as they're proposing to amend  
4095 it, is different than their proposal letter, the proposal letter that Permian sent out  
4096 reflects paragraph 2.

4097 So the legal description that the division and Permian are proposing to include now  
4098 have never been proposed to the working interest owners, so I understand.

4099 The desire to fix this expeditiously, but I don't know that that simply amending and.  
4100 Doing notice does not account for the fact that the proposal letter is incorrect.  
4101 And also does not account for the fact that their current their application in the  
4102 materials does not match up with all of their testimony.  
4103 So there's a, you know, real disconnect between their application and their testimony,  
4104 and the proposal that was sent out. OK, before I go to you, Miss McLean? Mr. McClure,  
4105 did you hear that part?

4106

4107  **McClure, Dean, EMNRD** 2:24:44

4108 Yes, I did, Mr. Herring examiner.

4109 Maybe just for clarification. Are you saying Miss Bennett or Miss Benn? Are you saying  
4110 that?

4111 The.

4112 The for some reason escaping me the sign up letters, the proposal letters is incorrect.

4113

4114  **Pecos Hall** 2:25:03

4115 The proposal.

4116

4117  **McClure, Dean, EMNRD** 2:25:07

4118 Is that what you're saying, Miss Bennett?

4119

4120  **Pecos Hall** 2:25:10

4121 Yes, that's what I'm saying.

4122 The proposed letter for the 201A12 is incorrect.

4123 It says I can share my screen if that would be useful.

4124

4125  **McClure, Dean, EMNRD** 2:25:25

4126 It might be if you want to show me exactly what you're referring to.

4127

4128  **Pecos Hall** 2:25:28

4129 Yeah, just one second here while I.

4130 So.

4131 Here's the proposal letter for the two 01812, and it says it's 1210 from the West Line and  
4132 100 from the North Line of Section 23.

4133 And then it says it's 1210 from the West Line and 100 from the North Line of Section 26,  
4134 which would not be the northwest corner of section 26. It would be the north half of the  
4135 northwest corner of section 26.

4136 Be in the north half of the northwest quarter.

4137 So if they would be I so then just help me understand this before we go to Miss McLean  
4138 'cause.  
4139 I don't.  
4140 This is way more than I normally used to so they have identified a well in a particular  
4141 area.  
4142 You're saying that that, well, location is no longer correct.  
4143 I don't know if it's correct or not. It's correct.  
4144 This is the what their proposal letter was correct and this is what their application.  
4145 Says, and it's vastly different from, not vastly exaggerating.  
4146 It's 80 acres different than what's in there materials in their testimony. So, so now they  
4147 would be noticing a larger area, right?  
4148 They would be just a different spacing unit altogether.  
4149 I'll let you.  
4150 I'll let you interpret this, Miss McLean. 'cause you you can have to help me with  
4151 understanding the objection and and your argument.  
4152 I mean, she is not wrong, right? And.  
4153 What I can what I can say is that.  
4154 We drafted the application based on the well proposed letter, which had the last take  
4155 point in Unit C and that is also why we had this as a 400 acre.  
4156 Spacing unit with the West half of section 23 and the north half northwest quarter of  
4157 section 26.  
4158 It is Permian Resources intention to have a 480 acre spacing unit and if you see in the all  
4159 of our testimony and exhibits and our checklist, we have it as 480 acres in the plat for  
4160 the 201 H well alth.  
4161 The total acreage has 400, the plot shows.  
4162 480 acres spacing unit.  
4163 We drafted our testimony based off of that flat, and so the testimony is correct. The only  
4164 and the intention of Permian resources is to have not that wonky weird one random wolf  
4165 camp ball.  
4166 That's shorter than the others.  
4167 But with a 480 acre spacing unit for that, I believe you know, I guess in this spirit.  
4168 If a contested hearing, we are presenting our full development plan and the full  
4169 development plan includes that 480 acre W Half Wolfcamp well. I believe we have more  
4170 than enough time based on you know how long it takes to get a order on a CONT.  
4171 Hearing to cure all of this, and I don't think it should.  
4172 Impact. You know what's been presented to the the division during this.  
4173 Hearing, and I believe the division is already indicated, they're willing to allow us to cure  
4174 this deficiency and whether that means we can send out a new proposed letter for this

4175 just one, then 30 days after that, we do the admitted application. Then 30 days after  
4176 that you.  
4177 Guys notice it for hearing that will never happen because we are in a contested hearing  
4178 right now.  
4179 So it's been, are you suggesting then that what, Miss McClain just said that they should  
4180 send out?  
4181 New proposal letters is the beginning of the cure and not just filing an amended  
4182 application.  
4183 If the division is inclined to consider granting their application, then it needs to be done  
4184 correctly, so yes.  
4185 Mr. McClure, you've heard the arguments.  
4186 What? What do you think?

4187


4188  **McClure, Dean, EMNRD 2:29:48**










4189 I mean, the election letter is not giving me heartburn at all about, I mean essentially  
4190 they proposed a shorter lateral than what?  
4191 Or it it let me back up.  
4192 It's the last take point. Is currently depicting a shorter lateral than what they're actually  
4193 proposing. They're going to have to send out new election letters to update their AF ES  
4194 regardless.  
4195 Before they're going to be drilling any wells assuming that they were rewarded?  
4196 The OR, assuming that their applications are approved.  
4197 So I don't know what your thoughts are, but it wouldn't give me any heartburn I guess.  
4198 To proceed with just the written notice rather than new election letters.

4199

4200  **Pecos Hall 2:30:35**

4201 OK.  
4202 I'm trying to decide whether.  
4203 So M's Bennett, we're back to you.  
4204 I understand that you think the best route is.  
4205 A.  
4206 I've heard from the technical examiner.  
4207 I've heard from M's McLean. It's their application.  
4208 Ultimately, it's their application and.  
4209 Depending on how it's handled, the vision will.  
4210 Consider its strengths and weaknesses along with yours.  
4211 The division seems to feel as though an amended application renoticed properly and  
4212 published by the division is sufficient notice and does not require a new.

4213 Proposal letter or Mr. McClure just called it an election letter.  
4214 I'm not sure if it's the same thing, but I'll leave it up.  
4215 I don't.  
4216 Even know that there is a legal objection for me to deal with at this point.  
4217 Because.  
4218 Both parties have the burden of persuasion.  
4219 To show the division that they should be approved and not denied.  
4220 You don't have a notice problem.  
4221 There's has a notice problem, so I I think at this point.  
4222 Thinking this through.  
4223 I think this really is between Mr. McClure and Miss McClain. How this is going to be  
4224 handled and I don't think it's open for objection.  
4225 I understand your position that you think it needs more, but it is what it is.  
4226 So Mr. so so Miss McLean, you're OK with what Mr. McClure wants you to do?  
4227 Yes, we're happy to do that.  
4228 I'm happy to do that, OK and that should take approximately.  
4229 So you're going to. This should take approximately 60 days. Then it sounds like.  
4230 Yeah, I think we can.  
4231 We can.  
4232 Apply for the June docket.  
4233 Or, you know, do the new application in a timely manner. For that, the June dockets  
4234 notice.  
4235 Now I want to be careful here, Mr. McClure, because the division can't be has to be  
4236 neutral.  
4237 Has to be fair and impartial to both parties, so I know you've identified a flaw in the  
4238 notice.  
4239 So we'll leave it is, OK.  
4240 So we've dealt with the notice.  
4241 Now, what else do you want?  
4242 The parties, let's start with with Permian Resources.  
4243 What do you want?  
4244 The Permian resources to fix or supplement or change in their exhibit packet.  
4245  
4246  **McClure, Dean, EMNRD** 2:33:40  
4247 Yes, thank you, Mr. Herring Examiner M's McLean.  
4248 Starting with the CPAC.  
4249 Let me actually get to one of the pages here just so I have it directly in front of me as  
4250 well.

4251 OK, I believe on all the bonespring CPAC.  
4252 So do you also happen to have one of your cpac's in front of you, Miss McLean?  
4253  
4254  **Pecos Hall** 2:34:07  
4255 Yes, that was the API number.  
4256  
4257  **McClure, Dean, EMNRD** 2:34:10  
4258 Yeah, that's one of them.  
4259 And you, you see where I'm referring to where it has like in your pulling this vertical  
4260 extent it says like handsome state #1.  
4261  
4262  **Pecos Hall** 2:34:16  
4263 Yes.  
4264 Yes, I see that AP and then we put in parentheses.  
4265  
4266  **McClure, Dean, EMNRD** 2:34:22  
4267 OK. And I.  
4268  
4269  **Pecos Hall** 2:34:26  
4270 Just correcting the API number there.  
4271  
4272  **McClure, Dean, EMNRD** 2:34:28  
4273 Yeah, you just missed the 5th digit. I think if I remember right, it's like 24997, but you'll  
4274 need to look it up and make sure you put the right one in there.  
4275  
4276  **Pecos Hall** 2:34:40  
4277 Yes, we will do that.  
4278  
4279  **McClure, Dean, EMNRD** 2:34:42  
4280 In addition to that, for your bonespring 1.  
4281 And Bone Spring 2 cases.  
4282 We need to correct the vertical depth that is depicted in that vertical extent box.  
4283 Are you familiar with what I'm referring to?  
4284  
4285  **Pecos Hall** 2:35:05  
4286 Yes, and that actually I did have that as a question.  
4287 If we are correcting that to the nine, I think it's 9444 feet TBD.  
4288 Do do you still want the Hansen state #1 as the reference log?

4289

4290  **McClure, Dean, EMNRD** 2:35:26

4291 It doesn't matter to the division which well, you want to tie it to. If I remember right, this  
4292 well is kind of to the northeast of the proposed units and the one that I want uses I think  
4293 is in section 26 if I remember right. But I.

4294

4295  **Pecos Hall** 2:35:28

4296 OK.

4297

4298  **McClure, Dean, EMNRD** 2:35:43

4299 Don't know if the division has a preference, as long as it's right in the same area I guess.

4300

4301  **Pecos Hall** 2:35:50

4302 Correct that TBD.

4303

4304  **McClure, Dean, EMNRD** 2:35:53

4305 Yeah. And I believe it was the 9400 something used to be corrected to like 9100 or 9200.

4306 I don't remember now.

4307

4308  **Pecos Hall** 2:36:01

4309 Yes, yes, correct.

4310

4311  **McClure, Dean, EMNRD** 2:36:04

4312 OK.

4313 And then for your death severance field.

4314 I know currently you have like you're discussing like the vertical limits, but that's not  
4315 what we're looking for for this box.

4316 Instead, what we're looking for is a description of the dead references. So a more  
4317 appropriate description would be.

4318 You know, like the top of the the top of the Second Bone spring, the base of the Second  
4319 Bone Spring in section 26 in the North half section.

4320 Say something along those lines.

4321 And then also reference wherever wherever those are going to hit, presumably at 9930

4322 TBD. And then at this 9100 or whatever it is, TBD.

4323

4324  **Pecos Hall** 2:36:59

4325 Yes, we can do that.

4326

4327  **McClure, Dean, EMNRD** 2:37:04

4328 OK, for your Wolfcamp cases.

4329 We need to correct the pool to the pool I provided you with yesterday. I can provide it to  
4330 you again right now if that would be helpful.

4331

4332  **Pecos Hall** 2:37:17

4333 We have.

4334 We have a note of that happening, said Wolf Camp 96438.

4335

4336  **McClure, Dean, EMNRD** 2:37:25

4337 OK.

4338 I don't have it directly in front of me, but at Mesa would be correct.

4339 In addition to that, we need to change the primary product field for those Wolfcamp  
4340 cases from oil to gas.

4341 Or excuse me from gas to oil.

4342 I apologize, miss McLean.

4343

4344  **Pecos Hall** 2:37:46

4345 I was gonna say, oh, man, I thought we went over that.

4346

4347  **McClure, Dean, EMNRD** 2:37:46

4348 They're currently gas.

4349 They need to be oil.

4350

4351  **Pecos Hall** 2:37:49

4352 OK.

4353

4354  **McClure, Dean, EMNRD** 2:37:52

4355 In addition to that, because of that, I guess.

4356 On your E half wolf camp cases, you have two cases in the east half.

4357 For those you would be changing it so it now no longer needs an NSP.

4358 Are you in agreement with that assessment?

4359

4360  **Pecos Hall** 2:38:12

4361 Yes. And we're very happy to not have to worry about that anymore.

4362

4363  **McClure, Dean, EMNRD** 2:38:18

4364 OK. In addition to that and also because of the gas to oil for your W half Wolfcamp case,  
4365 you're now going to need to identify that proxy well, which from looking at it, it looks like  
4366 it is centered.

4367

4368  **Pecos Hall** 2:38:31

4369 Listen.

4370

4371  **McClure, Dean, EMNRD** 2:38:34

4372 So it looks like you're well, that's dedicated to it is a proxy.

4373 Well, but if we could just correct the CPAC to properly identify it.

4374

4375  **Pecos Hall** 2:38:41

4376 Identify the.

4377

4378  **McClure, Dean, EMNRD** 2:38:44

4379 Yep.

4380 Hey, in addition to that for your Bone Spring one cases.

4381 Let me actually scroll to one of those.

4382 See your top one is.

4383 838.

4384 Yeah, currently it it reads First Bone Spring into bowl and then comma from the top of  
4385 the Bone Spring formation to the base of the first Bone Spring interval.

4386 If we can correct it to either we move the reference to the first to solely the first Bone  
4387 Spring interval.

4388 Or change it to be like Avalon and 1st Bone Spring interval.

4389 Something along those lines.

4390 Essentially what we need is, if you're going to include the first Bone spring interval, we  
4391 also need to include the Avalon.

4392 Otherwise you could remove reference and then just base it off of top of Bone Spring to  
4393 base the first Bone Spring.

4394 That's essentially the same description.

4395

4396  **Pecos Hall** 2:39:57

4397 OK.

4398 OK.

4399

4400  **McClure, Dean, EMNRD** 2:40:05

4401 OK, in your exhibit a, the Landman statement, if we could fix any reference to that TVD

4402 regarding the Bone Spring one and Bone Spring, two cases division again referring to  
4403 like this 9400 being changed.

4404 To whatever it is.

4405

4406 **PH** **Pecos Hall** 2:40:25

4407 Yes.

4408

4409  **McClure, Dean, EMNRD** 2:40:27

4410 And then in your exhibit A4.

4411 The C1O2's if we can correct the Wolfcamp cases to reference the correct pool.

4412 And in addition to that.

4413 The C1O2 for your 2018 if you can correct your dedicated acreage from your 400 to  
4414 your.

4415 Or excuse me from your.

4416

4417 **PH** **Pecos Hall** 2:40:55

4418 400 to 480.

4419

4420  **McClure, Dean, EMNRD** 2:40:57

4421 Yeah, that is correct.

4422 Yeah, I'm with you.

4423 OK, in your exhibit A-6.

4424 In the summary breakout.

4425 We were referencing, there's one one of your breakouts, the one on page 132.

4426 There's just a simple typo where Permian is listed as owning interest in track one and  
4427 track two, but that breakout only has track one.

4428 So if we can correct that table.

4429

4430 **PH** **Pecos Hall** 2:41:36

4431 Yes, we have already done that.

4432 So yes, we will do that one.

4433

4434  **McClure, Dean, EMNRD** 2:41:41

4435 Very good.

4436 And then.

4437 And I neglect it to touch base with.

4438 Your geologist on this.

4439 So it's possible we may have to bring them back if you don't understand what I'm

4440 looking at in my note, I have exhibit B-15.

4441 Let me see if I can actually find the page.

4442

4443 **PH Pecos Hall 2:42:08**

4444 We can share the screen if that's helpful.

4445

4446  **McClure, Dean, EMNRD 2:42:11**

4447 It could be.

4448 Just make sure we're all looking at the same thing.

4449 Yeah, yeah, there we go.

4450 Yep, page 29123.

4451 Yep, I'm with you.

4452 You know, maybe we should bring back the geologists.

4453 I apologize, Mr. Herring examiner.

4454 Maybe we should bring back the geologists on this one.

4455

4456 **PH Pecos Hall 2:42:40**

4457 OK.

4458 He's coming back.

4459 Thank you. I remind you you're still Underoath.

4460 Great ahead, Mr. McClure.

4461

4462  **McClure, Dean, EMNRD 2:42:53**

4463 I thank.

4464 Thank you, Mr. Herring examiner.

4465 On this well, you have the blue dotted box selected. Do you see where I'm referring to?

4466

4467 **PH Pecos Hall 2:43:05**

4468 Yes, Sir.

4469

4470  **McClure, Dean, EMNRD 2:43:07**

4471 Is it accurate to say that that's only depicting the Bone Spring 1 sand?

4472

4473 **PH Pecos Hall 2:43:17**

4474 In the entire blue box.

4475

4476  **McClure, Dean, EMNRD 2:43:20**

4477 Yeah. At the top of the blue box where you have like your spicy chicken 11H.

4478

4479 **PH Pecos Hall 2:43:26**

4480 For the entire blue box depicts just all the application wells.

4481 Including, you know, the second bone shell, the second bone sand and the third Bone  
4482 spring.

4483 So I'm just showing.

4484

4485  **McClure, Dean, EMNRD 2:43:41**

4486 I.

4487

4488 **PH Pecos Hall 2:43:41**

4489 I'm just showing the application. Well Sir.

4490

4491  **McClure, Dean, EMNRD 2:43:44**

4492 OK, I see.

4493 I guess this would be the same argument or the same discussion that I had with Mr.

4494 Higgerson just a little bit ago.

4495

4496 **PH Pecos Hall 2:43:53**

4497 Yes, Sir.

4498

4499  **McClure, Dean, EMNRD 2:43:54**

4500 With that in mind, it it should.

4501 It should be fine then.

4502 I have no no further questions.

4503 Thank you, Mr. Herring examiner.

4504 Miss McLean, we can leave this exhibit as it is.

4505

4506 **PH Pecos Hall 2:44:09**

4507 OK.

4508 Hold on, Mr. McClure, would you state your name again?

4509 Chris Canton, thank you.

4510 Person recalled geologist. Sounds good. Thank you.

4511 Thank you, Mr. McClure.

4512 Go ahead.

4513

4514  **McClure, Dean, EMNRD 2:44:25**

4515 Thank you, Mr. Herring examiner.

4516

4517  **Pecos Hall** 2:44:28

4518 So really, B 15 is fine.

4519 Sounds like.

4520

4521  **McClure, Dean, EMNRD** 2:44:32

4522 That is correct.

4523 Mr. Herring examiner Miss McLean can remove it from the list of amended exhibits.

4524

4525  **Pecos Hall** 2:44:41

4526 One last thing.

4527

4528  **McClure, Dean, EMNRD** 2:44:45

4529 M's McLean exhibit C-2.

4530 That is the gun barrel.

4531 And I mean, we didn't talk about very much very long ago, but if we need to, we can look

4532 at it again real fast.

4533 But this is just in regards to the formation labels on the right hand.

4534

4535  **Pecos Hall** 2:45:03

4536 Yes, the wolf camp.

4537

4538  **McClure, Dean, EMNRD** 2:45:06

4539 Yes, exactly. In regards to like the Wolfcamp versus upper PEN or Cisco Canyon.

4540 However, you wanna identify that, but.

4541

4542  **Pecos Hall** 2:45:15

4543 We'll consult the geologist for that.

4544 No, no, no, no, no.

4545

4546  **McClure, Dean, EMNRD** 2:45:26

4547 But OK.

4548

4549  **Pecos Hall** 2:45:27

4550 Yeah, he. Yeah, I think he he knows what you want fixed.

4551

4552  **McClure, Dean, EMNRD** 2:45:31

4553 Sounds good.

4554 And then in addition to that, the exhibit C-7, which is like that summary cost breakout.

4555

4556 **PH Pecos Hall 2:45:41**

4557 Yes, take off avant and the footnote.

4558

4559 **McClure, Dean, EMNRD 2:45:41**

4560 If we could.

4561 Yes, that is correct. Miss McLean. And I believe that's everything I have for permium.

4562 Unless was there anything that I missed that you're aware of, Miss McLean?

4563

4564 **PH Pecos Hall 2:45:54**

4565 OK.

4566 Let's go on.

4567 You, you miss nothing. Ever.

4568 Now go on.

4569

4570 **McClure, Dean, EMNRD 2:45:58**

4571 Oh, OK.

4572

4573 **PH Pecos Hall 2:46:01**

4574 Go on.

4575 How does that no one's ever accused Mr. McClure of missing something in a month?

4576 Please.

4577

4578 **McClure, Dean, EMNRD 2:46:08**

4579 Thank you, Mr. hurry, examiner.

4580 Miss Bennett, are you there with me? It looks like.

4581

4582 **PH Pecos Hall 2:46:17**

4583 I am.

4584

4585 **McClure, Dean, EMNRD 2:46:20**

4586 I'm starting with your CPAC as well.

4587 Let me get to one of them.

4588 OK. Did you hear my guidance to Miss McLean in regards to the death severance box

4589 and what I'd like for you to have there?


4590

4591 **PH Pecos Hall 2:46:37**

4592 If you wouldn't mind repeating that for me, I would appreciate it.

4593

4594 **McClure, Dean, EMNRD 2:46:39**

4595  Yes, yes, absolutely. What it looks like what you currently have included is you kind of  
4596 like broke out like the unitized intervals that you're asking for.

4597 What I'd rather see is kind of just a description of where both of the deaf severances is  
4598 occurring.

4599 So it'd be something along the lines of like the top of the Second Bone spring at blah  
4600 blah in blah blah.

4601 Well, the base of the.

4602 Second Bone Spring at such and such death and at such and such well.

4603

4604 **PH Pecos Hall 2:47:18**


4605 OK.

4606 Just so I'm clear then where we say pooling this vertical extent, that's fine, but it's where  
4607 we got the row for depth separence.

4608 That's where you're asking us to make this change.

4609

4610 **McClure, Dean, EMNRD 2:47:30**

4611  Yes, that's absolutely correct.

4612 I know about a number of our applicants. I kind of like duplicating the pooling this  
4613 vertical extent into that depth severance box, but that really wasn't the intent of the deaf  
4614 severance box.

4615 Instead, we just want, you know, the simple list of the different points that deaf's efforts  
4616 occur within the Bone Spring Formation is what we're looking for.

4617

4618 **PH Pecos Hall 2:47:59**

4619 I understand those words.

4620 Whether I'll understand how to implement them was to be determined.

4621

4622 **McClure, Dean, EMNRD 2:48:06**

4623  Well hopefully anyway.

4624 OK, in the.

4625 Vertical extent for your Bone Spring 2 case.

4626 And oh, actually it looks like I happen to be the CPAC.

4627 I'm on so on page 10 of 322, do you see where it currently says? Second Bone Spring  
4628 defined as the?

4629

4630  **Pecos Hall** 2:48:29

4631 I do.

4632 I do.

4633

4634  **McClure, Dean, EMNRD** 2:48:32

4635 It would actually, if we could correct that to be the second Bone spring sand.

4636 Defined at blah blah.

4637

4638  **Pecos Hall** 2:48:41

4639 Will do.

4640

4641  **McClure, Dean, EMNRD** 2:48:43

4642 OK.

4643 And then I know you had mentioned or Miss Saratino's had mentioned that you wish to  
4644 submit an amended exhibit A-6 to include additional offer to permium.

4645 Is that correct?

4646

4647  **Pecos Hall** 2:49:03

4648 We want to amend the communication summary.

4649 To reflect that additional offer and then we also need to amend the and you may be  
4650 getting to this, but it's an exhibit before exhibit A6.

4651

4652  **McClure, Dean, EMNRD** 2:49:08

4653 Yeah.

4654 Hmm.

4655

4656  **Pecos Hall** 2:49:17

4657 So I thought I'd just mention it.

4658 The ownership breakdown to identify the additional ownership interest that Avant is in  
4659 the.

4660 Process of acquiring.

4661

4662  **McClure, Dean, EMNRD** 2:49:30

4663 Now, correct me if I'm wrong, but what you're referencing is that a bot has acquired the  
4664 Trainer Partners Ltd interest.

4665 Is that correct?

4666 Well, that's what you're referring to, correct?

4667

4668  **Pecos Hall** 2:49:44

4669 That's what I'm referring to, yes.

4670

4671  **McClure, Dean, EMNRD** 2:49:47

4672 OK. And I believe that that falls in and correct me if it's any other exhibits, but I believe it  
4673 is exhibit A-9.

4674 A-13A-17.

4675 And A-21.

4676 Does that sound correct to you, Miss Bennett?

4677

4678  **Pecos Hall** 2:50:07

4679 It's also an exhibit.

4680

4681  **McClure, Dean, EMNRD** 2:50:11

4682 Well, let me make a note of that.

4683

4684  **Pecos Hall** 2:50:13

4685 Yeah.

4686

4687  **McClure, Dean, EMNRD** 2:50:13

4688 Which other exhibit is it M Bennett.

4689

4690  **Pecos Hall** 2:50:15

4691 A4.

4692

4693  **McClure, Dean, EMNRD** 2:50:16

4694 Oh, a four, OK.

4695 OK, then are you?

4696 Do you recall the discussion that I had with your land man in regards to the depicted

4697 HSUS for the NSP exhibit, the first one appearing like exhibit A-11?

4698

4699  **Pecos Hall** 2:50:55

4700 I do.

4701

4702  **McClure, Dean, EMNRD** 2:50:56

4703 OK. If we can go ahead and correct those depicted HSUS for each occurrence, I believe  
4704 it's A-11A.  
4705 Dash 15-A.  
4706 Dash, 19 and A-23. Does that sound correct to you?  
4707

4708  **Pecos Hall** 2:51:11

4709 That does.

4710 Thank you.

4711

4712  **McClure, Dean, EMNRD** 2:51:13

4713 OK.

4714 In addition, you'd planned on submitting to us the.

4715 B. The waiver for the NSP from.

4716 Bexp 2 correct.

4717

4718  **Pecos Hall** 2:51:32

4719 Yes, I do. Thank you.

4720

4721  **McClure, Dean, EMNRD** 2:51:33

4722 And you're going to submit that as like a supplemental a something.

4723 Is that also correct?

4724

4725  **Pecos Hall** 2:51:39

4726 Yes, I will.

4727

4728  **McClure, Dean, EMNRD** 2:51:40

4729 OK.

4730 Very good.

4731 In regards to, again in regards to the Trainer Partners Ltd.

4732 Acquisition If you could also correct your commitment table found in Exhibit A-25 to I

4733 guess now we move trainer partners from there.

4734

4735  **Pecos Hall** 2:52:03

4736 I will definitely fix that.

4737 Whatever needs to be done since they are committed, I can't remember.

4738 I'm just looking at my slide to see if I put committed and uncommitted, so I'll just

4739 change them to committed if I have both in there.

4740

4741  **McClure, Dean, EMNRD** 2:52:18

4742 Well, correct me if I'm wrong, but now they no longer own an interest.

4743 Right. It's now owned by Avant was what the testimony was.

4744 Or am I wrong?

4745

4746  **Pecos Hall** 2:52:26

4747 Oh, no, you're right there.

4748 It's pending acquisition, so I suppose we would change them to just remove them.

4749

4750  **McClure, Dean, EMNRD** 2:52:33

4751 Oh, it's pending acquisition. Rather than actually acquired?

4752

4753  **Pecos Hall** 2:52:35

4754 Yes.

4755

4756  **McClure, Dean, EMNRD** 2:52:37

4757 Maybe I misunderstood the testimony then.

4758 So then to your understanding then Avant doesn't currently own.

4759 Trainer Partners Ltd.

4760

4761  **Pecos Hall** 2:52:50

4762 As of Monday.

4763 But I know it was eminently going to close.

4764 So can I just ask for a little leeway on figuring out how best to address that in the  
4765 committed, uncommitted?

4766

4767  **McClure, Dean, EMNRD** 2:53:09

4768 Well, what I'm getting at is I don't know if it's even appropriate to take them out of the  
4769 breakout, if that was what you were like.









4770 We were just discussing. I had thought miss Sarah Tino's had said that they were  
4771 actually acquired.

4772 Now, maybe I completely misunderstood her testimony then.

4773

4774  **Pecos Hall** 2:53:26

4775 I believe your testimony was that they were pending acquisition and it wasn't that we  
4776 were proposing to take them out of the breakout, but rather to show them as committed

4777 to avant.  
4778 So their interest amounts, overall interest would increase.  
4779  
4780  **McClure, Dean, EMNRD** 2:53:47  
4781 OK.  
4782 Well, with that in mind then then I guess we would leave it in there and on the  
4783 commitment table you would put it to similar to the description that you have for.  
4784 Like petrol.  
4785 PCs or whatever that other company was.  
4786  
4787  **Pecos Hall** 2:54:03  
4788 Yeah.  
4789  
4790  **McClure, Dean, EMNRD** 2:54:03  
4791 Recall what I'm referencing, Miss Bennett.  
4792  
4793  **Pecos Hall** 2:54:07  
4794 I do.  
4795  
4796  **McClure, Dean, EMNRD** 2:54:10  
4797 OK, then exhibit C-1.  
4798 There's reference to the packs Hsu to the east.  
4799 I believe that you had brought up or your expert witness had, that you tend on removing  
4800 the depiction of an Avalon well from that map there.  
4801 Do you recall what I'm referring to?  
4802  
4803  **Pecos Hall** 2:54:31  
4804 I do.  
4805  
4806  **McClure, Dean, EMNRD** 2:54:34  
4807 OK. Then the one last change is your rebuttal.  
4808 Exhibit C-5. If we could make a similar change to it.  
4809 As what Permian is making to its similar exhibit, that being to remove.  
4810 Reference of permium's.  
4811 Cost from that table.  
4812  
4813  **Pecos Hall** 2:55:00  
4814 So you want that exhibit to just be avant's revised AFV costs, not a comparison.

4815

4817  **McClure, Dean, EMNRD** 2:55:07

4817 What would you be in agreement that that would now be compatible?

4818 Of.

4819 Permian's cost would be the appropriate equivalents to what Permian did to its exhibit.

4820

4821  **Pecos Hall** 2:55:21

4822 Well, Mr. McClure, I think it depends on whether the costs are accurate or not.

4823 I think the problem with the Permian exhibit was that it referred to costs that were not

4824 accurate, which is why they're being removed.

4825

4827  **McClure, Dean, EMNRD** 2:55:38

4827 But I think it has the well my understanding.

4828 Was that the costs that are there are connected to the AFE that are inaccurate that

4829 Permian has? Is my understanding correct, Miss Bennett on that or Mr. hearing

4830 examiner?

4831

4833  **Pecos Hall** 2:55:57

4833 I I do understand his concern, I sitting here right now, I don't know the answer to that.

4834 But if it is incorrect, I will remove it as he's suggesting.

4835 Could you pull up a copy? I can.

4836 Hold on, Mr. McClure.

4837

4839  **McClure, Dean, EMNRD** 2:56:12

4839 Mr.

4840

4841  **Pecos Hall** 2:56:12

4842 We're gonna. We're gonna look at it.

4843

4845  **McClure, Dean, EMNRD** 2:56:16

4845 Yeah, I was just gonna. That was gonna ask if we needed to bring back when the next

4846 put witnesses and talk about it or what you thought on that.

4847



4849  **Pecos Hall** 2:56:32









4849 No, no, no, no, no.

4850 There's no room, no room for that.

4851 You're right.

4852 And they are. You still logged in.

4853 I got kicked out again.  
4854 Do you mind holding the bottle C5?  
4855 Thank you. Thanks.  
4856 Mr. Reagan. Examiner, let me do this.  
4857 OK, here we have it.  
4858 OK, now is Mr. McClure.  
4859 Are you suggesting there?  
4860 There's no suggestion here that Avance numbers are wrong, right?  
4861  
4862  **McClure, Dean, EMNRD** 2:57:23  
4863 No, I guess I had originally thought they took these numbers from the AF ES.  
4864 But I guess if they duplicated the numbers from permium's.  
4865 Exhibit C-7.  
4866 Then maybe there is no concern actually.  
4867 Is that what occurred here?  
4868 Does this have identical cost to the C-7, or is this AF based?  
4869  
4870  **Pecos Hall** 2:57:45  
4871 We have the witness, Mr. McClure, we have the witness still here who did? Who made  
4872 this table?  
4873 We can bring him back and ask him.  
4874 Yeah. Mr. Higginson made the Permian resources.  
4875 C7 that was copied by Avant to make this table.  
4876 So there's no.  
4877 I don't think there's any dispute that the bottom Permian Resources number is identical  
4878 to what is in Permian Resources exhibit C7. But the C7 from Permian that is going to be,  
4879 that is going to be retained or jettisoned. The part that's retained I thought so, yes.  
4880 So.  
4881 Is the PR costs that that's not changing, it's just the avant are not the most updated  
4882 Permian exhibit.  
4883 The avant numbers were wrong.  
4884 Because they made it.  
4885 But they're not.  
4886 They don't match this.  
4887 Hold on a second.  
4888 Are these Permian numbers three string or four string numbers? Four these are four  
4889 string numbers, right?  
4890 OK. And he's nodding.

4891 And he's he's a witness on the road still.  
4892 So, Mr. McClure, these Permian numbers are accurate because these are the four  
4893 string numbers.  
4894 Yvant used.  
4895 Correct numbers from Permian?  
4896 My understanding and if I'm wrong someone please correct me.  
4897  
4898  **McClure, Dean, EMNRD** 2:59:12  
4899 Yeah, Mr. herring. Examiner.  
4900 I'm the one that was mistaken.  
4901 I had thought that they'd use the AFE numbers, which would have been the three string  
4902 numbers, which would now be incorrect. But now looking at it, I am in agreement that  
4903 this is a duplicate of permium's C-7.  
4904  
4905  **Pecos Hall** 2:59:19  
4906 Ah.  
4907 Right, right.  
4908 Yeah.  
4909  
4910  **McClure, Dean, EMNRD** 2:59:32  
4911 So this would be the correct comparison so.  
4912  
4913  **Pecos Hall** 2:59:35  
4914 OK.  
4915  
4916  **McClure, Dean, EMNRD** 2:59:38  
4917 Miss Bennett, we do not need to make a correction to the rebuttal exhibit.  
4918 C-5.  
4919  
4920  **Pecos Hall** 2:59:45  
4921 Thank you for that clarification and Mr. McClure, that that concludes your list.  
4922  
4923  **McClure, Dean, EMNRD** 2:59:51  
4924 Mr. Examiner, it does.  
4925  
4926  **Pecos Hall** 2:59:54  
4927 Excellent. We have a couple minutes to talk about post hearing submissions. So let's  
4928 start with first of all the transcript.

4929 When will the transcript be ready? Is it 2 weeks?  
4930 Preya is it 10 days?  
4931 Two weeks 10 business days.  
4932 Perfect. Thank you.  
4933 So the transcript will be ready in two weeks from today.  
4934 The 22nd what is that?  
4935 May I don't have a calendar in front? Does anyone know what 2 weeks?  
4936 May 6.  
4937 Thank you.  
4938 Well, it's two weeks.  
4939 That's ten business days that that much I know.  
4940 So May 6th.  
4941 So if we don't count May 6, May 7 will be the first full day that the transcripts are  
4942 available.  
4943 How much time do the parties want to both revise and submit exhibits which we've  
4944 talked about now? And for closing argument, I'll start with Miss Bennett.  
4945 Thank you, Mr. Examiner. First I would.  
4946 Like to point out a few other exhibits that we discussed during the hearing.  
4947 Yes, yours or theirs? Theirs.  
4948 Which ones?  
4949 During my well, these all relate to the rebuttal exhibit C5 with the updated.  
4950 Avon AFE costs and there's a number of Permian resources.  
4951 Exhibits that relied on the earlier AFP costs, and so, in my view, all of those exhibits  
4952 would need to be revised to reflect the.  
4953 Exhibit C5. OK.  
4954 That's number one.  
4955 Do you want to list them so that has the ability to object? If she doesn't think it's proper?  
4956 I am happy to list them if I can have a few minutes.  
4957 I did raise them with their witness as we were talking through each one and their  
4958 witness.  
4959 Agreed with me that the they were incorrect based on the, but I would have to go back  
4960 through and I I can definitely do that.  
4961 I just need a few minutes.  
4962 Are these the C?  
4963 Are these some of the C exists?  
4964 Are these C rebuttal exhibits?  
4965 I think it might permeate the whole C all of the C or parts of this C.  
4966 Yeah, parts of the C it was it something else, yes.

4967 I excuse me on the I appreciate the divisions solution for the.  
4968 1st and 2nd Bone Spring wells in terms of allowing Permian to modify.  
4969 Its compulsory pooling checklist.  
4970 And all of the testimony that relates to the description of the wealth.  
4971 However, the description of the depth severance is in the public notice that was  
4972 provided and so I don't know that and I definitely am not trying to overstep my bounds  
4973 here.  
4974 It's just that the public notice for all of those cases was incorrect.  
4975 And.  
4976 Is. That's the notice that was published on the OCD website.  
4977 This is also true for the 201H Wolfcamp case.  
4978 So if the division is inclined to allow Permian to redo all of to redo the Wolfcamp case,  
4979 then Permian needs to redo all of the 1st and 2nd. And I leave it to Permian to decide  
4980 whether they need to redo the third Bone spring.  
4981 But the legal descriptions that showed up in the public notice are all incorrect.  
4982 Miss McClain, they say first go and spring intervals.  
4983 Second Bone, Spring interval, third Bone Spring interval I don't think.  
4984 That the footage is part of the quote legal description.  
4985 We are happy to do whatever the division wants us to do is the bottom line and  
4986 whatever we that's we are willing to do whatever Mr. McClure and the division wants us  
4987 to do, Mr. McClure.

4988

4989  **McClure, Dean, EMNRD** 3:03:57

4990 Mr. Henning, Examiner, unless you're inclined to require notice, I wouldn't of it wouldn't  
4991 give me heartburn. I guess if we leave it as is.

4992

4993  **Pecos Hall** 3:04:07

4994 OK.

4995 All right then.

4996 We're gonna leave it as it is because Mr. McClure, being the technical examiner, I'm  
4997 gonna let him make the final call on that.

4998 To me, it's not a legal question.

4999 It's more of a technical question.

5000 OK.

5001 So Mr. Examiner, in terms of the question you did ask though about timing, yes, I think  
5002 that and I haven't had a chance to confer with Miss McLean and Miss Pena or Miss  
5003 Hardy about this. But I think it would be premature to do briefing until after.

5004 After we have a chance to reconvene on the new notice and then the application that's

5005 going to be filed and also given that Permian is giving what getting wide latitude to move  
5006 forward with applications that in Avon's view are not properly noticed.  
5007 Avant may have some decisions to make about additional steps it intends to take, and  
5008 so it would be premature to set a briefing schedule until at least the division.  
5009 And has had a chance to review the revised the notice for the Wolfcamp case, and that  
5010 won't be until the June docket. So I would respectfully request that we come back first  
5011 for hearing on the revisions and then set the briefing docket after that, because the  
5012 transcript will.

5013 Not be complete until the notice is cured.

5014 Miss McLain.

5015 I am happy to take as long as Avaunt wants for briefing.

5016 You know our contested hearing schedule coming up, I was gonna say like, what about  
5017 July?

5018 Yeah. Well, no, I like jokingly.

5019 But also seriously, I'm happy to make it July you are.

5020 Again, I this is not something to us that is super pressing, OK. And so, you know, there's  
5021 no lease expirations and I think it's fine to push it.

5022 OK.

5023 Mr. McClure, you heard this right.

5024

5025  **McClure, Dean, EMNRD** 3:06:14

5026 I did Mr. Herney examiner.

5027 I personally don't have a preference, however, however you'd like to. However you  
5028 would like to proceed Mr. Examiner's fine by me.

5029

5030  **Pecos Hall** 3:06:25

5031 Well, yeah, I was going to.

5032 I was gonna set something for a few weeks from the June hearing by well, it's not a  
5033 hearing by affidavit, but the reopening of the record for that June.

5034 Dock it. But the parties don't seem to be in a a hurry.

5035 So, OK, we'll postpone until the June.

5036 Reopening of the evidentiary record for whatever we need to do, and then at that time  
5037 we can decide how much longer it's gonna take. I would hope that by June, the parties  
5038 would have submitted these corrections.

5039 Here I don't see any reason to delay the correction.

5040 Oh, no, no, the corrections.

5041 We could do that no problem. I would suggest maybe.

5042 We set this for the June status conference docket. If we're going to be setting additional

5043 deadlines in the in things of that nature as opposed to the new June docket because I,  
5044 you know, there's always so many cases and I think the status conference docket might  
5045 be more.

5046 Appropriate.

5047 I know you need to notice it for the June docket, but perhaps we can file continuance to  
5048 the June status conference socket.

5049 Let's get it later and later. I mean it's, it's that's two months from now.

5050 What's the matter with with having a status conference as the first thing on the hearing  
5051 by affidavit docket in June?

5052 And then I mean, I can't imagine.

5053 I mean, I don't know what Miss Bennett has up her sleeve. Although there may be a few  
5054 things.

5055 We have a few things that I'm thinking of.

5056 Got that smile on her face, but.

5057 You know, if the parties want to wait till the 2nd docket, I'm OK with that too.

5058 I think that if if you would permit a status conference at the 1st June docket, I would OK  
5059 then I think that's perfectly fine.

5060 We're already delaying this and delaying this and and yes, OK. So we will assign this to  
5061 the first.

5062 June docket. We will send it as a status conference instead of AI.

5063 Guess we should call this a contested hearing, right, Freya?

5064 I think so, yeah.

5065 This is really a it's a continuation of the contested hearing, so we'll all know that it's not  
5066 full bloom contested hearing cause we've already had that. We'll have the benefit of the  
5067 amended exhibits. We'll have the the amended application, the new notice.

5068 Of course you'll have to, I guess enter into evidence that notice information your  
5069 affidavit and and the documents for that.

5070 OK.

5071 What else did you want to deal with, Miss Ben?

5072 OK.

5073 OK.

5074 Would you also send it to Mr. McClure as well?

5075 Copy Mr. McClure and then, if there's any objection, Miss McLean, please respond and  
5076 include me. If there's an objection to amending any exhibit that Miss Bennett points out  
5077 to you, we'll deal with that as AI. Think Permian resources position would be of Mr.  
5078 McClure would like us to.

5079 Amend them.

5080 We're happy to do so.

5081 Alright, So what if we do this, Miss Bennett, why don't you send the list?  
5082 Of suggested amendments to Mr. McClure and copy Miss McLean M's McLean if you  
5083 object let me know.  
5084 If you don't object, we'll let Mr. McClure decide which of those exhibits he would like to  
5085 see amended. Because of those figures that may not be correct.

5086

5087  **McClure, Dean, EMNRD** 3:10:30

5088 Mr. Mr. herring, examiner.

5089 I think Miss Bennett's mic is off, so I didn't exactly hear the entirety of the exchange, but  
5090 I think I understand based on what you just described. I miss Bennett sending me an e-  
5091 mail and CC ING Miss McLean with the reference rebuttal exhibits. Is that correct?

5092

5093  **Pecos Hall** 3:10:51

5094 Miss. Miss Bay, why don't you reiterate why you feel certain other Permian exhibits need  
5095 to be amended so Mr. McLean understands the rationale.

5096 Yes, thank you.

5097 So there are a lot of Permian exhibits that were based. The premise of the exhibit was  
5098 based off of the AFE costs that are now no longer reflected in exhibit rebuttal exhibit C5.  
5099 And so my goal would be to identify the.

5100 Permian exhibits that were based off of the now no longer accurate AF ES and if a  
5101 revision of those exhibits would be helpful to Mr. McClure, then he could decide.

5102 And so I would list the exhibits that identify the incorrect AFE amounts or that are based  
5103 off the incorrect AFE amounts. And then that way.

5104 Mr. McClure can review it and if it's something he'd like to see, then M's McLean could  
5105 have it reviewed.

5106 Whatever Mr. McClure wants.

5107 Mr. McClure, you heard that now.

5108

5109  **McClure, Dean, EMNRD** 3:12:01

5110 Yes, I did.

5111 Mr. Henning, Examiner and I'll I guess I'll revolve judgment until I see this list is kind of  
5112 where we're at, correct, Mr.

5113



5114  **Pecos Hall** 3:12:10

5115 It sounds like Miss Bennett has identified exhibits and cross examined the witness.

5116 Mr. Higginson.

5117 About his assumptions when he created those exhibits, and I think Mr. Higgins, Mr.

5118 Higginson, said that he used the original well, he didn't even have the revised AFES, so

5119 he couldn't have known what they were.  
5120 They weren't submitted till Monday.  
5121 So that is what you're suggesting, is it not?  
5122 It is, yes.  
5123 And we have admitted those into evidence as rebuttal C5.  
5124 So it'd be fair to have that changed by Mr.  
5125 Higginson. So anything else just in terms of submitting the revised exhibit packet, I  
5126 agree with Miss McLean that we'll do that as quickly as possible.  
5127 But M's McLean and I and M's Pena and M's Hardy do have some impending deadlines,  
5128 so I would like some latitude on what as soon as possible means you have until the  
5129 June. OK, you have the June. I mean, you have six weeks. OK. OK.  
5130 Thank you.  
5131 I I was.  
5132 My thinking was like we'll get it in before, but at the very latest, the day exhibits are due  
5133 for the June docket.  
5134 Perfect. That's excellent. Perfect. Perfect. Thank you.  
5135 And on the regular docket, is that a week in advance or is that for Thursday?  
5136 The week in advance.  
5137 It's a week in advance, so in May 28 you're the day before your.  
5138 Exactly. OK.  
5139 Anything else, Miss McClain?  
5140 Nothing for probably in resources.  
5141 We thank you for all of the time and attention you've spent on this the last two days in  
5142 Mr. McClure and the court reporter.  
5143 Thank you, Mr. McLean.  
5144 Anything else, Mr. McClure? Anything else?  
5145  
5146  **McClure, Dean, EMNRD** 3:14:02  
5147 Nothing for me, Mr. Examiner.  
5148  
5149  **Pecos Hall** 3:14:05  
5150 Thank you, Bennett. Thank you.  
5151 I also would like to extend my gratitude to the division, especially with this that's  
5152 happening today.  
5153 I really appreciate your patience with me and so thank you very much for the time you  
5154 spent. Thank you.  
5155 It was a.  
5156 It was a well, well handled hearing. Thank you.

5157 And thank you for the witnesses for traveling to Santa Fe.

5158 My record and resource.


5159 I'm just. I'm gonna recess it.

5160 Thank you.

5161 Thank you for saying. I appreciate that. I miss that.

5162 No, that's that's fine.

5163

5164  stopped transcription

5165