

1 STATE OF NEW MEXICO
2 ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
3 OIL CONSERVATION DIVISION

4 IN THE MATTER OF THE HEARING CALLED
5 BY THE OIL CONSERVATION DIVISION FOR
6 THE PURPOSE OF CONSIDERING:

7 APPLICATION OF COG OPERATING, LLC CASE NO. 15605
8 FOR A NONSTANDARD SPACING AND
9 PRORATION UNIT, A NONSTANDARD
10 PROJECT AREA, AND COMPULSORY
11 POOLING, LEA COUNTY, NEW MEXICO.

12

13 REPORTER'S TRANSCRIPT OF PROCEEDINGS

14 EXAMINER HEARING

15 December 15, 2016

16 Santa Fe, New Mexico

17

18 BEFORE: MICHAEL McMILLAN, CHIEF EXAMINER
19 DAVID K. BROOKS, LEGAL EXAMINER

20

21

22 This matter came on for hearing before the
23 New Mexico Oil Conservation Division, Michael McMillan,
24 Chief Examiner, David K. Brooks, Legal Examiner, on
25 Thursday, December 15, 2016, at the New Mexico Energy,
Minerals and Natural Resources Department, Wendell Chino
Building, 1220 South St. Francis Drive, Porter Hall,
Room 102, Santa Fe, New Mexico.

26

27 REPORTED BY: Mary C. Hankins, CCR, RPR
28 New Mexico CCR #20
29 Paul Baca Professional Court Reporters
30 500 4th Street, Northwest, Suite 105
31 Albuquerque, New Mexico 87102
32 (505) 843-9241

33

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

APPEARANCES

FOR APPLICANT COG OPERATING, LLC:
JORDAN L. KESSLER, ESQ.
HOLLAND & HART
110 North Guadalupe, Suite 1
Santa Fe, New Mexico 87501
(505) 988-4421
jlkessler@hollandhart.com

FOR INTERESTED PARTY RSC RESOURCES, L.P.:
JAMES G. BRUCE, ESQ.
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043
jamesbruc@aol.com

1	INDEX	
2		PAGE
3	Case Number 15605 Called	3
4	COG Operating, LLC's Case-in-Chief:	
5	Witnesses:	
6	David M. Wallace:	
7	Direct Examination by Ms. Kessler	4
8	Cross-Examination by Examiner McMillan	11,19
9	Cross-Examination by Mr. Bruce	12
10	Redirect Examination by Ms. Kessler	15
11	Cross-Examination by Examiner Brooks	17
12	John Bertalott:	
13	Direct Examination by Ms. Kessler	19
14	Cross-Examination by Mr. Bruce	23
15	Cross-Examination by Examiner McMillan	23,26
16	Cross-Examination by Examiner Brooks	24
17		
18	Proceedings Conclude	26
19	Certificate of Court Reporter	27
20		
21		
22		
23		
24		
25		

EXHIBITS OFFERED AND ADMITTED

19	COG Operating, LLC Exhibit Numbers 1 through 5	11
20	COG Operating, LLC Exhibit Numbers 6 through 9	23

1 (8:35 a.m.)

2 EXAMINER McMILLAN: I'd like to call the
3 hearing back to order.

4 Case Number 15605, application of COG
5 Operating, LLC for a nonstandard spacing and proration
6 unit, a nonstandard project area, and compulsory
7 pooling, Lea County, New Mexico.

8 Call for appearances.

9 MS. KESSLER: Mr. Examiners, Jordan
10 Kessler, from the Santa Fe office of Holland & Hart, on
11 behalf of the Applicant.

12 EXAMINER McMILLAN: Any other appearances?

13 MR. BRUCE: Mr. Examiner, RSC Resources,
14 L.P., and I have no witnesses.

15 EXAMINER McMILLAN: If the witnesses would
16 please stand up and be sworn in at this time.

17 (Mr. Wallace and Mr. Bertalott sworn.)

18 DAVID M. WALLACE,
19 after having been first duly sworn under oath, was
20 questioned and testified as follows:

21 DIRECT EXAMINATION

22 BY MS. KESSLER:

23 Q. Please state your name for the record and tell
24 the Examiners by whom you're employed and in what
25 capacity.

1 A. My name is David Michael Wallace. I work for
2 COG Operating, LLC as a landman.

3 Q. Have you previously testified before the
4 Division?

5 A. I have.

6 Q. Were your credentials as a petroleum landman
7 accepted and made a matter of record?

8 A. Yes.

9 Q. Are you familiar with the application that's
10 been filed in this case?

11 A. Yes, I am.

12 Q. And are you familiar with the status of the
13 lands in the subject area?

14 A. Yes.

15 MS. KESSLER: Mr. Examiner, I would tender
16 Mr. Wallace as an expert in petroleum land matters.

17 MR. BRUCE: I have no objection.

18 EXAMINER McMILLAN: So qualified.

19 Q. (BY MS. KESSLER) Mr. Wallace, I'd ask you to
20 look at Exhibit 1. Would you please identify this
21 exhibit, and please tell us what COG seeks under this
22 application?

23 A. This is the C-102 plat for our Rojo AE 7811
24 JV-P Fed Com #1H well. It seeks to create a 280-acre
25 nonstandard spacing unit consisting of the west

1 half-west half of Section 27, the west half of the
2 northwest quarter of Section 34, the northwest of the
3 southwest quarter of Section 34, 25 South, 33 East, Lea
4 County, New Mexico.

5 Q. And do you seek to pool the uncommitted
6 interests in the Bone Spring Formation?

7 A. Yes, we do.

8 Q. Has an APD been approved for this well?

9 A. Yes, it has.

10 Q. Is the API number reflected in the C-102?

11 A. Yes.

12 Q. And has the Division designated a pool code for
13 this well?

14 A. Yes. It's the Red Hills Upper Bone Spring
15 Shale, Pool Code 97900.

16 Q. Will COG be the contract operator of this well?

17 A. Yes, they will.

18 Q. And is that pursuant to a development agreement
19 with BTA?

20 A. That is correct.

21 Q. What is the character of these lands?

22 A. They are federal.

23 Q. And is the pool governed by Division statewide
24 rules?

25 A. Yes, they are.

1 Q. And the 330 setbacks will apply?

2 A. That is correct.

3 Q. Are they any depth severances in this pool?

4 A. No, there are not.

5 Q. Can you please explain why COG is seeking an
6 approval of a nonstandard project area?

7 A. Under our development agreement with BTA, we're
8 obligated to drill this well that consists of solely the
9 acreage that we are subject to that development
10 agreement with BTA.

11 Q. So that would be a mile-and-three-quarter mile
12 lateral; is that correct?

13 A. Yes, that's correct.

14 Q. Okay. Does COG have plans to drill a stand-up
15 well that would be in the west half-west half of Section
16 3 and the southwest quarter-southwest quarter of Section
17 34?

18 A. That's correct.

19 Q. So the southwest quarter-southwest quarter of
20 Section 34 will not be stranded; is that correct?

21 A. That is correct.

22 Q. What is the status of that well?

23 A. We have proceeded to stake the well in the
24 southwest-southwest of Section 3. We have some surface
25 obstructions there, so we are now proceeding to stake

1 the well in the southwest-southwest quarter of Section
2 34.

3 Q. And that is underway with the BLM; is that
4 correct?

5 A. That's correct.

6 Q. What is Exhibit 2?

7 A. Exhibit 2 is a map of the tracts in the spacing
8 unit, shows the interest of the parties in each tract.
9 The recap at the end shows the uncommitted party in the
10 spacing unit.

11 Q. The only uncommitted party is EOG Resources; is
12 that correct?

13 A. That's correct.

14 Q. And they're a working interest in this well?

15 A. Yes.

16 Q. Is Exhibit 3 a copy of the well-proposal letter
17 that you sent to EOG?

18 A. That is correct.

19 Q. On what date was this letter sent?

20 A. July 28th, 2016.

21 Q. And did it include an AFE?

22 A. Yes, it did.

23 Q. Are the costs reflected on this AFE consistent
24 with what COG has incurred for drilling similar
25 horizontal wells in the area?

1 A. Yes, that is correct.

2 Q. And are you in the process of negotiating an
3 agreement with EOG related to this acreage?

4 A. Yes, we are. We're negotiating an acreage
5 trade at this time. We just don't have anything signed
6 yet.

7 Q. So there is no agreement that's been reached?

8 A. That's correct.

9 Q. And you have a drilling deadline coming up; is
10 that correct?

11 A. Yes. We have a deadline of 60 days after
12 receipt of the APD, and we received it a couple of weeks
13 ago.

14 Q. Okay. So you're proceeding with force pooling
15 EOG; is that correct?

16 A. Yes, that's correct.

17 Q. Will you notify the Division if a trade is
18 reached?

19 A. Yes.

20 Q. Have you estimated overhead and administrative
21 costs while drilling and producing this well?

22 A. Yes, we have.

23 Q. What are those costs?

24 A. 7,000 per month for drilling and 700 per month
25 for producing.

1 Q. And are those costs in line with what COG and
2 operators in the area charge for similar wells?

3 A. Yes.

4 Q. Do you ask that those administrative and
5 overhead costs be incorporated into any order resulting
6 from this hearing?

7 A. Yes.

8 Q. And do you ask that it be adjusted in
9 accordance with the appropriate accounting procedures?

10 A. Yes.

11 Q. With respect to EOG, the uncommitted working
12 interest owner, do you request that the Division impose
13 a 200 percent risk penalty?

14 A. Yes.

15 Q. Did COG notify the interest owners in the
16 southwest quarter-southwest quarter of Section 34 of
17 this hearing and COG's request for a nonstandard project
18 area?

19 A. Yes, we did.

20 Q. Did you also notify the offset operators of the
21 40-acre tract surrounding the spacing unit?

22 A. Yes, we did.

23 Q. And did you also notify EOG?

24 A. Yes.

25 Q. WAS Exhibit 4, the Affidavit of Publication,

1 directed to the parties for whom green cards were not
2 returned?

3 A. That is correct.

4 Q. And is Exhibit 5 an affidavit from my office
5 with attached letters providing notice of this hearing
6 to the parties we previously discussed?

7 A. That is correct.

8 Q. Were Exhibits 1 through 4 prepared by you or
9 compiled under your direction and supervision?

10 A. Yes.

11 MS. KESSLER: Mr. Examiners, I'd move
12 admission of Exhibits 1 through 5.

13 MR. BRUCE: No objection.

14 EXAMINER McMILLAN: Exhibits 1 through 5
15 may now be accepted as part of the record.

16 (COG Operating, LLC Exhibit Numbers 1
17 through 5 are offered and admitted into
18 evidence.)

19 CROSS-EXAMINATION

20 BY EXAMINER McMILLAN:

21 Q. Okay. So are all quarter-quarter sections
22 expected to equally contribute to the oil production?

23 A. I'm not qualified to answer that.

24 Q. Okay. Okay. Then my question now is going to
25 Exhibit 4.

1 A. Okay.

2 EXAMINER BROOKS: We need to give Mr. Bruce
3 a chance --

4 EXAMINER McMILLAN: Oh.
5 Did you have any questions?

6 MR. BRUCE: Yeah. I had a few.

7 EXAMINER McMILLAN: Go ahead.

8 MS. KESSLER: I'd object to Mr. Bruce
9 asking any questions. He didn't file a pre-hearing
10 statement, so he's not entitled --

11 MR. BRUCE: I disagree with you. I filed
12 an entry of appearance. You only have to file a
13 pre-hearing statement if you're presenting witnesses.

14 EXAMINER BROOKS: Well, my view is that the
15 exclusionary provision about pre-hearing statements only
16 applies in Commission hearings anyway. I think it's
17 limited that way.

18 So you may proceed.

19 CROSS-EXAMINATION

20 BY MR. BRUCE:

21 Q. Just a few, Mr. Wallace.

22 Did I understand you to say that COG's
23 agreement with BTA requires you to have a well unit
24 which only includes lands that are the subject of that
25 agreement?

1 A. The agreement -- there's earning language in
2 the agreement which provides that by drilling this, we
3 will earn the rest of the acreage in the agreement.

4 Q. I guess what I'm asking is why -- is there any
5 prohibition to including the southwest-southwest of
6 Section 34 in this well unit?

7 A. There's not, necessarily. Complications
8 associated with the contractual agreements -- the
9 southwest-southwest of 34 has its own contractual
10 agreements with multiple partners. We've got our
11 contractual agreement with BTA that complicates the
12 matter considerably with a deadline to drill that well.
13 That 40 will be -- we will drill that 40 from the south
14 with an extended lateral.

15 Q. And you understand -- I'm sure you know that my
16 client, RSC, owns an interest in the southwest-southwest
17 of Section 34.

18 A. Yes, I do.

19 Q. Along that line and just so you're aware,
20 Mr. Cates, the owner of RSC, informed me that he's not
21 necessarily against COG in this case. He just wants his
22 acreage drilled.

23 A. Okay.

24 Q. And I think he's had contact with COG about
25 this.

1 A. He has. He's one of our partners.

2 Q. My question is this. In looking at Exhibit 1,
3 the bottom-hole location is severely unorthodox. Are
4 you seeking to produce that close to the southwest-
5 southwest of Section 34?

6 A. Our take point -- our last take point will be
7 within standard setbacks.

8 Q. Okay. Well, I mean, I'm just -- just asking.

9 A. Okay.

10 Q. I don't see that -- I don't see -- I just
11 wondered why the bottom-hole location was that far
12 south.

13 And I think just one more, Mr. Wallace.
14 You said you would include the southwest-southwest of 34
15 with the west half-west half of Section 3 to the south?

16 A. That is correct.

17 Q. For a Wolfcamp well?

18 A. I'm not quite sure, actually. I think it is
19 Wolfcamp.

20 Q. Thanks, Mr. Wallace.

21 MS. KESSLER: May I have a brief redirect,
22 please?

23 EXAMINER McMILLAN: Yeah.

24

25

REDIRECT EXAMINATION

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

BY MS. KESSLER:

Q. Mr. Wallace, if you could look at Exhibit 1. Is the last take point reflected by the letters "LTP"?

A. Last take point is LTP, yes, 1,650 from the south line.

Q. So that would be considered orthodox; is that correct?

A. Yes.

Q. Okay. And just to clarify, this is a Bone Spring well, correct?

A. That is correct.

MR. BRUCE: Mr. Examiner, I'd just point out that the notice for -- the published notice is for a Wolfcamp well.

EXAMINER McMILLAN: Thank you.

My question is more or less along the same lines. I'm looking at your Notice of Publication. Okay?

EXAMINER BROOKS: Which exhibit is that?

EXAMINER McMILLAN: That would Exhibit 4, Case Number 15605, if you go gown down to number two approving. And go down to "pooling all mineral interest in the Wolfcamp Formation," yet your testimony says "Bone Spring."

1 MS. KESSLER: That's correct, Mr. Examiner.
2 We'll just need to re-publish with "Bone Spring."

3 MR. BRUCE: The application filed in this
4 matter also says "Wolfcamp."

5 EXAMINER BROOKS: Well, it would appear to
6 me that we would have to -- if the application says
7 "Wolfcamp" and we're now asking for Bone Spring, that we
8 would have to continue it until a day -- at least 30
9 days --

10 MR. BRUCE: And I'm not objecting to them
11 presenting their evidence. I'm just pointing it out.

12 EXAMINER BROOKS: Well, I suppose 20 days
13 would be sufficient because -- well, the 30-day notice
14 is only for filing and doesn't provide any notice
15 anyway. So as long as the person has 20 days' notice of
16 the application that, should be sufficient, but that
17 would require -- well, let's see. It could be continued
18 to the 5th. That's actually three weeks.

19 MR. BRUCE: 21 days.

20 MS. KESSLER: All right.

21 EXAMINER BROOKS: 21 days.

22 Are you through, Mr. Bruce?

23 MR. BRUCE: Yeah, I'm through. Sorry about
24 that.

25 EXAMINER BROOKS: Did you have any more

1 questions, or did you want me to go first?

2 EXAMINER McMILLAN: No.

3 CROSS-EXAMINATION

4 BY EXAMINER BROOKS:

5 Q. Okay. I had a couple of questions here. You
6 may have explained this, but all of this went very fast
7 and I'm not sure. I didn't get it all.

8 On Exhibit Number 2, second page, you have
9 "Tract 1, the west half-west half of Section 27 and
10 Tract 2, the east half of the southeast quarter of
11 Section 34." I don't know -- I didn't understand what
12 the east half of the southeast quarter has to do with --

13 A. That's a typo. That's my fault.

14 Q. Okay. Were you actually talking about the west
15 half of the northwest quarter of Section 34?

16 A. That's correct. I used this form from another
17 well, and it -- I neglected to change that. My error.

18 Q. Okay. So Tract 2 is actually the west half of
19 the northwest quarter of the northwest quarter of the
20 southwest quarter of Section 34; is that correct?

21 A. That's correct.

22 Q. And that's --

23 A. What is reflected in the unit recap, yes.

24 Q. Yeah. That's 120 acres?

25 A. Yes.

1 Q. Okay. Is the math correct on that basis?

2 A. Yes.

3 Q. Of the recapitulation?

4 A. Yes, it is.

5 Q. Okay. So EOG is the only party you're force
6 pooling?

7 A. That's correct.

8 Q. Okay. The advertisement in this case -- let's
9 see. This is Case 15605. The advertisement of this
10 case says "also to be considered will be designation of
11 COG Operating, LLC as the contract operator of the well
12 for BTA Oil Producers." What is the situation there?
13 Explain that to me.

14 A. We have a development agreement with BTA
15 covering multiple sections wherein we have a contract
16 operating agreement built into it. So we become the
17 contract operator under BTA, but they remain as
18 operator. We go in and drill certain wells on their
19 acreage and earn into their acreage.

20 Q. Okay. So you -- the -- the interest that COG
21 has, that's not been earned yet? It will be earned by
22 drilling this well. Is that what you're telling me?

23 A. That is correct, upon completion, yes.

24 Q. Very good. Thank you.

25 EXAMINER BROOKS: Did you have any further

1 questions, Mike?

2 CROSS-EXAMINATION

3 BY EXAMINER McMILLAN:

4 Q. Any unlocatable interests?

5 A. No.

6 Q. I have no further questions.

7 A. Thank you.

8 MS. KESSLER: Call our next witness.

9 JOHN BERTALOTT,

10 after having been previously sworn under oath, was
11 questioned and testified as follows:

12 DIRECT EXAMINATION

13 BY MS. KESSLER:

14 Q. Please state your name for the record and tell
15 the Examiners by whom you are employed and in what
16 capacity.

17 A. My name is John Bertalott, and I'm a geologist
18 with COG Operating.

19 Q. Have you previously testified before the
20 Division?

21 A. Yes, ma'am, I have.

22 Q. Were your credentials as a petroleum geologist
23 accepted and made a matter of record?

24 A. Yes, they were.

25 Q. Are you familiar with the application filed in

1 this case?

2 A. Yes, I am.

3 Q. Have you conducted a geologic study of the
4 lands that are the subject of this application?

5 A. Yes, ma'am.

6 MS. KESSLER: Mr. Examiners, I would tender
7 Mr. Bertalott as an expert in petroleum geology.

8 MR. BRUCE: No objection.

9 EXAMINER McMILLAN: So qualified.

10 Q. (BY MS. KESSLER) Please turn to Exhibit 6 and
11 identify this exhibit and walk us through it.

12 A. Exhibit 6 is a location map highlighting where
13 our proposed well will be drilled. It is oriented north
14 to south. And what also is shown is offset wells that
15 have been drilled and completed in a similar zone that
16 we are going to target.

17 Q. And the COG-BTA acreage is highlighted in
18 yellow; is that right?

19 A. That is correct.

20 Q. What is Exhibit 7?

21 A. Exhibit 7 is, once again, the same location
22 map. Only this time it is showing a structure map that
23 is of the Upper Avalon Shale, a contour interval of 50
24 feet. We will be drilling slightly downdip. A minimal
25 dip is in the area.

1 Q. Based on the structure in this nonstandard
2 project area, have you identified any geologic hazards
3 to drilling a horizontal well?

4 A. No, ma'am.

5 Q. What is Exhibit 8?

6 A. Exhibit 8 highlights a location of a cross
7 section, A to A prime, north to south, wells that are
8 representative of the reservoir that we intend to
9 target, also highlighting the north-to-south location of
10 our proposed well.

11 Q. And A to A prime is the cross-section line that
12 you use for your next exhibit, right?

13 A. Yes, ma'am.

14 Q. And did you use three wells to put together
15 this cross section?

16 A. I did.

17 Q. Is Exhibit 9 a cross-section exhibit?

18 A. Yes, it is, a stratigraphic cross section, A to
19 A prime, from the previous location map, north to south.
20 It is stratigraphically hung on the Upper Avalon Shale
21 top. We see continuity of the reservoir throughout this
22 area and relative uniform thickness as well.

23 Q. Based on your geologic study of this area, have
24 you identified any hazards to developing this acreage
25 using a mile-and-three-quarter lateral?

1 A. No, ma'am.

2 Q. In your opinion, can the area be efficiently
3 and economically developed by horizontal wells?

4 A. Yes, ma'am.

5 Q. And do you believe that each tract in the
6 proposed nonstandard spacing unit will contribute more
7 or less equally to production from the well?

8 A. Yes, I do.

9 Q. And the completed interval will comply with the
10 330 setbacks, correct?

11 A. Right.

12 Q. In your opinion, will the granting of COG's
13 application be in the best interest of conservation, the
14 prevention of waste and the protection of correlative
15 rights?

16 A. Yes.

17 Q. Were Exhibits 6 through 9 prepared by you or
18 compiled under your direction or supervision?

19 A. Yes, they were.

20 MS. KESSLER: Mr. Examiners, I'd move
21 admission of Exhibits 6 through 9.

22 MR. BRUCE: No objection.

23 EXAMINER McMILLAN: Exhibits 6, 7, 8 and 9
24 may now be accepted as part of the record.

25 (COG Operating, LLC Exhibit Numbers 6

1 through 9 are offered and admitted into
2 evidence.)

3 CROSS-EXAMINATION

4 BY MR. BRUCE:

5 Q. Just a few questions, Mr. Bertalott.

6 A. Yes, sir.

7 Q. Looking at your Exhibit 8, there is a
8 mile-and-a-half lateral in Sections 35 and 2. I presume
9 that's a COG well.

10 A. That actually was not drilled. That was an
11 Endeavor well that we inherited with -- so that well was
12 not drilled by COG.

13 Q. Okay. And then your Exhibit 9, the well on the
14 right side of the cross section, that's actually a
15 vertical Wolfcamp well; is it not?

16 A. The far right --

17 Q. Yes.

18 A. Yes. That is a deep Wolfcamp well that we use
19 to identify the reservoir that we'll be targeting.

20 Q. Just out of curiosity, is COG looking --
21 considering developing the Wolfcamp in this area?

22 A. We are examining the opportunity.

23 Q. Okay. Thank you.

24 A. Uh-huh.

25 CROSS-EXAMINATION

1 BY EXAMINER McMILLAN:

2 Q. Okay. Where the target interval?

3 A. The target interval on the cross section where
4 it says "lateral interval," that is where we intend to
5 target our lateral. That interval is commonly targeted
6 by COG in other Upper Avalon wells, as well as offset
7 operators.

8 Q. Okay.

9 A. I'm sorry. It's not on the blowup version of
10 the cross section, but on Exhibit 9, the lateral
11 interval is highlighted on the left-hand side.

12 Q. So 9270 to 9320?

13 A. We would like to target that -- the shale
14 package there, correct.

15 Q. Do you expect all quarter-quarter sections to
16 equally contribute to production?

17 A. Yes, I do.

18 Q. Okay. And the target of the interval is the
19 same -- the target interval for the Rojo is the same as
20 the other wells?

21 A. It's very similar to what other -- we and other
22 operators have targeted, yes, sir.

23 EXAMINER McMILLAN: Go ahead.

24 CROSS-EXAMINATION

25 BY EXAMINER BROOKS:

1 Q. I had a question and just one question, and you
2 may not know the answer. If you do, answer it. If the
3 landman -- maybe we can get it from him or from counsel.

4 When do you plan to drill this well?

5 A. I believe we are getting ready to spud the well
6 relatively soon.

7 Q. Relatively soon?

8 A. Uh-huh.

9 Q. That's quite specific. Do you have any kind of
10 forecast? I take it it's not scheduled -- not
11 specifically scheduled, at least not that you know
12 about?

13 A. (Indicating.)

14 MS. KESSLER: Mr. Examiner, I believe the
15 landman can answer that question, but since there is a
16 60-day contractual deadline from the date the AFE was
17 filed, I think the drilling deadline is very close.

18 EXAMINER BROOKS: Okay. Well, you're not
19 bound by -- you're not entering into any commitments to
20 OCD so you're not bound by anybody's answer to that
21 question. We all know that the statute allows you to
22 drill it before or after the pooling order is issued.

23 MS. KESSLER: Correct.

24 EXAMINER BROOKS: Did the first witness --
25 did Mr. Wallace have an answer to that?

1 MR. WALLACE: I do, actually.

2 EXAMINER BROOKS: Please proceed.

3 MR. WALLACE: We are -- the Rojo AE well is
4 currently spudding today.

5 EXAMINER BROOKS: Oh. Now I know what
6 relatively soon means (laughter).

7 MR. WALLACE: It's supposed to spud today.

8 EXAMINER BROOKS: I would say that's
9 absolutely soon. Thank you.

10 EXAMINER McMILLAN: Actually, I've got a
11 real quick question for the landman.

12 RECROSS EXAMINATION

13 BY EXAMINER McMILLAN:

14 Q. On your cost, did you say it is subject to
15 COPAS?

16 A. Yes.

17 EXAMINER McMILLAN: Okay. One quick --

18 EXAMINER BROOKS: Okay. I have no
19 questions.

20 EXAMINER McMILLAN: Case Number 15605 shall
21 be continued until January 5th.

22 Thank you.

23 (Case Number 15605 concludes, 9:04 a.m.)

24

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

STATE OF NEW MEXICO
COUNTY OF BERNALILLO

CERTIFICATE OF COURT REPORTER

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

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

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

MARY C. HANKINS, CCR, RPR
Certified Court Reporter
New Mexico CCR No. 20
Date of CCR Expiration: 12/31/2017

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25