

STATE OF NEW MEXICO

ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTTTER OF THE HEARING CALLED  
BY THE OIL CONSERVATION DIVISION FOR  
THE PURPOSE OF CONSIDERING:

CASES NOS. 16327  
16332

Application of COG Operating, LLC,  
for a non-standard oil spacing and  
proration unit and compursory pooling,  
Lea County, New Mexico.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

THURSDAY, JULY 26, 2018

SANTA FE, NEW MEXICO

This matter came on for hearing before the  
New Mexico Oil Conservation Division, William B. Jones,  
Examiner, and David Brooks, Esq., Legal Examiner, on  
Thursday, July 26, 2018, at the New Mexico Energy,  
Minerals, and Natural Resources Department, Wendell Chino  
Building, 1220 South St. Francis Drive, Porter Hall, Room  
102, Santa Fe, New Mexico

Reported by: Mary Therese Macfarlane  
New Mexico CCR 122  
PAUL BACA COURT REPORTERS  
500 Fourth Street NW, Suite 105  
Albuquerque, New Mexico 87102

1 A P P E A R A N C E S .

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24

25

1 (Time noted: 10:05 a.m.)

2 MR. JONES: Okay. Let's go back on the record.

3 We'll call Cases Nos. 16327 and 16332.

4 MS MUNDSD-DRY: Yes.

5 MR. JONES: Both of these are applications of  
6 COG Operating, LLC, for a non-standard spacing and  
7 proration unit and compulsory pooling in Lea County, New  
8 Mexico. Those are Cases 16327 and 16332.

9 MS. MUNDSD-DRY: Good morning, Mr. Jones,  
10 Mr. Brooks. My name is Ocean Munds-Dry, and I'm counsel  
11 with COG Operating, LLC. Sitting with me today is Michael  
12 Rodriguez our legal intern, who is a law student at UNM.

13 MR. JONES: Other appearances?

14 (Note: No response.)

15 MR. JONES: Will the witnesses please stand.

16 MS. MUNDSD-DRY: I have two witnesses.

17 (Note: Whereupon the two designated witnesses  
18 were duly sworn.)

19 MS. MUNDSD-DRY: We call our first witness.

20 DANNY M. TIDWELL,

21 having been previously sworn, testified as follows:

22 DIRECT EXAMINATION

23 BY MS. MUNDSD-DRY:

24 Q. Good morning. Would you please state your name  
25 for the record.

1 A. Danny Tidwell.

2 Q. And by whom are you employed?

3 A. COG Operating.

4 Q. And what is your position with COG Operating?

5 A. Senior Staff Landman.

6 Q. Have you previously testified before the  
7 Division, Mr. Tidwell?

8 A. Yes.

9 Q. Were your credentials made a matter of record at  
10 that time?

11 A. Yes, they were.

12 Q. Are you familiar with the status of the lands  
13 that are the subject of this application?

14 A. Yes.

15 MS. MUNDS-DRY: Mr. Jones, we would tender  
16 Mr. Tidwell as an expert in petroleum land matters.

17 MR. JONES: He is qualified as an expert in  
18 petroleum land matters.

19 Q. Mr. Tidwell, if you would turn to your packet  
20 there and look under Tab 1, Exhibit No. 1 and review it  
21 for the examiner.

22 A. Okay. This is a C-102 for the Little Bear  
23 Federal Com 1H. The spacing unit on here is the west half  
24 of the west half of Section 34, 20 South, 34 East.

25 Q. And if you turn to the second page under Tab

1     **No. 1.**

2           A.    Okay.

3           **Q.    This is also a C-102?**

4           A.    Hmm.

5           **Q.    Stay on that second page there.**

6           A.    Okay.

7           **Q.    Yeah.**

8           A.    Okay.  This is the C-102 for the Little Bear  
9   Federal Com No. 6H.  It is also the spacing unit is the  
10 west half of the west half of Section 34, 20 South, 34  
11 East.

12          **Q.    Mr.  Tidwell, what does COG seek under both of**  
13 **those applications?**

14          A.    We seek to pool the noncommitted working  
15 interest owners.

16          **Q.    And in the 1H, what is the formation that COG**  
17 **seeks to pool, or the pool?**

18          A.    It's the Bone Spring, the Berry Bone Spring  
19 North.

20          **Q.    And for the 6H, what is the pool?**

21          A.    Wolfcamp.

22          **Q.    And what is the character of the land within**  
23 **both of these spacing units?**

24          A.    They are federal.

25          **Q.    Have APDs been approved for the proposed wells?**

1           A.    Not yet.  We are anticipating them within the  
2 next couple of weeks.

3           **Q.    Mr. Tidwell, our application asks for a**  
4 **non-standard spacing unit.  Do we still seek a**  
5 **non-standard spacing unit for these wells?**

6           A.    No.

7           MR. BROOKS:  I'm a little concerned about not  
8 putting that in in this case because it was filed  
9 before -- when was it filed?

10          MS. MUNDS-DRY:  I actually checked, Mr. Brooks.  
11 It was also filed on June 26th.

12          MR. BROOKS:  Okay.  I'm okay with that.  I  
13 thought these cases -- I thought I had been hearing about  
14 Little Bear for a long time, but...

15          MS. MUNDS-DRY:  That may just be the volumes of  
16 correspondence you've been a part of.

17          MR. BROOKS:  Yes.  And I may have it confused  
18 with the Goldilocks story.

19          MS. MUNDS-DRY:  So then, Mr. Examiner, we would  
20 also seek, as in previous COG cases, to dismiss that  
21 portion of our application.

22          MR. JONES:  Okay.

23          **Q.    Mr. Tidwell, as reflected on both of the C-102s**  
24 **for the 1H and the 6H, will the completed interval for**  
25 **both of the proposed horizontal wells comply with all the**

1 setback requirements under the new horizontal well rule?

2 A. Yes.

3 Q. Thank you. Would you please turn to what has  
4 been marked as COG Exhibit No. 2.

5 A. Okay.

6 Q. Have you been able to identify all the interest  
7 owners in the proposed standard horizontal spacing units?

8 A. Yes, we have.

9 Q. And with that, would you please review for the  
10 examiners in Exhibit No. 2 what you're showing on both  
11 pages.

12 A. Okay. The gray area is the non-standard pro --  
13 the gray area is the horizontal spacing unit. Tract 1 is  
14 the southwest of the northwest, and the west half of the  
15 southwest 120 acres. Tract 2 is the northwest/northwest  
16 40 acres.

17 Q. If you turn to the second page under Exhibit  
18 No. 2. Does this reflect the interest owners in the  
19 proposed spacing unit?

20 A. Yes, it does.

21 Q. Who do we seek to pool in the 1H?

22 A. Chevron USA.

23 Q. And that's in bold, reflected in bold on this  
24 page?

25 A. Yes.

1 Q. And then if you will turn to the third page  
2 under Tab No. 2 in Exhibit No. 2. Is it the same tracts  
3 as in the previous --

4 A. It is.

5 Q. -- document?

6 Then the last page, are the interests  
7 reflected there also the same?

8 A. Yes.

9 Q. And we seek to pool Chevron, as well, in the 6H?

10 A. Yes.

11 Q. Are there any overriding royalty interest owners  
12 in either of these wells?

13 A. There are, but we do not seek to pool them at  
14 this time. We will get them -- we are going to attempt to  
15 get them to ratify the communitization agreement.

16 Q. And if we determine that they will need to be  
17 pooled, we will come back to --

18 A. At a later date.

19 Q. Thank you, Mr. Tidwell.

20 If you turn to what has been marked as COG  
21 Exhibit No. 4 (sic), is this the Well Proposal that was  
22 sent to Chevron?

23 A. It's marked as --

24 Q. I'm sorry, Exhibit No. 3. I was skipping too  
25 far ahead.

1                   Is Exhibit 3 a Well Proposal sent to  
2 **Chevron?**

3           A.    Yes, it is.

4           Q.    What date was the letter sent?

5           A.    June 11th.

6           Q.    And did you include an AFE with the Well  
7 **Proposal?**

8           A.    Yes, we did.

9           Q.    Did you send a Well Proposal on the same date to  
10 **Chevron for the 6H?**

11          A.    Yes.

12          Q.    And that also included an AFE?

13          A.    Yes, it did.

14          Q.    Are the AFE costs outlined in line with what COG  
15 **and other operators charge in this area?**

16          A.    Yes, they are.

17          Q.    In addition to sending these letters out, what  
18 **other efforts did you undertake to obtain voluntary**  
19 **joinder of Chevron's interests?**

20          A.    We are in negotiations right now with Chevron on  
21 the Operating Agreement, but we still have not reached an  
22 agreement. I've been dealing with them almost daily.

23          Q.    And if you do reach agreement with Chevron will  
24 **you dismiss them from this case?**

25          A.    Yes.

1 Q. In your opinion have you made a good faith  
2 effort to seek Chevron's voluntary joinder in both of the  
3 1H and 6H wells?

4 A. Yes, I have.

5 Q. Would you also tell us if we have determined  
6 what the drilling and producing costs are for both of  
7 these wells.

8 A. Drilling cost is 7,000, producing cost is 700.

9 Q. And that's for both the 1H and 6H?

10 A. Yes, it is.

11 Q. Are these costs in line with what COG and other  
12 operators are charging for similar wells in the area?

13 A. Yes, they are.

14 Q. Do you ask that these administrative and  
15 overhead costs be incorporated into any Order resulting  
16 from this hearing?

17 A. Yes, we do.

18 Q. Do you ask, as well, that they be adjusted in  
19 accordance with the appropriate COPAS accounting  
20 procedures?

21 A. Yes, we do.

22 Q. And with respect to the interest owners who  
23 remain uncommitted to this well, do you request the  
24 Division impose a 200 percent risk penalty?

25 A. Yes, I do.

1 Q. If you turn to what has been marked as COG  
2 Exhibit No. 4, is this a Notice packet including a Notice  
3 Affidavit by the law firm of Holland & Hart, including the  
4 Notice letters, evidence of the certified mailings, and  
5 also a Notice of Publication for the 2H well.

6 A. Yes.

7 Q. And under COG Exhibit No. 5, same thing for the  
8 6H well?

9 A. Yes, it is.

10 Q. Mr. Tidwell, are there any depth severances in  
11 the Bone Spring or Wolfcamp?

12 A. No, there are not.

13 Q. Were Exhibits 1 through 5 prepared by you or  
14 compiled under your direction and supervision?

15 A. Yes, they were.

16 MS. MUNDS-DRY: Mr. Examiner, we would move into  
17 evidence Exhibits 1 through 5.

18 MR. JONES: Exhibits 1 through 5 are admitted.

19 MS. MUNDS-DRY: Oh, I forgot to ask.

20 Q. Mr. Tidwell, in your opinion is the granting of  
21 this application in the best interest of conservation, the  
22 protection of correlative rights, and prevention of waste?

23 A. Yes, it.

24 MS. MUNDS-DRY: This concludes my direct for  
25 Mr. Tidwell.

1 MR. JONES: Thank you.

2 CROSS-EXAMINATION

3 BY MR. JONES:

4 Q. So how did that northwest/northwest, how did it  
5 become a separate tract from the rest of it?

6 A. It's an older lease.

7 Q. And Chevron just --

8 A. They were the ones that got it.

9 Q. Okay. And how did COG obtain interests in this  
10 area?

11 A. We bought some -- well, we actually bought a  
12 federal lease that covers that 120 acres plus additional  
13 acreage.

14 Q. Okay. So is this kind of a focused area for  
15 COG?

16 A. Yes, it is.

17 Q. Okay. So -- it's interesting that you didn't  
18 choose to include those override owners in your  
19 application, but if you do it later you'll have to reopen  
20 the case and...

21 A. Right. Right.

22 Q. But you're pretty confident, I take it.

23 A. I think we know where they are and I think we  
24 probably will be successful.

25 Q. Okay. These are both Berry Bone Spring North

1 wells?

2 A. No. The 1H is the Bone Spring.

3 Q. Okay. 1H is a Wolfcamp?

4 A. 6H is Wolfcamp.

5 Q. 6H is Wolfcamp?

6 A. Yes. That's 16332.

7 Q. So is that a wildcat Wolfcamp?

8 A. Uh, we already have some Wolfcamp in the area.

9 Q. Okay.

10 A. In Section 34.

11 Q. Spaced on 40-acre spacing, probably.

12 A. Yes. I mean, they're horizontal wells.

13 Q. Okay. So your building blocks for this would  
14 be --

15 A. 40s.

16 Q. -- 40s?

17 A. Yes.

18 Q. So by the rule it would be either four corners  
19 or equivalence of spacing as allowed in the pool, or  
20 whatever they put in that language.

21 A. Right.

22 MR. JONES: Okay. No more questions.

23 Mr. Brooks?

24 CROSS-EXAMINATION

25 BY MR. BROOKS:

1 Q. This is just four quarter/quarters, right?

2 A. Yes, sir, 160 acres.

3 Q. So it doesn't really make any difference whether  
4 you use -- it's 40-acre spacing in the pool.

5 A. I believe that's right.

6 Q. So it's not going to make any difference whether  
7 the use the quarter/quarter option or whether you use the  
8 pool spacing option.

9 A. Right.

10 MR. BROOKS: Okay. We've talked about  
11 everything else. Pass the witness.

12 MR. JONES: Okay.

13 MS. MUNDS-DRY: If there is nothing further from  
14 Mr. Tidwell, then we will call our next witness.

15 MR. JONES: Thank you for coming up.

16 HENRY ZOLLINGER,

17 having been previously sworn, testified as follows:

18 DIRECT EXAMINATION

19 BY MS. MUNDS-DRY:

20 Q. Good morning.

21 A. Good morning.

22 Q. Would you please state your name for the record.

23 A. My name is Henry Zollinger.

24 Q. By whom are you employed?

25 A. COG Operating, LLC.

1 Q. What do you do for COG?

2 A. I'm a geologist.

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

5 A. Yes.

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

8 A. Yes.

9 Q. Are you familiar with the geology of the subject  
10 applications?

11 A. Yes.

12 MS. MUNDS-DRY: Mr. Examiner, we would submit  
13 Mr. Zollinger as an expert witness in petroleum geology.

14 MR. JONES: He's an expert in petroleum geology.

15 MS. MUNDS-DRY: And, Mr. Jones, we're very sad.  
16 Mr. Zollinger is leaving for one of our Texas teams, so  
17 this is probably the last time that we're --

18 MR. JONES: I was going to say we've had him  
19 quite often here. He's familiar with that chair. He will  
20 miss it, I guess.

21 THE WITNESS: I will.

22 MR. JONES: You'll be going to Austin, then,  
23 from now on, huh?

24 THE WITNESS: You know, I hope so.

25 MR. BROOKS: You could go to worse places.

1 THE WITNESS: Exactly.

2 MS. MUNDS-DRY: So he would enjoy your vigorous  
3 questioning at the end of our direct examination.

4 THE WITNESS: Thank you, Ocean.

5 MR. JONES: He always handles them very well.

6 Q. (BY MS. MUNDS-DRY: ) Mr. Zollinger, if you will  
7 please turn to what has been marked as COG Exhibit No. 6  
8 and review this map for the examiners.

9 A. This is a locator map of the two wells in this  
10 hearing. The purple sticks are representative of the  
11 Third Bone Spring Sand wells that are drilled in the area,  
12 and the red sticks are representative of the Wolfcamp  
13 wells that are drilled in the area. The dashed sticks are  
14 the proposed wells for this case.

15 Q. And those dashed sticks are located in Section  
16 34?

17 A. Yes.

18 Q. And what does the yellow acreage denote?

19 A. COG's acreage.

20 Q. Would you turn to COG Exhibit No. 7 and review  
21 the structure map for the examiner.

22 A. Yes. This is a structure map on the top of the  
23 Wolfcamp formation, and the contour interval is 50 feet.

24 Q. And is this representative of both the Bone  
25 Spring and Wolfcamp targets?

1           A.    It is.

2           **Q.    And when you reviewed the structure in this**  
3 **area, what did you find?**

4           A.    I found that we will be drilling downdip -- I'm  
5 sorry, updip with the two proposed well bores, and there  
6 are no faults, no geologic impediments to the horizontals.

7           **Q.    Would turn to what has been marked as COG**  
8 **Exhibit No. 8.  What is this showing?**

9           A.    This is the same locator map, and it is showing  
10 the line of section, which is the next exhibit, from A to  
11 A prime.

12          **Q.    Why did you pick these three wells for the cross**  
13 **section?**

14          A.    These three wells show the entire target  
15 formation for both the Wolfcamp and the Third Bone area.

16          **Q.    Do you consider these wells representative of**  
17 **the area?**

18          A.    Yes.

19          **Q.    If you would turn to COG Exhibit No. 9 and**  
20 **review the cross section for the examiner.**

21          A.    This is our three-well cross section.  The  
22 tracks are the same as the previous cases from COG, the  
23 gamma on the left, the resistivity in the middle, and  
24 porosity on the right.  The cross section is hung on the  
25 Wolfcamp, which is in the middle, marked "Datum," and the

1 lateral placement of these wells are depicted by the  
2 purple and the red brackets on the left.

3 **Q. Did you identify any geologic barriers through**  
4 **any of these cross sections?**

5 A. Not near the target intervals, no.

6 **Q. What do you see in terms of continuity across**  
7 **the proposed unit?**

8 A. The Wolfcamp is fairly continuous through the  
9 area. The Third Bone Spring does slightly bend from east  
10 to west. Uh, but -- I don't have the cross section  
11 depicted in the Third Bone in a north/south direction, but  
12 in the north/south direction it is consistent for the well  
13 bores.

14 **Q. When you look at thickness and uniformity on the**  
15 **north/south basis, do you see consistency?**

16 A. Yes, I do.

17 **Q. Okay. Based on your geologic study of this**  
18 **area, have you identified any geologic impediments to**  
19 **developing this area using horizontal wells?**

20 A. No.

21 **Q. In your opinion can the area efficiently and**  
22 **economically be developed by horizontal wells?**

23 A. Yes.

24 **Q. Do you believe that each tract in the proposed**  
25 **unit will on average contribute more or less equally to**

1 the production from the wells?

2 A. Yes.

3 Q. Would the completed intervals for both the 1H  
4 and 6H comply with all the setback requirements under the  
5 new horizontal well rules?

6 A. Yes.

7 Q. In your opinion will the granting of COG's  
8 applications be in the best interests of conservation, the  
9 prevention of waste, and the protection of correlative  
10 rights?

11 A. Yes.

12 Q. Were Exhibits 6 through 9 either prepared by you  
13 or compiled under your direction and supervision?

14 A. Yes.

15 MS. MUNDS-DRY: Mr. Jones, we will move Exhibits  
16 6 through 9 into evidence.

17 MR. JONES: Exhibits 6 through 9 are admitted.

18 MS. MUNDS-DRY: That concludes my direct  
19 examination of Mr. Zollinger.

20 MR. JONES: Okay.

21 CROSS-EXAMINATION

22 BY MR. JONES:

23 Q. So going back to these porosity logs, the  
24 Wolfcamp seems to not track but the Bone Spring seems to  
25 track with the neutron and density tracks better in the

1 **Bone Spring.**

2 A. Yes, sir.

3 **Q. Why is that?**

4 A. The Bone Spring target is a sand, so it's a more  
5 conventional target, you don't see a lot of clay or other  
6 lithologies in that target, whereas the Wolfcamp is a  
7 shale and we do have that other mix of lithologies.

8 **Q. Did you test the density porosity for sand**  
9 **matrix?**

10 A. No, sir. It's all limestone.

11 **Q. It's still lime?**

12 **So straight out of the logging companies.**

13 A. Yes. These are the logs from the logging  
14 companies.

15 **Q. You don't show a PE curve. What does the PE**  
16 **curve tell you going through the Bone Spring and the**  
17 **Wolfcamp? Do they tell you -- do they indicate exactly**  
18 **the lithology?**

19 A. Exactly no, --

20 **Q. But --**

21 A. -- but they give you the --

22 **Q. Intuit. Okay. So they show that there's**  
23 **some -- there's more shale in some areas than others?**

24 A. Yes, sir.

25 **Q. So it would --**

1 A. We use the gamma ray curve a lot for that.

2 Q. Okay. Okay.

3 A. What we used just indicated the limestone versus  
4 the solistoplastic (phonetic).

5 (Note: Reporter inquiry.)

6 MR. JONES: He gets to say that on the record  
7 before he leaves.

8 THE WITNESS: I can't spell it.

9 MR. JONES: You must have worked in the Rockies  
10 or something at one time.

11 Q. So you're drilling only one-mile wells. How  
12 come?

13 A. If you turn back to Exhibit 6, 7 or 8, you can  
14 see the development in the area.

15 Q. Oh, okay. You have already got other wells to  
16 the north?

17 A. Yes, sir. Yes.

18 Q. But if you had your druthers and you didn't have  
19 those wells, what would you do?

20 A. Extend the laterals at least a mile and a half,  
21 if not two miles if the acreage was open.

22 Q. That seems to be the current thinking at COG?

23 A. Yes, sir.

24 Q. Speaking of the current thinking at COG, we  
25 haven't talked about the Fascinator wells yet, I don't

1 think, --

2 A. No, sir.

3 Q. -- but those are going to be like five wells in  
4 one little area. And you are not doing that here, so  
5 what's the story?

6 A. Well, we can talk about it when we get to the  
7 Fascinators.

8 Q. Okay. But why are you not doing it here?

9 A. If you look at the sections to the east of these  
10 two wells, Sections 33 and 28, --

11 Q. Okay.

12 A. -- we do have more Little Bear plans there.

13 Q. Okay.

14 A. However those were continued for two weeks.

15 Q. Okay.

16 A. But they are in two very different areas, so...

17 Q. Okay. So your engineers think -- you, as a  
18 geologist, think you're not harming the reservoir by just  
19 drilling one Bone Spring well and one Wolfcamp well and  
20 completing it?

21 A. The intent is to fully develop this proration  
22 unit to the west of those two sections.

23 Q. So these may be the initial well under the  
24 compulsory pooling but you might drill a bunch of wells.

25 A. I see what you mean. This proration unit for

1 this target in Third Wolfcamp, these will be the only two  
2 wells for development planned.

3 Q. Okay.

4 A. These wells to the west -- I'm sorry, to east  
5 are actually older, so we would like to stay away from  
6 them with this development plan, which is why there aren't  
7 more in this proration.

8 Q. Okay. Do you work with your engineers for -- do  
9 they have some kind of a working simulator going for these  
10 wells or --

11 A. Yes.

12 Q. -- do you just keep arguing over protective  
13 porosities and permeabilities and things like that?

14 Do you have indication of -- do you have  
15 any sidewall cores or...

16 A. Yes, sir. Actually, one of the wells in the  
17 cross section, the Mas Federal Com 2 which is the farthest  
18 east well is a Concha well, and that one has a pilot hole  
19 on it. So, yes, we have data from that.

20 Q. You've got initial analysis from sidewall  
21 borings?

22 A. Yes, sir.

23 Q. But not special core analysis?

24 A. Special core analysis on the shale, yes.

25 Q. Okay. So the Wolfcamp -- is this around

1 **Eunice?**

2 **I'm sorry I'm dragging this out.**

3 A. That's okay.

4 **Q. But this is around Eunice; is that correct?**

5 A. I'm terrible with my geography.

6 **Q. 20 South, 34 East. Is that --**

7 A. It's north of Eunice.

8 **Q. Between Eunice and Hobbs but off to the west a**  
9 **little bit?**

10 A. (Note: No response.)

11 **Q. So it's still on -- is it in the Delaware?**

12 A. It is in the Delaware Basin, yes.

13 **Q. So it's off the Central Basin platform.**

14 A. Yes.

15 MR. BROOKS: To the west about 30 miles or so?

16 A. (Continued) Off the Central Basin platform is  
17 probably more on the lines of eight to ten miles.

18 MR. JONES: Yeah, not that far.

19 MR. BROOKS: I was thinking New Mexico went all  
20 the way up to 38 east, but maybe I'm wrong.

21 THE WITNESS: It is the Delaware Basin, though  
22 stops where the Central Basin platform comes up.

23 MR. BROOKS: Those are 34 east?

24 MR. JONES: 34.

25 MR. BROOKS: I wasn't saying where it was in

1 relation to the Central Basin platform, because I don't  
2 know where the Central Basin is except in very general  
3 terms. I was thinking about, however, was it Eunice or  
4 Hobbs.

5 THE WITNESS: You may be right.

6 Q. (BY MR. JONES) The faulting in the Central  
7 Basin platform, does that come up through the Wolfcamp?

8 A. In the Central Basin platform?

9 Q. Well, or somewhere around here. Where is the  
10 nearest faults in the Wolfcamp?

11 A. I'm actually not sure.

12 Q. You're not worried about it, though?

13 A. I'm not worried about it, no.

14 Q. Okay. Okay. And the Wolfcamp, to continue  
15 that, is the Upper Wolfcamp -- in Lea County the Upper and  
16 Lower, is that like gas? Or oil on top with gas down  
17 below; is that correct?

18 A. In this area I do know there is oil anticipated  
19 in the Upper. I'm not sure about the Lower.

20 Q. Is the Lower Wolfcamp here of the same,  
21 considered the same pool in the Wolfcamp?

22 A. At this time, yes. And it is a wildcat pool.

23 Q. Okay.

24 A. So wildcat. This Wolfcamp well is going into  
25 this wildcat pool, which encompasses all of the Wolfcamp.

1           Q.    I knew our geologist was doing some divisions  
2 but we haven't seen them yet here, so I don't know.

3                        So I -- you know, you're representing this  
4 as a Wolfcamp spacing unit, so I want to make sure it's  
5 going to be the same pool through the -- so what do you  
6 say the top and bottom of the Wolfcamp is here?

7           A.    You know what? I'm actually not sure. There  
8 aren't a lot of logs in this very specific area that go  
9 down and penetrate the entire Wolfcamp.

10          Q.    Okay. I'm not talking about depths.

11          A.    Oh, okay.

12          Q.    So basically it would be the Upper Pennsylvanian  
13 and the Cisco Canyon?

14                        Maybe there's no Cisco Canyon here, I don't  
15 know.

16          A.    I'm not sure. I'm only familiar with the very  
17 upper part of the Wolfcamp.

18          Q.    So that's your target and that's what you're  
19 going for?

20          A.    Yes, sir.

21                        MR. JONES: Okay. Thank you very much.

22                        Mr. Brooks.

23                        MR. BROOKS. Well, I'm going to ask one  
24 question.

25                        Do you know a book that you would recommend

1 on basics of New Mexico petroleum geology for non  
2 geologists?

3 THE WITNESS: I'll get back to you on that. A  
4 basic book, no. I know a very technical one.

5 MR. BROOKS: I don't want a very technical one.  
6 I want to get past the first 10 pages.

7 THE WITNESS: I'll get back to you.

8 MR. BROOKS: I'd appreciate it.

9 MR. JONES: Thanks for coming up here.

10 MR. BROOKS: I will also ask Mr. Goetz  
11 (phonetic) the same question.

12 MS. MUNDS-DRY: If there is nothing further, Mr.  
13 Examiner, we would ask that Cases 16327 and 16332 be taken  
14 under advisement.

15 MR. JONES: Cases 16327 and 16332 are taken  
16 under advisement.

17 MS. MUNDS-DRY: Thank you, Mr. Jones and Mr  
18 Brooks.

19 (Time noted: 10:32 a.m.)

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1 STATE OF NEW MEXICO )  
2 ) SS  
3 COUNTY OF TAOS )  
4

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