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

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

AMENDED APPLICATION OF MARATHON OIL PERMIAN, LLC FOR THE CREATION OF A NONSTANDARD SPACING AND PRORATION UNIT AND COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

CASE NO. 16214

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

October 4, 2018

Santa Fe, New Mexico

BEFORE: MICHAEL McMILLAN, CHIEF EXAMINER
PHILLIP GOETZE, TECHNICAL EXAMINER
DAVID K. BROOKS, LEGAL EXAMINER

This matter came on for hearing before the New Mexico Oil Conservation Division, Michael McMillan, Chief Examiner, Phillip Goetze, Technical Examiner, and David K. Brooks, Legal Examiner, on Thursday, October 4, 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.

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1	APPEARANCES	
2	FOR APPLICANT MARATHON OIL PERMIAN, LLC:	
3	JENNIFER L. BRADFUTE, ESQ. MODRALL, SPERLING, ROEHL, HARRIS & SISK, P.A.	
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1 (9:07 a.m.)
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- 2 EXAMINER McMILLAN: How about 16214?
- MS. BRADFUTE: Yes, we can do that.
- 4 EXAMINER McMILLAN: Let's call Case Number
- 5 16214, amended application of Marathon Oil Permian, LLC
- 6 for the creation of a nonstandard spacing and proration
- 7 unit and compulsory pooling, Eddy County, New Mexico.
- 8 Call for appearances.
- 9 MS. BRADFUTE: Mr. Examiner, Jennifer
- 10 Bradfute with the Modrall, Sperling Law Firm, on behalf
- of Marathon Oil Permian, LLC. And I have two witnesses
- 12 here with me today.
- 13 EXAMINER McMILLAN: Okay. Please proceed.
- 14 (Mr. Tate and Mr. Baker sworn.)
- 15 MS. BRADFUTE: Mr. Examiner, this case was
- 16 presented initially to the Division on June 28th, and
- 17 then Marathon amended its application due to a depth
- 18 severance located within the Bone Spring Formation where
- 19 the well was going to be drilled. And then we put on a
- 20 witness during the September 6th docket, and the
- 21 Division asked that we bring back another landman to
- 22 testify about the depth severances, as well as a
- 23 geologist to put on technical information. The exhibits
- 24 are fairly short. They're tailored to specific issues
- 25 that came up during that last hearing in this matter,

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- 1 and that's why we have witnesses that are here today.
- 2 EXAMINER McMILLAN: Okay. Please proceed.
- MS. BRADFUTE: Thank you.
- 4 MATT TATE,
- 5 after having been previously sworn under oath, was
- 6 questioned and testified as follows:
- 7 DIRECT EXAMINATION
- 8 BY MS. BRADFUTE:
- 9 Q. Could you please state your name for the
- 10 record?
- 11 A. Matt Tate.
- 12 Q. And, Mr. Tate, who do you work for?
- 13 A. Marathon Oil Company.
- 14 Q. And what is your position at Marathon?
- 15 A. Landman on our Permian Asset Team.
- 16 Q. Okay. And have you previously testified before
- 17 the Division?
- 18 A. Yes.
- 19 Q. And have your credentials been accepted as part
- 20 of the record?
- 21 A. Yes, they were.
- Q. Mr. Tate, did you testify in this matter on
- 23 **June 28th?**
- 24 A. Yes.
- 25 Q. And are you familiar with the status of the

- 1 lands which are the subject matter of Marathon's
- 2 application in this case?
- 3 A. Yes.
- 4 MS. BRADFUTE: I'd like to tender Mr. Tate
- 5 as an expert witness in land matters.
- 6 EXAMINER McMILLAN: So qualified.
- Q. (BY MS. BRADFUTE) Mr. Tate, could you please
- 8 explain what Marathon seeks in its application for the
- 9 6H well just to refresh the hearing examiner's memory in
- 10 this case?
- 11 A. We seek to create a 480-acre spacing unit
- 12 covering the Bone Spring Formation located in the
- 13 southeast quarter of Section 25 and the east half of
- 14 Section 36, Township 24 South, Range 28 East, and the
- 15 compulsory pooling of any uncommitted working interests
- 16 located in the spacing unit.
- Q. And Marathon subsequently amended its
- 18 application in this matter to limit the depths of the
- 19 spacing unit they requested, correct?
- 20 A. Yes, we did.
- 21 Q. Okay. If you could look in the packet in front
- of you at what's been marked as Exhibit 16 in this case,
- is this an instrument that shows at least part of
- 24 Marathon's interest that were created in the spacing
- 25 unit?

- 1 A. Yes, it does.
- Q. Okay. And if you could please turn to the very
- last page of this exhibit, this is Exhibit A to that
- 4 instrument, correct?
- 5 A. It is, yes.
- 6 Q. Does Exhibit A explain the depth severance
- 7 that's located within this acreage?
- 8 A. Yes, it does.
- 9 Q. And could you please explain that to the
- 10 hearing examiners?
- 11 A. Yes. This creates a depth severance located at
- 12 7,300 feet subsurface, being the base of the Bone Spring
- 13 Lime Formation.
- 14 EXAMINER BROOKS: Let me see. Is this
- 15 Exhibit 16? That's the first thing that shows up in
- 16 this.
- MS. BRADFUTE: It is. It is. So it's just
- 18 a continuation of the numbering in the other exhibits
- 19 that have been taken into the record for this matter.
- 20 EXAMINER BROOKS: Okay.
- MS. BRADFUTE: And it's the very last page.
- 22 EXAMINER BROOKS: Thank you.
- MS. BRADFUTE: Yes.
- 24 Q. (BY MS. BRADFUTE) So the last page of Exhibit
- 25 16 outlines where the depth severance is located,

- 1 correct?
- 2 A. Yes, it does.
- Q. And it states that it's located at 7,300 feet
- 4 subsurface; is that right?
- 5 A. Yes. Yes.
- 6 Q. And that's listed in this instrument as being
- 7 the base of the Bone Spring Lime Formation?
- 8 A. That's correct.
- 9 Q. And it's tied to a particular well log that the
- 10 parties reference within this document, correct?
- 11 A. Yes, the Craft 25 Com #1 well, API Number
- 12 30-015-24922.
- 13 Q. Okay. Great.
- 14 If you could please turn to the next
- 15 exhibit in this packet in front of you which is marked
- 16 as Exhibit 17, does this exhibit have a diagram of the
- 17 different formations and outline where this depth
- 18 severance is located?
- 19 A. Yes, it does.
- Q. And could you please walk through this diagram
- 21 for the hearing examiners?
- 22 A. Yes.
- 23 So this exhibit shows the subsurface
- 24 ownership underlying our Southern Comfort State 6H
- 25 spacing unit and the location of where the depth

- 1 severances have been created.
- 2 Under Group A Ownership, ownership extends
- 3 from the surface down to the base of the Delaware
- 4 Formation.
- 5 Under Group B Ownership, the ownership
- 6 extends from the base of the Delaware Formation down to
- 7,300 feet or the base of the Bone Spring Lime
- 8 Formation.
- 9 And then Group C Ownership extends as to
- 10 all those depths located below the base of the Bone
- 11 Spring Lime Formation or 7,300 feet.
- 12 Q. And when you designated these groups of
- ownership, you looked at title reports that have been
- 14 prepared for the acreage?
- 15 A. Yes, we did.
- 16 Q. Okay. And so there are three different groups
- of owners based on the title records that you've
- 18 reviewed?
- 19 A. Correct.
- Q. There is Group A, which is a group of ownership
- 21 not at issue in this application, correct?
- 22 A. Correct.
- Q. And then there is Group B, which has an
- 24 ownership group that is just in the Bone Spring Lime
- 25 Formation?

- 1 A. Yes.
- 2 Q. And then there is a different ownership group,
- 3 Group C, for the deeper depths?
- 4 A. That's correct.
- 5 Q. And at issue here for this application are the
- 6 Bone Spring depths of 7,300 feet subsurface going down
- 7 to 9,560 feet subsurface?
- 8 A. Yes.
- 9 Q. Okay. Mr. Tate, were Exhibits 16 and 17
- 10 prepared by you, compiled under your supervision and
- 11 direction or taken from company business records?
- 12 A. Yes, they were.
- 13 Q. Okay.
- 14 MS. BRADFUTE: I'd like to tender Exhibits
- 15 16 and 17 into the record.
- 16 EXAMINER McMILLAN: Exhibits 16 and 17 may
- 17 now be accepted as part of the record.
- 18 (Marathon Oil Permian, LLC Exhibit Numbers
- 19 16 and 17 are offered and admitted into
- 20 evidence.)
- 21 MS. BRADFUTE: Okay. And that concludes my
- 22 questions for Mr. Tate.
- 23 EXAMINER McMILLAN: Go ahead.

24

- 2 BY EXAMINER BROOKS:
- Q. In the case of this depth severance -- what
- 4 depth is your well going to be in reference to this
- 5 depth severance, in the well you're now proposing?
- 6 A. I believe our well will be --
- 7 MS. BRADFUTE: And we're going to have a
- 8 geologist, Mr. Brooks, that'll talk about that.
- 9 EXAMINER BROOKS: And the geologist will
- 10 talk about the depth of the well?
- MS. BRADFUTE: Yes.
- 12 EXAMINER BROOKS: I may have to bring the
- 13 land representative back up once we have the geologist
- 14 testify. I think I'll reserve my questions for the --
- 15 for the landman because the only thing I really have
- 16 question about is the depth severance, and I really need
- 17 to know what the relationship is before I question that.
- 18 So I will reserve the right to recall the land witness.
- MS. BRADFUTE: Fair enough.
- 20 EXAMINER BROOKS: It amuses me sometimes
- 21 watching television shows about trials that they have
- 22 somebody reserve the right to recall a witness when they
- 23 probably don't even have that right in the first place.
- 24 I don't know how you can reserve a right you don't have.
- 25 That's what I'm going to do anyway (laughter).

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                  MS. BRADFUTE: Okay (laughter).
 1
 2
                  EXAMINER McMILLAN: I don't have any
    questions.
 3
                  MS. BRADFUTE: Okay.
 5
                  Okay. Thank you, Mr. Tate.
 6
                  THE WITNESS: Thank you.
 7
                  MS. BRADFUTE: I'd like to call my second
 8
    witness.
                  EXAMINER McMILLAN: Please proceed.
 9
10
                           MATT BAKER,
11
         after having been previously sworn under oath, was
12
        questioned and testified as follows:
13
                       DIRECT EXAMINATION
    BY MS. BRADFUTE:
14
             Could you please state your name for the
15
        Q.
16
    record?
17
        A. Matt Baker.
18
        Q. And, Mr. Baker, who do you work for?
19
        A. Marathon Oil.
20
        Q. And what is your position at Marathon?
2.1
             I am a development geologist on the Permian
        Α.
    Asset Team.
22
23
        Q. And have you previously testified before the
24
    Division?
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25

A. No.

- 1 Q. Could you please explain your educational
- 2 background to the hearing examiners?
- 3 A. Yes. I graduated from the University of
- 4 Minnesota with a Bachelor of Science in Geology and a
- 5 Bachelor of Science in Geophysics, and I graduated from
- 6 the University of Kansas with a Master's in Geology.
- 7 Q. And could you please briefly explain your work
- 8 experience?
- 9 A. Yeah. I've been at Marathon for almost six
- 10 years. During that time, I've been an operations
- 11 geologist, as well as done some geophysics work and as a
- 12 development geologist for different assets.
- Q. And are you familiar with the application
- 14 that's been filed by Marathon in Case 16214?
- 15 A. Yes, I am.
- 16 Q. And are you familiar with the status of the
- 17 lands which are included within the spacing unit which
- is the subject matter of this application?
- 19 A. Yes.
- Q. And have you conducted a geologic study of the
- 21 Bone Spring Formation underlying the spacing unit in
- 22 this application?
- 23 A. Yes, I have.
- 24 Q. And have you prepared some exhibits as part of
- 25 your study?

- 1 A. I have.
- MS. BRADFUTE: I'd like to tender Mr. Baker
- 3 as an expert witness in petroleum geology matters.
- 4 EXAMINER McMILLAN: So qualified.
- 5 Q. (BY MS. BRADFUTE) Mr. Baker, if you could look
- 6 at Exhibit 17, which Mr. Tate just testified about,
- 7 there is a log that's located on the right-hand portion
- 8 of this exhibit. Could you please explain what that log
- 9 is and what it shows?
- 10 A. Yes. This is the Craft 25 Com 1, which was the
- 11 well used and referenced by the depth severance.
- 12 Highlighted in green on the log, it conforms to the
- 13 Delaware Mountain Group. The Bone Spring Lime is
- 14 highlighted in pink, going from the formation tops of
- 15 the Bone Spring, labeled BSPG, down to the top of the
- 16 1st Bone Spring Sand or the base of the Bone Spring
- 17 Lime. And then everything below that highlighted in
- 18 blue is part of the Bone Spring Formation down to the
- 19 top of the Wolfcamp.
- 20 Q. Okay. And this log for the Craft 25 Com well
- 21 is the log that's referenced in the instruments which
- 22 are used to state where the depth severance is located,
- 23 correct?
- 24 A. Correct.
- Q. And that is why you have selected that log for

- 1 this exhibit, correct?
- 2 A. Yes.
- Q. And if you could please turn to the next
- 4 exhibit, which is Exhibit 18, could you please identify
- 5 what this document is?
- 6 A. This is a reference map that I put together.
- 7 It's overlaid on the top of the Wolfcamp structure map
- 8 in TVD subsea. I've indicated the Craft 25 Com 1 well
- 9 as one of the type logs, as well as the Queen Lake 36
- 10 State 1 as another type log which is on the unit. The
- 11 well in question, the Southern Comfort TB 6H, is drawn
- 12 in red for your reference.
- 13 Q. Thank you.
- 14 And previously, in the earlier hearings on
- 15 this matter, there was also a structure map and cross
- section which were entered into evidence and that people
- asked questions about at that point in time as well; is
- 18 that correct?
- 19 A. Yes, ma'am.
- Q. If you could please turn to the next exhibit,
- 21 Exhibit 19, could you please explain what this exhibit
- 22 is and what it shows?
- 23 A. Yes. This is a cross section that I put
- 24 together between the Craft 25 Com 1 and the Queen Lake
- 25 36 State 1 that I showed on the previous reference map,

- 1 as well as kind of a cartoon drawing of the Southern
- 2 Comfort State TB 6H drawn in black there to represent
- 3 the horizontal wellbore.
- 4 On the left, you will see, on the Craft 25
- 5 Com 1, the base of the Bone Spring Lime indicated at
- 6 7,300 feet TVD, which represents the base of the depth
- 7 severance in question. And you'll notice that the well
- 8 here is drilled towards the base of the 3rd Bone Spring
- 9 Sand just above the top of Wolfcamp.
- 10 Q. And what is the depth that the proposed well is
- 11 going to be drilled at?
- 12 A. This well would be drilled at approximately
- 13 9,550 feet TVD.
- 14 Q. Okay. And there is approximately 2,300 feet of
- 15 rock in between the base of the Bone Spring Lime and
- where the well will be located?
- 17 A. That is correct.
- 18 Q. Okay. In looking at this diagram, there are
- 19 some blue blocks located near the center of the logs
- that are shown. What do those blue blocks represent?
- 21 A. I drew those in there to represent the large
- 22 blocky limestones that provide fracture barriers between
- 23 each of the sands in the Bone Spring interval. So we
- 24 have a very large blocky limestone between the 1st Bone
- 25 Spring Sand and the 2nd Bone Spring Sand, as well as a

- 1 large limestone fracture barrier between the 2nd Bone
- 2 Spring Sand and the 3rd Bone Spring Sand, as well as
- 3 some thinner interbedded limestones between these two
- 4 sands that could act as fracture barriers.
- 5 Q. In your opinion, will these fracture barriers
- 6 prevent the well -- the 6H well from obtaining
- 7 hydrocarbons from the Bone Spring Limestone?
- 8 A. Yes.
- 9 Q. So is your opinion that there will be no
- 10 contribution from the Bone Spring Lime Formation in the
- 11 **6H well?**
- 12 A. Yes, that is correct.
- Q. Okay. And if you could please turn to the next
- 14 exhibit, Exhibit 20, could you please explain what this
- 15 exhibit is and what it shows?
- 16 A. Yeah. This is kind of a cartoon depiction
- 17 based on one of our frac models that we ran from our
- 18 Cypress pilot hole. This is kind of a -- the log in the
- 19 middle is from the Craft 25 Com 1. It's kind of a
- 20 zoomed-in image of the 3rd Bone Spring Sand and top of
- 21 the Wolfcamp. You'll see the black arrow indicating
- 22 where the Southern Comfort State TB 6H will be
- 23 targeting, at the base of the 3rd Bone Spring Sand.
- 24 Around there, kind of a little egg diagram, the blue
- 25 represents kind of the average numbers for a hydraulic

- 1 frac height, and the dashed orange lines represent the
- 2 propped SRV, or stimulated rock volume, which is
- 3 essentially the effective frac height that we will be
- 4 producing from based on our models.
- 5 Q. So is it your opinion that this exhibit shows
- 6 that fractures used to complete the 6H well will not go
- 7 into or anywhere near the Bone Spring Lime zone?
- 8 A. That is correct.
- 9 Q. Mr. Baker, in your opinion, is Marathon's
- 10 application in the interest of preventing waste and
- 11 protecting correlative rights?
- 12 A. Yes.
- Q. And were Exhibits 18 through 20 prepared by you
- or compiled under your supervision and direction?
- 15 A. Yes. They were prepared by me.
- 16 MS. BRADFUTE: I would like to tender
- 17 Exhibits 18 through 20 into the record.
- 18 EXAMINER McMILLAN: Exhibits 18 through 20
- 19 may now be accepted as part of the record.
- 20 (Marathon Oil Permian, LLC Exhibit Number
- 21 18 through 20 are offered and admitted into
- evidence.)
- MS. BRADFUTE: And that concludes my
- 24 questions of Mr. Baker.

CROSS-EXAMINATION

- 2 BY EXAMINER BROOKS:
- 3 Q. So you are 2,000-however-many feet below the
- 4 depth severance?

- 5 A. Correct.
- 6 Q. Now, I would tend to construe -- although it's
- 7 not entirely clear, I would tend to construe this depth
- 8 severance that was pointed out to me, of course, in
- 9 examination of the land witness, as meaning that the
- 10 depth severance is at the stratigraphic equivalent of
- 11 the log marker described rather than fixed at 7,300
- 12 feet, although, like I say, that's -- that's -- it could
- 13 be construed various ways.
- 14 MS. BRADFUTE: Yeah. It references the
- 15 7,300 feet. So earlier in this case, Primero -- and
- 16 this is actually taken from their pre-hearing
- 17 statement -- had entered an appearance, and they asked
- 18 for the spacing unit to be limited to 7,300 feet. So
- 19 both parties, Marathon and Primero, have interpreted it
- 20 as being 7,300 feet. But there are logs obviously
- 21 included in the exhibits, including Exhibit 19, which
- 22 take the Craft 25 Com 1, which is the log referenced in
- the instrument, and then it also looks at the log from
- 24 the Queen Lake 36 State 1, David, if that helps answer
- 25 your question.

- 1 EXAMINER BROOKS: It does sort of. You're
- 2 saying the parties have put a practical construction on
- 3 this to the effect that it's actually 7,300 feet fixed,
- 4 not the stratigraphic equivalent?
- 5 MS. BRADFUTE: That is my understanding.
- 6 Yes.
- 7 EXAMINER BROOKS: Okay. What does
- 8 Primero -- what is your ownership? Do I need to ask
- 9 that question of the land witness or --
- 10 MS. BRADFUTE: Yes. That would be a
- 11 land-witness question.
- 12 EXAMINER BROOKS: I thought it would be a
- 13 land-witness question, but sometimes attorneys answer
- 14 questions.
- 15 MS. BRADFUTE: And I just did (laughter).
- 16 If you would like us to recall the land witness, we
- 17 will.
- 18 EXAMINER BROOKS: Okay. I think I am going
- 19 to anyway, but I have more questions of the geologic
- 20 witness before we do that.
- MS. BRADFUTE: Okay.
- Q. (BY EXAMINER BROOKS) Well, you're well below
- 23 that 7,300 feet.
- 24 A. Yes, sir.
- Q. So you testified, did you not, that those frac

- 1 barriers provided by the limestone are sufficient to
- 2 prevent the fracs from the intended completion --
- 3 A. Yes, sir.
- 4 Q. -- to get anywhere close to that 7,300 feet?
- 5 A. Yeah. They will not get that shallow.
- 6 Q. Object. And you have studied the completion
- 7 plans for this well?
- 8 A. Yes, I have.
- 9 Q. Okay. I'm not -- the 1st Bone Spring is
- 10 where you said -- I'm looking at Exhibit 19 where it
- 11 says "FBSG." That's the 1st Bone Spring?
- 12 A. Correct. The 1st Bone Spring Sand, yes.
- 13 Q. Okay. And then between the two limestone frac
- 14 barriers is the 2nd Bone Spring?
- 15 A. Correct.
- 16 Q. And then the bottom is the 3rd Bone Spring?
- 17 A. Correct.
- 18 Q. Now, the question here is twofold. First of
- 19 all, what -- and this is really for the lawyer.
- 20 EXAMINER BROOKS: What depth are you asking
- 21 for the spacing unit to be pooled? What depths in the
- 22 spacing unit are you asking to be pooled for purposes of
- 23 this well?
- MS. BRADFUTE: The purpose of this well,
- 25 it's in the amended application, and it's from 7,300

- 1 feet to 9,560 feet.
- 2 EXAMINER BROOKS: Okay. But if you were --
- 3 so I'll ask my geologic witness this rather than the
- 4 lawyer.
- 5 Q. (BY EXAMINER BROOKS) If the operator were to
- 6 propose an infill well in the area between 7,300 feet
- 7 and the top of the limestone fracture barrier you show
- 8 here with about 7,800 feet -- is that 7,800 or 7,600?
- 9 My eyes aren't that good.
- 10 A. I believe it's 7,600.
- 11 Q. Okay. If they were to propose a well -- a 1st
- 12 Bone Spring well in this unit as an infill, your
- 13 testimony that frac -- fracking would not penetrate the
- 14 Bone Spring Lime would not be applicable, would it?
- 15 A. Correct.
- 16 Q. Because there is no frac barrier?
- 17 A. Correct.
- 18 Q. Now, if they were to propose a 2nd Bone Spring
- 19 infill, would the rather thick lime barrier shown
- 20 between the 1st Bone Spring and the 2nd Bone Spring be
- 21 adequate to prevent penetration of the -- of the lime by
- 22 the fractures?
- 23 A. Yes. Yes, it would. Yes.
- 24 Q. And I understand that fractures -- I've heard
- 25 testimony to the fact in the past that fractures

- 1 actually will penetrate further than they will draw?
- 2 A. Correct. So that --
- 3 Q. You agree with that?
- 4 A. Yes.
- 5 Q. Okay. Good.
- 6 So if we were to limit this compulsory
- 7 pooling to the top of the 2nd Bone Spring, then your
- 8 testimony would be applicable to any well that might be
- 9 drilled within -- in this spacing unit --
- 10 A. To the top of the 2nd Bone Spring Sand?
- 11 Q. Yes.
- 12 A. Yes.
- 13 Q. That it would not penetrate neither the --
- 14 neither naturally nor with the assistance of the
- 15 completion methods, that it would bring -- it would not
- 16 bring in any -- any hydrocarbons that might be in the
- 17 Bone Spring Lime?
- 18 A. Yes.
- 19 MS. BRADFUTE: Yeah. And then the --
- 20 David -- Mr. Brooks, if you're thinking about this,
- 21 there could be a limitation on if there was a subsequent
- 22 well in the 1st Bone Spring Sand, that they would need
- 23 to come back to hearing, and they couldn't propose it as
- 24 an infill well.
- 25 EXAMINER BROOKS: I think that would be a

Page 23

- 1 necessary corollary based on the testimony we've heard.
- MS. BRADFUTE: Uh-huh.
- 3 EXAMINER BROOKS: So I don't think it's
- 4 really necessary to recall the land witness. I think I
- 5 understand the situation.
- 6 MS. BRADFUTE: Okay.
- 7 EXAMINER McMILLAN: So if I'm understanding
- 8 this, you're saying you can drill an infill in the 2nd
- 9 Bone Spring but not the 1st?
- 10 MS. BRADFUTE: Yes. We would need to come
- 11 back to hearing for the 1st.
- 12 EXAMINER BROOKS: Based on the testimony
- of -- the witness' testimony, I think that would be an
- 14 appropriate --
- 15 MS. BRADFUTE: There would be language in
- 16 the order.
- 17 EXAMINER BROOKS: -- would be an
- 18 appropriate thing to provide in the order because his
- 19 testimony is not applicable to the 1st Bone Spring.
- MS. BRADFUTE: Yes.
- 21 EXAMINER BROOKS: I think we would all
- 22 agree that if the Division ever does adopt vertical
- 23 setbacks, they would probably be less than 2,300 feet.
- MS. BRADFUTE: Yes. We hope so (laughter).
- 25 EXAMINER BROOKS: Thank you. That's all I

Page 24 have. 1 2 EXAMINER McMILLAN: I think you've 3 answered -- he asked all the geologic questions I had. 4 EXAMINER McMILLAN: Anything, Phil? 5 EXAMINER GOETZE: No questions. Thank you. 6 MS. BRADFUTE: With that, we'd ask this case be taken under advisement. 8 EXAMINER McMILLAN: Case Number 16214 will be taken under advisement. 9 10 Thank you. MS. BRADFUTE: 11 EXAMINER McMILLAN: Let's take a -- come 12 back at quarter till. 13 (Case Number 16214 concludes, 9:31 a.m.) 14 (Recess, 9:31 a.m. to 9:46 a.m.) 15 16 17 18 19 20

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1	STATE OF NEW MEXICO
2	COUNTY OF BERNALILLO
3	
4	CERTIFICATE OF COURT REPORTER
5	I, MARY C. HANKINS, Certified Court
6	Reporter, New Mexico Certified Court Reporter No. 20,
7	and Registered Professional Reporter, do hereby certify
8	that I reported the foregoing proceedings in
9	stenographic shorthand and that the foregoing pages are
10	a true and correct transcript of those proceedings that
11	were reduced to printed form by me to the best of my
12	ability.
13	I FURTHER CERTIFY that the Reporter's
14	Record of the proceedings truly and accurately reflects
15	the exhibits, if any, offered by the respective parties.
16	I FURTHER CERTIFY that I am neither
17	employed by nor related to any of the parties or
18	attorneys in this case and that I have no interest in
19	the final disposition of this case.
20	DATED THIS 25th day of October 2018.
21	
22	
23	MARY C. HANKINS, CCR, RPR Certified Court Reporter
24	New Mexico CCR No. 20 Date of CCR Expiration: 12/31/2018
25	Paul Baca Professional Court Reporters