

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 CHEVRON U.S.A., INC. CASE NO. 20332
8 FOR COMPULSORY POOLING, EDDY
9 COUNTY, NEW MEXICO.

10 REPORTER'S TRANSCRIPT OF PROCEEDINGS

11 EXAMINER HEARING

12 April 4, 2019

13 Santa Fe, New Mexico

14 BEFORE: MICHAEL McMILLAN, CHIEF EXAMINER
15 TERRY WARNELL, TECHNICAL EXAMINER
16 WILLIAM V. JONES, TECHNICAL EXAMINER
17 DAVID K. BROOKS, LEGAL EXAMINER

18 This matter came on for hearing before the
19 New Mexico Oil Conservation Division, Michael McMillan,
20 Chief Examiner; Terry Warnell and William V. Jones,
21 Technical Examiners; and David K. Brooks, Legal
22 Examiner, on Thursday, April 4, 2019, at the New Mexico
23 Energy, Minerals and Natural Resources Department,
24 Wendell Chino Building, 1220 South St. Francis Drive,
25 Porter Hall, Room 102, Santa Fe, New Mexico.

26 REPORTED BY: Mary C. Hankins, CCR, RPR
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1 APPEARANCES

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9 FOR INTERESTED PARTY AMERICAN ENERGY, LLC:

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 11 THE STRANAHAN FIRM, LLC
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14 INDEX

15		PAGE
16	Case Number 20332 Called	3
17	Chevron U.S.A., Inc.'s Case-in-Chief:	
18	Witnesses:	
19	Irvin Gutierrez:	
20	Direct Examination by Mr. Feldewert	5
21	Cross-Examination by Examiner McMillan	17
22	Tonya Richardson:	
23	Direct Examination by Mr. Feldewert	18
24	Proceedings Conclude	29
25	Certificate of Court Reporter	30

26 EXHIBITS OFFERED AND ADMITTED

27	Chevron U.S.A., Inc. Exhibit Numbers 1 through 7	17
28	Chevron U.S.A., Inc. Exhibit Numbers 8 through 10	24

1 (11:03 a.m.)

2 EXAMINER McMILLAN: Okay. Then I'm going
3 to call Case Number 20332, application of Chevron
4 U.S.A., Incorporated for compulsory pooling, Eddy
5 County, New Mexico.

6 Call for appearances.

7 This is Chevron.

8 MR. FELDEWERT: May it please the examiner,
9 Michael Feldewert, from the Santa Fe office of Holland &
10 Hart, appearing on behalf of the Applicant. I have two
11 witnesses here today.

12 MR. STRANAHAN: Robert Stranahan, The
13 Stranahan Firm, on behalf of American Energy, LLC. And
14 just for the record, we're going to be requesting a
15 continuance. I just -- my client just obtained its
16 interest on April 1st, and so they weren't noticed.
17 They just found out about this hearing yesterday.

18 EXAMINER BROOKS: Well, there is no
19 requirement to notice people who obtain their interest
20 after the filing of a compulsory pooling hearing, unless
21 it's by a document that the Applicant had knowledge of
22 before that. Now, whether that is constitutional or not
23 is something I can't rule on.

24 MR. STRANAHAN: I'm just informing the
25 Court [sic] that's what we're requesting because I

1 haven't seen any of the evidence.

2 EXAMINER BROOKS: I can certainly
3 understand the reason for your request, and if it turns
4 out to be material, then we'll consider it at that time.
5 But if this turns out to be a -- something that is a
6 token nature --

7 You're presenting by affidavit?

8 MR. FELDEWERT: No. We're presenting with
9 witnesses.

10 EXAMINER BROOKS: Okay. Well, that changes
11 it in the sense that if you're presenting by affidavit,
12 he can object, and we could say, Well, because somebody
13 objects, we're not allowed to present by affidavit. But
14 if you're presenting with witnesses, I think the best
15 thing is to let you go ahead and present your witnesses,
16 and then we'll decide -- then we'll re-address the issue
17 at that time.

18 EXAMINER McMILLAN: Proceed.

19 MR. FELDEWERT: Okay. We have two
20 witnesses here today that need to be sworn in.

21 (Mr. Gutierrez and Ms. Richardson sworn.)

22 IRVIN GUTIERREZ,
23 after having been first duly sworn under oath, was
24 questioned and testified as follows:

25

1 DIRECT EXAMINATION

2 BY MR. FELDEWERT:

3 Q. Would you please state your name, identify by
4 whom you're employed and in what capacity?

5 A. My name is Irvin Gutierrez. I'm employed by
6 Chevron U.S.A., Inc. as a land representative.

7 Q. And how long have you been a land
8 representative for Chevron?

9 A. Ten years next year. Nine years.

10 Q. And have your responsibilities included the
11 Permian Basin of New Mexico?

12 A. They have.

13 Q. And, Mr. Gutierrez, you have previously
14 testified before this Division as an expert in petroleum
15 land matters, correct?

16 A. I have.

17 Q. Are you familiar with the application filed in
18 this case?

19 A. I am.

20 Q. And are you familiar with the status of the
21 lands in the subject area?

22 A. I am.

23 MR. FELDEWERT: I would retender
24 Mr. Gutierrez as an expert witness in petroleum land
25 matters.

1 EXAMINER McMILLAN: Any objection?

2 MR. STRANAHAN: No objection.

3 EXAMINER McMILLAN: So qualified.

4 Q. (BY MR. FELDEWERT) What you please turn to
5 what's been marked as Chevron Exhibit Number 1? And
6 explain to the examiners what we seek under this
7 application.

8 A. Sure. So this Exhibit 1 is showing the
9 requested spacing unit that's comprised of the east half
10 of Section 15 and the east half of Section 22. We are
11 seeking to compulsory pool all the uncommitted owners to
12 be able to drill three initial two-mile Wolfcamp wells
13 and to designate Chevron as the operator of these three
14 Wolfcamp wells.

15 Q. And you're seeking to pool the Wolfcamp
16 Formation?

17 A. That's correct.

18 Q. If I turn to what's been marked as Chevron
19 Exhibit Number 2, does this contain the C-102 plats for
20 the three wells that are identified in Exhibit Number 1?

21 A. Yes, the 1H, the 2H and the 3H.

22 Q. And this confirms that these are going to be in
23 the Purple Sage; Wolfcamp gas pool?

24 A. That's correct.

25 MR. FELDEWERT: Which, Mr. Examiner, is

1 pool code 98220.

2 Q. (BY MR. FELDEWERT) Will these wells comply with
3 the special setbacks imposed by the special rules for
4 the Purple Sage; Wolfcamp gas pool?

5 A. They will.

6 Q. What is the nature of the acreage involved
7 here?

8 A. It's all private fee.

9 Q. Are there any depth severances?

10 A. No.

11 Q. Why does Chevron seek to dedicate the spacing
12 of the three initial wells?

13 A. The main reason is the economic efficiency. We
14 see that there are cost savings and operational
15 efficiencies when drilling three at a time.

16 Q. So you're going to batch drill and then -- and
17 then subsequently complete?

18 A. That's correct. So we'll drill the 1H, 2H, 3H
19 to a certain length and then come back to the 1H, 2H,
20 and 3H and so on, so forth.

21 Q. And under that drilling schedule, will the
22 company be able to drill and complete an initial well
23 within the 120-day period normally under the pooling
24 order?

25 A. No, we will not.

1 Q. As a result, does the company request an
2 extension of a year to complete the first well following
3 the commencement of drilling?

4 A. Yes, we would.

5 Q. If I then turn to Chevron Exhibit Number 3,
6 does this contain, on the first page, a plan of your
7 spacing unit?

8 A. That's correct. All the tracts are colored in
9 different colors to signify the ownership within the
10 spacing unit.

11 Q. Very splintered?

12 A. Very.

13 Q. If I then to turn to the second page of this
14 Exhibit Number 3, does it identify the working interest
15 parties?

16 A. Yes. Correct. I believe there should be 52
17 working interest partners, and I provided comments with
18 where we are in the process with these different working
19 interest partners.

20 Q. And does this identify in some fashion the
21 working interest owners that remain to be pooled?

22 A. That's correct.

23 Q. How is that done?

24 A. Well, so it will have a star, and they will be
25 bolded in my exhibit.

1 Q. Okay. Are there any unleased mineral interest
2 owners that you --

3 A. Yes, there are.

4 Q. And how are they designated on here?

5 A. They are underlined and signified with a "UMI,"
6 Unleased Mineral Interest. And just to provide a little
7 more color on those, we're engaged in either leasing
8 negotiations with them. One of them has signed AFEs to
9 participate in the wells, and the other one, we are
10 still awaiting a decision.

11 Q. Now, have you been able to locate contact
12 information and addresses for all of these parties in
13 this very splintered area?

14 A. No. There are currently two unlocatable
15 parties.

16 Q. Who are they?

17 A. Flare Oil Company and R.C. Roberts.

18 Q. What efforts did the company undertake to
19 locate contact information for these two interest
20 owners?

21 A. We have land brokers who have databases, and so
22 they've been doing additional research and checking any
23 sort of public documents or records to try and find
24 either additional addresses or see if they're deceased.

25 Q. Okay. One of the parties you've been dealing

1 with is Spindletop?

2 A. That is correct.

3 Q. And if I look at the top, they own, looks like,
4 a 13 percent interest?

5 A. Close to 13 percent, 12.7.

6 Q. And Chevron owns how much interest?

7 A. As of Monday, we acquired Marathon's interest,
8 so we're at around 55 percent.

9 Q. How long have you been in discussions with
10 Spindletop about this development plan?

11 A. I would say probably around two weeks.

12 Q. Okay. At any point in time, did they inform
13 you that they were selling or transferring any of their
14 interest that's involved here?

15 A. No.

16 Q. So today is the first time we've learned of any
17 effort to divest themselves of their interest?

18 A. That's correct.

19 Q. If I turn to what's been marked as -- well, let
20 me step back.

21 Mr. Gutierrez, based on your review of the
22 records, is there anything in the public records to
23 indicate that Spindletop has transferred or is
24 contemplating transferring their interest to another
25 party?

1 A. No.

2 Q. If I turn to what's been marked as Chevron
3 Exhibit Number 4, is this a sample of the well-proposal
4 letter that was submitted to the working interest owners
5 and the unleased mineral interest owners in this area?

6 A. That's correct.

7 Q. And do you inform them in this letter that you
8 intend to simultaneously drill and subsequently complete
9 the wells?

10 A. That's correct.

11 Q. How do you identify that in here?

12 A. I have the first three wells listed with the
13 approximate surface-hole locations, including the
14 description, approximate depth, the formation we will be
15 attempting to drill, and included is their percentage in
16 the spacing unit.

17 Q. So, specifically, if I look at the first
18 paragraph, the last sentence, I see the language,
19 "Chevron will develop this area by pad drilling"?

20 A. That's correct.

21 Q. Is that how you identified to them you will be
22 simultaneously drilling these wells?

23 A. Yes.

24 Q. Okay. When you sent out this well proposal,
25 did it include AFEs for all three of these wells?

1 A. They did.

2 Q. If I turn to what's been marked as Chevron
3 Exhibit Number 5, does this contain the AFEs that were
4 submitted with these well-proposal letters?

5 A. They do.

6 Q. And how are they organized?

7 A. So the first three pages are for the 1H. The
8 first page is for drilling AFEs. The next page is
9 completion of the Wolfcamp A and then AFEs for the
10 facilities and then the same thing for the 2H and then
11 following the 3H.

12 Q. Are the costs reflected on these AFEs
13 consistent with what Chevron and other operators incur
14 for drilling similar horizontals in this area?

15 A. Yes.

16 Q. And if I look back on Exhibit Number 3, on the
17 second page, it appears that a number of working
18 interest owners have actually executed these AFEs?

19 A. Correct. Correct.

20 Q. Have you estimated the overhead and
21 administrative costs while drilling and also while
22 producing if you are successful?

23 A. Yes, we have.

24 Q. And what rates are proposed?

25 A. We are asking for 7,000 a month while drilling

1 and 700 while producing.

2 Q. And you also have a JOA for this area?

3 A. That's correct.

4 Q. That has been executed by various parties?

5 A. Yes.

6 Q. And what are the rates in that JOA?

7 A. The same. We've made sure to match them, 7,000
8 while drilling and 700 while producing.

9 Q. Okay. Now, in the course of preparing for this
10 hearing, was it determined that there are overriding
11 royalty interests in this acreage?

12 A. That's correct.

13 Q. And has the company had an opportunity to
14 notify its overriding royalty interest owners of the
15 hearing today?

16 A. Not all of them.

17 Q. So we still need to notify them in order to
18 bring them under pooling the order?

19 A. Correct.

20 Q. We, therefore, ask for a continuance of this
21 matter to May 2nd simply for the purpose of providing a
22 notice affidavit for these overriding royalty interest
23 owners?

24 A. That's correct.

25 Q. And will a continuance to the May 2nd --

1 MR. FELDEWERT: And I know that this may be
2 an exception to the Division's policy.

3 Q. (BY MR. FELDEWERT) But will a continuance to
4 May 2nd allow you to meet your drilling schedule?

5 A. That would -- that would greatly benefit our
6 schedule.

7 Q. And, again, all we need to do on May 2nd is
8 present a notice affidavit of the hearing to these
9 overriding royalty interest owners.

10 A. That's correct.

11 EXAMINER BROOKS: However, I suspect that
12 this gentleman who appeared today may have something he
13 wants to present if it's continued, so I think a limited
14 continuance should not be done without his consent.

15 MR. STRANAHAN: And I would not consent to
16 that.

17 MR. FELDEWERT: Well, let me -- let's step
18 back.

19 We haven't seen any documentation today of
20 their interest, number one.

21 Number two, the obligation to pool is to
22 the parties that own an interest at the time you file
23 your pooling application.

24 I don't think it's proper for them to come
25 in now, after we've been dealing particularly with

1 Spindletop all this time and have gotten absolutely no
2 word of this, that they can now come in and seek to
3 delay this pooling application when they have no
4 competing well proposal, and we have done everything
5 that's required under the statute and the regulations to
6 obtain a pooling order.

7 EXAMINER BROOKS: Well, on the merits, I
8 think that's a good argument, but that doesn't have
9 much -- I don't think that's conclusive as to whether or
10 not we should limit the purposes of any -- the scope of
11 any continuance.

12 MR. FELDEWERT: Okay. Then let me
13 rephrase. I would hope, then, that the fact that he may
14 want to come in and say something does not prevent us
15 from continuing this matter to May 2nd.

16 EXAMINER BROOKS: It does not prevent you
17 from continuing this matter to May 2nd if the Division
18 decides that that's when it will be continued to. And I
19 have lectured certain people around here on that issue,
20 but I have done so in vain. So you'll have to await a
21 decision on that issue.

22 Q. (BY MR. FELDEWERT) And for the record,
23 Mr. Gutierrez, in order to -- given the company's
24 drilling schedule, would it be very helpful if this
25 could be continued to May 2nd?

1 A. It would be very, very helpful.

2 Q. Okay. All right. If I turn to what's --

3 EXAMINER BROOKS: You'll have to take that
4 up with Terry, Mr. Warnell -- a/k/a Mr. Warnell.

5 MR. FELDEWERT: Gotcha.

6 Q. (BY MR. FELDEWERT) If I turn to what's been
7 marked as Chevron Exhibit Number 6, is this an affidavit
8 prepared by my office with attached letters providing
9 notice of this hearing to the working interest owners
10 and the unleased mineral interest owners that are listed
11 on Exhibit Number 3?

12 A. That is correct.

13 Q. Okay. And you mentioned that there are few
14 unlocatable interests?

15 A. That's correct.

16 Q. If I turn to what's been marked as Chevron
17 Exhibit Number 7, is this an Affidavit of Publication in
18 the local newspaper apprising all of the working
19 interest owners and the unleased mineral interest owners
20 by name of this hearing and this application?

21 A. Yes.

22 Q. Were Chevron Exhibits 1 through 5 compiled by
23 you or prepared under your direction and supervision?

24 A. They were.

25 MR. FELDEWERT: Mr. Examiner, I would move

1 the admission into evidence of Chevron Exhibits 1
2 through 7, which include the two notice affidavits.

3 MR. STRANAHAN: No objection.

4 EXAMINER McMILLAN: Exhibits 1 through 7
5 may now be accepted as part of the record.

6 (Chevron U.S.A., Inc. Exhibit Numbers 1
7 through 7 are offered and admitted into
8 evidence.)

9 EXAMINER McMILLAN: Cross?

10 MR. STRANAHAN: No cross.

11 EXAMINER BROOKS: No questions.

12 CROSS-EXAMINATION

13 BY EXAMINER McMILLAN:

14 Q. Is there a road going through here?

15 A. It's a railroad. Are you referring to that
16 little --

17 Q. Yeah.

18 A. It's a railroad.

19 Q. And you have whoever -- that's a lease?

20 A. Correct. It came up when we did the force
21 pooling for the west half of 15 and 22.

22 EXAMINER McMILLAN: I'm done.

23 EXAMINER BROOKS: Okay.

24 MR. FELDEWERT: Call our next witness.

25 EXAMINER McMILLAN: Please proceed.

1 TONYA RICHARDSON,

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

4 DIRECT EXAMINATION

5 BY MR. FELDEWERT:

6 Q. Would you please state your name, identify by
7 whom you're employed and in what capacity?

8 A. My name is Tonya Richardson. I'm employed by
9 Chevron U.S.A., Inc. as an earth scientist.

10 Q. What is an earth scientist?

11 A. An earth scientist is simply a term that covers
12 both geologists and geophysicists.

13 Q. Okay. And how long have you been employed by
14 Chevron as an earth scientist?

15 A. I've been employed by Chevron for almost eight
16 years now.

17 Q. Have your responsibilities included the Permian
18 Basin?

19 A. Yes, they have.

20 Q. Ms. Richardson, have you previously testified
21 before this Division?

22 A. No, I have not.

23 Q. Will you please provide us with your
24 educational background?

25 A. In 2008, I received my Bachelor's in Geology

1 from Vanderbilt University. In 2011, I received my
2 Master's in Geology and Geophysics from Purdue
3 University.

4 Q. And if my math is correct, since you've
5 received your master's, you've been working for Chevron?

6 A. Yes, full time since then.

7 Q. Are you a member of any professional
8 affiliations or associations?

9 A. I am. I'm a current member of the American
10 Association of Petroleum Geologists, the Houston
11 Geological Society and the Houston Gem & Mineralogical
12 Society. I also have a professional geoscientist
13 certification from the State of Louisiana.

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

16 A. Yes, I am.

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

19 A. Yes, I have.

20 MR. FELDEWERT: Mr. Examiner, I would
21 tender Ms. Richardson as an expert witness in petroleum
22 geology.

23 MR. STRANAHAN: No objection.

24 EXAMINER McMILLAN: So qualified.

25 Q. (BY MR. FELDEWERT) Ms. Richardson, what is the

1 target of these three proposed wells?

2 A. The target of the wells is the Wolfcamp A.

3 Q. Okay. And have you created a structure map for
4 this Wolfcamp A?

5 A. Yes, I have.

6 Q. If I turn to what's been marked as Chevron
7 Exhibit 8, is this a structure map you've created?

8 A. Yes, it is.

9 Q. Would you please explain this to us starting
10 with how you identified the acreage at issue?

11 A. Yes, I can. The spacing unit that is discussed
12 today is outlined in blue, highlighting the east
13 section -- east half of Sections 15 and 22. Then the
14 colors of the underlying map indicate the depth down to
15 the top of the Wolfcamp interval. And that is in subsea
16 true vertical depth. You can see the red colors on the
17 west indicate slightly higher structure, shallower
18 structure, and the colors on the right indicate deeper
19 structure in the east.

20 Q. In analyzing this, do you see any faulting or
21 pinch-outs or any other geologic impediments or hazards
22 to developing this spacing unit with horizontal wells?

23 A. No, I do not.

24 Q. Now, the company has chosen to orient these
25 wells north to south; is that correct?

1 A. That is correct.

2 Q. Okay. Is there a preferred orientation in this
3 particular area?

4 A. No, there is not. The wells may be drilled
5 north-south or east-west.

6 Q. And why did the company choose to go
7 north-south?

8 A. By planning these wells drilling north-south,
9 that simplifies the landing within the Wolfcamp A. We
10 will be drilling along the strike of the Wolfcamp A
11 structure, and this will simplify both the landing and
12 the completion down to TVD of the well.

13 Q. Now, Ms. Richardson, did you prepare a cross
14 section for this area?

15 A. I did, yes.

16 Q. And in preparation for the hearing today, did
17 you develop a stand-alone map showing the wells utilized
18 for your cross section?

19 A. Yes, I have.

20 Q. If I turn to what's been marked as Chevron
21 Exhibit Number 9, does this identify the wells that were
22 utilized for your cross section?

23 A. Yes, it does. The wells included in the cross
24 section are highlighted in red and labeled.

25 Q. I see that you chose one well within the area

1 to be used -- or to be incorporated into the spacing
2 unit?

3 A. Yes, that's correct.

4 Q. Why didn't you use, for example, some of the
5 other wells in this -- either within the spacing unit or
6 nearby?

7 A. Some of the wells, especially those within the
8 spacing unit, are not included in this cross section due
9 to poor log quality and the lack of digital log data. I
10 chose the highest-quality well logs to show.

11 Q. And in your opinion, the well logs that you've
12 chosen are representative of the target zone for this
13 particular area?

14 A. Due to the lateral continuity of the Upper
15 Wolfcamp A, yes, these wells are representative of the
16 formation.

17 Q. If I then turn to what's been marked as Chevron
18 Exhibit Number 10, is this a stratigraphic well section
19 that corresponds with A to A prime shown on the previous
20 exhibit?

21 A. Yes, it is.

22 Q. Is there a difference between a stratigraphic
23 well section and a stratigraphic cross section?

24 A. A very minor difference. Stratigraphic well
25 sections are just showing the wells themselves spaced

1 evenly between each other. A stratigraphic cross
2 section includes seismic data and more accurate well
3 spacing.

4 Q. Now, in your stratigraphic well section, have
5 you identified the top of the zone that you seek to
6 develop initially?

7 A. Yes. The target interval of the Wolfcamp A is
8 labeled on the left-hand side of the figure, at the top
9 of the figure. It corresponds to a black marker in each
10 of the wells that's connected by a black line.

11 Q. And have you then identified the initial target
12 zone within the Wolfcamp A for your three proposed
13 wells?

14 A. Yes, I have. The specific landing zone within
15 the Wolfcamp A is referred to internally as the Y Sand,
16 and it is indicated with a green arrow on the left-hand
17 side of the figure.

18 Q. What do you observe about this targeted Y Sand
19 as you move across the area within your stratigraphic
20 well section?

21 A. Uh-huh. Within this figure in particular, you
22 can see the top and the base of the target interval
23 highlighted with blue lines going from left to right.
24 You'll note within this interval that the sand is
25 laterally continuous and homogeneous across this spacing

1 unit.

2 Q. In your opinion, is this an interval that can
3 be efficiently and economically developed by horizontal
4 wells?

5 A. Yes, it can be.

6 Q. In your opinion, will each tract forming the
7 acreage for the proposed horizontal spacing unit
8 contribute more or less equally to the wellbore?

9 A. Yes, they will.

10 Q. In your opinion, will the granting of this
11 application be in the best interest of conservation, the
12 prevention of waste and the protection of correlative
13 rights?

14 A. Yes.

15 Q. Were Chevron Exhibits 8 through 10 prepared by
16 you or compiled under your direction and supervision?

17 A. Yes, they were.

18 MR. FELDEWERT: Mr. Examiner, I would move
19 the admission into evidence Chevron Exhibits 8 through
20 10.

21 MR. STRANAHAN: No objection.

22 EXAMINER McMILLAN: Exhibits 8 through 10
23 may now be accepted as part of the record.

24 (Chevron U.S.A., Inc. Exhibit Numbers 8
25 through 10 are offered and admitted into

1 evidence.)

2 EXAMINER McMILLAN: Cross?

3 MR. STRANAHAN: No cross. But I would
4 request the opportunity to reserve cross-examination on
5 Mr. Gutierrez and Ms. -- I'm sorry --

6 Ms. Richardson?

7 THE WITNESS: Yes.

8 MR. STRANAHAN: -- Ms. Richardson, if they
9 be made available at the May 2nd hearing so that we
10 might be able to -- I'm not sure that we would have any
11 cross-examination, but I certainly don't have one
12 prepared today.

13 EXAMINER BROOKS: Well, I can understand
14 that. At the same time, we weren't prepared for you to
15 show up here today.

16 MR. STRANAHAN: I wasn't either.

17 EXAMINER BROOKS: Well, I'm going to
18 postpone a decision on that until we get through with
19 this, and then we'll make a decision. But I would
20 normally leave now. Do you have more witnesses?

21 MR. FELDEWERT: I do not, Mr. Examiner.

22 And I would oppose.

23 EXAMINER BROOKS: I would imagine. I would
24 expect you to.

25 MR. FELDEWERT: Everybody's busy and there

1 is the cost and expense and time associated with
2 bringing witnesses out here, and they have done that
3 today. And I don't see any reason why they should have
4 to come back yet a second time.

5 EXAMINER BROOKS: I can understand that.
6 Okay. You have no more witnesses?

7 MR. FELDEWERT: I do not.

8 EXAMINER BROOKS: Okay. Well, let's get
9 going through the examination, and since this is a
10 geologist, it will definitely take a while.

11 EXAMINER McMILLAN: So guess what? We have
12 a geologist presenting a map of color display that's not
13 monotone. That's pretty good. I normally don't say
14 that.

15 MR. FELDEWERT: Talk to her (indicating).

16 THE WITNESS: Thank you.

17 EXAMINER McMILLAN: It's nice to see. And
18 I also like the fact that you split up your
19 cross-section locator.

20 I really -- I don't really have any
21 questions.

22 MR. FELDEWERT: Great.

23 EXAMINER McMILLAN: Nice presentation.

24 THE WITNESS: Thank you.

25 EXAMINER BROOKS: Okay.

1 MR. FELDEWERT: So, Mr. Examiner, we
2 recognize the need to provide notice to overriding
3 royalty interest owners, and we ask that the matter be
4 continued to the May 2nd docket so we can be afforded an
5 opportunity to do that.

6 EXAMINER BROOKS: Okay. I am going to say
7 this --

8 And your name is again?

9 MR. STRANAHAN: Robert Stranahan.

10 EXAMINER BROOKS: And are you a lawyer or
11 --

12 MR. STRANAHAN: An attorney.

13 EXAMINER BROOKS: You're an attorney. And
14 representing who?

15 MR. STRANAHAN: American Energy, LLC.

16 EXAMINER BROOKS: And they acquired an
17 interest in this prospect within the last few days?

18 MR. STRANAHAN: That is correct.

19 EXAMINER BROOKS: Okay. Well, I'm not
20 going to make any -- you can file a prehearing
21 statement, and whether you -- but you're not a party at
22 this point because you're not a person required to be
23 noticed. So you will need to file a notice of
24 intervention if you want to be a party to the case.
25 When you receive notice of the new setting, then we can

1 raise the question -- we can address the question. And
2 we'll have to do it by telephone because we don't want
3 to have additional hearings if we can avoid being
4 required to have them. So then we'll decide what the
5 scope of this new hearing is going to be when we get
6 your prehearing statement, which must be filed at least
7 one week before the new setting.

8 MR. FELDEWERT: You mean their notice of
9 intervention?

10 EXAMINER BROOKS: Well, notice of
11 intervention also. The notice of intervention has to be
12 filed one day before the prehearing statement. And I
13 would rather anticipate a motion to strike the
14 intervention, but --

15 MR. FELDEWERT: So at this point, I would
16 ask, and for purposes of scheduling the notice of
17 intervention, that it be, at this point, continued to
18 May 2nd.

19 EXAMINER BROOKS: Well, I don't think I
20 have the authority to do that. I've been told not to.
21 When the docket comes out, it's set by the relation to
22 the data that's set on the docket. And let's add that I
23 was told that under protest.

24 EXAMINER McMILLAN: Okay. So Case 20332
25 shall be continued.

1 MR. FELDEWERT: Thank you.

2 MR. STRANAHAN: Thank you.

3 EXAMINER McMILLAN: Okay. I think we're
4 adjourned for lunch. Be back at 1:30.

5 (Case Number 20332 concludes, 11:32 a.m.)

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO
3

4 CERTIFICATE OF COURT REPORTER

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

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

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

20 DATED THIS 24th day of April 2019.
21

22
23 MARY C. HANKINS, CCR, RPR
24 Certified Court Reporter
25 New Mexico CCR No. 20
Date of CCR Expiration: 12/31/2019
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