

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

ORIGINAL

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

APPLICATION OF WPX ENERGY PRODUCTION,
LLC FOR APPROVAL OF THE SOUTH CHACO
FEDERAL EXPLORATORY UNIT AND FOR AN
EXCEPTION TO THE WELL LOCATION
REQUIREMENTS SET FORTH IN THE
SPECIAL RULES FOR THE BASIN-MANCOS
GAS POOL, SANDOVAL COUNTY,
NEW MEXICO.

CASE NO. 15173

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

July 24, 2014

Santa Fe, New Mexico

BEFORE: SCOTT DAWSON, CHIEF EXAMINER
PHILLIP GOETZE, TECHNICAL EXAMINER
GABRIEL WADE, LEGAL EXAMINER

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This matter came on for hearing before the
New Mexico Oil Conservation Division, Scott Dawson,
Chief Examiner, Phillip Goetze, Technical Examiner, and
Gabriel Wade, Legal Examiner, on Thursday, July 24,
2014, 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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 2 FOR APPLICANT WPX ENERGY PRODUCTION, LLC:

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 7

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1 (8:18 a.m.)

2 EXAMINER GOETZE: On behalf of Examiner
3 Dawson, Case 15173, application of WPX Energy
4 Production, LLC for approval of the South Chaco Federal
5 Exploratory Unit and for an exception to the well
6 location requirements set forth in the special rules for
7 the Basin-Mancos gas pool, Sandoval County, New Mexico.

8 Call for appearances.

9 MR. FELDEWERT: May it please the Examiner,
10 Michael Feldewert, with the Santa Fe office of Holland &
11 Hart, appearing on behalf of WPX Energy Production, and
12 I have two witnesses here today.

13 EXAMINER GOETZE: Any other appearances?
14 Examiner Dawson.

15 EXAMINER DAWSON: Can you please swear in
16 your witnesses, Mr. Feldewert?

17 (Mr. Bassett and Ms. Richardson sworn.)

18 MR. FELDEWERT: Call our first witness.

19 EXAMINER DAWSON: Yes, sir.

20 CHUCK BASSETT,

21 after having been previously sworn under oath, was
22 questioned and testified as follows:

23 DIRECT EXAMINATION

24 BY MR. FELDEWERT:

25 Q. Would you please state your name, identify by

1 whom you are employed and in what capacity?

2 A. Chuck Bassett. I work for WPX Energy as a
3 landman in the San Juan Basin.

4 Q. And how long have you been with WPX Energy?

5 A. This is my seventh year with WPX.

6 Q. And, Mr. Bassett, have you previously testified
7 before the Oil Conservation Division?

8 A. I have not.

9 Q. Would you review for the Examiners, please,
10 your educational background?

11 A. Yes, sir. I have a bachelor's in business and
12 an MBA from Texas A&M-Commerce.

13 Q. And when did you get your MBA?

14 A. 2011.

15 Q. And what's been your work history since then?

16 A. Since then, I'll -- since 2011?

17 Q. Since 2011.

18 A. Well, I've been with WPX that entire time.
19 I've been in the San Juan Basin for WPX for the last
20 three years.

21 Q. And are you a member of any professional
22 associations?

23 A. I am. I'm a member of the AAPL, the Four
24 Corners APL, the Tulsa APL and the Rocky Mountain
25 Mineral Law Foundation.

1 Q. How long have you been a member of the AAPL?

2 A. Since 2005.

3 Q. And the Four Corners APL?

4 A. That's been two years.

5 Q. And have your responsibilities included the San
6 Juan Basin of New Mexico?

7 A. They have.

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

10 A. I am.

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

13 A. I am.

14 MR. FELDEWERT: I would tender Mr. Bassett
15 as an expert witness in petroleum land matters.

16 EXAMINER DAWSON: He is so accepted.

17 BY MR. FELDEWERT:

18 Q. Would you please turn to what's been marked at
19 WPX Exhibit Number 1. First identify it and then
20 describe what the company seeks under this application.

21 A. Okay. This is Exhibit A to our unit agreement.
22 It identifies the outer boundaries of our South Chaco
23 Unit. It contains 1,282 acres of allotted lands in the
24 Basin-Mancos gas pool. WPX is seeking approval of the
25 South Chaco Federal Unit, and we're seeking exception to

1 the well location requirements of the Basin-Mancos gas
2 pool which provide for 660-foot setbacks. And we're
3 seeking approval to locate wells no closer than 330 --
4 330 feet from the outer boundary of the unit.

5 Q. And, Mr. Bassett, does the company expect
6 primarily oil production from this unitized area?

7 A. We do.

8 Q. And is that why you're asking for the standard
9 330-foot setbacks as an exception in this case?

10 A. Yes, it is.

11 Q. If I turn to what's been marked as WPX Exhibit
12 Number 2, is that a copy of the unit agreement?

13 A. Yes, it is.

14 Q. Does it conform with the federal form?

15 A. It does, with two exceptions. The two
16 exceptions to this: It applies only to horizontal
17 development, which is on page 1 of paragraph two, and it
18 treats the entire unit area as a single participating
19 area, page 3, paragraph 11.

20 Q. Now, as a result, is this -- first of all, this
21 is an undivided unit?

22 A. It is an undivided unit.

23 Q. And will the allocation of production from the
24 wells in the unit area be allocated across the entire
25 unit area on an acreage basis?

1 A. They will.

2 Q. Is that provided for in paragraph 11 of this
3 unit agreement?

4 A. It is.

5 Q. And, Mr. Bassett, as a result, since this will
6 be treated as a single participating area, under the --
7 under the Division's rules, will this likewise then be
8 treated as a single project area?

9 A. - Yes.

10 Q. Now, this particular Exhibit Number 2 also has
11 attached, then, to it as Exhibit A the unit boundary
12 that we just went through. Does it also have, as
13 Exhibit B, the ownership breakdown?

14 A. It does.

15 Q. How many leases are involved in this acreage
16 area?

17 A. There are eight allotted leases.

18 Q. And who administrates those allotted leases?

19 A. FIMO, Federal Indian Minerals Office.

20 Q. And as a result, will what we'll call FIMO, the
21 Federal Indian Minerals Office, be a signatory to this
22 unit agreement?

23 A. They will.

24 Q. As well as the BLM, since this is federal in
25 nature?

1 A. That is correct.

2 Q. And finally in this unit agreement, does
3 Exhibit C contain a type log that identifies the
4 unitized interval?

5 A. It does.

6 Q. First off, is there any unleased acreage within
7 the unit boundary?

8 A. There are no -- there is no unleased acreage in
9 the unit boundary.

10 Q. And does WPX hold all of the interest in these
11 leases?

12 A. They do, 100 percent.

13 Q. So there is no other working interest owner?

14 A. There is no other working interest owner.

15 Q. Now, you mentioned that this is allottee
16 acreage. That would be Indian allottee acreage?

17 A. That's correct.

18 Q. Has the BLM and the Federal Indian Minerals
19 Office provided preliminary approval on the proposed
20 unit?

21 A. They have, as indicated by this letter.

22 Q. Go to WPX Exhibit Number 3.

23 A. Exhibit Number 3.

24 Q. Is that the approval letter that was received
25 from the BLM?

1 A. It is.

2 Q. And if you'll notice at the bottom, left-hand
3 corner of this letter, it's copied to the Federal Indian
4 Minerals Office?

5 A. It is.

6 Q. Did the BLM -- has the company had discussions
7 with both -- I'll call it FIMO and the BLM?

8 A. We have. Representatives from WPX have spoken
9 with FIMO and BLM.

10 Q. And in those discussions, did you go over the
11 nature of the unitized area and your development plans?

12 A. We did.

13 Q. Did that discussion include your desire to
14 drill up to 330 feet to the outer boundary of the unit
15 area?

16 A. It did.

17 Q. When you met with the BLM, did they indicate
18 that their preliminary approval would include the
19 Federal Indian Minerals Office?

20 A. They did.

21 Q. And then in addition to meeting with and
22 discussing the project with the BLM and the Federal
23 Indian Minerals Office, did the company undertake
24 efforts to notify all of the allottees within the unit
25 area of this application and this hearing?

1 A. We did.

2 Q. How many interest owners, based on the records
3 that you were able to review, are within this unitized
4 area?

5 A. 600 plus. Just over 600.

6 Q. And were you able to locate addresses for all
7 of these over 600 interest owners?

8 A. We weren't. Thirty-three, more or less; we
9 were unable to find addresses for 33.

10 Q. What efforts did you undertake to locate
11 addresses for all of these interest owners?

12 A. For unknown addresses, we had our brokers out
13 in the field, performed Internet searches to see if they
14 could find anything on the unknown addresses.

15 Q. And where was the initial source of information
16 that you utilized to locate addresses for these interest
17 owners?

18 A. Title status reports from FIMO.

19 Q. In your opinion as a landman, is that the best
20 source of information for these allottee owners?

21 A. It's the only source we know.

22 Q. Now, is Exhibit 4, then, WPX Exhibit 4 --

23 MR. FELDEWERT: Which is actually submitted
24 separately, Mr. Examiner. Because of the bulk nature of
25 the document, it's a separate document.

1 Q. (BY MR. FELDEWERT) Is WPX Exhibit Number 4,
2 Mr. Bassett, an affidavit with the attached letters
3 providing notice of this application and the hearing to
4 these allottee owners that had addresses?

5 A. Yes, it is.

6 Q. And with respect to the interest owners for
7 whom you could not locate an address, did the company
8 provide notice by publication in the newspapers?

9 A. We did. We provided notification in the
10 Farmington Daily Times and the Rio Rancho Observer.

11 Q. And if I turn to what's been marked as WPX
12 Exhibit Number 5, is that an Affidavit of Publication
13 providing notice of this hearing and directed by name to
14 these interest owners in this matter?

15 A. It is.

16 Q. Now, with respect to the request for the
17 nonstandard location -- in other words, the encroachment
18 to the outer boundaries of the unit area -- did the
19 company also identify the operators and lessees in the
20 spacing units surrounding the entire unit area?

21 A. We did.

22 Q. And are these interest -- or operators and
23 lessees included in the parties that received notice of
24 this hearing under Exhibit Number 4?

25 A. They are.

1 Q. And one other point; I missed this. If I go
2 back to WPX's Exhibit Number 3, which is the approval
3 letter, in your discussions with FIMO and the BLM, did
4 they request that the company drill -- or did they
5 identify the initial obligation well?

6 A. They did.

7 Q. Is that provided in the second paragraph of
8 what's been marked as Exhibit Number 3?

9 A. Yes, it is.

10 Q. Were Exhibits 1 through 3 prepared by you or
11 compiled under your direction and supervision?

12 A. Yes.

13 MR. FELDEWERT: Mr. Examiner, at this time
14 I would move the admission into evidence of WPX Exhibits
15 1 through 5 [sic], which includes my notice affidavit,
16 as well as the Affidavits of Publication.

17 EXAMINER DAWSON: They are accepted.

18 (WPX Energy Production, LLC Exhibit Numbers
19 1 through 5 were offered and admitted into
20 evidence.)

21 MR. FELDEWERT: And that concludes my
22 examination of this witness.

23 EXAMINER DAWSON: I just have a couple of
24 questions.

25

CROSS-EXAMINATION

1
2 BY EXAMINER DAWSON:

3 Q. The initial obligation well, it will be a
4 horizontal lateral with the -- the surface location will
5 be the southeast-southeast of 35-23-7. The horizontal
6 lateral portion of this well will develop the south
7 half-south half of 35-23-7. So it's giving me the
8 surface location. Is the bottom-hole location going to
9 be -- is it going to be in the southwest-southwest
10 quarter? Is it going to be along the south edge of that
11 section? I mean, it just says "develop the south half."
12 Do you know? Do you know what the bottom-hole location
13 is?

14 A. I might have to defer to the geologist. I
15 don't have the exact bottom hole.

16 Q. Okay. I can ask the geologist.

17 On the allottees -- when you start
18 producing this well, the allottees -- the royalties paid
19 to the allottees, how do you -- how do you propose to
20 take care of those royalties that are to be paid to the
21 allottees?

22 A. What we'll do is we'll cut one check for each
23 lease, one big check, and we send it to the Office of
24 the Special Trustee, OST. They distribute all the
25 revenue to the allottees based on their percentage in

1 the lease.

2 Q. Okay.

3 A. So they handle all of that for us.

4 Q. So all those royalties will be paid in a timely
5 manner?

6 A. Absolutely.

7 Q. And the BLM's okay with that?

8 A. Yes.

9 Q. All right. That's all the questions I have of
10 you. Thank you very much.

11 A. Thank you.

12 MR. FELDEWERT: We'll call our next
13 witness.

14 EXAMINER DAWSON: Yes. Thank you.

15 AMY M. RICHARDSON,

16 after having been previously sworn under oath, was
17 questioned and testified as follows:

18 DIRECT EXAMINATION

19 BY MR. FELDEWERT:

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

22 A. My name is Amy Richardson. I'm employed by WPX
23 Energy as a geology manager for the San Juan and
24 Appalachian assets.

25 Q. And how long have you been a geologist with WPX

1 Energy?

2 A. I've been a geologist there for about
3 two-and-a-half years.

4 Q. And have your responsibilities included the San
5 Juan Basin?

6 A. They have the entire time I've been there.

7 Q. And, Ms. Richardson, you've previously
8 testified before the Division, correct?

9 A. Yes, I have.

10 Q. And were your credentials as an expert in
11 petroleum geology accepted and made a matter of public
12 record?

13 A. Yes.

14 Q. Are you familiar with the application filed in
15 this particular case?

16 A. I am.

17 Q. And have you conducted a geologic study of the
18 area in question?

19 A. I have.

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

23 EXAMINER DAWSON: She is so accepted.

24 Q. (BY MR. FELDEWERT) Are you familiar with the
25 horizon that is being unitized in the South Chaco Unit?

1 A. I am.

2 Q. If I turn to what's been marked as WPX Exhibit
3 Number 6, does this identify the horizon?

4 A. It does. This is the Quinella #1 well, which
5 is in Section 31, 23 North, 6 West, which is nearby our
6 proposed unit, although not within it. There are no
7 wells within our proposed unit currently.

8 The interval that we would like to unitize
9 is the entire Mancos interval, which is defined as the
10 top of the Mancos or base of the Point Lookout, which is
11 at a depth of 4,571 measured depth of this well, and
12 then base of the Greenhorn limestone at the top of the
13 Graneros, which is at a depth of 6,456 measured depth in
14 this well.

15 Q. Ms. Richardson, is this the same type log that
16 is utilized as Exhibit Number C to the unit agreement
17 that has preliminarily been approved by the BLM?

18 A. Yes.

19 Q. In your opinion, does the horizon that you've
20 identified here on WPX Exhibit Number 6, does it extend
21 across the unitized area?

22 A. It does.

23 Q. Have you brought today structure maps and cross
24 sections to support this conclusions?

25 A. I have.

1 Q. Why don't we then turn to the next exhibit, WPX
2 Exhibit Number 7? Please identify it and explain what
3 it shows.

4 A. This is a structure map on top of the Mancos on
5 the top of the proposed unit horizon. The wells are on
6 here with well spots and well names. The TD is in
7 black, and the subsea depth at the top of the Mancos is
8 in red. So as you can see, there are no wells actually
9 within the proposed unit, although there are wells
10 surrounding it.

11 The structure in the area, regionally we're
12 dipping down to the northeast and up to the northwest.
13 There does not appear to be any evidence or faults
14 within the unit area.

15 Q. Now, for the record, I see on here a box that's
16 outlined in the middle of this exhibit. Is that your
17 company's proposed Chaco Unit?

18 A. That is.

19 Q. There's also a small rectangle towards the top
20 of this exhibit outlined in red. What does that
21 reflect?

22 A. That's the southern boundary of our northeast
23 Chaco CA area that we have previously presented here.

24 Q. And that's been subject to an approval order
25 from the Division?

1 A. Yes.

2 Q. And this exhibit also then has a number of blue
3 lines. What do they represent?

4 A. The two blue lines are the cross-section lines
5 that are later exhibits in here. And A to A prime are
6 the two-well cross section that's along dip, and B to B
7 prime, a three-well cross section, again roughly along
8 the strike.

9 Q. With that said, then if I turn to WPX Exhibit
10 Number 8, is that the cross section that corresponds
11 with the wells A to A prime?

12 A. It is.

13 Q. And what does this cross section show us?

14 A. This is a cross section, again, extending from
15 the southwest to the northeast across our unit area, and
16 you can see the Quinella #1, which shows the entire unit
17 interval and its correlation to a well to the southwest,
18 Dome-Navajo #1. The Dome-Navajo did not penetrate the
19 entire unit interval but did penetrate most of it, and
20 you can see that it was completed and produced in the
21 Mancos-Gallup.

22 Q. What's next? This Quinella #1 is the type log
23 we just reviewed, correct?

24 A. It is.

25 Q. What is the significance of the pink boxes that

1 you see towards the middle of each one of these wellbore
2 diagrams?

3 A. Those indicate where the well was perforated,
4 so where they produced from.

5 Q. Anything else about this exhibit?

6 A. I don't think so, other than the section
7 appears to be very similar across the area in both
8 wells.

9 Q. Now, you also have a cross section that
10 corresponds with the B to B prime, on Exhibit Number 7;
11 is that correct?

12 A. Yes.

13 Q. And has that been marked as WPX Exhibit Number
14 9?

15 A. It is.

16 Q. What does this show us?

17 A. This is a cross section roughly along strike
18 from west to east, and it again shows three vertical
19 wells that exist in the area, again showing the interval
20 from the Mancos to the Graneros. The well on the right
21 or the furthest east penetrates the entire interval, and
22 you can see the entire section. And, again, the other
23 two wells TD within the Mancos-Gallup interval. The
24 Federal B #4 and the Logos #3 were both completed and
25 produced from the Mancos-Gallup. The Federal B #4 has

1 since been plugged. The Pettigrew #1 was not completed
2 and was a dry hole. It was drilled in the late '50s.

3 Q. Is there any significance between what we see
4 as the pink boxes and the Logos well and the smaller
5 pink lines and the Federal B well on the left of this
6 exhibit?

7 A. Again, here they still indicate where the well
8 was perforated, and the big difference is the
9 perforations provided by Logos were just larger, hence,
10 the boxes.

11 Q. In your opinion, Ms. Richardson, is the
12 unitized -- is the interval that you seek to unitize
13 continuous across the area?

14 A. Yes, I believe so.

15 Q. And in your opinion, are there any faults,
16 pinch-outs or other geologic impediments that will
17 prevent this acreage from contributing to the overall
18 production from the interval?

19 A. No.

20 Q. Can this unitized area, in your opinion, be
21 effectively and efficiently developed under a unit plan?

22 A. Yes.

23 Q. In your opinion, will the approval of this
24 application be in the best interest of conservation, the
25 prevention of waste and the protection of correlative

1 rights?

2 A. Yes, I believe so.

3 Q. Were WPX Exhibits 7 through 9 prepared by you
4 or compiled under your direction and supervision?

5 A. They were prepared by me.

6 MR. FELDEWERT: Mr. Examiner, I would move
7 the admission into evidence of WPX Exhibits 7 through 9.

8 EXAMINER DAWSON: They are so accepted.

9 (WPX Energy Production, LLC Exhibit Numbers
10 7 through 9 were offered and admitted
11 into evidence.)

12 MR. FELDEWERT: That concludes my
13 examination of this witness.

14 CROSS-EXAMINATION

15 BY EXAMINER DAWSON:

16 Q. I just have a couple questions of you,
17 Ms. Richardson.

18 Again, on the initial well, the obligation
19 well, to be drilled to the Mancos as a horizontal
20 lateral in the south, with the surface location
21 southeast-southeast of 35, 23 North, 7 West --

22 A. Yes.

23 Q. -- do you happen to know where the bottom-hole
24 location is on that well?

25 A. Right now we're planning the bottom-hole

1 location to be in the northwest of the southwest of
2 Section 35.

3 Q. Okay. If you're drilling from the
4 southeast-southeast of 35 to the northwest of the
5 southwest of 35, you're diagonally going across that
6 south half there?

7 A. We are. We planned that surface location to
8 potentially drill two laterals from it, actually, to
9 fully develop that southern half of the section, but my
10 hope is that the wells will be somewhat oriented
11 northwest to southeast, which should help us drain the
12 reservoir better. That should be more perpendicular to
13 what we see as a fracture orientation.

14 Q. So if you drill from the southeast-southeast to
15 the northwest-southwest, how do you -- how are you guys
16 going to capture those reserves in the remainder of that
17 south half of that section with -- you know, with that
18 well going diagonally across there?

19 A. I was going to say the surface hole in the --
20 is in the southeast of the southeast. The point of
21 entry will likely be a little bit north of that. So the
22 northeast of the southeast quarter most likely will be
23 the point of -- point of entry, and then we'll drill to
24 the northwest of the southwest.

25 Q. So how would you develop the reserve -- so then

1 you'll have another well to the south of that, and you
2 may go back down into Section 36 there?

3 A. Yeah. Or ideally we would, yeah, place
4 another -- another well just -- again, just north of the
5 section line or possibly standing the section line so we
6 can fully develop the reserves in that area.

7 Q. So that wouldn't be Section 36. I guess that
8 would be Section --

9 A. Section 2.

10 Q. Section 2. Yeah, 2.

11 And then the remainder of that south half
12 of Section 35, the northeast quarter of that section?

13 A. Uh-huh. Again, we position the lateral so that
14 we would -- we would really be able to drain that entire
15 half section. We won't -- we'll be further than 330 in
16 that area, but from our previous drilling and the work
17 we've done, we believe we've got a fairly large drainage
18 and that we would be able to adequately drain that area.

19 Q. You think you can adequately drill that area
20 with one well?

21 A. No. We're tentatively planning to have two
22 wells in there to drain that whole half section.
23 They'll be slightly oriented northwest to southeast, as
24 I'm gleaning now.

25 Q. So if you put your first well in the

1 orientation that you've described, how would you --
2 where would your second well be? How do you make -- I
3 mean, where would it oriented in there?

4 A. Basically, we would -- you know, we would
5 divide that half section in half horizontally. So
6 basically the first lateral would develop the north of
7 the south half, and the second lateral would develop the
8 south half of the south half of the section.

9 Q. But you think that you can drain that whole
10 south half-south half of that section with two wells?

11 A. Yes. That's kind of our plan right now going
12 forward. If, you know, information changes or we
13 believe we cannot, we could reconsider that in the
14 future.

15 Q. The Dome-Navajo well over there --

16 A. Yes.

17 Q. -- did that -- how much oil did that produce?
18 Do you have an idea, rough idea?

19 A. Rough. I just looked at that this morning. I
20 could be wrong. I think it was around 9,000 barrels.

21 Q. 9,000 barrels.

22 Do you know when that was drilled?

23 A. I do not. I believe it was the late '70s, or
24 early '80s.

25 Q. And these wells over to the east, the Lybrook

1 M31-2306 --

2 A. Right.

3 Q. -- it looks like 2H and 3H -- are those
4 bottom-hole locations on those wells?

5 A. Those are. The green dots signify the
6 bottom-hole locations, and the kind of blue dot, over to
7 the east in Section 31, are surface locations.

8 Q. How far from your section line is that
9 bottom-hole location from those wells; do you know?

10 A. I have not looked at that. I would guess it's
11 about 330 to 400 feet.

12 Q. And those are your wells?

13 A. Those are not. Those are Encana. They're
14 drilled by Encana.

15 Q. Drilled by Encana.

16 So you're asking for a 330-foot setback
17 from the boundaries of the unit. If another operator
18 comes in on the outside boundary and wants to drill a
19 330-foot setback, are you guys going to oppose that?

20 A. No, we will not.

21 Q. Okay. That's all the questions I have. Thank
22 you very much.

23 A. All right. Thank you.

24 MR. FELDEWERT: That concludes our
25 presentation.

1 EXAMINER DAWSON: Okay. At this time can I
2 ask you to provide a closing statement and -- do you
3 have one?

4 MR. FELDEWERT: I hadn't prepared one.

5 EXAMINER DAWSON: Okay.

6 MR. FELDEWERT: I can answer whatever
7 questions you have.

8 EXAMINER DAWSON: Well, I'm just asking if
9 you have anything else.

10 MR. FELDEWERT: No. I think we have --
11 your point on the letter and the development of the
12 acreage, I was just reading the provisions of the unit
13 agreement that require filing of the development plans
14 once the initial obligation well is drilled. So any
15 concerns about drainage and development will be
16 addressed by the BLM information with that plan of
17 operation. And I just forgot the paragraph. I think
18 it's paragraph 12.

19 EXAMINER DAWSON: Yeah. They require a
20 yearly plan development submitted to them.

21 MR. FELDEWERT: Yeah.

22 EXAMINER DAWSON: And then they'll review
23 that, and I'm sure they'll let them know, you know, as
24 to -- if there are any problems with their future plans
25 within that unit area.

1 MR. FELDEWERT: Yes. Yes.

2 EXAMINER DAWSON: Okay. Can you just
3 provide conclusions and findings within two weeks, if
4 you have any, and also provide a proposed order within
5 two weeks from this date, which is August 7th, 2014?

6 MR. FELDEWERT: I can do that, yeah.

7 EXAMINER DAWSON: And this case will be
8 taken under advisement.

9 MR. FELDEWERT: Thank you.

10 EXAMINER DAWSON: Thank you very much.
11 That concludes today's hearing for Case
12 Number 15173.

13 Thank you very much.

14 (Case Number 15173 concludes, 8:48 a.m.)

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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. _____,
heard by me on _____.

_____, Examiner
Oil Conservation Division

1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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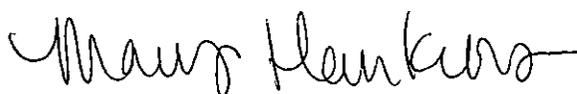
4 CERTIFICATE OF COURT REPORTER

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

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

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

19



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MARY C. HANKINS, CCR, RPR
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Date of CCR Expiration: 12/31/2014

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