

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

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

ORIGINAL

APPLICATION OF EOG RESOURCES, INC. CASE NO. 15174
FOR A NONSTANDARD SPACING AND
PRORATION UNIT AND COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

September 4, 2014

Santa Fe, New Mexico

BEFORE: PHILLIP GOETZE, CHIEF EXAMINER

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This matter came on for hearing before the
New Mexico Oil Conservation Division, Phillip Goetze,
Chief Examiner, on Thursday, September 4, 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.

REPORTED BY: Mary C. Hankins, CCR, RPR
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17 INDEX

18

19 Case Number 15174 Called

PAGE

3

20

21 EOG Resources, Inc.'s Case-in-Chief:

22

23 Witnesses:

24

25 Matthew Phillips:

26

27 Direct Examination by Mr. Feldewert 4

28

29 Cross-Examination by Mr. Bruce 14

30 Cross-Examination by Examiner Goetze 17

31

32 John Lock:

33

34 Direct Examination by Mr. Feldewert 17

35 Cross-Examination by Mr. Bruce 24

36

37 Cross-Examination by Examiner Goetze 26

38 Proceedings Conclude 27

39

40 Certificate of Court Reporter 28

41

42 EXHIBITS OFFERED AND ADMITTED

43

44 EOG Resources, Inc. Exhibit Numbers 1 through 5 14

45

46 EOG Resources, Inc. Exhibit Numbers 6 through 8 24

47

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
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(8:26 a.m.)

EXAMINER GOETZE: We're back to the regular docket. At this point we will call Case 15174, application of EOG Resources, Incorporated for a nonstandard spacing and proration unit and compulsory pooling, Lea County, New Mexico.

Call for appearances.

MR. FELDEWERT: Michael Feldewert, with the Santa Fe office of Holland & Hart, appearing on behalf of the Applicant, and I have two witnesses.

EXAMINER GOETZE: Very good.

MR. BRUCE: Mr. Examiner, Jim Bruce appearing on behalf of BTA Oil Producers, LLC. I have no witnesses.

EXAMINER GOETZE: Very good.

Would the witnesses please stand, identify yourself and be sworn in, please?

MR. PHILLIPS: Matthew Phillips.

MR. LOCK: John Lock.

(Mr. Phillips and Mr. Lock sworn.)

EXAMINER GOETZE: Mr. Feldewert, proceed.

MR. FELDEWERT: We'll call our first witness.

MATTHEW PHILLIPS,

after having been previously sworn under oath, was

1 questioned and testified as follows:

2 DIRECT EXAMINATION

3 BY MR. FELDEWERT:

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

6 A. Matthew Phillips, EOG Resources, Incorporated,
7 landman.

8 Q. And how long, Mr. Phillips, have you been a
9 landman with EOG?

10 A. Two-and-a-half years.

11 Q. And have your responsibilities during that time
12 included the Permian Basin of New Mexico?

13 A. Yes, sir.

14 Q. Have you had the opportunity to previously
15 testify before this Division?

16 A. No, sir.

17 Q. Would you please outline your educational
18 background?

19 A. I have a bachelor of science, journalism, Texas
20 Christian University, energy management minor.

21 Q. And when did you receive your degrees?

22 A. In 2010.

23 Q. During the period of time that you were in
24 school, were you involved in an intern program?

25 A. Yes, sir.

1 Q. What was the nature of that program?

2 A. A land intern for Encore Operating.

3 Q. And how long did you do that?

4 A. Year and a half.

5 Q. Was that in Fort Worth?

6 A. Yes, sir.

7 Q. Upon graduation in 2010, what did you do?

8 A. I went to work as a landman for Denbury
9 Resources.

10 Q. Did they -- is that the company that acquired
11 Encore?

12 A. Yes, sir.

13 Q. And how long were you with Denbury?

14 A. Year and a half.

15 Q. And did you function as a landman with them?

16 A. Yes, sir.

17 Q. And did you then join EOG?

18 A. Yes, sir.

19 Q. And that was roughly 2010?

20 A. 2012.

21 Q. 2012. I'm sorry.

22 In addition to that work history, are you a
23 member of any professional organizations?

24 A. Yes, sir.

25 Q. Can you name them for me, please?

1 A. AAPL, American Association of Professional
2 Landmen; PBLA, Permian Basin Landmen's Association; and
3 New Mexico Landmen's Association.

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

5 A. Since 2010.

6 Q. And what about the Permian Basin Landmen's
7 Association?

8 A. Since 2012.

9 Q. And the New Mexico Landmen's Association?

10 A. 2012.

11 Q. Are you familiar, Mr. Phillips, with the
12 application filed in this case?

13 A. Yes, sir.

14 Q. And are you familiar with the status of the
15 lands in the subject area?

16 A. Yes, sir.

17 MR. FELDEWERT: At this time I would tender
18 Mr. Phillips as an expert witness in petroleum land
19 matters.

20 EXAMINER GOETZE: Do you have any
21 questions, Mr. Bruce?

22 MR. BRUCE: No, sir.

23 EXAMINER GOETZE: Very good.

24 Then you are so qualified.

25 Q. (BY MR. FELDEWERT) Would you please turn to

1 what's been marked as EOG Exhibit Number 1? First
2 identify it, and then explain what the company seeks
3 under this application.

4 A. Exhibit Number 1 is a revised Form C-103 and
5 APD for sundry notice for a TVD and measured depth
6 change of the Osprey 10 #1H well and an approved C-102
7 plat showing the wellbore and project area.

8 Q. Okay. Now, there was -- this is for your
9 Osprey well?

10 A. Yes, sir.

11 Q. And there was an initial APD that was filed
12 prior to what's been marked as Exhibit Number 1?

13 A. Correct.

14 Q. What was changed?

15 A. TVD and measured depth, target change.

16 Q. And what is your target -- what is your new
17 target for your proposed --

18 A. 3rd Bone Spring Sand.

19 Q. And what do you seek from the Division here
20 today?

21 A. A 160-acre proration unit, a spacing unit and
22 to pool all uncommitted interests in that unit.

23 Q. And if I look at the second page of Exhibit
24 Number 1, it demonstrates -- it shows that you are
25 seeking a spacing unit comprised of the west half of the

1 west half of Section 10?

2 A. That's correct.

3 Q. And it provides -- the second page provides the
4 Examiner with the API number for the well?

5 A. Correct.

6 Q. As well as the pool and the pool code; does it
7 not?

8 A. Yes, sir.

9 Q. It identifies this pool as a Red Hills Bone
10 Spring East. Is that pool subject to Division statewide
11 rules?

12 A. Yes, sir.

13 Q. If I take a look at the second page of Exhibit
14 Number 1, does it demonstrate that the completed
15 interval for your proposed well will comply with the
16 Division's 330 setback requirements?

17 A. Yes, sir.

18 Q. Is Section 10 all fee lands?

19 A. Yes, sir.

20 Q. If I turn to what's been marked as COG Exhibit
21 Number 2, does this identify the -- is this a list of
22 the uncommitted interest owners?

23 A. Yes, sir.

24 Q. And does it identify those uncommitted interest
25 owners first by tract and then, on the second page, does

1 it provide a compilation of their uncommitted interests
2 in the west half-west half spacing unit?

3 A. Yes, sir.

4 Q. What is -- this looks like -- when I look at
5 this list, I see a number of small interests. What is
6 the total percentage of the uncommitted interests?

7 A. Roughly, 18 percent.

8 Q. And there is a number of estates listed on here
9 as well, correct?

10 A. Yes, sir.

11 Q. Have you recently -- looking at the second page
12 of Exhibit Number 2, have you recently been able to
13 reach an agreement with two of these uncommitted
14 interest owners?

15 A. Yes, sir.

16 Q. Can you identify them for me, please?

17 A. The estates of Daniel Galbreath and John Walter
18 Warren.

19 Q. And have those been checked on the second page
20 of Exhibit Number 2?

21 A. Yes, sir.

22 Q. And those no longer need to be subject to the
23 pooling order?

24 A. Correct.

25 Q. Are there interest owners on here,

1 Mr. Phillips, that you've been unable to locate?

2 A. Yes, sir.

3 Q. What efforts did the company undertake to
4 locate these interest owners?

5 A. We checked the county records, did numerous
6 Internet searches and even some of our own records in
7 the office, as well as, you know, any e-mails or phone
8 calls that we could obtain.

9 Q. And as a result of being unable to locate some
10 of these interest owners, if I turn to what's been
11 marked as EOG Exhibit Number 3, did the company then
12 provide notice of this hearing by name to the -- to the
13 uncommitted interest owners that you have been unable to
14 locate?

15 A. Yes, sir.

16 Q. And as reflected in Exhibit Number 3?

17 A. Yes, sir.

18 Q. All right. With respect to the parties that
19 you were able to locate, if I turn to what's been marked
20 as EOG Exhibit Number 4, does that contain the well
21 proposal letter that was sent to these interest owners?

22 A. Yes, sir.

23 Q. And you mentioned that there was some changes
24 in the total vertical depth of the proposed well; is
25 that correct?

1 A. That's correct.

2 Q. If I look at the first letter that's comprised,
3 Exhibit Number 4, that was your initial well proposal
4 back in June for a shallower Leonard Shale test well?

5 A. That's correct.

6 Q. And then if I flip through this exhibit to
7 about the fifth page, there is a letter dated June 24th,
8 2014. Is that issued for the purpose of correcting an
9 error in the township that was identified?

10 A. Yes, sir.

11 Q. Then if I go towards the end of the exhibit,
12 the last two pages, that's comprised of a July 11th
13 letter and an AFE. Does that correspond to the total
14 vertical depth that you now seek approval to proceed
15 with from the Division?

16 A. Yes, sir.

17 Q. And as a result, does that June 11th amended
18 well proposal also contain a revised AFE?

19 A. It does.

20 Q. Now, aside from sending these letters, what
21 additional efforts did the company undertake to reach an
22 agreement with these interest owners -- uncommitted
23 interest owners that you were able to locate?

24 A. We contacted everyone we could with offers to
25 lease. We provided them with e-mail offers,

1 written-letter offers and offers over the phone, and we
2 still have outstanding offers and are still accepting --
3 accepting leases.

4 Q. As I flip back to Exhibit Number 2, Robert
5 Landreth has an interest in this.

6 A. Just over 7 percent of the spacing unit, yes,
7 sir.

8 Q. Have you been in touch with him?

9 A. I have.

10 Q. Are you close to an agreement?

11 A. I believe so, yes.

12 Q. But it hasn't been signed yet?

13 A. No signatures.

14 Q. Are you still working to reach agreement with
15 these interest owners that are listed?

16 A. Yes, sir.

17 Q. And if you reach an agreement, they'll be
18 dismissed from the pooling order?

19 A. That's correct.

20 Q. All right. Then with respect to the AFE that
21 you sent out back on July 11th, are the costs that are
22 reflected on that amended AFE consistent with what the
23 company and other operators incur for drilling similar
24 horizontal wells in this area?

25 A. Yes, sir.

1 Q. And has the company made an estimate of the
2 overhead and administrative costs while drilling this
3 well and also while producing if you are successful?

4 A. 7,000 for drilling and 700 for producing.

5 Q. Okay. And are these rates consistent with what
6 the company and other operators in the area charge for
7 similar wells?

8 A. Yes, sir.

9 Q. In the course of preparing for this hearing,
10 did the company also identify the leased mineral
11 interest owners in the 40-acre tracts surrounding your
12 proposed nonstandard spacing unit?

13 A. Yes, sir.

14 Q. And did the company include these known leased
15 mineral interest owners in the notice of this hearing?

16 A. Yes, sir.

17 Q. If I turn to what's been marked as EOG Exhibit
18 Number 5, is that an affidavit with attached letters
19 providing notice of this hearing both to the parties
20 subject to the pooling proceedings, as well as the
21 offsetting lease mineral interest owners?

22 A. Yes, sir.

23 Q. Finally, Mr. Phillips, were Exhibits 1 through
24 4 prepared by you or compiled under your direction or
25 supervision?

1 A. Yes, sir.

2 MR. FELDEWERT: At this point, then,
3 Mr. Examiner, I would move admission into evidence EOG
4 Exhibits 1 through 5, which includes my affidavit.

5 MR. BRUCE: No objection.

6 EXAMINER GOETZE: Very good, Mr. Bruce.
7 Exhibits 1 through 5 are so entered.
8 (EOG Resources, Inc. Exhibit Numbers 1
9 through 5 were offered and admitted into
10 evidence.)

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

13 EXAMINER GOETZE: Thank you.

14 Mr. Bruce?

15 MR. BRUCE: Just a few.

16 CROSS-EXAMINATION

17 BY MR. BRUCE:

18 Q. Mr. Phillips, I have a few questions, and if
19 the next witness can handle them better, let me know.

20 A. Okay.

21 Q. And just so the Hearing Examiner knows, BTA is
22 an offset interest owner, correct?

23 A. Yes, sir.

24 Q. I believe they're over to the west in Section
25 9?

1 A. Correct.

2 Q. You said the well was originally proposed as a
3 Leonard Shale?

4 A. Correct.

5 Q. And now, did you say, it's 3rd Bone Spring?

6 A. Yes, sir.

7 Q. It's now 3rd Bone Spring.

8 Is EOG concentrating on any specific Bone
9 Spring zone in this area, 2nd, 3rd or Leonard Shale?

10 A. I can't answer that.

11 Q. And I'm looking -- maybe I'll --

12 MR. BRUCE: Mr. Examiner, if I could
13 approach the witness?

14 EXAMINER GOETZE: Please.

15 MR. BRUCE: I don't know that I need to.
16 This is more for demonstrative purposes, just for a
17 couple of questions.

18 EXAMINER GOETZE: So this is a --

19 MR. BRUCE: Midland Map Company plat.

20 EXAMINER GOETZE: Very good.

21 MR. BRUCE: And, Mr. Examiner, Mr. Phillips
22 just highlighted a few things where EOG shows up on the
23 map, but if you look further afield to the north and
24 northwest, west, EOG owns quite a bit of acreage in this
25 area.

1 Q. (BY MR. BRUCE) Does it not, Mr. Phillips?

2 A. Yes, sir.

3 Q. When you're drilling the wells here -- and, for
4 instance, I'm looking at Section 31, at the Township to
5 the north, is Phillips [sic] mainly looking at drilling
6 one-mile laterals, or is it drilling any laterals in
7 excess of one mile?

8 A. I think the lateral length is on a case-by-case
9 basis.

10 MR. BRUCE: Mr. Examiner, I think that's
11 all I have for this witness.

12 EXAMINER GOETZE: And what about your
13 exhibit?

14 MR. BRUCE: I'll move it into admission, if
15 there is no objection by Mr. Feldewert.

16 MR. FELDEWERT: Is this -- I can't tell.
17 Is this 25 South and 34 East?

18 MR. BRUCE: Yes, sir.

19 THE WITNESS: Yes.

20 MR. FELDEWERT: Okay. I have no objection.

21 EXAMINER GOETZE: Very good.

22 Then Exhibit 1 on behalf of BTA has been
23 admitted.

24 (BTA Oil Producers, LLC Exhibit Number 1
25 was offered and admitted into evidence.)

CROSS-EXAMINATION

1
2 BY EXAMINER GOETZE:

3 Q. Just one question with regards to our
4 discussion of people who are being actively pursued in
5 obtaining leases. So the uncommitted 18 percent, that
6 includes folks still being pursued?

7 A. Correct.

8 Q. So the 18 percent is the total of uncommitted?

9 A. Yes, sir.

10 Q. And then we have no other outstanding -- well,
11 we wouldn't.

12 Okay. Then I have no further questions for
13 you, sir.

14 A. Thanks.

15 EXAMINER GOETZE: Mr. Feldewert?

16 MR. FELDEWERT: Call our next witness.

17 EXAMINER GOETZE: Please.

18 JOHN LOCK,

19 after having been first duly sworn under oath, was
20 questioned and testified as follows:

21 DIRECT EXAMINATION

22 BY MR. FELDEWERT:

23 Q. Would you please state your name, identify by
24 whom you are employed and in what capacity?

25 A. Yes. John Lock, Senior Geologist with EOG

1 Resources.

2 Q. And how long have you been a geologist with
3 EOG?

4 A. I began with EOG in 2009.

5 Q. And have your responsibilities during your
6 employment with the company included the Permian Basin
7 of New Mexico?

8 A. Yes, they have.

9 Q. Mr. Lock, have you previously testified before
10 this Division?

11 A. I have not.

12 Q. Would you please provide the Examiner with your
13 educational background?

14 A. Sure. I have a master's degree in -- let me
15 back up. A bachelor's degree in geology from
16 Texas A & M University and a master's degree, from the
17 University of Houston, in geology.

18 Q. And when did you receive your master's
19 degree in -- was it in petroleum geology?

20 A. It was, yeah. Yeah. That was in 2009.

21 Q. And that was from the University of Houston?

22 A. That's right.

23 Q. Have you, therefore, been with EOG since you
24 graduated with your master's degree?

25 A. That's correct.

1 Q. Are you a member of any professional
2 associations?

3 A. I am, yeah, the AAPG, Association of Petroleum
4 Geologists; SPWLA, which is the Society of
5 Petrophysicists and Well Log Analysts; and the SCA,
6 which is the Society of Core Analysts.

7 Q. And working backwards, how long have you been a
8 member of the SCA?

9 A. Since 2010.

10 Q. And what about -- I think you described it as
11 the SPWLA?

12 A. Yes. Since 2010 as well.

13 Q. And the American Association of Petroleum
14 Geologists, how long have you been a member of that
15 association?

16 A. Since 2010.

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

19 A. I am, yes.

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

22 A. I have, yes.

23 MR. FELDEWERT: I would tender Mr. Lock as
24 an expert witness in petroleum geology.

25 MR. BRUCE: One question, Mr. Lock. Did

1 you used to be the philosopher?

2 THE WITNESS: That was with an E at the
3 end. No E.

4 EXAMINER GOETZE: And on a poor note of
5 choice of words, we will say that you are qualified as
6 an expert witness.

7 Proceed, Mr. Feldewert.

8 (Laughter.)

9 Q. (BY MR. FELDEWERT) Were you here for the
10 testimony where they identified -- where the previous
11 witness identified the target interval for the proposed
12 well in the 3rd Bone Spring sands?

13 A. I was, yes.

14 Q. Are you familiar with that producing interval?

15 A. I am, yes.

16 Q. Have you prepared a structure map and cross
17 section for the Examiner focused on that?

18 A. That, I have, yes.

19 Q. If I turn to what's been marked as EOG Exhibit
20 Number 6, would you please identify it and tell us what
21 it shows?

22 A. Sure. Yeah. This is a structure map on the
23 top of the 3rd Bone Spring sand, which is the producing
24 interval. Yellow indicates the EOG acreage in the west
25 half-west half of Section 10, with the proposed Osprey

1 10 #1H drilled from south to north on Section 10 on said
2 acreage. Like I said, structure is on top of the 3rd
3 Bone Spring sand. This is in TVD depth. And just to
4 the west, there are a number of 3rd Bone Spring
5 producers in the area.

6 Q. Is that the little blue lines?

7 A. Yes.

8 Q. What is that area generally known as?

9 A. That is the Red Hills North Unit.

10 Q. In your opinion, is the structure consistent
11 across this section?

12 A. It is, yes.

13 Q. Do you observe any faulting or pinch-outs or
14 other geologic impediments to the development of this
15 area with the proposed horizontal wells?

16 A. I do not, no.

17 Q. If I then turn to what's been marked as EOG
18 Exhibit Number 7, you mention that you have prepared a
19 cross section for the Examiner. Does this particular
20 Exhibit Number 7 identify the wells that are utilized in
21 the cross section?

22 A. It does, yes.

23 Q. And how many wells will you be utilizing?

24 A. There are three wells.

25 Q. One of which is in Section 10?

1 A. That's right.

2 Q. In your opinion, are the wells you have chosen
3 representative of the area?

4 A. They are, yes.

5 Q. If I then turn to what's been marked as EOG
6 Exhibit Number 8, is this the -- are these the well
7 logs, as part of your cross section, that correspond
8 with the A to A prime shown on Exhibit Number 7?

9 A. These are, yes.

10 Q. Would you explain to us what this exhibit
11 shows?

12 A. Sure. These three wells are the ones that are
13 indicated on the previous map, with A to the north and A
14 prime to the south, the north well being the Diamond 5
15 Fed 1H, and then the well in the section is Chaparral 10
16 #1, and the well to the south or the Javelina 17 Fed 3.
17 These are vertical control points that we use to do a
18 study of the area.

19 The top marker, about a third of the way
20 down in each -- each cross section, is the top of the
21 3rd Bone Spring sand interval, with the top below it
22 being the Wolfcamp top, which is the lower bounding top
23 of the 3rd Bone Spring sand.

24 Red boxes indicate the target for the
25 wells -- or for the well. And in the tracts -- on the

1 left track is the gamma ray, and the middle tract is the
2 resistivity log, and on the right is the porosity logs,
3 neutron and density.

4 Q. And what do you observe with respect to the
5 continuity of the target interval across this area?

6 A. It appears to be consistent without any
7 impediment across the -- across all the producing area.

8 Q. Okay. In your opinion, is this an area that
9 can be efficiently and economically developed by
10 horizontal wells?

11 A. It is, yes.

12 Q. Based on your study, would you expect that each
13 of these wells -- that each of the tracts comprising the
14 west half of the west half of Section 10 will, on
15 average, contribute more or less equally to the
16 production from the well?

17 A. They will, yes. I believe so.

18 Q. In your opinion, will the granting of EOG's
19 application be in the best interest of conservation, the
20 prevention of waste and the protection of correlative
21 rights?

22 A. It will.

23 MR. FELDEWERT: At this point,
24 Mr. Examiner, I would -- oh, I missed one -- one
25 previous question.

1 Q. (BY MR. FELDEWERT) Mr. Lock, did you prepare or
2 participate in the preparation of EOG Exhibits 6 through
3 8?

4 A. I did, yes.

5 MR. FELDEWERT: Mr. Examiner, at this
6 point, then, I would move the admission into evidence of
7 EOG Exhibits 6 through 8.

8 EXAMINER GOETZE: Exhibits 6 through 8, you
9 have no --

10 MR. BRUCE: No objection.

11 EXAMINER GOETZE: Exhibits 6 through 8 are
12 admitted.

13 And your witness, Mr. Bruce.

14 (EOG Resources, Inc. Exhibit Numbers 6
15 through 8 were offered and admitted into
16 evidence.)

17 MR. BRUCE: Thank you, Mr. Examiner.

18 CROSS-EXAMINATION

19 BY MR. BRUCE:

20 Q. Looking at your Exhibit 6, Mr. Lock --

21 A. Uh-huh.

22 Q. -- the wells off to the west, over in the Red
23 Hills, are those directional wells or horizontal wells?

24 A. Those are horizontal wells.

25 Q. They are. Okay.

1 Generally speaking, aren't most of those
2 wells a little older and vintage than are some of the
3 others in this area?

4 A. They are, yes.

5 Q. The proposed well is a stand-up well as opposed
6 to the Red Hills wells that are not quite lay-down.
7 Does EOG think stand-up wells are the way to go?

8 A. Can you define stand-up? I'm sorry.

9 Q. North-south.

10 A. Oh. Yeah. So what are you asking?

11 Q. Is stand-up, or north-south, wells the
12 preferred orientation of the Bone Spring wells by EOG in
13 this area?

14 A. For this one, yes.

15 Q. You have a land plat marked "BTA Exhibit 1."
16 If you look in Section 8 to the west, are those BTA -- I
17 mean EOG wells?

18 A. You have some marked here as EOG wells, yeah.

19 Q. What zone are those completed in?

20 A. I'm unaware.

21 Q. What about in Section 31 to the northwest?

22 A. Let's see. The Billings [phonetic]. Those
23 are -- those are the Billing wells; is that right?

24 Q. I think that's right.

25 A. Safe to say? Those would be Leonard Shale

1 wells.

2 Q. And then in Section 9, immediately to the west
3 of your proposed well, the well that goes from Section 9
4 down to Section 16, do you know what that well is?

5 A. I don't.

6 Q. Looking in the future in the immediate area, is
7 EOG going to be testing the 3rd Bone Spring more often?

8 A. Potentially. I mean, it's a case-by-case basis
9 on evaluating what target would be the best.

10 Q. But certainly this is the first 3rd Bone Spring
11 well in this immediate area, correct, for several miles
12 that EOG has drilled anyway?

13 A. Yeah, as indicated on the structure map. I
14 think that shows that to be the case, yeah.

15 Q. And what prompted EOG to change from a Leonard
16 Shale well to a Bone Spring -- 3rd Bone Spring?

17 A. Just the valuation of the -- of the logs in the
18 area.

19 MR. BRUCE: That's all I have,
20 Mr. Examiner.

21 EXAMINER GOETZE: Thank you very much,
22 Mr. Bruce. You took all my questions.

23 CROSS-EXAMINATION

24 BY EXAMINER GOETZE:

25 Q. So moving on with this witness, not having a

1 diagram of completion, roughly, do you have any concept
2 as to how many stages we're going to have?

3 A. Roughly -- I mean, we decide that after the
4 well's drilled, but to put a ballpark number, I'd say
5 20.

6 Q. So basically we have -- this is a true well
7 capture [sic] of the 3rd Bone Spring sand?

8 A. Yes.

9 EXAMINER GOETZE: I have no more questions
10 for this witness.

11 Do you have any final comments?

12 MR. FELDEWERT: No. That concludes our
13 presentation, Mr. Examiner.

14 MR. BRUCE: Nothing, sir.

15 EXAMINER GOETZE: Mr. Bruce?

16 At this point we will go ahead and take
17 Case 15174 under advisement.

18 Thank you, gentlemen.

19 (Case Number 15174 concludes, 8:52 a.m.)

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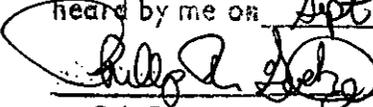
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I certify that the foregoing is a true and correct copy of the proceedings in the examiner hearing of Case No. 15174, heard by me on Sept. 4, 2014.
 . Examiner
Oil Conservation Division

1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

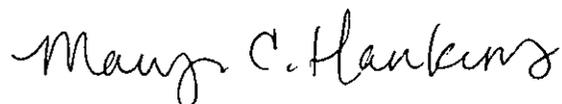
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CERTIFICATE OF COURT REPORTER

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

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

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



MARY C. HANKINS, CCR, RPR
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