

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

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:

ORIGINAL

CASE 15376-77  
(cont'd from  
9/17/15)

APPLICATION OF COG OPERATING, LLC, FOR  
A NON-STANDARD SPACING AND PRORATION UNIT  
AND COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

October 1, 2015

Santa Fe, New Mexico

BEFORE: WILLIAM V. JONES, CHIEF EXAMINER  
MICHAEL McMILLAN, EXAMINER  
GABRIEL WADE, LEGAL EXAMINER

RECEIVED OGD  
2015 OCT 20 P 1:54

This matter came on for hearing before the  
New Mexico Oil Conservation Division, William V. Jones,  
Chief Examiner, Michael McMillan, Examiner, and Gabriel  
Wade, Legal Examiner, on October 1, 2015, 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: ELLEN H. ALLANIC  
NEW MEXICO CCR 100  
CALIFORNIA CSR 8670  
PAUL BACA COURT REPORTERS  
500 Fourth Street, NW  
Suite 105  
Albuquerque, New Mexico 87102

A P P E A R A N C E S

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

For the Applicant:

Jordan Lee Kessler, Esq.  
Holland & Hart  
110 North Guadalupe  
Suite 1  
Santa Fe, New Mexico 87501  
(505)983-6043  
jlkessler@hollandhart.com

I N D E X

CASE NUMBERS 15376 and 15377 CALLED

COG OPERATING, LLC, CASE-IN-CHIEF:

WITNESS STUART DIRKS

	Direct	Redirect	Further
By Ms. Kessler	5		
	EXAMINATION		
Examiner Jones	13		
Examiner McMillan	24		

WITNESS SAM GREG CLARK

	Direct	Redirect	Further
By Ms. Kessler	17		
	EXAMINATION		
Examiner Jones	21		

Reporter's Certificate

Page 26

		PAGE
1	E X H I B I T I N D E X	
2	Exhibits Offered and Admitted	
3	Cases 15376 and 15377	
4	COG OPERATING LLC EXHIBIT 1	13
5	COG OPERATING LLC EXHIBIT 2	13
6	COG OPERATING LLC EXHIBIT 3	13
7	COG OPERATING LLC EXHIBIT 4	13
8	COG OPERATING LLC EXHIBIT 5	13
9	COG OPERATING LLC EXHIBIT 6	13
10	COG OPERATING LLC EXHIBIT 7	13
11	COG OPERATING LLC EXHIBIT 8	13
12	COG OPERATING LLC EXHIBIT 9	13
13	COG OPERATING LLC EXHIBIT 10	13
14	COG OPERATING LLC EXHIBIT 11	13
15	COG OPERATING LLC EXHIBIT 12	13
16	COG OPERATING LLC EXHIBIT 13	21
17	COG OPERATING LLC EXHIBIT 14	21
18	COG OPERATING LLC EXHIBIT 15	21
19		
20		
21		
22		
23		
24		
25		

1 (Time noted 9:56 a.m.)

2 EXAMINER JONES: Okay. We are back on the  
3 record. I understand we're going to take case No. 15375  
4 and continue it until October the 15th.

5 EXAMINER WADE: For the record, that is for  
6 purposes of proof of publication.

7 EXAMINER JONES: Let's call case No. 15376,  
8 Application of COG Operating, LLC, For a Non-Standard  
9 Spacing and Proration Unit and Compulsory Pooling, Eddy  
10 County, New Mexico.

11 Do you want to call both cases together?

12 MS. KESSLER: Yes, please.

13 EXAMINER JONES: We are going to also call  
14 Case 15377, Application of COG Operating, LLC, For a  
15 Non-Standard Spacing and Proration Unit and Compulsory  
16 Pooling, Eddy County, New Mexico.

17 Call for appearances in both cases.

18 MS. KESSLER: May it please the Examiner,  
19 Jordan Kessler from the Santa Fe Office of Holland and  
20 Hart on behalf of the applicant.

21 Any other appearances?

22 (No response.)

23 MS. KESSLER: I have two witnesses today.

24 EXAMINER JONES: Will the witnesses please  
25 stand. Please state your names and the court reporter

1 will swear in the witnesses.

2 (WHEREUPON, the presenting witnesses  
3 were administered the oath.)

4 MS. KESSLER: I would like to call my first  
5 witness.

6 STUART DIRKS  
7 having been first duly sworn, was examined and testified  
8 as follows:

9 DIRECT EXAMINATION

10 BY MS. KESSLER:

11 Q. Please state your name for the record and tell  
12 the Examiners by whom you are employed and in what  
13 capacity.

14 A. My name is Stuart Dirks, and I work for COG  
15 Operating, LLC, as a landman.

16 Q. Have you previously testified before the  
17 Division?

18 A. Yes, I have.

19 Q. And were your credentials as a petroleum landman  
20 accepted and made a matter of record?

21 A. Yes, they were.

22 Q. Are you familiar with the applications filed in  
23 these consolidated cases?

24 A. Yes, I am.

25 Q. And are you familiar with the status of the lands

1 in the subject area?

2 A. Yes, I am.

3 MS. KESSLER: Mr. Examiner, I tender  
4 Mr. Dirks as an expert in petroleum land matters.

5 EXAMINER JONES: He is so qualified.

6 Q. Can you please turn to Exhibits 1 and 2 and  
7 identify these exhibits and explain what COG seeks under  
8 these consolidated applications.

9 A. Exhibits 1 and 2 are the C-102s for our proposed  
10 wells in section 11 of Township 20 South, Range 25 East  
11 in Eddy County.

12 We seek the formation of a 160-acre non-standard  
13 spacing and proration unit comprising the west half of  
14 the west half of section 11 for the drilling of our  
15 proposed Bone Yard Fee 11, No. 11H, and we seek the  
16 formation of 160-acre non-standard spacing and proration  
17 unit comprising the east half of the west half for the  
18 drilling of our proposed Bone Yard 11 Fee No. 12H.

19 And we seek the pooling of uncommitted interests  
20 in the Yeso Formation in our proposed units. And we ask  
21 that COG Operating, LLC, be named operator.

22 Q. With respect to the 11H well, has an APD been  
23 submitted?

24 A. No, it has not.

25 Q. And why is that?

1 A. We have not completed the directional drilling  
2 plan yet.

3 Q. And what about for the 12H well?

4 A. Yes, it has.

5 Q. Is there an API number for that well?

6 A. Yes, there is. And it is on the C-102,  
7 Exhibit 2. It is 30-015-43305.

8 Q. Has the Division identified a pool and pool code  
9 for these wells?

10 A. Yes.

11 Q. What is that pool?

12 A. That is also on Exhibit 2. It is the North Seven  
13 Rivers Glorieta Yeso. The pool code is 97565.

14 Q. And is that pool governed by Division statewide  
15 rules?

16 A. Yes, it is.

17 Q. Will the completed intervals for each well comply  
18 with the setback requirements?

19 A. Yes, they will.

20 Q. And are the spacing units comprised of fee land?

21 A. Yes, they are.

22 Q. Was the measured depth for 12H well recently  
23 changed by approximately 40 feet?

24 A. Yes, it was.

25 Q. And is COG in the process of preparing a sundry

1 form with the updated measured depth of the proposed  
2 well?

3 A. Yes, we are.

4 Q. And this will be filed with the Division,  
5 correct?

6 A. Yes.

7 Q. If you could turn to COG Exhibits 3 and 4, do  
8 these exhibits identify COG's interest in the parties  
9 whom you seek to pool for the 11H well?

10 A. Yes, they do.

11 Q. What type of interest does COG seek to pool for  
12 the 11H well?

13 A. Exhibit 3 shows the interest of the mineral  
14 owners in the 11H well. We seek to pool those mineral  
15 interests with unmarketable title. They are indicated  
16 in bold lettering on the exhibit. The other minerals  
17 are all under lease to COG.

18 Q. And you seek to pool unmarketable title for the  
19 mineral interest owners; is that correct?

20 A. Yes, the ones in bold.

21 Q. And all of the working interest owners are  
22 committed?

23 A. Yes. Everybody is under lease to COG. The  
24 unmarketable title we believe we have identified all the  
25 errors and we have them under lease also.

1 Q. And you also seek to pool for the  
2 nonparticipating royalty interests; is that correct?

3 A. Yes.

4 Q. And is that because not all of the owners have  
5 signed a ratification to allow for pooling?

6 A. Yes, that is correct.

7 Q. Will those interests be cost bearing?

8 A. No, they are not.

9 Q. Turning to COG Exhibits 5 and 6, do these  
10 exhibits identify COG's interests and the parties whom  
11 you seek to pool for the 12H well?

12 A. Yes, they do.

13 And just like the previous two exhibits,  
14 Exhibit 5 shows mineral interests and Exhibit 6 shows  
15 the nonparticipating royalty interest.

16 Q. So, once again, for the 12H well, all of the  
17 mineral interest owners are committed and you are  
18 seeking to pool for unmarketable title; is that correct?

19 A. That is correct.

20 Q. And, once again, with respect to the  
21 nonparticipating royalty interests shown in Exhibit 6,  
22 will these interests be cost-bearing?

23 A. They will not.

24 Q. Did each mineral interest or working interest  
25 owner receive a well proposal letter for each well?

1 A. The ones we could identify and locate, yes.

2 Q. And did that well proposal letter include an AFE?

3 A. To the mineral interest owners, yes.

4 Q. Turning to Exhibits 7 and 8, do these exhibits  
5 contain an example well proposal letter that was sent to  
6 mineral interest owners for the 11H well and the 12H  
7 well respectively?

8 A. Yes.

9 Q. Did you also send a well proposal or ratification  
10 letter to each of the nonparticipating royalty interest  
11 owners?

12 A. Yes. Again, the ones we could identify and  
13 locate.

14 Q. And is a copy of that letter included as  
15 Exhibit 9?

16 A. Yes.

17 Q. In addition to the well proposal letters, what  
18 other efforts did you undertake to reach agreement with  
19 the parties whom you seek to pool?

20 A. Phone calls, a lot of phone calls.

21 Q. And you mentioned that each of the well proposal  
22 letters contained an AFE; is that correct?

23 A. To the mineral interest owner, yes.

24 Q. Are the costs reflected on these AFEs consistent  
25 with what COG has incurred for drilling similar

1 horizontal wells in the area?

2 A. Yes, they are.

3 Q. And do the well proposal letters identify the  
4 overhead and administrative costs while drilling this  
5 well and also while producing it if you are successful?

6 A. Yes, they do.

7 Q. What are those costs?

8 A. \$6,000 a month, drilling; \$600 a month producing.

9 Q. Are these overhead rates consistent with what  
10 other operators charge for similar wells?

11 A. Yes.

12 Q. And do you ask that the administrative and  
13 overhead costs be incorporated into any order resulting  
14 from the hearing?

15 A. Yes.

16 Q. Do you ask that it be adjusted in accordance with  
17 appropriate accounting procedures?

18 A. Yes.

19 Q. With respect to the uncommitted interest owners  
20 being pooled for unmarketable title, do you request the  
21 Division impose a 200 percent risk penalty?

22 A. Yes.

23 Q. And did COG identify the offset operators or  
24 lessees of record in the 40-acre tracts surrounding the  
25 proposed non-standard units?

1 A. Yes, we did.

2 Q. And were those offset operators or lessees  
3 included in the notice of this hearing?

4 A. Yes, they were.

5 Q. Is Exhibit 10 an affidavit prepared by my office  
6 with attached letters providing notice of this hearing  
7 to the affected parties?

8 A. Yes, it is.

9 Q. And was it necessary to publish notice or were  
10 all the parties locatable?

11 A. Not all parties were locatable. We did publish  
12 notice.

13 Q. Drawing your attention to Exhibit 11, does this  
14 include notice of publication both for the 11H and 12H  
15 wells?

16 A. Yes, it does.

17 Q. And did you subsequently become aware of  
18 additional unlocatable parties?

19 A. Yes, we did.

20 Q. So did COG publish notice once again on  
21 September 17th, to those additional unlocatable parties?

22 A. Yes, we did.

23 Q. And are affidavits of publication for the 11H and  
24 12H wells included as Exhibit 12?

25 A. Yes, they are.

1 Q. Were Exhibits 1 through 9 prepared by you or  
2 compiled under direction or supervision?

3 A. Yes, they were.

4 MS. KESSLER: Mr. Examiner, I seek to move  
5 the admission of Exhibits 1 through 12, which include my  
6 notice affidavits.

7 EXAMINER JONES: Exhibits 1 through 12 in  
8 cases 15376 and 15377 are admitted.

9 (COG OPERATING LLC EXHIBITS 1 through 12  
10 were offered and admitted.)

11 MS. KESSLER: That concludes my examination.

12 EXAMINER McMILLAN: Go ahead.

13 EXAMINER WADE: I don't have any questions.

14 EXAMINATION BY EXAMINER JONES

15 EXAMINER JONES: Do you like this better  
16 than being a geophysicist?

17 THE WITNESS: I don't know how to answer  
18 that.

19 EXAMINER JONES: You are afraid to answer,  
20 somebody might be listening.

21 The "marketable" title, what do you mean by  
22 that?

23 THE WITNESS: The unmarketable title.

24 EXAMINER JONES: "Unmarkable"?

25 THE WITNESS: "Unmarketable."

1 EXAMINER JONES: "Unmarketable."

2 THE WITNESS: For example, Exhibit 3, the  
3 first one listed, Heirs or devisees of Mary C. Aho.  
4 Mary C. Aho is deceased, but she is the last owner of  
5 record in Eddy County.

6 So we tracked down who we believe are her  
7 heirs and released them, but still record title is in  
8 her name until it's caught up with proper probate, et  
9 cetera.

10 EXAMINER JONES: So it is kind of like  
11 record title owners?

12 THE WITNESS: Yes.

13 EXAMINER JONES: So that's not the only  
14 people you are pooling, though, is it?

15 THE WITNESS: No. We are also pooling the  
16 nonparticipating royalty interest owners. For the 11H  
17 that's Exhibit 4.

18 EXAMINER JONES: So those folks haven't  
19 signed a lease?

20 THE WITNESS: They have no minerals. It is  
21 a severed royalty, so they have no mineral rights, they  
22 have no executive rights. They get no bonus. They just  
23 get a royalty if production is established. So that's  
24 why they are not cost-bearing interest.

25 EXAMINER JONES: So nobody cost-bearing is

1 being pooled in these two cases?

2 THE WITNESS: Unless, with the unmarketable  
3 title, if some long lost heir pops out of the woodwork,  
4 then that's possible.

5 EXAMINER JONES: So you want it to be a  
6 full-blown compulsory pooling order, not just for record  
7 title owners?

8 MS. KESSLER: Right.

9 EXAMINER JONES: So with 6,000 and 600 --  
10 what happens if -- I know this wouldn't happen in these  
11 wells. But this is for drilling, this is Copas for  
12 producing. What about if it's shut-in waiting on a  
13 pipeline?

14 THE WITNESS: I'm sorry?

15 EXAMINER JONES: What if the well is shut-in  
16 waiting on a pipeline for many years, how much would you  
17 charge your other owners for that?

18 THE WITNESS: We would expect it to be an  
19 oil well.

20 EXAMINER JONES: I was just wondering -- I  
21 don't think I have any more questions.

22 (Pause.)

23 EXAMINER JONES: The 12H, are you going  
24 to -- sundry to change the measured depth, is that going  
25 to change the bottom hole location? The surface hole

1 location is going to stay the same and the penetration  
2 point, the initial penetration point, is going to stay  
3 the same?

4 THE WITNESS: The surface hole, bottom hole  
5 initial penetration point all stays the same; they just  
6 revise the directional plan which changed the measured  
7 depth 40 feet.

8 EXAMINER JONES: But no other changes as far  
9 as the locations go?

10 THE WITNESS: Correct.

11 EXAMINER JONES: So I could use those  
12 locations as they are right now?

13 THE WITNESS: Yes.

14 EXAMINER McMILLAN: Okay. So has the AFE  
15 changed?

16 THE WITNESS: No, it has not. And all the  
17 minerals we have tied up, there is nobody to send an AFE  
18 to anymore anyway.

19 EXAMINER JONES: It sounds like a  
20 complicated land situation here.

21 THE WITNESS: Yes.

22 EXAMINER JONES: I don't have any more  
23 questions.

24 EXAMINER WADE: No questions for me.

25 EXAMINER McMILLAN: Thank you.

1 EXAMINER JONES: Thank you.

2 THE WITNESS: Thank you.

3 MS. KESSLER: I would like to call my next  
4 witness.

5 SAM GREG CLARK

6 having been first duly sworn, was examined and testified  
7 as follows:

8 DIRECT EXAMINATION

9 BY MS. KESSLER:

10 Q. Please state your name and tell the Examiners by  
11 whom you are employed and in what capacity.

12 A. Yes. My name is Sam Greg Clark. I work for COG  
13 Operating, LLC, and I am a geologist.

14 Q. Have you previously testified before the  
15 Division?

16 A. I have.

17 Q. And were your credentials as a petroleum  
18 geologist accepted and made a matter of public record?

19 A. Yes, they were.

20 Q. Are you familiar with the applications filed in  
21 these consolidated cases?

22 A. Yes, I am.

23 Q. And have you conducted a geologic study of the  
24 lands that are the subject of this hearing?

25 A. I have.

1 Q. What is the targeted interval for these two  
2 wells?

3 A. It will be the Paddock member of the Yeso  
4 Formation.

5 Q. And have you prepared a structure map and cross  
6 section of the target interval?

7 A. Yes.

8 Q. Turning to Exhibit 13, will you please identify  
9 this exhibit.

10 A. Yes. This is a region subSea structure map on  
11 top of the Paddock Formation. You will see that there  
12 is a general dip that goes from the east, northeast to  
13 the west, northwest to the south, southeast.

14 We are on the Delaware Basin Shelf Margin  
15 Complex. And as the dip goes to the south and the east,  
16 you are going into the Delaware Basin proper.

17 The contour interval here is on 25 feet. And you  
18 will see that in red there are identified Paddock  
19 producers. In blue are identified Blinebry producers.

20 The yellow represents COG acreage. And the red  
21 lines depict the Bone Yard 11 Fee No. 11H and No. 12H,  
22 which we intend to drill.

23 Q. Based on this map, have you identified the  
24 structure as being consistent throughout this section?

25 A. It is. There are no major geologic faults or

1 structures that would impede any horizontal drilling.

2 Q. Turning to Exhibit 14, can you please identify  
3 this exhibit for the Examiners?

4 A. Yes. This is a zoomed-in base map that  
5 identifies the next exhibit, which is a cross section  
6 that will go from A to A Prime, from A south to north  
7 direction, covering and representative of the geology  
8 and stratigraphy of the area in which we intend to drill  
9 the Bone Yard 11 Fee 11H and No. 12H.

10 Q. And Exhibit 15, does this contain the type logs  
11 depicted on the line of section from the previous  
12 exhibit?

13 A. Yes, it is.

14 Q. Can you identify the top and bottom of the target  
15 interval?

16 A. Yes. So this cross section, it is hung up on top  
17 of the Paddock, so it's been flattened. The structural  
18 component has been taken out in order to show the  
19 stratigraphic relationship of the wells within the area.

20 On the tract to the left on the logs is the gamma  
21 ray. The second tract on the right is the porosity  
22 logs.

23 And you will see that our landing interval is  
24 depicted on the left well with an arrow. And you will  
25 also see that the red rectangles within the depth tract

1 on the first and second well from the left represent  
2 perforated intervals within those wells.

3 The well to the right is a pilot hole in which we  
4 drilled, which is the Gravedigger State Com No. 5H, and,  
5 therefore, there has not been any completion within the  
6 Paddock interval.

7 MS. KESSLER: Mr. Examiners, I would also  
8 note there is a larger version of this cross section for  
9 your review.

10 Q. Let's continue.

11 A. So you will see there is no major thickening or  
12 thinning within the Paddock Formation throughout the  
13 area. You will see that the porosities and log  
14 characteristics are very similar.

15 And, therefore, we feel that it will be very  
16 continuous and similar to where we want to drill the  
17 Bone Yard 11 Fee in No. 11H and 12H wells.

18 Q. What conclusions have you drawn based on your  
19 study of these lands?

20 A. There are no geologic impediments from developing  
21 this area using a full section horizontal. The area can  
22 be efficiently and economically developed using  
23 horizontal wells. And the non-standard unit, on  
24 average, will contribute more or less equally to the  
25 total production of the well.

1 Q. Will the completed intervals for each well comply  
2 with the Division's setback requirements?

3 A. Yes, they will.

4 Q. And do Exhibits 1 and 2, which are the C-102s,  
5 demonstrate compliance with these setbacks?

6 A. Yes.

7 Q. And, in your opinion, Mr. Clark, is the granting  
8 of COG's application in the best interests of  
9 conservation, the prevention of waste, and the  
10 protection of correlative rights?

11 A. Yes.

12 Q. And were Exhibits 13 through 15 prepared by you  
13 or compiled under your direction and supervision?

14 A. Yes, they were.

15 MS. KESSLER: Mr. Examiners, I would move  
16 admission of Exhibits 13 through 15.

17 EXAMINER JONES: Exhibits 13 through 15 in  
18 both cases, 15376 and 15377, are admitted.

19 (COG OPERATING LLC EXHIBITS 13 through 15  
20 were offered and admitted.)

21 MS. KESSLER: That concludes my examination.

22 EXAMINER McMILLAN: Go ahead.

23 EXAMINATION BY EXAMINER JONES

24 EXAMINER JONES: You have been out here for  
25 a while drilling. I know you two come up here sometimes

1 and concentrate on this area. What have you learned  
2 over the last couple of years, two or three years?

3 THE WITNESS: How much time do we have? I  
4 have learned quite a bit, actually. I have learned that  
5 this has turned into a very good area for COG in which  
6 we are still, even at the current commodity price, able  
7 to meet our economic thresholds for drilling wells. And  
8 we've gotten very efficient at it, too.

9 EXAMINER JONES: You just made a case for  
10 competing against the (inaudible) board and other,  
11 places, then for your project.

12 THE WITNESS: Yes, sir.

13 EXAMINER JONES: So you're shallower and you  
14 still got plenty of reserves?

15 THE WITNESS: Yes, sir.

16 EXAMINER JONES: In the Paddock mainly?

17 THE WITNESS: Yes, sir.

18 EXAMINER JONES: The Blinebry's is pretty  
19 much --

20 THE WITNESS: It's under evaluation.

21 EXAMINER JONES: And that gamma ray, one of  
22 those logs was -- it was cleaned up on one of them and  
23 the other one was pretty dirty through your Quick Draw  
24 14L Fed 1.

25 THE WITNESS: Yes.

1 EXAMINER JONES: That one, just one little  
2 spot to look for. And the other one you got, the Quick  
3 Draw 10L Fed 1, you got a lot more pay interval; is that  
4 correct?

5 THE WITNESS: You will see the porosities,  
6 though, are very similar in those wells. And the gamma  
7 ray can sometimes can be variable. It depends on where  
8 you are at.

9 But we do see some changes within the  
10 lithology. You know, the carbonates out here are very  
11 heterogenous, in terms of porosity, permeability. And  
12 you do get some silts. As you get closer to the  
13 Glorieta, you are getting some silts coming in as you  
14 are starting to get more of a low stand type of  
15 deposition.

16 So it can be episodic in places, but if you  
17 look at where we are landing, that rock is very, very  
18 similar.

19 EXAMINER JONES: So are you watching the  
20 wells as they drill and you keep in touch with the mud  
21 loggers while things are happening?

22 THE WITNESS: Yes, sir. Yes, sir. They're  
23 my favorite people.

24 EXAMINER JONES: Do you always only run a  
25 gamma ray mud log if that's all you are getting on your

1 horizontal?

2 THE WITNESS: On the directional, yes, sir.

3 For instance, you will see the well on the  
4 right, if we feel it necessary to get better control,  
5 then we will drill a pilot hole and we'll run a quad  
6 combo.

7 EXAMINER JONES: Okay. So you make a call  
8 on that?

9 THE WITNESS: Yes.

10 EXAMINER JONES: Thank you very much.

11 THE WITNESS: Thank you.

12 EXAMINER JONES: At this point, we call back  
13 for questioning Stuart Dirks.

14 FURTHER EXAMINATION OF STUART DIRKS

15 BY EXAMINER McMILLAN

16 EXAMINER McMILLAN: Are there severed  
17 rights? Are you asking for the entire Yeso interval?

18 THE WITNESS: There are no severed rights.  
19 We are asking for the entire Yeso, yes.

20 EXAMINER McMILLAN: Okay. That was my  
21 question. Thank you very much.

22 THE WITNESS: Thank you.

23 MS. KESSLER: I would ask that these two  
24 cases be taken under advisement.

25 EXAMINER McMILLAN: Okay.

1 EXAMINER JONES: We will take cases 15376  
2 and 15377 under advisement.

3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

(Time noted 10:23 a.m.)

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. \_\_\_\_\_  
heard by \_\_\_\_\_  
\_\_\_\_\_, Examiner  
Oil Conservation Division

1 STATE OF NEW MEXICO )  
2 ) ss.  
3 COUNTY OF BERNALILLO )  
4  
5  
6

7 REPORTER'S CERTIFICATE

8  
9 I, ELLEN H. ALLANIC, New Mexico Reporter CCR  
10 No. 100, DO HEREBY CERTIFY that on Thursday, October 1,  
11 2015, the proceedings in the above-captioned matter were  
12 taken before me, that I did report in stenographic  
13 shorthand the proceedings set forth herein, and the  
14 foregoing pages are a true and correct transcription to  
15 the best of my ability and control.

16  
17 I FURTHER CERTIFY that I am neither employed by  
18 nor related to nor contracted with (unless excepted by  
19 the rules) any of the parties or attorneys in this case,  
20 and that I have no interest whatsoever in the final  
21 disposition of this case in any court.

22  
23  
24  
25  
  
\_\_\_\_\_  
ELLEN H. ALLANIC, CSR  
NM Certified Court Reporter No. 100  
License Expires: 12/31/15