

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 15338

APPLICATION OF WPX ENERGY PRODUCTION, LLC, FOR APPROVAL
OF THE NORTH ESCAVADA UNIT; CREATION OF A NEW POOL FOR
HORIZONTAL DEVELOPMENT WITHIN THE UNIT AREA AND FOR
ALLOWANCE OF 330 SETBACKS FROM THE EXTERIOR OF THE
PROPOSED UNIT, SANDOVAL COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

JUNE 25, 2015

Santa Fe, New Mexico

BEFORE: MICHAEL McMILLAN, CHIEF EXAMINER
SCOTT DAWSON, EXAMINER
GABRIEL WADE, LEGAL EXAMINER

This matter came on for hearing before the
New Mexico Oil Conservation Division, Michael McMillan,
Chief Examiner, Scott Dawson, Examiner, and Gabriel
Wade, Legal Examiner, on June 25, 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

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A P P E A R A N C E S

For the Applicant

Jordan Lee, Kessler, Esq.
and Michael H. Feldewert, Esq.

Holland & Hart
110 North Guadalupe
Suite 1

Santa Fe, New Mexico 87501

(505) 983-6043

jlkessler@hollandhart.com

mfelderwert@hollandhart.com

ALSO PRESENT: Adrienne B. Wood
and Adelena Wood

I N D E X

CASE NUMBER 15338 CALLED

WPX ENERGY PRODUCTION, LLC, CASE-IN-CHIEF:

WITNESS CHUCK BASSETT

	Direct	Redirect	Further
By Ms. Kessler	6		

	EXAMINATION
Examiner Dawson	15
Examiner McMillan	16

WITNESS BARBARA PICKUP

	Direct	Redirect	Further
By Ms. Kessler	17		

	EXAMINATION
Examiner Dawson	23, 27
Examiner McMillan	26

Reporter's Certificate	PAGE 34
------------------------	------------

1	E X H I B I T I N D E X	
2	Exhibits Offered and Admitted	
3		PAGE
4	WPX ENERGY PRODUCTION, LLC EXHIBIT 1	14
5	WPX ENERGY PRODUCTION, LLC EXHIBIT 2	14
6	WPX ENERGY PRODUCTION, LLC EXHIBIT 3	14
7	WPX ENERGY PRODUCTION, LLC EXHIBIT 4	14
8	WPX ENERGY PRODUCTION, LLC EXHIBIT 5	14
9	WPX ENERGY PRODUCTION, LLC EXHIBIT 6	28
10	WPX ENERGY PRODUCTION, LLC EXHIBIT 7	23
11	WPX ENERGY PRODUCTION, LLC EXHIBIT 8	23
12	WPX ENERGY PRODUCTION, LLC EXHIBIT 9	23
13	WPX ENERGY PRODUCTION, LLC EXHIBIT 10	23
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		

1 (Time noted 1:28 p.m.)

2 EXAMINER McMILLAN: So everyone will know,
3 the first case we are going to hear is case No. 15338.
4 That's WPX.

5 Remember that if you would like the
6 opportunity to speak, to be sure and sign and tell us
7 your name and your case, if you would like to. I know
8 some of you came in a little late, but I want everyone
9 to be aware of that.

10 I would like to call case 15338 Application
11 of WPX Energy Production, LLC, for approval of the north
12 Escavada Unit; Creation of a New Pool for Horizontal
13 Development within the unit area and for allowance of
14 330 setbacks from the exterior of the proposed unit,
15 Sandoval County, New Mexico.

16 Call for appearances.

17 MS. KESSLER: Mr. Examiner, Jordan Kessler
18 and Michael Feldewert, Holland and Hart in Santa Fe for
19 the applicant.

20 EXAMINER McMILLAN: Any other appearances?

21 MS. ADRIENNE WOOD: My name is Adrienne
22 Wood. I'm an Indian allottee mineral interest owner.

23 EXAMINER WADE: Did you receive notice of
24 this hearing?

25 MS. ADRIENNE WOOD: Yes.

1 EXAMINER WADE: And do you intend to make a
2 statement?

3 MS. ADRIENNE WOOD: Yes.

4 THE WITNESS: Would you like to hear the
5 presentation of the case first?

6 MS. ADRIENNE WOOD: Yes.

7 EXAMINER WADE: You don't have any intention
8 to cross examine witnesses?

9 MS. ADRIENNE WOOD: Not at this moment, no.

10 EXAMINER WADE: And I think we received one
11 more entry of somebody who received notice.

12 EXAMINER McMILLAN: Is Ms. Whitehorse here?
13 (No response.)

14 EXAMINER McMILLAN: Any "Whitehorse"?
15 (No response.)

16 EXAMINER WADE: I don't know how well you
17 can hear. You are free to have a seat up here if you
18 would like. Or if you are more comfortable there, that
19 is fine.

20 MS. KESSLER: We have two witnesses.

21 EXAMINER McMILLAN: Okay. Please be sworn
22 in.

23 (Whereupon, the presenting witnesses were
24 administered the oath.)

25 MS. KESSLER: May I call my first witness.

1 EXAMINER McMILLAN: Yes.

2 CHUCK BASSETT

3 having been first duly sworn, testified and was examined
4 as follows:

5 DIRECT EXAMINATION

6 BY MS. KESSLER:

7 Q. Please state your name for the record and tell
8 the Examiner by whom you are employed and in what
9 capacity?

10 A. My name is Chuck Bassett. I'm a landman for WPX
11 Energy, San Juan Basin.

12 Q. Have you previously testified before the
13 Division?

14 A. Yes, I have.

15 Q. Were your credentials as a petroleum landman
16 accepted and made a matter of public record?

17 A. Yes, they were.

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

20 A. Yes.

21 Q. And are you familiar with the status of the lands
22 in the proposed unit area?

23 A. Yes.

24 MS. KESSLER: Mr. Examiner, I would tender
25 Mr. Bassett as an expert in Petroleum land matters.

1 EXAMINER McMILLAN: So qualified.

2 Q. Mr. Bassett, drawing your attention to WPX
3 Exhibit 1, please identify this exhibit and describe
4 what WPX seeks under this application.

5 A. Yes. This is Exhibit A to the North Escavada
6 Unit agreement. It identifies the unit area. And WPX
7 is seeking approval of the North Escavada Exploratory
8 Unit. It's a voluntary exploratory unit. It contains
9 3,040 acres. It contains a lot of Indian lands and
10 federal lands.

11 Q. Are you also seeking creation of a new pool?

12 A. Yes, we are.

13 Q. And then you are also seeking 330 foot setbacks
14 from the boundaries.

15 A. We are. WPX is seeking exception to the well
16 location requirements of the Basin Mancos Gallup Pool.
17 Special rules for that pool require 660 foot setbacks.
18 Since it's unclear whether the other Basin Mancos Rules
19 apply, in an abundance of caution WPX is seeking
20 approval to locate wells no closer than 330 feet and out
21 of boundary of the unit.

22 Q. Is the acreage located in Township 22, North
23 Range 7 West of Sandoval County?

24 A. Yes, it is.

25 Q. And am I correct in my understanding that you are

1 no longer seeking to include certain acreage that was
2 originally included in the unit application?

3 A. That's correct. We no longer seek to include the
4 east half of section 11, all of section 12, the north
5 half of section 13, and the northeast quarter of section
6 14. And it's due to a lack of voluntary participation
7 and to move forward.

8 Q. And what pools are involved in this unit area?

9 A. Well, it is possibly within the basin, the Mancos
10 Gas Pool, code 97232; a portion is within the Alameda
11 Gallup Pool, which is code 1039, which is a frozen pool.
12 And a portion is within the Wildcat Oil, which is
13 governed by statewide rules 19.15.15.8 and 9.

14 Q. And does WPX expect to primarily produce oil from
15 the unitized area?

16 A. Yes.

17 Q. And you mentioned already that you are seeking
18 330-foot setbacks?

19 A. That's correct.

20 Q. Mr. Bassett, is Exhibit 2 a copy of the unit
21 agreement?

22 A. Yes, it is.

23 Q. Does this conform with the federal form?

24 A. It does conform with the federal form with two
25 modifications. It applies to horizontal development,

1 which is outlined in paragraph 2 of the unit agreement.
2 And it treats the entire area as a single participating
3 area, which is outlined in paragraph eleven of the unit
4 agreement.

5 Q. Under Division rules, will this unit area be a
6 single project area?

7 A. Yes.

8 Q. And is that described in paragraph eleven of the
9 unit agreement?

10 A. Yes.

11 Q. Can you identify for the Examiners how production
12 will be allocated within the unit agreement?

13 A. Production will be shared equally in the unit on
14 an acreage basis, which is outlined in paragraph eleven
15 of the unit agreement.

16 Q. What is Exhibit A to the unit agreement?

17 A. Exhibit A is the unit boundary.

18 Q. And what is Exhibit B?

19 A. Exhibit B is the ownership breakdown.

20 Q. How many leases are within the unitized area?

21 A. There are 19 leases, 17 allotted leases, two
22 federal leases.

23 Q. Is there any unleased acreage?

24 A. No.

25 Q. Does WPX hold all of the interests and all of the

1 leases?

2 A. No, we don't. Dugan Production and Ancana are
3 also a party to this.

4 Q. They are also a working --

5 A. Working interest owners.

6 Q. Have they agreed to participate in the unit?

7 A. Yes, they have.

8 Q. You stated previously that Indian allotted leases
9 are within the unit area; is that correct?

10 A. That's correct.

11 Q. Who administers allotted leases?

12 A. FIMO.

13 Q. And will FIMO be a signatory to this unit
14 agreement?

15 A. They will.

16 Q. Will the BLM also be a signatory to this
17 agreement?

18 A. Yes, they will.

19 Q. On what date do you expect the unit agreement to
20 become effective?

21 A. The unit agreement will become effective upon
22 file approval of the BLM and FIMO, and this is outlined
23 in page 18 of the unit agreement.

24 Q. Have you requested that the Division backdate the
25 effective date for this unit?

1 A. We have not.

2 Q. Is that because no wells have so far been drilled
3 in this acreage?

4 A. That's correct.

5 Q. If you could turn to WPX Exhibit 3 and identify
6 this exhibit for the Examiners?

7 A. This is the preapproval letter from the BLM for
8 the North Escavada unit.

9 Q. Have you met with representatives of the BLM and
10 FIMO?

11 A. Yes.

12 Q. When you met with the BLM, did they indicate that
13 their preliminary approval would include FIMO?

14 A. Yes, they did. And FIMO is cc'd at the bottom
15 the left-hand corner of the preapproval letter.

16 Q. In your discussions with BLM and FIMO, did you
17 review the nature of the unitized area and development
18 plans?

19 A. Yes.

20 Q. And in your discussion with the BLM, did they
21 request that WPX drill an obligation well?

22 A. Yes, they did.

23 Q. Can you please identify that well for the
24 Examiners?

25 A. Yes. It's going to be the North Escavada Unit

1 No. 313H, drilled diagonally from northwest to
2 southeast, meaning the southeast quarter of section four
3 TD and the northeast quarter of section ten.

4 Q. In addition to BLM and FIMO approval, did WPX
5 also undertake efforts to notify all of the allottees
6 within the unit area of this application and hearing?

7 A. Yes.

8 Q. Approximately how many allottee interest owners
9 are there?

10 A. Approximately 1,000.

11 Q. Did you have an address for all of these owners?

12 A. We had addresses for most of the owners.

13 Q. And did you receive information on the addresses
14 of the allottee from FIMO?

15 A. That is correct.

16 Q. Were all allottee interest owners of record as
17 identified by FIMO provided timely notice of this
18 hearing?

19 A. Yes.

20 Q. What additional efforts did WPX undertake to
21 locate an address for additional owners?

22 A. We had our brokers perform searches, internet
23 searches, search the databases.

24 Q. Is Exhibit 4 an affidavit with attached letters
25 from my office providing notice of this application and

1 hearing to allottees with addresses?

2 A. Yes.

3 Q. And is a list of those allottees along with the
4 tracking numbers for notice letters included as part of
5 Exhibit 4?

6 A. Yes.

7 Q. And in addition to the allottee owners -- or in
8 addition to the allottee owners also receiving
9 invitation to an informational meeting --

10 A. Yes.

11 Q. What was the nature of the informational meeting
12 held by WPX for the allottees?

13 A. The meeting was to provide information on the
14 unit and address questions and concerns.

15 Q. And did that occur last Thursday?

16 A. Yes.

17 Q. Is this type of meeting required by Division
18 regulation?

19 A. No, it is not.

20 Q. Is WPX Exhibit 5 a publication in the Albuquerque
21 Journal on Thursday, June 11th, providing notice of this
22 hearing?

23 A. Yes.

24 Q. And does WPX Exhibit 4 include letters providing
25 notice of the application to the working interest owners

1 and the offsetting parties?

2 A. Yes.

3 Q. Was notice provided to the effective parties for
4 the non-standard location request due to potential
5 encroachment on the surrounding tracts of lands?

6 A. That is correct.

7 Q. Were WPX Exhibits 1 through 3 prepared by you or
8 compiled under your direction and supervision?

9 A. Yes.

10 MS. KESSLER: Mr. Examiner, I would move
11 admission of Exhibits 1 through 5, which includes notice
12 from my office and publication in the newspaper.

13 EXAMINER McMILLAN: Exhibit 1, Exhibit 2,
14 Exhibit 3, and Exhibit 4 may be accepted as part of the
15 record.

16 (EXAMINER WADE CONFERRING WITH CHIEF
17 EXAMINER McMILLAN.)

18 EXAMINER McMILLAN: -- and Exhibit 5 may be
19 accepted as part of the record.

20 (WHEREUPON, WPX ENERGY PRODUCTION, LLC
21 EXHIBITS 1 through 5 WERE OFFERED AND
22 ADMITTED.)

23 MS. KESSLER: That concludes my examination
24 of this witness.

25 EXAMINER McMILLAN: Mr. Dawson.

1 EXAMINATION BY EXAMINER DAWSON

2 EXAMINER DAWSON: Mr. Bassett, you said that
3 the well would be drilled from the southeast quarter of
4 four to the northeast quarter of ten. Is that going to
5 be -- I guess that the geologist -- is there a map in
6 here with the obligation well depicted on it?

7 MS. KESSLER: I don't believe that there is
8 a map with the obligation well depicted on it. But the
9 geologist can certainly speak more to that well.

10 EXAMINER DAWSON: Okay. And you said that
11 WPX -- I mean Ancana and Dugan were also interest
12 owners. I guess Ancana is somehow involved with those
13 leases that Dugan holds in section ten.

14 THE WITNESS: That's correct.

15 EXAMINER DAWSON: Those are all the
16 questions I have.

17 EXAMINER McMILLAN: I don't have any
18 questions. I am just curious why you ran your notice --
19 why didn't you run it in the Rio Rancho paper in
20 Sandoval County.

21 MS. KESSLER: Mr. Examiner, that newspaper
22 was full for several weeks when we attempted to contact
23 them. However, this is a newspaper of general
24 circulation in that county, which complies with the
25 Division regulations.

1 EXAMINATION BY EXAMINER McMILLAN

2 EXAMINER McMILLAN: And I do have a question
3 about your unit agreement. What does it say the
4 vertical limit is? And please state that for the
5 record.

6 THE WITNESS: Let me --

7 MS. KESSLER: Mr. Examiner, I could direct
8 your attention to paragraph three of the unit agreement.

9 EXAMINER McMILLAN: Okay. I want that on
10 the record.

11 MS. KESSLER: Mr. Bassett, could you please
12 read paragraph three for the Examiner.

13 THE WITNESS: Paragraph three --

14 MS. KESSLER: On page two of the unit
15 agreement.

16 THE WITNESS: Okay. The entire paragraph?

17 MS. KESSLER: Yes. /

18 THE WITNESS: Okay. No. 3, "Unitized land
19 and unitized substances, all land now or hereafter
20 committed to this agreement shall constitute land
21 referred to herein as unitized land or land subject to
22 this agreement.

23 All oil and gas from the top of the Mancos
24 Formation at a measured depth of 3,715 feet down to the
25 stratigraphic equivalent at the top of Graneros shale

1 formation at a measured depth of 5,575 feet as
2 encountered in the Sandoval 123 well in section 23,
3 Township 22 North, Range 7 West, with API number of
4 30-043-05150 are unitized under the terms of this
5 agreement and herein are called unitized substances."

6 EXAMINER McMILLAN: Thank you. I have no
7 further questions. Thank you very much.

8 MS. KESSLER: I would like to call my next
9 witness.

10 EXAMINER McMILLAN: Please proceed.

11 BARBARA PICKUP
12 having been first duly sworn, testified and was examined
13 as follows:

14 DIRECT EXAMINATION

15 BY MS. KESSLER:

16 Q. Would you please state your name for the record
17 and tell the Examiner by whom you're employed and in
18 what capacity.

19 A. My name is Barbara Pickup. I'm a geologist for
20 WPX Energy in the Juan Basin.

21 Q. Have you previously testified before the
22 Division?

23 A. I have.

24 Q. And were your credentials as a petroleum
25 geologist accepted and made a matter of record?

1 A. Yes, they were.

2 Q. Are you familiar with the application that has
3 been filed in this case?

4 A. Yes, I am.

5 Q. And have you conducted a geologic study of the
6 lands that are the subject of this application?

7 A. Yes, I have.

8 MS. KESSLER: Mr. Examiner, I would tender
9 Ms. Pickup as an expert in petroleum geology.

10 EXAMINER McMILLAN: So qualified.

11 Q. Are you familiar with the interval that is being
12 unitized for the North Escavada Unit?

13 A. Yes, I am.

14 Q. Is WPX Exhibit 6 a type log of the well showing
15 the unitized well?

16 A. Yes, it is.

17 Q. Could you please describe this exhibit?

18 A. Yes. As Mr. Bassett just said, this is the
19 Sandoval 123 log in section 22 of Township 22 North,
20 Range 7 West. This is an induction electrical log from
21 a well drilled in 1958.

22 The interval we are asking to unitize goes from
23 the top of the Mancos as seen on this log at 3,715 feet
24 measured depth to the top of the Graneros or the base of
25 the Greenhorn at 5,575 feet measured depth.

1 Q. In your opinion, does the horizon identified in
2 Exhibit 6 extend across the unitized area?

3 A. Yes.

4 Q. Have you brought structure maps and cross
5 sections to support this conclusion?

6 A. Yes.

7 Q. Could you please turn to WPX Exhibit 7 and
8 identify it and explain what this shows?

9 A. Yes. This is a structure map on the top of the
10 Mancos which is the top of the interval we are asking to
11 unitize. It's a 25 foot contour interval structure map,
12 dipping down to the northeast and up to the southwest.

13 On this map, the yellow acreage is WPX operated
14 acreage. The red and gray bold box is the proposed
15 North Escavada unit. The well symbols on here are a
16 combination of oil and gas and various other types of
17 wells.

18 The data used to generate the structure map,
19 where available, is in red on the map, the small numbers
20 underneath the well symbols.

21 The red lines on this map are cross sections, one
22 going northwest to southeast in general strike direction
23 and one going from southwest to northeast in general dip
24 direction.

25 Q. Turning your attention to Exhibit 8. Is this the

1 cross section that corresponds with the line labeled A
2 to A Prime on Exhibit 7?

3 A. Yes, it is.

4 Q. What does this cross section show us?

5 A. This is the dip cross section from southwest to
6 northeast through four wells from the southwest of the
7 proposed unit to the northeast of the proposed unit.

8 The unitized interval can be seen on wells one
9 and four in the cross section, again showing from the
10 top of the Mancos to the base of the Greenhorn or the
11 top of the Graneros.

12 These are induction electrical logs. They're SP
13 and resistivity. The pink or red -- whatever color it
14 looks like -- small boxes on the logs are perforations.
15 And these wells were all perforated in the interval that
16 will likely be drilled horizontally, which is the Gallup
17 member of the Mancos.

18 Q. Can you identify consistency across this area?

19 A. Yes, I have.

20 Q. What is Exhibit 9?

21 A. Exhibit 9 is the other cross section seen on the
22 structure map. This would be generally a long strike.
23 It's not perfectly a long strike for a lack of well
24 control, but generally so from northwest to southeast.
25 And it shows very similar log characteristics to the

1 previous cross section.

2 Q. And in your opinion, Ms. Pickup, is the interval
3 that WPX seeks to unitize continuous across the area?

4 A. Yes.

5 Q. And in your opinion, are there any faults or
6 pinch-outs or other geologic impediments that would
7 prevent the acreage from contributing to the overall
8 production from the interval?

9 A. No, I don't believe so.

10 Q. Can this unitized area in your opinion be
11 effectively and efficiently developed under a unit plan?

12 A. Yes.

13 Q. Are you familiar with the pools that are
14 currently in existence within the proposed unit area?

15 A. I am.

16 Q. And drawing your attention to WPX Exhibit 10,
17 does this exhibit identify the pools that are currently
18 in existence?

19 A. Yes, it does.

20 Q. Are the reservoir fluids consistent between these
21 pools?

22 A. Yes.

23 Q. And does that mean that they are compatible?

24 A. Yes.

25 Q. Is WPX expecting the wells within the unit to be

1 oil wells?

2 A. Yes, we are.

3 Q. And are the technical characteristics of the
4 hydrocarbons within the current pools in the unitized
5 area essentially identical?

6 A. Yes, they should be. In general, everything we
7 have seen -- we have seen oils of 40 to 42 API and gas
8 of about 1300 btu per SCF.

9 Q. Are the pools within the same vertical horizon?

10 A. Yes, they are.

11 Q. And will the pressure gradients be relatively the
12 same within the unitized area?

13 A. They should be.

14 Q. Will the combination of those pools into one
15 single pool for the purposes of horizontal development
16 result in any waste or loss of reserves?

17 A. No.

18 Q. In your opinion, will WPX's request to create a
19 new pool within the unit area prevent waste?

20 A. Yes.

21 Q. In your opinion, is it in the best interests of
22 conservation for the prevention of waste to create a
23 single pool for horizontal development within the
24 proposed unit area?

25 A. Yes.

1 Q. Have you compiled Exhibits 6 through 10?

2 A. Yes, I have.

3 Q. -- rather 7 through 10.

4 MS. KESSLER: Mr. Examiner, I would move the
5 admission of Exhibits 7 through 10 into evidence.

6 EXAMINER McMILLAN: Exhibit 7, Exhibit 8,
7 Exhibit 9, and Exhibit 10 may be accepted as part of the
8 record.

9 (WPX ENERGY PRODUCTION LLC EXHIBITS 7
10 through 10 WERE OFFERED AND ADMITTED.)

11 MS. KESSLER: And that concludes my
12 examination of this witness.

13 EXAMINATION BY EXAMINER DAWSON

14 EXAMINER DAWSON: Again, on the obligation
15 well --

16 THE WITNESS: Yes, sir.

17 EXAMINER DAWSON: Did you explain where the
18 obligation well was going to be located to the BLM
19 before -- when you met with them.

20 THE WITNESS: Yes.

21 EXAMINER DAWSON: Did you have it depicted
22 on the map that you gave to them.

23 THE WITNESS: Yes. The BLM had a map with a
24 proposed development.

25 EXAMINER DAWSON: And that's from the

1 southeast quarter of section -- because it's not on this
2 map.

3 THE WITNESS: No, it's not on this map. And
4 I picked one where we have a surface location that's
5 been staked that we think is going to pass on site with
6 the BLM. And it's not depicted on the map. But if you
7 are looking at the structure map, Exhibit 7, it begins
8 near the setback for -- in the southeast quarter of
9 section four and it TDs just at the corner of the
10 southeast corner of section ten. So it's a 45 degree
11 angle horizontal well.

12 EXAMINER DAWSON: So you're going to drill
13 that well diagonally due to the fracturing pattern of
14 the formation --

15 THE WITNESS: That's correct.

16 EXAMINER DAWSON: You are going to drill
17 perpendicular to the fractures?

18 THE WITNESS: That is our intention, yes.

19 EXAMINER DAWSON: Has the BLM already
20 approved your APD for the obligation well or have you
21 submitted it yet?

22 THE WITNESS: I do not know the answer to
23 that. I do not believe we have an approved APD at this
24 time.

25 EXAMINER DAWSON: Do you have any near term

1 leases that you're dealing with or do you have plenty of
2 time for them to --

3 THE WITNESS: I think we have plenty of
4 time.

5 EXAMINER DAWSON: Okay. The only wells, it
6 looks like, that are really in that unit is, according
7 to your map, there's only four wells in there or five
8 wells.

9 THE WITNESS: Yes, there are five wells.
10 The only well that is producing out of the Gallup, the
11 Mancos-Gallup at this time is the Dom Navajo 3227 in the
12 southeast quarter of section three. That was a well
13 drilled in 1980 by Dugan; has produced about 10,000
14 barrels of oil.

15 The other four wells in this unit -- I am
16 sorry I didn't mention that the little tiny green
17 numbers -- that are even harder to see on this map to
18 the left of the well symbols -- are total measured
19 depth. So the rest of those wells were drilled to the
20 Mesa Verd and are producing out of the Chacra.

21 EXAMINER DAWSON: Okay.

22 THE WITNESS: So the only well in the unit
23 that has penetrated the Mancos-Gallup is that well in
24 the southeast quarter of section three.

25 EXAMINER DAWSON: Okay. In looking at your

1 map, comparing Exhibit 7 to Exhibit 3.

2 THE WITNESS: Yes.

3 EXAMINER DAWSON: I can see where the WPX,
4 it looks like -- on Exhibit 3, it looks like they held
5 everything except the north half of ten. On Exhibit 3,
6 it looks like those are Dugan leases.

7 THE WITNESS: Yeah, those are Dugan leases.
8 And they're depicted in white on the structure map.

9 EXAMINER DAWSON: And then there are also
10 some other leases that are white on Exhibit 7.

11 THE WITNESS: Correct. And if you look at
12 Exhibit 1, they're gray, but that's because they are
13 Indian allotted leases. That's what that color depicts.
14 But the leaseholder is written on there. And it says
15 Dugan in the southeast of three and the southwest of
16 ten.

17 EXAMINER DAWSON: Okay.

18 EXAMINATION BY EXAMINER McMILLAN

19 EXAMINER McMILLAN: I have a question about
20 cross section B to B Prime.

21 THE WITNESS: Okay.

22 EXAMINER McMILLAN: Is the producing
23 interval going to be the same as what's in the Dugan
24 well?

25 THE WITNESS: Yes, it should be. Yes. It

1 is essentially where we have SP deflection, is the --
2 those indicate the presence of the porous Gallup Sands.

3 And it is essentially where they -- where
4 other operators have perforated.

5 EXAMINER McMILLAN: And my only other
6 comment is I don't think there's any basin Mancos in
7 here because I don't think it goes into Sandoval County.

8 THE WITNESS: And we didn't know so we erred
9 on the side of caution.

10 EXAMINER McMILLAN: I understand that --

11 THE WITNESS: We don't believe so either. I
12 put this as "wildcat" because that is what I assumed it
13 was.

14 EXAMINER McMILLAN: Yeah, that's what
15 they're doing, if it's out in and it's in Sandoval
16 County -- there's only one section in Basin Mancos in
17 the entire county.

18 MS. KESSLER: Out of abundance of caution.

19 THE WITNESS: We just weren't sure about the
20 two-mile buffer that comes along with the Basin Mancos
21 rules. And we have a couple of -- 160 acres that are in
22 that.

23 EXAMINER McMILLAN: Okay. Do you have a
24 question, Mr. Dawson?

25 EXAMINATION BY EXAMINER DAWSON

1 EXAMINER DAWSON: You will not object to any
2 offsetting operator who has a 330 foot offset to this
3 unit.

4 THE WITNESS: No, we will not object.

5 EXAMINER DAWSON: And you will report any
6 interval communication to the OCD.

7 THE WITNESS: Absolutely.

8 EXAMINER DAWSON: Thank you. That is all.

9 MS. KESSLER: Mr. Examiner, if I could just
10 follow up. There's some confusion about whether or not
11 Exhibit 6 was admitted. If it wasn't, I would like to
12 admit it now.

13 EXAMINER McMILLAN: Exhibit 6 is accepted as
14 part of the record.

15 (WPX ENERGY PRODUCTION LLC EXHIBIT 6 WAS
16 OFFERED AND ADMITTED.)

17 MS. KESSLER: Thank you.

18 EXAMINER WADE: I don't have any
19 questions -- is that all of your presentation?

20 MS. KESSLER: Yes.

21 EXAMINER WADE: Would you like to make a
22 closing statement?

23 MS. KESSLER: No.

24 EXAMINER WADE: Ms. Wood, would you like to
25 make a statement?

1 MS. ADRIENNE WOOD: Yes, I would. I would
2 like to request a continuance on this matter until we
3 can obtain proper legal representation.

4 EXAMINER WADE: When you received notice,
5 did you file a pre-hearing statement in this case?

6 MS. ADRIENNE WOOD: No, I didn't.

7 EXAMINER WADE: Can you give a basic idea of
8 what your concerns are that you will be seeking
9 representation regarding?

10 MS. ADELENA WOOD: We would rather not say
11 right now until we seek legal representation. And a lot
12 of us -- we weren't informed. Not all of us received
13 certified letters.

14 And for them to put the notice in the
15 Albuquerque Journal, we don't all live in Albuquerque.
16 I mean we would never see it. So that's another
17 concern.

18 But anyhow we would like not to say anything
19 further until we seek legal counsel.

20 EXAMINER WADE: Any objections?

21 MR. FELDEWERT: To a continuance?

22 EXAMINER WADE: Yes.

23 MR. FELDEWERT: Yes. I think the rules are
24 pretty straightforward. If you are going to seek a
25 continuance, you need to do so in a timely manner, which

1 was not done here.

2 These letters went out on June 5th by
3 certified mail to the addressees of record. These
4 individuals got their notice. The letters clearly state
5 that if you are going to participate in the hearing, you
6 need to file a prehearing statement, identify the names
7 of the parties and their attorneys.

8 They chose not to get an attorney. They
9 choose to show up here today to ask for a continuance
10 today for no stated reason, is in violation of the
11 Division's rules.

12 EXAMINER WADE: And I believe if you look
13 for the opportunity to get representation, you have
14 other remedies as well regarding --

15 MS. ADELENA WOOD: Could I say something?
16 My name is Adelena Wood and I'm from El Paso, Texas.
17 And we are not attorneys and we don't know the legal
18 jargon.

19 EXAMINER WADE: Sorry, your name again?

20 MS. ADELENA WOOD: It's Adelena Wood.

21 EXAMINER WADE: Did you receive notice of
22 this hearing? Do you have an interest in this area?

23 MS. ADELENA WOOD: Yes, we are brand new
24 landowners. We just received this property from my
25 mother. And before I have anything else on record, I

1 would like to seek legal representation before I say
2 anything else.

3 EXAMINER WADE: Do you know what date you
4 received notice in this case?

5 MS. ADELENA WOOD: It was a day or so before
6 the cutoff date, which was Thursday of -- last Thursday.

7 MS. ADRIENNE WOOD: We weren't really given
8 enough time.

9 MS. ADELENA WOOD: So it would have been
10 like Tuesday or Wednesday.

11 EXAMINER WADE: Mr. Feldewert, sorry, you
12 spoke to the mailing date of the notice.

13 MR. FELDEWERT: Yes. If you look at the
14 notices, the letters went out on June 5th by certified
15 mail. I don't know what more we can do.

16 MS. ADELENA WOOD: Yeah, but a lot of us
17 live out of state. So we can't in a couple of days or
18 instantaneously -- it takes a while.

19 EXAMINER McMILLAN: We will take a
20 five-minute break.

21 (Brief recess.)

22 EXAMINER McMILLAN: Okay. Case number 15338
23 at this time will be taken under advisement. You guys
24 will have the legal opportunities afforded you.

25 EXAMINER WADE: So, in other words, you

1 still have the ability to go seek counsel and they can
2 give you legal advice. But we've heard the case and we
3 are going to take it under advisement.

4 When we called the other cases, I noticed
5 that you had signed up, Ms. Wood, for the other two
6 cases, 15334 and 15335.

7 MS. ADELENA WOOD: Yes.

8 MR. WADE: Is it the same --

9 MS. ADELENA WOOD: This form right here is a
10 broader spectrum and the other cases are narrower.

11 EXAMINER WADE: Will you have additional
12 things you would like to say?

13 MS. ADELENA WOOD: It will be the same --

14 EXAMINER WADE: The same request for a
15 continuance?

16 MS. ADELENA WOOD: Yes.

17 EXAMINER WADE: So maybe we could take care
18 of both of those cases and your request.

19 MS. ADELENA WOOD: I think it's 334 and 335,
20 I believe.

21 EXAMINER WADE: Yes.

22 So what I am suggesting is if you are going
23 to make the same request for each one of those, we can
24 put that on the record, and, you know, we will have
25 heard it. I think the decision is going to be the same

1 to go ahead and hear the case and take it under
2 advisement.

3 So depending on what you want to do, you can
4 sit through the case and reiterate your request.

5 MS. ADELENA WOOD: Our statement will be the
6 same for the other two. And I think my siblings and I,
7 we are all in agreement (indicating some people in the
8 gallery).

9 (Discussion Among The Examiners.)

10 EXAMINER McMILLAN: At this time -- again,
11 no closing statements or anything?

12 MS. KESSLER: No closing statement,
13 Mr. Examiner.

14

15 (Time noted 2:07 p.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) 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, June 25,
 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
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