

1 STATE OF NEW MEXICO
 2 ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
 3 OIL CONSERVATION DIVISION
 4 IN THE MATTER OF THE HEARING CALLED
 BY THE OIL CONSERVATION DIVISION FOR
 THE PURPOSE OF CONSIDERING:

ORIGINAL

CASE 15385
 and CASE 15386

5 APPLICATION OF WPX ENERGY PRODUCTION,
 6 LLC, FOR APPROVAL OF A NONSTANDARD 120-ACRE
 SPACING UNIT IN THE BASIN MANCOS GAS POOL,
 7 CREATION OF A NON-STANDARD 240-ACRE SPACING UNIT
 FOR COMPULSORY POOLING, APPROVAL OF AN UNORTHODOX
 8 WELL LOCATION, AND APPROVAL OF WPX'S REQUEST TO
 DOWNHOLE COMMINGLE PRODUCTION FROM THE BASIN MANCOS GAS
 9 POOL (97232) AND THE LYBROOK GALLUP POOL (42289),
 SECTION 12, TOWNSHIP 23 NORTH, RANGE 8 WEST, SAN JUAN
 10 COUNTY, AND SECTION 7, TOWNSHIP 23 NORTH, RANGE 7 WEST,
 NMPM, RIO ARRIBA COUNTY, NEW MEXICO.

11
 12 REPORTER'S TRANSCRIPT OF PROCEEDINGS
 EXAMINER HEARING
 13 November 12, 2015
 Santa Fe, New Mexico

2015 DEC -2 PM 2:30

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14
 15 BEFORE: WILLIAM V. JONES, CHIEF EXAMINER
 16 GABRIEL WADE, LEGAL EXAMINER
 17

18 This matter came on for hearing before the
 New Mexico Oil Conservation Division, William V. Jones,
 19 Chief Examiner, and Gabriel Wade, Legal Examiner, on
 November 12, 2015, at the New Mexico Energy, Minerals,
 20 and Natural Resources Department, Wendell Chino
 Building, 1220 South St. Francis Drive, Porter Hall,
 21 Room 102, Santa Fe, New Mexico.

22 REPORTED BY: ELLEN H. ALLANIC
 NEW MEXICO CCR 100
 23 CALIFORNIA CSR 8670
 PAUL BACA COURT REPORTERS
 24 500 Fourth Street, NW
 Suite 105
 25 Albuquerque, New Mexico 87102

A P P E A R A N C E S

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

CASES NUMBER 15385 AND 15386 CALLED

WPX ENERGY PRODUCTION, LLC
CASE-IN-CHIEF:

WITNESS BRENNAN WEST

	Direct	Redirect	Further
By Ms. Kessler	4		
Examiner Jones	EXAMINATION 15		

WITNESS AMY M. RICHARDSON

	Direct	Redirect	Further
By Ms. Kessler	20		
Examiner Jones	EXAMINATION 24		

Reporter's Certificate

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1 (Time noted 2:14 p.m.)

2 EXAMINER JONES: And at this time, let's
3 call cases No. 15385 and 15386.

4 MS. KESSLER: Mr. Examiner, Jordan Lee
5 Kessler from the Santa Fe Office of Holland and Hart on
6 behalf of the applicant.

7 EXAMINER JONES: Any other appearances in
8 this case?

9 (No response.)

10 MS. KESSLER: We have two witnesses.

11 EXAMINER JONES: Will the witnesses please
12 stand and be sworn.

13 (WHEREUPON, the presenting witnesses
14 were administered the oath.)

15 BRENNAN WEST
16 having been first duly sworn, was examined and testified
17 as follows:

18 DIRECT EXAMINATION

19 BY MS. KESSLER:

20 Q. Please state your name and tell the Examiner by
21 whom you are employed and in what capacity.

22 A. My name is Brennan West. I work for WPX Energy
23 as a landman in the San Juan Basin.

24 Q. Have you previously testified before the
25 Division?

1 A. Yes, I have.

2 Q. Were your credentials as a petroleum landman
3 accepted and made a matter of record?

4 A. They were.

5 Q. Are you familiar with the applications filed in
6 these consolidated cases?

7 A. I am.

8 Q. And are you familiar with the status of the lands
9 in the subject area?

10 A. Yes.

11 MS. KESSLER: Mr. Examiner, I would tender
12 Mr. West as an expert in petroleum land matters.

13 EXAMINER JONES: He is so qualified.

14 Q. Could you please turn to Exhibit 1 and identify
15 this exhibit and explain what WPX seeks under case
16 15385.

17 A. Exhibit 1 is our C-102 that we file with the OCD.
18 In this application, we are seeking for 120-acre
19 nonstandard spacing unit for the Basin Mancos, which
20 will be the north half of the northwest quarter of
21 section 12; the northwest quarter of the southeast
22 quarter of section 12.

23 And then we are also seeking for a 240-acre
24 spacing unit to pool.

25 Q. And that would be comprised of the north half,

1 south half of section 12 and the north half, southwest
2 quarter of section 7?

3 A. That is correct.

4 Q. Do you also seek to pool all the mineral
5 interests in the Mancos formation for both the Basin
6 Mancos Gas Pool and the Lybrook-Gallup Pool?

7 A. That is correct.

8 Q. Do you also seek to downhole commingle production
9 from the Basin Mancos Gas Pool and the Lybrook-Gallup
10 Pool?

11 A. Yes.

12 Q. Do you also seek an unorthodox location for this
13 well?

14 A. We do.

15 Q. And do you seek to dedicate the proposed 240-acre
16 nonstandard spacing unit for compulsory pooling to the
17 Chaco 2307-07N 409H Well?

18 A. Yes.

19 Q. Has an APD been approved for this well?

20 A. Yes, they have. For the 409 the API number is
21 30-039-31337.

22 Q. And can you please identify the two pools
23 involved with this application?

24 A. Yes. We have the Basin Mancos Pool, which is
25 subject to 320-acre spacing and 660 foot setbacks; and

1 then the Lybrook-Gallup Pool, which is 40-acre spacing
2 and 330 feet setbacks.

3 Q. What is the character of this land?

4 A. It's all BLM.

5 Q. Could you please turn to Exhibit 2 and explain
6 what WPX seeks under case No. 15386?

7 A. Exhibit 2 is our C-102 for the 410-H. We are
8 seeking another 120 nonstandard Basin Mancos spacing
9 unit and a 240-acre nonstandard spacing unit for the
10 purposes of pooling. This 240 acres will be the south
11 half of the south half of section 12 and then the south
12 half of the southwest quarter of section 7.

13 Q. And the Basin Mancos spacing unit would be
14 comprised of --

15 A. It will be the south half of the southwest
16 quarter of section 12 and then the southwest quarter of
17 the southeast of section 12.

18 Q. And, once again, you seek to pool all the mineral
19 interests in the Mancos formation for both the Basin
20 Mancos Gas Pool and the Lybrook-Gallup Pool?

21 A. That is correct.

22 Q. Do you also seek to downhole commingle production
23 from those two pools?

24 A. We do.

25 Q. And do you seek unorthodox location for the 410H

1 Well also?

2 A. Yes.

3 Q. And do you seek to dedicate the proposed
4 nonstandard spacing unit for compulsory pooling to the
5 Chaco 2307-07N and 410H Well?

6 A. We do.

7 Q. And has an APD been approved for this well?

8 A. It has. And the API number is 30-039-31340.

9 Q. And we have the same two pools in this acreage
10 also; is that correct?

11 A. Correct.

12 Q. Is this also federal land?

13 A. Yes.

14 Q. You mentioned that there's special pool rules for
15 the Basin Mancos Gas Pool; is that correct?

16 A. That is correct. We are subject to 320-acre
17 spacing and 660-foot setbacks. And then for the
18 Lybrook-Gallup, 40-acre spacing and 330 setbacks.

19 Q. Would you please turn to Exhibit 3. What is this
20 exhibit?

21 A. Exhibit 3 is a notice map that shows the
22 240 acres, the 409H wellbore, and then the surrounding
23 spacing units and ownership of the affected parties.

24 Q. And this exhibit shows that the Basin Mancos and
25 Lybrook-Gallup Pool each have essentially three 40-acre

1 tracts; is that correct?

2 A. That is correct.

3 Q. And is it due to the configuration of this
4 acreage that you are seeking the 120-acre nonstandard
5 spacing unit in the Basin Mancos Pool?

6 A. Yes, it is.

7 Q. Does Exhibit 3 reflect the acreage that was
8 provided notice for this hearing?

9 A. It does. And it is outlined in the dark blue
10 outlines on all the spacing units where notice was
11 provided.

12 Q. So for the nonstandard 120-acre spacing unit in
13 the Basin Mancos Gas Pool, did you provide notice to the
14 affected parties in the north half of section 12, in the
15 south half, south half of section 12?

16 A. Yes.

17 Q. And for compulsory pooling and formation of the
18 240-acre nonstandard spacing unit for pooling, did you
19 provide notice to the working interest owners in the
20 proposed 240-acre nonstandard spacing unit?

21 A. We did.

22 Q. And then also the surrounding 320 Basin Mancos
23 offsets and the 40-acre spacing offsets in the
24 Lybrook-Gallup Pool?

25 A. Correct.

1 Q. And that's surrounding the proposed nonstandard
2 unit?

3 A. Yes.

4 Q. For the nonstandard location, did you provide
5 notice for the parties in the east half and north half
6 of section 11 and the north half of section 12?

7 A. We did.

8 Q. Did you also provide notice to the working
9 interest owners, royalty owners, and overriding royalty
10 interest owners for the request to downhole commingle?

11 A. Yes.

12 Q. Are the letters and green cards on the list of
13 parties to whom notice was sent provided in a later
14 exhibit?

15 A. It is.

16 Q. Turning to Exhibit 4, please identify this
17 exhibit.

18 A. Exhibit 4 is a notice map again, but this one is
19 specific for the 410H. It shows like 240 acres. The
20 pool outlined for the Basin Mancos and Lybrook-Gallup
21 and then the noticed parties for all of the affected
22 interest owners.

23 Q. And, once again, you're required to seek a
24 120-acre nonstandard spacing unit in the Basin Mancos
25 due to the pool configuration, correct?

1 A. Correct.

2 Q. And Exhibit 4 reflects the acreage provided
3 notice for this hearing?

4 A. It does.

5 Q. So we'll go through this again. For the 120-acre
6 spacing unit in the Basin Mancos Gas Pool, did you
7 provide notice to the affected parties in the north half
8 of 12 and the north half, south half of 12?

9 A. We did.

10 Q. And then for compulsory pooling and formation of
11 a 240-acre nonstandard spacing unit for pooling, did you
12 provide notice to the working interest owners within the
13 spacing unit as well as the 320-acre and 40-acre offsets
14 surrounding the proposed spacing unit?

15 A. We did.

16 Q. For the nonstandard location, did you provide
17 notice to the north half and north half, south half of
18 section 12 as well as all of section 11?

19 A. That is correct.

20 Q. Okay. And did you provide notice to the working
21 interest owners, royalty owners, and overriding royalty
22 interest owners for the request to downhole commingle?

23 A. Yes.

24 Q. And those letters and green cards are provided in
25 a later exhibit, correct?

1 A. Correct.

2 Q. Okay. Turning to Exhibit 5, does this exhibit
3 show ownership of south half of section 12 in the
4 southwest quarter of section 7 by tract?

5 A. It does. And it also outlines who the parties
6 are that own a working interest on our royalty, own the
7 acreage in section 7. And that's the party that we are
8 compulsory pooling today -- both applications.

9 Q. And they are highlighted in yellow, correct?

10 A. That is correct.

11 Q. Is Exhibit 6 a well proposal letter for the 409H
12 Well that was sent to R&R?

13 A. It is.

14 Q. On what date was that letter sent?

15 A. August 12, 2015.

16 Q. And is Exhibit 7 a well proposal letter for the
17 410H Well sent to R&R?

18 A. It is. And it is dated August 12, 2015.

19 Q. What additional efforts did WPX undertake to
20 reach voluntary agreement with R&R?

21 A. Once we proposed the well, we engaged in some
22 discussion with R&R. And we are currently still in
23 discussions and pretty close to working out a farmout
24 agreement to where we would farm in their acreage in
25 section 7.

1 Q. So you have been engaged in active negotiations
2 with R&R for quite some time now; is that correct?

3 A. Correct.

4 Q. Do you have a rig scheduled for these wells?

5 A. We do. We are looking to drill these wells at
6 the beginning of January.

7 Q. Is that ultimately why you moved forward with the
8 pooling here?

9 A. We did. While I think we are going to come to an
10 agreement, we just needed to get the clock started.

11 Q. In the event that you reach a voluntary agreement
12 with R&R, would the terms of that agreement supersede
13 any pooling order resulting from this hearing?

14 A. Yes.

15 Q. Turning to Exhibit 8, did each well proposal
16 letter that you sent to R&R contain an AFE?

17 A. It did.

18 Q. So does Exhibit 8 include the AFE for both the
19 409H and the 410H wells?

20 A. Yes, it does.

21 Q. Are the costs reflected on these AFEs consistent
22 with what WPX has incurred for drilling similar
23 horizontal wells in the area?

24 A. They are.

25 Q. Have you estimated or have administrative costs

1 for drilling and producing this well?

2 A. We have.

3 Q. What are those costs?

4 A. We've had some other JOAs we've entered where
5 we've had 10,000 and 1,000 monthly drilling and
6 producing costs. For this particular hearing, we are
7 just asking for 7,000 and 700 drilling and producing
8 rates.

9 Q. Do you ask that those costs be incorporated into
10 any order resulting from this hearing?

11 A. We do.

12 Q. And do you ask that it be adjusted in accordance
13 with Copas accounting procedures?

14 A. Yes.

15 Q. With respect to R&R royalty, the uncommitted
16 interest owner, would you ask that the Division impose a
17 200 percent risk penalty?

18 A. We would.

19 Q. Is Exhibit 9 a copy of the C-107A request to
20 downhole commingle for the 409H Well?

21 A. Yes, it is.

22 Q. Was that signed by you?

23 A. It is.

24 Q. And is Exhibit 10 a copy of the C-107A request to
25 downhole commingle for the 410H Well?

1 A. It is and it is also signed by me.

2 Q. Is Exhibit 11 an affidavit prepared by my office
3 with attached letters providing notice of this hearing
4 to all of the parties entitled to notice?

5 A. Yes, it is.

6 Q. So it's for the affected and offsetting grid
7 shown in Exhibits 3 and 4 as well as the parties for
8 compulsory pooling and downhole commingling?

9 A. That's correct.

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

12 A. Yes, they were.

13 MS. KESSLER: Mr. Examiner, I move into
14 evidence Exhibits 1 through 11.

15 EXAMINER JONES: Exhibits 1 through 11 are
16 admitted.

17 (WPX Energy Production, LLC, Exhibits 1
18 through 11 were offered and admitted.)

19 EXAMINATION BY EXAMINER JONES

20 EXAMINER JONES: This R&R royalty, are they
21 a working interest?

22 THE WITNESS: Yes, they are a working
23 interest.

24 EXAMINER JONES: A lessee working interest?

25 THE WITNESS: Right, they are a lessee.

1 EXAMINER JONES: Now, where do they have
2 interest? Only in section 7?

3 THE WITNESS: Yes. They also have -- that
4 lease is a 640-acre lease that spans up into the
5 northwest quarter of section 7, the south half of
6 section 7 and then the southwest quarter of section 8.

7 EXAMINER JONES: So, basically, it's only
8 section 7 that you have lands that you're compulsory
9 pooling?

10 THE WITNESS: That is correct.

11 EXAMINER JONES: So are you seeking to form
12 the 120 in the Lybrook-Gallup as a nonstandard spacing
13 unit and compulsory pooling at 120 and then forming a
14 240 project area to drill a well; is that basically what
15 you're doing here?

16 MS. KESSLER: That is basically it, yes.
17 Just because of the configuration of the pools, we had
18 to downsize from the 320 in the Basin Mancos down to the
19 120.

20 EXAMINER JONES: Okay. So as far as the way
21 it's worded, the interest that you are pooling is only
22 in section 7?

23 MS. KESSLER: Correct.

24 EXAMINER JONES: So the reason I am asking
25 is, let's say this was a -- in other words, we

1 conventionally put together a nonstandard project area
2 or nonstandard spacing unit that's for the horizontal
3 drilling, and then we compulsory pool all uncommitted
4 interests in that spacing unit. But in this case, your
5 spacing unit covers two different pools, so wouldn't it
6 be cleaner to just say, we are forming the nonstandard
7 spacing unit consisting of the three tracts in the
8 Lybrook-Gallup Pool and then pooling those uncommitted
9 interests and then forming the project area to drill the
10 well.

11 MS. KESSLER: Well, either way -- I think
12 that we would have had to form a nonstandard project
13 area in that event since it would have been three 40s
14 strung together. So I think, essentially, we would have
15 ended up the same place.

16 EXAMINER JONES: I just didn't know if you
17 had a preference as to how it's worded or some legal
18 reason why it would have to be worded that way.

19 MS. KESSLER: Only for the nonstandard
20 project area for pooling, we did have to form that just
21 for pooling purposes.

22 EXAMINER JONES: Okay. This is almost a
23 record for number of exceptions in one case. I thought
24 maybe you just might want to make it saltwater disposal
25 well or something.

1 MS. KESSLER: Just going through these
2 regulations.

3 EXAMINER JONES: Maybe a dual uphole or
4 something? Okay. So just one noncommitted owner and
5 they are locatable?

6 THE WITNESS: Yes.

7 EXAMINER JONES: And nobody has protested
8 any of these?

9 THE WITNESS: I am pretty confident we are
10 going to reach an agreement in just a matter of time and
11 have a backup plan. I was hoping we would already have
12 one before today, but it just didn't work out.

13 EXAMINER JONES: So if you do reach
14 agreement, you are still going to need a nonstandard
15 project area?

16 THE WITNESS: We still need all of the --

17 EXAMINER JONES: Pretty much everything
18 except for the wording that it be a spacing unit.

19 MS. KESSLER: That's correct.

20 MR. WADE: I might be mistaken, but it seems
21 like in some of these cases if you do get an agreement
22 after the compulsory pooling or while it is pending, an
23 order is pending, it seems to me some of the times the
24 operator comes back out when it comes back and dismisses
25 a portion -- that portion of the order versus I think

1 the testimony was that an agreement would supersede the
2 compulsory pooling order.

3 And I'm just thinking for the -- to make it
4 clean in the future, that the applicant would come back
5 and amend the order, if there is an order, or ask that
6 that portion be dismissed, because everything else will
7 stand.

8 MS. KESSLER: We'll let the Division know --

9 MR. WADE: Okay.

10 MS. KESSLER: -- if an agreement is reached.

11 MR. WADE: And I'm not sure that is
12 something the Division has been consistent with.

13 EXAMINER JONES: We have a paragraph at the
14 bottom that says, if a party joins, that the applicant
15 notice the Division that they are no longer subject to
16 compulsory pooling.

17 But we don't go back and --

18 MR. WADE: And change the order --

19 EXAMINER JONES: Yes.

20 MR. WADE: So the notice would be
21 sufficient.

22 MS. KESSLER: I have one more witness.

23 EXAMINER JONES: Okay. Go ahead.

24 AMY M. RICHARDSON

25 having been first duly sworn, was examined and testified

1 as follows:

2 DIRECT EXAMINATION

3 BY MS. KESSLER:

4 Q. Please state your name for the record and tell
5 the examiners by whom you're employed and in what
6 capacity.

7 A. I am Amy Richardson. I am employed by WPX Energy
8 as geology manager for the San Juan Basin asset.

9 Q. Have you previously testified before the
10 Division?

11 A. Yes.

12 Q. Were your credentials as a petroleum geoscientist
13 accepted and made a matter of record?

14 A. They were.

15 Q. Are you familiar with the application filed in
16 these consolidated cases?

17 A. I am.

18 Q. And have you conducted a geologic study of the
19 lands that are the subject of these applications?

20 A. I have.

21 MS. KESSLER: I would tender Ms. Richardson
22 as an expert in petroleum geoscience.

23 EXAMINER JONES: She is qualified as an
24 expert in petroleum geoscience.

25 THE WITNESS: You can just say geology.

1 Q. Can you please turn to WPX Exhibit 12.

2 A. Yes.

3 Q. And identify this exhibit.

4 A. This is a structure map on the top of the Mancos
5 formation. And the contours are at a 20-foot contour
6 interval. And then you can also see on here that
7 proposed wells, the 409H and the 410H extending from the
8 southwest quarter of section 7 into the south half of
9 section 12.

10 And we also have a cross section line on there
11 from A to A Prime that goes through some vertical wells
12 in the area. And that's the next exhibit.

13 And the structure map just shows that we are
14 following regional depth going down to the northeast and
15 up to the southwest. And there doesn't appear to be any
16 faults or geologic impediments to drilling these
17 horizontal wells.

18 Q. Do you consider the wells on the A to A Prime
19 line to be representative of wells in the area?

20 A. I do.

21 Q. Please turn to Exhibit 13.

22 MS. KESSLER: And, once again, Mr. Examiner,
23 there's a larger copy of this tucked in the sleeve.

24 Q. Ms. Richardson, could you please identify
25 Exhibit 13.

1 A. This is a cross section through the cross section
2 line on the previous exhibit, labeled A to A Prime,
3 extending north to south. There are some vertical wells
4 in that area.

5 Showing the Mancos interval, there is an arrow on
6 the right side of the cross section, extending from the
7 Mancos top to the top of the Graneros, which is defined
8 as the Mancos interval overall.

9 The cross section just shows that in this area
10 the Mancos interval is consistent. Thickness is
11 approximately the same. And you would expect the same
12 section through the area.

13 Q. Can you identify the landing zone?

14 A. Right now we plan to land -- land the wells at
15 approximately a depth that would be correlatable to
16 about 55, 75 in that center well, the Federal 713.

17 Q. What conclusions have you drawn based on your
18 geologic study of this area?

19 A. That --

20 Q. Have you identified any geological impediments to
21 developing this acreage using horizontal wells?

22 A. No, we have not.

23 Q. And do you believe that the area can be
24 efficiently and economically developed by horizontal
25 wells?

1 A. I do.

2 Q. Do you believe that the proposed nonstandard
3 240-acre unit will on average contribute more or less
4 equally to the production from each well?

5 A. I do.

6 Q. And you have requested -- WPX has requested a
7 nonstandard location for each well, correct?

8 A. That's correct.

9 Q. Why is that?

10 A. Because a portion of laterals will be in the
11 Basin Mancos Pool, which has a 660-foot setback. We are
12 expecting the primary production to be oil in these
13 wells. We've requested a 330-foot setback as is in
14 concordance with statewide oil rules.

15 Q. In your opinion will granting WPX's applications
16 be in the best interests of conservation for the
17 prevention of waste and the protection of correlative
18 rights?

19 A. Yes.

20 Q. Did you prepare Exhibits 12 and 13?

21 A. Yes, I did.

22 MS. KESSLER: Mr. Examiner, I would move
23 admission of Exhibits 12 and 13.

24 EXAMINER JONES: 12 and 13 are admitted.

25 (WPX Energy Production, LLC, Exhibits 1

1 through 11 were offered and admitted.)

2 EXAMINATION BY EXAMINER JONES

3 EXAMINER JONES: The Lybrook-Gallup, does it
4 have specific vertical limits on it?

5 THE WITNESS: No, not that has been defined.
6 Very few of the old Gallup pools in the area actually
7 had defined vertical limits. And then the Basin Mancos
8 does have a definition.

9 EXAMINER JONES: So where are the normal
10 drilling or completion points? If this was a vertical
11 well drilled to the Lybrook-Gallup, where in this well
12 would you have perforated?

13 THE WITNESS: You can see in the two wells,
14 the center well and the well on the right, kind of very
15 faintly, there are some little pink lines or rectangles
16 in the second tract, in the resistivity tract. Those
17 represent where those wells were completed.

18 EXAMINER JONES: Okay.

19 THE WITNESS: But, basically, it's the
20 interval that was most commonly completed in the
21 vertical wells, is where we have that SP development and
22 some porosity develops.

23 EXAMINER JONES: Okay. So you are just
24 below that.

25 THE WITNESS: Yes. Basically, we land just

1 kind of at the base of that. So there's a little bit of
2 porosity. The well I cited, we would basically land at
3 the base porosity there and probably drill up through
4 some amount of the section or stay in that basal
5 porosity.

6 EXAMINER JONES: Okay. So you are saying
7 that these wells are only -- the east side of these
8 horizontal wells will be in the Lybrook-Gallup Pool,
9 vertical limits of that pool?

10 THE WITNESS: Yes.

11 EXAMINER JONES: Because it's not defined,
12 and it's real close.

13 THE WITNESS: It hasn't been defined. And
14 then -- and these are only, you know -- I think only
15 actually one of them is in the Lybrook-Gallup Pool. So
16 there are several wells that have been completed in the
17 Lybrook-Gallup Pool, again within that similar area.

18 Yeah, where we're drilling is within the
19 intervals that were completed and produced in vertical
20 wells.

21 EXAMINER JONES: Does the Lybrook-Gallup
22 have any special pool rules?

23 MS. KESSLER: It is subject to statewide
24 40-acre well --

25 EXAMINER JONES: Okay. Some of those Gallup

1 pools were associated pools, so they had limited GOR
2 issue. But this one doesn't have an issue like that.

3 THE WITNESS: No, I don't believe so. The
4 Lybrook was pretty straightforward.

5 EXAMINER JONES: Okay. What about the Basin
6 Mancos, top and bottom. The top now, does that start
7 200 feet below the top of the Point Lookout? Is that
8 the definition of the Mancos?

9 THE WITNESS: The top of the Mancos here is
10 basically just defined as the base of the Point
11 Lookout Sands, which is probably most easily described
12 as the base of that SP development and the Point
13 Lookout.

14 And as far as -- I don't know if I can tell
15 you anything more than that.

16 EXAMINER JONES: That's fine.

17 THE WITNESS: Okay.

18 EXAMINER JONES: The reason I am asking is
19 actually because you're an expert geologist and you're
20 on the stand, and I got another issue where I need to
21 know the top of the Mancos, and I am being questioned on
22 it.

23 So the base of the Mancos and the top of the
24 Mancos -- in other words, the top and bottom you drew
25 here, that is defined in the base of the Mancos Pool,

1 the type log; is that correct?

2 THE WITNESS: To be honest, I don't know if
3 there's a type log for the Basin Mancos Pool. I would
4 imagine there would be.

5 EXAMINER JONES: Well, maybe not a type log,
6 but --

7 THE WITNESS: But there's a definition of
8 the Mancos as being from the top of the Mancos to the
9 base of the Greenhorn limestone.

10 EXAMINER JONES: Base of the Greenhorn,
11 so --

12 THE WITNESS: Right. So you can see that
13 kind of green correlation line in there. And that's the
14 top of the Greenhorn limestone. And then I've got a
15 Graneros top under there, top of the Graneros shale
16 right under the Greenhorn.

17 EXAMINER JONES: So the base of the
18 Greenhorn is the top of the Graneros; that's what you
19 got?

20 THE WITNESS: Right.

21 EXAMINER JONES: So all of these -- I guess
22 the Basin Mancos unit will be basically a 120; you'll
23 have a 120 and a lot and then two 40s all put together
24 for one well, so each of these will contribute to the
25 well?

1 THE WITNESS: Right, right.

2 MR. WADE: I have no questions.

3 EXAMINER JONES: Thank you very much.

4 MS. KESSLER: Mr. Examiner, I ask that this
5 case be taken under advisement.

6 EXAMINER JONES: Both cases?

7 MS. KESSLER: Both cases, please.

8 EXAMINER JONES: So case 15385 and case
9 15386 are taken under advisement.

10

11 (Time noted 2:43 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, November
 11 12, 2015, the proceedings in the above-captioned matter
 12 were 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.

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