

STATE OF NEW MEXICO
ENERGY, MINERAL AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION COMMISSION

ORIGINAL

April 28, 2016
9:13 a.m.

Wendell Chino Building
Porter Hall
1220 S. St. Francis Drive
Santa Fe, New Mexico

TRANSCRIPT OF PROCEEDINGS

CASE NO. 15485

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

BEFORE: WILLIAM JONES, Lead Examiner
SCOTT DAWSON, Examiner
DAVID K. BROOKS, Legal Examiner

RECEIVED OGD
2016 MAY 24 PM 1:43

REPORTED BY: DEBRA ANN FRIETZE
PAUL BACA COURT REPORTERS
500 4th 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 COG Operating, LLC:

HINKLE SHANOR, LLP
P.O. Box 2068
Santa Fe, New Mexico 87504
505.982.4554
glarson@hinklelawfirm.com
BY: GARY W. LARSON

| | |
|-----------------------|------|
| WITNESSES | PAGE |
| David Michael Wallace | 3 |
| Karen Martin | 16 |

| | |
|--------------|----------|
| EXHIBITS | ADMITTED |
| 1 through 7 | 10 |
| 8 through 11 | 21 |

| | |
|------------------------|----|
| REPORTER'S CERTIFICATE | 30 |
|------------------------|----|

1 EXAMINER JONES: Let's call Case 15485,
2 application of COG Operating, LLC, for a non-standard
3 oil spacing and proration unit and compulsory pooling,
4 Lea County, New Mexico.

5 Call for appearances.

6 MR. LARSON: Good morning, Mr. Examiner.
7 Gary Larson, with the Santa Fe office of Hinkle Shanor,
8 for the applicant, COG Operating. I have two witnesses.

9 EXAMINER JONES: Hello, Mr. Larson.
10 Any other appearances in this case?

11 [At which time, David Michael Wallace and
12 Karen Martin were duly sworn.]

13 DAVID MICHAEL WALLACE

14 having been previously duly sworn under oath,
15 was questioned and testified as follows:

16 DIRECT EXAMINATION

17 BY MR. LARSON:

18 Q. Good morning, Mr. Wallace.

19 A. Good morning.

20 Q. Would you please state your full name for the
21 record?

22 A. David Michael Wallace.

23 Q. And where do you resides?

24 A. Midland, Texas.

25 Q. And by whom are you employed and in what

1 capacity?

2 A. COG Operating, LLC.

3 Q. And what is your capacity at COG?

4 A. I'm a landman for Southeast Lea County,
5 New Mexico.

6 Q. And are you familiar with the land matters
7 pertaining to COG's application in this case?

8 A. I am.

9 Q. And would I be correct to say you've testified
10 on a number of occasions at examiner hearings?

11 A. I have, yes.

12 Q. And in each of those hearings, were your
13 qualifications accepted as an expert in land matters?

14 A. Yes.

15 MR. LARSON: Mr. Examiner, I move that
16 Mr. Wallace be qualified as an expert in land matters
17 for this hearing.

18 EXAMINER JONES: He is so qualified.

19 Is your first name David?

20 THE WITNESS: Yes, David.

21 Q. (By Mr. Larson) Mr. Wallace, I'll direct your
22 attention to Exhibit Number 1 and ask you to identify
23 it.

24 A. This is our C-102 plat for our Coachman Fee
25 Com, Number 14H.

1 Q. And is Exhibit 1 a true and correct copy of the
2 C-102?

3 A. It is.

4 Q. And does it identify the project area of COG's
5 proposed Coachman Fee Com Number 14H?

6 A. Yes, it does.

7 Q. And what formation is COG seeking to pool?

8 A. We seek to pool the Delaware formation.

9 Q. And are there any depth exceptions involved
10 here?

11 A. No.

12 Q. And what pool would the Coachman 14H produce
13 from?

14 A. It's be a Wildcat Delaware Pool, WC-025 G-05
15 S253523H.

16 Q. And has COG previously sought to pool
17 uncommitted interests in the west half; west half of
18 Section 21?

19 A. Yes, we did.

20 Q. And what formation was that application
21 addressing?

22 A. It was for the Bone Spring formation.

23 Q. And did the Division approve that application?

24 A. Yes, it did.

25 Q. I'll next ask you to identify the document

1 marked as Exhibit 2.

2 A. This is our land tract map or plat for the
3 Coachman Fee Com, Number 14H. It shows the interest
4 owners in our proposed project area.

5 Q. And did you prepare this document?

6 A. I did.

7 Q. And directing your attention to page 2, what
8 parties is COG seeking to pool?

9 A. We seek to pool Ohio State University and the
10 Estate of Thomas W. Butler.

11 Q. And what about Chisos Limited, which is
12 identified on page 2 of Exhibit 2?

13 A. They are not a pooled party. They executed an
14 operating agreement in a prior pool which covers this
15 acreage.

16 Q. Would you next identify the document marked as
17 Exhibit 3?

18 A. This is an example of the well proposal letter
19 that was sent to the interest owners in our project
20 area, and it also has the green card showing receipt.

21 Q. And did you draft and sign this letter?

22 A. I did.

23 Q. And what documents did you enclose with your
24 well proposal letters?

25 A. An AFE and our form of operating agreement.

1 Q. And were you able to locate all the parties to
2 be pooled as identified on Exhibit 2?

3 A. No. We were unable to locate the heirs of
4 Thomas W. Butler or the Estate of Thomas W. Butler.

5 Q. But you did make efforts to try to locate these
6 individuals?

7 A. I did. We did Google searches and LexisNexis.
8 We found possible heirs.

9 Q. And did you send the well proposal letters to
10 the potential heirs that you identified?

11 A. Yes, we did.

12 Q. And backtracking a moment to the previous
13 pooling case for this acreage, wasn't there a
14 significantly larger number of interest owners that COG
15 sought to pool?

16 A. Yes, there were.

17 Q. And what's the explanation for the much smaller
18 number of interest owners in this case?

19 A. We leased all the parties, with the exception
20 of these two that we're seeking to pool.

21 Q. Would you next identify the document marked as
22 Exhibit 4?

23 A. This is a pooling party list and an example of
24 the notification letter that we sent to these parties in
25 our project area and the green cards that were returned.

1 Q. And were those notice letters sent at your
2 direction?

3 A. They were.

4 Q. And were they sent to the individuals you had
5 identified as potential heirs to the Thomas Butler
6 Estate?

7 A. Yes.

8 Q. And given the difficulty in locating those
9 heirs, did COG also publish notice of today's hearing?

10 A. Yes, we did.

11 Q. And would you identify the document marked as
12 Exhibit Number 5?

13 A. This is the Affidavit of Publication that
14 published in the Hobbs News-Sun newspaper.

15 Q. And what date was this notice published?

16 A. April 7th.

17 Q. 2016?

18 A. 2016.

19 Q. And would you next identify the document marked
20 as Exhibit 6?

21 A. This is an offset operator and interest owner
22 list. It also has an example of the notification that
23 was sent to those parties, as well as green cards.

24 Q. And did you generate this list of offset
25 operators and interest owners?

1 A. I did.

2 Q. And were notice letters sent to all of those
3 offsets?

4 A. Yes.

5 Q. And they were sent in your direction?

6 A. Yes.

7 Q. Would you next identify the document marked as
8 Exhibit 7?

9 A. This is the AFE that was sent to the interest
10 owners in the project area.

11 Q. And for the record, could you identify the
12 estimated well costs?

13 A. The estimated well costs are \$1,379,000 for
14 drilling, \$3,644,711 for completion, for a total well
15 cost of \$5,023,711.

16 Q. And are the well costs indicated on Exhibit 7
17 similar to costs incurred by COG for other Delaware
18 horizontal wells?

19 A. They are.

20 Q. And do you have a recommendation for the
21 amounts COG should be paid for supervision and
22 administrative expenses?

23 A. Yes. 7,000 a month for drilling and 700 a
24 month for producing.

25 Q. And are those cost amounts consistent with and

1 similar to those charged by COG for other Delaware
2 horizontal wells?

3 A. Yes.

4 Q. Do you also recommend that the rates for
5 supervision and administrative expenses be adjusted
6 periodically, pursuant to the COPAS Accounting
7 Procedures?

8 A. Yes.

9 Q. And is COG also requesting a 200 percent charge
10 for the risk of drilling and completing the well?

11 A. Yes.

12 Q. In your opinion, will the granting of the
13 application serve the interest of conservation and the
14 prevention of waste?

15 A. Yes.

16 MR. LARSON: Mr. Examiner, I move the
17 admission of COG Exhibits 1 through 7.

18 EXAMINER JONES: Exhibits 1 through 7 are
19 admitted.

20 [Exhibits 1 through 7 admitted.]

21 MR. LARSON: And I pass the witness.

22 EXAMINER JONES: Scott?

23 EXAMINER DAWSON: I've got no questions of
24 Mr. Wallace. I may ask the geologist a few questions,
25 though.

1 Thank you, Mr. Wallace.

2 EXAMINER BROOKS: No questions.

3 EXAMINER JONES: So it's 80 acres fee and
4 80 acres federal?

5 THE WITNESS: It's actually all fee.

6 EXAMINER JONES: It's all fee?

7 THE WITNESS: With three separate tracts,
8 depending on the lease. There's an 80-acre tract on the
9 west half of the northwest and then two separate 40-acre
10 tracts in the west half of the southwest.

11 EXAMINER JONES: The west half of the
12 southwest our records show to be federal. This is
13 21-25-35; is that correct?

14 THE WITNESS: 21-25-35.

15 EXAMINER BROOKS: Let's see. This is
16 Section 21, Township 25 south, Range 35 east, right?

17 THE WITNESS: That's correct.

18 EXAMINER BROOKS: They show that this
19 printout -- where does this come from?

20 EXAMINER DAWSON: It's from our Website.

21 EXAMINER JONES: It's ported over from
22 OnGuard.

23 EXAMINER BROOKS: And it shows the
24 southwest quarter to be federal.

25 EXAMINER JONES: Yeah.

1 EXAMINER BROOKS: Well, I don't know. I
2 wouldn't have any knowledge of that without doing some
3 research, so --

4 EXAMINER JONES: Can you check it one more
5 time?

6 THE WITNESS: Sure. I mean absolutely.

7 EXAMINER JONES: I mean you've been over it
8 before with the other well, too.

9 EXAMINER DAWSON: If that's all fee acreage
10 and you are communitizing those leases, the fee owners,
11 do they require a communitization agreement?

12 THE WITNESS: I'm not sure that they do.
13 We've filed a designation of the unit. I'm not sure
14 that needs to be a Com, but that's the way, you know, it
15 was originally done on the C-102.

16 EXAMINER BROOKS: Did you do a title
17 take-off on this?

18 THE WITNESS: I've got a title opinion,
19 yes.

20 EXAMINER BROOKS: Yeah. A title opinion
21 would tell you that the lawyer thought it was in a
22 particular category. It wouldn't tell you what he
23 relied on, so I asked you if he did a title take-off
24 that we might be able to get a recording reference for
25 the number -- recording reference and number for the

1 patent.

2 THE WITNESS: Okay.

3 EXAMINER BROOKS: I don't know if this is
4 involved at all. I'm just thinking about something that
5 might be. I was also cautioned, in examining titles,
6 that if the patent does not reflect mineral reservation
7 in the county, that you should examine the patent in the
8 State BLM office to make sure that it was correctly
9 copied over from the federal record to the county record
10 to make sure that there isn't a mineral reservation in
11 the original.

12 That's just one way that a discrepancy of
13 this kind could occur. Other ways are that somebody
14 made an incorrect entry.

15 EXAMINER JONES: That's true.

16 EXAMINER BROOKS: Which is, in my opinion,
17 the more probable --

18 EXAMINER JONES: On federal acreage,
19 probably that could happen.

20 EXAMINER BROOKS: Yes. Because one way, of
21 course, that would be shorter than -- and probably more
22 likely to reveal the actual issue than checking the
23 original patent would be to check the BLM's records and
24 see if -- you know, you can easily check the BLM's
25 Website and see if they show it as being federal.

1 If they show it as being federal, I would
2 be a whole lot more likely to think it really is.

3 EXAMINER JONES: Yeah, I didn't check the
4 BLM Website.

5 EXAMINER BROOKS: That's the only thoughts
6 on the subject. But we'll rely on you to -- we probably
7 need to take this case under advisement to rely on our
8 landman here to produce the appropriate documentation of
9 this.

10 EXAMINER JONES: Yeah, sounds good.

11 THE WITNESS: So we can do that.

12 EXAMINER JONES: And the Chisos, they're
13 under an operating agreement. But did they sign the AFE
14 to this well, or are you assuming they're going to?

15 THE WITNESS: I have not proposed it to
16 them yet because our spud date is a little bit later on.
17 I want to be within the time frame of the operating
18 agreement, so I'm in the process of proposing them.

19 EXAMINER JONES: Okay. But you're not
20 proposing them as a pooled party at this point?

21 THE WITNESS: No, I'm not.

22 EXAMINER JONES: And Ohio State got it
23 from -- somebody granted it to them. Probably, there
24 was interest.

25 THE WITNESS: That's my understanding.

1 EXAMINER JONES: Okay. Thanks,
2 Mr. Wallace.

3 THE WITNESS: Thank you, sir.

4 MR. LARSON: Mr. Examiner, before
5 Mr. Wallace steps down, would you give him some
6 direction on what you'd like him to provide to you
7 regarding that --

8 EXAMINER BROOKS: Well, what I would like
9 to see is a copy of the -- well, first of all, let's
10 check BLM's records. If BLM doesn't show it as federal,
11 I wouldn't be concerned about it.

12 If BLM shows it as federal and he's got a
13 title opinion that shows it is state, then what I would
14 like to see is a copy from the state office -- the
15 United States Land Office in Santa Fe of the patent as
16 recorded in the state records -- the state office
17 records.

18 Because there is always a possibility -- I
19 have never run into it, but I was told there's always a
20 possibility that when the county clerk copied the
21 patents, which wasn't by using a Xerox machine in the
22 old days, that they forgot to write in mineral
23 reservations. So that's the only concern I have.

24 I suspect you're going to find that BLM
25 does -- that it's just an error in entering it into

1 OnGuard.

2 EXAMINER JONES: Would you let us know if
3 there's an error?

4 THE WITNESS: Could I do that by email?

5 EXAMINER BROOKS: Yeah.

6 EXAMINER JONES: To Mr. Brooks and copy me.

7 THE WITNESS: Yes, sir.

8 EXAMINER JONES: Thanks, Mr. Wallace.

9 EXAMINER DAWSON: Thank you, Mr. Wallace.

10 THE WITNESS: Thank you.

11 KAREN MARTIN

12 after having been previously duly sworn under
13 oath,

14 was questioned and testified as follows:

15 DIRECT EXAMINATION

16 BY MR. LARSON:

17 Q. Good morning, Ms. Martin.

18 A. Good morning.

19 Q. Would you state your full name for the record?

20 A. Karen Martin.

21 Q. And where do you reside?

22 A. Midland, Texas.

23 Q. And by whom are you employed and in what
24 capacity?

25 A. COG Operating, LLC, as a geologist.

1 Q. And what is the focus of your responsibilities
2 as a geologist at COG?

3 A. All geological matters related to COG wells
4 within this area in Southeast Lea County, New Mexico.

5 Q. And are you familiar with the geological
6 aspects of the proposed Coachman 14H well and the
7 matters addressed in COG's application?

8 A. Yes.

9 Q. Have you previously testified at a Division
10 hearing?

11 A. Yes.

12 Q. And did the Examiners in those cases accept
13 your qualifications as an expert in petroleum geology?

14 A. Yes.

15 MR. LARSON: Mr. Examiner, I move for
16 Ms. Martin's qualification as an expert petroleum
17 geologist for purposes of this hearing.

18 EXAMINER JONES: She is so qualified.

19 MR. LARSON: Thank you.

20 Q. (By Mr. Larson) Would you identify the
21 document marked as COG Exhibit Number 8?

22 A. This is a location map of the Coachman Fee Com,
23 Number 14H. The proposed well is shown as a dashed line
24 in the area. There is also an offset-producing Delaware
25 well, the White Falcon 16 State, Number 1H, and it's a

1 horizontal well from north to south.

2 Q. And did you prepare this exhibit?

3 A. Yes.

4 Q. And will the completed interval, the Coachman
5 Fee Com, 14H, comply with the Division setback
6 requirements?

7 A. Yes.

8 Q. Were you involved in COG's evaluation of the
9 prospects for this well?

10 A. Yes.

11 Q. Does COG have experience with any Delaware
12 horizontal wells in this area?

13 A. Yes. We are partners in the White Falcon, 16
14 State, Number 1H5, and drove by them.

15 Q. And has the White Falcon Well been productive?

16 A. Yes.

17 Q. Would you identify the document marked as
18 Exhibit 9?

19 A. This is a structure map on top of the Bone
20 Spring line, which is equivalent to the base of the
21 Delaware formation. This shows a 50-foot contour
22 interval that is dipping slightly to the southwest.

23 Q. And did you prepare this document?

24 A. Yes.

25 Q. And why did you focus on the top of the Bone

1 Spring formation?

2 A. The reason why I focused on the top of the Bone
3 Spring is because our target interval is in the base of
4 the Brushy Canyon, which is near the base of the
5 Delaware formation. So this is closer to the lateral
6 interval, rather than the top of the Delaware formation.

7 Q. And what role did this structure map have in
8 your analysis of the prospects for the well?

9 A. The structure map shows that there's no
10 faulting in the area and no geological impediments to
11 drilling horizontal wells.

12 Q. And I know they're not all identified in this
13 map, but did you look at other wells in this area?

14 A. Yes. I've looked at all wells that have public
15 data that have penetrated the Delaware formation in this
16 area.

17 Q. And just generally, what direction from the
18 proposed COG well?

19 THE WITNESS: Can you repeat the question?

20 Q. (By Mr. Larson) Generally speaking, what
21 direction do those wells -- where are those wells
22 located relative to the COG well?

23 A. All the wells are located completely
24 surrounding this well.

25 Q. Would you next identify the document marked as

1 Exhibit 10?

2 A. This is a location of the cross-section that
3 will be shown in the next exhibit, AA prime. The
4 cross-section goes from north to south and goes through
5 the pilot hole for the producing Delaware in the area.

6 Q. And did you prepare Exhibit Number 10?

7 A. Yes.

8 Q. And I'll ask you to identify the last exhibit,
9 Number 11.

10 A. This is a cross-section -- stratigraphic
11 cross-section of AA prime. The cross-section is
12 flattened on top of the Bone Spring lime, which is the
13 base of the Delaware formation. It shows the lateral
14 interval to be in the basal part of the Brushy Canyon of
15 the Delaware formation.

16 Q. And did you also prepare Exhibit 11?

17 A. Yes.

18 Q. And could you summarize the role that Exhibits
19 10 and 11 had in your analysis of the prospects for the
20 well?

21 A. The wells that are shown in these exhibits are
22 representative for wells in the Delaware formation.
23 They show that there is sufficient thickness for the
24 lateral interval and that the sands do not pinch out
25 across the lateral interval in this area.

1 Q. And what was your overall assessment of the
2 prospects for the 14-inch?

3 A. This shows that the area will be productive
4 with no faulting, no geological pinchouts and no
5 impediments to drilling horizontal wells.

6 Q. And in your opinion, will the well be
7 productive along the entire length of the completed
8 lateral?

9 A. Yes. On average, it will be productive across
10 the lateral length.

11 Q. And would it be productive in each quarter
12 corner?

13 A. Yes.

14 Q. And in your opinion, will the granting of COG's
15 application serve the interest of conservation and the
16 prevention of waste?

17 A. Yes.

18 MR. LARSON: Mr. Examiner, I move the
19 admission of Exhibits 8 through 11.

20 EXAMINER JONES: Exhibits 8 through 11 are
21 admitted.

22 [Exhibits 8 through 11 admitted.]

23 MR. LARSON: And I pass the witness.

24 EXAMINER JONES: Mr. Dawson?

25 EXAMINER DAWSON: Ms. Martin, on Exhibit

1 11, I'm looking at the cross-section. There are other
2 wells, the White Falcon, 16 State, Number 1H, and the
3 Fez Fee, 11H. Those are both Brushy Canyon wells also?

4 THE WITNESS: No. The Fez Fee is an Avalon
5 well, and this is a pilot hole in that area for that
6 well. And the White Falcon is a Delaware well that is
7 just north of the proposed Coachman well.

8 EXAMINER DAWSON: And that well is a
9 producing well?

10 THE WITNESS: Yes.

11 EXAMINER DAWSON: Can you tell me about the
12 production on that well, how much it's produced? Do you
13 know that amount?

14 THE WITNESS: I don't have any Kume
15 production at this point. There is a test date from
16 their completion report that was done in January 2016.
17 It's made -- that test was 2,195 barrels of oil per day;
18 2,024 MCF of gas per day; and I think a little over
19 3,000 barrels of water per day. And it had a GOR of
20 922.

21 EXAMINER DAWSON: So it sounds like a
22 pretty good well, then?

23 THE WITNESS: Yes.

24 EXAMINER DAWSON: One other question I had
25 of you: In looking at your Exhibit 1, the C-102, well

1 location and acreage dedication plat, is there a reason
2 why you moved it over from the 3 -- roughly the 330 foot
3 off the line over to 580?

4 THE WITNESS: There is an existing Bone
5 Spring well right there at that surface hole, so we'll
6 have to move it over just slightly to avoid that
7 wellbore.

8 EXAMINER DAWSON: Okay. And that's a COG
9 well?

10 THE WITNESS: It is a COG well.

11 EXAMINER DAWSON: All right. Going back to
12 that White Falcon well, is that a one-mile-long lateral,
13 too?

14 THE WITNESS: Yes.

15 EXAMINER DAWSON: That's all the question I
16 have. Thank you, Ms. Martin.

17 EXAMINER JONES: Mr. Brooks.

18 EXAMINER BROOKS: No questions.

19 EXAMINER JONES: I guess I should -- the
20 structure map, it -- I always try to draw a strike and a
21 dip line in there because it's hard for me to just look
22 at these things and say, "Well, which way is it
23 dipping?"

24 THE WITNESS: It's dipping less than a
25 degree to the southwest.

1 EXAMINER JONES: Southwest, okay.

2 I remember in college, in the old days, we
3 drew the strike and dip lines. But it seems the
4 industry doesn't do that on the --

5 THE WITNESS: So the strike line would be
6 northwest/southeast, and the dip line would be to the
7 southwest.

8 EXAMINER JONES: And the interval you're
9 going into, you're targeting in the Brushy, it's a
10 pretty clean interval, is that correct, on your gamma
11 rays?

12 THE WITNESS: Yes.

13 EXAMINER JONES: So what is that? What is
14 that made out?

15 THE WITNESS: It's a very good
16 deep-water-system sand. It looks like a pretty massive
17 sand through this section.

18 EXAMINER JONES: And for the 14H pilot,
19 you're lucky to have a nice pilot hole here, I guess?

20 THE WITNESS: Yes.

21 EXAMINER JONES: That other plot over on
22 the right, is that an RT curve?

23 THE WITNESS: Yes. So we have a gamma ray
24 on the left, and on the right is the resistivity.

25 EXAMINER JONES: Okay, so there's no drift

1 on there at all. So it's the same water saturation,
2 probably?

3 THE WITNESS: It looks to be similar water
4 saturation, yes, across that sand interval.

5 EXAMINER JONES: Okay. So you're picking
6 this spot because of why, again? You probably told me
7 once before.

8 THE WITNESS: Part of the reason is because
9 of the White Falcon well that was drilled just to the
10 north.

11 EXAMINER JONES: Okay. And that was
12 drilled in the same general area?

13 THE WITNESS: Yes. So since we're partners
14 in that well, we know where they landed that well. And
15 it landed within that sand interval that we see in
16 the -- shown as the lateral interval in the Coachman Fee
17 Com, Number 14H.

18 EXAMINER JONES: Okay. You're going to
19 drill it probably north to south. Okay. So you'll be
20 fracking furthest away from the existing well?

21 THE WITNESS: Yes.

22 EXAMINER JONES: At the beginning, at
23 least. So hopefully your last frack job won't get
24 around into that well?

25 THE WITNESS: Well, it'll be from north to

1 south. So yeah, I don't believe it'll interfere in any
2 way.

3 EXAMINER JONES: Yeah. Even if it does,
4 sometimes it covers more total oil anyway, I guess.

5 Can you tell about the gravity in the GOR
6 you're expecting?

7 THE WITNESS: Unfortunately, the oil
8 gravity was not published on that White Falcon well, but
9 the GOR was published, and it was 922.

10 EXAMINER JONES: Okay. Thanks very much.

11 EXAMINER DAWSON: I have one more question
12 on that White Falcon well. If you'll look at the
13 lateral interval on your Exhibit 11 for your Coachman
14 well, that White Falcon, is that producing from roughly
15 8890 through 8950, that same lateral interval?

16 THE WITNESS: Yes, it'll be from that same
17 lateral interval.

18 EXAMINER DAWSON: Okay. That's what I
19 figured. I just wanted to clarify that.

20 Thank you.

21 EXAMINER JONES: So you may have even
22 thicker porosity?

23 THE WITNESS: Yeah. Overall, the thickness
24 of the zone doesn't change much, and the sands don't
25 seem to pinch out. So I think it's going to be

1 productive across the whole --

2 EXAMINER JONES: So the same gross
3 interval, but similar net thickness, also?

4 THE WITNESS: I believe so.

5 EXAMINER JONES: Thanks very much.

6 MR. LARSON: Mr. Examiner, I have nothing
7 further.

8 I'd request that COG's application be
9 granted and the case taken under advisement.

10 EXAMINER BROOKS: Well, because of the
11 issue about the land status, I think we need to give it
12 a -- we need to continue it for supplementation on that
13 issue.

14 EXAMINER JONES: Okay. We'll go ahead and
15 do that, continue it for two weeks. That should be
16 adequate.

17 EXAMINER BROOKS: Now Mr. Wallace, on that
18 subject, I do not actually know where the originals of
19 the patents are recorded. I know that historically,
20 they were recorded in the United States Land Office in
21 Santa Fe, which I might be saying the exact title of it
22 incorrectly, but I'm not at all sure that office even
23 exists now. And I don't know where the originals of the
24 patents are actually recorded. So I would like to find
25 that out because that's something I ought to know, but

1 it's not something I do know. So I just mentioned that.

2 The first place I would go would be the
3 BLM's Website. And if you find the BLM does not show
4 this as federal land, I'm not really concerned about the
5 original patent because I think the BLM would seldom be
6 wrong about that.

7 But if the BLM shows it as federal land and
8 you have a title opinion showing it is state land, then
9 I want to see a certified copy of the original patent.

10 EXAMINER JONES: And if you could present
11 that as an exhibit at the next hearing, either through
12 an affidavit --

13 EXAMINER BROOKS: You can identify it by
14 affidavit. If it says a certificate -- it's
15 self-authenticating if it has a certificate from an
16 appropriate federal agency.

17 EXAMINER JONES: Okay. I was just striking
18 out there. If that's okay with you, we'll do it that
19 way.

20 EXAMINER BROOKS: Well, that's provided in
21 the Rules of Evidence. The Rules of Evidence for
22 District Courts, anyway, which we don't have to follow
23 them. But if we follow them -- when we're following
24 them, we can be fairly confident we're doing what we
25 ought to be doing.

1 MR. LARSON: So if I understand correctly,
2 I could present it through affidavit and save
3 Mr. Wallace another trip over from Midland?

4 EXAMINER BROOKS: Absolutely.

5 EXAMINER JONES: Unless he likes to come to
6 Santa Fe. He's here a lot.

7 EXAMINER BROOKS: Well, I've lived both
8 places. And my view is it's a lot more fun here than it
9 is in Midland.

10 [Discussion held off the record.]

11 EXAMINER JONES: Okay. Let's continue Case
12 Number 15485 until May the 12th.

13 [The proceedings concluded at 9:45 a.m.]

14
15
16
17
18
19
20
21
22
23
24
25

I hereby certify that the foregoing is
a true and correct record of the proceedings in
the Examiner hearing of Case No. _____
held by me on _____

_____, Examiner
Oil Conservation Division

1 STATE OF NEW MEXICO.
2 COUNTY OF BERNALILLO

3
4
5
6
7
8 REPORTER'S CERTIFICATE

9
10 I, DEBRA ANN FRIETZE, New Mexico Certified Court
11 Reporter No. 251, do hereby certify that I reported the
12 foregoing proceeding in stenographic shorthand and that
13 the foregoing pages are a true and correct transcript of
14 those proceedings and was reduced to printed form under
15 my direct supervision.

16 I FURTHER CERTIFY that I am neither employed by nor
17 related to any of the parties or attorneys in this case
18 and that I have no interest in the final disposition of
19 this case.
20

21 
22 DEBRA ANN FRIETZE
23 Certified Court Reporter No. 251
24 License Expires: 12/31/16
25