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5

6 **OCD Regular & Special Docket February 26, 2026-** 7 **20260226_150839UTC-Meeting Recording**

8 February 26, 2026, 3:08PM

9 3h 3m 35s

10



12 **Chakalian, Gregory, EMNRD** 44:00

13 Are we recording for you?

14



15 **Tschantz, Freya, EMNRD** 44:02

16 Yes, we are.

17



18 **Chakalian, Gregory, EMNRD** 44:03

19 All right.

20 Sounds good.

21 I'd like to begin a little early today.

22 We have a lot on the docket, so I'm going to announce this is the beginning of the.

23



24 **Gerald Aragon** 44:08

25 Umm.

26 Hold on.

27 Mr. chalian. Sorry, this is Gerald Ongol and this is the reporter.

28



29 **Chakalian, Gregory, EMNRD** 44:15

30 Yes.

31



32 **Gerald Aragon** 44:18

33 I am not quite set up yet. If you give me one minute, I should be good to go. I

34 appreciate it.

35

36 **CE Chakalian, Gregory, EMNRD** 44:22

37 Sure. Yeah. Mr. Aragon, when you're set up, would you let me know?

38

39 **GA Gerald Aragon** 44:24

40 Sorry about that.

41 Yes, Sir.

42 All right. Ready to go?

43 Thank you so much.

44

45 **CE Chakalian, Gregory, EMNRD** 45:45

46 All right.

47 Thank you, Mr. Aragon.

48 My name is Gregory Chakalian.

49 It is February 26854 AM.

50 This is our second scheduled regular docket.

51 Normally we hear only status conferences today, but we had a few other matters of
52 business to attend to.

53 Let's begin with select water solutions.

54 I'm going to call three of the four cases separately, 255-482-5547.

55 2/5.

56 900 entries of appearance please.

57

58 **DH Dana S. Hardy** 46:21

59 Good morning, Mr. Examiner.

60 Dana Hardy with Hardy McLean for select.

61

62 **CE Chakalian, Gregory, EMNRD** 46:25

63 Good morning.

64 Ms. Hardy.

65

66 **MS Miguel Suazo** 46:30

67 Good morning, Mr. Examiner.

68

PV Paula M. Vance 46:30

70 Good.

71

MS Miguel Suazo 46:31

73 Miguel Suazo with beating Woznack appeared on behalf of pilot water.

74

CE Chakalian, Gregory, EMNRD 46:35

76 Thank you, Mr. Suazu.

77

PV Paula M. Vance 46:37

79 Good morning, Mr. hearing examiner Paul advance with the Santa Fe Office of
80 Holland and Heart, on behalf of Devon Energy production and we are no longer
81 objecting to these cases.

82 We have reached an agreement with select and I do really like the new R.

83 Look, you were going with with the black and white screen.

84

CE Chakalian, Gregory, EMNRD 46:58

86 Thank you, Miss Vance.

87

HK Hatley, Keri (LDZX) 47:00

89 Good morning, Mr. Examiner.

90 Carrie Hatley, entering her appearance on behalf of COG operating and we are we
91 have withdrawn our objections in this case.

92

CE Chakalian, Gregory, EMNRD 47:08

94 Perfect. Thank you, Ms. Ally.

95

MS Matthias Sayer 47:11

97 Mr. Examiner.

98 Mathias Sayer, on behalf of Desert Ram, and you know where we stand on this and I
99 so I we may or may not be a party. I don't think we're a party, but we're we're here
100 nevertheless paying attention.

101

102 **CE Chakalian, Gregory, EMNRD** 47:24

103 You're welcome, Mr. Mr. Sayer. Thank you.

104

105 **MS Matthias Sayer** 47:27

106 Thank you, Sir.

107

108 **CE Chakalian, Gregory, EMNRD** 47:28

109 And, Mr. Suazo, I I trust you got the order on your motion to reconsider.

110 I appreciate your arguments.

111 I.

112 I carefully considered them before I issued that order. As you know, you always have
113 the right to appeal.

114

115 **MS Miguel Suazo** 47:44

116 Understood, Mr. Mr. Examiner, and we appreciate that. Just wanted to appear for the
117 record today and reiterate our objection in opposition to these cases, but we
118 certainly understand your decision and will assess what our next steps are once the
119 final order is issued.

120

121 **CE Chakalian, Gregory, EMNRD** 47:59

122 Perfect. Thank you, Mr. Suazo.

123 M's Hardy.

124 It's my understanding that the technical team the UIC team requested additional
125 information from you. Has that been submitted?

126

127 **DH Dana S. Hardy** 48:11

128 Yes, Mr. Examiner, it has.

129

130 **CE Chakalian, Gregory, EMNRD** 48:13

131 All right, let's get the technical team on the screen.

132 I see Mr. Harris.

133

134 **SE Sandoval, Stacy, EMNRD** 48:29

135 Can you see me? Stacy Sandoval.

136 I'll be the one speaking today. Good morning.

137

138 **CE Chakalian, Gregory, EMNRD 48:32**

139 Ah, good morning, Miss Sandoval.

140

141 **SE Sandoval, Stacy, EMNRD 48:34**

142 Good morning.

143

144 **CE Chakalian, Gregory, EMNRD 48:36**

145 Did you?

146 Did you get a chance to review the additional information?

147

148 **SE Sandoval, Stacy, EMNRD 48:40**

149 Yes. So we review the supplemental exhibit packages and information provided is
150 sufficient.

151 So these three cases can be taken under advisement.

152

153 **CE Chakalian, Gregory, EMNRD 48:48**

154 Excellent. Thank you.

155

156 **SE Sandoval, Stacy, EMNRD 48:49**

157 One one thing I would like to ask Miss Hardy is to follow up with an e-mail on the
158 delivery status to McCombs Energy Ltd for case 25900.

159

160 **DH Dana S. Hardy 49:02**

161 Hey I can do that.

162

163 **CE Chakalian, Gregory, EMNRD 49:07**

164 Is that all, Miss Sandoval?

165 Thank you, Miss Sandoval.

166 Are you gonna be the technical examiner for the next case 25899?

167

168 **SE Sandoval, Stacy, EMNRD 49:17**

169 I believe so. Me and Tony Harris.

170

171 **CE Chakalian, Gregory, EMNRD** 49:20

172 OK.

173 All right.

174 Sounds good.

175 All right.

176 So, Miss, Miss Hardy, congratulations.

177 And we're off the record in those three cases.

178 Let's move on to case number.

179

180 **DH Dana S. Hardy** 49:28

181 Thank you very much.

182

183 **CE Chakalian, Gregory, EMNRD** 49:30

184 Let's move on to case 4. On our docket 25899, select water solutions.

185

186 **DH Dana S. Hardy** 49:37

187 Thank you, Mr. Examiner.

188 Dana Hardy for select.

189

190 **CE Chakalian, Gregory, EMNRD** 49:40

191 OK.

192

193 **D Deana** 49:41

194 Morning, Mr. examiner.

195 Deana Bennett, on behalf of Kotera Energy operating and we have objected to this

196 case.

197

198 **CE Chakalian, Gregory, EMNRD** 49:46

199 Sorry, miss Bennett. Unmute yourself, please.

200

201 **D Deana** 49:50

202 I have unmuted myself so perhaps might need to unmute me.

203

204 **CE Chakalian, Gregory, EMNRD** 49:54

205 Miss Bennett, it's. I can't hear you.

206

207 **DH Dana S. Hardy** 49:54

208 I think.

209

210 **CE Chakalian, Gregory, EMNRD** 49:57

211 So would you make your microphone louder or get closer or shout whatever you
212 need to do?

213

214 **D Deana** 50:03

215 Is that any better? I'm shouting literally.

216

217 **CE Chakalian, Gregory, EMNRD** 50:06

218 So so.

219

220 **D Deana** 50:07

221 OK, I will try between now and the next case to make my microphone louder, but.

222 But Dina Bennett, on behalf of Kotera Energy operating, and we objected to this case
223 proceeding by affidavit.

224

225 **CE Chakalian, Gregory, EMNRD** 50:19

226 Perfect. Thank you, miss Bennett.

227

228 **MS Miguel Suazo** 50:22

229 Miguel Suazo with betting Wozniak appearing on behalf of pilot to renew Verbal ER.
230 Objection to this proceeding by affidavit.

231

232 **CE Chakalian, Gregory, EMNRD** 50:28

233 Thank you, Mr. Suazo.

234

235 **PV Paula M. Vance** 50:31

236 Good morning, Mr. hearing examiner, Paul Evans with the Santa Fe Office of Holland
237 and Hart, on behalf of Deben energy production, and similarly we are not objecting

238 just entry of appearance.

239 And we've reached an agreement with select.

240

241 **CE** **Chakalian, Gregory, EMNRD** 50:46

242 Thank you, Miss Vance.

243

244 **HK** **Hatley, Keri (LDZX)** 50:47

245 Good morning, Mr. Examiner.

246 Kerry Hatley, entering her appearance on behalf of COG operating monitoring only.

247

248 **CE** **Chakalian, Gregory, EMNRD** 50:53

249 Thank you, miss Hatley.

250

251 **MS** **Matthias Sayer** 50:55

252 Mr. Examiner.

253 Mathias Sayer, on behalf of Desert Rim.

254

255 **CE** **Chakalian, Gregory, EMNRD** 51:00

256 Thank you, Mr. Sayer.

257 OK, so miss Hardy.

258 When do you want this case to be heard?

259

260 **DH** **Dana S. Hardy** 51:09

261 I know that kotara and selector talking.

262 I think we would request that this be set on the May 12th date to give the parties

263 time.

264

265 **CE** **Chakalian, Gregory, EMNRD** 51:19

266 I didn't understand you.

267 You you were requesting what?

268

269 **DH** **Dana S. Hardy** 51:22

270 A.

271 Hearing a contested hearing on May 12, yes.

272

273 **CE Chakalian, Gregory, EMNRD** 51:24

274 Oh, May 12. OK. Freya, is that a date that you sent out?

275

276 **Tschantz, Freya, EMNRD** 51:29

277 It's not a date that I sent out, but I think I believe Miss Hardy requested some later
278 dates as options and I provided that date.

279

280 **CE Chakalian, Gregory, EMNRD** 51:39

281 Miss Hardy, when was this case filed?

282

283 **DH Dana S. Hardy** 51:43

284 This case was filed.

285 Let me just double check.

286 This application was filed January 6th.

287

288 **CE Chakalian, Gregory, EMNRD** 51:56

289 Oh, OK. All right. M's Bennett.

290

291 **D Deana** 51:58

292 Mr.

293 Hearing examiner you had that had already set this case for a contested hearing on
294 March 24th, and I have been coordinating with Kotera and they are available that
295 date.

296 I'm not suggesting that they would not prefer a later date.

297 I just have not had a chance to coordinate with them about any later dates so.

298 I would again.

299 I I must imagining that all parties would benefit from a later hearing.

300 Date but I haven't had a chance to even address that with them because I was under
301 the impression that the case was set for March 24th.

302

303 **CE Chakalian, Gregory, EMNRD** 52:34

304 Miss Hardy.

305

306 **DH Dana S. Hardy** 52:36

307 So.
308 This application has not.
309 Been set for hearing. Previously we had a prior iteration of this application that was
310 dismissed and then this was refiled to change the well location.
311 So this one has not been previously said, I don't believe, but I think the May date
312 would allow the parties to communicate and potentially resolve the matter.

313

314 **CE** **Chakalian, Gregory, EMNRD** 53:04

315 OK.

316

317 **DH** **Dana S. Hardy** 53:05

318 The March date does not work for select.

319

320 **CE** **Chakalian, Gregory, EMNRD** 53:07

321 OK.

322 OK.

323 Well, thank you, Miss Bennett.

324 Thank you, miss Hardy.

325 So, Miss Hardy, if we set this out to May 12, that'll be the final setting.

326

327 **DH** **Dana S. Hardy** 53:17

328 That's fine. Understood.

329

330 **CE** **Chakalian, Gregory, EMNRD** 53:18

331 There won't be any.

332 There won't be any continuances.

333

334 **DH** **Dana S. Hardy** 53:21

335 OK.

336 That's fine.

337

338 **CE** **Chakalian, Gregory, EMNRD** 53:22

339 Alright, so Freya. Freya, do you have any information about a prehearing order for
340 March twentyfir?

341

342  **Tschantz, Freya, EMNRD** 53:31

343 I don't see that we set a contested hearing on March 24.

344 I'm looking in imaging.

345

346  **Chakalian, Gregory, EMNRD** 53:37

347 OK.

348

349  **Deana** 53:43

350 Mr.

351

352  **Chakalian, Gregory, EMNRD** 53:43

353 Maybe we just yes.

354

355  **Deana** 53:43

356 Hearing examiner this is Dina Bennett. At the last hearing.

357 There was an e-mail that said the expectation was that this case would be set for

358 March 24th and I'm like I said, I'm fine with.

359

360  **Chakalian, Gregory, EMNRD** 53:54

361 OK.

362 OK.

363

364  **Deana** 53:59

365 I mean initially fine with it being set for May 12th, but if my witnesses aren't available

366 for May 12th, I would hope that that would not be prejudicial and we would be able

367 to work on a different hearing date because I have coordinated extensively with

368 kotera about the.

369

370  **Chakalian, Gregory, EMNRD** 54:04

371 Right.

372 Of course.

373

374  **Deana** 54:14

375 March 24th.

376

377 **CE Chakalian, Gregory, EMNRD** 54:14

378 OK.

379

380 **D Deana** 54:15

381 Hearing date?

382

383 **CE Chakalian, Gregory, EMNRD** 54:16

384 All right, Miss Bennett. That's fair.

385 So. So, Freya wasn't there a date in April also that you had available?

386

387  **Tschantz, Freya, EMNRD** 54:24

388 It was April 25th, sorry, April 21st.

389

390 **CE Chakalian, Gregory, EMNRD** 54:28

391 All right. So so so here's what we'll do.

392 Miss Hardy, I'll honor your May 12 request, but if Miss Bennett's witnesses are not
393 available for May 12, then we're going to offer you the alternative.

394 Which is what you just heard April 21st.

395

396 **DH Dana S. Hardy** 54:45

397 That is fine. Thank you.

398

399 **CE Chakalian, Gregory, EMNRD** 54:46

400 All right. So, Miss Bennett, when will you be able to let the division know?

401

402 **D Deana** 54:52

403 I'm emailing kotera right now, but they do have quite a technical team that's going
404 to be involved and so it may take a couple of days to find, find out the information.

405

406 **CE Chakalian, Gregory, EMNRD** 54:55

407 Sure.

408 OK.

409

410 **D Deana** 55:02

411 So I'd like through at least through Monday or Tuesday of next week, to confirm.

412

413 **CE Chakalian, Gregory, EMNRD** 55:08

414 Miss Hardy Tuesday is the close of business you can confer with Miss Bennett and
415 and either agree on May 12 or April 21st.

416

417 **DH Dana S. Hardy** 55:16

418 That's fine.

419 And I thought the date in April was the 24th.

420 Is it the 21st?

421

422 **CE Chakalian, Gregory, EMNRD** 55:22

423 I don't know, Mr. Freya.

424

425 **DH Dana S. Hardy** 55:23

426 Just to make sure I have the date right.

427

428  **Tschantz, Freya, EMNRD** 55:28

429 It's the 21st.

430

431 **DH Dana S. Hardy** 55:29

432 21st, OK, thank you.

433

434 **CE Chakalian, Gregory, EMNRD** 55:32

435 OK.

436 So, Freya, will you do a calendar reminder for Tuesday close of business so that we
437 can issue a pre hearing order for either May 12?

438 That's the first option, and a backup would be April 21st.

439

440  **Tschantz, Freya, EMNRD** 55:45

441 Yes.

442

443 **CE Chakalian, Gregory, EMNRD** 55:46

444 All right.
445 Anything further, miss Bennett?
446
447 **D** **Deana** 55:49
448 No, thank you.
449
450 **CE** **Chakalian, Gregory, EMNRD** 55:50
451 All right.
452 Thank you, miss Hardy.
453
454 **DH** **Dana S. Hardy** 55:52
455 No, thank you very much.
456
457 **CE** **Chakalian, Gregory, EMNRD** 55:53
458 All right.
459 Sounds good, miss Sandoval.
460 I don't know if you're still on, but if you are, do you have any other questions for
461 Miss Hardy at this time?
462 Done. All right. OK.
463
464 **SE** **Sandoval, Stacy, EMNRD** 56:04
465 No, I do not.
466
467 **CE** **Chakalian, Gregory, EMNRD** 56:06
468 We're off the record in this case. Thank you.
469 Let's move on to milestone Environmental Services 25801.
470
471 **DH** **Dana S. Hardy** 56:14
472 Mr. Examiner.
473 Dana Hardy for milestone.
474
475 **CE** **Chakalian, Gregory, EMNRD** 56:16
476 Thank you.
477
478 **HK** **Hatley, Keri (LDZX)** 56:19

479 Mr. Examiner.

480 Kelly Hatley, entering prints for COG and we have objected in this case.

481

482 **CE** Chakalian, Gregory, EMNRD 56:22

483 Perfect.

484 You said you have objected.

485

486 **HK** Hatley, Keri (LDZX) 56:26

487 Yes, cog operating and we have entered an objection.

488

489 **CE** Chakalian, Gregory, EMNRD 56:27

490 All right, perfect.

491 Excellent. Is there a a nature of your objection?

492

493 **HK** Hatley, Keri (LDZX) 56:34

494 We have concerns about the increased injection rate and we're working with
495 milestone on an agreement, but we haven't come to acceptable terms yet, but we
496 hope to.

497

498 **CE** Chakalian, Gregory, EMNRD 56:44

499 Negotiating now, OK.

500 M's Hardy.

501

502 **DH** Dana S. Hardy 56:50

503 Mr. Examiner, because the parties are working out these technical issues, it's an
504 injection well.

505 And I think I'm optimistic cautiously that the issues can be resolved.

506 I would propose to set this case for another status conference on March 19th.

507

508 **CE** Chakalian, Gregory, EMNRD 57:07

509 OK.

510 I don't have a problem with that.

511 By that time, though, I'll be looking to set it for a hearing or something, or maybe
512 withdrawal of objection if if that's if that's appropriate.

513

514 **SE** **Sonia Enger** 57:12

515 Time though, I'll be looking to set it free.

516

517 **DH** **Dana S. Hardy** 57:20

518 Understood. Thank you.

519

520 **CE** **Chakalian, Gregory, EMNRD** 57:21

521 All right.

522 Anything else, Miss Hartley?

523

524 **HK** **Hatley, Keri (LDZX)** 57:25

525 Nope. Thank you, Sir.

526

527 **CE** **Chakalian, Gregory, EMNRD** 57:26

528 Miss, Miss Hardy.

529

530 **DH** **Dana S. Hardy** 57:27

531 Nope, thank you.

532

533 **CE** **Chakalian, Gregory, EMNRD** 57:29

534 Off the record, in case #5 on our docket, let's move to six on our docket, mubaran oil
535 25746.

536

537 **DH** **Dana S. Hardy** 57:36

538 Dana Hardy, on behalf of you, Ron.

539

540 **CE** **Chakalian, Gregory, EMNRD** 57:39

541 Thank you.

542

543 **D** **Deana** 57:43

544 This is deena. I'm trying to join by my phone.

545 So you can hear me better.

546

547 **CE Chakalian, Gregory, EMNRD** 57:46

548 I can hear you. So, Dina Bennett.

549

550 **D Deana** 57:50

551 Yes, and I'm fine.

552 I'm here on behalf of Avant and avant.

553

554 **CE Chakalian, Gregory, EMNRD** 57:53

555 And did you object?

556

557 **D Deana** 57:55

558 Yes, Yvonne originally objected to this case proceeding by affidavit, but it's my
559 understanding that the parties are in discussions and those discussions have been
560 fruitful.

561 Or are are being fruitful and I'm I have not withdrawn my objection yet, but I am
562 hopeful that Miss Hardy has a little more information to provide on that the the
563 status of the negotiations.

564

565 **CE Chakalian, Gregory, EMNRD** 58:21

566 All right.

567 Thank you, Ms. Bennett.

568

569 **HK Hatley, Keri (LDZX)** 58:23

570 Mr. Examiner.

571 Carrie Hatley, entering her appearance on behalf of Marathon Oil Permian and we
572 are just monitoring.

573

574 **CE Chakalian, Gregory, EMNRD** 58:29

575 Monitoring. Thank you so M's M's Hardy.

576 What do you know about the negotiations?

577

578 **DH Dana S. Hardy** 58:34

579 I know that there are negotiations occurring.

580 Newborn has requested or would like to request this case.

581 Go ahead and be set for a contested hearing on March 24th.
582 I think hopefully the issues can be resolved by then, but if not, they're prepared to
583 proceed.

584

585 **CE Chakalian, Gregory, EMNRD 58:51**

586 OK. Do you know what the the nature of the objection is?

587

588 **D Deana 58:57**

589 I do. Mr. Examiner, if you're I can help with that.

590

591 **DH Dana S. Hardy 58:57**

592 I miss Hardy, do you mind?

593 Oh no, that's fine.

594

595 **CE Chakalian, Gregory, EMNRD 59:03**

596 Go ahead, Miss Bennett.

597

598 **D Deana 59:07**

599 Avant has planned or was planning to counter propose, and so they would be
600 proposing their own development across portions of the acreage that Mubaran is
601 proposing to develop.

602

603 **CE Chakalian, Gregory, EMNRD 59:20**

604 Do you know what percentage of interest Avant owns in this area?

605

606 **D Deana 59:25**

607 I don't.

608

609 **CE Chakalian, Gregory, EMNRD 59:27**

610 Miss Hardy, do you know how much ownership you bought has?

611

612 **DH Dana S. Hardy 59:34**

613 I don't know that I do.

614 I could get that, but it would take me a few minutes.

615

616 **CE Chakalian, Gregory, EMNRD** 59:39

617 That's OK. OK, I understand.

618 So, Miss Bennett, are you saying that Avant is preparing proposals? Well proposals.

619

620 **D Deana** 59:48

621 They were, but I was under the impression that the negotiations with New Bern had
622 proceeded much further along than Miss Hardy is.

623

624 **CE Chakalian, Gregory, EMNRD** 59:52

625 No.

626

627 **D Deana** 59:55

628 And so I was actually thinking that Avant was almost going to be in a place where
629 they could withdraw their objection and the case not even go to a contested hearing.

630 So I'm frankly a bit taken aback by the fact that Mubaran would want to set this for a
631 contested hearing when that is not what I understood at all.

632 You know, Avant was I perhaps is much more optimistic than Mubar.

633

634 **CE Chakalian, Gregory, EMNRD** 1:00:20

635 Yeah.

636

637 **D Deana** 1:00:22

638 AK that there is any need to set this for a contested hearing, much less a contested
639 hearing on March 24th at best, Avant would and I understand that you will give
640 preference to Mubarak, but if the negotiations are not as far as along as Miss

641 Hardy is anticipating, then Avant would need to counter propose and we would need
642 to file.

643

644 **CE Chakalian, Gregory, EMNRD** 1:00:45

645 OK.

646

647 **D Deana** 1:00:45

648 Competing applications.

649 So March 24th is not workable for a contested hearing.

650

651 **CE Chakalian, Gregory, EMNRD** 1:00:47

652 OK.

653 Right. OK.

654 How about we do this? Since the parties don't seem to?

655 Be certain on several key issues.

656 Here I'd like to come back to this case and and and go and recess on this case until

657 after we hear the novs on line 26, but before the Longfellow Energy case on line 27.

658 So I'm going to recall this case to give Miss Hardy and Miss Bennett some time to

659 communicate with their clients and give me some more information. I would like to

660 know the ownership.

661 Interest for both parties in this.

662 Affected land.

663 And I'd like to know how far along how positive these negotiations are.

664

665 **D Deana** 1:01:32

666 Sounds good.

667 Thank you very much for that.

668

669 **CE Chakalian, Gregory, EMNRD** 1:01:33

670 All right, so we're, we're in recess on this case, but we are going to come back to that

671 case.

672 Let's move on to #7 on the docket.

673 This is Permian resources. It looks like it's joined with several cases 258-1819 and two

674 zero inches of appearance please.

675

676 **DH Dana S. Hardy** 1:01:49

677 Dana Hardy, on behalf of Premier Resources.

678

679 **CE Chakalian, Gregory, EMNRD** 1:01:52

680 Thank you.

681

682 **D Deana** 1:01:54

683 Good morning, Mr. Examiner.

684 Deena Bennett, on behalf of Kotera Energy operating and we have objected to the
685 cases proceeding by affidavit. Thank you.

686

687 **CE** **Chakalian, Gregory, EMNRD** 1:01:59

688 Thank you.

689 Perfect.

690

691 **PV** **Paula M. Vance** 1:02:04

692 Good morning, Mr. hearing examiner Paul advance with the Santa Fe Office of
693 Holland and Heart, on behalf of MRC Permian Company and we are just monitoring.
694 Oh, thank you.

695

696 **+15*****12** 1:02:12

697 Sure.

698

699 **CE** **Chakalian, Gregory, EMNRD** 1:02:14

700 Thank you, Ms. Vance. So.

701

702 **HK** **Hatley, Keri (LDZX)** 1:02:14

703 Good. Good morning Mr. Examiner.

704 One one more entry please.

705 Kerri Hatley, entering her parents on behalf of Marathon Oil, Permian.

706

707 **CE** **Chakalian, Gregory, EMNRD** 1:02:18

708 Yeah.

709

710 **HK** **Hatley, Keri (LDZX)** 1:02:20

711 I'm entering it orally for now, but will file it today and I will be monitoring only
712 monitoring only.

713

714 **CE** **Chakalian, Gregory, EMNRD** 1:02:22

715 Yes.

716 Thank you, Ms. Attlee.

717 Back to you, Ms. Bennett.

718 Representing kotera.

719 You've objected.

720 Do you know why?

721

722 **D Deana** 1:02:34

723 Yes, Mr. Herring examiner kotera is objecting because Permian's proposal
724 development plan.

725 Proposes to develop acreage that is under a joa that is controlled by KOTERA and so
726 this is a case where Kotera has the desire to develop its own acreage and feel
727 strongly that it should be allowed to without interference from Permian. And also this
728 case is currently set for.

729

730 **CE Chakalian, Gregory, EMNRD** 1:02:50

731 Mm-hmm.

732

733 **D Deana** 1:03:04

734 A contested hearing on May 12th.

735 So I looked back through the transcript to see why we were coming back for a status
736 conference today, and it wasn't immediately clear to me. But this case is set for.

737

738 **CE Chakalian, Gregory, EMNRD** 1:03:10

739 Mm-hmm.

740

741 **D Deana** 1:03:14

742 Tested hearing on May 12th.

743

744 **CE Chakalian, Gregory, EMNRD** 1:03:15

745 Good. That's helpful.

746 Thank you, Miss Bennett, Miss Hardy.

747

748 **DH Dana S. Hardy** 1:03:20

749 Thank you.

750 The case is set for contested hearing on May 12th and at this point we would just
751 plan to proceed to hearing on that date.

752

753 **CE Chakalian, Gregory, EMNRD** 1:03:25

754 OK.
755 All right, so we won't have any further status conferences unless the parties let the
756 division know that they've that they don't want the contested hearing on May 12 and
757 that they want to have a hearing by affidavit or they're dismissing their cases.
758 So anything further, miss Bennett?
759

760 **D** Deana 1:03:43
761 Nothing further from me. Thank you very much.
762

763 **CE** Chakalian, Gregory, EMNRD 1:03:45
764 All right, M's Hardy.
765

766 **DH** Dana S. Hardy 1:03:46
767 No, thank you.
768

769 **CE** Chakalian, Gregory, EMNRD 1:03:47
770 Alright, and Miss Hardy, before I go move on from these three cases.
771 You said this case is set.
772 Did you mean these cases are set?
773

774 **DH** Dana S. Hardy 1:03:54
775 But.
776 Yes, thank you.
777

778 **CE** Chakalian, Gregory, EMNRD 1:03:57
779 All three of them just wanted to make sure I was.
780 I was following the conversation. Thank you. OK.
781 We're off the record in those cases.
782 Let's move on to mubar.
783 AK looks like there's two cases here, 25851 and 5/2.
784

785 **+15*****12** 1:04:11
786 Mr. Examiner.
787 Jim Bruce, representing New Bern.

788

789 **CE** **Chakalian, Gregory, EMNRD** 1:04:15

790 Thank you.

791

792 **BH** **Benjamin Holliday** 1:04:17

793 Good morning, Mr. Examiner.

794 Ben Holiday entering appearance on behalf of COG operating and Concho, Oil and
795 gas.

796

797 **CE** **Chakalian, Gregory, EMNRD** 1:04:24

798 Good morning, Mr. holiday.

799 Did you object?

800

801 **BH** **Benjamin Holliday** 1:04:27

802 Yes, we objected in this case.

803

804 **CE** **Chakalian, Gregory, EMNRD** 1:04:30

805 Why?

806

807 **BH** **Benjamin Holliday** 1:04:31

808 Competing development plans we we intend to file competing applications probably
809 this week.

810

811 **CE** **Chakalian, Gregory, EMNRD** 1:04:33

812 Oh.

813 Oh, so you've already sent out the proposals a few weeks ago.

814

815 **BH** **Benjamin Holliday** 1:04:40

816 I believe so. Yes, Sir. OK, perfect.

817

818 **CE** **Chakalian, Gregory, EMNRD** 1:04:44

819 And you're representing Conoco Phillips.

820

821 **BH** **Benjamin Holliday** 1:04:47

822 Yes, through their entities, COG operating in Concho Olegas.

823

824  **Chakalian, Gregory, EMNRD** 1:04:51

825 OK.

826 Very good, I understand.

827 All right.

828 Thank you, Mr. Holiday, Mr. Bruce.

829

830  **+15*****12** 1:04:59

831 I think the matters just need to be set for a contested hearing.

832 I'm not sure what's available.

833 But Lady Earl sometime in May.

834

835  **Chakalian, Gregory, EMNRD** 1:05:10

836 OK.

837 Well, let's let's check.

838 I'm gonna give you preference, Mr. Bruce. Since they're your cases filed earlier, then

839 Mr. Holidays.

840 But is that the soonest you want to have it is may.

841

842  **+15*****12** 1:05:26

843 Or April.

844

845  **Chakalian, Gregory, EMNRD** 1:05:27

846 OK, April or may?

847 Frea is it April 21st or May 12.

848 Are those are dates in May and April and May?

849

850  **Tschantz, Freya, EMNRD** 1:05:38

851 It's April 21st.

852

853  **Chakalian, Gregory, EMNRD** 1:05:39

854 We can also do April 28th, OK and then May and then May 12, correct.

855 All right, very good, Mr. Holiday, a preference for you.

856

857  **Benjamin Holliday** 1:05:52

858 I think we prefer the later date, although I'm looking at the calendar that 12th and
859 13th might not work because I know myself and.

860 And.

861 Miss Ryan will be involved in the foundation for Energy Law Conference.

862

863 **CE** Chakalian, Gregory, EMNRD 1:06:09

864 Right.

865

866 **BH** Benjamin Holliday 1:06:10

867 There will be in Santa Fe but.

868

869 **CE** Chakalian, Gregory, EMNRD 1:06:12

870 Right, right.

871

872 **BH** Benjamin Holliday 1:06:14

873 We might be a little tied up doing that thing. So I would say maybe I need to confer
874 with Miss Hatley.

875

876 **CE** Chakalian, Gregory, EMNRD 1:06:17

877 Great.

878 But for now, I would say the 28th would probably be the best, right? OK, then when
879 you say Miss Hatley, do you mean Mr. Bruce?

880

881 **BH** Benjamin Holliday 1:06:28

882 I mean, sorry, Miss Hatley to gauge COGS availability and for the 28th date.

883

884 **CE** Chakalian, Gregory, EMNRD 1:06:38

885 OK.

886 Well, Mr. Bruce, does the 28th of April work for you?

887

888 **+15*****12** 1:06:42

889 Yeah, I will check today with availability.

890

891 **CE** Chakalian, Gregory, EMNRD 1:06:46

892 All right.

893 Well, I'd like you to check with.
894 I'd like Mr. Holiday and Mr. Bruce to check now with their clients and whoever else
895 they need to check with and we'll come back at the end of our docket and find out,
896 do you prefer the 28th or maybe even the 21st? But those are the.
897 Three dates we can offer you April 2128 or May 12, and I understand why May 12 is
898 not the best for you, Mr. Mr. Holiday, because I'll be at that conference as well so.
899 We're gonna come back to these two cases together.
900 So we're in recess on those two cases.

901

902 **BH Benjamin Holliday** 1:07:19

903 Thank you.

904

905 **CE Chakalian, Gregory, EMNRD** 1:07:19

906 Let's go to spur Energy Partners 25854.

907

908 **DH Dana S. Hardy** 1:07:25

909 Dana Hardy with Hardy McLean on behalf of Spur. Thank you.

910

911 **MS Miguel Suazo** 1:07:30

912 Good morning, Mr. Examiner.

913 Oh, go ahead. Miguel Suazo with bidding, Wozniak appeared on behalf of Hillcore
914 Energy.

915

916 **CE Chakalian, Gregory, EMNRD** 1:07:40

917 OK. And did you object?

918

919 **MS Miguel Suazo** 1:07:42

920 We did OK. Why?

921 As I understand it, the wells that are being proposed are horizontal and hillcourt has
922 some vertical wells in the vicinity that they're concerned may be impacted.

923

924 **CE Chakalian, Gregory, EMNRD** 1:07:51

925 Huh.

926 OK.

927 So that sounds like a negotiation that that's ongoing to fix that, right?

928

929 **MS Miguel Suazo** 1:08:00

930 That's correct.

931 The parties have confirmed that they are in discussions.

932 I don't think they've quite reached any sort of agreement just yet.

933 Hillcorp is not going to be submitting competing applications, so I'm hopeful that
934 we're going to be able to resolve this otherwise, OK. And M's Kessler.

935

936 **JK Jordan Kessler** 1:08:18

937 Good morning, Mr. Examiner.

938 Jordan Kessler, on behalf of POG Resources and we are just monitoring this.

939

940 **CE Chakalian, Gregory, EMNRD** 1:08:22

941 Thank you, Miss Kessler.

942 So, Miss Hardy, it sounds like.

943 This sounds like something that can be negotiated. Do you agree?

944

945 **DH Dana S. Hardy** 1:08:32

946 I know the parties are negotiating.

947 We do have a contested hearing set on March 24th.

948

949 **CE Chakalian, Gregory, EMNRD** 1:08:38

950 OK.

951

952 **DH Dana S. Hardy** 1:08:40

953 So.

954 At this point, we would like to keep that hearing date.

955

956 **CE Chakalian, Gregory, EMNRD** 1:08:44

957 Great. OK.

958

959 **DH Dana S. Hardy** 1:08:46

960 And of course, if the parties reach an agreement, we will.

961 Not need it.

962

963 **CE Chakalian, Gregory, EMNRD** 1:08:51

964 Right. Anything further, Mr. Suazo.

965

966 **MS Miguel Suazo** 1:08:55

967 No, thank you.

968

969 **CE Chakalian, Gregory, EMNRD** 1:08:56

970 Thank you, miss Hardy.

971

972 **DH Dana S. Hardy** 1:08:59

973 No, thank you.

974

975 **CE Chakalian, Gregory, EMNRD** 1:08:59

976 All right.

977 Thank you very much.

978 Mubaran oil cases 258606263.

979

980 **RS Raylee Starnes** 1:09:06

981 Yes, good morning, Mr. Gary. Examiner Railey Starnes with the Santa Fe Office of

982 Holland and Hart, on behalf of me.

983 Barn oil.

984

985 **CE Chakalian, Gregory, EMNRD** 1:09:12

986 Good morning, miss darnes.

987

988 **DS Darin Savage** 1:09:14

989 Good morning, Mr. Herring examiner Darren Savage, with evidence shill appearing

990 on behalf of WPX Energy Permian, LLC.

991

992 **CE Chakalian, Gregory, EMNRD** 1:09:20

993 Good morning, Mr. Savage.

994 Can you tell me if you objected?

995

996 **DS Darin Savage** 1:09:24

997 We did an interview of appearance and we're currently in negotiations, but we plan
998 to file a competing applications well so you. So you definitely objected.
999 Well, technically we didn't object because the Permian Resources objected, as I
1000 understand. But but but we did.

1001

1002 **CE Chakalian, Gregory, EMNRD** 1:09:40

1003 No.

1004

1005 **DS Darin Savage** 1:09:41

1006 We do have we do object to this if.

1007

1008 **CE Chakalian, Gregory, EMNRD** 1:09:43

1009 OK.

1010 And you're considering competing applications. In other words, have you sent out
1011 proposals we sent out?

1012

1013 **DS Darin Savage** 1:09:50

1014 Proposal the proposal on February 9th.

1015

1016 **CE Chakalian, Gregory, EMNRD** 1:09:53

1017 Oh.

1018

1019 **DS Darin Savage** 1:09:53

1020 And yeah, we're, we're we'll be drafting applications and filing those we we would
1021 like to set a contested hearing date.

1022

1023 **CE Chakalian, Gregory, EMNRD** 1:09:57

1024 Perfect.

1025 OK, understood.

1026 And do we have a Miss Hardy?

1027

1028 **DH Dana S. Hardy** 1:10:05

1029 Mr. Examiner.

1030 Yes, or Permian resources.

1031 Thank you.

1032

1033 **CE Chakalian, Gregory, EMNRD** 1:10:11

1034 Did you object?

1035

1036 **DH Dana S. Hardy** 1:10:12

1037 We did object.

1038

1039 **CE Chakalian, Gregory, EMNRD** 1:10:15

1040 What's the purpose of your objection?

1041

1042 **DH Dana S. Hardy** 1:10:17

1043 Permian Resources in New Bern are in discussions regarding this acreage and
1044 working on negotiated terms. We would be fine with another status conference in
1045 March, which is what I had discussed with Miss Darnes.
1046 But I wasn't aware that WPX was filing competing applications.

1047

1048 **CE Chakalian, Gregory, EMNRD** 1:10:41

1049 OK.

1050 Let's go back to M's Starnes.

1051 When did you file these cases?

1052

1053 **RS Raylee Starnes** 1:10:46

1054 We filed these cases I believe either in December or January.

1055

1056 **CE Chakalian, Gregory, EMNRD** 1:10:50

1057 Can you look for me?

1058

1059 **RS Raylee Starnes** 1:10:51

1060 Yes, Sir. Let me do that right now. Thank you.

1061

1062 **DS Darin Savage** 1:10:56

1063 Mr.

1064 If I may add, we we would be we would, we would be happy with another status
1065 conference while we're preparing for our competing applications and also
1066 negotiating with the the parties.

1067

1068 **CE** Chakalian, Gregory, EMNRD 1:10:58

1069 Yes.

1070 Great. OK.

1071 Perfect. Thank you, Mr. Savage.

1072

1073 **RS** Raylee Starnes 1:11:22

1074 OK.

1075 Actually, it looks like we filed these in November.

1076

1077 **CE** Chakalian, Gregory, EMNRD 1:11:27

1078 In November.

1079

1080 **RS** Raylee Starnes 1:11:28

1081 Yes, Sir.

1082

1083 **+18*****41** 1:11:29

1084 All right.

1085

1086 **CE** Chakalian, Gregory, EMNRD 1:11:37

1087 OK.

1088 So, Miss Starnes, I'm OK with setting these for another status conference in March,

1089 but I'm gonna keep these on somewhat of a short leash.

1090 So you should be prepared.

1091

1092 **RS** Raylee Starnes 1:11:49

1093 OK.

1094

1095 **CE** Chakalian, Gregory, EMNRD 1:11:52

1096 To come to a contested hearing if negotiations aren't finished by March, you should

1097 be prepared and I would say that you have some dates here to consider.

1098 You have April 21st.

1099

1100 **RS** Raylee Starnes 1:12:02

1101 OK.

1102

1103 **CE Chakalian, Gregory, EMNRD** 1:12:05

1104 You have April 28 and you have May 12th.

1105 And those are some dates to consider. OK, perfect.

1106

1107 **RS Raylee Starnes** 1:12:11

1108 I will speak with new board about that and hopefully we will have some fruitful
1109 updates in March.

1110

1111 **CE Chakalian, Gregory, EMNRD** 1:12:19

1112 All right, so let's see. Status conference in March and then?

1113 Dates April may.

1114 Anything else, Mr. Savage? Yes.

1115

1116 **DS Darin Savage** 1:12:33

1117 So we did our well proposed on February 9th.

1118 We we will need the 30 days for negotiations.

1119 And follow the application somewhere around March 11th and then we need 20 days
1120 for notice. And we're so that March 12th looks like the ideal date for us.

1121 To to satisfy all the filing and the notice requirements for the competing applications.

1122

1123 **RS Raylee Starnes** 1:13:03

1124 You mean May 12th?

1125

1126 **CE Chakalian, Gregory, EMNRD** 1:13:03

1127 OK.

1128 Hold on M's darns. I want to make sure I understand. Mr. Savage, would you?

1129 Would you repeat that, Mister Savage?

1130

1131 **DS Darin Savage** 1:13:12

1132 Yes, Sir. Our wealth proposals went out February 9th.

1133 Guidelines for the OCD is that they prefer a 30 day grace period before we're allowed
1134 to file the applications.

1135 That would be somewhere around March 11th to to meet the deadline for the
1136 applications.

1137 Then after the application they're filed, we would need sufficient time for notice
1138 letters and notice publication. So it looks like the May 12th would be the ideal date
1139 to satisfy all those criteria.

1140

1141 **CE Chakalian, Gregory, EMNRD 1:13:43**

1142 OK.

1143 Well, I'm just.

1144 I'm just throwing out some dates for Miss Starnes and you.

1145 To negotiate over if, if your other negotiations are not.

1146

1147 **DS Darin Savage 1:13:51**

1148 OK.

1149

1150 **CE Chakalian, Gregory, EMNRD 1:13:55**

1151 Fruitful so that when we come back in March for a status conference, you can tell me

1152 May 12 or April 28 or whatever you want.

1153

1154 **DS Darin Savage 1:14:04**

1155 OK.

1156

1157 **CE Chakalian, Gregory, EMNRD 1:14:04**

1158 But I do understand your timing, Mr. Savage. Thank you.

1159

1160 **DS Darin Savage 1:14:06**

1161 OK.

1162 Thank you.

1163 I just wanted to get that noted.

1164

1165 **CE Chakalian, Gregory, EMNRD 1:14:10**

1166 OK, miss. Darren's anything further.

1167

1168 **DS Darin Savage 1:14:10**

1169 Thank you.

1170

1171 **RS** **Raylee Starnes** 1:14:13

1172 No.

1173

1174 **CE** **Chakalian, Gregory, EMNRD** 1:14:14

1175 All right, so M's Darnes our second.

1176 Date wraps our second date in March.

1177 Freya, when is the status conference docket in March.

1178

1179  **Tschantz, Freya, EMNRD** 1:14:28

1180 On the 19th.

1181

1182 **CE** **Chakalian, Gregory, EMNRD** 1:14:29

1183 19th So M's Starnes would you continue your cases for the 19th of March?

1184

1185 **RS** **Raylee Starnes** 1:14:34

1186 Yes, absolutely.

1187

1188 **CE** **Chakalian, Gregory, EMNRD** 1:14:36

1189 All right, perfect. Miss Hardy. Was there anything?

1190

1191 **DH** **Dana S. Hardy** 1:14:40

1192 No, thank you.

1193

1194 **CE** **Chakalian, Gregory, EMNRD** 1:14:41

1195 Alright, you're welcome. OK, thank you.

1196 We're off the record in those three cases.

1197

1198 **DS** **Darin Savage** 1:14:45

1199 Thank you.

1200

1201 **CE** **Chakalian, Gregory, EMNRD** 1:14:45

1202 Let's move on now to Taprock operating 258-862-5887.

1203

1204 **MS** **Miguel Suazo** 1:14:54

1205 Good morning, Mr. Examiner.
1206 Miguel Suazo with Badi and Wozniak appearing on behalf of Caprock operating.
1207 Thank you.
1208
1209 **DH Dana S. Hardy 1:15:02**
1210 And Mr. Examiner Dana Hardy, with Hardy McLean, on behalf of COG operating.
1211
1212 **CE Chakalian, Gregory, EMNRD 1:15:07**
1213 And your position.
1214
1215 **DH Dana S. Hardy 1:15:10**
1216 We have objected to these cases and are planning to file competing applications.
1217
1218 **CE Chakalian, Gregory, EMNRD 1:15:15**
1219 Oh, OK. When when were the?
1220 Proposals sent out.
1221
1222 **DH Dana S. Hardy 1:15:22**
1223 Proposals have gone out.
1224 This week is my understa and so we would then file our applications in time for the
1225 may docket.
1226
1227 **CE Chakalian, Gregory, EMNRD 1:15:25**
1228 OK.
1229
1230 **DH Dana S. Hardy 1:15:31**
1231 It would be the docket. So I would propose a contested hearing on the May 12th
1232 date.
1233
1234 **CE Chakalian, Gregory, EMNRD 1:15:31**
1235 OK.
1236 OK, I understand. Anything further, miss Hardy? No, thank you.
1237 All right, Mr. Suazo.
1238 How do you want to proceed now that you know what's going on?

1239

1240 **MS Miguel Suazo** 1:15:48

1241 Sure. Well, we haven't received the proposals yet, but we'll be on the lookout for
1242 them.

1243 But otherwise, taproot does not have any objection to the May date for the
1244 contested year.

1245

1246 **CE Chakalian, Gregory, EMNRD** 1:15:52

1247 OK.

1248 All right, all right.

1249 So what we'll do is we'll do a May 12 pre hearing order for contested hearing and
1250 Miss Hardy. Once you do file your you know the usual.

1251 Please let us know so we can consolidate.

1252

1253 **DH Dana S. Hardy** 1:16:13

1254 Yes, thank you.

1255 I will do that.

1256

1257 **CE Chakalian, Gregory, EMNRD** 1:16:15

1258 Now, would would the parties think that maybe in April and I'm not saying you need
1259 to, but with the parties wanting April status conference or do you want to just advise
1260 the division if things change?

1261

1262 **MS Miguel Suazo** 1:16:30

1263 I think I'd be OK with an April status conference if anything changes. Obviously we
1264 can, but the division, but I think that could be helpful under the circumstances,
1265 especially because we have not yet seen the proposals and applications. And so I
1266 think it might be wise to get.

1267

1268 **CE Chakalian, Gregory, EMNRD** 1:16:41

1269 Mm-hmm.

1270

1271 **MS Miguel Suazo** 1:16:45

1272 Something on the calendar.

1273

1274 **CE** **Chakalian, Gregory, EMNRD** 1:16:46

1275 OK, Miss Hardy.

1276

1277 **DH** **Dana S. Hardy** 1:16:48

1278 That's fine with me, Mr. Examiner.

1279

1280 **CE** **Chakalian, Gregory, EMNRD** 1:16:51

1281 All right, all right.

1282 So then, Freya, when is the April status conference docket?

1283

1284  **Tschantz, Freya, EMNRD** 1:16:58

1285 On April 16th, April 16th.

1286

1287 **CE** **Chakalian, Gregory, EMNRD** 1:17:01

1288 All right.

1289 Thank you.

1290 All right, so M's Hardy, if you would continue these cases to April 16 for a final status
1291 conference, we'll issue a pre hearing order for May 12.

1292

1293 **DH** **Dana S. Hardy** 1:17:12

1294 Thank you. And since these are Mr.

1295 These are actually taprocks cases.

1296 I suppose they would file the motion for continuance and then we would.

1297

1298 **CE** **Chakalian, Gregory, EMNRD** 1:17:20

1299 That's what I meant. Thank you.

1300

1301 **DH** **Dana S. Hardy** 1:17:22

1302 OK.

1303

1304 **MS** **Miguel Suazo** 1:17:22

1305 We can do that.

1306

1307 **CE** **Chakalian, Gregory, EMNRD** 1:17:24

1308 Miss Hardy, you've had so many cases so far. I'm just used to your your feeling the
1309 continuances. But thank you for correcting me. And I apologize, Mr. Suazo.

1310

1311 **DH** Dana S. Hardy 1:17:30

1312 The busy day, Mr. Examiner.

1313

1314 **CE** Chakalian, Gregory, EMNRD 1:17:35

1315 Anything further, Mr. Suazo?

1316

1317 **MS** Miguel Suazo 1:17:37

1318 No, Mr. Examiner, thank you.

1319

1320 **CE** Chakalian, Gregory, EMNRD 1:17:38

1321 All right, we're off the record in those two cases.

1322 Let's move on to Powder Horn operating 25888.

1323

1324 **DH** Dana S. Hardy 1:17:46

1325 Mr. Examiner.

1326 Dana Hardy with Hardy McLane for Powderhorn.

1327

1328 **CE** Chakalian, Gregory, EMNRD 1:17:50

1329 Thank you.

1330

1331 **MS** Matthias Sayer 1:17:52

1332 Mr. Examiner.

1333 Mathias Sayer, on behalf of EOG.

1334

1335 **CE** Chakalian, Gregory, EMNRD 1:17:55

1336 Thank you.

1337

1338 **MS** Matthias Sayer 1:17:58

1339 I should know we we did object to the cases moving forward by affidavit.

1340

1341 **CE** Chakalian, Gregory, EMNRD 1:18:03

1342 And what's your? What's the purpose of the objection?

1343

1344 **MS Matthias Sayer** 1:18:07

1345 EOG.

1346 It has a number of concerns, but most prominent is concerned about stranded

1347 acreage.

1348

1349 **CE Chakalian, Gregory, EMNRD** 1:18:14

1350 Mm-hmm.

1351

1352 **MS Matthias Sayer** 1:18:15

1353 And that's their primary concern there.

1354 You're the secondary concern. They do have a well in the vicinity and so some

1355 concern about collision issues.

1356

1357 **CE Chakalian, Gregory, EMNRD** 1:18:24

1358 Thank you.

1359 Do you think?

1360 Do you think those concerns could be negotiated?

1361

1362 **MS Matthias Sayer** 1:18:30

1363 Yeah, that that is the the hope and intent.

1364

1365 **CE Chakalian, Gregory, EMNRD** 1:18:33

1366 OK.

1367 I thought so. Alright, thank you.

1368

1369 **KL Kaitlyn Luck** 1:18:40

1370 Unlock appearing for Waterloo Resources in WR.

1371

1372 **CE Chakalian, Gregory, EMNRD** 1:18:44

1373 OK.

1374 Good morning. Did you object?

1375

1376 **KL Kaitlyn Luck** 1:18:48

1377 Yes, Mr. Examiner, we objected on the basis that Waterloo did send out competing

1378 well proposals.
1379 We dismissed our application in the hopes of working out a deal, but there's still
1380 concerns that we had about potterhorn's development plans at this point in time.
1381

1382 **CE Chakalian, Gregory, EMNRD 1:19:03**

1383 So is that something that can be negotiated?

1384

1385 **KL Kaitlyn Luck 1:19:07**

1386 It's something that Waterloo's continuing to work on currently.

1387

1388 **CE Chakalian, Gregory, EMNRD 1:19:11**

1389 OK. And then M's Vance.

1390

1391 **PV Paula M. Vance 1:19:17**

1392 Oh, I am so sorry.

1393 I did not realize we were already on the Powderhorn case, so my apologies.

1394

1395 **CE Chakalian, Gregory, EMNRD 1:19:23**

1396 We're moving along M's Vance.

1397

1398 **PV Paula M. Vance 1:19:25**

1399 Yeah, moving very quickly.

1400 Moving on a clip, OK.

1401 So good morning, Mr. hearing examiner. Paula. Paula Vance with the Santa Fe Office
1402 of Holland and Hart, on behalf of Oxy.

1403

1404 **CE Chakalian, Gregory, EMNRD 1:19:30**

1405 Morning.

1406

1407 **PV Paula M. Vance 1:19:37**

1408 One company and we've just entered an appearance and just observing for Oxy and
1409 then also for MRC, Delaware Resources LLC.

1410 And we have entered an appearance and objected.

1411 And I did just end Miss Hardy an e-mail this morning regarding matador's position.

1412 You know to provide some color on the objection. So happy to share that if everyone
1413 else is gone, OK, so OK.

1414

1415 **CE Chakalian, Gregory, EMNRD** 1:20:06

1416 Yes, please.

1417

1418 **PV Paula M. Vance** 1:20:09

1419 So Matador would like to.

1420 Like to request another status conference. That being said, they matador is
1421 preparing.

1422 Wearing counter proposals and they have not sent those out yet, but are planning to
1423 do so. So again the thought is to start with another status conference and see where
1424 things go from there.

1425 It is my understanding that matador and Powderhorn have been in discussions and
1426 they may need some more additional time so.

1427

1428 **CE Chakalian, Gregory, EMNRD** 1:20:44

1429 OK, Miss Hardy.

1430

1431 **DH Dana S. Hardy** 1:20:46

1432 Mr. Examiner.

1433 Powderhorn controls more than 50% of the interest in this acreage and sent out its
1434 proposals in November. Would like to proceed with its development and would
1435 request a contested hearing date as soon as possible.

1436

1437 **CE Chakalian, Gregory, EMNRD** 1:21:04

1438 OK, I'll give you a contested hearing as soon as possible, but with with Matadors
1439 counter proposals.

1440 When will they be sent out?

1441 Miss Miss vass?

1442

1443 **PV Paula M. Vance** 1:21:17

1444 So my understanding is that they're being prepared right now.

1445 Hopefully they would go out and I can touch touch base with Matador, but I believe

1446 you know maybe within the next week or so, which means even if we sent them out
1447 today, we wouldn't be the case. Their their case would not be ripe until the end of.

1448

1449 **CE Chakalian, Gregory, EMNRD** 1:21:33

1450 Sure.

1451

1452 **PV Paula M. Vance** 1:21:38

1453 April. So I think that the May 12th date that was previously floated in terms of
1454 contested hearing dates would be the soonest we'd be ready.

1455

1456 **CE Chakalian, Gregory, EMNRD** 1:21:42

1457 Mm-hmm.

1458

1459 **PV Paula M. Vance** 1:21:48

1460 Where the cases would be case would be ripe.

1461

1462 **CE Chakalian, Gregory, EMNRD** 1:21:48

1463 Right.

1464 And and by that point Powderhorn's case is 6 months old at that point.

1465 And you know, I I do get concerned when parties wait that long to send out counter
1466 proposals.

1467 But you know, I don't have.

1468 I don't have the authority to do anything about that.

1469 It's just disappointing.

1470 So, Miss Hardy, if you want what I can do is issue a pre hearing order for this case for
1471 May 12.

1472 I don't know what else I can do for you.

1473

1474 **DH Dana S. Hardy** 1:22:22

1475 Examiner would it be possible while just thinking through the dates?

1476 I mean matter door may not need to wait the full 30 days.

1477 To file its pooling application after it sends the proposals. Seems like that could be
1478 an option in terms of a setting in late April.

1479 That's one possibility I would raise.

1480

1481 **CE Chakalian, Gregory, EMNRD** 1:22:44

1482 I mean I can save you a few days by doing that, but it it's not.

1483

1484 **MS Matthias Sayer** 1:22:44

1485 Is it?

1486

1487 **CE Chakalian, Gregory, EMNRD** 1:22:47

1488 I mean, April 28 is, I guess two weeks before approximately.

1489 If that would help you out, then I can.

1490 I can do April 28 for you and and we won't use the full 30 days, M's Vance.

1491

1492 **PV Paula M. Vance** 1:23:01

1493 I mean, obviously we would like to make sure that we are fulfilling the the
1494 requirements under the rules.

1495 I do understand there's a little bit of room on the, you know, the the time between
1496 sending out proposals and filing our application.

1497 But you know again we're it's.

1498 I am not sure exactly when our proposals are going to go out.

1499 I.

1500 I don't want to, you know.

1501 Give a false impression here so.

1502 Our comfort really is with the May 12th date, so.

1503

1504 **CE Chakalian, Gregory, EMNRD** 1:23:35

1505 Well, as Miss Hardy's case as you know.

1506

1507 **DH Dana S. Hardy** 1:23:35

1508 Mr. exit.

1509

1510 **CE Chakalian, Gregory, EMNRD** 1:23:39

1511 And you know, this case has been filed in November, which means that your client
1512 got the proposals a month before approximately.

1513 Not sure what the delay is.

1514

1515 **DH** **Dana S. Hardy** 1:23:57

1516 Mr. Examiner, I think I actually have a conflict with the April 28th date, so I could do

1517 April 21st.

1518 Or May 12th.

1519

1520 **PV** **Paula M. Vance** 1:24:05

1521 We, we definitely would.

1522 Yeah, the May 12th, we don't go the other direction.

1523

1524 **CE** **Chakalian, Gregory, EMNRD** 1:24:10

1525 Right.

1526

1527 **MS** **Matthias Sayer** 1:24:11

1528 As our examiner quick question were were these filed in November or January?

1529

1530 **CE** **Chakalian, Gregory, EMNRD** 1:24:15

1531 I don't know M's, Hardy said November. I don't.

1532

1533 **PV** **Paula M. Vance** 1:24:16

1534 Yeah. Yeah. I was gonna say they were filed May 5th or January 5th.

1535

1536 **DH** **Dana S. Hardy** 1:24:17

1537 Yeah. Wait, wait, no.

1538

1539 **+18*****41** 1:24:19

1540 Know.

1541

1542 **MS** **Matthias Sayer** 1:24:21

1543 June.

1544

1545 **DH** **Dana S. Hardy** 1:24:22

1546 Right, the proposals.

1547

1548 **CE** Chakalian, Gregory, EMNRD 1:24:23

1549 Oh.

1550

1551 **DH** Dana S. Hardy 1:24:23

1552 The proposals were sent in November, but the application was filed in January. That's
1553 correct.

1554

1555 **CE** Chakalian, Gregory, EMNRD 1:24:26

1556 Ah.

1557 OK.

1558

1559 **MS** Matthias Sayer 1:24:28

1560 Because my, yeah, my just comment on that is while EOG is not intending to, you
1561 know, file proposals.

1562

1563 **+18*****41** 1:24:29

1564 So.

1565

1566 **CE** Chakalian, Gregory, EMNRD 1:24:29

1567 Well.

1568

1569 **MS** Matthias Sayer 1:24:37

1570 We we've had.

1571 We we hope to have meaningful conversations with powder on, but to date have
1572 heard very little from Powderhorn.

1573 So for what it's worth, if we're looking at contested cases, we would prefer the May
1574 date as well.

1575

1576 **CE** Chakalian, Gregory, EMNRD 1:24:58

1577 Yeah. So, so M's Hardy, knowing that these were filed just last month makes me feel
1578 much better about May 12.

1579 So we'll issue a pre hearing order for May 12.

1580 Good luck with the negotiations and the counter proposals and Miss Vance. If you do
1581 file applications, please let the division know so we can consolidate.

1582

1583 **PV** **Paula M. Vance** 1:25:21

1584 Perfect. Thank you.

1585

1586 **CE** **Chakalian, Gregory, EMNRD** 1:25:23

1587 You're welcome.

1588 We're off the record. In that case, let's move on to avant operating 25890.

1589

1590 **KL** **Kaitlyn Luck** 1:25:30

1591 Good morning, Mr. Examiner.

1592 Caitlin Locke, appearing for Yvonne operating.

1593

1594 **CE** **Chakalian, Gregory, EMNRD** 1:25:34

1595 Good morning.

1596

1597 **MS** **Matthias Sayer** 1:25:35

1598 Mr. Examiner.

1599 Mathias Sayer, on behalf of Eugene.

1600 And we did file.

1601

1602 **CE** **Chakalian, Gregory, EMNRD** 1:25:40

1603 If you could tell me your position.

1604

1605 **MS** **Matthias Sayer** 1:25:42

1606 A.

1607 Yeah. And we we did file an objection.

1608

1609 **CE** **Chakalian, Gregory, EMNRD** 1:25:46

1610 OK.

1611

1612 **MS** **Matthias Sayer** 1:25:47

1613 EOG has concerned in this case. We do have a well in the section and have legitimate

1614 concerns about collision.

1615 And so would you know that's that's the the nature of our objection.

1616

1617 **CE Chakalian, Gregory, EMNRD** 1:26:02

1618 OK, alright, miss luck. When was this filed?

1619

1620 **KL Kaitlyn Luck** 1:26:08

1621 Sorry, let me pull it up.

1622 This was one that was filed by Miss Bennett's office.

1623

1624 **CE Chakalian, Gregory, EMNRD** 1:26:11

1625 Sure.

1626

1627 **KL Kaitlyn Luck** 1:26:14

1628 It looks like it was filed on January 5th.

1629

1630 **CE Chakalian, Gregory, EMNRD** 1:26:18

1631 January 6. Perfect. Thank you. So M's luck. How do you want to proceed?

1632

1633 **KL Kaitlyn Luck** 1:26:20

1634 Excuse me 5th.

1635 Yvonne would like to have a contested hearing scheduled at this point in time. If the

1636 April 21st hearing date is available, that would be great. But if there's a later date,

1637 that's also fine.

1638

1639 **CE Chakalian, Gregory, EMNRD** 1:26:35

1640 I think the April 21st date is available. Mr. Sayer, does that give your client enough

1641 time to negotiate?

1642

1643 **MS Matthias Sayer** 1:26:43

1644 In conversations with my client, they would definitely prefer the me date.

1645

1646 **CE Chakalian, Gregory, EMNRD** 1:26:51

1647 OK, I do give the applicant the benefit of the doubt when it comes to dates.

1648 I guess if your client and miss Luck's client.

1649 You know, reach an agreement. You can let us know if you need time to reduce that

1650 to a writing, but I'm gonna honor Miss Luck's request for April 21st at this time.

1651 Anything further miss luck?

1652

1653 **KL** **Kaitlyn Luck** 1:27:22

1654 No, thank you.

1655

1656 **CE** **Chakalian, Gregory, EMNRD** 1:27:23

1657 All right, rob.

1658 The record in that case.

1659 Let's take a 5 minute break.

1660 Before we go on to Chevron USA, we're off the record. Thank you.

1661 All right, we're back on the record.

1662 It is 9:42 AM and I'm calling Chevron USA 25878.

1663

1664 **D** **Deana** 1:34:04

1665 Good morning, Mr. Examiner.

1666 Deana Bennett, on behalf of Chevron USA.

1667

1668 **DH** **Dana S. Hardy** 1:34:09

1669 Thank you. Ms. Bennett. Mr. Governor, Dana Harkey, on behalf of PDEX and EGL.

1670 Thank you, Ms. Hardy.

1671

1672 **CE** **Chakalian, Gregory, EMNRD** 1:34:17

1673 So we were set for a motion hearing and status conference and miss bended I I I

1674 assume you're standing in for Mr. Debrine.

1675

1676 **D** **Deana** 1:34:26

1677 I am. Thank you.

1678

1679 **CE** **Chakalian, Gregory, EMNRD** 1:34:27

1680 All right, perfect.

1681 Did you receive the order that was issued?

1682

1683 **D** **Deana** 1:34:31

1684 I did.

1685 Thank you very much.

1686

1687 **CE Chakalian, Gregory, EMNRD** 1:34:33

1688 All right. OK.

1689 So I'd like to set this for an evidentiary hearing.

1690 And as it is your case, Miss Bennett, when would you like to do that? Thank you.

1691

1692 **D Deana** 1:34:43

1693 I saw that the proposed dates are March 24th and April 21st and I've emailed

1694 Chevron about both of those dates and I've heard back from one person on the

1695 team, but not not the full team yet that either of those dates work, but I still do.

1696

1697 **CE Chakalian, Gregory, EMNRD** 1:34:48

1698 Mm-hmm.

1699

1700 **D Deana** 1:34:59

1701 Need to hear back from the whole team, so I just sent another e-mail.

1702 Hoping to get more information for you.

1703 But as of the this particular moment, both dates appear to work for Chevron.

1704

1705 **CE Chakalian, Gregory, EMNRD** 1:35:10

1706 All right.

1707 And M's Hardy?

1708

1709 **DH Dana S. Hardy** 1:35:12

1710 Mr. Examiner, we are going to need to conduct discovery, OK?

1711 We are need to subpoena from Chevron based.

1712

1713 **CE Chakalian, Gregory, EMNRD** 1:35:18

1714 OK.

1715

1716 **DH Dana S. Hardy** 1:35:21

1717 All proposals they've received under orders for the past three years.

1718 Proposals sent out for the past three years, we may need to take depositions. So I

1719 think they're saying they didn't understand they needed to pay well costs.
1720 I think that's fair game given the issues they've raised and they submitted additional
1721 documents with their response that we haven't seen before.
1722 So I think that's going to be critical given the issues in this case.
1723 So once we receive that information.
1724 I would like to file a motion for summary judgment on waiver because I think that by
1725 electing to participate, they waived arguments regarding estimated well cost and the
1726 proposal letter, and I know the division issued an order yesterday in an XTO case
1727 denying reopening a case on the.
1728 Ground electing to participate was a waiver of hearing notice.
1729 So at least that's my understanding and part of that ruling.
1730 So if that's the case, then certainly electing to participate under proposal letter.
1731 Any objection?
1732 And so that's another legal motion I would like to file and I think it's important for
1733 the division because the implications in this case are really significant. I think you
1734 know, allowing operators to reopen pooling orders because they fail to elect to
1735 participate because they once they've elect.
1736 To participate and then just didn't pay their well cost.
1737 That's a slippery slope that's going to involve many, many, many polling orders.
1738 So I think it needs to be thoroughly vetted.
1739 And considered by the division. And so I would request at the earliest that contested
1740 hearing on the May 12th docket.

1741

1742 **CE** **Chakalian, Gregory, EMNRD** 1:37:09

1743 So let me think about what you've said before. I go back to Miss Bennett.
1744 In the order that was issued yesterday in the XTO Riley matters, three of the four.
1745 The issue was notice and whether sufficient notice was given.
1746 To XTO and I found that it had been.
1747 In part based on the election. But that wasn't the critical issue for me.
1748 It was part of the issue, but it wasn't the critical issue for me.
1749 I see this case as a different case, as all cases are different based on the facts and we
1750 don't know a lot of the facts yet.
1751 What we do know is that I believe I agree with Chevron that it has standing.
1752 To move forward with the case to a contested hearing.
1753 Now you're talking about additional discovery and depositions and I wanna I want.

1754 I think it's important for us to agree on what are the issues.
1755 To be heard at the contested hearing, maybe today, is not the day for that. If there is
1756 going to be a full blown argument about the issue.
1757 At the hearing, I think we need to do this at an at a later date after the parties discuss
1758 things a little further.
1759 Miss Bennett, that's my thinking so far.
1760 What do you have to say?

1761

1762 **D Deana** 1:38:51

1763 Thank you, Mr. Examiner.
1764 I obviously I disagree with Miss Hardy that additional discovery is required.
1765 This is about.
1766 A issue between Chevron and Peabx and PBX and EGL have plenty of examples. I'm
1767 sure of proposal letters.
1768 That they could refer to without undertaking additional discovery. But I do agree with
1769 you that at this particular moment.
1770 Either we should set a contested hearing on the dates that you proposed, or we
1771 should come back for a status conference on March 19th after Miss Hardy and we
1772 have had a chance to outline the issues and then set a contested hearing date for
1773 that.
1774 I would strongly disagree.
1775 Agree to any further motion practice, though Miss Hardy, our PBX had its
1776 opportunity to challenge.
1777 Chevron's ability to proceed in this case and they have not done so, other than to
1778 challenge Chevron standing.
1779 And this seems like if we're caught in a loop of motion practice, we're never going to
1780 get to the fundamental issues here.
1781 And whether waiver occurred or not, which I disagree with can be an issue that's
1782 addressed at the at the hearing on the merits.
1783 So, bottom line, I think we should either set it for a contested hearing today or.
1784 As a approach to streamline the issues for the division, set it for a status conference
1785 on March 19th with this contested hearing to come shortly thereafter.

1786

1787 **CE Chakalian, Gregory, EMNRD** 1:40:22

1788 So what I'd like to do is this.

1789 I think it's fundamental to understand what the issues are moving forward.
1790 I thought I understood the issues Miss Hardy, but I'm not sure I do after after what
1791 you said a moment ago.
1792 And I want both parties to have a full and fair opportunity to present their case. That
1793 was part of my. That's the part of the rationale behind the argument.
1794 Behind the case law that supports standing for Chevron.
1795 But it's also I, you know, I don't want to cut off Miss Hardy's ability to present a full
1796 and fair case.
1797 So that being said.
1798 I don't want to wait till March 19 to understand the issues.
1799 I should understand the issues now.
1800 Or in the very near future, because if, if I understand the issues more clearly and if
1801 parties are able to agree on.
1802 Issues, then discovery or any additional discovery will be self-evident and and will be
1803 easy. And we don't have to fight over every little thing in discovery.
1804 So here's what I'd like to do. I want to look at a calendar now.
1805 And with Freya's help and Miss Hardy and Miss Bennett, I want to set.
1806 A.
1807 I wanna set a.
1808 We can call it a status conference.
1809 It's fine.
1810 Or a scheduling conference, maybe we'll call it a scheduling conference.
1811 Where we can lay out the timeline between the resolution of the issues to the
1812 contested hearings, let's call it a scheduling conference.
1813 When is the and I want the parties to have time to talk amongst themselves as well.
1814 I think that's that's the best way to get to a resolution.
1815 At least the issues when would be the soonest date I'm gonna go with you, Miss
1816 Bennett, because it's your case and I know you want a hearing sooner than later.
1817 When is the soonest you feel like the parties can confer on the issues alone and
1818 possibly discovery? The scope of discovery?
1819 What? What date can we come back for a scheduling conference?
1820
1821 **D Deana** 1:42:36
1822 Would March 9th be a possibility?

1823

1824 **CE** **Chakalian, Gregory, EMNRD** 1:42:40

1825 Well, the 10th.

1826 No March 9th.

1827 March 9th IS is is difficult for me, but I would be willing to.

1828 I'd be willing to do it because I think this case needs to move forward.

1829 Miss Hardy March 9.

1830 Does that work for you?

1831

1832 **DH** **Dana S. Hardy** 1:43:04

1833 That would work for me.

1834 Or we could do it on March 10th because we do have the contested hearing docket

1835 on March 10th that I have a case on that docket.

1836

1837 **CE** **Chakalian, Gregory, EMNRD** 1:43:12

1838 Mm-hmm. Mm-hmm.

1839

1840 **DH** **Dana S. Hardy** 1:43:15

1841 So I will be present, yeah.

1842

1843 **CE** **Chakalian, Gregory, EMNRD** 1:43:16

1844 OK.

1845

1846 **D** **Deana** 1:43:18

1847 March, March. Yes.

1848

1849 **CE** **Chakalian, Gregory, EMNRD** 1:43:18

1850 Miss Bennett, does that work for you, Miss Bennett?

1851

1852 **DH** **Dana S. Hardy** 1:43:18

1853 That works.

1854

1855 **D** **Deana** 1:43:21

1856 March 10th is totally fine.

1857 I was just trying to pick a date.

1858 That was far enough out, but was not too far out, OK.

1859

1860 **CE Chakalian, Gregory, EMNRD** 1:43:25

1861 Perfect.

1862 Yeah.

1863 So we're gonna hold the scheduling conference March 10.

1864 We're gonna do it at the very beginning.

1865 It's going to be the first case that we hear that day because I don't expect that it's
1866 going to take very long to at least understand the issues for the contested hearing
1867 and then any additional discovery that the parties feel like they need now, whether
1868 they need a.

1869 Subpoena or not, we don't know yet, but at least let's agree.

1870 On what the issues are moving forward so.

1871 Miss. Miss Bennett, it is your case.

1872 Please continue it now. I don't know.

1873 Freya, do you?

1874 No, it's we already have a docket that day, March 10. So it's easy to continue it to
1875 that day.

1876

1877 **D Deana** 1:44:11

1878 Sounds good.

1879 I'll do that.

1880

1881 **CE Chakalian, Gregory, EMNRD** 1:44:13

1882 All right.

1883 Sounds good.

1884 M's Hardy does that work for you?

1885

1886 **DH Dana S. Hardy** 1:44:15

1887 It does.

1888 And Mr. Examiner, I was planning to send out a subpoena request to. Well, I would
1889 submit it, of course, to the division and to Chevron next week.

1890 So I just wanted to mention that I could wait until the status conference.

1891

1892 **CE** **Chakalian, Gregory, EMNRD** 1:44:31

1893 I I think it'd be helpful, miss, Miss Hardy, because by by narrowing down the issues at
1894 the hearing, it also narrows down the discovery that's necessary.

1895

1896 **DH** **Dana S. Hardy** 1:44:31

1897 If you.

1898 OK.

1899 Thank you.

1900

1901 **CE** **Chakalian, Gregory, EMNRD** 1:44:45

1902 Anything else?

1903 Ms. Hardy.

1904

1905 **DH** **Dana S. Hardy** 1:44:48

1906 No, thank you. OK.

1907

1908 **CE** **Chakalian, Gregory, EMNRD** 1:44:50

1909 Anything else, miss Bennett?

1910

1911 **D** **Deana** 1:44:51

1912 No, thank you very much.

1913

1914 **CE** **Chakalian, Gregory, EMNRD** 1:44:53

1915 All right.

1916 Sounds good. Well, thank you both.

1917 We're off the record. In that case, let's move on to the WPX Energy Permian cases.

1918 We have John Garcia, who is our technical examiner today.

1919 These are case numbers 258939697.

1920

1921 **BZ** **Bill Zimsky** 1:45:10

1922 Yes, your honor. William Zimmer.

1923 With Abadie and shill, on behalf of WPX Energy Permian, LLC.

1924

1925 **CE Chakalian, Gregory, EMNRD** 1:45:20

1926 Good morning, Mr. zemski. Please proceed.

1927

1928 **BZ Bill Zimsky** 1:45:23

1929 Good morning.

1930 Yes. Today with me are WPXS Landman, Tim Prout, who's testified previously before

1931 the division. His credentials have been accepted as an expert witness in petroleum

1932 land matters. Also with me is WPX's geologist Russell Gooden, who has testified

1933 previously before the division is an expert witness in GE.

1934

1935 **CE Chakalian, Gregory, EMNRD** 1:45:31

1936 OK.

1937

1938 **BZ Bill Zimsky** 1:45:45

1939 And his credentials have been accepted as a matter of record.

1940 In case number 25893, WPX seeks a pulling order.

1941 For all uncommitted interests in the Bone Spring formation designated as an oil pool

1942 underlying a standard 430.41 acre, more or less spacing unit comprised of the east

1943 half of sections 26 and 35, Township 26 S, range 29 E.

1944 In Eddy County.

1945 The unit will be dedicated to the steel guitar 26-35 Fed com.

1946 Wells as three initial wells now WPX previously pulled and received a pulling order

1947 for the proposed horizontal spacing unit in case number 25611.

1948 And WPX is now seeking a new pulling order to supplement and replace order

1949 number 24068.

1950 WPX has changed its development plan to propose to uturn wells.

1951 The 324H and the 334-H in addition to the standard lateral for the 333 H well.

1952 In case number 25611, WPX proposed the 324H. The 325 H the 333 H the 334-H, and

1953 the 335 H wells.

1954 In this case, the 33333 H, well, it's essentially the same as the 333 H well proposed in

1955 case number 25611.

1956 The new well, the the new one U-turn well is the 324H U-turn. Well in this case.

1957 And that replaces the 324H well, and the 325 H well proposed in case number 25611.

1958 And the new 334 U-turn well replaces the 334-H and the 335 H also.

1959 Proposing case number 25611, orientation of the wells in unit or stand up north to
1960 South.
1961 Now the location of the steel guitar 35333 H wells non standard.
1962 The division has approved the non standard location for this well on January 26, 2026
1963 by administrative order NSL.
1964 9175.
1965 Mr. Prout.
1966 Exhibit A for this case includes his land man self. Affirm statement 3C-102 forms in
1967 other ship breakdown. Well proposed letter with AFE. The chronology of contacts
1968 and the notice provided to the uncommitted owners.
1969 Mr. Gooden's exhibit B for this case includes his self affirm statement, along with five
1970 standard geology exhibits showing the potential for development of the unit as
1971 described in his statement. Exhibit C provides the myself affirmed statement for
1972 notice of mailings and publication notice.
1973 Notice was timely mailed on January 13th, 2026.
1974 Notice by publication was Tom Lee, published by on January 15th.
1975 2026 to account for any unforeseen circumstances, we did amend the hearing packet
1976 to send out letters to seven parties who had not received them when this case was
1977 first scheduled.
1978 And we amended the land man statement to refer to exhibit revised, amended
1979 exhibits 8, two and A5.
1980 Amended exhibit A2 updates the addresses of the seven parties.
1981 Amended exhibit A5 states the notice letters were originally mailed on January 13,
1982 2026, were again mailed on February 10th, 2026 to seven parties with updated
1983 addresses into one party whose leather was lost in the mail.
1984 And the amended exhibit C reflects that same information.
1985 Amended exhibit C2 includes information on the second notice.
1986 Hearing mail to the seven parties with updated addresses in the one party whose
1987 leather had been lost.
1988 At this time, I move for that exhibits AB and C and all sub exhibits be admitted into
1989 the record for case 25893 and that the case be taken under advisement myself and
1990 the witnesses are available for questions. Thank you.

1991

1992  **Chakalian, Gregory, EMNRD** 1:50:46

1993 Admitted without exception.

1994 Mr. Garcia, do you have questions for any of the witnesses?

1995

1996 **GE Garcia, John, EMNRD 1:50:51**

1997 More questions?

1998

1999 **CE Chakalian, Gregory, EMNRD 1:50:53**

2000 OK. Can we take them under advisement?

2001

2002 **GE Garcia, John, EMNRD 1:50:55**

2003 We can.

2004

2005 **CE Chakalian, Gregory, EMNRD 1:50:56**

2006 Thank you, Mr. Simski.

2007

2008 **BZ Bill Zimsky 1:50:58**

2009 OK, now in case 25896.

2010 WPX seeks an order pulling all uncommitted interests in the Wolfcamp formation,

2011 designated as a gas pole, yes.

2012

2013 **CE Chakalian, Gregory, EMNRD 1:51:09**

2014 Mr. Zimski, let me interrupt you. Just for a moment.

2015

2016 **BZ Bill Zimsky 1:51:13**

2017 OK.

2018

2019 **CE Chakalian, Gregory, EMNRD 1:51:14**

2020 I'm admitting all exhibits in all three cases into the into evidence.

2021

2022 **BZ Bill Zimsky 1:51:18**

2023 OK.

2024

2025 **CE Chakalian, Gregory, EMNRD 1:51:20**

2026 I'm. I'm gonna ask Mr. Garcia.

2027 Mr. Garcia, do you have any questions on any of the three cases?

2028

2029 **GE Garcia, John, EMNRD 1:51:26**

2030 I do not.

2031

2032 **CE Chakalian, Gregory, EMNRD 1:51:27**

2033 That's what I thought.

2034 So Mr. Zimski, all three cases are taken under advisement.

2035

2036 **BZ Bill Zimsky 1:51:32**

2037 OK. And your Mr. Heron examiner, WPX is is trying to get these wells drilled as
2038 quickly as possible.

2039 I think that's in the OCD public policy.

2040

2041 **CE Chakalian, Gregory, EMNRD 1:51:40**

2042 OK.

2043 Mm-hmm.

2044

2045 **BZ Bill Zimsky 1:51:44**

2046 To produce oil and gas is, you know, as quickly as possible.

2047

2048 **CE Chakalian, Gregory, EMNRD 1:51:48**

2049 Mm-hmm.

2050

2051 **BZ Bill Zimsky 1:51:49**

2052 They have the rig scheduled for March 20th and I would ask the indulgence of the
2053 division.

2054 I know you have.

2055 You guys are slammed and you're very busy, but it would be.

2056 Really appreciated if this could issue since we've already had the orders issued
2057 previously that they could be issued.

2058 A little bit more expeditiously than normal, and I understand, you know, you know,
2059 I'm begging the indulgence of the division in this request.

2060

2061 **CE Chakalian, Gregory, EMNRD 1:52:25**

2062 All right, Mrs. Zimski, we'll take it under advisement.

2063

2064 **BZ** **Bill Zimsky** 1:52:27

2065 Thank you.

2066

2067 **CE** **Chakalian, Gregory, EMNRD** 1:52:29

2068 Thank you, Sir.

2069 We're off the record in those three cases.

2070 Let's go to Admiral Permian operating 25709.

2071

2072 **DH** **Dana S. Hardy** 1:52:36

2073 Mr. Examiner.

2074 Dana Hardy for Admiral.

2075

2076 **CE** **Chakalian, Gregory, EMNRD** 1:52:39

2077 Thank you.

2078

2079 **PV** **Paula M. Vance** 1:52:42

2080 Good morning, Mr. Herring examiner Paul Evans with the Santa Fe Office of Holland
2081 and Hart, on behalf of MRC Permian Company, and we are just monitoring what we
2082 previously had an objection in one of the cases.

2083 Well, both of the cases and we have since withdrawn those.

2084

2085 **CE** **Chakalian, Gregory, EMNRD** 1:52:57

2086 OK.

2087 Thank you, Ms. Vance.

2088

2089 **HK** **Hatley, Keri (LDZX)** 1:52:59

2090 Good morning, Mr. Examiner.

2091 Keri Hatley, entering her parents on behalf of Conoco Phillips, monitoring only.

2092

2093 **CE** **Chakalian, Gregory, EMNRD** 1:53:04

2094 Perfect. Thank you.

2095 Ms. Hadley. OK, Ms. Hardy, go right ahead.

2096

2097 **DH** **Dana S. Hardy** 1:53:09

2098 Thank you. This case was heard on the February 5th docket, and we're back for
2099 supplemental information.

2100

2101 **CE Chakalian, Gregory, EMNRD 1:53:12**

2102 Mm-hmm.

2103

2104 **DH Dana S. Hardy 1:53:16**

2105 We did file that timely and unless there are questions, I would request that our
2106 supplemental exhibits be admitted into the record and that the case be taken under
2107 advisement.

2108

2109 **CE Chakalian, Gregory, EMNRD 1:53:27**

2110 Perfect. Thank you, Ms. Hardy.

2111 Your exhibits are admitted without exception, and I know Mr. Garcia has questions.
2112 I'm not sure which witness.

2113

2114 **GE Garcia, John, EMNRD 1:53:36**

2115 The landmen. I believe it's Mr. Hunter Hall.

2116

2117 **CE Chakalian, Gregory, EMNRD 1:53:37**

2118 Landman. Miss Hardy, would you call your landmarks?

2119

2120 **DH Dana S. Hardy 1:53:41**

2121 Yes, let me see if Mr. Hall.

2122 Mr. Hall is traveling, and so if he's not, I don't know if he's available or if he's on. If
2123 he's not, we have Travis Hut.

2124

2125 **+18*****41 1:53:52**

2126 Dana.

2127

2128 **DH Dana S. Hardy 1:53:53**

2129 Are you on Mr. Hall?

2130

2131 **+18*****41 1:53:54**

2132 Then I'm I'm available.

2133 I'm just a baggage claim, but I'm in a quiet place.

2134 I just can't turn my video on if that's OK.

2135

2136 **CE** Chakalian, Gregory, EMNRD 1:54:01

2137 Perfect.

2138 So Mr. Hall, would you?

2139

2140 **DH** Dana S. Hardy 1:54:03

2141 Thank you.

2142

2143 **CE** Chakalian, Gregory, EMNRD 1:54:06

2144 Would you virtually raise your right hand?

2145

2146 **+18*****41** 1:54:10

2147 Yes, raised.

2148

2149 **CE** Chakalian, Gregory, EMNRD 1:54:11

2150 Do you swear?

2151 Affirm that the testimony you're about to give is the truth, the whole truth, nothing

2152 but the truth.

2153

2154 **+18*****41** 1:54:17

2155 I do.

2156

2157 **CE** Chakalian, Gregory, EMNRD 1:54:18

2158 All right, perfect.

2159 Mr. Hall, have you been previously qualified by this division as an expert?

2160

2161 **+18*****41** 1:54:24

2162 I have.

2163

2164 **CE** Chakalian, Gregory, EMNRD 1:54:24

2165 In what field?

2166

2167 **+18*****41** 1:54:27

2168 Petroleum land matters.

2169

2170 **CE Chakalian, Gregory, EMNRD** 1:54:29

2171 All right, perfect, Mr. Garcia.

2172

2173 **GE Garcia, John, EMNRD** 1:54:32

2174 Good morning, hunter.

2175 I was looking at your exhibit A7, which is PDF page 38, and I noticed anthracite

2176 wasn't provided.

2177 Noticed you have them marked as committed and executed.

2178 Election letter is the reasoning.

2179 I was curious why they weren't noticed by other parties who have the similar statuses

2180 were provided notice.

2181

2182 **+18*****41** 1:54:55

2183 I'm. I'm unsure, Danny.

2184 We might check if if that notice didn't go out, but.

2185 We've we've had dialogues with Anthr site.

2186 You know, prior to this hearing and since they've executed elections, I think that we

2187 would assume that that's sufficient notice, but.

2188 Unsure.

2189

2190 **GE Garcia, John, EMNRD** 1:55:20

2191 Yeah, 'cause like traverse exploration has similar status, but they were given notice I I

2192 guess that leads me to my second question is could you explain how an executed

2193 election letter would waive their right to notice like a like typically OCD except joa's is

2194 waiving rights but.

2195 How would election letter do that?

2196

2197 **+18*****41** 1:55:41

2198 I think for the most part we just consider them a committed parties. They both of

2199 those parties own working interest in multiple other projects with us and we have no

2200 concern about them executing the JOA nor are we.

2201 Nor are we compulsory pulling their interest in this hearing so.
2202 I'm I'm unsure if there's any necessary damage that would occur if we didn't
2203 improperly notice them.
2204 I again, I would defer to Miss Hardy on.
2205 Our notices.
2206
2207 **GE Garcia, John, EMNRD 1:56:12**
2208 OK.
2209 Anthracite's aware of this hearing, then to your knowledge.
2210
2211 **+18*****41 1:56:15**
2212 Wonderful.
2213 They are.
2214
2215 **GE Garcia, John, EMNRD 1:56:20**
2216 And then the last question I had on the same exhibit is ConocoPhillips.
2217 You have them listed as committed and it says type of commitment.
2218 It's NA, not applicable.
2219 Do you know how they committed?
2220
2221 **+18*****41 1:56:33**
2222 They have verbally expressed support.
2223 We are not. We are not pulling their interest as as a part of this hearing as we
2224 continue to work on.
2225 Either executing a JOA or a transaction, but we're we're not pulling them for that
2226 reason.
2227
2228 **GE Garcia, John, EMNRD 1:56:49**
2229 OK then.
2230 I see they over noticed too though.
2231
2232 **+18*****41 1:56:51**
2233 So we we list we we list them as committed, but it is administrative in the sense that
2234 we're not we're not pulling them on the full party list.

2235

2236 **GE Garcia, John, EMNRD** 1:57:04

2237 I believe that's all my questions.

2238

2239 **CE Chakalian, Gregory, EMNRD** 1:57:07

2240 All right.

2241 Thank you, Mr. Garcia M's Hardy.

2242 Was there any redirect?

2243

2244 **DH Dana S. Hardy** 1:57:12

2245 No, I just wanted to clarify that the division has required notice to uncommitted
2246 parties. And so if parties are listed as committed.

2247 It's my understanding under the rules that they are not required to be noticed.

2248

2249 **GE Garcia, John, EMNRD** 1:57:30

2250 Agree, but it depends on how they're deemed committed, I would say.

2251

2252 **CE Chakalian, Gregory, EMNRD** 1:57:36

2253 Well, let's let's end that discussion here.

2254 Can this case be taken under advisement?

2255 All right. Wonderful.

2256 So thank you, Miss Hardy.

2257 Thank you, Mr. Hall.

2258

2259 **DH Dana S. Hardy** 1:57:49

2260 Thank you.

2261

2262 **CE Chakalian, Gregory, EMNRD** 1:57:50

2263 Happy, happy trails wherever you're headed.

2264

2265 **+18*****41** 1:57:53

2266 Thank you for understanding.

2267

2268 **CE Chakalian, Gregory, EMNRD** 1:57:56

2269 Worse, I'm gonna recall some cases that we called earlier before we hit these NOVS.

2270 This is mubar oil case 25746.
2271 We had Miss Hardy, Miss Bennett and Miss Hatley and we were dealing with a pre
2272 hearing order date.

2273

2274 **DH Dana S. Hardy 1:58:17**

2275 Mr. Examiner, thank you.

2276 I did consult with New Bern and with Miss Bennett and our clients consulted with
2277 each other and we are fine to set this case for another status conference on March
2278 19th.

2279

2280 **CE Chakalian, Gregory, EMNRD 1:58:24**

2281 Mm-hmm.

2282 OK.

2283 But this case is getting old.

2284 So when are we setting it for a contested hearing?

2285

2286 **DH Dana S. Hardy 1:58:44**

2287 Well, I think.

2288 We could set up for a hearing in April if the division wants to set a contested hearing,
2289 but I think the parties are OK with setting just another status conference.

2290

2291 **CE Chakalian, Gregory, EMNRD 1:58:58**

2292 Can you tell me the date this case was filed?

2293

2294 **DH Dana S. Hardy 1:59:03**

2295 Yes.

2296 It was filed in December late December.

2297

2298 **CE Chakalian, Gregory, EMNRD 1:59:09**

2299 OK.

2300 All right, so miss.

2301 Hardy, I'll honor your request, but it'll be a final status conference.

2302

2303 **DH Dana S. Hardy 1:59:18**

2304 Understood. Thank you.

2305

2306 **CE** **Chakalian, Gregory, EMNRD** 1:59:20

2307 So, Freya, will you put a note in the hearing module that this will be a final status
2308 conference?

2309

2310  **Tschantz, Freya, EMNRD** 1:59:28

2311 I will.

2312

2313 **CE** **Chakalian, Gregory, EMNRD** 1:59:29

2314 All right.

2315 Thank you.

2316 And Miss Hardy, you do have dates.

2317 We've talked about many dates in April and May.

2318 For a contested hearing, so please be prepared to give me a date that your client is

2319 available and Miss Bennett. Obviously that I think you were consulting with your

2320 client as well.

2321

2322 **D** **Deana** 1:59:48

2323 Yes, I was.

2324 And they agreed that March 19th status conference is the best path forward.

2325

2326 **CE** **Chakalian, Gregory, EMNRD** 1:59:52

2327 OK.

2328 Great. Then that's what we'll do.

2329 Thank you.

2330 I'm gonna now we're off the record.

2331 In that case, I'm gonna recall newborn oil cases.

2332 These are Mr. Bruce's case, 25851 and 5/2.

2333

2334 **BH** **Benjamin Holliday** 2:00:11

2335 Good morning, Mr. zamaner. Ben Holladay, on behalf of COG and Concho Olegas.

2336

2337 **CE** **Chakalian, Gregory, EMNRD** 2:00:17

2338 OK.

2339 Mr. Holiday, Mr. Bruce, did you work out a date?

2340

2341  **Benjamin Holliday** 2:00:28

2342 I'm not sure that he's still on.

2343 I I have not spoken to Mr. Bruce, but I did confirm with COG Concho that the April 28

2344 date will work if Mr. Bruce is still agreeable to it, obviously.

2345

2346  **Chakalian, Gregory, EMNRD** 2:00:37

2347 All right.

2348 Great. Thank you, Mr. Holiday. Mr. Bruce, are you there?

2349 Freya, can you call Mr. Bruce?

2350

2351  **Tschantz, Freya, EMNRD** 2:00:56

2352 I can.

2353

2354  **Chakalian, Gregory, EMNRD** 2:00:56

2355 Will you call Mr. Bruce and we'll come back with him on the line?

2356

2357  **Tschantz, Freya, EMNRD** 2:00:59

2358 Perfect.

2359

2360  **Chakalian, Gregory, EMNRD** 2:01:01

2361 I want him to agree to the April 28 date or not so that we can issue a pre hearing
2362 order.

2363

2364  **Tschantz, Freya, EMNRD** 2:01:01

2365 OK.

2366

2367  **Chakalian, Gregory, EMNRD** 2:01:07

2368 So we're still in recess on these two cases, but thank you.

2369

2370  **Benjamin Holliday** 2:01:11

2371 See you in a minute.

2372

2373  **Chakalian, Gregory, EMNRD** 2:01:11

2374 Thank you, Mr. Holiday.

2375 We'll see if that date works for Mr. Bruce.
2376 Let's call the first of the two oil conservation divisions and OV cases.
2377 This is 258.
2378 Let's go with 25895 because I believe.
2379 Believe the parties want to continue this case.
2380 This is number 26 on our docket.
2381
2382 **TE Tremaine, Jesse, EMNRD 2:01:33**
2383 Thank you, Mr. Herring. Examiner, this is Jesse Tremaine for the Oil conservation
2384 division.
2385 That was going to be my recommendation as well.
2386
2387 **CE Chakalian, Gregory, EMNRD 2:01:37**
2388 Good morning.
2389 OK.
2390 Where is the other party?
2391
2392 **FL Frank Lyon 2:01:45**
2393 Good morning, Mr. Examiner.
2394 Frank Lyon for grand banks energy.
2395
2396 **CE Chakalian, Gregory, EMNRD 2:01:57**
2397 I see you, Mr. Lyon.
2398
2399 **FL Frank Lyon 2:02:02**
2400 Yes, I mean I I agree with Mr. Tremaine.
2401 Yes, we're here to ask for continuance because we're working out a settlement.
2402
2403 **CE Chakalian, Gregory, EMNRD 2:02:06**
2404 So Mr. Lyon, can you first?
2405 Well, first of all, it's very hard to hear you.
2406 So you may have to yell, I don't know.
2407 But would you please enter an appearance?

2408

2409 **FL** Frank Lyon 2:02:17

2410 Oh yes, Frank Lyon for grand banks energy.

2411

2412 **CE** Chakalian, Gregory, EMNRD 2:02:22

2413 OK, perfect.

2414 So Mr. Lyons, since you're representing the respondent in this case, what is your?

2415 What is your desire?

2416

2417 **FL** Frank Lyon 2:02:37

2418 Our request is to continue this for a short period of time so that we can finalize the
2419 terms of the settlement that Mister Tremaine and I have worked out.

2420

2421 **CE** Chakalian, Gregory, EMNRD 2:02:45

2422 Uh-huh. OK, so you have an agreement in principle.

2423

2424 **FL** Frank Lyon 2:02:50

2425 We do.

2426

2427 **CE** Chakalian, Gregory, EMNRD 2:02:52

2428 All right, Mr. Mr. Tremain, does that accurately reflect the situation?

2429

2430 **TE** Tremaine, Jesse, EMNRD 2:02:57

2431 That is correct.

2432 I agree with everything that Mister Lyons stated.

2433 I would make one note, which is that.

2434 We have an agreement in principle and have agreed to the continuance I put in the
2435 motion to continue proposed a specific date.

2436 Did that very late in the day yesterday because of the intent to request a short
2437 continuance.

2438 I did not specifically request availability of Mr. Lyon and his client for March, March
2439 12th.

2440 It's just an initial proposal.

2441 So.

2442

2443 **CE Chakalian, Gregory, EMNRD** 2:03:26

2444 All right. Mr. Lyon. Does March 12 work for you? In case you don't iron out an
2445 agreement.

2446

2447 **FL Frank Lyon** 2:03:37

2448 It does.

2449 I was just double checking my calendar.

2450 It does, yes.

2451

2452 **CE Chakalian, Gregory, EMNRD** 2:03:41

2453 All right, Mr. Lyon, do you anticipate presenting witnesses?

2454

2455 **FL Frank Lyon** 2:03:49

2456 If, if if I do it'll be very short and just one person.

2457

2458 **CE Chakalian, Gregory, EMNRD** 2:03:54

2459 One person, OK.

2460 Would that be the respondent?

2461

2462 **FL Frank Lyon** 2:03:58

2463 That would be a representative from grand banks, yes.

2464

2465 **CE Chakalian, Gregory, EMNRD** 2:04:02

2466 All right, perfect, Mr. Lyon.

2467 What is the issue in this case?

2468

2469 **FL Frank Lyon** 2:04:08

2470 Well.

2471 This these notices of violations involve some of the wells that grand banks operates,
2472 but there are other remediation issues pending and basically the issue here is that
2473 grand banks doesn't have the money to pay for all the remediation. And what we
2474 have talked about is having grand banks.

2475 Basically tender.

2476 All the money that it has.

2477 After payment of some taxes and things that need to be paid and agreeing that the
2478 wells that grand banks will give up its right to serve to be an operator.

2479

2480 **CE Chakalian, Gregory, EMNRD 2:04:38**

2481 Mm-hmm.

2482 OK, Mr. Mr. Lyon and Mr. Tremaine.

2483 It sounds like March 12 will work if you're not able to get an agreement in writing in
2484 place.

2485

2486 **TE Tremaine, Jesse, EMNRD 2:05:02**

2487 That yes, that is correct.

2488 That's the day we proposed.

2489 We will be ready to proceed if it goes to hearing on that date and rely on the
2490 previously filed pre hearing statement and witness list.

2491

2492 **CE Chakalian, Gregory, EMNRD 2:05:14**

2493 And do you?

2494 How many witnesses do you have?

2495

2496 **TE Tremaine, Jesse, EMNRD 2:05:16**

2497 3.

2498

2499 **CE Chakalian, Gregory, EMNRD 2:05:17**

2500 3 witnesses. All right. OK, Mr. Lyons. Anything else?

2501

2502 **FL Frank Lyon 2:05:23**

2503 No, Sir.

2504

2505 **CE Chakalian, Gregory, EMNRD 2:05:25**

2506 All right, well, good luck. Mr. Lyon, in coming to a final signed agreement, Mr.
2507 Tremaine.

2508 Anything further in this case?

2509

2510 **TE Tremaine, Jesse, EMNRD 2:05:34**

2511 Nothing further.

2512 I will follow up with assuming we execute a settlement agreement with the motion to
2513 dismiss the case and submit a copy of the settlement agreement.

2514

2515 **CE Chakalian, Gregory, EMNRD** 2:05:45

2516 Perfect. All right.

2517 OK. And I know I didn't see your motion and proposed order before the hearing, but
2518 I'll sign the order after the hearing and we'll enter it into the record and Freya will
2519 move this case to the March 12 docket just to hold its place.

2520 We're off the record.

2521 In this case, let's move on to now.

2522 I saw a little message here, so hold on a minute.

2523 Let me check the messages here.

2524 All right. So let me recall.

2525 Case numbers 25851 and 5/2.

2526 Mr. Holiday, we got a message.

2527 From Mr. Bruce, that April 28 does work for him as well.

2528

2529 **BH Benjamin Holliday** 2:06:42

2530 Perfect.

2531

2532 **CE Chakalian, Gregory, EMNRD** 2:06:43

2533 All right. So we will issue a pre hearing order for April 28 and it's up to Mr. Bruce if he
2534 wants to continue these two cases for another status conference.

2535 But otherwise, we'll be prepared on April 28.

2536

2537 **BH Benjamin Holliday** 2:06:59

2538 Yes, Sir.

2539 Thank you.

2540

2541 **+15*****12** 2:06:59

2542 Thank you.

2543

2544 **CE Chakalian, Gregory, EMNRD** 2:07:02

2545 OK.

2546 Thank you.

2547 All right.
2548 Now let's move on to the second notice of violation issued by the Oil Conservation
2549 Division. In case number 25894 with Respondent, Buckeye disposal and appearance
2550 please.

2551

2552 **TE** Tremaine, Jesse, EMNRD 2:07:20

2553 Mr. Huang, exam officer. This is Jesse train for the Oil Conservation division.

2554

2555 **CE** Chakalian, Gregory, EMNRD 2:07:24

2556 Thank you.

2557

2558 **ML** Moellenberg, Dalva L. 2:07:27

2559 Mr.

2560 Hearing examiner. This is Dal Muhlenberg on behalf of Buckeye disposal.

2561

2562 **CE** Chakalian, Gregory, EMNRD 2:07:34

2563 Mr. Muhlenberg, I think you were sitting behind me on the way to Dallas last week.

2564

2565 **ML** Moellenberg, Dalva L. 2:07:41

2566 That could have been I was.

2567 Saturday, perhaps we.

2568

2569 **CE** Chakalian, Gregory, EMNRD 2:07:46

2570 No, it was Wednesday. You were traveling to Tampa.

2571 I happened over here.

2572

2573 **ML** Moellenberg, Dalva L. 2:07:51

2574 Oh. Oh, OK.

2575 Actually that was my my neighbor in the seat that was traveling to Tampa.

2576 I was traveling to New York City and was lucky to get out of there on Saturday.

2577

2578 **CE** Chakalian, Gregory, EMNRD 2:08:02

2579 Alright, well I heard.

2580 I heard what sounded like it was you behind me and I I didn't introduce myself, but I

2581 thought I would mention it. OK, so, Mr.

2582

2583 **ML Moellenberg, Dalva L.** 2:08:11

2584 Well, I I should have recognized you.

2585

2586 **CE Chakalian, Gregory, EMNRD** 2:08:13

2587 So Mr. Mr. Muhlenberg, who are you representing?

2588

2589 **ML Moellenberg, Dalva L.** 2:08:18

2590 Mr.

2591 Hearing examiner. I'm here on behalf of Buckeye disposal.

2592

2593 **CE Chakalian, Gregory, EMNRD** 2:08:22

2594 All right, perfect.

2595 And are you prepared to move forward with the with the merits hearing?

2596

2597 **ML Moellenberg, Dalva L.** 2:08:29

2598 Yes, yes we are.

2599 I think we probably would be interested in seeing if we can get to some resolution

2600 afterward, but I think we're prepared to go ahead with the merits hearing and we'll

2601 deal with.

2602 That after after this concludes.

2603

2604 **CE Chakalian, Gregory, EMNRD** 2:08:49

2605 Alright. And how many witnesses will you have?

2606

2607 **ML Moellenberg, Dalva L.** 2:08:54

2608 We do not have any witnesses.

2609

2610 **CE Chakalian, Gregory, EMNRD** 2:08:55

2611 OK.

2612

2613 **ML Moellenberg, Dalva L.** 2:08:56

2614 I'm just here to ask some questions of the divisions witnesses.

2615

2616 **CE Chakalian, Gregory, EMNRD** 2:08:59

2617 OK.
2618 Perfect. OK.
2619 Do you want?
2620 I'm gonna give Mr. Tremaine an opportunity to provide a brief opening statement so
2621 that I can understand the issues in the case.
2622 Are you gonna want to also make an opening statement?

2623
2624 **ML Moellenberg, Dalva L.** 2:09:19

2625 I can make a very brief opening statement if it pleases you. Thank you.

2626

2627 **CE Chakalian, Gregory, EMNRD** 2:09:22

2628 OK.

2629 All right, Mr. Tremaine, it's your case.

2630 Would you tell me how many witnesses do you have?

2631

2632 **TE Tremaine, Jesse, EMNRD** 2:09:30

2633 We have.

2634 We have 3 witnesses and for the most part my opening will be a a road map. How we
2635 intend to present them.

2636 This is the first part 29 release notice of violation that we've taken. Hearing all of our
2637 others have settled.

2638 So our first witness, Mr. Smith, is going to basically provide a part 29.

2639 Requirements road map and one O 1 course.

2640 Our primary witness is Brittany Hall, and she will present, you know, the the factual

2641 basis and allegations in the Nov and civil penalty calculator. Primarily embedding

2642 cleanup is Rosa Romero, our Environmental Bureau chief, is going to talk about the
2643 informal resolution process and.

2644 To a minimal extent and OCD's positions and decision making process regarding
2645 which violations were alleged.

2646 Decisions regarding the civil penalty calculation, etc.

2647 So I think Mr. Smith.

2648 May go about half an hour.

2649 Miss Hall could be.

2650 I'm hoping less less than an hour, but depending on questions that could go quite
2651 long.

2652 These are long fact patterns, just historical releases, etc.
2653 And then Miss Romero should be should be fairly short.
2654 I would just note in terms of, just as a matter of courtesy, I know that Mister
2655 Muhlenberg was in Pecos Hall on the other matter this morning and is transit back to
2656 his office.
2657 So I'm flexible in terms of timing of starting the hearing to facilitate that his
2658 participation, but we're prepared to proceed as the hearing officer wishes.

2659

2660 **CE** **Chakalian, Gregory, EMNRD** 2:11:19

2661 All right.

2662

2663 **ML** **Moellenberg, Dalva L.** 2:11:21

2664 Mr.

2665 Mr. Examiner, just to comment on that, and I I was hoping perhaps this would run a
2666 little bit shorter and we are occupying Makos hall with the Environmental
2667 Improvement Board hearing.

2668 This has sort of been a worst case scenario for me in terms of timing.

2669

2670 **CE** **Chakalian, Gregory, EMNRD** 2:11:37

2671 Oh.

2672 Right.

2673

2674 **ML** **Moellenberg, Dalva L.** 2:11:40

2675 We're actually presenting our witnesses now through my partner's, but.

2676 I'm just trying to think how to deal with that.

2677 I'd. I'd certainly like to return to that hearing, but I expect that's gonna run for
2678 another hour, hour and a half.

2679

2680 **CE** **Chakalian, Gregory, EMNRD** 2:12:01

2681 At least.

2682

2683 **ML** **Moellenberg, Dalva L.** 2:12:01

2684 So yeah.

2685

2686 **CE** **Chakalian, Gregory, EMNRD** 2:12:03

2687 Yes, I know the rule making is how they go.

2688 Yeah, I'd like to.

2689 I'd like to move forward now.

2690 Let me ask you a question, Mr. Tremaine.

2691 These three witnesses, Smith, Hall and Romero.

2692 I know Miss Romero is an employee of the Oil Conservation Division.

2693 Is that the same with Smith and Hall? OK.

2694

2695 **TE Tremaine, Jesse, EMNRD 2:12:23**

2696 That that's correct.

2697 Mr. Smith is the special projects team supervisor.

2698 He's an environmental scientist. Supervisor reports directly to M's Romero and M's

2699 Hall is a supervising.

2700

2701 **CE Chakalian, Gregory, EMNRD 2:12:28**

2702 Oh.

2703

2704 **TE Tremaine, Jesse, EMNRD 2:12:39**

2705 Environmental specialist.

2706

2707 **CE Chakalian, Gregory, EMNRD 2:12:42**

2708 OK, now did you file?

2709 Did you file?

2710 CVS, with their with your pre hearing statement.

2711

2712 **TE Tremaine, Jesse, EMNRD 2:12:55**

2713 Yes, we we filed.

2714 CV for.

2715 Mr. Smith.

2716 We do intend to proffer Mr. Smith as an expert in limited subject matters. Miss Hall is
2717 presented as a fact witness, but we have provided her resume and Miss Romero.

2718 We've also provided a resume as Exhibit 5 I will.

2719 If it's helpful.

2720 We elected to file written direct testimony as Exhibit 2 for Mr. Smith and written

2721 direct testimony as Exhibit 4 for Miss Hall.

2722

2723 **CE** Chakalian, Gregory, EMNRD 2:13:31

2724 Mm-hmm.

2725 Mm-hmm.

2726 Mm.

2727

2728 **TE** Tremaine, Jesse, EMNRD 2:13:39

2729 My intent is to have those witnesses adopt that and then take a more summary
2730 approach. Just the scope of the subject matter and and needing to make sure we
2731 have our bases covered.

2732

2733 **CE** Chakalian, Gregory, EMNRD 2:13:46

2734 OK.

2735 Mm-hmm.

2736

2737 **TE** Tremaine, Jesse, EMNRD 2:13:55

2738 There's a wide range.

2739 Of how long that presentation and cross examination could proceed?

2740 So that's my.

2741

2742 **CE** Chakalian, Gregory, EMNRD 2:14:02

2743 OK.

2744

2745 **TE** Tremaine, Jesse, EMNRD 2:14:03

2746 Conservative approach to the time estimates.

2747

2748 **CE** Chakalian, Gregory, EMNRD 2:14:06

2749 Alright, Mr. Muhlenberg, have you had a chance to review the exhibits and the pre
2750 hearing statement?

2751

2752 **ML** Moellenberg, Dalva L. 2:14:14

2753 Yes, I have, Mr. Herring examiner and and I have no objection to the process of
2754 admitting the adopting and admitting the written testimony and shortening the need
2755 for the oral hearing, if that's how you would like to go.

2756

2757 **CE Chakalian, Gregory, EMNRD** 2:14:20

2758 OK.

2759 OK.

2760 That is how I'd like to go. Unless Mr. Tremaine objects to that approach. Mr.

2761 Tremaine, Mr. Muhlenberg has reviewed the full written transcript.

2762 And.

2763 Maybe a short summary.

2764 10 minutes, possibly 15 should.

2765 Should do it, don't you think so?

2766

2767 **TE Tremaine, Jesse, EMNRD** 2:15:00

2768 I think I can certainly narrow that down and jump to the other questions.

2769

2770 **CE Chakalian, Gregory, EMNRD** 2:15:03

2771 OK.

2772

2773 **TE Tremaine, Jesse, EMNRD** 2:15:05

2774 I never know if there if there's going to be an objection.

2775 So we were prepared to go all the way through.

2776

2777 **CE Chakalian, Gregory, EMNRD** 2:15:09

2778 Right, right.

2779

2780 **TE Tremaine, Jesse, EMNRD** 2:15:10

2781 I think the most important distinction here is you know whether there are any

2782 exhibits to which Mr. Muhlenberg would object.

2783

2784 **CE Chakalian, Gregory, EMNRD** 2:15:19

2785 Mm-hmm.

2786

2787 **TE Tremaine, Jesse, EMNRD** 2:15:20

2788 I know he just referenced the direct.

2789 It can be quite time intensive to get Miss Hall.

2790 To lay the foundation for 20 some exhibits.

2791 So if if there's no objection to those and the other exhibits can be admitted, that will
2792 save us quite a bit of time.

2793

2794 **CE Chakalian, Gregory, EMNRD 2:15:37**

2795 It certainly would.

2796 And and Mr. Muhlenberg, I I know that you're in a car.

2797 However, you're parked, aren't you?

2798

2799 **ML Moellenberg, Dalva L. 2:15:47**

2800 I am parked.

2801 I'm sitting outside of the building here.

2802

2803 **CE Chakalian, Gregory, EMNRD 2:15:48**

2804 Yeah. You look like you're parked.

2805 Yeah, I figured you were right outside the building and it's a beautiful day outside.

2806 So with the windows open you should be comfortable.

2807 Are there any objections to any of the exhibits?

2808 That the oil Conservation Division has filed in this case.

2809

2810 **ML Moellenberg, Dalva L. 2:16:09**

2811 No objections.

2812

2813 **CE Chakalian, Gregory, EMNRD 2:16:10**

2814 That's what I thought, Mr. Tremayne.

2815 All your exhibits are admitted into evidence. Now the only thing I would like to hear.

2816 From from your witnesses is that they adopt them Underoath and if there are any

2817 corrections that need to be made, I'd like to hear about those corrections up front

2818 and then maybe a 5 minute summary of of of the of what they're what these exhibits

2819 are showing would.

2820 Be helpful to me before we go to cross examination and then redirect if necessary.

2821 So why don't you go right ahead?

2822

2823 **TE Tremaine, Jesse, EMNRD 2:16:43**

2824 Great.

2825 Well, we're we're talking about a notice of violation today.

2826 That relates to two historical releases.
2827 Initially occurring in 2016 and 2018, as we've discussed at some length, the fact
2828 patterns are quite extensive.
2829 Our our OCD exhibit binder is close to 600 pages.
2830 We really went belt in suspenders with that, so we're gonna be trying to be very
2831 circumspect here, but OneNote? Really.
2832 Real quickly the the OCD ultimately determined after a series of environmental
2833 Bureau interactions with the operator that Nov was necessary.
2834 And that was issued in November. Sorry, April 3rd, 2025.
2835 Respondent Buckeye was served and accepted receipt of that Nov and the parties
2836 have been in informal resolution since April 2025.
2837 On and off, primarily technical discussions.
2838 We've kept an informal resolution open that long in hopes that Buckeye would be
2839 able to complete the necessary remediation activities.
2840 But we have seen a shift in OCD's approach to the Nov around the time of docketing.
2841 Because in December, OCD became informally aware that Buckeye was not expecting
2842 to be able to complete the required activity under part 29.
2843 Which I believe is now acknowledged formally and responded as per hearing
2844 statement.
2845 So given that posture and operators inability to complete the remediation activities,
2846 OCD prepared the presentation today intends to present those facts and request an
2847 order finding that Buckeye is in violation of the reference rule sections imposing the
2848 civil penalties as proposed and granting OCD authority to complete all.
2849 Of the necessary plugging, remediation and reclamation.
2850 That's notable.
2851 We usually do not, would not ask for plugging orders on the basis of an
2852 environmental remediation violation, but with the awareness that.
2853 Buckeye expects to be incapable of completing that remediation. That becomes
2854 necessary, and OCD would expect as a result of an order or settlement agreement. In
2855 this case. If that is to happen, that OCD would be utilizing the reclamation plant to
2856 complete any plugging and associated remediation.
2857 Reclamation activities so that is a distinction to make about this and noting the
2858 specific.
2859 Both sanctions and remedies requested.
2860 With that, I would call Corey Smith as our first witness.

2861

2862  **Chakalian, Gregory, EMNRD** 2:19:27

2863 OK. Can we have all three of your witnesses on the screen at the same time?

2864 I'm gonna get them all sworn in.

2865

2866  **Tremaine, Jesse, EMNRD** 2:19:36

2867 I believe all three are available.

2868 As Brittany Hall OK. And Rosa Romero, can you please pop on?

2869

2870  **Romero, Rosa, EMNRD** 2:19:51

2871 I'm here.

2872

2873  **Chakalian, Gregory, EMNRD** 2:19:55

2874 OK.

2875 Good morning, Mr. Smith. Miss Hall and Miss Romero, would you please raise your
2876 right hand?

2877 Do you swear or affirm under penalty of perjury that the testimony you're about to
2878 give is the truth, the whole truth, and nothing but the truth?

2879

2880  **Romero, Rosa, EMNRD** 2:20:10

2881 Thank you.

2882

2883  **Smith, Cory, EMNRD** 2:20:11

2884 I do.

2885

2886  **Hall, Brittany, EMNRD** 2:20:12

2887 I do.

2888

2889  **Chakalian, Gregory, EMNRD** 2:20:13

2890 OK, I heard three.

2891 I do.

2892 'S Mr. Smith. Would you spell your name?

2893

2894  **Smith, Cory, EMNRD** 2:20:19

2895 Corey Smith, Cory.

2896 Smith.

2897

2898  **Chakalian, Gregory, EMNRD** 2:20:25

2899 OK. And M's hall?

2900

2901  **Hall, Brittany, EMNRD** 2:20:28

2902 Brittany Hall.

2903 BRITTANYHALL.

2904

2905  **Chakalian, Gregory, EMNRD** 2:20:35

2906 Thank you and Miss Romero.

2907

2908  **Romero, Rosa, EMNRD** 2:20:38

2909 Roxa Romero, ROSAROMERO.

2910

2911  **Chakalian, Gregory, EMNRD** 2:20:42

2912 OK.

2913 Thank you.

2914 I'm gonna continue now with Mr. Smith.

2915 So, Mr. Tremaine, you said you would like to have Mr. Smith qualified as an expert in

2916 a subject in a certain subject matter.

2917 Can you tell me more about that?

2918

2919  **Tremaine, Jesse, EMNRD** 2:21:01

2920 Yes, Mr. Smith has extensive experience in the oil and gas field generally as an
2921 environmental specialist and the supervisor of the special projects groups overseeing
2922 the work of environmental specialists.

2923 So we're offering Mr. Smith as an expert in the areas of administrative
2924 implementation of part 29 and the OCD incidents system.

2925 Mr. Smith was primarily responsible for structuring.

2926 A host of updates to that system and is extremely knowledgeable in the both the
2927 administrative requirements of part 29 and specifically how operators are expected
2928 to and are able to provide updates regarding incidents through OC DS electronic
2929 permitting system.

2930

2931 **CE** Chakalian, Gregory, EMNRD 2:21:51

2932 OK, now Mr. thank you, Mr. Tremaine. Which what?

2933

2934 **TE** Tremaine, Jesse, EMNRD 2:21:51

2935 That's largely the subject. Go ahead.

2936

2937 **CE** Chakalian, Gregory, EMNRD 2:21:55

2938 Which document am I looking at to find his CV?

2939 Because I see three documents filed on the 20th, 1:00 on the 19th. Which is it?

2940

2941 **TE** Tremaine, Jesse, EMNRD 2:22:07

2942 I'm not.

2943 I'm not sure about those dates, but in the OCD exhibit binder for this case, Mr. Smith

2944 is exhibit 1.

2945

2946 **GE** Garcia, John, EMNRD 2:22:18

2947 It's the middle.

2948

2949 **CE** Chakalian, Gregory, EMNRD 2:22:18

2950 All right.

2951

2952 **GE** Garcia, John, EMNRD 2:22:19

2953 It's the middle image, Gregory, second from the right.

2954

2955 **CE** Chakalian, Gregory, EMNRD 2:22:22

2956 Thank you. Second from the right, thank you. OK. And I see it.

2957

2958 **GE** Garcia, John, EMNRD 2:22:26

2959 And that's the entire OCD the back end.

2960

2961 **CE** Chakalian, Gregory, EMNRD 2:22:26

2962 Yes, here it is.

2963 Thank you, Mr. Garcia.

2964 OK, Mr. Smith.

2965 Let me just review your.

2966 Your CV.

2967 Mr. Muhlenberg, have you seen the CV?

2968

2969 **ML Moellenberg, Dalva L.** 2:22:58

2970 Yes, I have Mr. hearing examiner.

2971

2972 **CE Chakalian, Gregory, EMNRD** 2:23:01

2973 OK. Do you, is there any objection to qualifying him as a limited expert in these
2974 fields?

2975

2976 **ML Moellenberg, Dalva L.** 2:23:09

2977 No objection.

2978

2979 **CE Chakalian, Gregory, EMNRD** 2:23:10

2980 No objection.

2981 All right.

2982 I see relevant experience going all the way back to 2004.

2983 And I'm not gonna go through it.

2984 There's no objection to Mr. Smith being admitted as an expert in the fields that

2985 Mister Tremaine just listed, and I see substantial evidence that would lead me to
2986 qualify him in any event.

2987 So that's granted Mr. Tremaine.

2988 So do you want to go on now with a summary?

2989 I do see Mr. Smith's direct testimony in here. He is sworn in.

2990 So do you want to go on?

2991

2992 **TE Tremaine, Jesse, EMNRD** 2:23:53

2993 I will thank you, Mr. hearing Officer.

2994 Mr. Smith, you prepared a direct testimony in preparation for this hearing, which is

2995 listed as OCD exhibit #2, correct.

2996

2997  **Smith, Cory, EMNRD** 2:24:04

2998 I did.

2999

3000  **Tremaine, Jesse, EMNRD** 2:24:06

3001 And today, are there any corrections that are necessary to make to that direct
3002 testimony to the best of your knowledge?

3003

3004  **Smith, Cory, EMNRD** 2:24:16

3005 Not that I'm aware of.

3006

3007  **Tremaine, Jesse, EMNRD** 2:24:18

3008 OK. And do you adopt that written direct testimony as your sworn testimony today?

3009

3010  **Smith, Cory, EMNRD** 2:24:24

3011 I do.

3012

3013  **Tremaine, Jesse, EMNRD** 2:24:26

3014 OK, great. We've already admitted all of the exhibits.

3015 So, Mr. Smith, I'm just gonna jump right to.

3016 Referencing exhibits #2627 and 28.

3017 I'm gonna take these out of order.

3018 And Mr. Schering Examiner, I'd like to share screen here.

3019 I'm gonna share OCD exhibit #27.

3020 Mr. Smith, could you please describe for the hearing examiner in the parties the

3021 information that's contained on this slide and the significance of this information?

3022

3023  **Smith, Cory, EMNRD** 2:25:03

3024 So this is essentially just a visual representation of the incident timeline that generally
3025 happens with incidents that are related to part 29.

3026 So moving left to right at the very top, generally speaking incidents are discovered
3027 and they're generated with a date of release or a Dor.

3028 And then the first major, the first box there is operators need to make decision if this
3029 is a major or minor release based on volumes.

3030 Or if the incident is a has a fire or potentially.

3031 A and there's a waterway other hazard.

3032 Right, so they need to define if it's a major or minor release, because the difference is

3033 is that if it's a major release, they need to provide notice to the OCD within 24 hours

3034 of the date of the discovery. And if it's a minor release, then they.

3035 Just need to fill out the initial C141 within 15 days.

3036

3037  **Tremaine, Jesse, EMNRD** 2:26:01

3038 Mr. Smith, let me interject with a question there.

3039

3040  **Smith, Cory, EMNRD** 2:26:02

3041 For me.

3042

3043  **Tremaine, Jesse, EMNRD** 2:26:04

3044 What is the volume metric threshold for a major and minor release respectively?

3045

3046  **Smith, Cory, EMNRD** 2:26:10

3047 So a major release is any release that is more than 25 barrels of a substance or 500

3048 MCF of gases.

3049 And a minor release is five barrels and 25 MCF or excuse me, 50 MCF.

3050

3051  **Tremaine, Jesse, EMNRD** 2:26:23

3052 OK.

3053 So please proceed with describing in content of this timeline as it applies to major or

3054 minor releases.

3055

3056  **Smith, Cory, EMNRD** 2:26:34

3057 Right. And So what I'm trying to show here is that there's essentially the first step.

3058 The first requirement is that you have to one provide notice to OCD either within 24

3059 hours and then within 15 days by submitting an initial C141.

3060 After that.

3061 The operator essentially has two different choices.

3062 They have essentially 90 days from the date of discovery to either do.

3063 The top path, which is a formal delineation.

3064 That's where operators perform.

3065 Site delineation vertically and horizontally under 19152911.

3066 And then they submit a remediation plan for review to the OCD.

3067 The reason that the bottom right hand part where it says variable time frames for

3068 both of these steps is because when you submit a formal delineation, you're allowed

3069 to ask for additional time.
3070 So it's not necessarily.
3071 Just 90 days, but the remediation plan has a requirement that the operator provides
3072 the OCD a proposed timeline for approval.
3073 If they choose the bottom path, which is generally the path that most operators go
3074 for smaller sites they complete.
3075 Site characterization.
3076 They complete the remediation plan and the remediation within 90 days and submit
3077 that to the OCD for.
3078 Approval.
3079 Approval.
3080 Once moving moving left to right, once those are approved and remediation is
3081 complete, the next step is site reclamation.
3082 That generally involves the meeting, the reclamation requirements of 19152913,
3083 which is in the top four feet.
3084 Again, why this is variable is because some parts of a release may not be.
3085 Reclaimed.
3086 Until the real pad until the PNA.
3087 Sorry, excuse me until the well is PNA Ed, which could be decades, as we all know,
3088 because those areas may be reasonably needed.
3089 For subsequent drilling or work over activities.
3090 Once the site's been reclaimed, the next step is revegetation again.
3091 The requirement is that it's revegetated in the next favourable growing season after
3092 it's been reclaimed.
3093 As you all are aware, we live in the southwest part of the United States and
3094 sometimes.
3095 The weather is not favorable for growing and it can also take a long period of time.
3096 So that is also a variable time frame. Once the operator completes revegetation, the
3097 OCD considers the incident to be restored and restoration is complete.
3098 And there's no further action needed.
3099
3100 **TE** **Tremaine, Jesse, EMNRD** 2:29:33
3101 Right, Mr. Smith, I've got a.
3102 Oh, sorry, I've got a couple clarifying questions. While you're at that, the 1st in terms

3103 of the timelines, is it fair to summarize that the default deadline to complete a
3104 remediation is 90 days?

3105

3106  **Smith, Cory, EMNRD** 2:29:49

3107 Yes.

3108

3109  **Tremaine, Jesse, EMNRD** 2:29:50

3110 OK. And that deadline would apply in the absence of an approved remediation plan
3111 submitted by the operator, is that correct?

3112

3113  **Smith, Cory, EMNRD** 2:29:59

3114 Yes.

3115

3116  **Tremaine, Jesse, EMNRD** 2:30:01

3117 OK. And just clarifying here connecting some terminology.

3118 You indicated that a notice may be required for major releases within 24 hours.

3119 Is that in the upper left?

3120 Here is that what's referred to as an NOR.

3121

3122  **Smith, Cory, EMNRD** 2:30:20

3123 Yes.

3124

3125  **Tremaine, Jesse, EMNRD** 2:30:21

3126 OK. And how is an NOR submitted to the Oil Conservation division?

3127

3128  **Smith, Cory, EMNRD** 2:30:28

3129 Nor is submitted through the NOR application on the OCD permitting website.

3130

3131  **Tremaine, Jesse, EMNRD** 2:30:33

3132 OK and.

3133 The subsequent.

3134 Submission or report notification to OCD for a minor is that what's referred to here

3135 as the initial C141.

3136

3137  **Smith, Cory, EMNRD** 2:30:49

3138 Yes, Sir.

3139

3140  **Tremaine, Jesse, EMNRD** 2:30:50

3141 OK.

3142 I just want to make sure we're connecting the dots to the the form types.

3143 Is that also submitted through the OCD permitting system?

3144

3145  **Smith, Cory, EMNRD** 2:30:58

3146 Yes, Sir.

3147

3148  **Tremaine, Jesse, EMNRD** 2:31:00

3149 OK.

3150 Any other clarifications that are necessary in your opinion on those form types or
3151 process?

3152

3153  **Smith, Cory, EMNRD** 2:31:08

3154 Just for Mr. Herring examiner, each application that submitted through OCD
3155 permitting gets a unique application ID number and it's displayed in the incident
3156 timeline and the incident details.

3157

3158  **Tremaine, Jesse, EMNRD** 2:31:24

3159 So Mr. Smith, jumping forward as we're talking through this timeline, if OCD were to
3160 allege a violation of an initial notification requirement, are we referring to that 24
3161 hour NOR or notice of release?

3162

3163  **Smith, Cory, EMNRD** 2:31:43

3164 Can you repeat your question, Mr. Tremain?

3165

3166  **Tremaine, Jesse, EMNRD** 2:31:45

3167 Yeah, so, so in the event that the OCD alleges that an operator vial violated the
3168 requirement to submit a 24 hour notification is that that notice of release that we just
3169 discussed.

3170

3171  **Smith, Cory, EMNRD** 2:31:59

3172 Yes, Sir.

3173

3174  **Tremaine, Jesse, EMNRD** 2:32:00

3175 OK.

3176 And if OCD alleges a violation that an operator failed to submit.

3177 Subsequent report of a release, does that refer to the C141 that we've discussed?

3178

3179  **Smith, Cory, EMNRD** 2:32:16

3180 Yes, Sir.

3181

3182  **Tremaine, Jesse, EMNRD** 2:32:17

3183 OK. Is there.

3184 I jumped in with clarifying questions.

3185 Was there any other information that you wanted to share with the hearing officer

3186 from from this slide?

3187

3188  **Smith, Cory, EMNRD** 2:32:31

3189 The the bottom section is just overview of the different statuses based upon the

3190 different type of C140 ones that are submitted.

3191 So the C141 has.

3192 Multiple choices and it's all based upon how the answers the operator answers the

3193 questions as to what type of C141 it is.

3194 And the bottom.

3195 Boxes down there to kind of tell you which one that is and what status those

3196 incidents are in as you move left to right.

3197

3198  **Tremaine, Jesse, EMNRD** 2:33:12

3199 Thank you. I think is there, I think we've covered that slide.

3200 So I will move on to OCD exhibit #28.

3201 Mr. Smith, what is OCD? Exhibit 28.

3202

3203  **Smith, Cory, EMNRD** 2:33:27

3204 OCD exhibit 28 is just a PowerPoint essentially showing the major release notification

3205 example that the OCD receives when we when the operator completes the NOR
3206 application. This is just an example of what we see and who it goes to, so it goes to
3207 the environ.

3208 Bureau chief.

3209 The incident environmental incident supervisor.

3210 It also goes to the environmental field compliance.

3211 Supervisor and the major notice it has the application ID. The operator's O grid, the
3212 incident number and allows us to quickly follow up if we need to.

3213

3214 **CE** **Chakalian, Gregory, EMNRD** 2:34:09

3215 Mr. Smith, let me interrupt you for a moment, Mr. Tremaine.

3216 I wonder if if this wouldn't be more streamlined if we found out what the respondent
3217 was challenging.

3218 I I understand why you're doing this and and it's not, it's not wrong.

3219 But I wonder if we need to spend time on this if the if the respondent's not
3220 challenging. So, Mr. Muhlenberg, what, what part of this case?

3221 Is your client challenging?

3222

3223 **ML** **Moellenberg, Dalva L.** 2:34:40

3224 Thank you, Mr. hearing officer.

3225 The.

3226 My clients not challenging the overall case.

3227 We do think there are some important factors.

3228 That are involved.

3229 In terms of the particularly the penalty assessment.

3230 Including evidence of historic.

3231 Incidents or releases that.

3232 That preceded the incidents that have led to the Nov.

3233 Including by prior operators.

3234 And operators of other facilities in the vicinity.

3235 A factor in in this particular case is that the state Land Office is involved as the site is
3236 under a state lease, so there's.

3237 Sort of.

3238 2 tracks to this matter.

3239 There, there's one issue in particular I think related to the penalty assessment, which

3240 is.
3241 A.
3242 A period of time where communications were interrupted by the COVID incident.
3243 This is a pretty long standing matter and.
3244
3245 **CE Chakalian, Gregory, EMNRD 2:36:03**
3246 So Mr. Muhlenberg, let me interrupt you for a moment.
3247
3248 **ML Moellenberg, Dalva L. 2:36:06**
3249 Yes.
3250
3251 **CE Chakalian, Gregory, EMNRD 2:36:06**
3252 I I think I understand where you're going here and and I think I think, correct me if
3253 I'm wrong, your client is not challenging whether there was a violation.
3254
3255 **ML Moellenberg, Dalva L. 2:36:09**
3256 Yeah.
3257
3258 **CE Chakalian, Gregory, EMNRD 2:36:16**
3259 Your your client is admitting there was a violation.
3260
3261 **ML Moellenberg, Dalva L. 2:36:22**
3262 That's a little bit of a complex.
3263 Question under a complex set of circumstances, so probably sounds like I'm kind of
3264 dodging that question, but but.
3265 I.
3266 I would concede that there is evidence that the timelines specified in part 29 were
3267 not met during certain periods. Now, of course there is the COVID piece.
3268 There's a time where I think the record shows that communications were interrupted
3269 and that does factor into a penalty assessment here.
3270 I think given we're running penalty assessments over some of that time frame, that's
3271 a matter, but the at at the heart of the matter here is, as Mr. Tremain indicated.
3272 Buckeye disposal.
3273 For some time, attempted to and has done a lot of site characterization work.
3274 As sometimes.

3275 Happens with site characterization work.
3276 You collect.
3277 Soil samples that indicates that maybe things.
3278

3279 **PV Paula M. Vance** 2:37:48
3280 They already pulled in the new bars.
3281

3282 **ML Moellenberg, Dalva L.** 2:37:50
3283 Are more than were originally anticipated or there are contaminant sources other
3284 than the incidence being addressed?
3285 And and along with that.
3286 Buckeye.
3287 Was submitting proposed remediation plans, which it hoped to have the means to
3288 carry out, but essentially is this case progressed.
3289 Buckeye no longer has sufficient resources to complete characterization and to
3290 conduct remediation.
3291 Within the scope of what the division believes is necessary.
3292 So that's that's a summary of where we're at.
3293 I don't know if that clarified the issues or muddied the waters for you, Mr. Hearing
3294 Officer, but that's essentially the the narrative that I would present here.
3295

3296 **CE Chakalian, Gregory, EMNRD** 2:38:52
3297 It sounds like what you're saying, and I'm gonna go to you in a moment, Mr.
3298 Tremaine.
3299 I've seen your hand up.

3300 It sounds like what you're saying to me, Mr. Muhlenberg, is my, my clients willing to
3301 to accept a certain amount of responsibility. But we feel like the penalty is too high.
3302

3303 **ML Moellenberg, Dalva L.** 2:39:11
3304 But I think that's a fair assessment.
3305

3306 **CE Chakalian, Gregory, EMNRD** 2:39:13
3307 OK, Mr. Tremaine, what were you gonna say?
3308

3309 **TE Tremaine, Jesse, EMNRD** 2:39:17

3310 I was going to say that.
3311 Yeah, without knowing ahead of time that.
3312 Whether there was a dispute regarding the specific timelines because these various
3313 timelines attached all the way back to 2018, we've prepared this presentation if that's
3314 not necessary, I can move on. Miss Hall can talk to can is able to speak to the
3315 particular status of site.

3316

3317 **CE Chakalian, Gregory, EMNRD 2:39:32**

3318 Mm-hmm.

3319 OK.

3320

3321 **TE Tremaine, Jesse, EMNRD 2:39:44**

3322 Characterization work.

3323 Instant statuses at those two sites.

3324 We're gonna use both her and M's Romero to talk about the civil penalty calculation.

3325

3326 **CE Chakalian, Gregory, EMNRD 2:39:48**

3327 OK.

3328 Of course.

3329 Mm.

3330

3331 **TE Tremaine, Jesse, EMNRD 2:39:57**

3332 So relative to, I'd ask for a moment of grace and patience because I'm asking my
3333 witnesses to move through their presentations out of order.

3334 But I can move to Miss Hall to address those two questions, I'd ask her to adopt her
3335 direct testimony. And then?

3336 Provide a summary of the instance.

3337 And we can get into those two questions if that pleases the hearing officer.

3338

3339 **CE Chakalian, Gregory, EMNRD 2:40:21**

3340 Let's do let's do this.

3341 So Mr. Muhlenberg, Mr. Smith has adopted his written testimony. Underoath made
3342 no corrections to it.

3343 Do you have any questions for Mr. Smith?

3344

3345 **ML** Moellenberg, Dalva L. 2:40:40

3346 I I do not have any questions for Mr. Smith.

3347

3348 **CE** Chakalian, Gregory, EMNRD 2:40:42

3349 OK.

3350

3351 **ML** Moellenberg, Dalva L. 2:40:44

3352 I understand he is the witness. That's kind of presenting the part 29.

3353

3354 **CE** Chakalian, Gregory, EMNRD 2:40:48

3355 Right.

3356

3357 **ML** Moellenberg, Dalva L. 2:40:51

3358 Frieda, so to speak.

3359 And and not so much the particular site issues.

3360

3361 **CE** Chakalian, Gregory, EMNRD 2:40:59

3362 That's what I I understood that too. And I felt like you probably didn't have any issue
3363 with his testimony and you weren't going to be cross examining him.

3364 And so we didn't need to spend a bunch of time since we've already gotten his
3365 information in evidence with your stipulation. So, Mr. Smith.

3366 Thank you for your participation. I Mr. Tremaine may recall you.

3367 I don't know what's going to happen, but thank you for your work in this case.

3368

3369  **Smith, Cory, EMNRD** 2:41:32

3370 Thank you.

3371

3372 **CE** Chakalian, Gregory, EMNRD 2:41:33

3373 OK, M's Hall, Mr. Tremain was addressing you.

3374

3375 **TE** Tremaine, Jesse, EMNRD 2:41:37

3376 Thank you.

3377 Yeah. Mr. I I think you indicated this Mr. Hearing Officer, but that would be my only
3378 stipulation with moving on is that if there's a clarification on those process

3379 requirements and deadlines, I may need to go back to Mr. Smith. I don't expect there
3380 to be.

3381

3382  **Chakalian, Gregory, EMNRD** 2:41:50

3383 Mm-hmm.

3384

3385  **Tremaine, Jesse, EMNRD** 2:41:53

3386 Miss hall.

3387 We've entered the exhibits, but I just want to direct you to OCD exhibit #4.

3388 Did you prepare?

3389 Sorry, OCD exhibit #3.

3390 Is that your resume which you prepared in preparation for this hearing?

3391

3392  **Hall, Brittany, EMNRD** 2:42:09

3393 Yes.

3394

3395  **Tremaine, Jesse, EMNRD** 2:42:09

3396 And there's no corrections are necessary to that exhibit are there?

3397

3398  **Hall, Brittany, EMNRD** 2:42:14

3399 No.

3400

3401  **Tremaine, Jesse, EMNRD** 2:42:16

3402 OK. And did you prepare?

3403 Written direct testimony, which is OCD exhibit #4.

3404

3405  **Hall, Brittany, EMNRD** 2:42:22

3406 Yes.

3407

3408  **Tremaine, Jesse, EMNRD** 2:42:24

3409 Does OCD exhibit? Does your direct testimony require any corrections or changes
3410 today?

3411

3412  **Hall, Brittany, EMNRD** 2:42:31

3413 No.

3414

3415  **Tremaine, Jesse, EMNRD** 2:42:32

3416 The information that you provided in your direct testimony true and accurate to the
3417 best of your knowledge.

3418

3419  **Hall, Brittany, EMNRD** 2:42:37

3420 Yes.

3421

3422  **Tremaine, Jesse, EMNRD** 2:42:38

3423 And do you adopt your written direct testimony Exhibit 4 as your sworn testimony
3424 today?

3425

3426  **Hall, Brittany, EMNRD** 2:42:44

3427 Yes.

3428

3429  **Tremaine, Jesse, EMNRD** 2:42:46

3430 I'm going to jump right to asking you.

3431 So I think to be clear, there's there's two incidents that are referenced with proposed
3432 violations in the Nov, correct?

3433

3434  **Hall, Brittany, EMNRD** 2:43:00

3435 Correct.

3436

3437  **Tremaine, Jesse, EMNRD** 2:43:00

3438 Could you please provide us with a brief summary of the nature of the releases and
3439 their current statuses?

3440

3441  **Hall, Brittany, EMNRD** 2:43:09

3442 So both releases were reported at the state AF #3 by Buckeye Disposal.

3443 Their historic in nature just simply meaning that they were discovered in 2018 or
3444 prior to 2018 and they're still actively open in the OCD's system.

3445 The incident event notes state that both of the releases were actually discovered by
3446 state regulatory bodies and not the operator themselves.

3447 But they also indicate on the industry 141 that was submitted by the operator that
3448 they both occurred within the **** of the Line Tank Battery.

3449 As of right now, there's not enough information for OCD to determine if they
3450 overlapped each other or not.

3451

3452  **Tremaine, Jesse, EMNRD** 2:44:03

3453 You miss hall.

3454 Did you hear the discussion earlier regarding the suggestion that Buckeye has
3455 completed some substantial site characterization work at the site?

3456

3457  **Hall, Brittany, EMNRD** 2:44:14

3458 Hey did.

3459

3460  **Tremaine, Jesse, EMNRD** 2:44:15

3461 OK.

3462 I'd like you to summarize OCD's response to that and just give a an outline or or
3463 briefing for us on.

3464 What delineation and characterization?

3465 Records or information does OCD have regarding those two incidents?

3466 That was a little compound.

3467 Do you understand my question?

3468

3469  **Hall, Brittany, EMNRD** 2:44:42

3470 Kind of, but can we break it down into separate?

3471

3472  **Tremaine, Jesse, EMNRD** 2:44:44

3473 Yeah, let's let me rephrase.

3474 So we refer to the site characterization work.

3475 So what's the status of the delineation stage at each incident?

3476

3477  **Hall, Brittany, EMNRD** 2:44:56

3478 So each incident I would say delineation is not complete.

3479 Buckeye Disposal has completed some soil sampling and an EM or electromagnetic
3480 survey of the sites, indicating that there is contamination in the ground that is above
3481 OC DS closure criteria.

3482 But as of this hearing, OCD has not received complete vertical delineation of the site.

3483 And that would include.

3484

3485  **Tremaine, Jesse, EMNRD** 2:45:27

3486 OK.

3487 So go ahead.

3488

3489  **Hall, Brittany, EMNRD** 2:45:29

3490 I was just saying that would include information for both incidents.

3491

3492  **Tremaine, Jesse, EMNRD** 2:45:33

3493 OK.

3494 So what specific information is, in your opinion, missing from the delineation reports
3495 that have been submitted?

3496

3497  **Hall, Brittany, EMNRD** 2:45:43

3498 And the specific information that I would say is missing is full delineation of the site.

3499 We would need vertical delineation for I believe, just petroleum hydrocarbons and
3500 we would also need a remediation plan that we could approve.

3501 Based on that delineation.

3502

3503  **Tremaine, Jesse, EMNRD** 2:46:03

3504 OK so.

3505 I asked you about delineation.

3506 Is site characterization work complete?

3507 What? What's the status of that?

3508

3509  **Hall, Brittany, EMNRD** 2:46:12

3510 The site characterization work includes the delineation, so it is not complete.

3511

3512  **Tremaine, Jesse, EMNRD** 2:46:16

3513 OK. Anything about site characterization specifically that's missing or required under
3514 Part 29, which we did not already discuss as part of the delineation?

3515

3516  **Hall, Brittany, EMNRD** 2:46:27

3517 I don't believe so.

3518

3519 **TE** **Tremaine, Jesse, EMNRD** 2:46:29

3520 OK, you did reference an approvable remediation plan?

3521 What's the status of Buckeye's?

3522 Any remediation plan submitted by Buckeye.

3523

3524  **Hall, Brittany, EMNRD** 2:46:43

3525 So in the remediation plans that Buckeye has submitted recently, I would say like

3526 within 20 like the year of 2025, they are proposing to either excavate at one point

3527 just the upper 4 feet or excavate down to 5 1/2 feet and place a

3528 Clay liner.

3529 The location of the releases.

3530 Have sensitive setbacks that would put the operator into needing to remediate the

3531 most stringent closure criteria.

3532 And the upper, you know, four and five feet, unfortunately, aren't the only strata of

3533 soil that are contaminated.

3534

3535 **TE** **Tremaine, Jesse, EMNRD** 2:47:25

3536 OK.

3537 So is it fair to say that the the issues with the remediation plans are the part 29

3538 remediation standards?

3539

3540  **Hall, Brittany, EMNRD** 2:47:37

3541 I would say that's fair.

3542

3543 **TE** **Tremaine, Jesse, EMNRD** 2:47:39

3544 OK, Buckeye is proposing to remediate to the least stringent standard, but OCD is

3545 requiring Buckeye to remediate to the most stringent standard.

3546

3547  **Hall, Brittany, EMNRD** 2:47:52

3548 At one point, Buckeye was proposing to remediate to the least stringent closure

3549 criteria based on depth of water in the area, depth of water in the area is over 100

3550 feet, but they're within 1000 foot of a water well, which automatically puts them in

3551 the most.

3552 Stringent closure criteria as well as.

3553 There's a freshwater pond just South of the site, and so they're within the setbacks of
3554 that as well, just based on some delineation points that they have.
3555 The issue with only remediating the upper four to five and a half feet is.
3556 That would require a OC, but does not approve a variance without full delineation.
3557

3558  **Tremaine, Jesse, EMNRD** 2:48:37

3559 Thank you.
3560 Is there anything else regarding the the status of these two incidents?
3561 That we need to discuss that I haven't asked you about related to the site reference
3562 site characterization work generally.
3563

3564  **Hall, Brittany, EMNRD** 2:48:55

3565 I don't believe so.
3566

3567  **Tremaine, Jesse, EMNRD** 2:48:57

3568 OK.
3569 So I'd like to move along and talk through OCD exhibit #10.
3570 This is the civil penalty calculator. This has been admitted and I'm gonna share
3571 screen.
3572 Pardon. These are very wide documents.
3573 I'm gonna try to get this on the screen here.
3574 Alright, so Miss Hall, were you directly responsible for preparing?
3575 The the draft Nov in civil civil penalty calculator.
3576

3577  **Hall, Brittany, EMNRD** 2:49:42

3578 I was.
3579

3580  **Tremaine, Jesse, EMNRD** 2:49:43

3581 OK. And to clarify, is that Nov subject to and civil penalty calculator subject to
3582 approval by your supervisors and OCD leadership?
3583

3584  **Hall, Brittany, EMNRD** 2:49:54

3585 It is.
3586

3587  **Tremaine, Jesse, EMNRD** 2:49:56

3588 I I want to run through.
3589 Here and just ask you to connect the dots between the line items in the civil penalty.
3590 Calculator and the violations that are alleged in the Nov so and I'd like let's start with
3591 the first line here, the 29, eight a violation.
3592 I believe that you heard Mr. Muhlenberg's statement regarding.
3593 Violation.
3594 That have been assessed at different periods of time.
3595 You know, preceding periods of time.
3596 Is it consistent with your understanding that part 29 and part 5 the enforcement rule
3597 have been updated after these two incidents initially occurred?

3598

3599  **Hall, Brittany, EMNRD** 2:50:45

3600 Yes.

3601

3602  **Tremaine, Jesse, EMNRD** 2:50:46

3603 OK.

3604 So here on this first line, we've cited proposed a violation a single day violation for a
3605 prohibited minor release.

3606 Could you please describe why OCD proposed a minor release violation?

3607

3608  **Hall, Brittany, EMNRD** 2:51:08

3609 We propose the minor release violation.

3610 We propose it as a minor due to the fact that when Buckeye submitted their initial
3611 C141 for each of the incidents, they indicated that the release did not exceed 25
3612 barrels, and so that would put it in the minor category. We also proposed it.

3613 As a one day violation because the the well has been plugged, I believe it was
3614 plugged in April of 2023.

3615 But since the release has not been remediated yet.

3616 We imposed A1 day fine.

3617

3618  **Tremaine, Jesse, EMNRD** 2:51:48

3619 And would you, would you agree with me?

3620 Well, I'll strike that. So that release.

3621 When was that release?

3622 Reported to have occurred initially.

3623

3624  **Hall, Brittany, EMNRD** 2:52:01

3625 Are you asking the data discovery?

3626

3627  **Tremaine, Jesse, EMNRD** 2:52:04

3628 The data discovery, yes.

3629

3630  **Hall, Brittany, EMNRD** 2:52:05

3631 So there's there's two separate releases on on the civil penalty calculator of the first
3632 release was discovered.

3633 2016 I can't remember the month and then the second release was discovered in

3634 2018.

3635

3636  **Tremaine, Jesse, EMNRD** 2:52:22

3637 OK. And that released that first release 2016?

3638 I believe you already testified that it is not yet remediated, correct.

3639

3640  **Hall, Brittany, EMNRD** 2:52:32

3641 Correct.

3642

3643  **Tremaine, Jesse, EMNRD** 2:52:32

3644 OK. And would you agree with me if I said that in 2016 OCD did not have civil
3645 penalty authority or?

3646 The had not prohibited major or minor releases.

3647

3648  **Hall, Brittany, EMNRD** 2:52:46

3649 Yes, I would agree with that.

3650

3651  **Tremaine, Jesse, EMNRD** 2:52:47

3652 OK. Does OCD consider this to be an ongoing violation?

3653

3654  **Hall, Brittany, EMNRD** 2:52:55

3655 Yes.

3656

3657  **Tremaine, Jesse, EMNRD** 2:52:57

3658 OK.
3659 And is would the fact that the incident is not remediated.
3660 Would that be adequate grounds for proposing a different violation for failing to
3661 remediate a release under another section of part 29?

3662

3663  **Hall, Brittany, EMNRD** 2:53:17

3664 Can you repeat that?

3665

3666  **Tremaine, Jesse, EMNRD** 2:53:19

3667 Yes, alternatively to proposing a minor release violation, could OCD have?

3668 Proposed a violation for failing to remediate the release.

3669

3670  **Hall, Brittany, EMNRD** 2:53:34

3671 Yes.

3672

3673  **Tremaine, Jesse, EMNRD** 2:53:36

3674 And that violation, could that have been proposed as a multi day violate?

3675 An ongoing violation.

3676

3677  **Hall, Brittany, EMNRD** 2:53:42

3678 Yes.

3679

3680  **Tremaine, Jesse, EMNRD** 2:53:44

3681 OK, I want to move on to the second one again.

3682 We're on the 1st incident here, 2016, the 2911 which violation is. Does this relate to?

3683

3684  **Hall, Brittany, EMNRD** 2:53:58

3685 I believe that's failure to submit site characterization, but it's pretty small.

3686

3687  **Tremaine, Jesse, EMNRD** 2:54:05

3688 And is that one of the C140 ones that we've referenced through Mr. Smith's

3689 testimony?

3690

3691  **Hall, Brittany, EMNRD** 2:54:12

3692 Yes, it is a portion of the remediation plan C141.

3693

3694  **Tremaine, Jesse, EMNRD** 2:54:17

3695 OK, I specifically want to ask you if there's any clarifications that you need to make in
3696 in terms of how OCD proposed.

3697 This line item civil penalty.

3698

3699  **Hall, Brittany, EMNRD** 2:54:31

3700 Yes there is.

3701 So the day of violations for that particular violation that we are talking about is listed
3702 at 2250 days.

3703 I calculated that violation based on the transitional clause of 191529, which
3704 essentially gave the operators 90 days to submit a remediation plan with like
3705 characterization after the new rule came into effect.

3706 The days penalized in the Orange column is incorrect.

3707 That should be a penalty days. Penalize should be 252 days, which would be the date
3708 from the last extension request due date that Buckeye submitted.

3709

3710  **Tremaine, Jesse, EMNRD** 2:55:18

3711 OK, so to clarify this days in violation that total number of days that goes back to
3712 2018, correct?

3713

3714  **Hall, Brittany, EMNRD** 2:55:25

3715 Correct.

3716

3717  **Tremaine, Jesse, EMNRD** 2:55:26

3718 OK.

3719 The and we've we've covered this, but in 2018 OCD didn't have civil penalty authority
3720 under Part 5, right?

3721 OK.

3722 So if we change this to 252, what what event or or deadline does that 252 day
3723 calculation relate to?

3724

3725  **Hall, Brittany, EMNRD** 2:55:52

3726 I'm sorry, I didn't understand that question.

3727

3728  **Tremaine, Jesse, EMNRD** 2:55:54

3729 You indicated an answer to my previous question at that 2000 and 2250 days.

3730 Penalized should be 252 days.

3731 What is that 252 days attached to?

3732

3733  **Hall, Brittany, EMNRD** 2:56:08

3734 That is attached to the last due date that the OCD gave as an extension request.

3735

3736  **Tremaine, Jesse, EMNRD** 2:56:14

3737 OK.

3738 So this second line item in the civil penalty calculator.

3739 Maxes out at the \$200,000. If we update the civil penalty calculator in the days penalized column to 252.

3741 Does that change the total proposed civil penalty in this total column?

3742

3743  **Hall, Brittany, EMNRD** 2:56:38

3744 It does not.

3745

3746  **Tremaine, Jesse, EMNRD** 2:56:39

3747 OK, there are a number.

3748 Not before we get into just connecting the dots.

3749 Specific violations.

3750 There's a number of these 2250 days in here.

3751 Does the same analysis apply to those other to those other line items?

3752 OK, if we if we update those other line of items.

3753 To violations only occurring in 2023 through 2025 in that time period. Does that change the total calculated civil penalty?

3755

3756  **Hall, Brittany, EMNRD** 2:57:18

3757 It does not.

3758

3759  **Tremaine, Jesse, EMNRD** 2:57:20

3760 OK. And did you test that assumption or run new civil penalties in preparation for the hearing?

3761

3762

3763  **Hall, Brittany, EMNRD** 2:57:27

3764 I did.

3765

3766  **Tremaine, Jesse, EMNRD** 2:57:29

3767 OK.

3768 All right.

3769 So after after you change those days, penalized dates, do you?

3770 You still get a proposed civil penalty of \$1,604,500.

3771

3772  **Hall, Brittany, EMNRD** 2:57:44

3773 Yes.

3774

3775  **Tremaine, Jesse, EMNRD** 2:57:45

3776 OK.

3777 Thank you.

3778 So that Mister hearing examiner, I think that that is going to.

3779 Cover a direct portion regarding the clarifications on the civil penalty calculator, if
3780 necessary.

3781 I'm happy to walk through and talk about.

3782 The nature of the violation in each line item.

3783 What I'm expecting that the.

3784 Concerns with the civil proposed civil penalty and the calculators relate to the the
3785 specific items that I brought up.

3786

3787  **Chakalian, Gregory, EMNRD** 2:58:20

3788 OK.

3789 So you're offering M's Hall for cross examination?

3790

3791  **Tremaine, Jesse, EMNRD** 2:58:26

3792 Yeah. In order to expedite this process, yes, if there's questions about the nature of
3793 the other violations, I'd like to come back.

3794 But I think good faith effort to move this forward.

3795

3796  **Chakalian, Gregory, EMNRD** 2:58:33

3797 OK.

3798 Perfect, Mr. mohlenburg.

3799

3800  **Moellenberg, Dalva L.** 2:58:39

3801 Thank you, Mr. hearing officer.

3802 Good morning, miss hall.

3803 Thank you for your testimony here today.

3804 I have just a couple of questions in the chart that you presented.

3805 Is is there a period of time covered by the history there? That was during the COVID
3806 epidemic?

3807

3808  **Hall, Brittany, EMNRD** 2:59:09

3809 So I believe with the 2250 days in that penalized column, it probably would cover a
3810 portion of the COVID epidemic.

3811 But again, we're changing. You know, that was a typo. It's incorrect.

3812 The 252 days actually is calculated from May 2nd, 2024 I believe.

3813 I know it's may 2024, I can't.

3814 I can't remember if it's the 2nd or the 1st.

3815

3816  **Moellenberg, Dalva L.** 2:59:35

3817 OK.

3818 Thank you for that. And aside from that original 2000 and such day period.

3819 Is is there any other portion of the timeline covered by the proposed civil penalty
3820 that was during the COVID period of roughly March of 2020 until probably sometime
3821 in 2022 when everything was fully up and running again?

3822 OK.

3823 Thank you. M's Hall earlier in in your summary and I know you've given a very
3824 abbreviated summary.

3825 You mentioned electromagnetic survey work performed by Buckeye Disposal.

3826 Do you recall that?

3827

3828  **Hall, Brittany, EMNRD** 3:00:22

3829 Yes, Sir.

3830

3831  **Moellenberg, Dalva L.** 3:00:25

3832 Has Buckeye disposal also?
3833 Completed a number of soil borings.
3834 Obtained samples for analysis and provided the results of the analytical sampling.
3835

3836  **Hall, Brittany, EMNRD** 3:00:42

3837 I believe so.
3838 I think there may be one set of samplings that wasn't submitted with the remediation
3839 plan due to the Nov, but I can't recall off the top of my head if that one was
3840 submitted or not.

3841

3842  **Moellenberg, Dalva L.** 3:00:55

3843 OK. And and I believe you've you've included Buckeye disposals.
3844 Proposed plans and reports in the record.
3845 That additional work that I'm mentioning would be shown in there.

3846

3847  **Hall, Brittany, EMNRD** 3:01:11

3848 Correct.

3849

3850  **Moellenberg, Dalva L.** 3:01:13

3851 OK.
3852 Would would you agree with me that in Buckeye disposals?
3853 Various plans that it identified.
3854 Issues that indicated.
3855 That there may have been historic releases at this site.
3856 That preceded the incidents.
3857 That you've identified as the basis for the Nov?

3858

3859  **Hall, Brittany, EMNRD** 3:01:50

3860 I wouldn't be able to speak to that since no other releases has been reported to the
3861 OCD by separate operators.

3862

3863  **Moellenberg, Dalva L.** 3:02:01

3864 Is it your understanding that there were and may continue to be other operators
3865 operating at or in the vicinity of this site?

3866

3867  **Hall, Brittany, EMNRD** 3:02:12

3868 Yes.

3869

3870  **Moellenberg, Dalva L.** 3:02:15

3871 And and as to my earlier question.

3872 Any such information regarding other potential historic releases reported or not

3873 reported would would be indicated in the Buckeye disposal.

3874 Written submissions to OCD.

3875

3876  **Hall, Brittany, EMNRD** 3:02:40

3877 I would say yes, I agree that Buckeye has indicated that other operators may have

3878 had releases in the vicinity.

3879

3880  **Moellenberg, Dalva L.** 3:02:49

3881 Thank you, Miss Hall.

3882 That's all I have.

3883

3884  **Hall, Brittany, EMNRD** 3:02:51

3885 Thank you.

3886

3887  **Chakalian, Gregory, EMNRD** 3:02:56

3888 So I'm gonna ask Mr. Garcia, our technical examiner, if he has any questions for Ms.

3889 Hall.

3890

3891  **Garcia, John, EMNRD** 3:03:05

3892 I believe I have two maybe.

3893 Miss Hall, Mr. Muhlenberg was kinda asking about COVID.

3894 You stated that 252 days is before COVID or after COVID.

3895 I guess my question is even in regards to COVID, did the division issue any

3896 clarifications for spills during the COVID timeline?

3897

3898  **Hall, Brittany, EMNRD** 3:03:27

3899 I was not a part of the division during the COVID timeline, so I'm not sure other than

3900 I believe at some point in time that all submissions were moved to electronic
3901 submissions during COVID.

3902

3903  **Garcia, John, EMNRD** 3:03:32

3904 OK.

3905

3906 **OCD Regular & Special Docket February 26, 2026-**
3907 **20260226_181212UTC-Meeting Recording; START OF**
3908 **2ND RECORDING**

3909 February 26, 2026, 6:12PM

3910 4h 0m 0s

3911

3912  **Garcia, John, EMNRD** 0:08

3913 Do you know of any other witnesses would be able to answer that question?

3914

3915  **Hall, Brittany, EMNRD** 0:12

3916 Potentially Corey Smith, since I believe he was here during the COVID timeline.

3917

3918  **Garcia, John, EMNRD** 0:17

3919 I can reserve my question.

3920 Mr. Muhlenberg kinda. Also, if I understand his question correct, I believe he was
3921 saying these sites have spills from prior operators.

3922 I guess my question to you is when operators buy assets well as locations etcetera,
3923 what is the responsibility of those spills?

3924 Do they transfer with purchases?

3925

3926  **Hall, Brittany, EMNRD** 0:43

3927 They do.

3928

3929  **Garcia, John, EMNRD** 0:44

3930 OK.

3931 I believe that's all of my questions, Mr. Examiner.

3932

3933  **Chakalian, Gregory, EMNRD** 0:52

3934 OK, Mr. Tremain, any redirect?

3935

3936  **Tremaine, Jesse, EMNRD** 0:57

3937 No, I think we can cover everything else with Miss Ramiro.

3938

3939  **Chakalian, Gregory, EMNRD** 1:01

3940 OK, sounds good. So M's Hall, your excuse, but please stay available in case Mr.

3941 Tremaine needs you.

3942

3943  **Hall, Brittany, EMNRD** 1:09

3944 Thank you.

3945

3946  **Chakalian, Gregory, EMNRD** 1:09

3947 Alright, thank you, Miss Romero. I remind you that you're still Underoath.

3948 Mr. Tremaine, go right ahead.

3949

3950  **Tremaine, Jesse, EMNRD** 1:19

3951 Thank you. M's Romero. When did you start with the oil conservation division?

3952

3953  **Romero, Rosa, EMNRD** 1:27

3954 April of 2022.

3955

3956  **Tremaine, Jesse, EMNRD** 1:31

3957 OK.

3958 And are are you familiar?

3959 Are you able to answer Mr. Garcia's question about guidance during the the COVID

3960 period? Or would we need to refer to someone else or some other record for that?

3961

3962  **Romero, Rosa, EMNRD** 1:46

3963 I was not here in that time, but I am aware that what M's Hall said was correct.

3964 There was no exemptions for spills and reporting, but we did move to a more digital

3965 format to to for COVID precaution reasons.

3966

3967  **Tremaine, Jesse, EMNRD** 2:04

3968 If there are any questions regarding the process of submitting C140 ones or other
3969 documents related to incidents.

3970 Would you refer back to Mr. Smith's testimony and exhibits?

3971

3972  **Romero, Rosa, EMNRD** 2:23

3973 I can probably answer some, but Corey would be the expert at that.

3974

3975  **Tremaine, Jesse, EMNRD** 2:27

3976 OK, I'm gonna share my screen again and ask you some questions about the civil
3977 penalty calculator.

3978 So just to clarify, building off Miss Hall's testimony.

3979 Is it?

3980 And to clarify, this days in violation when OCD.

3981 Calculates a violation.

3982 Is like this column the days in violation?

3983 Is that the total number of days that OCD believes a violation occurred?

3984

3985  **Romero, Rosa, EMNRD** 2:59

3986 That is the total number, yes.

3987

3988  **Tremaine, Jesse, EMNRD** 3:01

3989 OK.

3990 Is that the same thing or is that different from the number of days that OCD may
3991 propose to calculate a civil penalty based on?

3992

3993  **Romero, Rosa, EMNRD** 3:13

3994 So in this circumstance, I did instruct Britney to draft this on the total number of days
3995 penalized. However, the civil penalties themselves were not calculated until the 2024
3996 date in which the last extension expired and we had still not received them.

3997 So from 2024 date till now it received its cap.

3998 The Max capacity for that particular violation.

3999 And so that if even recalculated to date from the Nov would still remain the same

4000 number.

4001 So I did not see it necessary to recalculate them again.

4002

4003  **Tremaine, Jesse, EMNRD** 3:55

4004 OK. And specifically on this you you answered part of this, but the days penalized
4005 number here. If we amend this according to Miss, Miss Hall's testimony, is it accurate
4006 to say that the entirety of those violation?

4007 Days penalized for violations occurred in 2024.

4008

4009  **Romero, Rosa, EMNRD** 4:16

4010 Yes.

4011

4012  **Tremaine, Jesse, EMNRD** 4:19

4013 OK.

4014 I wanna ask you about the major or minor release.

4015 Violations we talked about this with Miss Hall.

4016 And invite you to explain why.

4017 OCD chose to propose a prohibited major or minor release violation for related to
4018 historic releases.

4019

4020  **Romero, Rosa, EMNRD** 4:43

4021 In this scenario the the options were to utilize this particular violation or to utilize a
4022 failure to remediate and in an effort to be reasonable, and we selected a single gay
4023 violation if we would have opted for failed to remediate, the would have been a multi
4024 valuation and.

4025 Increased.

4026 Our civil penalty calculator.

4027 So OCD did so as as a discretion authority.

4028

4029  **Tremaine, Jesse, EMNRD** 5:18

4030 OK.

4031 Is there?

4032 Is there anything else that you wish to clarify or explain regarding this civil penalty
4033 calculator which I have not asked you?

4034

4035  **Romero, Rosa, EMNRD** 5:34

4036 I don't believe so.

4037

4038  **Tremaine, Jesse, EMNRD** 5:35

4039 OK. And we've kind of jumped ahead to to shorten this but.

4040 You, you superized both of the other witnesses in this case and and.

4041 Their actions in work product related to this Nov and civil penalty calculator correct.

4042

4043  **Romero, Rosa, EMNRD** 5:52

4044 Yes.

4045

4046  **Tremaine, Jesse, EMNRD** 5:53

4047 OK.

4048 And you've heard that you are aware of the fact that both of these incidents have

4049 have been open since 2016 and 2018 respectively, correct.

4050

4051  **Romero, Rosa, EMNRD** 6:07

4052 I'm aware.

4053

4054  **Tremaine, Jesse, EMNRD** 6:08

4055 Great. I mean, how much?

4056 How would you characterize the amount of?

4057 Review.

4058 And and work that OCD.

4059 It's necessary for OCD to put in reviewing filings in matters like this.

4060

4061  **Romero, Rosa, EMNRD** 6:31

4062 There's a significant time commitment involved in every submission in cases like this,
4063 there have been, especially since the NOA was issued.

4064 Multiple meetings and discussions on as far as providing technical assistance as to
4065 what OCD part 29 actually requires was provided to to Buckeye in this scenario.

4066 And so we have spent a significant amount of time attempting to resolve this.

4067 Situation.

4068 And that would have been without any penalties had it been resolved prior to the to
4069 the Nov.

4070

4071  **Tremaine, Jesse, EMNRD** 7:10

4072 And would you agree with the statement that?

4073 If the OCD is granted, the order that we're requesting, or in the case of a potential
4074 settlement, it is likely that OCD will become responsible for completing the
4075 remediation of these two incidents and any others that are associated with Buckeye
4076 disposal.

4077

4078  **Romero, Rosa, EMNRD** 7:33

4079 I would agree with that.

4080

4081  **Tremaine, Jesse, EMNRD** 7:35

4082 And are you able to characterize the commitment or amount of?

4083 Work in terms of like financial or otherwise, that would be associated with that
4084 remediation.

4085

4086  **Romero, Rosa, EMNRD** 7:49

4087 Aside from the financial, you know, civil penalty calculator probably does not
4088 encompass what we know would likely be the total cost of what these remediations
4089 would cost.

4090 Just in in sheer financial obligation, but that also would require OCD to continue to
4091 work as project managers to oversee that and so significant employee costs as well.

4092

4093  **Tremaine, Jesse, EMNRD** 8:17

4094 And is it your expectation that the OCD would utilize either the Reclamation Fund or
4095 the BIL grant funds to complete the remediation?

4096

4097  **Romero, Rosa, EMNRD** 8:26

4098 Yes.

4099

4100  **Tremaine, Jesse, EMNRD** 8:28

4101 Given the clarifications that we've discussed on the particular civil penalties and what
4102 you've described as OCD's approach to the prohibited minor release violation.

4103 And the history of these sites, is it yours and OCD's opinion that the cumulative
4104 proposed civil penalties are fair and reasonable?

4105

4106  **Romero, Rosa, EMNRD** 8:52

4107 I believe they are fair and reasonable.

4108 Should we have gone back and recalculate them, they would have increased.

4109

4110 **TE** **Tremaine, Jesse, EMNRD** 8:59

4111 OK. And specifically on that after OCD issue, the notice of violation and required
4112 specific compliance actions.

4113 Would Buckeye's failure to complete the required steps constitute an ongoing
4114 violation?

4115

4116  **Romero, Rosa, EMNRD** 9:17

4117 Yes.

4118

4119 **TE** **Tremaine, Jesse, EMNRD** 9:19

4120 And I believe this way you just referred to, but is this?

4121 Did OCD elect to update the civil penalty calculation after issuance of the Nov or?

4122 Or rest continue with the initial proposed civil penalty calculation.

4123

4124  **Romero, Rosa, EMNRD** 9:37

4125 We opted to continue with the initial proposed calculation.

4126

4127 **TE** **Tremaine, Jesse, EMNRD** 9:43

4128 Great.

4129 I think that takes care of all of my questions, Mr. Hearing Officer tender M's Romero
4130 for cross examination.

4131

4132 **CE** **Chakalian, Gregory, EMNRD** 9:52

4133 Did Mr. Tremaine, before we do that?

4134 Did Mr. Romero submit any?

4135 Written testimony.

4136

4137 **TE** **Tremaine, Jesse, EMNRD** 10:02

4138 No direct from is Romero no written direct.

4139

4140 **CE** **Chakalian, Gregory, EMNRD** 10:04

4141 OK.

4142 Were there any exhibits that came in through her?

4143

4144 **TE** **Tremaine, Jesse, EMNRD** 10:11

4145 Actually, there's only her resume.

4146 Only her resume and then let me just double check everything.

4147 Eight through.

4148 25 that's not, that's not correct.

4149 24 Miss Romero is the provides the authentication for exhibit 25. That was the
4150 October 2025.

4151 E-mail with where OCD outlined a final set of deadlines that Buckeye needed to
4152 comply with.

4153 Which predicated our informal discussions in in December.

4154 Where after which we were operating under the belief that Buckeye was not able to
4155 complete the remediation steps outlined in that e-mail.

4156 So that's her e-mail and the remainder of those exhibits, 26 through 28, are attached
4157 to Mr. Smith.

4158 So just exhibit 5 and exhibit 25.

4159

4160 **CE** **Chakalian, Gregory, EMNRD** 11:20

4161 Do you want to ask this witness if she adopts Underoath her exhibits, and if there are
4162 any changes?

4163

4164 **TE** **Tremaine, Jesse, EMNRD** 11:29

4165 Sure. I think she didn't do direct.

4166 So there's I thought they were admitted, but yeah, Miss Romero, are there any
4167 necessary corrections to either your resume or the exhibit 25 e-mail to Buckeye?

4168

4169 **CE** **Chakalian, Gregory, EMNRD** 11:44

4170 Perfect. All right, Mr. Mohlenberg.

4171

4172 **TE** Tremaine, Jesse, EMNRD 11:44

4173 OK.

4174 Thank you.

4175

4176 **ML** Moellenberg, Dalva L. 11:48

4177 Thank you, Mr. hearing officer.

4178 I have no questions for this witness and.

4179 I guess that's that.

4180

4181 **CE** Chakalian, Gregory, EMNRD 11:57

4182 Mr. Garcia.

4183

4184 **GE** Garcia, John, EMNRD 12:00

4185 No questions of the witness, but potentially council.

4186

4187 **CE** Chakalian, Gregory, EMNRD 12:04

4188 Sounds good.

4189 And then Mr. Garcia, did you have a question for Mr. Cory Smith?

4190

4191 **GE** Garcia, John, EMNRD 12:09

4192 I did it earlier and I think Rose alluded to it in the beginning of her testimony.

4193 I guess I can clarify for the record.

4194 Miss Romero, I had asked Miss Hall about basically the divisions policy.

4195 Were stance on spills and how that occurred during COVID do you know how that
4196 was affected?

4197

4198  Romero, Rosa, EMNRD 12:29

4199 Our timelines were not changed. However, we did move to a digital format.

4200

4201 **GE** Garcia, John, EMNRD 12:36

4202 So if a spill occurred prior or during COVID, it just followed the as the rules said,
4203 other than this middle process.

4204

4205  **Romero, Rosa, EMNRD** 12:44

4206 Yes.

4207

4208  **Garcia, John, EMNRD** 12:49

4209 That's all my questions, Mr. Examiner.

4210

4211  **Chakalian, Gregory, EMNRD** 12:52

4212 All right. So then you we don't need to recall Mr. Smith.

4213

4214  **Garcia, John, EMNRD** 12:55

4215 No.

4216

4217  **Chakalian, Gregory, EMNRD** 12:56

4218 OK.

4219 Very good. OK.

4220 Is there any redirect Mr. Tremaine?

4221

4222  **Tremaine, Jesse, EMNRD** 13:01

4223 Only one question.

4224 M's Romero I.

4225 I certainly understand the the questions about the COVID period, but I just wanna
4226 put a nail in.

4227 This is OCD. Proposing any civil penalties for violations that would have occurred
4228 during or shortly after the COVID pandemic period.

4229

4230  **Romero, Rosa, EMNRD** 13:21

4231 No, the the proposed civil penalties are all from the 2024 date, the last extension.

4232

4233  **Tremaine, Jesse, EMNRD** 13:31

4234 Nothing further.

4235

4236  **Chakalian, Gregory, EMNRD** 13:33

4237 All right.

4238 Let me see if I have any questions.

4239 Hold on one moment.
4240 Mr. Tremaine, would you please bring up the exhibit that.
4241 Shows the.
4242 Penalty days calculation.

4243

4244  **Tremaine, Jesse, EMNRD** 14:00

4245 Yes, this is.
4246 OCD exhibit number.
4247 Let me get it right 'cause. They're different in a 29.

4248

4249  **Chakalian, Gregory, EMNRD** 14:10

4250 All right, let me see if I can make this bigger because these numbers are so small, it's
4251 hard for me to, there we go.
4252 In column number, well, I don't know what column number it is, but in the one with
4253 the heading that says days in violation.
4254 Rows 2 and three and.

4255

4256  **Tremaine, Jesse, EMNRD** 14:34

4257 Mm-hmm.

4258

4259  **Chakalian, Gregory, EMNRD** 14:34

4260 Further down, say 2250.
4261 Is that correct?

4262

4263  **Romero, Rosa, EMNRD** 14:41

4264 No, Brittany did bring this up.
4265 M's Hall broke this up when she spoke.
4266 That was the total days they were in violation. The correction didn't need to be made
4267 under days, penalized that it should be 252 days instead of the the 2000. Some odd
4268 days that are there.
4269 Sorry, can't read it either.
4270 However, should we make that correction?
4271 It makes no changes in the total amount.

4272

4273 **CE Chakalian, Gregory, EMNRD 15:06**

4274 Right. So, Mr. Tremaine, can this exhibit be amended to to fix that?

4275

4276 **TE Tremaine, Jesse, EMNRD 15:13**

4277 May I believe we actually already have that completed, but we caught those 2250
4278 days.

4279 In you know that was no CTA tenant. We we caught that after the preparation, the
4280 pre hearing statement if it's helpful a brief proffer all, all of the fields in green here
4281 are manual text entries.

4282 The blue are drop downs that automatically change the content that displays in the
4283 in the beige.

4284 And and then the orange is the one.

4285 So what we put here is.

4286 This changes the the calculator, whereas the what's put here in this column in the
4287 green does not change the the calculation.

4288 So the legal argument here is that the same requirement existed.

4289 Pre in statement reinstatement of OCD's civil penalty authority and this was carried
4290 over because any basically any reasonable number we put in there resulted in the in
4291 the same result.

4292 But this should have been.

4293 We should have caught that and and corrected it.

4294 I didn't catch it before, so we're happy to provide that update.

4295

4296 **CE Chakalian, Gregory, EMNRD 16:28**

4297 OK, Mr. Mohlenberg, your position.

4298

4299 **ML Moellenberg, Dalva L. 16:32**

4300 I'm fine if the division would like to update the exhibit.

4301

4302 **CE Chakalian, Gregory, EMNRD 16:38**

4303 OK.

4304 All right, Mr. Mohlenberg, the the state has presented its three witnesses.

4305 Do you?

4306 And you said you don't have witnesses, so you don't have a case in cheap.

4307 Is that right?

4308

4309 **ML** **Moellenberg, Dalva L.** 16:53

4310 That's correct.

4311

4312 **CE** **Chakalian, Gregory, EMNRD** 16:54

4313 Right. Do you have a rebuttal case?

4314

4315 **ML** **Moellenberg, Dalva L.** 16:57

4316 No, we do not.

4317

4318 **CE** **Chakalian, Gregory, EMNRD** 16:58

4319 All right, Mr. Tremaine does.

4320 Do you rest your case in chief?

4321

4322 **TE** **Tremaine, Jesse, EMNRD** 17:06

4323 Yes, we do.

4324

4325 **CE** **Chakalian, Gregory, EMNRD** 17:07

4326 OK. How do you want it?

4327 How do the parties want to proceed from here?

4328 It sounds like.

4329 It sounds like Mr. Muhlenberg wants to continue negotiations.

4330 Is that right, Mr. Muhlenberg?

4331

4332 **ML** **Moellenberg, Dalva L.** 17:20

4333 Yes, I I would like to have some discussions. I would imagine you would take this
4334 matter under advisement and.

4335 We can let you know if, if we succeed with anything, I don't know what the time
4336 frame would be for a decision, but I can discuss that with Mr. Tremaine.

4337

4338 **CE** **Chakalian, Gregory, EMNRD** 17:41

4339 All right.

4340 Well, Mr. Muhlenberg, you you're well aware that the standard of evidence is

4341 preponderance and that you know.
4342 I can only consider relevant and reliable evidence in the.
4343 In the order, Mr. Tremaine, how do you want to proceed?
4344

4345 **TE Tremaine, Jesse, EMNRD 18:06**

4346 I I think that if if Mr. Muhlenberg wants to talk, I think we could set this for a status
4347 with the other case on March 12th. If Mr. Muhlenberg's available as a placeholder, I
4348 suspect.
4349 We will.
4350 To be candid, OCD has very limited options in how to settle a case in this posture.
4351 The other matter that was continued from today is in a very similar posture.
4352 That operator was able to, we believe, meet our terms.
4353 So I believe I will know very quickly if if settlement is possible and then we could
4354 come back on a status on the 12th.
4355 And issue my per relief if we're unable to settle.
4356

4357 **CE Chakalian, Gregory, EMNRD 19:02**

4358 So, as Mr. Tremaine said, it's going to be.
4359

4360 **GE Garcia, John, EMNRD 19:13**

4361 Mr. Alexander, what you think on that?
4362 Could I ask Council one question?
4363

4364 **CE Chakalian, Gregory, EMNRD 19:17**

4365 Yes, go ahead.
4366

4367 **GE Garcia, John, EMNRD 19:19**

4368 Mr. Tremaine, one question I have for you and I think you're the right one to address
4369 it is in your application.
4370 Your opening statements seem to hint at certain requests that you were seeking for
4371 the division in an order.
4372 I don't know if I saw in the exhibits like a bullet pointed list of. This is what we seek in
4373 an order. Is that something you could provide to us of like civil penalty blank, you
4374 know XYZ?

4375 'Cause I I believe you hinted at some orphan statuses which I caught me off guard a
4376 little.

4377

4378 **TE Tremaine, Jesse, EMNRD 19:55**

4379 Yeah, that's a good question, Mr. Garcia.

4380 So this this one was one where we had every reasonable belief that Buckeye was not
4381 able to complete the.

4382 Complete remediation activities under part 29.

4383 But that wasn't formally documented, so we did not amend the notice of violation.

4384 In terms of the sanctions we're asking for.

4385 For the the sanctions, as proposed in the Nov.

4386 But I'm happy to provide a bulleted list of those, along with the updated civil penalty
4387 calculator. The the only change is that.

4388 Because we've become formally aware that Buckeye does not have the ability to.

4389 To complete the remediation, these sites are going to inevitably fall on OCD to
4390 remediate, so we have covered that to some extent.

4391 Met with Miss Ramire, but I think based on the.

4392 Buckeyes filings, the record is clear that OCS gonna have to do that.

4393 So on that basis, that admission alone, OCD believes that the remedy of authorizing
4394 OCD to complete plugging and remediation is appropriate under the circumstances.

4395 Buckeye is implicitly acknowledged that.

4396 The incidents and any associated facilities will be if they don't have the ability.

4397 Ability to complete the remediation.

4398 They're not going to have the ability to complete the remediation and complete any
4399 plugging and abandonment activities.

4400 So I think the record is clear that that remedy is appropriate.

4401 That's the only thing that we've changed from the Nov.

4402 In the pre hearing statement, our presentation today, did that answer your question?

4403

4404 **GE Garcia, John, EMNRD 21:47**

4405 Yes, I did.

4406 And I would take you up on getting a bullet point.

4407 List it makes things easier with the number of cases we hear on a daily basis to when
4408 we come back to it. We know what's being sought after.

4409

4410 **TE** **Tremaine, Jesse, EMNRD** 21:58

4411 If we get to that point, I'm more than happy to provide both that list, along with the
4412 civil revised civil penalty calculator and a proposed order.

4413

4414 **GE** **Garcia, John, EMNRD** 22:08

4415 Yeah, and that request is depending on Mr. Damner's decision, I guess on your status
4416 conference possibility.

4417 But I defer to him.

4418

4419 **CE** **Chakalian, Gregory, EMNRD** 22:18

4420 OK.

4421 So Mr. Germain, Mr. Muhlenberg, it sounds like giving you two more weeks is more
4422 than enough time to figure out whether you're going to make some dent in this civil
4423 penalty calculator or not.

4424 And at that time, Mr. Tremaine, if, if whatever happens if it's a settlement agreement,
4425 please let me know otherwise.

4426 If it's an order that is required.

4427 Then let's discuss who's gonna draft it.

4428 All right.

4429 Anything further on this case, Mr. Muhlenberg?

4430

4431 **TE** **Tremaine, Jesse, EMNRD** 22:53

4432 Understood.

4433

4434 **ML** **Moellenberg, Dalva L.** 22:56

4435 Nothing further.

4436 Thank you, Mr. Herring. Awesome.

4437

4438 **CE** **Chakalian, Gregory, EMNRD** 22:57

4439 All right, all right.

4440 Thank you, Sir. Anything further, Mr. Tremaine.

4441

4442 **TE** **Tremaine, Jesse, EMNRD** 23:02

4443 Nothing further.

4444

4445 **CE** **Chakalian, Gregory, EMNRD** 23:03

4446 We're off the record in this case.

4447 That leaves us with one case today, and this is Longfellow energy 25804 inches of

4448 appearance, please.

4449

4450 **SS** **Shaheen, Sharon** 23:15

4451 Good morning, Mr. examiners.

4452 Sharon Jahin, on behalf of Longfellow Energy.

4453

4454 **CE** **Chakalian, Gregory, EMNRD** 23:19

4455 Good morning.

4456

4457 **JM** **Jaclyn M. McLean** 23:21

4458 And good morning, Jackie McLean, on behalf of Xtio.

4459

4460 **SS** **Shaheen, Sharon** 23:21

4461 Good morning.

4462

4463 **CE** **Chakalian, Gregory, EMNRD** 23:25

4464 Good morning, Miss McLean.

4465 What I thought we could do is is there's a little time before lunch and what I thought

4466 we could do is at least just get some of the housekeeping out of the way.

4467 Before we take a break for a lunch, however long the parties want were virtual.

4468 It's really, I don't know how much time the parties want.

4469 I could have as little as 15 minutes, but you know, I also have Mr. Garcia to think

4470 about as well.

4471 But let's try to get some of the the foundational stuff out of the way. Now parties

4472 have submitted.

4473 Thank you, Mr. Garcia.

4474 The parties have submitted exhibits pre hearing statements.

4475 I've reviewed those.

4476 I think I know what the issues are here and I'll go over that with the parties in a

4477 minute to make sure that we're all on the same page.

4478 There have been some rebuttal exhibits submitted as well.

4479 I'm not sure, Miss McClain, if you've seen there have been several.

4480 It looks like several rebuttal, so I'm a little confused.

4481 Miss Shaheen, hopefully you'll help me out here.

4482 Help. OK, so I see here.

4483 Let's start with the basics here for XTO Miss McLean.

4484 I see one filing on the 20th.

4485 It has 34 pages.

4486 Are these all of your exhibits?

4487

4488 **JM** **Jaclyn M. McLean** 25:00

4489 We have that and then we filed rebuttal exhibits on the 25th.

4490

4491 **CE** **Chakalian, Gregory, EMNRD** 25:06

4492 I wonder why I don't see those hold on a second.

4493 You said the 25th.

4494

4495 **JM** **Jaclyn M. McLean** 25:10

4496 They're. Yes, they're posted.

4497 It's the second to last document.

4498

4499 **CE** **Chakalian, Gregory, EMNRD** 25:16

4500 I see it. I see it.

4501

4502 **JM** **Jaclyn M. McLean** 25:17

4503 In the case file.

4504

4505 **CE** **Chakalian, Gregory, EMNRD** 25:19

4506 I wasn't sure which party this was for.

4507 It didn't say.

4508 On the cover page, I couldn't tell whose it was, but now I understand it's it's xtos.

4509

4510 **JM** **Jaclyn M. McLean** 25:30

4511 Yes.

4512

4513 **CE** **Chakalian, Gregory, EMNRD** 25:30

4514 OK.

4515 Very good.

4516 So this is a six page document.

4517

4518 **JM** **Jaclyn M. McLean** 25:35

4519 This one is yes, 6 pages.

4520

4521 **CE** **Chakalian, Gregory, EMNRD** 25:37

4522 All right, fantastic.

4523 So I have a 34 page document and a six page document.

4524 Let's begin by asking Miss Shaheen. Miss Shaheen, have you had a chance to review
4525 these two submissions?

4526

4527 **SS** **Shaheen, Sharon** 25:48

4528 Yes, I have.

4529

4530 **CE** **Chakalian, Gregory, EMNRD** 25:49

4531 Excellent. What is your position?

4532

4533 **SS** **Shaheen, Sharon** 25:51

4534 And the only.

4535 Yes, the only exhibits we object to and I'm looking for my notes here to make sure I
4536 get it right.

4537 Our rebuttal exhibit.

4538 A8 and rebuttal exhibit B7.

4539 Those are the only.

4540

4541 **CE** **Chakalian, Gregory, EMNRD** 26:12

4542 Let me see if I heard you.

4543 Let me see if I heard you correctly.

4544 You said a as in Apple Eight and B as in Boy 7.

4545

4546 **SS** **Shaheen, Sharon** 26:20

4547 Yes, I believe that's correct.

4548

4549 **CE** **Chakalian, Gregory, EMNRD** 26:22

4550 You're objecting to those two?

4551

4552 **SS** **Shaheen, Sharon** 26:24

4553 Yes.

4554

4555 **CE** **Chakalian, Gregory, EMNRD** 26:25

4556 OK, fantastic.

4557 So then all the other exhibits can come in through stipulation.

4558

4559 **SS** **Shaheen, Sharon** 26:34

4560 That is correct.

4561

4562 **CE** **Chakalian, Gregory, EMNRD** 26:36

4563 Good. I wanted to make sure I understood you OK.

4564 So Miss McLean, did you catch that?

4565

4566 **JM** **Jaclyn M. McLean** 26:43

4567 I did the A8 and B7.

4568

4569 **CE** **Chakalian, Gregory, EMNRD** 26:47

4570 Exactly.

4571 OK.

4572 So for the for the court reporter, let me just be very clear.

4573 Longfellow has stipulated to XTO Holdings exhibits.

4574 A.

4575 A1 through A7.

4576 BB1 through B4.

4577 And then the rebuttal exhibits.

4578 B5 and B6.

4579 There is an objection to A8 and B7 at this time, and we'll deal with that when we get

4580 there.

4581 Let's go to Longfellow now.

4582 I want to make sure I'm looking at the right.

4583 The right documents.
4584 So, Miss Shaheen, I think the foundational document came in on the 20th.
4585 It's 136 pages.
4586
4587 **SS Shaheen, Sharon 27:45**
4588 Yes.
4589
4590 **CE Chakalian, Gregory, EMNRD 27:45**
4591 All right, fantastic.
4592 Let me just start with that document, Miss McLean.
4593 Have you reviewed these exhibits?
4594
4595 **JM Jaclyn M. McLean 27:54**
4596 Yes, I have.
4597
4598 **CE Chakalian, Gregory, EMNRD 27:56**
4599 Fantastic.
4600
4601 **JM Jaclyn M. McLean 27:56**
4602 And no objections to their initial exhibit packet.
4603
4604 **CE Chakalian, Gregory, EMNRD 28:00**
4605 Very good.
4606 So let me just be very clear.
4607 So we have exhibits.
4608 I think we have tabs. OK, so we have a compulsory pooling checklist tab one, we have
4609 an application.
4610 Tab 2. Then we have under Tab 3, exhibit AA1 through a 7B, as in Boy B1 through B6.
4611 CC.
4612 One through C8.
4613 And DD one through D5 and there's no objection to any of those exhibits.
4614
4615 **JM Jaclyn M. McLean 28:36**
4616 No objection.

4617

4618 **CE** **Chakalian, Gregory, EMNRD** 28:38

4619 Fantastic. Thank you.

4620 They're admitted into evidence, OK.

4621 Now I have another document here.

4622 This was submitted on the 24th.

4623 It's 32 pages.

4624 Oh, these are rebuttal exhibits OK?

4625 This is rebuttal exhibit one and it looks like emails.

4626 Is that what this is machine?

4627

4628 **SS** **Shaheen, Sharon** 29:00

4629 Yes it is.

4630

4631 **CE** **Chakalian, Gregory, EMNRD** 29:01

4632 All right, very good.

4633

4634 **SS** **Shaheen, Sharon** 29:02

4635 These are the emails from 2025 between the parties.

4636 I believe XTO offered as a direct exhibit emails from 2026 between the parties.

4637

4638 **CE** **Chakalian, Gregory, EMNRD** 29:05

4639 OK.

4640

4641 **SS** **Shaheen, Sharon** 29:14

4642 And we're just supplementing the communications with the 2025 emails.

4643

4644 **CE** **Chakalian, Gregory, EMNRD** 29:18

4645 OK.

4646 So this is rebuttal exhibit one for Longfellow.

4647 Miss McLean your position.

4648

4649 **JM** **Jaclyn M. McLean** 29:27

4650 We object to rebuttal exhibit #1.

4651

4652 **CE Chakalian, Gregory, EMNRD** 29:30

4653 OK, let me write this down.

4654 Rebuttal. I don't care why. Right now, the point is that you just are objecting.

4655 All right.

4656 So that's not going anywhere right now. Then we also have here.

4657 I think, OK, these are yours.

4658 We have a two page exhibit. It looks like it's rebuttal exhibit 2.

4659 And your position on Longfellow? Rebuttal exhibit 2M's McLean.

4660

4661 **JM Jaclyn M. McLean** 30:05

4662 No objection on rebuttal exhibit 2.

4663

4664 **CE Chakalian, Gregory, EMNRD** 30:07

4665 Very good.

4666 So that exhibit comes into evidence.

4667 Am I missing anything micheene?

4668

4669 **SS Shaheen, Sharon** 30:14

4670 No, that's it.

4671

4672 **CE Chakalian, Gregory, EMNRD** 30:16

4673 All right, very good.

4674 All right.

4675 So we've dealt with the exhibits through stipulation. There are three that are not coming in at this time.

4677 Which party wants to go first?

4678

4679 **SS Shaheen, Sharon** 30:30

4680 I was assuming we would go first because we have the only application.

4681

4682 **CE Chakalian, Gregory, EMNRD** 30:34

4683 OK.

4684 That's that's that's a good assumption, but I don't wanna.

4685 I don't wanna tie anyone's hands at this point.

4686 M's McLean you OK with that?

4687

4688 **JM** **Jaclyn M. McLean** 30:42

4689 Yes, that was what I was thinking would happen as well.

4690

4691 **CE** **Chakalian, Gregory, EMNRD** 30:44

4692 OK.

4693 All right, perfect.

4694 Let me just go over my review of the exhibits and what I think are the real issues
4695 here. I I did.

4696 I did have a conversation with Mr. Garcia this morning about this case.

4697 But I've had some time to look through the exhibits. If I'm wrong about these issues,
4698 you can tell me afterward, but I'm just gonna tell you what I see and.

4699 Maybe that'll help. Maybe that'll help.

4700 Focus us on what?

4701 What's going on here? Number one.

4702 I see the first issue here is the prudence and the efficiency of the development plan
4703 and the only plan we have as Longfellow's.

4704 So that's what I mean when I say that it looks like there's a technical dispute about
4705 how best to develop this 320 acre spacing unit in the yezo formation.

4706 It looks like Longfellow's position.

4707 Is that it?

4708 It proposes a full horizontal development plan consisting of eight one mile wells.

4709 Longfellow argues that it's the most efficient way to drain the reservoir, estimating a
4710 14.9% recovery factor compared to 4.9% for vertical wells.

4711 Xero's position is a little different.

4712 They contend that eight wells, perhaps section.

4713 Is overly.

4714 Dense and not warranted for this specific area.

4715 They argue for extended laterals 1.5 miles or more across adjacent sections 3233 and
4716 34 to reduce surface locations and increase capital efficiency.

4717 So that's the first main issue I see here.

4718 Do the parties agree with what I've said so far?

4719

4720 **SS** **Shaheen, Sharon** 32:39

4721 I'll go first.

4722 I I agree that those are issues, but I believe that there are a number of other issues

4723 that are important here.

4724

4725 **CE** **Chakalian, Gregory, EMNRD** 32:47

4726 Right. I'm only going one issue at a time, so I agree with you.

4727

4728 **SS** **Shaheen, Sharon** 32:49

4729 Oh.

4730

4731 **CE** **Chakalian, Gregory, EMNRD** 32:51

4732 There are more issues, but do you? But my characterization, my summation of that

4733 one issue. Do you take offense to any of that?

4734

4735 **SS** **Shaheen, Sharon** 32:52

4736 Oh, OK.

4737 No, I think you've accurate accurately captured some of the arguments of the parties.

4738

4739 **CE** **Chakalian, Gregory, EMNRD** 33:05

4740 OK. And miss McLean?

4741

4742 **JM** **Jaclyn M. McLean** 33:07

4743 I agree with Miss Shaheen.

4744

4745 **CE** **Chakalian, Gregory, EMNRD** 33:11

4746 All right.

4747 Thank you.

4748 All right, let's go to the second issue I see. Is there reasonableness of the estimated

4749 well costs?

4750 I I there's a significant disagreement here over the financial requirements to

4751 participate in this project. I see Longfellow's position as the AFE estimated costs at

4752 approximately 6.1 million per well for pad development and 7.57 million for the initial

4753 single well phase.

4754 They argue that costs reflect their high fluid loading simulation strategy, which they
4755 claim yields superior production results.

4756 Xco's position states that Longfellow's costs are not fair or reasonable, and they're
4757 significantly higher per foot of lateral length than other operators in the yezo. Qo
4758 also points to a 22% cost overrun on Longfellow's recent Aussie project as evidence
4759 of capital inefficiency.

4760 M's McLean does that accurately outline the reasonableness?

4761 Of the estimated well cost.

4762

4763 **JM** **Jaclyn M. McLean** 34:22

4764 Yes, I believe so.

4765 I think that's a good summation of what our argument is.

4766

4767 **CE** **Chakalian, Gregory, EMNRD** 34:26

4768 OK.

4769

4770 **JM** **Jaclyn M. McLean** 34:30

4771 And then we'll, you know and ten, 2% more as well.

4772

4773 **CE** **Chakalian, Gregory, EMNRD** 34:34

4774 Yeah, this was just this, this analysis that I conducted was really just for me and and

4775 Mr. Garcia to help Orient ourselves to the real main issues here, because this is one

4776 of the problems with these contested cases is we don't meet beforehand and sort of

4777 outline what.

4778 Are the issues here, so it's up to us to figure it out from the exhibits, which puts us at

4779 a disadvantage.

4780 Miss. Miss Shaheen, did I accurately capture and a summary.

4781 Of your estimated well cost issue.

4782

4783 **SS** **Shaheen, Sharon** 35:09

4784 I believe so.

4785 We will of course, offer additional evidence.

4786

4787 **CE** **Chakalian, Gregory, EMNRD** 35:10

4788 Good.

4789 Of course you will. OK.
4790 I have 3.
4791 I have three more issues that I spot.
4792 They may be.
4793 They're more, but this is what I spot. The lease expiration and imminent risk.
4794 It looks like there's a July 1st termination deadline for the underlying federal leases.
4795 Longfellow's position because of the current shallow unit operator Acacia.
4796 Is in bankruptcy and production has ceased.
4797 They must drill immediately to hold the leases for all parties.
4798 Qo claims Longfellow has no active rigs in New Mexico and is unlikely to establish
4799 production by the deadline anyway.
4800 Qo suggests they could preserve the lease via their own vertical well, or by
4801 coordinating with another operator such as Mac Energy to to penetrate the
4802 leasehold.
4803 Old.
4804 Is that fair?
4805 OK.

4806

4807 **JM** **Jaclyn M. McLean** 36:15

4808 You read all of our exhibits very, very well.

4809

4810 **CE** **Chakalian, Gregory, EMNRD** 36:19

4811 I had time.

4812 During the status conferences and I came in early this morning, so I wanted to be
4813 prepared.

4814 #4 preservation of waste and protection of coral at of rights.

4815 Both parties invoke these regulatory mandates to support opposing outcomes.

4816 Waste Longfellow argues that vertical development would lead millions of barrels of
4817 oil in the ground and cause a 533% increase in surface disturbance.

4818 Xto argues Longfellow's plan involves monetary waste due to unproductive lateral
4819 length and unnecessary well density.

4820 Environmental constraints. Longfellow provides evidence that section 33 contains
4821 desert sagebrush, lizard habitat, making vertical drilling on XTO acreage

4822 environmental challenging. Whereas their horizontal plan avoids these areas.

4823 Finally, we have our good faith negotiations, which.

4824 Always is an area for lots of lots of extraneous evidence.
4825 But it's a factor, so we entertain.
4826 Good faith negotiations and title status negotiations.
4827 Xto alleges that Longfellow has not a gate in good faith, claiming Longfellow
4828 threatened to let Xtos lease expire unless QO agreed to term assignment of an
4829 unrelated lease.
4830 Longfellow denies this, outlining multiple deal structures offered over five months.
4831 Then we finally have the title status, Longfellow taking evidence to show Xcos record
4832 title.
4833 Position is currently incomplete and in flux, which they argue undermines xto's claim
4834 that it's ready to independently develop the acreage.
4835 So those are the issues that I spot.
4836 Are there any other major issues that I have missed?

4837

4838 **SS** Shaheen, Sharon 38:33

4839 I'm looking at my notes real quickly here.

4840

4841 **JM** Jaclyn M. McLean 38:54

4842 I I think from xti's perspective you've hit pretty much all the high notes.

4843

4844 **CE** Chakalian, Gregory, EMNRD 39:00

4845 OK.

4846 Thank you.

4847

4848 **SS** Shaheen, Sharon 39:02

4849 I agree.

4850 I mean, there's seven factors and you identified 6 of them.

4851 So I mean, we'll address the 7th factor as well.

4852 And I think that probably relates to geology.

4853 So we'll just offer our evidence and and we'll see whether you have any, whether you
4854 believe that's an issue here.

4855

4856 **CE** Chakalian, Gregory, EMNRD 39:26

4857 Perfect. All right.

4858 So, Miss Miss Shaheen, since you're going first.

4859 I'm not sure we need an opening statement here because I just sort of went through
4860 the positions of the parties as I saw it and both of you have agreed it.

4861 It's it's a. It's a good generalized statement issue by issue.

4862 How many witnesses do you have?

4863

4864 **SS** **Shaheen, Sharon** 39:51

4865 A Longfellow has three witnesses.

4866

4867 **CE** **Chakalian, Gregory, EMNRD** 39:53

4868 All right.

4869 Would you put them?

4870 Would you call all three please?

4871

4872 **SS** **Shaheen, Sharon** 39:59

4873 Yes, miss English.

4874 Mr. de hammer and Mr. Mitchell.

4875

4876 **CE** **Chakalian, Gregory, EMNRD** 40:08

4877 I can't see.

4878 Hold on a second. I got the screen in front of me and I can't see.

4879 Uh-huh. OK. So I heard miss English.

4880 I didn't hear the other two names.

4881

4882 **SS** **Shaheen, Sharon** 40:20

4883 Jacob de Hammer and and David Mitchell and all three have previously testified
4884 before the division.

4885

4886 **CE** **Chakalian, Gregory, EMNRD** 40:21

4887 The hammer.

4888 Thank you.

4889 Perfect. And I'll ask that question after we get them sworn in.

4890 I see you, Mr. Damer.

4891 All right, I see Miss English and I see. Mr. Mitchell. That's great.

4892 OK. Would you all three raise your right hands please?

4893 Do you swear or affirm under penalty of perjury testimony, you're about to give is
4894 the truth, the whole truth, and nothing but the truth?

4895

4896 **DM** David Mitchell 40:48

4897 I do.

4898

4899 **RE** Rebecca English 40:48

4900 I do.

4901

4902 **CE** Chakalian, Gregory, EMNRD 40:49

4903 Alright, thank you.

4904 Now one at a time and I'll start with you, Miss English. Would you please spell your
4905 name?

4906

4907 **RE** Rebecca English 40:57

4908 Yes, Sir, Rebecca.

4909 Rebecca English, English.

4910

4911 **CE** Chakalian, Gregory, EMNRD 41:06

4912 And Michiheen advises me that you've been previously qualified as an expert by this
4913 division.

4914

4915 **RE** Rebecca English 41:13

4916 Yes, Sir.

4917

4918 **CE** Chakalian, Gregory, EMNRD 41:14

4919 Would you?

4920 Would you tell me in what capacity?

4921

4922 **RE** Rebecca English 41:17

4923 Sure, it's been many, many years. I think it was in, it would be 2016 and 2017 is when
4924 I was previously qualifying in the capacity of LIAMAN.

4925

4926 **CE** Chakalian, Gregory, EMNRD 41:30

4927 Landman. Well, if you were qualified back then, you're even more qualified now.

4928 So I don't have any reason to doubt that Mister de Hammer, would you go next?

4929

4930 **RE** Rebecca English 41:35

4931 Yeah.

4932

4933 **JD** Jacob DeHamer 41:40

4934 Yes.

4935 Can you hear me?

4936

4937 **CE** Chakalian, Gregory, EMNRD 41:43

4938 I can.

4939

4940 **JD** Jacob DeHamer 41:44

4941 Perfect. Let me spell my name.

4942

4943 **CE** Chakalian, Gregory, EMNRD 41:47

4944 I do.

4945

4946 **JD** Jacob DeHamer 41:49

4947 JACOBDEHAMER.

4948

4949 **CE** Chakalian, Gregory, EMNRD 41:53

4950 Thank you. And the previously qualified expertise, what is the field?

4951

4952 **JD** Jacob DeHamer 41:59

4953 Petroleum geology.

4954

4955 **CE** Chakalian, Gregory, EMNRD 42:00

4956 Perfect.

4957 How long ago was it?

4958

4959 **JD** Jacob DeHamer 42:05

4960 Like 6 to 8 months ago, my first hearing recent.

4961

4962 **CE** **Chakalian, Gregory, EMNRD** 42:07

4963 Oh, OK, OK, with me. Did we have a hearing together?

4964

4965 **JD** **Jacob DeHamer** 42:13

4966 Just a pulling order, yeah.

4967

4968 **CE** **Chakalian, Gregory, EMNRD** 42:15

4969 No. OK. Or was it a hearing by affidavit?

4970

4971 **JD** **Jacob DeHamer** 42:17

4972 Luckily yes.

4973

4974 **CE** **Chakalian, Gregory, EMNRD** 42:20

4975 OK. And I qualified you at that time.

4976

4977 **JD** **Jacob DeHamer** 42:23

4978 Yes, Sir.

4979

4980 **CE** **Chakalian, Gregory, EMNRD** 42:23

4981 Perfect. All right.

4982 And Mr. Mitchell, would you spell your name?

4983

4984 **DM** **David Mitchell** 42:28

4985 DAVIDMITCHELL.

4986

4987 **CE** **Chakalian, Gregory, EMNRD** 42:33

4988 And the area of expertise.

4989

4990 **DM** **David Mitchell** 42:35

4991 Petroleum engineering.

4992

4993 **CE** **Chakalian, Gregory, EMNRD** 42:38

4994 And when, when were you qualified for that?

4995

4996 **DM** **David Mitchell** 42:42

4997 It was probably four or five years ago at another contested hearing.

4998 Did that not come through?

4999

5000 **CE** **Chakalian, Gregory, EMNRD** 42:56

5001 Won't be able to capture what you're saying, plus you're frozen.

5002

5003 **DM** **David Mitchell** 43:01

5004 I'm sorry. Can you hear me now?

5005

5006 **JD** **Jacob DeHamer** 43:03

5007 Actually, Mr. Commissioner, you're frozen. Sorry.

5008

5009 **CE** **Chakalian, Gregory, EMNRD** 43:03

5010 This is a.

5011 And I'm frozen.

5012 Alright.

5013 Hold on a minute.

5014 I turned my camera off because it seems I'm sorry.

5015

5016 **GE** **Garcia, John, EMNRD** 43:21

5017 There's like, I could see them all.

5018 I can say I believe it's your side.

5019 I can see all the witnesses we can.

5020

5021 **CE** **Chakalian, Gregory, EMNRD** 43:27

5022 Can you hear me now?

5023 OK.

5024 Thank camera off because my computer said it was overheating, which is a brand
5025 new computer.

5026 So that's unfortunate, Mr. Mitchell. I had asked you.

5027 When you were qualified by this division as a petroleum engineer.

5028

5029 **DM** David Mitchell 43:49

5030 At approximately 5 years ago, during a separate protest, adhere.

5031

5032 **CE** Chakalian, Gregory, EMNRD 43:57

5033 OK, perfect.

5034 Thank you, Sir.

5035 What is a petroleum engineer?

5036

5037 **DM** David Mitchell 44:03

5038 Engineer is an engineer that's responsible for the drilling, completions and
5039 production of subsurface reservoirs, as well as the service, equipment and
5040 infrastructure required to produce them.

5041

5042 **CE** Chakalian, Gregory, EMNRD 44:17

5043 I see. OK, perfect. Thank you.

5044 All right.

5045 Now it is noon basically here in mountain time and I wonder if the parties would like
5046 a break to get something to eat before we begin in earnest machine.

5047

5048 **SS** Shaheen, Sharon 44:37

5049 I think that would be a good idea, particularly for you and the technical examiner,
5050 and for M's McLean as well.

5051

5052 **CE** Chakalian, Gregory, EMNRD 44:42

5053 Mm-hmm. OK.

5054 Well, that's very kind of you.

5055 So I I was thinking about 1/2 an hour.

5056 Is that OK with you?

5057

5058 **SS** Shaheen, Sharon 44:52

5059 That works for me.

5060

5061 **CE** Chakalian, Gregory, EMNRD 44:55

5062 It works for me and Mr. Garcia as well. I say that because this hearing may go into

5063 tomorrow.

5064 I don't know, but I figure if we cut down the lunch, maybe it won't.

5065 I don't know.

5066

5067 **SS** **Shaheen, Sharon** 45:07

5068 Good idea.

5069

5070 **CE** **Chakalian, Gregory, EMNRD** 45:09

5071 All right.

5072 Sounds good.

5073 Miss McLean does that work for you?

5074

5075 **JM** **Jaclyn M. McLean** 45:12

5076 That works for me.

5077

5078 **CE** **Chakalian, Gregory, EMNRD** 45:14

5079 All right.

5080 And my computer needs a rest, obviously.

5081 So OK, we're going to come back on the record at 12:30, which is in about 33

5082 minutes from now.

5083 And Mr. Court reporter, I hope that's OK with you.

5084

5085 **GA** **Gerald Aragon** 45:31

5086 That's fine by me. Thank you.

5087

5088 **CE** **Chakalian, Gregory, EMNRD** 45:33

5089 All right. So thank you everyone.

5090 We'll be back on the record.

5091 We're in recess now.

5092

5093 **JM** **Jaclyn M. McLean** 45:38

5094 Down.

5095

5096 **SS** **Shaheen, Sharon** 45:39

5097 Thank you.

5098

5099 **CE Chakalian, Gregory, EMNRD** 1:18:17

5100 It is 12:30 on the nose and we are back on the record. Miss Shaheen, Are you ready
5101 to proceed?

5102 Which of your witnesses you want to call first?

5103

5104 **SS Shaheen, Sharon** 1:18:28

5105 The land man.

5106 M's English and I I would just note.

5107

5108 **CE Chakalian, Gregory, EMNRD** 1:18:31

5109 OK.

5110

5111 **SS Shaheen, Sharon** 1:18:32

5112 I'm hoping that we can get Mr. de Hammer to testify today as well.

5113 So if we start running too long with Miss, Miss English, maybe we could hop to Mr.
5114 de Hammer because he's not available tomorrow.

5115

5116 **CE Chakalian, Gregory, EMNRD** 1:18:46

5117 OK.

5118 That sounds fine.

5119 I can't imagine M's McLean would object to that.

5120 So go right ahead, machine.

5121

5122 **JM Jaclyn M. McLean** 1:18:50

5123 And I'll I'll just let you guys know we are not planning to cross Mr. de Hammer the
5124 geologists.

5125

5126 **CE Chakalian, Gregory, EMNRD** 1:18:58

5127 OK.

5128 Thank you. Go right ahead, Miss English. I remind you, Underoath.

5129

5130 **RE Rebecca English** 1:19:06

5131 Yes, Sir.

5132

5133 **SS** **Shaheen, Sharon** 1:19:06

5134 Good afternoon Miss English.

5135 Let's start by describing the acreage that Longfellow seeks to pool in this proceeding.

5136

5137 **RE** **Rebecca English** 1:19:17

5138 Sure. Excuse me, sorry.

5139 Yes, we are looking to pull the South half of section 33, Township 16 S, range 31 E.

5140

5141 **SS** **Shaheen, Sharon** 1:19:29

5142 And when did Longfellow acquire its interest in this acreage?

5143

5144 **RE** **Rebecca English** 1:19:34

5145 I believe it was before my time at Longfellow, but I believe it was in 20/24/2023
5146 timeframe.

5147

5148 **SS** **Shaheen, Sharon** 1:19:42

5149 And.

5150 What tracks does Longfellow have an interest in?

5151

5152 **RE** **Rebecca English** 1:19:47

5153 Sure. Yeah. Let me pull up my map.

5154 Just make sure I'm not miss speaking.

5155 Longfellow has an interest in the South half, in particular in the east half of the

5156 Southwest quarter and the east half of the southeast quarter.

5157

5158 **SS** **Shaheen, Sharon** 1:20:02

5159 And I'll share now if everyone is patient with me for a SEC.

5160 Can everyone see what I'm trying to show the direct exhibits?

5161

5162 **RE** **Rebecca English** 1:20:16

5163 Yes, ma'am.

5164

5165 **SS** **Shaheen, Sharon** 1:20:18

5166 Let's turn to your exhibit A7 quickly here, because I think it'll be helpful to talk about
5167 the interest in the tracks.

5168

5169 **RE** **Rebecca English** 1:20:27

5170 Sure.

5171

5172 **SS** **Shaheen, Sharon** 1:20:29

5173 Is this your exhibit A7?

5174

5175 **RE** **Rebecca English** 1:20:32

5176 It is.

5177

5178 **SS** **Shaheen, Sharon** 1:20:33

5179 And so can you describe using the colors here in this map?

5180 What Longfellow's acreage is in the South half of section 33?

5181

5182 **RE** **Rebecca English** 1:20:42

5183 Yes. Yeah, and I'll and I'll take just a quick step back. 'cause, this map does have a a
5184 quite a bit to it.

5185 This map shows long fellows interest across what we dubbed the Cedar Lake area.

5186 And the interest is all contained within the black outline, which is the North Square

5187 Lake unit boundary which is part of what's at issue here today.

5188 And Longfellow's interest is the.

5189 Yellow so you can see that we have leases across many different sections and many
5190 different proposed units.

5191 Our proposed units are outlined in red.

5192 The unit in issue is the South half of 33 where you can see our interest in the east half
5193 of the Southwest and the east half of the southeast.

5194 All under the same lease.

5195 So all of Longfellow's interest in section 33 is under one.

5196 Federal lease the blue is xdo's acreage.

5197 So we we show xg OS acreage across again kind of similarly the Cedar Lake area. So
5198 that we can appropriately depict.

5199 You know the the correct amount of leases that are potentially expiring in July?

5200 The difference between the darker blue and the light blue? I don't know if everybody

5201 can, like, make out the two distinct colors.
5202 There, but the lighter blue.
5203 Are definitely record title shows XTO with 100% interest.
5204 The darker blue has some a little bit of nuance to it, and I don't want to talk about it
5205 now or later, but we distinct we we show each of them separate so that you can kind
5206 of see what we're dealing with.

5207

5208 **SS** **Shaheen, Sharon** 1:22:35

5209 And when?

5210

5211 **JM** **Jaclyn M. McLean** 1:22:36

5212 I can.

5213 I ask a question real quick, just in the interest of time, are we are, you know, we
5214 haven't objected to her direct testimony or any of their direct testimony as our
5215 exhibits.

5216

5217 **RE** **Rebecca English** 1:22:39

5218 Yeah, sure.

5219

5220 **JM** **Jaclyn M. McLean** 1:22:48

5221 And I thought like the all the other contested hearings that they would adopt their
5222 testimony, then introduce rebuttal exhibits, and then we could.

5223 Cross, are we going to go through all of her testimony or whether I I guess we could
5224 just kind of outline the order?

5225 Of operations that would be helpful.

5226

5227 **CE** **Chakalian, Gregory, EMNRD** 1:23:08

5228 Machine.

5229

5230 **SS** **Shaheen, Sharon** 1:23:09

5231 Yes, I was just hoping to have M's English summarize her testimony, and I think it's
5232 helpful to have a graphic representation of what her testimony is here.

5233 And of course, Mr. Examiner's, if I'm taking too long or Miss English is taking too
5234 long, just let us know and we'll we'll move it a little faster.

5235

5236 **CE** **Chakalian, Gregory, EMNRD** 1:23:19

5237 Mm-hmm.

5238 What if we do this?

5239 What if we do this?

5240 How many eggs? I don't have the exhibit packet in front of me. 'cause. My

5241 computer's having trouble.

5242 How many exhibits came in through miss through Miss English?

5243

5244 **SS** **Shaheen, Sharon** 1:23:43

5245 I believe.

5246 There are 7 direct exhibits and then rebuttal exhibit A.

5247 Eight is also an exhibit that's sponsored by M's English.

5248

5249 **CE** **Chakalian, Gregory, EMNRD** 1:23:54

5250 OK. All right.

5251 And the seven exhibits. Is there a way they are in evidence and Mr. Garcia and I have
5252 reviewed them.

5253 Is there a way to do sort of a broad summary of Miss English's expert opinion?

5254 Let maybe let's say 1015 minutes and then we can see if she needs more time after
5255 that.

5256

5257 **SS** **Shaheen, Sharon** 1:24:19

5258 That sounds good.

5259 I was hoping to get her through it.

5260

5261 **CE** **Chakalian, Gregory, EMNRD** 1:24:23

5262 OK.

5263

5264 **SS** **Shaheen, Sharon** 1:24:23

5265 And about that much time.

5266

5267 **CE** **Chakalian, Gregory, EMNRD** 1:24:25

5268 Sounds good.

5269 So so Miss McLean, I know you didn't object, but you wanted some operational

5270 guidance.
5271 I think what we'll do is we'll give each witness a 15 minute period to summarize their
5272 self affirm statement.
5273 If there, if there is one, and their exhibits and, then and then we'll open them up for
5274 cross examination.
5275 And so please proceed machine.

5276

5277 **RE** **Rebecca English** 1:24:46

5278 Yes.

5279

5280 **SS** **Shaheen, Sharon** 1:24:48

5281 May I just clarify one thing.

5282 Because I was.

5283

5284 **CE** **Chakalian, Gregory, EMNRD** 1:24:50

5285 Yes.

5286

5287 **SS** **Shaheen, Sharon** 1:24:51

5288 I was thinking that 10 to 15 minutes would be the direct and then there would be.

5289 We would offer what rebuttal we can now.

5290

5291 **CE** **Chakalian, Gregory, EMNRD** 1:24:54

5292 Right.

5293

5294 **SS** **Shaheen, Sharon** 1:25:00

5295 And then there would be cross.

5296 But if you want to do it differently, I'm happy with that as well.

5297

5298 **CE** **Chakalian, Gregory, EMNRD** 1:25:04

5299 I, as we've done it in the past, we if if rebuttal exhibits have been submitted and
5300 reviewed by opposing counsel, then that witness should incorporate their rebuttal
5301 testimony during their 15 minute summary. Now, of course, Miss English's a A does
5302 not in evidence. So you might want.

5303 To spend a little time at the end trying to lay a foundation for A8.

5304

5305 **JM** **Jaclyn M. McLean** 1:25:31

5306 Just for clarification, for the record, the rebuttal exhibit A8 is actually xto's rebuttal
5307 exhibit, and Longfellow calls.

5308

5309 **CE** **Chakalian, Gregory, EMNRD** 1:25:41

5310 I'm sorry.

5311

5312 **JM** **Jaclyn M. McLean** 1:25:42

5313 There is rebuttal Exhibit 1 and rebuttal exhibit 2.

5314

5315 **CE** **Chakalian, Gregory, EMNRD** 1:25:45

5316 Thank you for the clarification. Agreed.

5317

5318 **SS** **Shaheen, Sharon** 1:25:46

5319 Yes.

5320 And so we we also have, you know, rebuttal testimony in response to their written
5321 testimony.

5322 And and we'll try to weave that in as we go along.

5323

5324 **CE** **Chakalian, Gregory, EMNRD** 1:25:59

5325 Yeah, it's up to you.

5326 And if you need more time, just ask for it.

5327 I'll just start the 15 minutes now.

5328

5329 **SS** **Shaheen, Sharon** 1:26:04

5330 OK.

5331 So turning back to exhibit A7.

5332 We were discussing that the blue, the light blue and the dark blue represent xto's
5333 interest.

5334 Is that right, Miss English?

5335

5336 **RE** **Rebecca English** 1:26:20

5337 Yes, ma'am.

5338

5339 **SS** **Shaheen, Sharon** 1:26:21

5340 And do you know when XTO acquired its interest in these blue?

5341

5342 **RE** **Rebecca English** 1:26:27

5343 Sure. Yeah. Don't quote me on the exact year, but I believe XTO had this interest for
5344 some time, several decades.

5345 60s potentially.

5346

5347 **SS** **Shaheen, Sharon** 1:26:38

5348 OK. And then the difference between the two, the light blue and the dark blue?

5349 There's some discussion in your testimony about.

5350 A reassignment.

5351

5352 **RE** **Rebecca English** 1:26:48

5353 Yes, ma'am.

5354

5355 **SS** **Shaheen, Sharon** 1:26:49

5356 OK. Can you talk about that reassignment and the status of the reassignment?

5357

5358 **RE** **Rebecca English** 1:26:54

5359 Sure. Yeah. At at some point in time through, you know, a a various decades, I can't
5360 eloquently speak on the exact date, but QO, I believe, issued a a term assignment.

5361 And again, none of this is disputed.

5362 We all agree on this, but X2 issued a term assignment to.

5363 A few parties, I believe it was in the third.

5364 1/3 a third, so three separate parties. And forgive me if I misquote this. I'm sure XDL
5365 will.

5366 We'll clear this up the the term assignment term down several years ago in in around
5367 2006, so about 20 years ago.

5368 And in that term that that occurred, the parties QO was do a a reassignment from
5369 the parties.

5370 There's no question we don't dispute that at all that XTO does.

5371 Indeed, they are owed a reassignment from what we can tell, the reassignment was
5372 not did not occur.

5373 From the three parties, I think there is some dispute on who the three parties are, but
5374 we know that one of them was Occidental and then the other two are.
5375 Our title shows it is one part as as as potentially different from what Xtoe title is, but
5376 that again is not an issue.
5377 So I believe QO sought a reassignment from Occidental back in 2006 and Occidental
5378 did give QA reassignment there by XTO having record title again in 1/3 of those two.
5379 Marker blue tracks that Resignment was not recorded.
5380 And so we were not aware of that assignment until we, you know, spoke with XTO
5381 recently and they will, we pointed it out and they knew about it and they then
5382 subsequently recorded that.
5383 So that is good.
5384 It's of record. The other 2/3, I think XTO is seeking those reassignments.
5385 I have inquired with my counterpart at Xvo and I don't believe that they've gotten.
5386 Them yet, but that they are seeking them.
5387 So what that means in terms of title is that in the two darker blue tracks, we do not
5388 dispute that qdo is owed a reassignment, but we do not believe that they have
5389 record title at this time.

5390

5391 **SS Shaheen, Sharon** 1:29:11

5392 Going back to the map A7, you mentioned something about other Longfellow
5393 developments in the area.

5394 How many other additional developments does Longfellow have in the area?

5395

5396 **RE Rebecca English** 1:29:24

5397 Yes. So it's kind of a moving target because you know we're in this hearing at this
5398 time. But you can see the red outline on these units.

5399 So, Longfellow right now has several different units that we are actively working to
5400 get drilled before this July deadline. And if I need to, I don't know if anybody has
5401 questions, but I can.

5402 Explain why the deadline is in July. If that's not an issue, we don't have to do that.

5403 But the presumably all of the leases, including Longfellow's yellow leases with the

5404 exception of section 32, is The only exception, have an expiration of July and this

5405 includes all of Xto's leases as well.

5406

5407 **SS** **Shaheen, Sharon** 1:30:11

5408 And are you aware? Oh, I'm sorry.

5409

5410 **RE** **Rebecca English** 1:30:13

5411 So go ahead.

5412 No, no, no, go ahead.

5413

5414 **SS** **Shaheen, Sharon** 1:30:15

5415 Are you aware of any developments that Qdo has proposed in this acreage that's

5416 depicted within what you've deemed the Cedar Lake unit?

5417

5418 **RE** **Rebecca English** 1:30:27

5419 No, ma'am.

5420

5421 **SS** **Shaheen, Sharon** 1:30:36

5422 Now your exhibit A5 is the usual chronology of contacts.

5423 Let's let's scroll back to that here.

5424 And of course, the important part is the chronology of contacts with QO here, and I'll

5425 make it a little bit bigger.

5426 So does this represent the timing of the contacts that you've had with XTO

5427 throughout the time?

5428 You since the time you first proposed.

5429 Post the well on August 5th of 2025.

5430

5431 **RE** **Rebecca English** 1:31:10

5432 With the exception of one thing that this ended, you know we submitted these last

5433 week and even since last week, we've had numerous conversations with XTO that are

5434 not depicted on this chronology.

5435

5436 **SS** **Shaheen, Sharon** 1:31:23

5437 And then your statement at paragraphs 2740, you actually detailed all of these

5438 conversations communications with Exxon.

5439 And could you just hit the high points of your paragraphs 27 through 40?

5440

5441 **RE** **Rebecca English** 1:31:40

5442 Yes. Yeah, yeah, yeah. And I can.

5443

5444 **SS** **Shaheen, Sharon** 1:31:40

5445 And I'll turn to that.

5446 Now that's a PDF page 21.

5447

5448 **RE** **Rebecca English** 1:31:45

5449 Sure. Yeah.

5450 And I can.

5451 I can keep it somewhat brief.

5452 So I think the high points are we contacted QO back in August through October of
5453 last year to talk about Standard protocol, which would be to offer a term assignment
5454 to qand or a participation through an operating agreement in this specific unit, the
5455 South half of section 30.

5456 Three, this conversation took place before.

5457 For Longfellow or XTO, or aware of any issues with the Acacia bankruptcy
5458 proceedings and the Acacia shallow unit that holds these leases.

5459 The original term assignment was.

5460 To offer to take a term assignment in section 33 as well as section one and a
5461 different Township.

5462 So we we submitted a single term assignment.

5463 That had two different tracks involved.

5464 One is in the South half of 33 and one is in a different Township in 18 S, 28 E or
5465 excuse me, I apologize.

5466 18 S.

5467 27 E.

5468 That conversation we we submitted it.

5469 They were grateful for that and they said we'll look into it shortly after Longfellow
5470 discovers that we have.

5471 We have quite a big problem with this Acacia bankruptcy.

5472 Issue so I.

5473 Call QO to let them know that this has come up and that Longfellow's you know.

5474 Were you aware of it and Longfellow's doing everything we can to try to sort

5475 through the nuances of this and we'll get back in touch later.
5476 So then Fast forward to I'll skip quite a bit.
5477 Multiple conversations took place and we believe we've come up with a solution that
5478 can benefit both Longfellow and XTO.
5479 Which is as simple as I could say. Expedite putting wells in the ground so that we
5480 hold both our lease and Xto's lease.
5481 We discussed that we can come up with a deal structure, whether again, that's term
5482 assignment proposed JOA or or anything and agree that you know, no problem, we'll
5483 get there.
5484 Fast forward to 2026. We we have in person meeting.
5485 We speak to them often and we offer.
5486 Everything from the original term assignment, which involved another tracked in
5487 another area.
5488 To you know, assign us 100%.
5489 The interest will hold.
5490 Your wells will hold your the rest of your lease for you to will give you every option
5491 through operating agreement, participation term assignment, anything that you
5492 would like. You just tell us what you would like to do?
5493 Our point being, we just need to get wells in the ground.
5494 And.
5495 You know, we still are discussing even today, but unfortunately we have not come up
5496 with a plan at this time.
5497 So the summary is just several months of communications.
5498 Climaxing obviously into today's hearing.

5499

5500 **SS Shaheen, Sharon** 1:35:01

5501 And with respect to paragraphs 45 through 50, here you you've talked about Xto's
5502 actions and in actions has XTO at any time to your knowledge until yesterday at
5503 about 1:30 proposed any alternative development that would include Longfellow's
5504 lease?

5505

5506 **RE Rebecca English** 1:35:26

5507 Not that would include Longfellow's lease. No ma'am.

5508

5509 **SS Shaheen, Sharon** 1:35:30

5510 And I think we've discussed before the urgency of development that's in your
5511 paragraphs 51 through 57.
5512 Is there anything in particular you would like to highlight with respect to to that
5513 urgency?

5514

5515 **RE** **Rebecca English** 1:35:45

5516 You know, and I apologize.

5517 I'm shuffling to get there.

5518 I think we all.

5519 I I think it's undisputed about the the and perhaps it's not, but undisputed about
5520 how we got here with this Acacia bankruptcy.

5521 But you know, our take is my my summary is that it's absolutely paramount that.

5522 Both parties get their leases held.

5523 We have communicated and to be clear, Longfellow has communicated often with
5524 the BLM on this because we've taken the lead and communicating and then
5525 providing those communications to the other third parties that we're working with in
5526 this area.

5527 So XTO is not the only third party that we have discussed this situation umm with if
5528 you go back to the map umm machine, you can see we don't have other in it.

5529 It's not necessary, but there's not other parties listed on the map, but there's third
5530 parties who have leases in those white spaces and we we're in the same

5531 conversations that we've been in with QO on those tracks as well.

5532 So the whole thought process.

5533 Let us take the lead.

5534 Let us get this administratively approved and let us drill to hold everybody's leases all
5535 within the time frame that the BLM has told us is required, which is before July of
5536 2026.

5537

5538 **SS** **Shaheen, Sharon** 1:37:16

5539 Turning now to XTO'S exhibits, have you reviewed the exhibits of Mr. Excuse me,
5540 Miss McKee.

5541

5542 **RE** **Rebecca English** 1:37:25

5543 Yes, ma'am.

5544

5545 **SS Shaheen, Sharon** 1:37:27

5546 And here let me scroll back to to that.

5547 That's at PDF page three of XTO Direct exhibits.

5548

5549 **RE Rebecca English** 1:37:47

5550 Yes, ma'am.

5551

5552 **SS Shaheen, Sharon** 1:37:48

5553 Oh, page 2, here we go.

5554 And so with respect to paragraph six, I'll Scroll down here.

5555 Have you reviewed this testimony of of Miss Mckee's regarding Xto's ownership of

5556 100% of the federal lease?

5557

5558 **RE Rebecca English** 1:38:04

5559 Yes, ma'am.

5560

5561 **SS Shaheen, Sharon** 1:38:06

5562 And and as you discussed earlier, they do not have record title to 100% of that, is
5563 that correct?

5564

5565 **RE Rebecca English** 1:38:12

5566 I'm not.

5567 I do not believe they do.

5568 I have spoken with Miss McKee and asked the question and and the responses that

5569 they are working on getting record title.

5570

5571 **SS Shaheen, Sharon** 1:38:23

5572 Paragraph 8, where M's McKee represents that the acreage was all reassigned to XTO

5573 on November 1st of 2010.

5574 Is that a true statement?

5575

5576 **RE Rebecca English** 1:38:35

5577 I don't believe it is.

5578 I believe there's outstanding reassignments that still need to occur.

5579

5580 **SS** **Shaheen, Sharon** 1:38:41

5581 Umm.

5582 With respect to paragraphs 15 through 20 here, Miss.

5583 Miss McKee discusses a number of communications in her paragraphs 15 through
5584 20.

5585 Have you reviewed her testimony here?

5586

5587 **RE** **Rebecca English** 1:39:00

5588 Yes, ma'am.

5589

5590 **SS** **Shaheen, Sharon** 1:39:02

5591 And in particular, I, well, let's start with paragraph 15.

5592 And and 16 where M's McKee represents that Longfellow never responded to Xto's
5593 inquiry about removing XTO from the force pooling.

5594 Can you talk a little bit about that from Longfellow's perspective?

5595

5596 **RE** **Rebecca English** 1:39:26

5597 Yeah, I I think.

5598 And perhaps I can get clarification.

5599 But I I'm not.

5600 I'm not sure what what the request was.

5601 We never responded.

5602 My understanding is that we've been in contact with QDO and every question slash
5603 e-mail slash phone call has received a response.

5604 Very immediately. So if I could just understand a little bit more as to exactly what
5605 that is and perhaps look at that, then maybe I could.

5606 Opine upon that a little bit more, but my understanding is that we've always been in
5607 contact and responded.

5608

5609 **SS** **Shaheen, Sharon** 1:40:03

5610 OK. Sounds like you might need to come back after M's Mickey's testimony with
5611 respect to paragraph 17, M's McKee makes a number of representations here about
5612 Longfellow, the first being Longfellow having no plan to develop the Van Halen

5613 spacing unit with XTO. What is your?

5614 Response to that.

5615

5616 **RE Rebecca English** 1:40:22

5617 That's we, we were in person with XTO.

5618 Clearly, with the intent that we would like to strike a deal in order to develop the Van

5619 Halen spacing unit with QO, I'm not quite sure we wouldn't have approached them

5620 to attempt to get an operating agreement, a term assignment, an assignment if we

5621 had no intention of.

5622 Doing this.

5623

5624 **SS Shaheen, Sharon** 1:40:54

5625 And and there's. There's a number of statements here about.

5626 Lfe or Longfellow drilling a vertical well.

5627 How did that come up and what is Longfellow's position with respect to drilling the

5628 horizontal wells?

5629

5630 **RE Rebecca English** 1:41:10

5631 Sure. Yeah.

5632 It is absolutely not disputed that discussing drilling a vertical well occurred in our in,

5633 in person meeting our conversation in the in person meeting was hey guys, we've

5634 previously given you a term assignment on both the South half of section 33 and

5635 Section 1. Bless you.

5636

5637 **CE Chakalian, Gregory, EMNRD** 1:41:33

5638 Thank you.

5639

5640 **RE Rebecca English** 1:41:34

5641 It Yep.

5642 And in the other Township.

5643 So we're here hat in hand, saying.

5644 OK, let's come back to those discussions on the term assignment that we've been

5645 tabling for a little bit while we try to understand this bankruptcy and now we're

5646 requesting similar terms that we would like to get an assignment for those interests

5647 in exchange for working to expedite to.

5648 Drill this well that can help hold our both of our leases. If that's not on the table.
5649 To QO then it is Longfellow's position that we will have to protect and maintain our
5650 lease.
5651 Hold, which would include the possibility of Julian a vertical well.
5652 Xto mirrored that sentiment by saying that they also could and would drill a vertical
5653 well as well as approach another operator to develop their leasehold for them.
5654 So vertical well discussions have always been part of it.
5655 It is no secret that we have filed for an APD to have a vertical well.
5656 It is.
5657 Longfellow's position that we would like to protect our interest and I think a prudent
5658 operator would have a vertical well as an option specifically in case they got into a
5659 situation like this where unfortunately timing is of the essence, but we cannot
5660 expedite because of.
5661 Contested hearing.
5662 We, you know, I'm not an engineer.
5663 I think Mr. Mitchell will.
5664 Talk about this a little bit later, but although vertical well would be a lot less
5665 expensive than drilling a horizontal well and potentially easier to get an APD, there's
5666 a lot of benefits of drilling a vertical well, but the very, very major.
5667 Negative of drilling of vertical well is the thought process that it is not the best thing
5668 to do for protecting coral of lights, preventing waste and when we could drill.
5669 A horizontal well that we all know is more prolific.
5670

5671 **SS Shaheen, Sharon** 1:43:45

5672 Turning now to paragraph 23 here, Miss Miss McKee represents that approval of
5673 Longfellow's application here with strand acreage in the South half of the Southwest
5674 quarter of Section 33 isn't the South half of the southwest quarter of section 33.
5675 Included in this in the.
5676 Acreage that we seek to pool here.

5677

5678 **RE Rebecca English** 1:44:09

5679 Yes, ma'am, it is.

5680

5681 **SS Shaheen, Sharon** 1:44:13

5682 Have you also reviewed Mr. Brown's statement?

5683

5684 **RE** **Rebecca English** 1:44:17

5685 Yes, ma'am, I have.

5686

5687 **SS** **Shaheen, Sharon** 1:44:19

5688 Turning now to PDF page 29.

5689

5690 **CE** **Chakalian, Gregory, EMNRD** 1:44:24

5691 And Miss Shaheen, you're coming up on 20 minutes in about one minute.

5692

5693 **SS** **Shaheen, Sharon** 1:44:28

5694 This is our last point with Miss.

5695

5696 **CE** **Chakalian, Gregory, EMNRD** 1:44:32

5697 Go right ahead.

5698

5699 **SS** **Shaheen, Sharon** 1:44:33

5700 English at unless we need further rebuttal.

5701 And so I turn your attention now to paragraph 6B here, where my hand is and.

5702 Where?

5703 Mr. Brown is critical of the surface location of the proposed wells.

5704 Is that how you understand this testimony?

5705

5706 **RE** **Rebecca English** 1:44:59

5707 Yes, ma'am.

5708

5709 **SS** **Shaheen, Sharon** 1:45:00

5710 And can you just briefly tell the the examiners why Longfellow is proposing the

5711 surface locations that are proposed?

5712

5713 **RE** **Rebecca English** 1:45:09

5714 Yes, ma'am.

5715 Yeah, I think we we all know that environmental effects, especially New Mexico are

5716 paramount and our surface location was chosen and approved with the BLM through

5717 on sites.

5718 Sorry, excuse me. The state Land Office.
5719 I don't want to mistake because it is on state Land Office acreage as the best surface
5720 that there is to be getting, you know to this development having our surface off
5721 lease.
5722 If you may outside of the unit, allows us to put our first take point at the closest
5723 proximity.
5724 Therefore, we believe preventing the least amount of waste.
5725 It's just a simple concept of what I would consider an off lease surface location,
5726 especially with all the environmental effects out there that it is the best in the most
5727 prudent way to develop this.

5728

5729 **SS Shaheen, Sharon** 1:46:02

5730 And what are a couple of the environmental issues that you've had to address with
5731 respect to surface locations?

5732

5733 **RE Rebecca English** 1:46:09

5734 Sure. Yeah.

5735 And this is I. I was not on the on sites for this, so please keep in mind that this is a
5736 first hand experience for this particular location. But having worked New Mexico.

5737 Before and at this present day, all sorts of factors between you know.

5738 Species of animals that might have, you know, migratory patterns to living around
5739 the location to protected cactus.

5740 All of these things come into play as we all know.

5741 When reviewing a surface location and in this particular area, my understanding is
5742 that it's particularly a little bit.

5743 Hairy and the respect of there's not a plethora of available locations that don't have
5744 at least one environmental concern adjacent or on the location.

5745

5746 **SS Shaheen, Sharon** 1:47:01

5747 Environmental concerns is the sagebrush, the desert sagebrush lizard.

5748

5749 **RE Rebecca English** 1:47:07

5750 Yes. Yes, ma'am, it is, yes.

5751

5752 **SS Shaheen, Sharon** 1:47:07

5753 Is that correct?

5754 And and there are also sand dunes present that are an environmental concern.

5755 Is that right?

5756

5757 **RE Rebecca English** 1:47:14

5758 That's correct, yes.

5759

5760 **SS Shaheen, Sharon** 1:47:16

5761 With that Mister Examiner, the only testimony at this point that I anticipate Miss

5762 English would do it relates to.

5763 Our rebuttal Exhibit 1, which is not yet been admitted.

5764

5765 **CE Chakalian, Gregory, EMNRD** 1:47:31

5766 Let me let me stop you there for a moment and I and I would remind Miss McLean

5767 the same thing.

5768

5769 **SS Shaheen, Sharon** 1:47:31

5770 There.

5771

5772 **CE Chakalian, Gregory, EMNRD** 1:47:36

5773 So I don't feel like this is unfair.

5774 Did you ask your witness to adopt?

5775 Their self affirm statement and exhibits Underoath and whether they wanted to make

5776 any corrections to them.

5777

5778 **SS Shaheen, Sharon** 1:47:48

5779 Not yet, but I'm happy to do that now.

5780

5781 **CE Chakalian, Gregory, EMNRD** 1:47:51

5782 Go ahead.

5783

5784 **SS Shaheen, Sharon** 1:47:52

5785 Thank you. And and your testimony, your direct testimony. Miss English is in exhibit

5786 A of Longfellow's exhibits. Is that correct?

5787

5788 **RE** **Rebecca English** 1:48:02

5789 Yes, ma'am.

5790

5791 **SS** **Shaheen, Sharon** 1:48:03

5792 Do you have any corrections to that testimony at this time?

5793

5794 **RE** **Rebecca English** 1:48:09

5795 I'm I'm reviewing just to make sure I I say this appropriately. So give me one second.

5796 Rolling through it.

5797 No, the only the only thing that I would like to say just to make sure that we are all

5798 on the same page is that as of the date of these exhibits, the communication was as

5799 it was outlined on the contact list and there's only been additional commun.

5800 That has occurred since. Since we put these exhibits in, so I would like for it to be

5801 clear that that's that is not the final.

5802 Contact.

5803

5804 **SS** **Shaheen, Sharon** 1:49:04

5805 And do you adopt their written testimony as your direct testimony in this matter?

5806

5807 **CE** **Chakalian, Gregory, EMNRD** 1:49:09

5808 Get your custom.

5809

5810 **RE** **Rebecca English** 1:49:10

5811 I do.

5812

5813 **CE** **Chakalian, Gregory, EMNRD** 1:49:12

5814 Ers.

5815

5816 **SS** **Shaheen, Sharon** 1:49:13

5817 Thank you. With that, I would pass the witness with the understanding that I can

5818 bring her back if need be for additional rebuttal.

5819

5820 **CE** **Chakalian, Gregory, EMNRD** 1:49:17

5821 Witnessed with the understanding that I can.

5822 Chris McQueen.

5823

5824 **JM** **Jaclyn M. McLean** 1:49:26

5825 Yes, thank you.

5826 Good afternoon Miss English.

5827 I'm Jackie McClain. I represent XTO.

5828 Let me just michihen, would you mind stopping sharing so I can do that if I need?

5829

5830 **SS** **Shaheen, Sharon** 1:49:46

5831 Did it work OK?

5832

5833 **JM** **Jaclyn M. McLean** 1:49:47

5834 Yes, thank you.

5835 Just want to make sure.

5836 That what we need.

5837 All right. OK, Miss English.

5838 You agree that XTO has a working interest ownership in the Van Halen spacing unit,

5839 correct?

5840

5841 **RE** **Rebecca English** 1:50:04

5842 Correct.

5843

5844 **JM** **Jaclyn M. McLean** 1:50:05

5845 Let me ask you about the North Square Lake unit and the lease expirations.

5846 Both Xto's lease and Longfellow's lease were held by production because they are

5847 part of that Acacia remnant N Square Lake unit. Is that correct?

5848

5849 **RE** **Rebecca English** 1:50:21

5850 That's my understanding. Yes, ma'am.

5851

5852 **JM** **Jaclyn M. McLean** 1:50:23

5853 So that meant that both XTO and Longfellow's lease were not at a risk of terminating

5854 even though they're independent leases did not have production as long as there

5855 was production.

5856 Somewhere within that N Square lake unit, correct.

5857

5858 **RE** **Rebecca English** 1:50:40

5859 That's my understanding. Yes, ma'am.

5860

5861 **JM** **Jaclyn M. McLean** 1:50:43

5862 And as of October 2025, when you brought up the lease expiration concerns to XTO,

5863 Longfellow didn't have any production on its leasehold correct.

5864

5865 **RE** **Rebecca English** 1:50:54

5866 That's correct.

5867 Yes, ma'am.

5868

5869 **JM** **Jaclyn M. McLean** 1:50:56

5870 And Longfellow, you said, acquired its interest in the acreage?

5871 That's the subject of this application in 2023 or 2024, correct.

5872

5873 **RE** **Rebecca English** 1:51:06

5874 Yes, ma'am.

5875

5876 **JM** **Jaclyn M. McLean** 1:51:07

5877 And Longfellow first proposed the Van Halen wells to XTO in August 2025, correct.

5878

5879 **RE** **Rebecca English** 1:51:14

5880 I believe that's the date.

5881 I apologize.

5882 There's a Landman that is on my team who proposed it, so I don't know the exact

5883 date it should be in the in the context, but that's correct.

5884

5885 **JM** **Jaclyn M. McLean** 1:51:24

5886 Yes, let me.

5887 Let me show you.

5888 I'll go ahead just so that we're very clear.

5889

5890 **RE** **Rebecca English** 1:51:29

5891 Yes, yes, ma'am.

5892

5893 **JM** **Jaclyn M. McLean** 1:51:31

5894 It's your exhibit A4.

5895 Umm.

5896 Share my screen hold on.

5897

5898 **RE** **Rebecca English** 1:51:54

5899 And M's McLean, I have it now in front of me.

5900 If it's easier, I can read it directly from there.

5901

5902 **SS** **Shaheen, Sharon** 1:52:03

5903 And I can share as well if that would be helpful.

5904

5905 **JM** **Jaclyn M. McLean** 1:52:06

5906 OK. Pierre, do you see?

5907 Is this your well proposal letter?

5908

5909 **RE** **Rebecca English** 1:52:11

5910 Yes, ma'am.

5911

5912 **JM** **Jaclyn M. McLean** 1:52:12

5913 To XTO.

5914

5915 **RE** **Rebecca English** 1:52:14

5916 Yes, ma'am.

5917

5918 **JM** **Jaclyn M. McLean** 1:52:15

5919 And it's dated August 1st, 2025.

5920

5921 **RE** **Rebecca English** 1:52:18

5922 Yes, ma'am.

5923

5924 **JM** **Jaclyn M. McLean** 1:52:19

5925 So that would be.

5926 You know a year, year and a half after acquiring an interest in the subject acreage

5927 that you proposed these wells.

5928

5929 **RE** **Rebecca English** 1:52:31

5930 Yes.

5931

5932 **JM** **Jaclyn M. McLean** 1:52:33

5933 And Longfellow and XTO were discussing the developing the Van Halen spacing unit

5934 for about August 2025 until present, correct.

5935

5936 **RE** **Rebecca English** 1:52:43

5937 Yes, ma'am.

5938

5939 **JM** **Jaclyn M. McLean** 1:52:44

5940 So about six months of working pretty diligently on trying to come up with a way to

5941 get production on these leases.

5942

5943 **RE** **Rebecca English** 1:52:51

5944 Yes, ma'am.

5945

5946 **JM** **Jaclyn M. McLean** 1:52:52

5947 And on January 6th, 2026, XTO withdrew its initial protest to Longfellow's pulling

5948 application on what you say, quote assurances that negotiation would continue

5949 between the parties.

5950 Isn't that true?

5951

5952 **RE** **Rebecca English** 1:53:10

5953 That is true. Yes, ma'am.

5954

5955 **JM** **Jaclyn M. McLean** 1:53:12

5956 So at this point, January 6th, Xio and Longfellow were working together to develop

5957 this acreage, and the Van Halen spacing unit, correct?

5958

5959 **RE** **Rebecca English** 1:53:24

5960 Proposing options and XTO had not agreed to any of the options so we were we
5961 were in negotiations, yes.

5962

5963 **JM** **Jaclyn M. McLean** 1:53:35

5964 Well, you had said earlier that that you had spent six months of working pretty
5965 diligently together with XTO on a way to come up on a way to produce these leases.

5966 Are are you saying now?

5967 No, you weren't working together during that time period.

5968

5969 **RE** **Rebecca English** 1:53:50

5970 No, ma'am.

5971 No, ma'am. We what I'm saying is I think it would be just the definition of of working
5972 together. Xto as you can see in the sorry, excuse me, Longfellow, as you can see in
5973 the contact list.

5974 Sent the initial well proposal in August of 2025 and then we sent a term assignment
5975 offer on in October of 2025 and then had multiple contacts over the phone between
5976 October and January.

5977 Six, no. So so we had proposed a term assignment at that point in time definitively,
5978 but it had not been accepted.

5979 So, you know, working together.

5980 Yes, we were communicating, but there was no.

5981 Alternative options presented by XTO during those communications.

5982

5983 **JM** **Jaclyn M. McLean** 1:54:43

5984 And so are you saying that Xiao just didn't respond at all?

5985

5986 **RE** **Rebecca English** 1:54:48

5987 No, ma'am, I'm not.

5988

5989 **JM** **Jaclyn M. McLean** 1:54:50

5990 So I guess your definition of working together means that XTO would have just
5991 immediately accepted your proposal.

5992

5993 **RE** **Rebecca English** 1:54:58

5994 No, ma'am.

5995

5996 **JM** **Jaclyn M. McLean** 1:55:01

5997 So they are.

5998 I guess I'm confused on what you're really saying here.

5999

6000 **RE** **Rebecca English** 1:55:05

6001 Yeah, sure.

6002 So you know when we say working together, I I'm I'm curious.

6003 We proposed at that point in time at least one option for a deal structure.

6004 That option had not been accepted by XTO during those months of August to

6005 January.

6006

6007 **JM** **Jaclyn M. McLean** 1:55:26

6008 You had many conversations about that offer, correct?

6009 And by January 6th, Xco felt comfortable enough based on quote assurances by you

6010 that negotiations would continue, correct?

6011

6012 **RE** **Rebecca English** 1:55:42

6013 Yes, ma'am. Yeah.

6014

6015 **JM** **Jaclyn M. McLean** 1:55:43

6016 OK.

6017 So then, a month later, February 3rd, 2026, there's an in person meeting with

6018 Longfellow and XTO. Correct.

6019

6020 **RE** **Rebecca English** 1:55:55

6021 I would classify that as negotiations continuing.

6022

6023 **JM** **Jaclyn M. McLean** 1:56:00

6024 OK.

6025 That's not what I'm asking though.

6026 I you had an in person meeting with XTO on that date, correct?

6027

6028 **RE** **Rebecca English** 1:56:07

6029 Yes, ma'am.

6030

6031 **JM** **Jaclyn M. McLean** 1:56:08

6032 OK. And at that meeting you presented what you describe in your testimony as a
6033 comprehensive proposal to QO for developing the Van Halen spacing unit, correct?

6034

6035 **RE** **Rebecca English** 1:56:21

6036 Yes, ma'am.

6037

6038 **JM** **Jaclyn M. McLean** 1:56:23

6039 And as part of this comprehensive proposal.

6040 I.

6041 Was to assign 100% of its interest in the southeast quarter of Section 1 Township 18

6042 S range 27 E to Longfellow.

6043 Is that correct?

6044

6045 **RE** **Rebecca English** 1:56:40

6046 That's correct. With a little bit more to it.

6047

6048 **JM** **Jaclyn M. McLean** 1:56:43

6049 Well, I'm just reading what you have in paragraph 32D of your testimony.

6050

6051 **RE** **Rebecca English** 1:56:51

6052 Yeah. Let me get there one second.

6053

6054 **JM** **Jaclyn M. McLean** 1:56:52

6055 It says.

6056 And I can put it up too if we need.

6057

6058 **RE** **Rebecca English** 1:56:57

6059 Sure is.

6060 It could you give me a page.

6061 I think that would be.

6062

6063 **JM** **Jaclyn M. McLean** 1:57:01

6064 It's page 23 of the.

6065

6066 **RE** **Rebecca English** 1:57:01

6067 I apologize.

6068

6069 **JM** **Jaclyn M. McLean** 1:57:06

6070 PDF packet.

6071

6072 **RE** **Rebecca English** 1:57:09

6073 OK.

6074 Yes, yes, ma'am.

6075

6076 **JM** **Jaclyn M. McLean** 1:57:13

6077 So on this paragraph 32D, you say Exxon Mobil would assign 100% of its interest in
6078 the Southeast quarter of Section 1 Township 18 S range 27 E as discussed in the
6079 original October 2025 term assignment, retaining a 2.5%.

6080 Overriding royalty interest with Longfellow offering to place.

6081 The Section 1 interest on term 2 Accelerate development.

6082

6083 **RE** **Rebecca English** 1:57:40

6084 Yes.

6085

6086 **JM** **Jaclyn M. McLean** 1:57:40

6087 Was there anything apart from from that as part of that?

6088

6089 **RE** **Rebecca English** 1:57:45

6090 No. Yeah. I just wanted to finish that sentence with the retaining the override 'cause.

6091 That was the the the real package.

6092 Yes, ma'am. That's correct.

6093

6094 **JM** **Jaclyn M. McLean** 1:57:53

6095 OK. And so that acreage, the Southeast quarter of Section 1, Township 20, Township

6096 18, S range 27 E is a couple townships over from the Van Halen development,
6097 correct?

6098

6099 **RE Rebecca English** 1:58:08

6100 Yes, ma'am.

6101

6102 **JM Jaclyn M. McLean** 1:58:09

6103 And is actually right by the Marley pad which your engineer uses as an analog for the
6104 production in this acreage, right?

6105

6106 **RE Rebecca English** 1:58:17

6107 Yes, ma'am.

6108

6109 **JM Jaclyn M. McLean** 1:58:18

6110 And the Marley pad is in a more proven area.

6111 Of the Geso play, isn't that correct?

6112

6113 **RE Rebecca English** 1:58:27

6114 You know, I would like to say yes, I'm not a geologist, but from my understanding,
6115 yes, there's more wells over there. Yes.

6116

6117 **JM Jaclyn M. McLean** 1:58:37

6118 And specifically, Longfellow has already producing wells in this area, correct?

6119

6120 **RE Rebecca English** 1:58:43

6121 That's correct to the north of that section. Yes, ma'am.

6122

6123 **JM Jaclyn M. McLean** 1:58:46

6124 So essentially you're trying to get QO to assign you acreage in an area you already
6125 have proven results of as a condition of this comprehensive proposal. Is that correct?

6126

6127 **RE Rebecca English** 1:58:58

6128 No, ma'am. I think with the correct statement in my mind, this is me talking
6129 obviously.

6130 Is that this 32D mirrored the original term assignment that was offered to xtio in

6131 October, before we even knew about the Acacia, except for a few nuances in the
6132 delivery.

6133 So the acreage is the same.

6134

6135 **JM Jaclyn M. McLean** 1:59:21

6136 I'm not.

6137 I'm not disputing that the acreage is the same.

6138 What I'm asking is whether it's in October of 2025 or February of 2026.

6139 You are trying to get to trade acreage with QO in an area where you have already
6140 proven well results, and Longfellow has already producing wells correct.

6141

6142 **RE Rebecca English** 1:59:43

6143 That's correct. As of February 3rd, 2026.

6144

6145 **JM Jaclyn M. McLean** 1:59:44

6146 Because.

6147 Right. And and by February 20, February 3rd, 2026 and October 2025, Longfellow did
6148 not have any producing wells.

6149 In the area that's seeking to pull the Van Halen spacing unit, is that correct?

6150

6151 **RE Rebecca English** 2:00:04

6152 That's correct.

6153

6154 **JM Jaclyn M. McLean** 2:00:06

6155 So then during the February 3rd meeting, vertical walls come up right?

6156

6157 **RE Rebecca English** 2:00:13

6158 Yes, ma'am.

6159

6160 **JM Jaclyn M. McLean** 2:00:14

6161 And it was Longfellow that first mentioned vertical walls.

6162 Is that correct?

6163

6164 **RE Rebecca English** 2:00:23

6165 I.

6166 I cannot say that definitively, but I would not deny if that's what.

6167 Somebody else remembers.

6168

6169 **JM** **Jaclyn M. McLean** 2:00:31

6170 Well, during the meeting, your testimony says that you disclosed QO that Longfellow
6171 was already drilling 5 vertical wells to hold its acreage in other sections.

6172 Is that correct?

6173

6174 **RE** **Rebecca English** 2:00:45

6175 That's correct.

6176

6177 **JM** **Jaclyn M. McLean** 2:00:46

6178 And you also state that during that meeting you told QO that Longfellow could just
6179 drill a vertical well in section 33, told its leased at a quote material, a cost material
6180 leave lower than drilling the Van Halen wells, correct?

6181

6182 **RE** **Rebecca English** 2:01:04

6183 That's correct.

6184

6185 **JM** **Jaclyn M. McLean** 2:01:05

6186 And you quote emphasized that putting the Van Halen program on the fast track.

6187 So both XTO and Longfellow could meet lease obligations.

6188 Would involve additional expense and carry meaningful execution and timing risk,

6189 correct?

6190

6191 **RE** **Rebecca English** 2:01:22

6192 That's correct.

6193 Yes, ma'am.

6194

6195 **JM** **Jaclyn M. McLean** 2:01:24

6196 And by timing risk, you meant not producing the wells by July 2026 to meet the lease
6197 termination deadline.

6198

6199 **RE** **Rebecca English** 2:01:33

6200 Well, I want to take a second on that by timing risk, I mean, you know, we still had at

6201 that point in time the CPO hearing to go through and the administrative concerns of
6202 getting APDS.

6203 For the expense cost, it would be the expedition of business leases.

6204 There's, you know, things that we need to do to fast track these wells.

6205 Yes, ma'am.

6206

6207 **JM** **Jaclyn M. McLean** 2:01:56

6208 OK. And it was unclear at that point of all of that could be accomplished in time for
6209 the Van Halen wells to be producing by July 2026, correct?

6210

6211 **RE** **Rebecca English** 2:02:08

6212 Yes, ma'am.

6213

6214 **JM** **Jaclyn M. McLean** 2:02:11

6215 And I know you know your testimony.

6216 You say that you never said you didn't want to pursue the Van Halen spacing unit
6217 with xco, but you did say that you wanted to make clear that if Xiao.

6218 With not to proceed on the terms proposed, Longfellow would need to revisit the
6219 matter internally and determine the approach that best aligned with Longfellow's
6220 overall interests correct.

6221

6222 **RE** **Rebecca English** 2:02:35

6223 Yes, ma'am.

6224

6225 **JM** **Jaclyn M. McLean** 2:02:38

6226 And I'd like to show you.

6227 Sharon, do you wanna put this up or you want me?

6228 It's one of xtio's exhibits.

6229

6230 **SS** **Shaheen, Sharon** 2:02:47

6231 Do you know what PDF page number it is?

6232

6233 **JM** **Jaclyn M. McLean** 2:02:50

6234 Yes, I can tell you it's our XTO exhibit A6.

6235

6236 **SS** **Shaheen, Sharon** 2:02:51

6237 Yeah.

6238

6239 **JM** **Jaclyn M. McLean** 2:02:56

6240 Which is.

6241 In the packet that was filed on the OCD website, page 17.

6242

6243 **SS** **Shaheen, Sharon** 2:03:05

6244 17.

6245 Is this it?

6246

6247 **JM** **Jaclyn M. McLean** 2:03:12

6248 This is it. Yes, thank you.

6249

6250 **SS** **Shaheen, Sharon** 2:03:14

6251 OK.

6252

6253 **JM** **Jaclyn M. McLean** 2:03:16

6254 So Miss English, this has been marked as XTO exhibit A6. Are you familiar with this e-
6255 mail chain?

6256

6257 **RE** **Rebecca English** 2:03:23

6258 Yes, ma'am.

6259

6260 **JM** **Jaclyn M. McLean** 2:03:24

6261 And this is an e-mail chain between yourself and various individuals at at XTO,
6262 correct?

6263

6264 **RE** **Rebecca English** 2:03:31

6265 Correct.

6266

6267 **JM** **Jaclyn M. McLean** 2:03:33

6268 And the first e-mail, you know the first page of this exhibit is a response from you to
6269 Suzanne Spar and Shelby McKee, among others at XTO. Is that correct?

6270

6271 **RE** **Rebecca English** 2:03:48

6272 Yes, ma'am.

6273

6274 **JM** **Jaclyn M. McLean** 2:03:49

6275 In your response is written in blue, right?

6276

6277 **RE** **Rebecca English** 2:03:55

6278 Yes, ma'am. Yeah.

6279

6280 **JM** **Jaclyn M. McLean** 2:03:56

6281 And this response was written on February 9th, which is 6 days after that February

6282 3rd meeting, correct.

6283

6284 **RE** **Rebecca English** 2:04:03

6285 Yes, ma'am.

6286

6287 **JM** **Jaclyn M. McLean** 2:04:05

6288 And at the end of this page.

6289 You say?

6290 I'd like to add additional contacts to the end person meeting.

6291 And this you're essentially.

6292 Responding to Xia's characterization of the February 3rd meeting, is that correct?

6293

6294 **RE** **Rebecca English** 2:04:25

6295 Yes, ma'am.

6296

6297 **JM** **Jaclyn M. McLean** 2:04:26

6298 OK and.

6299 In on this first page.

6300 First you set out what Longfellows proposed deal was, right?

6301

6302 **RE** **Rebecca English** 2:04:41

6303 Yes, yes. In the those paragraphs.

6304 Yes, ma'am.

6305

6306 **JM** **Jaclyn M. McLean** 2:04:44

6307 Yes. Yeah, those bullet points that are at the bottom of that page.

6308

6309 **RE** **Rebecca English** 2:04:49

6310 Yes.

6311

6312 **JM** **Jaclyn M. McLean** 2:04:49

6313 That's you setting out what you said was. You know that comprehensive proposal
6314 that you made to QO during the February 3rd meeting, correct?

6315 Correct.

6316

6317 **RE** **Rebecca English** 2:05:02

6318 Yes, ma'am.

6319

6320 **JM** **Jaclyn M. McLean** 2:05:03

6321 And this basically tracks what's in your written testimony at paragraph 32, right?

6322

6323 **RE** **Rebecca English** 2:05:15

6324 I'm gonna take your word for it on the paragraph.

6325 Yes, ma'am.

6326

6327 **JM** **Jaclyn M. McLean** 2:05:19

6328 And then michihen, if we could go to the next page of this exhibit.

6329 Thank you.

6330 So then on this page, the bullet point that starts with Longfellow informed Exxon

6331 Mobil that we have applied for multiple units as well as multiple vertical wells with
6332 the appropriate regulatory bodies.

6333 Do you see that?

6334

6335 **RE** **Rebecca English** 2:05:46

6336 I do.

6337 Yes, ma'am.

6338

6339 **JM** **Jaclyn M. McLean** 2:05:48

6340 So again, in this e-mail from February 9th, just a few days after that February 3rd
6341 meeting, you are reiterating that you applied for MO multiple vertical well permits,
6342 correct.

6343

6344 **RE** **Rebecca English** 2:06:01

6345 Yes, ma'am. Yep.

6346

6347 **JM** **Jaclyn M. McLean** 2:06:02

6348 And then the bullet point below.

6349 You said you're already drilling 5 vertical wells to hold your acreage in other sections,
6350 correct?

6351

6352 **RE** **Rebecca English** 2:06:13

6353 Yes.

6354

6355 **JM** **Jaclyn M. McLean** 2:06:14

6356 And that Longfellow advise ExxonMobil that Longfellow could elect to drill a vertical
6357 well in section 33 to satisfy leasehold obligations at a cost materially lower than
6358 drilling the Van Halen wells, correct.

6359

6360 **RE** **Rebecca English** 2:06:31

6361 Yes, ma'am.

6362

6363 **JM** **Jaclyn M. McLean** 2:06:33

6364 And then at the end of that bullet point, you didn't include this in your test, your
6365 written testimony, but in this e-mail you say the question remains whether such an
6366 accelerated schedule.

6367 Is achievable.

6368 Meaning you weren't sure whether you could do these, you know, get the Van Halen
6369 wells producing by that July 2026 deadline, right?

6370

6371 **RE** **Rebecca English** 2:06:58

6372 What is the date of this e-mail?

6373

6374 **JM** **Jaclyn M. McLean** 2:07:00

6375 This was from February 9th.

6376

6377 **RE** **Rebecca English** 2:07:02

6378 And so this was my understanding is when I drafted this e-mail, this was after the
6379 protest had come out with the CPO.

6380 By XTO. So yes, that statement is true.

6381 And it has to be surrounding that.

6382 We were then gonna go to a contested hearing, which we all know is taking time.

6383

6384 **JM** **Jaclyn M. McLean** 2:07:26

6385 OK.

6386 So again.

6387 Like the question I asked was when you say in this February 9th e-mail, the question

6388 remains whether such an accelerated schedule is achievable. Is that Longfellow was

6389 not sure as of February 9th that it could meet that July 2026 production deadline,

6390 correct?

6391

6392 **RE** **Rebecca English** 2:07:46

6393 That's correct.

6394

6395 **JM** **Jaclyn M. McLean** 2:07:48

6396 OK.

6397 And then you go on to say.

6398 Again, as you did in your direct testimony.

6399 The next the next bullet point down that you made it clear that if Exxon Mobil is not
6400 prepared to proceed on the terms that Longfellow proposed, Longfellow would need

6401 to revisit the matter internally and determine the approach that best aligns with

6402 Longfellow's overall interest, correct.

6403

6404 **RE** **Rebecca English** 2:08:21

6405 Yes, ma'am.

6406

6407 **JM** **Jaclyn M. McLean** 2:08:22

6408 So by the end of the day on February 9th, you had told.
6409 Xco twice that Longfellow was currently drilling 5 vertical wells to hold its acreage in
6410 other sections. Correct.

6411

6412 **RE** **Rebecca English** 2:08:35

6413 I think it was on February 3rd.

6414

6415 **JM** **Jaclyn M. McLean** 2:08:37

6416 I'm saying by February 9th, so you know February 3rd plus February 9th at this point.

6417 You had told Qo twice that Longfellow is currently drilling 5 vertical wells, told its
6418 acreage in other sections.

6419

6420 **RE** **Rebecca English** 2:08:52

6421 Yes, and I I want to be clear about something we had at that time filed for APDS.

6422 So we are.

6423

6424 **JM** **Jaclyn M. McLean** 2:08:58

6425 Yes, we're yes.

6426

6427 **RE** **Rebecca English** 2:09:00

6428 We were not currently drilling.

6429 We were filing for APDS and had the plans to pending the approval of those Apds
6430 execute drilling.

6431 Of those five vertical wells.

6432

6433 **JM** **Jaclyn M. McLean** 2:09:12

6434 So, so then your e-mail of February 9th, where you say Longfellow discussed that we

6435 are already drilling 5 vertical wells and then your sworn testimony at paragraph 34

6436 where again you say I disclose that Longfellow was already drilling 5 vertical walls,

6437 those are incorrect statements.

6438

6439 **RE** **Rebecca English** 2:09:32

6440 Well, I I think already drilling you know that's a a verb, but this is talking about in the
6441 future we would be drilling.

6442 So I guess we could say that that's an incorrect statement.

6443 It would to me seem like that saying the proposed plan is to drill already, meaning
6444 we would have a rig out a vertical rig.

6445 Those five vertical wells.

6446

6447 **JM Jaclyn M. McLean** 2:09:59

6448 Well, let's pull up your sworn statement because I don't think it's you're already.

6449 But let's just look at what you said.

6450 Miss Shaheen, do you want to share or do you want me to share that?

6451

6452 **SS Shaheen, Sharon** 2:10:13

6453 Yeah, just tell me which PDF page number and I can.

6454

6455 **JM Jaclyn M. McLean** 2:10:16

6456 It's your longfellows exhibits at page 24.

6457

6458 **SS Shaheen, Sharon** 2:10:22

6459 All right, here we are.

6460

6461 **JM Jaclyn M. McLean** 2:10:23

6462 OK.

6463 Great, so paragraph 34. The first sentence. Also during the February 3rd, 2026

6464 meeting, I informed Exxon Mobil that Longfellow had applied for multiple units in

6465 multiple vertical wells with the appropriate regulatory bodies. Correct.

6466

6467 **RE Rebecca English** 2:10:39

6468 That's right.

6469 Yes, ma'am.

6470

6471 **JM Jaclyn M. McLean** 2:10:40

6472 So that sentence is saying that you inform them that you had applied for permits

6473 correct for vertical wells.

6474

6475 **RE Rebecca English** 2:10:49

6476 That's right.

6477 Yes, ma'am.

6478

6479 **JM** **Jaclyn M. McLean** 2:10:50

6480 OK. Then the next sentence.

6481 I disclose that Longfellow was already drilling.

6482 Five vertical wells to hold its acreage in other sections.

6483 And that and then if we skip and that long flow could elect to drill a vertical well in
6484 section 33.

6485 So this sentence, can you tell me?

6486 How it's wrong to characterize this as you disclose to xco?

6487 That Longfellow was already drilling 5 vertical wells.

6488

6489 **RE** **Rebecca English** 2:11:25

6490 Yeah. Look, I'm not.

6491 I won't sit here and argue about the the words already drilling, whether that means
6492 already drilling in the future, as in, that's part of our plan or already drilling as in we
6493 had spud 5 vertical wells.

6494 It's undisputed that at the time of this meeting and in my testimony that we are not
6495 currently with a bit in the ground drilling 5 vertical wells, I greatly apologise if that
6496 sentence is misleading.

6497 I read that sentence as we disclosed.

6498 That we were already going to drill 5 vertical wells in the area between now and July
6499 to hold leases including third party leases. Now if that's true.

6500

6501 **JM** **Jaclyn M. McLean** 2:12:08

6502 Well, could you see?

6503 Could you see how someone reading an e-mail that says?

6504 I disclosed that Longfellow was already drilling 5 vertical wells to hold its acreage.

6505 Would believe that to mean that you are currently drilling 5 vertical wells.

6506

6507 **RE** **Rebecca English** 2:12:24

6508 Yes, absolutely. And and to my counterparts at XTO, I was never aware that that's
6509 what you guys took this as since we've never discussed that, I apologize.

6510 What that means is the plan was to drill 5 vertical wells.

6511 I apologize for any confusion to anybody that we were currently drilling 5 vertical
6512 wells.

6513

6514 **JM** **Jaclyn M. McLean** 2:12:47

6515 So let's go back to the question, the initial question. By February 9th, you had related

6516 to XTO twice that Longfellow was, quote already drilling 5 vertical wells to hold his

6517 acreage in other sections, correct?

6518

6519 **RE** **Rebecca English** 2:13:04

6520 Yes, ma'am.

6521

6522 **JM** **Jaclyn M. McLean** 2:13:05

6523 And by February 9th, you had told Xero twice that Longfellow had applied for

6524 multiple vertical well permits. Correct.

6525

6526 **RE** **Rebecca English** 2:13:13

6527 Yes, ma'am.

6528

6529 **JM** **Jaclyn M. McLean** 2:13:14

6530 And by February 9th, you were told Xiao twice that Longfellow could go drill a

6531 vertical wall in section 33 to hold its lease, at a cost materially lower than drilling the

6532 Van Halen horizontal wells, correct.

6533

6534 **RE** **Rebecca English** 2:13:28

6535 Yes, ma'am.

6536

6537 **JM** **Jaclyn M. McLean** 2:13:29

6538 And you had also told Xsto twice that Longfellow wasn't sure.

6539 And accelerated drilling schedule for the Van Halen wells was possible to hit that July

6540 2026 lease expiration, is that correct?

6541

6542 **RE** **Rebecca English** 2:13:45

6543 Yes, ma'am.

6544

6545 **JM** **Jaclyn M. McLean** 2:13:47

6546 So you don't dispute that Longfellow?

6547 Told XTO at least twice that it was going to drill vertical wells to hold its acreage and
6548 at least five other locations. Is that correct?

6549

6550 **RE** **Rebecca English** 2:14:06

6551 That we had filed for APDS, yes.

6552 And that the plan was potentially, you know, we we could drill 5 vertical wells.

6553 I apologize for this confusion.

6554 I I'm having a hard time understanding the relevance.

6555 These are wells outside of this section.

6556

6557 **JM** **Jaclyn M. McLean** 2:14:20

6558 And I don't think that you can object to relevance.

6559

6560 **RE** **Rebecca English** 2:14:23

6561 Oh, sure, sure, sure. I apologize.

6562

6563 **JM** **Jaclyn M. McLean** 2:14:26

6564 And.

6565 Again, this goes to, you know, as you've heard, XTO has doubt whether this.

6566 Van Halen spacing unit will actually be executed and this goes to our evidence to

6567 show that there were multiple instances where Longfellow said that they were drilling

6568 vertical walls in other areas. Longfellow brought up the idea of vertical wells, and this

6569 came as a surprise to XTO who?

6570

6571 **SS** **Shaheen, Sharon** 2:15:00

6572 I.

6573 I'm going to.

6574

6575 **JM** **Jaclyn M. McLean** 2:15:03

6576 Burkang with Juan fall out.

6577

6578 **SS** **Shaheen, Sharon** 2:15:04

6579 I'm going to object because M's McClain is testifying.

6580

6581 **CE** **Chakalian, Gregory, EMNRD** 2:15:15

6582 I'm on my pad now, so it's a little different here, Miss McLean, your response?

6583

6584 **JM** **Jaclyn M. McLean** 2:15:20

6585 I'll withdraw it.

6586

6587 **CE** **Chakalian, Gregory, EMNRD** 2:15:22

6588 Thank you, miss McLean.

6589 Alright, so is there so so just just to be clear, Miss English.

6590

6591 **JM** **Jaclyn M. McLean** 2:15:24

6592 Ah.

6593

6594 **CE** **Chakalian, Gregory, EMNRD** 2:15:30

6595 When it comes to relevance, that doesn't really apply when.

6596 A witness is being questioned to bring out their credibility. OK, so Miss McLean has
6597 wide.

6598

6599 **RE** **Rebecca English** 2:15:37

6600 Absolutely.

6601 Yes, absolutely.

6602

6603 **CE** **Chakalian, Gregory, EMNRD** 2:15:46

6604 Latitude to question you so that the.

6605 Fact Finder, Mr. Garcia and myself can determine the reliability of your statements,
6606 because that goes to the weight of your testimony.

6607 But I feel like we we all understand at this point.

6608 At least I can speak for myself what you said and and and and what.

6609 Maybe you should have said. I don't know if miss if Miss Shaheen is going to redirect
6610 you on this and whether Miss Shaheen is going to want to submit a A revised exhibit,
6611 possibly to clean that up.

6612 But Miss McLean, do you want to move on?

6613

6614 **JM** **Jaclyn M. McLean** 2:16:28

6615 Yes, thank you.

6616

6617 **CE** **Chakalian, Gregory, EMNRD** 2:16:30

6618 I'm not sure what we're looking. What are we looking?

6619 OK.

6620 Thank you.

6621

6622 **JM** **Jaclyn M. McLean** 2:16:36

6623 And Miss English, you would agree that drilling the Van Halen horizontal wells is not
6624 the only option to hold both Xtos and Longfellow's Lisa's correct?

6625

6626 **RE** **Rebecca English** 2:16:46

6627 Yes, ma'am.

6628

6629 **JM** **Jaclyn M. McLean** 2:16:49

6630 Let's go to.

6631 Paragraph 56 of your testimony.

6632 And that's on page 29 of the PDF.

6633 OK. Do you see paragraph 56?

6634

6635 **RE** **Rebecca English** 2:17:09

6636 Yes, ma'am.

6637

6638 **JM** **Jaclyn M. McLean** 2:17:10

6639 And about halfway through this paragraph you say.

6640 That despite being on notice of the lease expiration risk for several months, XTO has
6641 taken no independent action to reserve its leasehold correct.

6642

6643 **RE** **Rebecca English** 2:17:25

6644 Yes, ma'am.

6645

6646 **JM** **Jaclyn M. McLean** 2:17:27

6647 But in your testimony, you detail months of negotiations between exte O and
6648 Longfellow to attempt to come to an agreement to drill wells on this lease.

6649

6650 **RE** Rebecca English 2:17:38

6651 Yes.

6652

6653 **JM** Jaclyn M. McLean 2:17:39

6654 And if the Van Halen wells were drilled and producing by July 2026, this was
6655 preserved. The Xeo lease, correct?

6656

6657 **RE** Rebecca English 2:17:46

6658 That's right.

6659

6660 **JM** Jaclyn M. McLean 2:17:47

6661 And you also mentioned in your testimony that XTO had contacted Mac to Repermit
6662 already approved wells in the South half of section 32 to penetrate and produce from
6663 exte old leasehold.

6664 Is that correct?

6665

6666 **RE** Rebecca English 2:18:02

6667 That's coming from XTO.

6668 That's that's what they told us.

6669

6670 **JM** Jaclyn M. McLean 2:18:05

6671 Well, if if we go to paragraph.

6672 49 which is on page 28 of your of the PDF.

6673 You say, as noted in paragraph 35, Exxon Mobil's only affirmative action with respect
6674 to the development of its acreage has been to approach Mac to request that Mac re
6675 permit. It's already approved.

6676 Wells in the South half of section 32 to penetrate and produce from Exxon Mobil's
6677 leasehold in section 33 are to have natural and vertical well.

6678 That's your testimony, correct?

6679

6680 **RE** Rebecca English 2:18:47

6681 Yes, ma'am.

6682

6683 **JM** **Jaclyn M. McLean** 2:18:48

6684 And so you say there has been, quote, an affirmative action to develop.

6685 Exxon's acreage, correct?

6686

6687 **RE** **Rebecca English** 2:19:01

6688 Yes, sure. I I think yes, they have.

6689 This was coming from QO that they had approached Mac.

6690 So we're taking their word for it. Yes, ma'am.

6691

6692 **JM** **Jaclyn M. McLean** 2:19:09

6693 Well, you're characterizing, though that as Exxon's only affirmative action to develop

6694 its acreage, correct.

6695

6696 **RE** **Rebecca English** 2:19:17

6697 Yes.

6698

6699 **JM** **Jaclyn M. McLean** 2:19:18

6700 So that affirmative action on the part of XTO would be some sort of action to

6701 preserve its leasehold, isn't that right?

6702

6703 **RE** **Rebecca English** 2:19:27

6704 That's right.

6705

6706 **JM** **Jaclyn M. McLean** 2:19:30

6707 Then I wanna ask briefly.

6708 You were confused in your direct testimony about Miss Mckee's statement that XTO

6709 emailed Longfellow to confirm that Longfellow would not pull xto's interests. Do you

6710 remember that?

6711

6712 **RE** **Rebecca English** 2:19:45

6713 Yes, I do.

6714

6715 **JM** **Jaclyn M. McLean** 2:19:48

6716 Can we go?

6717 Is xto's exhibit A4, which is page 14 of the PDF of exhibits.

6718

6719 **SS** **Shaheen, Sharon** 2:20:04

6720 Is that it?

6721

6722 **JM** **Jaclyn M. McLean** 2:20:05

6723 So this is the end. The last page of Exhibit A4, which is.

6724 A.

6725 Another e-mail chain.

6726 And this was the first e-mail in the chain at the bottom of the the PDF.

6727 Have you?

6728 Do you recall receiving this e-mail on January 7th?

6729

6730 **RE** **Rebecca English** 2:20:29

6731 I do.

6732

6733 **JM** **Jaclyn M. McLean** 2:20:30

6734 And in the e-mail.

6735 Axon says.

6736 Happy New year.

6737 I wanted to make sure you received outside counsel's removal of our protest on Van

6738 Halen.

6739 Additionally, would you confirm Longfellow will be removing us from the order as we

6740 work through other commercial arrangements?

6741 Do you see that?

6742

6743 **RE** **Rebecca English** 2:20:52

6744 Go.

6745

6746 **JM** **Jaclyn M. McLean** 2:20:53

6747 And if we go to the next.

6748 Page up.

6749 So yes, and and I'll give you time to look through that and then you can answer

6750 whether you ever responded.

6751 To QO about whether you be removing them as a pulled party.

6752

6753 **RE** Rebecca English 2:21:39

6754 Can you repeat the question? I apologize.

6755

6756 **JM** Jaclyn M. McLean 2:21:41

6757 Yes. So and this January 8th response to xtos January 7th inquiry about whether you

6758 confirm that you were removing them as a pulled party, did you confirm that

6759 Longfellow had done that or would be doing that?

6760

6761 **RE** Rebecca English 2:22:00

6762 No, ma'am, I did not.

6763

6764 **JM** Jaclyn M. McLean 2:22:02

6765 And then.

6766 Let's go the next e-mail up on this page.

6767

6768 **SS** Shaheen, Sharon 2:22:09

6769 Oh here.

6770

6771 **JM** Jaclyn M. McLean 2:22:13

6772 It's still that second page.

6773 Yes, yes. Perfect.

6774 Right there is fine.

6775 This is another January 8th e-mail to you from XTO.

6776 And that first paragraph.

6777 Thanks for the update.

6778 I hope things went well for Longfellow today.

6779 We do prefer to work in agreement rather than be subject to an order.

6780 Do you see that?

6781

6782 **RE** Rebecca English 2:22:37

6783 I do.

6784 Yes, ma'am.

6785

6786 **JM** **Jaclyn M. McLean** 2:22:38

6787 And.

6788 The next e-mail up.

6789 If you wanna read.

6790 And then let me know if you ever responded to them about removing them as a pool
6791 party.

6792

6793 **RE** **Rebecca English** 2:22:53

6794 No, ma'am, not in the e-mail.

6795

6796 **JM** **Jaclyn M. McLean** 2:22:55

6797 OK.

6798 And then.

6799 The surface location.

6800 That you spoke to briefly and your direct testimony.

6801 I'd like to have you had a chance to review Xiao's rebuttal exhibit A8.

6802

6803 **RE** **Rebecca English** 2:23:20

6804 Presumably yes, but I don't have it.

6805 Let me give take a second, I apologize.

6806

6807 **SS** **Shaheen, Sharon** 2:23:24

6808 I.

6809 I.

6810 I believe that that's has not yet been emitted into the record.

6811

6812 **JM** **Jaclyn M. McLean** 2:23:28

6813 Well, I'm gonna try and get it admitted through miss.

6814 Miss English here.

6815

6816 **SS** **Shaheen, Sharon** 2:23:36

6817 OK.

6818

6819 **JM** **Jaclyn M. McLean** 2:23:36

6820 If I.

6821

6822 **SS** **Shaheen, Sharon** 2:23:37

6823 I'm sorry.

6824 Let me just make sure I understand because I thought we had objected to Xcos

6825 rebuttal exhibit A8.

6826

6827 **JM** **Jaclyn M. McLean** 2:23:39

6828 Make.

6829 Yes, but I think you know, even though I mean, do you?

6830 I guess what would you prefer?

6831 Would you prefer for me to try and introduce it through my witness?

6832 I think that it's relevant and she's opened the door to this with her surface location

6833 testimony, which is why this was.

6834 Submitted as a rebuttal exhibit to begin with, and I think it would be appropriate to

6835 address with.

6836 With Miss English.

6837

6838 **SS** **Shaheen, Sharon** 2:24:15

6839 Give me a minute here to to look at it.

6840 So you're talking about?

6841 Xto's rebuttal exhibit A8, and we've objected to that.

6842

6843 **JM** **Jaclyn M. McLean** 2:24:22

6844 I can.

6845 I can tell you.

6846

6847 **SS** **Shaheen, Sharon** 2:24:27

6848 And until you get it admitted into the evidence, I don't believe you can cross examine

6849 Miss English about it.

6850

6851 **JM** **Jaclyn M. McLean** 2:24:38

6852 Well, I'm trying.

6853 I I'm I we have introduced it as rebuttal to Miss English's testimony correct.
6854 And she has, I believe, opened the door for us to ask about this C1O2.
6855 On cross examination.
6856 I can wait and come back and ask her about it again. If you want me to do that, but
6857 in the interest of time and if the hearing examiner permits, I do think it would be
6858 appropriate.
6859 To try and introduce that this this juncture.

6860

6861 **SS** Shaheen, Sharon 2:25:13

6862 OK.

6863 Well, I object to introduction of that exhibit and I'm happy to tell you why.

6864

6865 **CE** Chakalian, Gregory, EMNRD 2:25:13

6866 So let's.

6867

6868 **SS** Shaheen, Sharon 2:25:17

6869 For now, it's the appropriate time.

6870

6871 **CE** Chakalian, Gregory, EMNRD 2:25:19

6872 OK, since since Miss McLean is trying to get an objective exhibit admitted, let me ask
6873 a question first.

6874 Miss Miss McLean, which witness?

6875 Which which witness?

6876 Developed exhibit A8.

6877

6878 **JM** Jaclyn M. McLean 2:25:38

6879 Well, this is it's. It was not developed by any witness.

6880 It is a public filing of AC1O2.

6881 For Max proposed well.

6882 And Miss English and her testimony had said that there were surface location issues.

6883 And this C1O2 show the surface location that Mac has already had approved.

6884 Ivlm we feel robots, her statement, and.

6885 I was going to ask miss our land witness Miss McKee, about this exhibit as well.

6886

6887 **CE** Chakalian, Gregory, EMNRD 2:26:20

6888 OK.
6889 All right. So so this is not an exhibit.
6890 So I'm just trying to understand the legal background for this exhibit.
6891 First, this was not developed by any of your witnesses.
6892 It's a witness that you found.
6893 In the public forum, which you believe helps your case because it in some way
6894 discredits Miss English testimony, is that right?
6895
6896 **JM** **Jaclyn M. McLean** 2:26:46
6897 Somewhat I I just want to make clear that it wasn't like by happenstance that we
6898 found this in the public forum. We have been working with Mac, Mac has filed.
6899
6900 **SS** **Shaheen, Sharon** 2:26:56
6901 I'm gonna object again because M's McClain is testifying about about.
6902
6903 **JM** **Jaclyn M. McLean** 2:26:58
6904 In.
6905
6906 **SS** **Shaheen, Sharon** 2:27:03
6907 Facts related to an exhibit that I've objected to and I'm happy to state my objection
6908 to that exhibit whenever you're ready.
6909
6910 **CE** **Chakalian, Gregory, EMNRD** 2:27:05
6911 So.
6912 I'm happy to hear.
6913 Hold on. I'm happy to hear your your objection machine.
6914 However, we're dealing. If we were dealing with the rules of evidence, this would be a
6915 Rule 104.
6916 And specifically would be subsection B and as a trial attorney, I dealt with this all the
6917 time in providing foundation for an exhibit to come in Rule one. O 4B allows hearsay
6918 testimony to establish a foundation, of course.
6919 The rules of evidence don't apply here, so I'm not even worried about specifically
6920 Rule 104, but I understand what Miss McLean is doing and what I'm trying to find out
6921 is more about this exhibit because I know nothing about A8.
6922 It was objected to and it's not in evidence.

6923 Your objection michehene is that she shouldn't be using it to cross examine your
6924 witness, because it's not in evidence, and that's a good point.
6925 However, Miss McLean is saying well for the for the sake of time.
6926 Time management. Why don't we see if we can get the exhibit in on top of that, Miss
6927 McLean is saying that your witness opened the door to this issue and so she should
6928 be able to bring it in.

6929

6930 **SS Shaheen, Sharon** 2:28:22

6931 Well, I'm sorry, I just haven't been able to state my objection yet, so I'd like to state
6932 my objection, OK.

6933

6934 **CE Chakalian, Gregory, EMNRD** 2:28:24

6935 Go ahead.

6936 Please go ahead machine.

6937 I'm just making.

6938 I'm just reiterating what I understand so far.

6939 I'm certainly gonna give you an opportunity to speak and now is a good time.

6940

6941 **SS Shaheen, Sharon** 2:28:37

6942 OK, great.

6943 So these these objections relate to to both rebuttal exhibits A8 and B7.

6944 These were filed yesterday afternoon at like 1 between 1:00 and 1:30.

6945

6946 **CE Chakalian, Gregory, EMNRD** 2:28:45

6947 Right.

6948

6949 **SS Shaheen, Sharon** 2:28:50

6950 These exhibits appear to constitute a quote competing proposal, which was offered
6951 to the division by XTO less than 24 hours ago.

6952 These exhibits result in unfair surprise and prejudice to Longfellow.

6953 This is particularly true where we have this this imminent lease expirations.

6954 Apparently exhibit A6 has been available to XTO since February 9th, more than 20

6955 days ago and 10 days prior to the deadline for filing. The parties exhibit packages.

6956

6957 **CE Chakalian, Gregory, EMNRD** 2:29:05

6958 OK.

6959 OK.

6960

6961 **SS** **Shaheen, Sharon** 2:29:22

6962 Any so-called competing proposal should have been included in the direct testimony
6963 at the latest.

6964

6965 **CE** **Chakalian, Gregory, EMNRD** 2:29:23

6966 OK.

6967

6968 **SS** **Shaheen, Sharon** 2:29:28

6969 Moreover, this is simply a proposal to drill 158 feet.

6970 Into the southwest quarter of the Southwest quarter of the acreage Longfellow
6971 proposes to develop.

6972 It does not include the remaining acreage that that Longfellow proposes to develop
6973 and thus does not preserve Longfellow's lease.

6974 These exhibits simply illustrate the bad faith conduct of XTO in this matter since they
6975 received the well proposal in August 2025.

6976 The belated assertion of a purported alternative development.

6977 Filed less than 24 hours prior to the hearing.

6978 Should not be condoned.

6979 And these exhibits should be excluded from the record.

6980

6981 **CE** **Chakalian, Gregory, EMNRD** 2:30:07

6982 OK.

6983 So I'm confused.

6984 M's McLean.

6985 Maybe you can help me understand something that micheene just said. I don't
6986 understand the competing proposals.

6987 What is she talking about?

6988

6989 **JM** **Jaclyn M. McLean** 2:30:19

6990 I.

6991 I don't know either.

6992 This is not a competing proposal.

6993 This we're not presenting it as a quote, you know, proposal that the division needs to
6994 look at with all of seven factors. This is going to show one. Like I've already said, we
6995 are.

6996 I am trying to get this end through Miss English to show the surface location.

6997 Issues rebutt testimony.

6998 That.

6999 Longfellow.

7000 Had questioned our quote independent action to do anything with regard to the
7001 spacing unit.

7002 As Miss Shaheen so diligently pointed out, this is dated February 9th 2026. As we've
7003 established through testimony, you know ad nauseam at by February 9th, 2026, Miss
7004 English had informed XTO at least twice that they had gotten permits to drill vertical
7005 wells to hold.

7006 Their acreage that they were quote drilling.

7007 Vertical walls to hold their acreage.

7008 And at that point, Xtio said, we got to get the move on trying to do something to
7009 hold our own lease. That's when this became a very real scenario that they didn't
7010 think Longfellow would drill these wells and why they reached out to Mac to amend
7011 their already.

7012 Approved APD to include this perfining this acreage in their lease.

7013 That's why we're introducing it.

7014 It's of absolutely no surprise to Longfellow, as they themselves testify about.

7015 Mac and you know, Xto's reaching out to Mac to help them hold their lease.

7016 Again, I believe that Miss English has opened the door for me to introduce this
7017 exhibit A8.

7018 At least now for the purpose.

7019 Of rebutting that surface location testimony.

7020

7021 **SS** **Shaheen, Sharon** 2:32:25

7022 And and I'm not sure which testimony you're rebutting, if you could be very specific
7023 about that would be helpful.

7024

7025 **JM** **Jaclyn M. McLean** 2:32:34

7026 Certainly.

7027

7028 **CE** **Chakalian, Gregory, EMNRD** 2:32:34

7029 So Miss Shaheen, hold on.

7030 Hold on, Miss McLean.

7031 So I don't want the parties sort of arguing with each other. If you have a position
7032 mishahin address me.

7033 I'll address Miss McLean.

7034 Miss McLean. Right now, I'm looking at the rule and I'm looking for the deadlines for
7035 exhibits because Miss Shaheen has brought up the idea that, you know, you filed this
7036 yesterday.

7037 It's a surprise. I know you're saying it shouldn't be a surprise, but however.

7038 I am looking for the rule.

7039 I do see.

7040 I do see.

7041 In 1915, four 13 where it talks about exhibits.

7042 And Miss Shaheen, I think you should look at this rule as well.

7043 But Miss McLean? Where? Where? Where is the deadline for exhibits?

7044

7045 **SS** **Shaheen, Sharon** 2:33:20

7046 That's all.

7047

7048 **JM** **Jaclyn M. McLean** 2:33:23

7049 There is none in funny. You should bring that up.

7050 I actually reached out to micheen on Monday to see if she would agree to a mutual
7051 deadline of 5:00 PM Tuesday to exchange exhibits, and she said absolutely not.

7052 She would never hold herself to such a deadline when none is required or ordered by
7053 the division.

7054 So I said OK.

7055 I understand.

7056 And so we got ours together, filed them yesterday around lunchtime.

7057 They filed another one, another rebuttal exhibit.

7058 Their rebuttal?

7059 Exhibit A2 After we filed ours. We haven't objected to that.

7060 We aren't saying it's a surprise.

7061 We're kind of were expecting them to file some more things, so it's just really

7062 disingenuous. When I had asked if we could agree upon a deadline and she flat out
7063 refused to now be saying she's surprised that we're filing and we filed less than 24
7064 hours when.

7065 She did the exact same thing.

7066

7067 **CE** **Chakalian, Gregory, EMNRD** 2:34:17

7068 So Miss Shaheen, I'm looking here.

7069 At the rule I just cited, 1915 four 13B2.

7070 That's the closest I can find to anything that talks about a deadline. It seems like the
7071 rules are very permissible when it comes to offering evidence at a hearing, it says a
7072 party other than the applicant shall include pre hearing statement, a statement of the
7073 extent to which.

7074 The party supports or opposes the issuance of the order the applicant seeks and the
7075 reasons for such.

7076 Support our opposition in case to be heard by the Commission. Each party shall
7077 include copies of exhibits that it proposes to offer in evidence at the hearing, with
7078 the pre hearing statement.

7079 So there's a certain amount of days before the Commission may exclude witnesses.

7080 The party did not identify in the pre hearing statement or exhibits. The party did not
7081 file and serve with the pre hearing statement unless the party offers such evidence.

7082 Solely for rebuttal, or makes a satisfactory showing of good 'cause.

7083 For failure to disclose the witness or the exhibit, that's the only deadline I can find.

7084 Do you know of any other?

7085

7086 **SS** **Shaheen, Sharon** 2:35:31

7087 There are no deadlines for rebuttal exhibits in the pre hearing order. However, I think
7088 I still can rely for guidance on the rules of evidence that.

7089

7090 **CE** **Chakalian, Gregory, EMNRD** 2:35:34

7091 OK.

7092

7093 **SS** **Shaheen, Sharon** 2:35:44

7094 Prohibit.

7095 Use of an exhibit that constitutes unfair surprise or prejudice. And I know that miss. I

7096 understand Miss McClain's argument that there's no unfair surprise here because we
7097 knew about discussions with Mack.

7098

7099 **CE** **Chakalian, Gregory, EMNRD** 2:35:51

7100 OK.

7101 All right.

7102

7103 **SS** **Shaheen, Sharon** 2:35:59

7104 But what we did not know.

7105 Is that there was an APD that had been filed and and and yet they knew that an APD
7106 had been filed as of February 9th and failed to disclose that.

7107

7108 **CE** **Chakalian, Gregory, EMNRD** 2:36:05

7109 OK.

7110 OK.

7111 So. So let me let me ask this question to the parties.

7112 Maybe this is a good compromise, Miss McClain, instead of cross examining this
7113 witness on A8 at this time.

7114 Why not bring in A8 during your case in chief and then we can recall Miss English
7115 and you can question her about A8 if it comes in at that time.

7116

7117 **JM** **Jaclyn M. McLean** 2:36:33

7118 Sure, I'm happy to do that.

7119

7120 **CE** **Chakalian, Gregory, EMNRD** 2:36:36

7121 That way also miss miss.

7122 Shaheen and Miss English have an option. Have an opportunity to look at a a
7123 carefully and discuss it and and.

7124 And go from there.

7125 Does that sound fair machine?

7126

7127 **SS** **Shaheen, Sharon** 2:36:53

7128 We will work with that.

7129

7130 **CE** **Chakalian, Gregory, EMNRD** 2:36:56

7131 That doesn't answer my question, but OK.

7132 OK.

7133 So Miss McLean, you were cross examining Miss English.

7134

7135 **JM** **Jaclyn M. McLean** 2:37:03

7136 Yes, yes, I just.

7137

7138 **CE** **Chakalian, Gregory, EMNRD** 2:37:03

7139 Do you want?

7140 Do you want to continue?

7141

7142 **JM** **Jaclyn M. McLean** 2:37:06

7143 I'm gonna have one or two more questions and I think that these are particularly
7144 important, especially at this juncture since.

7145

7146 **CE** **Chakalian, Gregory, EMNRD** 2:37:08

7147 Please go ahead.

7148

7149 **JM** **Jaclyn M. McLean** 2:37:16

7150 You know, we're we have this Mac C1O2.

7151 Miss English at paragraph 49 of your testimony.

7152 You state that.

7153 Exxon Mobil's only formative affirmative action with respect to the development of
7154 its acreage.

7155 In the horizontal spacing unit has been to approach Mac, a third party operator to
7156 request that Mac Repairmit. It's already approved. Wells in the South half of section
7157 32 to penetrate and produce from Exxon Mobil's leasehold in section 33.

7158 Do you see where you've said that?

7159

7160 **RE** **Rebecca English** 2:37:51

7161 I do.

7162

7163 **JM** **Jaclyn M. McLean** 2:37:53

7164 So at the time you filed this testimony, which is February 20th, 2026, was it your

7165 understanding that?

7166 Mac had already approved permits for wells in the South half of section 32.

7167

7168 **RE Rebecca English** 2:38:12

7169 It it was my understanding that they already had approved permits.

7170

7171 **JM Jaclyn M. McLean** 2:38:15

7172 OK.

7173 And was it your understanding that XTO had?

7174 Was planning on asking Mac to re permit their already approved.

7175 Permits to penetrate and produce from section 33.

7176

7177 **RE Rebecca English** 2:38:33

7178 I apologize if this is the wrong wording, but it was my understanding that they would

7179 sundry or or change amend so I don't know if that's considered a repurposed

7180 something to that degree.

7181

7182 **JM Jaclyn M. McLean** 2:38:43

7183 Right. So, so that's fine language. So as of February 20th.

7184 Last Thursday, it was your understanding that XTO was planning on requesting that

7185 Mac change its already approved permits to include penetrating section 32 in

7186 addition to section 33, is that correct?

7187

7188 **RE Rebecca English** 2:39:07

7189 That was my understanding. Yes, ma'am.

7190

7191 **JM Jaclyn M. McLean** 2:39:08

7192 OK.

7193 Thank you.

7194 I have no more questions, but I do reserve the right to recall Miss English.

7195 For that rebuttal, exhibit A8.

7196 Oh, you're on mute hearing examiner.

7197

7198 **CE Chakalian, Gregory, EMNRD** 2:39:27

7199 Thank you. I don't know how it got on mute. The parties do not need to reserve the

7200 right to recall witnesses. That will always be allowed unless there's an A valid
7201 objection to it.

7202 So both parties do not need to do that. Mister Garcia questions.

7203

7204 **GE Garcia, John, EMNRD 2:39:44**

7205 I will be.

7206 Good afternoon Miss English.

7207 I was gonna screenshot real quick.

7208

7209 **RE Rebecca English 2:39:52**

7210 Good afternoon.

7211

7212 **GE Garcia, John, EMNRD 2:39:57**

7213 I am not a land man, so bear with my questions.

7214

7215 **RE Rebecca English 2:39:59**

7216 Sure, of course.

7217

7218 **GE Garcia, John, EMNRD 2:40:00**

7219 All the land in yellow his longfellows.

7220 The black outline represents basically the what I'll call the old Acacia unit.

7221 I guess my question is.

7222 With BLM, I'm not an expert with BLM's leases. Does the development plan for this

7223 case that we're discussing hold all the acreage or is it just the acreage that the wells

7224 penetrate?

7225

7226 **RE Rebecca English 2:40:23**

7227 Just the acreage that the wells penetrate subject to the lease.

7228 So if the lease, I'll use XGOS acreage as the example, you can see the lease number in

7229 MLC 56302 B. We put on all of the tracks, you can see that their lease covers it's 800

7230 acres is what their.

7231

7232 **GE Garcia, John, EMNRD 2:40:27**

7233 OK.

7234 OK.

7235

7236 **RE** **Rebecca English** 2:40:47

7237 Lease covers so.

7238 One well would hold all of the lease.

7239 302 B which is every XTO tract, with the exception of that E half of the Northwest
7240 quarter of Section 28.

7241 So one well, yes, Sir, would hold the entirety of the BLM lease that QDO has, in our
7242 case, a similar concept.

7243 But much less acreage.

7244 Our lease is just in section 33, so our one well.

7245

7246 **GE** **Garcia, John, EMNRD** 2:41:19

7247 Whatever.

7248

7249 **RE** **Rebecca English** 2:41:24

7250 That's in dispute.

7251 Withhold just those 4 tracks that we have in section 33.

7252

7253 **GE** **Garcia, John, EMNRD** 2:41:30

7254 Though ending in six eight ones.

7255

7256 **RE** **Rebecca English** 2:41:33

7257 Yes, Sir. Yeah.

7258

7259 **GE** **Garcia, John, EMNRD** 2:41:34

7260 OK.

7261 I guess on that point the five wells that you guys discussed extensively that are to be
7262 drilled in the future, those are basically in order to cover the leases that don't end in
7263 6-8 then?

7264 Is that correct?

7265

7266 **RE** **Rebecca English** 2:41:49

7267 That's correct, Sir. Yes.

7268

7269 **GE** **Garcia, John, EMNRD** 2:41:51

7270 OK.
7271 And then.
7272 I'm just looking at my notes.
7273 Has has BLM, I guess.
7274 Again, not BLM expert.
7275 Have they outright stated that if this lease expires that they won't reissue it until the
7276 bankruptcies resolved?
7277 And I think you guys estimated 2029?
7278

7279 **RE** **Rebecca English** 2:42:13

7280 Yeah, they have. And and I I giggled.
7281 Because who is a BLM expert?
7282 I certainly am not, so I I just have my communications with them.
7283 They're. I can give you names if we need, but the people who I've been speaking with
7284 at the BLM have indeed said that their Council internally at the BLM has requested
7285 that the leases would not quote, terminate her the the unit until the federal.
7286 Until the bankruptcy proceedings have run their course, even though the leases
7287 would technically be terminated.
7288 So these are their words, but in other words, the leases would terminate in July of
7289 this year.
7290 But they wouldn't go back into auction until the bankruptcy proceedings have been
7291 finalized.
7292 Which the reason we estimate such a long period is because this bankruptcy covers
7293 much larger than this unit. I think it covers about 450 wells and and please the the
7294 attorneys will know more than me on this. But I think it's about 400 and.
7295

7296 **GE** **Garcia, John, EMNRD** 2:43:10

7297 OK.

7298

7299 **RE** **Rebecca English** 2:43:19

7300 50 wells across several counties.
7301 And so it's going to be quite an extensive.
7302 Chapter 7 proceeding.
7303

7304 **GE** **Garcia, John, EMNRD** 2:43:28

7305 OK.
7306 Has I guess on that I'm. I'm assuming BLM isn't open to like Longfellow asking for an
7307 extension at least then.

7308

7309 **RE Rebecca English** 2:43:39

7310 Is a great question we have.

7311 We have requested many times and the BLM has been very helpful.

7312 I I will say they're they're my understanding from my communications with them is

7313 that they're very, very, very much wanting wells to go in the ground to hold these

7314 leases because they do think that this bankruptcy is going to be quite hairy and

7315 perhaps take some time, so.

7316 They're very supportive of getting wells in the ground and that comes out in their
7317 statements.

7318 That they would do everything they can to, you know, expedite APDS and and try to
7319 help move the process along.

7320 But in terms of your direct question, unfortunately at the end of the day, the only

7321 thing that they do, they've said this, they can't, you know, make deals and negotiate

7322 a new contract. It has to come down to the least four corners of the lease and

7323 unfortunately there.

7324 Just no provision that could keep us.

7325 Give us an extension.

7326

7327 **GE Garcia, John, EMNRD** 2:44:40

7328 OK. And if you can't answer this, let me know, this might be more Council question.

7329

7330 **RE Rebecca English** 2:44:43

7331 Sure.

7332

7333 **GE Garcia, John, EMNRD** 2:44:44

7334 Has Longfellow ever asked for like a leave in the bankruptcy court proceedings in

7335 regards to this, please.

7336

7337 **RE Rebecca English** 2:44:52

7338 Yes. So we we have Sir.

7339 We have reached out to the trustee of the bankruptcy in our long winded attempt to

7340 to come up with a solution.
7341 As you've read, I presented to xtio and said we think we came up with a solution.
7342 We think you saw that in in italics.
7343 That was the product of conversations with the BLM, the trustee of the bankruptcy
7344 proceeding, and all of the third party operators.
7345 So we did interject into the bankruptcy and attempt to come up with something with
7346 the bankruptcy proceeding, it gets very tricky and to keep you out of all of the
7347 muddiness of it, one of the things we requested was simply, is there a way that we
7348 could prod?
7349 Some of the wells in the unit, what if we come in and we we attempt to do that?
7350 That was one of the things we threw out there unfortunately with the BLM.
7351 You cannot have multiple operators within a unit.
7352 This is again, I'm no expert.
7353 This is just me regurgitating.
7354 Conversations with the with the BLM, so we're not.
7355 Longfellow is not a party to the unit right now. We we only have rights in the YASO,
7356 and so unfortunately we don't have an availability to interject and produce from the
7357 Acacia unit to hold these leases.

7358

7359 **GE Garcia, John, EMNRD 2:46:11**

7360 OK, no.

7361 Appreciate it.

7362 I think this is my last question.

7363 I talked to BLM often.

7364 And I rely on them heavily. I know BLM heavily in talks with operators about ORP and

7365 Weld, and since this lease has a lot of potential orphan wells or facilities, assets, etc. I

7366 guess Hezbollah talked to fellow or vice versa about.

7367

7368 **RE Rebecca English 2:46:22**

7369 Yeah, same.

7370

7371 **GE Garcia, John, EMNRD 2:46:38**

7372 Any dealing with those assets, I guess.

7373

7374 **RE Rebecca English 2:46:41**

7375 Yeah, that's a good question.
7376 They have not.
7377 They haven't approached us in well in our in my conversations that has not come up
7378 simply because Longfellow is not the a record title owner. We have operating rights
7379 and as as you may know, the the record title of the federal lease is ultimately.
7380 Liable for helping remediate and plug wells along with the operating rights owner in
7381 the unit.
7382 Which again, Longfellow was not a party to the unit.
7383 So they have not reached out and ask us to take on liability.
7384 With that said, we have discussed some of that even with QO just today.
7385 So that's an ongoing discussion, but it is it is hard because.
7386 Next, Longfellow would prefer not to take on, you know, plug in liability.
7387 That's that's it's the remediation that.
7388 Needs a a very.
7389 Good review and we would be willing to work with parties, but we would also not
7390 want to take on the whole unit or you know all of the wells, anything like that to to
7391 try to.
7392 Clean it up 'cause we we just don't know what what that implies.
7393
7394 **GE Garcia, John, EMNRD 2:47:57**
7395 Yeah, understood.
7396 I believe that's all my questions.
7397 Thank you.
7398
7399 **CE Chakalian, Gregory, EMNRD 2:48:02**
7400 All right, Miss Yaheen, before you do redirect, I'd like to take a 5 minute break.
7401
7402 **SS Shaheen, Sharon 2:48:08**
7403 OK.
7404
7405 **CE Chakalian, Gregory, EMNRD 2:48:09**
7406 All right, we'll be back.
7407 Alright, miss Shaheen.
7408 Let's see what time is it?
7409 It is 2:06 PM and we're here for your redirect of Miss English.

7410

7411 **SS Shaheen, Sharon** 2:54:26

7412 Thank you. I don't have a whole lot, so that's the good news.

7413 M's Inglis. You recall the discussion about.

7414 Your paragraph 34 and I will share this.

7415 In particular, the second sentence in paragraph 34, I disclosed that LFE was already

7416 drilling 5 vertical wells to hold its acreage in other sections.

7417 So here you did not represent.

7418 That Longfellow was already drilling a vertical well in the subject acreage here, right?

7419

7420 **RE Rebecca English** 2:55:17

7421 That's correct.

7422

7423 **JM Jaclyn M. McLean** 2:55:17

7424 Objection. This is not redirect because I never asked her if she represented. If

7425 Longfellow was drilling a vertical well in section 33.

7426 It was always to hold its acreage in other sections and then separately, that

7427 Longfellow could elect to drill a vertical well in section 33.

7428

7429 **CE Chakalian, Gregory, EMNRD** 2:55:38

7430 Miss Shaheen.

7431

7432 **SS Shaheen, Sharon** 2:55:41

7433 The impression that I received after listening to the long discussion about this was

7434 that Miss McLean was suggesting that QO believed that Longfellow was going to be

7435 drilling within the subject acreage of vertical well.

7436 And I'm just clarifying for the record that that is not what Miss English's testimony

7437 says.

7438

7439 **CE Chakalian, Gregory, EMNRD** 2:56:09

7440 I.

7441 I believe, and my door is open because it this room is getting too hot with the door

7442 closed.

7443 So if you hear noise, I apologize.

7444 I believe that your witness, Miss English, clarified that the language she used in her

7445 self affirm statement was somewhat misleading.
7446 She admitted to that and she clarified what she really meant.
7447 I don't think there's really any issue here, so I sustained that objection.
7448 Why don't you go on to another subject in your redirect?

7449

7450 **SS** **Shaheen, Sharon** 2:56:52

7451 You've missed.
7452 M's English you've reviewed M's Mckee's testimony regarding Longfellow's rigs in
7453 New Mexico? Have you not?

7454

7455 **RE** **Rebecca English** 2:57:07

7456 Yes, ma'am, I have.

7457

7458 **SS** **Shaheen, Sharon** 2:57:08

7459 Turning now to Xto's exhibit, this is PDF Page 3.

7460

7461 **JM** **Jaclyn M. McLean** 2:57:16

7462 Objection again.
7463 I don't see how this is rebuttal.
7464 I never asked or redirect.
7465 I never asked Miss English about Longfellow's rigs in New Mexico.
7466 She could have done this on her direct and her rebuttal testimony.

7467

7468 **CE** **Chakalian, Gregory, EMNRD** 2:57:36

7469 Machine.

7470

7471 **SS** **Shaheen, Sharon** 2:57:37

7472 Well, I believe I have the right to bring back Miss English to do additional rebuttal
7473 testimony.

7474 And if you want me to wait until after Miss McKee has testified about the rig
7475 availability, that's fine. But I think I certainly have the right to ask her about Miss
7476 Shelby's statements regarding rig availability.

7477 At some point we can do it now or we can do it later.

7478

7479 **CE** **Chakalian, Gregory, EMNRD** 2:57:58

7480 Well, I I miss machine.
7481 I agree that this isn't correct.
7482 Redirect because this was not asked on on cross examination by either.
7483 Mr. Garcia or Miss McClain?
7484 So why don't you call her back after the other witness testifies? I agree.
7485
7486 **SS Shaheen, Sharon 2:58:18**
7487 Well, except I I will say that this actually goes to this discussion about already drilling
7488 vertical wells.
7489 This relates to that. So in that sense it is redirect.
7490
7491 **CE Chakalian, Gregory, EMNRD 2:58:31**
7492 OK.
7493 Well then, if that's the argument you're making, then make it so that we can.
7494 I can make a ruling.
7495
7496 **SS Shaheen, Sharon 2:58:39**
7497 OK.
7498
7499 **CE Chakalian, Gregory, EMNRD 2:58:39**
7500 How does it?
7501 How does it relate to the already drilling?
7502
7503 **SS Shaheen, Sharon 2:58:43**
7504 Well, you're asking me that.
7505 Is a bit of a request for me to testify, but it relates because they knew that Longfellow
7506 was not already drilling because they're they've they're testifying that Longfellow did
7507 not have a rig operating in New Mexico.
7508
7509 **CE Chakalian, Gregory, EMNRD 2:59:03**
7510 But but machine we we've already clarified.
7511 Your witness has already clarified what she meant in that paragraph.
7512 I don't know that we need to belabor this back and forth about already drilling or will
7513 be drilling in the future or whatever.
7514 So I I I really think this subject unless something comes out on on Miss McClain's case

7515 in chief or rebuttal case that you need to.

7516 I.

7517 I.

7518 I don't see the issue here anymore.

7519

7520 **SS** **Shaheen, Sharon** 2:59:37

7521 The issue is that I believe M's McClain is using this testimony to justify Xto's apparent
7522 belief that.

7523 Longfellow wasn't going to drill the horizontal wells because it was going to drill a
7524 vertical well.

7525 And that's just simply not true.

7526

7527 **CE** **Chakalian, Gregory, EMNRD** 2:59:58

7528 OK, now, now that being said.

7529 Let's wait until Miss Mclean's witnesses say that.

7530 And you can cross examine their witnesses. If they say that and you can bring

7531 rebuttal testimony if they say something you're surprised about. But at this point, we
7532 have the evidence from your witness.

7533 As to what Longfellow's intense were?

7534 I don't see the point of belaboring this.

7535 So do you have other redirect? Besides, this will be drilling or haves drilled or
7536 whatever.

7537

7538 **SS** **Shaheen, Sharon** 3:00:41

7539 I do not.

7540

7541 **CE** **Chakalian, Gregory, EMNRD** 3:00:42

7542 OK.

7543 Very good. All right.

7544 OK.

7545 So may we excuse this witness, at least temporarily.

7546

7547 **SS** **Shaheen, Sharon** 3:00:51

7548 Yes.

7549

7550 **CE** **Chakalian, Gregory, EMNRD** 3:00:52

7551 All right.

7552 Why don't we bring? Thank you. Thank you, miss English. And we may see you again

7553 later or tomorrow or something of that nature.

7554 Why don't we bring in your other witness, Miss Shaheen, that you said needs to

7555 testify today?

7556

7557 **SS** **Shaheen, Sharon** 3:01:06

7558 Yes, Mr. Mr. de hammer.

7559

7560 **CE** **Chakalian, Gregory, EMNRD** 3:01:08

7561 There we are.

7562 I see him. Mr. de hammer, I remind you that you are Underoath.

7563

7564 **JD** **Jacob DeHamer** 3:01:14

7565 Yes, Mr. Mr.

7566

7567 **CE** **Chakalian, Gregory, EMNRD** 3:01:15

7568 Go right ahead machine and I'll start the I'll start the 15 minutes in case you need

7569 more, let me know.

7570

7571 **SS** **Shaheen, Sharon** 3:01:22

7572 I will. And so we're turning now to PDF page 81 of Longfellow's exhibits.

7573 Our PDF page 80.

7574 Good afternoon, Mr. de hammer.

7575

7576 **JD** **Jacob DeHamer** 3:01:41

7577 Good afternoon.

7578

7579 **SS** **Shaheen, Sharon** 3:01:43

7580 And I'll ask first is this is your exhibit B PDF page 80 and the related sub exhibits AB

7581 one through Z5.

7582 Do you adopt this as your this written testimony as your direct testimony in this

7583 case?

7584

7585 **JD** **Jacob DeHamer** 3:02:02

7586 Yes, ma'am.

7587

7588 **SS** **Shaheen, Sharon** 3:02:03

7589 And and I should have asked this question before.

7590 Do you have any corrections to this testimony?

7591

7592 **JD** **Jacob DeHamer** 3:02:08

7593 No, ma'am.

7594

7595 **SS** **Shaheen, Sharon** 3:02:13

7596 And here you've you have the usual geology exhibits here.

7597 B1A general location map.

7598 B2A, subsea structure map and cross section map and I'll turn to the exhibits now.

7599 B2 your ya so structure map.

7600 B3 your yaso cross section.

7601 And here can you describe to the examiners.

7602 The proposed development within the Yaso formation.

7603

7604 **JD** **Jacob DeHamer** 3:02:54

7605 Yeah, in the Van Halen unit, we propose 3 landing zones within the ASO formation that has a gross thickness of 1400 feet.

7607 Those those landing zones we describe as a paddock landing zone and two blind

7608 Bree landing zones, you'll see that the paddock landing zone is roughly 300, three, 7609 150 feet thick.

7610 And the blindberry or 404 hundred feet thick and the blind Berry, the remaining of 7611 the yaso.

7612 And accommodates more than more than one target.

7613

7614 **SS** **Shaheen, Sharon** 3:03:25

7615 And so your gun barrel here at exhibit B4 illustrates the various targets throughout 7616 that 1400 thick yacol formation.

7617 Is that right?

7618

7619 **JD Jacob DeHamer** 3:03:34

7620 That's correct.

7621 It shows our staggered development pattern, which is becoming standard in our

7622 local hills area to be applied here.

7623

7624 **SS Shaheen, Sharon** 3:03:42

7625 And you've used similar development plans elsewhere, is that right?

7626

7627 **JM Jaclyn M. McLean** 3:03:46

7628 Hmm.

7629

7630 **JD Jacob DeHamer** 3:03:46

7631 That is correct.

7632

7633 **SS Shaheen, Sharon** 3:03:48

7634 And then your exhibit B5 is your gross isopac map here.

7635 Is there anything in particular that you think is good to point out?

7636

7637 **JD Jacob DeHamer** 3:04:00

7638 Just relevance of the thickness kind of continuing.

7639 You see the wells that are drilled immediately offset the the proposed unit are those

7640 are also paddock and blind Berry development, albeit from 2014, 2015.

7641 So we have a lot of confidence in this area due to the offset production.

7642 And I believe we have another exhibit that kind of shows that all three benches have

7643 been targeted.

7644

7645 **SS Shaheen, Sharon** 3:04:23

7646 Is that exhibit B6?

7647

7648 **JD Jacob DeHamer** 3:04:25

7649 Yes, ma'am.

7650 So as you can see, the previous historically 3 bench development has kind of been

7651 proven in the immediately offset area.

7652 So we we think that three wells within the kind of more dense spacing within the CD
7653 is adequate for this area and helps us drain the reservoir to our our best abilities.

7654

7655 **SS Shaheen, Sharon** 3:04:52

7656 I have no further questions of Mr. de Hammer and I pass the witness for cross.

7657

7658 **CE Chakalian, Gregory, EMNRD** 3:04:56

7659 Thank you, miss Shaheen.

7660 Now the the one thing I'm wondering machine I don't remember. You are asking if

7661 he adopts Underoath his self affirm statement and the accuracy of his exhibits.

7662

7663 **SS Shaheen, Sharon** 3:05:13

7664 I believe I did, but I'll do it again.

7665 Do you have any corrections, Mr. de hammer, to your exhibit.

7666

7667 **CE Chakalian, Gregory, EMNRD** 3:05:15

7668 But.

7669

7670 **SS Shaheen, Sharon** 3:05:19

7671 To your exhibit B yourself affirmed statement and the sub exhibits related there too.

7672

7673 **JD Jacob DeHamer** 3:05:25

7674 No, ma'am.

7675

7676 **SS Shaheen, Sharon** 3:05:27

7677 And do you adopt this testimony as your written testimony in this matter?

7678

7679 **JD Jacob DeHamer** 3:05:31

7680 I do.

7681

7682 **CE Chakalian, Gregory, EMNRD** 3:05:33

7683 Thank you.

7684 OK, Miss McLean.

7685

7686 **JM** **Jaclyn M. McLean** 3:05:37

7687 No questions for this witness.

7688

7689 **CE** **Chakalian, Gregory, EMNRD** 3:05:40

7690 Oh, that's right.

7691 You said originally that you weren't gonna have questions.

7692 I know. I thought you might change your mind.

7693 And then, Mr. Garcia.

7694

7695 **JM** **Jaclyn M. McLean** 3:05:46

7696 Should I?

7697 Should I change my mind just for fun?

7698

7699 **CE** **Chakalian, Gregory, EMNRD** 3:05:48

7700 You did, actually, you said I I won't have any questions.

7701 And now I remember you said that Mister Garcia.

7702

7703 **GE** **Garcia, John, EMNRD** 3:05:54

7704 I I think I just have one question.

7705 Mr. Damar, hopefully. I read your all your exhibits right.

7706 Is it Longfellow's plan to drill one well because of, you know, timelines, you guys are

7707 under with the lease and then come back and drill the remaining wells, is that

7708 correct?

7709

7710 **JD** **Jacob DeHamer** 3:06:13

7711 That is the plan, yeah.

7712

7713 **GE** **Garcia, John, EMNRD** 3:06:15

7714 OK. Just wanna make sure. OK. So that's not my question.

7715 My my real question is, I guess with that drilling gone well, completing it coming

7716 back and doing the rest of the balls, do you have any concerns about like production

7717 drawdown where I guess what most people call like parent child effects?

7718

7719 **JD** **Jacob DeHamer** 3:06:30

7720 No, we've we've developed the ASO kind of in in our other in other areas with you
7721 know one or two wells per bench and then come back and finish up the pad and and
7722 we see.

7723 We see adequate production.

7724

7725 **GE Garcia, John, EMNRD** 3:06:47

7726 I didn't get used like 1400 foot thick here, so basically you're not worried about any
7727 reduction drawbacks because of, you know, the the fast timeline you're under.

7728

7729 **JD Jacob DeHamer** 3:06:50

7730 Yeah.

7731 Now and our engineer can speak to this in his testimony, see if need be.

7732 But in terms of we take operational kind of measures to to make sure our production
7733 remains online and at its at its best.

7734

7735 **GE Garcia, John, EMNRD** 3:07:10

7736 I think you answered.

7737 It's sufficient for me. No other questions.

7738

7739 **CE Chakalian, Gregory, EMNRD** 3:07:13

7740 All right.

7741 Thank you. Yes.

7742

7743 **SS Shaheen, Sharon** 3:07:15

7744 I apologize, but I did not get to Mr. De Hammer's rebuttal.

7745

7746 **CE Chakalian, Gregory, EMNRD** 3:07:20

7747 OK.

7748

7749 **SS Shaheen, Sharon** 3:07:22

7750 Of of.

7751 Xto's statements.

7752 I apologize if I could have the opportunity to do that.

7753

7754 **CE** **Chakalian, Gregory, EMNRD** 3:07:29

7755 Yes, please go ahead. Go right ahead.

7756

7757 **SS** **Shaheen, Sharon** 3:07:29

7758 I would appreciate it.

7759 OK, great. Mr. de hammer, have you reviewed the testimony of Miss McKee and Mr.

7760 Brown?

7761

7762 **JD** **Jacob DeHamer** 3:07:38

7763 Yes.

7764

7765 **SS** **Shaheen, Sharon** 3:07:40

7766 And so turning now to.

7767 Well, actually this is.

7768 Paragraph 10 and, and and perhaps I'm not going to be allowed to ask this question.

7769 I did have it as a rebuttal question.

7770

7771 **JM** **Jaclyn M. McLean** 3:07:58

7772 Paragraph ten of his testimony, or of someone else's testimony.

7773

7774 **SS** **Shaheen, Sharon** 3:08:03

7775 Of Mr. Mckee's testimony Miss Mckee's testimony?

7776

7777 **JM** **Jaclyn M. McLean** 3:08:06

7778 OK.

7779

7780 **SS** **Shaheen, Sharon** 3:08:08

7781 Here I'm in the wrong exhibit.

7782 So let me see which page this is on.

7783 Here it is.

7784 This is the rig availability.

7785 This is the rig availability question, so.

7786 I do have an I'm I.

7787 I will save that question for Mr. Mitchell, who will address it with respect to a

7788 different subject.

7789 Turning to.

7790

7791 **CE** Chakalian, Gregory, EMNRD 3:08:40

7792 OK so.

7793

7794 **SS** Shaheen, Sharon 3:08:43

7795 Miss.

7796

7797 **CE** Chakalian, Gregory, EMNRD 3:08:43

7798 Oh, you're still going, OK?

7799

7800 **SS** Shaheen, Sharon 3:08:45

7801 OK.

7802 Turning to paragraph 24 and M's Mckee's testimony.

7803 Umm.

7804 Here, M's McKee testifies that the estimated cost of the proposed Van Halen wells

7805 are not fair, not reasonable and not comparable to the cost of other wells of similar

7806 length in Eddy County.

7807 Do you have any response to that statement, Mr. de Hammer?

7808

7809 **JD** Jacob DeHamer 3:09:11

7810 I think that response would be best left to our engineering expert, Mr. Mitchell, if

7811 that's OK.

7812

7813 **SS** Shaheen, Sharon 3:09:15

7814 Oh, OK, all right.

7815 And then I have.

7816

7817 **JD** Jacob DeHamer 3:09:17

7818 My response would be we drill good wells.

7819 And our our costs are in line with what we do.

7820

7821 **SS** Shaheen, Sharon 3:09:25

7822 OK.

7823 So my next next topic here is rebuttal. Longfellow's rebuttal exhibit 2, and let me see
7824 if that is for you or for Mr.

7825 Oh, this looks like it's for Mr. Mitchell.

7826 Umm.

7827 Turning to paragraph 6A of Mr. Brown.

7828 OK. And I'll share.

7829

7830 **JM** **Jaclyn M. McLean** 3:10:11

7831 And can you repeat where you are?

7832

7833 **SS** **Shaheen, Sharon** 3:10:14

7834 Yeah, I'm on PDF.

7835 Page 29 is actually.

7836 7.

7837

7838 **JM** **Jaclyn M. McLean** 3:10:22

7839 Of XT OS exhibits.

7840

7841 **SS** **Shaheen, Sharon** 3:10:24

7842 Yes.

7843

7844 **JM** **Jaclyn M. McLean** 3:10:25

7845 OK.

7846 Thank you.

7847 Do you want me to share?

7848

7849 **SS** **Shaheen, Sharon** 3:10:28

7850 I'll share.

7851 I'm almost there.

7852 OK, paragraph 7A.

7853 Have you reviewed this testimony of Mr. Brown?

7854

7855 **JD** **Jacob DeHamer** 3:11:03

7856 Alright, let me just make sure I have real quick.

7857 Yes, ma'am.

7858

7859 **SS** **Shaheen, Sharon** 3:11:08

7860 And do you have a response to his testimony in paragraph 7A, specifically in the first
7861 sentence?

7862

7863 **JD** **Jacob DeHamer** 3:11:16

7864 Yeah.

7865

7866 **SS** **Shaheen, Sharon** 3:11:17

7867 Overly.

7868

7869 **JD** **Jacob DeHamer** 3:11:20

7870 The comparison he's trying to make is to development.

7871 That was done in kind of what called Gen. one, yeah.

7872 So development immediately to South.

7873 These were eight wells per section.

7874 They were stacked on top of each other within the section, so no lateral offset.

7875 In the.

7876 In the following 12 years, yasil operators, including Longfellow and other operators,

7877 have kind of adopted the staggered model on two or two to three bench

7878 development.

7879 That we've seen.

7880 Again, this is a good area within the platform and we we view the better areas to be

7881 able to accommodate 3 wells per section from a reservoir quality.

7882

7883 **SS** **Shaheen, Sharon** 3:12:01

7884 And turning now to paragraph 7B, again, the 1st sentence here.

7885 Do you have any rebuttal to this statement regarding unproductive lateral?

7886

7887 **JD** **Jacob DeHamer** 3:12:13

7888 Yeah. Again, as Miss English testified to you, this is an environmentally sensitive area.

7889 And so we need to have our surface locations where they're at.

7890 And that's that's the reason for for the kind of extended length measured depth that

7891 we see pretty much in the Cedar Lake area. We're trying to minimize our impact on

7892 the surface.

7893

7894 **SS Shaheen, Sharon** 3:12:35

7895 That you would like to say in response to Miss Mckees or Mr. Brown's testimony.

7896

7897 **JD Jacob DeHamer** 3:12:44

7898 I know, just like I said, this is a high confidence area for Longfellow. We view this area

7899 as good as any other area on the shelf and we are taking our concepts to the spot as

7900 well.

7901

7902 **SS Shaheen, Sharon** 3:12:58

7903 Thank you, Mr. de Hammer, and I really do pass the witness this time.

7904

7905 **JM Jaclyn M. McLean** 3:13:03

7906 And I do have just one question based on his testimony.

7907

7908 **CE Chakalian, Gregory, EMNRD** 3:13:07

7909 Go right ahead.

7910

7911 **JM Jaclyn M. McLean** 3:13:08

7912 Thank you, Mr. de hammer. Are you aware of any developments in the surrounding

7913 in the acreage surrounding Van Halen that have 16 walls per section in the ASO?

7914

7915 **JD Jacob DeHamer** 3:13:10

7916 Yes, ma'am.

7917 No, man.

7918

7919 **JM Jaclyn M. McLean** 3:13:23

7920 OK.

7921 That's the only question we have. Thank you.

7922

7923 **CE Chakalian, Gregory, EMNRD** 3:13:26

7924 Mr. Garcia.

7925

7926 **GE Garcia, John, EMNRD** 3:13:29

7927 No other questions.

7928

7929 **CE** **Chakalian, Gregory, EMNRD** 3:13:31

7930 Thank you.

7931 All right, Miss Shaheen. May this witness be excused.

7932

7933 **SS** **Shaheen, Sharon** 3:13:35

7934 Yes, he may.

7935

7936 **CE** **Chakalian, Gregory, EMNRD** 3:13:36

7937 All right.

7938 Thank you, Mr. de hammer.

7939 And Miss Shaheen, that leaves Mr. Mitchell.

7940

7941 **SS** **Shaheen, Sharon** 3:13:43

7942 That is correct.

7943

7944 **CE** **Chakalian, Gregory, EMNRD** 3:13:48

7945 Mr. Mitchell, I remind you, you're still on the road.

7946

7947 **DM** **David Mitchell** 3:13:52

7948 I understand.

7949 Thank you.

7950

7951 **CE** **Chakalian, Gregory, EMNRD** 3:13:53

7952 Thank you.

7953

7954 **SS** **Shaheen, Sharon** 3:14:00

7955 Mr. Mitchell, I'll start by asking you.

7956 Exhibit C represents your written testimony.

7957 Direct testimony in this matter.

7958

7959 **DM** **David Mitchell** 3:14:10

7960 It does.

7961

7962 **SS** **Shaheen, Sharon** 3:14:11

7963 And and the sub exhibit C1 through. Let's see.

7964 C.

7965 One through C8.

7966

7967 **DM** **David Mitchell** 3:14:28

7968 Yes, yes, ma'am.

7969

7970 **SS** **Shaheen, Sharon** 3:14:29

7971 And do you have any corrections to that testimony?

7972

7973 **DM** **David Mitchell** 3:14:33

7974 No, ma'am.

7975

7976 **SS** **Shaheen, Sharon** 3:14:34

7977 And do you adopt that testimony as your direct testimony in this matter?

7978

7979 **DM** **David Mitchell** 3:14:39

7980 I do.

7981

7982 **SS** **Shaheen, Sharon** 3:14:49

7983 So here in on PDF page 92 you discuss Longfellow's history of well performance and operational capability.

7984 Can you hit the high points for us in paragraphs 5 through 8?

7985

7986 **DM** **David Mitchell** 3:15:04

7988 Sure. So first of all, thanks very much for for hearing my testimony. Longfellow has been operating in Eddy County since about 2018.

7989 We've drilled over 30 laterals in the yaso trend, which is what were the formations.

7990 That's out of discussion here.

7991 We have a slightly different operating strategy than some of the other operators in the in the play.

7992 And it requires much larger fluid loadings and much bigger fraction.

7993 Just to put simply, uh and we've achieved much higher.

7994 Reserves per lateral foot, then our offset competitors. When we look at all the

7995 horizontals in Eddy County, including all other formations of interest including the,

7998 the the basin, which includes the Wolfcamp and the Bone Springs and very prolific
7999 plays of the 50 best wells in an EUR per.
8000 Lateral foot basis. Longfellow holds 8 as per drilling info public.
8001 Release data.
8002 So we do believe we are a top tier performer.
8003 Albeit a smaller company.
8004 And can.
8005 But can contend with our well results.
8006 We believe our well results are justified. The additional cost required.
8007 There was.
8008 I'm trying to figure out the best way to go through this 'cause. I can't control the
8009 mouse.
8010 We've talked about the 8 wells. These include the Marley pads and the Bonzo pads
8011 that are in 1728, which is about 3 or 4 townships to the West.
8012 Of the the area in question.
8013 So we're an experienced operator in the play and we have an A fairly active program.
8014 We are not running a rig currently, but we have been drilling approximately 12 wells
8015 a year for the last three years.

8016

8017 **SS** **Shaheen, Sharon** 3:17:02

8018 And turning to your paragraphs 9 through 17, here you talk about the
8019 reasonableness of Longfellow's estimated well cost.
8020 Can you hit the high points for us here?

8021

8022 **DM** **David Mitchell** 3:17:12

8023 Sure, Longfellow, R well costs are associated with our development strategy and
8024 everybody's costs are are slightly different of what's in the capitalized portion of an
8025 AFE and what's in the operating cost portion of AFE, Longfellow believes in
8026 capitalizing our our submersible pumps and other equipment which incre.
8027 Some of the intangible or kept costs associated with completions, as well as the
8028 larger fracs which are on or about 50% larger than the majority offset operators. We
8029 drill majority one mil laterals as is common in the play, about 98% of the horizontal
8030 wells Dr.
8031 In the ASO have been one mil laterals we were the first operated drill, 2 mil laterals
8032 and we have some extended 1 1/2 mil laterals as well and we use those where we

8033 can achieve those benefits. But the landfabric and the existing drainage associated
8034 with.

8035 A long term long time vertical development across the place.
8036 Really limits those opportunities to specific areas. So where where it's possible to drill
8037 more than one mile, we do drill more than one mile.

8038 The intent.

8039 The drilling costs for these wells are approximately 1.8 million and the completion
8040 costs including facilities and and pipeline are about 3.5 million when developed as a
8041 pad.

8042 We could probably move to the the next point.

8043 So in the proposal, you know, proposals and these things take quite a long time
8044 between proposing wells, pooling associated and then and then development
8045 opportunities. But that at the time of the proposals, these wells were estimated to
8046 cost \$6.1 million per well for what was.

8047 Planned as an 8 well development prior to the knowledge that there was a leasehold
8048 expiration issue, drilling 8 wells at a time.

8049 Requires a significant amount of time. These drill wells do drill fairly quickly.

8050 We can we average about eight or nine days per horizontal to drill?

8051 But if we're gonna drill eight of them back-to-back, that would be, let's just say for
8052 simple math, if they're 10 day wells, that would be an 8080 day development of
8053 drilling. We do not have time to fully develop the unit on an 8 well develop.
8054 Program and satisfy the expirations of the leases.

8055 So our original proposal of the 6.1 million per well was amended.

8056 In conversations with X or with XTO.

8057 Excuse me to include A1. Well phase one development and a follow on seven well
8058 infill development program.

8059 The one well, obviously is burdened by some costs that that are ultimately going to
8060 be shared across all eight wells. For example, the surface location.

8061 You need to build the surface if you're gonna drill one well, or you're gonna drill
8062 eight, you need to build the facility to accommodate one well or to accommodate.
8063 8 and so this, the individual first well of the unit was revised in conversation with XTO
8064 from the 6.1 million to the 7.56 million to to accommodate those otherwise shared
8065 costs.

8066 It is still our intent.

8067 To under this pooling order to drill the first well and to return to the pad after

8068 productions commenced and finish out the development and those those additional
8069 costs will be shared amongst amongst the other the other pads.

8070

8071 **SS** **Shaheen, Sharon** 3:20:39

8072 And are there. I'm. I'm showing the slides here that that show our development plan
8073 and the AFE reconciliation.

8074 Is there anything in particular that would be helpful to point out in these two slides?

8075

8076 **DM** **David Mitchell** 3:20:51

8077 This so this is much easier for me to talk towards versus the text. So thank you very
8078 much.

8079 So with with what I've got here on this development plan, slide what we're what I'm
8080 showing here is, I mean, Mr. Examiners, you guys saw the the acreage position that
8081 we hold in the area.

8082 There's there's multiple units and outside of that map, there's some other units as
8083 well that that are outside of the expiring.

8084 Acreage in question?

8085 So we have significant surface infrastructure that we were planning on building which
8086 the the balance of that is a very large produced water recycling and storage facility as
8087 well as surface water transfer sit lines.

8088 We've talked about the desert sagebrush habitat, and so it's our it's our intention to
8089 bury permanent transfer lines so we don't have surface lay flat.

8090 And the risk of of spills and things like that, that could, that could cause harm to the
8091 environment.

8092 Now this infrastructure is material in cost we have.

8093 You know the the, the, the pit and recycling facilities approximately 4 million the the
8094 distribution system for frac waters are approximately 2 million and all the infill
8095 gathering and and transportation is another couple of million. And so our plan
8096 initially was to have all this ready for let.

8097 Just say the end of this year for for kind of full pad development.

8098 And we've had to accelerate our timetable based on the lease expiration that the
8099 numbers highlighted in bold.

8100 Sorry, before you go off that slide, are the numbers that are associated with what
8101 XTO is participating in the numbers that are not highlighted in bold are are numbers
8102 that that Longfellow will be will be carrying As for development of the area not

8103 specifically just this unit and?
8104 And we're not subject to xto's participation.
8105 And I just noticed.
8106 One minor error that the infill 7 remaining units.
8107 #4 on 2027 of 37 million that that should be in bold.
8108 That will be something that XTO has the option to participate in under this pooling
8109 order should they participate in development.

8110

8111 **SS** **Shaheen, Sharon** 3:23:04

8112 Turning now to the next slide, the AFE reconciliation.

8113

8114 **DM** **David Mitchell** 3:23:09

8115 So it was, it was argued, that our OK, sorry. Here we go so.

8116 So our initial well estimate from the middle of last year was 6.1 million per well about
8117 approximately 1.8 million of that being associated with drilling in about 3.5 million of
8118 that associated with completions and another 700,000 per well with the.

8119 Well, site facility production facilities.

8120 When we've gone to a single well program, there's some costs that that have
8121 obviously been aggregated in and I've already mentioned the Surface facility or the
8122 surface pad for for drilling and production facilities as well as the production facilities
8123 them well themselves. And the other thing that has.

8124 Changed is that.

8125 Most of the production gas production in this play and in really the county in general
8126 is handled by midstream companies.

8127 These midstream companies are notoriously late.

8128 And so, with the risk of of development timing and our inability or or or internal
8129 requirement to to not flare and produce waste through flaring, we took the option to
8130 build the pipeline for gas for gas sales, for the midstream company and and they're
8131 going to credit us.

8132 Back that pipeline capital because they acknowledge that we can do it faster.

8133 Then they can do it and and so we'll essentially not have to pay gas processing until
8134 we they we recover those costs.

8135 But it was a way for us to expedite the drilling of this this unit.

8136 So that's really how we walk from the six million to the 7.5. And I've itemized
8137 itemized some of the main variance points.

8138 One of the A fees had contingency costs and the other one didn't. So I've kind of
8139 reconciled that out.
8140 Contingencies are just a 5% kind of fudge factor that a lot of the A fees have.
8141 For unplanned or UN unexpected costs, there's an expedited business lease that
8142 we're hoping not to not to need, but we may.
8143 We have business lease applications in process that were put in I believe in October,
8144 but and so we're expecting them any day now. But if we do not receive them in time
8145 to develop, we'll have to pay it an expediting fee.
8146 There's a BLM process or there's a process I shouldn't say BLM, because I think it's
8147 through the Realty group, which I'm not sure how that rules, which division that rolls
8148 into.
8149 That's an incremental cost.
8150 And then as we sort of share costs around how things, how things divide up, really
8151 the major variances outside of those two are the gas pipeline, 900,000, the facility
8152 that the first well will bear, but then will ultimately be reallocated to the to the follow
8153 on.
8154 Wells. And then, yeah, those are the major drivers between the two numbers.

8155
8156 **SS Shaheen, Sharon** 3:26:01

8157 Turning to your next exhibit, drilling permits, what is the significance of this slide?

8158

8159 **DM David Mitchell** 3:26:06

8160 So this is our. This is the unit in question that we're developing. The yellow lands are
8161 the Longfellow 100% ya, so rights lands, the blank lands are the XTO lands in
8162 question. We have 8 permits in process that were filed.

8163 I had it written down.

8164 I apologize, but it was, but that our our file in pending pending approval, we expect
8165 those really any day now.

8166 And we have been working with the BLM on those permits. 'cause, there's a 'cause
8167 that unit that we're talking about was water flood.

8168 And so that water flood the requirements that they requested for casing and
8169 cementing adjustments to protect production casing from the water flood.

8170 So we've accommodated the BLM's request on on those casing designs and and
8171 we're expecting those back.

8172 So we do have drilling permits for the full development.

8173 We are planning the single well here initially and once that major infrastructure we're
8174 talking about is in place and we've satisfied production from the unit.

8175 We'll put that.

8176 The that infrastructure in place and we'll finish up the development of this of this
8177 unit.

8178

8179 **SS Shaheen, Sharon** 3:27:18

8180 Turning to your next slide development efficiency, this is exhibit C5.

8181

8182 **DM David Mitchell** 3:27:24

8183 So so I know.

8184 You know, I'm not a lawyer.

8185 I'm an engineer and and people talk about waste and prevention and corruptive
8186 rights.

8187 So. So the Yeasa was historically developed vertically.

8188 I mean, this play has been active for approximately 100 years and so a lot of the
8189 initial development was vertical development.

8190 But if we took take vertical development offset a unit that an undepleted unit that's
8191 immediately adjacent to it. This is from our local hills development, which is a couple
8192 townships to the West.

8193 You can see that in a vertical well development.

8194 Now we we couldn't get a full the acreage.

8195 We couldn't get A320 acre and A320 fully depleted side by side, so we're I had to
8196 grow up gross up some numbers here, but you can kind of see that the vertical
8197 development on 160 acre depletion produced 700.

8198 1000 barrels of oil, which for a 60 million barrels of oil per section, recovered just
8199 under 5% recovery of the oil in place.

8200 S.

8201 And the immediate adjacent horizontal developed unit, which is also 60 million
8202 barrels per section. Obviously they're they're adjacent units here. We recovered.

8203 We're, we're we are estimating to recover about four and a half million barrels, which
8204 constitutes about 15% recovery factor of the original oil in place.

8205 So all this to say that horizontal development has far superior efficiency and
8206 recoveries.

8207 Particularly in the blind Burry, but also in the paddock.

8208 Because the blind breeze is much tighter, much lower porosity.
8209 So it the vertical development was not bad, let's just say for for the paddock, but it's
8210 totally inappropriate in the blind Bree for recovery purposes.
8211 So horizontal development, really the punch line is is far more.
8212 Effective at recovering hydrocarbons than vertical development, and as I'll point out
8213 this the development of that Marley horizontal unit.
8214 Spacing landing zones is analogous to what we're proposing in the Van Halen unit.
8215

8216 **SS** **Shaheen, Sharon** 3:29:33

8217 Turning to your next.

8218

8219 **DM** **David Mitchell** 3:29:33

8220 So all three benches stacked ladders.

8221

8222 **SS** **Shaheen, Sharon** 3:29:38

8223 Turning now to your exhibit C6 regarding surface use in waste.

8224

8225 **DM** **David Mitchell** 3:29:44

8226 So so this is a.

8227 This is an interesting challenge. You know, one of the questions that.

8228 That we initially asked ourselves when we were looking at these areas.

8229 Well, why hasn't?

8230 Why haven't anybody else drilled here?

8231 And the simple the simple answer is there's sand dunes in this area and it creates the
8232 sand dunes, create habitat for desert, sagebrush, lizards and the environmental
8233 constraints around getting access to surface are very challenging.

8234 So our initial our initial pads were actually a little bit to the East, much closer to the
8235 section boundary of the West side of the Van Halen unit. And we we partner with a
8236 group called Kim, which is a partner of the BLM's, that's that's a cons.

8237 For Environmental Protection.

8238 And so we work very closely with the CHEM group to identify surface locations that
8239 are viable and work with the BLM to get them approved.

8240 So in this area, we had to back those pads up because of identified.

8241 Habitat in that area.

8242 We have now now if we think about a 40 acre development which or 10 acre

8243 development is the typical vertical spacing, A320 acre unit would require something
8244 like 32 vertical wells to deplete.

8245

8246 **JM** **Jaclyn M. McLean** 3:30:51

8247 Yes.

8248

8249 **DM** **David Mitchell** 3:30:59

8250 Now you can drill the exact same subsurface acreage with two horizontal pads. And
8251 so if you run the math on the acreage size of of a horizontal.

8252 My side is about 6 acres and a vertical pad on on the high sides about two acres.

8253 But if you multiply that by the number of pads required, you get to about a 500%

8254 increase in surface use vertical development versus horizontal development. So in

8255 our view, horizontal development is the more efficient method from a surface use

8256 and vertical development produces surface waste.

8257

8258 **SS** **Shaheen, Sharon** 3:31:38

8259 Turning now to exhibit C7 surface access environmental constraints.

8260 You talked about this a little bit, but does this slide provide some further insight?

8261

8262 **DM** **David Mitchell** 3:31:49

8263 So so the the image that you're seeing is from an environmental survey we
8264 conducted about about two years ago.

8265 Where we sent environmentalists into the field to identify potential viable surface

8266 locations and and try to really work out where the the arch sites were, where this

8267 desert sagebrush habitat may be. So we could work on pad development. As you can
8268 see in there was three, there was.

8269 33 categories.

8270 Was undetermined delineated habitat kind of possible and and absolute kind of high

8271 risk DSL habitat. And as you can see from the Van Halen unit, the majority of the unit

8272 is in possible DSL habitat.

8273 We've updated this a few times and so you know there there's it's quite challenging

8274 to get services now.

8275 You can do it, but it takes a lot of time. It takes a lot of a lot of effort and a lot of

8276 negotiation between us, the CHEM groups.

8277 Group in the BLM. So when we with the with the prevalence of the of the sagebrush

8278 blizzards there, we've come up with locations that are viable that that BLM has
8279 approved. We've we've passed all our onsites for these these locations and and we
8280 are I'd say the surface.

8281 Locations are eminently pending.

8282

8283 **SS** **Shaheen, Sharon** 3:33:11

8284 Turning now to your final slide, economic impact of delaying development exhibit
8285 C8.

8286 What's important here?

8287

8288 **DM** **David Mitchell** 3:33:18

8289 So, so so this, this, I thought was a useful maybe you Scroll down just a little bit
8290 more.

8291 I think this is a useful tool to understand what we're what we're trying to manage,
8292 and it's not only the fact that we want to hold the acreage, we want to open the the
8293 runway for development. I mean really in my, in my engineering perspective, you
8294 know the.

8295 Force pooling process is really to allow for for development to occur and not be
8296 impeded.

8297 So we're sitting here with.

8298 Situation where this this unit that's been holding this acreage is in bankruptcy. If we
8299 do not establish production by by July or on or before July, I should say.

8300 We are going to look at there's there's a multi year and it was estimated at three-
8301 year process for bankruptcy to proceed. If I take the forecasted production and and
8302 associated cash flows of our current development plan and I delay that by three
8303 years.

8304 There's a negative economic impact.

8305 I wrote this somewhere and I just so the there's a about a \$3,000,000 loss in \$3.8
8306 million loss in total royalties to the state just from that delay on a discounted basis,
8307 it's 22 million gross, 34 million discounted, there's a million.

8308 Dollar loss in production and tax revenue on APV 0. So undiscounted.

8309 Basis and about a 2,000,000 discounted and there's a \$3,000,000. If you add those
8310 together, you're looking at a \$3,000,000 undiscounted loss of royalty or a \$5.8 million
8311 discounted loss.

8312 So delaying the operations here through through impeding of of development is a

8313 material cost. The material loss of revenue to the state.
8314 Well, actually, sorry to the BLM here.
8315 And well, there's some of these go to the state start production tax goes to the state.
8316 Royalties go to the BLM.

8317

8318 **SS** **Shaheen, Sharon** 3:35:18

8319 Before we leave your direct testimony, I'd like to go back to your slide, PDF 105. I was
8320 a little bit late and jumping on the slides here and make sure there's nothing else.

8321 Whoops.

8322 Here that is important for you to note for the hearing examiners. This is your exhibit
8323 C1 with respect to Longfellow's well performance that you talked about earlier.

8324

8325 **DM** **David Mitchell** 3:35:46

8326 The only thing I'll say about this is that the Elvis pass, so this is the top 50 wells by by
8327 reserves per lateral foot achieved. The Elvis was drilled before the Bonzo's. The
8328 Bonzo's were drilled before the MARLEYS as we continue our development as we
8329 contin.

8330 Evolutions of our completion design and and technological applications we keep on
8331 moving up the curve of better and better and better wells.

8332 So in the argument that we're not a prudent operator, this this I think is important
8333 testimony to show that not only are we a prudent operator when you look at US
8334 versus everybody else in the in Eddy County, on all formations, we are continuously
8335 getting better and and.

8336 Drilling and producing better wells with our Marley wells being in the top five.

8337 Some of our Marley was being the top five producers in the whole county.

8338

8339 **SS** **Shaheen, Sharon** 3:36:39

8340 Thank you.

8341 Let's turn now to.

8342 Your rebuttal? Yes.

8343

8344 **CE** **Chakalian, Gregory, EMNRD** 3:36:43

8345 Miss Shaheen.

8346 You're over the 15 minute mark.

8347 So how much more time do you think you need?

8348

8349 **SS** **Shaheen, Sharon** 3:36:50

8350 Maybe 10 minutes for our rebuttal testimony.

8351

8352 **CE** **Chakalian, Gregory, EMNRD** 3:36:56

8353 OK.

8354

8355 **SS** **Shaheen, Sharon** 3:36:56

8356 I could bring him back if you like, OK.

8357

8358 **CE** **Chakalian, Gregory, EMNRD** 3:36:56

8359 Go ahead.

8360 Go ahead machine.

8361

8362 **SS** **Shaheen, Sharon** 3:37:01

8363 All righty.

8364 So we're going turning now back to Miss Mckee's testimony. And that is PDF page.

8365 Two, I believe.

8366 And here we are, coming back to the rig availability paragraph 10.

8367 But I believe Mr. Mitchell has some.

8368 Some information about rig availability for Longfellow so here in paragraph 10, Mr.

8369 Mitchell.

8370 Miss McKee represents. It does not appear that Longfellow has had has any active

8371 rigs in New Mexico.

8372 Can you?

8373 Do you have some rebuttal to that testimony?

8374

8375 **DM** **David Mitchell** 3:37:57

8376 So while it's true Longfellow does not have any active rigs operating today in New

8377 Mexico, we have active negotiations on with 10 drilling contractors today.

8378 We have 3 drilling contractors that have rigs that we can utilize for these these wells

8379 that are in question.

8380 The companies are Savannah drilling, Kita drilling and lasso drilling that have all that

8381 have all indicated they have rig availability and we are working in negotiating actively

8382 with each of them.

8383 And really, it's going to come down to ultimately price who we select their, their their
8384 companies we've worked with in the past in addition to those three, we've talked to
8385 seven additional companies that we'll continue talking to, but those are the three
8386 that we're currently looking to Dr.

8387 These wells.

8388

8389 **SS Shaheen, Sharon** 3:38:42

8390 Turning to paragraph.

8391 24 and I believe this is PDF page 6.

8392 Here, Miss McKee testifies about the estimated cost of Longfellow's a Fe.

8393 S What is your rebuttal to this testimony?

8394

8395 **DM David Mitchell** 3:39:03

8396 I mean, in the end, we're not in business to spend money. We're in business to, to
8397 produce economic reserves and we don't spend more money because we think we
8398 like.

8399 We think spending money is better than spending less money.

8400 We spend more money because we we are in the business of making better wells
8401 and that really goes to my initial testimony that there is some some of the things that
8402 happen.

8403 Are are, are allocations.

8404 For example, we do capitalize our our ESP equipment, which is about a quarter
8405 \$1,000,000.

8406 Capital investment that the operators that were used in the in the direct testimony
8407 from QO that we're participating in some of their wells, they expense them and
8408 there's pros and cons to each and everybody's accountants are going to come up
8409 with a different argument and that's every.

8410 Company's discretion.

8411 I'm not going to argue. One way is superior than the other.

8412 That's just our our methodology of development and and accounting.

8413 The that being said, we believe that on a cost per.

8414 Per recovered barrel of oil we are as competitive or more competitive than anybody
8415 else in this play.

8416

8417 **SS Shaheen, Sharon** 3:40:13

8418 To Mr. Brown's testimony, and I'm gonna share again.
8419 Here, we're back at his paragraph 7A and 7B.
8420 And I believe you're going to testify about his.
8421 His representations in the second sentence, I believe and and correct me if I'm
8422 wrong, but whatever parts of this testimony relate to engineering.
8423

8424 **DM** **David Mitchell** 3:40:38

8425 Sure. So so well spacing is, is is challenging and figuring it out takes not only a bunch
8426 of bunch of smart people working, running numbers, but a bunch of physical tests in
8427 the field where where you test various spacing and you and you understand what
8428 what you're doing.

8429 We've run extensive tracer surveys on all of our development units to understand
8430 Wilborn interference and and and really dial in our understanding of spacing not
8431 only within us within an individ landing zone, but also between landing zones so that
8432 we know the kind of interference that you want.

8433 There is.

8434 You don't want your wells to be too far apart and have undrained oil between the
8435 the the stimulated rock volumes and you don't want them too close together and
8436 essentially have redundant and overcapitalized completion costs.

8437 We have what we believe is the optimal spacing for for this reservoir and we would
8438 feel strongly that.

8439 We feel strongly that the spacing we have is warranted.

8440 In this, in this play with respect to the 2000 foot of unproductive lateral, I think we've
8441 addressed that several times with the with the desert sagebricks lizard habitat. We
8442 did have our initial pad locations attempted to be closer to the unit line and really
8443 what wasn't the.

8444 BLM. But it was the chem group who's who's BLM. I don't call them an affiliate, but a
8445 partner who who advised us to move the pads back.

8446 And again, trying to be a good steward.

8447 Trying to work with our with our the other regulatory agencies, we agreed.

8448

8449 **CE** **Chakalian, Gregory, EMNRD** 3:42:12

8450 3/6.

8451

8452 **SS** **Shaheen, Sharon** 3:42:12

8453 And then in the second sentence of paragraph 7B here he talks about anti collision
8454 drilling risks.

8455 Do you have a response to that?

8456

8457 **DM** **David Mitchell** 3:42:21

8458 I mean anti collision is is a is a known quantity.

8459 You know we we have.

8460 We have engineers who who build anti collision models and make sure that we have.

8461 We have appropriate spacing between horizontals and between verticals and

8462 horizontals as we go. And that's not just between other wells in the air, but even

8463 between your own, sometimes when you're back building and doing other things.

8464 This is something that every company does, including XTO routinely.

8465 And is not a material risk to development.

8466

8467 **SS** **Shaheen, Sharon** 3:42:55

8468 And turning now to paragraph, AI believe one of our rebuttal exhibits might be in
8469 response to paragraph 8, which addresses estimated well cost.

8470 Am I remembering correctly?

8471 Should we look to your?

8472

8473 **DM** **David Mitchell** 3:43:08

8474 Yeah. So I I provided as a rebuttal slide on the on the Aussie development and I think

8475 this is actually kind of useful also when we talk about anti collision because you can

8476 see circled in red there a bunch of vertical producers in the ESO formation. So these.

8477 Were the first two modularals drilled in the ASO play that were operated that we they

8478 were the 1st 2 minor laterals and the ASA play that we drilled.

8479 But that anybody drilled and there was vertical wells in the middle.

8480 Of the section that we were that we drilled past.

8481 So in the pre drill assumptions going in there, I mean look engineers, we make

8482 assumptions and because there's a saying this is it's dark down there, you don't

8483 know what you're gonna get.

8484 So we assume that the rock in that circled area was gonna be depleted.

8485 And as such, we did not we we did not capitalize the completion of the entire lateral.

8486 You know, that's a two mile lateral.

8487 So in each mile we have about 25.

8488 Stages of completion that we pump and so we we capitalized 75% of that to
8489 monolateral as completed lateral with the expectation of drainage.
8490 But again, that's an assumption.
8491 So as we executed the fracs we we executed these pump in procedures where we
8492 could test reservoir pressure physically through the pressure that we if you pump
8493 into a depleted reservoir, the pumping pressure that you have is very low. If you
8494 pump into an energized reservoir pressure's.
8495 Very high as we were completing this well, we started from the east towards the
8496 West and we got to those zones where we were expecting depletion.
8497 We executed these pump in tests.
8498 We did not experience depletion, therefore it was an economically justifiable decision
8499 to complete those stages.
8500 And so while the AFE did not represent an estimate, the AFE was for 37 I believe.
8501 Completed stages and the the the actuals were for 50 complete.
8502 Need to stay just per well, which was the balance of the cost change between.
8503 The the AFE estimate and the actual.

8504

8505 **SS** **Shaheen, Sharon** 3:45:17

8506 Turning to your next.

8507

8508 **DM** **David Mitchell** 3:45:18

8509 This. Yeah. Yeah, go ahead.

8510

8511 **SS** **Shaheen, Sharon** 3:45:20

8512 Turning to your next page of this rebuttal, Exhibit 2.

8513

8514 **DM** **David Mitchell** 3:45:26

8515 So so you can see the proposed AFE and the actual cost.

8516 Now there was some.

8517 There were some problems.

8518 This was executed in the dead of winter in the middle of an ice storm, so we had a

8519 bunch of freezing issues on the front end, which led to some increased drilling costs.

8520 We also had some unexpected.

8521 And the current, the current explanation is is a shallow nitrogen pocket which we

8522 drilled into, which caused essentially a pressure control issue which we had to

8523 essentially evacuate the the the gases before we could continue drilling.
8524 So there was some cost overruns on the drilling associate with that for both wells,
8525 but the majority of the cost variance was associated with two things, one, which I've
8526 already discussed, which is 37 stages of completion to 50 stages and the second one
8527 was in the pre.
8528 AFE plan we were gonna have these two wells produced to a secondary, another pad
8529 where we had an existing production facility constructed. And unfortunately in our
8530 work with the BLM.
8531 Sorry, excuse me with the state.
8532 This was a couple years ago, 18 months ago. Maybe commingling was much more
8533 stringent.
8534 And so they they didn't want to let us to commingle these two, these two production
8535 units.
8536 And so we were forced to build a more expensive battery on this.
8537 Commingling in that to the other pad, since that time actually in, in, in part, I hope,
8538 because of some of the arguments we made, the state, has amended their
8539 commingling restrictions and now enabled operators to do exactly what we
8540 proposed.
8541 So these costs can be captured in the future.
8542 Cost savings can be captured in the future.

8543

8544 **SS** **Shaheen, Sharon** 3:47:08

8545 And finally, with respect to Mr. Brown's testimony in paragraph 9, and let's see if I
8546 can show all of paragraph 9 here.
8547 He's talking about the capital efficiency of wealth.
8548 Better one mile versus longer. Well, so you have any additional testimony and
8549 rebuttal to this statement by Mr. Brown.

8550

8551 **DM** **David Mitchell** 3:47:38

8552 Generally speaking, I don't disagree that there are benefits to longer lateral drilling.
8553 We are in the ace of play, the only operator that's really pushing longer laterals to
8554 date. And so I don't disagree with the with the assertion. That being said outside of
8555 the longer ladders we've drilled, there's, there's very few, probably less than five
8556 longer than one mile later.
8557 Out of the approximately 500 horizontal wells that have been in the play.

8558 One mile laterals are extremely economic.
8559 And are are proven to recover hydrocarbons at a high recovery factor and positive
8560 and economically very justifiable.

8561 We do not own interest in the adjacent section and if we did, we certainly would
8562 have proposed longer labs.

8563

8564 **CE** **Chakalian, Gregory, EMNRD** 3:48:28

8565 Miss Shaheen, would you wrap it up?

8566 You're past the 10 minutes.

8567

8568 **SS** **Shaheen, Sharon** 3:48:32

8569 Yes, I believe that is it.

8570 I would just ask Mr. Mitchell whether he has anything, any additional that I forgot to
8571 ask him about.

8572

8573 **DM** **David Mitchell** 3:48:42

8574 I think I think you hit it. Thank you very much.

8575

8576 **CE** **Chakalian, Gregory, EMNRD** 3:48:49

8577 OK, Miss McLean.

8578

8579 **JM** **Jaclyn M. McLean** 3:48:51

8580 Yes, thank you.

8581 Let me just go back to, OK.

8582

8583 **DM** **David Mitchell** 3:48:56

8584 There is.

8585 There was actually miss Sheheen.

8586 I just saw one point about the 158 foot first take point proposing competing
8587 proposal that was in Exhibit A8 from XTOS.

8588

8589 **JM** **Jaclyn M. McLean** 3:49:09

8590 Talk about that.

8591

8592 **SS** **Shaheen, Sharon** 3:49:10

8593 Well, that that exhibit is not yet admitted into the record, so you'll have to come up
8594 to testify about that.

8595

8596 **DM** David Mitchell 3:49:14

8597 OK.

8598 I'm. I'm here, I'm free.

8599

8600 **SS** Shaheen, Sharon 3:49:20

8601 Thank you, Mr. Minto.

8602

8603 **DM** David Mitchell 3:49:23

8604 Thank you.

8605

8606 **JM** Jaclyn M. McLean 3:49:26

8607 All right, Mr. Mitchell. Hello.

8608 You've identified in your testimony the Marley and Bonzo wells as analogous to the
8609 Van Halen wells.

8610 Is that correct?

8611

8612 **DM** David Mitchell 3:49:40

8613 That's correct.

8614

8615 **JM** Jaclyn M. McLean 3:49:41

8616 And these are Longfellow's closest yacht wells, correct?

8617

8618 **DM** David Mitchell 3:49:46

8619 They're not our closest.

8620 We have closer wells, but they were they're they're analog wells, yes.

8621

8622 **JM** Jaclyn M. McLean 3:49:53

8623 What makes these analog wells as opposed to the ones that are closer?

8624 You could explain.

8625

8626 **DM** David Mitchell 3:49:59

8627 Well, I mean really, they're all.

8628 They're all analog wells. They were just used well.
8629 The Marley was used because it was a clean example of an undepleted.
8630 ESO section next to a vertically fully fully drilled vertical section. But we have wells
8631 that are probably 8 or 9 miles closer that would that are also analogs to the reservoir
8632 but not necessarily were perfect for that example.

8633

8634 **JM** **Jaclyn M. McLean** 3:50:25

8635 And not as high producers as the Marley and the Bonzo wells.

8636

8637 **DM** **David Mitchell** 3:50:31

8638 We I mean we have we have.

8639 When I was doing the analysis the the the quantum of production wasn't really
8640 criteria, it was just looking for undepleted horizontal development like the Van Halen
8641 and completely vertically developed like the adjacent. I was just looking for an
8642 example that was that had that and so a lot.

8643 Of our units, like the Aussie that I showed you, which is closer but it has vertical
8644 depletion right in the center of it wasn't a great example because of the the two.
8645 Depletion techniques happening at the same time.

8646

8647 **JM** **Jaclyn M. McLean** 3:51:05

8648 OK.

8649 And.

8650 The Marley unit area that's in the South half of section 31 in Southwest quarter of
8651 Section 32, Township 17 S, range 28 E correct.

8652

8653 **DM** **David Mitchell** 3:51:22

8654 Believe so.

8655 Yes, I don't have a map in front of me.

8656

8657 **JM** **Jaclyn M. McLean** 3:51:24

8658 And.

8659

8660 **DM** **David Mitchell** 3:51:25

8661 I'm sorry, but yes, since 1720, it's in the Southport S corner of 1728.

8662

8663 **JM** **Jaclyn M. McLean** 3:51:26

8664 I am going to give you a map.

8665 I will share a map with you.

8666 I'm going to show you what has been marked as XTO exhibit B5.

8667

8668 **DM** **David Mitchell** 3:51:40

8669 OK.

8670

8671 **JM** **Jaclyn M. McLean** 3:51:44

8672 Up here.

8673 Alright. Do you see this map or exhibit B5?

8674

8675 **DM** **David Mitchell** 3:51:53

8676 Yes.

8677

8678 **JM** **Jaclyn M. McLean** 3:51:54

8679 OK, great.

8680 And so the Bonzo and Marley wells that you've identified as the analogues, they are
8681 about 22 miles southwest of the Van Halen wells, correct?

8682

8683 **DM** **David Mitchell** 3:52:11

8684 Correct.

8685

8686 **JM** **Jaclyn M. McLean** 3:52:14

8687 And the Marley unit or the Marley Wells?

8688 You say at paragraph 23 of your testimony is a six well stocked horizontal
8689 development spaced at six wells per section.

8690 Is that correct?

8691

8692 **DM** **David Mitchell** 3:52:34

8693 So no, there are more than six wells in the Marley section.

8694

8695 **JM** **Jaclyn M. McLean** 3:52:39

8696 Alright, let me show you.

8697 That's your rebuttal exhibit.
8698 Your rebuttal? OK, here's your.
8699 When we go to your testimony, it's page 98.
8700 Sorry I'm trying.
8701 All right, so your paragraph 23.
8702 You say here the horizontal development.
8703 One fellow six well stacked horizontal development of the South half of Section 31
8704 Marley CD unit.
8705 With Paddock SpaceX, six wells per section and the upper Blind Marie at 4 wells for
8706 section and lower Blind Bree at two walls per section.
8707
8708 **DM David Mitchell** 3:53:32
8709 OK.
8710 Yes. Yeah, so, so, so sorry. I thought I heard you say there was six wells per section in
8711 the in that unit, but there's six wells in the paddock.
8712 I believe it's five wells in the upper Blimber and two wells in the lower blimber.
8713 So. So there's eleven wells per section, not six, as well as what I thought your
8714 question was.
8715
8716 **JM Jaclyn M. McLean** 3:53:58
8717 It's at the six well stacked horizontal development.
8718
8719 **CE Chakalian, Gregory, EMNRD** 3:54:00
8720 Bye.
8721
8722 **JM Jaclyn M. McLean** 3:54:01
8723 Is that correct?
8724 Am I reading that correctly?
8725
8726 **DM David Mitchell** 3:54:03
8727 Yeah, I think what you're the only thing you maybe misunderstood is that's for the
8728 half section of section 31, six and the half section.
8729
8730 **JM Jaclyn M. McLean** 3:54:13
8731 Six in the half section, OK.

8732 Got it.

8733 Not the entire section 31.

8734

8735 **DM** David Mitchell 3:54:22

8736 Yeah.

8737

8738 **JM** Jaclyn M. McLean 3:54:23

8739 OK.

8740 And then.

8741 So how many wells in that section would there be then total?

8742

8743 **DM** David Mitchell 3:54:37

8744 Total in that section drilled today are 11.

8745 There's two undeveloped lower blimbery remaining to develop, and there's one
8746 undeveloped.

8747

8748 **JM** Jaclyn M. McLean 3:54:41

8749 OK.

8750

8751 **DM** David Mitchell 3:54:49

8752 Upper blimbery to be developed.

8753

8754 **JM** Jaclyn M. McLean 3:54:51

8755 OK.

8756 So then at 8 proposed wells, that would be 16 wells per section for the Van Halen
8757 development, is that correct?

8758

8759 **DM** David Mitchell 3:55:01

8760 That's correct, yeah.

8761

8762 **JM** Jaclyn M. McLean 3:55:03

8763 And that's denser spacing than these established Marley Wells.

8764 Is that correct?

8765

8766 **DM** David Mitchell 3:55:10

8767 That's true to a point this Marley pad.
8768 So in this area where the Marley pad is where there was no lower blimbery
8769 development in the area.
8770 So this Marley pad was the first lower blimber horizontal development in the area.
8771 So we were at the time of development here testing the concept of boiler place in
8772 the lower Limburg.

8773

8774 **CE Chakalian, Gregory, EMNRD** 3:55:27

8775 Hmm.

8776

8777 **DM David Mitchell** 3:55:31

8778 It's very, very challenging to.

8779 Determined from logs how much oil's in place because of the just the nature of the
8780 the reservoir. It's very tight.

8781 It's really hard to get accurate volumetric calculations in the blind Burr in total. And
8782 so in the Marley section, we drilled 2 lower limb bays as test wells, which have been
8783 which are actually one of them is one of the best wells on in the unit.

8784 And so this this was the initial kind of I guess proving up of the lower blimber in the
8785 local hills project.

8786 Area.

8787

8788 **JM Jaclyn M. McLean** 3:56:05

8789 And when was when were those drilled?

8790

8791 **DM David Mitchell** 3:56:09

8792 I want to say the end of 24.

8793

8794 **JM Jaclyn M. McLean** 3:56:14

8795 And since then you haven't proposed any additional wells in this Marley unit?

8796

8797 **DM David Mitchell** 3:56:21

8798 No, we have not.

8799

8800 **JM Jaclyn M. McLean** 3:56:22

8801 So at this point, it's still 11 wells per section, is that correct?

8802

8803 **DM** David Mitchell 3:56:27

8804 Yes.

8805

8806 **JM** Jaclyn M. McLean 3:56:29

8807 OK. And again, the Van Halen wells are going to be 16 wells per section, correct?

8808

8809 **DM** David Mitchell 3:56:38

8810 Well, just the way the spacing works, the one in in in 2 units, one of the units will
8811 have one or two more wells than the unit to the North just because of the way the
8812 space works.

8813 We don't.

8814

8815 **JM** Jaclyn M. McLean 3:56:54

8816 To the 8 proposed wells are just for the South half.

8817

8818 **DM** David Mitchell 3:56:54

8819 We don't do it off of off of, yeah.

8820 Yeah, the reason being, the way the standoffs work in New Mexico, you're allowed

8821 330 feet from the line. And so two wells, you know on the same bench across section

8822 line or half section line of a different unit are a little too close. So if

8823 you have 16 in the South unit.

8824 You might have 14 in the North unit.

8825

8826 **JM** Jaclyn M. McLean 3:57:20

8827 OK.

8828

8829 **DM** David Mitchell 3:57:22

8830 Sorry, spacing on a wells per section basis that was confusing. The way I said that.

8831

8832 **JM** Jaclyn M. McLean 3:57:22

8833 And.

8834 And at paragraph seven of your affidavit, let's go to that.

8835 This is on page.

8836 92 of the PDF.

8837 You save that Longfellow's completion designs utilize the highest fluid loading
8838 simulation in the play, which results in a higher completion cost per well, correct.

8839

8840 **DM** David Mitchell 3:57:55

8841 Yes.

8842

8843 **JM** Jaclyn M. McLean 3:57:55

8844 And that the results from other completed wells show that the higher cost deliveries
8845 superior well economics over the life of the well, correct?

8846

8847 **DM** David Mitchell 3:58:06

8848 Correct.

8849

8850 **JM** Jaclyn M. McLean 3:58:07

8851 And have you provided any of these results from other completed wells to to show
8852 this superior well economics?

8853

8854 **DM** David Mitchell 3:58:13

8855 No.

8856 Well, I provided the the publicly available data from ANERVIC.

8857 But what I would argue and and correct me if I'm wrong, Mr. Examiner. But that
8858 would be something I would think would be kind of a competitive advantage,
8859 proprietary information.

8860

8861 **JM** Jaclyn M. McLean 3:58:31

8862 Well, I'm asking the question I'm asking you, and this is not directed to the hearing
8863 examiner.

8864

8865 **DM** David Mitchell 3:58:31

8866 Now we can.

8867

8868 **JM** Jaclyn M. McLean 3:58:36

8869 And you can't ask him for for help.

8870

8871 **DM** David Mitchell 3:58:40

8872 I apologize.

8873

8874 **JM** Jaclyn M. McLean 3:58:41

8875 He's not.

8876 Can't be your phone and friend.

8877 Either question I'm asking is have you actually provided as evidence the results from

8878 other completed wells that show the superior well economics over the life of the

8879 well?

8880

8881 **DM** David Mitchell 3:58:58

8882 No.

8883

8884 **JM** Jaclyn M. McLean 3:58:59

8885 Thank you.

8886

8887 **DM** David Mitchell 3:59:00

8888 I've only provided the total reserve recovery for lateral foot.

8889

8890 **JM** Jaclyn M. McLean 3:59:03

8891 Right. So you have not provided any results from other completed wells to show that

8892 Longfellow's?

8893 Higher fluid loading delivers superior well economics over the life of the well.

8894 Is that correct?

8895

8896 **DM** David Mitchell 3:59:19

8897 I have provided results but I have not provided economics.

8898

8899 **JM** Jaclyn M. McLean 3:59:23

8900 OK.

8901 And can you please direct me to the exhibit, your exhibit that you've introduced as
8902 evidence that shows results from other completed wells?

8903 Show that these higher cost deliver superior well performance over the life of the

8904 well.

8905

8906 **DM** **David Mitchell** 3:59:45

8907 No, I, I said.

8908 I have provided results which was that top 50 EUR per lateral foot, but I have not

8909 provided economics which would be, which would be, I think to answer your

8910 question over the life of the well, superior economics, that portion of the question,

8911 they have not provided.

8912

8913 **JM** **Jaclyn M. McLean** 3:59:56

8914 Yes, great.

8915 So that portion of paragraph seven there is in fact no evidence to support that,

8916 correct.

8917