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6

7 **OCD Regular Docket June 4, 2026-** 8 **20260604_141228UTC-Meeting Recording_PART 1**

9 June 4, 2026, 2:12PM

10 3h 1m 16s

11  **MM**

12  **PH** **Pecos Hall** 18:13

13 Good morning. This is the Oil Conservation Division's first regular docket of the
14 month, which is generally hearings by affidavit. However, this morning we have a
15 mixed docket. We have some status conferences. We have a couple of contested
16 hearings. So it's a little different than usual. So let's

17

18  **MS**

19 **Matt Slowinski** 18:33

20 On.

21

22  **PH**

23 **Pecos Hall** 18:34

24 Good on the record. It's 830 AM. I'm going to call the first case. This is Targa
25 Midstream 26139 entries of appearance, please. Good morning. Dana Hardy on
26 behalf of Hardy McLean. Good morning. And there are no other parties in this case.
27 Right ahead. Oh, and today we have Mr. Anthony Harris as our technical examiner.
28 Mr. Harris, are you with us?

29

30 

31 **Harris, Anthony, EMNRD** 18:59

32 Yes, good morning.

33

34  **PH**

35 **Pecos Hall** 19:00

36 Okay, good morning. Go right ahead, Ms. Hardy. Thank you. In this case, Target seeks
37 authorization to drill and operate a redundant class 2 acid gas injection well, the
38 Copperhead AGI number 2 at its Copperhead gas processing facility in Lee County,
39 New Mexico. The well will be vertical and is located in section 13.

36 Township 24 South, range 32 East. The well will inject treated acid gas into the Siluro-
37 Devonian formations, including the Devonian 31 Upper Silurian Riston Group and
38 Lower Silurian Fusselman formations at depths of approximately 17,299,
39 to 18,699 feet. And Target is requesting a maximum daily injection rate of 26 million
40 standard cubic feet per day. Our exhibits include the testimony of Matt Eels, who has
41 previously testified before the commission, and his credentials as an expert in
42 environmental engineering were accepted as a matter of record.
43 His exhibits include a copy of the application and proposed notice of hearing along
44 with the C108 and an overview regarding the Copperhead Gas Processing Plant.
45 We've also provided the testimony and exhibits of geologist Tuan Biswas. He is a
46 geologist Tuan Biswas, geophysicist,
47 Hassan Kaniani, and reservoir engineer Jesse Wu. They have not previously testified,
48 and we have provided their CVs, and we will seek to have them admitted as experts if
49 there are questions for them. We also have provided the testimony and exhibits of
50 Paul Ragsdale, who has previously testified before the commission.
51 and his credentials as a drilling engineer were accepted as a matter of record. Finally,
52 we provided our notice testimony, which shows that notice was timely sent to all
53 parties on May 5th of 2026, and we did timely publish on May 10th, 2026. So with
54 that, I ask that the exhibits be admitted.
55 And I expect that there are questions for our witnesses, and they are here in person
56 and are available. Thank you. Exhibits are admitted without exception. Can I have all
57 the witnesses come up to the witness stand, please?
58 There's a button on that microphone on the right. It'll make it go green.
59 There we go. Thank you. All right. I understand that some of you have been
60 previously admitted as experts before this division and some have not.
61 Let's have those that have been admitted as an expert please give your names first.
62 Actually, let's do it this way. Would everyone raise their right hand, please? Thank
63 you. Do you swear or firm under penalty or perjury that the testimony you're about
64 to give is the truth, the whole truth, and nothing but the truth? I do. All right, thank
65 you. You can put your hands down. Now, for those people who have been admitted
66 previously, one at a time, would you approach the microphone?
67 state and spell your name and tell me what area of expertise this division has
68 previously qualified you as an expert. Paul Ragsdale, P-A-U-L.
69 I've been qualified as a drilling engineer.
70 Building engineer. Yes. I haven't had that one before. Would you have a seat now?

71 Thank you. Next.
72 So Matt Eals, MATTEALES.
73 Previously here as an environmental engineer. Thank you. Would you have a seat?
74 Next.
75 Oh, you 3 have not been previously admitted as experts. Okay, fine. One at a time,
76 have a seat at the table, please.
77 Alright, would you state and spell your name?
78 Tuhin Bishwas TUHINBISWAS. Thank you. And what field do you seek to be admitted
79 as an expert? Geoscientist. Geoscientist. Or petroleum geologist.
80 Let's go with that.
81 Okay.
82 Can you briefly give me some of your background, first in education, then in
83 experience? When you tell me about your education, tell me what degrees you've
84 earned, where they're from, the year you've earned them. And when it comes to
85 experience, tell me your job titles,
86 what you were responsible for, how long you've been doing it, that sort of thing. Go
87 right ahead. So from 2009 to 2012, I did my bachelor's in geology and followed by
88 from 2012 to 2014, I did my master's in geology. Where? In Indian Institute of
89 Technology.
90 of Bombay in India. And then from 2014, I started job in Oil and Natural Gas
91 Corporation Limited in India. And I worked there for almost 9 plus years as a
92 geologist and followed by a senior geologist over there.
93 So from 2014 to 2019, I worked as a geologist over there. From 2019 up to 2024, I
94 worked as a senior geologist over there. In between, I did my PhD from 2014 to 2022
95 in Indian Institute of Technology.
96 Bombay. And then I joined New Mexico Tech back in 2024 as a postdoctoral
97 researcher. And that is where I started getting exposed to this Class 2 and Class 6
98 wells. And I've been continuing that work
99 till today, but in 2025, I got promoted as a research associate 3. So till today, I'm
100 working as a research associate 3 at the New Mexico Tech Institute. Who are you?
101 Who is your?
102 I don't know the term here. So who are you working under? Oh, so I, my supervisor is
103 William Ampoma and another supervisor is Dana Ulmarshol. I'm familiar with Doctor
104 Ampoma. OK, OK.

105

106  +18*****80 25:55

107 Yeah.

108

109  **Pecos Hall** 26:14

110 This work you did in India, was it in India or was it in the Middle East? No, it was in
111 India. It was in India. Yes.

112 Okay, I didn't realize that India had hydrocarbon resources. Do they? They do, but
113 not very much. So that's the challenge is like you have to do a lot of exploration stuff.
114 So I was involved on the exploration teams trying to understand the subsurface
115 better.

116 for the well log analysis, core characteristics, and all those stuffs. So India is
117 supported by 20% from the in-house hydrocarbons, but rest of the things they
118 import from outside. Yes, all right. Thank you.

119

120  +18*****80 26:58

121 Hello.

122

123  **Pecos Hall** 27:02

124 Thank you, Mr. Is it Biswas? Yes. Okay, thank you. From here on in, you're qualified by
125 this division as a petroleum geologist. Thank you so much. Will you have a seat and
126 let the next person go?

127 If you'll do the same thing, sir.

128 Start with your name. Hello, my name is Hassan Khaniani. HASSANKHANIANI.

129 So my education, my... What field do you want to be qualified? I want to be qualified
130 as a geophysicist.

131

132  **Shane Jarvie** 27:36

133 The.

134 I can't.

135 That be something, but but it's rewarding, we like it.

136

137  **Pecos Hall** 27:41

138 Let's wait until we can mute whoever it is who's interrupting us. You said you wanted
139 to be what field? In field of geophysics. Geophysicist.

140 geophysicist. What does that mean? Geophysics is the...
141 an area of science that you study physics for underground subsurface. Miss Hardy,
142 what else have we heard?
143 I've not heard that one before as a field in petroleum industry. What else could we
144 call that? I think we have we have had geophysicists testify. Yes. Geophysics. Yes. OK,
145 so geophysics.
146 Is the the science of physics of the Earth? Yes, OK.
147 Tell me about your education and then your experience. Yeah, my bachelor degree is
148 petroleum engineering, specialized in exploration from Iran in 2002. And in 2006, I
149 was graduated in master degree from University of Calgary, Canada.
150 the same degree, petroleum exploration engineering. And I got my PhD degree in
151 2015 from University of Calgary in geophysics. And after my graduation, I have been
152 working from
153 2015, 2020 in different companies in Calgary. And also I have done my post-doctoral
154 research at the University of Calgary. And then I joined the New Mexico Tech. Slow
155 down a little bit. So I need to know more about your work in Calgary during 2015 to
156 2020. So
157 What positions did you hold? What was your responsibility? I was a developer,
158 geophysics research developer. I have been developing software and also doing
159 seismic processing. Also, the company, sometimes they have a problem
160 for seismic imaging, because they have doing different types of production. We have
161 been doing the method that we can place sensor in downhole to do more
162 production, I mean, to do more imaging and also achieve more production.
163 from different different scenario that they have. Some of them they have, like, it's
164 called SAGD and some of them they do hydraulic fracturing in shale gas. What's the
165 name of the company you were working for? I have been working for Suncor Energy
166 and
167 Nixon.
168 In Calgary? Yes. Okay, in Calgary. And what was your title there? My title in Nexen
169 was like a research or physicist. Okay.
170 And I also worked in the Absolute Imaging Company that was a geophysics company
171 that they do the seismic processing. They were active in different parts of the world.
172 So that's your specialty? Yes. Is the seismic imaging? Yes. And you wrote software? I
173 write software too.
174 seismic imaging, seismic interpretation, and yeah. And then you came to New Mexico

175 Tech. Yes. Yeah. When? 2020 I joined the New Mexico Tech as research scientist. I
176 joined. Who do you work under? Doctor Robert Bartz.
177 I don't know him. Petroleum Recovery Research Center. I came as a research scientist.
178 We were working here mostly on, they were doing CO2 injection. I have been doing
179 modeling, seismic interpretation. We use the seismic data for
180 Produce production of the model for reservoir simulation and seismic interpretation,
181 of course, and fault analysis, and...
182 In 2023, I was promoted as Assistant Professor of Geophysics in New Mexico Tech. It
183 is a joint appointment between the Department of Mineral Engineering and also
184 Petroleum Recovery Research Center. Okay, good. Thank you very much. So from
185 here on in, this division qualifies you as an expert in geophysics.
186 Please have a seat. Thank you. Finally.
187 Good morning, my name is Jiyue Wu, as spells as J.
188 Go ahead. You can ignore that. JIYUEWU. What? JIYUEWU. And I also go by Jesse.
189 Oh, I saw that. Yeah. And what field do you seek to be admitted?
190 Reservoir Engineering. Reservoir Engineering. Yes. Okay, what education do you
191 have? I got my bachelor from Petroleum University in China in 2016. What was the
192 name of the school?
193 Petroleum University.
194 Okay. Yeah. And majoring in petroleum engineering. And then I got my master
195 degree in also majoring in petroleum engineering from University of Southern
196 California. And I also got my PhD in University of Southern California majoring in
197 petroleum engineering in
198 2024. Which University of Southern California? Just USC? Yeah, USC. USC. OK. Yeah.
199 In LA. Yeah, in LA. And...
200 Do you have any work experience? I joined, after my graduation, I joined New Mexico
201 Tech PWRC in 2024 as a postdoc researcher. And this year, I was promoted as a
202 research associate.
203 Who do you work under? I work under Doctor Robert Bach. Same as? Yes, the
204 director of PWRC.
205 I see. Oh, okay, very good. And what is your, what are you focusing on? My focus,
206 after I joined the PWC, my focus is on reservoir modeling and also I do the modeling
207 and also the simulation work for the...
208 underground reservoir and also focusing on the reservoir engineering, reservoir
209 modeling and also the small scale modeling.

210 Thank you. This division qualifies you as an expert as a reservoir engineer. We're
211 going to present questions to the panel, which may be difficult since there are five of
212 you and there's only one little
213 Chair over here, so would everyone come back up here, please?
214 And what we'll do is Mr. Harris will ask a question. You can all come a little closer.
215 Whoever believes that they want to answer the question, just please sit down in front
216 of the microphone so that we can record your answer properly and then get back up
217 and let.
218 Mr. Harris, ask another question. Okay. All right. Very good. Mr. Harris, are you
219 ready?

220

221  **Harris, Anthony, EMNRD** 36:03

222 Yes, I am.

223

224  **Pecos Hall** 36:04

225 All right, very good. All the exhibits have been admitted into evidence. So please ask
226 your first question.

227

228  **Harris, Anthony, EMNRD** 36:12

229 Okay, I'll share it with Mr. Ragsdale, I guess, for some of the drilling engineering.
230 If we go to page 10, please, the exhibit pack.

231

232  **Pecos Hall** 36:25

233 I think, oh, very good. You're going to share your screen. Excellent. Thank you.
234 Go right ahead.

235

236  **Harris, Anthony, EMNRD** 36:32

237 OK, if you look at the top of table one, the conductor casing, it'll be set at a depth of
238 about 100 feet. I'm just curious.

239 Is there any aquifers that will be penetrated by that initial 100 feet?

240

241  **Pecos Hall** 36:51

242 I'm sorry, could you repeat that? Is there any water there? Aquifer. Aquifer.

243

244  **Harris, Anthony, EMNRD** 36:54

245 Yeah, will there be any water or aquifers penetrated within the 1st 100 feet?

246

247  **PH Pecos Hall** 36:59

248 It's been my experience in this area. When we drill the conductor, that we have not
249 encountered any water there. We generally either use an auger or air to drill it, so we
250 would see the water if we do, if we encounter it.

251

252  **Harris, Anthony, EMNRD** 37:00

253 So much.

254 You.

255 Call me free.

256 I.

257 Okay, so the AGL number one well that was drilled, no water was encountered and
258 it's fairly close to this well. Okay.

259

260  **PH Pecos Hall** 37:22

261 That's correct.

262 Yes, that's correct.

263

264  **Harris, Anthony, EMNRD** 37:26

265 Thank you for that.

266 If you go to page 13, please.

267 Okay, #3 there in terms of the tubing information. One thing we like to see is a
268 tubing diagram showing the exact components that are installed into completion,
269 such as your safety valve and the setting depth of the safety valve, but also whether
270 or not you're going to install.

271 like landing ***** that could be used to set blanking plugs to isolate the reservoir if
272 you had to do an intervention or mechanical integrity test, something of that nature.

273 So just request that as a supplemental exhibit that you submit additional or that you
274 do submit a diagram showing tubing details with the

275 With the components installed in the tubing, is there any questions about that?

276

277  **PH Pecos Hall** 38:23

278 Okay.

279 I thought we had a whale bore diagram. Oh, can you? I'm sorry.

280

281  **Harris, Anthony, EMNRD** 38:28

282 No, there is a wellbore diagram, but it doesn't show the tubing; it shows casing
283 strings and setting depths, but there's no tubing details.

284

285  **Pecos Hall** 38:35

286 Okay, we can get that to you. And we do in our packer, we, our packer assembly,
287 well, in the subsurface safety valve, we do have a profile ***** in it. And in the packer
288 that we run, we have a profile ***** above the packer, and then we have two profile
289 ***** below the packer.

290

291  **Harris, Anthony, EMNRD** 38:38

292 OK.

293

294  **Pecos Hall** 38:54

295 So we can set blanking plugs in three different places in the packer and in one in the
296 subsurface safety valve. And I can get you a diagram of that.

297

298  **Harris, Anthony, EMNRD** 39:03

299 Okay, very good. And then your packer, is it a wireline set or tubing set?

300

301  **Pecos Hall** 39:08

302 It is wireline set. We generally use, and you can see in #4, the Halliburton 7-inch
303 nickel alloy permanent packer. And so with that permanent packer, we attach the
304 seal assembly to the bottom or the seal's extension, and then we run that on wireline.

305

306  **Harris, Anthony, EMNRD** 39:21

307 Okay.

308 Okay, so the packer set on wire line with a seal bore extension, and then you sting
309 into it with a seal assembly with your upper completion. Okay. Clear. Okay.

310

311  **Pecos Hall** 39:32

312 Yes, Sir.

313 That's correct.

314 That's correct. Yep. And we generally put a pump out plug rather than running a
315 blanking plug. So once we set the permanent packer on wireline, then you have a
316 barrier with the pump out plug in it.

317

318  **Harris, Anthony, EMNRD** 39:46

319 Yeah.

320 Okay.

321 Very good. Okay, thank you. If we go to page 17, please.

322 Yeah.

323 You just scroll down a little, a little more, please.

324 Maybe if we could straddle the page between 17 and 18.

325 Yeah, thank you. So if you see at the top of the second page, the Bell Canyon and the
326 Jerry Canyon. So that's an active injection zone, is that correct?

327

328  **Pecos Hall** 40:35

329 Correct.

330

331  **Harris, Anthony, EMNRD** 40:37

332 So when you were drilling the AGI number one well, did you encounter any issues
333 with lost circulation or I guess if it's injection zone, did you encounter any issues with
334 the elevator pressures while drilling that section?

335

336  **Pecos Hall** 40:44

337 But...

338 Yeah.

339 We did not. You know, we monitored it and we monitored our mud to see if we got
340 any kind of injection water produced water back and or H2S and we did not. But on
341 the number one, as we proposed in the number two, we did
342 run corrosion resistant casing and corrosion resistant cement across the entire
343 Delaware, all the way from the top of the Bell Canyon to the base of the Brushy
344 Canyon. We ran a chrome alloy casing, and we plan to do that again.

345

346  **Harris, Anthony, EMNRD** 41:23

347 And.

348 Nice. Okay. And so I ordered in your application that you're planning to do managed
349 pressure drilling. Would that be planned for this whole section or only in the
350 reservoir section?

351

352 **PH Pecos Hall 41:36**

353 For this section too, we generally, once we, yeah, once we set those top
354 intermediates, when we drill that section, we use managed pressure drilling and then
355 keep it on to drill the pin sections too.

356

357  **Harris, Anthony, EMNRD 41:39**

358 OK.

359 Pretty good as well.

360 Yep.

361 Okay.

362 Bear with me for a moment here. I'll try to find some more questions for drilling
363 perspective.

364 If we could go to page fifty-three, please, 5 three.

365 Yeah, if we could just scroll down a little below those images, please.

366 So, you've presented the Eaton formula for FRAC gradient, but just wanted to
367 mention that the Poisson's ratio that's included in that formula is not is not shown.

368 So, for future applications, just please revise the equation accordingly.

369

370 **PH Pecos Hall 42:32**

371 Yeah.

372 Add that.

373 Okay.

374

375  **Harris, Anthony, EMNRD 42:50**

376 I did check the numbers and the predicted track gradient for the Poisson's ratio that
377 you provide is reasonable. So no need to correct it at this point in time. I just wanted
378 to mention that it does need to be revised.

379

380 **PH Pecos Hall 43:04**

381 Okay.

382

383  **Harris, Anthony, EMNRD** 43:04

384 Um...

385 So if we could just scroll down a little more, please, at page 54.

386 So, based upon that equation, you're calculating in table IV-1, so you're calculating
387 your frac gradient.

388 for the upper compliant zone, the injection interval in the lower compliant zone.

389 Just curious, from offset wells in the area, excuse me, do you have any leak-off test
390 data or formation integrity test data to confirm those values?

391

392  **Pecos Hall** 43:40

393 I'm sorry, could you ask that one more time? Do we?

394

395  **Harris, Anthony, EMNRD** 43:43

396 Yeah. From do you have any offset wells in the area that while you were drilling
397 them, for example, each time you drill instead of casing, when you drill that casing
398 shoe, you would do a leak off test or formation integrity test.

399

400  **Pecos Hall** 43:52

401 So...

402

403  **Harris, Anthony, EMNRD** 43:57

404 Do you have any formation integrity test data or leak-off test data in the area to
405 confirm these parameters for FREC rating?

406

407  **Pecos Hall** 43:57

408 We.

409 So, we did run formation integrity tests and leak off tests in the in the one, and so we
410 can furnish that to you.

411 Is that what you're asking?

412

413  **Harris, Anthony, EMNRD** 44:16

414 I'm not asking to furnish it necessarily. I'm just wondering, are these frack gradients
415 that you calculated using Heaton's equation? Are they in?

416 Within the boundaries that you would expect from your, yeah, within the range of
417 what you've seen from your leakoff test data.

418

419  **Pecos Hall** 44:26

420 Within the range, yes.

421 So, so I hate to say this, but this isn't my table. So I really haven't studied it, but so I'd
422 need to, I would need to look at that, Mr. Harris, and confirm that with what we
423 actually did.

424

425  **Harris, Anthony, EMNRD** 44:45

426 Okay.

427 Um...

428 Ohh, hope so. We'll come back to that later. We'll park that one for now.

429

430  **Pecos Hall** 44:52

431 Thanks.

432 Is that yours? It's yours. Yep.

433 Okay.

434

435  **Jordan Kessler** 45:05

436 Hey.

437

438  **Harris, Anthony, EMNRD** 45:05

439 We go to page 114, please.

440

441  **Jordan Kessler** 45:11

442 Ohh.

443 Yes, looks like, sorry, Erica, forwarded it to me. I thought you so.

444 Now, and yeah.

445

446  **Harris, Anthony, EMNRD** 45:22

447 Somebody's not muted.

448 Now, if we could just scroll down a little bit, please.

449 I'm sorry, at the top of page 114.

450 It mentions that the integrity of cementing operations will be confirmed by visual

451 inspection and the collection of a radial cement bond log. So for those radial cement
452 bond logs,

453 What is the depth of investigation or what does that tool consist of, I guess?

454

455  **Pecos Hall** 46:07

456 So.

457 I'm not sure of the depth of investigation on that. It's typically what we've run are the

458 Baker Hughes SBT on log or the ultrasonic log for them. I would just have to go to

459 Baker and ask them what their

460

461  **Harris, Anthony, EMNRD** 46:27

462 It's.

463

464  **Pecos Hall** 46:31

465 depth of investigation is.

466

467  **Harris, Anthony, EMNRD** 46:34

468 Okay, yeah, that's fine. I'm just curious, would you also include a variable density log

469 with that or a traditional cement bond log whereby you can see the formation?

470

471  **Pecos Hall** 46:42

472 But...

473 Yes, a VDL. Yes, sir. Yes, yeah, yes.

474

475  **Harris, Anthony, EMNRD** 46:45

476 To formation bonding, yeah, OK. All right, so we would include it would include

477 cement the pipe bond and cement the formation bond. You should be able to

478 evaluate both, is that correct?

479

480  **Pecos Hall** 46:57

481 Correct. That's correct.

482

483  **Harris, Anthony, EMNRD** 46:59

484 Okay. Yeah, because those ultrasonic tools, they have a very limited depth of

485 investigation. So it'll only show you your bonding to the pipe. It doesn't see beyond

486 the pipe, no more than maybe a couple of inches. So if you're planning to run both,
487 that'd be very good, actually.

488

489 **PH Pecos Hall 47:11**

490 Right.

491 Mhm.

492

493 **Harris, Anthony, EMNRD 47:17**

494 And then, on page 115.

495 It mentions.

496 And item number 12.

497 So upon completion of drilling and cementing, they'll perform a spot as a treatment.

498 To clean out the well bore prior to reservoir testing, and then a separate test will be
499 conducted. So, for that...

500 For that step rate test, what size? I'm assuming you'll be using a work string for that.

501

502 **PH Pecos Hall 47:52**

503 Typically what we've done, Mr. Harris, is just use the four inch drill pipe to run our
504 step rack tests before we run the 3 1/2 inch, before we run the permanent packer.

505 We do it under a retrievable packer.

506

507 **Harris, Anthony, EMNRD 48:09**

508 Okay, so you'd be pumping through a 4 inch drill pipe.

509

510 **PH Pecos Hall 48:13**

511 Yep, yes, yep.

512

513 **Harris, Anthony, EMNRD 48:15**

514 Because I'm thinking here to step rate test was good information to have, but the
515 actual surface data, your surface pressure data is going to be.

516 different than what you'll see with your actual 3 1/2 inch tubing or potentially will be

517 because if you're inside diameters, not the same as your 3 1/2 inch tubing, that'll be

518 used to complete the weld. Any surface pressure data collected for the step rate test.

519 And in terms of an initiation pressure that you may see, it won't be truly

520 representative of what your friction parameters and your surface pressure would be

521 with the actual tubing.
522 So, just mention that from the perspective of the depending on what you're planning
523 to use a step rate testing for.
524 We may not be able to necessarily use that data as an apples to apples comparison
525 to the parameters we'll see once the actual tubing is installed.
526

527  **Pecos Hall** 49:10

528 I understand that. No, we do run, we do run bottom hole gauges to pressure and
529 temperature gauges during the step rate test to, so we will have bottom hole
530 information to on it. Yeah, so, so we can, you know, we could correct it with that.
531

532  **Harris, Anthony, EMNRD** 49:10

533 Is there any questions on that? Yeah, OK.

534 Okay.

535 Okay, okay, very good.

536 So, those memory gauges are they real-time gauges, or how do those transmit in
537 data?

538

539  **Pecos Hall** 49:32

540 Uh, they're real-time gauges. Yes, sir.

541

542  **Harris, Anthony, EMNRD** 49:35

543 Real time, OK.

544

545  **Pecos Hall** 49:36

546 Yes, yep.

547 So, you know...

548

549  **Harris, Anthony, EMNRD** 49:38

550 Sort of hung from wireline or how are you doing that slipline? Yeah, okay.

551

552  **Pecos Hall** 49:40

553 What wireline? Yes, what wireline?

554

555  **Harris, Anthony, EMNRD** 49:44

556 Okay, interesting.

557 If we could go to page 121, please.

558 Could just scroll down to the bottom, where at the very last row for the production
559 string.

560 What's your anticipated bottom hole temperature here?

561

562  **Pecos Hall** 50:18

563 At 17,299, I would estimate that our bottom hole temperature is about 200 degrees.

564

565  **Harris, Anthony, EMNRD** 50:26

566 Two 100.

567

568  **Pecos Hall** 50:27

569 Yes.

570

571  **Harris, Anthony, EMNRD** 50:28

572 Okay.

573

574  **Pecos Hall** 50:29

575 And that's, give me a little, you know, leeway, maybe plus or minus 10 degrees there.

576

577  **Harris, Anthony, EMNRD** 50:30

578 And.

579 Okay, okay. The only point I want to make is that if you get up to 230, that's the
580 trigger point or the threshold for a normal class H cement. If you go beyond 230,
581 you're going to need to have additives like a silica sand or silica flour to mitigate
582 strength retrogression. Are you familiar with?

583 with that parameter.

584

585  **Pecos Hall** 51:00

586 Yes.

587

588  **Harris, Anthony, EMNRD** 51:01

589 Okay, so...

590

591 **PH Pecos Hall** 51:02

592 We generally haven't seen temperatures that high. I have seen them in Texas, where
593 we go deeper, you know, where you're setting pipe at like 18, 1000 feet deeper than
594 this well. So we're approaching it.

595

596  **Harris, Anthony, EMNRD** 51:14

597 Okay.

598 Okay, so how about the AGI number one will? Did you get any bottom hole
599 temperatures from logging or are you not at that point? Yeah.

600

601 **PH Pecos Hall** 51:22

602 We, we do, we, we, we do have them, yes.

603

604  **Harris, Anthony, EMNRD** 51:26

605 OK, and so they were they were below 230.

606

607 **PH Pecos Hall** 51:29

608 Pull up, yeah, yes, sir. Yep.

609

610  **Harris, Anthony, EMNRD** 51:31

611 Okay, very good.

612

613 **PH Pecos Hall** 51:36

614 And we run pump tests on all of our cement prior to pumping too. So we generally
615 take that bottom hole temperature and give that to the cement, or in this case it was
616 Halliburton, and run, because those corrosion resistant cements are, you have to tailor
617 them to your

618

619  **Harris, Anthony, EMNRD** 51:51

620 Mhm.

621

622 **PH Pecos Hall** 51:56

623 To your bottom-wall temperature.

624

625  **Harris, Anthony, EMNRD** 52:00

626 I'm sure.

627 Okay, just one more general question. In terms of the well location here, your
628 proposed well location, I'm sure you're aware, but there are several horizontal wells
629 that penetrate.

630 I think maybe on, but well, some other offset operators, but in the bone screens and
631 Wolf Camp in particular, you've got horizontal wells passing through those intervals.
632 So, have you considered or have you considered anti-collision avoidance in your
633 wellbore trajectory?

634

635  **Pecos Hall** 52:31

636 We will. We'll run directional pretty much on all the strings, and we'll have an anti-
637 collision plan to avoid anything like that.

638

639  **Harris, Anthony, EMNRD** 52:44

640 OK, very good.

641 Sorry, still jumping around here. I think that's it from the drilling side. Thank you, Mr.
642 Ragsdale.

643

644  **Pecos Hall** 52:55

645 Welcome. Thank you.

646

647  **Harris, Anthony, EMNRD** 53:03

648 All right. My next question would regarding the probably best for Mr. Hassan
649 regarding the seismic review.

650 And if we go to page 19, sorry, page 19, please.

651 at the bottom of the page. Actually, we'll straddle page 19 and 20.

652 So on page 19, it mentions the seismic review and 41 seismic events occurred since
653 2017. So we are within 10 miles of an active seismic response area.

654 And then your seismic, your fault slip potential analysis doesn't show any, doesn't
655 anticipate any impact on the seismic response area in terms of fault reactivation. So
656 just got a few questions on that. So first of all, Mr. Hassan, did you run the fault slip
657 potential analysis?

658

659 **PH Pecos Hall** 54:03

660 Yes, I did.

661

662 **Harris, Anthony, EMNRD** 54:05

663 Okay.

664 And so as part of that analysis, did you, what fluid was simulated? Was it treated acid

665 gas or did you simulate produced water?

666

667 **PH Pecos Hall** 54:15

668 So, we got the reservoir simulation based on what the reservoir simulation group did.

669 Maybe Jessie can.

670 Comment on the type of reservoir simulation.

671

672 **Harris, Anthony, EMNRD** 54:33

673 Yeah.

674 Interested particularly, not so much in the simulation, but the actual fault slip

675 analysis.

676

677 **PH Pecos Hall** 54:43

678 Yes, so how it works is based on the reservoir simulation we get from the petrol, we

679 compare with the regional stress. I'm not sure if I understand your question.

680

681 **Harris, Anthony, EMNRD** 54:43

682 So.

683 My question is, in your fault slip model, does it consider fluid type or does it consider

684 only pressure?

685

686 **PH Pecos Hall** 55:11

687 We consider only the pressure.

688

689 **Harris, Anthony, EMNRD** 55:14

690 Okay.

691 OK, so pressure only.

692

693 **PH Pecos Hall** 55:22

694 Yes.

695

696 **Harris, Anthony, EMNRD** 55:26

697 And.

698 If we, if we look at page twenty-one, please, could you scroll down?

699 Look at the image you see at the top of page 21. We see there's two faults within 1
700 1/2 miles of the well location.

701 So basically, you're just simulating pressure only. You don't consider the impact of
702 what would happen if that treated acid gas plume reached those faults. Is that
703 correct?

704

705 **PH Pecos Hall** 55:56

706 Correct.

707

708 **Harris, Anthony, EMNRD** 55:58

709 Okay.

710 And then on page.

711 Twenty-two.

712 I'm sorry, at the bottom of page 21 on table 9.

713 So, as part of your fault slip analysis, you're keeping the fault friction coefficient
714 constant at 0.58, is that correct?

715

716 **PH Pecos Hall** 56:24

717 Correct.

718

719 **Harris, Anthony, EMNRD** 56:25

720 OK, so then.

721 Since the vault slip considers only pressure.

722 If the tag bloom were to reach those faults, that could potentially change the friction
723 coefficient on that fault. Is that fair to say?

724

725 **PH Pecos Hall** 56:42

726 Correct.

727

728  **Harris, Anthony, EMNRD** 56:43

729 OK, so is there any way to model that, or did you do any sensitivity on variable fault
730 fault friction coefficients?

731

732  **Pecos Hall** 56:53

733 Yes, actually, we do that. We do plus and minus of some ranges and compare the
734 values. And these values come from the publication and they are very conservative. I
735 mean, in fact, maybe this value, if we choose the realistic value,

736

737  **Harris, Anthony, EMNRD** 56:57

738 Yeah.

739 We were.

740 It's me.

741 They approve it.

742

743  **Pecos Hall** 57:11

744 it will be more conservative because this is like a 30 degrees coefficient and it can be
745 even more safe if we use like a, if we are going to use less or different fault friction
746 coefficient.

747

748  **Harris, Anthony, EMNRD** 57:22

749 Oh.

750 Yeah, what's what's on there for accepted right bit?

751 Yes, 2 minutes.

752

753  **Pecos Hall** 57:31

754 V, and these values are very conservative, and...

755 Bye.

756 I think.

757

758  **Harris, Anthony, EMNRD** 57:39

759 So, so what?

760 So, what range of friction coefficients would you have? What sort of range did you
761 simulate?

762

763 **PH Pecos Hall** 57:49

764 We change plus minus like a 10%.

765

766 **Harris, Anthony, EMNRD** 57:53

767 Ten percent. Okay. And from, I guess, to switch to the reservoir simulation model
768 itself and to treat it as a gas plume, does your simulation predict that the plume
769 reaches these faults?

770

771 **PH Pecos Hall** 57:55

772 Yes.

773 Can you repeat that again?

774

775 **Harris, Anthony, EMNRD** 58:12

776 Yeah, for your reservoir simulation.

777 the treated acid gas plume that's predicted over the length of the well. It extends out
778 something like 10,000 feet, I believe, as a total diameter.

779 So does that reach, did your tag bloom intersect these faults?

780 In the simulation.

781

782 **PH Pecos Hall** 58:35

783 Uh...

784 Yes, but the reservoir engineers can respond to that.

785

786 **Harris, Anthony, EMNRD** 58:42

787 Okay.

788

789 **PH Pecos Hall** 58:42

790 No, it doesn't. Okay, hold on, hold on. We need to know who's answering the
791 question. So if you're, if you don't know the answer, say you don't know. If this other
792 person knows, great, but please say your name before you answer the question. So
793 do you know, you don't understand that? Thank you. Sure, no problem.

794

795 **Harris, Anthony, EMNRD** 58:44

796 It doesn't. Okay.

797

798 **PH Pecos Hall** 59:02

799 Would you want her to answer this question? Yes, I want Jesse Wu to answer this
800 question. Thank you. Would you come over to the microphone, say your name, and
801 then answer the question?

802

803  **Harris, Anthony, EMNRD** 59:03

804 You.

805

806 **PH Pecos Hall** 59:14

807 And it doesn't.

808 Touch the fox.

809

810  **Harris, Anthony, EMNRD** 59:19

811 OK. Thank you.

812 Okay, that's the only questions related to the false slip potential I'll try to find. Bear
813 with me while I look for any other questions regarding seismic.

814

815 **PH Pecos Hall** 59:39

816 Yeah.

817

818  **Harris, Anthony, EMNRD** 59:46

819 I think that's it for seismic.

820 So maybe we can move on to...

821 Miss Jesse.

822 And if we go to page twenty-three, please.

823 The.

824 Yeah.

825 And near the bottom of page 23, we got table 10, logging and test data.

826

827 **PH Pecos Hall** 1:00:18

828 Yeah.

829 This table is outside the scope of my work.

830

831  **Harris, Anthony, EMNRD** 1:00:27

832 Yeah, sorry. If we could go to page 24.
833 at the very top of page 24 for the injection interval.
834 Some of the logs that you'll be running is the gamma ray, the litho scanner, the
835 magnetic resonance imager log, formation micro imager log, and then the sonic log.
836 Is this your area of expertise?

837

838  **Pecos Hall** 1:00:48

839 No.

840 No, uh, it's also, it's also at my work.

841

842  **Harris, Anthony, EMNRD** 1:00:57

843 Okay, so who could, who can answer? I guess my question is...

844 What's the purpose of the sonic log? Is it to evaluate porosity or is it a mechanical
845 properties log? What's the purpose of running the sonic log?

846

847  **+18*****80** 1:01:11

848 It.

849

850  **Pecos Hall** 1:01:13

851 No, it's Paul Ragsdale, the drilling engineer. The purpose of the sonic log is...

852 Is that what you want to know? Well, I'm definitely not a qualified logging engineer.

853 We've always run the sonic logs, and I think at some point we will run a VSP in this
854 well after we set it.

855

856  **Harris, Anthony, EMNRD** 1:01:22

857 Yeah.

858

859  **Pecos Hall** 1:01:39

860 And so this is where, it's beyond my expertise, where they use the VSP and they tie
861 the sonic log to the VSP.

862

863  **Harris, Anthony, EMNRD** 1:01:50

864 Okay, but the VSP, the vertical seismic profile, is that correct or? Okay, so I guess,

865 would it be a dipole sign of log that you're running to evaluate stress properties or
866 would it be more porosity?

867

868 **PH Pecos Hall** 1:01:53

869 Yes, sir. Yes.

870 But, um...

871

872  **Harris, Anthony, EMNRD** 1:02:06

873 Or do you know?

874

875 **PH Pecos Hall** 1:02:08

876 I don't know.

877

878  **Harris, Anthony, EMNRD** 1:02:10

879 Good.

880

881 **PH Pecos Hall** 1:02:10

882 I can find out, Mister Harris.

883

884  **Harris, Anthony, EMNRD** 1:02:13

885 The reason I ask is because if you run, as you know, a dipole sonic log, you can you
886 can evaluate stress properties in situ stress, which would be valuable to characterize
887 the exact stress properties of your confining intervals and also the stress properties
888 of your disposal zone itself.

889

890  **+18*****80** 1:02:17

891 Hello!

892

893 **PH Pecos Hall** 1:02:26

894 Mm-hmm.

895

896  **Harris, Anthony, EMNRD** 1:02:34

897 So certainly something to consider is that that could be a very good log, the the
898 whole sonic log.

899

900 **PH Pecos Hall** 1:02:37

901 Well, yeah, I was going to say, let me, I think we've, you know, we've gone, that's

902 what the whole purpose of that open hole logging suite is, is to determine what
903 those characteristics are in the formation. And so they've just listed it as a sonic, but I
904 can find out if it's a dipole and we can certainly recommend that.

905

906  **Harris, Anthony, EMNRD** 1:02:53

907 Right.

908

909  **Pecos Hall** 1:02:59

910 To run the dipole sonic to.

911

912  **Harris, Anthony, EMNRD** 1:03:01

913 Yeah, it's certainly recommended because it can help characterize, as I say, unless
914 you've got a lot of leak-off test data, information integrity test data in your confining
915 interval, above and below the injection zone, the dipole sonic can certainly assist you
916 with

917

918  **Pecos Hall** 1:03:33

919 Right.

920

921  **Harris, Anthony, EMNRD** 1:03:34

922 The step break test, you'll know what your frac pressure is in the formation. You can
923 then calibrate that dipole sonic log to that frac pressure and give you great
924 confidence in what the confining pressure is for your confining intervals. Does that
925 make sense?

926

927  **Pecos Hall** 1:03:50

928 Yes, it does. Yep. And I'll talk to our logging people about that. Mr. Ragsdale, if you
929 would hold on, Mr. Harris. We can't have people talking over each other. So please
930 let him finish before you answer. Thank you.

931

932  **Harris, Anthony, EMNRD** 1:03:52

933 So, yeah, I'd recommend.

934 Okay.

935

936 **PH Pecos Hall** 1:04:05

937 Go ahead, Mr. Harris.

938

939 **Harris, Anthony, EMNRD** 1:04:07

940 No, I think running the dipole sonic does definitely have some value and should
941 definitely be considered.

942

943 **PH Pecos Hall** 1:04:13

944 I didn't hear what you said. Could you repeat that?

945

946 **Harris, Anthony, EMNRD** 1:04:16

947 I said that the dipole, specifically the dipole sonic log across the reservoir and the
948 confining intervals has great value.

949 in terms of verifying containment properties for the injection zone. And I would

950 recommend including a dipole sonic log in your logging suite.

951

952 **PH Pecos Hall** 1:04:39

953 And I believe we can do that. And council, council's taking notes, Mr. Harris. Do you
954 have more questions?

955

956 **Harris, Anthony, EMNRD** 1:04:41

957 OK.

958 Unfortunately, I do.

959

960 **PH Pecos Hall** 1:04:51

961 Okay.

962

963 **Harris, Anthony, EMNRD** 1:04:52

964 Yeah.

965 Um...

966 If we could go to page fifty-four, please.

967 Yeah.

968 Yeah, just below the table on page 54 in the middle of the paragraph.

969 It states that the bottom hole pressure.

970 The maximum allowable surface pressure will be 3,460 PSI and a bottom hole
971 pressure of 10,373. So do you consider 10,373 to be your abandonment pressure?

972

973  **Pecos Hall** 1:05:41

974 Um, Ji Yue Wu is speaking, and can you repeat your question, please?

975

976  **Harris, Anthony, EMNRD** 1:05:44

977 Yeah.

978 Yeah, it mentions here that the bottom hole pressure.

979

980  **Pecos Hall** 1:05:50

981 Yes.

982

983  **Harris, Anthony, EMNRD** 1:05:50

984 relative to the maximum allowable surface pressure will be 10,373. What is your
985 abandonment pressure in the future? What abandonment pressure do you
986 anticipate?

987

988  **Pecos Hall** 1:05:54

989 Yes.

990 Yes.

991 We monitor the pressure changes over time, and we have to abandon, like, at the
992 end of the injection point, we have to pressure. So if you take a look at the pressure
993 profile, you can see the pressure.

994 I believe it's around 8000 PSI.

995

996  **Harris, Anthony, EMNRD** 1:06:30

997 at abandonment in the future, your future abandonment pressure 30 years from now.

998

999  **Pecos Hall** 1:06:33

1000 At the end of...

1001 Sorry, at the end of the injection, we have these slides showing that abandon
1002 pressure, if...

1003 Nice.

1004

1005  **Harris, Anthony, EMNRD** 1:06:49

1006 And, well, I guess the reason I ask is, we can take this offline and have you submit it
1007 as a supplemental package, because we need to know the abandonment pressure in
1008 the future, because that'll dictate what mud weight or kill fluid weight is required to
1009 kill the well. So we need to have a statement on what the anticipated abandonment
1010 pressure will be for the well.

1011

1012  **Pecos Hall** 1:06:50

1013 Dana.

1014 Yes.

1015 It's a...

1016

1017  **Harris, Anthony, EMNRD** 1:07:10

1018 30 years down the road and based upon that abandonment pressure, what the kill
1019 weight fluid will be required to kill the well.

1020

1021  **Pecos Hall** 1:07:12

1022 Mm-hmm.

1023

1024  **Harris, Anthony, EMNRD** 1:07:21

1025 Is that clear?

1026

1027  **Pecos Hall** 1:07:24

1028 Yes.

1029

1030  **Harris, Anthony, EMNRD** 1:07:25

1031 Okay.

1032 Thank you.

1033 My next question would be for...

1034 Yeah, maybe Miss Will as well.

1035 Did you perform the modeling for?

1036 the equation of state modeling.

1037

1038 **PH Pecos Hall** 1:07:44

1039 Yes, we use the software, yes.

1040

1041 **Harris, Anthony, EMNRD** 1:07:45

1042 Okay.

1043 Could we go to page fifty-six, please?

1044 So near the bottom of that page, where it says predicted bottom hole pressure. So

1045 the second sentence, your CGM Gen model, it uses an equation of state methods. So

1046 what equation of state did you use?

1047

1048 **PH Pecos Hall** 1:08:12

1049 A Robinson question of state.

1050

1051 **Harris, Anthony, EMNRD** 1:08:16

1052 Ping Robinson.

1053

1054 **PH Pecos Hall** 1:08:17

1055 Yes.

1056

1057 **Harris, Anthony, EMNRD** 1:08:19

1058 Okay.

1059 And then, in the table, we see that.

1060 or wellhead temperature.

1061 Is 80 degrees Fahrenheit, so...

1062 Did you simulate using your equation of states? Did you simulate the density of your

1063 treated acid gas at various pressures and temperatures?

1064

1065 **PH Pecos Hall** 1:08:40

1066 Yeah.

1067 Yes, the equation of state, when we use the software, it consider the temperature.

1068 and the pressure, so it calculate the density of the TAG.

1069

1070 **Harris, Anthony, EMNRD** 1:08:56

1071 Okay. And then would you agree that the treated acid gas is a compressible fluid?

1072

1073 **PH Pecos Hall** 1:09:05

1074 Yes, we consider the treated as a gas as compressible float.

1075

1076 **Harris, Anthony, EMNRD** 1:09:10

1077 Okay, so as the reservoir pressure increases over time, the density of the fluid will
1078 increase as the pressure increases. Do you agree with that statement?

1079

1080 **PH Pecos Hall** 1:09:25

1081 Yes.

1082

1083 **Harris, Anthony, EMNRD** 1:09:26

1084 So one thing we'll want to see as a supplemental package is, and this ties back as
1085 well to the future abandonment pressure.

1086 is we want to see.

1087 A table with the density of the fluid at four different, at least four different pressures
1088 and temperatures. So, one parameter would be the surface pressure and temperature
1089 at the wellhead.

1090 And then we would want to see the pressure and temperature under static
1091 conditions of the reservoir. So it looks like here the predicted static temperature
1092 would be 225 Fahrenheit. We'd want to see it at 225 and your initial

1093 Bottom hole pressure, your virgin reservoir pressure, we'll call it.

1094 And then we'd also want to see it at the end of, or sorry, during injection conditions,
1095 because static.

1096 temperature, static pressure, and static temperature will change under injection
1097 conditions. So we'd want to see your bottom hole pressure and temperature.

1098 under both static and temperature conditions. So whatever your bottom hole

1099 temperature is predicted under injection conditions, we'd want to see the density of
1100 the fluid at those operating conditions. And then finally, at abandonment pressure 30
1101 years down the road, what would your anticipated bottom hole pressure be at that
1102 point in time?

1103 and the associated density of the fluid.

1104 Is that clear?

1105

1106 **PH Pecos Hall** 1:10:56

1107 Yes, we can do that.

1108

1109 **Harris, Anthony, EMNRD** 1:10:58

1110 Okay, thank you. And the reason I'm asking for this is because this can potentially
1111 give you more injection capacity over the life of the well. Because right now, the
1112 equation that you use to estimate your maximum allowable operating pressure is
1113 based on
1114 is based on the formula that we use for salt water disposal wells for produced water.
1115 But since you're using the compressible fluid here that has a lower density, your
1116 abandonment pressure can actually be increased beyond what you've presented in
1117 your application.

1118

1119 **PH Pecos Hall** 1:11:28

1120 Mhm.

1121

1122 **Harris, Anthony, EMNRD** 1:11:34

1123 But in order to do that, we need to understand the pressure and temperature, the
1124 PVT properties of the fluid is being injected, and then based upon that density.
1125 the abandonment, or sorry, the future maximum operating pressure can be
1126 increased accordingly, which will give you more storage capacity. So we can take this
1127 offline and I'll share an email with you as to exactly what we're looking for.
1128 But for right now, is that clear as to sort of what we're looking for?

1129

1130 **PH Pecos Hall** 1:12:06

1131 Yes.

1132

1133 **Harris, Anthony, EMNRD** 1:12:07

1134 OK.

1135

1136 **PH Pecos Hall** 1:12:09

1137 Mr. Harris, you sound like a, you sound like a college professor. And you have very
1138 good, you have very good students who seem to understand exactly what you're
1139 saying.

1140

1141  **Harris, Anthony, EMNRD** 1:12:09

1142 Thank you.

1143 I am.

1144 OK. Well, maybe my previous reserve engineering background is coming back to
1145 hunt them. I don't know.

1146

1147  **PH Pecos Hall** 1:12:28

1148 Mister Harris, Matt Eels.

1149

1150  **Harris, Anthony, EMNRD** 1:12:29

1151 Let me see.

1152 Yeah, go ahead, Matt.

1153

1154  **PH Pecos Hall** 1:12:32

1155 I've only wanted to add one additional bit of information that we can provide in
1156 supplemental information, and that is that TARGA intends to update the plume
1157 model annually based upon actual injection conditions to inform the future
1158 abandonment pressure even more as it goes.

1159

1160  **Harris, Anthony, EMNRD** 1:12:39

1161 Okay.

1162 Okay.

1163 Yeah, I think having adopted an iterative approach whereby it's updated every couple
1164 of years, I think that's certainly a value. Because the other thing, I mean, towards the
1165 end of the well life, once you get, once the reservoir pressure is elevated, that density
1166 of that fluid is much higher at the end of the well life than it is at the beginning.

1167 So you may start out with a maximum allowable operating pressure of 4000 or 5000
1168 PSI, but your fluid density is lower initially. Towards the end of the well life, that
1169 density increases, your maximum pressure is going to decrease slightly. So we need
1170 to have a good handle on that to avoid fracturing the reservoir and also to ensure
1171 that

1172 we can readily available, we can readily source kill fluids in the event we had to kill
1173 this well, because we definitely don't want this fluid coming back to surface.

1174

1175 **PH Pecos Hall** 1:13:47

1176 Very good. Yep, Targo will do that, and it's good information for both Targo and
1177 OCD. So thank you.

1178

1179 **Harris, Anthony, EMNRD** 1:13:47

1180 Thank you.

1181 Yeah.

1182 Just bear with me for a moment. I think that concludes my questions.

1183 Yeah, that's all my questions.

1184

1185 **PH Pecos Hall** 1:14:12

1186 Thank you, Mr. Harris. Ms. Hardy, do you want to just read, do you want to read back
1187 a list of what you heard Mr. Harris wants? Yes, that would be helpful. The first item I
1188 had, Mr. Harris, is the more detailed diagram that shows the tubing, the wall diagram.

1189

1190 **Harris, Anthony, EMNRD** 1:14:13

1191 Thank you.

1192

1193 **PH Pecos Hall** 1:14:31

1194 And I did email you a more detailed version. I think it was two days ago, but we will
1195 certainly file that if that's what you're looking for.

1196

1197 **Harris, Anthony, EMNRD** 1:14:44

1198 Yeah, I just need to make sure it makes it into the exhibit package.

1199

1200 **PH Pecos Hall** 1:14:47

1201 Okay, we'll submit that in a supplemental exhibit packet. And then we also had
1202 emailed you a proposed abandonment.

1203 plan, and I think that includes the pressure, but I will submit that in a supplemental
1204 exhibit as well.

1205

1206 **Harris, Anthony, EMNRD** 1:15:03

1207 Okay.

1208

1209 **PH Pecos Hall** 1:15:08

1210 And then I think the third item, is that what you're looking for?

1211

1212 **Harris, Anthony, EMNRD** 1:15:09

1213 Yeah.

1214 Correct. However, the abandonment pressure that was used there seemed very low
1215 to me.

1216 So they may want to circle back because once they get their parameters for the
1217 density of this treated acid gas.

1218 And because of the fact that the maximum pressure that was predicted using the
1219 formula for a produced water well, using water density, the fact that the treated as a
1220 gas is a lower density means we can have a higher surface pressure and potentially a
1221 higher abandonment pressure. So that

1222 may need to be updated. What the main thing, I'm not looking so much for an
1223 abandonment plan, but we do need to nail down what the abandonment pressure
1224 will be in the future. And primarily to ensure that we can source kill mud readily off
1225 the shelf. We don't need exotic brines or any exotic fluids to

1226

1227 **PH Pecos Hall** 1:15:55

1228 Okay.

1229

1230 **Harris, Anthony, EMNRD** 1:16:06

1231 To mix a killer fluid, that's the primary objective.

1232

1233 **PH Pecos Hall** 1:16:10

1234 Understood. Well, we can get that to you. And then the third item I had was the table
1235 that you had discussed with Ms. Wu regarding the four temperatures and pressures.

1236

1237 **Harris, Anthony, EMNRD** 1:16:22

1238 Right.

1239 And I can follow up with an email just to clarify exactly what I'm looking for here.

1240

1241 **PH Pecos Hall** 1:16:31

1242 That would be helpful. Thank you. And those were the three.

1243

1244  **Harris, Anthony, EMNRD** 1:16:32

1245 The other thing would, if the other item would be including a dipole sonic log in the
1246 logging suite for the across the confining interval and the reservoir.

1247

1248  **Pecos Hall** 1:16:46

1249 Got it.

1250 Is that it? I think that's all I had on my list.

1251

1252  **Harris, Anthony, EMNRD** 1:16:56

1253 No.

1254 No.

1255 Yeah, I think so. Aside from if they do encounter temperatures approaching 230,
1256 they'll need to account for, excuse me, strength retrogression.

1257 In the cement blend.

1258

1259  **Pecos Hall** 1:17:16

1260 Right.

1261

1262  **Harris, Anthony, EMNRD** 1:17:18

1263 And actually going through here, unfortunately, I do have one more question. If we
1264 could go to page 51, please.

1265 And this would be for Ms. Wu.

1266

1267  **Pecos Hall** 1:17:42

1268 Yeah.

1269

1270  **Harris, Anthony, EMNRD** 1:17:43

1271 So, in the reservoir modelling section, in the second section, inputs and assumptions,
1272 the very last paragraph.

1273 In terms of the initialization of the reservoir simulator.

1274 There was several assumptions considered, and it mentions that the water saturation
1275 of the reservoir is initially 100%, and then it mentions that the residual water
1276 saturation is 55. So is that residual saturation?

1277

1278  **Pecos Hall** 1:17:59

1279 S.

1280 Two.

1281

1282  **Harris, Anthony, EMNRD** 1:18:13

1283 Would that be considered irreducible water saturation?

1284

1285  **Pecos Hall** 1:18:17

1286 Yes, that's the irreducible water saturation.

1287

1288  **Harris, Anthony, EMNRD** 1:18:21

1289 OK, and so that's based on the work reference here from Jenkins and Bennion.

1290

1291  **Pecos Hall** 1:18:28

1292 Yes. Yes.

1293

1294  **Harris, Anthony, EMNRD** 1:18:31

1295 OK, so if your if your irreducible water saturation is lower.

1296 Would that permit more storage capacity in the reservoir?

1297

1298  **Pecos Hall** 1:18:42

1299 Can you repeat your question, please?

1300

1301  **Harris, Anthony, EMNRD** 1:18:44

1302 If your irreducible water saturation is actually lower, so it can go below 55%, would

1303 that that should increase the storage capacity of your reservoir? Is that a fair

1304 statement?

1305

1306  **Pecos Hall** 1:18:47

1307 Yes.

1308 Yes.

1309 Mhm.

1310 Yes, it will increase the capacity and yeah.

1311

1312  **Harris, Anthony, EMNRD** 1:19:02

1313 Yeah.

1314 Okay. And then I noticed that as part of your logging program, you plan to collect
1315 sidewall cores. Do you plan to run any core studies on that for water saturation or
1316 irreducible water saturation?

1317

1318  **PH Pecos Hall** 1:19:22

1319 This is Matt Eels again. Mr. Harris, yes, we do plan to do that.

1320

1321  **Harris, Anthony, EMNRD** 1:19:28

1322 Okay.

1323 Thank you.

1324 That's it for me for questions. Thank you very much.

1325

1326  **PH Pecos Hall** 1:19:35

1327 All right, thank you, witnesses, for coming in. Ms. Hardy, do you feel you could have
1328 this information back to us before the June 30th?

1329 Docket? Yes, we could do that. Okay, then why don't you continue this case to June
1330 30th so we can wrap it up in a timely fashion. Thank you. I will do that. Okay,
1331 wonderful. We're off the record in that case. Let's move on to our second case of the
1332 morning. These are actually 4 cases. We have a different technical examiner for these
1333 four cases. We have Patricio

1334

1335  **Harris, Anthony, EMNRD** 1:19:59

1336 Yeah.

1337

1338  **PH Pecos Hall** 1:20:14

1339 Sanchez, I'm going to call Mewburn Oil 261171819120. Good morning again, Dana
1340 Hardy on behalf of Mewburn. And there are no other parties. Go right ahead. Thank
1341 you. In these cases, Mewburn seeks to pool uncommitted interest in the Bone Spring
1342 and Wolf Camp formations.

1343 underlying irregular sections 3 and 4, Township 21 South, Range 26 East in Eddy
1344 County, and we'll dedicate the units to the King Harvest 3, 4 Fedcom Wells. Our
1345 exhibits include the land testimony and exhibits of Ariana Rodriguez, who has

1346 previously testified and been recognized as an expert in petroleum land matters.
1347 We have also provided the geology testimony and exhibits of Charles Crosby, who
1348 has also been previously recognized as an expert in geology matters before the
1349 division. Our notice information shows the notice was timely sent on March 24th,
1350 2026, and we timely published on April 21st, 2026. So with that, unless there are
1351 questions, I ask that the exhibits be admitted and that these cases be taken under
1352 advisement.

1353 exhibits admitted without exception. Mr. Sanchez, who would you like to question?
1354

1355 **SE Sanchez, Patricio, EMNRD** 1:21:25

1356 Okay, I will have questions for actually the land component, the geological
1357 component, and the legal component. I'll start with the land. And if we can go to
1358 case...

1359

1360 **PH Pecos Hall** 1:21:39

1361 Mr. Sanchez, hold on just a second. I need to get some witnesses sworn in before
1362 you question them. Did you say that you had a legal component to your questions?
1363

1364 **+18*****80** 1:21:44

1365 Are you?
1366

1367 **SE Sanchez, Patricio, EMNRD** 1:21:44

1368 Oh, okay.

1369 Yes, that would be regarding the public notice.
1370

1371 **PH Pecos Hall** 1:21:54

1372 Okay, all right, I guess we can, let's handle that last. Let's just...

1373

1374 **SE Sanchez, Patricio, EMNRD** 1:21:55

1375 What we talked about yesterday?
1376

1377 **+18*****80** 1:21:57

1378 Yeah.

1379

1380 **SE Sanchez, Patricio, EMNRD** 1:21:59

1381 Yes, that's why I mentioned them last month.

1382

1383 **PH Pecos Hall** 1:22:01

1384 Thank you, Mr. Sanchez. Let's get the land man and the geologist. Thank you, Miss

1385 Rodriguez.

1386 Are you?

1387 Available.

1388

1389 **AR Ariana Rodrigues** 1:22:13

1390 I'm here. Thank you.

1391

1392 **+18*****80** 1:22:17

1393 Yeah.

1394

1395 **PH Pecos Hall** 1:22:19

1396 And who else do we have? Our geologist is Charles Crosby. Very good. I recognize

1397 both names. Yes.

1398

1399 **CC Charles Crosby** 1:22:21

1400 For.

1401 I'm here as well.

1402

1403 **+18*****80** 1:22:28

1404 Mmh.

1405

1406 **PH Pecos Hall** 1:22:28

1407 I see you.

1408 Ms. Rodriguez, can you turn your camera on so we can find you?

1409

1410 **SE Sanchez, Patricio, EMNRD** 1:22:41

1411 She's on.

1412

1413 **AR** Ariana Rodrigues 1:22:43

1414 Can you see me?

1415

1416 **SE** Sanchez, Patricio, EMNRD 1:22:46

1417 I can.

1418

1419 **+18*****80** 1:22:48

1420 Pull.

1421

1422 **SE** Sanchez, Patricio, EMNRD 1:22:49

1423 Yeah.

1424

1425 **PH** Pecos Hall 1:23:01

1426 Alright, could you both raise your right hands?

1427

1428 **AR** Ariana Rodrigues 1:23:03

1429 Yeah.

1430

1431 **PH** Pecos Hall 1:23:05

1432 you swear or affirm under penalty of perjury, the testimony you're about to give is

1433 the truth, the whole truth, and nothing but the truth.

1434 Yes. Very good. Mr. Crosby, spell your name for the record.

1435

1436 **AR** Ariana Rodrigues 1:23:12

1437 Yes.

1438

1439 **+18*****80** 1:23:12

1440 But.

1441

1442 **CC** Charles Crosby 1:23:19

1443 Charles CHARLES, Crosby, CROSBY.

1444

1445 **PH** Pecos Hall 1:23:26

1446 And you've been previously recognized as an expert.

1447

1448  +18*****80 1:23:27

1449 Yeah.

1450

1451  **Charles Crosby** 1:23:29

1452 Yes, sir.

1453

1454  **Pecos Hall** 1:23:30

1455 In what field?

1456

1457  **Charles Crosby** 1:23:32

1458 Geology.

1459

1460  **Pecos Hall** 1:23:34

1461 Very good. And Ms. Rodriguez?

1462

1463  **Ariana Rodrigues** 1:23:37

1464 Ariana Rodriguez. It's Ariana Rodriguez. RODRIGUES.

1465

1466  **Pecos Hall** 1:23:46

1467 And same question to you.

1468

1469  **Ariana Rodrigues** 1:23:49

1470 Land matters.

1471

1472  **Pecos Hall** 1:23:50

1473 Okay, very good. Thank you. Mr. Sanchez, who do you want to question first?

1474

1475  **Sanchez, Patricio, EMNRD** 1:23:55

1476 We'll start with Miss Rodriguez first. And I guess this is going to kind of be across all
1477 of the applications. So I've got the application 26117 open. And if we could go to
1478 page

1479 Page 12 of 33 under the exhibit A2.

1480

1481 +18*****80 1:24:18

1482 Okay.

1483

1484 SE Sanchez, Patricio, EMNRD 1:24:23

1485 So let's go to page 12 of 33.

1486

1487 +18*****80 1:24:23

1488 Okay.

1489

1490 AR Ariana Rodrigues 1:24:28

1491 Yes.

1492

1493 SE Sanchez, Patricio, EMNRD 1:24:29

1494 Okay, this diagram here, could I get you to put the red box outline on that?

1495

1496 AR Ariana Rodrigues 1:24:38

1497 Yes, I can.

1498

1499 SE Sanchez, Patricio, EMNRD 1:24:39

1500 K.

1501 Going down into page 14 of 33.

1502 And again, this will be across all of the applications in a similar sense. We have the
1503 table here with the two tracks listed, and then we have the working, I assume this is
1504 working interest.

1505 One of the questions that I have is this percentage, and you can just go up and down
1506 the table here where it shows like 61.79%, whatever, for Mewburn, right? And then
1507 this particular track goes across. I'm going to scroll back up to our

1508

1509 +18*****80 1:25:21

1510 I.

1511

1512 AR Ariana Rodrigues 1:25:22

1513 Mhm.

1514

1515 **SE Sanchez, Patricio, EMNRD** 1:25:28

1516 Prior page that we looked at, we see various slots that we go across.

1517

1518 **AR Ariana Rodrigues** 1:25:28

1519 Not.

1520

1521 **SE Sanchez, Patricio, EMNRD** 1:25:35

1522 Is the interest the same in all of those lots or is it different? I'm wondering how we
1523 arrived at the, and of course that would apply to all the other ones in the table, how
1524 we arrived at that percentage with the different lots in that tract.

1525

1526 **AR Ariana Rodrigues** 1:25:51

1527 Yes, there's a JOA that covers pieces in sections one, two, three of 2126 and also 35
1528 of 2120 or sorry, 2027. The big JOA that covers everything.

1529

1530 **SE Sanchez, Patricio, EMNRD** 1:26:06

1531 Okay, and so the interest is the same across. That's how you came up with this
1532 weighted working interest, I guess.

1533

1534 **AR Ariana Rodrigues** 1:26:14

1535 Yes.

1536

1537 **SE Sanchez, Patricio, EMNRD** 1:26:16

1538 Okay, and the same is going to be for this other table below, same type deal.

1539

1540 **AR Ariana Rodrigues** 1:26:23

1541 Yes, that one's the JOA that covers section 3 and 4.

1542

1543 **SE Sanchez, Patricio, EMNRD** 1:26:28

1544 Okay, so on the, we're going to jump here a little bit. We need to go to application
1545 number 26119, the same table that we're looking at here.

1546 We could pull that one up.

1547

1548 **+18*****80** 1:26:43

1549 It.

1550

1551 **PH Pecos Hall** 1:26:45

1552 I will pull that up.

1553

1554 **SE Sanchez, Patricio, EMNRD** 1:27:16

1555 Okay, so on this particular table here, if you look at that bottom one for tract 2, it's

1556 missing section 4. It goes, it talks about the lots, and then section 4 is not on there.

1557

1558 **AR Ariana Rodrigues** 1:27:35

1559 That, that was a miss type, I should have put that on.

1560

1561 **SE Sanchez, Patricio, EMNRD** 1:27:37

1562 Yeah. And then one other thing that I just should have mentioned earlier, this term

1563 contractual, that's referring to the JOA.

1564

1565 **AR Ariana Rodrigues** 1:27:46

1566 Yes.

1567

1568 **SE Sanchez, Patricio, EMNRD** 1:27:47

1569 Okay. Okay, very good. So we'll need to have that put on there. And this is the one

1570 that has the two wells on it. And on this one, this will take care of the geologist, if I

1571 can kind of intermit here with Mr. Crosby, please, Mr. Examiner. That way we can kind

1572 of get him out of the way, I guess.

1573

1574 **PH Pecos Hall** 1:28:06

1575 Yeah.

1576 Go ahead.

1577

1578 **SE Sanchez, Patricio, EMNRD** 1:28:12

1579 Since we have since we have two wells on this, if we could go to the geological

1580 exhibits, please.

1581

1582 **CC** Charles Crosby 1:28:12

1583 Yes, sir.

1584

1585 **SE** Sanchez, Patricio, EMNRD 1:28:20

1586 Just since we have two wells, it'd be a preference that we have a gun barrel diagram.

1587 One wasn't really submitted for this, but in the future, you know, and we have more

1588 than one well. I mean, this one I can make heads or tails out of it. You know, one's a

1589 second bone spring and the other one's third. But could we, could we

1590

1591 **CC** Charles Crosby 1:28:29

1592 Yeah.

1593

1594 **SE** Sanchez, Patricio, EMNRD 1:28:39

1595 include a gun barrel diagram in the future. And if it's not too much trouble, if you

1596 could add one for this, it'd be kind of nice.

1597 And then one other thing, I'm sorry, go ahead.

1598

1599 **CC** Charles Crosby 1:28:49

1600 A week.

1601 Sorry.

1602 I was just gonna say we could add a gun barrel diagram.

1603

1604 **SE** Sanchez, Patricio, EMNRD 1:28:56

1605 Okay, and it'd just be for this one because there's two wells. And then going down to

1606 your stratigraphic column, you go to that, your log, your log ties.

1607

1608 **CC** Charles Crosby 1:29:00

1609 Okay.

1610 Yes, sir.

1611

1612 **SE** Sanchez, Patricio, EMNRD 1:29:07

1613 Um...

1614 These are kind of getting hard to read. I know you put the depths on there, but when

1615 you're actually looking at the well logs, it's kind of getting hard.

1616 hard to read them when you're kind of zooming in on them and stuff.
1617 I guess my vision's probably not as good as it used to be, but you know some...
1618

1619  +18*****80 1:29:24

1620 Yeah.

1621

1622  **Sanchez, Patricio, EMNRD** 1:29:28

1623 For this, for this hearing, I wouldn't redo these, but in the future, maybe just try to
1624 improve the quality on those a little bit, if you could.

1625

1626  +18*****80 1:29:36

1627 The.

1628

1629  **Charles Crosby** 1:29:37

1630 Yes, sir.

1631

1632  **Sanchez, Patricio, EMNRD** 1:29:39

1633 Okay, and that's really it for the geologist. So I've taken care of him. And
1634 On the going down further, if we want to jump back to, so no, this one here had a,
1635 let's see, this one we talked about the error in the table.
1636 On the case that's after this one, 21261120, that one also has an error on one of Mrs.
1637 I'm sorry, we should have went back to Mrs. Rodriguez.

1638

1639  +18*****80 1:30:05

1640 No.

1641

1642  **Sanchez, Patricio, EMNRD** 1:30:20

1643 I don't need that. We're done with the geological question. Sorry about that. So on
1644 the table for the last case, the 120, the

1645 It shows Section Three twice.

1646 And I believe it needs to be corrected. The bottom table needs to be corrected to
1647 section 4.

1648 Let's see.

1649 The.

1650 Yeah, see there it says section 3. It needs to be section 4. And then actually on this

1651 same table for the one that we just looked at, the 119, going back to that case, the
1652 table for it, I think there's a correction that needs to be done on the
1653

1654 **AR Ariana Rodrigues** 1:30:52

1655 Mm-hmm.
1656 SM.

1657

1658 **+18*****80** 1:30:56

1659 What?

1660

1661 **SE Sanchez, Patricio, EMNRD** 1:31:11

1662 Table for track two. Yeah, let's go back to that one. Let's go to that table if we could.

1663

1664 **+18*****80** 1:31:12

1665 Oh.

1666

1667 **SE Sanchez, Patricio, EMNRD** 1:31:23

1668 Yeah, it would keep going down.

1669 Yeah.

1670 It.

1671 Well, no, no, the...

1672 Which is this the? Yeah, right here on the track 2, the total.

1673 Should be 100% there.

1674

1675 **AR Ariana Rodrigues** 1:31:46

1676 Thank you.

1677

1678 **SE Sanchez, Patricio, EMNRD** 1:31:49

1679 So we need to correct that.

1680 And.

1681 So, let's see. For right now, Mrs. Rodriguez, I think I don't need, I may have to come

1682 back to you, but for the, on the regarding the public notice, there was a company in

1683 the mailing that doesn't appear, and I guess that would be for

1684

1685 **PH Pecos Hall** 1:32:07

1686 It.

1687

1688 **+18*****80** 1:32:09

1689 Up.

1690 Okay.

1691

1692 **SE Sanchez, Patricio, EMNRD** 1:32:16

1693 Miss Hardy, I guess.

1694

1695 **+18*****80** 1:32:17

1696 Yeah.

1697 Yeah.

1698

1699 **SE Sanchez, Patricio, EMNRD** 1:32:20

1700 Going down to where the notice is and the mailings, Sabinol.

1701 Yeah, Sabinol Energy.

1702 I guess they were acquired by Mach Energy, correct?

1703

1704 **+18*****80** 1:32:37

1705 Oh.

1706

1707 **PH Pecos Hall** 1:32:40

1708 I think Ms. Rodriguez could answer that question.

1709

1710 **AR Ariana Rodriguez** 1:32:42

1711 Yes, I can answer that. Sabinol was the original owner, and then they sold their

1712 interest to Permian Resources. So we had originally noticed Sabinol, and then we

1713 noticed Permian Resources after.

1714

1715 **SE Sanchez, Patricio, EMNRD** 1:32:42

1716 Okay.

1717

1718 **+18*****80** 1:32:43

1719 Hi.

1720 Yeah.

1721

1722 **SE Sanchez, Patricio, EMNRD** 1:32:54

1723 Oh, okay, good, good. So that, so that, so that will help me then with my next, with
1724 my next question then. So let's go down to the public notice. Everybody that needed
1725 to be noticed was noticed by mail, I guess. So that takes care of that question.

1726

1727 **+18*****80** 1:33:02

1728 Okay.

1729 The.

1730

1731 **SE Sanchez, Patricio, EMNRD** 1:33:13

1732 Okay, so here in the public notice, in under the descriptions, some of the lots, the
1733 way that they're, the way they're written, like for instance, if you look kind of like
1734 about, I don't know, a third of the way down, you'll see lots #9 and

1735

1736 **+18*****80** 1:33:33

1737 It.

1738

1739 **SE Sanchez, Patricio, EMNRD** 1:33:33

1740 2224, is that 22 comma 24 or is that lots 22 through 24?

1741

1742 **PH Pecos Hall** 1:33:46

1743 I think that the newspaper, when they published, took out the dashes.

1744

1745 **SE Sanchez, Patricio, EMNRD** 1:33:53

1746 Uh-huh.

1747

1748 **PH Pecos Hall** 1:33:54

1749 That's what it looks like to me.

1750

1751 **SE Sanchez, Patricio, EMNRD** 1:33:56

1752 Right. Okay. Well, I just I just wanted to point that out because you know it, I mean,
1753 for this, because I think everybody that that needed to be noticed for like the Sabinol

1754 and their successors, who is Permian, were noticed via mail. We're good with this.

1755 What would be your position on that, Mr. Examiner?

1756

1757 **PH** Pecos Hall 1:34:17

1758 Well, I don't have a position on it, Mr. Sanchez. I leave it to you. You're the one

1759 reviewing the case and Ms. Hardy to determine whether this is proper or not.

1760

1761 **SE** Sanchez, Patricio, EMNRD 1:34:24

1762 Yeah.

1763 Yeah.

1764 Well, I mean, my thought is, since the affected parties were all noticed via mail, I

1765 mean, and we've established that Sabinal's successor is Permian Resources.

1766

1767 **+18*****80** 1:34:35

1768 Okay.

1769

1770 **SE** Sanchez, Patricio, EMNRD 1:34:44

1771 I don't have a problem with this then. I just, I think in the future we've got to be

1772 careful with these because they can be, they can be misread.

1773 Uhh...

1774 Yeah, I'm.

1775

1776 **PH** Pecos Hall 1:34:58

1777 We'll work with the newspaper on that in the future to make sure they don't delete

1778 the dashes.

1779

1780 **+18*****80** 1:35:03

1781 Yeah.

1782

1783 **SE** Sanchez, Patricio, EMNRD 1:35:03

1784 Yeah, because it's kind of problematic for this notice, you know.

1785

1786 **PH** Pecos Hall 1:35:05

1787 Yeah.

1788

1789 **SE Sanchez, Patricio, EMNRD** 1:35:09

1790 Um...

1791

1792 **PH Pecos Hall** 1:35:09

1793 Yeah, here I don't think it is an issue since everyone received notice by mail.

1794

1795 **SE Sanchez, Patricio, EMNRD** 1:35:14

1796 Right, right.

1797 Okay, well, I think since we've established, you know, I just wanted some clarification

1798 mainly on the lots and how everything was tied together and the interest, because I

1799 had a concern on how that was arrived at. I think we're good to go. If we can get all

1800 of these corrections done by the end of the day, I think we can take it under a

1801 advisement, Mister Examiner.

1802

1803 **PH Pecos Hall** 1:35:40

1804 All right, thank you, Mr. Sanchez. It sounds like Miss Hardy agrees. That's fine by 5.

1805 Yes, we can do that today. All right, so we'll leave the record open till 5 P.m. today

1806 and take it under advisement if you get that in to us. Thank you very much. I will do

1807 that. All right, sounds good. All right, we now have a case.

1808

1809 **+18*****80** 1:35:48

1810 Ohh.

1811

1812 **SE Sanchez, Patricio, EMNRD** 1:35:56

1813 Thank you.

1814

1815 **PH Pecos Hall** 1:35:59

1816 which may be a contested hearing. I'm not sure. This is case 26145 enduring

1817 resources. Enter appearance, please. Good morning, Mr. Hearing Examiner Paula

1818 Vance, and I'm also going to enter an appearance for my colleagues, Adam Rankin

1819 and Rayleigh Stearns on behalf of the applicant, DJ.

1820 DJ operating LLC. And I was going to ask, can we take just a very short break?

1821 Because I don't know how long this is going to go on. And I just would like a short

1822 break. Yes. Without staying on the. Why don't we take a 5 minute break and we'll be
1823 back on the record. Thank you, Miss.

1824

1825  +18*****80 1:36:44

1826 What?

1827 Yeah.

1828 You.

1829 Okay.

1830 The movie.

1831 No time.

1832 Yeah.

1833 Like.

1834 Yeah.

1835 Okay.

1836 Okay.

1837 OK.

1838 Yeah.

1839 The.

1840 Okay.

1841 Yeah.

1842 The.

1843 Oh.

1844 We.

1845 Oh.

1846

1847  **PH Pecos Hall** 1:43:38

1848 Ready?

1849 We're back on the record. I had called case 26145 enduring resources. Do we have
1850 any other parties, including pro se litigants?

1851

1852  +18*****80 1:43:52

1853 Yes.

1854 Yes, I'm Adam Valdez. I'm assisting Risa Murdoch with the particulars of her
1855 concerns. I'm out in California, and Miss Murdoch is also on the line as as we speak.

1856

1857 **PH Pecos Hall** 1:44:10

1858 Okay, I didn't quite catch your name.

1859

1860 **+18*****80** 1:44:13

1861 Adam Valdez, VALDEZ.

1862

1863 **PH Pecos Hall** 1:44:17

1864 Okay. Are you an attorney?

1865

1866 **+18*****80** 1:44:20

1867 No, I am not.

1868

1869 **PH Pecos Hall** 1:44:21

1870 Okay, and what relationship do you have to Miss Murdoch?

1871

1872 **+18*****80** 1:44:26

1873 I'm a former colleague and also a friend, and she was married into one of my
1874 relatives.

1875

1876 **PH Pecos Hall** 1:44:34

1877 Okay, all right. Are you representing Miss Murdoch during this proceeding?

1878

1879 **+18*****80** 1:44:42

1880 Well, both of us will probably field questions because there are a lot of questions
1881 that I guess are concerning. I do want to state for the record that, you know, she is
1882 not consenting to the current application that has been provided to her of the
1883 surface co-mingling.

1884 And you know, I just want to make sure that that record is straight.

1885

1886 **PH Pecos Hall** 1:45:06

1887 Okay, all right. Well, we'll get into all that in just a minute. Are there any other party?

1888 So Ms. Murdoch, are you with us as well?

1889

1890 +18*****80 1:45:10

1891 Okay.

1892

1893 PH Pecos Hall 1:45:14

1894 Yeah.

1895

1896 +18*****80 1:45:17

1897 Hello, Rita.

1898 She texted me saying that you were coming back on, so I'm not sure what's

1899 occurring there.

1900 Can you ask her again? Maybe she's muted. I'm not sure she's out in Oklahoma, and,

1901 like I said, like she had said in her.

1902

1903 PH Pecos Hall 1:45:31

1904 Okay.

1905 Yeah, I heard you. I understand. We're going to be here a long time if we repeat

1906 ourselves. So let's not do that. Freya, do you have do you have Ms. Murdoch?

1907

1908 +18*****80 1:45:41

1909 Okay.

1910 Okay.

1911

1912 PH Pecos Hall 1:45:49

1913 Yes, I believe she's on. She's just muted. Okay, does she know how to unmute
1914 herself?

1915 I'm unsure. It looks like she's calling in by telephone. Well, while we're waiting for
1916 Miss Murdock to unmute herself and announce her presence, Miss Vance.

1917 So I just wanted to first start by saying I think it's inappropriate for Mr. Valdez to
1918 participate. The rules are very clear about who can participate in an adjudicatory
1919 proceeding before the division. Under 1915 414 C conduct. Let me get there. Hold
1920 on. Sure.

1921 Let me turn the page.

1922 I had a feeling I'd need these rules today, so I have them. 14C, you said conduct of

1923 adjudicatory hearings. Let's take a look at C. Yes, 1915 for 14C, correct. Appearances

1924 pro se or through an attorney. A parties may appear and participate in hearings
1925 either pro se on their own behalf or through an attorney.

1926

1927  +18*****80 1:46:41

1928 It.

1929

1930  **Pecos Hall** 1:46:52

1931 Mr. Valdez, do you have a copy of this rule handy?

1932

1933  +18*****80 1:46:57

1934 No, I do not.

1935

1936  **Pecos Hall** 1:46:59

1937 So, do you know how to get to it or should I tell you?

1938

1939  +18*****80 1:47:03

1940 No, you can just give me the citation, but you know, in the motion.

1941

1942  **Pecos Hall** 1:47:08

1943 Okay, so the cited, Mr. Valdez, this isn't a, this is not an opportunity to make an
1944 argument. I'm just trying to help you understand what's going on. The citation is
1945 19.15 point.

1946 Four.

1947 Point 14.

1948 NMAC, N-M-A-C, that stands for New Mexico Administrative Code. Does that help
1949 you get to the rule?

1950

1951  +18*****80 1:47:34

1952 Okay.

1953 Yeah, I will get to the rule, but what I'm saying is I'm not sitting here as an attorney.

1954 I'm only assisting Ms. Murdoch because she is elderly in her 80s, and she had very
1955 limited internet capability and was unable to communicate

1956 Properly, and she has asked me to sit in with her and help her through this particular
1957 process, and I believe.

1958

1959 **PH** **Pecos Hall** 1:48:06

1960 Okay, so Mr. Valdez, I don't mind your helping her participate. The rule, the rule does
1961 allow for Miss for Miss Murdoch to participate in person, either virtually or in person,
1962 but we can't have you asking questions on her behalf is what I'm saying, because the
1963 rule is clear.

1964

1965 **+18*****80** 1:48:10

1966 Okay. Okay.

1967

1968 **PH** **Pecos Hall** 1:48:28

1969 and council is correct in citing to this rule. And you can see it. Okay, so you can see it
1970 at 19.15.4.14 subsection C. So I'll give you a chance to read that while Ms. Vance
1971 continues.

1972

1973 **+18*****80** 1:48:34

1974 Okay.

1975 Is Rita on?

1976

1977 **+14*****05** 1:48:51

1978 Arch, can you hear me now?

1979

1980 **JF** **Jaime R. Fontaine** 1:48:53

1981 I'll send it to you.

1982

1983 **PH** **Pecos Hall** 1:48:53

1984 Yes.

1985

1986 **+14*****05** 1:48:56

1987 This is Aretha Murdoch.

1988

1989 **PH** **Pecos Hall** 1:48:58

1990 We can hear you, Miss Murdoch. Thank you.

1991

1992  +14*****05 1:49:01

1993 Okay, I was on a little while ago and I could hear you all, but I couldn't.

1994

1995  +15*****22 1:49:02

1996 10.

1997

1998  +14*****05 1:49:06

1999 I, I don't know why.

2000

2001  +15*****22 1:49:06

2002 You.

2003

2004  **PH** Pecos Hall 1:49:06

2005 Okay, but you can hear us, but you can hear us now and you'll have an opportunity

2006 to ask questions as long as they're relevant subject matter questions at the

2007 appropriate time. But thank you for your making your appearance known to us. Ms.

2008 Vance.

2009

2010  +15*****22 1:49:09

2011 YouTube.

2012

2013  **VJ** Verner, Josh (vernej) 1:49:10

2014 It.

2015

2016  +15*****22 1:49:14

2017 No.

2018 Yeah.

2019 Yes.

2020 Okay.

2021

2022  **PH** Pecos Hall 1:49:22

2023 Thank you. I will. I just want to do 2 things, which is provide just a brief overview of

2024 how we got here, why we're here. And then two, I'm happy to address some of the

2025 issues that Ms. Murdoch brought up in her initial filing. So we DJR initially filed an
2026 administrative application.

2027

2028 **+15*****22** 1:49:23

2029 Thank you.

2030 The.

2031 And.

2032 In.

2033 Yeah.

2034

2035 **PH Pecos Hall** 1:49:43

2036 and that was objected to that was objected to by Miss Murdoch. And so they went
2037 ahead and moved forward with filing a application for hearing. Now, in Miss
2038 Murdoch's filings, you can see she's outlined how when she received the notice,
2039 which was

2040

2041 **+15*****22** 1:49:54

2042 Play, play.

2043

2044 **VJ Verner, Josh (vernej)** 1:49:54

2045 Okay.

2046

2047 **+15*****22** 1:49:57

2048 No.

2049 Yeah.

2050

2051 **PH Pecos Hall** 1:50:03

2052 timely and all of her objections were timely. And I would also like to point out, you
2053 know, I understand that Ms. Murdoch in her filings has stated that she is elderly, she
2054 needs assistance and has some health issues. But these filings are pretty
2055 sophisticated for somebody

2056

2057 **+14*****05** 1:50:21

2058 This.

2059

2060 **PH** **Pecos Hall** 1:50:25

2061 who is dealing with those issues. Again, DJR did reach out to Ms. Murdoch after the
2062 initial objection. We do have our land man, Anita Ashland, who is available. I think
2063 she was already on the camera there. She has previously testified before the division.
2064 And she had a 2 1/2 hour conversation with Ms. Murdoch regarding her objection
2065 and her issues. And at the end of that phone call, and again, Ms. Ashland is here, she
2066 can go through any specifics with the hearing examiners, with the hearing examiner
2067 and the technical examiner. But at the end of that conversation,
2068 And we summarize this in her statement. There was nothing specific that Ms.
2069 Murdoch asked about the application itself. And so DJR said, we will, we're telling
2070 you now we're going to go ahead and go to hearing. So that's why we're here. I will
2071 tell you that I did
2072 speak with a Gregory Buzzard, who is a attorney advisor with the Office of the
2073 Solicitor under the Department of Justice. I spoke with him yesterday because Mr.
2074 Valdez reached out to him concerning this protest. And I spoke with him and I think
2075 that there's two key things. Obviously, this is me just regurgitating that conversation.
2076 But basically, the conversation I had with Mr. Buzzard was that in terms of the federal
2077 piece of the commingling approval, that falls under the Bureau of Land Management.
2078 And he did, in fact, speak with the appropriate contact who is reviewing this
2079 particular permit on the BLM side.
2080 And they said that DJ Art has in fact met all of the federal requirements for co-
2081 mingling and that specifically Ms. Murdoch's allotted interest will not be negatively
2082 impacted her interest or her royalty. Now, one other point that I want to make, and it
2083 We're obviously here today and it seems like we're moving forward, but I did want to
2084 address Ms. Murdoch's initial request and her continued revived request for a 90 day
2085 continuance. It hasn't been granted, so let's not waste our time with that. Thank you.
2086 Okay. I do have a couple of questions for you before we continue. I did notice that
2087 you filed A dismissal.
2088 in case 26185 for the White Crow unit? Yes. Okay, I have a couple of questions about
2089 that. Sure. Because we also have, if I'm not mistaken, another enduring resources
2090 case at the end of our docket today. Yes, that's the Bobby B.
2091 Okay, how are the three cases related? They are not. They're not. It's just the same
2092 operator, DJR, Enduring. DJR is a entity of Enduring. Enduring is the parent company.
2093 Anita can probably talk to the relationship between the companies better than I can,

2094 but essentially it's
2095 they're one and the same. So this, the applicant here for Ponderosa is DJR. The
2096 applicant for Bobby B is enduring and the applicant for the White Crow was DJR.
2097 But they are.
2098 All same company, but different applications. Okay, does the DJR dismissal of the
2099 White Crow unit application change any aspect of the proposed commingling project
2100 in 26145? No. Okay. Were any parts of the commingling
2101 designed premised on future development assumptions tied to the White Crow Unit.
2102 No.
2103 Okay, does DJR intend to refile or revise A unitization application? I do not believe
2104 so.
2105 As far as I know, no. And Ms. Ashland can probably answer that more concrete than
2106 me, but she's nodding her head, so no. All right. Are the wells listed, the 124H, the
2107 129H, the 130H, and the 144H, still the complete and accurate list of wells to be
2108 commingled?

2109
2110  **+18*****80** 1:54:34

2111 Off.

2112

2113  **Pecos Hall** 1:54:51

2114 Yes. Okay. Have any permit completion or production changes occurred since your
2115 April 2026 filing? I do not believe so, Ms. Ashland, no. Okay, perfect.

2116

2117  **Anita Ashland** 1:55:05

2118 Yeah.

2119

2120  **Pecos Hall** 1:55:11

2121 Well, based on your answers, I don't need to continue with my questions. On the
2122 dismissal of 26185, I just...

2123 Found it curious. Okay. That being said, what I'd like to know and and miss

2124 Miss Murdoch, are you with us?

2125

2126  **+14*****05** 1:55:34

2127 Yes.

2128

2129 **PH Pecos Hall** 1:55:35

2130 Okay, in a sentence or two, why are you objecting to this application?

2131

2132 **+14*****05** 1:55:40

2133 Why?

2134 Well, I...

2135 Received a packet.

2136 Which I was entitled to know what was going on on.

2137 those properties that I had interest in.

2138 An.

2139 I read the packet through, and what enduring...

2140 What's proposing is the commingling, but it sounds to me like...

2141 They were doing it for the purposes of...

2142 Making their job more convenient, because they wanted to drill new wells.

2143 And tie it to an existing central tank battery.

2144 And to avoid.

2145 Apparently, to please someone, surface disturbances.

2146 And they laid out a little thing about what is the purpose of co-mingling applications.

2147

2148 **PH Pecos Hall** 1:56:50

2149 Miss Murdoch, this isn't answering my, Miss Murdoch, this isn't answering my
2150 question. I just need a simple answer from you. Why are you objecting to this
2151 application?

2152

2153 **+14*****05** 1:56:51

2154 And.

2155

2156 **+18*****80** 1:56:56

2157 Yes.

2158

2159 **+14*****05** 1:57:00

2160 Because I didn't agree with what they were proposing to do, and they made it sound
2161 like it hadn't happened, but they were going to do it. You understand? They said we
2162 are in the process of drilling new wells.

2163

2164 **PH Pecos Hall** 1:57:10

2165 When you...

2166 When you say, Miss Murdoch, that Miss Murdoch, when you say that you didn't

2167 agree with the application.

2168

2169 **+14*****05** 1:57:15

2170 And I wanted to know.

2171

2172 **PH Pecos Hall** 1:57:23

2173 Why didn't you agree with it?

2174

2175 **+14*****05** 1:57:26

2176 Because it wasn't clear as to where those wells were gonna be.

2177 and how they were going to be, the implication was that once production was

2178 started that...

2179 It would go through the systems that haven't been approved.

2180 As I understand it, and it would come out in those systems.

2181 And it sound like they were the commingling was taking that product to or giving it

2182 to somebody else, so that's what I wanted to know, and when I spoke with Miss.

2183

2184 **PH Pecos Hall** 1:57:57

2185 Foods.

2186 So, Miss Murdoch, so Miss Murdoch, are you afraid that you're not going to get your

2187 share? Is that why you're objecting?

2188

2189 **+14*****05** 1:58:04

2190 Yeah.

2191 No.

2192 I'm afraid that...

2193 that a lot of a loties are not going to realize what's going on here and somebody else

2194 is going to be using our lease.

2195 to access product outside of that lease area.

2196 And that's what I spoke with Miss Ashlyn about.

2197

2198 **PH Pecos Hall** 1:58:35

2199 Okay. All right. I understand. Okay. All right, Miss Murdoch, I understand. Okay. So,
2200 Miss Vance.

2201 Why don't you present your case? And then we'll allow Ms. Murdoch to cross-
2202 examine your witnesses. And as long as the questions are in a relevant subject
2203 matter, then I'll allow them.

2204 and you can object if they're not relevant.

2205 Thank you. So go ahead.

2206

2207 **+18*****80** 1:59:08

2208 Oh.

2209

2210 **PH Pecos Hall** 1:59:10

2211 So in. Miss Murdoch, this is not, Miss Murdoch, this is not your opportunity to speak.

2212 Miss Vance is presenting her case.

2213

2214 **+14*****05** 1:59:11

2215 The examiner.

2216 Well, all I wanted to.

2217 Yeah, I got cut off, and I wanted to know what you did with Mrs. Mister Valdez.

2218

2219 **PH Pecos Hall** 1:59:26

2220 Ms. Murdoch, why don't you just listen to what's going on and I'll let you know when
2221 it's appropriate for you to ask questions. In the meantime, just listen because what
2222 you've said to me so far is there have been things that are unclear about this
2223 application. We're going to try to make this clear for you.

2224 Ms. Vance, go ahead. Thank you. So in case number 26145, DJR is seeking approval
2225 for surface commingling. In this, I'm not going to go through all the specifics of the
2226 land, but these are lands that are in the San Juan Basin. This includes one
2227 one unit well, which is the Ponderosa Unit 129H, and then three straddle com wells,
2228 which are the Ponderosa F312409 Federal com 124H, 130H, and 144H. DJR has
2229 applied separately for a non-standard spacing unit approval that goes along with the
2230 agreed

2231

2232  +18*****80 2:00:14

2233 Three.

2234

2235  **Pecos Hall** 2:00:28

2236 agreed upon straddle com communitization agreements that DJR worked with BLM
2237 on. Those are pending. They were filed April 9th. And the division is well aware of
2238 those because we need to have the spacing approved prior to the commingling
2239 approved.

2240 In our hearing packet, we've included a copy of the application, as well as a
2241 statement, a statement of Anita Ashland. As I stated, she's already previously testified
2242 before the division and her credentials have been accepted as a matter of record. Her
2243 statement again goes over the discussion she had with Ms. Murdoch.

2244 And then that's followed by my self-affirmed statement of notice with a sample copy
2245 of the letter that was timely mailed to Ms. Murdoch on May 15th, 2026, as well as an
2246 affidavit of notice of publication, also dated May 15th, 2026. I will just briefly

2247

2248  **Curtis, Keaton** 2:01:20

2249 Yeah.

2250

2251  **Pecos Hall** 2:01:29

2252 just go through. I'm happy to address those couple of points that Miss Murdoch had
2253 in her initial filing. It'll be very, very brief. In Miss Murdoch's filing, her first filing,
2254 because on June 2nd, she filed something last night.

2255

2256  +18*****80 2:01:47

2257 Thank you.

2258

2259  **Pecos Hall** 2:01:48

2260 She brought up the pending non-standard spacing unit approvals and the pending
2261 comm agreements. Again, I just went over the NSP aspect of it. It's not abnormal to
2262 have pending NSPs while you're going through the process of your commingling
2263 permitting.

2264

2265  **Curtis, Keaton** 2:01:50

2266 Yeah, no.

2267 On.

2268 I didn't know.

2269

2270 **PH Pecos Hall** 2:02:08

2271 And on the comm issue, the CA approval for communitization agreements can take

2272 up to two years for approval with the BLM. Again, I have example orders where the

2273 division has approved commingling for applicants with pending CAs and PAs. And

2274 there are requirements within those commingling approvals

2275

2276 **CK Curtis, Keaton** 2:02:19

2277 This.

2278

2279 **PH Pecos Hall** 2:02:33

2280 of how an applicant then is required to submit the been approved CAs or PAs or

2281 whatever it is once that's been done. The second point Miss Murdock brought up

2282 was the concern about prospective additions. This is allowed.

2283 per 1915 12 10 CG. I'm not going to go into the specifics, but it's allowed by the

2284 division rules. And then she brought up the issue of non-BLM approved meters at

2285 the wellhead. DJR is only required, you know, we're before the division right now.

2286 And separately, DJR is going through the permitting through the BLM.

2287 They have an approved FMP, which is a facility measurement. And I point, sorry, still

2288 early in the morning, is they have an approved FMP. They do not have to have

2289 approved BLM approved FMPs at every wellhead.

2290 Again, and that's under 43 CFR part 3170. And with that, if there are any questions,

2291 we have our witness available to answer, Miss Anita Ashland, and I'm also available to

2292 answer any questions as well. Thank you. All right. Okay.

2293

2294 **+14*****05** 2:03:41

2295 Seven.

2296

2297 **PH Pecos Hall** 2:03:59

2298 Are there any objections to admitting the exhibits into evidence?

2299

2300  +14*****05 2:04:08

2301 No.

2302

2303  **Pecos Hall** 2:04:09

2304 Not hearing. Thank you. Not hearing any. Your exhibits are admitted into evidence.

2305 Thank you. Now you have one witness, is that correct? Correct. All right. Miss

2306 Ashland, can you make Miss Ashland bigger? Is it possible?

2307 I can see you, Miss Ashland. It's just our screen. I'm just... Okay, thank you. Would you

2308 raise your right hand, please?

2309 You swear or affirm under penalty of perjury that the testimony you're about to give

2310 is the truth, the whole truth, and nothing but the truth?

2311

2312  **Anita Ashland** 2:04:47

2313 Yes.

2314

2315  **Pecos Hall** 2:04:48

2316 Great. Would you spell your name?

2317

2318  **Anita Ashland** 2:04:51

2319 Anita, ANITA, Ashland, ASHLAND.

2320

2321  **Pecos Hall** 2:04:57

2322 What is your position?

2323

2324  **Anita Ashland** 2:05:01

2325 I'm A senior land consultant for DJR and Enduring.

2326

2327  **Pecos Hall** 2:05:06

2328 Okay, and you've been admitted as an expert for this division?

2329

2330  **Anita Ashland** 2:05:11

2331 Yes, I have.

2332

2333 **PH** Pecos Hall 2:05:12

2334 In what field?

2335

2336 **AA** Anita Ashland 2:05:14

2337 Land.

2338

2339 **PH** Pecos Hall 2:05:15

2340 Okay. And you said you were a consultant.

2341

2342 **AA** Anita Ashland 2:05:20

2343 Yes.

2344

2345 **PH** Pecos Hall 2:05:20

2346 Okay, and who do you work for?

2347

2348 **AA** Anita Ashland 2:05:25

2349 I work for Enduring Resources San Juan LLC, the parent company of DJR operating
2350 and Enduring Resources LLC.

2351

2352 **PH** Pecos Hall 2:05:37

2353 Okay.

2354

2355 **+18*****80** 2:05:38

2356 ****.

2357

2358 **PH** Pecos Hall 2:05:39

2359 All right. Before Mr. McClure begins his questions, he's the technical examiner, Miss
2360 Ashland. I have a couple of questions about your interactions with Miss Murdoch. As
2361 you know, we're here today because of Miss Murdoch. We wouldn't be here
2362 otherwise. So I think it's important for us to orient
2363 this hearing.
2364 toward Miss Murdoch's needs, besides the division's needs. So
2365 I understand that you have had conversations with Ms. Murdoch.

2366

2367 **AA Anita Ashland** 2:06:18

2368 I've had one conversation with Ms. Murdoch.

2369

2370 **PH Pecos Hall** 2:06:21

2371 Okay, and, but it was a lengthy discussion.

2372

2373 **AA Anita Ashland** 2:06:25

2374 Yes, it was.

2375

2376 **PH Pecos Hall** 2:06:27

2377 Okay, in your own words, what is Miss Murdoch concerned about? Why do you think
2378 she objected?

2379

2380 **AA Anita Ashland** 2:06:38

2381 My understanding from our conversation is that Ms. Murdoch generally distrusts oil
2382 and gas companies to look out for a lot, and that she believes that that operator
2383 should not be allowed.

2384 to have any administrative approvals that were not brought to hearing and that she
2385 felt that it was important for

2386 for as a matter of principle to request a hearing so that the operator would be
2387 required to fully explain the application.

2388

2389 **PH Pecos Hall** 2:07:24

2390 Okay, and in your own words, in simple, plain English, what safeguards are there?

2391 That will protect the allottees' interests.

2392

2393 **AA Anita Ashland** 2:07:41

2394 Each well is separately metered, and the purpose of the surface commingling is for a
2395 point of sales. So there is no change to each allottee's interest in the Ponderosa unit
2396 or in the communitized area for the straddle com wells. And there is no

2397

2398 **PH Pecos Hall** 2:07:52

2399 I.

2400

2400 **AA Anita Ashland** 2:08:04

2402 There is no, there is no difficulty in determining how much product is produced from
2403 each well. And as you know, DJR pays royalty to ONNR, not to allottees. We only
2404 know about
2405 the allottees from the mailing list that FEMA provides for us for the purpose of this
2406 application.

2407

2407 **PH Pecos Hall** 2:08:33

2409 Okay.
2410 All right. It's unclear to me, mainly because I haven't studied the application. Is Miss
2411 Murdoch's interest being produced?
2412 Currently.

2413

2413 **AA Anita Ashland** 2:08:51

2415 Yes.

2416

2416 **PH Pecos Hall** 2:08:52

2418 OK, and...

2419

2419 **AA Anita Ashland** 2:08:52

2421 There is production from the Congress.

2422

2422 **PH Pecos Hall** 2:08:55

2424 Okay, you said Ponderosa something?

2425

2425 **+18*****80** 2:08:58

2427 No.

2428

2428 **AA Anita Ashland** 2:09:00

2430 Under us a unit, it's a BLM unit, yes.

2431

2431 **PH Pecos Hall** 2:09:01

2433 Unit. Okay.

2434 I see. So Ms. Murdoch owns an interest in that unit.

2435

2437 **AA Anita Ashland** 2:09:09

2437 Apparently, we only know that because of our request to female for a list of allottees
2438 who have mineral interests affected by the application. I have no idea which
2439 allotment she has an interest in.

2440

2441 **PH Pecos Hall** 2:09:19

2442 Okay.

2443 Okay. All right. So, so, so currently her, the unit that she owns or allegedly owns an
2444 interest in is being produced. And you're asking for permission to commingle that
2445 with other units. Is that right?

2446

2447 **AA Anita Ashland** 2:09:44

2448 Um...

2449 We're asking permission to commingle these four wells into existing surface facilities
2450 for the point of sales.

2451

2452 **PH Pecos Hall** 2:09:55

2453 I guess what I'm trying to understand is you said that her unit is being produced
2454 now. Is that through a single well or multiple wells?

2455

2456 **AA Anita Ashland** 2:10:07

2457 I believe there is more than one well producing it currently.

2458

2459 **PH Pecos Hall** 2:10:12

2460 OK, alright.

2461 Okay, so what's gonna change for Miss Murdoch?

2462 From her perspective, what's going to change?

2463

2464 **+18*****80** 2:10:22

2465 Do.

2466

2467 **AA Anita Ashland** 2:10:26

2468 Ms. Murdock will be receiving, along with 759 other allottees, she'll be receiving
2469 additional revenues from these wells.

2470

2471 **PH** Pecos Hall 2:10:34

2472 Additional revenues.

2473

2474 **AA** Anita Ashland 2:10:36

2475 Correct.

2476

2477 **+18*****80** 2:10:37

2478 Mm.

2479

2480 **PH** Pecos Hall 2:10:37

2481 What do you mean by additional?

2482

2483 **AA** Anita Ashland 2:10:40

2484 new revenues, new royalties, royalties from production from the new wells.

2485

2486 **PH** Pecos Hall 2:10:46

2487 Okay. Miss Vance, do you understand what I'm asking? Because I'm not, maybe I'm
2488 not asking you properly, so. Yes. So as Miss Ashland was saying, I can explain it. Yes,
2489 please. So it sounds like so Miss Murdoch has an interest that is within the Ponderosa
2490 unit.

2491 there are wells currently being produced from that unit. And so she's receiving
2492 revenues. Now DJR is asking to combine production from not just that unit, but now
2493 these three straddle comm communitization agreements. So bringing in more wells,
2494 more production means that will increase
2495 her revenue and the payments she receives.

2496 I guess I don't understand why will that increase Ms. Murdoch's revenues. So, well, so
2497 her interest will stay the same. I see what you're getting at. So the interest itself stays
2498 the same, but her payments will go up because there's more production. Does that
2499 make sense?

2500 Okay, I'll take your word for it. So I don't understand why the, I don't understand why
2501 the wells that are producing from her unit right now won't give her the same amount
2502 of revenue.

2503 They will, but they're going to be bringing new wells online. So again, her interest,
2504 the percentage of her interest doesn't change. But because the overall scale of the

2505 production increases, that means that her revenue and the payments will go up. So
2506 She will, along with, as Ms. Ashland just stated, 700 plus other allotties, what they
2507 receive in terms of revenue payments will also go up. Okay. And Ms. Ashland, did you
2508 explain this to Ms. Murdoch?

2509

2510  +18*****80 2:12:38

2511 No.

2512

2513  **Anita Ashland** 2:12:38

2514 I attempted to do that.

2515

2516  **Pecos Hall** 2:12:40

2517 Okay, but you feel like she didn't understand that?

2518

2519  **Anita Ashland** 2:12:44

2520 I felt that she didn't trust what.

2521 what DJR as an oil company was representing.

2522

2523  **Pecos Hall** 2:12:52

2524 Okay. All right. Okay. Before I go to you, Miss Murdoch, for any questions you have,

2525 I'm going to turn to our technical examiner, Mr. McClure. Mr. McClure, do you have

2526 questions for Miss Ashland?

2527

2528  +14*****05 2:13:01

2529 Alex.

2530

2531  **McClure, Dean, EMNRD** 2:13:06

2532 Yes, I do, Mr. Hearing Examiner.

2533

2534  **Pecos Hall** 2:13:08

2535 Go right ahead.

2536

2537  **McClure, Dean, EMNRD** 2:13:09

2538 Miss Ashland, where is the central tank battery located at for these wells?

2539

2540 **AA** Anita Ashland 2:13:20

2541 I would have to look at the application to give you the legal description.

2542

2543  **McClure, Dean, EMNRD** 2:13:26

2544 Miss, I wonder if you have it on your side or if Miss Vance could share the.

2545

2546 **PH** Pecos Hall 2:13:30

2547 Here it is. There it is.

2548

2549  **McClure, Dean, EMNRD** 2:13:33

2550 And Miss Vance, if you could go to page 11 of 52.

2551 It's not like halfway down, there's a description there.

2552

2553 **PH** Pecos Hall 2:13:59

2554 Miss Ashland, can you see?

2555

2556 **AA** Anita Ashland 2:14:02

2557 Yes.

2558

2559 **PH** Pecos Hall 2:14:03

2560 The question is still, we're still waiting for an answer to the question.

2561

2562 **AA** Anita Ashland 2:14:14

2563 The pad is located in the southeast quarter of the northwest quarter of irregular

2564 Section 31, Township 24 North, Range 8 West.

2565

2566  **McClure, Dean, EMNRD** 2:14:26

2567 I guess, Miss Ashland, do you think that that range that's listed there is correct,

2568 though? Or would it be more accurate to say that it should be range 9 West?

2569

2570 **AA** Anita Ashland 2:14:37

2571 Um...

2572 I would have to check that.

2573 Can I get back to you on that?

2574

2575  **McClure, Dean, EMNRD** 2:14:46

2576 I mean, I will need you to get back to me on that. Do you think we have like the C10,
2577 we have the lease map also in this application. Would that be of assistance to you,
2578 Miss Ashland?

2579

2580  **Anita Ashland** 2:14:58

2581 Yes.

2582

2583  **McClure, Dean, EMNRD** 2:15:01

2584 Miss Vance, I think there's a map on page 13 of 52.

2585

2586  **+18*****80** 2:15:02

2587 I.

2588

2589  **Anita Ashland** 2:15:06

2590 The.

2591

2592  **McClure, Dean, EMNRD** 2:15:07

2593 Only if your expert witness thinks that will be a benefit to her, I guess.

2594

2595  **+18*****80** 2:15:11

2596 Yeah.

2597

2598  **McClure, Dean, EMNRD** 2:15:14

2599 I don't know if she can see the range on that or not, I guess.

2600

2601  **Anita Ashland** 2:15:17

2602 Mhm.

2603 No, I don't think the range is on there. I can turn. I can turn to my computer and
2604 confirm that.

2605

2606  **Pecos Hall** 2:15:22

2607 I don't think it's on there.

2608 That would be nice. Thank you.


2609 Yeah.

2610 And Ms. Vance, do you know what Mr. McClure is getting at?

2611 It sounds like there might be a typo. Sounds like it. We're trying to confirm what you


2612 know the accuracy.

2613

2614  +18*****80 2:15:56


2615 Okay.

2616

2617  +14*****05 2:15:57

2618 Two.

2619


2620  **Anita Ashland** 2:17:42

2621 I'm sorry, I'm having difficulty locating the appropriate plat.

2622 Just.

2623 Taking me a minute here.


2624

2625  **Pecos Hall** 2:18:47

2626 Ms. Vance, do you have the answer? I'm pulling up GIS right now to look and double

2627 check. If you'll give me a moment, I might be able to get to it quickly.

2628

2629  **Anita Ashland** 2:19:01


2630 Okay, I have a plant.

2631 And.

2632 Ohh.


2633 It does appear that it should be Nine West.

2634

2635  **McClure, Dean, EMNRD** 2:19:15

2636 OK, thank you, Miss Hatt.

2637


2638  **Pecos Hall** 2:19:15

2639 Thank you, Miss.

2640 Go ahead, Mr. McClure.

2641 Okay.

2642

2643  **McClure, Dean, EMNRD** 2:19:22

2644 Miss Ashland, if the if the division were not to approve the surface commingling
2645 application.

2646 Would DJR go ahead and drill these additional wells regardless?

2647

2648  **Anita Ashland** 2:19:40

2649 I can't, that's beyond my expertise. I would need to have an operational person
2650 answer that.

2651

2652  **+18*****80** 2:19:44

2653 Right.

2654

2655  **Anita Ashland** 2:19:48

2656 I'm not clear about the capacity of the current surface facilities. That's not part of
2657 what I, of my expertise.

2658 I can get back to you on that though. I can talk to somebody in operations.

2659

2660  **McClure, Dean, EMNRD** 2:20:05

2661 Well...

2662 Would you agree that the purpose of the surface commingling application is to
2663 reduce your operational costs for producing these proposed wells? Is that correct?

2664

2665  **Anita Ashland** 2:20:20

2666 Yes.

2667

2668  **McClure, Dean, EMNRD** 2:20:22

2669 Okay, but as far as whether the additional cost of a new facility...
2670 would drive those costs high enough to make these wells no longer economical, is
2671 you don't know the answer to that, is that correct?

2672

2673  **Anita Ashland** 2:20:37

2674 That is correct.

2675

2676  **McClure, Dean, EMNRD** 2:20:41

2677 Do we have any witnesses today that could speak towards that? Are you aware of, I
2678 guess?

2679

2680  **Anita Ashland** 2:20:48

2681 No, not, no witnesses.

2682

2683  **McClure, Dean, EMNRD** 2:20:59

2684 Do you believe?

2685 Understanding you're the land man, so well, I'll see if you know the answer to this.

2686 Do you believe that the facility, the separators for the facility will be adequately sized
2687 to...

2688 get a accurate measurement of the production from the phase. Let me back up. Do
2689 you believe that the separators that will be installed in the facility will be adequately
2690 sized to accurately measure

2691

2692  **+18*****80** 2:21:23

2693 Yeah.

2694

2695  **McClure, Dean, EMNRD** 2:21:37

2696 the oil and gas produced from each of the wells.

2697

2698  **Anita Ashland** 2:21:41

2699 Absolutely.

2700

2701  **McClure, Dean, EMNRD** 2:21:44

2702 Okay, thank you, Miss Ashland. Mr. Hearing Examiner, I don't have any further
2703 questions for Miss Ashland. At some point, we may want to talk to Miss Vance in
2704 regards to notice concerns on that location of the central tank battery. I don't know if
2705 you want me to do it now or wait.

2706

2707  **+18*****80** 2:21:51

2708 So good.

2709

2710  **McClure, Dean, EMNRD** 2:22:05

2711 until the session's finished well.

2712

2713  **Pecos Hall** 2:22:07

2714 Yeah, let's wait till Miss Murdoch asks her questions, and then we can discuss how
2715 we're going to proceed. Miss Murdoch?

2716

2717 +14*****05 2:22:14

2718 Yes.

2719

2720 PH Pecos Hall 2:22:15

2721 Okay.

2722 Miss Ashland is available for any questions you have.

2723

2724 +14*****05 2:22:25

2725 Okay, my notes that I took the day I talked to Miss Ashland are a little bit different
2726 than what she's saying.

2727 I was specific to what was in my objection, and I just clarified that.

2728 Where are these new wells going to be drilled, and who would be benefiting by the
2729 new well?

2730

2731 PH Pecos Hall 2:22:52

2732 Okay, so Miss Murdock, ask one question at a time. So is your first question, where
2733 are these wells going to be drilled?

2734

2735 +14*****05 2:22:56

2736 Okay.

2737 Right.

2738

2739 PH Pecos Hall 2:23:00

2740 Go ahead, Miss Ashland. Would you answer that question?

2741

2742 AA Anita Ashland 2:23:04

2743 Yes, the wells are going to be drilled in the Ponderosa unit, and three of them are
2744 straddle calm wells that will be commingled or communitized rather with additional
2745 lands.

2746

2747 +14*****05 2:23:26

2748 And then I ask her, where would they be in relationships to the map that you send in

2749 the packet?
2750 Would they be located on lease the currently leased lands or off of the current leased
2751 land?

2752

2753 +18*****80 2:23:42

2754 Yeah.

2755

2756 AA Anita Ashland 2:23:47

2757 The one well is completely lying within the ponderosa unit.

2758

2759 +18*****80 2:23:48

2760 The.

2761

2762 AA Anita Ashland 2:23:52

2763 And three of the wells are partially in the in the.

2764 Ponderosa unit and partially, and then the easy unit for Good Times unit. I have to
2765 pull up some plug.

2766

2767 +14*****05 2:24:07

2768 Okay, what she said to me that day was...

2769 They would be drilled on the lands already leased.

2770 And the mineral owners would benefit.

2771 Then I ask her, then what's the purpose of the co-mingling request?

2772 If somebody else...

2773

2774 PH Pecos Hall 2:24:24

2775 Objection, this is not a question. So Ms. Murdoch, you're not testifying because
2776 you're not under oath. What you need to do is just ask questions for the witness who
2777 is under oath because that's the evidence we have to consider. So the witness
2778 answered you your last question.

2779 And we're looking at a map. I don't know if you're looking at the same map that we
2780 are or not, but we're all looking at a map. It's labeled exhibit one, and it shows the
2781 wells, the four different wells. It shows the Ponderosa unit. It also shows the Nagisi
2782 unit and the Good Times unit.

2783 Are you able to see this map?

2784

2785  +14*****05 2:25:06

2786 I saw it, I don't have it in front of me.

2787

2788  **Pecos Hall** 2:25:10

2789 That's too bad. It would be helpful if you did.

2790

2791  +14*****05 2:25:12

2792 And I, and I will admit that.

2793 I am not an expert in map reading either. And that's why I was seeking assistance

2794 from Mr. Valdez because he was doing some locating stuff for me and kind of

2795 Guided me through this procedure, but I was the one that talked to Miss Ashland,

2796 and she was clear that those new wells that I assume hadn't been through would be

2797 on those lease properties that are already in existence.

2798

2799  **Pecos Hall** 2:25:51

2800 Do you have another question for Miss Ashland?

2801

2802  **Anita Ashland** 2:25:51

2803 True.

2804

2805  +14*****05 2:25:55

2806 Okay, I asked her who would benefit from this commingling.

2807

2808  **Pecos Hall** 2:26:00

2809 Miss Ashland.

2810

2811  **Anita Ashland** 2:26:03

2812 The answer is every interest owner in the Ponderosa unit will benefit as well as some

2813 of the owners in the NAEESE unit and the Good Times unit. That will be part of the,

2814 the NAEESE unit and the Good Times unit are undivided units.

2815 So every allottee in both of those units will receive revenue attributable to the lands

2816 that are in the communitized area for the straddle Commonwealth.

2817

2818 **PH Pecos Hall** 2:26:44

2819 Ms. Murdoch, are you done with your questions?

2820

2821 **+14*****05** 2:26:46

2822 No.

2823

2824 **PH Pecos Hall** 2:26:48

2825 Well, we have a whole room, Ms. Murdoch, we have a whole room and a long docket,
2826 so please ask your questions in a timely fashion.

2827

2828 **+14*****05** 2:26:49

2829 I didn't, I didn't have.

2830 Okay, I am.

2831 Okay, then I asked her if they were going to do lateral drilling.

2832 Or horizontal drilling when they drill these new wells.

2833

2834 **AA Anita Ashland** 2:27:09

2835 Horizontal drilling.

2836

2837 **+14*****05** 2:27:15

2838 So, I said...

2839 Can I say something again?

2840

2841 **PH Pecos Hall** 2:27:19

2842 No, Miss Murdoch, you can only ask questions.

2843

2844 **+14*****05** 2:27:21

2845 Okay.

2846 Okay.

2847 Okay, did you not tell me then that?

2848 If this was a commingling application.

2849 That the enduring company would be the beneficiary of the new wealth.

2850 And any production resources that were realized.

2851

2852 **AA Anita Ashland** 2:27:46

2853 Yes, in.

2854 DJR does DJR does have a working interest in these wells.

2855

2856 **PH Pecos Hall** 2:28:15

2857 Ms. Murdoch, you're going to have to ask your questions more rapidly because we

2858 can't have long silences. We have a whole room.

2859

2860 **+14*****05** 2:28:19

2861 More.

2862 Oh.

2863 Okay.

2864 I, I was put putting it in.

2865 Okay.

2866 In the first application, I asked her, why are the current lessors being asked to

2867 withstand the cost of preserving the company's equipment?

2868 And...

2869 Why are they requesting to use the same tank that's already been used for

2870 production on those properties?

2871

2872 **AA Anita Ashland** 2:28:58

2873 My answer was and is that the royalty owners in these behind in these wells do not

2874 bear any cost of the commingling facilities.

2875 The working interest owners bear the full cost.

2876

2877 **+14*****05** 2:29:25

2878 I did ask about how many Indian?

2879 Mineral owners would be impacted by this action.

2880

2881 **AA Anita Ashland** 2:29:35

2882 The total including yourself of 760 allottees.

2883

2884 **PH Pecos Hall** 2:29:41

2885 Yeah.

2886 Ms. Murdoch, are you getting your questions from someone? Is that why there is this
2887 delay?

2888

2889 +14*****05 2:29:56

2890 No, no, I'm looking at my notes that I talked when I talked to Miss Ashland when we
2891 first started.

2892 We had a long conversation on whether there were...

2893 Geological surveys available, and also archaeological surveys available, where these
2894 new whales were being drilled and where the old ones were.

2895

2896 PH Pecos Hall 2:30:36

2897 Ms. Murdoch, those questions are outside the scope of today's hearing. We don't
2898 control that.

2899

2900 +14*****05 2:30:47

2901 You know, when they were talking about conserving lamb.

2902 That would be an issue to me.

2903

2904 PH Pecos Hall 2:30:56

2905 I understand. We have to gather evidence that we can use in making our decision
2906 whether to grant or deny the application. So that's outside the scope, Ms. Murdoch.

2907 Do you have any other questions?

2908

2909 +14*****05 2:31:11

2910 Let's see.

2911 Did you not ask me to withdraw my objection?

2912

2913 AA Anita Ashland 2:31:22

2914 I asked you whether there was any additional information that DGR could furnish to
2915 you that would resolve your concerns. And you said no.

2916

2917 +14*****05 2:31:39

2918 Did you not tell me that if I would not withdraw my objection, and I...

2919 That we would go to hearing.

2920

2921 **AA Anita Ashland** 2:31:50

2922 I did.

2923

2924 **+14*****05** 2:31:57

2925 OK, then the rest of my objections with, I mean, the rest of my questions with with.

2926 Mister McClure.

2927

2928 **PH Pecos Hall** 2:32:06

2929 Okay, thank you. Okay, Miss Vance, anything else? I'll just ask two questions, Miss
2930 Ashland. One, Mr. McClure asked you about the fact that filing this application, that it
2931 lowers the cost for interest donors.

2932 And you said yes. And does it does that have any impact on Miss Miss Murdoch's
2933 interests?

2934

2935 **AA Anita Ashland** 2:32:38

2936 No, it does not.

2937

2938 **PH Pecos Hall** 2:32:39

2939 And then two, through your understanding of surface commingling, does it meet the
2940 mandates for both state and federal requirements to reduce surface disturbances
2941 and environmental factors that could possibly occur if you guys had multiple
2942 facilities?

2943

2944 **+18*****80** 2:32:58

2945 Open.

2946

2947 **PH Pecos Hall** 2:32:59

2948 to develop this acreage.

2949

2950 **AA Anita Ashland** 2:33:02

2951 Yes.

2952

2953 **PH Pecos Hall** 2:33:03

2954 Thank you. No further questions. Okay. Mr. McClure, anything further?

2955

2956  **McClure, Dean, EMNRD** 2:33:09

2957 I have nothing further from Miss Ashland, Mr. Chair and Zimmer.

2958

2959  **+18*****80** 2:33:11

2960 Yeah.

2961

2962  **Pecos Hall** 2:33:11

2963 All right, thank you. All right, then the evidentiary record on this case is closed. Now,
2964 Mr. McClure, you did say that you might want to deal with notice. How do you want
2965 to proceed?

2966

2967  **McClure, Dean, EMNRD** 2:33:25

2968 I was hoping to touch base with Ms. Vance real fast and see what her thoughts are in
2969 regards to...

2970 The notice concern here in regards to the central tank battery location.

2971

2972  **Pecos Hall** 2:33:37

2973 So, you know, of course, I'm going to advocate that we move forward as is, because
2974 if we look at the application, we do have a track map that identifies where the facility
2975 is. And if you look through even all of the C102s,

2976 You can see reference to where the surface hole location is, and there is township
2977 and range information there. Again, there's contact information for myself and Miss
2978 Ashland, and I believe also, I think it was just Miss Ashland. Sometimes we include a
2979 second land man with these big commingling applications. But

2980 We have not received any follow-ups or questions for clarifying what, where that
2981 facility pad is. Again, there's, you know, we have a tracked map that visually shows
2982 where that facility pad is. And again, the C102s make clear where the surface hole
2983 locations are. So

2984 Everywhere else, you can find information as to the location for that facility pad
2985 within the application itself. Myself and Ms. Ashland have made ourselves available
2986 to answer questions. And so I would say that it's a typographical error that is not
2987 material to the approval of this

2988

2989  **+18*****80** 2:34:47

2990 Oh.

2991 Ohh.

2992

2993  **Pecos Hall** 2:35:02

2994 Surface commingling application.

2995 Is it, Ms. Pants, is it your understanding that there's greater than 700 interest donors

2996 that was provided notice of the admin application? That's correct. And we have only

2997 heard from Ms. Murdoch, obviously, and a couple of other folks who actually mostly

2998 just reached out to provide updated addresses for themselves. And myself and Ms.

2999 Ashland and her coworkers have

3000 and working with FEMO to get those records updated.

3001

3002  **McClure, Dean, EMNRD** 2:35:34

3003 I guess what I'm getting at is, do you believe that public notice was required in this

3004 instance to cure any insufficient written notice? I don't believe that the notice is

3005 insufficient. Again, we have provided actual notice to each of the interest owners

3006 requiring notice. And

3007

3008  **+18*****80** 2:35:38

3009 Okay.

3010

3011  **Pecos Hall** 2:35:59

3012 a full package that includes A tracked map and other information in there that can

3013 clarify exactly where that facility pad is. And we have received no questions about

3014 any inconsistencies. Again, the only folks that we have talked to have primarily just

3015 provided updated mailing addresses.

3016 And my colleague, Mister Rankin, may have some other thoughts on the on the

3017 notice issue that you brought up.

3018

3019  **McClure, Dean, EMNRD** 2:36:31

3020 Even if the division does require new notice to be conducted for the administrative

3021 application, do you believe that notice of this hearing was sufficient?

3022 I'm sorry, could you repeat that question? Even if the division requires new notice be

3023 provided for the administrative application, do you believe that notice of this hearing

3024 was sufficient?

3025

3026 **PH Pecos Hall** 2:36:46

3027 It.

3028 I'm sorry, I didn't quite understand your question.

3029 Can you reframe it?

3030

3031  **McClure, Dean, EMNRD** 2:37:04

3032 OK, in the event that the division requires DJR to conduct new notice for the admin
3033 application.

3034 In essence, you would conduct new notice to all 700 people. You would do new
3035 public notice again with the correction made to the legal description of the central
3036 tank battery. In that event, do you believe that the notice of this hearing today is
3037 sufficient?

3038

3039  **+18*****80** 2:37:24

3040 Okay.

3041

3042 **PH Pecos Hall** 2:37:37

3043 Yes, I would say we're here. There's been public notice. We've had one interest owner
3044 appear. One thing that my colleague, Mr. Rankin, brought up is if you do look
3045 throughout the, he did a search looking through the application, but the instance
3046 that you provided in the application letter is the only place where the facility is
3047 referenced as
3048 being in section 8 everywhere else. It's referenced as being section 9. I do believe,
3049 and I'm sure Ms. Ashland could probably confirm this, but DJR would like to move
3050 forward with this application and the approval process. And so if we need to
3051 do anything to satisfy the division, we're going to go ahead and do that. But I would
3052 advocate for the and say that I believe that even being here today, we have satisfied
3053 our notice requirements before the division.

3054

3055  **+18*****80** 2:38:36

3056 One.

3057

3058  **McClure, Dean, EMNRD** 2:38:38

3059 Mr. Hearing Examiner, I don't think I have any further questions for Ms. Vance.

3060

3061  **Pecos Hall** 2:38:44

3062 Okay.

3063 So.

3064 Mister McClure, has your has Miss Vance's argument satisfied your your concerns
3065 about the notice?

3066

3067  **McClure, Dean, EMNRD** 2:39:02

3068 I believe notice of the hearing is going to be sufficient. The admin application, we
3069 may end up needing to address that, but I don't know if it's going to be relevant.

3070

3071  **Pecos Hall** 2:39:18

3072 Can I ask?

3073

3074  **McClure, Dean, EMNRD** 2:39:19

3075 I think it'll be relevant to the order we issue here, but I don't know if it will be
3076 relevant to dealing with or addressing Ms. Murdoch's protest, if that makes sense.

3077

3078  **Pecos Hall** 2:39:30

3079 It does. It does make sense. Did you want to say something, Ms. Bass? Yeah, you
3080 know, obviously, we're taking two different paths here. We have the administrative
3081 application on file and we're appearing here at a hearing. And so I understand what
3082 Mr. McClure is saying, but if we move forward with the hearing today and it's taken
3083 under advisement and it sounds like

3084 notice has been satisfied for purposes of the hearing, would we be getting approval
3085 just at the hearing and what are, what then is the status of the administrative
3086 application? So I just want to make sure however we're going, however the division
3087 sees fit to take the application under advisement and approve, we want to make sure

3088

3089  **+18*****80** 2:40:01

3090 Sure.

3091

3092  **Pecos Hall** 2:40:18

3093 sure that we've we've satisfied the notice requirement. So, because now we've got
3094 two applications. Mr. McClure, do you feel comfortable answering that?

3095

3096  **McClure, Dean, EMNRD** 2:40:32

3097 I mean, I know what...

3098 My recommended procedure is going to be following this.

3099 I can share it if you'd like, just noting that it could potentially change depending on,
3100 you know, what our director wants to do and such.

3101

3102  **Pecos Hall** 2:40:49

3103 Would you like me to, Mr. Hearing Examiner? I think it's really up to your comfort
3104 level and if miss now so.

3105

3106  **McClure, Dean, EMNRD** 2:40:53

3107 Up.

3108 Sure, go ahead, Mr. Mr. McClure. Thank you, Mr. Hanks. My thought process would
3109 be we would kick it back to administrative review, assuming that the division is
3110 comfortable upon further discussion as to that whether Miss Murdoch's
3111 or Ms. Murdock's objection, a protest has been adequately addressed. As such, we
3112 would still have an admin order issued later once the administrative application is
3113 suitable. But in essence, we would reopen review of the administrative application
3114 and proceed from there.

3115

3116  **Pecos Hall** 2:41:20

3117 Protest.

3118 Okay.

3119 Okay. And I think if, sorry, just to jump in based off of that feedback from Mr.
3120 McClure is if we do go back to an administrative application, I think, you know, I can
3121 work directly with Mr. McClure if he does have concerns about the notice. You know,
3122 obviously that's outside of the scope of the hearing and we can communicate
3123 directly on that. And if

3124

3125  **+18*****80** 2:41:50

3126 Oh.

3127

3128  **Pecos Hall** 2:42:04

3129 that is okay with him once he's had a chance to talk with the director and hash out

3130 any issues there. But again, I'll just emphasize, I think DJR wants to move forward
3131 with this application. And if it means moving forward by administrative process, then
3132 whatever we need to do to satisfy any notice requirements.

3133 We'll go ahead and do that.

3134 Okay, thank you, Ms. Vance. Mr. McClure, is there anything else or can we go in
3135 recess on this case? Yeah, nothing else for me, Mr. Hearing Examiner. All right, thank
3136 you. And thank you, Ms. Murdoch. I appreciate your participation. We're off the
3137 record.

3138 Thank you. Okay, let's move on to Avant.

3139 And Permian Resources, there are a lot of case numbers here. They're basically rows
3140 7 through 23 on our docket. There's really too many cases here to list. So entries of
3141 appearance, please. Good morning, Mr. Examiner Dina Bennett on behalf of Avant.

3142

3143  +14*****05 2:43:01

3144 That.

3145

3146  **Pecos Hall** 2:43:06

3147 Thank you. Operating to in all of the cases. And Jackie McLean on behalf of Carmian
3148 Resources and all of the cases as well. Good morning, Miss McLean and Miss
3149 Bennett. All right. We held. There's a lot of other entries that appearance. Are there? I
3150 didn't know that. Yes.

3151

3152  +14*****05 2:43:18

3153 We.

3154

3155  **Jacob Everhart** 2:43:22

3156 Mr. Examiner, Jacob Everhart, Betty Wozniak, representing Coterra Energy Operating.

3157

3158  **Jordan Kessler** 2:43:22

3159 Excuse me, Mr. Examiner.

3160

3161  **Pecos Hall** 2:43:25

3162 No.

3163 Thank you.

3164

3165 **JP James Parrot** 2:43:28

3166 And Mr. Examiner James Carrott also representing Cotera with Jacob.

3167

3168 **JK Jordan Kessler** 2:43:29

3169 Good morning, Miss.

3170

3171 **PH Pecos Hall** 2:43:33

3172 Thank you, Mr. Parrott.

3173

3174 **JK Jordan Kessler** 2:43:37

3175 This is Jordan Kessler on behalf of EOG Resources.

3176

3177 **PH Pecos Hall** 2:43:41

3178 Thank you.

3179 I think Miss Luck had something else to do, if I'm not mistaken, right? Miss Chance?

3180

3181 **KL Kaitlyn Luck** 2:43:51

3182 And Mr. Examiner, I apologize, I'm still here, but I believe that we did withdraw the
3183 entry for Waterloo in this case.

3184

3185 **PH Pecos Hall** 2:43:58

3186 Ah, okay, thank you. Okay, back to Avant and Permian. We

3187 We concluded the hearing.

3188 in April. And we came back on the record for specific purposes. So let me just review
3189 those on the record today. This is basically a status conference in these consolidated
3190 matters. The evidentiary portion of the hearing concluded April 22nd.

3191 We have a verbatim transcript of both days. I actually reviewed that for another
3192 purpose. But that is available to the parties for closing arguments. That is something
3193 that we need to deal with today. So let's start with the schedule for closing
3194 arguments.

3195 Does anyone have a suggestion? Yes, Ms. McLean and I coordinated and we agreed
3196 on July 14th for a deadline for the closing. Well, now there's a bit of a complication
3197 because I just learned while we were sitting here today that Avant has actually filed
3198 new applications.

3199 for Cisco Wells in the Pennsylvanian. I don't know how that relates to our cases, so
3200 you have to. Their spicy chicken Wells, they had originally applied for Wolf Camp D
3201 Wells. They dismissed out those applications voluntarily, if you recall.
3202 at the start of the hearing. I know there's a lot of a lot of applications here. And so
3203 those were not part of the contested hearing. They have now filed new wells. They're,
3204 I believe, the same vertical depth because Mr. McClure had indicated that those are
3205 Cisco wells, the pool.

3206 Um, and so I...

3207 feel like we need to discuss how those should be handled by the division. I don't
3208 think we should have an entirely new contested hearing just on this one application.
3209 And I think maybe Mr. McClure could give some guidance on how the division would
3210 want to handle this new.

3211 This new development, OK, so let me go to Miss.

3212 Let me first understand what's going, Miss Bennett. Thank you. What's going on
3213 here?

3214 Thank you. So at the hearing, Avant did dismiss certain wells from one of its
3215 applications because they were actually deeper wells, the Cisco Penn wells, and it had
3216 always been Avant's desire to move forward with those wells. So we filed an
3217 application. It's only one.

3218 And we had anticipated, we sent notice letters out for that application on May 14th,
3219 and I looked it up and Permian received that application on May 20th. So we fully
3220 anticipated that Permian would object to that application and that it would be stayed
3221 pending the outcome of the contested hearing.

3222 So there's no need to hold up the briefing schedule for that case. Permian has the
3223 ability to object to it, and then it would be stayed pending the outcome of the
3224 contested hearing. So before I go back to Ms. McLean for her position on this, did
3225 you say that you did file an application? Yes, we do. Do you have a case number? I
3226 don't have it with me.

3227 I do. Oh good. I just looked it up. It is 26190 and I believe the notice letter is dated
3228 May 15th. 26190? 26190. Mr. McClure, what I'd like to know from you is how does
3229 this affect your consideration of the...

3230 cases that we heard in April. Do you want to look at that application?

3231

3232  **McClure, Dean, EMNRD** 2:47:53

3233 Um...

3234 I guess my question.

3235

3236  **Pecos Hall** 2:47:57

3237 Good.

3238

3239  **McClure, Dean, EMNRD** 2:48:00

3240 Ms. McLean, was Premium requesting any wells within that upper pin as a part of
3241 these applications? If I recall correctly, the answer is no. Is that correct?

3242

3243  **Pecos Hall** 2:48:11

3244 You're correct. The answer is no.

3245

3246  **McClure, Dean, EMNRD** 2:48:15

3247 Mr. Henry Examiner, I mean, essentially this would be the equivalent of like they're
3248 asking for a formation below what's in a part of these contested cases. So I guess I'm
3249 not sure what I, go ahead.

3250

3251  **Pecos Hall** 2:48:23

3252 Right.

3253 Right.

3254 So, you?

3255 So, you don't, you don't think it, you don't think one thing has to do with the other
3256 then?

3257

3258  **McClure, Dean, EMNRD** 2:48:35

3259 Well, I mean, ultimately, whoever has all the batteries, I guess, might be the one that
3260 wants those wells, assuming they get drilled. But I don't think it's relevant to...

3261

3262  **Pecos Hall** 2:48:41

3263 Okay.

3264

3265  **McClure, Dean, EMNRD** 2:48:46

3266 deciding the Wolf Camp in Bone Spring, I guess.

3267

3268 **PH Pecos Hall** 2:48:49

3269 compulsory pooling applications.

3270

3271  **McClure, Dean, EMNRD** 2:48:51

3272 Yeah, that's correct, Missionary examiner.

3273

3274 **PH Pecos Hall** 2:48:53

3275 Okay, Ms. McLean, why do you feel like we would need to pause? Because I was
3276 thinking.

3277 July 14th, I'm glad the parties have decided July 14th, but that's...

3278 That's a long ways away. I don't know why. I mean, this transcript has been out for a
3279 month at least now. The parties knew we were coming back to basically set up the
3280 usual two-week deadline. So I have no idea why you guys are coming up with July
3281 14th. But let me first hear

3282 why you think this new application should in some way affect what we have in front
3283 of us now? Okay, so I'll answer both questions. First, because I did not know about
3284 the application, what Ms. Bennett has said, if they're willing to
3285 allow us to object and then agree to just keep this case on hold until the original
3286 contested hearings are decided, we're fine with that. So I think that's a fine course of
3287 action. As far as the date, none of the parties appeared, no one's in any rush here.

3288 And due to like contested hearings, the June 30th docket, the July 9th docket, where
3289 there's like 100 cases, we just thought that that would be a time that fits our
3290 schedule because no one's in a rush. Okay. I didn't know anyone was in a rush.

3291 Usually when we have these contested hearings, I figured that whoever
3292 is going to win wants to move forward. I mean, I thought that was a point. Well, I
3293 think that that is the case, but, you know, we're still waiting on contested hearing
3294 orders from October. So we are not under any pretense that this is going to be
3295 issued quickly. July 14 is fine with me. I'm sure I spoke to Mr. McClure yesterday.

3296 I know July 14 works for him as well. So July 14. Mr. Hearing Examiner, if I could just
3297 clarify one thing. Sure. Avant is interested in getting an order in these cases. Avant
3298 does want the order to be issued and does want to be granted operatorship. It's just
3299 that there are other timing constraints that have

3300 precluded or that we're taking into consideration. So I would not agree with the
3301 characterization that neither party is in rush. Neither. That's OK. Thank you. That's

3302 neither here. July 14 works. Freya, will you do a calendar?
3303 Reminder for July 14th? Yes. 5 P.m.
3304 The other reason that we were here was two other reasons that we came back today.
3305 The next thing.
3306 is that we were expecting.
3307 to have case 25835 re-noticed, an amended application filed, and to have it re-
3308 noticed because of the defect in the legal description.
3309 I have a, I went through the transcript carefully after Miss McLean sent messages to
3310 Miss Chance saying that she felt it was unclear what we wanted. I went through it.
3311 There's, in my mind, there is no question. I can give you the citations and page
3312 numbers and line numbers.
3313 if you like. And I don't mind doing that. I have them all here in front of me, but that is
3314 why we came. That is one of the reasons we came back today. That wasn't done. So
3315 case 25835, I don't see how we can move forward on that case. And I did have some
3316 questions about
3317 the notice and I read, I spent a lot of time reading the transcript because there was a
3318 lot of back and forth about do we need to notice all the cases with the Deb
3319 severance situation and then Mr. McClure had said that we needed to
3320 put certain additional, you know, change out information just in the land testimony.
3321 And so to me, I still, it was very up in the air still for me in terms of what was needed.
3322 If it is, and that's why one of the things I wanted to ask here today, since I knew it
3323 was a status conference.

3324

3325  **McClure, Dean, EMNRD** 2:53:40

3326 Play.

3327

3328  **Pecos Hall** 2:53:40

3329 July 9th docket and the closing briefs are not due until July 14th. We can go ahead
3330 and accomplish all of that prior to closing briefs being done. It's not going to change
3331 who notice is required to be sent to. And it's the same.
3332 that thing that we put into our admitted exhibit packets, because that's where we
3333 had initially thought we were supposed to put all of that information is just revising
3334 the testimony and adding it to the land exhibits. And so we have done that in the
3335 initial exhibit packets. If the division would like us to
3336 refile and re-notice. We're happy to do that. I wasn't sure also if it should just be

3337 swapped out and we use the same case number or are we getting an entirely new
3338 case number for that one?

3339 Is that it?

3340 Thank you. First, I apologize for my voice, but I find it.

3341 Things like, you know, communicating with Ms. Chance, I do that all the time for
3342 logistical items, but this seems more of a substantive request than a logistical item.
3343 And so I feel like I should have been CC'd on those communications, but putting that
3344 aside for the moment, I have reviewed the transcript in detail myself,
3345 And there, and I was actually sick with strep throat that day, and I was here by myself,
3346 and I understood clearly from the transcript and from the discussion that day that
3347 the requirement was for them to submit an unamended application. And in fact, Ms.
3348 McLean said herself,

3349 Yeah, I think we can apply for the June docket and we'll do a time new application in
3350 a timely manner for the June docket notice. So Permian definitely had the
3351 opportunity to cure this. As you said just a moment ago, the transcript has been out
3352 for at least a month. They've had their shot, they didn't take it, and it's time to move
3353 on.

3354 Yeah.

3355 And.

3356 Miss McLean, but you know, Mr. McClure and I spent a lot of time reviewing the
3357 transcript. I understand that there were some suggestions from Miss Bennett when
3358 she looked at the proposals.

3359 that we basically rejected, okay? But it was abundantly clear, based on the transcript,
3360 that you had an incorrect...

3361 legal description. If you look at page 171 of the transcript from line 7 through 18, it
3362 should be the northwest quarter of section 26. So it's very clear there was a legal
3363 description error. So that meant that the legal description used in the application of
3364 to 5835 and the division's published notice was incorrect. The hearing examiner
3365 instructed you to re-notice page 175, lines one through 4, file an amended
3366 application and re-notice the case.

3367 in writing. The instruction was not tentative. It wasn't conditional. It wasn't
3368 ambiguous. It was specified what re-notice required. The hearing examiner detailed
3369 precisely what must occur. Page 171, lines 20 to 22.

3370 We would also send out notice to interest owners as well as publish the newspaper,
3371 publish in the newspaper.

3372 The division was to receive an amended application, a corrected abstract for
3373 publication, proof of publication, proof of written notice. We scheduled this for
3374 today, page 178, lines one through 11. This should take approximately 60 days.
3375 And I would hope by June the parties would have submitted these corrections. Page
3376 199, lines 19 through 25, page 200, lines one through 5. It's
3377 The argument that it wasn't clear isn't going to be persuasive.
3378 And I feel like the division has to give the parties equal due process.
3379 Opportunity.
3380 And at this point, it feels to me, it feels to me that Permian was given an additional
3381 opportunity to renote. I mean, it's a structural, it's a structural defect. The case
3382 would be dismissed without that opportunity to renote it. It was given, it wasn't, it
3383 wasn't taken.
3384 I don't, it just doesn't feel right to me to give us another opportunity. It doesn't feel
3385 fair to Yvonne. And that's the problem I'm having with the request. I, you know,
3386 We really try to bend over backward for applicants. We try to move things along as
3387 quickly as possible. If it can be corrected, we try to allow ample opportunity
3388 corrected. We don't like to dismiss cases. It's the last thing we want to do.
3389 I don't see, I don't see an argument for another opportunity, but go ahead, Miss. I
3390 guess I was, I was unclear after reading because the transcript doesn't start there. I
3391 stop there. It goes on and on and on and on. And there is a lot of discussion about
3392 what we're supposed to do. And so since this was a status conference, I thought it
3393 would be okay to come and ask.
3394 And then with Ms. Chance, she had reached out to ask. And then that was when I had
3395 said I had additional questions because I wasn't sure if the application was just this to
3396 be subbed out or if there was going to be a new case number or what exactly the
3397 procedure was for that. I do understand.
3398 the division's concern here. There are 14 applications that Permian Resources filed.
3399 We presented, you know, all of the land, geologic, engineering evidence for this Wolf
3400 Camp well, which is one of the many wells that we are asking for.
3401 We supplemented the amended exhibit packet to include the correct legal
3402 description for this case and this well. It was just the one typo. So I don't know if it
3403 substantively affects
3404 you know, what was presented at the hearing or not. And I believe our exhibit,
3405 amended exhibit packet contains the correct information. We can, you know,
3406 obviously we can file a new application at any time to be on a new docket, right? So

3407 we could file for the July docket for
3408 as well if we chose to and then we would have to start all that process again.
3409 So I, you know, I believe what we have submitted in our exhibit packet is enough and
3410 that if the division would like us to perfect notice, that's just one, it's just one case
3411 and, you know, sending out notices to those people and to run. If we filed for the
3412 July docket, which we are entitled to do,

3413

3414 **OCD Regular Docket June 4, 2026-**
3415 **20260604_171343UTC-Meeting Recording_PART 2**

3416 June 4, 2026, 5:13PM

3417 3h 5m 40s

3418

3419  **Pecos Hall** 0:16

3420 the notice would run for the July jacket, and then we could file another amended
3421 exhibit packet. This case won't be taken under advisement until all the closing briefs
3422 are in, so we would be well within that time period. If the division chooses to dismiss
3423 out 25835, we can
3424 file another amended exhibit packet and to and add this new case number to the
3425 case caption for our closing brief. Mr. McClure.

3426

3427  **McClure, Dean, EMNRD** 0:52

3428 Mr. Hearing Examiner, I mean, irregardless, I guess, of whether the division were to
3429 approve the orders for Permian or Avant, I guess that particular case we couldn't
3430 approve regardless. I mean, I think it's in our discretion, though, whether we allow
3431 them to
3432 add additional evidence into the record.
3433 I think I'm concerned for the same reasons that you are, I guess, in regards to...
3434 Whether we would allow Avant to do the same if it had been Avant's notice that was
3435 insufficient, I guess.

3436

3437  **Pecos Hall** 1:35

3438 Can I Mr. Hearing examiner, may I address Miss McLean's points? Sure.
3439 This is, there needs to be an end to this contested hearing and we need to move on.
3440 And I feel like if the idea that they can submit a brand new application at this point
3441 for the July docket is putting form above substance, they had an opportunity to

3442 correct and it was clear from the record that that was a requirement.
3443 to move forward. And they did not take that opportunity. And if Permian does file an
3444 application for the July docket, it should be stayed and not decided until after the
3445 competing cases are decided without case 25835 being considered. It would not be
3446 fair to Avant or to the
3447 adjudicative process to allow parties to continually
3448 Um...
3449 have requirements placed on them for a contested hearing, and then have the
3450 evidentiary basis change because someone didn't comply with the division's
3451 requirements. There would be no end to contested hearings. So I respectfully request
3452 that the division stay with its initial determination of not allowing
3453 Permian to move forward with case 25835, that it be dismissed, and if they refile, that
3454 it be stayed pending the outcome of the contested hearing as without the 25835
3455 case. Thank you.
3456 And you can include that in your closing argument as well.
3457 Thank you. Hopefully I will not need to because hopefully 25835 will be dismissed by
3458 then.
3459 All right. Ms. McLean, I know that you have more to say about this, but we have a full
3460 docket and we need to move on at this point. We have a we have a July 14th closing
3461 argument deadline. We need to set a page limit. I was thinking somewhere between
3462 10 and 15.
3463 pages with citations to the record for any point you are making. And you must
3464 address the seven criteria laid out by the commission that we decide these
3465 compulsory pooling checklists. Did the parties have a preference on 10 or 15 pages?
3466 I have a question about whether it will include findings of fact and conclusions of
3467 law. Mr. McClure, do you want that or not?

3468

3469  **McClure, Dean, EMNRD** 4:04

3470 I don't need that.

3471

3472  **Pecos Hall** 4:05

3473 Okay, no, it's just a closing argument. Then.

3474 10 pages is probably fine. I mean, we do have a number of cases. So if Ms. McLean is
3475 leaning towards 15, I wouldn't have a problem with that just because of the number
3476 of cases. Ms. McLean, it's up to you. 10 or 15. 15. 15, done. All right, Ms. McLean

3477 wants 15. We're going with 15 pages. July 14.

3478 Last but not least, Mr. McClure, have you received the information from both parties
3479 that you wanted?

3480

3481  **McClure, Dean, EMNRD** 4:36

3482 That is correct, Mr. Hearing Examiner. I have, I mean.

3483

3484  **PH** **Pecos Hall** 4:38

3485 All right, wonderful. And did either party have any objections to the other party's
3486 amended exhibit packets?

3487 No objections. Okay.

3488 All right, then we will take those cases under advisement, and we are off the record in
3489 all of those cases. Thank you. Okay, now we're going to move on to Taprock
3490 operating. There are two cases, 25886, 25887. Entries, please.

3491

3492  **JE** **Jacob Everhart** 5:08

3493 Jacob Everhart with Beatty and Wisniak, New Mexico, representing applicant Taprock
3494 operating in case numbers 25886 and 25887.

3495

3496  **PH** **Pecos Hall** 5:17

3497 Thank you, Mr. Eberhard. Dana Hardy with Hardy McLane.

3498

3499  **JP** **James Parrot** 5:17

3500 Yeah.

3501 Mr. Governor, this is James Bear with Baiting Wozniak, also representing Taprock with
3502 Jacob.

3503

3504  **PH** **Pecos Hall** 5:25

3505 Thank you. And Dana Hardy with Hardy McLean on behalf of COG operating. Thank
3506 you, Ms. Hardy. Thank you, Mr. Perrett. Okay. And Ms. Hardy, your position on these
3507 two cases? We are just monitoring these cases. All right. Thank you. Mr. Everhart.

3508

3509  **JE** **Jacob Everhart** 5:41

3510 Yes, sir. So in both cases, Taprock is requesting a 320 acre more or less standard
3511 horizontal spacing unit in both applications. And 25886, it's going to be comprised of

3512 the west half of the east half of sections 18, 19, Township 26 South, range 26 East,
3513 Eddy County.
3514 and that will be comprised of the cores fed com 153H well and case number 25887.
3515 It's also a 320 acre more or less standard HSU comprised of the east half of the east
3516 half of sections 18 and 19 Township 26 South range 26 East. And that will be
3517 comprised of the cores fed com 154H well.
3518 For both cases, the exhibit packets was filed on May 28th of 2026 and contains the
3519 CPAC. Exhibit B is the proposed notice of hearing filed on January 14th of this year.
3520 Exhibit C is the affidavit of senior landman Erica Shoemaker. Ms. Shoemaker has
3521 previously testified before the division and her qualifications have been accepted by
3522 the division and made a matter of record.
3523 Exhibit C1 through C6 are the standard suite of land exhibits. Exhibit D is the affidavit
3524 of VP of Geoscience Mr. Matt Jones, who has previously testified for the division and
3525 his qualifications have been accepted and made a matter of record. Exhibits D1
3526 through D5 are the standard suite of geology exhibits. Exhibit E is a notice, the
3527 affidavit showing notice letters were mailed on
3528 January 14th, 2026, and also proof of publication in Carlsbad Current Argus on
3529 January 20th, 2026. And with that, Mr. Examiner, I'd like to request that the exhibits
3530 be admitted to the record and the matters be taken under advisement.

3531

3532  **Pecos Hall** 7:23

3533 Exhibits admitted without exception, Mr.

3534 Mr. McClure, I believe you and I both agree these two cases can be taken under
3535 advisement.

3536

3537  **McClure, Dean, EMNRD** 7:35

3538 That's correct, Mr. Hearing, Mr. Fordyce had reviewed their amended exhibit packets.

3539

3540  **Pecos Hall** 7:40

3541 All right, perfect. Well, thank you, Mr. Eberhart. We're off the record in those two
3542 cases.

3543

3544  **Jacob Everhart** 7:43

3545 Thank you.

3546

3547 **PH** **Pecos Hall** 7:46

3548 Okay, let's move on to Avant operating. This is 25956 and 57 entries, please.

3549 I can go ahead and enter my appearance. This is Miss Luck's case. Please, please.

3550 Jackie McLean with Hardy McLean on behalf of Permian Resources and Marathon Oil

3551 Permian. And I'm sorry, what? Marathon Oil Permian. And your position? We're just

3552 entering an appearance and monitoring. Okay, thank you very much. Miss Luck, are

3553 you with us?

3554

3555 **JK** **Jordan Kessler** 8:21

3556 And good.

3557

3558 **PH** **Pecos Hall** 8:22

3559 These are your cases.

3560 I believe she's attending that status conference at 11 elsewhere and she'll be back
3561 on.

3562 When she's done.

3563 Well, that's nice. Maybe we'll just move these to the end of our docket then. I won't
3564 recall these till the very end.

3565 All right, let's move on to Coterra Energy 26106.

3566 Good morning, everyone. Dina Bennett on behalf of Cotera Energy Operating LLC.

3567 Thank you. I don't believe there's any other parties. There are no other parties. In this
3568 case, Cotera is seeking approval of a non-standard unit and compulsory pooling. And
3569 it's for a Bone Spring unit located in the east half of sections 15, 22 and 27, Township
3570 19 South, range 33 East.

3571 And in our exhibit packet, we submitted the usual suite of exhibits, a self-affirmed
3572 declaration by Trey Robertson, Cotera's land man, who's previously testified and
3573 been qualified before the division, and also a self-affirmed declaration from Josh Day,
3574 the geologist, and Mr. Day has not yet been qualified before the division.

3575 but his information does include his resume. And then I included, of course, my self-
3576 affirmed statement showing that notice was timely mailed and timely published.

3577 Fingers crossed on that one. Looking forward to a discussion about it. But in any
3578 event, publication is not necessary, which I can explain later if there is a question
3579 about it.

3580 And one of the things I did want to point out about this particular application is that

3581 originally when I filed the application, Coterra was seeking to dedicate 9 wells to the
3582 unit, but Coterra has since changed its development plan and is only seeking to
3583 dedicate 6 units or six wells to the unit.

3584 And so I'll be filing a notice of dismissal of the three wells. And that's indicated in Mr.
3585 Roberson's testimony. Thank you. And with that, I would ask that the exhibits in case
3586 number 26106 be admitted into the record and the case taken under advisement. All
3587 right, thank you. Exhibits admitted without exception. Mr. McClure.

3588

3589  **McClure, Dean, EMNRD** 10:36

3590 Hi, Mr. and I have questions for the land man.

3591

3592  **Pecos Hall** 10:39

3593 Thank you. And Mr. Roberson, I see us on screen for me anyway.

3594 I, I see you.

3595 Wait, Mister.

3596

3597  **Roberson, Trey** 10:51

3598 Should be here.

3599

3600  **Pecos Hall** 10:55

3601 Yes, just one second and we'll get you pinned on the screen. If your camera's on. It is,
3602 I can see him. You can see him? Yes, there he is. There he is.

3603 Okay, Mr. Roberson, would you please raise your right hand? Do you swear or affirm
3604 under penalty of perjury that the testimony you're about to give is the truth, no truth,
3605 nothing but the truth?

3606

3607  **Roberson, Trey** 11:15

3608 Yes, I do.

3609

3610  **Pecos Hall** 11:16

3611 All right, thank you, sir. Would you spell your name?

3612

3613  **Roberson, Trey** 11:19

3614 Yes, Trey Roberson, TREY Roberson, ROBERSON.

3615

3616 **PH Pecos Hall** 11:26

3617 And this division has previously qualified you as an expert.

3618

3619 **RT Roberson, Trey** 11:29

3620 That's correct, and petroleum land matters.

3621

3622 **PH Pecos Hall** 11:31

3623 In what field?

3624 All right. Thank you, Mr. McClure.

3625

3626 **McClure, Dean, EMNRD** 11:40

3627 Yes, I'm looking at your NSP.

3628 offset operators. Let me see if I can find the page number. Page 56 of 104.

3629 I'm just scrolling up through that.

3630 Food on my end as well, here.

3631

3632 **RT Roberson, Trey** 12:27

3633 Yes.

3634

3635 **McClure, Dean, EMNRD** 12:28

3636 Can you see where it references could care energy operating company there?

3637

3638 **RT Roberson, Trey** 12:32

3639 Yes, Sir.

3640

3641 **McClure, Dean, EMNRD** 12:34

3642 Okay, who are the working interest donors for Track G?

3643

3644 **RT Roberson, Trey** 12:39

3645 In track G, Coterra owns 100%, so we did not have non-op owners to notify.

3646

3647 **McClure, Dean, EMNRD** 12:50

3648 OK, and.

3649 in track H, who all is the working interest owners in track H?

3650

3651  **Roberson, Trey** 12:58

3652 There are two owners in those wells, and that's Cotera and Mitchell Exploration, and
3653 we notified Mitchell.

3654

3655  **McClure, Dean, EMNRD** 13:08

3656 I guess on this exhibit anywhere, do you actually clarify who the working interest
3657 owners are for each of these tracks?

3658

3659  **Roberson, Trey** 13:17

3660 If there was a non-op work interest party in a well that Coterra operated, we listed
3661 every non-op work interest owner.

3662

3663  **McClure, Dean, EMNRD** 13:28

3664 If I were to ask you to amend this exhibit.

3665 Such that you actually, instead of referencing record title owner, if they're the ones
3666 that has a working interest on.

3667 just directly reference who the working interest owners are.

3668 You understand what I'm asking for, Mr. Robertson?

3669

3670  **Roberson, Trey** 13:49

3671 No, sir, I don't quite understand that. Could you rephrase the question?

3672

3673  **McClure, Dean, EMNRD** 13:52

3674 Okay, let me, yes sir, and actually let me draw your attention down a little bit further
3675 to like track K, for instance.

3676 In track K, it appears you have three record title owners listed. Is that correct?

3677

3678  **Roberson, Trey** 14:06

3679 That's correct.

3680

3681  **McClure, Dean, EMNRD** 14:07

3682 And who is the working interest owners in this track?

3683

3684  **Roberson, Trey** 14:11

3685 There are no wells in that tract.

3686

3687  **McClure, Dean, EMNRD** 14:17

3688 So then would it be accurate to say that the working insurance is owned by the
3689 record title owners in this instance then or not?

3690

3691  **Roberson, Trey** 14:27

3692 In the northwest of Section 26, yes, in Section 26, it would most likely be owned by
3693 Coterra.

3694

3695  **McClure, Dean, EMNRD** 14:37

3696 Well, the track K is what I'm asking about, Mr. Robinson.

3697

3698  **Roberson, Trey** 14:41

3699 Section 23.

3700 I'm unfamiliar through the work interest would be in that tract.

3701

3702  **McClure, Dean, EMNRD** 15:02

3703 I guess, are you familiar with the division's definition of affected persons?

3704

3705  **Roberson, Trey** 15:14

3706 No, I may need the definition for that.

3707

3708  **Pecos Hall** 15:29

3709 Mr. Hearing Examiner. Yes. This might be something that I could work with Cotera
3710 offline about to make sure that if there, it seems like this is a binary question. If there
3711 aren't any working interest owners because it's unleased, then we would not need to
3712 redo notice. But if there are working interest owners that are not
3713 Avant Legion or double cabin, then we would need to read a notice. And so I'm
3714 happy to work with Mr. Roberson in the next, you know, short little bit and get back
3715 to the division about the answer to that question. While we're still here. Yes. Okay,
3716 perfect. Mr. McClure, I think that's a good, that's a good solution.

3717

3718  **McClure, Dean, EMNRD** 16:07

3719 I agree, Mister Hearing Examiner.

3720 And Miss Bennett, right, was who was the representative? Okay. Yeah, Miss Bennett,

3721 also, if you could review the definition of affected persons and see what your opinion

3722 is of who would be required to provide notice if there are no operators of record or

3723 working interest, I guess.

3724

3725  **Pecos Hall** 16:15

3726 Yes, that's who was talking, yes.

3727 Yes, I'm familiar with it, but I'll review it with Mr. Robertson and make sure that we're

3728 on the same page there. Perfect. Anything else, Mr. McClure?

3729

3730  **McClure, Dean, EMNRD** 16:36

3731 OK.

3732 Nothing else, Mister Hearing Examiner.

3733

3734  **Pecos Hall** 16:45

3735 Okay, so we'll come back on the record on this case. We'll move this to the end of
3736 our docket.

3737 If you find, Ms. Bennett, that we have a simple answer to this, just let me know in

3738 between cases and maybe we can come back on the record and just take it under

3739 advisement. But if you find that you need...

3740 We'll come later. Thank you. All right, so let me put this for recall. All right, we're off

3741 the record in that case. Let's go on now to Permian Resources 26107-26108. Jackie

3742 McLean on behalf of Permian Resources. And yesterday, Newburn actually

3743 filed a notice or a notice of continuance for these cases. Before you continue, Ms.

3744 McLean, I'm aware of it, but I wanted to get all the issues of appearance first. So we

3745 have you for the applicant. Who else do we have? Good morning, Mr. Hearing

3746 Examiner Paula Vance with the Santa Fe Office of Holland and Hart on behalf of MRC

3747 Hat.

3748 Mesa LLC, just preserving rights. And then as Miss McLean was just updating the

3749 division, Mewburn and some of its entities, so Mewburn Energy Partners, 17 TAC ALP,

3750 Mewburn Oil Company, Mewburn Development Corporation, CWM 2000 TAC.

3751 B LTD, 3MG Corporation and CWM 2000 TAC B2 LTD. And as Ms. McLean was just

3752 explaining, the parties are in negotiations. And so we filed, we came to an agreement
3753 to do a one month continuance. We filed on behalf of
3754 Permian, those negotiations are going really well. And so, yes, we would hope that
3755 you will grant that continuance to the 7-9 docket. Thank you. Ms. McLean, when did
3756 you file these applications? They were filed, give me one second.
3757 They were filed on April 7th. Okay, April 7th, alright.
3758 And when, when did your, um, when did your...
3759 Client.
3760 Begin to negotiate with Miss Vance's client.
3761 I am not entirely sure. We heard yesterday that this is part of a much larger piece and
3762 a larger deal that they're negotiating. So that's why they wanted to continue the
3763 case.
3764 I believe it was sometime, I'm just looking at this, in before the May docket because
3765 we had filed a motion, we filed a motion to continue at that time. I remember saying
3766 we need additional time and then.
3767 Ms. Vance yesterday reached out saying that we still need additional time and that's
3768 why we had asked that they would file the continuance since we had already done it
3769 once. So I don't know when these larger negotiations started, but this has been a
3770 part of it since April.
3771 So, Ms. Vance.
3772 You filed this.
3773 continuance on behalf of another party, which was confusing. But it's been done
3774 before. It's been done before. But it was confusing.
3775 But...
3776 The division had already spent considerable amount of time reviewing these cases
3777 for today's docket.
3778 by continuing it at the last moment.
3779 The division spent not only a lot of resources reviewing cases that you're asking us
3780 not to hear today, but we've also bumped off other cases from the docket that could
3781 have preceded today by affidavit. So that's why I didn't grant the continuance.
3782 I realize that parties are always negotiating constantly. However, Mr. McClure's
3783 review of these two cases is to take them under advisement. He's done a lot of work
3784 on these two cases. So if I don't grant these continuances and we take the cases
3785 under advisement, what happens?
3786 Well, let me just say, one, my understanding is that the conversation between the

3787 parties happened just recently to where they came to a point where they had this
3788 agreement that they would be open to continuing it, which was after the time that
3789 the hearing packets were filed.

3790 And as you pointed out, the parties negotiate all the time and they want to come to,
3791 I mean, I think a lot of parties are motivated to come to agreements rather than
3792 having to go to contested hearings, which takes a lot more time from the division
3793 than reviewing on contested hearings. Are you suggesting then that the agreement
3794 between your client and Ms. McLean's client
3795 would obviate the need for a compulsory pooling application.

3796 No, because, no, I'm not saying that. I don't know what other parties they are, what
3797 other parties they may be pooling, but I'm just saying that as opposed to, you know,
3798 there being a hypothetical issue between the parties, that this is just the parties
3799 negotiating and asking for more time. But the ask came in minutes before.

3800 I mean, came yesterday. Why? Because the timing of the negotiations between the
3801 parties happened after the filing of the hearing packets.
3802 where they came to a mutual understanding that they would be agreeable to a one-
3803 month extension. Right. So, Ms. McLean, if we take this case, if we take these two
3804 cases under advisement, what happens with these negotiations? I would have to ask
3805 Korean Resources. Yesterday, I was told
3806 that they were going to allow it, just allow the continuance or agree to the
3807 continuance just because they needed more time to get everything nailed down. But
3808 honestly, I am not a part of those and am not certain.

3809 I'm just trying to pull up our exhibits really quick. Sure, see how many parties. Yes,
3810 because I hadn't pulled them up.

3811 Mr. McClure already reviewed these cases. Mr. McClure, do you happen to know
3812 which exhibit would have the... I have it here. Will you share the screen? You know
3813 what? Actually, I'm looking at it right now. And yes, hold on, let me.

3814 I think that it might just be these Mewburn entities, honestly, and MRC that we're
3815 pulling. So there would be. No case. No case. There's for working, okay, so for the
3816 working interest owners, it's Mewburn and then all these Mewburn.
3817 Affiliates is 3MG one of them? Yes, OK. Yes, it is. And then there's MRC Hot Mesa,
3818 who would, I don't know, you know, they're not a Mubern affiliate or entity, but
3819 they're Matador. Yeah, they're Matador, so, but they've entered an appearance.
3820 I don't know, they're just 15% in this non-mewborn section.

3821 Yeah, and we do have on the next page. Let me rephrase my question. I think this

3822 would be easier to answer this way. Are there any other parties besides Ms. Vance's
3823 represented clients that you're trying to pool? Yes, there are. There are? Yes. There
3824 are. Okay. Now, if we take these cases under advisement and the parties come to
3825 some
3826 agreement, then don't you just notify the division and say we want to change one of
3827 our exhibits since we're not going to get to this immediately?
3828 That, well, I would love to do that, but that's not, you know, my, I would not know if
3829 Mr. McClure would want, you know, would allow for that after he takes something
3830 under advisement. Let me ask. Mr. McClure, how do you want to proceed?

3831

3832  **McClure, Dean, EMNRD** 25:28

3833 Mr. Hearing Examiner, I mean, this is a standard case. We'll probably have an ordered
3834 issue within a month. So I mean, I wouldn't necessarily recommend the thought
3835 process of that. If we wanted to have that as an option, I think we would want to
3836 avoid taking it under advisement.

3837

3838  **Pecos Hall** 25:35

3839 Oh, I see.

3840 All right.

3841 All right. I really have to...

3842 strongly encourage parties not to file motions to continue the day before a hearing
3843 by affidavit. I could see if it was a status conference, that would be a different
3844 situation. And I understand what you said about the parties, this and that, but it just
3845 seems that the division went through a lot of trouble. And we could have heard other
3846 cases today.

3847 based on this, what happened here. I'll agree to continue it to the June 30th, but no
3848 longer. So if you want to finish up, wrap up your negotiations by that point, great.

3849 I've already told you, Ms. McLean, that we're willing to take these under advisement.

3850 So this is an easy one to deal with on June 30th.

3851 Okay, so that's good to know that. But this will be the second continuance. I realize
3852 it's not as much of A continuance as you would like. It's a week less, I think, than the
3853 July docket is. But that's when I'm willing to continue these cases. So is there
3854 anything else?

3855 No. Ms. McLean. There's nothing. All right, thank you. And Mr. McClure, you won't
3856 have to redo these cases again. You just keep your notes in there and I know what

3857 you want me to do with it. Okay, we're off the record in Permian Resources. And of
3858 course, this, you paid for this continuance? Yes, as a courtesy since the parties.
3859 came to an agreement. Right. OK. So, Freya, will you accept the accept the
3860 continuance to the June 30th? Yes, I will. We can put them at the beginning of our
3861 docket. All right. Let's move on to Cotera Energy. This is 26109.
3862 Good morning, Mr. Examiner, Dina Bennett on behalf of Coterra Energy. Thank you.
3863 Operating and there are two other parties that have entered an appearance.
3864 Jackie McLean, representing Permian Resources. Thank you.
3865 Good morning, Mr. Hearing Examiner Paula Vance with the Santa Fe Office of
3866 Holland and Hart representing COG operating. And we're just preserving rights.
3867 Perfect. Thank you. And same with you, Miss. Same for permanent resources. Miss
3868 Bennett. Thank you. So in case number 26109, Cotera seeks an order from the
3869 division.
3870 approving a non-standard unit, cooling to the cooling uncommitted mineral interest
3871 owners, and then to the extent necessary, approval of an overlapping spacing unit.
3872 This is a bone spring formation, and it's a bone spring unit that's composed of
3873 irregular lots and irregular sections, so I won't read the entire description. It's in the
3874 materials.
3875 We did include in the materials the usual suite of exhibits, the compulsory pooling
3876 checklist, the self-affirmed statement of Trey Robertson, who's previously testified,
3877 and his credentials have been accepted. The geology exhibits from Josh Day, he has
3878 not previously testified before the division. And then my self-affirmed statement of
3879 notice showing that notice was timely mailed and published.
3880 And I imagine there's going to be questions for the land man on this case as well. So,
3881 but with that, I would ask that the exhibits in case number 26109 be admitted into
3882 the record and we're available for questions. Admitted without exception. I'm sure
3883 Mr. McClure would like to question Mr. Robertson. So Mr. Robertson.
3884 Are you with us?

3885

3886 **RT Roberson, Trey** 29:10

3887 Yes, Sir.

3888

3889 **PH Pecos Hall** 29:11

3890 Thank you. I remind you, you're still under oath. This makes that easy. Mr. McClure.

3891

3892  **Roberson, Trey** 29:15

3893 Okay.

3894

3895  **McClure, Dean, EMNRD** 29:17

3896 Yes, Mr. Roberson, I have the pretty much exact same questions as everybody's
3897 predicting. I'm looking at page 81 of 135. For instance, I'm looking at track A.

3898

3899  **Pecos Hall** 29:21

3900 Yeah.

3901

3902  **McClure, Dean, EMNRD** 29:30

3903 On that page.

3904

3905  **Roberson, Trey** 29:40

3906 Yeah.

3907

3908  **McClure, Dean, EMNRD** 29:41

3909 Do you?

3910

3911  **Roberson, Trey** 29:41

3912 Yes, sir. So, Mr. McClure, we own 100% of this track. So Coterra, Magnum Hunter is
3913 the operator. Coterra is the operator. Magnum Hunter owns 100% of the work
3914 interest.

3915

3916  **McClure, Dean, EMNRD** 29:43

3917 But...

3918

3919  **Pecos Hall** 29:45

3920 Yeah.

3921

3922  **McClure, Dean, EMNRD** 29:54

3923 And do you indicate that anywhere in this exhibit, I guess?

3924

3925  **Roberson, Trey** 29:59

3926 On the line below it, I put no non-operators, indicating that there were no other work
3927 interest owners in that tract.

3928

3929  **McClure, Dean, EMNRD** 30:07

3930 If I were to ask you to amend this exhibit to make it crystal clear that Magnum
3931 Hunter owns 100% of the working interest, do you understand what I'm asking for?

3932

3933  **Roberson, Trey** 30:18

3934 Yes, sir, I do.

3935

3936  **McClure, Dean, EMNRD** 30:20

3937 Okay.

3938 And another question, I guess, occurs to me that may help your further discussion
3939 with Ms. Bennett. Would you agree that a record title owner has the right to drill
3940 wells within that federal lease?

3941

3942  **Roberson, Trey** 30:37

3943 No, I would not.

3944 I have refreshed my memory on what an affected party is. And Ms. McClure has
3945 messaged me. So I'm aware. I believe we can correct some of these issues.

3946

3947  **McClure, Dean, EMNRD** 30:46

3948 Yeah.

3949 So, if a record title owner does not read, does not farm out their interest.
3950 to somebody else to operate the wells, they do not have a right to operate wells
3951 within the federal lease that they leased. Is that what you're saying to me?

3952

3953  **Roberson, Trey** 31:07

3954 A record title owner would have to have operating rights.

3955

3956  **McClure, Dean, EMNRD** 31:11

3957 Does a record title owner not have operating rights when they lease a federal lease?

3958

3959  **Roberson, Trey** 31:14

3960 At the at the initial oil and gas lease, yes it did.

3961 But oftentimes those are split, those two sticks are split in title. And in most of these
3962 instances, those have been split.

3963

3964  **McClure, Dean, EMNRD** 31:29

3965 So are you saying that the record title owners that you have listed here?

3966 May not be the working interest donors.

3967

3968  **Roberson, Trey** 31:40

3969 I have indicated if their record title and operator. Yes.

3970

3971  **McClure, Dean, EMNRD** 31:47

3972 Okay, so if you do not have the inclusion of operator next to record title, are you

3973 saying that they do not have the working interest?

3974

3975  **Roberson, Trey** 31:57

3976 There is not an instance of that in this exhibition.

3977

3978  **McClure, Dean, EMNRD** 32:04

3979 to save us time.

3980

3981  **Roberson, Trey** 32:06

3982 But.

3983

3984  **McClure, Dean, EMNRD** 32:07

3985 I would portray out to you that in your prior case, you do have instances where it has

3986 record title owner and does not indicate operator. If that were to occur here, does

3987 that mean that your testimony is that they don't have working interest and could not

3988 drill wells in that lease?

3989

3990  **Roberson, Trey** 32:24

3991 So on my prior exhibit, an abundance of caution, I had listed the operator that I knew

3992 of record in the county records, as well as the record title to cover all the interest. In

3993 track K, I did miss one instance, which I can correct. I have title on that, and I can

3994 have that corrected today.

3995

3996  **McClure, Dean, EMNRD** 32:45

3997 Okay, well, we'll discuss it when we reopen that case, I guess. Irregardless,

3998

3999  **Roberson, Trey** 32:45

4000 So...

4001

4002  **McClure, Dean, EMNRD** 32:52

4003 Of the list that we have in this exhibit, A9.

4004 In my request for you to amend it to make clear on the working interest owners,

4005 what would that change in this exhibit?

4006

4007  **Roberson, Trey** 33:08

4008 The only change would be in tract A, and I would indicate that Magnum Hunter owns

4009 100% of the work interest.

4010

4011  **McClure, Dean, EMNRD** 33:23

4012 Okay, in track L, how would you, how would that change if you're depicting the

4013 working interest?

4014

4015  **Roberson, Trey** 33:31

4016 I have indicated both non-operating parties, the other work interest owners in the

4017 well. I don't think that would change anything.

4018

4019  **McClure, Dean, EMNRD** 33:40

4020 Okay, so then would it be accurate to say that you would now list Michelle or

4021 Mitchell expiration as a working interest donor? Would that be how this would

4022 change?

4023

4024  **Roberson, Trey** 33:51

4025 So rather than non-operator, you'd prefer the term work interest owner?

4026 If that, if that's a change you'd like, I can make that change, yes.

4027

4028  **McClure, Dean, EMNRD** 34:00

4029 Oh.

4030 Well, I guess what my question to you is, if you were making this exhibit clear to
4031 indicate all the working interest donors within tracks that could tear operates or that
4032 has no operator record on for that track, what changes would you make to this
4033 exhibit?

4034 and specifically looking at track L, what changes would be made there.

4035

4036  **Pecos Hall** 34:26

4037 Yeah.

4038

4039  **Roberson, Trey** 34:29

4040 I would change non-operator to working interest owner.

4041 The.

4042

4043  **McClure, Dean, EMNRD** 34:34

4044 Okay, but the list, the list here would not actually, the list of...

4045 persons would not actually change, is that correct?

4046

4047  **Roberson, Trey** 34:45

4048 There would be no additional parties.

4049

4050  **McClure, Dean, EMNRD** 35:00

4051 Mr. Hearing Examiner, I don't have any further questions here.

4052 Um...

4053 Assuming that the expert witness knows exactly what we're looking for, I think we

4054 could leave the record open till the end of the day. But just noting that if there's

4055 any...

4056 mistakes or if we don't get what we're looking for, this case would then be dismissed.

4057 So from their preference, maybe they would prefer us to continue if there's any

4058 question of what the division is looking for.

4059

4060  **Pecos Hall** 35:35

4061 I don't have any questions. I think I understand that for this case too.

4062 what the division is looking for is for tract A to indicate that Coterra owns 100% of

4063 the working interest. And then for the other tracks, just to clarify, Mr. Robertson was

4064 equating non-operator with working interest owner, so there are no other parties to

4065 add. So if it's more clear to the division to change the word non-operator to working
4066 interest owner,

4067

4068  **Roberson, Trey** 35:47

4069 It.

4070

4071  **Pecos Hall** 36:05

4072 we would change that today as well. Are you not talking about the other case? Not
4073 the other case right now, just this case. So, and rather than, I mean, A, I would like to
4074 understand from Mr. McClure if I've understood what he's looking for, because we
4075 do not want this case to be dismissed.

4076 for something that we can fix and that I think I understand how to fix and is perhaps
4077 just a matter of nomenclature. That's how I see it is Mr. Roberson calls the working
4078 interest owners non-ops and Mr. McClure would prefer to see it as working interest
4079 owner. We're happy to make that change.

4080

4081  **McClure, Dean, EMNRD** 36:24

4082 Mm.

4083

4084  **Pecos Hall** 36:44

4085 And if the division felt somehow that the non-standard unit portion still needed to
4086 be fixed, we would request that only that portion of the application be dismissed. I
4087 don't think it needs to be, but we can always proceed administratively for a non-
4088 standard unit. But these

4089 Wells are on Cotera's drilling schedule, and we're already running up against a
4090 deadline here. So I would really appreciate, like I said, a some confirmation that I
4091 understood Mr. McClure's direction correctly. It sounds okay. Once Mr. McClure does
4092 that, it sounds like we can take this case under advisement as long as you.

4093 file what you need to with a cover letter by 5 P.m. Yes. Mr. McClure, did you want to
4094 confirm what Miss Bennett...

4095 Said.

4096

4097  **McClure, Dean, EMNRD** 37:33

4098 Mr. Hearing Examiner, based off what it sounded like, or my understanding what Ms.
4099 Bennett was saying is I believe she has an understanding what I'm looking for.

4100

4101 **PH Pecos Hall** 37:41

4102 Okay, perfect.

4103 Thank you. With that, then I would ask that this case be taken under advisement,
4104 subject to the revised exhibit I'll be providing before 5:00 today. That's our
4105 understanding as well. So we're off the record in that case. Thank you. Let's move on
4106 to BTA Oil Producers. And Mr. Examiner, I do have an answer on the prior question.
4107 You do or prior case.

4108 Okay, so in case number 26106, I conferred with Mr. Roberson and tract L, which is
4109 the case, or tract K, I'm sorry, which is the case we were discussing in that particular
4110 notice packet. The working interest is split between Coterra 85%
4111 and an entity called TW.
4112 sorry, TWEP3SMA. And we did provide notice of the application to TWP3SMA. They
4113 were provided notice. And so what we would propose to do for that exhibit packet is
4114 amend tract K to show
4115 Coterra as 85% working interest owner, TWEP3 SMA as 15% working owner, working
4116 interest owner. And then we could also revise non-op non-operator to working
4117 interest owner in that exhibit packet as well. Mr. McClure.

4118

4119  **McClure, Dean, EMNRD** 39:06

4120 Mr. Hearing Examiner, it sounds like that should be sufficient, provided as like what
4121 Ms. Bennett was just saying that notice was provided. My only concern here, or do
4122 we make sure there's no misunderstanding and no other places where record title
4123 owners listed here when they in fact have the working interest?

4124 That would be my concern, and I don't know if there is a specific listing here where
4125 that's going to be at issue or not.

4126

4127 **PH Pecos Hall** 39:35

4128 OK, Miss Bennett.

4129

4130  **McClure, Dean, EMNRD** 39:35

4131 Um...

4132

4133 **PH Pecos Hall** 39:37

4134 In this particular case, 26106, there is only, there are two places where it says record

4135 title slash operator. And in those instances, we did notify both the record title slash
4136 operator. In other instances, we must have over notified because we notified both
4137 the record title and the operator. So based on my review of this exhibit,
4138 The only tract where that is an issue is tract K. I think Mr. McClure had an issue with
4139 the record title owner versus a working interest owner, not operator. And you just
4140 said operator. I think he might have an issue with both. One is where record title may
4141 not be the working interest.

4142 But that is comes into play when there's no operator. And so when there's an
4143 operator that's not Coterra, we notify the operator. But if the operator is Coterra,
4144 then we need to notify the working interest owners. Does that work for you, Mr.
4145 McClure?

4146

4147  **McClure, Dean, EMNRD** 40:37

4148 It does, although I do have one follow-up question with Miss Bennett, make sure that
4149 I'm not misunderstanding rule. Miss Bennett, are you in disagreement that...

4150

4151  **Pecos Hall** 40:41

4152 Go ahead.

4153 Sure, go ahead.

4154

4155  **McClure, Dean, EMNRD** 40:47

4156 The affected persons would include the record title owner if there are no working
4157 interest owners that they were formed out to.

4158

4159  **Pecos Hall** 40:56

4160 No, if there's no working interest owner, then the only party to notify is record title.

4161 So, there.

4162

4163  **McClure, Dean, EMNRD** 41:03

4164 Okay, so then your agreement that if there's no working interest owners, we do need
4165 to notify the record title owner, correct?

4166

4167  **Pecos Hall** 41:04

4168 Yes.

4169 Yes, that's our fallback position. If we can't find an operator, can't find working

4170 interest owners, then the only publicly available information would be record title
4171 owners at that point under the, in reality and under the rule. So Ms.

4172

4173  **McClure, Dean, EMNRD** 41:10

4174 Okay.

4175 Okay, yeah, and that's not my inter. I'm sorry, Mister Examiner, go ahead.

4176

4177  **Pecos Hall** 41:27

4178 So Ms. Bennett, it sounds like both cases can be taken under advisement because
4179 you're saying that by 5:00 today, you can file an amended exhibit packet to correct
4180 these issues with the cover letter? Yes. Okay. Then we're off the record in both those
4181 cases and we're not going to recall 26106. Thank you very much. I appreciate it.

4182 You're welcome. Let's move on to BTA Oil Producers. This is 26059. Dana Hardy with
4183 Hardy McLean on behalf of BTA Oil Producers LLC. Thank you. And there is one other
4184 party.

4185 Who's representing Kevin and Morgan? Oh no, that is the rep, that is the council.

4186 I've never heard of them. Have you? They are in Albuquerque. They are? They
4187 periodically appear for interest donors.

4188 Okay, are they with us today? Apparently not. I'm going to ask again, do we have
4189 anyone representing Realeza del Spear?

4190 if I'm pronouncing that properly. Anyone from Kevin and Morgan? Ms. Hardy, have
4191 you communicated with these people? They had requested a continuance from the
4192 last docket to reach an agreement. And so we did continue the case to this docket.
4193 And so I believe an agreement was reached. So you don't think they were opposing
4194 this hearing affidavit?

4195 No. Then go right ahead. Okay, thank you. In this case, BTA seeks to pool interest in
4196 the bone spring underlying A 1,279 acre non-standard horizontal unit comprised of
4197 all of your regular sections 6 and 7, Township 20 South Range 35 East in Lee County,
4198 and will dedicate the unit to the Denali 22503

4199 76 Vedcom Wells. We submitted our exhibits and they include the land testimony
4200 and exhibits of Christine Ramos, who has previously testified before the division and
4201 been recognized as an expert in petroleum land matters. We also provided the
4202 geology testimony and exhibits of Darren Dolezal,

4203 who has also previously testified before the division and been recognized as an
4204 expert in geology. Our notice information shows that notice was timely sent on

4205 March 25th and April 2nd of 2026. And we also did timely publish on April 12th,
4206 2026.

4207 So with that, I ask that the exhibits be admitted and that the case be taken under
4208 advisement. Admitted without exception. I think we do have a question here about
4209 your recapitulation table. So Mr. McClure, am I calling the land map?

4210

4211  **McClure, Dean, EMNRD** 44:11

4212 That's correct, Mister Hearing Examiner.

4213

4214  **Pecos Hall** 44:14

4215 And who would that be? That is Miss Ramos.

4216 It.

4217 See if she's...

4218

4219  **Kristeen Ramos** 44:24

4220 I'm here. Can you hear me?

4221

4222  **Pecos Hall** 44:27

4223 Yes.

4224 All right, would you raise your right hand?

4225

4226  **Kristeen Ramos** 44:31

4227 Yes.

4228

4229  **Pecos Hall** 44:32

4230 You swear or affirm under penalty of perjury to tell nothing but the truth.

4231

4232  **Kristeen Ramos** 44:36

4233 I do.

4234

4235  **Pecos Hall** 44:37

4236 Thank you. Go right ahead, Mister McClure.

4237

4238  **McClure, Dean, EMNRD** 44:40

4239 Thank you, Mr. Examiner. Miss Ramos, can I direct your attention to your, well, your
4240 unit recapitiation table, I guess. It's found on page 33 of 107.

4241

4242  **Kristeen Ramos** 44:52

4243 Yes, sir.

4244 Okay.

4245

4246  **McClure, Dean, EMNRD** 44:55

4247 And then towards the bottom is Hardy.

4248 Is the Miss Miss Ramos is the breakdown of the entire unit ownership?

4249 provide it anywhere in the exhibit packet.

4250

4251  **Kristeen Ramos** 45:13

4252 When you say...

4253

4254  **McClure, Dean, EMNRD** 45:14

4255 Oh, let me back up. Let me draw your attention down to the summary at the bottom
4256 of the page, where you add like least and BTA and then you have like least other and
4257 then another least other. Do you have an actual breakout of the percentages of each
4258 person of what they hold in the entirety of the proposed unit?

4259

4260  **Kristeen Ramos** 45:18

4261 Okay.

4262 I believe that information is in the information above track by track. However, I do
4263 not have each

4264 type of party separated out. I can do that if you'd like me to do that.

4265

4266  **McClure, Dean, EMNRD** 45:49

4267 Yeah.

4268 I would like you to do that.

4269

4270  **Kristeen Ramos** 45:52

4271 Okay.

4272

4273  **McClure, Dean, EMNRD** 45:54

4274 Mr. Hearing Examiner, I think due to what we're looking at here, I think it would be
4275 impossible for them to provide a verbal explanation of each of them. So I think this
4276 may be one we wish to continue and review the exhibit once they provided an
4277 amended one.

4278

4279 **PH Pecos Hall** 46:10

4280 Okay.

4281 Miss Hardy.

4282

4283 **KR Kristeen Ramos** 46:14

4284 I can, I'm sorry.

4285

4286 **PH Pecos Hall** 46:16

4287 Oh, I was just going to ask Ms. Ramos when she can provide that exhibit to me so I
4288 can submit it to the division.

4289

4290 **KR Kristeen Ramos** 46:21

4291 I can have this done today.

4292

4293 **PH Pecos Hall** 46:28

4294 So Ms. Hardy, it sounds like Mr. McClure would like to review this once it's submitted.
4295 Understood. We can put it to the June 30th, just a few weeks away. That's fine. Thank
4296 you. You'll be continuing it to June 30th. Yes, we can do that. Thank you. All right.
4297 Does that work for you, Mr. McClure?

4298

4299 **McClure, Dean, EMNRD** 46:43

4300 Yes, it does, Mr. Harry Examiner.

4301

4302 **PH Pecos Hall** 46:45

4303 All right, thank you, Miss Ramos.

4304

4305 **KR Kristeen Ramos** 46:47

4306 Thank you.

4307

4308 **PH Pecos Hall** 46:48

4309 Moving on to XTO Permian 24273.
4310 Good morning, Mr. Hearing Examiner Adam Rankin with the Santa Fe office of Han
4311 and Hart appearing on behalf of the applicant XTO in this case. We have one witness.
4312 If you'd like, I'll wait to hear if any other entries or appearance, but I can give you a
4313 brief overview of the status of the case and the supplemental exhibits that we filed.
4314 Good morning, Mr. Rankin. I don't believe there's any other parties here, so go right
4315 ahead. So, Mr. Examiner XTO seeks an order in this case authorizing it to initiate a
4316 pilot closes.
4317 gas capture project and the Avalon first bone spring, second bone spring, and 3rd
4318 bone spring intervals within the bone spring formation. This project has previously
4319 been before the division, originally at hearing in early 2024. XD then provided some
4320 supplemental exhibits and materials at the division's request on June

4321

4322  **Matthew Gray** 47:27

4323 ****.

4324

4325  **Pecos Hall** 47:39

4326 12th and June 20th, 2024, and then appeared at hearing to address additional
4327 questions on June 13th, 2025. Having taken the case under advisement after that
4328 hearing, and while the division was reviewing the hearing materials, the division
4329 technical examiner had a question about the location
4330 at which XTO was marketing its gas that would be part of this closed loop project.
4331 XTO then provided testimony, XTO had previously provided as part of this hearing
4332 testimony that it was marketing at a point downstream of its wells, tank batteries,
4333 and compressor station. The division technical examiner noted that
4334 That conflicted with some pending administrative service commingling applications
4335 that XTO had filed and reached out to confirm that XTO witness statement provided
4336 in the hearing was correct and accurate. After substantial review, XTO confirmed its
4337 existing marketing arrangements at the time did not reflect what XTO had intended.
4338 And so, because it had intended to market its gas upstream at the well and or the
4339 tank battery, as represented in its surface commingling applications. In accordance
4340 with that review and identification of this issue, it undertook a review to revise each
4341 of its marketing agreements.
4342 for there to be a sale with a transfer of title at the well and or tank battery. Therefore,
4343 in addition, as part of that same review, XTO updated its

4344 As part of that same correction update to its gas marketing system, XDO reviewed its
4345 proposal under this application to allocate gas using a gas to oil ratio methodology
4346 following a closed loop gas capture injection event and decided not to use a gas to
4347 oil ratio methodology

4348 Following injection events instead will pay royalty and working interest on 100% of
4349 the gas recovered following a closed-loop gas capture injection event. It's easier to
4350 track and implement. It's more efficient, and it ensures all owners get 100% of their
4351 interest.

4352 following every injection event. In accordance with those changes, XTO filed a revised
4353 hearing packet in advance of this hearing today, which includes exhibit M, which is a
4354 statement from Mr. Paul Hutchinson. He's A facilities engineering manager with XTO.
4355 It explains the updates, the revisions, and the reasons for them that I just described.
4356 And then per Mr. Hutchinson's statement, XDO, also the exhibit G5 that had
4357 previously been filed with the division has been removed from the exhibit packet
4358 because it is no longer applicable. That was the exhibit that explained the gas to oil
4359 ratio allocation methodology.

4360 that is no longer being used. So that has been removed from the final revised
4361 hearing packet. Also included is in the revised packet that we filed is exhibit M1,
4362 which is Mr. Hutchinson's resume. He's not previously testified. He's Mr. Ranking.
4363 I don't know if this will help you, but we plan on taking this case under advisement.
4364 Do you have any questions for Mr. Hutchinson? I don't think so. Mr. McClure.

4365

4366  **McClure, Dean, EMNRD** 51:03

4367 I do have questions for the facility engineer, a mystery examiner.

4368

4369  **Pecos Hall** 51:06

4370 Okay. So why don't we get your exhibits admitted to evidence and we'll call your
4371 witness. So Mr. Examiner then, without further ado, we'll move the admission of the
4372 exhibits as they've been filed and ask, and if it's appropriate, if it would help Mr.
4373 McClure, I was actually anticipating having Mr. Hutchinson approach the bench, have
4374 him be sworn in, and then have me just quickly give an overview of his testimony.

4375

4376  **Matthew Gray** 51:21

4377 Be.

4378

4379 **PH Pecos Hall** 51:29

4380 If it would be helpful. If not, we can go straight to questions from Mr. McClure. Is he
4381 here? He's right here. Oh, he's here. Excellent. Come on down, sir. Your exhibits are
4382 admitted.

4383 Yeah, that was my witness. OK, Mister McClure, is this the only witness you'll have
4384 questions for in this case?

4385

4386  **McClure, Dean, EMNRD** 51:49

4387 Yes, it is, Mr. Her Examiner.

4388

4389 **PH Pecos Hall** 51:51

4390 All right, excellent. Would you raise your right hand, please? Oh, do you, would you
4391 mind turning on your microphone? Thank you. Do you swear to tell the truth under
4392 penalty of perjury? I do. All right, excellent. Would you spell your name?

4393 PAULHUTCHINSON. Paul. And have you been admitted as an expert before this
4394 division?

4395 I have not. Not. What field are you seeking to be admitted? Facilities engineering.

4396 Facilities engineer. All right. Tell me, I don't know if you were here earlier. I was.

4397 Excellent. Go through your education and your work experience for facilities. Thank

4398 you. Engineering. Thank you. Sure thing. So I attended Auburn University from 2003
4399 to 2008.

4400 graduated with a bachelor's in chemical engineering. After that, I joined ExxonMobil.

4401 I was a part of our MTech division. I specialized for two years in evaluating flare

4402 systems. I then moved on to become a process designer, which is a kind of project
4403 support engineer.

4404 where we do the early project development. I then moved on to do a group lead role

4405 in managing other junior engineers in that field of safety relief, flares, safety valves. I

4406 was there for a few years, and then I graduated into

4407 And it should be noted that that experience from the safety facilities role to the

4408 process design to the safety facilities lead was all supporting refinery work. And then

4409 after that, I moved to a chemicals project, where again, I was a

4410 process designer. I followed that project from early concept select to front end

4411 engineering design, detailed design, fabrication, and then startup support. That

4412 project was delivered in Corpus Christi, where I helped stand up the local projects

4413 group.

4414 So again, I was a group lead in that area of the company. And then I moved on to a
4415 supervisory role within that chemical plant, specializing in machinery and fixed
4416 equipment. That's good enough for me. Okay, yeah. Thank you.

4417

4418  **Matthew Gray** 54:02

4419 The.

4420

4421  **Pecos Hall** 54:13

4422 from here on and you are recognized as an expert in that field. Mr. McClure.

4423

4424  **McClure, Dean, EMNRD** 54:20

4425 Thank you, Mr. Examiner. Mr. Hutchinson, I'm looking at, I don't know if it'd be
4426 easiest for you to reference the same facility or process flow diagram. Yes, exactly.
4427 Yeah, Mr. Rankin's already got it brought up there, it looks like. My only clarifying
4428 question I had.

4429

4430  **Pecos Hall** 54:33

4431 The G6 stack, yep.

4432

4433  **McClure, Dean, EMNRD** 54:43

4434 As far as like your gas lift during normal operations, where does that fit at on this
4435 diagram here?

4436

4437  **Pecos Hall** 54:52

4438 So the gas lift will come from similar sort of off take as, and Mr. Rankin is showing it
4439 quite nicely. So it will come into the same sort of pathway, same pipeline, same flow
4440 as what's being shown here. There are separate meters on
4441 I guess, sorry, I'm getting ahead of myself. There are separate meters for gas lift
4442 operations versus the injection that, and that was to support the previous, I guess,
4443 accounting method that we are no longer following.

4444

4445  **McClure, Dean, EMNRD** 55:33

4446 I guess would it be accurate then to say that your...

4447 Gas lift that you use during normal operations is owned by XTO Midstream then
4448 going forward, is that correct?

4449

4450  **Pecos Hall** 55:50

4451 Can you rephrase that question, please?

4452

4453  **McClure, Dean, EMNRD** 55:53

4454 Well, I guess maybe to help the conversation, like that line that you go throw off of
4455 to the bottom right where it shows after the compressor station, it goes back into the
4456 injection well. Is that that is the same path as your gas lift? Is that correct?

4457

4458  **Pecos Hall** 56:11

4459 Yes.

4460

4461  **McClure, Dean, EMNRD** 56:13

4462 Okay, so is it accurate to say that all the gas that is going through that path is owned
4463 by XTO Midstream?

4464

4465  **Pecos Hall** 56:22

4466 Yes.

4467

4468  **McClure, Dean, EMNRD** 56:25

4469 Okay, but during typical operations, that gas is...
4470 Essentially just assumed to be fully recovered, I guess, which I assume is a safe
4471 assumption, but is that correct?

4472

4473  **Pecos Hall** 56:39

4474 That's my understanding, yes.

4475

4476  **McClure, Dean, EMNRD** 56:41

4477 Okay.

4478 Um...

4479 Thank you, Mr. Hutchinson. Mr. Hearing Examiner, I have no further questions.

4480

4481 **PH** **Pecos Hall** 56:51

4482 And we can take this case under advisement.

4483

4484  **McClure, Dean, EMNRD** 56:53

4485 Yes, Mister examiner, we can take this case under advisement.

4486

4487 **PH** **Pecos Hall** 56:56

4488 Good. I hate to say that we can, and then we can't. Thank you very much. Thank you.

4489 Thank you very much, Mr. Harrings. Yes, thank you, Mr. Rank. And thank you, Mr.

4490 McClure. Obviously, this is an important case for XTO, and we appreciate the

4491 division's careful attention to it very much. Thank you. Let's move on to Devon

4492 Energy Production, 26081.

4493

4494  **McClure, Dean, EMNRD** 56:59

4495 Yeah.

4496

4497 **PH** **Pecos Hall** 57:16

4498 Good afternoon, Mr. Henry Examiner. Good afternoon, Mr. Technical Examiner, and
4499 thank you for letting us do this before the lunch break. Darren Savage with Aberdeen
4500 Shield appearing on behalf of the applicant Devon Energy Production Company.

4501 And Dal Mullenberg from the Santa Fe office of Gallagher and Kennedy. Sorry for my
4502 voice. I've got a cold. You'll hear that later, too. And appearing on behalf of Matador

4503 Production. And we're here just to monitoring and monitor and reserve rights. Thank
4504 you. Thank you, Mr. Mullenberg. Do we have EOG? Ah, there you are.

4505

4506 **JK** **Jordan Kessler** 57:50

4507 And good morning, this is Jordan on behalf of EOG Resources, just monitoring also.

4508

4509 **PH** **Pecos Hall** 57:55

4510 Good morning, Ms. Kessler. Okay, Mr. Savage. This land covers cases. This land
4511 covers sections in 22, 23 and 24. Township 20 South, Range 29 East, Eddy County,
4512 New Mexico. The land man, Daniel Brunsman, has testified previously before the
4513 division and his credentials have been accepted.

4514 as an expert in petroleum land matters, and the geologist Tom Perryman, who has

4515 provided written testimony and exhibits, has also previously appeared before the
4516 division as an expert witness, and his credentials have been accepted as a matter of
4517 record. In this case, 26081, Devin seeks an order pulling all uncommitted interests in
4518 the Wolf Camp.

4519 formation underlying a standard 720 acre more or less spacing unit comprised of the
4520 south half of sections 23 and 24 and the east half southeast of section 22. The unit
4521 will be dedicated to the Tiger Paul Fedcom wells. Orientation of the wells and unit is
4522 laid down west to east and the location of the wells are standard.

4523 The 623 H well is a proximity well positioned to create the larger standard unit. Mr.
4524 Brunsmann's exhibit A includes all his standard landman exhibits, statements C102,
4525 ownership breakdown, well proposal letter with AFE and chronology of contacts and
4526 confirmation of notice. And Mr. Perryman's exhibit B for this case includes his self-
4527 affirmed geology statements.

4528 along with six geology exhibits showing potential for development as described in
4529 his statement. Exhibit C provides the self-affirmed statement of notice for mailings
4530 and publication notice. Notice was timely mailed on April 8th, 2026 and timely
4531 published on April 11th, 2026. Mr. Examiner, at this time, I move that exhibits A, B,
4532 and C and all sub-exhibits be admitted into the record.

4533 for this case and that the case be taken under advisement. I do need to point out
4534 that Mr. Perryman could not be here today, but Devon geologist Russell Goodwin
4535 Gooden is available to address any questions the technical examiner may have. Mr.
4536 Gooden has testified previously before the
4537 the division and his credentials have also been accepted of record. Counsel and
4538 witnesses are available for any questions. Thank you, Mr. Savage. Exhibits admitted
4539 without exception.

4540 Mr. McClure, do you have any questions for any witness?

4541

4542  **McClure, Dean, EMNRD** 1:00:13

4543 Mr. Examiner, I do not have any questions for any witness.

4544

4545  **Pecos Hall** 1:00:17

4546 Wonderful. Mr. Savage's case can be taken under advisement. Thank you. Okay, we
4547 have two more cases that are yours, 26113, 26114, also Devon Energy. This is Jackie
4548 McLean on behalf of Devon. Thank you, Ms. McLean. Thank you. And no other party
4549 has entered an appearance in these cases. Thank you. In these two cases, Devon is

4550 seeking to pull all uncommitted interest in the bone spring formation.
4551 in sections 27 and the north half of a regular section 34, Township 26 South, range
4552 34 East in Lee County, and they'll be dedicated to the boll weevil wells.
4553 Exhibits were timely submitted last week and include land testimony and
4554 corresponding exhibits of Amber Cook, who has not previously testified before the
4555 division. So if she needs to be called for questions, we would like her to be admitted
4556 as an expert. We have also included the geology testimony and corresponding
4557 exhibits.
4558 from Drew Dessler. Mr. Dessler has also not previously testified before the divisions.
4559 So we would ask that he be recognized as an expert in petroleum geology matters if
4560 there are any geology questions. Finally, we have included our notice testimony
4561 along with copies of the notice letter, which was timely sent to all interested parties
4562 on April 9th.
4563 2026, along with an affidavit of publication from April 14th. With that, I ask that the
4564 exhibits be admitted for case numbers 26113 and 26114 and that the cases be taken
4565 under advisement. Your exhibits are admitted without exception. Mr. McClure,
4566 questions on these two cases?
4567 Just.

4568

4569  **McClure, Dean, EMNRD** 1:01:59

4570 Mr. Hings, I have no questions for either case.

4571

4572  **Pecos Hall** 1:02:02

4573 Both cases can be taken under advisement. Thank you, Mister.

4574 What I'd like to try to do is we're going to have obviously a break. I don't think
4575 people really want to sit here through the lunch hour completely, although I could
4576 keep going. I don't know how the parties feel, but we're going to have
4577 Some cases, let's see.

4578 It looks like the next three, 4, 5, 6 cases are going to be rather easy. So why don't we
4579 Keep going until the last two cases, and then we can come back after lunch.
4580 For the last two, if that works for folks, unless you have an unless unless the parties
4581 have another suggestion, I'm open to it.

4582

4583  **Kaitlyn Luck** 1:03:05

4584 And Mr. Hearing, examiner.

4585

4586 **PH** Pecos Hall 1:03:05

4587 Go ahead.

4588 Yes, Miss Luck.

4589

4590 **KL** Kaitlyn Luck 1:03:09

4591 Oh, sorry for sorry for missing you calling my cases earlier, but I just want to let you
4592 know that I was back. Thank you.

4593

4594 **PH** Pecos Hall 1:03:14

4595 All right, thank you, Miss Luck. Miss McLean. I was actually going to ask about that
4596 case as well, because you Miss Luck's case number 25956 and 957, because you had
4597 said we were going to put those at the end.

4598 but maybe we could take those before the lunch break. If that helps you, I'm happy
4599 to do so. Any other suggestions from any other parties? I'm going to email my client
4600 for the Bobby B, but I think the, I'm not sure that they, I think they might be ready to
4601 go. If we're going to move quickly and would be.

4602 may be willing to stick around. You said Bobby B. Where is that? That's the second to
4603 last one. That's the unit application for enduring. Oh, sure.

4604 Okay. I can email them very quickly and see if they're still online if they or if they
4605 want to go do the break. All right. Okay. You go ahead. All right. Let's keep let's keep
4606 going. Mr. Officer, I'm sorry. One question. We'll be on after lunch. So I was just
4607 curious if you had an idea as to what time you would likely to.

4608 I mean, I can go upstairs and be back down in 15-20 minutes, if that helps you, or we
4609 can take longer, really. It's up to you. We're more, should we go grab lunch and then
4610 and then head back, probably, as opposed to taking a break? Is that the only other
4611 case you're involved with, is the last one? The last, the very last one. Yeah, and that's
4612 the one involving the division and the.

4613 Correct. Apache's claims. Okay, very good. So Mr. Mullenberg, why don't we do this?

4614 The time is now 1218. How about you're back at 1:00? Does that work for you? I
4615 think we can make that work. Yeah. I mean, if you're a few minutes late, I'll
4616 understand. Got it. So I'll see you back here at 1:00. Thank you very much. And
4617 there's some food right over there by Trader Joe's on.

4618 Cordova, if you didn't know that already.

4619 Okay.

4620 Permian Resources. Looks like we have just one case. This is 26116. Yes, good
4621 afternoon, Mr. Hearing Examiner. Braylee Starnes with the Santa Fe Office of Holland
4622 and Heart on behalf of Permian Resources Operating LLC. Good morning, Miss
4623 Starnes. And there's no, I think there's no other appearances of this. In this case,
4624 Permian Resources seeks an
4625 a second extension of the drilling deadline under order R23221. That order pulled
4626 the uncommitted interests underlying A 640 acre horizontal well spacing unit in the
4627 Bone Spring formation comprised of the north half of Section 7, Township 22 South,
4628 Range 27 East.
4629 in the north half of Section 12, Township 22 South, Range 26 East. Because this is a
4630 second extension request, we did file a number of exhibits, including the extension
4631 application, the original pooling order, the self-affirmed statement of the land man,
4632 Daniel Corey, who has previously been admitted.
4633 as an expert in the field of petroleum land matters. The self-affirm statement of
4634 notice showing that notice was timely sent on April 17th of 2026, and the affidavit of
4635 publication showing notice was published on April 18th of 2026. So if there are no
4636 other questions, we would ask that the exhibits be admitted into the record and the
4637 case be taken under advisement.
4638 exhibits admitted without exception. Mr. McClure, I believe you have questions for
4639 the land man.

4640

4641  **McClure, Dean, EMNRD** 1:06:35

4642 Yes, I do, Mr. Hearing Examiner.

4643

4644  **Pecos Hall** 1:06:37

4645 Call your land man. OK, Mr. Corey.

4646 Big.

4647

4648  **Daniel Koury** 1:06:45

4649 I am here, can you see me?

4650

4651  **Pecos Hall** 1:06:48

4652 Yes, please raise your right hand.

4653 Do you swear our firm under penalty of perjury test when you're about to give us the
4654 truth, the whole truth, nothing but truth?

4655

4656  **Daniel Koury** 1:06:56

4657 I do.

4658

4659  **Pecos Hall** 1:06:57

4660 Spell your name.

4661

4662  **Daniel Koury** 1:06:58

4663 Daniel, Daniel, Koury, KOURY.

4664

4665  **Pecos Hall** 1:07:04

4666 And you've been previously admitted by this division as an expert?

4667

4668  **Daniel Koury** 1:07:07

4669 I have.

4670

4671  **Pecos Hall** 1:07:08

4672 Excellent. In what field?

4673

4674  **Daniel Koury** 1:07:10

4675 Permian land matters.

4676

4677  **Pecos Hall** 1:07:12

4678 Thank you, Mr. McClure.

4679

4680  **McClure, Dean, EMNRD** 1:07:14

4681 Thank you, Mr. Hearing Examiner. Mr. Corey, I'm looking at your self-affirmed
4682 statement, paragraph 6, specifically your paragraph about good cause.

4683

4684  **Daniel Koury** 1:07:24

4685 Yes, sir.

4686

4687  **McClure, Dean, EMNRD** 1:07:27

4688 Is it accurate to say that Permian no longer intends to drill this well as a third bone
4689 spring and now it tends to drill it as a second bone spring?

4690

4691  **Daniel Koury** 1:07:36

4692 That's correct.

4693

4694  **McClure, Dean, EMNRD** 1:07:38

4695 There's reference made to offsetting units, the Barney and the Water Buffalo. You
4696 sure I'm referring to?

4697

4698  **Daniel Koury** 1:07:48

4699 Yes.

4700

4701  **McClure, Dean, EMNRD** 1:07:49

4702 Where are those located in reference to this proposed unit?

4703

4704  **Daniel Koury** 1:07:56

4705 So.

4706 So this is going to be northeast of Caveman, Betty and Barney.

4707

4708  **Matthew Gray** 1:07:58

4709 Yeah.

4710

4711  **McClure, Dean, EMNRD** 1:08:03

4712 And how far northeast is it?

4713

4714  **Daniel Koury** 1:08:06

4715 Barney's going to be contiguous and Betty is right above that. So it's they're
4716 essentially touching within a mile.

4717

4718  **McClure, Dean, EMNRD** 1:08:15

4719 When you reference to the Northeast, do you mean, is it kitty corner to it or is it like
4720 in section 6 above this?

4721

4722  **Daniel Koury** 1:08:25

4723 It will be in section 6 above this.

4724

4725  **McClure, Dean, EMNRD** 1:08:28

4726 Okay, so then is it accurate to say that there's approximately one mile of lateral that
4727 would be against each other, I guess.

4728 In the units.

4729

4730  **Daniel Koury** 1:08:43

4731 I guess, can you repeat the question or rephrase?

4732

4733  **McClure, Dean, EMNRD** 1:08:46

4734 Yeah, would it be accurate to say...

4735 that the side that is shared by these proposed units is 1 mile in length.

4736

4737  **Daniel Koury** 1:08:57

4738 That's correct.

4739

4740  **Matthew Gray** 1:09:02

4741 Yeah.

4742

4743  **McClure, Dean, EMNRD** 1:09:05

4744 In regards to the placement of the wells in Section 6.

4745 How far is that from the section line?

4746

4747  **Daniel Koury** 1:09:15

4748 I would say we don't have the answer to that yet. We don't have, I guess, the plan
4749 laterals nailed down yet. So I don't think I could give an accurate answer to that yet.

4750

4751  **McClure, Dean, EMNRD** 1:09:26

4752 Do you not have the, does Permian have that area pooled already then or not?

4753

4754  **Daniel Koury** 1:09:35

4755 We do as to the wolf camp, but not as to the bone spring.

4756

4757  **McClure, Dean, EMNRD** 1:09:41

4758 Alright, so Permian intends to drill in there, but you do you currently have the rights
4759 to drill these wells then?

4760

4761  **Daniel Koury** 1:09:49

4762 in Betty Barney or Caveman.

4763

4764  **McClure, Dean, EMNRD** 1:09:54

4765 In the wells in section 6, I'm assuming that's Barney or Water Buffalo, whichever one
4766 the other one you're referring to was.

4767

4768  **Daniel Koury** 1:10:02

4769 So as far as Betty Barney, we don't ask to the bone spring. We'll have to repool those,
4770 but we do have the rights as to the wolf cam.

4771

4772  **McClure, Dean, EMNRD** 1:10:12

4773 With that in mind, do you believe you'll be able to make this May 2027 schedule
4774 then?

4775

4776  **Daniel Koury** 1:10:19

4777 I believe we can, yes.

4778

4779  **McClure, Dean, EMNRD** 1:10:37

4780 Is there a federal acreage included in Section 6?

4781

4782  **Daniel Koury** 1:10:41

4783 There's not.

4784

4785  **McClure, Dean, EMNRD** 1:10:43

4786 Is there federal acreage included in, presumably, I guess, section 5, the rest of that
4787 proposed unit there?

4788

4789  **Daniel Koury** 1:10:52

4790 There is not.

4791

4792  **McClure, Dean, EMNRD** 1:10:55

4793 So then it's accurate to say you will not have to wait for review of the APDs by the
4794 BLM.

4795

4796  **Daniel Koury** 1:11:04

4797 That's correct.

4798

4799  **McClure, Dean, EMNRD** 1:11:13

4800 Is it accurate to say that these none of these wells are currently upon Premium's rig
4801 schedule though?

4802

4803  **Daniel Koury** 1:11:21

4804 I don't believe so, but we will have them scheduled.

4805 in key one or key two of next year very soon in 2027.

4806

4807  **McClure, Dean, EMNRD** 1:11:45

4808 Thank you, sir. Mr. Hearings, I have no further questions for this case, and I believe
4809 we can take it under advisement.

4810

4811  **Pecos Hall** 1:11:52

4812 All right, thank you, Mr. McClure. We'll take this case under advisement, Ms. Starnes.

4813 Moving on to Occidental Permian 2612726128. Yes, good afternoon, Mr. Hearing

4814 Examiner Rayleigh Starnes with the Santa Fe Office of Holland and Heart on behalf of

4815 Occidental Permian Limited Partnership. I believe we have EOG as well. Yes.

4816 S.

4817

4818  **Jordan Kessler** 1:12:12

4819 Hi there, I believe it's good afternoon now, Mr. Examiner Jordan Kessler on behalf of
4820 POG with monitoring.

4821

4822  **Pecos Hall** 1:12:15

4823 Yes, it is.

4824 Thank you, Ms. Kessler. Go right ahead, Ms. Darns. Okay, in these consolidated cases,

4825 Oxy seeks an order pooling all of the uncommitted interest underlying 320 acre

4826 spacing units in the upper and lower Wolf Camp formations comprised of the east

4827 half of Section 29 in Township 23 South Range 32 East, Lee County, New Mexico.

4828 Darns.
4829 Yes. We plan on taking these under advisement, so make it very brief. Okay, perfect.
4830 In support of our applications, we've included all of our usual suite of exhibits. And if
4831 there are no questions, we would ask that these cases be taken under advisement.
4832 We admit all your exhibits without exception, and the cases are taken under
4833 advisement. Thank you. Before I forget Miss Luck's cases, because Miss.
4834 McLean has reminded me of them. Let's go back to Avant operating 25956 and 57.
4835

4836 **KL** **Kaitlyn Luck** 1:13:21

4837 Sorry, can you hear me? Caitlin Lock appearing for Avant.

4838

4839 **PH** **Pecos Hall** 1:13:26

4840 Jackie McLean on behalf of Permian Resources and Marathon Oil Permian. And your
4841 position? And we are just monitoring. Thank you. Go ahead, Miss Luck.

4842 Tiny.

4843

4844 **JK** **Jordan Kessler** 1:13:39

4845 Sorry, Mr. Examiner. Good morning. Good afternoon. Jordan Kessler on behalf of
4846 EOG. Also just monitoring.

4847

4848 **PH** **Pecos Hall** 1:13:40

4849 Oh, I'm sorry, Miss.

4850 I'm sorry, Miss Kessler, I didn't see. Thank you.

4851

4852 **JK** **Jordan Kessler** 1:13:47

4853 Thank you.

4854

4855 **PH** **Pecos Hall** 1:13:49

4856 Are there any other entries of appearance before I continue? I will note for the record
4857 that Mr. Philip White was a pro se objecting party. I know that he did not show
4858 during the hearing that we conducted. When was that hearing, Miss Luck?

4859

4860 **KL** **Kaitlyn Luck** 1:14:10

4861 On April 28th.

4862

4863 **PH** **Pecos Hall** 1:14:11

4864 There we go. And so why don't you proceed, Miss Luck? Why are we back?

4865

4866 **KL** **Kaitlyn Luck** 1:14:19

4867 Yeah, so at the conclusion of the hearing, the technical examiner requested certain
4868 changes to the exhibits. Those amended exhibits were submitted for both cases, and
4869 it's my understanding the technical examiner, Mr. Fordyce, did review those prior to
4870 this hearing. And so with that, I would request that the cases both be taken under
4871 advisement.

4872

4873 **PH** **Pecos Hall** 1:14:34

4874 You're right, Miss Luck. He did it. He did review them and these cases can be taken
4875 under advisement. And I am admitting the exhibits into evidence at this time. So
4876 thank you. Okay, we're off the record in those two cases. Let's see what we have next.
4877 It looks like

4878

4879 **MG** **Matthew Gray** 1:14:38

4880 Good job, Dave. Yeah, I was expecting.

4881 One second.

4882

4883 **KL** **Kaitlyn Luck** 1:14:47

4884 Thank you.

4885

4886 **PH** **Pecos Hall** 1:14:53

4887 We have three more cases that we may take under advisement if the corrections can
4888 be made by 5 P.m. And these are Coterra Energy cases, 261404142.

4889

4890 **BH** **Benjamin Holliday** 1:15:10

4891 Good morning, Mister Hearing Examiner Ben Holiday, appearing on behalf of the
4892 applicant.

4893

4894 **PH** **Pecos Hall** 1:15:11

4895 Mr. Holiday.

4896 Thank you. And Mr. Examiner, Dana Hardy with Hardy McLean on behalf of COG
4897 operating. Thank you. And your position? We are just monitoring these cases.

4898

4899 **KL Kaitlyn Luck** 1:15:25

4900 And Mr. Hay Examiner, Caitlin Lock appearing for WR Non-opt 2 LLC and no
4901 objection, just monitoring. Thank you.

4902

4903 **PH Pecos Hall** 1:15:33

4904 Good afternoon, Mr. Hearing Examiner Paula Vance with the Santa Fe Office of
4905 Holland and Hart on behalf of Service Permian Land Fund 1 LLC and Service Rock
4906 Mount Permian Land Fund LLC. We are only in two of the cases, which are 26141 and
4907 26142. We are just preserving rights. And I was just communicating with Mr. Holiday
4908 to clarify some questions I had about
4909 about the pooling exhibit, and he's done that. So thank you. Thank you, Mr. Holiday.

4910

4911 **BH Benjamin Holliday** 1:16:04

4912 Thank you, Mr. Examiner. Okay, so in these three related cases, they cover all of
4913 sections 13, 24, 25, and 36 in 19 South, 35 East in Lee County. They're separated into
4914 three separate cases, but they correspond to three adjacent horizontal spacing units.
4915 In 26140, Cotera seeks to pull the bone spring under a 1,280 acre standard horizontal
4916 spacing unit comprised of the west half of sections 13, 24, and 13, 24, 25, and 36.
4917 This west half unit will be dedicated to the Sun Stay calm 221H well,
4918 which is the defining well for proximity track purposes. And 1-4 and 26141 Cotera
4919 seeks to pull again the bone spring underlying a 640 acre standard horizontal
4920 spacing unit comprised of the west half, east half of the four sections. This unit will
4921 be dedicated to the Sunstate COM 223H well. And then finally we have

4922

4923 **PH Pecos Hall** 1:17:05

4924 I.

4925

4926 **BH Benjamin Holliday** 1:17:05

4927 Case number 26142, in which Coterra seeks to pull the bone spring underlying A 640
4928 acre standard horizontal spacing unit comprised of the east half, east half of the four
4929 sections. This unit will be dedicated to the Sun Fedcom 224H. So turn to the exhibits.
4930 We have provided the self-affirmed statements of landman Blair Nutter,

4931 and geologist Stacey Frey. Ms. Frey has previously testified before the division and
4932 been recognized as an expert in petroleum geology. And she's available if the
4933 technical examiner has any questions. The land man, Ms. Nutter, has not testified
4934 before the division and will need to get her qualified as an expert in petroleum land
4935 matters.

4936 So turning to the exhibits, we just have the normal suite of exhibits, exhibit A, those
4937 are our land exhibits.

4938

4939  **Pecos Hall** 1:17:51

4940 Okay, if they're the normal suite of exhibits, you don't have to list them. We'll admit
4941 your exhibits without exception. Mr. McClure, do you have questions for, is it Mr.
4942 Holiday or the land man?

4943

4944  **Benjamin Holliday** 1:17:55

4945 Okay, perfect.

4946

4947  **McClure, Dean, EMNRD** 1:18:03

4948 Mr. Examiner, I have guidance for Mr. Holiday, but no questions.

4949

4950  **Pecos Hall** 1:18:05

4951 Guidance. Shoot.

4952

4953  **McClure, Dean, EMNRD** 1:18:08

4954 Mr. Holiday, just to make sure we're on the same page, do you have your CPACs in
4955 front of you? I'm looking at case 26140.

4956

4957  **Benjamin Holliday** 1:18:14

4958 I.

4959 Which one, sir?

4960

4961  **McClure, Dean, EMNRD** 1:18:19

4962 Uh, 2614 will probably be the best one to show you.

4963

4964  **Benjamin Holliday** 1:18:22

4965 OK, let me.

4966 Roll the top there.

4967 Yes, sir, I have it.

4968

4969  **McClure, Dean, EMNRD** 1:18:32

4970 Okay, and do you see down where it has the description of your spacing unit?

4971

4972  **Benjamin Holliday** 1:18:39

4973 Yes.

4974

4975  **McClure, Dean, EMNRD** 1:18:40

4976 Included in there is range 26 East, when I believe you meant to include range 35 East.

4977 Do you see what I'm referring to?

4978

4979  **Pecos Hall** 1:18:44

4980 Yeah.

4981

4982  **Benjamin Holliday** 1:18:47

4983 Mm.

4984 Yes, sir.

4985

4986  **McClure, Dean, EMNRD** 1:18:50

4987 And then the reason I called out this case specifically is in addition to there, it
4988 appears that this same error is also duplicated under your proximity tracks field. Do
4989 you see where I'm referring to?

4990

4991  **Benjamin Holliday** 1:19:05

4992 Yes, I could that would have been a copy and paste, yes sir.

4993

4994  **McClure, Dean, EMNRD** 1:19:09

4995 And if I were to ask you to correct all your CPACs for every instance of this, do you
4996 understand what I'm asking for?

4997

4998  **Benjamin Holliday** 1:19:22

4999 Yes, sir.

5000

5001  **McClure, Dean, EMNRD** 1:19:23

5002 Okay, thank you, Mr. Holiday. Mr. Hearing and Examiner, that was everything I had
5003 for these three cases.

5004

5005  **Pecos Hall** 1:19:29

5006 So it sounds like if the CPACs are corrected by 5 P.m. today, we can take them under
5007 advisement.

5008

5009  **McClure, Dean, EMNRD** 1:19:35

5010 That is correct, Mr. Hearing Examiner.

5011

5012  **Pecos Hall** 1:19:37

5013 All right, thank you. Mr. Holiday, can you do that?

5014

5015  **Benjamin Holliday** 1:19:40

5016 Absolutely. Thank you.

5017

5018  **Pecos Hall** 1:19:41

5019 Please include a cover letter.

5020

5021  **Benjamin Holliday** 1:19:43

5022 Yes, sir.

5023

5024  **Pecos Hall** 1:19:45

5025 We're off the record in these three cases. Looks like we have one more before lunch,
5026 26181 Enduring Resources. Yes, we are ready to move now. Wonderful. Good
5027 afternoon, Mr. Hearing Examiner, Mr. McClure, Paula Vance with the Santa Fe Office
5028 of Holland and Hart on behalf of the applicant, Enduring Resources, LLC.

5029 I don't believe that there are any other parties in this case. Okay. So in case number
5030 26181 enduring is seeking approval from the division on their formation of their
5031 federal unit, which is the Bobby B unit. This unit consists of 16,774.6

5032 acres of acreage, all in Township 23 North, range 7 West, Township 24 North, range 6
5033 West, and Township 24 North, range 7 West. And that's all in Rio Arriba County, New
5034 Mexico. We have our statement from our land man who is with us today, and he's

5035 already up and ready to answer questions. He has previously, his name is
5036 Travis Whittam, and he has previously testified before the division and his credentials
5037 have been accepted as a matter of record. Now, I will tell you we've included as a
5038 part as to sub exhibits with his with his statement is an updated unit agreement and
5039 the attachments. I
5040 filed the application and then we, Mr. Whittam can talk about this, but Enduring was
5041 asked by BLM to include an additional 80 acres and so they did that. Our original
5042 application didn't have that 80 acres. I reached out to Freya, asked her to
5043 upload this corrected copy of the application, which we did. When? Which it was, I
5044 think it was the day after the filing deadline, whatever it was. I don't. Mr. McClure,
5045 have you had a chance to review that updated document? It's the only one in the
5046 case file. The only one. Yeah, I caught it before.

5047

5048  **McClure, Dean, EMNRD** 1:21:47

5049 Big.

5050

5051  **Pecos Hall** 1:21:51

5052 I'll assume the answer is yes, Mr. McClure. Go ahead, Miss Vance. It's just that that in
5053 the application, it references the 16,774, but the only unit agreement that we had at
5054 that time was
5055 reference the less the 80 acres. So as a part of Mr. Whittam's statement, we have
5056 included that updated unit agreement and the attachments, along with the BLM
5057 logical designation letter and preliminary approval that is for the entirety of the
5058 acreage I just referenced. Now also with us is our geologist, Matt Sawinski.
5059 He has not previously testified before the division. And so we have included a copy
5060 of his resume. Also, we have included a structure map and stratigraphic cross
5061 sections that are a part of, that are for the entirety of that acreage I referenced.
5062 Also included is my self-affirmed statement of notice with the sample letter that was
5063 timely mailed on May 15th, 2026, and the notice of publication, affidavit of notice of
5064 publication, which was timely published on May 20th, 2026. I did reach out to Mr.
5065 McClure this, I think yesterday evening, I sent you an email regarding the notice.
5066 just in a CC view as well, Mr. Hearing Examiner. So I'm happy to answer any questions
5067 about that. But we have our two witnesses available and
5068 Ready to answer questions. All right. So we'll accept your exhibits without exception
5069 into evidence. And Mr. McClure, who do you have questions for?

5070

5071  **McClure, Dean, EMNRD** 1:23:38

5072 The land man, Mr. Examiner.

5073

5074  **Pecos Hall** 1:23:40

5075 All right, Mr. Whitman, please raise your right hand. Do you swear or affirm under
5076 penalty of perjury? The testimony you're about to give is the truth, the whole truth,
5077 nothing but the truth.

5078

5079  **Travis Whitham** 1:23:48

5080 I do.

5081

5082  **Pecos Hall** 1:23:49

5083 All right, thank you. Put your hand down and spell your name.

5084

5085  **Travis Whitham** 1:23:53

5086 Yep, it's Travis TRAVIS Whitham, WHITH AM.

5087

5088  **Pecos Hall** 1:24:01

5089 All right, and you've been previously admitted as an expert before this division?

5090

5091  **Travis Whitham** 1:24:06

5092 Yes, I have.

5093

5094  **Pecos Hall** 1:24:07

5095 In what field?

5096

5097  **Travis Whitham** 1:24:09

5098 petroleum land.

5099

5100  **Pecos Hall** 1:24:10

5101 Mister McClure, go ahead.

5102

5103  **McClure, Dean, EMNRD** 1:24:12

5104 Thank you, Mr. Hearing Examiner. Mr. Whitman, I'm looking at your self-affirmed
5105 statement on page 102 of 220.

5106

5107  **Travis Whitham** 1:24:21

5108 Yep.

5109

5110  **McClure, Dean, EMNRD** 1:24:22

5111 Specifically, I'm looking at paragraph 15 that references notice.

5112

5113  **Travis Whitham** 1:24:27

5114 Yes.

5115

5116  **McClure, Dean, EMNRD** 1:24:29

5117 The notice, the application that you're referencing here is the application that
5118 includes the additional 80 acres. Is that correct?

5119

5120  **Travis Whitham** 1:24:40

5121 I...

5122 So, so no, we didn't, we didn't have when we initially sent this out, we didn't have
5123 that additional 80 acres included.

5124 So, we're going to, and I think Paul mentioned this, but we are we are going to notify
5125 all parties about the additional 80 acres.

5126

5127  **McClure, Dean, EMNRD** 1:25:03

5128 Maybe I miss it.

5129

5130  **Pecos Hall** 1:25:03

5131 So, can I?

5132 Can I jump in really quick? I'd rather let these questions go and then we'll get back to
5133 you. Keep going, Mr. McClure.

5134

5135  **McClure, Dean, EMNRD** 1:25:15

5136 OK, Mr. Whitman, in your paragraph 15, you reference.

5137 and all affected parties. What group of people are you referring to by that category, I
5138 guess?

5139

5140  **Travis Whitham** 1:25:26

5141 Right.

5142 So that would include all the working interest donors, overriding royalty interest

5143 donors, and record title owners.

5144

5145  **McClure, Dean, EMNRD** 1:25:40

5146 within the proposed unit boundaries.

5147

5148  **Travis Whitham** 1:25:43

5149 Yes, sir.

5150

5151  **McClure, Dean, EMNRD** 1:25:45

5152 Okay.

5153 Mr. Whitman, I'm looking at, I wonder if I got a page number here, but exhibit G of

5154 your unit, of your, I guess, amended unit agreement or your current unit agreement. I

5155 have it, this is page 190 of 220. Let me get there my own shelf.

5156 Yeah.

5157

5158  **Travis Whitham** 1:26:07

5159 Yep, see it.

5160

5161  **McClure, Dean, EMNRD** 1:26:10

5162 Okay, if I were to ask you to provide me with...

5163 I mean, clearly we're not, it would be a supplemental exhibit because this is a part of

5164 your unit agreement. So I don't want this altered. But if I were to ask for a

5165 supplemental exhibit that provided the same list of wells, except configured

5166 differently, and when I provide that,

5167 What I would like to see is like your first column, have your API like you have it here,

5168 except instead of structuring it as like the BLM system, if we could include that as like

5169 the 30 dash, zero 39 dash, and then the five digits.

5170 Do you understand what I'm asking for there?

5171

5172  **Travis Whitham** 1:26:55

5173 Yes, I do. I do.

5174

5175  **McClure, Dean, EMNRD** 1:26:56

5176 And in addition to that, if we could include the well name and the well number,
5177 whether they're in the same column or not, it's irrelevant to me. And then an
5178 additional 2 columns, one for the surface hole location and one for the bottom hole
5179 location for each of the wells.

5180 Do you understand what I'm asking for?

5181

5182  **Travis Whitham** 1:27:17

5183 Yes, yep, we can make that update and send that over to you.

5184

5185  **McClure, Dean, EMNRD** 1:27:22

5186 Okay, and in addition to submitting that as a supplemental exhibit with your exhibit
5187 packet, if you could also provide via email to the engineering email an Excel copy of
5188 that list.

5189

5190  **Travis Whitham** 1:27:35

5191 Yes, we can do that.

5192

5193  **McClure, Dean, EMNRD** 1:27:37

5194 And you would be able to do that by the end of the day, is that correct?

5195

5196  **Travis Whitham** 1:27:41

5197 Yes, that is correct.

5198

5199  **McClure, Dean, EMNRD** 1:27:43

5200 Mr. Hearing Examiner, I guess until I hear a little more information about what
5201 application was provided, I don't have questions for the moment, I guess.

5202

5203  **Pecos Hall** 1:27:56

5204 So then.

5205 Sounds like you want further review, is that right?

5206

5207  **McClure, Dean, EMNRD** 1:28:02

5208 Well, I shouldn't need further review, provided that they provide me exactly as I

5209 described to Mr. Whitman.
5210 However, we need to know about the notice. And it sounded like Ms. Vance might
5211 have had some additional clarity as to what happened there. I know if in our case file,
5212 we have an application listed and it appears to be the correct application. But based
5213 off Mr. Whitman's testimony at Main
5214

5215  **Pecos Hall** 1:28:21

5216 Yeah.

5217 They may be.

5218

5219  **McClure, Dean, EMNRD** 1:28:29

5220 It sounded like the application that was sent out to the interest donors may not
5221 include the 80 acres.

5222

5223  **Pecos Hall** 1:28:35

5224 You may be hearing from Mr. Rankin instead of Ms. Vance. Go right ahead.

5225

5226  **McClure, Dean, EMNRD** 1:28:38

5227 Ohh.

5228

5229  **Pecos Hall** 1:28:40

5230 Yeah, thanks, Mr. Hearing Officer. Mr. McClure, you know, this is a number one, it's a
5231 federal unit. My understanding that the division previously through Mr. Brancard
5232 determined that the OCD does not have authority to approve federal units, number
5233 one. So it's simply just purposes of registering with OCD.

5234

5235  **McClure, Dean, EMNRD** 1:28:45

5236 Meeting.

5237

5238  **Pecos Hall** 1:28:59

5239 the acreage and determining that it's actually contributed to a federal unit. So for
5240 purposes of filing well, APDs and so forth. Number 2, it's a voluntary unit. So there's
5241 no compulsory aspect to this whatsoever. Number 3, there are no regulations that
5242 govern notice notification to for voluntary units under the division rules. So there are
5243 no affected parties whatsoever.

5244 So while we have are willingly providing additional notice to update the parties of
5245 the additional 80 acres, it is not under the rules required. And so I ask that the
5246 division reconsider its position that there needs to be, if that is its position that there
5247 needs to be a continuous or additional required additional notice provided.
5248

5249  **McClure, Dean, EMNRD** 1:29:48

5250 Mr. Rankin, the application that was divided to the case file submitted, I'm assuming
5251 by your law firm, is that the correct application that was provided to interest owners?
5252

5253  **Pecos Hall** 1:30:00

5254 I believe I'll miss miss answer that question. So I will. So here, I'll just explain. So the
5255 public notice that the division did has the correct acreage listed. Unfortunately, the
5256 application that went out with the notice from us had the acreage
5257 that was less the 80 acres. So again, you know, I obviously, you know, defer to my
5258 colleague, Mr. Rankin, he with the understanding and the history on hearings before
5259 the division regarding
5260

5261  **Travis Whitham** 1:30:39

5262 But.
5263

5264  **Pecos Hall** 1:30:44

5265 federal units, but just to confirm, the public notice that the division did, that is
5266 correct. I confirmed that with Freya, but the notice we sent out from our office did
5267 have the less the 80 acres. I did, and as Mr. Whittam said, if we do need to do a
5268 notice, we
5269 we will, DJR will, or enduring will do that. But we would just like to simplify it and
5270 keep it to a correction of that legal description. There's a lot of notice that interest
5271 parties here, so we just want to be able to correct
5272 That, if we need to, so...
5273

5274  **McClure, Dean, EMNRD** 1:31:27

5275 Well, I guess what my follow-up question to that.
5276 Would it be more accurate than for this header dot to say application, but it's
5277 actually the amended application that's in the case file. Is that correct, I guess?

5278

5279 **PH Pecos Hall** 1:31:44

5280 No, because the original application actually never got uploaded. I caught it before it

5281 was actually accepted by Freya. And so the only application that ever appeared in the

5282 case file or in the public notice is the one that you see there now.

5283 So there was no subsequent filing. It just was a matter of swapping it up, swapping it

5284 out before it actually was uploaded.

5285

5286  **McClure, Dean, EMNRD** 1:32:14

5287 I understand that, but when you submit the application to us, are you not

5288 representing that this is the application that notice was provided of?

5289

5290 **PH Pecos Hall** 1:32:29

5291 I mean, I'm not saying that. Yes, that is what we're representing. It just, there was a

5292 lot of moving parts, I guess you could say. And so that was the notice that went out

5293 that was less than 80 acres.

5294

5295  **McClure, Dean, EMNRD** 1:32:48

5296 Well, I guess to, well, it hasn't went out yet, right? Because you have the notice

5297 information for the first application, what's in our exhibit packet, correct?

5298

5299 **PH Pecos Hall** 1:32:59

5300 Can you restate the question? I'm confused.

5301

5302  **McClure, Dean, EMNRD** 1:33:01

5303 You have notice information included within the exhibit packet. That notice

5304 information is for the application that's missing 80 acres. Is that correct?

5305

5306 **PH Pecos Hall** 1:33:06

5307 Correct, we have.

5308 Correct.

5309

5310  **McClure, Dean, EMNRD** 1:33:19

5311 Okay, so...

5312 I guess to try to move this along, the only thing I'm asking is if it would be

5313 appropriate for you to upload this application again, however you want to go about
5314 it with as an amended application rather than the initial application. Is that not an
5315 accurate statement?

5316 To call it that.

5317

5318  **Pecos Hall** 1:33:40

5319 I can change the head, I can I can um change the heading on it. I just I caught it
5320 before it was uploaded to the case file, so we just treated it as an initial filing.

5321

5322  **McClure, Dean, EMNRD** 1:33:49

5323 You.

5324 Yeah, I understand your thought process there. My only concern is I don't want
5325 confusion when we're reviewing the exhibits thinking that.

5326 You know, that notice is applying to the application here, wherein it's is applying to
5327 an application that we don't that wasn't submitted to the division. You understand
5328 where I'm getting at, Miss Pants?

5329

5330  **Pecos Hall** 1:34:15

5331 That's fine. We can definitely, if that would be the preference to have the original
5332 application and I will change the heading on the application that is currently on the
5333 case file for it to say amended application, we can do that. But again, to my
5334 colleague's point, he went through a number of

5335

5336  **McClure, Dean, EMNRD** 1:34:28

5337 Mhm.

5338 Mhm.

5339

5340  **Pecos Hall** 1:34:36

5341 reasons why, you know, hopefully maybe we don't have to redo the notice and we
5342 can just move forward with just providing the supplement that you've asked for from
5343 Mr. Whittam.

5344

5345  **McClure, Dean, EMNRD** 1:34:48

5346 Well, towards that end, I know the division at some point will need to have a meeting
5347 and an understanding with the BLM and the state land office to determine what they

5348 see the division's role as here.

5349 Um...

5350 And as such, I don't necessarily foresee an order going out right away if one of those
5351 entities is waiting on an order for this.

5352 then it may behoove you to reconduct notice. Now, if that's not the case and the
5353 BLM is already granted it and the state land office has, then I mean, we can feel free
5354 until the division actually has some sort of understanding with those entities as to
5355 what notice they would like us to require in these cases.

5356

5357  **Pecos Hall** 1:35:40

5358 I believe Mr. Whittam could probably talk about the status of the approval with BLM
5359 and SLO, but as you can see, we've included that preliminary approval from the BLM.
5360 And my understanding is that they've got some type of preliminary approval with the
5361 SLO as well.

5362

5363  **McClure, Dean, EMNRD** 1:36:00

5364 Well, if that's the case, Ms. Vance, and that's on your side, what you want to do, we
5365 can either take the case under advisement with the record left open or with the
5366 record left open until the end of the day and then take it under advisement for the
5367 application, amended application change. And then
5368 that supplemental exhibit that I requested of Mr. Whitman. Otherwise, if you feel that
5369 you need an order right away from the division, then we may want to continue the
5370 case for you to provide additional notice.

5371

5372  **Pecos Hall** 1:36:37

5373 Can I take a very short break just to talk with my client very quick? I think I know the
5374 answer, but I'd like to just talk with him. If I can take maybe just a 5 minute break. We
5375 need to be back in this room in 10 minutes and none of us have eaten much. My
5376 goodness.

5377 What I would propose is, if you want to wait here, you're fine, but let us go and take
5378 a quick break, and then we'll come back on the record as close to 1:00 as possible.

5379 We're going to go ahead and continue and perfect notice. Okay, all right. Yeah.

5380

5381  **McClure, Dean, EMNRD** 1:37:12

5382 Ohh.

5383

5384 **PH Pecos Hall** 1:37:13

5385 So, Mister McClure, you heard?

5386

5387  **McClure, Dean, EMNRD** 1:37:15

5388 Yes, I did, Mr. Hearing Examiner. And as such, I guess they have more time to get all
5389 that stuff submitted because clearly they'll be submitting the new notice as well.

5390

5391 **PH Pecos Hall** 1:37:22

5392 When, Miss Mr. Rankin, when do you think this case can be heard?

5393 I think, well, we were hoping to do the June 30th. Okay. We were hoping to do the

5394 June 30th. I think that we can probably, I was working with Mr. Whittam to get the

5395 notice out by as soon as possible. So if we could

5396 go with the June 30th. I think we should be ready by then. Okay, yeah. You continue

5397 to June 30th. We'll make sure it stays on the docket. Is there anything else?

5398 No. No, good. Miss Bennett, you're still here. Just enjoying. Oh, enjoying the back

5399 and forth. Well, going to have to take a little break with that. We'll be back on the

5400 record. Freya. So Freya, are you able to leave the recording going so that you don't

5401 have to come back down as close to 1:00? That way you can take a little bit longer

5402 lunch.

5403

5404 **TW Travis Whitham** 1:38:16

5405 Yeah.

5406

5407 **PH Pecos Hall** 1:38:18

5408 I'll be here at one. Okay. Mr. McClure, are you the technical examiner for this? No, I

5409 don't think. Do we have a technical? No, Mr. Smith. Excellent. Well, Mr. McClure,

5410 thank you for your participation. We're off the record.

5411

5412  **McClure, Dean, EMNRD** 1:38:26

5413 It's Miss Smith, Mr. Smith, yeah.

5414

5415 **PH Pecos Hall** 1:58:20

5416 All right. It is 111 P.m. June 4th. We're back on the record. This is the last case of the

5417 docket.

5418 It is case number 26126, Apache Corporation and the Oil Conservation Division.
5419 Entries of appearance, please. Good afternoon, Mr. Hearing Examiner. Dalva
5420 Mullenberg from the Santa Fe office of Gallagher and Kennedy on behalf of Apache
5421 Corporation. And here with me is
5422 Serafina Saluha, also of the same firm.
5423 I see. Thank you very much. Would you say the name again? Serafina, SERAFINA,
5424 Saluja, SELUJA. Thank you. I appreciate it. Good morning, Miss. Good morning. Good
5425 afternoon, Miss Suey. Mr. Hall.
5426 Good afternoon, Mr. Hearing Examiner. It's off again. It's off? Unless it's green. It's
5427 green. It looks good to me. Can you hear me? I can. Okay, great. Michael Hall here on
5428 behalf of the Oil Conservation Division. I believe Mr. Tremaine may be joining me
5429 intermittently throughout this hearing. So
5430 So it he, I'm announcing his appearance on his behalf at this time. Thank you. And we
5431 also have Mr. Smith. Mr. Smith, would you introduce yourself?

5432

5433  **Smith, Cory, EMNRD** 1:59:47

5434 Corey Smith with the OCD, with the technical examiner today here in Albuquerque.

5435

5436  **Pecos Hall** 1:59:53

5437 All right. And you ready to proceed, Mr. Smith?

5438

5439  **Smith, Cory, EMNRD** 1:59:55

5440 I am.

5441

5442  **Pecos Hall** 1:59:57

5443 All right. All right. So Mr. Molenberg.

5444 What is the posture of the case? Thank you, Mr. Hearing Examiner. The posture of
5445 the case, and just for a brief explanation of the case, it's not the typical case that is
5446 heard here. And in fact, this one may be kind of a first time as far as I know.

5447 But this case comes under part 30, that is 19.15.30 in Mac, which are the abatement
5448 rules.

5449 And in this instance, the Oil Conservation Division sent a notice to Apache
5450 Corporation requiring Apache to submit an abatement plan. And is this based on the
5451 OCD order? OCC order, I mean?

5452 Well, it's related to the OCD order in some respects, and we'll talk about that. And

5453 just to sort of briefly, I guess, give you a piece of that. In early 2025, the commission
5454 issued an order requiring Apache to conduct groundwater monitoring.
5455 Um...

5456 So essentially where we're at is the groundwater monitoring wells were installed.
5457 They've been sampled. Lab analysis has been done. So now we're back with that new
5458 and additional information that we didn't have when the commission
5459 Hearing took place. Thank you. So.

5460 Apache intends to present 2 witnesses today. The first witness is Mr. John Grahams,
5461 and he'll introduce himself. But, and we have a written expert report that's in the
5462 record from Mr. Grahams.

5463 And so he'll be giving his background and then a summary of that report. And
5464 essentially, the gist of that testimony is that this issue arose out of a pipeline leak and
5465 an incident.

5466 that occurred at a point in time when Apache was the operator of record and had an
5467 interest in the well and unit. Apache is no longer the operator.

5468 And what Mr. Graham's testimony goes to is that he's examined all of the
5469 information, including the new information from the groundwater monitoring, and
5470 concluded that the area where there's a contaminant plume,
5471 is not related to, or to put it differently, that the source of that contamination is not
5472 the pipeline leak. So that's really the subject that we're going to be discussing today.
5473 Perfect. Did I hear you say Apache is not the operator anymore? That's correct. And
5474 we also have our second witness.

5475 Barrett Bull, who's an Apache employee. And he'll give some additional factual
5476 background on that. When Apache's interest was acquired by the current operator of
5477 record, which is Hillcorp.

5478 Okay. So we have those two witnesses. We'll go through those. We also included a
5479 self-affirmed statement from myself for this particular kind of a case, which is an
5480 appeal as it's described in part.

5481 The notice requirements aren't entirely clear. So of course, at the time that the
5482 applicant or the, yeah, the application for hearing was filed, we obviously served that
5483 on the division.

5484 And then we also did notify the operator of record, Hillcorp, as well as the surface
5485 owner.

5486 And neither, neither of those have entered an appearance.

5487 Okay, so what I'm starting out with here is 19, 15, 30. Yes.

5488 And I'm trying to understand.
5489 And you said this is an appeal. Yes. Are you under 1915 30.21 NMAC? I believe that's
5490 correct. Appeals from director and division decision? Yeah. Pardon me? It's titled
5491 Appeals from Directors and Divisions Decisions. Yes.
5492 That is, that is the correct citation, right? Mister Hall, do you agree?
5493 I don't want to speak for Apache or their motivations for this appeal. I do agree that
5494 we sent a notice under part 30 and that 30.21 does list the manner for an appeal to
5495 be taken from that kind of notice. I'm not trying to.
5496 I want to answer your question, but I can't speak to their motivations or their legal
5497 conclusions about what the rule said. You're an attorney, Mr. Hall. I understand.
5498 Thank you. All right. So let me read through 21, because I'm not familiar with 21. I am
5499 very familiar with 1915 4, which is the rule that we deal with all the time.
5500 adjudications, which deals with the pre-hearing statements.
5501 Doesn't really deal with exhibits. I wish I wish it did, but it really doesn't parties to the
5502 proceedings, etc. But let me read through 21 just so I get my bearing straight. OK.
5503 Okay, so subsection B of 21, A says if the director does X, then B says a person who's
5504 participated in the action before the director and that the action listed in subsection
5505 A adversely affect that may file a petition requesting a hearing before the division
5506 examiner.
5507 The person shall make the petition in writing and file it with the division within 30
5508 days after receiving notice and the director's action. Did you do that, Mr.
5509 Mullenberg? Yes. Within 30 days? Okay. Yes, we did. The petition shall specify the
5510 portions of the action to which the petitioner objects, certify that the person
5511 has mailed or hand delivered a copy of the petition to the director and to the
5512 applicant or permittee if the petitioner is not the applicant or permittee. Are you the
5513 applicant or the permittee? Yes. All right. So then you don't have to worry about that.
5514 And have attached a copy of the action for which the person seeks review. Did you
5515 do that?
5516 Yes. All right. Unless a person makes a time, we don't have to worry about that,
5517 because you did. D, the hearing before the division shall be conducted in the same
5518 manner as other division hearings. I guess that's referring to 1915 for the
5519 adjudication rule, which we use all the time. Correct. And we've followed that.
5520 as it fits with this proceeding. The petition, the petitioner shall pay the cost of the
5521 court reporter for the hearing. Well, we don't really have a cost of that. We're using
5522 an AI transcript.

5523 Right.

5524 We're recording this, and if you want a court reporter to produce a verbatim
5525 transcript from the from the recording, you're able to do that.

5526 Understood. That would be your own decision. A party adversely affected by the
5527 division order pursuant to a hearing held by division shall have the right to have it de
5528 nova before the commission. So that would be your next recourse if this doesn't
5529 come out the way you want it. The appeal provisions do not relieve the owner,
5530 operator, or responsible persons of their obligation to comply with federal or state
5531 laws.

5532 including regulations or rules. Okay, so then we go to 1915.4.

5533 And this fills in the gaps, I suspect. You did file a pre-hearing statement. I believe, Mr.
5534 Hall, you filed A pre-hearing statement as well? Correct. All right. And in your pre-
5535 hearing statement, did you list witnesses?

5536 Yes. And who is that? Rosa Romero and Brittany Hall, both with OCD. Perfect. And
5537 I'm familiar with both of those people.

5538 Mr. Tremaine is with us now. Mr. Tremaine, we're just reviewing the rules on getting
5539 our bearings. I was not familiar with 1915 30.21.

5540 I did see your notice of intervention that you filed a while ago.

5541 Thank you, Mr. Hearing Officer. I am running support here. This is Mr. Hall's case.

5542 Okay, very good. I'm just letting you know that I saw that you filed the notice of
5543 intervention and entry of appearance.

5544 Okay, let's, Mr. Mullenberg, do you agree or disagree that you have the burden of
5545 persuasion? Yeah, as the applicant, I believe that rule 4 would put that on us. Just
5546 clarify. Yeah.

5547 The burden of proof will go back and forth between the parties, as as as it.
5548 as it may. So you'll go first, Mr. Mullendorf? Yeah, we're planning on going first with
5549 our two witnesses. And let me make one other point of clarification before we get a
5550 start.

5551 Apache is not contesting that there is groundwater contamination in excess of the
5552 standards. What we're contesting is what is the source of that? And based on
5553 particularly Mr. Graham's conclusions about that,
5554 that Apache should not be the responsible party required to submit an abatement
5555 plan.

5556 And by way of explanation, an abatement plan is just an assembly of data and
5557 information, much of which has already been done here, and then a plan on what to

5558 do about it.

5559 And ultimately the cost of what to do about it? Well, that, yeah, that would be an
5560 issue. The cost, the length, but we're not really here to talk either about what the
5561 plan might look like at this point. It's just the issue is

5562 Is Apache the proper party to be subject to the requirement to submit an abatement
5563 plan?

5564 Even to just submit the abatement plan. Right, right. We're at the very beginning of
5565 that process where the incident and the work that Apache has been done has been
5566 done under the spill rule part 29. Okay. 1915-29.

5567 That's where we have been before this. That's where we were when we were in front
5568 of the commission. This particular proceeding moves us from part 29 to part 30,
5569 which has a separate set of rules, requirements, process, and so forth.

5570 So we haven't started that process. So just so I understand, when you did appear
5571 before the commission, and when was that, in 25? Yeah, early 2025. All right.

5572 Was there an opposing party? Yes, the division. It was the division. Yeah, the dispute
5573 in that case was the extent of additional groundwater monitoring required. And
5574 again, some of this can be presented through the witnesses, but

5575 just to give you kind of the background orientation. At that point, we were under
5576 part 29. Part 29, of course, addressed the reporting of the spill, the initial, which was
5577 a pipeline, saltwater pipeline leak.

5578 the initial response to this spill, remediation, really soil remediation, and I'm sure
5579 you're familiar with some of those issues. And essentially, in terms of the history here,
5580 the division had approved

5581 Apache's remediation, and again, I'll say it, the soil remediation, but subject to a
5582 requirement to conduct groundwater monitoring. And at the time we were in front of
5583 the commission, Apache had done quite a bit of groundwater monitoring.

5584 But there were still questions to be answered about what's going on at this site. So
5585 the division had required Apache to conduct some additional groundwater
5586 monitoring. The commission or the division? The division initially. Okay. So what the
5587 hearing was about is Apache was contesting the number of locations of well
5588 It was a pretty technical hearing about.

5589 You know, what do you really need to do to gather the additional information
5590 needed to assess the site?

5591 What I'm wondering, what I'm trying to understand at this point, and maybe the
5592 testimony will help me, I don't know yet. I'm wondering what arguments you made

5593 to the commission regarding
5594 Mm.
5595 similar arguments that you're making now in front of the division. Right. And at that
5596 point, when we were under Part 29,
5597 The predicate to Apache's responsibility was the pipeline leak that was reported and
5598 remediated. That Apache had operated. Right. Okay. So then it was a question of,
5599 okay, how much more information do you have to collect about what may or may
5600 not be going on as it related to the pipeline leak?
5601 So in other words, there was a pipeline spill of...
5602 salt water. And it was not contested that Apache caused that spill of salt water. Well,
5603 or to put it a different way, Apache was the operator of record at that time. It was
5604 operating the pipeline and it had the responsibility under part
5605 with respect to the pipeline leak. Okay, fine. So then you went before the commission
5606 and the commission said, do some groundwater testing or monitoring. You now
5607 have that data. Yes. And what you're now saying is with that data,
5608 we have an expert witness who will basically say that that plume, that underground
5609 plume, is not, was not caused by the saltwater spill? Correct. In essence, that's, yeah. I
5610 mean, just to boil it down to a very simple childlike. That's the essence of it. Well, it's
5611 a complicated issue. Nothing is.
5612 Nothing is beyond question here, but yeah, that's the essence of what we're here for.
5613 Okay. And the division has directed you through the Environmental Bureau to do
5614 remediation, which you feel you shouldn't have to do. Correct. Okay. I'm now
5615 understanding the case better.
5616 than I did before. I know I didn't ask you for an opening statement, although you've
5617 sort of given me an opening statement on what you feel the evidence will show. I'm
5618 going to give Mr. Hall the same brief opportunity. Thank you.
5619 One, I guess one small point of contention with that, if it is an opening statement,
5620 Mr. Muhlenberg's presentation to you. There was a pipeline leak in 2019 that's
5621 uncontested. The OCC proceeding and previous OCD proceeding were about
5622 contamination.
5623 of which that may have been parked. But it is not limited to that. From reading
5624 through their exhibits, I think they're going to focus on that. But we think the focus is
5625 and should be quite broader than that. It is contamination and who's responsible.
5626 And we think under
5627 The rules, be it 2, 29, 30, Apache is a responsible party or responsible person. We

5628 think the evidence will bear that out. Two being the definitions? Correct. Which
5629 definitions specifically are you talking? Responsible party is responsible party. It
5630 might be responsible person. I'll pull it up, but
5631 No, I don't mind a bit. I mean, I have it right too. I happen to have everything open in
5632 front of me, but I didn't.
5633 Is.
5634 Okay, so two is person, responsible person, and they are slightly differing. 30
5635 references to, which is why I'm mentioning that. 29 has a slightly different version of
5636 responsibility or responsible party. So in two.
5637 I'm looking at 2 now. You want me to go to the definitions and which subsection am
5638 I looking at? Responsible party? You're looking at responsible party, correct. I am.
5639 Okay, let me get to it.
5640 Responsible person. Thank you. Responsible person means the owner or operator
5641 who shall complete a division approved corrective action for pollution from releases.
5642 And the corrected corrective action, Mr. Hall, is the abatement plan.
5643 and the previous, I guess you could say, when they were the operator and owner, the
5644 previous corrective action, they agreed to with OCD before the OCC. There was a
5645 joint motion and order submitted on that, and we'll get into some of the details of
5646 that.
5647 and that's relevant and that's relevant to today's hearing. I think certainly the
5648 findings, yeah, I think they're quite relevant to today and their resistance to doing the
5649 ordered abatement. Is there any is there any argument, Mr. Mullenberg, over the
5650 definition of responsible person?
5651 Um...
5652 Yes, they're, well, not as to what the definition is, but as to how it should be applied
5653 in this instance. And again, we would draw a distinction between the Part 29 rules
5654 and the Part 30 rules. And particularly, our focus is on owner or operator.
5655 which Apache is no longer the owner or operator. Now, you said there's a distinction
5656 between 29 and 30. I'm not familiar enough with those rules. Correct. Would you
5657 explain what you mean? Well, I guess what I would say, maybe as simply as I can say
5658 it, is Apache
5659 Has not and is not contesting responsibility with respect to the incident.
5660 under part 29. And it was that incident that led to the requirement for Apache to do
5661 the investigation. When you move to part 30, our contention is it's now a new issue
5662 or

5663 a new discussion as to who's responsible for abatement of groundwater
5664 contamination once you have the information from the investigation. And that's what
5665 Mr. Grahams is going to talk about. So Mr. Hall brought up a, what was it, a
5666 stipulated agreement, Mr. Hall, between the OCD and Apache?
5667 It was a joint motion to modify the OCC's order, which was granted. And so there's
5668 an order from the OCC based upon the contested hearing. Then the parties get
5669 together after that order and submit a joint motion, agreed joint motion.
5670 to modify that slightly based upon essentially locations of the monitoring wells,
5671 which included, importantly, groundwater monitoring wells. If they're resistant to part
5672 30, they should have said that when they agreed to groundwater monitoring for the
5673 contamination they caused. So that's why there is an amended order.
5674 Because there's two orders from the commission based on this case, the original and
5675 the amended order. Correct. And the amended was based upon agreement of the
5676 parties. Was there, did I understand you to say, Mr. Hall, that there was a...
5677 division level agreement with Apache before it got to the commission? I thought I
5678 understood that. No, after the contested hearing. And notably, this agreement and
5679 the requirements came after the apparent transfer to Hill Court.
5680 Okay, we'll get to that in the evidence, because I'm not quite sure what that means
5681 exactly, but I'm sure we'll get there. If I could briefly just finish on that, we don't think
5682 it's of great consequence to Apache's responsibility. The contamination occurred
5683 under their custody of the location. It was evident.
5684 before the transfer and thus their obligation to abate as required by OCD continues
5685 to this day. Abate the soil, the soil contamination or abate the groundwater? Abate
5686 under 30.
5687 The specific, yeah, the groundwater, which again, importantly, they agreed to
5688 monitor the groundwater. That that wasn't an illusory promise, that it was there for a
5689 purpose. Did the commission, did the commission, in your legal opinion, did it
5690 Did it go beyond the monitoring aspect of it? Did it say that?
5691 I mean, did it end at the monitoring? You just said, hey, monitor, or did it say more?
5692 I'll come to you, Mr. Mullenberg, in a moment. Curious to know what your
5693 interpretation is.
5694 There's a, so they were to monitor soil contamination. They worked on that. They did
5695 a lot of remediation on that. They were also to monitor groundwater contamination
5696 because that was evident. And at the time, at the uncontroverted time, I think the
5697 evidence will show

5698 of their custody and control of the location. So this, given the groundwater
5699 contamination, this migrated from a part 29 case to a part 30 because there's
5700 groundwater contamination caused by
5701 their operator and ownership at the time of their operatorship and ownership of the
5702 property. I understand the theory of this, of the OCD's case. What I'm asking you is
5703 that I've not read the order from the commission or the amended order from the
5704 commission. Does the commission's order end?
5705 at just a monitor or does it go further? Well, it requires, I think, remediation of the
5706 soil, but it also, the crux of it is a lot of monitoring based upon the contamination
5707 that was evidence on the property. So that's interesting. So the commission didn't
5708 retain jurisdiction of the case.
5709 to see what the monitoring was going to show.
5710 I think the OCD retains, and so that's the basis of Mister Romero's notice of the
5711 requirement to abate the groundwater. She started that process, so yeah, OCD has
5712 and continues to.
5713 to have jurisdiction over the contamination caused by Apache, or at least that was
5714 under Apache's custody and control. I'll look at the orders once we start the
5715 testimony so I can understand the commission's thought process. Mr. Muhlenberg,
5716 do you have any
5717 any information about the commission's direction for, was it monitoring only or was
5718 it monitoring plus? Our view is at that point in time, it was an order for Apache to
5719 conduct additional investigation.
5720 primarily through groundwater monitoring and particularly installation of a number
5721 of wells. So the commission issued that order. And again, at that point in time, the
5722 dispute was how many wells and where should they be? Then we had, as Mr. Hall
5723 mentioned, a stipulated motion and an amendment
5724 And my recollection of that is we were, the original commission order was very
5725 specific as to the number of wells and their specific locations. So afterward, we had
5726 some discussions with the division.
5727 and agreement was reached on some minor changes to, if I don't know, two or three
5728 well locations or dropping a well or something or other, but that it was it was a pretty
5729 technical thing. So our view would be that the, again, the commission's order related
5730 to the scope of investigation required under part 29. At that point, there was no
5731 determination by the division or the commission as to a requirement for abatement.
5732 So once we got the letter in March, now that's the issue.

5733 Okay, I understand perfectly the parties' positions. Now, I'd like to get all three
5734 witnesses sworn in at once. Are your two witnesses behind you? We have one
5735 witness here in person, Mr. Graham's, and we have one witness, Mr. Bull, who should
5736 be online. Okay, can we, Freya, and then
5737 Ms. Romero, is she also online?
5738 Yes, both Miss Hall and Miss Romero. Excuse me, I'm sorry, you have two witnesses.
5739 Can we get, I see you, Mr. Bowles. Thank you. Can we get Miss Romero and Miss
5740 Brittany who?
5741 Hall, she has a great last name.
5742 I'm sure you think so. So Miss Hall, I see Miss Romero. I recognize her. Ah, there you
5743 are, Miss Hall. Thank you. Okay. And then, sir, would you come on up to the witness
5744 stand?

5745

5746  **Bole, Barrett** 2:28:15

5747 Hey.

5748

5749  **Pecos Hall** 2:28:29

5750 Is your name Mr. Graham? That's correct. Very good. Please have a seat. Will you turn
5751 on your microphone? It's the right side button. That's it. You got it. Okay. Would all
5752 four of you raise your right hands? Perfect. Do you swear or affirm under penalty of
5753 perjury that the testimony you're about to give is the truth, the whole truth, and
5754 nothing but the truth?

5755 I do.

5756

5757  **Romero, Rosa, EMNRD** 2:28:50

5758 Okay.

5759

5760  **Bole, Barrett** 2:28:51

5761 Good.

5762

5763  **Hall, Brittany, EMNRD** 2:28:51

5764 Yes.

5765

5766  **Pecos Hall** 2:28:52

5767 Perfect. You can all put your hands down. I'm going to start with you, Mr. Grahams.

5768 Would you please spell your name for the record? Yeah, John Grahams,
5769 JOHNGRAMS. Okay. Now, you have you been previously admitted as an expert?

5770

5771  **Romero, Rosa, EMNRD** 2:28:53

5772 Yeah.

5773

5774  **Pecos Hall** 2:29:12

5775 in a field before? Yes, I have. Which field? Geology, hydrology, and groundwater
5776 contaminant transport. Okay. Has this division or the commission recognized you in
5777 those fields as an expert? Yes. Oh, good. Okay. Well, that makes that easy then.
5778 You can stay right there. You can turn off your microphone now. Okay. Mr. Bull, I
5779 understand that you're a fact witness from the pre-hearing statement. What do you
5780 anticipate the subject matter of your testimony to be?

5781

5782  **Bole, Barrett** 2:29:48

5783 My subject matter is mostly Apache's operations of the lease, when we entered,
5784 when we exited, and
5785 Testifying with John over the findings of the last investigation.

5786

5787  **Pecos Hall** 2:30:03

5788 with John. Who's John? Mister. OK, there we go. Thank you. I wasn't sure which John
5789 you were talking about. OK. And OK, excellent. Then we'll leave that there. Miss. Well,
5790 let me ask you, Mr. Hall, are you seeking to qualify either Miss Romero or?

5791

5792  **Bole, Barrett** 2:30:05

5793 I'm sorry, Mr. Gramps.

5794

5795  **Pecos Hall** 2:30:22

5796 Miss Hall, as an expert in the field? No, they we present them as fact witnesses.
5797 Perfect. Thank you. OK. Miss Hall, tell me a little bit about the subject matter that
5798 you're going to testify to.

5799

5800  **Hall, Brittany, EMNRD** 2:30:37

5801 I will be testifying to the owner and operator of Apache years that they we have as

5802 they entered an accident in the area. Also be testifying a little bit to the fact of
5803 reviewing any reports that they have submitted.

5804

5805  **Pecos Hall** 2:30:53

5806 Okay, all right, very good. And Mister Romero, the same question to you.

5807

5808  **Romero, Rosa, EMNRD** 2:31:00

5809 I will be going over our rules and regulations and how we are applying them to this
5810 particular situation.

5811

5812  **Pecos Hall** 2:31:09

5813 Okay, all right. Very good. I understand. Okay, so Mr. Muhlenberg, since you're going
5814 first, you have your star witness on the witness stand and

5815 Why don't we deal with a preliminary matter of exhibits first? Okay. I know that you
5816 have a number of exhibits that you would like to enter into evidence based on this
5817 witness. How are they labeled?

5818 Um...

5819 So, there's a set of exhibits labeled Apache A1 through.

5820 See if I have my list in front of me. I know I had it at one point.

5821 Anyway, there's an A series, AB series, and a C series, and then a D, which is the
5822 notice piece. So the A series is actually largely just

5823 the documentation related to this case, and frankly, some of the exhibits we put in

5824 are the same exhibits as the division has put in. So we have the original notice letter.

5825 You don't have to tell me what they are now. I just want to understand generally. So
5826 you have an A series that is basically documents. Right.

5827 Right is B. And then we have a B series, which is Mr. Graham's resume and Mr.

5828 Graham's expert report. Bye. And then there's a bunch of sub-exhibits to Mr.

5829 Graham's self-affirmed statement that he relies on, right?

5830 That I don't recall.

5831 Yeah, I think I think we have just contained everything that we needed for that within
5832 the the expert report.

5833 Now, there may be some references in the expert report to some of the other A

5834 exhibits. Okay. I remember seeing maps, tables, things that Mr. Graham relies on for

5835 his expert opinion. Right. Are those in A or are those in B?

5836 Well, and that's where there actually may be some crossover as I'm looking at it. So

5837 many of the department's exhibits, for example, are the complete groundwater
5838 monitoring reports that Apache submitted to the division.
5839 And those actually get quite lengthy, frankly, because they include, you know, lab
5840 reports and quality assurance and all of that kind of stuff for like 40, 39 or 40
5841 groundwater monitoring wells over different periods of time.
5842 So that gets pretty lengthy. So essentially what we've done, and Mr. Grahams can
5843 clarify this if I'm wrong, but basically just included the salient information in the
5844 expert report. So it's, I guess I would use the term kind of a self-contained thing.
5845 for purposes of that. But it does draw, I believe, from the groundwater monitoring
5846 reports. And again, I think the division has put complete copies of those in their
5847 exhibits. Okay. And then section C of your exhibits is what?
5848 That's actually just Mr. Bowles' resume. Although he's not being coming in as an
5849 expert, we did put a copy of his resume in. Okay, and D? D is the myself-affirmed
5850 statement regarding the notice that was given of the hearing.
5851 Very good. Okay, so, Mr. Hall.
5852 What are you willing to stipulate to? If they stipulate to all of our exhibits, I will do
5853 the same. Then we're golden. A conditional stipulation, Mr. Molenbar, if I ever heard
5854 one. That's accepted. Now, I do want to make one copy, and I understand he can
5855 take that back if he wants.
5856 We don't object to Mr. Mullenberg's self-affirmed affidavit that notice was provided.
5857 We do object to the extent what he says in that letter is somehow dispositive of this
5858 case. We stipulate to its admission as to
5859 Notice. Okay, fine. Okay, so Mr. Mullenberg, your exhibits are admitted into evidence
5860 by stipulation of the OCD. Okay, Mr. Hall, what exhibits do you have for me?
5861 We have, Mr. Mullenberg was correct, many of the same documents. Exhibit A is the
5862 letter from, which is also, we've stipulated to its admissibility. It's the notice letter
5863 requiring abatement from Ms. Romero to Apache.
5864 Exhibit B is the original OCC order, that being R23728. Then exhibit C is the joint
5865 motion to amend that order lodged and signed by Apache End OCD. Exhibit D is the
5866 order arising from that and granting that motion.
5867 E is a summary of the results of the monitoring and testing. F is a voluminous build
5868 activity report provided to OCD by Apache. Exhibit G is a brief timeline of not
5869 everything, but
5870 Some important matters that I believe the evidence will show was compiled by Miss
5871 Hall. Miss Hall also did exhibits H&I, which are a map of the pertinent wells around

5872 EBDU number 37, as well as a list of
5873 The wells.
5874 G, sorry, J is more groundwater gauging data, sort of another sort of summary. And
5875 exhibits K, exhibit K is Mr. Romero's CV, and exhibit L is Miss Hall's CV. Okay. Mr.
5876 Mullenberg, do you stipulate to the admission of those exhibited evidence?
5877 Yes. Very good. Everyone's exhibits are admitted at this point. Okay. So now let's talk
5878 a little bit about witness control and timing.
5879 We need to put some sort of limit on how long a witness can testify. Now, this
5880 witness has already pre-filed his self-affirmed statement, so we sort of know what
5881 he's going to say. Whereas the other witnesses are fact witnesses, and we really don't
5882 know what they're going to say.
5883 I'd like to hear from the parties their suggested direct. I don't know if, do the parties
5884 have rebuttal cases as well?
5885 I don't know until I hear what all the testimony is presented by the applicant. I don't
5886 think so. I think we'll be able to do that just through the course of examining directly
5887 our witnesses. However, I don't want to answer that until I've heard their case in
5888 chief.
5889 I won't ask you, Mr. Mullenberg. I'm sure you're going to give me the same answer. I
5890 think we need to have some sort of limit on the length of witnesses' testimony. We
5891 have 4 witnesses here. I assume there's going to be a bunch of cross-examination
5892 and maybe redirect. It's 2:00 in the afternoon, so
5893 We will have to break for the day at 4.30. And we will have to continue. Let's see,
5894 today is...
5895 Thursday, we can continue, if need be, tomorrow.
5896 It would be virtual tomorrow. You would not have to come to this room tomorrow.
5897 So if that works for the parties, otherwise we can come back in person on Monday.
5898 So yeah, let me address that. I actually think we can do this fairly quickly. Okay.
5899 I mean, I think the wild card for me is the questions. But what we have, you know, we
5900 put in Mr. Graham's expert report. I'm not going to be asking him to go over the
5901 whole report. What we actually have, I'd like to have him just kind of give a, I have a
5902 few
5903 you know, opening foundational questions and then the, you know, I understand.
5904 And then, and then actually we have, I think, 6 slides, which just are essentially the
5905 summaries of his opinions and some graphics so he can explain those. So
5906 Actually, I think we can get through the direct in probably 1/2 hour or so. Then let's

5907 begin. There we go. So Mr. Graham, I remind you, you're under oath. Would you turn
5908 your microphone back on, please? Yep. All right, thank you. And please speak clearly
5909 into the microphone so that the AI can pick up the transcripts.
5910 And please don't talk over anyone. If you don't understand the question, just please
5911 say you don't understand the question. Okay? Okay. All right, Mr. Mullenberg, go
5912 right ahead. Thank you, Mr. Examiner. Mr. Grahams, you've had your name in the
5913 record. I think we're past some of the preliminaries, but who is your current
5914 employer?
5915 Terracon Consultants. And on whose behalf are you testifying today? On behalf of
5916 Apache Corp. And did you provide a resume that's been admitted as exhibit B1 that
5917 states your employment history, qualifications, and experience? That's correct. And
5918 that's true and accurate.
5919 That is true and accurate. And you've already been qualified as an expert in geology,
5920 hydrology, and groundwater contaminant transport. Yes. So you understand that.
5921 Okay. So, Mr. Grahams,
5922 When were you originally engaged by Apache in connection with this matter and for
5923 what purpose? Yeah, so I began my involvement in, I believe, July of 2024. I was
5924 brought in to help Apache work with OCD on reaching agreement on what the future
5925 investigation
5926 additional well locations, what that would look like. Okay. And prior to your
5927 engagement, had Apache done some work at the site? Yeah, so that was several
5928 years after the release. There had been a prior consultant, Larson and Associates,
5929 who had done a fair amount of work. So I reviewed their work and
5930 picked up where they left off and went from there. Okay.
5931 Um...
5932 So when, after you were engaged, did you work with Apache to prepare any
5933 investigation and particularly groundwater investigation plans? Yeah, so we prepared
5934 one proposed outline approach to the additional investigation.
5935 OCD did not fully agree. We had some back and forth, and that's what led to the
5936 case hearing in early 2025. Great. And just to clarify, leading into the hearing I think
5937 you were referring to was the Oil Conservation Commission hearing. Correct.
5938 And was the need for that hearing due to Apache in the division being unable to
5939 reach agreement on the scope of the groundwater contaminant investigation? That's
5940 correct, disagreement on what the additional scope should be. Okay.
5941 Um...

5942 And after that Oil Conservation Commission hearing, were you continued to be
5943 engaged by Apache in this matter and
5944 And if you could just expand on what that engagement was for. Yeah, we, you know,
5945 at the hearing there was, we talked about different well locations. It would have
5946 agreed that we would work with OCD to come up with a final list and very specific
5947 scope of work. So we worked with OCD to select the locations.
5948 agreed on exact lat long for each well that would go in each soil boring and finalized
5949 that work plan. So I prepared a work plan that described what the wells would be
5950 installed and what kind of sampling we would do for groundwater monitoring.
5951 And then were you involved in the actual sampling and groundwater monitoring
5952 efforts and sample analysis? Yeah, I direct a team of experts or of groundwater
5953 professionals who do that work. And so the additional well installations
5954 soil sampling, groundwater sampling, lab analyses was done under my direction. I
5955 did visit the site. I've been to the site and observed some of the wells going in. The
5956 data that comes back is reviewed by me, and the reports are largely prepared by me,
5957 or at least given final review. Do you recall about how many additional groundwater
5958 monitoring wells were installed following the commission?
5959 Yeah, we installed 15 wells and then there were two soil borings advanced without
5960 wells. Okay. So the information and data from that groundwater monitoring and soil
5961 sampling were obtained after the commission order, right? That's correct.
5962 Right.
5963 Um...
5964 Mr. Grahams, did you prepare a written expert report for this proceeding? I did. And
5965 was that expert report filed and now admitted as exhibit B2? I believe that's correct.
5966 Okay.
5967 And the opinions in that expert's report are all yours, is that correct? That's correct.
5968 And could you give a brief summary of the information that you reviewed and
5969 considered in preparing that report? Yep, I reviewed the technical information that
5970 has been collected on the project in terms of water levels,
5971 groundwater samples, soil data. I've reviewed certain peer-reviewed technical papers,
5972 publications, and collectively used all of that to prepare the report.
5973 Um...
5974 So, Mr. Grahams, do you have a summary of the opinions provided in your written
5975 expert report to provide to the hearing examiners? I do. Okay. So if we
5976 Could, and I think Seraphine is doing this, OK?

5977 So what I've done and what we'll go through here is in the course of reviewing all of
5978 the information, I landed on essentially 6 lines of evidence that make the point that
5979 I'm trying to make. And collectively, I think demonstrates very clearly that the release
5980 from 2019
5981 cannot be the source of the plume that we observe in the groundwater at the site.
5982 And so I have one slide for each line of evidence, and I'll talk through them, and then
5983 we can look at it all collectively. So next slide, please.
5984 So first, I'll just read this is my opinion that the July 2019 produced water release is
5985 not the source of the groundwater plume identified at the site. The highest chloride
5986 and total dissolved solid concentrations in groundwater are located approximately 5
5987 to 700 feet southeast of the release location and are not positioned along the
5988 expected down gradient flow path
5989 from the release. Monitoring wells installed at and near the release location have not
5990 shown concentrations consistent with a significant source at that location. What
5991 we're looking at in this figure is a map of the spill site. The green outline area is the
5992 surface footprint of the spill in 2019.
5993 The red location at the easternmost extent of the release area is where the release
5994 occurred. The yellow lines are lines of equal concentration of chloride in
5995 groundwater. The contaminants of concern are TDS and chloride, and I'm using
5996 chloride as the
5997 indicator for groundwater contamination. And so what you see, the highest
5998 concentrations are in the center, at the center of the bull's eye, out to the last line is
5999 equal concentration of 500 milligram per liter. So everything outside that line is less
6000 than 500. Everything inside is greater.
6001 and so on with the concentric circles. The blue points are the monitoring wells that
6002 are part of the monitoring wall network. And then the blue arrows are the
6003 groundwater flow that have been overlaid from a prior exhibit in the expert report.
6004 And so what you see is that the mass of contamination is in an area
6005 southeast of the release and not directly in the flow path from where the release
6006 occurred.
6007 I'm sorry.
6008 For the most part, it's a little bit of an amalgam. The figure with the ISO
6009 concentration lines is figure 6B, and then I overlaid the flow lines from the
6010 groundwater flow map. So it's a little bit of a combination of two of the figures, but it

6011 is in the report, yes.

6012 OK, next slide.

6013

6014  **Smith, Cory, EMNRD** 2:50:09

6015 Excuse me, I hate to interrupt. There was a question asked there. I think somebody
6016 asked it without the microphone. Those of us couldn't hear it that are not in the
6017 building.

6018

6019  **Pecos Hall** 2:50:19

6020 My apologies. I didn't turn on my mic for that. I was just asking Mr. Grahams to
6021 identify some figures in his written expert report that were the source of the figure
6022 on the slide.

6023 Go right ahead, Mr. Mullenberg. All right. So the next slide is related to the first slide,
6024 really. What I've shown here are average chloride concentrations in wells at the
6025 center of the plume. So the center of those bullseyes that we looked at, MW17, 31,
6026 34, and 36.

6027 and then the wells closest to the release area below it. And so the point is that the
6028 groundwater data collected between 2019 and 2026 do not support the conclusion
6029 that the groundwater plume originated from the 2019 release. The monitoring wells
6030 closest to the release
6031 have consistently exhibited relatively low chloride and TDS, while substantially higher
6032 concentrations are found in areas removed from the release. And it is my opinion
6033 that this pattern is not consistent with the plume migrating from a single release at
6034 the release location. And you can look at MWs 1, 2, 3, 4 in particular,
6035 surround the release location. One and two went in two months after the release,
6036 three and four a year after that. They have never shown high concentration. These
6037 are numbers all below 1000 milligram per liter. The wells at the center of the plume,
6038 5, 6, 7,000.

6039 You know, it's inconceivable to me that a plume of this.

6040 High concentration could have just missed all the wells that are closest to the release.

6041 Okay, so the next thing is a statistical analysis of chloride trends in wells. It is my
6042 opinion that the groundwater plume is not generally stable and is not, or that it is
6043 stable and is not expanding outward from the release area. Statistical analysis shows
6044 that most monitoring wells do not exhibit increasing concentration trends.

6045 and there's no pattern indicating an advancing plume originating at the release

6046 location. So we ran Mann-Kendall as a statistical analysis, pretty well accepted in
6047 groundwater work that looks at the concentration trends over time. And we ran it on
6048 all 24 wells for which there was sufficient data.

6049 The more recent 15 wells only have three data points, so that's not enough to get a
6050 trend. But what you see is that like the wells in the center of the plume, MW17, 15,
6051 16, there's no trend. They've been stable over time. There are wells on the periphery
6052 and upgrading that are increasing and decreasing.

6053 but it's not consistent with what you would expect for a plume migrating from the
6054 release location to where we see the high concentrations.

6055 Okay, the next slide, we looked at groundwater transport. Groundwater transport
6056 conditions at the site preclude

6057 The 2019 release as the source of the plume. Based on calculated groundwater
6058 velocities, the time required for contaminants to migrate from the release area to the
6059 currently impacted locations would range from decades to thousands of years. The
6060 observed conditions developed within a much shorter time frame, six years, seven
6061 years,

6062 and cannot be explained by groundwater transport from the 2019 release. And what
6063 we're looking at is a table that shows the first column is hydraulic conductivity, which
6064 is a characteristic of the aquifer that measures the ability of the aquifer to transmit
6065 water. The average linear groundwater velocity is calculated from the hydraulic
6066 conductivity.

6067 You'll see four different rows. There's, you know, hydraulic conductivity can range,
6068 can vary a little bit across the site. And we haven't done pump tests to determine
6069 that value accurately. This is a range typical for these kinds of sediments. The 2 in
6070 yellow, from my experience working in other sites in the area,
6071 is where we expect the actual values to be. But then what you'll see in the third
6072 column is the estimated travel time from TMW 7, the source of the release, to TMW
6073 45, which is at the down gradient edge of the plume and ranges from, you know, 27
6074 years to over several 100,000 years. And then the estimated time
6075 from the source of the release and MW7 to 34 at the center of the plume. The
6076 numbers range from 11 years to 114,000 years. And again, the most likely is in the
6077 100 to 1000 year range. There just hasn't been enough time for that migration to
6078 occur.

6079 Okay, so this is a messy slide. I apologize for that. But we looked at soil data at the
6080 source of the release. And the soil data collected demonstrate that the 2019 release

6081 did not create a sustained source of contamination to groundwater chloride
6082 concentrations at depth
6083 beneath most of the release area are relatively low, indicating limited downward
6084 migration. In addition, remediation activities, including excavation of soil and
6085 installation of a liner, further reduce the potential for ongoing leaching. So what
6086 you're looking at in this table, I apologize, this does not project, but the top section is
6087 the northern area of the plume. There's soil samples collected
6088 across the top of the T. There's 3 samples identified, and we're looking at different
6089 depths from 0, 1, 2 up to 50 feet depth. And the dark blue show samples where the
6090 chloride exceeds 600 milligram per kilogram, and the light blue
6091 are samples that are less than that. So in the northern area, there were samples at, I
6092 can't even read that myself, and I'm this close, 6 feet, 5 feet that were dark blue. And
6093 then once we get up to maybe 10 feet, yeah, then by 10 feet, it's cleaned up, they're
6094 lower numbers. Similarly, in the southern area, there's two locations that show
6095 relatively high soil concentrations.
6096 over 600 milligram per kilogram, up to 16 feet at one location. I'll point out that there
6097 are two numbers. So for example, the 16 foot number, there's 4,462. That was before
6098 excavation. After they excavated, the resultant number was 23. So the high
6099 concentrations were removed
6100 by excavation. And importantly, from 18 feet all the way out, the numbers are
6101 essentially a background. So that's not an area where chloride would have reached
6102 groundwater. Now in the middle area, that's the area around TMW 8.
6103 There are several wells that show relatively higher concentrations down to 45 feet,
6104 but if you go over a little bit to the right, so that's the one area where the soil, where
6105 there's impacts a little bit deeper. But even those numbers, you know, the soil
6106 concentrations at 0 feet,
6107 I'm sorry, on the far left, in areas where soil is saturated, you'll see those are numbers
6108 10, 20,000, 15,000 milligram per kilogram. And the highest numbers we see out at
6109 the other end are about 1000 milligram per kilogram, much, much, much less, and
6110 not
6111 indicative of a significant source.
6112 Sorry about that slide, guys, but next slide.
6113 And this is the last line that we looked at as we tried to estimate mass at the source
6114 area and mass in the groundwater. I'm talking about massive chloride. So mass
6115 balance analysis confirms that the 2019 release cannot account for the magnitude of

6116 the groundwater impacts. Total estimated chloride mass associated with the release
6117 is substantially less
6118 than the mass currently present in groundwater. And in my opinion, the release is not
6119 a sufficient source for the observed plume. So what you're looking at on the left is
6120 the footprint of the release, and we split it into 10 areas, looked at soil data from
6121 those 10 areas, and the
6122 soil chloride concentrations and estimated the mass of chloride in the ground at the
6123 time of the release to be 147 tons. And important to note that that would be before
6124 excavation. There was an excavation of some 8,000 tons of soil.
6125 that removed a significant mass of chloride. So 147 is the worst case at the time of
6126 the spill before there was any excavation. And then the other image shows, it's
6127 similar to the ISO concentration map. We looked at any area where chloride exceeds
6128 500 milligram per liter. So the band in purple would be
6129 wells that are between 1000 and 500. So we took the area of that band times the
6130 saturated thickness of the aquifer at that location times an average of 750 milligram
6131 per liter, did that for each concentration band and came up with an estimated mass
6132 of 1300 tons, significantly higher than what was present at the release.
6133 And you just, you just can't get enough.
6134 chloride from that release area to account for this plume.
6135 And so next slide, just summing up, you know, you could look at any one line of
6136 evidence and, you know, there's uncertainty in these kinds of things. But when you
6137 look at it collectively, the plume geometry, soil chloride, flow direction, the statistics,
6138 travel time, mass balance,
6139 combined with the long history, I just can't convince myself that that 2019 release is
6140 the source.
6141 Next.
6142 That does conclude my summary, yes.
6143 Yes.
6144 That's correct.
6145 I'm sorry, I didn't turn my mic on again. Shall I do that again? Yes. Yes, sorry about
6146 that.
6147 So, Mr. Grahams, you probably have your answers on the record, but not my
6148 questions. So my questions really were that you have concluded your summary of
6149 your written expert report.
6150 That's correct. And that the written expert report itself, which is an evidence, contains

6151 additional discussion and reasoning and data and such for your opinions, right?
6152 There's considerably more information and calculation details.
6153 methods and things, yes. Thanks. Mr. Grams, did your written expert report, in that
6154 report, did you identify any other potential sources for the larger area of
6155 groundwater contamination? Well, the soil boring that we did, SB2, which was agreed
6156 with OCD to look at one area that was suspected of being a former disposal pit,
6157 did encounter hydrocarbon shallow and chloride all the way to groundwater. So
6158 there is a former disposal pit that appears that it could be a potential source. And Mr.
6159 Grahams, does your written report contain any information on
6160 when that particular disposal pit was operated? Yeah, we included two aerial
6161 photographs, one from 1955 and the other from 1968, that shows that pit was in
6162 operation at least through that period of time. Well, it shows the existence of the pit
6163 at least through that period of time.
6164 Okay. Thank you. Mr. Grahams, is there anything else that you would like to direct
6165 the examiner's attention to with regard to your written report? I don't think so. I think
6166 I'm prepared for questions. Okay. Mr. Examiner, this witness is open for questioning. I
6167 just have two questions. Mr. Graham,
6168 Yeah.
6169 Did you?
6170 Did you review your self-affirmed statement for any errors?
6171 A self-affirmed statement for what the testimony I just gave, you mean? No, Mr.
6172 Mullenberg, your witness filed A self-affirmed statement, right? Yeah, just to clarify,
6173 Mr. Hearing Examiner, I think we're just on the technology. We actually, rather than
6174 filing it as a self-affirmed statement,
6175 We filed it as a written expert report. And actually, as I think through it, you went
6176 through a lot of the preliminary things that I was going to. I think I asked the
6177 questions about his preparation of the report and his adoption of the expert opinion
6178 as his own, but I could do that again here.
6179 Okay. And if there's any corrections to it. Yes, yes. Thank you. That's a good point
6180 that I skipped over. So Mr. Grahams, we may have covered this already, but exhibit
6181 B2 in evidence is your written expert report, correct? Correct. And that was a, that's a
6182 written report.
6183 that prepared, that was prepared by you? Much of it, yes. I mean, I had help from a
6184 team of people, so I did have help, yes. By you were under my direction. Yep. Perfect.
6185 Sorry. And.

6186 I think that will do it. Mr. Grams, do you have any need to make any corrections to
6187 your expert, written expert report in exhibit B2? Well, you know, I did notice in
6188 preparing this slide that there was the table, that messy table with the soil data,
6189 The footnote on the report I submitted showed the dark blue were concentrations
6190 over 300 milligram per kilogram, and I had to correct that to be, I should have said
6191 over 600 milligram per kilogram. It's not material to anything and didn't change the
6192 chart, but it was in the footnote.

6193 **OCD Regular Docket June 4, 2026-**
6194 **20260604_201922UTC-Meeting Recording_PART 3**

6195 June 4, 2026, 8:19PM

6196 2h 8m 20s

6197

6198  **Pecos Hall** 0:10

6199 So I think that's the only endeavor to be accurate in my report. I think that's the only
6200 correction I have.

6201 So that would be a footnote to the table regarding the soil conservations, has a note
6202 that the highlighted area is 300 milligrams per kilogram table.

6203 presented as table one in the report. And the footnote shows dark blue equals over
6204 300 milligram per kilogram. It was actually dark blue is over 600 milligram per

6205 kilogram. And so that was a that was just an error in the report. So if you if you
6206 change that number in the footnote from 300 to 600,

6207 then that would be a correction. That's correct. Thank you. Okay. Mr. Grahams, do
6208 you adopt your report under oath today? Yes. Okay. Thank you. All right. I'm not sure

6209 who should, I mean, normally I would go to Mr. Hall, but we also have Mr. Smith.

6210 As well, Mister Hall, I have no preference, whatever pleases you. All right, Mister

6211 Smith, are you ready to cross-examine this witness?

6212

6213  **Smith, Cory, EMNRD** 1:32

6214 Yeah, I have a few questions.

6215

6216  **Pecos Hall** 1:34

6217 Go right ahead.

6218

6219  **Smith, Cory, EMNRD** 1:35

6220 Okay. Thank you, Mr. Graham, for being here today first.

6221 First and foremost, based off of your exhibit, it was the fifth point, I believe, on the
6222 next slide. And it was also mentioned in exhibit B2.

6223

6224  **Shanna Smith** 1:54

6225 Yeah.

6226

6227  **Smith, Cory, EMNRD** 2:00

6228 TMW 7 and TMW 8 are in the suspected release point and in the release path,
6229 correct?

6230

6231  **Pecos Hall** 2:07

6232 That's correct.

6233

6234  **Smith, Cory, EMNRD** 2:09

6235 And based off of your slide of the fifth point, that had chloride impacts from the top
6236 of the beta zone to groundwater, is that correct?

6237

6238  **Pecos Hall** 2:22

6239 On TMW 7, no, there was no actually they did not collect soil data when they drilled
6240 TMW 7. So the area of TMW 7, that's not correct.

6241

6242  **Smith, Cory, EMNRD** 2:33

6243 About 8.

6244

6245  **Pecos Hall** 2:34

6246 Well, again, the soil the soil data was from borings, not from drilling TMW 8, so I
6247 can't speak to that.

6248 It's in that area.

6249

6250  **Smith, Cory, EMNRD** 2:42

6251 Um...

6252 Yeah, can we pull up slide number? It was the fifth point in your slide presentation,
6253 the one with the blue data that was hard to see.

6254

6255  **Pecos Hall** 2:57

6256 Today.
6257 You probably zoom in on the columns to the left, maybe. Is that what you're looking
6258 at?

6259

6260  **Smith, Cory, EMNRD** 3:06

6261 Right, yeah, so SP5, borehole 7, right? This is the area that is relative to that area. And
6262 this shows elevated impacts from zero to 45. Is that to the right? I can't see it, but.

6263

6264  **Pecos Hall** 3:09

6265 Yeah.

6266 Yeah, those are the borehole 7 and borehole 8 don't correspond with MW7 and
6267 MW8. They were...

6268 There were different holes drilled independently at a different time.

6269

6270  **Smith, Cory, EMNRD** 3:41

6271 Sorry, I'm just looking at the map from the other.

6272 Your other borehole, because I might have misplaced those.

6273

6274  **Pecos Hall** 3:49

6275 So.

6276

6277  **Smith, Cory, EMNRD** 3:49

6278 Excellent.

6279 Okay, I'm just going to go with my notes that I have here from when I was reading it,
6280 not off of the slide that you presented, because I didn't actually have that. So, but

6281 TMW 7 N8 did have elevated levels of contaminants of concern in them at sampling
6282 points at one time, is that correct?

6283

6284  **Pecos Hall** 4:03

6285 Yeah.

6286 I have never seen any soil data from either of those wells.

6287

6288  **Smith, Cory, EMNRD** 4:20

6289 In the in the groundwater.

6290

6291  **Pecos Hall** 4:22

6292 In the groundwater, yes.

6293

6294  **Smith, Cory, EMNRD** 4:25

6295 And they're under the, and those two wells are in the release path.

6296

6297  **Pecos Hall** 4:30

6298 Yes.

6299 But they're low, they're much, much lower than anything that we see in the center.

6300

6301  **Smith, Cory, EMNRD** 4:36

6302 Right, and so on page 980 of your exhibit, you do kind of make that statement that
6303 the wells are decreasing and it's likely indicative of the remediation that Apache did
6304 in the installation of the liner, correct?

6305

6306  **Pecos Hall** 4:54

6307 I did say that, yes.

6308

6309  **Smith, Cory, EMNRD** 4:56

6310 Yeah, so.

6311 Based on that conclusion that there was remediation and that the liner is there,
6312 wouldn't you agree that?

6313 The groundwater underneath that particular area was likely impacted by the July
6314 14th, 2019 release.

6315

6316  **Pecos Hall** 5:15

6317 Yeah, it's hard to say where that came from, but it would that would be reasonable.

6318

6319  **Smith, Cory, EMNRD** 5:22

6320 But.

6321 Okay, and then regarding SB2, in your presentation and your documents, you guys,
6322 Apache, proposed that there was other sources that could potentially be leading to
6323 the elevated chlorides or impacts in the area.

6324 My question is, is that SB2 is down gradient of the generally area that is considered
6325 to be high, which is TMW 17, 34 and 31 roughly, right? Or sorry, 36.

6326

6327  **Pecos Hall** 5:55

6328 That.

6329 That's correct.

6330

6331  **Smith, Cory, EMNRD** 6:00

6332 How did you determine that that would be a potential source for that area?

6333

6334  **Pecos Hall** 6:05

6335 Well, you know, one of the tech, yeah, one of the technical papers that I reviewed
6336 talked about how it chloride, a plume of chloride can sink and follow the topography
6337 of the basal unit in the aquifer and move in different directions that are not expected.

6338

6339  **Smith, Cory, EMNRD** 6:05

6340 If it's downgrading.

6341

6342  **Pecos Hall** 6:25

6343 So it's referenced and it's a paper that the situation out here is that the Triassic red
6344 beds are an erosional surface. And we don't know what the topography of those
6345 things look like. But we do know that the aquifer is sitting on top of that. And so it's
6346 very possible there's some topography in that.

6347 a triassic surface that is controlling chloride. And, you know, chloride is a
6348 conservative mineral, I mean, or...

6349 anion with doesn't break down over time. And so it's very possible that it migrated
6350 deeply along the base of that unit.

6351 So, that's that that was that's the only, yeah.

6352

6353  **Smith, Cory, EMNRD** 7:16

6354 OK.

6355 Um...

6356 Thank you. On page 981 of the exhibit B2, it's section 43 where you talk about the

6357 Mann-Kendall trend analysis. My understanding of your section, and I think you guys

6358 have pretty much hit on this as well, is that you've essentially concluded that this
6359 plume is stable in the sense that most wells are not.

6360

6361  **Pecos Hall** 7:31

6362 I.

6363

6364  **Smith, Cory, EMNRD** 7:41

6365 trending or up or down, right? It's relatively stable. Is that correct?

6366

6367  **Pecos Hall** 7:46

6368 That's right. Right.

6369

6370  **Smith, Cory, EMNRD** 7:49

6371 The Man Kendall trend analysis, though, doesn't necessarily identify a source of
6372 contamination or if there's any other type of contamination elsewhere on this site. Is
6373 that correct?

6374

6375  **Pecos Hall** 7:59

6376 That's correct.

6377

6378  **Smith, Cory, EMNRD** 8:05

6379 And I think Mr. Mullenberg kind of already explained this, but I guess just.
6380 for my sanity here, based on your review of the elevated levels of contaminants of
6381 concern in groundwater.

6382 In this area, I'm not saying necessarily from the release of July 14th, but in your
6383 professional opinion, there is elevated levels of contaminants of concern in this area
6384 from likely oil and gas activity.

6385

6386  **Pecos Hall** 8:36

6387 I would agree with that, yes.

6388

6389  **Smith, Cory, EMNRD** 8:41

6390 I don't have any more questions.

6391

6392 **PH Pecos Hall** 8:44

6393 Mister Hall.

6394

6395  **Smith, Cory, EMNRD** 8:44

6396 Mr. Hearing Examiner.

6397

6398 **PH Pecos Hall** 8:45

6399 Thank you. I have a few. Thank you. Hi, Mr. Grahams. My name is Michael Hall. I'm an
6400 attorney with the Oil Conservation Division. Thank you for being here and thank you
6401 for your attention to this important matter.

6402 Can Apache determine when this contamination occurred?

6403 We have not done that, no. I'm not saying that they could not, but we have not. They
6404 have not. Have not. Okay. And same for how this contamination occurred. Apache
6405 has not made that determination, correct? I assume you're referring to the bulk of
6406 the plume, the...

6407 I'm talking about, well, it might help if I pull up.

6408 Might take me a sec; I wasn't planning on pulling this up just yet, but...

6409 Yeah, well, sure. The really any any contamination and above acceptable limits for
6410 any of the monitoring wells, has Apache made a determination how that
6411 contamination occurred? No, they have not.

6412 And even though the monitoring wells are noting elevated levels of contamination,
6413 has Apache determined where, similar to how, we don't know how, they don't know
6414 where the event occurred.

6415 that caused that, correct? Well, it's hard to draw a direct line from the event in 2019
6416 to what we see. That was my whole point, is I can't draw that line. So the acting
6417 assumption is that there's historical operational issues out here in this oil field that
6418 have caused that massive plume. And you would agree that was there in 2019?

6419 Yeah, I believe it was. Yes.

6420 Hmm.

6421 I think I asked something similar to this, but has Apache undertaken, to your
6422 knowledge, undertaken any steps independently to determine the source? And if, I
6423 think you said no, so why not? Well, I don't, I can't speak to what Apache has done
6424 on that. They've engaged me to do the environmental investigation.

6425 But in terms of what else they may have done, I don't have visibility on that. Fair

6426 enough. Yeah. Do you, you were part of the commission's hearing in early 2025,
6427 correct? You testified? Yes.

6428 Do you dispute the commission's finding that Apache cannot explain or identify the
6429 source of contamination causing the exceedances of chloride and TDS from samples
6430 within the impacted area? I think that is probably correct. That's pretty much what
6431 I've said.

6432 Two, yeah, yeah. I think you have. I just want to make sure you agreed with the
6433 commission's findings. Yeah, I think so.

6434 And again.

6435 Okay.

6436 Let me go to next finding there.

6437 Would you agree with the commission's finding that Apache cannot estimate the
6438 volume of produced water necessary to cause the level of contamination observed in
6439 the groundwater samples?

6440 I'm not sure how to answer that question. I provided an estimate of what I think the
6441 chloride concentration is there, the mass of chloride there. I'm not clear on the
6442 question again. Sure, okay. Another finding is Apache cannot explain or estimate the
6443 release volume causing the spike.

6444 in samples taken in October of 2024. Do you dispute that statement? No, that's, I
6445 don't know. Again, that's an operational issue with Apache and how they track their
6446 products. And so I don't know that.

6447 Would you agree that's exceptionally difficult to pinpoint the sources of
6448 contamination? Yes, I would agree with that.

6449 Thanks.

6450 Do you have any familiarity with the owners history of ownership or operatorship of
6451 the of the land in question? No, I don't. That's not my area. Sure, I understand. Just
6452 making sure. Yep.

6453 Certainly in 2019, Apache controlled that location, correct? It's my understanding.
6454 You have no reason to disagree with that statement, do you? No, I don't.

6455 Mm.

6456 Are you familiar with a closure report? I think it was in your report. Certainly it's in
6457 Apache's evidence regarding the soil contamination. I have seen that report. It is a
6458 December, or well, maybe it's March 20th. Anyway, yes, I have seen the report.

6459 Okay.

6460 And...

6461 Did you see that?
6462 With the checklist for closure, a notation was made that this is for soil remediation
6463 only, still conducting groundwater monitoring. Did you see that? I don't recall, but.
6464 I would have to review that report again.
6465 Sure.
6466 At any, and that would be submitted by Larry Baker in February 9th of 2021, page 29
6467 of the Apaches evidence. And so,
6468 That would comport with, in fact, the need for continued groundwater monitoring,
6469 which occurred after 2021, correct? Object to the question. I think what he's saying is
6470 the report speaks for itself, but Mr. Grahams has indicated that he's read the report.
6471 He's not real familiar with it. So I don't know that it's fair to ask him a question on
6472 characterizing the report.
6473 to that way. Mr. Hall. Yeah, I would ask that he answer it instead of Mr.
6474 Muhlenberger. If he doesn't know, he can say that. There's an objection. So you have
6475 to deal with the objection. Yeah, the objection is Mr. Muhlenberg's speculation as to
6476 what this witness does and doesn't know isn't relevant to this, what the witness
6477 knows.
6478 And doesn't know is important. Mister Hall, is this is this part of the scope of this
6479 witness's testimony?
6480 Yes, it's about closing the soil remediation and groundwater monitoring continuing. I
6481 think that's, I do think so.
6482 Mr. Mullenberg, if it's within the scope of the direct testimony of this witness, how is
6483 it not a fair question?
6484 Mr. Hearing Examiner, I don't recall that that Mr. Grahams spoke very specifically to
6485 the soil closure issue, but I mean, with everything that's been said, I think if Mr.
6486 Grahams can answer the question, we'll go ahead.
6487 Okay, so I'm overriding the objection. Mr. Graham, can you answer the question? The
6488 report was prepared by a different consulting firm three years before I got involved
6489 in the case. I've reviewed it. We pulled data out of it for some of our analysis, but I
6490 don't remember the details of some of the text and the forms that went with it
6491 because
6492 That really wasn't my focus, so I really can't speak to that.
6493 I'm pulling up in page 29 of Apache's own evidence. Do you see it down there that it
6494 says this is for soil remediation only, still conducting groundwater monitoring? I do
6495 see that. You have no reason to dispute that's the case, correct? I do have no reason,

6496 no. And in fact, that comports with
6497 what happened after, when you became involved, groundwater monitoring
6498 continued to occur, correct? That's correct.
6499 Do you do you have any opinion as to?
6500 who or what is a responsible party or responsible person under the pertinent oil
6501 conservation division rules. I really do not. I'm not a legal expert on that. Fair enough.
6502 And I'm not asking you to opine on that. I wanted to be sure you weren't going to.
6503 Yeah, no, I'm not.
6504 Um...
6505 I think this will be similar to your last answer, but certainly would like your
6506 commitment on this. You have, do you have any knowledge of the purported transfer
6507 and the details of that from Apache to Hill Corp of the relevant locations?
6508 No, I do not. Okay. I have not been involved.
6509 I'll pass one. Mister Mullenberg, any redirect? Briefly, Mister Examiner. Mister
6510 Grahams, do you recall Mister Hall's questions to you about findings in the
6511 commission order to the effect that Apache had not been able to
6512 identify specific sources of groundwater contamination? Generally. Okay.
6513 Is it fair to say that based on your expert opinions, you believe you can rule out the
6514 2019 release as a source of the larger area of groundwater contamination? I believe
6515 that was, yep, the whole point of my report, yes.
6516 At the time of the hearing before the commission, did you have sufficient
6517 information for you to rule out the 2019 incident as a source of the larger area of
6518 groundwater contamination? We did not have anywhere near the amount of
6519 information, so that was not something that we had
6520 Done. No. Great. That's all I have. All right. Thank you. May this witness be excused?
6521 All right, you want to call your second witness? Yes, Mr. Examiner. Apache calls
6522 Barrett Bull.
6523 And Barrett Bowl will be appearing. I see him on the platform. Thank you. Mr. Bowl, I
6524 remind you that you're still under oath.

6525

6526 **BB** **Bole, Barrett** 20:38

6527 Yes, Sir.

6528

6529 **PH** **Pecos Hall** 20:39

6530 All right, and please try to speak, since you're remote, please try to speak loudly and

6531 clearly so that the AI can pick up the transcript. Go right ahead, Mr. Mullen. Thank
6532 you, Mr. Examiner. Would you please state and spell your name for the record?

6533

6534 **BB** **Bole, Barrett** 20:55

6535 My name is Barrett Ball. BARRETT. Last name is spelled BOLE.

6536

6537 **PH** **Pecos Hall** 21:01

6538 If.

6539 And who is your current employer and what is your position?

6540

6541 **BB** **Bole, Barrett** 21:07

6542 I'm employed by Apache Corporation as an environmental advisor.

6543

6544 **PH** **Pecos Hall** 21:13

6545 And how long have you worked for Apache?

6546

6547 **BB** **Bole, Barrett** 21:16

6548 Almost 14 years.

6549

6550 **PH** **Pecos Hall** 21:20

6551 On whose behalf are you testifying today?

6552

6553 **BB** **Bole, Barrett** 21:23

6554 On behalf of Apache.

6555

6556 **PH** **Pecos Hall** 21:25

6557 And did you provide a resume admitted as exhibit C1 which provides additional
6558 details regarding your employment history, qualifications, and experience?

6559

6560 **BB** **Bole, Barrett** 21:36

6561 Yes.

6562

6563 **PH** **Pecos Hall** 21:38

6564 And you're here today as a fact witness, correct?

6565

6566 **BB** **Bole, Barrett** 21:42

6567 That's correct.

6568

6569 **PH** **Pecos Hall** 21:43

6570 Okay. Mr. Bull, what are your responsibilities with respect to the East Blindbury
6571 Drinkard Unit, number 37 well, particularly as it relates to the 2019 release? And if
6572 you could, as you answer that question, describe when your involvement began.

6573

6574 **BB** **Bole, Barrett** 22:10

6575 So previously, environmental activities in New Mexico were under the guidance of
6576 Larry Bruce Baker, whose name came up just recently. And he responded to the
6577 original spill that happened very near the surface at a 90 degree turn in a injection
6578 well feeding the
6579 at do 37 well. There was a large area that was affected. You can see with the soil data,
6580 a lot of that didn't migrate in too deeply. We got, he got that one, a lot of it dug and
6581 hall, a liner installed. I wasn't really involved in any of that. I didn't review the report. I
6582 just knew of its occurrence.

6583 And then he was asked to start installing monitoring wells. And I became involved in
6584 July of 2023 when I think we were on our 7th monitoring well and the data started to
6585 look awkward to me from its proximity to the location of the spill as to the results we
6586 were seeing.

6587 And at that point, my expertise was in groundwater remediation, and so I kind of
6588 stepped in and started moving the project into my, I guess, under my direction.

6589

6590 **PH** **Pecos Hall** 23:21

6591 Mr. Bullet, I may have misheard you. I think you said maybe my area was not
6592 groundwater remediation. Did you perhaps mean Mr. Baker?

6593

6594 **BB** **Bole, Barrett** 23:31

6595 Sorry, Mr. Baker's was not groundwater remediation.

6596

6597 **PH** **Pecos Hall** 23:36

6598 Thank you.

6599 Mr. Ball, have you examined Apache business records and are you familiar with the

6600 period when Apache was the operator of the EBDU number 37 well and the
6601 associated unit?

6602

6603 **BB** **Bole, Barrett** 23:59

6604 Yeah, I reached out to our land department to get those records as close as I could.

6605 And looks like we took ownership of that lease and area November 1st of 1998. And

6606 we divested it to Hillcorp on December 31st of 2024. Although there was an active

6607 date of

6608 July 1st of 2024. But we operated the lease up till 123124.

6609

6610 **PH** **Pecos Hall** 24:25

6611 Okay.

6612 Is Apache the current operator for the EBDU number 37 well and unit?

6613

6614 **BB** **Bole, Barrett** 24:39

6615 No.

6616

6617 **PH** **Pecos Hall** 24:41

6618 Was it an operator at the time of the March 12th letter?

6619

6620 **BB** **Bole, Barrett** 24:51

6621 No, we were not. We had, we had, we had divested to help. Yes, no, we had, oh, of

6622 26, no, we were not.

6623

6624 **PH** **Pecos Hall** 24:51

6625 March 12th.

6626 2026.

6627 Does Apache have any ownership interest in the EBDU number 37 well and

6628 associated unit?

6629

6630 **BB** **Bole, Barrett** 25:08

6631 We do not.

6632

6633 **PH** **Pecos Hall** 25:10

6634 Do you know from whom Apache acquired its interest in the late 90s?

6635

6636 **BB** **Bole, Barrett** 25:17

6637 It was from Conoco.

6638

6639 **PH** **Pecos Hall** 25:19

6640 Right.

6641 You mentioned the.

6642 transfer from Apache to Hill Corp. And when that occurred, I think you mentioned

6643 something about a delay in the effective date. In that regard, are you referring to the

6644 transfer as operator of record? Objection leading.

6645 Mr. Molenberg, would you rephrase the question? Okay. Yeah, I'll try to. I was just

6646 trying to catch him up on what I'm trying to clarify here. We can orient the witness,

6647 but that wouldn't be part of the question. Yeah, yeah. So go ahead. I'll do it a

6648 different way. Mr. Bull, are you familiar with

6649 Apache Exhibit A3.

6650

6651 **BB** **Bole, Barrett** 26:23

6652 I know it exists, so I'm not very familiar with it.

6653

6654 **PH** **Pecos Hall** 26:27

6655 Do you know whether that is the record of the transfer of operator of record for the

6656 EBD number 37, EBDU number 37 well from Apache to Hillcorp?

6657

6658 **BB** **Bole, Barrett** 26:44

6659 Yes, it is.

6660

6661 **PH** **Pecos Hall** 26:46

6662 Right.

6663

6664 **BB** **Bole, Barrett** 26:47

6665 Excuse me for a moment.

6666 I have a light sensor. There we go.

6667

6668 **PH** **Pecos Hall** 26:53

6669 Um...

6670 Um...
6671 So when did Apache receive notice from the division that the division was requesting
6672 an abatement plan pursuant to 19.15.30 in MAC?

6673

6674 **BB Bole, Barrett** 27:12

6675 That letter arrived via email on March 12th of this year, 2026.

6676 Yes.

6677

6678 **PH Pecos Hall** 27:22

6679 In.

6680 And did DePache prepare a written response to that March 12, 2026 letter?

6681

6682 **BB Bole, Barrett** 27:33

6683 We did provide a response.

6684

6685 **PH Pecos Hall** 27:36

6686 And is that response in exhibit A2?

6687

6688 **BB Bole, Barrett** 27:41

6689 Yes.

6690

6691 **PH Pecos Hall** 27:43

6692 And, and what was the date of that response? Do you recall?

6693

6694 **BB Bole, Barrett** 27:46

6695 Yes, it was March 31st of 2026.

6696

6697 **PH Pecos Hall** 27:51

6698 Can you provide a summary of the position Apache took in response to the division's

6699 March 12th, 2026 letter?

6700

6701 **BB Bole, Barrett** 28:03

6702 Yes, Apache's position was that we were no longer the owner or operator and

6703 therefore could not be considered a responsible person because we didn't meet the

6704 definitions. Also, the notice letter from the district was very vague in many respects.
6705 It just had a, it just said oil and gas,

6706

6707 **PH Pecos Hall** 28:12

6708 Yeah.

6709

6710 **BB Bole, Barrett** 28:22

6711 historical operations, which, you know, could be anything from the original operators
6712 up to the current operators, alleged to be the source of the groundwater impacts. It
6713 also did not address any of the additional potential sources that we had put in our
6714 field activity reports.

6715

6716 **PH Pecos Hall** 28:42

6717 Thank you, Mister Bull, and...

6718 Does Apache, as we sit here in the hearing today, continue to oppose the
6719 requirement for Apache to submit an abatement plan under 19.15.30 in MAC?

6720

6721 **BB Bole, Barrett** 29:03

6722 Yes, we do.

6723

6724 **PH Pecos Hall** 29:05

6725 And can you summarize for the hearing examiners the reasons for Apache's position
6726 in that regard?

6727

6728 **BB Bole, Barrett** 29:14

6729 Well, fairness, first of all.

6730 It appears that we're being asked to take responsibility for groundwater
6731 contamination that may not even be associated with our 2019 pipeline release or any
6732 of our operations, which again occurred from 98 till the end of 2024. And
6733 We the data we collected as a result of additional groundwater monitoring ordered
6734 by the Commission has allowed more detailed analysis to shows that the.

6735

6736 **PH Pecos Hall** 29:40

6737 I object. He's reading off something and I would like to be able to see it.

6738 I don't think he's reading something instead of testifying to his opinions. Mr.

6739 Mullenberg. Mr. Hearing Examiner, I don't know what Mr. Bull is reading from, or
6740 whether he's reading from something or whatever. Let's find out. Mr. Bull, are you
6741 reading something?

6742

6743 **BB** **Bole, Barrett** 30:06

6744 I am. I'm reading some notes that I typed up.

6745

6746 **PH** **Pecos Hall** 30:09

6747 Ah, okay. Mr. Bull, since those notes were not shared with opposing counsel, I would
6748 ask that you testify from your own personal knowledge and not from notes that you
6749 prepared. If you can't do that, then we'll have to go through the
6750 process of sharing those notes. So can you testify from personal knowledge?

6751

6752 **BB** **Bole, Barrett** 30:36

6753 Yeah, absolutely.

6754

6755 **PH** **Pecos Hall** 30:38

6756 All right, so.

6757 If you'll put those away and tell me that they're away.

6758

6759 **BB** **Bole, Barrett** 30:45

6760 They're away.

6761

6762 **PH** **Pecos Hall** 30:46

6763 Okay, thank you. So, Mr. Mullenberg, would you ask the question again?

6764 Yes.

6765 I believe the question in front of Mr. Bull is why does Apache continue to oppose the
6766 requirement to submit an abatement plan?

6767

6768 **BB** **Bole, Barrett** 31:08

6769 And again, we don't feel that we're now considered the responsible person based on
6770 the fact we're no longer an owner or operator. And also, John Graham's testimony
6771 demonstrated that this plume is a much larger mass of contaminants that could be
6772 associated with the 2019 spill. And for those reasons,
6773 and from the discovery of a potential disposal pit that did identify contaminants all

6774 the way to groundwater that was operated for a long period of time based on aerial
6775 photographic imagery. We just believe that that is a more likely source of the
6776 contaminants than, you know, the chlorides that were released as a part of
6777 our 2019 release.

6778

6779 **PH Pecos Hall** 31:54

6780 Thank you, Mr. Bold. Do you have anything else to add to your testimony today?

6781

6782 **BB Bole, Barrett** 31:59

6783 No, not at this time.

6784

6785 **PH Pecos Hall** 32:02

6786 Thank you, Mr. Examiner. Mr. Bowles available for questioning. Mr. Bowles.

6787 Thank you. I don't know if Mr. Smith, did we want to go on? Mr. Hall. Oh, thank you.

6788 Ah.

6789 Are you familiar with the details of the transaction transferring this property from

6790 Apache to Hillcorp?

6791

6792 **BB Bole, Barrett** 32:25

6793 No, I am not. That was a between land and legal.

6794

6795 **PH Pecos Hall** 32:29

6796 So you don't know, for instance, if there's a joint defense agreement?

6797

6798 **BB Bole, Barrett** 32:34

6799 No, I do not.

6800

6801 **PH Pecos Hall** 32:35

6802 You don't know if there's been discussions about Hill Court not appearing in this

6803 case between Apache and Hill Court.

6804

6805 **BB Bole, Barrett** 32:43

6806 No, Sir.

6807

6808 **PH Pecos Hall** 32:44

6809 You don't know or not know, you have no knowledge, is that correct?

6810

6811 **BB Bole, Barrett** 32:48

6812 I, yeah, I have no knowledge of that document.

6813

6814 **PH Pecos Hall** 32:50

6815 Do you know if there's an indemnity agreement relating to contamination one way
6816 or another?

6817

6818 **BB Bole, Barrett** 32:57

6819 No, I do not.

6820

6821 **PH Pecos Hall** 33:03

6822 Do you know if Apache has independently investigated the source of contamination
6823 that is showing up in these test results?

6824

6825 **BB Bole, Barrett** 33:14

6826 The only additional investigation that was done while we were in the process of
6827 agreeing to the installation of the 15 additional wells and the two soil borings was
6828 the discovery of aerial photographs, which did show historical disposal pits on the
6829 lease.

6830 to the southeast, I believe, of the source area of our release, and to the southeast,
6831 more than 1000 feet, a long ways away.

6832

6833 **PH Pecos Hall** 33:45

6834 Would you agree that Apache is responsible for all contamination on the relevant
6835 property during the time of its custody and control of the locations? Objection calls
6836 for a legal conclusion.

6837 I'll sustain that. Mr. Hall, would you rephrase? Sure.

6838 Does Apache take responsibility for the contamination that was on the land it
6839 operated?

6840

6841 **BB Bole, Barrett** 34:16

6842 Apache did the soil remediation and received closure on that from the 2019 spill. If it
6843 could be ascertained that the two areas where there was deeper leaching of chlorides
6844 could have contaminated the aquifer, then yes, we would be considered responsible
6845 for that small area.

6846

6847 **PH Pecos Hall** 34:35

6848 Was there any evidence in this case that Apache is not responsible?

6849

6850 **BB Bole, Barrett** 34:42

6851 Yes, I believe Mr. Graham's testimony demonstrated various factors that would
6852 suggest that we are not responsible for this larger plume that exists.

6853

6854 **PH Pecos Hall** 34:50

6855 Would you agree he testified that Apache can't determine when, how, where, or what
6856 caused the contamination?

6857

6858 **BB Bole, Barrett** 35:02

6859 I would agree that we can't 100% determine that cause, but I do believe we have
6860 evidence of, again, a disposal pit where produced water was placed into for more
6861 than 15 years as part of allowable operations at that time.

6862

6863 **PH Pecos Hall** 35:17

6864 Well, Mr. Graham's testimony and report speaks for itself. You're not holding yourself
6865 out to be an expert witness on causation of the contamination, are you?

6866

6867 **BB Bole, Barrett** 35:28

6868 No, I'm just, yeah.

6869

6870 **PH Pecos Hall** 35:29

6871 Okay.

6872 Well, I would ask that last answer be struck.

6873 On what basis? On the basis that he's trying to give expert testimony about the
6874 contamination and the cause. Mr. Bowles is not an expert. He has not been

6875 recognized as an expert. He's a fact witness. Anything he says is seen through that
6876 lens.

6877

6878 **BB** **Bole, Barrett** 35:44

6879 But.

6880

6881 **PH** **Pecos Hall** 35:55

6882 And the, and I will put whatever weight I think it is deserved of.

6883 Thank you.

6884 Are you finished? No. Okay. Was the chloride contamination observed while Apache

6885 had custody and control of the sites? Objection just to the form of the question. It's

6886 pretty vague about when he says the chloride contamination.

6887 Mr. Hall, would you rephrase the second?

6888 Was the chloride, was all chloride contamination observed while Apache had custody

6889 and control of the site?

6890 Was that observed?

6891

6892 **BB** **Bole, Barrett** 36:42

6893 No, not all of it. The last 15 wells and the two soil borings where we discovered more

6894 contamination spread outward was Wild Hill Corp was the operator of record.

6895

6896 **PH** **Pecos Hall** 37:03

6897 Yeah.

6898 Do you dispute that chlorides were observed in excess of allowable limits in the

6899 groundwater sampling that occurred while Apache had custody, control, ownership,

6900 and operation of the sites?

6901

6902 **BB** **Bole, Barrett** 37:21

6903 Can you reword that question?

6904 Yeah.

6905

6906 **PH** **Pecos Hall** 37:26

6907 that there was chloride contamination in the groundwater when Apache was

6908 operating the property.

6909

6910 **BB** **Bole, Barrett** 37:34

6911 No, I do not dispute that.

6912

6913 **PH Pecos Hall** 37:44

6914 Do you have an opinion one way or another about whether Apache inherited? For
6915 instance, you're claiming Hillcorp's responsible for the contamination now. Is that
6916 your position?

6917

6918 **BB Bole, Barrett** 37:57

6919 No, that's not my position. My position is that we are no longer the owner or
6920 operator.

6921

6922 **PH Pecos Hall** 38:07

6923 Well, when you were testifying about your response, I believe you said you thought
6924 the Mr. Romero's notice was vague. Was there another reason you gave why you
6925 shouldn't abate, be subject to the abatement plan?

6926

6927 **BB Bole, Barrett** 38:24

6928 No, I just believe that we brought evidence of potential other sources that might
6929 have contributed.
6930 and that that information was overlooked in the review of that report.

6931

6932 **PH Pecos Hall** 38:38

6933 Was that is that based on Mister Graham's report?

6934

6935 **BB Bole, Barrett** 38:44

6936 It was based on the field activities report that was submitted to the NMOCD.

6937

6938 **PH Pecos Hall** 38:51

6939 That showed contamination of the groundwater.

6940

6941 **BB Bole, Barrett** 38:57

6942 No, I'll clarify that showed that there was other potential sources for the
6943 contamination.

6944 There's no disputing the ground.

6945

6946 **PH** Pecos Hall 39:03

6947 You're not express.

6948

6949 **BB** Bole, Barrett 39:06

6950 I'm sorry, there's no disputing the groundwater is contaminated.

6951

6952 **PH** Pecos Hall 39:06

6953 I thought you were a fan.

6954 And was contaminated at the time of Apache's operatorship, correct?

6955

6956 **BB** Bole, Barrett 39:16

6957 Yes.

6958

6959 **PH** Pecos Hall 39:17

6960 You're simply disputing that the chlorides being found in the by the monitoring

6961 wells, you're disputing that was caused by the 2019 release, the pipeline, correct?

6962

6963 **BB** Bole, Barrett 39:30

6964 That's correct.

6965

6966 **PH** Pecos Hall 39:31

6967 And you have no opinion as to any other certain sources of contamination. You're

6968 speculating that it could have been from a pit from decades ago.

6969

6970 **BB** Bole, Barrett 39:46

6971 No, I'm not speculating that the pit existed. It did. It's visible in aerial photographs.

6972

6973 **PH** Pecos Hall 39:53

6974 It existed and you have no idea whether it causes contamination or not, correct?

6975

6976 **BB** Bole, Barrett 39:59

6977 I could only go on John Graham's testimony that the soil boring drilled through it

6978 showed chlorides from the top all the way to the base.

6979

6980 **PH Pecos Hall** 40:07

6981 You're not disputing his testimony that he can't determine when, how, where, or
6982 what caused the contamination, are you?

6983

6984 **BB Bole, Barrett** 40:15

6985 I'm not disputing that.

6986

6987 **PH Pecos Hall** 40:17

6988 Okay.

6989 And you're not here to provide any testimony about the applicability of the relevant
6990 rules on Apache's responsibility for this or not, are you?

6991

6992 **BB Bole, Barrett** 40:38

6993 No.

6994

6995 **PH Pecos Hall** 40:38

6996 OK.

6997 A pass with Mr. Smith.

6998

6999  **Smith, Cory, EMNRD** 40:51

7000 Thank you. Good afternoon, Mr. Bowles. I'm Corey Smith.

7001 If I, since there was no written testimony, I was trying to write down notes as fast as I
7002 can. So please correct me if I say something incorrect here. But you were an
7003 environmental advisor of 14 years for Apache. Is that correct?

7004

7005 **BB Bole, Barrett** 40:56

7006 Good afternoon.

7007 Several titles, but that's the most recent one. Yes.

7008

7009  **Smith, Cory, EMNRD** 41:14

7010 Yeah.

7011 There.

7012 Um...

7013 And...

7014 I believe you said that Apache took ownership of the lease roughly in November of
7015 1998 and operated it to December of 2024.

7016

7017  **Bole, Barrett** 41:34

7018 Yes, that's the approximate date range.

7019

7020  **Smith, Cory, EMNRD** 41:36

7021 Right, and prior the sale to Hillcorp was of June of 2024, is that correct?

7022

7023  **Bole, Barrett** 41:44

7024 I think it was July 1st.

7025

7026  **Smith, Cory, EMNRD** 41:45

7027 of 2024 though.

7028

7029  **Bole, Barrett** 41:46

7030 But the effect, the effective date was in the summer, sometime of 2024.

7031

7032  **Smith, Cory, EMNRD** 41:50

7033 Right.

7034 When was the transfer of the of the lease and the wells approved by the OCD?

7035

7036  **Bole, Barrett** 41:57

7037 I believe it was in late March.

7038

7039  **Smith, Cory, EMNRD** 42:01

7040 Was that after or before the letter was sent?

7041 The abatement letter that Ms. Rosa Romero sent.

7042

7043  **Bole, Barrett** 42:07

7044 I do not know. I do not know the exact date of the transfer, but I believe it was in late
7045 March of 2025.

7046

7047  **Smith, Cory, EMNRD** 42:21

7048 Mr. Mullenberg, do you have the exact dates by any chance?

7049

7050  **Pecos Hall** 42:27

7051 Um...

7052

7053  **Smith, Cory, EMNRD** 42:27

7054 If is that, can I ask that question to him?

7055

7056  **Pecos Hall** 42:31

7057 Well, I can refer you to exhibit A3, and I would just note that there may be some
7058 misunderstanding here about whether we're talking about March of 2025 or March
7059 of 2026. I think you're speaking to the March 2026 letter from OCD.

7060

7061  **Smith, Cory, EMNRD** 42:51

7062 Correct.

7063

7064  **Pecos Hall** 42:52

7065 Okay.

7066

7067  **Bole, Barrett** 42:55

7068 And yes, then I, Hillcorp was the listed owner on the website in March of 2026. I got
7069 my marchers mixed up.

7070

7071  **Smith, Cory, EMNRD** 43:05

7072 I may have got my dates mixed up with that question as well. Okay, thank you. Okay,
7073 as an environmental advisor, would you say that it's pretty common practice to do
7074 due diligence before acquisitions of wells?

7075

7076  **Bole, Barrett** 43:07

7077 Yeah.

7078 I would say yes. In current times, I would say in 1998, oil companies probably didn't
7079 do a lot of that.

7080

7081  **Smith, Cory, EMNRD** 43:30

7082 So, you, because you did say that you reviewed Apache's nodes of operations prior
7083 to this, and you didn't discover any due diligence or talks about.

7084

7085  **Bole, Barrett** 43:37

7086 Yes.

7087 No.

7088

7089  **Smith, Cory, EMNRD** 43:43

7090 Environmental issues.

7091

7092  **Bole, Barrett** 43:46

7093 No, I did not.

7094

7095  **Smith, Cory, EMNRD** 43:49

7096 While reviewing those records, was there any type of...

7097 discussion about retaining environmental risk or not being responsible for any type

7098 of operations that occurred prior to the acquisition.

7099

7100  **Bole, Barrett** 44:05

7101 I don't have any knowledge of those documents.

7102

7103  **Smith, Cory, EMNRD** 44:10

7104 Okay.

7105 And I think this is similar to what Mr. Hall asked you, but I am not a lawyer, so I don't

7106 know exactly what a defense agreement is. So I'm going to use the terms that I

7107 understand as an environmentalist. Was there any agreement

7108 prior to the sale of these assets between Apache and Hillcorp to retain any

7109 environmental risk.

7110

7111  **Bole, Barrett** 44:41

7112 That I do not know, but I am aware that all of the other environmental projects that

7113 were ongoing did transfer into Hill Corp's hands.

7114

7115  **Smith, Cory, EMNRD** 45:02

7116 I don't have any further questions.

7117

7118  **Pecos Hall** 45:04

7119 Mr. Mullenberg, redirect. Briefly, Mr. Examiner.
7120 Mister Bull, Mister Hall asked you a question about Apache's investigation of other
7121 sources of contamination. Do you recall that?
7122
7123 **BB** **Bole, Barrett** 45:27
7124 Yes.
7125
7126 **PH** **Pecos Hall** 45:30
7127 And I believe that you mentioned that there was at a point in time when Apache
7128 learned of a disposal pit.
7129
7130 **BB** **Bole, Barrett** 45:46
7131 That's correct.
7132
7133 **PH** **Pecos Hall** 45:47
7134 And can you clarify the time frame that that occurred?
7135
7136 **BB** **Bole, Barrett** 45:57
7137 The aerial photographs were obtained in early April of 2025.
7138
7139 **PH** **Pecos Hall** 46:04
7140 Great, thank you.
7141 Mr. Hall also asked you if there was a contamination at the time of when Apache was
7142 the operator at this site. Do you recall that?
7143
7144 **BB** **Bole, Barrett** 46:22
7145 Yes.
7146
7147 **PH** **Pecos Hall** 46:25
7148 Just to clarify your answer to that question, when you were asked that question, were
7149 you thinking of whether contamination existed or whether contamination occurred
7150 during Apache's period of operation?
7151
7152 **BB** **Bole, Barrett** 46:42
7153 The contamination existed.

7154

7155 **PH Pecos Hall** 46:51

7156 Thank you. That's all I have. May this witness be excused? Yes. Do you rest your case?

7157 We do other than, as we get to the end of it, we would like to discuss closing

7158 statements and such. Yes. I was just talking about your case in chief. I understand

7159 that something may arise. Yes, yes. That might cause a rebuttal case or. Right, right.

7160 But yeah, for our direct case, yes.

7161 Sounds good. Mr. Hall, who do you have? Mr. Romero and Miss Hall, but I would ask

7162 for just a brief, brief recess. Sure, I mean it.

7163 I need to use the restroom to be specific. Okay, fine. I mean, you know, I've been

7164 sitting here all day myself. So 5 minutes? Sure. Great. Go right ahead.

7165 Mr. Molenberg, are you ready?

7166 A

7167 Okay, we're back on the record. It's 311 and the New Mexico Oil Conservation

7168 Division is going to put on its case in chief. Mr. Hall, who are you calling first?

7169 Call Rosa Romero.

7170

7171  **Romero, Rosa, EMNRD** 52:50

7172 A

7173

7174 **PH Pecos Hall** 52:51

7175 Mr. Mero, I remind you that you're still under oath. Go right ahead. Thank you.

7176

7177  **Romero, Rosa, EMNRD** 52:56

7178 Yeah.

7179

7180 **PH Pecos Hall** 52:59

7181 Could you state your name, please, ma'am?

7182

7183  **Romero, Rosa, EMNRD** 53:02

7184 And Rosa Romeo.

7185

7186 **PH Pecos Hall** 53:04

7187 And how are you employed?

7188

7189  **Romero, Rosa, EMNRD** 53:06

7190 I am the Environmental Bureau Chief for OCD.

7191

7192  **Pecos Hall** 53:10

7193 And how long have you been in that position?

7194

7195  **Romero, Rosa, EMNRD** 53:13

7196 Approximately 4 years.

7197

7198  **Pecos Hall** 53:16

7199 In fact, in further detail, you've submitted your curriculum vice, which has been
7200 admitted into evidence. Is that a true and correct copy of a more detailed account of
7201 your employment history?

7202

7203  **Romero, Rosa, EMNRD** 53:30

7204 Yes, it is.

7205

7206  **Pecos Hall** 53:31

7207 Thank you.

7208 Generally, I think it would be helpful to kind of go through the regulatory framework
7209 for this sort of situation. And so basically, if you don't mind, could you could you
7210 enlighten the hearing examiner as to

7211 What generally happens when a release occurs and is reported by an operator?

7212

7213  **Romero, Rosa, EMNRD** 54:02

7214 Absolutely. I may refer to the rules. I do have my rules on screen if you would like to
7215 bring any of those up, but explicitly the rules.

7216

7217  **Pecos Hall** 54:11

7218 I should be able to pull those up. Are they generally in part 30, part 29, and maybe in
7219 part 2?

7220

7221  **Romero, Rosa, EMNRD** 54:20

7222 Yes.

7223

7224  **Pecos Hall** 54:21

7225 Okay, I can pull those up if that would be helpful.

7226

7227  **Romero, Rosa, EMNRD** 54:24

7228 I'll let you know. I'm just going to kind of run through and if you need specific stuff, I
7229 am probably breeding a little off the rule.

7230

7231  **Pecos Hall** 54:30

7232 So.

7233 Sounds good. Mr. Examiner, but before we start this, and I don't want to do a bunch
7234 of objections, can we clarify whether Ms. Romero is a lawyer and she's being asked
7235 about legal opinions or she's been, you know, to the contrary, which is fair from my
7236 standpoint, if she's being asked about the department's
7237 interpretation and application of the rules as a regulator? We stipulate she is not an
7238 attorney and is not giving an opinion an attorney would give. However, she is the
7239 environmental chief for OCD and has great familiarity with the applicable rules and
7240 regulatory

7241 Framework, and we intend for her to testify about that, if, if you so allow us.

7242

7243  **Smith, Cory, EMNRD** 55:36

7244 Gregory, your microphone is muted.

7245

7246  **Pecos Hall** 55:40

7247 Thank you, Mr. Smith. I appreciate it. What would be helpful for the hearing officer at
7248 this point is to understand the rules and regulations that control
7249 the case as it stands now. But from your own perspective, Ms. Romero, I'm not asking
7250 you as a lawyer to explain it to me. I can figure that out myself, but I'd like to
7251 understand how the division is enforcing this rule and its practices behind that.
7252 if that helps you.

7253

7254  **Romero, Rosa, EMNRD** 56:16

7255 It does, absolutely. I will stick to more of our process versus legal definitions.

7256

7257  **Pecos Hall** 56:16

7258 Okay.

7259 So, so I don't really need to see the rules on the screen unless Mister Romero needs
7260 that for some sort of reference. She may refer to rules, I assume. Correct. Of course
7261 he may. Thanks.

7262

7263  **Romero, Rosa, EMNRD** 56:32

7264 It.

7265 That was just my warning that that is what I have up on screen. So.

7266

7267  **Pecos Hall** 56:34

7268 Good.

7269 Go right ahead, Mister Hall.

7270 Yes, I believe, Mr. Romero, generally my first question is, when a release occurs and is
7271 reported to OCD, what happens at that point?

7272

7273  **Romero, Rosa, EMNRD** 56:56

7274 Our release system we use is our 141 process, both for soil remediations and
7275 groundwater remediations through our e-permitting process on our website. It is
7276 kind of important to note that part 29 and part 30 are
7277 individual rules and we treat them for the most part as individual rules. However, we
7278 are using the same mechanism and they do relate to each other because they
7279 typically are both result of a release. And so under part 29, we're looking at primarily
7280 soil remediations, but if delineation for some reason
7281 shows that it has reached the vadose zone and entered groundwater, then we'll start
7282 to look at the broader rule of part 30. And part 30 definitions are based on water
7283 quality standards. So what that water quality standard is.

7284 From there, sorry, once it transitions, the goal kind of changes. So we're looking at
7285 soil remediation to full subsurface protection. With that subsurface protection, again,
7286 those specific contaminant levels are addressed.

7287 under the three stages of, sorry, the two stages of abatement plan. The primary goal
7288 of the stage one abatement plan is to investigate and delineate the release. That is
7289 kind of why it's written a little bit vaguely, because it is looking for that additional
7290 information. The stage two abatement plan is geared

7291

7292  **Pecos Hall** 58:36

7293 Could I stop? Could I stop you right there for one second, Miss Romero? The notice
7294 that that is the subject of this hearing that Apache is objecting to, would you
7295 characterize that as a stage one notice?

7296

7297  **Romero, Rosa, EMNRD** 58:36

7298 Words.

7299 Mhm.

7300 It was a stage one notice, yes.

7301

7302  **Pecos Hall** 58:55

7303 Okay, and I just wanted to be sure that the hearing examiner understood that the
7304 notice they're disputing, the appeal they're doing was based upon you're asking
7305 them to do a stage one abatement, correct?

7306

7307  **Romero, Rosa, EMNRD** 59:10

7308 Yes.

7309

7310  **Pecos Hall** 59:11

7311 Okay, thank you. I'm sorry to interrupt you. Please continue with the framework.

7312

7313  **Romero, Rosa, EMNRD** 59:13

7314 No problem.

7315 With that, though, it kind of explains, typically we do see a lot of stage one and stage
7316 two plans come in together. Stage plan, stage two plan is more about the
7317 remediation of the site. And we start looking at public notice and who needs to be
7318 notified of what

7319 we're finding in these scenarios. And so it is worded an abatement is required

7320 because sometimes they do come in together, but stage one and stage two have

7321 those differences.

7322

7323  **Pecos Hall** 59:50

7324 Um, now...

7325 If forgive me if you said this, are there specific limits of, for instance, total dissolved
7326 solids or chlorides that are allowable in groundwater?

7327

7328  **Romero, Rosa, EMNRD** 1:00:04

7329 There are, there are. And part 20, I'm sorry, part 30 actually refers to 20.6.2 standards.

7330 And so TDS is 10,000 and chlorides are typically around 250, I believe.

7331 I don't have that rule up.

7332

7333  **Pecos Hall** 1:00:25

7334 Well, at any rate, those allowable limits have been found to have been in excess by
7335 the testing that drew out of the OCC hearing last time, correct?

7336

7337  **Romero, Rosa, EMNRD** 1:00:37

7338 It does, it does.

7339

7340  **Pecos Hall** 1:00:38

7341 OK.

7342 Um...

7343

7344  **Romero, Rosa, EMNRD** 1:00:41

7345 So if I can continue a little bit. If the stage one plan, typically we do see a sample
7346 come back with contamination. The operator can voluntarily submit a stage one plan
7347 or the department can send a notice to abate, a need to abate.

7348 which would be what this letter was.

7349

7350  **Pecos Hall** 1:01:09

7351 And speaking of this letter, OCD considers Apache a responsible party, a responsible
7352 person for the contamination, correct?

7353

7354  **Romero, Rosa, EMNRD** 1:01:22

7355 Yes, yes, both part 2 and part 29 have a responsible person and responsible party
7356 definitions. There's nothing in anything in part 30 that says we cannot use part 29
7357 definition or part 30 definition, I'm sorry, a part 2 definition when we look at those
7358 things.

7359

7360  **Pecos Hall** 1:01:43

7361 And 30 refers definitionally to two for responsibility, correct?

7362

7363  **Romero, Rosa, EMNRD** 1:01:51

7364 Yes, so it can either be the person causing the release or the person controlling the
7365 location of the release.

7366

7367  **Pecos Hall** 1:01:59

7368 And 29, similarly, I believe you testified this case shifted from 29 to 30, the soil
7369 contamination to groundwater contamination, correct?

7370

7371  **Romero, Rosa, EMNRD** 1:02:12

7372 Yes.

7373

7374  **Pecos Hall** 1:02:12

7375 Okay. And so now even in two, is there any, does it say the owner and operator at
7376 right now or at the current time or does it say owner or operator? Mr. Hall, you're
7377 getting into legal interpretation of the rules and I would appreciate it if you don't ask
7378 her those questions.

7379 I'm just asking what it says. Yeah, I'd rather the rule stands for itself. I'd rather just
7380 hear more about the case and less about how she interprets the rules. That's up to
7381 lawyers, I think.

7382 And you can make that argument in your closing argument, so...

7383 Hmm.

7384 Is there other background that you think would be helpful for the hearing examiner
7385 with regards to the general regulatory framework? Are you prepared to speak more
7386 specifically about Apache's obligations?

7387

7388  **Romero, Rosa, EMNRD** 1:03:17

7389 I would like to just highlight 15.30.11, which I'm sorry, that is not the one I had up.

7390 I'm sorry. Yes, 30.11B.

7391 In the end of the event of a transfer of ownership, control or the possession of the
7392 facility for which an abatement plan is required or approved, where the transfer is the
7393 responsible person, the transferee shall also be considered a responsible person for
7394 the abatement of duration. Jointly share with the responsibility to conduct the
7395 actions of 1530.

7396

7397 **PH Pecos Hall** 1:03:54

7398 So to be clear, that explicitly says there can be more than one responsible party or
7399 person, correct?

7400

7401  **Romero, Rosa, EMNRD** 1:04:01

7402 It does.

7403

7404 **PH Pecos Hall** 1:04:02

7405 Okay.

7406 Anything else about the general framework of how of how you make determinations
7407 before you send out an abatement notice?

7408

7409  **Romero, Rosa, EMNRD** 1:04:15

7410 In this scenario, I was very investigative. We did try to work collaboratively with
7411 Apache in order to prompt those investigations.

7412

7413 **PH Pecos Hall** 1:04:30

7414 And based on those, the investigation, was much of that derived from reports
7415 Apache sent to OCD?

7416

7417  **Romero, Rosa, EMNRD** 1:04:41

7418 It was. So the existence of the groundwater contamination was confirmed. And since
7419 it was confirmed, OCD no longer considers it general regional activity in the same
7420 way as listed in some of these reports.

7421

7422 **PH Pecos Hall** 1:05:01

7423 And so, and I believe Mr. Graham's testified to this, and it's undisputed there is
7424 contamination and excess of the allowable limits. And so, at that point, is there
7425 something else you do? Are you you ask a responsible
7426 Party to abate it.

7427

7428  **Romero, Rosa, EMNRD** 1:05:23

7429 Well, again, this is where the request to abate has to do with actually investigating

7430 both the cause and the location. So we're looking for full delineation of what
7431 occurred.

7432

7433  **Pecos Hall** 1:05:40

7434 And so do you have a response to Apache's contention we heard today and in their
7435 pre-hearing statement that they're not a responsible person under the regulatory
7436 framework? Do you have a response to that?

7437

7438  **Romero, Rosa, EMNRD** 1:05:57

7439 It's my opinion that it would be inappropriate for OCD to allow an operator to divest,
7440 especially considering we have a commission order that was explicitly designed to
7441 investigate the contamination until the change of operator to should not remove
7442 them from the obligation.

7443 They were the operator record, not just for the EBDU 37 site, but for the entirety of
7444 that area surrounding where we're finding contaminations for approximately 3
7445 decades.

7446

7447  **Pecos Hall** 1:06:33

7448 But.

7449

7450  **Romero, Rosa, EMNRD** 1:06:45

7451 So to me saying that it's just because it's not in relation to that particular release is
7452 kind of a misinterpretation.

7453

7454  **Pecos Hall** 1:06:57

7455 Is there anything in the regulatory framework that says OCD has to find out exactly
7456 when, where, or how contamination occurred?

7457

7458  **Romero, Rosa, EMNRD** 1:07:07

7459 There's not.

7460

7461  **Pecos Hall** 1:07:10

7462 Our job is to clean up these kinds of spills, correct, and protect the public from
7463 groundwater contamination.

7464

7465  **Romero, Rosa, EMNRD** 1:07:18

7466 Yes, it is.

7467

7468  **Pecos Hall** 1:07:20

7469 And is that the purpose of your notice to abate to Apache?

7470

7471  **Romero, Rosa, EMNRD** 1:07:25

7472 Yes, it was.

7473

7474  **Pecos Hall** 1:07:41

7475 Is there anything else that you would like the hearing examiner to know about this
7476 matter or the general regulatory framework?

7477

7478  **Romero, Rosa, EMNRD** 1:07:50

7479 It's been mentioned several times that they no longer have access to the site. OCD
7480 does not, would not recognize that as a reason to not continue the investigation at
7481 this point. The lack of ownership is not
7482 typically accepted by the department as a permanent defense against continuing
7483 with an abatement project. OCD would work within our legal ability to coordinate
7484 efforts between transferee and transfer.

7485

7486  **Pecos Hall** 1:08:28

7487 Would there be a practical effect to, if Apache successfully contends it's not a
7488 responsible party, what would be the practical effect of that on how we as regulators
7489 would be able to protect the public and deal with these sorts of contamination
7490 events?

7491

7492  **Romero, Rosa, EMNRD** 1:08:49

7493 I feel like that would be a very dangerous legal regulatory precedent to allow.
7494 Allowing an operator to transfer away an asset for a site that is environmentally
7495 sensitive or has existing anything, especially in this scenario where we have an
7496 existing order, would be creating
7497 a large loophole for regulatory process.

7498

7499  **Pecos Hall** 1:09:23

7500 A pass win, Mr. Mullenberg.

7501 Thank you, Mr. Examiner. Good afternoon, Ms. Romero. I have just a few questions.

7502

7503  **Romero, Rosa, EMNRD** 1:09:32

7504 Good afternoon.

7505

7506  **Pecos Hall** 1:09:38

7507 Mr. Hall asked you if the March 12th notice letter, and tell me if I'm phrasing this

7508 wrong, was intended as a stage one letter. Do you recall that?

7509

7510  **Romero, Rosa, EMNRD** 1:09:54

7511 I do. I did review that stage one letter.

7512

7513  **Pecos Hall** 1:09:59

7514 The March 12th letter, however, does not refer to stage one or distinguish between

7515 stage one and stage two, does it?

7516

7517  **Romero, Rosa, EMNRD** 1:10:08

7518 It does not. As I stated earlier, sometimes they can come in together. The notice is

7519 purposely vague for all part 30 is stage one and stage 2 plans. They can come in

7520 together. They can come in separately.

7521

7522  **Pecos Hall** 1:10:30

7523 Um...

7524 You were just speaking to.

7525 The possibility that if OCD is not able to identify Apache as a responsible party and

7526 to require it to submit an abatement plan,

7527 that that would be a problem. And I'm just giving you that for orientation here. But is

7528 there anything you're aware of that would prevent the division from sending a notice

7529 letter to the current

7530 owner and operator of the EBDU number 37 well and the associated unit.

7531

7532  **Romero, Rosa, EMNRD** 1:11:25

7533 As stated previously, all are considered responsible parties and direct from part 29,
7534 the division in its sole discretion may consider a person either causing the release or
7535 controlling the release to a responsible party. The release was identified during
7536 Apache's tenure.

7537 Um...

7538 back in 2019. So that is why we have chosen to speak with PACHE directly. That does
7539 not mean that any other operator may not be identified and receive notice. We
7540 would consider all to be responsible parties. However,
7541 None of those parties are parties to this case, so we're not discussing that too much.

7542

7543  **Pecos Hall** 1:12:24

7544 Mr. Examiner, that's all I have. All right. Mr. Hall, any redirect? Just a couple. Mr.
7545 Romero, earlier I might have been just confused, but I just want to clarify. You
7546 weren't speaking to
7547 an inability for operators to transfer assets, but you were concerned about passing
7548 the book or transferring liability, correct? And then being, OCD being unable to hold
7549 them accountable.

7550

7551  **Romero, Rosa, EMNRD** 1:13:00

7552 That's absolutely the concern.
7553 As this case is taken, sorry, go ahead.

7554

7555  **Pecos Hall** 1:13:03

7556 Thank you.
7557 No, no, that's if you have more to say, I wasn't trying to interrupt you.
7558 Okay, and just to be clear, the contamination was identified when, according to all
7559 parties, Apache was owner and operator of the relevant parcels, correct?

7560

7561  **Romero, Rosa, EMNRD** 1:13:27

7562 Yes, Apache was aware of the release since approximately 2019 when investigating
7563 the EBDU-37.

7564

7565  **Pecos Hall** 1:13:40

7566 And I have, I think, only one more question. Mr. Mullenberg asked you about your
7567 notice of abatement. And I just wanted to be able to pull that up so that we can look

7568 at that specifically.

7569 Uh...

7570 It.

7571 You do specifically say Apache must submit a complete stage one abatement plan

7572 within 60 days of this letter, correct?

7573

7574  **Romero, Rosa, EMNRD** 1:14:11

7575 It does say that.

7576

7577  **Pecos Hall** 1:14:13

7578 And you give them the option to also do a stage 2 abatement plan.

7579 Correct.

7580

7581  **Romero, Rosa, EMNRD** 1:14:20

7582 Yes, yes.

7583

7584  **Pecos Hall** 1:14:22

7585 Um, okay, I just, I just wanted the record to be clear on that.

7586 That's all of my redirect. I have a question, Mr. Romero, because I'm not as versed in
7587 this case as you or Miss Hall are. Can we remove that document from the screen?

7588 So I can see Miss Romero.

7589 Thank you. So Mr. Romero, I'm very, this case is all new to me and I don't understand
7590 these regulations 29 and 30 like you do, obviously. What I'm wondering is from my
7591 perspective, it seems like

7592 This is what I understand so far, and tell me from your perspective what I'm missing
7593 here. The division identified, or it was reported, that there was a produced water spill
7594 in 2019 while Apache was an operator in a particular area of New Mexico.

7595 Is that right?

7596

7597  **Romero, Rosa, EMNRD** 1:15:30

7598 Yes.

7599

7600  **Pecos Hall** 1:15:31

7601 Okay. And then somehow, I don't know how, but somehow you got to the

7602 commission.
7603 and you had a contested hearing at the commission. Were you involved with that?
7604

7605  **Romero, Rosa, EMNRD** 1:15:42

7606 I was.

7607

7608  **Pecos Hall** 1:15:43

7609 Oh, you were okay.

7610 There was a contested hearing. The commission, I've read the order. I read the
7611 amended order. The commission ordered further investigation, further testing. And I
7612 believe one of the commission's findings was that it was unclear where this spill
7613 actually originated.

7614 Wasn't that part of the findings?

7615

7616  **Romero, Rosa, EMNRD** 1:16:09

7617 Yes, to some extent. Let me elaborate a little. When the release occurred, some
7618 contamination was suspected. There was a well, very close proximity to where the
7619 release happened.

7620

7621  **Pecos Hall** 1:16:10

7622 Okay.

7623 Sure.

7624

7625  **Romero, Rosa, EMNRD** 1:16:27

7626 And so that is why you see the note that came on the closure report that said this is
7627 for soil only and not for groundwater, the groundwater to continue to be monitored.
7628 At that time, we did not have the system we have in place now that would have more
7629 identifiable portions of that

7630 open and closure report. However, OCD continued to work with Apache to
7631 investigate what that looked like. When we went to hearing, OCD was pushing for a
7632 more aggressive investigation. We required a
7633 more complex set of monitoring wells in the suspicion that it possibly could be a
7634 different release that occurred.

7635 We it was brought up several times during the previous hearing that that was part of
7636 why we wanted additional monitoring wells to to adequately identify where where

7637 the contamination was. And so one of the intentions was was for that more
7638 aggressive investigation to occur.

7639

7640  **Pecos Hall** 1:17:40

7641 And Apache did not want to go along with that more aggressive investigation, and
7642 that's how you ended up in front of the commission?

7643

7644  **Romero, Rosa, EMNRD** 1:17:48

7645 Yes.

7646

7647  **Pecos Hall** 1:17:49

7648 Okay, I understand. So there wasn't a hearing at the division level like there is today?

7649

7650  **Romero, Rosa, EMNRD** 1:17:54

7651 No.

7652

7653  **Pecos Hall** 1:17:55

7654 Oh, interesting. And one of the things you said that caught my ear was you felt like
7655 there might be another release besides the one that was reported?

7656

7657  **Romero, Rosa, EMNRD** 1:18:07

7658 It was possible. It was something that was brought up by Apache during hearing.

7659 We did not, we did not contest that as we didn't have enough data to identify. That
7660 was one of the reasons we wanted a bunch more wells.

7661

7662  **Pecos Hall** 1:18:15

7663 Okay.

7664 Okay.

7665 So the commission made its findings and in its order, it said, Apache, you're going to
7666 do a bunch of more monitoring of groundwater. And in my own words, I don't know
7667 what it really said. And they've done that. And then

7668 The division got back involved, your bureau, I suspect, your bureau got more back
7669 involved, and you reviewed the groundwater data and you came up with an
7670 abatement plan based on the data that Apache gave you.

7671

7672  **Romero, Rosa, EMNRD** 1:19:02

7673 Apache's report did explicitly state that they believed it was from another release. We

7674 can confirm that groundwater was affected. That is why we start looking into part 30

7675 is once we have that confirmation, we can move into part 30 at any point, but

7676

7677  **Pecos Hall** 1:19:11

7678 Mhm.

7679

7680  **Romero, Rosa, EMNRD** 1:19:19

7681 moving into part 30 seemed because of the confirmed contamination.

7682

7683  **Pecos Hall** 1:19:30

7684 Now, Apache comes here to hearing and says, based on the...

7685 Data.

7686 They believe they're not the responsible party for that underground water

7687 contamination.

7688 Right?

7689

7690  **Romero, Rosa, EMNRD** 1:19:49

7691 Yes, that's the case that I'm as I understand it.

7692

7693  **Pecos Hall** 1:19:51

7694 And that's it.

7695 Yeah, I mean, that's how I understand it too. It's, you know, basically it's not us, it's

7696 someone else. And then you showed me, you know, you were talking about 30.12 in

7697 where, you know, it said, not that it's your legal opinion, but that it said the

7698 responsible party is not just

7699 one person, it could be more than one person. And I read it myself while you were,

7700 while you were testifying.

7701 So, the data that you're relying on...

7702 I mean...

7703 So.

7704 So is there data in the Apache report?

7705 That.

7706 Makes you believe that it was from there.

7707 Control or operation.

7708 That this occurred.

7709 Oh, you're muted somehow.

7710

7711  **Romero, Rosa, EMNRD** 1:21:00

7712 I don't know what I did there. Sorry. Brittany is going to go into a little bit more detail

7713 on this with some maps and some more specific identification. But yes, Apache has

7714 controlled the vast majority of the wells since the early or late 90s, I believe.

7715

7716  **Pecos Hall** 1:21:04

7717 Ahh.

7718 So, so, so Brittany will go into that more.

7719

7720  **Romero, Rosa, EMNRD** 1:21:24

7721 Yes, she's got some maps she'll be able to put on screen here.

7722

7723  **Pecos Hall** 1:21:28

7724 about how the data ties to Apache.

7725

7726  **Romero, Rosa, EMNRD** 1:21:32

7727 Yes.

7728

7729  **Pecos Hall** 1:21:33

7730 Okay, all right. I think that's a missing part for me. If that helps counsel know what
7731 questions to ask, because my reading of this rule

7732 My reading of the 30, the part that you were discussing earlier, and let me find 12
7733 again, abatement plan.

7734 This is the transfer of ownership that you were discussing earlier.

7735 It almost looks to me, and I don't have any authority for this opinion, but I'm just
7736 reading subsection B that you were discussing earlier. It looks to me as though if

7737 there is an abatement plan in effect when there's a transfer of ownership, blah, blah,
7738 blah.

7739 And it.

7740 I think that they, I think Apache is contesting the abatement plan, and I don't know

7741 how this would apply in that situation. So that might be something for closing
7742 arguments to discuss and help me understand how it all ties together.
7743 I don't have any other questions. Thank you, Miss Romero. May this witness be
7744 excused, Mr. Hall. Certainly. Thank you. Thank you, Miss.

7745

7746  **Smith, Cory, EMNRD** 1:23:10

7747 Can I ask a question?

7748

7749  **Pecos Hall** 1:23:13

7750 Um, let me think for a minute. Are you...

7751

7752  **Romero, Rosa, EMNRD** 1:23:15

7753 Yeah.

7754

7755  **Pecos Hall** 1:23:17

7756 Do you work for, do you work under Mr. Romero?

7757

7758  **Smith, Cory, EMNRD** 1:23:21

7759 Miss Romero is my supervisor, yes.

7760

7761  **Pecos Hall** 1:23:28

7762 I'll allow it if there's no objection. Is there any objection?

7763 Interesting question, and particularly having a technical examiner in that position, but
7764 it's probably not the first time.

7765 Be.

7766 I won't object. Okay. I mean, you can object if there's a question that you feel is
7767 outside the scope or whatever. So go ahead, Mr. Smith.

7768

7769  **Smith, Cory, EMNRD** 1:24:00

7770 Thank you.

7771 Mr. Romero, obviously not a legal opinion, but wouldn't you agree that it's the OCD's
7772 responsibility to oversee the remediation of soil and groundwater for reported and
7773 unreported releases that involve oil, gas, produced water, and other oil field waste?

7774

7775  **Romero, Rosa, EMNRD** 1:24:23

7776 Yes, that is the intended goal of our rules.

7777 The objective.

7778

7779  **Smith, Cory, EMNRD** 1:24:31

7780 I mean, and you know, generally speaking, how does the OCD handle historic
7781 releases that may have been unreported that were discovered by a reportable spill in
7782 the past?

7783

7784  **Romero, Rosa, EMNRD** 1:24:43

7785 Typically, we would want them reported at the time of discovery.

7786 This is why the 2019 dates are so important. Was aware of a release occurring at
7787 some point in 2019, whether it is the specific release that caused it, but when there
7788 was suspicion of an additional release, that likely should have been reported.

7789 Uh, and separately under our system.

7790

7791  **Smith, Cory, EMNRD** 1:25:14

7792 So you wouldn't say Apache, OCD's handling of the case was outside the norm of
7793 what you normally, OCD normally does?

7794

7795  **Romero, Rosa, EMNRD** 1:25:22

7796 No, no. Typically, even in the scenario of the pit, if contamination is discovered on a
7797 site while investigating something else, typically the operator of record is responsible
7798 for remediation. I would go so far as to point out that OCD on remediation sites in
7799 which we've encountered pits, we've also
7800 done remediation of those sites.

7801

7802  **Smith, Cory, EMNRD** 1:25:49

7803 And again, generally speaking, when handling site investigations for most spills that
7804 OCD handle, right, are soil spills.

7805

7806  **Romero, Rosa, EMNRD** 1:25:58

7807 Most are soil stuff.

7808

7809  **Smith, Cory, EMNRD** 1:25:58

7810 Would you?

7811 Would you?
7812 When operators are investigating.
7813 those spills and they discover groundwater. Do you think it's, is it unusual for
7814 operators to install multiple monitoring, groundwater monitoring wells before they
7815 move to part 30?

7816

7817  **Romero, Rosa, EMNRD** 1:26:19

7818 It is.

7819

7820  **Pecos Hall** 1:26:20

7821 Mr. Hearing and Examiner, I think we're getting into hypotheticals that do kind of get
7822 outside what we're focused on in this case here. So I would object at this point. Mr.
7823 Smith, where are you going with these questions?

7824

7825  **Smith, Cory, EMNRD** 1:26:35

7826 I'm just asking Mrs. Romero if she, if the way the OCD handled this case is abnormal
7827 in moving it to part 30.

7828

7829  **Pecos Hall** 1:26:45

7830 Um...

7831 I don't think that's I don't think that's an area that's really in contention. I think I think
7832 it's quite clear that the division feels it's appropriate to move from 29 to 30 based on
7833 the data that was reported from the well monitoring program that Apache was
7834 required to produce. So do you still feel like there's a gray area here for you to elicit
7835 information?

7836

7837  **Smith, Cory, EMNRD** 1:27:15

7838 Uh...

7839 Let me, I guess, let me just re-ask this question. Ms. Romero, do you think the OCD
7840 could have sent the abatement request letter?

7841 Years ago.

7842

7843  **Romero, Rosa, EMNRD** 1:27:29

7844 We could have. We were sort of operating under a collaborative approach prior to.

7845

7846  **Smith, Cory, EMNRD** 1:27:40

7847 I don't have any other questions. Thank you, Mister.

7848

7849  **Pecos Hall** 1:27:43

7850 Ms. Romero, when you say collaborative, do you mean between Apache and the
7851 division?

7852

7853  **Romero, Rosa, EMNRD** 1:27:48

7854 Yes.

7855

7856  **Pecos Hall** 1:27:49

7857 I thought that's what you meant, but I just wanted to be clear. Thank you.

7858 May this witness be excused? Yes. Thank you. Mr. Romero, thank you.

7859

7860  **Romero, Rosa, EMNRD** 1:27:57

7861 Yeah.

7862

7863  **Pecos Hall** 1:27:58

7864 Miss Hall.

7865

7866  **Hall, Brittany, EMNRD** 1:28:02

7867 Yes, sir.

7868

7869  **Pecos Hall** 1:28:03

7870 Okay, thank you. I remind you that you're under oath.

7871 Mr. Hall. Thank you. Could you state your name, please, ma'am?

7872

7873  **Hall, Brittany, EMNRD** 1:28:12

7874 My name is Brittany Hall.

7875

7876  **Pecos Hall** 1:28:14

7877 How are you employed, Miss Hall?

7878

7879  **Hall, Brittany, EMNRD** 1:28:16

7880 I am the Environmental Field Compliance Supervisor for the Oil Conservation
7881 Division.

7882

7883  **Pecos Hall** 1:28:22

7884 And how long have you held that role with OCD?

7885

7886  **Hall, Brittany, EMNRD** 1:28:27

7887 A little over a year.

7888

7889  **Pecos Hall** 1:28:31

7890 And as I believe I'm getting your two CVs mixed up, yours is, I believe, exhibit L. Does
7891 that more, it's been admitted, does that more thoroughly lay out your professional
7892 history?

7893

7894  **Hall, Brittany, EMNRD** 1:28:49

7895 It does.

7896

7897  **Pecos Hall** 1:28:50

7898 And is that a true and correct copy of your CV?

7899

7900  **Hall, Brittany, EMNRD** 1:28:53

7901 It is.

7902

7903  **Pecos Hall** 1:28:54

7904 Okay. I kind of want to go...

7905 Through, I guess, in my opinion, Mr. Romero gave a little bit of a broader view of the
7906 regulation and the regulatory framework. That's A generalization, but

7907 That's my predicate to this question. Have you had a chance to review specific data
7908 provided by Apache or through your own investigation relating to this case?

7909

7910  **Hall, Brittany, EMNRD** 1:29:32

7911 Yes, I have.

7912

7913  **Pecos Hall** 1:29:34

7914 Okay, and I'm gonna move, give me a second, these exhibits are kind of voluminous.

7915 Mm.
7916 My esteemed second chair today is helping me with my computer skills. I learned
7917 about bookmarks just now. Okay, I'm moving to...

7918

7919  **Hall, Brittany, EMNRD** 1:30:02

7920 Yeah.

7921

7922  **Pecos Hall** 1:30:05

7923 Exhibit E.

7924 And I'm going to try to share that.

7925 Okay, so there you see exhibit. I'm gonna kind of scroll down.

7926 Do I need to zoom in a little on that?

7927

7928  **Hall, Brittany, EMNRD** 1:30:28

7929 I'm not sure if everybody in the room can see it, but I also have the exhibits open on
7930 my end, so.

7931

7932  **Pecos Hall** 1:30:31

7933 It.

7934 Yeah.

7935 Okay, you're familiar with this document?

7936

7937  **Hall, Brittany, EMNRD** 1:30:38

7938 Yes, sir.

7939

7940  **Pecos Hall** 1:30:39

7941 And what is this?

7942

7943  **Hall, Brittany, EMNRD** 1:30:41

7944 This is a table that I created. I pulled the table that Apache provided in their field
7945 activity report that was submitted after the commission.

7946 Granted the final order and I added additional.

7947

7948  **Pecos Hall** 1:30:57

7949 It.

7950

7951  **Hall, Brittany, EMNRD** 1:31:01

7952 data that was submitted to the OCD in May of this year. Those are the yellow
7953 highlighted areas. Those are data that I pulled from Apache's lab reports that they
7954 submitted through our online permitting portal and added them to a previous table
7955 that Apache had provided in the report.

7956 And this.

7957

7958  **Pecos Hall** 1:31:29

7959 What is it you would like him to to to understand from this?

7960

7961  **Hall, Brittany, EMNRD** 1:31:29

7962 Big.

7963 Yeah, the significance of this document basically shows the history of the
7964 groundwater contamination since the date of discovery when the wells were installed
7965 in 2019 all the way through what Apache had drilled and installed in 2025, I believe,
7966 is when the last well was installed. I may be
7967 missing a date, maybe 2026. But it really just shows the history of when the
7968 groundwater contamination was discovered all the way through Apache's current
7969 activities at the site.

7970

7971  **Pecos Hall** 1:32:12

7972 And so, oh, go ahead, I'm sorry, I wasn't trying to interrupt you.

7973

7974  **Hall, Brittany, EMNRD** 1:32:13

7975 Hello.

7976 I was also just going to mention that it obviously shows, you know, the different
7977 analytical results through the lifetime of the monitoring at the site as well.

7978

7979  **Pecos Hall** 1:32:26

7980 And not these test results came at different times, correct? Some started later, some
7981 started earlier.

7982

7983  **Hall, Brittany, EMNRD** 1:32:34

7984 Correct. The older wells will have more data than the newer wells.

7985

7986  **Pecos Hall** 1:32:36

7987 Uhh...

7988 Let's look, for instance, at TMW2.

7989 Is did Apache own and operate and have custody of the location in 2019?

7990

7991  **Hall, Brittany, EMNRD** 1:32:55

7992 Yes.

7993

7994  **Pecos Hall** 1:32:57

7995 Does that indicate contamination in excess of the allowable levels at that time?

7996

7997  **Hall, Brittany, EMNRD** 1:33:06

7998 In TMW, too, yes.

7999

8000  **Pecos Hall** 1:33:08

8001 K.

8002 And Trent, I believe, I don't know if you heard earlier, they testified that

8003 They they they sold this property to Hillcorp in 2024 or 2025. Did you hear that?

8004

8005  **Hall, Brittany, EMNRD** 1:33:29

8006 I did.

8007

8008  **Pecos Hall** 1:33:30

8009 So all these results before that show dangerous levels of groundwater contamination,
8010 correct?

8011

8012  **Hall, Brittany, EMNRD** 1:33:41

8013 I think dangerous is a subjective word, but it does show contamination above
8014 allowable limits.

8015

8016  **Pecos Hall** 1:33:48

8017 The limits are there for a reason, correct?

8018

8019  **Hall, Brittany, EMNRD** 1:33:52

8020 Correct.

8021

8022  **Pecos Hall** 1:33:53

8023 There's reason for concern when they go above that amount. Would you agree with
8024 that?

8025

8026  **Hall, Brittany, EMNRD** 1:34:00

8027 Yes.

8028

8029  **Pecos Hall** 1:34:01

8030 Okay.

8031 And so, not to belabor the point, but there's...

8032 a multitude of samples showing during Apache's custody control ownership and
8033 operatorship of this location, there was groundwater contamination.

8034

8035  **Hall, Brittany, EMNRD** 1:34:20

8036 Yes, and I should probably clarify that the blue highlighted results are Apache's way
8037 of indicating that those results were above the limits. The ones in yellow, I have made
8038 the text red.

8039 to indicate that those are above the allowable limits.

8040

8041  **Pecos Hall** 1:34:41

8042 But.

8043 Because yellow shows these recent testing results and red indicates those are in
8044 excess of allowable limits. Did I characterize that right?

8045

8046  **Hall, Brittany, EMNRD** 1:34:54

8047 Correct. The yellow is what I added to the table as Apache did not supply a table with
8048 these results on it.

8049

8050  **Pecos Hall** 1:35:00

8051 Okay.

8052 Is there anything else we should discuss about this particular exhibit?

8053

8054  **Hall, Brittany, EMNRD** 1:35:10

8055 I think everything has been hid in previous testimony.

8056

8057  **Pecos Hall** 1:35:15

8058 Okay, I'm going to just stop sharing for one second and try my bookmark trick again.

8059 And I'm gonna go on to exhibit F.

8060 Which, let me try to share that now.

8061 Okay, are you seeing that, Miss Hall?

8062

8063  **Hall, Brittany, EMNRD** 1:35:39

8064 Yes, sir.

8065

8066  **Pecos Hall** 1:35:40

8067 Okay. And certainly just tell me, this is a really long exhibit, isn't it?

8068

8069  **Hall, Brittany, EMNRD** 1:35:48

8070 It is a very, very long exhibit.

8071

8072  **Pecos Hall** 1:35:50

8073 What, what, what is this?

8074

8075  **Hall, Brittany, EMNRD** 1:35:54

8076 But this is the field activity report that Apache submitted after they completed all of
8077 the required actions from the OCC order.

8078

8079  **Pecos Hall** 1:36:05

8080 Okay. And so I won't ask you to go in depth about it, but I will ask, is there anything
8081 that hasn't been covered or otherwise that you would like that you think is relevant
8082 evidence to be considered?

8083

8084  **Hall, Brittany, EMNRD** 1:36:25

8085 Spool.

8086

8087  **Pecos Hall** 1:36:25

8088 In this, in this exhibit.

8089

8090  **Hall, Brittany, EMNRD** 1:36:27

8091 Yes, would you scroll to page 67 of the PDF? I don't know what number it is.

8092

8093  **Pecos Hall** 1:36:34

8094 Sure. Let me close this bookmark. Okay.

8095 Page 67, did I hear you correctly? Okay.

8096

8097  **Hall, Brittany, EMNRD** 1:36:42

8098 Yes, sir, yes.

8099

8100  **Pecos Hall** 1:36:46

8101 Give me one second, or maybe I can do this.

8102 Is that what you're looking for?

8103

8104  **Hall, Brittany, EMNRD** 1:36:57

8105 No. If you'll scroll up one page about halfway right before it says 6.0

8106 recommendations.

8107

8108  **Pecos Hall** 1:36:59

8109 Okay.

8110 Pika.

8111 Let's say sixty-six, so we were close.

8112 That page.

8113

8114  **Hall, Brittany, EMNRD** 1:37:16

8115 Yes, sir.

8116

8117  **Pecos Hall** 1:37:17

8118 Okay. Oh, sorry, that page.

8119

8120  **Hall, Brittany, EMNRD** 1:37:21

8121 Nope, you're on the right one.

8122

8123  **Pecos Hall** 1:37:22

8124 No, I know, I'm sorry.

8125

8126  **Hall, Brittany, EMNRD** 1:37:26

8127 Be.

8128

8129  **Pecos Hall** 1:37:26

8130 Okay, there we go. Can you see that or should I zoom in?

8131

8132  **Hall, Brittany, EMNRD** 1:37:28

8133 Thank you.

8134 If you want to zoom in just a little bit.

8135

8136  **Pecos Hall** 1:37:33

8137 And it's the bottom part in particular that you're wanting to discuss, okay.

8138

8139  **Hall, Brittany, EMNRD** 1:37:36

8140 Yes.

8141 Yes.

8142 And.

8143 Oh, right above that, that 6.0 recommendation section.

8144

8145  **Pecos Hall** 1:37:44

8146 Ohh, sure.

8147 Soil boring or even higher.

8148

8149  **Hall, Brittany, EMNRD** 1:37:50

8150 Right there is perfect.

8151

8152  **Pecos Hall** 1:37:52

8153 Okay.

8154

8155  **Hall, Brittany, EMNRD** 1:37:53

8156 And I think.

8157

8158  **Pecos Hall** 1:37:54

8159 Please, go ahead. Please continue.

8160

8161  **Hall, Brittany, EMNRD** 1:37:57

8162 Okay. It's been discussed in previous testimony by Apache's expert witness that the
8163 soil boring too is an area that is a source that likely impacts groundwater. As you
8164 read further down through the recommendations,
8165 They are, Apache is recommending to develop and submit a semi-annual
8166 groundwater monitoring report. And groundwater monitoring reports are part of a
8167 stage one abatement plan, which is why we felt it was necessary to roll Apache into
8168 a stage one and or a stage two abatement plan.

8169 So those are the really all that I needed to point out in this exhibit.

8170

8171  **Pecos Hall** 1:38:43

8172 Thank you for that.

8173 Okay, I'm now going to...

8174 Go to...

8175 Sorry, here.

8176 I'm sorry.

8177 Yeah, yeah, let me.

8178 Now go to exhibit G.

8179 Which?

8180 If you could tell, well, I'll go down a little more so you can, and let me share it.

8181 Okay, I'll go down so you can know what this is.

8182 Let me zoom in. Do you recognize that, Miss Hall?

8183

8184  **Hall, Brittany, EMNRD** 1:39:35


8185 I do.

8186

8187  **Pecos Hall** 1:39:36

8188 And what is that?

8189

8190  **Hall, Brittany, EMNRD** 1:39:38

8191 It is a timeline of events that happened after the OCC granted the final motion,
8192 including dates of emails that I received by Apache's contractor. Those emails
8193 included, you know, requests to adjust some of the well locations due to safety
8194 concerns, whether those were overhead power lines,
8195 pipelines, flow lines, overhead electrical lines, fencing, and also emails that Apaches
8196 contractor had sent me after they received the lab reports, whether that be soil data
8197 or groundwater data. And then it further goes on to, you know, include
8198 OCD's approval of the transfer from Apache to Hill Corp. And when we have received
8199 additional reports submitted through OCD permitting.

8200

8201  **Pecos Hall** 1:40:32

8202 Okay, and more specifically, and it's okay if there isn't, is there anything in particular
8203 that you would, other than just a general overview of the back and forth and the
8204 timeline of things, is there anything specific in there that you would like the hearing
8205 examiner to focus on?

8206

8207  **Hall, Brittany, EMNRD** 1:40:52

8208 I would like to point out that Apache has continued work at the site even after
8209 Hillcorp has taken operatorship of the site.

8210

8211  **Pecos Hall** 1:41:04

8212 Anything else?

8213

8214  **Hall, Brittany, EMNRD** 1:41:06

8215 I don't believe so.

8216

8217  **Pecos Hall** 1:41:08

8218 OK.

8219 Oh, I, let's see, I need to do differently. We resubmitted that. Let me find that one. I
8220 apologize.

8221 Right.

8222 I think this is the proper one. Let me...

8223 Let me share. Do you recall exhibit I or do you need me to pull it up? I wouldn't recall
8224 it if I didn't see it.

8225

8226  **Hall, Brittany, EMNRD** 1:41:39

8227 If you'll pull it up, I think I have a...

8228

8229  **Pecos Hall** 1:41:40

8230 Sure, sure. Well, give me one second here.

8231 Is does it?

8232 Okay, I'm zoom in, but is that does that look like exhibit I? Well, I went too far. Exhibit
8233 I to you.

8234

8235  **Hall, Brittany, EMNRD** 1:41:52

8236 Yes.

8237 Um, I believe so.

8238

8239  **Pecos Hall** 1:42:01

8240 And what is this?

8241

8242  **Hall, Brittany, EMNRD** 1:42:03

8243 This is a table I created based on the history of well ownership for every, I don't want
8244 to say every well in the area of the release, a good chunk of the wells in the release,
8245 just showing, you know, either one Apache acquired that well from a different
8246 operator or if Apache
8247 drilled that well after they had already taken ownership of the unit.

8248

8249  **Pecos Hall** 1:42:30

8250 OK, and and do you are we gonna look at a map a little bit later that that also shows
8251 some that that would work in conjunction with this document?

8252

8253  **Hall, Brittany, EMNRD** 1:42:42

8254 Yes.

8255

8256  **Pecos Hall** 1:42:43

8257 Is there is there anything in particular you want to point out with this, or should I
8258 move on?

8259

8260  **Hall, Brittany, EMNRD** 1:42:48

8261 I think you can probably move on.

8262

8263  **Pecos Hall** 1:42:51

8264 Okay.

8265 Okay, I'm going to move to exhibit.

8266 Jay.

8267 And ask you to...

8268 Identify that.

8269 Wait, I'm sorry.

8270 Let's get to the substance of it.

8271 Can you see that, miss? Should I zoom in?

8272

8273  **Hall, Brittany, EMNRD** 1:43:35

8274 I can see it.

8275

8276  **Pecos Hall** 1:43:36

8277 Okay, what is that?

8278

8279  **Hall, Brittany, EMNRD** 1:43:40

8280 This is a table that Apache submitted.

8281 For the groundwater monitoring that they did after all of the new wells required by
8282 the OCC were

8283 completed. So there was a groundwater monitoring event in August, right after the
8284 OCC order. And after all the walls were drilled, and then they have continued to
8285 monitor. So this includes the monitoring from the fourth quarter.

8286 Since they installed the wells during the third quarter, they sampled during the third
8287 quarter, this is the information that was provided to the OCD when they sampled all
8288 the wells during the fourth quarter. It's just showing that Apache has continued to
8289 perform activities after the site at the site after a Hillcorp has taken possession of the
8290 The area.

8291

8292  **Pecos Hall** 1:44:32

8293 OK, anything else? I'm kind of just scrolling through it, so, so people are from...

8294

8295  **Hall, Brittany, EMNRD** 1:44:38

8296 No, it's a lot of numbers and a lot of lab reports.

8297

8298  **Pecos Hall** 1:44:41

8299 Okay. Anything else you would like to point out about this particular exhibit?

8300

8301  **Hall, Brittany, EMNRD** 1:44:48

8302 No.

8303

8304  **Pecos Hall** 1:44:49

8305 Okay.

8306 Let's see, honey. OK.

8307 Stop sharing. All right, now I'm going to move on to...

8308 Exhibit.

8309 Wait, where's the map?

8310

8311  **Hall, Brittany, EMNRD** 1:45:22

8312 Believe the map was exhibit H.

8313

8314  **Pecos Hall** 1:45:25

8315 H, I'm sorry if I skipped over that. Okay. Let me, okay, I have it. Let me share it.

8316 OK, do I tell me, please, if you need me to zoom in, zoom out, etcetera?

8317

8318  **Hall, Brittany, EMNRD** 1:45:46

8319 Might be easier to zoom in just to get a little bit of the color differentials to pop a
8320 little better.

8321

8322  **Pecos Hall** 1:45:52

8323 Okay, and I can move around as needed.

8324

8325  **Hall, Brittany, EMNRD** 1:45:56

8326 I think that's...

8327

8328  **Pecos Hall** 1:45:57

8329 Mr. Hall. I'm sorry, Miss Hall. Mr. Hall, while you're doing while you're doing this, let
8330 me just say that I need to break in 20 minutes. OK. Now, the OCD has as much time
8331 as it wants to put on its case, but we just have to break in 20 minutes. Fair enough.
8332 I'm almost done.

8333 Oh, you are? Yes. But I'm assuming that Mr. Hall will have questions. Maybe for Mr.
8334 Smith might have questions.

8335 I don't know, but I'm assuming that they will. So just in case, I just want to have a
8336 plan B here in case we go over 20 minutes. Okay. Would the parties prefer to
8337 reconvene tomorrow virtually, not in this room, or would they prefer to reconvene on
8338 Monday?

8339 In this room.

8340 I highly prefer tomorrow as I have a field visit Monday. I would really be unable to
8341 attend Monday. You have co-counsel, of course. However, I get the point. He's also
8342 going to be in the field. Tomorrow's my day off, so give me some credit for that.

8343 Sounds good. Monday was my day off, so I was going to come back for that as well.

8344 Mr. Muhlenberg, it sounds like tomorrow works for one party. Does it work for you?

8345 Mr. Examiner, I believe it does, and that's assuming we can't actually finish the
8346 testimony at least this afternoon. I mean, I think that is a possibility even within 20
8347 minutes. I would, however, suggest

8348 that perhaps rather than doing oral closing statements. I wasn't thinking of that.

8349 Okay, because I was, yeah, I was going to suggest written closing statements. We're
8350 definitely doing written. We're also doing proposed findings and conclusions.

8351 However, we haven't gotten there yet. Got it, got it. So that being said,

8352 You would prefer tomorrow. That's fine. It would be virtual for everyone. No one
8353 would come back to this room. So at least we have a plan B. Nine o'clock? That works
8354 for me. Mr. Mullenberg?

8355 That will work. Yes, thank you. All right. And Miss Hall, would that work for you
8356 tomorrow?

8357

8358  **Hall, Brittany, EMNRD** 1:48:09

8359 Yes, I would.

8360

8361  **Pecos Hall** 1:48:10

8362 And Mr. Smith?

8363

8364  **Smith, Cory, EMNRD** 1:48:14

8365 That works for me as well.

8366

8367  **Pecos Hall** 1:48:15

8368 All right, then why don't you continue? But at 20 after, we're going to break. So go

8369 ahead. Okay, thank you. Miss Hall, we're looking here at the map, which I think is

8370 exhibit H. If you could just

8371 Just walk us through this and let the hearing examiner know the significance of this.

8372

8373  **Hall, Brittany, EMNRD** 1:48:39

8374 So this map I created based off of that exhibit I showing all of the history of

8375 ownership of the wells. The wells that are in orange are wells that Apache drilled after

8376 they obtained

8377

8378  **Pecos Hall** 1:48:53

8379 Okay.

8380

8381  **Hall, Brittany, EMNRD** 1:48:58

8382 ownership of the area. The wells with the red squares on them are wells that Apache

8383 had purchased from a previous operator. And there's a few green wells on there that

8384 Apache has never owned or operated, didn't drill, has nothing to do with them. There

8385 is

8386 a purple star that indicates a facility that is registered with the OCD that is still in our

8387 records owned by Apache. And then the purple box is a very rough estimate of

8388 the area that Apache has done investigations due to the release that occurred in

8389 2019 and any additional directive given either by the OCD or OCC. I kept it primarily

8390 for looking at upgradient wells. Obviously, there's a lot more wells to the north of

8391 this area.

8392 But Apache has either owned, either purchased the walls and have operated the walls
8393 or drilled the walls themselves. So if there's any upgradient contamination that could
8394 be migrating on this site, Apache had ownership of those walls at one point.
8395 Obviously, we've heard testimony about the red beds potentially affecting things in a
8396 different way. That pit is indicated on the map. You can actually see it. It's just north.
8397 east of the well at the very bottom of the purple circle.
8398 And so when the contamination was discovered, Apache did have ownership and
8399 control of the area.

8400

8400  **Pecos Hall** 1:50:45

8402 Okay, thank you for that. Anything else related to this exhibit that you would like to
8403 express?

8404

8404  **Hall, Brittany, EMNRD** 1:50:54

8406 No, sir.

8407

8407  **Pecos Hall** 1:50:56

8409 Anything else generally that you want to say about this case?

8410 To the hearing examiner.

8411

8411  **Hall, Brittany, EMNRD** 1:51:06

8413 I don't think so.

8414

8414  **Pecos Hall** 1:51:07

8416 OK, I'll pass the winners, Mister Mullenberg.

8417 Thank you, Mr. Examiner. Ms. Hall, Mr. Hall asked you a question about, I think he

8418 used the word dangerous in reference to groundwater contamination. Do you recall
8419 that?

8420

8420  **Hall, Brittany, EMNRD** 1:51:26

8422 Yes, I do.

8423

8423  **Pecos Hall** 1:51:27

8425 And I think you maybe were careful in your answer already, but are you familiar with

8426 the groundwater standards in 20.6.2.1203, which are referenced in part 30, the
8427 abatement rules?

8428

8429  **Hall, Brittany, EMNRD** 1:51:47

8430 Yes, we typically call it the 3103 table.

8431

8432  **Pecos Hall** 1:51:52

8433 Right, and in that table, are there separate categories for different kind of standards,
8434 for example, human health standards?

8435

8436  **Hall, Brittany, EMNRD** 1:52:03

8437 There are.

8438

8439  **Pecos Hall** 1:52:05

8440 And is chloride, does it have a human health standard?

8441

8442  **Hall, Brittany, EMNRD** 1:52:11

8443 It does not.

8444

8445  **Pecos Hall** 1:52:31

8446 Excuse me, Mr. Examiner, I thought I had one other question, but perhaps I do not.

8447 Take your time.

8448 I believe that's it. All right. Thank you. I have one follow-up based on that. I'm not

8449 done, Mr. Oh, sure. Mr. Smith, questions?

8450

8451  **Smith, Cory, EMNRD** 1:53:05

8452 Um...

8453 I guess, I mean, it is relevant. I feel like this is relevant to ask. Ms. Hall, based off of

8454 your CV and your experience, you've worked with operators, multiple of operators

8455 and has been regulated by OCD staff, OCD rules, I should say, right? Not staff.

8456

8457  **Hall, Brittany, EMNRD** 1:53:31

8458 Correct.

8459

8460  **Smith, Cory, EMNRD** 1:53:31

8461 and these rules in particular.

8462

8463  **Hall, Brittany, EMNRD** 1:53:33

8464 Correct.

8465

8466  **Smith, Cory, EMNRD** 1:53:34

8467 Over your experience, would you?

8468 How have you just high brief opinion how I have other operators in the OCD handled
8469 historic and or unreported releases in the past?

8470

8471  **Hall, Brittany, EMNRD** 1:53:52

8472 In my professional experience as a consultant, if I was working for an operator and
8473 they discovered contamination that was
8474 not necessarily part of what they believe their release caused. It was still reported by
8475 them to the OCD.

8476

8477  **Smith, Cory, EMNRD** 1:54:13

8478 and it was cleaned up typically by them.

8479

8480  **Hall, Brittany, EMNRD** 1:54:16

8481 Correct.

8482

8483  **Smith, Cory, EMNRD** 1:54:21

8484 Would you also agree that during your time that as a consultant or as an OCD
8485 employee that?

8486 doing investigations, installing monitoring wells, collecting groundwater samples and
8487 soil samples.

8488 Typically occurs before the issuance of a formal abatement letter.

8489

8490  **Hall, Brittany, EMNRD** 1:54:46

8491 I would say no. Generally, once a release is discovered to impact groundwater,
8492 generally that is rolled right into part 30, and any activities performed after that is
8493 performed under the abatement plan.

8494

8495  **Smith, Cory, EMNRD** 1:55:05

8496 Yeah.

8497 Um...

8498 And then.

8499 Very to recall very really quick.

8500 You did review.

8501 Apache's field activity report and I'm positive because you've kind of went through
8502 this with your both of your attachments. Based off of your experience and your
8503 professional opinion, there are elevated levels of contaminants in the groundwater at
8504 or near the release site.

8505

8506  **Hall, Brittany, EMNRD** 1:55:36

8507 Yes.

8508

8509  **Smith, Cory, EMNRD** 1:55:38

8510 I don't have any further questions, Mr. Tequilian.

8511

8512  **Pecos Hall** 1:55:40

8513 All right. Mr. Hall, redirect. I think Mr. Smith had it, but chlorides are considered a
8514 contaminant to groundwater in excess in the amounts that were found by the testing
8515 in this case, correct?

8516

8517  **Hall, Brittany, EMNRD** 1:55:56

8518 Yes, they are a contaminant of concern.

8519

8520  **Pecos Hall** 1:55:59

8521 Okay, as our total dissolved solids.

8522

8523  **Hall, Brittany, EMNRD** 1:56:03

8524 Yes.

8525

8526  **Pecos Hall** 1:56:04

8527 Thank you. I'll pass the witness. All right. May this witness be excused? Yes. All right.

8528 Thank you. Does that conclude the case in chief for the OCD?

8529 Yes. All right, sounds good. Mr. Mullenberg, anything else evidentiary wise before we
8530 go to post hearing pleadings? No, nothing from us. All right, from the division? No.
8531 All right, very good. I've been doing some research and I need something to be
8532 briefed.
8533 in the closing arguments, okay?
8534 I'll state it here on the record. I can also send this in an email as well.
8535 We need to determine length of closing arguments, citations, and we need to discuss
8536 proposed findings of fact and conclusions of law. But the legal question that I need
8537 answered, including authority, if you have any, is the following.
8538 Under 1915-29 and 1915-30 NMAC, who is the responsible party when groundwater
8539 contamination in excess of the standards is detected at or near a site where an
8540 operator conducts
8541 Oil and gas activities.
8542 The party's brief should address the legal definition of a responsible party under
8543 1915-2.
8544 under 1915-29, release and reporting and remediation, and under 1915-30,
8545 abatement.
8546 B, whether the division must identify the exact source or specific release causing
8547 groundwater exceedances before requiring abatement.
8548 or whether the operator of record is responsible as a matter of law when
8549 contamination occurs at a site under its control.
8550 C, whether the presence of historic or legacy contamination on an oil and gas site
8551 alters the responsible party analysis under the rules.
8552 And finally, whether an operator's assertion that a particular incident, for example,
8553 the 2019 release did not create the plume, is legally sufficient to avoid responsibility
8554 for abatement under 19-15-30.
8555 Those are the legal questions that I need answered. And I will send an email to the
8556 parties with this. So you do not have to try to copy every word I just said. I have it
8557 here in an outline format. Okay, with that being said, let's talk about the...
8558 The transcript, so we have two records. We're going to have the recorded, the
8559 recording, which will be an audio visual recording. We will also have an AI transcript,
8560 which can be very helpful at pointing to a spot on the recording. It may not be
8561 perfect.
8562 in its transcription, but neither is the verbatim transcripts that we have court
8563 reporters do either. So this is what we have. They will be available almost

8564 instantaneously. Freya, when is the AI transcript and the recording available? They'll
8565 be available tomorrow. That's what I thought.

8566 Okay, so that won't delay anyone.

8567 And I'm not rushing anyone. I'm just letting you know when things will be available.
8568 I've given you the legal matter to brief.

8569 and broken it down into four parts. When it comes to closing arguments.

8570 How many pages of a limit do the parties think is reasonable? I'll start with you
8571 because you're the petitioner, Mr. Mullenberg. I'm sure we can do it in 10 to 15. I
8572 haven't considered how the specific questions you asked fit in, but I think that's fine.

8573 Okay. 10 to 15 makes sense to you, Mr. Hall.

8574 I think so. Does that that would include closing findings of fact, conclusions of law,
8575 and a brief on these questions? Definitely not. This is just a legal closing argument
8576 with authority. This is the critical question in my mind, is what I just read out loud.
8577 Because ultimately,

8578 petitioner is saying, hey, it wasn't us. This, the plume is, the plume is, we're not
8579 responsible for the plume. Sure, we may have been responsible for the spill. We
8580 reported it, we cleaned it up, but we're not responsible for the plume. However, the
8581 way I read the law, I'm not so sure that's

8582 That's the correct interpretation of the law, and I'm sure you don't agree with that
8583 interpretation. So that's why I need a legal brief.

8584 Certainly. No, I'm just making sure that sounded. I was going to have to single space.
8585 OK, that 10 to 15 sounds good. Just for the closing argument, and the closing
8586 argument must revolve around this legal question to be briefed. OK, really, that's the
8587 crux of the matter here. I agree. All right, fine. So you agree, you agree, Mr.
8588 Mullenberg? Yeah, and I think we're on the understanding. My understanding is that
8589 the legal brief.

8590 would be part of the closing statement. Part of it. Okay, yeah, that's what I thought.
8591 We're not talking about two separate documents. Okay. We're not. We're on board.
8592 We're not. That's correct. Obviously, the legal brief is the center, is the core of any
8593 closing argument because that's the issue that we're here to decide. Really, that's the
8594 bottom line issue. Okay.

8595 Then when it comes to proposed findings of fact and conclusions of law, I'm not
8596 going to put a page limit on it, Mr. Hall, Mr. Muhlenberg. That's too fussy for me.
8597 However, any proposed finding of fact must cite
8598 either to the transcript or to an exhibit, because it's been admitted. Thousands, we

8599 have 3,000 pages. That gives you plenty of room to cite to whatever you want to cite.
8600 But please, you know, please cite to.
8601 anything, because if you have a proposed finding and there's no citation to it, I'm not
8602 going to consider it. I wouldn't even consider it. Okay. And obviously, your
8603 conclusions of law should also, you know, be centered around this critical legal
8604 question that I've asked for briefing on.
8605 With that said, and does that sound fair to both parties? Yeah, it does. Good. With
8606 that said, and Mr. Muhlenberg, I'll have Freya email you this language in the briefing,
8607 the relational briefing along to Mr. Holland and Mr.
8608 later or tomorrow morning. With that said, how long do parties want to submit the
8609 closing argument and the proposed findings and conclusions? I'll start with you, Mr.
8610 Bullenberg. Yeah, Mr. Hearing Examiner, I'd actually ask for three weeks. Normally I
8611 would say less, but starting Monday, I'm going to be in a hearing for two weeks in
8612 front of the Water Quality Control Commission.
8613 I'm not rushing you. Okay. You can take, you can suggest a month. If you really want
8614 a month, you can suggest a month. I don't know what Mr. Hall will say, but you can
8615 have what you want. Three weeks? Three weeks is good for me. I mean, that'll get us
8616 done before the July 4th holidays. Okay. Mr. Hall.
8617 I also am obligated at the Water Quality Commission. I would like a chance for Mr.
8618 Tremain and I both to
8619 deal with this after that. And so I would really ask for slightly more time, four to five
8620 weeks, if that, if that pleases you, that we could do it within that time frame. To be
8621 fair, Mr. Mom, and you're the one who has the burden of proof, so, you know, giving
8622 you more time may benefit you, I don't know, but
8623 But to be fair, I know Mr. Hall is going to be tied up for the next two weeks. Now, if I
8624 were Mr. Hall, I'd want something else to do while I'm sitting there listening to this
8625 testimony. Oh, no, he has to pay attention. Oh, yeah, right. Okay. But still, he's asking
8626 for
8627 four to five weeks. Do you have any preference over four to five weeks? No, no. I
8628 don't have a preference either. So 5 weeks is fine with you? Yeah, that's fine. What's
8629 the date? That's a good question.
8630 Mr. Tremaine's looking. Lucky he's here. Lucky he's here to back you up. No, yeah,
8631 obviously my technological skills are off the charts. July 10th. July 10th? And that's
8632 what, a Thursday? That's A Friday, so I jumped it to the end of the week. You did. You
8633 did. You added another day.

8634 You took a little leeway there. So what is it again, please? July 10th. July 10th. So Mr.
8635 Muhlenberg, July 10th is the deadline. Now, that gives you plenty of time to
8636 exchange your proposed findings and conclusions to see if a party objects.
8637 to something that's in there, because you might have an objection that, hey, this isn't
8638 part of the record or this, whatever it may be, I'm going to ask the parties to
8639 exchange their proposed findings and conclusions in case there's some objection to
8640 something that's included there.

8641 Um...

8642 I will then take two weeks to come up with a report and a recommended order for
8643 the director to review and either sign or tell me no, he doesn't like it and he wants
8644 something else. So that being said,
8645 I'm gonna reserve 2 weeks for myself.

8646 Just one other question for clarification, and I think this probably goes without
8647 saying, but I think you identified 4 topics for legal briefing. I did. We're happy to brief
8648 those, but we're not limited to those, correct?

8649 Your closing argument can go anywhere where you want it to go. The legal briefing
8650 that I want, it really isn't 4 issues. It's one issue broken down into four subparts. I was
8651 just trying to be clear based on my research and based on the...

8652 the branches of the question of responsible party under different parts of the rule, et
8653 cetera, et cetera. But I will email it to you and to Mr. Hall and Mr. Tremain. And if you
8654 have some objection to what I'm asking for, feel free to let me know what that is. But
8655 this, I feel, is the critical issue here.

8656 And I don't disagree with that at all. I'm just clarifying that we're not limited to that.
8657 As long as we address those issues. Your briefing can be part of your closing
8658 argument. It doesn't have to be the whole closing argument. Do you understand
8659 what I'm saying? I understand what you're saying. I'm just, if there's.
8660 legal issues outside the four or the whatever we just, you know, that's fair game.
8661 Yeah. You're here to do the best job for your client as you can. Understood. You do it
8662 as you see fit. I'm certainly not here to tell you how to represent your client, but this
8663 is something I feel like I need to understand fully.

8664 Mr. Hall. This is a stupid question. I acknowledge it, but I want to be sure no one has
8665 to be here at 9 A.m. Definitely. Okay. We're done. All right. I was asking that for
8666 mainly for Miss Hall's benefit. By all means. Okay. Thank you. We're done. We're off
8667 the record. Thank you.

8668

8669 ● **Pecos Hall** stopped transcription

8670