

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:

APPLICATION OF TAP ROCK OPERATING, CASE NO. 16165
LLC FOR A NONSTANDARD SPACING AND
PRORATION UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

June 28, 2018

Santa Fe, New Mexico

BEFORE: PHILLIP GOETZE, CHIEF EXAMINER
 DAVID K. BROOKS, LEGAL EXAMINER

This matter came on for hearing before the
New Mexico Oil Conservation Division, Phillip Goetze,
Chief Examiner, and David K. Brooks, Legal Examiner, on
Thursday, June 28, 2018, at the New Mexico Energy,
Minerals and Natural Resources Department, Wendell Chino
Building, 1220 South St. Francis Drive, Porter Hall,
Room 102, Santa Fe, New Mexico.

REPORTED BY: Mary C. Hankins, CCR, RPR
 New Mexico CCR #20
 Paul Baca Professional Court Reporters
 500 4th Street, Northwest, Suite 105
 Albuquerque, New Mexico 87102
 (505) 843-9241

1	INDEX	
2		PAGE
3	Case Number 16165 Called	4
4	Tap Rock Operating, LLC's Case-in-Chief:	
5	Witnesses:	
6	Erica Hixson:	
7	Direct Examination by Mr. McMillan	5
	Cross-Examination by Ms. Bradfute	13
8	Cross-Examination by Mr. Bruce	15
	Redirect Examination by Mr. McMillan	16
9	Cross-Examination by Examiner Brooks	16
	Cross-Examination by Examiner Goetze	17
10		
	Adam Smith:	
11	Direct Examination by Mr. McMillan	18
12	Cross-Examination by Examiner Goetze	25
13	Proceedings Conclude	27
14	Certificate of Court Reporter	28
15		
16	EXHIBITS OFFERED AND ADMITTED	
17	Tap Rock Operating, LLC Exhibit Numbers 1 through 6	14
18	Tap Rock Operating, LLC Exhibit Numbers 7 through 11	25
19		
20		
21		
22		
23		
24		
25		

1 (8:41 a.m.)

2 EXAMINER GOETZE: So that gets us into the
3 cases that have not been heard, and based upon previous
4 obligations and promises, I believe that Case Number
5 16165 will be the first of those to be heard.

6 Case Number 16165, application of Tap Rock
7 Operating, LLC for a nonstandard spacing and proration
8 unit and compulsory pooling, Eddy County, New Mexico.

9 Call for appearances.

10 MR. McMILLAN: Mr. Examiner, Seth McMillan,
11 Montgomery & Andrews, on behalf of Tap Rock Operating.

12 MS. ARNOLD: Dana Arnold on behalf of Tap
13 Rock Operating.

14 EXAMINER GOETZE: Any other appearances?

15 MS. BRADFUTE: Mr. Examiner, Jennifer
16 Bradfute on behalf of Cimarex.

17 MR. BRUCE: Mr. Examiner, Jim Bruce
18 representing Mewbourne Oil Company. I have no
19 witnesses.

20 MS. CALLAHAN: Candace Callahan, with
21 Beatty & Wozniak, and I'm representing Devon Energy.

22 EXAMINER GOETZE: Okay. Do we have
23 witnesses?

24 MR. McMILLAN: We do. We have two
25 witnesses today.

1 EXAMINER GOETZE: Would the witnesses
2 please stand, give your name to the court reporter and
3 she'll swear you in.

4 MS. HIXSON: Erica Hixson.

5 MR. SMITH: Adam Smith.

6 (Ms. Hixson and Mr. Smith sworn.)

7 EXAMINER GOETZE: Please proceed when you
8 are so prepared.

9 MR. McMILLAN: We would go ahead and call
10 our first witness, Erica Hixson.

11 ERICA HIXSON,
12 after having been previously sworn under oath, was
13 questioned and testified as follows:

14 DIRECT EXAMINATION

15 BY MR. McMILLAN:

16 Q. Good morning. Would you please state your full
17 name and place of residence?

18 A. Erica Hixson. I'm from Arvada, Colorado.

19 Q. By whom are you employed and in what capacity?

20 A. Tap Rock Resources as a landman.

21 Q. Have you previously testified before the
22 Division or its examiners and had your credentials
23 accepted and made a matter of record?

24 A. No.

25 Q. Please summarize your education.

1 A. Yes. I received my Bachelor's of Science in
2 Business Administration at Colorado State University. I
3 have my law degree and a Master's in Natural Resource
4 Law from the University of Denver. I started at
5 Anadarko in 2011 in the land department, and I moved to
6 Tap Rock in early 2017.

7 **Q. And that summarizes your work experience as**
8 **well. Fantastic.**

9 **Are you familiar with the application filed**
10 **in this case?**

11 A. Yes.

12 **Q. And are you familiar with the subject lands?**

13 A. Yes.

14 **Q. Wonderful.**

15 MR. McMILLAN: I would hereby tender
16 Ms. Hixson as an expert landman?

17 EXAMINER GOETZE: All right. Let's go
18 around.

19 Mr. Bruce?

20 MR. BRUCE: No objection.

21 MS. CALLAHAN: No objection.

22 EXAMINER GOETZE: You are so qualified.

23 **Q. (BY MR. McMILLAN) Ms. Hixson, would you briefly**
24 **state what Tap Rock seeks by its application?**

25 A. Yes. In this case Tap Rock seeks an order

1 approving a nonstandard spacing and proration unit
2 comprised of the north half of Section 6 and the north
3 half of Section 5, Township 23 South, Range 27 East in
4 Eddy County, New Mexico, pooling all mineral interests
5 in the Wolfcamp Formation underlying the nonstandard
6 unit. The unit will be dedicated to Applicant's
7 proposed Pliny the Elder 23S27E0605 #201H well.

8 Q. Have you prepared certain exhibits for
9 introduction in this case?

10 A. Yes.

11 Q. Let's turn to those now, if you'll turn with me
12 to Exhibit 1. Is this the tract map showing Tap Rock's
13 project area?

14 A. It is.

15 Q. Could you describe for us the status of the
16 acreage showing on Exhibit 1?

17 A. It is fee acreage.

18 Q. If you turn with me to Exhibit 2, does this
19 appear to be the C-102 for the Pliny the Elder well?

20 A. It is.

21 Q. When was the C-102 submitted?

22 A. May 1st.

23 Q. Has it been approved?

24 A. It has.

25 Q. And I note that you've included an API number,

1 as well as the pool code and pool number, correct?

2 A. Correct.

3 Q. Is the surface- and bottom-hole location shown
4 on Exhibit 2?

5 A. Yes.

6 Q. What is the pool in the Wolfcamp for the Pliny
7 the Elder?

8 A. The Purple Sage; Wolfcamp.

9 Q. And is this pool, as we understand the new
10 rules of this pool, effectively unaffected by the new
11 horizontal drilling rules?

12 A. Yes.

13 Q. Which is to say what are the setbacks for the
14 wells in this pool?

15 A. 330 feet.

16 Q. The Pliny well will be -- the first and last
17 take points will be situated within these setbacks?

18 A. Yes.

19 Q. Remind us or tell us what the primary objective
20 is for the Pliny well?

21 A. It is the Upper Wolfcamp.

22 Q. And does Tap Rock have the right to drill from
23 each tract that will be traversed by the wellbore?

24 A. We do.

25 Q. And let's turn now to Exhibit 3. Is this an

1 ownership breakdown?

2 A. It is.

3 Q. Can you describe for us Tap Rock's ownership in
4 the appropriate sections?

5 A. Yes. Tap Rock has approximately 44 percent
6 working interest.

7 Q. With respect to this exhibit, is there an
8 update that we can make on the record with respect to
9 Steed 2012 Investments LP?

10 A. Yes. They are voluntarily committed.

11 Q. Excellent. Thank you.

12 Turning now -- oh, no. How long has Tap
13 Rock owned its interests?

14 A. Tap Rock acquired this interest in July of
15 2017.

16 Q. Let's turn now to Exhibit 4. Does this appear
17 to be well-proposal letters --

18 A. Yes.

19 Q. -- that Tap Rock sent out?

20 A. Yes.

21 Q. Is this -- is the Pliny well being proposed
22 under an operating agreement?

23 A. It is.

24 Q. And is the specific form of that operating
25 agreement called out in the well-proposal letters?

1 A. Yes.

2 Q. Are you -- is Tap Rock asking the Division to
3 pool any unjoined working interests?

4 A. Yes.

5 Q. Were there any unlocatable interest owners?

6 A. No.

7 Q. Does Tap Rock seek the imposition of a 200
8 percent risk penalty against the unjoined working
9 interests?

10 A. Yes.

11 Q. Does Tap Rock also seek to be the designated
12 operator for the well?

13 A. Yes.

14 Q. In your opinion, has Tap Rock made a good-faith
15 effort to locate all interest owners and communicate
16 with them in order to obtain their voluntary
17 participation in the Pliny well?

18 A. Yes.

19 Q. Let's take a look now at Exhibit 5. Does this
20 appear to be an AFE for the Pliny well?

21 A. It is.

22 Q. Was this attached to the well-proposal letters?

23 A. Yes.

24 Q. Remind us what -- or, for the record, what is
25 the total for the completed well?

1 A. Approximately \$11,300,000.

2 Q. And has this AFE changed, or is it still valid
3 and effective?

4 A. It's still valid and effective.

5 Q. Are these costs generally in line with what's
6 being charged by other operators in the area for similar
7 wells?

8 A. Yes.

9 Q. Have you made an estimate of overhead and
10 administrative costs while drilling and producing this
11 well?

12 A. Yes.

13 Q. And what are those estimates?

14 A. 7,000 and 700.

15 Q. 7,000 per month for drilling overhead and 700
16 for producing overhead?

17 A. Correct.

18 Q. Excellent.

19 Are these costs in line with what is being
20 charged by other operators in the area?

21 A. Yes.

22 Q. And do you recommend that these drilling and
23 producing overhead rates be incorporated into the order
24 that results from this hearing?

25 A. I do.

1 Q. Does Tap Rock also request that the order to be
2 issued provide for an annual adjustment of these
3 overhead rates?

4 A. Yes.

5 Q. In your opinion as an expert landman, has Tap
6 Rock acted diligently to develop these reserves?

7 A. Yes.

8 Q. In your opinion as an expert landman, will the
9 granting Tap Rock's application be in the best interest
10 of conservation, the prevention of waste and the
11 protection of correlative rights?

12 A. Yes.

13 Q. Were Exhibits 1 through 5 prepared by you or at
14 your direction and control?

15 A. Yes.

16 MR. McMILLAN: At this time, Mr. Examiner,
17 I would tender Exhibits 1 through 5 for admission.

18 EXAMINER GOETZE: Ms. Bradfute?

19 MS. BRADFUTE: No objections.

20 EXAMINER GOETZE: Ms. Callahan?

21 MS. CALLAHAN: No objection.

22 EXAMINER GOETZE: Mr. Bruce?

23 MR. BRUCE: No objection.

24 MR. McMILLAN: And I would also at this
25 time tender for admission our Exhibit 6, which is the

1 Affidavit of Notice produced by my law firm, signed by
2 me, indicating that we served on all offset operators,
3 working interest owners and overriding royalty interest
4 owners the appropriate notice of today's hearing. Green
5 cards are attached, as is our Notice of Publication,
6 published June 1st, to a couple of folks whose addresses
7 didn't yield the green card. And, in fact, several of
8 the entities that we did notice, we received a green
9 card after publishing notice. So in any event, notice
10 is complete, and I would tender Exhibit 6 as such.

11 EXAMINER GOETZE: Ms. Bradford -- Bradfute.
12 Sorry.

13 MS. BRADFUTE: You're fine.

14 CROSS-EXAMINATION

15 BY MS. BRADFUTE:

16 Q. Good morning.

17 A. Good morning.

18 EXAMINER GOETZE: Whoa, whoa, whoa, whoa,
19 wait. Exhibit 6?

20 MS. BRADFUTE: Exhibit 6, no objection.

21 EXAMINER GOETZE: Ms. Callahan?

22 MS. CALLAHAN: No objection.

23 EXAMINER GOETZE: Mr. Bruce?

24 MR. BRUCE: No objection.

25 EXAMINER GOETZE: Exhibits 1 through 6 are

1 so entered into the record.

2 (Tap Rock Operating, LLC Exhibit Numbers 1
3 through 6 are offered and admitted into
4 evidence.)

5 EXAMINER GOETZE: Now proceed.

6 Q. (BY MS. BRADFUTE) In looking at Exhibit Number
7 3, this exhibit shows Cimarex Energy Company as an
8 uncommitted working interest. That is who Tap Rock is
9 seeking to pool, correct?

10 A. Correct.

11 Q. Could you please summarize the status of your
12 discussions with Cimarex concerning these --

13 A. Yes. Beginning in May, we began working
14 through alternative deal structures with them. We have
15 various offers out to them for assignments and term
16 assignments.

17 Q. And has Tap Rock also been entering into
18 negotiations with Mewbourne as well?

19 A. We have, yes.

20 Q. And are you aware of any potential agreement
21 that has been entered into by the parties?

22 A. Outside of a letter agreement, no.

23 Q. Okay. But there is a letter agreement that has
24 been entered into by the parties?

25 A. I don't believe it concerns Cimarex's interest

1 at all.

2 Q. Okay. And so it just pertains to Mewbourne and
3 Tap Rock?

4 A. Correct. Yeah.

5 Q. Thank you. Okay. That concludes my questions.

6 EXAMINER GOETZE: That's it?

7 Ms. Callahan?

8 MS. CALLAHAN: No questions.

9 EXAMINER GOETZE: Mr. Bruce?

10 CROSS-EXAMINATION

11 BY MR. BRUCE:

12 Q. Ms. Hixson, I don't have the exhibits, but Tap
13 Rock has entered into an agreement with Mewbourne
14 regarding a trade of certain lands; is that correct?

15 A. That's correct.

16 Q. And if that's consummated here in the next few
17 weeks, will you notify the Division so that Mewbourne
18 can be dismissed from the pooling application?

19 A. Yes.

20 Q. Thank you.

21 MR. McMILLAN: I'm sorry, Mr. Examiner. I
22 missed one question on direct, if I may just get one
23 more thing on the record. Apologies.

24 EXAMINER GOETZE: Sure.

25

1 REDIRECT EXAMINATION

2 BY MR. McMILLAN:

3 Q. Has Tap Rock arranged for a drilling rig for
4 the Pliny well?

5 A. We have.

6 Q. And where does the well fall on Tap Rock's
7 drilling schedule?

8 A. August of this year.

9 Q. August of this year.

10 As such, given that there has been a
11 continuance of this case and given that we have an
12 August drilling schedule, does the schedule necessitate
13 that Tap Rock request here an expedited order?

14 A. Yes.

15 Q. Thank you.

16 MR. McMILLAN: That's all I have.

17 EXAMINER GOETZE: I was going to ask that
18 question.

19 Mr. Brooks?

20 CROSS-EXAMINATION

21 BY EXAMINER BROOKS:

22 Q. Well, I'm a little confused about Pliny the
23 Elder and Pliny the Younger.

24 (Laughter.)

25 Q. Was Pliny the Elder killed in the eruption of

1 **Vesuvius?**

2 A. We just named this after the beer.

3 (Laughter.)

4 **Q. Well, I guess that's the only questions I have.**

5 (Laughter.)

6 **CROSS-EXAMINATION**

7 BY EXAMINER GOETZE:

8 **Q. So we confirm Tap Rock has drilling plans**
9 **scheduled for this property?**

10 A. Yes.

11 **Q. And so August is what you're looking at?**

12 A. Yes.

13 **Q. Is the rig already in the Basin?**

14 A. It is.

15 **Q. Do you have some adjacent properties that**
16 **you're trying to develop?**

17 A. We do.

18 EXAMINER GOETZE: I have no further
19 questions for this witness.

20 Thank you.

21 MR. McMILLAN: Excellent. May the witness
22 be excused?

23 EXAMINER GOETZE: She may be.

24 MR. McMILLAN: Fantastic.

25 EXAMINER GOETZE: Thank you very much.

1 MR. McMILLAN: Call our next witness, Adam
2 Smith.

3 ADAM SMITH,
4 after having been previously sworn under oath, was
5 questioned and testified as follows:

6 DIRECT EXAMINATION

7 BY MR. McMILLAN:

8 Q. Good morning, sir. Would you please --

9 A. Good morning.

10 Q. -- your full name for the record?

11 A. Adam Smith.

12 Q. Where do you reside?

13 A. Littleton, Colorado.

14 Q. By whom are you employed?

15 A. Tap Rock Resources.

16 Q. Have you previously testified before the
17 Division and had your credentials as an expert petroleum
18 engineer --

19 A. Geologist.

20 Q. -- geologist -- sorry -- accepted and made a
21 matter of record?

22 A. Yes.

23 Q. In any event -- how long ago was that?

24 A. About a month ago.

25 Q. In any event, would you briefly summarize your

1 **education for the Examiners?**

2 A. Yes. I graduated with a Bachelor of Science in
3 Geology from Northern Illinois University and then
4 stayed there and graduated with a Master's of Science in
5 Geology also from Northern Illinois University.

6 **Q. And, likewise, could you please briefly**
7 **summarize your work experience?**

8 A. Yeah. I started working for Samson Resources
9 in 2009 and then was employed by Tap Rock Resources in
10 late 2016.

11 **Q. Are you familiar with the application filed in**
12 **this case?**

13 A. Yes.

14 **Q. And are you familiar with the subject geology?**

15 A. Yes.

16 MR. McMILLAN: I would hereby tender
17 Mr. Smith as an expert petroleum geologist.

18 EXAMINER GOETZE: Ms. Bradfute?

19 MS. BRADFUTE: No objection.

20 EXAMINER GOETZE: Ms. Callahan?

21 MS. CALLAHAN: No objection.

22 EXAMINER GOETZE: Mr. Bruce.

23 MR. BRUCE: No objection.

24 EXAMINER GOETZE: He is so qualified.

25 MR. McMILLAN: Thank you.

1 Q. (BY MR. McMILLAN) When did Tap Rock first
2 commence its evaluation of this --

3 A. November of 2016.

4 Q. Have you conducted an investigation to
5 determine whether the 40-acre tracts comprising the
6 project area for the Pliny well are each prospective for
7 production?

8 A. Yes.

9 Q. What is your conclusion?

10 A. That they are.

11 Q. Will each tract contribute approximately the
12 same amount of reserves to the well in each of the
13 intervals being developed?

14 A. Yes.

15 Q. Would you please discuss with the Examiner a
16 brief overview of the geologic development area of the
17 Permian and the prospective activity in the Wolfcamp?

18 A. Yes. This area in Eddy County, New Mexico is a
19 transitional area for geology, so there are a lot of
20 siliciclastics being brought in from turbidic flows from
21 the Northwest Shelf through this area where you get some
22 sands stacked on top of each other that are filled with
23 hydrocarbons.

24 Q. Have you prepared certain exhibits for today?

25 A. Yes.

1 **Q.** Let's turn to those now. Let's start with
2 **Exhibit 7.** And I note that you have -- Exhibit 7 is a
3 **project locator map; Exhibit 8, a subsea structure map;**
4 **Exhibit 9, an isopach map; and Exhibit 10, a**
5 **stratigraphic cross section.** If you could please lead
6 **the Examiners through your exhibits, we'd appreciate it.**
7 **Thank you.**

8 **A.** Yes.

9 Starting with Exhibit 7, as we said, the
10 project locator map for the Pliny the Elder 201H well,
11 which is located in Eddy County, Township 23 South, 27
12 East, surface hole in Section 4 and drilling into
13 Section 6. That's kind of all that's in this map, the
14 project locator map.

15 So we'll move on to Exhibit 8, is a subsea
16 structure map on the top of the Wolfcamp A. This map
17 has the location of the Pliny the Elder 201H location,
18 as well as our project area location. This is a subsea
19 structure map showing a monoclinial dip down to the east,
20 and so we will be drilling this updip.

21 Also on here I have highlighted producers
22 from the Upper Wolfcamp A, including the Lower 3rd Bone
23 Spring Sand.

24 On our next exhibit, 9 --

25 **Q.** Let's pause right there. With respect to

1 **Exhibit 8, I note that under the map legend you have Tap**
2 **Rock acreage called out in the highlighted green color.**
3 **Would that -- can you help us understand where that**
4 **acreage would be should the highlighting have actually**
5 **appeared on the exhibit as it should have?**

6 A. Yes. That -- I believe that is in Section 5 --
7 both Sections 5 and 6.

8 **Q. Okay. Great.**

9 **Moving on to Exhibit 9.**

10 A. Exhibit 9 is an isopach map of gross Upper
11 Wolfcamp A, from the Wolfcamp A to the Wolfcamp B. This
12 also shows the location of Pliny the Elder 201H with the
13 project area, and it shows a subsequent location --
14 locator cross section from A to A prime. This gross
15 isopach map shows the thickness of the Upper Wolfcamp
16 going from 250 to 300 feet from the west to the east, so
17 kind of a minimal thickening through the project area,
18 again highlighting the producers -- horizontal and
19 vertical producers of Upper Wolfcamp A and 3rd Bone
20 Spring Sand.

21 And then Exhibit 10 is a stratigraphic
22 cross section, A to A prime that we previously
23 referenced hung on the top of the Wolfcamp A. There are
24 four wells on here all showing triple combo logs.

25 The first track has our gamma ray log from

1 zero to 200 API units. Colored by those API units are
2 the lower API units, being blue colors, and the higher
3 API units being darker brown colors. On that first
4 track, we also have a caliper log from 6 to 16 inches,
5 the depth track in the middle, a resistivity log in the
6 second track. It's a deep resistivity and log rhythmic
7 scale from the point to the 2,000 ohms. And our third
8 track is density and neutron logs on a -- percent
9 porosity from 30 to minus 10 percent. And all these are
10 the same log templates for each well.

11 **Q. And on Exhibit 10, have you specifically**
12 **identified the interval for your landing target?**

13 A. Yes. I have shown the Pliny 201H target in the
14 kind of boxed outline of the lateral interval targeting
15 the Wolfcamp Y Sand.

16 **Q. Is the interval continuous throughout the**
17 **project area?**

18 A. Yes.

19 **Q. Do you note any faults or discontinuities?**

20 A. No.

21 **Q. Do you observe any notable porosity differences**
22 **throughout this project area?**

23 A. No.

24 **Q. And any thickening or thinning?**

25 A. There is a thickening of the gross interval,

1 but the net interval of the Y Sand is consistent.

2 Q. Excellent.

3 Turning now to Exhibit 11, is this a
4 schematic wellbore diagram?

5 A. Yes.

6 Q. What is the prevailing pattern for the Wolfcamp
7 in this area?

8 A. It is lay-down.

9 Q. Is Tap Rock's mid-orientation consistent with
10 this prevailing development pattern?

11 A. Yes.

12 Q. Can you discuss in broad strokes Tap Rock's
13 experience drilling horizontal wells?

14 A. Yeah. The Tap Rock operating team itself has
15 experienced drilling around 300 wells in the Northern
16 Delaware Basin of New Mexico.

17 Q. And in your opinion, will granting Tap Rock's
18 application be in the interest of conservation, the
19 prevention of waste and the protection of correlative
20 rights?

21 A. Yes.

22 Q. Were Exhibits 7 through 11 prepared by you or
23 at your direction?

24 A. Yes.

25 MR. McMILLAN: I would tender Exhibits 7

1 through 11 at this time, Mr. Examiner.

2 EXAMINER GOETZE: Ms. Bradfute?

3 MS. BRADFUTE: No objection.

4 EXAMINER GOETZE: Ms. Callahan?

5 MS. CALLAHAN: No objection.

6 EXAMINER GOETZE: Mr. Bruce?

7 MR. BRUCE: No objection.

8 EXAMINER GOETZE: Exhibits 7 through 11 are
9 entered into the record.

10 (Tap Rock Operating, LLC Exhibit Numbers 7
11 through 11 are offered and admitted into
12 evidence.)

13 EXAMINER GOETZE: Ms. Bradfute?

14 MS. BRADFUTE: No questions.

15 EXAMINER GOETZE: Ms. Callahan?

16 MS. CALLAHAN: No questions.

17 EXAMINER GOETZE: Mr. Bruce?

18 MR. BRUCE: No questions.

19 EXAMINER GOETZE: Mr. Brooks?

20 EXAMINER BROOKS: No questions.

21 CROSS-EXAMINATION

22 BY EXAMINER GOETZE:

23 Q. What is the average porosity that you see?

24 A. The average porosity that we're seeing out in
25 the -- specifically to the Y Sand is around 11 to 12

1 percent.

2 Q. So you're ranging in that.

3 So your completion for this will be how
4 much? Multistep? 50?

5 A. Yeah. Well, I'm not 100 percent of the stages,
6 but we'll do a 25-pound-per-foot completion with -- I
7 can't remember the exact fluid per foot we'll put in,
8 but it will be a large completion similar to a lot of
9 the offset wells around it.

10 Q. And you've had experience -- has Tap Rock had
11 much experience with two-mile completions?

12 A. As the operating team, yes, they have.

13 Q. And then just quick a question on one of your
14 figures. What's the Wolfcamp Fat?

15 A. Sorry?

16 Q. The Wolfcamp A Fat Tire, what is that?

17 A. Oh, that is -- just below the Wolfcamp X-Y
18 Sand, there is the -- on my cross section, if you refer
19 back to Exhibit 10, below where that horizontal is is a
20 shale marker and then there is laminated sand shales and
21 carbonates right below it, and you see a resistivity
22 kind of sitting with increased resistivity, almost like
23 a pot belly, kind of, say, like a fat guy. So that's
24 why we call it the fat.

25 Q. All right. Learn something new every day.

1 A. Yes, sir.

2 **Q. No more questions. Thank you.**

3 MR. McMILLAN: We'd ask that this case be
4 taken under advisement, and, again, we would
5 respectfully request an expedited order. And I make
6 that request with all apologies.

7 EXAMINER GOETZE: All right. Every
8 attorney makes that request with apologies, but we'll
9 see what we can do.

10 With that, no witnesses for you folks?

11 So Case 16165 is taken under advisement.
12 Thank you very much.

13 MR. McMILLAN: Thank you.

14 (Case Number 16165 concludes, 9:05 a.m.)

15
16
17
18
19
20
21
22
23
24
25

1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

3

4 CERTIFICATE OF COURT REPORTER

5 I, MARY C. HANKINS, Certified Court
6 Reporter, New Mexico Certified Court Reporter No. 20,
7 and Registered Professional Reporter, do hereby certify
8 that I reported the foregoing proceedings in
9 stenographic shorthand and that the foregoing pages are
10 a true and correct transcript of those proceedings that
11 were reduced to printed form by me to the best of my
12 ability.

13 I FURTHER CERTIFY that the Reporter's
14 Record of the proceedings truly and accurately reflects
15 the exhibits, if any, offered by the respective parties.

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

20 DATED THIS 26th day of JULY 2018.

21

22

23 MARY C. HANKINS, CCR, RPR
24 Certified Court Reporter
New Mexico CCR No. 20
Date of CCR Expiration: 12/31/2018
Paul Baca Professional Court Reporters

25