

McMillan, Michael, EMNRD

From: Seth McMillan <SMcMillan@montand.com>
Sent: Wednesday, December 12, 2018 4:11 PM
To: McMillan, Michael, EMNRD; Brooks, David K, EMNRD
Cc: David Ortiz
Subject: [EXT] RE: Case No. 20085: Devon/Chiles well - supplemental materials
Attachments: Amended Affidavit of Sheldon Moos (Case No. 20085) 112018 (01075551xB76D6).pdf; Amended Affidavit of Kenton Shaw (Case No. 20085) 112018 (01075555xB76D6).pdf

Mike,

Following up here. I've discussed revising the engineering affidavit with my client.

It turns out that the Pogo Producing Company State L-922 2 well has not had any petrophysical analysis done on it. So our engineer cannot do a petrophysical log of that well.

The **closest** well to the surface hole location (SHL) for the proposed Chiles well, on which petrophysics has been done, is the BTA Grama Ridge Fed 8817 JV-P 1. That explains why our engineer had chosen the BTA well for the petrophysical log. See Amended Affidavit of Sheldon Moos, attached.

By contrast, our geologist had chosen to use the Pogo well for the type log because that well is just ~1500' north of the Chiles well SHL, and would be used for drilling the Chiles well. See Amended Affidavit of Kenton Shaw, attached. The BTA Grama Ridge well resides fully ~2 miles south of the proposed Chiles well.

So, Pogo and BTA appear to be the two wells we have to work with here. The Pogo well does not have petrophysical data, but is nearby. The BTA has petrophysical data, but it's a good distance away. What to do?

I propose that the engineering affidavit remain the same, referencing the BTA well and showing the petrophysics of that well, despite its distance. It is, after all, the closest well to the Chiles SHL with petrophysical data. As explained above, it's just not possible for the engineer to produce a petrophysical log for the Pogo well. However, our geologist would go ahead and add the BTA well to his exhibits, so as to harmonize his affidavit and the engineer's to the best of our ability. And his Second Amended Affidavit would also set forth a depth severance definition tied to the BTA well.

Would that do the trick? Please advise. Give me a call if easier to discuss by phone.

Thanks,
Seth



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From: McMillan, Michael, EMNRD [<mailto:Michael.McMillan@state.nm.us>]
Sent: Wednesday, November 28, 2018 10:24 AM
To: Seth McMillan <SMcMillan@montand.com>; Brooks, David K, EMNRD <DavidK.Brooks@state.nm.us>
Cc: David Ortiz <DOrtiz@montand.com>; Kautz, Paul, EMNRD <paul.kautz@state.nm.us>; Sharp, Karen, EMNRD <Karen.Sharp@state.nm.us>
Subject: RE: Case No. 20085: Devon/Chiles well - supplemental materials

No

The Log that the geologist used was a BTA Oil Producer Grama Ridge Federal 8817 JVP Well No. 1 API 30-025-30686.

This has to be clarified before the Division will approve pooling order.

Another idea is to use the BTA Well; instead of the Pogo Well for depth severance description

Mike

From: Seth McMillan <SMcMillan@montand.com>
Sent: Wednesday, November 28, 2018 10:19 AM
To: McMillan, Michael, EMNRD <Michael.McMillan@state.nm.us>; Brooks, David K, EMNRD <DavidK.Brooks@state.nm.us>
Cc: David Ortiz <DOrtiz@montand.com>; Kautz, Paul, EMNRD <paul.kautz@state.nm.us>; Sharp, Karen, EMNRD <Karen.Sharp@state.nm.us>
Subject: [EXT] RE: Case No. 20085: Devon/Chiles well - supplemental materials

Mike -- I thought the log attached to the Shaw affidavit showed the appropriate interval, but, in any case, I will have Kenton follow up per your request.

From: McMillan, Michael, EMNRD [<mailto:Michael.McMillan@state.nm.us>]
Sent: Wednesday, November 28, 2018 10:02 AM
To: Seth McMillan <SMcMillan@montand.com>; Brooks, David K, EMNRD <DavidK.Brooks@state.nm.us>
Cc: David Ortiz <DOrtiz@montand.com>; Kautz, Paul, EMNRD <paul.kautz@state.nm.us>; Sharp, Karen, EMNRD <Karen.Sharp@state.nm.us>
Subject: RE: Case No. 20085: Devon/Chiles well - supplemental materials

Seth:

The OCD does not have a log through the interval you described. The log is through the Morrow/ Upper Miss Section (quick look at the log-I could very easily be off on that description). API 30-025-25944

If Devon wants to use that interval, it must supply a copy of the log that contains the interval in question to the Hobbs District Office .

I included Paul Kautz and Karen Sharp in the e-mail to ensure that Devon supplies a log to them.

Mike

From: Seth McMillan <SMcMillan@montand.com>
Sent: Wednesday, November 28, 2018 9:39 AM
To: McMillan, Michael, EMNRD <Michael.McMillan@state.nm.us>; Brooks, David K, EMNRD <DavidK.Brooks@state.nm.us>
Cc: David Ortiz <DOrtiz@montand.com>
Subject: [EXT] RE: Case No. 20085: Devon/Chiles well - supplemental materials

Huzzah! Thanks for your patience. Will do.



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From: McMillan, Michael, EMNRD [<mailto:Michael.McMillan@state.nm.us>]
Sent: Wednesday, November 28, 2018 9:38 AM
To: Seth McMillan <SMcMillan@montand.com>; Brooks, David K, EMNRD <DavidK.Brooks@state.nm.us>
Cc: David Ortiz <DOrtiz@montand.com>
Subject: RE: Case No. 20085: Devon/Chiles well - supplemental materials

Yes
Send it as an affidavit so it can be placed the case file

Mike

From: Seth McMillan <SMcMillan@montand.com>
Sent: Wednesday, November 28, 2018 9:35 AM
To: McMillan, Michael, EMNRD <Michael.McMillan@state.nm.us>; Brooks, David K, EMNRD <DavidK.Brooks@state.nm.us>
Cc: David Ortiz <DOrtiz@montand.com>
Subject: [EXT] RE: Case No. 20085: Devon/Chiles well - supplemental materials

Mike,

Sorry again for the confusion and delay. Let me know if the language below does the trick. The "Pogo Producing Company State L-922 2 well" is specifically identified in our geologist's stratigraphic cross-section (third well from the left):

Applicant seeks to drill the Proposed Well to a depth sufficient to test the Third Bone Spring Sand, defined as the stratigraphic equivalent of 11,465' to 11,784' beneath Kelly Bushing elevation of 3,743 feet, as interpreted on the Gamma Ray log for the Pogo Producing Company State L-922 2 well (API No. 30-025-25944-0000) located 1,780 feet from the South line and 1,980 feet from the East line of Section 28, Township 21 South, Range 34 East, Lea County, New Mexico.

Thanks,
Seth



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From: McMillan, Michael, EMNRD [<mailto:Michael.McMillan@state.nm.us>]
Sent: Tuesday, November 27, 2018 12:41 PM
To: Seth McMillan <SMcMillan@montand.com>; Brooks, David K, EMNRD <DavidK.Brooks@state.nm.us>
Cc: David Ortiz <DOrtiz@montand.com>
Subject: RE: Case No. 20085: Devon/Chiles well - supplemental materials

Seth:
I want the description of the depth severance to be tied to an existing well nearby that if someone not familiar with the area can easily figure out.
An example from Mewbourne Cases 20092 states the depth severance as below (pay attention to the italicized portion)

Applicant seeks to drill the Proposed Well to a depth sufficient to test **the Second Bone Spring Sand, defined as the stratigraphic equivalent of 7,800 to 8,164 feet beneath Kelly Bushing elevation of 3,393 feet, as found the BHC Acoustilog for the Chisos, Ltd. State HL Well No. 1 located 660 feet from the South line and 1,980 feet from the West Line (Unit N) of Section 11, Township 19 South, Range 29 East, NMPM, Eddy County New Mexico**

From this description, a landman or engineer could easily figure the depth severance.

In your case, Apache knows exactly the vertical boundaries of the depth severance

From: Seth McMillan <SMcMillan@montand.com>
Sent: Tuesday, November 27, 2018 12:32 PM
To: McMillan, Michael, EMNRD <Michael.McMillan@state.nm.us>; Brooks, David K, EMNRD <DavidK.Brooks@state.nm.us>
Cc: David Ortiz <DOrtiz@montand.com>
Subject: [EXT] RE: Case No. 20085: Devon/Chiles well - supplemental materials

Mike – I have confirmed with Devon that the depth severance description for the Chiles 28-21 State Com 1H well (i.e., the only well proposed at this time for this HSU, and therefore the well that defines the HSU) is **from the top of the 3rd Bone Spring Sand to the top of the Wolfcamp**. To be clear, there are no variations in ownership by depth. Devon seeks to limit this new HSU to the 3rd BSS due to the existing 1-mile 2nd BSS well in Sec. 21, where Devon owns 100%. Thanks.



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From: McMillan, Michael, EMNRD [<mailto:Michael.McMillan@state.nm.us>]
Sent: Monday, November 26, 2018 3:22 PM
To: Seth McMillan <SMcMillan@montand.com>; Brooks, David K, EMNRD <DavidK.Brooks@state.nm.us>
Cc: David Ortiz <DOrtiz@montand.com>
Subject: RE: Case No. 20085: Devon/Chiles well - supplemental materials

Can you give me the depth severance description that is tied to a well for this application?

From: Seth McMillan <SMcMillan@montand.com>
Sent: Monday, November 26, 2018 3:19 PM
To: Brooks, David K, EMNRD <DavidK.Brooks@state.nm.us>; McMillan, Michael, EMNRD <Michael.McMillan@state.nm.us>
Cc: David Ortiz <DOrtiz@montand.com>
Subject: [EXT] RE: Case No. 20085: Devon/Chiles well - supplemental materials

Ask, and you shall receive! The three attached affidavits will be filed this afternoon. You can toss what I'd previously sent you this morning as Devon Exhibit 5. That ownership breakdown is now attached to the Supplemental Affidavit of Katie Dean. Thanks.



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From: Brooks, David K, EMNRD [<mailto:DavidK.Brooks@state.nm.us>]
Sent: Monday, November 26, 2018 11:46 AM
To: Seth McMillan <SMcMillan@montand.com>; McMillan, Michael, EMNRD <Michael.McMillan@state.nm.us>
Cc: David Ortiz <DOrtiz@montand.com>
Subject: RE: Case No. 20085: Devon/Chiles well - supplemental materials

A supplemental affidavit would be nice!

David Brooks

From: Seth McMillan <SMcMillan@montand.com>
Sent: Monday, November 26, 2018 11:44 AM
To: McMillan, Michael, EMNRD <Michael.McMillan@state.nm.us>; Brooks, David K, EMNRD <DavidK.Brooks@state.nm.us>
Cc: David Ortiz <DOrtiz@montand.com>
Subject: [EXT] RE: Case No. 20085: Devon/Chiles well - supplemental materials

Examiner McMillan,

Please see the attached email from Katie Dean confirming that there are no overrides in the entire Bone Spring interval. Please let me know if you would like this information in the form of a supplemental affidavit.

Thanks,
Seth



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From: McMillan, Michael, EMNRD [<mailto:Michael.McMillan@state.nm.us>]
Sent: Monday, November 26, 2018 11:06 AM
To: Seth McMillan <SMcMillan@montand.com>; Brooks, David K, EMNRD <DavidK.Brooks@state.nm.us>
Cc: David Ortiz <DOrtiz@montand.com>
Subject: RE: Case No. 20085: Devon/Chiles well - supplemental materials

What about the entire Bone Spring interval, not just the 2nd and 3^d?

From: Seth McMillan <SMcMillan@montand.com>
Sent: Monday, November 26, 2018 10:48 AM
To: McMillan, Michael, EMNRD <Michael.McMillan@state.nm.us>; Brooks, David K, EMNRD <DavidK.Brooks@state.nm.us>
Cc: David Ortiz <DOrtiz@montand.com>
Subject: [EXT] RE: Case No. 20085: Devon/Chiles well - supplemental materials

Examiner McMillan,

As reflected in Exhibit B to Katie Dean's affidavit (Devon's Exhibit 1), Devon found no overrides in the HSU.

Thanks,
Seth



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From: McMillan, Michael, EMNRD [<mailto:Michael.McMillan@state.nm.us>]
Sent: Monday, November 26, 2018 10:31 AM
To: Seth McMillan <SMcMillan@montand.com>; Brooks, David K, EMNRD <DavidK.Brooks@state.nm.us>
Cc: David Ortiz <DOrtiz@montand.com>
Subject: RE: Case No. 20085: Devon/Chiles well - supplemental materials

I am still not clear about overrides throughout the horizontal spacing unit.
Were they all notified?
Were there no overrides at all?

Mike

From: Seth McMillan <SMcMillan@montand.com>
Sent: Monday, November 26, 2018 10:17 AM
To: McMillan, Michael, EMNRD <Michael.McMillan@state.nm.us>; Brooks, David K, EMNRD <DavidK.Brooks@state.nm.us>
Cc: Murphy, Kathleen A, EMNRD <KathleenA.Murphy@state.nm.us>; David Ortiz <DOrtiz@montand.com>
Subject: [EXT] Case No. 20085: Devon/Chiles well - supplemental materials

Examiner McMillan,

Please find attached the following supplemental materials, to be filed today in Case No. 20085, per your request:

1. Devon Exhibit 5 – a visual breakdown showing WI ownership throughout Sections 21 and 28, including ownership in the existing 2BS wellbore. Please let us know if you need anything more from Devon in this regard.
2. Devon Exhibit 6 – Amended Affidavit of Geologist Kenton Shaw, showing the ssTVD of wells in the vicinity, and showing the specific locations of the wells shown in Mr. Shaw's A-A' cross-section. This affidavit is intended to replace Devon's previously-submitted Exhibit 2.
3. Devon Exhibit 7 – Amended Affidavit of Engineer Sheldon Moos, substituting the word "barrier" for the word "baffle." This change was suggested by the Examiner, but was also of course found by Mr. Moos to hold true on the geologic evidence. This affidavit is intended to replace Devon's previously-submitted Exhibit 3.

Please let me know if you need anything else in order to take this case under advisement.

Thanks,
Seth



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