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APPEARANCES

FOR APPLICANT CHEVRON U.S.A., INCORPORATED:

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1 (10:43 a.m.)

2 EXAMINER DAWSON: Moving down the list, we
3 are going to go to Case Number 16436, which is
4 application of Chevron U.S.A., Incorporated to re-open
5 Case Number 16436 to modify the vertical limits of the
6 Javelina Unit in Eddy County, New Mexico. Attorney for
7 Chevron is Earl DeBrine.

8 Mr. DeBrine, when you're ready. Do you
9 have any witnesses?

10 MR. DeBRINE: Yes, Mr. Examiner. We have
11 one witness, a landman. And if the examiner has any
12 geological questions, we also have a geologist in
13 reserve, if you'll pardon the pun.

14 (Laughter.)

15 EXAMINER DAWSON: Okay. Thank you,
16 Mr. DeBrine.

17 Can your landman and geologist be sworn in
18 at this time?

19 MR. DeBRINE: That's fine. We can do that
20 just in case.

21 (Mr. Verner and Mr. Cooper sworn.)

22 CHRISTOPHER COOPER,
23 after having been first duly sworn under oath, was
24 questioned and testified as follows:

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DIRECT EXAMINATION

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BY MR. DeBRINE:

Q. Could you please state your name for the record.

A. Christopher Cooper.

Q. Who do you work for, Mr. Cooper?

A. I work for Chevron U.S.A., Inc.

Q. What are your responsibilities for Chevron?

A. I'm a landman for Eddy County, New Mexico.

Q. Have you previously testified before the Oil Conservation Division?

A. Yes, I have.

Q. Did you testify in the original case when the Division considered the approval of the Javelina unit in October of last year?

A. Yes, I was.

Q. Were your credentials accepted and made a matter of record in that case?

A. Yes.

Q. Are you familiar with the application filed by Chevron with regard to this case?

A. Yes.

Q. Are you also familiar with the status of the lands that are included in the unit area that's the subject of this application?

1 A. Yes.

2 MR. DeBRINE: We would tender Mr. Cooper as
3 an expert in petroleum land matters.

4 EXAMINER DAWSON: The witness will be
5 admitted as an expert in petroleum land matters at this
6 time.

7 Q. **(BY MR. DeBRINE) Mr. Cooper, if you could turn
8 to Exhibit 1 and just explain what Chevron is seeking in
9 its application in this case.**

10 A. We're asking the Division to reduce the
11 vertical limitation of the Javelina exploratory unit.

12 Q. **And Exhibit 2 is the original unit that was
13 approved by the Division in its prior order in this
14 case; is that correct?**

15 A. Correct.

16 Q. **If you could turn to Exhibit 2, what provision
17 of the unit agreement defines the unitized interval, the
18 subject of the unit?**

19 A. That would be on page 4, and that would be
20 under Section 3. The original depth limitations of the
21 unit was from the top of the Bone Spring Formation,
22 defined as the stratigraphic equivalent of the top of
23 the Bone Spring Lime, to the center of the earth.

24 Q. **If you could turn to Exhibit 3, which is the
25 proposed unit agreement and explain to the examiners the**

1 **proposed change.**

2 A. The proposed change, we will keep the top of
3 the vertical limitations as the top of the Bone Spring
4 Formation of the Bone Spring Lime, but we will have the
5 depth limitation to the -- instead of the center of the
6 earth to the base of the Woodford Shale, defined as a
7 stratigraphic equivalent of a depth of 16,367 feet
8 beneath the surface as shown in the Cotton Draw Unit 65
9 well located in Section 2, Township 25 South, Range 31
10 East, Eddy County.

11 **Q. Mr. Cooper, what is the reason you're seeking**
12 **reduce the vertical limits of the unit?**

13 A. Upon title research, we found an original
14 farm-out agreement wherein Chevron's predecessors did
15 not earn to the center of the earth. They earned to a
16 depth in the middle of the Devonian-Silurian Formation
17 and Exxon, or XTO Holdings, owning below that. In
18 conversations with XTO, they were not willing to sign on
19 to the unit, so we decided to have the vertical
20 limitation end at the base of the Woodford Shale, which
21 is above the Devonian-Silurian.

22 **Q. Prior to filing this application, did you have**
23 **an opportunity to meet the BLM and the State Land Office**
24 **to discuss the proposed change?**

25 A. Yes, we did.

1 Q. Did you receive preliminary approval from the
2 BLM for the proposed modifications?

3 A. Yes, we did.

4 Q. If you could turn to Exhibit 4, please, is that
5 the letter of preliminary approval from the BLM?

6 A. Yes, it is.

7 Q. Did you also receive a letter of preliminary
8 approval from the New Mexico State Land Office?

9 A. Yes, we did.

10 Q. And is that Exhibit 5 in front of you?

11 A. Yes, it is.

12 Q. Has Chevron's development plans changed since
13 the unit was approved in this proposed change presented
14 to the regulatory agencies?

15 A. No, it has not changed. We still plan on
16 developing the Bone Spring and the Wolfcamp Formations.

17 Q. Will the proposed change result in any
18 modifications to Exhibit B, which shows the ownership
19 breakdown?

20 A. No. The ownership breakdown in Exhibit B, as
21 shown in the previous hearing, will be the same.

22 Q. Did Chevron propose notice concerning its
23 applications to all of the working interest owners and
24 overriding royalties in the tracts that comprise the
25 unit lands?

1 A. Yes, we did.

2 MR. DeBRINE: If you could turn to Exhibit
3 6, Mr. Examiner, which is my Affidavit of Notice, which
4 indicates that the notice was provided to all of the
5 working interest owners, lessees of record, the
6 regulatory agencies, the BLM and the State Land Office.
7 There were four overriding royalty owners that we got
8 undelivered letters back, and we also advertised notice
9 in the Carlsbad paper on January 16th, and notice was
10 given to all potential parties with regard to this case.

11 And with that, that concludes my
12 examination of Mr. Cooper.

13 EXAMINER DAWSON: Okay. Mr. Brooks, do you
14 have any questions?

15 EXAMINER BROOKS: No questions for this
16 witness.

17 EXAMINER DAWSON: Mr. Warnell?

18 EXAMINER WARNELL: No questions.

19 EXAMINER DAWSON: Ms. Murphy?

20 EXAMINER MURPHY: No questions.

21 EXAMINER DAWSON: I just have a few items.

22 CROSS-EXAMINATION

23 BY EXAMINER DAWSON:

24 **Q. On the -- the new unit agreement, on the -- as**
25 **depicted on the laterolog for the Sotol Federal #1, API**

1 #30-015-23459, could you have the geologist provide a
2 type log with that depth, that 8,400-foot depth marked
3 on the log, so we can put it in the case file?

4 MR. DeBRINE: Sure. We can do that.

5 THE WITNESS: And I do believe,
6 Mr. Examiner, that that was already included in the
7 original.

8 Q. (BY EXAMINER DAWSON) Oh, that's already
9 included?

10 A. Yes, sir.

11 Q. Okay. Then we won't need that then.

12 A. We'll double-checked it to make sure, and if it
13 was not included, we will make sure we get that to you.

14 Q. Okay. And the geology and the engineering
15 testimony, none of that's changed on this case?

16 A. No, sir.

17 Q. Okay. That's all the questions I have.

18 MR. DeBRINE: And I've got the exhibits
19 from the prior case, and that was included in the
20 exhibits.

21 EXAMINER DAWSON: Okay. That should be
22 fine. That's not necessary, then. We'll just disregard
23 that last request.

24 And Exhibits 1 through 6 will be admitted
25 to the file.

1 (Chevron U.S.A., Inc. Exhibit Numbers 1
2 through 6 are offered and admitted into
3 evidence.)

4 MR. DeBRINE: We would ask that they be
5 submitted.

6 EXAMINER DAWSON: They will be admitted to
7 the file.

8 MR. DeBRINE: We ask that you take the case
9 under advisement, Mr. Examiner.

10 EXAMINER DAWSON: At this time Case Number
11 16436 will be taken under advisement.

12 Thank you very much.

13 (Case Number 16436 concludes 10:51 a.m.)

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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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 7th day of March 2019.

21

22

23 MARY C. HANKINS, CCR, RPR
24 Certified Court Reporter
New Mexico CCR No. 20
Date of CCR Expiration: 12/31/2019
Paul Baca Professional Court Reporters

25