

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

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

ORIGINAL

APPLICATION OF COG OPERATING, LLC                   CASE NO. 15202  
FOR APPROVAL OF SURFACE LEASE  
COMMINGLING, EDDY COUNTY, NEW MEXICO.

APPLICATION OF COG OPERATING, LLC                   CASE NO. 15203  
FOR APPROVAL OF SURFACE LEASE  
COMMINGLING, EDDY COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS  
EXAMINER HEARING

September 18, 2014

Santa Fe, New Mexico

BEFORE: RICHARD EZEANYIM, CHIEF EXAMINER

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This matter came on for hearing before the  
New Mexico Oil Conservation Division, Richard Ezeanyim,  
Chief Examiner, on Thursday, September 18, 2014, 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.

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APPEARANCES

FOR APPLICANT COG OPERATING, LLC:  
  
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EXHIBITS OFFERED AND ADMITTED

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1 (2:25 p.m.)

2 EXAMINER EZEANYIM: On page 3, two cases  
3 will be consolidated for purposes of testimony, Case  
4 Numbers 15202, 15203. Case Number 15202, application of  
5 COG Operating, LLC for approval of surface lease  
6 commingling, Eddy County, New Mexico, and Case Number  
7 15203, application of COG Operating, LLC for approval of  
8 surface lease commingling, Eddy County, New Mexico.

9 Call for appearances.

10 MR. FELDEWERT: May it please the Examiner,  
11 Michael Feldewert, with the Santa Fe office of Holland &  
12 Hart, appearing on behalf of the Applicant in these  
13 consolidated cases, and I have two witnesses.

14 EXAMINER EZEANYIM: Any other appearances?

15 Okay. Will the witnesses please stand up  
16 and please state your name and be sworn in.

17 MR. DIRKS: Stuart Dirks.

18 MR. HENSHAW: Kevin Henshaw.

19 EXAMINER EZEANYIM: Before you continue,  
20 Counsel, these applications came in for approval, right?

21 MR. FELDEWERT: Yes, sir.

22 EXAMINER EZEANYIM: If you have reached  
23 agreement with the protestants, do we send them back to  
24 administrative process?

25 MR. FELDEWERT: Well, we have not reached

1 an agreement with this particular group of protestants.  
2 They are not here today. And under the rule, they are  
3 obligated to appeal their protest.

4 EXAMINER EZEANYIM: But they're not here?

5 MR. FELDEWERT: But they're not here.

6 And secondly, Mr. Examiner, we are changing  
7 the proposed allocation method in these two  
8 applications, so I think it is prudent to move forward  
9 with the case.

10 EXAMINER EZEANYIM: Okay. Yeah. Go ahead.

11 MR. FELDEWERT: We'll call our first  
12 witness?

13 EXAMINER EZEANYIM: Yeah. Go ahead.

14 STUART DIRKS,  
15 after having been previously sworn under oath, was  
16 questioned and testified as follows:

17 DIRECT EXAMINATION

18 BY MR. FELDEWERT:

19 Q. Would you please state your name, identify by  
20 whom you are employed and in what capacity?

21 A. My name is Stuart Dirks. I'm employed by COG  
22 Operating, LLC as a landman.

23 Q. And have you been with the company almost ten  
24 years? †

25 A. Almost ten years, yes.

1 Q. And you have previously testified before this  
2 decision and had your credentials accepted as an expert  
3 in petroleum land matters?

4 A. Yes, that's correct.

5 Q. Mr. Dirks, are you familiar with the  
6 applications that resulted in the setting of these  
7 consolidated cases?

8 A. Yes, I am.

9 Q. Are you familiar with the status of the lands  
10 in the subject area?

11 A. Yes, I am.

12 MR. FELDEWERT: I would tender Mr. Dirks as  
13 an expert in petroleum landman matters.

14 EXAMINER EZEANYIM: So qualified.

15 Q. (BY MR. FELDEWERT) Mr. Dirks, we have two  
16 consolidated cases here today. If I turn to what's been  
17 marked as COG Exhibit Number 1, does this show the wells  
18 that are the subject of the first case, 15202?

19 A. Yes.

20 Q. And what's the circumstance as shown on this  
21 plat with respect to these four wells?

22 A. This is a plat of Section 1, Township 19 South,  
23 Range 25 East in Eddy County. These four dark lines  
24 represent the wells that we wish to commingle. Our  
25 proration units are shaded in gray.

1                   This plat indicates that our Clydesdale 1H  
2 and 2H wells are dedicated to our north half-north half  
3 spacing and proration unit, and it indicates that our  
4 Clydesdale 3H and 4H wells are dedicated to our south  
5 half-north half spacing and proration unit.

6           Q.    So, essentially, then, the 1H and the 2H have  
7 common ownership?

8           A.    That is correct.

9           Q.    And the 3H and 4H have common ownership?

10          A.    That is correct.

11          Q.    But there is a divergence of interest between  
12 the two spacing units?

13          A.    That's correct.

14          Q.    Are all four of these wells producing from the  
15 same pool?

16          A.    That's correct.

17          Q.    The Penasco Draw-San Andres-Yeso pool?

18          A.    That's correct, yes.

19          Q.    And if I turn to the second page of this  
20 Exhibit Number 1, does it identify the location where  
21 you seek to commingle production?

22          A.    Yes. It shows the location of the battery at  
23 the surface location of the Clydesdale 1H well in the  
24 northeast-northeast of the section.

25          Q.    There is a little rectangle there?

1 A. Correct.

2 Q. Okay. All right. Now, if I then go to COG  
3 Exhibit Number 2, are these the wells that are involved  
4 in the second case, 15203?

5 A. That is correct.

6 Q. What's the circumstance with respect to these  
7 two wells?

8 A. This exhibit is a plat of Section 31, 18  
9 South, 26 East in Eddy County. The two wells we wish to  
10 commingle are shown in the heavy dark lines, and our  
11 proration units are shaded in. But this shows that our  
12 Falabella 7H well is dedicated to our west half-east  
13 half spacing unit, and our Falabella 8H well is  
14 dedicated to our east half-east half spacing units.

15 Q. And do we have a divergence of ownership  
16 between the two spacing units shown on here?

17 A. Yes, we do.

18 Q. Are both of these wells producing from the same  
19 pool?

20 A. Yes, they are.

21 Q. And if I look again at the second page of this  
22 exhibit, does it indicate that you intend to commingle  
23 production at the battery location at the 8H?

24 A. That is correct, in the southeast-southeast of  
25 the section.

1 Q. Okay. Now, if I then turn to what's been  
2 marked as COG Exhibit Number 3, is that the  
3 administrative application that was filed with respect  
4 to the Clydesdale wells, the four wells that are shown  
5 on Exhibit Number 1?

6 A. Yes, it is.

7 Q. And it contains -- because we have divergent  
8 ownership on the third page, it contains the C-107B?

9 A. Yes, it does.

10 Q. When this was proposed in the administrative  
11 application, what was the proposed allocation method?

12 A. Well test.

13 Q. And is the last page of this particular exhibit  
14 the cover letter that was utilized for certified mailing  
15 to the mineral owners in the affected spacing units?

16 A. Yes, it is.

17 Q. And did that notice include the royalty and the  
18 overriding royalty?

19 A. Yes, it did.

20 Q. And if I look at the second-to-the-last page of  
21 Exhibit Number 3, does this show that legal notice of  
22 this application was filed in a newspaper of general  
23 circulation in the area?

24 A. Yes.

25 Q. All right. Then if I look at COG Exhibit

1 Number 4, is that the administrative application that  
2 was filed in connection with the second group of wells,  
3 the Falabella wells?

4 A. Yes, it is.

5 Q. Now, here's my question: When I looked at  
6 Exhibit Number 4, it lists four wells, correct?

7 A. Yes, it does.

8 Q. And when I look at your Falabella plat on  
9 Exhibit Number 2, there are two wells?

10 A. Yes, that's correct.

11 Q. What's the circumstance there?

12 A. When we made this application, we included the  
13 Falabella 3H and 4H because we had plans to drill them  
14 soon. Our drilling schedule has changed, and we don't  
15 have plans in the near future to drill the 3H and the  
16 4H.

17 Q. So at this point, then, does the company just  
18 seek approval to commingle in Case Number 15203 for the  
19 Falabella 7H and the 8H?

20 A. That's correct.

21 Q. Similarly, does Exhibit Number 4, on the last  
22 page, provide the cover letter that was utilized to  
23 provide notice to all of the mineral owners?

24 A. Yes, it does.

25 Q. Did that include the royalty and overriding

1 royalty?

2 A. Yes, it did.

3 Q. And then the second-to-the-last page of Exhibit  
4 Number 4 contains the legal notice for this application?

5 A. Yes, it does.

6 Q. Now, did both of these applications draw an  
7 objection?

8 A. Yes, they did.

9 Q. If I look at COG Exhibit Number 5, is it  
10 comprised of the two e-mail notices from the Division  
11 noting the objection that was filed for the Clydesdale  
12 group of wells?

13 A. Yes, it does.

14 Q. And it was by a Michael Carter in June. And  
15 then the second page of Exhibit 5 indicates that there  
16 was a second protest filed by a Sandra Baker in July?

17 A. That is correct.

18 Q. If I then turn to COG Exhibit Number 6, that  
19 deals with the second group of wells, the Falabella  
20 wells, correct?

21 A. Yes.

22 Q. And does this reflect that the same two  
23 individuals filed an objection for the Falabella  
24 commingling request?

25 A. Yes, that's correct.

1 Q. And is that why these applications were then  
2 set for hearing?

3 A. Yes, that's correct.

4 Q. In preparation, then, for this hearing, did the  
5 company notify these objecting parties of this hearing?

6 A. Yes, that's correct.

7 Q. If I turn to COG Exhibit Number 7, is that the  
8 affidavit with attached letters providing notice of this  
9 hearing for the Clydesdale wells, Case Number 15202, to  
10 the objecting parties?

11 A. Yes, it is.

12 Q. And if I look at COG Exhibit Number 8, is that  
13 an affidavit prepared by my office providing notice by  
14 letter to these two same objecting parties for the  
15 second case, 15202, involving the Falabella wells?

16 A. Yes, that is correct.

17 Q. Did the company also then file notice of the  
18 hearing in a newspaper of general circulation in the  
19 area?

20 A. Yes, that's correct.

21 Q. Is that reflected in COG Exhibit Number 9?

22 A. Yes, it is.

23 Q. For one case, the case involving the Falabella  
24 wells, and then the second case involving -- I'm sorry.  
25 Let me step back.

1                   COG Exhibit Number 9 is the Affidavit of  
2 Publication for the Clydesdale wells?

3           A.    Correct.

4           Q.    And is it directed to the parties that the  
5 company was unable to locate?

6           A.    That is correct.  Yes, sir.

7           Q.    Directed by name?

8           A.    Yes.  Yes.

9           Q.    What efforts did the company undertake to  
10 locate those parties?

11          A.    Internet searches, phone searches,  
12 people-finding [sic] type of software, county records,  
13 probate records, obituaries.  It's an ongoing process.

14          Q.    Then if I turn to COG Exhibit Number 10, is  
15 that an Affidavit of Publication providing notice of  
16 this hearing to another set of interest owners for the  
17 Falabella wells that the company was unable to locate?

18          A.    Yes, it is.

19          Q.    It provides notice by name to these  
20 individuals?

21          A.    Yes, it does.

22          Q.    Did the company undertake similar efforts to  
23 try to locate these individuals?

24          A.    Yes, we did.

25          Q.    After filing these administrative applications

1 and receiving the objections, did the company decide to  
2 modify its proposed allocation effort for both sets of  
3 wells?

4 A. Yes, that's correct.

5 Q. And does the company have an engineer here  
6 today to discuss those changes?

7 A. Yes.

8 Q. Were COG Exhibits 1 through 10 prepared by you  
9 or compiled under your direction or supervision?

10 A. Yes.

11 MR. FELDEWERT: Mr. Examiner, I'd move the  
12 admission into evidence of COG Exhibits 1 through 10.

13 EXAMINER EZEANYIM: Exhibits 1 through 10  
14 will be admitted.

15 (COG Operating, Inc. Exhibit Numbers 1  
16 through 10 were offered and admitted into  
17 evidence.)

18 MR. FELDEWERT: That concludes my  
19 examination of this witness.

20 CROSS-EXAMINATION

21 BY EXAMINER EZEANYIM:

22 Q. Initially you performed -- to allocate  
23 production, right?

24 A. Yes, sir.

25 Q. Okay. Are you -- can you do that now? Are you

1 going to do a unit test?

2 A. The engineer will explain that, sir.

3 Q. Okay. I'm glad he's here, because you have  
4 ownership here.

5 Do you know whether these wells are new  
6 drills or old wells?

7 A. The oldest one is probably a year and a half.

8 Q. So they're basically new wells?

9 A. Reasonably -- relatively new.

10 Q. And here we can get sample production rates in  
11 these wells?

12 A. Sample production rates?

13 Q. Since they have one-and-a-half years, we can  
14 get that?

15 A. Off the top of my head, I don't know that.

16 Q. Well, I think maybe the engineer will determine  
17 that.

18 A. We did bring a reservoir engineer.

19 MR. FELDEWERT: We brought a facilities  
20 engineer.

21 EXAMINER EZEANYIM: Oh, okay. No problem.  
22 He can answer that question. You know, it's good you  
23 brought the facilities engineer or a reservoir engineer,  
24 as long as we get the information.

25 Now, who is objecting to this application?

1                   MR. FELDEWERT:  If you look at Exhibits 5  
2                   and 6, it identifies two individuals who filed  
3                   objections to both sets of applications.  It's the same  
4                   two individuals.

5                   EXAMINER EZEANYIM:  Very good.

6                   Q.       (BY EXAMINER EZEANYIM) Did you try to speak  
7                   with them to drop the objections?

8                   A.       Yes, sir, we did.

9                   Q.       And they refused to do so?

10                  A.       That's correct, sir.

11                  Q.       Okay.  Very good.  And that's why we're here.

12                               What allocation method do you want to  
13                   modify?  You want to modify the allocation method?

14                               MR. FELDEWERT:  We're modifying the well  
15                   test method.  We're changing it.  The facilities  
16                   engineer is here to discuss it.

17                               EXAMINER EZEANYIM:  Okay.  Very good.

18                               I have no further questions.  You may step  
19                   down.

20                               THE WITNESS:  Thank you.

21                               EXAMINER EZEANYIM:  Thank you.

22                                       KEVIN HENSHAW,  
23                   after having been previously sworn under oath, was  
24                   questioned and testified as follows:

25                                       DIRECT EXAMINATION

1 BY MR. FELDEWERT:

2 Q. Would you please state your name, identify by  
3 whom you're employed and in what capacity?

4 A. Kevin Henshaw, COG Operating, LLC, facilities  
5 engineer.

6 Q. And have your responsibilities included the  
7 Permian Basin?

8 A. Yes, sir.

9 Q. Mr. Henshaw, have you had an opportunity to  
10 previously testify before this Division?

11 A. No, I have not.

12 Q. Would you please provide the Examiner with your  
13 educational background?

14 A. I received a bachelor of science degree in  
15 civil engineering from Texas Tech University in 2004.  
16 After that, I was employed with a civil engineering firm  
17 for about -- approximately four years, and I've been a  
18 facility engineering working the Permian Basin for  
19 approximately six years now.

20 Q. And are you a member of any professional  
21 affiliations?

22 A. The Society of Petroleum Engineers.

23 Q. Are you familiar, Mr. Henshaw, with the  
24 commingling applications that were filed with the  
25 Division that resulted in the setting of these

1 consolidated cases for hearing?

2 A. Yes.

3 Q. And are you familiar with the surface  
4 facilities utilized for storage and allocation for  
5 production from the subject wells?

6 A. Yes.

7 MR. FELDEWERT: I'd tender Mr. Henshaw as  
8 an expert witness in petroleum facilities engineering.

9 EXAMINER EZEANYIM: So qualified.

10 Q. (BY MR. FELDEWERT) Mr. Henshaw, would you  
11 please turn to what's been marked as COG Exhibits --  
12 take a quick look at COG Exhibits 3 and 4. These are  
13 the administrative applications that were filed  
14 initially with the Division. And my question is: Are  
15 you familiar with the tank battery operation and  
16 description as provided to the Division for both sets of  
17 wells initially?

18 A. Yes, I am.

19 Q. And what did the company initially propose as  
20 the allocation method for these two sets of wells?

21 A. Initially we proposed the well-test method for  
22 these wells.

23 Q. And after receiving the objections and  
24 reviewing the issues further, has the company decided to  
25 change its allocation method?

1 A. Yes.

2 Q. And can you explain to the Division what the  
3 company's going to do now?

4 A. All right. On the Clydesdale lease, we have  
5 two sets of wells containing common ownership. We plan  
6 to produce each of those wells with the common ownership  
7 into one test separator, but by metering production from  
8 the 1H and 2H and the 3H and 4H prior to commingling  
9 into the tank battery.

10 Q. Okay. So you're no longer going to use the  
11 well test?

12 A. That's correct.

13 Q. You're to going use -- is it going to be  
14 continuously metered volumes from each area of diverse  
15 ownership?

16 A. Yes, but -- but also using the subtraction  
17 method.

18 Q. Let's explain how that's going to be  
19 accomplished for each set of wells.

20 A. Okay.

21 Q. So let's go to what's been marked as COG  
22 Exhibit Number 11. And does that diagram correspond  
23 with the four Clydesdale wells that are the subject of  
24 Case 15202?

25 A. Yes, it does.

1 Q. And if I go to the left-hand side of this  
2 particular exhibit, there are some arrows coming in  
3 about midway down.

4 A. Yes.

5 Q. And we have the 1H, 2H, 3H and 4H listed. Do  
6 you see that?

7 A. Yes.

8 Q. Going into something that's labeled "HDR."  
9 What does that mean?

10 A. That is a header.

11 Q. Can you explain to the Examiner -- well, let me  
12 step back first.

13 You were here when Mr. Dirks testified that  
14 with respect to these four wells, the 1H and the 2H have  
15 common ownership?

16 A. Yes.

17 Q. And the 3H and the 4H have common ownership?

18 A. Yes.

19 Q. And you mentioned that each of these spacing  
20 units are going to be separately metered and have its  
21 own test separator?

22 A. Yes.

23 Q. Explain to the Examiner, then, using this  
24 diagram, how that's going to be accomplished.

25 A. Okay. All wells come into the header. The 1H

1 and 2H wells are combined and produce into the line  
2 labeled "tests," and they go down to the test separator  
3 that has the 1H and 2H labeled on it.

4 EXAMINER EZEANYIM: You are on Number 11,  
5 right?

6 THE WITNESS: Yes.

7 EXAMINER EZEANYIM: Okay. Go ahead.

8 THE WITNESS: And the same thing for the 3H  
9 and the 4H. They both produce into the header, and  
10 they're both combined to produce into the test  
11 separator.

12 Q. (BY MR. FELDEWERT) So you will have one test  
13 separator dedicated to the 1H and the 2H with common  
14 ownership?

15 A. Yes.

16 Q. And then one test separator dedicated to the  
17 3H and 4H?

18 A. Yes.

19 Q. There is another line coming out of that  
20 header. Oh, I'm sorry.

21 After they go into these test separators --

22 A. Uh-huh.

23 Q. -- what happens after that? According to this  
24 diagram, what does this show?

25 A. In this diagram, it shows them both combining

1 into the production separator and going through the  
2 battery process.

3 Q. Okay. So they go into that test separator.  
4 Let's just take the 1H and the 2H test separator line.

5 A. Okay.

6 Q. We follow that test line across and get to the  
7 test separator for the 1H or the 2H. What happens after  
8 that? What do those lines tell us?

9 A. Those lines -- once they leave the metering  
10 vessel, there are three meters, one for oil, water and  
11 gas, all metering the liquids when they come out of the  
12 vessel for the combined production test -- production  
13 separator.

14 Q. Okay. And these production separators depicted  
15 on here on the left -- well, towards the left-hand side,  
16 with a circle, P-R-O-D, S-E-P underlined --

17 A. "Production," yes.

18 Q. All right. Now, there is one line that comes  
19 out of the rectangle labeled "HDR," the header?

20 A. Header.

21 Q. And it has on it -- it's called "P-R-O-D." Is  
22 that production?

23 A. Production line.

24 Q. What is the purpose of that line?

25 A. In order to get allocated production rates,

1 what we'll do is we will take one well out of test and  
2 produce it into the production test operator --  
3 production separator leaving one well in the test  
4 separate. We will take the metered volumes and subtract  
5 that from the total amount produced at the battery in  
6 order to determine that well's -- that is not being  
7 allocated percentage of the production.

8 Q. Okay. So that's the subtraction portion --

9 A. That's the subtraction portion.

10 Q. But only one well at a time --

11 A. That's correct.

12 Q. -- is flowing into that production --

13 A. Yes.

14 Q. -- line?

15 A. Yes.

16 Q. It's allowing you, therefore, to always  
17 separately meter the production from the areas of the  
18 divergent ownership?

19 A. Yes.

20 Q. If I then turn to what's been marked as COG  
21 Exhibit Number 12, is this then a description of the  
22 tank battery operation for the Clydesdale wells?

23 A. Yes, it is.

24 Q. And it's dated September 16th, 2014?

25 A. Yes.

1 Q. And with respect to what you just described  
2 about the continuous metering and the subtraction  
3 method, is that set out in paragraph one?

4 A. Yes, it is.

5 Q. Are the remaining paragraphs on here describing  
6 the meters and the fluids and the other aspects of those  
7 facilities the same as what was submitted to the  
8 Division initially?

9 A. Those sections are the same.

10 Q. Okay. All right. So the only change is to  
11 paragraph one and where you move from the well-test  
12 method to what you describe as the allocation by  
13 subtraction with continuously metered volumes?

14 A. Yes.

15 Q. Now, if I go to COG Exhibit Number 13, is this  
16 the diagram that relates, then, to the second set of  
17 wells -- Falabella wells that are the subject of Case  
18 15203?

19 A. Yes.

20 Q. And as Mr. Dirks testified, you have modified  
21 the application to only seek commingle approval for the  
22 two wells, the Falabella 7H and the 8H?

23 A. That is correct.

24 Q. And similarly, then, do you show those two  
25 wells flowing into your header on the left-hand side of

1 Exhibit Number 13?

2 A. Yes.

3 Q. And then we also see a test separator --

4 A. Yes.

5 Q. -- where the wells are flowing -- at least one  
6 or both of the wells are flowing into?

7 A. Yes.

8 Q. Can you explain how this differs at all from  
9 the Clydesdale?

10 A. It's essentially the same. This battery will  
11 only have two wells. So one well will continuously be  
12 produced into the test separator and the other well into  
13 the production separator, and that way we can determine  
14 production and allocate based on the total battery  
15 volume minus the metered volumes.

16 Q. So at least one of the two areas with divergent  
17 ownership will always be metered?

18 A. Continuously be metered, yes.

19 Q. If I turn to COG Exhibit Number 14, again, is  
20 this a revised tank battery operational description  
21 describing the new allocation method that you just  
22 explained to the Examiner?

23 A. Yes, it is.

24 Q. And similarly, is that change reflected in  
25 paragraph one of Exhibit 14?

1 A. Yes.

2 Q. And are the remaining paragraphs of this  
3 document the same as they were when you submitted this  
4 as part of your application to the Division?

5 A. Yes, they are.

6 Q. Does COG therefore request that the Division  
7 issue a order approving surface commingling under the  
8 allocation methods that are described in COG Exhibits 11  
9 through 14?

10 A. Yes.

11 Q. In your opinion, will be the proposed  
12 allocation methods that you just described result in a  
13 fair and accurate allocation of production to each of  
14 these affected spacing units?

15 A. Yes, they will.

16 Q. Were Exhibits 11 through 14 prepared by you or  
17 compiled under your direction or supervision?

18 A. Yes, they were.

19 MR. FELDEWERT: Mr. Examiner, I would move  
20 admission into evidence COG Exhibits 11 through 14.

21 EXAMINER EZEANYIM: COG's Exhibits 11  
22 through 14 will be admitted.

23 (COG Operating, Inc. Exhibit Numbers 11  
24 through 14 were offered and admitted into  
25 evidence.)

1                   MR. FELDEWERT: That concludes my  
2 examination of this witness.

3                   EXAMINER EZEANYIM: Thank you.

4                   CROSS-EXAMINATION

5 BY EXAMINER EZEANYIM:

6           Q. Well, anyway, I'm satisfied with the separation  
7 method. It's not really a well-test method.

8           A. No.

9           Q. Okay. Very good.

10                   Now, do you have a sample -- can you give  
11 me an idea of the sample production from these wells?

12           A. Sample?

13           Q. Production rates from these wells.

14           A. You know, when they first come on, they will be  
15 making 200 barrels of oil, 200 barrels of water and  
16 maybe 300 gas.

17           Q. When you say 200 barrels of oil, these are  
18 horizontal wells?

19           A. Yes. That's longer in the life.

20           Q. What?

21           A. That's kind of farther along in the well's  
22 life.

23           Q. They are new wells?

24           A. Yes. But they have declined already to  
25 levels of, roughly, 100 to 200 barrels a day.

1 Q. Are those 160s?

2 A. Yes.

3 Q. Very good.

4 But, anyway, the subtraction method would  
5 be a good method.

6 A. Yes.

7 Q. And especially if you're going to have to  
8 continue to measure those ownership.

9 A. Yes.

10 Q. And get the ownership by subtraction?

11 A. Yes, sir.

12 Q. Nothing further.

13 A. All right. Thank you.

14 Q. You may step down.

15 MR. FELDEWERT: Mr. Examiner, that  
16 concludes our presentation.

17 EXAMINER EZEANYIM: At this point Case  
18 Numbers 15202, 15203 will be taken under advisement.

19 (Case Numbers 15202 and 15203 conclude,  
20 2:50 p.m.)

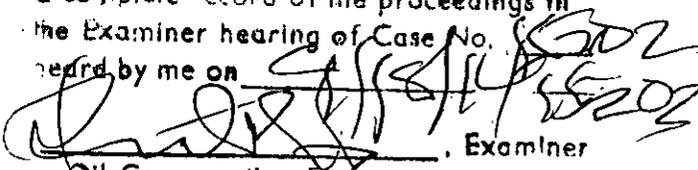
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I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 15202  
heard by me on 1/14/15  
  
Examiner  
Oil Conservation Division

1 STATE OF NEW MEXICO  
2 COUNTY OF BERNALILLO

3

4 CERTIFICATE OF COURT REPORTER

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

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

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

19

20



21

MARY C. HANKINS, CCR, RPR  
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