

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

**COPY**

APPLICATION OF EOG RESOURCES, INC  
FOR A NONSTANDARD SPACING AND PRORATION  
UNIT, COMPULSORY POOLING, AND APPROVAL  
TO SURFACE (POOL-LEASE) COMMINGLE, LEA  
COUNTY, NEW MEXICO

CASE NO 15666

Consolidated with

AMENDED APPLICATION OF EOG RESOURCES,  
INC FOR A NONSTANDARD SPACING AND  
PRORATION UNIT, APPROVAL OF AN  
UNORTHODOX WELL LOCATION, COMPULSORY  
POOLING, AND APPROVAL TO SURFACE  
(POOL-LEASE) COMMINGLE, LEA COUNTY,  
NEW MEXICO

CASE NO 15667

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

March 30, 2017

Santa Fe, New Mexico

BEFORE PHILLIP GOETZE, CHIEF EXAMINER  
WILLIAM V JONES, TECHNICAL EXAMINER  
MICHAEL McMILLAN, TECHNICAL EXAMINER  
DAVID K BROOKS, LEGAL EXAMINER

This matter came on for hearing before the  
New Mexico Oil Conservation Division, Phillip Goetze,  
Chief Examiner, William V Jones and Michael McMillan,  
Technical Examiners, and David K Brooks, Legal  
Examiner, on Thursday, March 30, 2017, 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

1 APPEARANCES

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1 (11 20 a m )

2 EXAMINER GOETZE Since we're on a roll, we  
3 shall proceed for the next two cases, Case Number 15666,  
4 application of EOG Resource, Inc for a nonstandard  
5 spacing and proration unit, and compulsory pooling, and  
6 approval to surface pool these commingling, Lea County,  
7 New Mexico

8 Call for appearances

9 MS KESSLER Mr Examiner, Jordan Kessler,  
10 from the Santa Fe office of Holland & Hart, on behalf of  
11 the Applicant

12 MR BRUCE Mr Examiner, Jim Bruce of  
13 Santa Fe, representing MRC Permian I have no  
14 witnesses

15 EXAMINER GOETZE And do you wish to  
16 combine this with Case Number 15667?

17 MS KESSLER That is correct

18 EXAMINER GOETZE Very well Then the two  
19 cases will be heard together

20 Witnesses stand, identify yourself to the  
21 court reporter and be sworn in, please

22 MS BALINE Lorraine Baline

23 MR SMITH Gavin Smith

24 GAVIN SMITH,

25 after having been first duly sworn under oath, was

1           questioned and testified as follows

2                                 DIRECT EXAMINATION

3       BY MS   KESSLER

4           **Q     Mr   Smith, please state your name for the**  
5       **record and tell the Examiners by whom you're employed**  
6       **and in what capacity?**

7           A     Gavin Smith    I'm a landman for EOG Resources

8           **Q     Have you previously testified before the**  
9       **Division?**

10          A     I have not

11          **Q     Can you please outline your educational**  
12       **background?**

13          A     I graduated from the University of Oklahoma,  
14       majored in energy management and graduated in 2013

15          **Q     What has your work history been since that**  
16       **time?**

17          A     I hired on with EOG in 2013 and worked Barnett  
18       Shale out of the Fort Worth office, and then was  
19       transferred to Midland about two years ago to work  
20       Permian

21          **Q     So you've been working in the Permian**  
22       **approximately two years?**

23          A     Yes

24          **Q     Do you have any professional certifications?**

25          A     Yes, my RPL

1 Q Registered Professional Landman?

2 A Yes

3 Q And are you a member of any professional  
4 associations?

5 A AAPL and PBLA

6 Q Are you familiar with the applications filed in  
7 this consolidated case?

8 A Yes

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

11 A Yes

12 MS KESSLER Mr Examiner, I tender  
13 Mr Smith as an expert in petroleum land matters

14 EXAMINER GOETZE Mr Bruce?

15 MR BRUCE No objection

16 EXAMINER GOETZE He's so qualified

17 Q (BY MS KESSLER) Mr Smith, please explain what  
18 EOG seeks under these two applications

19 A We seek to form two nonstandard spacing units,  
20 240 acres each We also seek to pool the interest in  
21 those units, and we also seek a nonstandard location for  
22 the 602H well

23 Q Is it the acreage description the same for each  
24 of these two wells?

25 A Yes The west half of the west half of Section

1 10 and the west half of the southwest quarter of Section  
2 3

3 Q In Township 25 South, Range 34 East in Lea  
4 County?

5 A Yes

6 Q And I understand that you're seeking to form a  
7 spacing unit in the Bone Spring and in the Wolfcamp  
8 Formation, is that correct?

9 A Correct

10 Q And you're seeking to pool the interest in each  
11 of those two formations?

12 A Yes

13 Q Has EOG requested dismissal of this portion --  
14 of the portion of the application related to  
15 commingling?

16 A Yes, we have We'll pursue that  
17 administratively

18 EXAMINER GOETZE So you are going to pull  
19 off the surface pool-lease commingle aspect of both  
20 cases?

21 MS KESSLER Of both cases

22 EXAMINER GOETZE Thank you

23 Q (BY MS KESSLER) Mr Smith, please turn to  
24 Exhibit 1 and identify this exhibit for the Examiners

25 A This is the C-102 for the Osprey 10 602H

1           Q     Do you seek to create a nonstandard 240-acre  
2 spacing unit for this well?

3           A     Yes

4           Q     You seek to pool the uncommitted interest in  
5 the Bone Spring Formation, is that correct?

6           A     Correct

7           Q     What is the AFI number -- APD -- API number?

8           A     3002543650

9           Q     Has the Division identified a pool and pool  
10 code?

11          A     Yes, Red Hills, Bone Spring, East pool

12          Q     Will this pool be subject to Division statewide  
13 rules?

14          A     Yes

15          Q     And that would be 330-foot setbacks and 40-acre  
16 spacing for oil wells?

17          A     Yes

18          Q     Is EOG also seeking a nonstandard location for  
19 the 602H well?

20          A     We are

21          Q     Why is that?

22          A     In this area, our current development plan for  
23 the 3rd Bone Spring is three wells per half section

24          Q     Is ownership in the east half of the west half  
25 identical to the proposed spacing unit?

1           A     That's correct

2           Q     And I'll direct you to Exhibit 2     Does this  
3     show the affected tracts for -- tracts affected by the  
4     nonstandard location?

5           A     Yes

6           Q     And the entire east half of the west half is  
7     identical ownership, correct?

8           A     That's correct

9           Q     And Tract 2 is operated by Energen Resources  
10    Corporation?

11          A     Yes

12          Q     Did you provide notice of this hearing to  
13    Energen?

14          A     We did

15          Q     And that notice will be reflected in a later  
16    exhibit, correct?

17          A     Yet

18          Q     Is Exhibit 3 a C-102 for the 701H?

19          A     Yes

20          Q     Do you seek to create a nonstandard spacing  
21    unit in the Wolfcamp Formation for this well?

22          A     We do

23          Q     And do you seek to pool uncommitted mineral  
24    interests in the Wolfcamp?

25          A     Yes

1 Q Has an APD been approved for this well?

2 A It has

3 Q Are each of these two wells comprised of fee  
4 acreage?

5 A Yes

6 Q And has the Division identified a pool and pool  
7 code for the 701H?

8 A Yes, Wildcat Wolfcamp, Pool Code 98116

9 Q That's reflected on the C-102?

10 A Yes

11 Q Is this pool also subject to the Division  
12 statewide rules for oil wells?

13 A It is

14 Q But this well will be at a standard location,  
15 correct?

16 A Correct

17 Q Does Exhibit 4 -- do Exhibits 4 and 5 identify  
18 uncommitted interest owners for both the 602H and the  
19 701H?

20 A Yes The interest owners are in bold

21 Q And that would be for each of the two wells?

22 A Correct

23 Q It looks like the total interest that you're  
24 seeking to pool is approximately 17 6 percent?

25 A That's correct

1 Q And that would be for both wells, correct?

2 A Yes

3 Q Are Exhibits 6 and 7 copies of well-proposal  
4 letters sent to the working interest owners for the 602H  
5 and the 701H?

6 A They are

7 Q Did you propose the wells separately?

8 A We did

9 Q So there is a separate election for each well?

10 A Yes

11 Q Did both of the well-proposal letters include  
12 an AFE?

13 A They did

14 Q Are the costs reflected on these AFEs  
15 consistent with what EOG has incurred for similar Bone  
16 Spring wells in this area?

17 A Yes

18 Q What additional efforts did you undertake to  
19 reach a voluntary agreement with the parties you're  
20 seeking to pool?

21 A After we sent the well proposals to the  
22 last-minute addresses for all the parties, we received  
23 some back, and we have since gone forward trying to  
24 reach an agreement in a JOA or trades And of the  
25 parties that we either did not receive a response from

1 or were unlocatable, we hired a broker to do additional  
2 research and got additional addresses and sent proposals  
3 to those new addresses as well

4 Q And the brokers checked county records,  
5 telephone records and did Internet searches?

6 A Yes

7 Q Have you estimated overhead and administrative  
8 costs while drilling and producing these wells?

9 A Yes 7,000 while drilling and -- 7,000 a month  
10 while drilling and 700 a month while producing

11 Q Is that in line with what EOG and other  
12 operators in the area charge for similar wells?

13 A Yes

14 Q Do you ask that the costs be incorporated in  
15 any order resulting from this hearing?

16 A We do

17 Q And that they be -- that those costs be  
18 adjusted in accordance with the COPAS accounting  
19 procedures?

20 A Yes

21 Q For any uncommitted interest owners, do you  
22 request the Division propose a 200 percent risk penalty?

23 A Yes

24 Q Did EOG identify the offset operators or  
25 lessees of record in the 40-acre tract surrounding the

1 proposed lease?

2 A We did

3 Q Is Exhibit 8 an affidavit prepared by my office  
4 with attached letters providing notice for both  
5 hearings -- both applications of the parties that you  
6 seek to pool, the offsets, and then also the request for  
7 nonstandard location?

8 A Yes

9 Q Did EOG publish notice of this hearing?

10 A We did

11 Q And is that because there were several parties  
12 that were unlocatable?

13 A Yes

14 Q You mentioned before your efforts to obtain a  
15 valid address for these parties?

16 A Yes

17 Q Are the unlocatable parties William Horvath,  
18 Sally Ann Cooper, Leatrice Warren, E B Larue, Jr ,  
19 Rochonne Brenneman, and Ferinez Phelps?

20 A Yes

21 Q And each of these affidavits of publication  
22 specifically names those parties is that correct?

23 A Yes

24 Q Were Exhibits 1 through 7 prepared by you or  
25 compiled under your direction and supervision?

1           A       Yes

2                   MS KESSLER   Mr   Examiners, I move into  
3   the record Exhibits 1 through 9, which include my two  
4   affidavits

5                   EXAMINER GOETZE   Mr   Bruce?

6                   MR BRUCE    No objection

7                   EXAMINER GOETZE   Exhibits 1 through 9 are  
8   so entered

9                   (EOG Resources Exhibit Numbers 1 through 9  
10   are offered and admitted into evidence )

11                  EXAMINER GOETZE   Mr   Bruce, any questions?

12                  MR BRUCE    One question

13                               CROSS-EXAMINATION

14   BY MR BRUCE

15           Q       Exhibits 4 and 5, Mr   Smith, am I correct that  
16   MRC Permian is not being pooled in either well?

17           A       That's correct

18                  EXAMINER GOETZE   Thank you   That's all?

19                  MR BRUCE    That's it

20                  EXAMINER GOETZE   Okay

21                               CROSS-EXAMINATION

22   BY EXAMINER GOETZE

23           Q       All right   Since we're playing with two  
24   different pools, two different formations, I'm going to  
25   need a little more clarity   The nonstandard location is

1 for the Bone Spring? And that is based upon the  
2 completed interval, or is this the -- why are we  
3 going, I mean, for an unorthodox well location? I don't  
4 see it clear here as to where I am going Why am I  
5 asking for an unorthodox --

6 MS KESSLER If you turn to Exhibit 2,  
7 Mr Examiner, you can see the approximate location of  
8 the unorthodox location The footages are listed in the  
9 application For some reason, the plat was not  
10 contained on the C-102, but it is also on the Division's  
11 Web site The version of the C-102 that has --

12 EXAMINER GOETZE You're making me go look  
13 on the Division Web site? Okay

14 MS KESSLER The version of the C-102 that  
15 has a plat did not have the pool code and API number

16 EXAMINER GOETZE So as far as completed  
17 intervals, we're conforming to both the Wolfcamp and the  
18 Bone Spring, the first take and last take?

19 MS KESSLER The first --

20 EXAMINER GOETZE Maybe that's your next  
21 witness I'll save that

22 As far as the landman, I don't have any  
23 other questions

24

25

CROSS-EXAMINATION

BY EXAMINER JONES

Q Is this B ownership all around?

A Yes

Q And the is Bone Spring NSO [sic], and so your Wolfcamp, you just try to get people to sign up? Do you have a difference of ownership between the Wolfcamp and the --

A No It's identical

Q All the way down?

A Yes, sir

Q Okay No JOA in this area?

A There is an existing JOA in Section 10 for some of the partners, and we are seeking to create a new one to include Section 3 And then for some of the ther partners, we are proposing a new JOA as well

Q Section 3 So that would be --

A The north portion

Q -- to the north?

A Yes, sir

Q What about -- what about other wells to the north of here in Section 3? Is there -- is there existing wells -- lay-down wells up there, or are there wells planned to go -- I know it's kind of a step-out question here, but we're supposed to ask these things

1           A       Sure    I'm not sure of the development farther  
2   north   Energen owns that north half of Section 3 there,  
3   and we are talking with them to work out something in  
4   the future   But as far as further development, I can't  
5   speak to that right now to the north

6           Q       **So is Energen being pooled?**

7           A       No     They do not own within the south half of  
8   3

9           Q       **Okay   But they were noticed, right, because**  
10   **they were in Tract 1?**

11          A       Because -- yes, sir, because of the  
12   nonstandard

13                   MS   KESSLER   Tract 2, Examiner Jones  
14                   EXAMINER JONES   Tract 2? That makes  
15   sense, north half of -- northwest quarter of Section 3,  
16   looks like

17          Q       **(BY EXAMINER JONES) Okay   But you don't think**  
18   **you're stranding any acreage by drilling -- proposing**  
19   **these wells?**

20          A       No, sir

21          Q       **Thanks**

22                   EXAMINER GOETZE   Okay   We're done with  
23   this witness

24                   Thank you very much

25                   Please proceed with your next witness

1 LORRAINE BALINE,  
2 after having been previously sworn under oath, was  
3 questioned and testified as follows

4 DIRECT EXAMINATION

5 BY MS KESSLER

6 Q Please state your name for the record and tell  
7 the Examiner by whom you are employed and in what  
8 capacity?

9 A My name is Lorraine Baline, and I'm a lead  
10 geologist for EOG Resources in the Midland Division

11 Q Have you previously testified before the  
12 Division?

13 A No, I have not

14 Q Can you please outline your educational  
15 background?

16 A I have a bachelor's degree in geology from  
17 Colby College in Waterville, Maine I graduated in  
18 2004 And I also have a master's degree in geology from  
19 the University of Texas at Austin I graduated in 2007

20 Q Have you worked for EOG since 2007?

21 A I have I've worked for EOG for ten years in  
22 three different divisions The Fort Worth Division, the  
23 Denver Division, and most recently, the Midland  
24 Division

25 Q Do your current responsibilities include the

1     **Permian Basin?**

2           A     Yes, they do

3           Q     **Are you a member of any professional**  
4     **associations?**

5           A     Yes     I'm a member of the Geological Society of  
6     America, the AAPG, the Rocky Mountain Association of  
7     Geologists and the West Texas Geological Society

8           Q     **Are you familiar with the two applications**  
9     **filed in this consolidated case?**

10          A     I am

11          Q     **And did you conduct a geologic study of the**  
12     **lands that are the subject of this application?**

13          A     Yes, I did

14                     MS KESSLER     Mr Examiner, I tender  
15     Ms Baline as an expert in petroleum geology

16                     EXAMINER GOETZE     Mr Bruce?

17                     MR BRUCE     No objection

18                     EXAMINER GOETZE     She is so qualified

19          Q     **(BY MS KESSLER) What is the target interval**  
20     **for each of the proposed wells?**

21          A     For the Osprey 602, it's the 3rd Bone Spring  
22     Sand, and for the Osprey 701, the Upper Wolfcamp

23          Q     **Is Exhibit 10 a structure map of the Bone**  
24     **Spring in this area?**

25          A     Yes, it is     It shows the structure of the Bone

1 Spring interval at a 100-foot contour The EOG acreage  
2 is highlighted in yellow in the center of the map, and  
3 then the two Osprey wells, the 602H and the 701H, are  
4 also highlighted on the map as well

5 Q There is an existing EOG well also on this map,  
6 is that correct?

7 A That's correct, the 601H

8 Q What do you see with respect to structure in  
9 this section?

10 A So this structure is dipping down to the  
11 southeast at about 1 degree

12 Q Do you see any faulting, pinch-outs or any  
13 other geologic impediments?

14 A No, I do not

15 Q Is Exhibit 11 a structure map of the Wolfcamp  
16 in this area?

17 A Yes, it is Again, the EOG acreage is  
18 highlighted in yellow in the center of the map The two  
19 Osprey wells, the 602H and the 701H, are highlighted  
20 The 601H is also shown on the map The contour interval  
21 for the Wolfcamp structure is also shown at 100 feet,  
22 and the dip on the Wolfcamp is also 1 degree to the  
23 southeast

24 Q There is a line of section on this exhibit,  
25 correct?

1           A       That's correct    That's a cross section from A  
2       to A prime running north to south in the Osprey area

3           Q       And you used three wells for this cross-section  
4       exhibit?

5           A       Yes, I did

6           Q       Do those wells -- are those the Bone Spring and  
7       the Wolfcamp in this area?

8           A       Yes, they do [sic]

9           Q       Let's turn to Exhibit 12    Can you identify the  
10       wells that you used for your cross-section exhibit?

11          A       Yes    So this is the cross section that's shown  
12       on the previous two maps, A to A prime running north to  
13       south    The three wells are the Page 3 Com #2, the  
14       Warren 3 #1, and the Javelina Basin Unit #2

15          Q       And you mentioned this covers both the Bone  
16       Spring and the Upper Wolfcamp, correct?

17          A       Yes    So it shows from just above the top of  
18       the 1st Bone Spring all the way down through the upper  
19       part of the Wolfcamp, showing -- including the 3rd Bone  
20       Spring interval as well

21          Q       Can you please identify your target intervals?  
22       I don't see that they're marked on this exhibit

23          A       Sure    So the target interval for the 602H  
24       would be the lower part of the 3rd Bone Spring interval  
25       As you can see, the 3rd Bone Spring top is marked in the

1 black line across all three wells That is at the --  
2 where the resistivity decreases, as you get out of the  
3 carbonates overlying the target, around about 12,000  
4 feet on all three wells So our target interval would  
5 be below that top 3rd Bone Spring Sand in the lowermost  
6 part of that interval

7 Also marked on there is the top of the  
8 Wolfcamp That is, again, across all three wells You  
9 see an increase in the resistivity at the top of the  
10 Wolfcamp marker there And our target interval for the  
11 Wolfcamp would be the underlying -- clastic packages  
12 just below the top of the Wolfcamp

13 **Q For the targets in the 3rd Bone Spring**  
14 **Formation, do you identify the target interval as being**  
15 **continuous throughout the nonstandard spacing units?**

16 A Yes, I do The thickness is very similar  
17 across all three wells in the 3rd Bone Spring Sand, and  
18 the target interval looks very similar across all three  
19 wells

20 **Q What about for your Wolfcamp targets?**

21 A Same thing The target, again, for the  
22 upper -- is the Upper Wolfcamp and the low resistivity  
23 section in about the upper 100 feet or so, and that is  
24 consistent with all these wells on the cross section

25 **Q Do you believe that this area can be**

1     efficiently and economically developed by  
2     mile-and-a-half horizontal wells?

3           A     Yes, I do

4           Q     In both the Bone Spring and the Wolfcamp?

5           A     Yes

6           Q     Do you believe that each of the proposed  
7     nonstandard units will, on average, contribute more or  
8     less equally to the production of the well?

9           A     Yes, I do

10          Q     And will the granting of each of EOG's  
11     applications be in the best interest of conservation,  
12     for the prevention of waste and the protection of  
13     correlative rights?

14          A     Yes

15          Q     Final question     With respect to the Bone  
16     Spring completed interval, the completed interval will  
17     be an unorthodox location, is that correct?

18          A     Uh-huh

19          Q     So it will be closer than 330 feet to -- I  
20     believe it's the east line of the project area, is that  
21     correct?

22          A     That's correct

23          Q     The Wolfcamp completed interval will be at an  
24     orthodox location?

25          A     That's right

1           Q     Were Exhibits 10 through 12 prepared by you or  
2     compiled under your direction and supervision?

3           A     Yes

4                   MS KESSLER   Mr   Examiners, I'd moved  
5     admission of Exhibits 10 through 12

6                   EXAMINER GOETZE   Exhibits 10 --

7                   Well, Mr   Bruce?

8                   MR BRUCE    No objection

9                   EXAMINER GOETZE   Sorry   Didn't mean to  
10    impose upon you

11                  MR BRUCE    Didn't mean to wake me up?

12                  EXAMINER GOETZE   Your client's not here  
13    Very good timing

14                  Exhibits 10 through 12 are so entered  
15                  (EOG Resources Exhibit Numbers 10 through  
16                  12 are offered and admitted into evidence )

17                  EXAMINER GOETZE   Do you want to ask  
18    questions first?

19                  EXAMINER JONES    Just quickly, because I'm  
20    not a geologist, so, you know, I promise not to ask too  
21    many questions

22                                  CROSS-EXAMINATION

23    BY EXAMINER JONES

24           Q     Did you draw the contour map that you're  
25    showing, the contour maps, or does the machine draw

1    those?  You just put in the control points and let it  
2    run?

3           A     It's both

4           Q     Both?

5           A     Uh-huh    Yeah    We have a lot of input into the  
6    contour maps, but the computer also does the contouring  
7    in an algorithm that it uses

8           Q     Okay    I noticed that you've got a little nose  
9    sticking out here in the southwest quarter of Section --  
10   the section to the south, you know    So is that why you  
11   chose these locations, or -- did you choose this  
12   location, or is this land driven?  Obviously, it's not  
13   land driven with so much complexity in the land   It  
14   must be geology driven

15          A     I would say, you know, all the -- all the  
16   disciplines have input, obviously    We have AN acreage  
17   position here, but we just try to plan the wells so they  
18   best develop the area without waste

19          Q     Okay

20          A     Uh-huh

21          Q     So there is no advantage to drilling here as to  
22   drilling around the eastern side of the section?

23          A     The plan right now is to develop the whole  
24   section, but we're just starting on the western side

25          Q     Do you already have a well there, and you want

1 to put it close to the tank battery or something?

2 A So we already have a producing well there in  
3 the 3rd Bone Spring, and we want to minimize depletion

4 Q Oh, okay

5 And this is not Wolfbone even though  
6 they're both real close together vertically, it seems  
7 like?

8 A There is a bit of vertical separation between  
9 the two

10 Q And I see Paul didn't put it in the Wolfbone,  
11 thankfully (laughter )

12 EXAMINER GOETZE Thank you

13 CROSS-EXAMINATION

14 BY EXAMINER GOETZE

15 Q So just for clarity on my part, the 601H is the  
16 Bone Spring?

17 A 3rd Bone Spring

18 Q 3rd Bone Spring?

19 A Uh-huh

20 Q Okay And we've settled that the Bone Spring  
21 is the one with the nonstandard because of its proximity  
22 to the east side of the project area?

23 A That's correct

24 MS KESSLER Just to reiterate, also,  
25 Mr Examiner, the ownership is identical for both the

1 Bone Spring and the Wolfcamp in the entire west half

2 EXAMINER GOETZE Thank you

3 Q (BY EXAMINER GOETZE) And average thickness of  
4 the pay for each of your targets for your Bone Spring  
5 and Wolfcamp are --

6 A So the 3rd Bone Spring target would be at  
7 approximately the 100 lowermost 3rd Bone Spring  
8 interval, and then the Wolfcamp target would be  
9 approximately in the upper 100 feet of the Wolfcamp

10 Q So you don't have any feeling that it's going  
11 to end up with any communication as a result of the  
12 simulation or completion of the well?

13 A No There should be enough vertical separation  
14 between the wells

15 Q And you will keep us informed if there is such  
16 a --

17 MS KESSLER Uh-huh Of course

18 EXAMINER GOETZE Of course

19 Q (BY EXAMINER GOETZE) And just one more point,  
20 looking at your Midland Map So what I'm seeing on  
21 Exhibits 10 and 11, the density of wells is fairly  
22 representative in this area? There's not much activity  
23 going on?

24 A Yeah This is the -- the verticals are  
25 controlled There are some other horizontal wells

1 primarily over to the west They are not -- one is  
2 shown just on the far side of Exhibit 10

3 Q Yeah That's fairly off, the section away?

4 A Yes Yes

5 Q But other than that, we have no existing  
6 players in the area as far as a preference north-south,  
7 east-west So this is pretty much a development play  
8 based upon what you're finding?

9 A That's right

10 EXAMINER GOETZE I have no further  
11 questions for this witness

12 MS KESSLER Thank you, Mr Examiner Ask  
13 that these cases be taken under advisement

14 EXAMINER GOETZE Very good Thank you  
15 very much

16 Case Number 15666 and Case Number 15667  
17 have been taken under advisement

18 Come on back at 1 00 It won't be your  
19 show It will be mostly compliance, and then Black  
20 Mountain will be after that

21 (Case Numbers 15666 and 15667 conclude,  
22 11 47 a m )

23 (Lunch Recess, 11 47 a m to 1 11 p m )  
24 p m )

25

1 STATE OF NEW MEXICO  
2 COUNTY OF BERNALILLO

3

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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  
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11 were reduced to printed form by me to the best of my  
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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  
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18 attorneys in this case and that I have no interest in  
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