

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 OXY USA, INC. FOR APPROVAL OF THE MESA VERDE UNIT,
CONTRACTION OF THE PURPLE SAGE-WOLFCAMP GAS POOL, AND
CREATION OF A WOLFCAMP OIL POOL, LEA AND EDDY COUNTIES, NEW MEXICO. CASE NO. 15797

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

August 17, 2017

Santa Fe, New Mexico

BEFORE: MICHAEL McMILLAN, CHIEF EXAMINER
SCOTT DAWSON, TECHNICAL EXAMINER
DAVID K. BROOKS, LEGAL EXAMINER

This matter came on for hearing before the New Mexico Oil Conservation Division, Michael McMillan, Chief Examiner, Scott Dawson, Technical Examiner, and David K. Brooks, Legal Examiner, on Thursday, August 17, 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.

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1 (10:08 a.m.)

2 EXAMINER McMILLAN: I'd like to call Case
3 Number 15797, application of OXY USA, Incorporated for
4 approval of the Mesaverde Unit, contraction of the
5 Purple Sage-Wolfcamp Gas Pool, and creation of a
6 Wolfcamp Oil Pool, Lea and Eddy Counties, New Mexico.

7 Call for appearances.

8 MR. FELDEWERT: May it please the Examiner,
9 Michael Feldewert, with the Santa Fe office of Holland &
10 Hart, appearing on behalf of the Applicant, two
11 witnesses here.

12 EXAMINER McMILLAN: Before we go any
13 further, these are separate cases? They're not being
14 combined, right?

15 MR. FELDEWERT: Correct.

16 EXAMINER McMILLAN: Okay. Thank you.

17 MR. FELDEWERT: And I do have two
18 witnesses.

19 EXAMINER McMILLAN: If the witnesses would
20 please stand up and be sworn at this time.

21 Thank you.

22 (Ms. Rojas and Ms. Ulinicy sworn.)

23 MR. FELDEWERT: With your permission, I'll
24 call our first witness.

25 EXAMINER McMILLAN: Please proceed.

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STACY ROJAS,

after having been first duly sworn under oath, was questioned and testified as follows:

DIRECT EXAMINATION

BY MR. FELDEWERT:

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

A. Stacy Rojas. I work for Occidental Petroleum Corporation, and I'm a land negotiator.

Q. For the record, OXY USA, Inc., the Applicant, is the subsidiary of Occidental Petroleum Corporation, correct?

A. Yes.

Q. Have you previously testified before this Division?

A. I have not.

Q. Would you please provide your educational background?

A. I graduated in May of 1986 from Louisiana State University with a Bachelor of Science degree in petroleum land management. I have a master's degree, also, from Texas Tech University in physical therapy.

Q. Now, since your Bachelor of Science degree in petroleum land management in 1986, what's been your work history?

1 A. I have over 20 years' work experience. I
2 worked for Shell Oil Company for nine years. I worked
3 for Anadarko Corporation for six years, and I've worked
4 the last three years for Occidental.

5 **Q. And have your responsibilities throughout this**
6 **period of time included the Permian Basin both in Texas**
7 **and New Mexico?**

8 A. Yes, sir, they did.

9 **Q. Are you a member of any professional**
10 **associations or affiliations?**

11 A. American Association of Professional Landmen,
12 AAPL.

13 **Q. How long have you been a member of that**
14 **organization?**

15 A. About five years.

16 **Q. Okay. And are you familiar with the**
17 **application that's been filed in this case and the lands**
18 **that are the subject of this application?**

19 A. Yes, sir, I am.

20 MR. FELDEWERT: I would tender Ms. Rojas as
21 an expert witness in petroleum land matters.

22 EXAMINER McMILLAN: So qualified.

23 **Q. (BY MR. FELDEWERT) Would you please turn -- or**
24 **let me step back here first.**

25 **Briefly, what does the company seek under**

1 **this application?**

2 A. We're seeking approval of our Mesa Verde
3 Resource Development Unit as to the Wolfcamp Formation.

4 **Q. And how many acres is it?**

5 A. It's about 3,461 acres.

6 **Q. Is it federal and state land?**

7 A. Yes, sir, it is.

8 **Q. There is also a request in here about dealing
9 with the pools that are involved with this unit as well?**

10 A. Yes, sir.

11 **Q. Okay. And is the company seeking to contract
12 the current Wolfcamp Pool in favor of allowing an oil
13 pool to cover the entire area?**

14 A. Yes, sir, we are.

15 **Q. Okay. We'll get into that in a minute.**

16 Let's turn to the unit agreement first. If
17 I turn to OXY Exhibit Number 1, is this a full and
18 complete copy of the proposed unit agreement?

19 A. Yes, sir, it is.

20 **Q. It has Exhibits A, B and C to it as well?**

21 A. Yes, sir.

22 **Q. Does this agreement follow the BLM's form for a
23 resource development unit?**

24 A. Yes, sir, it does.

25 **Q. And in this particular case, does it apply to**

1 horizontal wells?

2 A. Yes, sir.

3 Q. And does it apply to future vertical wells?

4 A. Yes, sir, it will.

5 Q. But existing vertical wells are excluded?

6 A. Yes, sir, they will be.

7 Q. And under this form, does it treat the entire
8 unit area as a single participating area?

9 A. Yes, it does.

10 Q. Now, if I turn to Exhibit A, which is after
11 page 15 in this exhibit -- so I'm on page 16 of Exhibit
12 Number 1 -- does this provide the Examiners with an
13 outline of the unit area?

14 A. Yes, it does.

15 Q. Okay. And it identifies how much federal lands
16 are involved and how much state lands are involved,
17 correct?

18 A. Yes, it does.

19 Q. And there are numbers one through seven on
20 here?

21 A. Yes.

22 Q. There are seven leases?

23 A. Yes, sir.

24 Q. If I turn to the next page, this is Exhibit B
25 to the unit agreement. Does that provide the ownership

1 breakdown for each of these seven leases?

2 A. Yes, it does.

3 Q. Am I correct that OXY owns 100 percent of five
4 of the seven leases involved?

5 A. That's correct.

6 Q. With respect to the other two leases, how many
7 working interest owners are involved?

8 A. There are three others.

9 Q. Okay. And for all seven of these leases, are
10 they currently held by production?

11 A. Yes, they are.

12 Q. If I then go to the last page of this Exhibit
13 Number 1, does this contain a type log which is Exhibit
14 C to the unit agreement that identifies the Wolfcamp
15 Formation being unitized?

16 A. Yes, it does.

17 Q. Now, did the company discuss and meet with the
18 BLM, Carlsbad Office, about your proposed development
19 plan in this unit?

20 A. Yes, they did.

21 Q. If I turn to what's been marked as Exhibit
22 Number 2, is this the development plan that was provided
23 to the BLM?

24 A. Yes, sir, it is.

25 Q. Okay. And if I look at Exhibit Number 3, is

1 this the BLM's approval letter for this unit?

2 A. Yes, it is.

3 Q. And if I look at the second page of this
4 exhibit, does it identify the location of the initial
5 obligation well?

6 A. Yes, sir, it does.

7 Q. Over in Section 17, right?

8 A. Yes.

9 Q. When does the company plan to drill this
10 obligation well?

11 A. We have that on our rig schedule for a February
12 spud of 2018.

13 Q. Okay. Now, in addition to visiting with the
14 BLM, did the company likewise meet with the New Mexico
15 State Land Office to discuss this development plan and
16 this unit?

17 A. Yes, we have.

18 Q. And if I turn to what's been marked as Exhibit
19 Number 4, is that the preliminary approval from the
20 State Land Office?

21 A. Yes, sir, it is.

22 Q. Now, what is the status of the approval by the
23 remaining three working interest owners in those two
24 leases in this voluntary unit?

25 A. We've provided the unit operating agreement to

1 them, and we're negotiating with them, and they've
2 indicated they will join with us. They will sign.

3 **Q. They will sign the unit agreement?**

4 A. Yes, sir.

5 **Q. Okay. And I noticed, in going through Exhibit**
6 **Number B, that there are certain overriding royalty**
7 **interest owners in some of those leases?**

8 A. Yes.

9 **Q. How will the company -- what has the company**
10 **done with the overriding royalty interest owners, and**
11 **how do you intend to treat them?**

12 A. So they've been provided with a unit agreement,
13 and any overriding royalty interest owner that doesn't
14 sign, provide their joinder to the agreement, will be
15 paid on a lease basis as to the spacing unit for each
16 individual well. So they won't be paid based on a unit
17 basis.

18 **Q. Okay. So they will only be paid based on a**
19 **unit basis if they sign the unit agreement?**

20 A. Correct. That's correct.

21 **Q. Okay. Now I want to turn to this request to**
22 **deal with the pools that are involved -- Wolfbone pools**
23 **involved in this proposed unit. Is it your**
24 **understanding that the Purple Sage; Wolfcamp Gas Pool**
25 **covers a portion of this unit?**

1 A. It does, yes.

2 MR. FELDEWERT: And that, for the record, I
3 believe, Mr. Examiner, would be the portion of the unit
4 in Eddy County. So if you look at Exhibit Number -- at
5 the unit outline, it would be the portion that covers
6 Eddy County, and then it has a one-mile buffer. So I
7 guess -- I suppose it extends into Lea County.

8 THE WITNESS: Yes.

9 Q. (BY MR. FELDEWERT) With that said, Ms. Rojas,
10 does the company expect oil or gas production?

11 A. Oil.

12 Q. And are you aware that any expansion of the
13 Purple Sage; Wolfbone Gas Pool in Lea County will
14 require evidence of a gas reservoir within the expanded
15 lands?

16 A. Sure. Yes.

17 Q. And I know we have a geologist coming to the
18 stand, but does the company expect or do they see
19 evidence of a gas reservoir in the Wolfcamp Formation
20 underlying this unit area?

21 A. No, sir, we don't.

22 Q. Is that why OXY, therefore, requested that the
23 Purple Sage; Wolfcamp Gas Pool be contracted outside of
24 the unit area?

25 A. Yes. Yes, it is.

1 Q. And if that's done, will that allow the
2 production from this unit to be reported to a single
3 Wolfcamp wildcat oil pool?

4 A. Yes.

5 Q. All right. Did OXY provide notice of this
6 request to contract the Purple Sage Gas Pool to all the
7 operators in the Purple Sage Gas Pool?

8 A. Yes, we have.

9 Q. And any operators within one mile of that pool
10 that was not already assigned to another pool?

11 A. Yes, we did.

12 Q. And likewise, if I turn back to Exhibit Number
13 1 and I take a look at that unit outline, which is on
14 the 16th page of this exhibit, I see that if I look at
15 Section 7, there is an acreage in that section that is
16 not included in the unit?

17 A. Yes, sir. That's correct.

18 Q. And if I look at Sections 9 and 16 there to the
19 east, half of those sections are included and half of
20 them are not included, right?

21 A. Yes, sir.

22 Q. Pursuant to the Division's request, does OXY
23 provide notice to the owners of the acreage within these
24 sections that are excluded from the unit area?

25 A. Yes, we did.

1 Q. And if I turn to what's been marked as OXY
2 Exhibit Number 5, is this an affidavit with an attached
3 letter from my office providing notice of this
4 application and hearing to all the parties we've just
5 discussed?

6 A. Yes, it is.

7 Q. And if I turn to OXY Exhibit Number 6, does
8 this contain an Affidavit of Publication in a local
9 newspaper in Lea County and then a local newspaper in
10 Eddy County providing notice of this hearing to the
11 public?

12 A. Yes, it does.

13 Q. And indeed it identifies the individuals
14 involved by name as well, correct?

15 A. Correct.

16 Q. Individuals or companies?

17 A. (Indicating.)

18 Q. Were OXY Exhibits 1 through 4 prepared by you
19 or compiled under your direction and supervision?

20 A. Yes, sir, they were.

21 MR. FELDEWERT: Mr. Examiner, I'd move
22 admission into evidence of OXY Exhibits 1 through 6,
23 which include the notice affidavits.

24 EXAMINER McMILLAN: Exhibits 1 through 6
25 may now be accepted as part of the record.

1 (OXY USA, Inc. Exhibit Numbers 1 through 6
2 are offered and admitted into evidence.)

3 MR. FELDEWERT: And that concludes my
4 examination of this witness.

5 CROSS-EXAMINATION

6 BY EXAMINER McMILLAN:

7 Q. This thing starts out as a PA, right, and it's
8 formation specific, right?

9 A. Yes.

10 MR. FELDEWERT: Yes, sir.

11 Q. (BY EXAMINER McMILLAN) Okay. And it creates --
12 Okay. So there is a five-year development
13 plan?

14 A. Yes, sir.

15 Q. And it -- and does it contract after that
16 time -- if it's not fully developed, does the -- does
17 that acreage become removed from the unit?

18 A. Yes, sir.

19 Q. So you're saying there is a contraction clause
20 in there?

21 A. Yes, sir. Let me see what provision that is in
22 here.

23 EXAMINER McMILLAN: Go ahead, Scott.

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CROSS-EXAMINATION

BY EXAMINER DAWSON:

Q. The question about the overriding royalty interest owners and they'll be paid on a lease basis --

A. Yes, sir.

Q. -- is that in the unit agreement?

A. That's something that we're going to work out with them individually. We already have one of the overriding royalty interest owners who said they wouldn't provide their joinder, so we will work that out with them separately. We'll make sure internally that they're not going to be reduced. So we've already talked to them already.

Q. And that was discussed with the BLM and the Land Office --

A. Yes, sir.

Q. -- and they were okay with it?

A. Yes, sir. I believe they're the ones who specifically asked us to do that.

Q. Okay.

CROSS-EXAMINATION

BY EXAMINER BROOKS:

Q. There would be no power or authority of anybody to compel them to join if they don't choose to join because it would not be a unit compulsory pooled under

1 state law, and federal only have authority over their
2 lessees. So I assume, then, that the cost of paying the
3 lessees would come from OXY --

4 A. Yes, sir. Our NRI will take a hit for that.
5 That's correct.

6 Q. You're not authorized -- to get a unit
7 agreement by more than what the overriding owners would
8 be entitled to join the unit?

9 A. That's correct.

10 Q. Okay. Thank you.

11 RE CROSS EXAMINATION

12 BY EXAMINER DAWSON:

13 Q. You didn't -- where was the contraction
14 clause --

15 A. On that provision?

16 MR. FELDEWERT: It's one of those new
17 forms, but I don't know how to read it, so I don't
18 know -- the form is what the form is.

19 THE WITNESS: It does talk about that
20 specifically because that's something they wanted us to
21 put in here.

22 MR. FELDEWERT: We have no control over the
23 form.

24 THE WITNESS: But it is in here. It talks
25 about the -- after the period, any acreage that's not

1 drilled will fall out. I think it is in E, sir, on page
2 4, where it starts off "each lease in the unit area not
3 fully developed within five years, then undeveloped
4 acreage shall be eliminated automatically from this unit
5 agreement."

6 MR. FELDEWERT: There you go.

7 Q. (BY EXAMINER DAWSON) That's correct, last
8 sentence, first paragraph of E, roughly.

9 A. Yes, sir.

10 Q. Yeah. That's what I was looking for.

11 That's all the questions I have. Thank
12 you.

13 EXAMINER McMILLAN: Thank you very much.

14 MR. FELDEWERT: We'll call our next
15 witness.

16 EXAMINER McMILLAN: Please proceed.

17 AMANDA J. ULINCY,

18 after having been previously sworn under oath, was
19 questioned and testified as follows:

20 DIRECT EXAMINATION

21 BY MR. FELDEWERT:

22 Q. Please state your full name, identify by whom
23 you're employed and in what capacity.

24 A. Yes. My name is Amanda Ulinicy. I work for OXY
25 Petroleum Corporation, and I'm a senior geologist.

1 **Q. Ms. Ulincoy, have you previously testified**
2 **before the Division?**

3 A. I have not.

4 **Q. Would you outline your educational background?**

5 A. Yes. I have a Bachelor's of Science degree and
6 a Master's of Science degree, both in geology and both
7 from Texas A & M University.

8 **Q. When did you get your master's?**

9 A. 2016.

10 **Q. How long have you been employed with OXY?**

11 A. I've been employed with OXY for five years.

12 **Q. So you obtained your master's while employed**
13 **with OXY?**

14 A. That's correct.

15 **Q. Have your responsibilities throughout that**
16 **five-year period included the Permian Basin of Texas and**
17 **New Mexico?**

18 A. Yes.

19 **Q. Are you a member of any professional**
20 **associations or affiliations?**

21 A. I'm a member of AAPG.

22 **Q. How long?**

23 A. Ten years.

24 **Q. Are you familiar with the application that's**
25 **been filed in this case?**

1 A. I am.

2 **Q. And have you conducted a geologic study of the**
3 **lands that are the subject of this application?**

4 A. Yes, I have.

5 MR. FELDEWERT: I would tender
6 Ms. Uliny --

7 Did I say that right?

8 THE WITNESS: Yes.

9 MR. FELDEWERT: -- as an expert in
10 petroleum land matters.

11 EXAMINER McMILLAN: So qualified.

12 **Q. (BY MR. FELDEWERT) Would you turn to --**

13 EXAMINER McMILLAN: Okay. Hold on.

14 Geology. You said landman. Let's be clear about that.

15 MR. FELDEWERT: Oh, shoot.

16 EXAMINER DAWSON: She may be qualified in
17 that, too.

18 EXAMINER McMILLAN: She's qualified as a
19 geological --

20 **Q. (BY MR. FELDEWERT) We've looked at the type log**
21 **that is Exhibit C to the unit agreement?**

22 A. Yes.

23 **Q. Are you familiar with that type log?**

24 A. Yes.

25 **Q. And it identifies the Wolfcamp interval as**

1 being unitized?

2 A. Yes.

3 Q. Is that the last page of Exhibit Number 1?

4 A. Yes. That's correct.

5 Q. In your opinion, does this Wolfcamp interval
6 extend across the acreage that OXY seeks to include
7 within the unit?

8 A. Yes, it does.

9 Q. And have you created exhibits to support this
10 conclusion?

11 A. I have.

12 Q. First off, if I turn to what's been marked as
13 OXY Exhibit Number 7, is this a structure map that you
14 created to orient us?

15 A. Yes.

16 Q. And does it provide an outline of the unit in
17 red?

18 A. It does.

19 Q. What's the significance of the big star right
20 there in the middle?

21 A. That indicates the location of the type log
22 from Exhibit C.

23 Q. So if I look at this exhibit, it incorrectly
24 labeled that type log as Exhibit D?

25 A. That's correct.

1 Q. But it should be C?

2 A. It should be C.

3 Q. With respect to the other three data points
4 that you utilized on here, how and why did you choose
5 those data points?

6 A. Those data points were chosen based on
7 available log data that covered the interval of interest
8 that was sufficient for geological modeling and
9 interpretation in this area.

10 Q. And in your expert opinion, are those logs
11 representative of the geology in this area?

12 A. Yes.

13 Q. Okay. And what did you observe first about the
14 structure as you move across this unit?

15 A. The structure across this unit is relatively
16 flat with a slight dipping into the Basin to the east.

17 Q. Are there any faults or pinch-outs or any
18 geologic impediments that would prevent this acreage
19 from being efficiently developed under a unit plan?

20 A. No, sir, there are not.

21 Q. Did you then utilize these type logs to develop
22 a cross section?

23 A. Yes.

24 Q. If I look at OXY Exhibit Number 8, is that the
25 type log that corresponds with the data points shown on

1 **Exhibit Number 7?**

2 A. Yes, it is.

3 Q. Okay. In fact, the third well from the left is
4 the type log referenced in the unit agreement, correct?

5 A. Yes, it is.

6 Q. All right. How did you identify the unitized
7 interval in this exhibit, for the record?

8 A. It's identified using the top of the Wolfcamp,
9 which is indicated on the left side of this cross
10 section, and the base of the Wolfcamp Formation, which
11 is the top of the Pennsylvanian, which is located on the
12 left side of the cross section.

13 Q. That would be the red lines going across this
14 exhibit?

15 A. That's correct.

16 Q. What do you observe about this unitized
17 interval as you move across -- use -- under -- using
18 this cross section?

19 A. That the interval is present across the entire
20 unit and is relatively consistent.

21 Q. Does the company expect oil and gas production?

22 A. We expect oil production from this.

23 Q. Do you see any evidence of a gas reservoir
24 within the Wolfcamp Formation under the unitized area?

25 A. No.

1 Q. Do you concur, under your expert opinion, that
2 the Purple Sage; Wolfcamp Gas Pool, therefore, should be
3 contracted out of the unit area in favor of a wildcat
4 Wolfcamp Oil Pool?

5 A. Yes, sir.

6 Q. In your opinion, can this unitized interval be
7 efficiently and effectively developed under a common
8 development?

9 A. Yes.

10 Q. Will approval of this application be in the
11 best interest of conservation, the prevention of waste
12 and the protection of correlative rights?

13 A. Yes.

14 Q. Were OXY Exhibits 7 and 8 prepared by you or
15 under your direction and supervision?

16 A. Yes, they were.

17 MR. FELDEWERT: Mr. Examiner, I'd move the
18 admission into evidence of OXY Exhibits 7 and 8.

19 EXAMINER McMILLAN: Exhibits 7 and 8 may
20 now be accepted as part of the record.

21 (OXY USA, Inc. Exhibit Numbers 7 and 8 are
22 offered and admitted into evidence.)

23 MR. FELDEWERT: That concludes my
24 examination of this witness.

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CROSS-EXAMINATION

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BY EXAMINER McMILLAN:

Q. Okay. The first question I have -- we'll just start with Exhibit 8. Where do you think the target interval is?

A. We believe that there are multiple zones within this formation that may be prospective.

Q. Are they all equal quality reservoir?

A. No.

Q. Then what would be the primary?

A. The primary interval of interest will be near the top of the Wolfcamp. So if you look at the type log in the Jack Tank, that will be around 12,100 feet.

Q. Okay. You said this is an oil reservoir, yet part of the basis for the Purple Sage was -- this is actually a retrograde condensate in the high API gravities. What do you expect in API gravity?

A. I don't know the answer to that, but I do know that OXY has drilled wells in this interval and to the west of this field less than five miles, and we've produced oil from the Wolfcamp, not condensate.

Q. Okay. Well, it -- find out the API gravity of it.

A. Okay.

MR. FELDEWERT: Of what?

1 EXAMINER McMILLAN: I mean just the closest
2 well in the Wolfcamp.

3 MR. FELDEWERT: Okay.

4 Do we have data?

5 THE WITNESS: Yes. We'll have the data on
6 that. I could quote a number, but it wouldn't be
7 accurate.

8 Q. (BY EXAMINER McMILLAN) Yeah. That's fine. All
9 you need to do is a run check.

10 A. Uh-huh.

11 EXAMINER McMILLAN: And by the way, I'm
12 impressed that you said your area is west of Malaga in
13 your application.

14 MR. FELDEWERT: Did I say that?

15 EXAMINER McMILLAN: Yeah. So I was
16 wondering if Malaga is next to Eunice.

17 MR. FELDEWERT: I'm going to punt that
18 question.

19 EXAMINER McMILLAN: I just saw that
20 (laughter), the last statement.

21 Go ahead, Scott.

22 CROSS-EXAMINATION

23 BY EXAMINER DAWSON:

24 Q. Ulinco; is that right?

25 A. Ulinco.

1 Q. Ms. Ulinicy, how you doing today?

2 A. I'm doing well. Thank you.

3 Q. In looking at your cross section and you said
4 that the proposed producing interval's around 12,100?

5 A. Yes, in that particular type log.

6 Q. So that would be roughly -- correlate to the
7 gamma ray, would kick on the top log around that
8 12,100-foot interval?

9 A. Yes.

10 Q. So it's probably maybe 40 to 50 feet thick
11 there?

12 A. Yes. That's correct.

13 Q. And you will perforate other zones within the
14 Wolfcamp area, right?

15 A. That is our intention. Yes.

16 Q. Are any of those other wells that are on your
17 cross section, do those produce from the Wolfcamp?

18 A. They do not.

19 Q. So when you went to the BLM and to the Land
20 Office, you provided them with pretty much the structure
21 map and the cross section? That's all you supplied to
22 them?

23 A. That's all we provided them. Correct.

24 Q. They were fine with that?

25 A. Yes, sir.

1 **Q. That's all the questions I have. Thank you.**

2 EXAMINER BROOKS: No questions.

3 EXAMINER McMILLAN: I've actually got a
4 question for the land person.

5 Thanks.

6 MR. FELDEWERT: We'll recall Ms. Rojas.

7 STACY ROJAS,

8 after having been previously sworn under oath, was
9 recalled, questioned and testified as follows:

10 CROSS-EXAMINATION

11 BY EXAMINER McMILLAN:

12 **Q. So you notified -- I just want to make sure.**
13 **You notify all the royalty and override royalty interest**
14 **owners?**

15 A. Yes, sir.

16 MR. FELDEWERT: Well, hold on.

17 EXAMINER McMILLAN: In the proposed unit?

18 MR. FELDEWERT: We do not notify the
19 overriding royalty interest owners because they're not
20 going to -- it's a voluntary unit, so they're only going
21 to be affected if they join the unit.

22 EXAMINER McMILLAN: So for clarity
23 purposes, the working interests and royalty interests
24 were notified?

25 MR. FELDEWERT: The royalty would be the

1 BLM and the State Land Office, and then you have the
2 four working interest owner parties. Yes.

3 EXAMINER BROOKS: And you also notified --
4 I believe you testified specifically to all of the
5 people -- all of the operators in the Purple Sage;
6 Wolfcamp Gas Pool and in the one-mile area around it.

7 MR. FELDEWERT: If they were not otherwise
8 in another pool.

9 EXAMINER BROOKS: Yeah, of course.

10 MR. FELDEWERT: Yes.

11 EXAMINER BROOKS: And not a Wolfcamp Pool?

12 MR. FELDEWERT: Yes.

13 EXAMINER BROOKS: That would be correct.

14 Thank you.

15 EXAMINER McMILLAN: Thank you very much.

16 THE WITNESS: Okay.

17 EXAMINER McMILLAN: With that in mind, Case
18 Number 15797 shall be taken under advisement.

19 (Case Number 15797 concludes, 10:36 a.m.)
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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.

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MARY C. HANKINS, CCR, RPR
Certified Court Reporter
New Mexico CCR No. 20
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