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 CASE NOS. 16009, A NONSTANDARD SPACING AND PRORATION 16010, UNIT AND COMPULSORY POOLING, EDDY 16011, COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

March 8, 2018

Santa Fe, New Mexico

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

This matter came on for hearing before the New Mexico Oil Conservation Division, Michael McMillan, Chief Examiner, and David K. Brooks, Legal Examiner, on Thursday, March 8, 2018, 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

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2	FOR APPLICANT OXY USA, INC.:	
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7		
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- 1 (1:31 p.m.)
- 2 EXAMINER McMILLAN: I'd like to call this
- 3 hearing back to order.
- 4 Are all the cases going to be combined?
- 5 MR. RANKIN: Mr. Examiner, we have opted to
- 6 do them in two batches just to kind of -- for ease of
- 7 management. So the first set we'd like to do is Cases
- 8 16009 through 16012, which are all in the same.
- 9 EXAMINER McMILLAN: At this time I'd like
- 10 to call Case Number 16009, application of OXY USA,
- 11 Incorporated for a nonstandard spacing and proration
- 12 unit and compulsory pooling, Eddy County, New Mexico.
- 13 This case will be combined with Case Number 16010, 16011
- 14 and 16012.
- 15 Call for appearances.
- 16 MR. RANKIN: Mr. Examiner, Adam Rankin,
- 17 with the Santa Fe office of Holland & Hart, on behalf of
- 18 the Applicant. I have two witnesses today.
- 19 EXAMINER McMILLAN: Any other appearances?
- 20 If the witnesses would please stand up and
- 21 be sworn in at this time.
- Thank you.
- 23 (Ms. Saner and Ms. Rojas sworn.)
- MR. RANKIN: Mr. Examiner, I'd like to call
- 25 my first witness, Ms. Stacy Rojas.

- 1 STACY ROJAS,
- 2 after having been first duly sworn under oath, was
- 3 questioned and testified as follows:
- 4 DIRECT EXAMINATION
- 5 BY MR. RANKIN:
- 6 Q. Ms. Rojas, please state your name for the
- 7 record.
- 8 A. It is Stacy Rojas.
- 9 Q. And by whom are you employed?
- 10 A. Occidental Petroleum Corp.
- 11 Q. In what capacity?
- 12 A. I'm a land negotiator.
- 13 Q. And how long have you been a land negotiator?
- 14 A. Since 1986.
- 15 Q. And do your duties involve oversight of
- 16 negotiations and identification of parties to negotiate
- deals and land swaps with your projects?
- 18 A. Yes.
- 19 Q. And have you previously testified before the
- 20 Division?
- 21 A. Yes, I have.
- 22 Q. And have you been accepted as an expert in
- 23 petroleum land matters?
- 24 A. Yes, I have.
- Q. Are you familiar with the applications that

- were filed in these consolidated cases?
- 2 A. Yes.
- Q. And are you familiar with the status of the
- 4 lands in each of the cases?
- 5 A. Yes.
- 6 MR. RANKIN: Mr. Examiner, I would retender
- 7 Ms. Rojas as an expert in petroleum land matters.
- 8 EXAMINER McMILLAN: So qualified.
- 9 Q. (BY MR. RANKIN) Ms. Rojas, will you please
- 10 briefly state for the Examiners what it is OXY seeks
- 11 with each of these consolidated cases?
- 12 A. Yes. So for these cases, we are seeking four
- 13 nonstandard spacing units, and they are approximately
- 14 320 acres each, more or less. They have lots in them,
- 15 so they're not exactly 320 acres. They are in irregular
- 16 Section 1 and regular Section 12 of Township 24 South,
- 17 Range 30 East, Eddy County, New Mexico. We're seeking
- 18 these for the development of two-mile laterals and to
- 19 pool uncommitted mineral interests in the Bone Spring
- 20 Formation.
- Q. And these will be two-mile laterals, correct,
- 22 for these spacing units?
- 23 A. Yes.
- 24 Q. And in some of the cases, you're seeking two
- 25 initial wells?

- 1 A. Yes. So -- yes.
- 2 Q. Are you familiar -- can you recite for the
- 3 Examiners which cases have two initial wells and which
- 4 cases are single wells?
- 5 A. Absolutely. So Case 16009 has the Nimitz MDP1
- 6 12 Federal Com 1H and 2H wells.
- 7 I believe 16 -- let me make sure I don't
- 8 quote you wrong on these.
- 9 **Q. 10?**
- 10 A. Yeah, 10.
- 11 So the 10 has the Nimitz MDP1 12 Federal
- 12 Com 6H and 7H wells. That's under Tab B.
- 13 And then under Tab C -- do I need to state
- 14 the case to that one?
- 15 Q. Yeah. I think that would be --
- 16 A. That is 16011. And that will be for the Nimitz
- 17 MDP1 12 Federal Com 8H well. That's under Tab C.
- 18 And then for Case 16012, for the Nimitz
- 19 MDP1 12 Federal Com 9H well, which is under Tab D.
- 20 Q. So for each case, you've got -- the exhibits
- 21 are organized by tabs so that Tab A corresponds with
- 22 Case 16009, Tab B for 16010, Tab C for 16011, and Tab D
- 23 for 16012; is that right?
- 24 A. Yes.
- 25 Q. Each of the exhibits follows the same sequence

- 1 for all of these cases?
- 2 A. Correct.
- Q. So with that, Ms. Rojas, has OXY prepared and
- 4 filed C-102s for each of these wells with the Division?
- 5 A. Yes.
- 6 Q. And are those reflected in the first set of
- 7 exhibits in your exhibit book --
- 8 A. Yes.
- 9 Q. -- Exhibit 1A, B, C and D?
- 10 A. Yes.
- 11 Q. Okay. And behind Tab A, which is for Case
- 12 16009, are the C-102s for the 1H and the 2H, correct?
- 13 A. Correct.
- 14 Q. And those reflect that the wellbore as proposed
- 15 will be completely within the required setback for
- 16 statewide rules?
- 17 A. For the 1H, yes.
- 18 Q. For the 1H.
- 19 Same for the 2H as well?
- 20 A. No, sir. That's -- that's a nonstandard.
- 21 Q. Gotcha.
- 22 Has OXY already filed and been approved for
- 23 a nonstandard for the 2H?
- A. We have, yes.
- 25 Q. Do you have the NSL order for that well? And

1 if you don't, I can recite it to you. Is it NSL 7569 --

- 2 A. Dash A, yes. Sorry.
- 3 Q. -- 7569A?
- 4 A. Dash A.
- 5 Q. For the 1H, is the API reflected on that
- 6 exhibit for that well?
- 7 A. Yes.
- 8 Q. And for the 2H as well?
- 9 A. Yes.
- 10 Q. Moving on to the next exhibit, B, which is for
- 11 Case 16010 --
- 12 MR. RANKIN: Mr. Examiner, I just want to
- 13 point out for the record, I noticed this morning there
- 14 was an error in our exhibit tabs. And they say -- they
- 15 reference just 16009 on the exhibit tabs, if you see on
- 16 the exhibit sticker for each exhibit. It should say
- 17 "16009 through 16012."
- 18 EXAMINER McMILLAN: Mine says 9 through 12.
- MR. RANKIN: Does it?
- 20 EXAMINER BROOKS: So does mine.
- MR. RANKIN: Well, mine doesn't show that.
- 22 Q. (BY MR. RANKIN) So we were on Tab B, which is
- 23 Case 16010, for the 6H well. Does that C-102 reflect
- that this well will be within the required setbacks?
- 25 A. Yes.

1 Q. And this does not include the API number on the

- 2 C-102. Has it been assigned one?
- 3 A. Yes, it has.
- Q. Do you happen to know that number?
- 5 A. I do. Would you like me to read it for the
- 6 record?
- 7 Q. Just the last five.
- 8 A. Last five, 44528.
- 9 EXAMINER McMILLAN: And?
- 10 Q. (BY MR. RANKIN) And is that the same case for
- 11 the 7H well; is that right?
- 12 A. Yes.
- 13 Q. And does that C-102 reflect that it's in a
- 14 nonstandard location?
- 15 A. Yes.
- 16 Q. It's unorthodox?
- 17 A. Right.
- 18 Q. Have you already received an approved NSL for
- 19 that well?
- A. Yes, we have.
- Q. Do you have the NSL, for the record?
- 22 A. It is 7570-A.
- Q. And then I know that for the 7H, the C-102 does
- 24 not yet have an API number. Was one assigned to it by
- 25 the Division?

- 1 A. Yes.
- Q. Can you recite that for the Examiner, the last
- 3 five digits?
- 4 A. 44529.
- 5 EXAMINER McMILLAN: I have a cheat sheet
- 6 because I have questions about that.
- 7 MR. RANKIN: Okay. All right.
- 8 Q. (BY MR. RANKIN) Now, moving on to Exhibit C,
- 9 this is the C-102 for Case 16011.
- 10 A. Okay.
- 11 Q. Does that also reflect that the well is within
- 12 the standard -- is a standard location within the
- 13 setbacks required?
- 14 A. Yes.
- 15 O. It also reflects the API number that was
- 16 assigned to it?
- 17 A. Correct.
- 18 Q. And finally, Exhibit D, which is the last case
- in our set, 16012, that reflects that the well is within
- 20 the appropriate setbacks; is that correct?
- 21 A. Correct.
- 22 Q. And that also has been assigned an API number?
- 23 A. Yes.
- 24 Q. What is the nature of the -- nature of the land
- 25 in Sections 1 and 12?

1 A. So all of them are federal leases except one

- 2 tract in the 6 and 7H, which is a fee tract, Snyder
- 3 [phonetic] Ranch.
- 4 Q. So it's comprised of different federal leases
- 5 but for that one tract, which is a fee lease?
- 6 A. Yes.
- 7 Q. Do any of these proration units within these
- 8 two sections have depth severances within any point
- 9 within the pool?
- 10 A. No.
- 11 Q. Let's see. Moving on to the next exhibit, Tab
- 12 Number 2, for each of those cases, what do these
- 13 exhibits show?
- 14 EXAMINER McMILLAN: If I put all the
- 15 information, I can write it real quick.
- MR. RANKIN: Let us know --
- 17 EXAMINER McMILLAN: Don't worry.
- MR. RANKIN: Okay.
- 19 THE WITNESS: So these are land plats that
- 20 I prepared showing the different tracts and what
- 21 percentage of working interest each of the parties have
- 22 in each of the tracts in the proposed proration unit.
- Q. (BY MR. RANKIN) Do you have the same -- you've
- 24 prepared a similar exhibit for each of the cases, and
- 25 they're behind each of these tabs, A, B, C, D?

- 1 A. Yes, sir.
- Q. Okay. And they each reflect the ownership
- 3 interest by tract?
- 4 A. Correct.
- 5 Q. And now the party -- you're seeking to pool all
- 6 uncommitted interests. Are there -- as to the working
- 7 interest owners that you're seeking to pool, is there
- 8 only the EOG entities that you're seeking to pool as
- 9 working interests?
- 10 A. Yes, sir.
- 11 Q. So there is -- there are different EOG entities
- 12 that are all the working interests for each of these
- spacing units you're seeking to pool?
- 14 A. Yes.
- 15 Q. Are there any unleased mineral interest owners
- 16 in any of these tracts?
- 17 A. No.
- 18 Q. How about overrides?
- 19 A. Yes. There are overrides.
- 20 Q. We'll talk about those. You identified each of
- 21 the overriding royalty owners for each of these spacing
- 22 units?
- 23 A. Yes, I did.
- 24 Q. Now, on the next exhibit, Number 3, what does
- 25 this exhibit show?

- 1 A. So this is basically the same thing for a
- 2 different well depicting the different tracts within the
- 3 proposed spacing unit and how much working interest each
- 4 party has in a particular tract, and they're
- 5 color-coded, Tracts 1 and 2.
- 6 Q. And then moving on to the next full exhibit,
- 7 which would be the numerical representation of the
- 8 ownership interest on a proration-unit basis; is that
- 9 right?
- 10 A. Yes.
- 11 Q. What does Exhibit 3 show?
- 12 A. So that just shows the description of what the
- 13 proposed spacing unit will consist of, the tracts and
- 14 the acreage in there, the parties, working interests.
- 15 And then the bottom, what I did was a summary showing
- 16 what would be their working interest in that proposed
- 17 spacing unit.
- 18 Q. So the parties that you've highlighted in
- 19 yellow are the parties that you're seeking -- the
- working interests that you're seeking to pool?
- 21 A. Yes.
- Q. And below there, you've indicated what their
- 23 prorated interest would be approximately for the entire
- 24 spacing unit you're proposing?
- 25 A. Yes.

1 O. And you've done the same for each of the wells

- in each of these cases?
- 3 A. Correct.
- 4 Q. And those are reflected behind Tabs A, B, C and
- 5 D within Exhibit 3?
- 6 A. Yes.
- 7 Q. In every case, you're seeking to pool -- the
- 8 only working interest is the EOG entity?
- 9 A. Correct. Yes.
- 10 Q. Now, with respect to the overrides, you stated
- 11 that you've identified all the parties from having
- 12 overriding interest in each of these spacing units?
- 13 A. (Indicating.)
- 14 Q. And did you also identify their addresses?
- 15 A. (Indicating.)
- 16 Q. And there was -- were there any issues
- 17 identifying the correct address for any of these
- 18 overrides?
- 19 A. So we did have an issue with about five of the
- 20 overrides where we found some additional addresses. So
- 21 out of an abundance of caution, we went on ahead and
- 22 noticed them at those other addresses as well. So the
- 23 initial addresses we found, we sent them notice there,
- 24 and then we gave them another notice at the other
- 25 addresses to be sure we found them and got their

- 1 addresses.
- 2 Q. So we'll be asking for a continuance for two
- 3 weeks in order to perfect that notice. We'll return to
- 4 supplement the record and demonstrate that notice has
- 5 been affected; is that right?
- 6 A. Yes.
- 7 Q. Nevertheless, did we also identify all those
- 8 parties, including the overrides, in the Notice of
- 9 Publication?
- 10 A. Yes.
- 11 Q. We'll cover that in a moment.
- Now, as to the working interests that
- 13 you're seeking to pool, did you prepare a well-proposal
- 14 letter for each of these wells?
- 15 A. Yes.
- 16 Q. And did you -- are those reflected in Exhibit
- 17 **Number 4?**
- 18 A. Yes.
- 19 Q. And is Exhibit Number 4 a copy of the letters
- 20 that were sent to the EOG entities?
- 21 A. Yes, sir.
- Q. And for each well, they're behind Tabs A, B, C
- 23 **and D?**
- 24 A. Yes.
- 25 EXAMINER McMILLAN: Slow down.

1 Q. (BY MR. RANKIN) And when were those letters

- 2 sent out, approximately?
- 3 A. On January 23rd of 2018.
- 4 O. Were all those letters sent at the same time?
- 5 A. Yes, sir.
- 6 Q. And did those well-proposal letters contain an
- 7 AFE as well for each of the wells?
- 8 A. They did.
- 9 Q. And the costs that you reflected in the AFEs,
- 10 were those costs consistent with what operators and OXY
- 11 have incurred for drilling similar wells within this
- 12 area?
- 13 A. Yes.
- 14 Q. And has OXY also identified and estimated the
- 15 overhead and administrative costs incurred while
- drilling and producing the wells if successful?
- 17 A. Yes.
- 18 Q. What are those costs?
- 19 A. We are seeking for drilling at \$7,500 per month
- and while the well's producing, \$750.
- 21 Q. Are those costs similar to what other operators
- 22 have charged for overhead and administrative costs?
- 23 A. Yes.
- 24 Q. After sending these well-proposal letters, has
- 25 OXY engaged in discussions with EOG with regard to

- 1 coming to a potential voluntary agreement?
- 2 A. Yes, we have, actually. And they've indicated
- 3 that it's a high possibility that we'll do a trade with
- 4 them, but they wanted to address some trades in some of
- 5 our other areas first that are higher up on their
- 6 priority list than they are ours. So yes.
- 7 Q. So should OXY reach an agreement with EOG and
- 8 each of those EOG entities, will OXY notify the Division
- 9 it's reached agreement and it's no longer seeking to
- 10 pool EOG?
- 11 A. Yes.
- 12 Q. With respect to notice, is Exhibit 5 a copy of
- 13 affidavits indicating that my office, I believe,
- 14 prepared notice of this hearing and sent notice to each
- 15 of the affected parties, including offset operators and
- overriding royalty owners, for each of these cases?
- 17 A. Yes.
- 18 Q. And are those letters reflected -- or behind
- 19 each of the tabs, A, B, C and D, for each of the cases
- 20 today?
- 21 A. Yes.
- Q. Okay. And behind each of those sample letters,
- 23 there is a series of green cards and green-card receipts
- 24 that were received as of -- as of yesterday, and in each
- 25 case, EOG indicates that it did receive notice on the

- 1 pooling, correct?
- 2 A. Yes.
- Q. Now, there are some green cards that did not
- 4 get returned in time for today's hearing from the
- 5 overrides and the offsets, but those parties, as we
- 6 indicated, were provided notice through Notice of
- 7 Publication; is that correct?
- 8 A. Yes.
- 9 O. And are those reflected behind Exhibit Number
- 10 6?
- 11 A. Yes, they are.
- 12 Q. And behind Tabs A, B, C and D, are there
- 13 notices of Affidavits of Publication stating that each
- 14 of the parties were identified by name, giving them
- 15 notice of today's hearing?
- 16 A. Yes.
- 17 Q. Okay. Make sure I got everything else.
- 18 Ms. Rojas, were Exhibits 1 through 6, Tabs
- 19 A, B, C and D, in each of the cases that we just went
- 20 through, were they either prepared by you or under your
- 21 supervision --
- 22 A. Yes.
- 23 Q. -- or direction?
- MR. RANKIN: With that, Mr. Examiner, I'll
- 25 move to admit Exhibits 1 through 6 for each of the

- 1 cases.
- 2 EXAMINER McMILLAN: Exhibits 1 through 6
- 3 for Case 16009, Exhibits 1 through 6 for Case 16010,
- 4 Exhibits 1 through 6 for Case 16011, and Exhibits 1
- 5 through 6 for Case 16012 may now be accepted as part of
- 6 the record.
- 7 (OXY USA, Inc. Exhibit Numbers 1 through 6
- for each case, Case Numbers 16009, 16010,
- 9 16011 and 16012, are offered and admitted
- into evidence.)
- 11 MR. RANKIN: With that, Mr. Examiner, I
- 12 have no further questions of the witness, and pass the
- 13 witness.
- 14 EXAMINER McMILLAN: Where is the
- 15 application --
- 16 MR. RANKIN: It's in Exhibit 6, and behind
- 17 each of the tabs, A, B, C and D, there is an Affidavit
- of Publication for each individual case identifying each
- 19 of the parties affected, working interests, the
- 20 overrides, offsets.
- 21 So behind Tab A, Exhibit 6, will be the
- 22 Notice of Publication for Case Number 16009.
- 23 Behind Tab B is the Notice for Affidavit
- 24 for 16010 and so forth.
- 25 EXAMINER McMILLAN: Okay.

- 1 Go ahead.
- 2 CROSS-EXAMINATION
- 3 BY EXAMINER BROOKS:
- 4 Q. All these are in the same pool? All these
- 5 wells are in Cotton Draw; Bone Spring?
- 6 A. Yes, sir.
- Q. And is that spaced on 40 acres with 330-foot
- 8 setbacks?
- 9 A. Yes, sir.
- 10 EXAMINER BROOKS: That's all I have. Yeah.
- 11 I think that's all I have.
- 12 EXAMINER McMILLAN: Thank you very much.
- MR. RANKIN: No further questions.
- 14 Thank you, Ms. Rojas.
- 15 Call my second witness, Ms. Phylicia Saner.
- 16 PHYLICIA SANER,
- 17 after having been previously sworn under oath, was
- 18 questioned and testified as follows:
- 19 DIRECT EXAMINATION
- 20 BY MR. RANKIN:
- Q. Good afternoon, Ms. Saner. How are you?
- A. Good. How are you?
- 23 **Q.** Good.
- Would you please state your name?
- 25 A. Phylicia Saner.

- 1 Q. By whom are you employed?
- 2 A. Occidental Petroleum Corporation.
- 3 Q. In what capacity?
- 4 A. I'm a staff geologist.
- 5 Q. And have you previously had the opportunity to
- 6 testify before the Division?
- 7 A. No.
- 8 Q. Will you please briefly review for the
- 9 Examiners your background, your education and your
- 10 degrees and your work experience as a petroleum
- 11 geologist?
- 12 A. Bachelor of Science, 2010, at Colorado School
- of Mines, in geology, Master's of Science in 2012, also
- in geology at Colorado School of Mines, two internships
- 15 with SM Energy and Apache Corporation and
- 16 five-and-a-half years employment with Occidental.
- Q. And are you familiar with the applications that
- were filed in each of these consolidated cases?
- 19 A. Yes.
- 20 Q. Have you conducted a study of the lands and the
- 21 geology underlying the acreage at issue in these cases?
- 22 A. Yes.
- MR. RANKIN: Mr. Examiner, I would tender
- 24 Ms. Saner as an expert in petroleum geology.
- 25 EXAMINER McMILLAN: So qualified.

- 1 MR. RANKIN: Thank you.
- Q. (BY MR. RANKIN) Ms. Saner, what is the interval
- 3 here -- the geological interval that you're seeking to
- 4 develop in each of these cases?
- 5 A. This will be the 2nd Bone Spring Sand.
- 6 Q. Have you prepared a structure map reflecting
- 7 the structure and geology in that zone?
- 8 A. I have.
- 9 Q. Has that been marked as Exhibit Number 7?
- 10 A. Yes.
- 11 Q. And that same exhibit is applicable to each of
- 12 these cases, correct?
- 13 A. Yes.
- 14 Q. Will you review for the Examiners what that
- 15 structure map shows?
- 16 A. Yes. So on the structure map, on the left-hand
- 17 side, we have the shallower Bone Spring Sandstone
- 18 Formation, and then moving toward the east, as the
- 19 colors get cooler, we are deeper in the Basin. The red
- 20 box outlines the Nimitz area of interest for both of
- 21 these cases. All of the white wells are the 2nd Bone
- 22 Spring Sand wells that OXY is planning to drill, both
- 23 the Nimitz and future development. The black line from
- 24 A to A prime is the cross section shown in Exhibit 8.
- 25 Q. So on Exhibit 8, you've got the wells that

1 you've identified in that cross section; is that right?

- 2 A. Yes.
- Q. And those wells were selected. And are they
- 4 representative of the geology of the wells in the area,
- 5 in your view?
- 6 A. Yes.
- 7 Q. Would you review for the Examiners what Exhibit
- 8 **8 shows?**
- 9 A. Sure. On the left-hand side, we have the well
- 10 TVD. In the middle track, we have our gamma-ray curve.
- 11 On the right-hand track is the resistivity curve, and
- 12 outlined in the shady brown is our target interval
- 13 through all three of the wells. And we find that this
- 14 target is consistent across the zone and representative
- 15 for all of these wells.
- 16 Q. And across this area, you've also indicated
- your picks for the different intervals within the Bone
- 18 Spring; is that correct?
- 19 A. Yeah.
- 20 Q. And those are reflected in the light blue and
- 21 light red lines going from top to bottom, right?
- 22 A. Yes.
- 23 Q. In each of these wells, for each of these
- 24 cases, you're targeting that same interval within
- 25 Sections 1 and 12?

- 1 A. Yes.
- Q. And in your view, is this acreage suitable for
- 3 the development of the two-mile lateral wells?
- 4 A. Yes.
- 5 Q. Have you identified any geologic impediments,
- 6 faults, pinch-outs or other types of structures that
- 7 would impair development of these two-mile laterals?
- 8 A. No.
- 9 Q. In your view, is the geology consistent across
- 10 the entire spacing unit?
- 11 A. Yes.
- 12 Q. In your opinion, will each of the 40-acre units
- 13 that comprise each of the spacing units contribute more
- or less equally to the production of the well?
- 15 A. Yes.
- 16 Q. Finally, in your view, will the granting of
- these applications be in the interest of conservation,
- 18 the prevention of waste and the protection of
- 19 correlative rights?
- 20 A. Yes.
- Q. That's good.
- Now, Exhibits 7 and 8 for each of these
- cases, were they prepared by you, under your supervision
- 24 or using company records?
- 25 A. Yes.

- 1 Q. I think those are all my questions.
- MR. RANKIN: Mr. Examiner, I would move the
- 3 admission of Exhibits 7 and 8 in each of these
- 4 consolidated cases.
- 5 EXAMINER McMILLAN: Exhibits 7 and 8 in
- 6 Case Number 16009, Exhibits 7 and 8 in Case 16010,
- 7 Exhibits 7 and 8 in Case 16011, and Exhibits 7 and 8 in
- 8 Case 16012 may now be accepted as part of the record.
- 9 (OXY USA, Inc. Exhibit Numbers 7 and 8 for
- 10 each case, Case Numbers 16009, 16010, 16011
- and 16012, are offered and admitted into
- 12 evidence.)
- MR. RANKIN: I have no further questions
- 14 for the witness, and pass the witness.
- 15 CROSS-EXAMINATION
- 16 BY EXAMINER McMILLAN:
- Q. Do you expect all quarter sections to equally
- 18 contribute to production?
- 19 A. Yes.
- Q. Looking at 8, do you expect any other Bone
- 21 Spring intervals to be productive, or this just happens
- 22 to be the one right now you're looking at?
- 23 A. Yes. We are also looking at the 3rd Bone
- 24 Spring very closely.
- 25 **Q.** Okay.

1 EXAMINER McMILLAN: Go ahead.

- 2 EXAMINER BROOKS: Nothing.
- 3 EXAMINER McMILLAN: Let me make sure I'm
- 4 clear on one point. This is a land question. So there
- 5 are unlocatable royalty interest owners?
- 6 MR. RANKIN: No. There were no unleased
- 7 mineral interest owners at all, so there were no
- 8 unlocatable interests.
- 9 EXAMINER McMILLAN: But there were for
- 10 royalty?
- MR. RANKIN: No. No.
- 12 EXAMINER McMILLAN: Thank you.
- MR. RANKIN: No further questions.
- 14 EXAMINER McMILLAN: So Case 16009 shall be
- 15 continued to March 22nd. Case Number 16010 shall be
- 16 continued until March 22nd. Case Number 16011 shall be
- 17 continued until March the 22nd. Case 16012 shall be
- 18 continued until March the 22nd.
- 19 (Case Numbers 16009 through 16012 conclude,
- 20 2:00 p.m.)
- 21
- 22
- 23
- 24
- 25

- 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.
- 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.
- 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 26th day of March 2018.

21

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MARY C. HANKINS, CCR, RPR Certified Court Reporter

New Mexico CCR No. 20
24
Date of CCR Expiration

Date of CCR Expiration: 12/31/2018
Paul Baca Professional Court Reporters

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