

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 A CASE NO. 16057
NONSTANDARD SPACING AND PRORATION
UNIT AND COMPULSORY POOLING, EDDY
COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

April 5, 2018

Santa Fe, New Mexico

BEFORE: WILLIAM V. JONES, CHIEF EXAMINER
LEONARD LOWE, TECHNICAL EXAMINER
DAVID K. BROOKS, LEGAL EXAMINER

This matter came on for hearing before the New Mexico Oil Conservation Division, William V. Jones, Chief Examiner, Leonard Lowe, Technical Examiner, and David K. Brooks, Legal Examiner, on Thursday, April 5, 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.

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25

1 (3:55 p.m.)

2 EXAMINER JONES: Call Case Number 16057,
3 application of OXY USA, Inc. for a nonstandard spacing
4 and proration unit and compulsory pooling, Eddy County,
5 New Mexico.

6 Call for appearances.

7 MR. FELDEWERT: May it please the Examiner,
8 Michael Feldewert, from the Santa Fe office of Holland &
9 Hart, appearing on behalf of the Applicant. I have two
10 witnesses here today who have not yet been sworn.

11 EXAMINER JONES: Any other appearances?

12 Will the witnesses please stand and the
13 court reporter swear in the witness?

14 (Mr. Murphrey and Mr. Troutman sworn.)

15 MR. FELDEWERT: Call our first witness.

16 JEREMY MURPHREY,

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

19 DIRECT EXAMINATION

20 BY MR. FELDEWERT:

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

23 A. My name is Jeremy Murphrey, and I'm employed
24 with OXY USA, Inc. as a landman.

25 Q. How long have you been employed with OXY in the

1 Permian Basin in New Mexico?

2 A. At least seven-plus years.

3 Q. And, Mr. Murphrey, have you previously
4 testified before this Division as an expert in petroleum
5 land matters?

6 A. Yes, I have.

7 Q. Are you familiar with the application filed in
8 this case?

9 A. Yes, sir, I am.

10 Q. And are you familiar with the status of the
11 lands in the subject area?

12 A. I am.

13 Q. If I turn to what's been marked as Exhibit
14 Number 1, are these the filed C-102s for the three wells
15 that are involved in this case?

16 A. No, they're not. These are actually the
17 one-mile laterals. And our Cedar Canyon 20 Fed Com 24H,
18 25H, 26H, they're a mile-and-a-half. And we're applying
19 for a 480-acre nonstandard spacing unit.

20 Q. Okay. So these will be amended?

21 A. Yes, sir.

22 Q. Okay. All right. And with respect to these
23 filed C-102s, you mentioned the fact that you're seeking
24 a 480-acre nonstandard spacing unit?

25 A. That is correct.

1 Q. In the Bone Spring Formation?

2 A. That is correct.

3 Q. Okay. And what acreage will be added for the
4 spacing unit for these wells?

5 A. It will be the southeast quarter of Section 17,
6 Township 24 South, Range 29 East.

7 Q. And that will be dedicated to each of these
8 three wells?

9 A. That's correct.

10 Q. All right. Now, this exhibit at least provides
11 the API number for the -- correct?

12 A. Yes, sir.

13 Q. And the pool and the pool code that's involved?

14 A. Yes, sir.

15 Q. What type of acreage is involved here?

16 A. The acreage within the 480-acre nonstandard
17 spacing unit will be federal and fee lands.

18 Q. Okay. And with respect to the pool that's
19 involved here, does this pool comply -- does this
20 pool -- is it subject to the Division's standard setback
21 requirements?

22 A. Yes, sir.

23 Q. And the completed interval for each of those
24 wells will comply with the setback requirements?

25 A. Yes, it will.

1 Q. Okay. Will all three of these wells comply
2 with the setback requirements?

3 A. Yes, they will.

4 Q. All three of them? Even the --

5 A. Well, the #25H is actually drilled close to the
6 centerline of the east half of Section 20, in the
7 southeast quarter of 17.

8 Q. Okay. And, therefore, you seek to create,
9 then, a 480-acre nonstandard spacing and proration unit?

10 A. That's correct.

11 Q. All right. Will the larger spacing and
12 proration unit here in the Bone Spring Formation conform
13 with a communitization agreement for this acreage?

14 A. That's correct.

15 Q. If I then turn to what's been marked as Exhibit
16 Number 2, does this identify the acreage that's
17 involved?

18 A. That's correct.

19 Q. There are a number of tracts here?

20 A. Yes, sir. There is a total of 12 tracts.

21 Q. Okay. And if I turn to what's been marked as
22 OXY Exhibit Number 3, does this provide an ownership
23 breakdown for the proposed nonstandard 480-acre spacing
24 unit?

25 A. That's correct. It does.

1 Q. Okay. And if I look on this, it looks like it
2 contains both working interests and unleased mineral
3 interests; is that correct?

4 A. That's correct.

5 Q. The unleased mineral interests being designated
6 as UMI?

7 A. That's correct.

8 Q. Are all of these parties still subject to
9 pooling at this point in time?

10 A. Yes, they are.

11 Q. What about DRW Energy?

12 A. I'm sorry? DRW Energy has actually executed
13 the operating agreement, so they will not be subject to
14 our pool.

15 Q. Okay. And with respect to these remaining
16 parties, have you reached out to them and taken efforts
17 to reach a voluntary agreement?

18 A. Yes, sir, we have.

19 In addition, John D. Stribling will also --
20 he's an unleased mineral owner. He will not be subject
21 to this pooling.

22 EXAMINER JONES: John D?

23 THE WITNESS: Yes, sir, John D. Stribling.
24 We've kind of added a column of pooled. Yes, sir.

25 EXAMINER JONES: Oh. So the N means not --

1 sorry to interrupt.

2 MR. FELDEWERT: No. Glad you pointed it
3 out.

4 THE WITNESS: He was a recent deletion. He
5 recently disputed his --

6 Q. (BY MR. FELDEWERT) And with respect to the
7 remaining parties that you seek to pool, did you send
8 out a well-proposal letter?

9 A. That's correct, with an AFE.

10 Q. If I turn to what's been marked as OXY Exhibit
11 Number 4, is this a sample of the well-proposal letter
12 that went out for all three of the proposed wells?

13 A. Yes, sir.

14 Q. And this would be for your mile-and-a-half
15 wells, correct?

16 A. That's correct.

17 Q. All right. And then if I turn to what's been
18 marked as OXY Exhibit Number 5, is this an example of
19 the well-proposal letters that were sent out to the
20 unleased mineral interest owners?

21 A. Yes, sir. And actually this was also an offer
22 to lease or participate in the well.

23 Q. Okay. And then with respect to all of these
24 letters, did you include an AFE for each of the proposed
25 wells?

1 A. Yes, sir, we did.

2 Q. And if I turn to what's been marked as OXY
3 Exhibit Number 6, is this an example of the AFE that
4 went out for the three wells?

5 A. Yes, sir, it is.

6 Q. And the costs -- because they're all in the
7 same formation, it would be the same cost for each well,
8 correct?

9 A. Yes, sir.

10 Q. All right. Are the costs reflected on this AFE
11 consistent with what the company has incurred for
12 drilling similar Bone Spring horizontal wells?

13 A. Yes, sir.

14 Q. Since these letters went out starting back in
15 February, what additional efforts has the company
16 undertaken to reach agreement with the parties you seek
17 to pool?

18 A. We've contacted the mineral owners to negotiate
19 leases on terms that both of us can agree with. In
20 addition, the working interest parties, we have mailed
21 operating agreements, and also -- should they choose not
22 to execute an operating agreement or participate, we've
23 also offered to maybe trade or purchase interest.

24 Q. And have you also then -- so you have a JOA
25 that's been circulated?

1 A. Yes, sir.

2 Q. And have you undertaken efforts to lease the
3 leased mineral interest owners?

4 A. That's correct.

5 Q. Were you able to contact all of these interest
6 owners?

7 A. There was one owner in Section 17, the
8 southeast quarter. She owns about a 5 percent interest
9 in a 5-acre tract. And we have made contact with her
10 relatives, but they have lost track of her in probably
11 the last ten years. We did try to contact her at the
12 last known telephone number and address. And we
13 continue to try to contact her, but it appears maybe
14 she's disappeared. She hasn't leased the property in
15 quite some time.

16 Q. And if I'm looking at Exhibit Number 2 -- or
17 Exhibit Number 3, about halfway down, Denise Louise
18 McCoy, is that who you're speaking of?

19 A. Yes, sir.

20 Q. All right. Now, have you made an estimate of
21 the overhead costs and administrative costs while
22 drilling and also while producing the wells?

23 A. Yes, sir, we have.

24 Q. And what are those costs?

25 A. 7,500 for drilling and 750 for a producing

1 rate.

2 Q. And are these rates consistent with what OXY
3 and other operators are charging for similar Bone Spring
4 wells?

5 A. Yes, they are.

6 Q. Are those the rates you ask be incorporated
7 into the pooling order?

8 A. We do.

9 Q. Now, what are the company's drilling plans for
10 these three wells?

11 A. We plan to pad drill these wells from a common
12 surface location and complete the wells simultaneously.

13 Q. Okay. And with respect to that drilling plan,
14 what's the advantage of that type of drilling plan?

15 A. By drilling and completing the wells in this
16 format, we experience drilling and completion
17 efficiencies, as well as savings.

18 Q. Will the company be able to drill and complete
19 a well in this nonstandard proration unit within the
20 normal 120-day period provided in the order?

21 A. No, we will not.

22 Q. Have you visited with your drilling and
23 completions department to determine what additional time
24 you will need?

25 A. Yes, I have. We would like to request at least

1 30 additional days.

2 Q. So does the company request, then, that the
3 period of time between spudding the well and completion
4 be 150 days rather than the normal 120 days?

5 A. That's correct.

6 Q. And that will accommodate your ability to pad
7 drill all the wells first and then do a completion on
8 all the wells and then bring them on line at the same
9 time?

10 A. That's right. Yes, sir.

11 Q. In preparation for the hearing, did the company
12 also identify the operators and the leased mineral
13 interest owners in the 40-acre tract surrounding your
14 proposed nonstandard spacing and proration unit?

15 A. Yes, we have.

16 Q. And did you include these offset owners in the
17 notice of this hearing?

18 A. Yes, we have.

19 Q. If I turn to what's been marked as OXY Exhibit
20 Number 7, is that the affidavit prepared by my office
21 with an attached letter providing notice of this hearing
22 to the affected parties?

23 A. Yes, sir.

24 Q. And in addition to Exhibit Number 7, if I then
25 turn to Exhibit Number 8, is this an Affidavit of

1 **Publication in the local newspaper directed by name to**
2 **all of the parties that you seek to pool?**

3 A. Yes, it is.

4 MR. FELDEWERT: And this one, Mr. Brooks,
5 was timely published by the newspaper.

6 EXAMINER BROOKS: Good.

7 MR. FELDEWERT: With that, I would ask that
8 Exhibits 1 through 8 be admitted into evidence.

9 EXAMINER JONES: Exhibits 1 through 8 are
10 admitted.

11 (OXY USA, Inc. Exhibit Numbers 1 through 8
12 are offered and admitted into evidence.)

13 MR. FELDEWERT: That concludes my
14 examination of this witness.

15 EXAMINER JONES: Mr. Lowe?

16 EXAMINER LOWE: I have no questions at this
17 time. Thank you.

18 CROSS-EXAMINATION

19 BY EXAMINER BROOKS:

20 **Q. Okay. This Denise Louise McCoy, is she the one**
21 **you couldn't find?**

22 A. Yes, sir. We actually spoke with her
23 sister-in-law and brother, and they had lost contact
24 with her about ten years ago, which is about the same
25 time we saw a lease from her that has since expired. So

1 I personally tried to locate her just through Internet
2 means, and then I paid a broker to also try to contact
3 her. We contacted who we thought it might be, but it
4 ended up -- it was a Dennis McCoy, not Denise.

5 **Q. That one, you can verify?**

6 A. But as far as what are we doing today, we are
7 trying to locate her to see if, number one, she is still
8 alive or if she has -- if she has passed away, if she
9 has any heirs.

10 **Q. I assume you named her -- both her and her**
11 **unknown heirs in this publication?**

12 A. I believe so.

13 MR. FELDEWERT: Mr. Brooks, if you look at
14 Exhibit A, about a third of the way down on the first
15 page, you'll see "Denise Louise McCoy." They are heirs
16 and devisees.

17 EXAMINER BROOKS: I'll take your word for
18 it.

19 **Q. (BY EXAMINER BROOKS) You know, the Y means**
20 **they're to be pooled, and N means they're not to be**
21 **pooled?**

22 A. Yes, sir.

23 **Q. With an N beside their name, are they all**
24 **committed to this well?**

25 A. Yes, sir. The unleased mineral interest

1 owners, those own undivided interests within a 5-acre
2 tract, and I would probably say we're just formalizing
3 the lease. We pretty much agree to bonus amounts and
4 royalty and terms, so it's more the form to complete.
5 We're waiting on a few of the attorneys.

6 **Q. So these people are not currently committed,**
7 **but you expect them to sell leases?**

8 A. Yes, sir. Unleased -- I'm sorry. Not
9 unleased. But the working interest parties, we do have
10 some verbal commitments and signed AFEs from some of
11 them, but we do not have an executed OA, operating
12 agreement, and we believe we'll probably have a joint
13 operating agreement done, I would probably say, about in
14 three weeks.

15 **Q. But you -- have you served -- have you noticed**
16 **all these people that you are in negotiations with that**
17 **you expect will not be pooled or --**

18 A. Yes, sir. We actually did notify them that we
19 were going to be coming to hearing, but I also kind of
20 prefaced that that doesn't end our negotiations. Any
21 joint operating agreement or oil and gas lease that we
22 come up with hopefully before you-all issue the order
23 would supersede the hearing or if you issue the order.

24 **Q. Yeah. Well, the attorneys for various reasons,**
25 **I'm sure, probably mostly good reasons -- but anyway,**

1 the way the operators' attorneys go about is a little
2 bit different than the way the OCD does it, and we want
3 to make sure they work in tandem. The OCD orders say
4 all uncommitted interests, whatever they may be. And I
5 believe that those people have notice of the proceeding,
6 but they eventually don't end up being committed. My
7 belief would be that they're being pooled by that
8 party -- so -- by that proceeding. Although I suppose
9 somebody might intend something different if they got
10 the transcript and showed that somebody requested that
11 they not be pooled. But I don't necessarily agree with
12 that. I mean, I think they're pooled by that order if
13 they have notice of the proceeding.

14 Okay. I think that's all I have.

15 CROSS-EXAMINATION

16 BY EXAMINER JONES:

17 Q. So you're offering people one-fourth royalty?

18 A. A quarter, yes, sir.

19 Q. That's pretty good.

20 You guys can make your economics if you
21 have people with one-fourth royalty burdens out there?

22 A. I can't speak too much to the economics of the
23 well, but our other leases in that area from the federal
24 standpoint and some of the other fee leases, they're not
25 burdened by a quarter. It helps our NRI.

1 Q. Gotcha.

2 This federal acreage in Section 20, you've
3 got it broken up in a bunch of different tracts. Is
4 that because it was -- people subdivided in their wills
5 or something?

6 A. In Section 20, like, for instance, Tract 9 is a
7 federal lease. Tract 11 is a federal lease.

8 Q. Different federal leases?

9 A. Tract 10 is a federal lease. Really, what you
10 were talking about, broken-up ownership, Tract 9 and
11 Tract 12 are the same federal lease, but it does have
12 difference in ownership.

13 Q. And how did OXY come into ownership in this
14 area?

15 A. Through a few different ways. We acquired
16 leases in Tracts, I believe, 3, 4 and 6. Tract 5, we
17 actually traded -- did a trade with Devon and acquired a
18 mineral interest there, as well as a leasehold in Tract
19 10. Tract 2 was purchased through Pogo, and all the
20 other tracts are kind of bits and pieces of trades and
21 purchases of new fee leases.

22 Q. Oh, wow. They keep you off the golf course,
23 don't they (laughter)?

24 A. (Laughter.)

25 Q. It's kind of disturbing that somebody's sister

1 **doesn't know where they're at ten years later?**

2 A. Yeah. Even when we received the interest from
3 Devon, we just kind of inquired, Did you -- because they
4 picked up 95 percent of the interest, and they weren't
5 able to find her either.

6 Q. Okay. You want to wait until you get the
7 **surface-hole location finalized or -- you've got it on**
8 **your proposal letter.**

9 A. Uh-huh.

10 Q. So is that going to be pretty much set, those
11 **locations?**

12 A. Yes, sir, that surface location. And on my
13 letters, that bottom-hole footage is to go into Section
14 17, just the southeast quarter.

15 Q. Okay. So those won't be changing.

16 And as far as the C-102s go, you don't have
17 **them permitted yet. Oh, you do. You have APIs for all**
18 **these wells?**

19 MR. FELDEWERT: We have APIs, but as he
20 mentioned, they have to revise the C-102s to show the
21 lateral and the 480-acre nonstandard spacing unit.

22 EXAMINER JONES: When will you get around
23 to doing that, or your regulatory people will do that, I
24 guess?

25 THE WITNESS: Yes, sir. Very soon. I

1 think these wells are planned at least -- I looked at
2 the schedule Monday, and I think it's about 90 days out
3 when actually drilling will begin, and then we'll have a
4 completion date.

5 Q. (BY EXAMINER JONES) Okay. I hate to ask a
6 question after all these years that I should know, but
7 the 150 days basically used to be 120 until you asked
8 for more. Is that for each well spud and completion, or
9 is that from the first well spud to the last well -- the
10 first well's completion?

11 MR. FELDEWERT: The standard pooling order
12 says it requires you to drill and complete a well within
13 the spacing unit within 120 days. Under their drilling
14 plan, they're not going to be able to drill and complete
15 a well within 120-day period because of the simultaneous
16 drilling and simultaneous completion. So we just need
17 another 30 days added to that standard provision to
18 accommodate the drilling.

19 EXAMINER JONES: So the "a well" became
20 three wells?

21 MR. FELDEWERT: Essentially, in the way
22 they're doing it.

23 EXAMINER BROOKS: The 150 days, then, is
24 from spud --

25 MR. FELDEWERT: From spud.

1 EXAMINER JONES: Of each well?

2 EXAMINER BROOKS: -- to complete one well.

3 EXAMINER JONES: Of each well. So each
4 well spud, each well --

5 EXAMINER BROOKS: No, from the first well
6 to the completion of the first well.

7 But the thing is, with the way I -- the way
8 I've written the template, the form or whatever you want
9 to call it -- there seems to be a difference of opinion
10 as what to call it. But anyway, the way I've written
11 it, the idea being that you want to maintain the unit in
12 effect. If at least one well is completed, you don't
13 want it to be in limbo all the time with no well
14 completed. So you start from the spud, and you give the
15 operator a deadline to get at least one well completed.

16 MR. FELDEWERT: Yeah.

17 EXAMINER JONES: That sounds good. I'm
18 sorry about.

19 Thank you very much.

20 THE WITNESS: Okay.

21 MR. FELDEWERT: Call our next witness.

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

25

1 DIRECT EXAMINATION

2 BY MR. FELDEWERT:

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

5 A. My name is Tony Troutman. I work for OXY USA,
6 Inc. I'm a geologist.

7 Q. And how long have you been involved in the
8 New Mexico Permian Basin as a geologist?

9 A. I've been working for OXY in the Permian for
10 three-and-a-half years.

11 Q. And have you previously testified before this
12 Division as an expert in petroleum geology?

13 A. I have.

14 Q. Are you familiar with the application in this
15 case?

16 A. Yes.

17 Q. And have you conducted a geologic study of the
18 formation underlying the lands that are at issue?

19 A. Yes, I have.

20 MR. FELDEWERT: I would retender
21 Mr. Troutman as an expert witness in petroleum geology.

22 EXAMINER JONES: He's qualified as such.

23 Q. (BY MR. FELDEWERT) Mr. Troutman, what is the
24 targeted interval or formation for each of these wells?

25 A. I'm sorry?

1 Q. What is the targeted formation or interval for
2 each of these wells?

3 A. These will be in the 2nd Bone Spring Sand.

4 Q. And have you prepared a structure map and a
5 cross section of this particular targeted interval?

6 A. I have.

7 Q. If I turn to what's been marked as OXY Exhibit
8 Number 9, is that the structure map that you've created?

9 A. It is.

10 Q. Will you explain to us -- before you talk about
11 the structure, explain to us what you're showing with
12 all of these lines.

13 A. All right. These are depth contour lines
14 ranging -- they're in subsea depths. And the red on the
15 left is higher, and the blue on the right is lower. So
16 the formation is dipping to the east. The three wells
17 that are the subject of this are shown in the middle of
18 this area and labeled 24H, 25H and 26H. And there are
19 two cross sections that are the next two exhibits that
20 are shown on here. One goes north to south, and one
21 goes west to east.

22 Q. Before we get to those cross sections, what do
23 you observe about -- generally about the structure
24 across the proposed nonstandard spacing and proration
25 unit?

1 A. Our wells will be drilled generally in a strike
2 direction. The formation is fairly consistent across
3 this area and dips generally to the east.

4 Q. Do you see any faults or pinch-outs or any
5 other geologic impediments to development of this
6 acreage with horizontal wells?

7 A. I do not.

8 Q. And with respect to the wells you chose to
9 develop your cross section, why did you choose those
10 particular wells?

11 A. They're the best available wells in the area,
12 and they are typical of what's seen in this area. So
13 they're just the best representation I could get.

14 Q. Okay. Now let's turn to your north-to-south
15 cross section first. Is that set forth in OXY Exhibit
16 Number 10?

17 A. Yes.

18 Q. And have you identified on here both the tops
19 and bottoms of the intervals in the targeted zone?

20 A. I have.

21 Q. How is that identified?

22 A. The wide area in the middle of the cross
23 section delineates the top of the Bone Spring Sand down
24 to the top of the 3rd Bone Spring Lime.

25 Q. And within that -- it's white on here, correct?

1 A. Correct.

2 **Q. Within that white interval, the 2nd Bone Spring**
3 **Sand, roughly what is the targeted zone for these wells?**

4 A. The target zone, as you can see in the Morgan
5 Fee #1H, would be about 5,650 on subsea and about 8,600
6 feet in measured depth.

7 **Q. Okay. That's in the middle well?**

8 A. That's in the middle well.

9 **Q. What do you observe about the continuity of the**
10 **targeted zone as you move across the area of your cross**
11 **section?**

12 A. It has a consistent thickness and consistent
13 petrophysical properties, as you can see in the other
14 well logs.

15 **Q. Now, did you use this Morgan Fee log to also**
16 **create an east-to-west cross section?**

17 A. I did.

18 **Q. Okay. If I turn to what's been marked as OXY**
19 **Exhibit Number 11, is this your east-to-west cross**
20 **section?**

21 A. Yes.

22 **Q. And is this a structural cross section?**

23 A. It's a structural cross section. The well on
24 the left side of the page is to the west. The well on
25 the right side of the page is to the east. So you can

1 see that the formation is dipping across that area.

2 Q. And with respect to this area -- again, now
3 moving west to east -- do you see any -- what do you
4 observe about the continuity of the --

5 A. It's highly continuous and consistent.

6 Q. In your opinion, is this an area that can be
7 efficiently and economically developed by horizontal
8 wells?

9 A. Yes.

10 Q. And in your opinion, will the acreage that you
11 have proposed for the nonstandard spacing and proration
12 unit contribute more or less equally to the production
13 of the well?

14 A. Yes.

15 Q. And in your opinion, will the granting of this
16 application be in the best interest of conservation, the
17 prevention of waste and the protection of correlative
18 rights?

19 A. Yes.

20 Q. Were OXY Exhibits 9 through 11 prepared by you
21 or compiled under your direction and supervision?

22 A. Yes, they were.

23 MR. FELDEWERT: I would move the admission
24 into evidence of OXY Exhibits 9 through 11.

25 EXAMINER JONES: Exhibits 9 through 11 are

1 admitted.

2 (OXY USA, Inc. Exhibit Numbers 9 through 11
3 are offered and admitted into evidence.)

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

6 EXAMINER JONES: Mr. Lowe?

7 EXAMINER LOWE: No questions of this
8 witness.

9 EXAMINER JONES: Mr. Brooks?

10 EXAMINER BROOKS: No questions.

11 CROSS-EXAMINATION

12 BY EXAMINER JONES:

13 Q. You're targeting your well right before a
14 little yo-yo on the D gamma ray, and that seems to occur
15 across in all these wells. Is that just a little blip
16 of shale coming in there to that sand?

17 A. It's probably a little limestone stringer.

18 Q. Limestone stringer. Okay. How did that get
19 out there in the sand?

20 A. It's not uncommon. A lot of these were
21 turbidite deposits, and so from time to time, you just
22 get a small amount of carbonate coming in off the shelf.

23 Q. Okay. Thanks very much.

24 MR. FELDEWERT: Mr. Examiner, that
25 concludes our presentation. I'd ask that the case be

1 taken under advisement.

2 EXAMINER JONES: Case Number 16057 will be
3 taken under advisement.

4 (Case Number 16057 concludes, 4:23 p.m.)

5 (4:40 p.m.)

6 EXAMINER JONES: This pertains to Case
7 Number 16057.

8 TONY TROUTMAN,

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

11 RECROSS EXAMINATION

12 BY EXAMINER JONES:

13 Q. For the record, Mr. Troutman, with the well as
14 planned for almost the center of this -- of that
15 proposed nonstandard unit, will that well, in your
16 opinion, drain portions on either side of the
17 centerline?

18 A. Yes. I believe it will.

19 Q. Okay. Because of the frac job on the well?

20 A. Exactly.

21 Q. Okay. That's the only question I have.

22 A. Okay.

23 EXAMINER JONES: Let the record reflect
24 that Case 16057 is taken under advisement.

25 MR. FELDEWERT: Thank you.

1 (Case Number 16057 concludes, 4:41 p.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.

20 DATED THIS 22nd day of April 2018.

21

22

23 MARY C. HANKINS, CCR, RPR
24 Certified Court Reporter
25 New Mexico CCR No. 20
Date of CCR Expiration: 12/31/2018
Paul Baca Professional Court Reporters