

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 CHEVRON U.S.A., CASE NO. 16436  
INCORPORATED TO RE-OPEN CASE NO.  
16436 TO MODIFY THE VERTICAL LIMITS  
OF THE JAVELINA UNIT, EDDY COUNTY,  
NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

February 7, 2019

Santa Fe, New Mexico

BEFORE: SCOTT DAWSON, CHIEF EXAMINER  
KATHLEEN MURPHY, TECHNICAL EXAMINER  
TERRY WARNELL, TECHNICAL EXAMINER  
DAVID K. BROOKS, LEGAL EXAMINER

This matter came on for hearing before the  
New Mexico Oil Conservation Division, Scott Dawson,  
Chief Examiner; Kathleen Murphy and Terry Warnell,  
Technical Examiners; and David K. Brooks, Legal  
Examiner, on Thursday, February 7, 2019, 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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# APPEARANCES

FOR APPLICANT CHEVRON U.S.A., INCORPORATED:

EARL E. DeBRINE, JR., ESQ.  
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# EXHIBITS OFFERED AND ADMITTED

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1 (10:43 a.m.)

2 EXAMINER DAWSON: Moving down the list, we  
3 are going to go to Case Number 16436, which is  
4 application of Chevron U.S.A., Incorporated to re-open  
5 Case Number 16436 to modify the vertical limits of the  
6 Javelina Unit in Eddy County, New Mexico. Attorney for  
7 Chevron is Earl DeBrine.

8 Mr. DeBrine, when you're ready. Do you  
9 have any witnesses?

10 MR. DeBRINE: Yes, Mr. Examiner. We have  
11 one witness, a landman. And if the examiner has any  
12 geological questions, we also have a geologist in  
13 reserve, if you'll pardon the pun.

14 (Laughter.)

15 EXAMINER DAWSON: Okay. Thank you,  
16 Mr. DeBrine.

17 Can your landman and geologist be sworn in  
18 at this time?

19 MR. DeBRINE: That's fine. We can do that  
20 just in case.

21 (Mr. Verner and Mr. Cooper sworn.)

22 CHRISTOPHER COOPER,  
23 after having been first duly sworn under oath, was  
24 questioned and testified as follows:

25

1 DIRECT EXAMINATION

2 BY MR. DeBRINE:

3 Q. Could you please state your name for the  
4 record.

5 A. Christopher Cooper.

6 Q. Who do you work for, Mr. Cooper?

7 A. I work for Chevron U.S.A., Inc.

8 Q. What are your responsibilities for Chevron?

9 A. I'm a landman for Eddy County, New Mexico.

10 Q. Have you previously testified before the Oil  
11 Conservation Division?

12 A. Yes, I have.

13 Q. Did you testify in the original case when the  
14 Division considered the approval of the Javelina unit in  
15 October of last year?

16 A. Yes, I was.

17 Q. Were your credentials accepted and made a  
18 matter of record in that case?

19 A. Yes.

20 Q. Are you familiar with the application filed by  
21 Chevron with regard to this case?

22 A. Yes.

23 Q. Are you also familiar with the status of the  
24 lands that are included in the unit area that's the  
25 subject of this application?

1           A.     Yes.

2                       MR. DeBRINE:   We would tender Mr. Cooper as  
3   an expert in petroleum land matters.

4                       EXAMINER DAWSON:   The witness will be  
5   admitted as an expert in petroleum land matters at this  
6   time.

7           Q.     **(BY MR. DeBRINE) Mr. Cooper, if you could turn**  
8   **to Exhibit 1 and just explain what Chevron is seeking in**  
9   **its application in this case.**

10          A.     We're asking the Division to reduce the  
11   vertical limitation of the Javelina exploratory unit.

12          Q.     **And Exhibit 2 is the original unit that was**  
13   **approved by the Division in its prior order in this**  
14   **case; is that correct?**

15          A.     Correct.

16          Q.     **If you could turn to Exhibit 2, what provision**  
17   **of the unit agreement defines the unitized interval, the**  
18   **subject of the unit?**

19          A.     That would be on page 4, and that would be  
20   under Section 3.  The original depth limitations of the  
21   unit was from the top of the Bone Spring Formation,  
22   defined as the stratigraphic equivalent of the top of  
23   the Bone Spring Lime, to the center of the earth.

24          Q.     **If you could turn to Exhibit 3, which is the**  
25   **proposed unit agreement and explain to the examiners the**

1     **proposed change.**

2           A.     The proposed change, we will keep the top of  
3     the vertical limitations as the top of the Bone Spring  
4     Formation of the Bone Spring Lime, but we will have the  
5     depth limitation to the -- instead of the center of the  
6     earth to the base of the Woodford Shale, defined as a  
7     stratigraphic equivalent of a depth of 16,367 feet  
8     beneath the surface as shown in the Cotton Draw Unit 65  
9     well located in Section 2, Township 25 South, Range 31  
10    East, Eddy County.

11          **Q.     Mr. Cooper, what is the reason you're seeking**  
12    **reduce the vertical limits of the unit?**

13          A.     Upon title research, we found an original  
14    farm-out agreement wherein Chevron's predecessors did  
15    not earn to the center of the earth. They earned to a  
16    depth in the middle of the Devonian-Silurian Formation  
17    and Exxon, or XTO Holdings, owning below that. In  
18    conversations with XTO, they were not willing to sign on  
19    to the unit, so we decided to have the vertical  
20    limitation end at the base of the Woodford Shale, which  
21    is above the Devonian-Silurian.

22          **Q.     Prior to filing this application, did you have**  
23    **an opportunity to meet the BLM and the State Land Office**  
24    **to discuss the proposed change?**

25          A.     Yes, we did.

1           Q.    Did you receive preliminary approval from the  
2   BLM for the proposed modifications?

3           A.    Yes, we did.

4           Q.    If you could turn to Exhibit 4, please, is that  
5   the letter of preliminary approval from the BLM?

6           A.    Yes, it is.

7           Q.    Did you also receive a letter of preliminary  
8   approval from the New Mexico State Land Office?

9           A.    Yes, we did.

10          Q.    And is that Exhibit 5 in front of you?

11          A.    Yes, it is.

12          Q.    Has Chevron's development plans changed since  
13   the unit was approved in this proposed change presented  
14   to the regulatory agencies?

15          A.    No, it has not changed. We still plan on  
16   developing the Bone Spring and the Wolfcamp Formations.

17          Q.    Will the proposed change result in any  
18   modifications to Exhibit B, which shows the ownership  
19   breakdown?

20          A.    No. The ownership breakdown in Exhibit B, as  
21   shown in the previous hearing, will be the same.

22          Q.    Did Chevron propose notice concerning its  
23   applications to all of the working interest owners and  
24   overriding royalties in the tracts that comprise the  
25   unit lands?

1           A.     Yes, we did.

2                       MR. DeBRINE:   If you could turn to Exhibit  
3   6, Mr. Examiner, which is my Affidavit of Notice, which  
4   indicates that the notice was provided to all of the  
5   working interest owners, lessees of record, the  
6   regulatory agencies, the BLM and the State Land Office.  
7   There were four overriding royalty owners that we got  
8   undelivered letters back, and we also advertised notice  
9   in the Carlsbad paper on January 16th, and notice was  
10  given to all potential parties with regard to this case.

11                   And with that, that concludes my  
12  examination of Mr. Cooper.

13                   EXAMINER DAWSON:   Okay.   Mr. Brooks, do you  
14  have any questions?

15                   EXAMINER BROOKS:   No questions for this  
16  witness.

17                   EXAMINER DAWSON:   Mr. Warnell?

18                   EXAMINER WARNELL:   No questions.

19                   EXAMINER DAWSON:   Ms. Murphy?

20                   EXAMINER MURPHY:   No questions.

21                   EXAMINER DAWSON:   I just have a few items.

22                                       CROSS-EXAMINATION

23  BY EXAMINER DAWSON:

24           **Q.     On the -- the new unit agreement, on the -- as**  
25  **depicted on the laterolog for the Sotol Federal #1, API**



1     #30-015-23459, could you have the geologist provide a  
2     type log with that depth, that 8,400-foot depth marked  
3     on the log, so we can put it in the case file?

4                     MR. DeBRINE:    Sure.   We can do that.

5                     THE WITNESS:   And I do believe,  
6     Mr. Examiner, that that was already included in the  
7     original.

8             Q.     (BY EXAMINER DAWSON) Oh, that's already  
9     included?

10            A.     Yes, sir.

11            Q.     Okay.   Then we won't need that then.

12            A.     We'll double-checked it to make sure, and if it  
13     was not included, we will make sure we get that to you.

14            Q.     Okay.   And the geology and the engineering  
15     testimony, none of that's changed on this case?

16            A.     No, sir.

17            Q.     Okay.   That's all the questions I have.

18                     MR. DeBRINE:   And I've got the exhibits  
19     from the prior case, and that was included in the  
20     exhibits.

21                     EXAMINER DAWSON:   Okay.   That should be  
22     fine.   That's not necessary, then.   We'll just disregard  
23     that last request.

24                     And Exhibits 1 through 6 will be admitted  
25     to the file.

1 (Chevron U.S.A., Inc. Exhibit Numbers 1  
2 through 6 are offered and admitted into  
3 evidence.)

4 MR. DeBRINE: We would ask that they be  
5 submitted.

6 EXAMINER DAWSON: They will be admitted to  
7 the file.

8 MR. DeBRINE: We ask that you take the case  
9 under advisement, Mr. Examiner.

10 EXAMINER DAWSON: At this time Case Number  
11 16436 will be taken under advisement.

12 Thank you very much.

13 (Case Number 16436 concludes 10:51 a.m.)

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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.

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 7th day of March 2019.

21

22

23 MARY C. HANKINS, CCR, RPR  
24 Certified Court Reporter  
New Mexico CCR No. 20  
Date of CCR Expiration: 12/31/2019  
Paul Baca Professional Court Reporters

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