

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 TAP ROCK OPERATING, CASE NO. 20242  
LLC FOR A STANDARD HORIZONTAL SPACING  
AND PRORATION UNIT AND COMPULSORY  
POOLING, 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  
Paul Baca Professional Court Reporters  
500 4th Street, Northwest, Suite 105  
Albuquerque, New Mexico 87102  
(505) 843-9241

## 1 APPEARANCES

2 FOR APPLICANT TAP ROCK OPERATING, LLC:

3 SETH C. McMILLAN, ESQ.  
 4 KAITLYN A. LUCK, ESQ.  
 5 MONTGOMERY & ANDREWS LAW FIRM  
 325 Paseo de Peralta  
 Santa Fe, New Mexico 87501  
 (505) 982-3873  
 6 smcmillan@montand.com  
 kluck@montand.com

7

## 8 INDEX

9 PAGE

10 Case Number 20242 Called 3

11 Tap Rock Operating, LLC Case-in-Chief:

12 Witnesses:

13 Matthew Phillips:

14 Direct Examination by Mr. McMillan 4

Cross-Examination by Examiner Murphy 12

15 Redirect Examination by Mr. McMillan 12

Cross-Examination by Examiner Dawson 13

16 Cross-Examination by Examiner Warnell 13

17 Adam Smith:

18 Direct Examination by Mr. McMillan 13

Cross-Examination by Examiner Warnell 22

19 Cross-Examination by Examiner Murphy 22

Cross-Examination by Examiner Dawson 24

20 Proceedings Conclude 25

21 Certificate of Court Reporter 26

## 22 EXHIBITS OFFERED AND ADMITTED

23 Tap Rock Operating, LLC Exhibit Numbers 1 through 4 10

24 Tap Rock Operating, LLC Exhibit Number 5 11

25 Tap Rock Operating, LLC Exhibits Number 6 through 14 21

1 (8:44 a.m.)

2 EXAMINER DAWSON: The next case is Case  
3 Number 20242, Tap Rock Operating, LLC for a horizontal  
4 spacing unit, Eddy County, New Mexico.

5 Call for appearances, please.

6 MR. McMILLAN: Seth McMillan and Kaitlyn  
7 Luck on behalf of Tap Rock. We have two witnesses with  
8 us today.

9 EXAMINER DAWSON: Will your witnesses  
10 please stand and be sworn by the court reporter?

11 (Witnesses sworn.)

12 EXAMINER DAWSON: Proceed, Mr. McMillan.

13 MR. McMILLAN: Thank you, Mr. Dawson.

14 I would call my first witness, Mr. Matthew  
15 Phillips.

16 EXAMINER DAWSON: Any other appearances in  
17 this case or contestants in this case?

18 Okay. Thank you.

19 Mr. Phillips -- or, Mr. McMillan, when  
20 you're ready.

21 MATTHEW PHILLIPS,  
22 after having been first duly sworn under oath, was  
23 questioned and testified as follows:

24

25

1 DIRECT EXAMINATION

2 BY MR. McMILLAN:

3 Q. Would you please, sir, state your full name and  
4 place of residence?

5 A. Matthew Phillips, Denver, Colorado.

6 Q. By whom are you employed and in what capacity?

7 A. Tap Rock Resources, senior landman.

8 Q. Have you previously testified before the  
9 Division or one of its examiners?

10 A. Yes.

11 Q. And have you had your credentials accepted and  
12 made a matter of public record?

13 A. Yes.

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

16 A. Yes, I am.

17 Q. And are you familiar with the subject lands?

18 A. Yes.

19 MR. McMILLAN: Mr. Examiner, I would tender  
20 Mr. Phillips as an expert in petroleum land matters.

21 EXAMINER DAWSON: Okay. Mr. Phillips will  
22 be admitted as an expert in petroleum land matters at  
23 this time.

24 Q. (BY MR. McMILLAN) Mr. Phillips, would you  
25 please restate what Tap Rock seeks by its application?

1           A.    Tap Rock seeks to create a 320-acre horizontal  
2   spacing and proration unit comprised of the east half of  
3   Section 13, Township 25 South, Range 27 East, Eddy  
4   County, New Mexico, and to pool all uncommitted  
5   interests in the Wolfcamp Formation. We plan to drill  
6   two wells, the Delirium State Com 244H, which will be  
7   the defining well, and the Delirium State Com 234H,  
8   which will be the infill well.

9           Q.    Great.

10                   Have you prepared certain exhibits for  
11   introduction in this case?

12          A.    Yes.

13          Q.    Let's turn now to those. Is Exhibit 1  
14   comprised of proposed C-102s for the two wells?

15          A.    Yes.

16          Q.    And the C-102s have not been submitted yet,  
17   correct?

18          A.    Correct.

19          Q.    Are the surface-hole and bottom-hole locations  
20   for the two wells shown in Exhibit 1?

21          A.    Yes.

22          Q.    These are Wolfcamp wells, correct?

23          A.    Yes, they are.

24          Q.    What is the primary objective for these wells?

25          A.    Wolfcamp B.

1           Q.    What pool rules govern development in the  
2   Wolfcamp in this area?

3           A.    Purple Sage; Wolfcamp.

4           Q.    And the setbacks in this particular pool are  
5   affected by the new horizontal drilling rules, correct?

6           A.    That's correct.

7           Q.    What are the setbacks for gas wells in this  
8   pool?

9           A.    330 feet.

10          Q.    Will the wellbores and the first and last take  
11   points for both wells be situated within these setbacks?

12          A.    Yes, they will.

13          Q.    Does Tap own the right or otherwise have the  
14   right to drill in each tract that will be traversed by  
15   the wellbores?

16          A.    No.

17          Q.    That's why you're here today, correct?

18          A.    Yes.

19          Q.    Is Exhibit 2 a tract map showing Tap Rock's  
20   proposed unit?

21          A.    Yes, it is.

22          Q.    And does it reflect the acreage in the unit is  
23   both state and fee acreage?

24          A.    Yes.

25          Q.    Let's take a look at the owner breakdown here

1     behind Tab 3. Can you please describe for us Tap Rock's  
2     ownership in the proposed unit?

3           A. Tap Rock owns a 42.5 percent working interest  
4     in the east half of Section 13.

5           Q. And in your opinion, has Tap Rock proceeded  
6     diligently to develop these reserves?

7           A. Yes.

8           Q. Turning now to Exhibit 4, are these  
9     well-proposal letters and AFEs sent by Tap Rock to the  
10    interest owners here?

11          A. Yes, they are.

12          Q. Are you asking the Division today to pool any  
13    uncommitted interest owners?

14          A. Yes.

15          Q. Were there any unlocatable interest owners?

16          A. No.

17          Q. Does Tap Rock seek the imposition of a 200  
18    percent risk penalty against the unjoined working  
19    interests?

20          A. Yes.

21          Q. Does Tap Rock seek to be designated operator  
22    for the wells?

23          A. Yes.

24          Q. Turning back to the well-proposal letters, in  
25    your opinion, has Tap Rock made a good-faith effort to

1     **locate all of the unjoined interests?**

2           A.     Yes, we have.

3           **Q.     And to communicate with them in order to obtain**  
4     **their voluntary participation in the wells?**

5           A.     Yes.

6           **Q.     And in broad strokes, what were those efforts?**

7           A.     We proposed the wells, and we have -- Tap Rock  
8     has pursued multiple avenues, including trades,  
9     acquisitions, deals of that nature, to commit those  
10    interests.

11          **Q.     Are the AFEs for the two wells attached to the**  
12    **well-proposal letters in Exhibit 4?**

13          A.     Yes.

14          **Q.     Can you just recite for us the total amount for**  
15    **each completed well?**

16          A.     Approximately 8.6 million per well.

17          **Q.     Let's take a quick look at the attachments to**  
18    **the well proposal. Do you have the exhibits in front of**  
19    **you?**

20          A.     I don't have the exhibit.

21          **Q.     That's my mistake.**

22          A.     Approximately 6.8 million.

23          **Q.     Great.**

24                    **According to the record, 6.8 rather than**  
25    **8.6.**



1                   So do these AFEs still reflect accurately  
2   the estimated well costs for these wells?

3       A.    Yes.

4       Q.    And are these costs, in your opinion, in line  
5   with what is being charged by other operators in the  
6   area for similar wells?

7       A.    Yes.

8       Q.    Have you made an estimate of overhead and  
9   administrative costs while drilling and producing the  
10   wells?

11      A.    Yes, we have.

12      Q.    And what are those?

13      A.    7,000 per month drilling and 700 per month  
14   producing.

15      Q.    In your opinion, are these costs in line with  
16   what is being charged by other operators in the area?

17      A.    Yes, it is.

18      Q.    And do you recommend that these drilling and  
19   producing overhead rates be incorporated into the order  
20   that results from the hearing?

21      A.    Yes.

22      Q.    Does Tap Rock request that the order to be  
23   issued in this case provide for an annual adjustment of  
24   the drilling and producing overheads rates?

25      A.    Yes.

1           Q.    Now, under the circumstances, does Tap Rock's  
2   drilling schedule necessitate a request for an expedited  
3   order in this matter?

4           A.    Yes.

5           Q.    And can you explain just a little bit further?

6           A.    Well, due to the instability in the federal  
7   government and the inability for Tap Rock to receive  
8   federal APDs in a timely manner, there is a likelihood  
9   that these two wells could move up our drilling schedule  
10   significantly.

11          Q.    In your opinion, will the granting of Tap  
12   Rock's application be in the best interest of  
13   conservation, the prevention of waste and the protection  
14   of correlative rights?

15          A.    Yes.

16          Q.    Were Exhibits 1 through 4 prepared by you or at  
17   your direction and control?

18          A.    Yes.

19                   MR. McMILLAN:  I would move at this time  
20   the admission of Exhibits 1 through 4.

21                   EXAMINER DAWSON:  Okay.  Exhibits 1 through  
22   4 will be admitted at this time.

23                   (Tap Tock Operating, LLC Exhibit Numbers 1  
24   through 4 are offered and admitted into  
25   evidence.)

1                   MR. McMILLAN: And turning briefly to  
2   Exhibit 5, which is my Affidavit of Notice, the exhibit  
3   has attached as Exhibit A the green cards from the  
4   notice letters that we sent. There's also -- the list  
5   is three names long, and we received three green cards  
6   back. We also, for some reason, published notice, and  
7   it would be my contention that notice was completed  
8   properly as to all unjoined interests.

9                   I would move the admission of Exhibit 5?

10                  EXAMINER DAWSON: Exhibit 5 will be  
11   admitted to the record at this time.

12                  (Tap Tock Operating, LLC Exhibit Number 5  
13   is offered and admitted into evidence.)

14                  MR. McMILLAN: And that's all I have for  
15   this witness.

16                  EXAMINER DAWSON: Okay. Do you have any  
17   questions, Mr. Brooks?

18                  EXAMINER BROOKS: No. It sounds like your  
19   notice was properly done, but since you said you sent  
20   out three certified letters and got three green cards  
21   back, unless two of them were for the same party --

22                  MR. McMILLAN: It was my intention to  
23   represent that we received three separate green cards  
24   back from three separate entities, and it was a clean  
25   sweep.

1 EXAMINER BROOKS: I understand.

2 MR. McMILLAN: Rarely accomplished.

3 EXAMINER BROOKS: No further questions.

4 EXAMINER WARNELL: No questions.

5 EXAMINER DAWSON: Kathleen?

6 CROSS-EXAMINATION

7 BY EXAMINER MURPHY:

8 Q. What was the reason for the expedited order?

9 A. Just Tap Rock's inability to get approved  
10 federal APDs. We would like to be able to fill some  
11 slots on our schedule with the state and fee wells, and  
12 these are likely candidates to do that.

13 EXAMINER DAWSON: Do you have any more  
14 questions?

15 EXAMINER WARNELL: There is no federal land  
16 in these wells?

17 MR. McMILLAN: Right.

18 REDIRECT EXAMINATION

19 BY MR. McMILLAN:

20 Q. To be clear, you're talking about inability to  
21 get permits on federal land in other matters --

22 A. Yes.

23 Q. -- as to other projects?

24 A. Yes.

25

1 CROSS-EXAMINATION

2 BY EXAMINER DAWSON:

3 Q. So have you submitted the AFEs to the Feds on  
4 this? Or they're weren't -- they're not Fed?

5 A. No federal acreage.

6 Q. Okay. Have you prepared AFEs -- I mean, have  
7 you submitted the APDs on these to the State?

8 A. We have not permitted these wells yet.

9 CROSS-EXAMINATION

10 BY EXAMINER WARNELL:

11 Q. You are aware these will require coms?

12 A. Yes.

13 EXAMINER DAWSON: Okay. That's all the  
14 questions we have. Thank you.

15 THE WITNESS: Thanks.

16 MR. McMILLAN: Great. Thank you,  
17 Mr. Phillips.

18 I call my next witness, Mr. Adam Smith.

19 ADAM SMITH,

20 after having been previously sworn under oath, was  
21 questioned and testified as follows:

22 DIRECT EXAMINATION

23 BY MR. McMILLAN:

24 Q. Good morning, sir.

25 A. Good morning.

1           Q.    Will you please state your full name for the  
2   record?

3           A.    Adam Smith.

4           Q.    Where do you reside?

5           A.    Littleton, Colorado.

6           Q.    By whom are you employed and in what capacity?

7           A.    Tap Rock Resources as the geology manager.

8           Q.    Have you previously testified before the  
9   Division and had your credentials as an expert in  
10   petroleum geology accepted and made a matter of record?

11          A.    Yes.

12          Q.    Are you familiar with the application filed in  
13   this case?

14          A.    Yes.

15          Q.    Are you familiar with the geology in the area?

16          A.    Yes.

17                   MR. McMILLAN:  I would tender Mr. Smith as  
18   an expert petroleum geologist.

19                   EXAMINER DAWSON:  Mr. Smith will be  
20   admitted for the record as an expert petroleum geologist  
21   at this time.

22                   MR. McMILLAN:  Thank you.

23                   EXAMINER DAWSON:  Uh-huh.

24          Q.    (BY MR. McMILLAN) When did Tap Rock first  
25   commence its geologic evaluation in this area,

1     **Mr. Smith?**

2           A.     Around November 2016.

3           **Q.     And have you conducted a geologic investigation**  
4     **to determine whether each tract comprising the proposed**  
5     **unit for these wells is prospective for production?**

6           A.     Yes.

7           **Q.     What did you conclude?**

8           A.     That they are.

9           **Q.     Will each tract contribute approximately the**  
10    **same amount of reserves to the wells in each of the**  
11    **intervals being developed?**

12          A.     Yes.

13          **Q.     Can you please give the examiners a brief**  
14    **overview of the geologic development in this area and**  
15    **the prospective productivity of the Wolfcamp Formation**  
16    **here?**

17          A.     Yeah. Our target in the Wolfcamp B here, we're  
18    pretty distal to any of the source, so there is quite a  
19    bit of shale that was being deposited in the deep ocean  
20    setting, with some smaller inputs of limestones and  
21    sandstones from the source to the west and to north,  
22    providing good in situ source rocks within the Wolfcamp  
23    B and at reservoir qualities in the siliciclastic inputs  
24    of the carbonate and sandstones.

25          **Q.     Turning -- thank you.**

1                   Turning now to your Exhibit 6, this looks  
2 like a project locator map. Can you orient us here in  
3 space?

4           A.    Yes. So this project locator map shows our DSU  
5 within Township 25 South, 27 East within Eddy County,  
6 New Mexico just north of the state line with Texas there  
7 and then an inset map showing our actual DSU in Section  
8 13 with the two wells of the Delirium State Com 244H and  
9 the Delirium State Com 234H.

10          Q.    Great.

11                   Let's start -- this is how our exhibits are  
12 laid out, so let's begin with the 234H well. Can you  
13 tell us what we're looking at when we turn to Exhibit 7,  
14 please?

15          A.    Yes. This is a subsea structure map on the top  
16 of the Wolfcamp B interval. On this map, I have located  
17 the spacing unit in red outline and the location of the  
18 surface and bottom hole of the Delirium State Com 234H.  
19 I also have a locator map of the subsequent cross  
20 section from A to A prime. I've highlighted the -- all  
21 the Wolfcamp B producers, horizontals and verticals,  
22 within the area to show that there is development in  
23 this area. And then the structure map is to show that  
24 we are drilling roughly along strike, so we expect  
25 little to no dip in the bedding plane as it dips



1     monoclinally down to the east.

2           Q.     In looking at Exhibit 7, what, in your opinion,  
3     is the prevailing development pattern for the Wolfcamp  
4     in this area?

5           A.     Stand-up.

6           Q.     And is Tap Rock's unit orientation consistent  
7     with that prevailing pattern?

8           A.     Yes.

9           Q.     Great.

10                   Let's turn to Exhibit 8. And can you let  
11     us know what we're looking at here, please?

12           A.     Yeah. This is a stratigraphic cross section  
13     that's hung on the top of the Wolfcamp B interval as  
14     picked by myself and then some of the internal intervals  
15     of the Wolfcamp B, including Wolfcamp B2, the Wolfcamp  
16     layer down to the Wolfcamp C top. Each one of these  
17     logs is a well in the area that was on the map previous  
18     to this, and they all are triple combo logs.

19                   So our first track is a gamma-ray log from  
20     0 to 200 API colored by a pseudolithology as interpreted  
21     by myself, with blues being more carbonate-rich zones,  
22     yellows being sandier zones and the browns being a shale  
23     zone.

24                   The resistivity is in track two, and it's a  
25     deep resistivity log from .2 to 2,000 ohm meters on a

1 logarithmic scale. The blue shading is anything less  
2 than 50 ohm meters.

3 The third track is the porosity track,  
4 including the density porosity and neutron porosity. So  
5 on the density porosity in blue, both from a 30 to minus  
6 10 linear scale. And on the density porosity, I've  
7 highlighted anything greater than 10 percent in green,  
8 and on the neutron porosity, it's anything greater than  
9 15 percent, indicating a high clay-rich zone.

10 Q. And I see that you've noted the lateral  
11 interval, the target interval, for the 234H well here on  
12 Exhibit 8?

13 A. Yes. The green box is the lateral interval of  
14 what we are targeting with our horizontal well and with  
15 the completion, what we think the whole completion  
16 interval would target in this, along with the projected  
17 Delirium State Com 234H well shown in there.

18 Q. And is the interval continuous?

19 A. Yes.

20 Q. Do you see any faults or discontinuities?

21 A. No.

22 Q. Do observe any porosity differences throughout  
23 the interval?

24 A. No.

25 Q. No thickening or thinning?

1           A.    No.

2           Q.    Great.

3                       Turning now to Exhibit 9, please let us  
4 know what you've done here.

5           A.    This is an isopach map from the top of that  
6 Wolfcamp B to the Wolfcamp C, and this shows also where  
7 the spacing unit is located, along with the Delirium  
8 State Com 234 surface- and bottom-hole location with  
9 that previous cross section from A to A prime located on  
10 here. And what I intend to show here is that we are  
11 roughly around 1,075 feet of gross thickness in this  
12 interval.

13          Q.    Is Exhibit 10 a simplified wellbore diagram for  
14 the 234H well?

15          A.    Yes.

16          Q.    And does it demonstrate that this well is  
17 orthodox?

18          A.    Yes.

19          Q.    Turning to Exhibit 11 and at the same time  
20 turning to the 244H well -- we did this with the 234H  
21 well -- would you briefly describe Exhibit 11 to us?

22          A.    Yeah. Exhibit 11 is the same subsea structure  
23 map on the top of the Wolfcamp B showing the same DSU  
24 but just a slightly different version of where the  
25 bottom-hole location will be for the Delirium State

1 244H. So it shows that location, the same location of  
2 the cross section, A to A prime.

3 Q. Great.

4 Moving to Exhibit 12, is this the strat  
5 cross section for the 244H?

6 A. Yes. This is the same cross section that I  
7 previously discussed hung on the top of the Wolfcamp B.  
8 What has changed on this cross section is to show that  
9 our lateral interval is below the 234H lateral interval.

10 Q. Below the --

11 A. 244H lateral interval. I apologize.

12 Q. Okay. And is the interval continuous across  
13 the unit with respect to this well?

14 A. Yes.

15 Q. And you're not seeing any faults or  
16 discontinuities?

17 A. No.

18 Q. No porosity differences?

19 A. No.

20 Q. Any thickening or thinning?

21 A. No.

22 Q. Turning to Exhibit 13, would you briefly  
23 describe Exhibit 13 to us, please?

24 A. Yeah. This is the same isopach map as shown  
25 before from the Wolfcamp B to the Wolfcamp C showing the

1 location of the Delirium State Com 244H, and it's the  
2 same thickness of 1,075 feet.

3 Q. And Exhibit 14, is this a simplified wellbore  
4 diagram for the Delirium 244H?

5 A. Yes.

6 Q. Does it demonstrate that this well is orthodox?

7 A. Yes.

8 Q. In your opinion, would granting Tap Rock's  
9 application be in the interest of conservation, the  
10 prevention of waste and the protection of correlative  
11 rights?

12 A. Yes.

13 Q. Were Exhibits 6 through 14 prepared by you or  
14 at your direction?

15 A. Yes.

16 MR. McMILLAN: At this time I tender the  
17 admission of Exhibits 6 through 14, Mr. Examiner.

18 EXAMINER DAWSON: Exhibits 6 through 14  
19 will be admitted to the record.

20 (Tap Tock Operating, LLC Exhibit Numbers 6  
21 through 14 are offered and admitted into  
22 evidence.)

23 MR. McMILLAN: That would conclude my  
24 examination of this witness, and I'd pass him on to the  
25 examiners.

1 EXAMINER DAWSON: Mr. Brooks?

2 EXAMINER BROOKS: No questions.

3 EXAMINER DAWSON: Mr. Warnell?

4 CROSS-EXAMINATION

5 BY EXAMINER WARNELL:

6 Q. Yeah. Mr. Smith, on your Exhibit 8 of 12  
7 [sic], your cross section, are those four wells that you  
8 used -- the logs for them, are they all producing?

9 A. No, they are not. That first one is a dry hole  
10 that was drilled by COG. The second one is a producer  
11 most likely producing out of the Morrow Formation, which  
12 is below. And then the Myox State, that was a pilot  
13 hole done on a horizontal well by Concho in the area.  
14 And then the Red Ryder State basically had an oil show  
15 or plugged oil well from shallower intervals.

16 Q. Okay. Thank you.

17 A. You're welcome.

18 EXAMINER DAWSON: Ms. Murphy?

19 CROSS-EXAMINATION

20 BY EXAMINER MURPHY:

21 Q. Mr. Smith --

22 A. Yes, ma'am.

23 Q. -- is 8 the 234, the cross section?

24 A. Yes.

25 Q. And is 12 the 244?

1           A.    Yeah.  It's supposed to be.  I noticed that,  
2   too, in there, and we will resubmit that exhibit.  I  
3   apologize.

4           **Q.    All right.**

5                   MR. McMILLAN:  Well, I don't know.  Would  
6   it be the pleasure of the examiners that we amend and  
7   resubmit the exhibit, or can we just do this on the  
8   record and note that there is a typo that should be  
9   number 244H in the blue box there showing the cartoon of  
10  the wellbore?

11                  EXAMINER DAWSON:  I don't think that would  
12  be very difficult for them to change that.

13                  MR. McMILLAN:  Oh, of course not.  I just  
14  didn't know if you wanted the additional paper.

15                  EXAMINER DAWSON:  Yeah.  If you could just  
16  send that to us, we'll include it in the case file.

17                  MR. McMILLAN:  Will do.

18                  EXAMINER DAWSON:  Thank you.  Just to make  
19  it cleaner.  I think it would be better.

20                         Do you have any other questions?

21                  EXAMINER MURPHY:  No geologist would call  
22  that a cartoon.

23                         (Laughter.)

24                  EXAMINER MURPHY:  Just saying.

25                  MR. McMILLAN:  I correct the record.  I

1     meant to say the technical drawing.

2                     EXAMINER DAWSON:   Okay.

3                                     CROSS-EXAMINATION

4     BY EXAMINER DAWSON:

5             **Q.    Okay.  Mr. Smith, are there any depth**  
6     **severances in the Wolfcamp that you're aware of?  I**  
7     **should have asked the landman.**

8             A.    I'm not aware of that.  That would not be my  
9     purview to understand that.

10            **Q.    Okay.**

11                     EXAMINER DAWSON:  If I could just ask the  
12     landman a quick --

13                     MR. PHILLIPS:  No.

14                     EXAMINER DAWSON:  Okay.  Thank you,  
15     Mr. Phillips.  Sorry.  I should have asked you while you  
16     were up here.

17                     MR. PHILLIPS:  That's okay.

18             **Q.    (BY EXAMINER DAWSON) Okay.  And in looking at**  
19     **the wells up in -- to the northeast of your proposed**  
20     **prospect, in Section 7 of 25 South, 28 East, are those**  
21     **Wolfcamp wells up there?**

22             A.    I'm not 100 percent certain on if they're  
23     Wolfcamp, but they are not in the Wolfcamp B, as I have  
24     looked through all the wells in the area and designated  
25     their landing zone if they're in the Wolfcamp B or not



1 on that map.

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

3 MR. McMILLAN: Well, with the agreement  
4 that we will submit an amended Exhibit 12 --

5 EXAMINER DAWSON: Yes.

6 MR. McMILLAN: -- I would ask the Division  
7 to take this matter under advisement.

8 EXAMINER DAWSON: Okay. At this time Case  
9 Number 20242 will be taken under advisement.

10 MR. McMILLAN: And also, as discussed on  
11 the record, we would put in a request that this be  
12 handled in an expedited manner, which also requires us  
13 to, on an expedited basis, get you a revised exhibit.

14 EXAMINER DAWSON: Yes.

15 MR. McMILLAN: But I wanted to get that on  
16 the record.

17 EXAMINER DAWSON: Yes.

18 MR. McMILLAN: Thank you very much.

19 EXAMINER DAWSON: Thank you.

20 (Case Number 20242 concludes, 9:07 a.m.)

21

22

23

24

25

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 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

25