

[illegible][illegible][illegible]

Page 1

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 CENTENNIAL RESOURCE           CASE NOS. 20064,  
PRODUCTION, LLC FOR COMPULSORY POOLING,         20065,  
LEA COUNTY, NEW MEXICO.                              20067,  
  20068

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

February 21, 2019

Santa Fe, New Mexico

BEFORE:   MICHAEL MCMILLAN, CHIEF EXAMINER  
          TERRY WARNELL, TECHNICAL EXAMINER  
          DAVID K. BROOKS, LEGAL EXAMINER

This matter came on for hearing before the New Mexico Oil Conservation Division, Michael McMillan, Chief Examiner, Terry Warnell, Technical Examiner, and David K. Brooks, Legal Examiner, on Thursday, February 21, 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

[illegible]

Page 1

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 CENTENNIAL RESOURCE           CASE NOS. 20064,  
PRODUCTION, LLC FOR COMPULSORY POOLING,         20065,  
LEA COUNTY, NEW MEXICO.                              20067,  
  20068

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

February 21, 2019

Santa Fe, New Mexico

BEFORE:   MICHAEL MCMILLAN, CHIEF EXAMINER  
         TERRY WARNELL, TECHNICAL EXAMINER  
         DAVID K. BROOKS, LEGAL EXAMINER

This matter came on for hearing before the New Mexico Oil Conservation Division, Michael McMillan, Chief Examiner, Terry Warnell, Technical Examiner, and David K. Brooks, Legal Examiner, on Thursday, February 21, 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

[illegible]

Page 1

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 CENTENNIAL RESOURCE               CASE NOS. 20064,  
PRODUCTION, LLC FOR COMPULSORY POOLING,                 20065,  
LEA COUNTY, NEW MEXICO.                                      20067,  
  20068

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

February 21, 2019

Santa Fe, New Mexico

BEFORE:   MICHAEL MCMILLAN, CHIEF EXAMINER  
         TERRY WARNELL, TECHNICAL EXAMINER  
         DAVID K. BROOKS, LEGAL EXAMINER

This matter came on for hearing before the New Mexico Oil Conservation Division, Michael McMillan, Chief Examiner, Terry Warnell, Technical Examiner, and David K. Brooks, Legal Examiner, on Thursday, February 21, 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

[illegible]

Page 1

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 CENTENNIAL RESOURCE               CASE NOS. 20064,  
PRODUCTION, LLC FOR COMPULSORY POOLING,               20065,  
LEA COUNTY, NEW MEXICO.                             20067,  
  20068

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

February 21, 2019

Santa Fe, New Mexico

BEFORE:   MICHAEL MCMILLAN, CHIEF EXAMINER  
          TERRY WARNELL, TECHNICAL EXAMINER  
          DAVID K. BROOKS, LEGAL EXAMINER

This matter came on for hearing before the New Mexico Oil Conservation Division, Michael McMillan, Chief Examiner, Terry Warnell, Technical Examiner, and David K. Brooks, Legal Examiner, on Thursday, February 21, 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 CENTENNIAL RESOURCE PRODUCTION, LLC:

3 SETH C. McMILLAN, ESQ.  
4 KAITLYN A. LUCK, ESQ.  
5 MONTGOMERY & ANDREWS LAW FIRM  
6 325 Paseo de Peralta  
7 Santa Fe, New Mexico 87501  
8 (505) 982-3873  
9 smcmillan@montand.com

10 FOR INTERESTED PARTIES MRC PERMIAN COMPANY, MATADOR  
11 RESOURCES COMPANY (Case 20067); MRC PERMIAN COMPANY,  
12 MATADOR RESOURCES COMPANY AND MEWBOURNE OIL COMPANY  
13 (Case Number 20068):

14 JAMES G. BRUCE, ESQ.  
15 Post Office Box 1056  
16 Santa Fe, New Mexico 87504  
17 (505) 982-2043  
18 jamesbruc@aol.com

19 FOR INTERESTED PARTY EOG RESOURCES, INC.:

20 ERNEST L. PADILLA, ESQ.  
21 PADILLA LAW FIRM, P.A.  
22 1512 South St. Francis Drive  
23 Post Office Box 2523  
24 Santa Fe, New Mexico 87504  
25 (505) 988-7577  
padillalaw@qwestoffice.net

1	INDEX	
2		PAGE
3	Case Numbers 20064, 20065, 20067 and 20068 Called	4
4	Centennial Resource Production, LLC's Case-in-Chief:	
5	Witnesses:	
6	Taylor L. Thoreson:	
7	Direct Examination by Mr. McMillan	5, 15
8	Cross-Examination by Examiner McMillan	13, 20
9	Cross-Examination by Examiner Brooks	20, 27
10	John Harper:	
11	Direct Examination by Mr. McMillan	31, 36, 41
12	Cross-Examination by Examiner Brooks	39
13	Proceedings Conclude	45
14	Certificate of Court Reporter	46
15	EXHIBITS OFFERED AND ADMITTED	
16	Centennial Resource Production, LLC Exhibit Numbers 1 through 16	27
17	Centennial Resource Production, LLC Exhibit Numbers 17 through 28	44
18	Centennial Resource Production, LLC Exhibit Number 29	30
19		
20		
21		
22		
23		
24		
25		

1 (1:24 a.m.)

2 EXAMINER McMILLAN: Please proceed.

3 MR. McMILLAN: Okay. Mr. Examiner, we have  
4 for you four cases, all applications of Centennial  
5 Resource Production, LLC for compulsory pooling. The  
6 cases are related, and we would ask that they be  
7 consolidated for purposes of the hearing. They are  
8 20064, 20065 -- no -- 20064, 20065, 20067 and 20068. I  
9 have two witnesses with me today.

10 EXAMINER McMILLAN: Okay. Other  
11 appearances?

12 MR. BRUCE: Mr. Examiner, in Case 20067,  
13 Jim Bruce entering an appearance for MRC Permian Company  
14 and Matador Resources Company, and in Case 20068, I'm  
15 filing an entry of appearance for MRC Permian Company,  
16 Matador Resources Company and Mewbourne Oil Company. I  
17 have no witnesses.

18 MR. PADILLA: Mr. Examiner, Ernest L.  
19 Padilla for EOG Resources, Inc. in all four cases, and  
20 we have no witnesses.

21 MR. McMILLAN: And, Mr. Examiner, for the  
22 record, Seth McMillan and Kaitlyn Luck, from Montgomery  
23 & Andrews, on behalf of the Centennial. And we have two  
24 witnesses today.

25 EXAMINER McMILLAN: Would the witnesses

1 please stand up and be sworn in at this time?

2 (Mr. Harper and Ms. Thoreson sworn.)

3 MR. McMILLAN: I would call at this time my  
4 first witness, Taylor Thoreson.

5 EXAMINER McMILLAN: Please proceed.

6 TAYLOR L. THORESON,  
7 after having been first duly sworn under oath, was  
8 questioned and testified as follows:

9 DIRECT EXAMINATION

10 BY MR. McMILLAN:

11 Q. Would you please state your full name and place  
12 of residence?

13 A. Taylor Lynn Thoreson, and I live in Denver,  
14 Colorado.

15 Q. And by whom are you employed and in what  
16 capacity?

17 A. Centennial Resource Production, LLC, and I'm a  
18 landman.

19 Q. Have you previously testified before the  
20 Division?

21 A. I have not.

22 Q. In that case, would you please summarize your  
23 education for the examiners?

24 A. Yes. I graduated in 2014 with a Bachelor's in  
25 Business from the University of Oklahoma, and my degree

1 is in energy management.

2 Q. And would you please summarize your work  
3 experience?

4 A. Yeah. I've been a full-time landman since  
5 graduation for four years, two of which have been at  
6 Centennial, and the other two were at Encana.

7 Q. Are you familiar with the applications filed in  
8 these cases?

9 A. I am.

10 Q. Are you familiar with the subject lands?

11 A. Yes.

12 MR. McMILLAN: Mr. Examiner, I would tender  
13 Ms. Thoreson as an expert in petroleum land matters.

14 EXAMINER McMILLAN: Any objections?

15 MR. BRUCE: No objection.

16 MR. PADILLA: No objection.

17 EXAMINER McMILLAN: So qualified.

18 MR. McMILLAN: Mr. Examiner, the way we  
19 would like to do this -- and let me know if you prefer  
20 to do it otherwise. But the way we laid this out was  
21 to, essentially, these cases in chronological order,  
22 bunching together -- consolidating 64 and 65, as the  
23 wells are similar. And what I'd like to do is question  
24 the land witness on all four cases and then move to the  
25 geology witness, if that's okay.

1 EXAMINER McMILLAN: That's fine.

2 MR. McMILLAN: Okay. Great.

3 Q. (BY MR. McMILLAN) Let's start with 20064 and  
4 20065. These are the so-called Dandie and Mastiff  
5 wells, correct?

6 A. Yes.

7 Q. Could you please briefly state what Centennial  
8 seeks in its applications in these two cases?

9 A. Yes. For Case 20064, Centennial seeks an order  
10 pooling all uncommitted interests in the Bone Spring  
11 Formation in the 160-acre horizontal spacing unit  
12 comprised of the west half of the east half of Section  
13 22, Township 23 South, Range 34 East in Lea County, New  
14 Mexico. Said horizontal spacing unit will be dedicated  
15 to our proposed Dandie 22 Federal Com #602H well, which  
16 will be horizontally drilled for the surface in the  
17 southwest quarter of the southeast quarter to a  
18 bottom-hole location in the northwest quarter of the  
19 northeast quarter of Section 22.

20 As for Case Number 20065, Centennial seeks  
21 an order pooling all uncommitted interests in the Bone  
22 Spring Formation in the 160-acre horizontal spacing unit  
23 comprised of the east half of the east half of Section  
24 22, Township 23 South, Range 34 East in Lea County,  
25 New Mexico. The horizontal spacing unit will be

1 proposed for the Mastiff 22 Federal Com #601H, which  
2 will be horizontally drilled from a surface location in  
3 the southeast quarter of the southeast quarter to a  
4 bottom-hole location in the northeast quarter of the  
5 northeast quarter of Section 22.

6 Q. Have you prepared certain exhibits for  
7 introduction in these cases?

8 A. I have.

9 Q. Let's turn now to those. Let's take a look at  
10 Exhibits 1 and 2. Are these the C-102s for the Dandie  
11 and Mastiff wells, respectively?

12 A. They are.

13 Q. Have these C-102s been submitted?

14 A. They have been.

15 Q. Has an on-site been completed?

16 A. Yes.

17 Q. Are the surface- and bottom-hole locations for  
18 these wells shown on Exhibits 1 and 2?

19 A. Yes.

20 Q. These are both Bone Spring wells, correct?

21 A. They are.

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

23 A. They are 3rd Bone Spring.

24 Q. And what pool rules govern development in the  
25 Bone Spring in this area?



1           A.    They are the statewide pool rules, and it is  
2   the Antelope Ridge; Bone Spring, West Pool.

3           **Q.    Great.**

4                       **What are the setbacks for oil wells in this**  
5   **pool?**

6           A.    They are 100 from north and south and 330, east  
7   and west.

8                       EXAMINER McMILLAN:   What's the pool number?

9                       THE WITNESS:   It is 2209.

10                      EXAMINER McMILLAN:   Well done.

11           **Q.    (BY MR. McMILLAN) Will the wellbores and the**  
12   **first and last take points for both the Dandie and**  
13   **Mastiff wells be situated within those setbacks?**

14           A.    Yes.

15           **Q.    Does Centennial own the right or otherwise have**  
16   **the right to drill in each tract that will be traversed**  
17   **by the wellbore?**

18           A.    We own 100 percent in the southeast quarter,  
19   and then EOG owns 100 percent in the northeast quarter  
20   of that particular section.   So we own a leasehold  
21   interest in half of the wellbore.

22           **Q.    And you're here today to pool the other half,**  
23   **correct?**

24           A.    Exactly.

25           **Q.    Let's take a look at Exhibit 3.   Is this a**

1 tract map showing Centennial's proposed unit in Case  
2 20064?

3 A. It is.

4 Q. Does it reflect that the acreage in the unit is  
5 both state and federal?

6 A. Yes.

7 Q. And is Exhibit 4 a tract map for the Mastiff  
8 well, Case 20065?

9 A. Yes, it is.

10 Q. And does this exhibit reflect that acreage is  
11 both state and federal in this unit?

12 A. Uh-huh. It does.

13 Q. Is Exhibit 5 an ownership breakdown for the  
14 Dandie well?

15 A. Yes.

16 Q. And what is Centennial's ownership in this  
17 particular horizontal spacing unit?

18 A. We will own 50 percent of the working interest  
19 in the proposed unit.

20 Q. And let's take a look at Exhibit 6. Is this an  
21 ownership breakdown for the Mastiff?

22 A. Yes. It mirrors that of the Dandie, and we  
23 will own 50 percent of that pooled unit.

24 Q. In your opinion, has Centennial acted  
25 diligently to develop the reserves in these units?

1           A.     Yes.

2           Q.     Let's take a look at Exhibit 7.  Is this a  
3     well-proposal letter and AFE Centennial sent with  
4     respect to the Dandie well?

5           A.     Yes.

6           Q.     And is Exhibit 8 a similar well-proposal letter  
7     sent with respect to the Mastiff?

8           A.     Yes.

9           Q.     Are you asking the Division today to pool any  
10    uncommitted interest owners?

11          A.     We are.

12          Q.     Were there any unlocatable mineral interests?

13          A.     No.

14          Q.     Does Centennial seek the imposition of a 200  
15    percent risk penalty against unjoined working interests?

16          A.     Yes.

17          Q.     Does Centennial seek to be designated operator  
18    for the wells?

19          A.     Yes.

20          Q.     In your opinion, has Centennial made a  
21    good-faith effort to locate all of the unjoined  
22    interests and communicate with them --

23          A.     Yes.

24          Q.     -- in order to obtain their voluntary  
25    participation?

1           A.    Yes, we have.  We sent out initial elections to  
2   EOG Resources, and we've had subsequent phone  
3   conversations and email correspondence over the last six  
4   months.  And we're actually in negotiations with EOG to  
5   acquire their interest in these wells, where Centennial  
6   would then own 100 percent.  And there is actually an  
7   agreement drafted that is on their desk currently to  
8   allow for such.

9           **Q.    Are the AFEs for the Dandie and Mastiff wells**  
10   **attached to the respective well-proposal letters in**  
11   **Exhibits 7 and 8?**

12          A.    Yes, they are.

13                       (Examiner Brooks enters the room, 1:34  
14                       p.m.)

15          **Q.    Can you just, for the record, let us know what**  
16   **the total amount is for each completed well?**

17          A.    Yes.  They are both roughly \$8.6 million.

18          **Q.    And are these AFE numbers still accurate?**

19          A.    Yes, they are.

20          **Q.    I should rephrase.  Are these AFEs still**  
21   **accurate estimates of well costs for these wells?**

22          A.    Yes.

23          **Q.    Are these estimated costs in line with what is**  
24   **being charged by other operators in the area for similar**  
25   **wells?**

1           A.     Yes.

2           Q.     Have you made an estimate of overhead and  
3     administrative costs while drilling and producing?

4           A.     Yeah. We are currently estimating \$7,000 per  
5     month for initial drilling and then for production each  
6     month, roughly 700.

7           Q.     Are these costs in line with what's being  
8     charged by other operators in the area?

9           A.     They are, yes.

10          Q.     And would you recommend that these overhead  
11     rates be incorporated into the order that results from  
12     this hearing?

13          A.     Yes.

14          Q.     Would Centennial request that the order provide  
15     for an annual COPAS adjustment of those rates?

16          A.     Yes.

17                   MR. McMILLAN: Mr. Examiner, that's all I  
18     have for consolidated Cases 20064 and 20065 with respect  
19     to the land witness.

20                   Would you like to ask questions now?

21                   CROSS-EXAMINATION

22     BY EXAMINER McMILLAN:

23          Q.     Okay. Any depth severances?

24          A.     There are not.

25          Q.     Okay. So you are on record as saying 7,000 for

1     drilling and 700 for producing.

2           A.     Yes.

3           Q.     Now, just so you'll know, that's not what you  
4     sent -- your letter says 7,500 --

5           A.     It does.

6           Q.     -- and 750, and you're getting 7,000 and 700.  
7     Is that your testimony?

8           A.     That is correct. There have been -- we have  
9     been in negotiations with EOG on a JOA, and it allows  
10    for the 7,000 and the 700 in the event the trade did  
11    not --

12          Q.     Do these wells have API numbers?

13          A.     They do, but I do not have them on me right  
14    now.

15                   MR. McMILLAN: We have that. We'll provide  
16    them.

17                   EXAMINER McMILLAN: Seth will provide them.

18                   THE WITNESS: Okay.

19          Q.     (BY EXAMINER McMILLAN) And they're proposed,  
20    right?

21          A.     They have -- they are proposed, but they have  
22    been approved.

23          Q.     Okay. But they haven't been spud, correct?

24          A.     Exactly.

25          Q.     Okay.

1 EXAMINER BROOKS: Under the circumstances,  
2 I have no questions.

3 EXAMINER WARNELL: No questions.

4 CONTINUED DIRECT EXAMINATION

5 BY MR. McMILLAN:

6 Q. Let's move on to Case Number 20067, the  
7 so-called Romeo wells. Would you please briefly state  
8 what Centennial seeks in its application in Case Number  
9 20067?

10 A. Yes. Centennial seeks an order pooling all  
11 uncommitted interests in the Wolfcamp Formation in the  
12 240-acre horizontal spacing unit comprised of the west  
13 half of the west half of Section 22 and the west half of  
14 the northwest quarter of Section 27, Township 24 South,  
15 Range 34 East in Lea County, New Mexico. Said  
16 horizontal spacing is for the two initial wells, the  
17 proposed Romeo Federal Com 705H well and the Romeo  
18 Federal Com 706H well. Both wells are to be drilled  
19 horizontally from a surface location in the northwest  
20 quarter of the northwest quarter of Section 22 with a  
21 bottom-hole location in the southwest quarter of the  
22 northwest quarter of Section 27.

23 Q. Thank you for that.

24 Is Exhibit 9 the C-102s for the two Romeo  
25 wells?

1           A.    It is.

2           Q.    And can you just let us know the status of  
3 those C-102s?

4           A.    They have been approved.

5           Q.    Are these surface- and bottom-hole locations  
6 for the Romeo wells shown on Exhibit 9?

7           A.    Yes.

8           Q.    And these are Wolfcamp wells, correct?

9           A.    That is correct.

10          Q.    Please identify for us the primary objective  
11 for the wells.

12          A.    They are Upper Wolfcamp wells as currently  
13 planned.

14          Q.    And what pool rules govern development in the  
15 Wolfcamp in this area?

16          A.    They are the statewide pool rules for Antelope  
17 Ridge; Wolfcamp, and that number is 2220.

18          Q.    So what are setbacks for oil wells here?

19                   EXAMINER McMILLAN:   200- --

20                   THE WITNESS:   2220?   We both are having  
21 trouble with numbers.   2220.

22                   EXAMINER McMILLAN:   I never pay attention  
23 to pool names, just the pool codes.

24                   MR. McMILLAN:   2220.

25                   EXAMINER McMILLAN:   Okay.   Great.



1           Q.    (BY MR. McMILLAN) Will the wellbores and the  
2   first and last take points for the two Romeo wells be  
3   situated within the setbacks?

4           A.    Yes.

5           Q.    Does Centennial own the right or otherwise have  
6   the right to drill in each tract that will be traversed  
7   by the wellbore?

8           A.    Yes.

9           Q.    Is Exhibit 10 a tract map showing the proposed  
10   unit for the Romeo wells?

11          A.    Yes.

12          Q.    Does it reflect that acreage in the unit is  
13   federal and fee acreage?

14          A.    It does.

15          Q.    And is Exhibit 11 an ownership breakdown for  
16   the Romeo wells?

17          A.    Yes, it is.

18          Q.    Please describe Centennial's ownership in this  
19   proposed unit.

20          A.    Centennial would have roughly a 54 percent  
21   working interest in the proposed unit.

22          Q.    And in your opinion, has Centennial acted  
23   diligently to develop the reserves in this unit?

24          A.    Yes.

25          Q.    Turn to Exhibit 12, please.  Is this a

1 well-proposal letter and AFE sent to interest owners  
2 with respect to these Romeo wells?

3 A. Yes.

4 Q. Are you asking the Division to pool today any  
5 uncommitted interest owners?

6 A. Yes.

7 Q. Were there any unlocatable mineral interest  
8 owners?

9 A. There were not.

10 Q. Does Centennial seek the imposition of a 20  
11 percent risk penalty against unjoined working interests?

12 A. 200 percent, yes.

13 Q. 200 percent, yes.

14 A. 20 is not quite -- (laughter).

15 Q. Did I say 20? We are not doing well here with  
16 numbers.

17 A. Numbers are hard for us.

18 (Laughter.)

19 Q. Okay. We're not doing numbers anymore.

20 Does Centennial seek to be designated  
21 operator of the Romeo wells?

22 A. We do.

23 Q. In your opinion, has Centennial made a  
24 good-faith effort to locate any unjoined interests and  
25 communicate with them?

1           A.    We have.  We've had email correspondence and  
2   then, of course, the initial election, as well as phone  
3   conversations to discuss these wells.

4           **Q.    And are the AFEs for the proposed wells**  
5   **attached to your well-proposal letter in Exhibit 12?**

6           A.    They are.

7           **Q.    Please, for the record, what's the total amount**  
8   **for each well?**

9           A.    They are both roughly 11.6 million.

10          **Q.    And that's through completion?**

11          A.    Yes.

12          **Q.    Do the AFEs in Exhibit 12 still accurately**  
13   **reflect estimated well costs for these wells?**

14          A.    They do.

15          **Q.    And are these costs in line with what is being**  
16   **charged by other operators in the area?**

17          A.    Yes.

18          **Q.    What are your estimated overhead and**  
19   **administrative costs while drilling and producing?**

20          A.    They are 7,000 and then 700, so it's the same  
21   change that was made on the prior wells.

22          **Q.    And are these costs in line with what's being**  
23   **charged by other operators in the area?**

24          A.    They are.

25          **Q.    Do you recommend that these overhead rates be**

1     **incorporated into the order that results today?**

2           A.     I do.

3           **Q.     Does Centennial request that the order provide**  
4     **for an annual COPAS adjustment of these rates?**

5           A.     Yes.

6                     MR. McMILLAN:   That's all I have for this  
7     witness with respect to Case 20067.

8                                 CROSS-EXAMINATION

9     BY EXAMINER McMILLAN:

10           **Q.     Is this an oil pool?**

11           A.     Yes.

12           **Q.     Any depth severances?**

13           A.     There are some depth severances, but they won't  
14     affect this particular pool.   It's just a  
15     differentiation between Bone Spring and Wolfcamp.

16           **Q.     So within the pool, there are no depth**  
17     **severances?**

18           A.     There's none.   Exactly.   That is correct.

19           **Q.     Do these have API -- API numbers?**

20           A.     They do, and we'll get you those.

21           **Q.     Seth will?**

22           A.     Yes.

23                                 CROSS-EXAMINATION

24     BY EXAMINER BROOKS:

25           **Q.     Overriding royalties?   Are there any?**

1           A.    Not in this particular one, no.

2           **Q.    You said no?**

3           A.    No.

4           **Q.    Okay.  Thank you.  That's all I have.**

5                       MR. McMILLAN:  Is that it?

6                       EXAMINER WARNELL:  That's it.  No questions  
7   here.

8                       CONTINUED DIRECT EXAMINATION

9   BY MR. McMILLAN:

10           **Q.    Moving on to our fourth and final case, Case**  
11 **Number 20068, this concerns the Solomon well.  Would you**  
12 **briefly let us know what Centennial seeks by this**  
13 **application?**

14           A.    Yes.  Centennial seeks an order pooling all  
15 uncommitted interests in the Bone Spring Formation in  
16 the 240-acre horizontal spacing unit comprised of the  
17 west half of the east half of Section 22 and the west  
18 half of the northeast quarter of Section 27, Township 24  
19 South, Range 34 East in Lea County, New Mexico.  The  
20 horizontal spacing unit is to be dedicated to our  
21 proposed Solomon Federal Com 505H well, which will be  
22 horizontally drilled from a surface hole in the  
23 northeast quarter of the northwest quarter of Section 22  
24 to a bottom-hole location in the southwest quarter of  
25 the northeast quarter of Section 27.

1           Q.    Is Exhibit 13 the C-102 to the -- for the  
2   Solomon well?

3           A.    Yes.

4           Q.    Are the surface- and bottom-hole locations  
5   shown on Exhibit 13?

6           A.    They are.

7           Q.    This is a Bone Spring well?

8           A.    Yes, it is.

9           Q.    And what is the primary objective?

10          A.    The 2nd Bone Spring.

11          Q.    Are statewide pool rules applicable here?

12          A.    They are, and it will be the Ojo Chiso; Bone  
13   Spring, South Pool.

14          Q.    Is there a pool number for that -- or pool  
15   code?

16          A.    We asked for the pool code before this hearing,  
17   but we have not yet received a response, so we can  
18   supplement that.

19                   MR. McMILLAN:  I will, for the record,  
20   supplement with the pool code --

21                   EXAMINER McMILLAN:  Yeah.

22                   MR. McMILLAN:  -- for Case Number 20068.

23          Q.    (BY MR. McMILLAN) What are setbacks for oil  
24   wells in this pool?

25          A.    They are 330 and 100.

1 Q. And is the Solomon orthodox within setbacks?

2 A. Yes.

3 Q. Does Centennial own the right or otherwise have  
4 the right to drill in each tract to be traversed by the  
5 wellbore?

6 A. Yes.

7 Q. Is Exhibit 14 a tract map showing the proposed  
8 unit?

9 A. Yes.

10 Q. Does it reflect that acreage is federal and fee  
11 here?

12 A. It does.

13 Q. Is Exhibit 15 an ownership breakdown?

14 A. Yes, it is.

15 Q. Please let us know what Centennial's ownership  
16 is in the proposed unit.

17 A. Centennial will have roughly a 70 percent  
18 working interest in this proposed unit.

19 Q. In your opinion, has Centennial acted  
20 diligently to develop the reserves in this unit?

21 A. Yes.

22 Q. Is Exhibit 16 your well-proposal letter and AFE  
23 sent to interest owners with respect to the Solomon  
24 well?

25 A. It is.

1           Q.    Are you asking the Division to pool uncommitted  
2 interest owners?

3           A.    Yes.

4           Q.    Did you have any unlocatables?

5           A.    No.

6           Q.    Does Centennial seek the imposition of a 200  
7 percent risk penalty against unjoined working interests?

8           A.    Yes.

9           Q.    Does Centennial seek to be designated operator  
10 for the well?

11          A.    Yes.

12          Q.    In your opinion, has the Centennial made a  
13 good-faith effort to locate the unjoined interests and  
14 communicate with them?

15          A.    We have. Like I said for the other wells, we  
16 have made initial contact via well elections, and we've  
17 had some subsequent phone conversations and email  
18 correspondence.

19          Q.    Great.

20                   Is the AFE for the Solomon well attached to  
21 your well-proposal letter in Exhibit 16?

22          A.    Yes.

23          Q.    What's the total amount for the completed well?

24          A.    Roughly, \$11 million.

25          Q.    Still an accurate estimate?



1           A.     Yes.

2           Q.     Is this cost in line with what's being charged  
3     by other operators in the area for similar wells?

4           A.     It is.

5           Q.     What are your overhead and administrative costs  
6     while drilling and producing?

7           A.     It will be the 7,000 and the 700.

8           Q.     So 7,000 per month drilling overhead and \$700 a  
9     month producing overhead?

10          A.     Yes.

11          Q.     Are these costs in line with what's being  
12     charged other operators in the area?

13          A.     Yes.

14          Q.     Are there any depth severances in this acreage?

15          A.     There are not within the pool.

16          Q.     Within the pool.   Great.

17                     The drilling and producing overheads rates  
18     we just discussed, do you recommend these be  
19     incorporated into the order?

20          A.     I do.

21          Q.     Do you request they be adjusted annually using  
22     COPAS?

23          A.     Yes.

24          Q.     Now, with respect to all four of these cases,  
25     is there anything about Centennial's drilling schedule

1     **that necessitates a request for an expedited order?**

2           A.     Yes.  The wells that we would request an  
3     expedited order on would be the Romeo wells, so I guess  
4     that was Case Number 20067 --

5           **Q.     Correct.**

6           A.     -- as we plan to spud those wells in June of  
7     this year.

8           **Q.     In your opinion, would the granting of**  
9     **Centennial's applications be in the best interest of**  
10    **conservation, the prevention of waste and the protection**  
11    **of correlative rights?**

12          A.     Yes.

13          **Q.     Were Exhibits 1 through 16 prepared by you or**  
14    **at your direction and control?**

15          A.     Yes.

16          **Q.     Turning now to Exhibit 29 -- well, let's do**  
17    **this.**

18                   MR. McMILLAN:  I would now move the  
19    admission of Exhibits 1 through 16?

20                   EXAMINER McMILLAN:  Jim?

21                   Ernie?

22                   MR. PADILLA:  No objection.

23                   EXAMINER McMILLAN:  Jim, any objections?

24                   MR. BRUCE:  No objection.

25                   EXAMINER McMILLAN:  Exhibits 1 through 16

1 are accepted as part of the record.

2 (Centennial Resource Production, LLC  
3 Exhibit Numbers 1 through 16 are offered  
4 and admitted into evidence.)

5 MR. McMILLAN: That's all I have for this  
6 witness, and I'll go over the affidavit once you've  
7 asked your questions.

8 EXAMINER McMILLAN: Cross?

9 MR. PADILLA: No.

10 EXAMINER McMILLAN: Jim?

11 MR. BRUCE: No.

12 EXAMINER McMILLAN: I don't have any  
13 questions.

14 EXAMINER WARNELL: No questions.

15 CROSS EXAMINATION

16 BY EXAMINER BROOKS:

17 Q. Overrides?

18 A. There is an override, but we already have the  
19 right to pool it via a pre-existing agreement.

20 Q. Okay. Thank you.

21 A. Yes.

22 MR. McMILLAN: Well, you know what, I think  
23 I'm done with this witness.

24 If nobody has any further questions for  
25 her, may the witness be excused?

1 EXAMINER McMILLAN: Yes.

2 THE WITNESS: Thank you-all for your time.

3 EXAMINER McMILLAN: Ernie, EOG is in all  
4 the cases?

5 MR. PADILLA: In all the cases, yes. Those  
6 are my instructions, so --

7 EXAMINER BROOKS: You were talking so fast,  
8 I assumed you were in a hurry to get through this case.  
9 I feel, on the other hand, like I ought to take this  
10 brief conference with Deana, since I promised her 1:30  
11 and I was five minutes late.

12 EXAMINER McMILLAN: We've already made a  
13 deal for the live witnesses.

14 EXAMINER BROOKS: Okay. Good. I'm for  
15 that. I don't believe in breaching contracts.

16 (Laughter.)

17 MR. McMILLAN: Moving right along.

18 EXAMINER McMILLAN: Yes.

19 MR. McMILLAN: I'll briefly discuss my  
20 Notice of Affidavit that's going to be Exhibit 29, at  
21 the very back. Now, this is a matter that I inherited  
22 from Holland & Hart. They had done notice in all four  
23 of these cases before it landed in my lap. So the  
24 affidavit I produced -- well, I'll just lead you through  
25 it real quickly here. It identifies me as the attorney

1 for Centennial, not, Mr. Brooks, the attorney in fact or  
2 any other sort of hedging language (laughter).

3 EXAMINER BROOKS: I understand. That was a  
4 comment on one specific matter.

5 MR. McMILLAN: We fixed that.

6 The bottom line is that I reviewed the  
7 mailing materials, USPS mailing materials, that were  
8 produced as a result of Holland & Hart having sent out  
9 the notice letters. They are -- those materials and the  
10 notice letters are attached as Exhibits A1, A2, A3 and  
11 A4. Those exhibits demonstrate to my satisfaction that  
12 notice letters were timely mailed to all uncommitted  
13 interest owners on January 18, 2019. Now, those  
14 exhibits also demonstrate that all uncommitted owners  
15 whose interests are, in fact, to be pooled in these  
16 proceedings did receive actual notice.

17 The examiner will note in looking at those  
18 exhibits that were some letters that did not get to  
19 their intended destination. As it turns out, those  
20 folks are folks, it turned out, did not have an  
21 interest. They do not have an interest to be pooled.  
22 So to say we lucked out, I think I can say we kind of  
23 lucked out there. The letters that didn't get where  
24 they were supposed to go, as it turned out, didn't have  
25 to get there. So with that understanding, actual notice

1 was delivered to those uncommitted interest owners whose  
2 interests are to be pooled.

3 There was also Affidavits of Publication  
4 attached as B1, B2, B3 and B4, and those notices were  
5 directed to all overriding royalty interests and pooled  
6 parties and to my satisfaction currently identified the  
7 lands at issue.

8 So in sum, it's my opinion that notice was  
9 properly completed by prior counsel before I entered the  
10 case. That's what I have for that piece.

11 EXAMINER BROOKS: Well --

12 MR. McMILLAN: What am I missing?

13 Oh, and I'd like to move for the admission  
14 of Exhibit 29.

15 MR. PADILLA: No objection.

16 EXAMINER McMILLAN: Jim?

17 MR. BRUCE: No objection.

18 EXAMINER McMILLAN: Exhibit 29 may now be  
19 accepted as part of the record.

20 (Centennial Resource Production, LLC  
21 Exhibit Number 29 is offered and admitted  
22 into evidence.)

23 EXAMINER BROOKS: I was just going to say I  
24 one time included some people in the title -- title  
25 requirement who actually had no interest, and the lawyer

1 I was working for said, "Well, you better contact them  
2 right away and tell them about your mistake before they  
3 spend the bonus money."

4 (Laughter.)

5 MR. McMILLAN: I think I'll call my second  
6 witness at this time, Mr. John Harper.

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

10 DIRECT EXAMINATION

11 BY MR. McMILLAN:

12 Q. Would you please state your full name for the  
13 record, sir?

14 A. John Harper.

15 Q. Where do you reside?

16 A. Denver, Colorado.

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

18 A. Centennial Resource Production, LLC as a  
19 geologist.

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

23 A. Yes.

24 Q. That was just about six months ago; is that  
25 right?

1           A.     Yes.

2           Q.     Are you familiar with the applications filed in  
3     these cases?

4           A.     Yes.

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

6           A.     Yes.

7                     MR. McMILLAN:  Mr. Examiner, I would tender  
8     Mr. Harper as an expert in petroleum geology.

9                     MR. BRUCE:  No objection.

10                    MR. PADILLA:  No objection.

11                   EXAMINER McMILLAN:  So qualified.

12           Q.     (BY MR. McMILLAN) Let's start with Case Numbers  
13     20064 and 20065.  These are the -- these are Bone Spring  
14     wells, correct --

15           A.     Correct.

16           Q.     -- the Dandie and the Mastiff?

17           A.     Yes, sir.

18           Q.     Have you conducted a geologic investigation  
19     with respect to these applications?

20           A.     I have.

21           Q.     And have you determined whether each tract  
22     comprising the proposed horizontal spacing units for the  
23     Dandie and Mastiff wells is prospective for production?

24           A.     Yes, I have.

25           Q.     What did you conclude?



1           A.    I concluded that these wells will equally  
2   produce from the one-mile laterals from the north and  
3   south across the Devonian [sic].

4           **Q.    And will each tract contribute approximately**  
5   **the same amount of reserves to the wells in each of the**  
6   **intervals being developed?**

7           A.    Yes.

8           **Q.    Did you prepare certain exhibits for**  
9   **presentation today?**

10          A.    I did.

11          **Q.    Let's take a look at your Exhibit 17.  Can you**  
12   **tell us what we're looking at here?**

13          A.    This is a location map of the area of interest.  
14   The two black-dashed lines are the two wells of  
15   interest, the Dandie 22 Federal Com 602 on the west and  
16   then the Mastiff 22 Federal Com 601 on the east.  All  
17   the wells shown here with green bottom-hole locations at  
18   their toes are Bone Spring producers -- various Bone  
19   Spring producers, mostly 3rd Bone Spring sands and 2nd  
20   Bone Spring sands.  And I just highlighted our two  
21   proposed wells here.

22          **Q.    In looking at this exhibit, what would you say**  
23   **the prevailing development pattern for the Bone Spring**  
24   **is in this area?**

25          A.    The prevailing pattern is north-south.

1           Q.    And is Centennial's unit orientation consistent  
2 with that prevailing pattern?

3           A.    Yes.

4           Q.    Let's take a look at your Exhibit 18. Can you  
5 tell us what we're looking at here?

6           A.    This is a subsea structure map on top of the  
7 3rd Bone Spring Sand. The vertical wells have been  
8 highlighted, and the subsea depths have been shown in  
9 blue. The structured is benign across the one-mile  
10 laterals. It's pretty flat, actually. Yes.

11          Q.    Great.

12                   Let's take a look at Exhibit 19. What do  
13 we see here?

14          A.    This is similar to the locator map from Exhibit  
15 17. This is just showing where the cross section that  
16 we were going to look at next is highlighted. We have a  
17 number of vertical wells that will be traversing  
18 past that gives us good well control. They're vertical  
19 wells. There's a lot of good data -- a lot of good well  
20 control in the area.

21          Q.    And is that a cross section, your Exhibit 20?

22          A.    Yes, that's correct.

23          Q.    Let's take a look there, and tell us what we're  
24 looking at.

25          A.    This is a cross section from A to A prime.

1 A is north. A prime is south. The datum is the 3rd  
2 Bone Spring Sand, which is what the structure map is  
3 based off of previously. The left column is the gamma  
4 ray track. The right column is the resistivity track,  
5 and the middle column is the depth. The depths are both  
6 in TVD and in subsea. The red line down at the bottom  
7 is the Wolfcamp marker, and I've highlighted the target  
8 intervals for both the Dandie and Mastiff 601, 602 wells  
9 here.

10 Q. In your review, is the interval continuous  
11 throughout the project area?

12 A. Yes.

13 Q. Are you seeing any faults or discontinuities  
14 within this spacing unit?

15 A. No.

16 Q. Do you observe any porosity differences  
17 throughout the areal extent of the unit?

18 A. No.

19 Q. Do you observe any thickening or thinning that  
20 would be of concern?

21 A. Not of major concern. There is slight thinning  
22 across the area but not in our target interval.

23 Q. Great.

24 MR. McMILLAN: That's all I had for this  
25 witness for Case Numbers 20064 and 20065.

1 MR. PADILLA: No questions.

2 MR. BRUCE: No questions.

3 EXAMINER McMILLAN: I'm fine.

4 EXAMINER WARNELL: No questions.

5 EXAMINER BROOKS: No questions.

6 MR. McMILLAN: Great.

7 CONTINUED DIRECT EXAMINATION

8 BY MR. McMILLAN:

9 Q. Let's move now to Case 20067. Are these the  
10 Romeo wells?

11 A. Yes.

12 Q. Have you conducted a geologic investigation  
13 here, and have you determined whether each tract  
14 comprising the proposed horizontal spacing unit is  
15 prospective for production?

16 A. Yes, I have.

17 Q. And what was your conclusion?

18 A. These wells will contribute equally across the  
19 Wolfcamp pool.

20 Q. Great.

21 And each tract will contribute  
22 approximately the same amount of reserves?

23 A. Yes, sir.

24 Q. Looking at your Exhibit 21, can you tell us  
25 what we see here?

1           A.     So this is similar to the Dandie and Mastiff.  
2     It's a locator map. Down in this area, there are a  
3     mixture of Bone Spring horizontals and Wolfcamp  
4     horizontals. The Wolfcamp horizontals have the red dot  
5     at their bottom-hole location, and the Bone Spring  
6     horizontals have the green dot at their bottom-hole  
7     location. I've highlighted the two wells of interest in  
8     the black-dashed line on the west half of Section 22.  
9     Drilling from north to south, that is the Romeo Federal  
10    Com 705 on the far west and the Romeo Federal Com 706  
11    just to the east.

12           **Q.     And what is the prevailing development pattern**  
13   **for the Wolfcamp in this area?**

14           A.     North to south.

15           **Q.     And so Centennial's unit orientation is**  
16   **consistent, correct?**

17           A.     Correct.

18           **Q.     Let's look at your Exhibit 22.**

19           A.     This is a Wolfcamp structure map. This is  
20    subsea present day. The vertical wells here, again,  
21    have their subsea depths highlighted in blue. The  
22    contour interval is 50 feet, and, again, this is  
23    relatively flat, maybe slightly downdip for these wells.

24           **Q.     Okay. Looking at Exhibit 23, does this exhibit**  
25   **show the A to A prime cross-section line --**

1           A.    It does, yes.

2           Q.    -- that is shown in cross section in Exhibit  
3   24?

4           A.    That is correct.

5           Q.    Let's look at Exhibit 24. Walk us through this  
6   exhibit, please.

7           A.    This is a cross section from A to A prime more  
8   or less northeast to southwest. The datum here is the  
9   Wolfcamp, which is what the structure map was based off  
10   of. The left track is the gamma ray. The far right is  
11   the resistivity track -- resistivity log, and the middle  
12   is the depth, both in TVD and subsea. The Wolfcamp  
13   targets are highlighted here. They're Upper Wolfcamp  
14   targets, the 705 and the 706.

15          Q.    Great.

16                   Is the interval generally continuous across  
17   the horizontal spacing units?

18          A.    Yes.

19          Q.    Are there any faults or discontinuities within  
20   the HSUs?

21          A.    No.

22          Q.    Do you observe any porosity differences  
23   throughout the areal extent of the unit?

24          A.    No, sir.

25          Q.    And is there any thickening or thinning that

1     you observe that would be of concern?

2             A.     Not at all.

3                     MR. McMILLAN:   That's all I have for this  
4     witness for Case Number 20067.

5                     MR. PADILLA:   No questions.

6                     MR. BRUCE:   No questions.

7                             CROSS-EXAMINATION

8     BY EXAMINER BROOKS:

9             Q.     Are you familiar with the issues involving the  
10    drilling schedule that were raised by the land witness?

11            A.     Yes.

12            Q.     Do you know why does this well have to be  
13    spudded in June?

14            A.     That is -- that is ideally to help with the  
15    current development package, to help with the completion  
16    from the east and to continue our current development.

17            Q.     Is it a matter that would affect the  
18    productivity of the wells if you didn't get this in in  
19    the time sequence, or is it some other factor?

20            A.     There are multiple factors.   That is one of  
21    them.   Yes.

22            Q.     Okay.   Well, you're running up against the time  
23    frame for getting this if you have an appeal.   I think  
24    it won't be a problem if nobody takes it to the  
25    Commission, and I don't know if these people that are

1 sitting here observing want to or not. We'll put it on  
2 the expedited.

3 Please make a note of it, unless you  
4 (indicating) write it yourself. If you write it  
5 yourself, I'm sure it will get done promptly.

6 MR. McMILLAN: Thank you, Mr. Brooks.

7 EXAMINER BROOKS: Thank you.

8 MR. McMILLAN: Any questions for this  
9 witness before I move on?

10 EXAMINER WARNELL: No questions.

11 I appreciate your logs. You can actually  
12 read them.

13 EXAMINER BROOKS: But even if you write it  
14 yourself, you should put a note on it because some  
15 people review these things, and they may get buried on  
16 somebody's desk.

17 MR. McMILLAN: Put a big red "Expedited"  
18 stamp on those particular orders.

19 EXAMINER BROOKS: We've had some problems  
20 with getting expedites actually done. If the attorneys  
21 are being unreasonable and asking for them, I want to  
22 caution them, but on the other hand, we examiners need  
23 to be cautious, too, so we don't hide them from  
24 ourselves.

25 MR. McMILLAN: And I try to be careful



1     about when I make that request.

2                   EXAMINER BROOKS:   Well, yeah.   That is much  
3     appreciated because as you know, we have record-size  
4     dockets.

5                   MR. McMILLAN:   Yes.   Yes, indeed.   These  
6     are record-setting times.

7                   CONTINUED DIRECT EXAMINATION

8     BY MR. McMILLAN:

9           A.     Okay.   Moving now to Case Number 20068, this is  
10    the Solomon well --

11          A.     Yes.

12          Q.     -- correct?

13                   Okay.   Have you conducted a geologic  
14    investigation here to determine whether each tract  
15    comprising the proposed spacing unit for the Solomon  
16    well is prospective for production?

17          A.     I have.

18          Q.     What's your conclusion?

19          A.     I have concluded that this area in particular  
20    is very good for Bone Spring producing and will  
21    effectively develop this Bone Spring area.

22          Q.     Will each tract contribute approximately the  
23    same amount of reserves to the well in each of the  
24    interval being developed?

25          A.     Yes.

1           **Q.    Let's look at your Exhibit 25.  Briefly**  
2           **describe this exhibit to us.**

3           A.    This is a locator map showing the Solomon  
4           Federal Com 505H highlighted in the dashed black line.  
5           This is the same area from the Romeo wells we previously  
6           discussed.  The red wells, again, are the Wolfcamp  
7           producers in the area, and the green wells are the Bone  
8           Spring producers in the area.

9           **Q.    And we did this earlier, but the prevailing**  
10          **development pattern for the Bone Spring is?**

11          A.    North and south.

12          **Q.    And Centennial's unit orientation here is**  
13          **consistent with that prevailing pattern?**

14          A.    That's correct.

15          **Q.    Exhibit 26, please describe.**

16          A.    This is a -- this is a structure map showing  
17          the Solomon Federal Com 505H.  Again, the contour  
18          intervals here are 50 feet, and the structure looks  
19          benign.

20          **Q.    Okay.  Turning to Exhibit 27, does this show**  
21          **you're a to A prime cross-section line?**

22          A.    Yes, it does.

23          **Q.    And is Exhibit 28 that cross section?**

24          A.    Yes, it is.

25          **Q.    Let's turn there and please describe your**

1     **exhibit.**

2           A.     This is A to A prime northeast to southwest  
3     across the area of interest. The datum is the 3rd Bone  
4     Spring Carbonate seen at the red line. The highlighted  
5     target interval is in the 2nd Bone Spring Sand bracketed  
6     by the red brackets. The gamma ray track is on the far  
7     left. The resistivity track is on the far right, and,  
8     again, the depth track is right in the middle of TVD and  
9     subsea depths.

10          Q.     And from your study, did you find that the  
11     interval is continuous throughout the area?

12          A.     It is.

13          Q.     Are there any faults or discontinuities that  
14     you noted and are concerned about?

15          A.     No.

16          Q.     Did you observe any porosity differences  
17     throughout the areal extent of the proposed unit?

18          A.     No.

19          Q.     Did you observe any thickening or thinning  
20     within the proposed unit that you'd be concerned about?

21          A.     There is slight thickening to the southwest in  
22     the gross interval in the 2nd Bone Spring Sand.  
23     However, our target interval does not vary.

24          Q.     In your opinion -- and this question goes to  
25     all four cases -- would the granting of Centennial's

1 applications be in the best interest of conservation,  
2 the prevention of waste and the protection of  
3 correlative rights?

4 A. Yes.

5 Q. Were Exhibits 17 through 28 prepared by you or  
6 at your direction and control?

7 A. Yes.

8 MR. PADILLA: No objection.

9 MR. BRUCE: No objection.

10 MR. McMILLAN: Okay (laughter). I tender  
11 these exhibits for admission.

12 EXAMINER McMILLAN: Exhibits 17 through 28  
13 may now be accepted as part of the record.

14 (Centennial Resource Production, LLC  
15 Exhibit Numbers 17 through 28 are offered  
16 and admitted into evidence.)

17 MR. McMILLAN: Thank you. That's all I  
18 have for this witness on any of these cases.

19 EXAMINER BROOKS: No questions.

20 EXAMINER WARNELL: No questions.

21 EXAMINER McMILLAN: No questions.

22 MR. McMILLAN: Great. Then I would ask  
23 that these four cases be taken under advisement and that  
24 Case Number 20067 be addressed on an expedited basis.

25 EXAMINER McMILLAN: Any closing comments?

1 MR. PADILLA: None.

2 MR. BRUCE: No.

3 MR. McMILLAN: None.

4 EXAMINER McMILLAN: Okay. Matador, what  
5 cases are you in? Jim? Didn't MRC make an appearance?

6 MR. McMILLAN: 67 and 68.

7 MR. BRUCE: 67 and 68. Mewbourne in Case  
8 68.

9 EXAMINER McMILLAN: Okay. Well, so --

10 MR. McMILLAN: I think that's it. I'd ask,  
11 yeah, that these cases be taken under advisement.

12 EXAMINER McMILLAN: Cases 20064, 67 and 68  
13 and 20065 may now be taken under advisement.

14 Thank you.

15 MR. McMILLAN: Thank you very much.

16 THE WITNESS: Thank you.

17 (Case Numbers 20064, 20065, 20067 and 20068  
18 conclude, 2:07 p.m.)

19

20

21

22

23

24

25

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

STATE OF NEW MEXICO  
COUNTY OF BERNALILLO

CERTIFICATE OF COURT REPORTER

I, MARY C. HANKINS, Certified Court  
Reporter, New Mexico Certified Court Reporter No. 20,  
and Registered Professional Reporter, do hereby certify  
that I reported the foregoing proceedings in  
stenographic shorthand and that the foregoing pages are  
a true and correct transcript of those proceedings that  
were reduced to printed form by me to the best of my  
ability.

I FURTHER CERTIFY that the Reporter's  
Record of the proceedings truly and accurately reflects  
the exhibits, if any, offered by the respective parties.

I FURTHER CERTIFY that I am neither  
employed by nor related to any of the parties or  
attorneys in this case and that I have no interest in  
the final disposition of this case.

DATED THIS 27th day of March 2019.

MARY C. HANKINS, CCR, RPR  
Certified Court Reporter

Date of CCR Expiration: 12/31/2019  
Paul Baca Professional Court Reporters

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25