

3 IN THE MATTER OF THE HEARING CALLED  
4 BY THE OIL CONSERVATION DIVISION FOR  
5 THE PURPOSE OF CONSIDERING:

6 APPLICATION OF OXY USA WTP LIMITED  
7 PARTNERSHIP FOR A NONSTANDARD SPACING  
8 AND PRORATION UNIT AND COMPULSORY  
9 POOLING, EDDY COUNTY, NEW MEXICO.

CASE NO. 15009

ORIGINAL

10 REPORTER'S TRANSCRIPT OF PROCEEDINGS  
11 EXAMINER HEARING

12  
13 BEFORE: DAVID K. BROOKS, CHIEF EXAMINER  
14 RICHARD EZEANYIM, TECHNICAL EXAMINER

15 June 27, 2013

16 Santa Fe, New Mexico

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18 This matter came on for hearing before the  
19 New Mexico Oil Conservation Division, David K. Brooks,  
20 Chief Examiner, and Richard Ezeanyim, Technical  
21 Examiner, on Thursday, June 27, 2013, at the New Mexico  
22 Energy, Minerals and Natural Resources Department, 1220  
23 South St. Francis Drive, Porter Hall, Room 102, Santa  
24 Fe, New Mexico.

25 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

## 1 APPEARANCES

2 FOR APPLICANT OXY USA WTP LIMITED PARTNERSHIP:

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24

25

1 (10:25 a.m.)

2 EXAMINER BROOKS: At this time, we'll call  
3 Case Number 15009, application of OXY USA WTP Limited  
4 Partnership for a nonstandard proration unit and  
5 compulsory pooling, Eddy County, New Mexico.

6 Before we do, though, I'm going to take  
7 a -- well, let's go ahead and enter appearances.

8 MR. RANKIN: Good morning, Mr. Examiners.  
9 Adam Rankin on behalf of OXY. I have two witnesses this  
10 morning.

11 EXAMINER BROOKS: Okay. Will the witnesses  
12 please stand and identify yourselves?

13 MR. ROBERTSON: Wesley Robertson.

14 MR. SPARKMAN: Kirk Sparkman.

15 EXAMINER BROOKS: Any other appearances?  
16 Will the court reporter please swear the  
17 witnesses?

18 (Mr. Robertson and Mr. Sparkman sworn.)

19 EXAMINER BROOKS: Let's take a five-minute  
20 recess before we begin testimony.

21 (Break taken, 10:26 a.m. to 10:33 a.m.)

22 EXAMINER BROOKS: Proceed.

23 MR. RANKIN: Good morning, Mr. Examiners.  
24 How are you this morning? I have two witnesses this  
25 morning, and I'd like to call my first witness,

1 Mr. Wesley Robertson.

2 EXAMINER BROOKS: Mr. Robertson.

3 WESLEY ROBERTSON,

4 after having been previously sworn under oath, was  
5 questioned and testified as follows:

6 DIRECT EXAMINATION

7 BY MR. RANKIN:

8 Q. Good morning, Mr. Robertson.

9 A. Good morning.

10 Q. Remind me. You've already been sworn, right?

11 A. Yes.

12 Q. We've taken care of that formality.

13 Mr. Robertson, can you please state for the  
14 record your name, by whom you're employed and in what  
15 capacity?

16 A. My name is Wesley Robertson. I'm employed as a  
17 landman with Oxidental Oil & Gas.

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

20 A. No, I have not.

21 Q. Will you please briefly review for the  
22 Examiners your education and your work experience as a  
23 petroleum landman?

24 A. I have a bachelor's degree from the University  
25 of Houston. I've worked as a petroleum landman for the

1 past five years primarily in West Texas and southeast  
2 New Mexico.

3 Q. Are you familiar with the application filed in  
4 this case?

5 A. Yes.

6 Q. And are you familiar with the status of the  
7 particular lands at issue here?

8 A. Yes.

9 MR. RANKIN: Mr. Examiner, I would tender  
10 Mr. Robertson as an expert in petroleum land matters.

11 EXAMINER BROOKS: So qualified.

12 MR. RANKIN: Thank you.

13 Q. (BY MR. RANKIN) Mr. Robertson, can you please  
14 turn to what is marked as Exhibit 1 in your exhibit  
15 packet?

16 A. Yes.

17 Q. Will you review for the Examiners that exhibit?

18 A. Yes. This is showing the 160-acre nonstandard  
19 spacing unit that we are seeking today shown by the  
20 black hash for the Swearingen A Fee Com #3H in the south  
21 half of the south half of Section 5, 23 South, 28 East.  
22 We are seeking to pool the mineral estate in the Bone  
23 Spring Formation only. And Tracts 1, 2 and 3 represent  
24 the leases that we are seeking to pool.

25 Q. Mr. Robertson, can you please briefly --

1 stepping back one moment. Are you seeking in this case  
2 to pool only the mineral interests; is that correct?

3 A. That's correct.

4 Q. None of the working interests?

5 A. That's correct.

6 Q. Because all the working interests have already  
7 committed to a joint operating agreement?

8 A. That's correct. They are all committed to an  
9 operating agreement effective January 13th, 1981.

10 Q. Can you briefly explain why it is you are  
11 seeking to pool the mineral interests in this case?

12 A. Sure. We were reviewing the leases and noticed  
13 that a majority of the leases in this spacing unit  
14 contained pooling provisions that allowed for pooling  
15 not to exceed 40 acres in the event of an oil well. So  
16 we sent requests for amendments to the leases to all of  
17 the royalty owners. And of the 60 letters that we sent  
18 out, we received 28 signed amendments that were  
19 returned, and the remaining 32 did not respond.

20 EXAMINER BROOKS: I congratulate you on  
21 taking that procedure. I'm not persuaded that everybody  
22 is being equally careful about that.

23 You may continue.

24 MR. RANKIN: Thank you, Mr. Examiner.

25

1 Q. (BY MR. RANKIN) Just for the record, what is  
2 the pool that you'll be seeking to pool for --

3 A. The undesignated Culebra Bluff South Bone  
4 Spring pool.

5 Q. Mr. Robertson, in this case, these are all fee  
6 lands; is that correct?

7 A. That's correct.

8 Q. And as you already indicated, all the working  
9 interests have committed to a joint operating agreement?

10 A. That's correct.

11 Q. Turning to what's been marked as Exhibit Number  
12 2, is this a copy of the letter that was sent to each of  
13 the royalty mineral interest owners?

14 A. Yes, that's correct.

15 Q. And in this case, we have requested  
16 ratification of the amendment lease form?

17 A. Correct, to the pooling provision,  
18 specifically.

19 Q. And you indicated that you were able to  
20 identify all the mineral interests. Going back to  
21 Exhibit Number 1, is that the list of royalty interests  
22 on the second page of Exhibit Number 1?

23 A. Yes. We've had production in this area for  
24 over 30 years. OXY maintains a division of interest on  
25 this area. We have a handful of royalty owners that are

1 currently in suspense because we're unable to locate  
2 them. So we took that address list. We also ran a  
3 record check of Eddy County to identify all of the  
4 addresses of record, and we sent out our request for  
5 amendment based on those addresses.

6 Q. Mr. Robertson, did you encounter any addresses  
7 for which you could not locate a valid address or any  
8 unlocatable royalty interests?

9 A. We had four, as you can see on this Exhibit  
10 Number 1, where the letters that we sent were returned  
11 to us for invalid addresses and were not deliverable.

12 Q. And, Mr. Robertson, as a consequence of those  
13 returns, did you then publish an advertisement  
14 indicating by name those individuals for whom you did  
15 not have a valid address?

16 A. Yes.

17 Q. Is that indicated on Exhibit Number 3?

18 A. Yes, it is.

19 Q. And this is an Affidavit of Publication stating  
20 that -- demonstrating that the ad was published?

21 A. Yes.

22 Q. Did OXY also identify all the operators in the  
23 surrounding 40-acre tract?

24 A. Yes. They were all producing, and we  
25 identified the operators.



1 Q. And those individuals had notice as well?

2 A. That is correct.

3 Q. And is Exhibit Number 4 a copy of the affidavit  
4 prepared by my office indicating that notice was  
5 provided?

6 A. Yes.

7 Q. And let's see. Did OXY also -- did OXY also  
8 bring a geologist today to testify regarding the  
9 formation of the nonstandard proration unit?

10 A. Yes, we did.

11 Q. And he'll be testifying next?

12 A. Yes.

13 Q. Mr. Robertson, were Exhibits 1 through 4  
14 prepared by you or under your direct supervision?

15 A. Yes.

16 MR. RANKIN: Mr. Examiner, I'd move to  
17 admit Exhibits 1 through 4 into the record.

18 EXAMINER BROOKS: Exhibits 1 through 4 are  
19 admitted.

20 (OXY USA WTP Exhibit Numbers 1 through 4  
21 were offered and admitted into evidence.)

22 MR. RANKIN: No further questions. Pass  
23 the witness.

24

25

1 CROSS-EXAMINATION

2 BY EXAMINER BROOKS:

3 Q. Okay. Just to clarify: All of these mineral  
4 interest owners that you're seeking to pool have leased  
5 their minerals --

6 A. That's correct.

7 Q. -- to one or more of the working interest  
8 owners who is a party of the joint operating agreement?

9 A. That's correct.

10 Q. So there will be no need to include provisions  
11 about consent, nonconsent, liability for expenses,  
12 administrative overhead, penalties --

13 A. That's correct.

14 Q. -- nonconsent penalties or risk charges, any of  
15 that stuff? That can all be left out?

16 A. Yes, sir.

17 Q. Okay. Let's see. Is there a well -- yeah, the  
18 well identification is on Exhibit 1?

19 A. Yes, sir.

20 Q. And do you have the footage locations in here  
21 somewhere?

22 A. I do not have them here, but I can -- I know  
23 that the surface location, the bottom-hole location are  
24 both 330 feet from the east and west lines, but I am not  
25 certain of the distance from the north and south lines.

1 Q. Okay. I'll need to get you to provide me with  
2 the footage locations, surface location and the  
3 bottom-hole location. Since both of those will be --  
4 let's see. Are they going to be -- these locations are  
5 going to be standard in all respects?

6 A. Yes, sir.

7 Q. They're at least 330 from the south line?

8 A. That's correct. Yes, sir. They are within 330  
9 feet of the unit boundary line.

10 Q. I'll need to get the footage locations.

11 A. I actually have that right there. If you'd  
12 like me to grab that, I can tell you right now, sneak it  
13 in.

14 Q. Okay.

15 A. Okay. It is -- the surface location is 330  
16 feet from the south line and 330 feet from the east  
17 line. The bottom-hole location is 660 feet from the  
18 south line and 330 feet from the west line.

19 Q. Okay. The surface is 330 from the south and  
20 the east, and the bottom hole is 660 from the south?  
21 No. The surface location is west, right, or is it east?

22 MR. RANKIN: No. It's east.

23 A. East.

24 Q. (BY EXAMINER BROOKS) Okay. The surface is 330  
25 from the south and 330 from the east?

1 A. Correct.

2 Q. Bottom hole is 660 from the south and 330 from  
3 the west?

4 A. That's correct.

5 Q. Thank you.

6 Do you have an API number yet?

7 A. Yes, sir, we do. We actually drilled the well  
8 in 2012.

9 Q. Oh, well, that's helpful. So what is the API  
10 number?

11 A. I do not have that in the exhibits provided.

12 Q. We can pull it rather easily. Very good.  
13 Thank you.

14 MR. RANKIN: Mr. Examiner, it is noted in  
15 the document.

16 EXAMINER BROOKS: Is it?

17 MR. RANKIN: Yeah.

18 EXAMINER BROOKS: Good for you.

19 So I assume you prepared the advertisement?  
20 It's 3001540071.

21 Okay. That's all I have.

22 Mr. Ezeanyim?

23 CROSS-EXAMINATION

24 BY EXAMINER EZEANYIM:

25 Q. I don't really have anything, but there is

1 something I want to clarify. This is an oil well,  
2 right?

3 A. Correct.

4 Q. It was drilled in 2012?

5 A. Yes, sir.

6 Q. What is it doing now?

7 A. It's producing.

8 Q. It's producing?

9 A. Yes.

10 Q. Now, that comes to my last question. I'm not  
11 an attorney or a land person, but I don't understand --  
12 when are the mineral interests committed to the working  
13 interests? What would OXY be doing if some parties --  
14 if the parties of the working interest had committed to  
15 the drilling of the well? How does that work? Well,  
16 what statutes -- I mean, I don't know whether -- I'm  
17 going to ask you, because I don't understand it. We  
18 shouldn't be here if all working interests have  
19 committed to the drilling of the well, and all those  
20 working interests have their lease -- you know, all the  
21 mineral interests committed to them. Why are we doing  
22 compulsory pooling? Who are we pooling?

23 A. We're actually pooling the royalty interest  
24 owners under the existing oil and gas leases in the unit  
25 because the pooling provision in their leases do not

1 allow for pooling to exceed 40 acres in an oil well.  
2 Since we're applying for a 160-acre nonstandard unit,  
3 that's why we're here.

4 Q. Okay. So usually I don't do a 40-acre.  
5 Usually we do a compulsory pooling. But the working  
6 interests are committed?

7 A. That's correct.

8 Q. Okay. Now I understand why. I'm sorry. I'm  
9 not a land person.

10 EXAMINER EZEANYIM: I know you (indicating)  
11 could have told me that.

12 Q. (BY EXAMINER EZEANYIM) But I wanted to  
13 understand, for you, why you are here, because you are  
14 doing the 160-acre, and the other person doesn't allow  
15 for anything more than 40 acres, right?

16 A. That's correct.

17 EXAMINER BROOKS: Well, you said joint  
18 operating agreement. The leases -- the joint operating  
19 agreement --

20 THE WITNESS: Yes, sir.

21 EXAMINER BROOKS: -- applies to this entire  
22 unit.

23 THE WITNESS: That's correct.

24 MR. RANKIN: Thank you, Mr. Examiner.

25 Nothing further of this witness. I'd like to call my

1 next witness.

2 EXAMINER BROOKS: The witness may step  
3 down.

4 KIRK SPARKMAN,  
5 after having been previously sworn under oath, was  
6 questioned and testified as follows:

7 DIRECT EXAMINATION

8 BY MR. RANKIN:

9 Q. Good morning, Mr. Sparkman. Can you please  
10 state your name for the record?

11 A. My name is Kirk Sparkman.

12 Q. And can you please indicate by whom you are  
13 employed and in what capacity?

14 A. I'm a geologist with Occidental Oil & Gas.

15 Q. Have you previously testified before the  
16 Division?

17 A. No, I have not.

18 Q. Have you previously testified before any oil  
19 conservation division or commission?

20 A. Yes. I've previously testified on matters of  
21 this sort before the Texas Railroad Commission and the  
22 Louisiana Office of Conservation.

23 Q. Can you please briefly review for the Examiners  
24 your education and work experience as a petroleum  
25 geologist?

1           A.    I have a BS in geology from the University of  
2   Alabama.  I have 32 years with OXY and have worked in  
3   the petroleum geology field that entire time.

4           Q.    And your experience includes the southeast  
5   portion of New Mexico and the lands at issue here; is  
6   that correct?

7           A.    Yes, that's correct.  I've been working in Eddy  
8   and Lea Counties, New Mexico for the last three years,  
9   and we're primarily the zone that is the subject of  
10   today's hearing.

11          Q.    And, Mr. Sparkman, are you familiar with the  
12   application that was filed in the case?

13          A.    Yes.

14          Q.    And have you conducted a geologic study of the  
15   area at issue today?

16          A.    I have.

17                   MR. RANKIN:  Mr. Examiner, I would move to  
18   tender Mr. Sparkman as an expert in petroleum geology  
19   matters.

20                   EXAMINER BROOKS:  He is so qualified.

21          Q.    (BY MR. RANKIN) Thank you, Mr. Sparkman.

22                   Can you turn to Exhibit 5 in your exhibit  
23   packet, and could you review for the Examiners what this  
24   map shows?

25          A.    Exhibit 5 is a structure map.  The area shown



1 here is an area surrounding Section 5 of Township 23  
2 South, Range 28 East. And the purpose of this  
3 particular exhibit is to give an indication of the  
4 structural setting for this particular area, where the  
5 Swearingen A Fee Com 3H is located. And you can see  
6 that here. The Swearingen A Fee Com is labeled. There  
7 is a purple round circle identifying the surface  
8 location for the well. The bottom-hole location is in  
9 the western side of the south half-south half of Section  
10 5, indicated by -- "BHL" indicating the bottom-hole  
11 location.

12 There are other symbols within the map.  
13 There are several gas symbols. Those represent deeper  
14 gas wells that have been drilled in the area. There's  
15 one vertical 2nd Bone Spring Sand producer indicated by  
16 the blue circle.

17 The contour interval is 50 feet. And you  
18 can see here, based on that contour interval and the  
19 contour -- the structural contours, which are running  
20 primarily north-south and almost parallel to each other,  
21 they indicate a structural dip to the east of about 125  
22 feet per mile. The scale here is shown in that bar as  
23 1,000 feet, but you can also relate to the fact that  
24 these sections are one mile on the side, roughly. So  
25 that's a scale.

1                   The key wells for -- the control for the  
2   structural interpretation are circled in red, and they  
3   each have a red numeral indicating the subsea TVD for  
4   the 3rd Bone Spring lime, which is the horizon directly  
5   below the target of interest for the hearing today. And  
6   that is a regional marker that I've used to map the  
7   entire region. And you can see those subsea elevations  
8   there, and you'll notice that the Swearingen A Fee is  
9   surrounded by control points for the structural control.

10                  As I mentioned, regional dip is to the  
11   east, and you'll see a blue-shaded area in the south  
12   half-south half of 5. This is the area of today's area.  
13   It's a 160-acre nonstandard spacing unit. And you'll  
14   also -- as I mentioned, the purple line represents the  
15   well that's already been drilled. It was drilled in  
16   2012; the surface location on the east and the  
17   bottom-hole location on the west.

18           Q.   Mr. Sparkman, you've indicated there is A to A  
19   prime cross section; is that correct?

20           A.   That's correct.

21           Q.   And then the next exhibit, Exhibit Number 6,  
22   that is the cross section as depicted; is that right?

23           A.   That's right. A to A prime is seen on the  
24   structure map. The wells are projected into a single  
25   cross-section line as shown on that structure map. And

1 if you turn to the next exhibit, you'll see the  
2 structural cross section.

3 The first thing you'll notice is the OXY  
4 Swearingen A Fee wellbore. It's located second from the  
5 right, and it's the bar that extends down and then kicks  
6 off and drills to the west, or left, of this particular  
7 exhibit, and A being on the left, or west, and A prime  
8 being on the right, or east.

9 And you'll also see that the top of the 2nd  
10 Bone Spring sand is identified in the cross section, and  
11 the top of the 3rd Bone Spring lime is also identified  
12 in the cross section by the red line. That is the line  
13 that the structural contour map, previous exhibit, is  
14 mapped on. You'll also see that the target zone is  
15 identified by brackets and labeled there, "target zone."  
16 And that zone, which represents about 70 to 80 feet in  
17 this area, is clearly seen in all four wells that you  
18 see that are projected into the cross section.

19 We drilled the Swearingen A Fee Com 3H.  
20 You'll see the wells as it builds and then becomes  
21 horizontal, landing in that target zone. And it stays  
22 in the target zone all the way to TD, which is at a  
23 measured depth of 12,196 feet, in my opinion, and I've  
24 mapped this area throughout the region here, not just in  
25 these nine-section areas. This target zone is present

1 throughout this area and is present throughout the  
2 existing proposed 160-acre nonstandard spacing unit.

3 Q. Mr. Sparkman, based on your evaluation and the  
4 study of the geology in this area, what conclusions have  
5 you drawn on the ability of the horizontal well to  
6 efficiently and effectively drain the proposed 160-acre  
7 nonstandard proration unit?

8 A. Our conclusions are that the 2nd Bone Spring  
9 sand is not of reservoir quality sufficient to sustain  
10 an exploration program with vertical wells. Therefore,  
11 we've addressed it by drilling horizontal wells. This  
12 is not the only one we've done in the Basin. We've done  
13 several. This is another good example of a proper way  
14 to drain this 2nd Bone Spring sand, and we think it's  
15 even distribution and recovery throughout the length of  
16 the lateral.

17 Q. In your opinion, will the granting of OXY's  
18 application prevent waste and protect correlative  
19 rights?

20 A. It's my opinion, yes.

21 Q. Mr. Sparkman, the last exhibit, Exhibit Number  
22 7, is a directional survey; is that correct?

23 A. That's correct.

24 Q. Can you please briefly review for the Examiners  
25 what this shows?

1           A.    This is the final display or report provided to  
2    OXY by the vendor who conducted the directional survey  
3    here in the drilling of the well.  And I want to  
4    emphasize, it is the final report.  There were no  
5    drilling -- there was no drilling after this report was  
6    provided.

7                    If I bring your attention to the upper,  
8    right portion of the report, you'll see two boxes there,  
9    a black box, which represents the 160-acre nonstandard  
10   spacing unit that we're applying for today.  The red box  
11   is what we refer to as our hard line, which represents a  
12   330-foot step-back from the -- from the spacing unit  
13   lines.

14                   So you'll notice the surface location at  
15   330 from east line and south line of the black box,  
16   represented by the little drilling rig there, and it  
17   continues westward until it ends at the western extent  
18   of that red line, and it stops there with just 330 feet  
19   from the west line.  This is evidence that this well  
20   stayed within the confines of the hard lines we refer  
21   to, or legally within this spacing unit.

22           Q.    And, Mr. Sparkman, just to back up one thing.  
23   I think you touched on this, but with respect to your  
24   geologic study, in your opinion, will use of the  
25   Swearingen A Fee 3 [sic] unit comprise the 160-acre

1 nonstandard unit for each of those 40 acres contribute,  
2 roughly, in your opinion --

3 A. Yes.

4 Q. -- to production of the well?

5 A. Yes. That's my opinion.

6 Q. Thank you, Mr. Sparkman.

7 MR. RANKIN: Mr. Examiner, I have no  
8 further questions of the witness.

9 Move to admit Exhibits 5, 6 and 7.

10 EXAMINER BROOKS: 5, 6 and 7 are admitted.

11 (OXY USA WTP Exhibit Numbers 5, 6 and 7  
12 were offered and admitted into evidence.)

13 EXAMINER BROOKS: I have no questions.

14 Mr. Ezeanyim?

15 CROSS-EXAMINATION

16 BY EXAMINER EZEANYIM:

17 Q. Just a few questions here. From the  
18 presentation today, it appears to me that OXY doesn't  
19 like to provide isopach maps. I would really like to see  
20 that here, too. I mean, the first case was like that.  
21 You claim there are four 40-acres where you plan to do  
22 this production. Well, we want to see a geologic map.  
23 Can you provide a net isopach map for this area? I have  
24 the structural map.

25 A. I don't have one in my exhibits today, but I

1 have created an isopach map over the entire -- not just  
2 this area, but the entire Basin in Eddy and Lea  
3 Counties.

4 Q. I would like to see those, because they're very  
5 important, very interesting. I want to see them.

6 MR. RANKIN: How about if we supply,  
7 Mr. Examiner, an isopach map of the area in question for  
8 this application?

9 EXAMINER EZEANYIM: Yeah, that's what I'm  
10 asking. If you can do that, it would be very good. And  
11 I want to know the development in that township. I'm  
12 trying to collect some information. Whenever you come  
13 in here, I collect information on that township that you  
14 are drilling all these horizontal wells. I want to see  
15 the pattern of the development and how the pattern of  
16 the development is going in that area, how many of them  
17 are compulsory pools and how many were done by voluntary  
18 agreement. So if you don't mind, maybe a land person  
19 can do that.

20 MR. RANKIN: We would be happy to supply an  
21 isopach map depicting the 160-acre proration unit.

22 EXAMINER EZEANYIM: Yes. I need an isopach  
23 map, just like in the first case. And, also, I need a  
24 map of the development in that township where you are  
25 working, you know.

1 Q. (BY EXAMINER EZEANYIM) And, now, this well was  
2 drilled in 2012. Under what scenario was that well  
3 drilled? Is it because you didn't understand what was  
4 happening now? Why was it drilled in 2012, and you're  
5 just coming in and now to do the compulsory pooling?

6 MR. RANKIN: Mr. Examiner, I think the  
7 previous witness explained that after a review of the  
8 leases that were subject to the -- the controlling  
9 leases indicated that the leases did not provide for  
10 pooling beyond the 40 acres. So while they had all the  
11 working interests committed to the well, they realized  
12 they needed to get the lessors and the leases conformed  
13 to accommodate the 160-acre spacing unit.

14 Q. (BY EXAMINER EZEANYIM) What is the type of  
15 production with this well; do you know?

16 A. What is the what? I'm sorry?

17 Q. How is it doing?

18 A. Oh. It's producing. The last report I saw was  
19 well over 200 barrels a day, maybe 225. But it's  
20 fluctuating, you know, depending on the day, but it's a  
21 plus-200-barrels-a-day well.

22 Q. That's too poor. That's not good.

23 A. Well, it's a year later.

24 Q. Okay. But you see the point I'm asking this  
25 question? And that is, you have drilled under [sic] in



1 this case. Okay. I mean, we might say "denied." Okay?  
2 Suppose this application is denied? You can't produce  
3 that well anymore under what you just presented. I'm  
4 not saying it's going to be denied, but suppose it is.  
5 Then you can't produce the well under what you just  
6 said?

7 MR. RANKIN: I guess, Mr. Examiner, I'm  
8 just trying to figure out what basis the denial would  
9 be.

10 Q. (BY EXAMINER EZEANYIM) Well, it might be  
11 technical. I mean, it's producing 220. I'm not happy  
12 with that. Are you -- are you just -- are you just  
13 completing in a pinch-out? I mean, that's our job, to  
14 make sure you don't do that. I mean, it could be denied  
15 under a scenario that you may not understand. It might  
16 be technical. I may say, Well, I don't want you to do  
17 this because it's not economic for you to do that.

18 MR. RANKIN: I believe the operator  
19 believes that it is. They're producing it. They've  
20 drilled. So I think if you have any specific questions  
21 about -- Mr. Examiner, I should just point out that this  
22 is an uncontested well. At this point, no one's  
23 contesting anything about the production.

24 EXAMINER EZEANYIM: I'm not saying the  
25 application is going to be denied, but you never know.

1 MR. RANKIN: Okay.

2 EXAMINER EZEANYIM: I'm just making that  
3 point.

4 Anyway, that's all I have.

5 EXAMINER BROOKS: Very good.

6 Do you have anything further, Mr. Rankin?

7 MR. RANKIN: I have nothing further.

8 EXAMINER EZEANYIM: So you are going to  
9 provide the isopach map and this --

10 MR. RANKIN: The township map of the zone.

11 EXAMINER BROOKS: Case Number 15009 will be  
12 taken under advisement.

13 (Case Number 15009 concludes, 10:58 a.m.)

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I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 15009,  
heard by me on June 27 2013  
David K. Brooks, Examiner  
Oil Conservation Division

1 STATE OF NEW MEXICO  
2 COUNTY OF BERNALILLO

3

4 CERTIFICATE OF COURT REPORTER

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

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

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

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MARY C. HANKINS, CCR, RPR  
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