

STATE OF NEW MEXICO  
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

ORIGINAL

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

CASE 15335

APPLICATION OF ENCANA OIL & GAS (USA) INC.  
TO AMEND ORDER R-13931 TO EXPAND THE BLANCO  
WASH FEDERAL/ALLOTTED INDIAN/FEE EXPLORATORY  
UNIT AND THE CORRESPONDING BLANCO WASH UNIT  
Hz OIL POOL, SAN JUAN COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

JUNE 25, 2015

Santa Fe, New Mexico

BEFORE: MICHAEL McMILLAN, CHIEF EXAMINER  
SCOTT DAWSON, EXAMINER  
GABRIEL WADE, LEGAL EXAMINER

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This matter came on for hearing before the  
New Mexico Oil Conservation Division, Michael McMillan,  
Chief Examiner, Scott Dawson, Examiner, and Gabriel  
Wade, Legal Examiner, on June 25, 2015, 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: ELLEN H. ALLANIC  
NEW MEXICO CCR 100  
CALIFORNIA CSR 8670  
PAUL BACA COURT REPORTERS  
500 Fourth Street, NW  
Suite 105  
Albuquerque, New Mexico 87102

1 A P P E A R A N C E S

2 For the Applicant

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 4 Holland & Hart  
 110 North Guadalupe  
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 5 Santa Fe, New Mexico 87501  
 (505) 983-6043  
 6 mfelderwert@hollandhart.com

7

8

9 ALSO PRESENT: Adrienne B. Wood  
 Adelena Wood  
 10 Rena Nez

11

I N D E X

12

CASE NUMBER 15335 CALLED

13

ENCANA OIL & GAS (USA) INC. CASE-IN-CHIEF:

14

WITNESS MONA L. BINION

15

	Direct	Redirect	Further
16 Mr. Feldewert	5		
17	EXAMINATION		
Examiner Dawson	14, 19		
18 Examiner McMillan	18		

19

20 WITNESS ERIK GRAVEN

	Direct	Redirect	Further
21 By Mr. Feldewert	21		

22

23

24

Reporter's Certificate

25

## 1 E X H I B I T I N D E X

2

OCD EXHIBIT NO 1 Sign-In Sheet (Included)

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## Exhibits Offered and Admitted

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PAGE

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ENCANA OIL &amp; GAS (USA) INC. EXHIBIT 1

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ENCANA OIL &amp; GAS (USA) INC. EXHIBIT 2

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ENCANA OIL &amp; GAS (USA) INC. EXHIBIT 3

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9

ENCANA OIL &amp; GAS (USA) INC. EXHIBIT 4

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ENCANA OIL &amp; GAS (USA) INC. EXHIBIT 5

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ENCANA OIL &amp; GAS (USA) INC. EXHIBIT 6

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ENCANA OIL &amp; GAS (USA) INC. EXHIBIT 7

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ENCANA OIL &amp; GAS (USA) INC. EXHIBIT 8

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ENCANA OIL &amp; GAS (USA) INC. EXHIBIT 9

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ENCANA OIL &amp; GAS (USA) INC. EXHIBIT 10

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ENCANA OIL &amp; GAS (USA) INC. EXHIBIT 11

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ENCANA OIL &amp; GAS (USA) INC. EXHIBIT 12

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1 (Time noted 3:05 p.m.)

2 EXAMINER McMILLAN: I would like to call the  
3 hearing back to order. I would like to call case No.  
4 15335, Application of Encana Oil & Gas (USA) Inc. to  
5 Amend Order R-13931 to Expand the Blanco Wash  
6 Federal/Allotted Indian/Fee Exploratory Unit and the  
7 Corresponding Blanco Wash Unit Hz Oil Pool, San Juan  
8 County, New Mexico.

9 Call for appearances.

10 MR. FELDEWERT: May it please the Examiner,  
11 Michael Feldewert with the Santa Fe Office of Holland  
12 and Hart appearing on behalf of the applicant.

13 I have two witnesses here today who have  
14 already been sworn.

15 MS. WOOD: Adrienne Wood. I am an Indian  
16 allottee interest owner.

17 EXAMINER WADE: And, Ms. Wood, would you  
18 like to make a motion in this case as well?

19 MS. WOOD: Yes, I would. I would like to  
20 ask for a continuance in this matter.

21 EXAMINER WADE: And similar to the other two  
22 cases I asked questions, you did receive notice in this  
23 case, correct?

24 MS. WOOD: Yes, I did.

25 EXAMINER WADE: Did you file a prehearing

1 statement in this case?

2 MS. WOOD: No, I did not.

3 EXAMINER WADE: And would you like to give  
4 grounds as to why you are asking for a continuance?

5 EXAMINER WADE: Yes. And I would like to  
6 not only for myself but my siblings as well, we would  
7 like to obtain legal representation.

8 MR. FELDEWERT: Object to the continuance.  
9 I am going to give Ms. Wood a copy of the exhibits.

10 EXAMINER WADE: Okay.

11 EXAMINER McMILLAN: The request for  
12 continuance shall be denied and the merits of this case  
13 will be heard today.

14 MR. FELDEWERT: May I call our first  
15 witness?

16 EXAMINER McMILLAN: Yes.

17 MONA BINION  
18 having been first duly sworn, was examined and testified  
19 as follows:

20 DIRECT EXAMINATION

21 BY MR. FELDEWERT:

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

24 A. My name is Mona Binion. I am a land negotiator  
25 for Encana Oil and Gas, and I'm responsible for the San

1 Juan Basin.

2 Q. And, Ms. Binion, you've previously testified  
3 before the Division as an expert in petroleum land  
4 matters?

5 A. Yes, I have.

6 Q. And are you familiar with the application  
7 involved in this case?

8 A. Yes, I am.

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

11 A. Yes, I am.

12 MR. FELDEWERT: We tender Ms. Binion once  
13 again as an expert in petroleum land matters.

14 EXAMINER McMILLAN: So accepted.

15 Q. Ms. Binion, if you turn to what has been marked  
16 as Encana Exhibit 1, is this the Division order that is  
17 the subject of the hearing today?

18 A. Yes, it is. Order No. R-13931.

19 Q. And this was issued on November 10th, 2014; is  
20 that correct?

21 A. Correct.

22 Q. And it approved the Blanco Wash Unit?

23 A. Yes.

24 Q. What was the nature of the acreage in the unit  
25 that was approved under this order?

1 A. It was made up of federal and Indian allotted.

2 Q. And does this order identify the unitized  
3 interval for that unit?

4 A. Yes, it does.

5 Q. And did it also then create a horizontal oil pool  
6 for this unit area?

7 A. Yes, it did.

8 Q. And after notice and hearing, did this oil  
9 provide for 330-foot setbacks?

10 A. Yes, it did.

11 Q. Now, again, this order required final approval  
12 from the federal agencies to become effective; is that  
13 correct?

14 A. Yes.

15 Q. And did the BLM provide final approval?

16 A. No, they didn't.

17 Q. So this order is currently not in effect?

18 A. Correct.

19 Q. What does the company seek under this particular  
20 application?

21 A. We seek to expand the order to incorporate  
22 additional lands. We would like to expand the order to  
23 cover from 4,800, which is what the original order  
24 covered, to cover now 13,128 acres and to simultaneously  
25 have the pool be expanded to cover the same acres.

1 Q. And does the expanded unit area, does that change  
2 the nature of the acreage?

3 A. It changes the nature of the acreage because it  
4 does bring in additional Indian allotted and federal  
5 lands. But it also incorporates state lands and fee  
6 lands.

7 Q. If I turn to what has been marked as Encana  
8 Exhibit 2, is this a map of the area that outlines the  
9 existing approved unit area as well as the expanded unit  
10 area?

11 A. Yes, it does.

12 Q. And how is that depicted on this map?

13 A. In the light blue outline, it depicts the  
14 original 4,800 acres covered by order R-13931, a darker  
15 bold black outline depicts the expanded unit area, which  
16 is the application area.

17 Q. And does Encana's application contain a correct  
18 legal description of the expanded unitized acreage?

19 A. Yes, it does.

20 Q. And if I turn to what has been marked as Encana  
21 Exhibit 3, is this a copy of the new unit agreement that  
22 will govern this enlarged area?

23 A. Yes, it does.

24 Q. And does it follow the federal form that is  
25 required for federal, state, allotted Indian and fee



1 acreage?

2 A. It does.

3 Q. And does this likewise only apply to horizontal  
4 wells?

5 A. It does.

6 Q. And under this unit agreement, will the entire  
7 unitized area be treated as a single participating area?

8 A. Yes, it will.

9 Q. Meaning everyone will share in the production  
10 from all of the wells within the unit area?

11 A. Correct.

12 Q. Does it identify the effective date for this unit  
13 agreement?

14 A. It does. The effective date is anticipated to be  
15 August 20th, 2012.

16 Q. And does it then contain an Exhibit A identifying  
17 the boundary of the acreage and then an Exhibit B which  
18 sets forth the various interests?

19 A. Correct.

20 Q. Has the unitized interval changed from what was  
21 previously approved by the Division for the smaller  
22 number?

23 A. No. The unitized interval has not changed.

24 Q. If I turn to what has been marked as Encana  
25 Exhibit 4, is this the same type log that is actually

1 referenced in the Division's order?

2 A. Yes.

3 Q. And is this the same type log that is referenced  
4 in the unitized interval under the unit agreement?

5 A. Yes, it is.

6 Q. And speaking of that, if I go back to Exhibit 3,  
7 and I go to paragraph three, does that correctly  
8 describe the unitized interval?

9 A. Yes. On page two, paragraph three, it describes  
10 the unitized interval.

11 Q. All right. Have all of the working interests  
12 owners signed the joint operating agreement for this  
13 expanded area?

14 A. No.

15 Q. And are you in the process of obtaining  
16 ratifications for the joint operating agreement for this  
17 area?

18 A. Yes, we are.

19 Q. Have you visited with the New Mexico State Land  
20 Office, the Bureau of Land Management and the Federal  
21 Indian Minerals Office about this expansion?

22 A. Yes, we have.

23 Q. And what has been their reaction?

24 A. They have all given preliminary approval to this  
25 unit expansion.

1 Q. If I turn to what has been marked as Encana  
2 Exhibit 5, is this the preliminary approval letter from  
3 the New Mexico State Land Office?

4 A. Yes, it is.

5 Q. And if I turn to what's been marked as Encana  
6 Exhibit No. 6, is this the preliminary approval letter  
7 from the BLM for this expanded unit area?

8 A. Yes, it is.

9 Q. And I note that they have copied the Federal  
10 Indian Minerals Office?

11 A. Yes.

12 Q. And they participated in the meetings?

13 A. They were present and they were represented at  
14 the meeting with the BLM.

15 Q. And they expressed approval for this unit?

16 A. Yes, they did.

17 Q. I should say expanded unit?

18 A. Yes.

19 Q. Since you are expanding this unit area, has  
20 Encana already drilled the initial development well?

21 A. Yes, we have.

22 Q. If I go back to Encana Exhibit 2, does this  
23 identify the pools that are involved currently in the --  
24 with the expanded unit area?

25 A. Yes.

1 Q. And could you identify those for us, please?

2 A. Yes. The light blue outline, as indicated  
3 before, identifies the Blanco Wash Unit Pool created  
4 under order R-13931. And then we also have the White  
5 Wash Mancos Dakota Pool that is partly incorporated  
6 inside the expanded area. We have the Bisti Lower  
7 Gallup Pool and then we have the Basin Mancos Gas Pool.

8 Q. Now the Basin Mancos Gas Pool has 660 foot  
9 setback requirements?

10 A. Yes, it does.

11 Q. And all these remaining pools, they have 330 foot  
12 setback requirements?

13 A. Yes, they are all 330 foot setback rules.

14 Q. And you seek to expand the approved Blanco Wash  
15 Unit Pool to cover this entire unitized area?

16 A. Yes.

17 Q. And provide for 330 foot setbacks?

18 A. Yes.

19 Q. And so does that impact then the acreage  
20 offsetting the expanded area in the Basin Mancos Gas  
21 Pool?

22 A. Yes, it does.

23 Q. And did the company identify and provide  
24 notice --

25 A. Yes, we did.

1 Q. Let me finish. (Continuing) to the effected  
2 parties in the acreage in the Basin Mancos Gas Pool  
3 offsetting the expansion?

4 A. Yes, we did.

5 Q. Did the company also identify and provide notice  
6 to the Indian allottees and the working interest owners  
7 within the expanded unitized area?

8 A. Yes, we did.

9 Q. Turn to what has been marked as Encana Exhibit 7.  
10 Is this an affidavit prepared by my office with the  
11 attached letters providing notice?

12 A. Yes.

13 Q. And again there are three letters, correct?

14 A. Correct.

15 Q. One to the effective parties in the offsetting  
16 Basin Mancos Pool acreage?

17 A. Correct. One dated June 5 to the Offsetting  
18 Interest Owners.

19 Q. And then another to the Indian allottees within  
20 the unitized area?

21 A. Yes. One dated June 5th to the Indian Allottee  
22 Mineral Owners under the BIA leases within the boundary  
23 of the unitized area.

24 Q. And the third letter covered the working interest  
25 owners?

1       A. Yes, the working interest owners within the unit  
2       area; dated June 5th.

3       Q. Did the company also publish notice of this  
4       application and hearing in a newspaper of general  
5       circulation in San Juan County?

6       A. Yes.

7       Q. Turn to what has been marked as Encana Exhibit 8.  
8       Is this an affidavit of publication in the Farmington  
9       Daily Times?

10      A. Yes.

11      Q. Were Encana Exhibits 1 through 8 prepared by you  
12      or compiled under your direction and supervision?

13      A. Yes.

14               MR. FELDEWERT: Mr. Examiner, I would move  
15      the admission into evidence of Encana Exhibits 1  
16      through 8.

17               EXAMINER McMILLAN: Exhibit 1, Exhibit 2,  
18      Exhibit 3, Exhibit 4, Exhibit 5, Exhibit 6, Exhibit 7,  
19      and Exhibit 8 may now be accepted as part of the record.

20               (WHEREUPON, ENCANA OIL & GAS (USA) INC.  
21               EXHIBITS 1 through 8 WERE OFFERED AND  
22               ADMITTED.)

23               MR. FELDEWERT: Mr. Examiner, that concludes  
24      my examination of this witness.

25               EXAMINATION BY EXAMINER DAWSON

1           EXAMINER DAWSON: The unit agreement that  
2     you have depicted within your exhibits --

3           THE WITNESS: Yes.

4           EXAMINER DAWSON: -- is that -- the same  
5     unit agreement will be used for all three agencies --  
6     correct? -- the State Land Office, FIMO, and BLM?

7           THE WITNESS: Everyone approves the same  
8     unit agreement, everybody is subject to one unit  
9     agreement, yes.

10          EXAMINER DAWSON: And you said the  
11     preliminary approval will be August 20th of 2012?

12          THE WITNESS: Once it is approved, it will  
13     go effective back to August 20th, 2012, correct.

14          EXAMINER DAWSON: And that is prior to  
15     commencement of production from the first well --

16          THE WITNESS: Within the unit boundary,  
17     correct. And I did make a statement earlier that all  
18     wells within the unit boundary would be shared on a unit  
19     basis. That is not completely accurate. There is one  
20     well within unit boundary the BLM has already determined  
21     is nonpaying. And they have indicated they would not  
22     share that on a unit basis. They would leave that as a  
23     lease well.

24                 It is a state well. And for whatever  
25     reservoir reasons, that well was not -- it didn't

1 produce adequate to make a unit paying well. So that  
2 well will be non unit from the day, you know, we start  
3 the unit process. And it will be paid on a lease basis  
4 the same way as it has been drilled and paid from day  
5 one.

6 EXAMINER DAWSON: So you did a paying well  
7 determination report on the well and submitted it to  
8 both the State Land Office and the BLM?

9 THE WITNESS: Correct. Both of them are  
10 aware of that.

11 EXAMINER DAWSON: And both of them agreed  
12 that that was not a commercial well?

13 THE WITNESS: That's correct. We did that  
14 when we made the initial presentation. We showed them  
15 all four wells that were inside the unit boundary. And  
16 we did a preliminary, just quick review, and they all  
17 agreed that that was the right way to go.

18 Because that would have been the first well  
19 chronologically if you would have looked at the timing  
20 of growing, and we wanted to make sure chronologically  
21 that would have worked right. And that is written in  
22 the unit agreement that way, that is eliminated, just  
23 like the vertical wells are eliminated.

24 EXAMINER DAWSON: But did they also do a  
25 line determination on the other two wells?



1           THE WITNESS: No. But there is a provision  
2 in the unit agreement that describes how that's done.  
3 Once the unit is put in place, then you have to create  
4 paying well determinations in order of drilling, so, you  
5 know, you have to reach that point with one of the wells  
6 or continue drilling.

7           EXAMINER DAWSON: Which you will continue to  
8 drill and develop this unit on a --

9           THE WITNESS: Correct.

10          EXAMINER DAWSON: You said there were some  
11 working interest owners that haven't signed the  
12 agreement?

13          THE WITNESS: There's just one other owner  
14 that is a new owner after the expansion has been  
15 applied. We haven't aggressively approached them yet  
16 because we wanted to assure ourselves that the agencies  
17 were approving the concept of the expansion before we  
18 went and got all of the approvals. So we haven't, you  
19 know, aggressively approached him.

20          The only other party in this unit area is  
21 Dugan. And Dugan is on board with us with all of the  
22 outlines and all of the leases that are being committed.

23          EXAMINER DAWSON: So there are four wells  
24 already within the unit?

25          THE WITNESS: Correct.

1 EXAMINER DAWSON: Those are all the  
2 questions I have. Thank you.

3 EXAMINATION BY EXAMINER McMILLAN

4 EXAMINER McMILLAN: The question I have is  
5 where is that well that was deemed non-commercial?

6 THE WITNESS: It is in section 16 of 24  
7 North, 9 West, and it's in the south half of the south  
8 half.

9 EXAMINER McMILLAN: So then your unit  
10 agreement will exclude that, right?

11 THE WITNESS: Correct. It's written in the  
12 unit agreement right now, in the very second paragraph  
13 of the preamble. If you look in the second paragraph it  
14 says, This unit agreement covers all horizontal wells  
15 except the P-16 -- you know, and it describes it.

16 EXAMINER McMILLAN: And there are no  
17 existing wells in the expanded area, just -- these are  
18 the only four wells you're aware of?

19 THE WITNESS: Correct. There are no other  
20 horizontal wells other than these four in the expanded  
21 or existing area, correct.

22 EXAMINER McMILLAN: I thought the White Wash  
23 was a 790, it's not? It's a 330 setback?

24 THE WITNESS: That is what I showed.

25 EXAMINER McMILLAN: It is so difficult to

1 figure out setbacks.

2 THE WITNESS: Hello. I agree.

3 EXAMINER McMILLAN: It's 330?

4 MR. FELDEWERT: That is my understanding. I  
5 guess you could go and quickly check, but that is my  
6 understanding.

7 EXAMINER McMILLAN: It's okay.

8 EXAMINER WADE: I don't have any questions.

9 EXAMINER DAWSON: I just have another  
10 question.

11 EXAMINATION BY EXAMINER DAWSON

12 EXAMINER DAWSON: On Exhibit 3 -- sorry --  
13 yes, Exhibit 3, the unit agreement --

14 THE WITNESS: Yes.

15 EXAMINER DAWSON: -- on Exhibit A, the  
16 Blanco Wash Unit, look at that map of Exhibit A. I'm  
17 assuming the state lands are in section 16 of 24 North,  
18 9 West?

19 THE WITNESS: Correct.

20 EXAMINER DAWSON: But it is kind of hard to  
21 read on the map. So the south half of section 16 of  
22 24,9 is state land, correct?

23 THE WITNESS: Correct.

24 EXAMINER DAWSON: It is kind of hard to see  
25 that hatched part on the map.

1 THE WITNESS: It is. It is a shot down  
2 version of the larger map for the exhibit purpose.

3 EXAMINER DAWSON: That is the only other  
4 question I had.

5 THE WITNESS: The north half is state lands  
6 also. But the south half is where that well is that is  
7 going to be excluded, it will be retained as 100 percent  
8 state lands, a state well.

9 EXAMINER DAWSON: So that's the only state  
10 section within the unit?

11 THE WITNESS: That is my recollection.  
12 Exhibit B shows state lands as a separate section.  
13 That's the only state section. There are several leases  
14 within that section. But that's the only section that  
15 contains state lands. They are all in section 16.

16 EXAMINER DAWSON: I can look at the recap  
17 down there. It's actually 640 acres state land within  
18 that --

19 THE WITNESS: Correct. So there are three  
20 wells that are on federal lands that the state will  
21 share in this unit that they were not in before by  
22 unitizing this.

23 EXAMINER DAWSON: Thank you.

24 THE WITNESS: Okay.

25 EXAMINER McMILLAN: I have no further

1 questions.

2 MR. FELDEWERT: May I call the next witness?

3 EXAMINER McMILLAN: Sure.

4 ERIK GRAVEN

5 having been first duly sworn, was examined and testified  
6 as follows:

7 DIRECT EXAMINATION

8 BY MR. FELDEWERT:

9 Q. Would you please state your name and identify by  
10 whom you are employed and in what capacity.

11 A. I am Erik Graven. I'm employed by Encana Oil and  
12 Gas as a senior geologist.

13 Q. And Mr. Graven, you previously testified before  
14 this Division as an expert in petroleum geology?

15 A. Yes.

16 Q. Did you testify at the hearing that resulted in  
17 the Division order creating the Blanco Wash Unit that  
18 has been marked as Exhibit Number 1?

19 A. Yes.

20 Q. Are you familiar with the application filed in  
21 this case?

22 A. Yes, I am.

23 Q. And have you conducted a geologic study of the  
24 lands that were the subject of this application?

25 A. Yes.

1 MR. FELDEWERT: I once again tender  
2 Mr. Graven as an expert witness in petroleum geology.

3 EXAMINER McMILLAN: So accepted.

4 Q. Are you familiar with the horizon that has been  
5 unitized under the prior order and that is being  
6 expanded under the existing -- of a new unit agreement?

7 A. Yes.

8 Q. And it has been marked as Encana Exhibit 4?

9 A. Correct.

10 Q. Does that unitized interval extend across the  
11 acreage that Encana seeks to add to the unit?

12 A. Yes, it does.

13 Q. And have you prepared exhibits to support that  
14 conclusion?

15 A. Yes, I have.

16 Q. If I turn to what's been marked as Encana Exhibit  
17 Number 9, could you please identify this and explain  
18 what it shows?

19 A. Yes. This is a structure contour map on top of  
20 the Mancos Shale. It shows the original Blanco Wash  
21 Unit outlined in red and the expanded unitized areas  
22 outlined in blue. It also shows a contour interval of  
23 20 feet which depicts gently dipping beds to the  
24 northeast. These beds do not dip at angles greater than  
25 3 percent, and they are a fairly consistent dip across

1 the expanded unitized area.

2 The map also shows three cross sections, an east  
3 to west cross section, A, A Prime, and two north to  
4 south B, B Prime and C, C Prime. And it also depicts  
5 the type log that was shown in Exhibit No. 4. And that  
6 is outlined with a red hexagon.

7 Q. And that's part of one of your wells from your A  
8 to A Prime --

9 A. Yes, that's included in A to A Prime.

10 Q. Do you see any structural anomalies in this area?

11 A. No, I do not.

12 Q. Let's turn to -- let me ask you this. The wells  
13 that you have chosen for your three cross sections, in  
14 your opinion are they representative of the area?

15 A. Yes, they are.

16 Q. Let's then turn to your first cross section type  
17 log, A to A Prime, and explain to us how you oriented  
18 this and what it shows.

19 A. Yes. This is oriented from east to west going  
20 from right to left across the cross section. It shows  
21 the Blanco Wash Unitized depths on the far right-hand  
22 edge of the cross section. And then it shows a number  
23 of wells which each contain a number of logs. Those  
24 logs show continuity of each of the intervals across the  
25 expanded unitized area, moving from east to west.

1 Q. Now that covered east to west across the expanded  
2 area, correct?

3 A. Yes, it does.

4 Q. And now you have a type log, you have B Prime,  
5 which covers the western portion of the unitized area?

6 (Court reporter pointed out ambient noise level  
7 has increased.)

8 A. Yes.

9 Q. Let's turn it around. I believe this has been  
10 marked as Encana Exhibit Number 11.

11 A. Right.

12 Q. And what do you observe on the western side of  
13 the expanded unitized area?

14 A. Similarly it shows continuity of the reservoirs  
15 across that expanded unitized area moving from north to  
16 south.

17 Q. And then you also did an analysis of some wells  
18 on the eastern side of the expanded area?

19 A. Correct.

20 Q. And is that depicted in what has been marked as  
21 Encana Exhibit 12, C to C Prime?

22 A. Yes.

23 Q. And do you have the same conclusions for that  
24 area?

25 A. Yes, I do. We had a limited number of wells that



1 penetrated the entire section on the eastern side of the  
2 unitized area. But, again, that deeper unitized  
3 interval is regionally continuous across the area. And  
4 I expect it to be continuous across the eastern portion  
5 of the unitized area as well.

6 Q. Based on your analysis, have you observed any  
7 faults, any pinch-outs, or other geologic impediments  
8 that will prevent the additional acreage from being  
9 efficiently developed under a unit plan using horizontal  
10 wells?

11 A. No, I have not.

12 Q. In your opinion, will the approval of this  
13 application be in the best interest of conservation,  
14 prevention of waste, and protection of correlative  
15 rights?

16 A. Yes, it will.

17 Q. Were Encana Exhibits 9 through 12 prepared by you  
18 or compiled under your direction or supervision?

19 A. Yes, they were.

20 MR. FELDEWERT: I would move the admission  
21 into evidence of Encana Exhibits 9 through 12.

22 EXAMINER McMILLAN: Exhibit 9, Exhibit 10,  
23 Exhibit 11, and Exhibit 12 now may be accepted as part  
24 of the record.

25 (WHEREUPON, ENCANA OIL & GAS (USA) INC.

1 EXHIBITS 9 through 12 WERE OFFERED AND  
2 ADMITTED.)

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

5 EXAMINER WADE: And it came to our notice  
6 that there is an individual who would like to make a  
7 statement in this case, Ms. Nez, I believe. Please come  
8 up and state your name for the record.

9 MS. NEZ: I realize I am before the State of  
10 New Mexico, Energy, Mineral, Natural Resources  
11 Department, Oil Conservation, distinguished people here  
12 and the lawyers.

13 I sent a certified mail before I appeared  
14 here, and I sent it to him so he should have it. But I  
15 didn't realize I should also send it to you.

16 EXAMINER WADE: Are you indicating that you  
17 sent a letter to Mr. Feldewert?

18 MS. NEZ: First of all, let me state I have  
19 a hearing problem. That is why I am talking loud. This  
20 is my position statement. It pertains to --

21 MR. FELDEWERT: Ma'am, could we get your  
22 name, your full name?

23 MS. NEZ: Your address here --

24 MR. FELDEWERT: Your full name.

25 MS. NEZ: Sorry. My name is Rena V. Nez,

1 owner of the allotment that is proposed for the  
2 expansion of oil and gas drilling exploration.

3 I respectfully advise and pro se my position  
4 statement on the merit as follows -- also, before that,  
5 I would like to state that I have four brothers and  
6 three sisters besides me. And I notice that they are in  
7 that black book, that binder.

8 This is my position statement. The proposed  
9 application, I do support that. If it comes through  
10 that I should be contacted about the application for all  
11 the exploration and, you know, everything in detail,  
12 everything that is in reference to what's going on on  
13 that allotment land.

14 Also compensation, I should be adequately  
15 compensated for any expansion of oil and gas exploration  
16 on my allotment land. If there's a challenging matter  
17 pertaining to this testimony, you know, if there's no  
18 understanding that a lawyer be appointed for my claim  
19 as I'm not an expert in this matter. Therefore, I  
20 respectfully demand that I be fairly and adequately  
21 compensated for the exploration, expansion.

22 Your cooperation and understanding of my  
23 position statement on the matter will be greatly  
24 appreciated. Since I am having, you know, my hearing  
25 problem, if there is a question or anything, it would be

1 in a written statement. But I will try to answer any  
2 question, I will try.

3 EXAMINER WADE: Can you hear me okay if I  
4 try to ask you a couple of questions?

5 MS. NEZ: I will try.

6 EXAMINER WADE: Just real basic questions.  
7 Did you receive notice of this hearing? Did you get a  
8 card and a letter?

9 MS. NEZ: Yes, I did and I have it here.

10 EXAMINER WADE: And you mentioned that you  
11 sent a document to somebody with your statement on it.

12 MS. NEZ: It says here a letter from the  
13 attorney here that I should have a pre-statement sent to  
14 you and him before I get in front of you.

15 EXAMINER WADE: And it sounds -- you sent it  
16 to somebody. We don't have one in our file.

17 MS. NEZ: I haven't, I didn't. Like I said,  
18 I didn't understand what was going on until I read it  
19 when I was coming, so I do have that now.

20 EXAMINER WADE: So you prepared one?

21 MS. NEZ: I will give it to you. All I am  
22 saying is I be paid for what's going on on my land.

23 EXAMINER WADE: I understand. And I give  
24 Mr. Feldewert an opportunity to respond to your  
25 statement.

1 MR. FELDEWERT: I have no response.

2 EXAMINER WADE: Regarding the appointment of  
3 an attorney, I just wanted to make sure that you  
4 understand --

5 MS. NEZ: Yes, if they should say that you  
6 are not going to get anything.

7 EXAMINER WADE: That is not our  
8 jurisdiction, and this is not a criminal matter, which  
9 is the only time that I would understand that an  
10 attorney would be appointed. I would advise you that  
11 you go speak to an attorney who is familiar with these  
12 matters. I appreciate your statement.

13 MS. NEZ: I would say that since they are  
14 the ones that are, they would be helping me.

15 EXAMINER WADE: It might be worth contacting  
16 them. Thank you.

17 MS. NEZ: Thank you.

18 EXAMINER DAWSON: Is it Nez?

19 MS. NEZ: Yes.

20 EXAMINER DAWSON: Ms. Nez, my name is Scott  
21 Dawson. I'm deputy director here of the Oil  
22 Conservation Division. And you can go to our website  
23 and you can find out. All files are on our website.  
24 It's transparent. We put this stuff on our website.  
25 You can review all the case files on all of

1 these cases, any of these cases that affect you.

2 You can also go in and look at the well  
3 files. You can look at each well and all the forms, and  
4 everything that is submitted to us is put on our  
5 website. So that's available for your review.

6 MS. NEZ: Okay.

7 EXAMINER DAWSON: I just want to let you  
8 know that.

9 MS. NEZ: Thank you.

10 EXAMINER DAWSON: You are welcome.

11 EXAMINER McMILLAN: With that in mind, case  
12 No. 15335 will be taken under advisement.

13 MR. FELDEWERT: Thank you, Mr. Examiner.

14 EXAMINER McMILLAN: Thank you.

15

16

17 (Time noted 3:42 p.m.)

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I hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. \_\_\_\_\_,  
heard by me on \_\_\_\_\_.

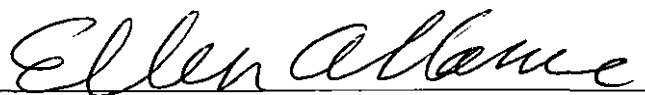
\_\_\_\_\_, Examiner  
Oil Conservation Division

1 STATE OF NEW MEXICO )  
 2 ) ss.  
 3 COUNTY OF BERNALILLO)  
 4  
 5  
 6

7 REPORTER'S CERTIFICATE

8  
 9 I, ELLEN H. ALLANIC, New Mexico Reporter CCR  
 10 No. 100, DO HEREBY CERTIFY that on Thursday, June 25,  
 11 2015, the proceedings in the above-captioned matter were  
 12 taken before me, that I did report in stenographic  
 13 shorthand the proceedings set forth herein, and the  
 14 foregoing pages are a true and correct transcription to  
 15 the best of my ability and control.  
 16

17  
 18 I FURTHER CERTIFY that I am neither employed by  
 19 nor related to nor contracted with (unless excepted by  
 20 the rules) any of the parties or attorneys in this case,  
 21 and that I have no interest whatsoever in the final  
 22 disposition of this case in any court.  
 23  
 24  
 25

  
 ELLEN H. ALLANIC, CSR  
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