

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:

ORIGINAL

APPLICATION OF COG OPERATING, LLC
FOR TWO NONSTANDARD PROJECT AREAS,
TWO NONSTANDARD OIL SPACING AND
PRORATION UNITS AND APPROVAL OF
NONSTANDARD LOCATIONS FOR TWO
WELLS IN LEA COUNTY, NEW MEXICO.

CASE NO. 15035

APPLICATION OF COG OPERATING, LLC
FOR A NONSTANDARD SPACING AND
PRORATION UNIT AND COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.

CASE NO. 15044

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

August 7, 2014

Santa Fe, New Mexico

BEFORE: RICHARD EZEANYIM, CHIEF EXAMINER

This matter came on for hearing before the
New Mexico Oil Conservation Division, Richard Ezeanyim,
Chief Examiner, on Thursday, August 7, 2014, 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
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(505) 843-9241

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EXHIBITS OFFERED AND ADMITTED

(No exhibits.)

1 (8:33 a.m.)

2 EXAMINER EZEANYIM: We will go to the last
3 case of the docket at this point. These two cases, Case
4 Numbers 15035 and 15044, were heard sometime last year
5 and other issues sometime this year, and they went to
6 the Commission, for the record purposes. And when it
7 went to the Commission, they remanded the case to the
8 Division on the grounds that there is an agreement that
9 has been reached. For purposes of the record, I'm going
10 to read those two cases into the record.

11 Call for appearances.

12 The first case is Case Number 15035. This
13 is remanded from the July 17th Commission hearing,
14 application of COG Operating, LLC for two nonstandard
15 project areas, two nonstandard oil spacing and proration
16 units and approval of nonstandard locations for two
17 wells in Lea County, New Mexico. Then the companion
18 case, 15044, on page 4, also remanded from the July 17th
19 Commission hearing, application of COG Operating, LLC
20 for a nonstandard spacing and proration unit and
21 compulsory pooling, Eddy County -- Lea County,
22 New Mexico.

23 At this point I call for appearances.

24 MS. GERHOLT: Mr. Examiner, Gabrielle
25 Gerholt on behalf of Michael Feldewert, on behalf of

1 Holland & Hart, on behalf of COG Operating.

2 EXAMINER EZEANYIM: Thank you very much.

3 No witnesses?

4 MS. GERHOLT: No witnesses.

5 EXAMINER EZEANYIM: Any other appearances?

6 MR. PADILLA: Mr. Examiner, Ernest L.

7 Padilla for EOG Resources, an offset operator, and we
8 have no presentation.

9 EXAMINER EZEANYIM: Any other appearances?

10 MS. CHAPPELLE: Good morning, Mr. Examiner.
11 Germaine Chappelle for Occidental, and we have no
12 witnesses either. We are the assignee of Inland Title.

13 EXAMINER EZEANYIM: Ms. Gerholt, you may
14 proceed. First of all, tell me what's going on.

15 MS. GERHOLT: Of course, Mr. Examiner.

16 Mr. Examiner, the parties in this matter
17 have reached a settlement agreement, and COG proffered a
18 proposed order attached to their prehearing statement
19 that they filed with the Division July 31st. COG
20 requests that the Division enter that order, thereby
21 allowing COG to withdraw their request for an NSL, a
22 nonstandard project area, to the Gunner 5 1H and also
23 the Gunner 6H, and would also allow Yates and OXY to
24 withdraw their objections.

25 EXAMINER EZEANYIM: Okay. Thank you very

1 much.

2 Any other comments?

3 MR. BRUCE: Mr. Examiner, on behalf of the
4 Yates Brothers entities, we support the amended order.

5 EXAMINER EZEANYIM: Mr. Padilla?

6 MR. PADILLA: Your Honor, we have not taken
7 a position in this case either way. EOG Resources is an
8 offset operator, and we're just interested in the
9 outcome of this case.

10 EXAMINER EZEANYIM: What does that mean,
11 you have not taken a position? I thought an agreement
12 had been reached.

13 MR. PADILLA: Your Honor, we support the
14 agreement.

15 EXAMINER EZEANYIM: Okay. That's what I
16 want to hear.

17 MR. PADILLA: Okay.

18 EXAMINER EZEANYIM: If there is any
19 objection -- I mean, for the record, are there any
20 objections?

21 Ms. Chappelle?

22 MS. CHAPPELLE: Yes, Your Honor. We also
23 support the agreement.

24 EXAMINER EZEANYIM: You what?

25 MS. CHAPPELLE: We also support the

1 agreement.

2 EXAMINER EZEANYIM: Any other comments?

3 This is how I like it, because it makes my work simple.

4 That is very good, and it makes the work of the

5 Commission -- instead of fighting in the Commission and

6 then going to the district court and going to the

7 Supreme Court. It doesn't work that way, so I like it.

8 Any other comments?

9 Okay. Very good. At this point these two
10 remanded cases, Case Number 15035 and Case Number 15044,
11 will be taken under advisement.

12 (Case Numbers 15035 and 15044 conclude,
13 8:37 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. 15035
heard by me on 15044
Examiner
Oil Conservation Division

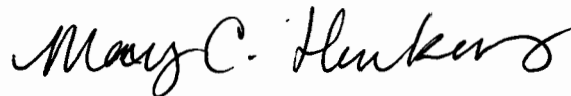
1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO
3

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.

19
20 

21 MARY C. HANKINS, CCR, RPR
22 Paul Baca Court Reporters, Inc.
23 New Mexico CCR No. 20
24 Date of CCR Expiration: 12/31/2014
25