

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

6 APPLICATION OF NEARBURG EXPLORATION CASE NO. 15441
7 COMPANY, LLC; SRO2, LLC; AND SRO3,
8 LLC FOR AN ACCOUNTING AND LIMITATIONS
9 ON RECOVERY OF WELL COSTS, AND FOR
10 CANCELLATION OF APPLICATIONS FOR
11 PERMIT TO DRILL, EDDY COUNTY, NEW MEXICO.

Consolidated with

12 APPLICATION OF COG OPERATING, LLC CASE NO. 15481
13 FOR A NONSTANDARD SPACING AND
14 PRORATION UNIT AND COMPULSORY
15 POOLING, EDDY COUNTY, NEW MEXICO.

16 APPLICATION OF COG OPERATING, LLC CASE NO. 15482
17 FOR A NONSTANDARD SPACING AND
18 PRORATION UNIT AND COMPULSORY
19 POOLING, EDDY COUNTY, NEW MEXICO.

20 REPORTER'S TRANSCRIPT OF PROCEEDINGS

21 COMMISSIONER HEARING

22 April 25, 2017

23 Santa Fe, New Mexico

24 BEFORE: DAVID R. CATANACH, CHAIRPERSON
25 AUBREY DUNN, COMMISSIONER
DR. ROBERT S. BALCH, COMMISSIONER
GABRIEL WADE, ESQ.

1 This matter came on for hearing before the
2 New Mexico Oil Conservation Commission on Tuesday, April
3 25, 2017, at the New Mexico Energy, Minerals and Natural
4 Resources Department, Wendell Chino Building, 1220 South
5 St. Francis Drive, Porter Hall, Room 102, Santa Fe,
6 New Mexico.
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22 REPORTED BY: Mary C. Hankins, CCR, RPR
23 New Mexico CCR #20
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|---|--|------|
| 1 | INDEX | |
| 2 | | PAGE |
| 3 | Case Numbers 15441, 15481 and 15482 Called | 4 |
| 4 | Motion for Executive Session | 5 |
| 5 | Motion to Return to Regular Session | 6 |
| 6 | Decision of the Commission | 7 |
| 7 | Proceedings Conclude | 7 |
| 8 | Certificate of Court Reporter | 8 |

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11 EXHIBITS OFFERED AND ADMITTED

12 (Not applicable)

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1 (9:02 a.m.; Court Reporter telephonically
2 present from Albuquerque, New Mexico.)

3 CHAIRMAN CATANACH: The next order of
4 business this morning is deliberations in the following
5 cases which were heard by the Commission on February
6 28th and March 1st, 2017. Case Number 15441 is the
7 application of Nearburg Exploration Company, LLC; SRO2,
8 LLC; and SRO3, LLC for an accounting and limitation on
9 recovery of well costs, and for cancelation of
10 applications for permit to drill, Eddy County, New
11 Mexico.

12 Case Number 15481 is the application of COG
13 Operating, LLC for a nonstandard spacing and proration
14 unit and compulsory pooling, Eddy County, New Mexico,
15 and Case Number 15482 is the application of COG
16 Operating, LLC for a nonstandard spacing and proration
17 unit and compulsory pooling, Eddy County, New Mexico.

18 We are here to deliberate on these three
19 cases in executive session.

20 And for the record, Commissioner Dunn, are
21 you familiar with the record in these cases?

22 COMMISSIONER DUNN: Yes. I reviewed the
23 record.

24 CHAIRMAN CATANACH: Okay.

25 Commissioners, do I hear a motion to go

1 into executive session to deliberate on these three
2 cases?

3 COMMISSIONER BALCH: So moved.

4 COMMISSIONER DUNN: Second.

5 CHAIRMAN CATANACH: All in favor?

6 (Ayes are unanimous.)

7 CHAIRMAN CATANACH: Mary, we're going to go
8 into executive session.

9 (Recess and Executive Session, 9:03 a.m.)

10 (11:44 a.m.)

11 CHAIRMAN CATANACH: Do I have a motion,
12 Commissioners, to go back into regular session from
13 executive session?

14 COMMISSIONER DUNN: I move we go back into
15 regular session from executive session.

16 COMMISSIONER BALCH: I second that.

17 CHAIRMAN CATANACH: All in favor?

18 (Ayes are unanimous.)

19 CHAIRMAN CATANACH: So we are back in
20 regular session now, and I will just state for the
21 record that we deliberated on Case Numbers 15441, 15481
22 and Case 15482, and that was the extent of the
23 discussions this morning.

24 At this time I will turn it over to our
25 Commission attorney, Gabriel Wade, who will announce the

1 decision in these three cases.

2 Mr. Wade.

3 MR. WADE: Thank you.

4 The Commission has found that the relief
5 sought in these three cases cannot be granted until
6 resolution of District Court Case D-101-CV-2015-02541.
7 The district court case will resolve the contractual
8 dispute and will determine the relief sought before the
9 Commission. The Commission does not have jurisdiction
10 to resolve the contractual dispute itself.

11 CHAIRMAN CATANACH: Do we want to go into
12 any specifics or denial, or no?

13 COMMISSIONER DUNN: Not at this time.

14 MR. WADE: Not at this time, unless you
15 want to.

16 COMMISSIONER BALCH: Is there an order to
17 follow?

18 CHAIRMAN CATANACH: Yeah. We will issue an
19 order. Can we have that order ready for the May 18th
20 hearing?

21 MR. WADE: Yes.

22 CHAIRMAN CATANACH: Okay. My understanding
23 is, basically, we're going to be dismissing most of the
24 application, and there may be -- placed on the pending
25 APD for -- and I don't remember the -- the State Com

1 69H, I believe, is the well. Other than that, I think
2 the remainder of the application will be dismissed at
3 that time. So that's the decision in these three cases.

4 And, Commissioners, do you have anything
5 else to add?

6 COMMISSIONER DUNN: Back on the --

7 CHAIRMAN CATANACH: We don't have a record.

8 COMMISSIONER BALCH: Okay.

9 (Short discussion unintelligible via
10 telephonic connection.)

11 CHAIRMAN CATANACH: So I think that'll be
12 it for today. I think this Commission hearing is
13 adjourned for today.

14 (The proceedings conclude, 11:47 a.m.)

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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4 CERTIFICATE OF COURT REPORTER

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

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

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

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22 MARY C. HANKINS, CCR, RPR
23 Certified Court Reporter
24 New Mexico CCR No. 20
25 Date of CCR Expiration: 12/31/2017
Paul Baca Professional Court Reporters