

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 COG OPERATING, LLC                      CASE NO. 15970  
FOR A NONSTANDARD SPACING AND  
PRORATION UNIT AND COMPULSORY  
POOLING, LEA COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

February 8, 2018

Santa Fe, New Mexico

BEFORE:    PHILLIP GOETZE, CHIEF EXAMINER  
              DAVID K. BROOKS, LEGAL EXAMINER

This matter came on for hearing before the New Mexico Oil Conservation Division, Phillip Goetze, Chief Examiner, and David K. Brooks, Legal Examiner, on Thursday, February 8, 2018, 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  
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APPEARANCES

FOR APPLICANT COG OPERATING, LLC:  
  
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EXHIBITS OFFERED AND ADMITTED

COG Operating, LLC Exhibit Numbers 1 through 9	16
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1 (9:41 a.m.)

2 EXAMINER GOETZE: Next is Case Number  
3 15970, application of COG Operating, LLC for a  
4 nonstandard spacing and proration unit and compulsory  
5 pooling, Lea County, New Mexico.

6 Call for appearances.

7 MR. FELDEWERT: May it please the Examiner,  
8 Michael Feldewert, with the Santa Fe office of Holland &  
9 Hart, appearing on behalf of the Applicant. And I've  
10 got two witnesses here today.

11 EXAMINER GOETZE: And I believe we've  
12 resolved the differences with Mr. White, so he will not  
13 be appearing?

14 MR. FELDEWERT: That my understanding.

15 EXAMINER GOETZE: Very good.

16 Will the witnesses please stand and  
17 identify yourselves to the court reporter?

18 MR. BROUGHTON: Harvin Broughton.

19 MR. SCOTT: Joseph Scott.

20 (Mr. Broughton and Mr. Scott sworn.)

21 MR. FELDEWERT: Mr. Examiner, we would call  
22 our first witness.

23 EXAMINER GOETZE: Please.

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JOSEPH SCOTT,

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

DIRECT EXAMINATION

BY MR. FELDEWERT:

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

A. Joseph Scott. I'm a landman for COG Operating, LLC.

Q. And, Mr. Scott, you've previously testified before this Division as an expert in petroleum land matters, correct?

A. Yes.

Q. And are you familiar with the applications filed in this case?

A. Yes.

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

A. Yes.

MR. FELDEWERT: I would re-tender Mr. Scott as an expert witness in petroleum land matters.

EXAMINER GOETZE: He is so qualified.

Q. (BY MR. FELDEWERT) Would you please turn to what's been marked as COG Exhibit Number 1 and identify it and explain what the company seeks under this

1     **application?**

2           A.     This is our C-102. We seek to compulsory pool  
3     a nonstandard spacing unit for the Shovel Head Fed Com  
4     18H comprising of approximately 240 acres located in the  
5     south half-southwest of Section 3 and the south  
6     half-south half of Section 4, 17 South, 32 East, Lea  
7     County, New Mexico, pooling from the top of the Yeso to  
8     the base of the Blinebry, pooling only certain lands  
9     located within the Maljamar; Yeso, West Pool due to  
10    depth-severance issues, ownership issues, and pooling of  
11    an unorthodox location.

12           **Q.     Now, if I look -- one of the things I noticed**  
13    **yesterday, if I look, there is a mistake in the**  
14    **dedicated acreage; is that correct?**

15           A.     That's correct. It says "200." It should be  
16    240. If you look at the plat below, it indicates 240  
17    acres. And I'll be working with our regulatory  
18    department to get that revised.

19           **Q.     Okay. And this C-102 provides the Examiner,**  
20    **though, with the correct pool code?**

21           A.     Yes, it does.

22           **Q.     And we're waiting on an API number; is that**  
23    **right?**

24           A.     That's correct.

25           **Q.     Has this been filed?**

1 A. Yes.

2 Q. Will the completed interval comply with the  
3 Division's setback requirements for oil pools?

4 A. No. It will be unorthodox.

5 Q. Okay. And unorthodox with respect to the first  
6 take point?

7 A. Yes, that's correct.

8 Q. And is the company applying separately  
9 administratively for approval of that nonstandard  
10 location?

11 A. Yes. Yes.

12 Q. Now, you mentioned that you are pooling only  
13 certain intervals within the Maljamar; Yeso, West Pool?

14 A. Correct.

15 Q. And has that previously been done by the  
16 Division?

17 A. Yes, it has.

18 Q. If I turn to what's been marked as COG Exhibit  
19 Number 2, is this an example of a recent order and then,  
20 in the last page, the correction of that order issued by  
21 the Division for a spacing unit in this pool directly  
22 offsetting the area in question to the south?

23 A. Yes.

24 Q. Okay. And so, for example, if I turn to what's  
25 been marked as COG Exhibit Number 3, you show on here

1 the acreage that is at issue under this pooling  
2 application, correct?

3 A. Yes.

4 Q. And the previous orders approved by the  
5 Division for a pooling of the -- pool are for the wells  
6 to the south?

7 A. Yes.

8 Q. Those would be the Sneed wells?

9 A. Yeah, the Sneed 9 Fed Com 11H. It's the well  
10 directly to the south, and that is the order in our  
11 exhibits. And we also have another order for the  
12 location directly south of that location for the Sneed  
13 Fed Com 23H.

14 Q. And all this acreage that's at issue here and  
15 has been addressed by the Division has the same  
16 ownership depth severance?

17 A. Same ownership depth severance, yes.

18 Q. Okay. Let's turn to COG Exhibit Number 4. And  
19 does this assist in identifying where the depth  
20 severance within this pool exists?

21 A. It does.

22 Q. Does this show, for example, the intervals that  
23 comply with the Maljamar; Yeso, West Pool?

24 A. Yes.

25 Q. And that pool extends down to the top of the

1 **Abo?**

2 A. Yes, it does.

3 **Q. Okay. And the company, under this application,**  
4 **seeks to pool what intervals of this existing Division**  
5 **pool?**

6 A. The top of the Paddock at 5,478 feet,  
7 approximately, down to the base of the Blinebry or top  
8 of the Tubb, if you will, at 6,767 feet, approximately.

9 **Q. What happens at the base of the Blinebry?**  
10 **What's the ownership difference?**

11 A. It's one owner that only affects COG. They  
12 term-assigned to us from the top of the Paddock to the  
13 base of the Blinebry, but reserved below the base of the  
14 Blinebry.

15 **Q. And that company is what?**

16 A. ESTE, Limited.

17 **Q. Okay. And is that the only owner that owns**  
18 **below the base of the Blinebry?**

19 A. Yes.

20 **Q. And it only affects COG's ownership percentage?**

21 A. Yes.

22 **Q. All the other ownership is common?**

23 A. Yes.

24 **Q. All right. And you're here today to seek the**  
25 **area of common ownership, which is the top of the**

1 Paddock down to the base of the Blinebry?

2 A. Yes.

3 Q. Okay. If I turn to what's been marked as COG  
4 Exhibit Number 5, does this identify the acreage at  
5 issue and then the ownership by tract in the interval --  
6 on the intervals that you seek to pool?

7 A. Yes.

8 Q. If I take a look at this, where is the depth --  
9 which tract has the depth severance involved in ESTE?

10 A. Tract Number 3.

11 Q. And is that why COG would have a different  
12 percentage above and below this area if it was -- if we  
13 included the entire pool?

14 A. Yes.

15 Q. But if we exclude ESTE's interest and just  
16 include a portion of the pool, all the ownership is  
17 common?

18 A. That's correct.

19 Q. Prior to this hearing, did the company visit  
20 with ESTE and seek their approval to pool only to the  
21 base of the Blinebry?

22 A. Yes. We received letter of support.

23 Q. And if I turn to what's been marked as COG  
24 Exhibit Number 6, is that the letter of support from  
25 ESTE directed to the company for this case?

1 A. Yes.

2 Q. Okay. If I then go back and look at Exhibit  
3 Number 5 and I go to the second page, does this identify  
4 for the Examiner the interests that the company seeks to  
5 pool in these intervals?

6 A. Yes. It's identified -- the pool parties --  
7 the parties we seek to pool are identified bolded and  
8 with an asterisk.

9 Q. And have you been able to -- were you able to  
10 contact each of these parties that you seek to pool?

11 A. Yes. I've been in contact with all of them.

12 Q. And did that include representatives of the --  
13 I guess the estates here that are listed?

14 A. Yes. Yeah, the trustees.

15 Q. Okay. And is there -- if I look down here at  
16 the bottom, I see a group that's called the "Devisees of  
17 Max W. Coll and Potential Kytes Heirs." Do you see  
18 that?

19 A. Yes.

20 Q. And you've listed there the individuals that  
21 the company believes are the heirs of that interest?

22 A. It's identified in our title pending that  
23 they're potential heirs due to some busted title we  
24 found in the abstract. There are gaps in title, but the  
25 abstracts appear to identify them as potential owners.

1 Q. And were you in touch with these individuals  
2 about this pooling?

3 A. I have been, yes.

4 Q. Okay. If I turn, then, to what's been marked  
5 as COG Exhibit Number 7, is that the well-proposal  
6 letter that was sent to the working interest owners that  
7 we just reviewed?

8 A. Yes.

9 Q. And did it include an AFE?

10 A. Yes.

11 Q. Are the costs on this AFE consistent with what  
12 the company incurred for drilling similar horizontal  
13 wells in this area?

14 A. Yes.

15 Q. What overhead and administrative rates are set  
16 forth in this letter?

17 A. 7,000 for drilling and 700 for producing.

18 Q. And is that consistent with what operators are  
19 charging for similar wells in this area?

20 A. Yes.

21 Q. Are those the rates that you request the  
22 Division put in their pooling order?

23 A. Yes.

24 Q. Following the mailing of this letter, you said  
25 you had contacts with these interest owners?

1           A.    I have, yes.

2           Q.    Generally, what's the status of your  
3 discussions with these parties that you seek to pool?

4           A.    They either are participating and signed our  
5 OA, are term-assigning their interest or leasing their  
6 interest to us.

7           Q.    So you have verbal agreements?

8           A.    Yes.

9           Q.    And are you in the process of getting those  
10 signed up?

11          A.    Yes.

12          Q.    And once they execute the documents, will they  
13 be released from the pool?

14          A.    Yes.

15          Q.    All right. Now, in addition to the working  
16 interest owners that you seek to pool, are there other  
17 entities or interests in the proposed spacing unit that  
18 the company needs to pool?

19          A.    Yes, unmarketable title owners.

20          Q.    Okay. Let's go back to Exhibit Number 5, and  
21 I'll go to the second page. We talked about the working  
22 interest owners, right?

23          A.    Yes.

24          Q.    If I go to the third page -- let's just go in  
25 order -- I see a group called the "Record Title Owners."

1 **What's going on there?**

2 A. These are the record title owners. They have  
3 empty record title in the federal leases, or we've sent  
4 out com agreements for them to execute required by the  
5 BLM. I've been in contact with Chevron. It's in their  
6 queue to execute and return the com. And I've placed  
7 calls to Linn. I have just yet to hear back.

8 **Q. Okay. But they need to sign the com agreement?**

9 A. They need to sign the com agreement or have a  
10 pooling order in order to get the communitization  
11 agreement approved.

12 **Q. Got it.**

13 **Okay. You mentioned these unmarketable**  
14 **title owners. I see that you have them -- are they**  
15 **grouped by issues or families?**

16 A. These are grouped by families or common chain  
17 of titles.

18 **Q. Okay. So we have three groups here?**

19 A. Three groups, yes.

20 **Q. Okay. And what do you mean by unmarketable**  
21 **title? What's going on there?**

22 A. Either the deed is ambiguous as to what was  
23 conveyed or probate of the estate has not been  
24 administered and there are various other title issues  
25 that cloud the title, making it a possibility that they

1 may or may not be the owners of that title.

2 Q. Okay. And do each of these family groups  
3 relate to certain working interests shown on the prior  
4 page?

5 A. Yes. So as you can see on the prior page, it  
6 says the "Devisees of Max W. Coll and Potential Kytes  
7 Heirs." The first group is Max W. Coll, and the second  
8 group is the Kytes heirs. There is a dispute over who  
9 actually owns that interest, and so until they can prove  
10 who owns it, we're seeking to pool that interest.

11 Q. So these unmarketable title owners really  
12 relate to a small working interest?

13 A. Yes.

14 Q. Okay. And you're hoping to sort out their  
15 probate so we can get this resolved, right?

16 A. Yes. I've been in contact with both families,  
17 and they're both in the process of going through their  
18 files, working with land brokers to try to cure this  
19 title.

20 Q. Okay. But at this point, you still need to  
21 pool them just to be safe, in case they actually own an  
22 interest?

23 A. Yes.

24 Q. All right. Then if I go to what's been marked  
25 as COG Exhibit Number 8, is this a Notice of Publication

1 that was -- or an Affidavit of Publication for this case  
2 that was directed by name to the parties that you seek  
3 to pool?

4 A. Yes.

5 Q. As well as the potential heirs to that interest  
6 in the marketable title owners?

7 A. Yes.

8 Q. And in the course of preparing for this case,  
9 did the company also ascertain and include in the notice  
10 list the operators or lessees of record in the 40-acre  
11 tract surrounding your proposed nonstandard spacing  
12 unit?

13 A. Yes.

14 Q. And did the company include those known offsets  
15 in the notice of today's hearing?

16 A. Yes.

17 Q. If I turn to what's been marked as COG Exhibit  
18 Number 9, is this the affidavit prepared by my office  
19 with the attached letters providing notice of this  
20 hearing to the affected parties?

21 A. Yes.

22 Q. Mr. Scott, were COG Exhibits 1 through 8  
23 prepared by you or compiled under your direction and  
24 supervision?

25 A. Yes, sir.

1 MR. FELDEWERT: Mr. Examiner, I'd move the  
2 admission into evidence of COG Exhibits 1 through 9,  
3 which includes my Notice of Affidavit.

4 EXAMINER GOETZE: Exhibits 1 through 9 are  
5 so entered.

6 (COG Operating, LLC Exhibit Numbers 1  
7 through 9 are offered and admitted into  
8 evidence.)

9 MR. FELDEWERT: And that concludes my  
10 examination of this witness.

11 EXAMINER GOETZE: Mr. Brooks?

12 CROSS-EXAMINATION

13 BY EXAMINER BROOKS:

14 Q. You've got a lot of people on this list of  
15 unmarketable title owners, right?

16 A. Yes. This title is from the 1930s. It's about  
17 four or five generations from who the current owners are  
18 today.

19 Q. And does this list include every name of a  
20 deceased person for whom you cannot determine definitely  
21 who the heirs are?

22 A. Best of my knowledge, yes. Through the  
23 assignments and the -- the assignment history within the  
24 title opinion, this is who has been identified.

25 Q. And does the list include every living person

1 with whom you know or believe to be an heir to this  
2 title?

3 A. Yes. They are included.

4 Q. Okay. Now, are all these people -- was notice  
5 to all these people that you had addresses for included  
6 on Exhibit 9?

7 A. We had addresses for all living heirs.

8 Q. Yeah.

9 A. We published notice for all the estates of the  
10 deceased heirs.

11 Q. I understand that there is no point in sending  
12 the letter to a deceased person --

13 A. Correct.

14 Q. -- if you know they're deceased.

15 We had a -- well, I won't tell that.

16 Okay. I think that's really all -- this is  
17 fee land, right?

18 A. This is fee lands and federal lands.

19 Q. Okay. Do you have any overriding owners on the  
20 federal portion?

21 A. Yes, there are.

22 Q. And do those have clauses in their assignments  
23 that would make them subject to any pooling approved by  
24 the Feds?

25 A. Not under the fed leases. However, we have

1 sent them ratifications to the communitization  
2 agreement. And these are parties that I've dealt with  
3 in this area on multiple wells, and they've always  
4 ratified. So we don't find an issue with not getting  
5 them committed to our pooled unit.

6 Q. Very good. Thank you.

7 CROSS-EXAMINATION

8 BY EXAMINER GOETZE:

9 Q. Just one point of clarity. So our depth  
10 severance is only [sic] driven. That's in Tract 3 as  
11 far as --

12 A. Correct.

13 Q. Okay. And the remainder are still -- doesn't  
14 include ESTE?

15 A. ESTE has -- they term-assign in the interval  
16 from the top of the Paddock to the base of the Blinebry,  
17 and then they reserve their working interest below the  
18 base of the Blinebry. Yeah. They have no issue with  
19 our pooling application.

20 Q. Well, the Sneed wells live on. Thank you very  
21 much.

22 EXAMINER BROOKS: I forgot about the depth  
23 severance in framing my questions because that was at  
24 the first of your testimony. It was a long way away --  
25 long ago.

RECROSS EXAMINATION

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BY EXAMINER BROOKS:

**Q. The depth severance is within the unitized interval?**

A. It's within the pool.

**Q. Oh, within the pool. The interval you're seeking to have pooled --**

A. Yes.

**Q. -- guided [sic] by the formation?**

A. Right.

**Q. Usually we include the Blinebry and the Paddock in the same pool, and that's the case here?**

A. I'll have my geologist testify as to the intervals we -- we try to develop, and he'll testify that the Tubb and the -- below the Tubb is nonproductive.

**Q. Okay. Where is the -- where is the depth severance?**

A. It's at the base of the Blinebry or the top of the Tubb, if you will.

**Q. Okay. And the pool -- that's not the same as the line that defines the pool, or do I need to ask the geologist that?**

MR. FELDEWERT: Mr. Examiner, if you go to Exhibit Number 4, you'll see that the pool encompasses

1 below the base of the Blinebry to the top of Abo, and we  
2 will have a geologist confirm that.

3 Q. (BY EXAMINER BROOKS) Okay. And you have owners  
4 both above and below that, right?

5 A. It's one owner that term-assigned to us above  
6 the unitized area we're seeking to pool, but they  
7 reserved their working interest below the base of the  
8 Blinebry. But it's one owner.

9 Q. And they're one of the ones that you've noticed  
10 in this case?

11 A. We have noticed them, and they've also executed  
12 a letter of support. That's on Exhibit Number 6, from  
13 that said owner agreeing to allow us to pool only a  
14 subset of this Yeso Formation or common pool.

15 Q. Okay. So you're asking for an order to only  
16 pool the subset formation?

17 A. Yes. Yes, sir.

18 Q. And you're following the same procedure that  
19 was in those other cases that you and Mr. Goetze both  
20 referred to?

21 A. Yes, the Sneed 9 Fed Com 11H and the Sneed 9  
22 Fed Com 23H.

23 Q. Based on that assessment, I guess I will have  
24 to agree with Mr. Goetze that the Sneed cases live on.

25 No more questions.

1           A.    Thank you.

2                       MR. FELDEWERT:   Call our next witness.

3                       EXAMINER GOETZE:   Please.

4                               HARVIN BROUGHTON,

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

7                               DIRECT EXAMINATION

8   BY MR. FELDEWERT:

9           **Q.    Would you please state your name, identify by  
10   whom you're employed and in what capacity?**

11          A.    Harvin Broughton.  I'm employed by Concho  
12   Resources or COG Operating, LLC.  I'm a geological  
13   supervisor for what we call our Northwest Shelf Team,  
14   and I reside in Midland, Texas.

15          **Q.    And, Mr. Broughton, you have previously  
16   testified before this Division as an expert in petroleum  
17   geology in a number of cases, correct?**

18          A.    A number of occasions, yes, sir.

19          **Q.    In fact, haven't you testified in prior  
20   Division and Commission cases approving the pooling of  
21   only Paddock and Blinebry intervals on the Yeso  
22   Formation in this area?**

23          A.    I have, yes.

24          **Q.    Are you familiar with the application filed in  
25   this case?**

1           A.     I am.

2           **Q.     And have you conducted a geologic study of the**  
3 **formation at issue?**

4           A.     I have.

5                         MR. FELDEWERT:   I would re-tender  
6 Mr. Broughton as an expert witness in petroleum geology.

7                         EXAMINER GOETZE:   He is so qualified.

8           **Q.     (BY MR. FELDEWERT) Mr. Broughton, if I turn to**  
9 **what's been marked as COG Exhibit Number 4, what is the**  
10 **target interval of your proposed well?**

11          A.     The target interval of this particular well is  
12 the Paddock Formation, which is towards the upper part  
13 of your display there on the type log.  I have it  
14 flagged with an arrow.

15          **Q.     And this area, there is the depth severance**  
16 **that exists at the base of the Blinebry?**

17          A.     That is correct, yes, base of the Blinebry, top  
18 of the Tubb.

19          **Q.     All right.  And if I turn -- if I keep this**  
20 **exhibit in mind and I turn to COG Exhibit Number 10,**  
21 **does Exhibit Number 10, first off, identify the location**  
22 **of the type log that you have utilized to identify the**  
23 **target location?**

24          A.     Yes, it does.  It's just in the section to the  
25 west of the well in question.

1 Q. Okay. And then the well in question is shown  
2 on here with a red horizontal line?

3 A. It is.

4 Q. And below that, we see the acreage for the  
5 Sneed wells and Branex wells?

6 A. We do, yes.

7 Q. And those are the wells that were previously  
8 discussed today dealing with the same depth severance?

9 A. That's correct, yes.

10 Q. Where the Division has approved pooling of the  
11 limited intervals within this Division pool?

12 A. Yes, sir, that is correct.

13 Q. Why did you use this particular type log? Why  
14 did you choose this well?

15 A. Well, proximity to the well. It covered the  
16 necessary depth, and it had -- it had a full suite of  
17 open-hole logs so I could use the neutron density log  
18 suite, which is what you're viewing here, so several  
19 reasons.

20 Q. Before we leave this exhibit, are there any  
21 geologic differences between the area at issue here  
22 today and the horizontal well spacing units that have  
23 been approved by the Division to the south?

24 A. No. There is no difference.

25 Q. And in your opinion, does the Tubb interval in

1     **this area contain recoverable hydrocarbons?**

2           A.     Our analysis indicates that it is wet and  
3     unproductive of hydrocarbons.

4           **Q.     And, therefore, in your opinion, will the Tubb**  
5     **interval in this area contribute to the hydrocarbons**  
6     **produced from the horizontal well that's being proposed**  
7     **here today?**

8           A.     No, it will not.

9           **Q.     And in your opinion, is it necessary to pool**  
10    **only the interest owners above the base of the Blinebry**  
11    **to protect correlative rights?**

12          A.     I believe that, yes.

13          **Q.     And is that because ESTE, who owns below the**  
14    **base of the Blinebry, their interest will not contribute**  
15    **to the production from this wellbore?**

16          A.     That is true, yes.

17          **Q.     All right. Have you observed any geologic**  
18    **impediments with your drilling experience to developing**  
19    **this area with horizontal wells?**

20          A.     No, none.

21          **Q.     If I turn to what's been marked as COG Exhibit**  
22    **Number 11, is this a structure map for your targeted**  
23    **interval that confirms your opinions?**

24          A.     Yes. This is a structure map on the Paddock  
25    Formation with the subsea depths indicated and a

1 100-foot contour interval.

2 **Q. And did you observe any pinch-outs or faults,**  
3 **anything like that?**

4 A. No, just a gentle, rather consistent structural  
5 dip down to the east, from west down to the east. The  
6 tight contours along the south are where the formations  
7 head off into the -- off the shelf and into the Delaware  
8 Basin.

9 **Q. And have you observed any differences in**  
10 **production based on the orientation of the wells --**  
11 **horizontal wells in these zones?**

12 A. No. We've noticed no discernible difference  
13 between stand-up and lay-down orientations.

14 **Q. Now, I look at this particular proposal, and I**  
15 **see you're going to drill a mile-and-a-half?**

16 A. That is correct, yes.

17 **Q. How does the company -- what are the**  
18 **development plans for the remaining quarter section**  
19 **there in the southwest of -- southeast of 3?**

20 A. We plan to develop that with  
21 north-south-running mile-and-a-half horizontals also,  
22 from the -- from centerline of Section 3 going to the  
23 south across Section 10.

24 **Q. All right. And have you prepared a cross**  
25 **section of the productive zones in this area?**

1 A. Yes, I have.

2 Q. If I turn to what's been marked as COG Exhibit  
3 Number 12, does this identify the wells that you've  
4 utilized to create your cross section?

5 A. Yes. Those would be the wells that are in the  
6 cross section.

7 Q. And why did you choose these four wells?

8 A. Well, proximity to the well in question and  
9 they somewhat parallel the wellbore the -- planned  
10 wellbore.

11 Q. The lay-down wellbore?

12 A. The lay-down wellbore, yes.

13 Q. Gotcha.

14 And this cross section runs from west to  
15 east?

16 A. It does run from west to east.

17 Q. Starting with the type log that we see --

18 A. Yes. The type log well is the first well in  
19 the cross section.

20 Q. Okay. If I turn, then, to what's been marked  
21 as COG Exhibit Number 13, is this the cross section, A  
22 to A prime, that is reflected on Exhibit Number 12?

23 A. Yes. This is a structural cross section  
24 involving those four wells.

25 Q. And have you identified for the Examiners

1 intervals at issue here?

2 A. Yes. The top of the Paddock is marked and  
3 shown across all the wells, and then the top of the  
4 Blinebry is also shown across all those wells.

5 Q. And just to orient us again, roughly where is  
6 the target zone in that well if we use the type log all  
7 the way to the left?

8 A. It's in the interval towards the base of the  
9 Paddock Formation in the 67- to 6,800 feet.

10 Q. And what do you observe about the continuity of  
11 the target interval across this area?

12 A. I'm sorry. 57 to 58. I said 6. But it's  
13 57 -- 57 to 58. The print is kind of small.

14 Q. And what do you observe about the continuity of  
15 this interval?

16 A. It's continuous across this entire interval.

17 Q. Do you expect each quarter-quarter section of  
18 your proposed nonstandard unit to be more or less  
19 equally productive from the pooled interval?

20 A. I do.

21 Q. And in your opinion, will the granting of this  
22 application be in the best interest of conservation, the  
23 prevention of waste and the protection of correlative  
24 rights?

25 A. Yes, I do.

1           **Q.    Were COG Exhibits 10 through 13 prepared by you**  
2 **or compiled under your direction and supervision?**

3           A.    Yes, sir, they were.

4                   MR. FELDEWERT:  Mr. Examiner, I would move  
5 admission into evidence of Exhibits 10 through 13.

6                   EXAMINER GOETZE:  Exhibits 10 through 13  
7 are so entered.

8                           (COG Operating, LLC Exhibit Numbers 10  
9 through 13 are offered and admitted into  
10 evidence.)

11                  MR. FELDEWERT:  And that concludes my  
12 examination of this witness.

13                  EXAMINER GOETZE:  Mr. Brooks?

14                  EXAMINER BROOKS:  No questions.

15                                   CROSS-EXAMINATION

16 BY EXAMINER GOETZE:

17           **Q.    You've answered my question about stranded**  
18 **acreage in Section 3.**

19                           **Any more plans?  Are we going to be heading**  
20 **north with development here, or is this something that**  
21 **we've reached the edge?**

22           A.    There will be -- after the completion and  
23 performance of evaluation of this well, we'll make  
24 further decisions, but the short answer would be  
25 probably.

1           Q.   Probably.  Yeah.  Because there seems to be a  
2   big gap here with Sections 5, 6, 7 and 8.  It looks like  
3   nobody -- and I don't know what the land situation is  
4   there, but it seems like a high-potential area.

5           A.   Uh-huh.

6           Q.   No.  This is consistent with what was presented  
7   with the Sneed wells.

8                         EXAMINER GOETZE:  I have no further  
9   questions for this witness.

10                        THE WITNESS:  Okay.  Thank you.

11                       MR. FELDEWERT:  We'd ask this matter be  
12   taken under advisement.

13                       EXAMINER GOETZE:  With that, Case Number  
14   15970, application of COG Operating, LLC for a  
15   nonstandard spacing and proration unit and compulsory  
16   pooling, Lea County is taken under advisement.

17                       (Case Number 15970 concludes, 10:10 a.m.)

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1 STATE OF NEW MEXICO  
2 COUNTY OF BERNALILLO

3

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.

20 DATED THIS 1st day of March 2018.

21

22

23 MARY C. HANKINS, CCR, RPR  
24 Certified Court Reporter  
New Mexico CCR No. 20  
Date of CCR Expiration: 12/31/2018  
Paul Baca Professional Court Reporters

25