

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:

CASE NOS: 20854 and 20855

APPLICATION OF COG OPERATING LLC
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

November 14, 2019

SANTA FE, NEW MEXICO

This matter came on for hearing before the New Mexico Oil Conservation Division, EXAMINERS LEONARD LOWE, KATHLEEN MURPHY, PHILLIP GOETZE, and LEGAL EXAMINER ERIC AMES, on Thursday, November 14, 2019, 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: Irene Delgado, NMCCR 253
PAUL BACA PROFESSIONAL COURT REPORTERS
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A P P E A R A N C E S

For the Applicant:

KAITLYN LUCK
HOLLAND & HART
110 North Guadalupe, Suite 1
Santa Fe, NM 87501
505-954-7286

I N D E X

CASE NO. 20854 AND 20855 CALLED	
GRANT BOHLS (By Affidavit)	03
ALLISON HOLCOMB (By Affidavit)	04
TAKEN UNDER ADVISEMENT:	06

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

	Admitted
Exhibit A and Attachments	05
Exhibit B and Attachments	05
Exhibit C and Attachments	05

1 HEARING EXAMINER LOWE: We will call case Number
2 20854 COG for compulsory pooling. Call for appearance.

3 MS. LUCK: Katelyn Luck on behalf of the COG
4 Operating LLC.

5 HEARING EXAMINER LOWE: You may proceed.

6 MS. LUCK: Thank you. And COG has requested that
7 Cases 20854 and 20855 be consolidated for hearing. And our
8 exhibits and affidavits we'll be presenting apply to both
9 cases.

10 HEARING EXAMINER LOWE: That's fine.

11 MS. LUCK: Okay. Thank you. Behind Tab A is the
12 affidavit of Grant Bohls in support of both cases. And in
13 these cases -- in 20854 COG is seeking to create a Bone
14 Spring spacing unit comprised of 640 acres in the E/2 of
15 Sections 1 and 12, Township 20 South, Range 33 East, Lea
16 County, New Mexico.

17 In Case Number 20855, it's the same acreage, but
18 COG is seeking to create a spacing unit in the Wolfcamp
19 formation, so these are both in the E/2.

20 And behind Tab A-1 you will find the C-102s for
21 the Bone Spring wells, that's A-1 and A-2.

22 And then behind Tab A-3 is a tract map reflecting
23 the acreage involved in the breakdown of the interest owners
24 in the Bone Spring unit.

25 And then behind Tab A-4 is the C-102 for the

1 701-H well, which is the Wolfcamp well.

2 Behind his Tab A-5 is a tract map again, but for
3 the Wolfcamp unit, and then it also highlights the parties
4 that COG is seeking to pool in this case.

5 Finally behind his A-6 are the well proposal
6 letters for both cases, together with the AFE that was
7 proposed prior to applying for this pooling hearing.

8 Mr. Bohls finally notes in his affidavit that COG
9 is seeking overhead and administrative rates of 7000 per
10 month while drilling and 700 while producing. And he also
11 requests 200 percent charge for the risk involved for any
12 non-consenting parties.

13 Now Exhibit B is the affidavit of Allison Holcomb
14 in support of both. She provides project locator maps as
15 her B-1 spacing unit for both of these cases and nearby
16 wells producing for both the Bone Spring and Wolfcamp.

17 She then provides behind Exhibit B-2 her
18 structure map for the Bone Spring. And then behind -- I'm
19 sorry, that's for the Second Bone Spring.

20 And behind B-3 is for the Third Bone Spring.

21 And then behind her Tab B-4 is the structure map
22 for the Wolfcamp.

23 And behind B-5 is the cross section map for the
24 cross section that's behind B-6.

25 Ms. Holcomb notes in her affidavit that the

1 standup orientation of these wells is the preferred
2 orientation for horizontal well development in the area and
3 is appropriate to efficiently and effectively develop the
4 acreage in both the Bone Spring and Wolf Camp Formations.

5 And then finally, our Exhibit C is an affidavit
6 by me reflecting that our office provided notice of this
7 hearing to the parties to be pooled, and we also include an
8 affidavit of publication for both cases because there was a
9 few of the notice of hearing letters that were not received
10 at the time of this hearing, so as an abundance of caution,
11 we published the hearing as well.

12 So with that, we would ask that Exhibits A, B, C
13 be admitted into the record and both of these cases be taken
14 under advisement.

15 HEARING EXAMINER LOWE: Exhibits A, B, C will be
16 accepted for this case. Any questions?

17 (Exhibits A, B and C admitted.)

18 EXAMINER MURPHY: There is no unit stipulation?

19 MS. LUCK: Those are found behind A-3 and A-5.
20 So A-3 is for the first case, 20854, and that has a
21 breakdown of the working interest owners in the Bone Spring
22 unit, as well as the record title owners and the overrides
23 that we are seeking to pool.

24 And then A-5 has the same breakdown for the
25 Wolfcamp formation.

1 EXAMINER MURPHY: Okay. I have no more
2 questions.

3 HEARING EXAMINER LOWE: Mr. Goetze?

4 EXAMINER GOETZE: What is the building blocks we
5 are using for the Wolfcamp as far as spacing.

6 MS. LUCK: This is an oil pool that we're for the
7 701H well, so these are 40-acres.

8 EXAMINER GOETZE: 40 acres, that's fine. Thank
9 you.

10 MR. AMES: I have nothing.

11 MS. LUCK: I would also like to note, I didn't
12 submit Exhibit A with the packet, but we will mail it in
13 after the hearing.

14 HEARING EXAMINER LOWE: Thank you. Case Numbers
15 20854 and 20855 will be taken under advisement.

16 MS. LUCK: Thank you.

17 HEARING EXAMINER LOWE: Thank you.

18 (Cases 20854 and 20855 taken under advisement.)

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1 STATE OF NEW MEXICO)
)SS
2 COUNTY OF SANTA FE)

3 I, IRENE DELGADO, certify that I reported the
4 proceedings in the above-transcribed pages, that pages
5 numbered 1 through 6 are a true and correct transcript of my
6 stenographic notes and were reduced to typewritten
7 transcript through Computer-Aided Transcription, and that on
8 the date I reported these proceedings I was a New Mexico
9 Certified Court Reporter.

10 Dated at Santa Fe, New Mexico, this 14th day of
11 November 2019.

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Irene Delgado, NMCCR 253
Expires: 12-31-19