

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: 21467, 21468

APPLICATION OF COLGATE OPERATING LLC
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS

EXAMINER HEARING

JANUARY 21, 2021

SANTA FE, NEW MEXICO

This matter came on for virtual hearing before the New Mexico Oil Conservation Division, HEARING OFFICER BILL BRANCARD and TECHNICAL EXAMINER KATHLEEN MURPHY on Thursday, January 21, 2021, through the Webex Platform.

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:

LANCE HOUGH
MODRALL SPERLING ROEHL HARRIS & SISK PA
500 4th Street, NW, Suite 1000
Albuquerque, NM 87102
505-848-9710

For BC Operating:

SHARON SHAHEEN
MONTGOMERY & ANDREWS
325 Paseo de Peralta
Santa Fe, NM 87501

I N D E X

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

Admitted

Exhibits and Attachments

1 HEARING OFFICER BRANCARD: Moving on, my next on
2 the list here is Case 21467, Colgate Operating. There is
3 also a 21468 to follow, and I have Modrall as the attorneys
4 for Colgate.

5 MR. HOUGH: This is Lance Hough from the law firm
6 of Modrall Sperling on behalf of Colgate Operating LLC.

7 HEARING OFFICER BRANCARD: Are you moving ahead
8 with two of these cases or one?

9 MR. HOUGH: Two of these, I would like to present
10 them as consolidated and present them both by affidavit. As
11 I understand, there will be no objections to that.

12 HEARING OFFICER BRANCARD: Okay. We will look
13 for other appearances. I have an appearance by B.C.
14 Operating.

15 MS. SHAHEEN: Good morning. This is Sharon
16 Shaheen on behalf of B.C. Operating. And B.C. Operating and
17 Colgate have reached an agreement and B.C. Operating does
18 not object to this case proceeding by affidavit.

19 HEARING OFFICER BRANCARD: Are there any other
20 appearances for this case? These are cases 21467 and 21468.

21 (No audible response.)

22 HEARING OFFICER BRANCARD: Hearing none,
23 Mr. Hough, you may proceed.

24 MR. HOUGH: Thank you, Mr. Examiner. For Case
25 21467, this is for compulsory pooling of the uncommitted

1 interests in a 320 acre, more or less, horizontal spacing
2 unit, which is for the Bone Spring formation within the N/2
3 N/2 of Section 32, N/2 N/2 of Section 31, that's in Township
4 19 South, Range 28 East in Eddy County, New Mexico.

5 For the second case, 21468, this is also for
6 compulsory pooling of the uncommitted interests in a 320
7 acre more or less horizontal spacing unit, the Bone Spring
8 formation in the S/2 of the N/2 of Sections 32 and 31, also
9 Township 19 South, Range 28 East in Eddy County, New Mexico.

10 One thing I wanted to note in the applications we
11 originally included a non-standard spacing -- or I should
12 say, yeah, a non-standard spacing unit or location, just due
13 to the slight deviation in the shape of the sections, this
14 is minor, and so it's still -- the request is still for a
15 320 acre spacing unit that will be standard; it's just the
16 shape is slightly different. So I updated it in the list to
17 state quarter-section equivalent, and again, a slight
18 deviation there, so I updated the (unclear) to be
19 quarter-quarter section equivalent, but the size and shape
20 is still standard.

21 And also included in the packet there listed in
22 the table of contents is the two checklists, one for each
23 case, the affidavit of Mark Hajdik, landman involved here,
24 and attached to his affidavit is B-1 communications time
25 line.

1 Exhibit B-2 is a tract map with a list of the
2 working interest owners that are being pooled, percentage of
3 their ownership, the list of all the overriding royalty
4 interests. B-3 is the well proposal letter that applies to
5 both cases.

6 And then there are exhibits specific to each
7 case. The application for Case 21467 C-102s, and the
8 authorization for expenditures. Same goes for specifics to
9 21468. There is B.4-68 Which is the application, the C-102
10 is B.5-68, and the authorization for expenditure on the --
11 or for B.6-68. Exhibit C is the affidavit of Sergio Ojeda
12 He is the geologist involved here.

13 You can see they are listed as C-1 through C-10
14 are the geological exhibits. This includes a regional
15 locator map, cross section locator map, a gun barrel
16 diagram, Second Bone Spring structure map, Third Bone Spring
17 structure map, a Second Bone Spring isopach map, a Third
18 Bone Spring isopach map, and then there is a stratigraphic
19 cross section as well as two more exhibits, one in the
20 second zoomed in, and then one in the third zoomed in and
21 shows more details.

22 Attached as Exhibit D is an affidavit from
23 myself. This provides that we sent notice. It has
24 demonstrated there was Exhibits D-1, D-2 and D-3. Notice of
25 the hearing was mailed out timely, and was also published in

1 a newspaper of local circulation. Both were timely done
2 under the rules.

3 So unless there are any questions, I would ask
4 that these exhibits be admitted and this case be taken under
5 advisement.

6 HEARING OFFICER BRANCARD: Thank you, Mr. Hough.
7 I will go to Ms. Shaheen. Any questions?

8 MS. SHAHEEN: No questions. Thank you.

9 HEARING OFFICER BRANCARD: Thank you. To the
10 examiner, Ms. Murphy.

11 TECHNICAL EXAMINER MURPHY: Good morning. My
12 question to you is, how much percentage does Colgate own in
13 this, this unit?

14 MR. HOUGH: Check for that right now if you wait
15 a minute. It's 31.69 percent.

16 TECHNICAL EXAMINER MURPHY: And so you're pooling
17 Oxy and a couple of others, PBEX, Mexico Energy, Penroc and
18 Marathon.

19 MR. HOUGH: That's correct.

20 TECHNICAL EXAMINER MURPHY: And when you -- and
21 that's the only one you're -- you're pooling that have
22 overriding royalty interest owners, too?

23 MR. HOUGH: Yes, they are included there as well.
24 We don't have the percentage of ownership, but on the next
25 page under Exhibit B-2, there is a list of those overriding

1 royalty interest owners.

2 TECHNICAL EXAMINER MURPHY: So they're all known?

3 MR. HOUGH: Could you clarify what you mean by
4 known?

5 TECHNICAL EXAMINER MURPHY: There is no unknown
6 people that you seek to pool yet?

7 MR. HOUGH: That's correct. That's correct.

8 TECHNICAL EXAMINER MURPHY: I will just ask you
9 to make sure the C-102 is filled in and resubmit those.
10 Thank you.

11 MR. HOUGH: On the C-102s you want pool name,
12 pool code and dedicated acreage; is that correct?

13 TECHNICAL EXAMINER MURPHY: Yes.

14 MR. HOUGH: Certainly.

15 TECHNICAL EXAMINER MURPHY: Thank you. No more
16 questions.

17 HEARING OFFICER BRANCARD: Thank you. I'm sorry,
18 Ms. Murphy do you want a revised form submitted?

19 TECHNICAL EXAMINER MURPHY: Yes. Yes.

20 HEARING OFFICER BRANCARD: Okay. And with that,
21 we will consolidate cases 21467, 21468, and take it under
22 advisement by leaving the record open to file corrected
23 forms.

24 MR. HOUGH: Thank you, Mr. Examiner.

25 (Taken under advisement.)

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STATE OF NEW MEXICO
COUNTY OF BERNALILLO

REPORTER'S CERTIFICATE

I, IRENE DELGADO, New Mexico Certified Court Reporter, CCR 253, do hereby certify that I reported the foregoing virtual proceedings in stenographic shorthand and that the foregoing pages are a true and correct transcript of those proceedings to the best of my ability.

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

I FURTHER CERTIFY that the Virtual Proceeding was of poor to good quality.

Dated this 21st day of January 2021.

/s/ Irene Delgado

Irene Delgado, NMCCR 253
License Expires: 12-31-21