

1 STATE OF NEW MEXICO  
2 ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT  
3 OIL CONSERVATION DIVISION

4 IN THE MATTER OF THE HEARING CALLED  
5 BY THE OIL CONSERVATION DIVISION FOR  
6 THE PURPOSE OF CONSIDERING:

**ORIGINAL**

6 APPLICATION OF COG OPERATING, Consolidated Cases  
7 LLC FOR A NONSTANDARD SPACING 14866, 14867  
8 AND PRORATION UNIT AND COMPULSORY  
9 POOLING, EDDY COUNTY, NEW MEXICO

9 TRANSCRIPT OF PROCEEDINGS  
10 EXAMINER HEARING

11 BEFORE: RICHARD EZEANYIM, Technical Examiner  
12 DAVID K. BROOKS, Legal Examiner

13 June 25, 2012

14 Santa Fe, New Mexico

15 This matter came on for hearing before the New  
16 Mexico Oil Conservation Division, RICHARD EZEANYIM,  
17 Technical Examiner, and DAVID K. BROOKS, Legal  
18 Examiner, on Monday, June 25, 2012, at the New  
19 Mexico Energy, Minerals, and Natural Resources  
20 Department, 1220 South St. Francis Drive, Room 102,  
21 Santa Fe, New Mexico.

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24 REPORTED BY: PAUL BACA, CCR #112  
25 PAUL BACA COURT REPORTERS  
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A P P E A R A N C E S

For Applicant:

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I N D E X

WITNESS: PAGE:

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1 CHAIRMAN BROOKS: We'll call Case Number  
2 14866, application of COG Operating, LLC, for a  
3 nonstandard spacing and proration unit and  
4 compulsory pooling in Eddy County, New Mexico.

5 I call for appearances.

6 MR. RANKIN: Thank you, Mr. Examiner.

7 Just to be clear, are we also calling  
8 14867 together.

9 CHAIRMAN BROOKS: Yes. If you'll go ahead  
10 and enter your appearance in 14866, and then we'll  
11 call 14867.

12 MR. RANKIN: Thank you.

13 Adam Rankin, with Holland & Hart in  
14 Santa Fe, on behalf COG Operating.

15 I have two witnesses.

16 CHAIRMAN BROOKS: Okay.

17 At this time we will also call Case Number  
18 14867, application of COG Operating, LLC, for a  
19 nonstandard spacing and proration unit and  
20 compulsory pooling, Eddy County, New Mexico.

21 I call for appearances.

22 MR. RANKIN: Thank you, Mr. Examiner.

23 Adam Rankin, with Holland & Hart,  
24 Santa Fe, on behalf of COG Operating. We also have  
25 two witnesses.

1 CHAIRMAN BROOKS: Okay. Are there any  
2 other appearances in either of these cases?

3 Very good.

4 Mr. Rankin, do I understand that you are  
5 moving to consolidate Cases 14866 and 14867 for the  
6 purpose of the hearing?

7 MR. RANKIN: Just for purposes of  
8 providing testimony, yes.

9 CHAIRMAN BROOKS: Very good. Case Numbers  
10 14866 and 14867 will be consolidated for purposes of  
11 hearing.

12 And would your witnesses please stand and  
13 identify themselves.

14 MR. RANKIN: One item. On the witness  
15 list, the two witnesses that we are presenting today  
16 are different than those who are on the prehearing  
17 statements. In case of the Grant, it's not going to  
18 be Davis Armor, it will be Katie Mohebkhosravi.

19 CHAIRMAN BROOKS: In view of the fact that  
20 no one else entered an appearance, I would assume  
21 there is no objection.

22 MR. RANKIN: That's the case also with the  
23 geologist as well.

24 CHAIRMAN BROOKS: Very good. You have, I  
25 assume, given cards to the reporter.

1           Very good.

2           (Witnesses sworn.)

3           MR. RANKIN: Thank you. I call my first  
4 witness, Ms. Katie Moheb.

5           CHAIRMAN BROOKS: Proceed.

6                   KATIE MOHEB,

7           after having been first duly sworn under oath,  
8           was questioned and testified as follows:

9                           EXAMINATION

10          BY MR. RANKIN:

11           Q.     For the record, could you please state  
12 your name?

13           A.     Yes. My name is Katayoun Mohebkhosravi.  
14 But for simplicity's sake at the hearing, I'll go by  
15 Katie Moheb.

16           Q.     And by whom are you employed?

17           A.     I'm employed by Concho.

18           Q.     And where do you reside?

19           A.     Midland, Texas.

20           Q.     And have you previously testified before  
21 the division as a -- as a landman in petroleum  
22 matters?

23           A.     Yes, I have.

24           Q.     And have your credentials as a petroleum  
25 landman been accepted before the division?

1 A. Yes, they have.

2 Q. Are you familiar with the applications  
3 that are filed in these two cases?

4 A. Yes.

5 Q. And are you familiar with the lands and  
6 the status of the lands in these two cases?

7 A. Yes. In both cases they are Fee.

8 Q. Okay. Thank you.

9 MR. RANKIN: Mr. Examiner, I would like to  
10 tender Ms. Moheb as an expert in petroleum land  
11 matters.

12 CHAIRMAN BROOKS: So qualified.

13 MR. RANKIN: Thank you.

14 Because we're doing these cases together,  
15 Mr. Examiner, I'm going to be referencing both of  
16 these exhibit packets simultaneously, but I will try  
17 to be clear when I refer to one or the other.

18 CHAIRMAN BROOKS: Okay.

19 Q. (By Mr. Rankin) Ms. Moheb, could you  
20 please turn to what has been marked as Exhibit 1 in  
21 both application packets?

22 A. (Witness complies.)

23 Q. And please review for the Examiners what  
24 this shows.

25 A. Okay. Well, in both cases it is a map

1 showing our leasehold. It's also going to show our  
2 bottom hole and service hole locations as well as  
3 the Yeso wells in the surrounding area.

4 In the Bradley 8 Fee, it's going to show  
5 where the 2H is located.

6 And it also shows, as I mentioned before,  
7 the leasehold in Section 8, where we are requesting  
8 a nonstandard 160-acre spacing unit, which is  
9 comprised on the east half of the west half of  
10 Section 8. And that's in Township 19 south, Range  
11 26 east.

12 And we're also requesting pooling all --  
13 all the minerals in that interest in the Yeso  
14 formation underlying that area.

15 Q. In the case of the Bradley -- rather in  
16 the case of the Grant 2 Fee, you're requesting the  
17 same, that the -- that all interest be pooled in the  
18 Yeso formation?

19 A. Yes. In the case of the Grant, it shows  
20 the exact same thing: Our leasehold, the surface  
21 hole, and bottom hole location.

22 And, yes, we are requesting a nonstandard  
23 180-acre spacing unit. In this case, it's comprised  
24 in the west half of the east half of Section 2 in  
25 Township 19, Range 26 east.

1 Q. And in addition to seeking the pooling of  
2 all interests in the Yeso formation, we're also  
3 seeking that COG be designated operator of the  
4 wells. Is that correct?

5 A. Yes, that's true.

6 Q. And as you mentioned earlier, that both  
7 the lands in this -- both applications are Fee  
8 lands. Is that correct?

9 A. Yes.

10 Q. And behind exhibit number -- the first  
11 page of Exhibit Number 1, on both exhibits is an  
12 ownership by interest. Is that correct?

13 A. Yes. They're broken down -- if you will  
14 see on the Bradley, it's broken down by tract. And  
15 then on the back page it shows for the entire area,  
16 for that whole east half of the west half, each --  
17 each interest owner.

18 Q. How many interest owners shown on these  
19 pages of Exhibit Number 1 in both cases remain  
20 uncommitted to the proposed wells?

21 A. On -- for the Bradley 8 it's going to be  
22 three different parties. It's going to be DMD, LLC,  
23 and two other unleased owners which are Dominique  
24 Letezio (phonetic) and Carol Sue Sanford Garrett  
25 (phonetic).

1           And in the case for the Grant 2 Fee Number  
2   3H, we have two. And it is DMD, LLC, and B&G  
3   Royalties, which is associated with DMD, LLC.

4           Q.     Thank you, Ms. Moheb.

5           Turning to the next exhibit on each  
6   packet, which is Exhibit Number 2, is this a copy of  
7   the well proposal letter, a sample of the well  
8   proposal letter that was sent out to each of the  
9   interest owners?

10          A.     Yes.

11          Q.     And turning to page -- the next page  
12   behind that, is that also a copy of the AFD that was  
13   provided?

14          A.     Yes.

15          Q.     Aside from signing the well proposal  
16   letters to each of the interest owners, what efforts  
17   has COG taken to obtain the voluntary agreement of  
18   the interest owners in these proposed units?

19          A.     Well, we have contacted them -- our  
20   brokers have contacted them, anyone who is unleased,  
21   and we have made our best estimates to contact, you  
22   know, the companies who remain uncommitted at this  
23   time. In both cases I believe it's -- we just  
24   haven't reached an agreement.

25          Q.     Thank you.

1           Looking at the AFD, are your costs  
2 presented here consistent with what COG has incurred  
3 for drilling other wells in the area, similar?

4           A.     Yes.

5           Q.     And has COG made an estimate of the  
6 overhead and administrative costs of well drilling  
7 as well, and also operating, should it be  
8 successful?

9           A.     Yes. Well drilling, it's going to be  
10 5,500. And well producing, it's going to be 550.

11          Q.     And are these costs consistent with what  
12 COG has paid for other wells, horizontal wells, in  
13 the area?

14          A.     Yes.

15          Q.     And does COG request that these figures be  
16 incorporated into any order that results from this  
17 hearing?

18          A.     Yes.

19          Q.     And does COG also request that these  
20 figures be adjusted annually in accordance with  
21 procedures?

22          A.     Yes, we do.

23                 CHAIRMAN BROOKS: And what were those  
24 figures again, please?

25                 THE WITNESS: It was 5,500 well drilling

1 and 550 well producing. And this is consistent with  
2 all of our wells in the Lakewood area.

3 Q. (By Mr. Rankin) Does COG also request  
4 that in accordance with division rules, a 20 percent  
5 charge be assessed against all interests that remain  
6 uncommitted to the well?

7 A. Yes.

8 Q. Thank you.

9 Now, has COG also brought a geologist to  
10 testify regarding the formation of these nonstandard  
11 units?

12 A. Yes, we have.

13 Q. And did COG identify the lease mineral  
14 interests in the surrounding 40-acre tracts --

15 A. Yes.

16 Q. -- of these nonstandard proration units?

17 A. Yes, we have.

18 Q. And you have noticed them in accordance  
19 with the rules of the division?

20 A. Yes.

21 Q. Turning to Exhibit 3, is this a copy of  
22 the affidavit prepared by your attorney of the proof  
23 that the notice was provided in accordance with  
24 division rules?

25 A. Yes.

1 Q. And on the following page on both  
2 exhibits, is this also a copy of the sample letter  
3 that went out to each of those interests, indicating  
4 that the hearing was going to be taking place?

5 A. Yes.

6 Q. And on the subsequent pages is a copy of  
7 the list of the interest owners, including offset  
8 owners who should be notified?

9 A. Yes.

10 Q. And in the case of the Bradley, each of  
11 those interest owners and offsets were -- received a  
12 green card. Is that correct?

13 A. Yes. And all of the Bradleys.

14 Q. And the -- we received one returned notice  
15 from Edward H. Judson in the Bradley. Is that  
16 correct?

17 A. In the Grant.

18 Q. Oh, in the Grant. Sorry.

19 A. Yes.

20 Q. Thank you. In the Grant.

21 And that's an address of record?

22 A. Yes, it was. And we have since given them  
23 notice. We've published notice.

24 Q. Thank you.

25 Turning the page -- thank you.

1 Ms. Moheb, were exhibits 1 through 3  
2 prepared by you or under your supervision?

3 A. Yes.

4 MR. RANKIN: Thank you.

5 Mr. Examiner, I would like to tender --  
6 move to admit Exhibits 1 through 3.

7 CHAIRMAN BROOKS: Okay. Exhibits 1  
8 through 3 are admitted.

9 MR. RANKIN: And I pass the witness.

10 CHAIRMAN BROOKS: Okay.

11 Is this in an identified Yeso pool?

12 THE WITNESS: Yes, it is. The Bradley is  
13 in the Atoka Glorieta Yeso.

14 CHAIRMAN BROOKS: Atoka Glorieta Yeso?

15 THE WITNESS: Yes, sir.

16 And our permits show that the Grant is in  
17 the Dayton-Grayburg.

18 CHAIRMAN BROOKS: Dayton-Grayburg?

19 THE WITNESS: Yes. That's for the Grant.

20 CHAIRMAN BROOKS: Okay. On the Bradley  
21 over in Section 8, do I understand correctly there  
22 are -- that all interest owners that were served  
23 within the unit returned their receipts?

24 THE WITNESS: Yes. We contacted everyone.

25 CHAIRMAN BROOKS: Okay. And then there

1 was one who was not contacted in the --

2 THE WITNESS: In the Grant.

3 CHAIRMAN BROOKS: -- in the Grant.

4 THE WITNESS: Yes. It was an offset  
5 owner.

6 CHAIRMAN BROOKS: Oh, an offset owner.

7 MR. RANKIN: Yeah. The Judson interest,  
8 Mr. Examiner, was an offset interest owner.

9 CHAIRMAN BROOKS: Okay. So there was  
10 no --

11 THE WITNESS: No one within the pooled  
12 area.

13 CHAIRMAN BROOKS: -- no unserved parties  
14 in the --

15 MR. RANKIN: There was one. And it was  
16 this -- Ayres, Mary Ayres (phonetic). And we  
17 brought up the notice of publication, which is on  
18 the last page of Exhibit 3.

19 CHAIRMAN BROOKS: Okay. Now, then, I'm  
20 confused.

21 Was one of the -- was there a party who  
22 owns an interest within the proposed compulsory  
23 pooled unit who was not served and did not return --  
24 from whom you did not get a return receipt?

25 THE WITNESS: Yes. The Gates party we

1 have an incorrect address. And we corrected it,  
2 sent it out, and we have since been in contact with  
3 them, and we're leasing them right now.

4 CHAIRMAN BROOKS: That party owns an  
5 interest in the --

6 THE WITNESS: In the area, yes. In the  
7 pool. But we are leasing them right now. So...

8 CHAIRMAN BROOKS: Now, did you attach  
9 anywhere for our information a plot of the well  
10 which shows the completed interval?

11 MR. RANKIN: Exhibit 7.

12 CHAIRMAN BROOKS: That's Exhibit 7?

13 THE WITNESS: Yes.

14 CHAIRMAN BROOKS: Now, is the completed  
15 interval intended to be entirely within the --

16 THE WITNESS: Yeso formation.

17 CHAIRMAN BROOKS: -- syntax?

18 THE WITNESS: Oh, yes.

19 CHAIRMAN BROOKS: So there would be no  
20 nonstandard location, then?

21 THE WITNESS: No. Just a nonstandard  
22 unit.

23 CHAIRMAN BROOKS: Okay.

24 That concludes my questions of this  
25 witness.

1 Mr. Ezeanyim?

2 CHIEF ENGINEER EZEANYIM: Why are you  
3 asking for a 160-acre proration unit? Did you  
4 contact everybody and then some of them refused to  
5 participate in joining the well -- from the unit?

6 THE WITNESS: No. We haven't come -- we  
7 haven't encountered anyone who has refused to  
8 cooperate with us at this point. Anyone that we are  
9 pooling, it's -- it's been people that we haven't  
10 been able to reach or come to an agreement with yet.

11 CHIEF ENGINEER EZEANYIM: So you reached  
12 an agreement from the unit in the first place  
13 forming -- everybody wanted to join in forming that  
14 unit, right? The 160 acres, right?

15 THE WITNESS: Well, we proposed it. And  
16 then in that area we're proposing 160-acre spacing  
17 units.

18 CHIEF ENGINEER EZEANYIM: Everybody wanted  
19 to join.

20 THE WITNESS: Exactly. But DMD, LLC, it's  
21 the working interest owner, really the company that  
22 we've had difficult -- we've had difficulty  
23 contacting.

24 CHIEF ENGINEER EZEANYIM: Okay. I see.  
25 Because if everybody wanted to join and some people

1 didn't want to -- well, drilling the wells, that way  
2 you would have to come in for a -- that's why I made  
3 the announcement in the morning. That if you reach  
4 an agreement you don't need, really, to come to a  
5 hearing.

6 THE WITNESS: Uh-huh.

7 CHIEF ENGINEER EZEANYIM: And that's what  
8 I'm trying to explore here, what effort you made to  
9 be able to have everybody join in the drilling of  
10 the well or participate in drilling of the well.

11 THE WITNESS: Uh-huh.

12 CHIEF ENGINEER EZEANYIM: So if you do  
13 that, all you have to do is to form -- you know,  
14 sign a C-102 to the difference, and then you won't  
15 have to come here.

16 So I'm wondering what effort you made to  
17 avoid that.

18 THE WITNESS: Well, we made the effort of  
19 proposing the well and giving them notice and  
20 attempting to contact them in order to make an  
21 agreement outside of the forced pooling.

22 But we found it necessary to come here for  
23 forced pooling, specifically for our drilling  
24 schedule and our drilling plans, just to speed up  
25 the process.

1 CHIEF ENGINEER EZEANYIM: Okay. Let me  
2 get your pool. Bradley is in what pool?

3 THE WITNESS: In the Atoka Glorieta Yeso.

4 CHIEF ENGINEER EZEANYIM: Okay. Is there  
5 a special pool covering that?

6 THE WITNESS: Not that I know of.

7 CHIEF ENGINEER EZEANYIM: Is that on --

8 THE WITNESS: That's what's on the permit.

9 CHIEF ENGINEER EZEANYIM: Okay. I know  
10 that's what -- but I wanted to see, because we have  
11 a lot of special pools for the Yeso. So I was  
12 wondering whether this is part of some of it. But  
13 if it's not, then it's not, and everybody is guided  
14 by the state-wide rules, right? Is that what you're  
15 saying, state-wide rules?

16 THE WITNESS: To my knowledge, it's not  
17 any kind of special pool.

18 CHIEF ENGINEER EZEANYIM: Okay. So the  
19 Grant, what is the pool?

20 THE WITNESS: That's going to be the  
21 Dayton-Grayburg.

22 CHIEF ENGINEER EZEANYIM: And the same  
23 thing. There's no -- no special pool for that?

24 THE WITNESS: No, to my knowledge.

25 CHIEF ENGINEER EZEANYIM: Okay. I see.

1 So you located everybody. So there's no reason for  
2 you to do any newspaper advertisement?

3 THE WITNESS: We did one for the Judsons,  
4 because we didn't get a green card back from them.  
5 But they were -- they're an offset owner.

6 CHIEF ENGINEER EZEANYIM: Is it here?

7 MR. RANKIN: Just a correction in that.  
8 In the Grant, it was Mary Ayers.

9 THE WITNESS: Oh, Mary Ayers, yeah.

10 MR. RANKIN: -- who was uncontactable.  
11 It's in Exhibit Number 3 of the Grant, the last  
12 page. There was a notice of publication for Mary  
13 Ayers.

14 CHIEF ENGINEER EZEANYIM: You did a  
15 newspaper publication also?

16 MR. RANKIN: Correct.

17 CHIEF ENGINEER EZEANYIM: That's all I  
18 have.

19 THE WITNESS: We have leased.

20 MR. RANKIN: The Ayers?

21 THE WITNESS: Yes.

22 MR. RANKIN: That's right. So that --

23 THE WITNESS: We have leased them since  
24 then.

25 CHIEF ENGINEER EZEANYIM: So after you

1 published, then they came forward and leased?

2 THE WITNESS: Yes.

3 CHIEF ENGINEER EZEANYIM: Okay. Good.

4 CHAIRMAN BROOKS: So we've got a lot of  
5 confusion here.

6 My understanding was that there was one  
7 unlocated interest in the Grant.

8 But do I now understand that -- is that  
9 the one that you're talking about, that you have now  
10 located and leased?

11 THE WITNESS: Within -- yes. Within the  
12 pooled unit, within the unit, there was one.

13 CHAIRMAN BROOKS: So there is no one --

14 THE WITNESS: And we have now leased them.

15 CHAIRMAN BROOKS: -- within either of  
16 these units -- there's no owner within either of  
17 these units that you've been unable to locate?

18 THE WITNESS: Yes. This is true.

19 CHAIRMAN BROOKS: Thank you. That's all I  
20 have.

21 The witness may step down.

22 MR. RANKIN: Thank you, Mr. Examiner.

23 Nothing further from me either.

24 CHAIRMAN BROOKS: Pardon me?

25 MR. RANKIN: Nothing further from me

1 either.

2 CHAIRMAN BROOKS: Okay. You may call your  
3 next witness.

4 MR. RANKIN: Thank you, Ms. Moheb.

5 My next witness is Ms. Kelli Snidow.

6 KELLI SNIDOW,  
7 after having been first duly sworn under oath,  
8 was questioned and testified as follows:

9 EXAMINATION

10 BY MR. RANKIN:

11 Q. Thank you, Ms. Snidow.

12 How are you?

13 A. Good. Thank you.

14 Q. Good. Ms. Snidow, by whom are you  
15 employed?

16 A. I'm employed by Concho in Midland, Texas.

17 Q. And in what capacity?

18 A. I am employed as a geologist.

19 Q. And have you previously testified before  
20 the division as a petroleum geologist?

21 A. No, I have not.

22 Q. Can you please review for the Examiners  
23 your background, your education, and your work  
24 experience?

25 A. Sure. I graduated from Hanover College in

1 2007 with a bachelor's in geology.

2 And then I graduated from Ball State  
3 University in 2009 with a master's in geology.

4 I then went to work for Chevron in 2009,  
5 working the Midland Basin of the Permian Basin.

6 And then I went to work for Concho in  
7 September of 2011 working the New Mexico shelf.

8 Q. And are you familiar with the applications  
9 that were filed in each of these cases?

10 A. Yes, I am.

11 Q. Have you conducted a study of the lands  
12 that are the subject of these applications?

13 A. Yes.

14 MR. RANKIN: Mr. Examiner, I would like to  
15 tender Ms. Snidow as an expert in petroleum geology.

16 CHAIRMAN BROOKS: So qualified.

17 MR. RANKIN: Thank you.

18 Ms. Snidow, turning to your first exhibit,  
19 which has been marked as Exhibit 4 in both exhibit  
20 packets, one for the Bradley and one for the Grant,  
21 could you please review for the Examiners what these  
22 two maps depict?

23 A. Yes. So these are both the same maps.  
24 They're both a structure map on the top of the  
25 Paddock with a 25-foot contour interval.

1           The structure map shows the general  
2   downdip structural trend of the area from the  
3   northwest to the southeast.

4           The existing fields are highlighted in  
5   blue, and they're listed to display the structural  
6   relationship between the existing fields and  
7   proposed wells, which are -- the proposed COG wells,  
8   which are red, and shown on the yellow COG acreage.

9           These existing fields have both horizontal  
10   and vertical Yeso production.

11          And the Paddock producers are highlighted  
12   with red circles, and the Blinebry producers are  
13   highlighted with blue circles or a combination of  
14   both.

15          This map shows that there are no major  
16   structural or geological impediments in this area.  
17   Also, that there are no major faults and no  
18   pinchouts.

19          Q.     Thank you, Ms. Snidow.

20          Turning to your next exhibit, which I  
21   believe shows another map with the cross-section.  
22   Is that correct?

23          A.     Yes, that is correct.

24          This is the same map and just showing the  
25   cross-section line from A to A prime. A is in the

1 south end of this map near the Cemetery field, and  
2 A prime is at the north end showing the Dayton  
3 field, and the wells highlighted on this  
4 cross-section will be included in the next exhibit.

5 Q. Thank you.

6 Turning to that next exhibit, could you  
7 review it for the Examiners?

8 A. So Exhibit 7 is a cross-section from A to  
9 A prime. Again, the wells on the left are A,  
10 towards the south end of the field, or the Cemetery  
11 field.

12 And the wells on the right are near the  
13 north end, or the Dayton field.

14 There are three formations listed on this  
15 cross-section: The Glorieta, the Paddock, and the  
16 Blinebry. The Paddock is our target interval. It  
17 is overlying by the Glorieta and bounded by the  
18 Blinebry on the bottom.

19 This cross-section has been flattened on  
20 the top of the Paddock to show the stratigraphic  
21 relationship between these different field areas as  
22 we move from south to north.

23 And on the left, as I mentioned, the green  
24 Paddock is our target interval, and we have a red  
25 arrow on the left side indicating our proposed

1 lateral interval, or where we would like to land our  
2 lateral.

3 To the right of each well bore is a red  
4 box, and that is to indicate the zone of the Yeso  
5 completion in those individual wells.

6 But I will point out Wells 1 and 3 do not  
7 show any Yeso completion, and that's because they  
8 are -- they're deeper Morrow gas wells that have not  
9 yet been tested in the Yeso.

10 Q. Thank you, Ms. Snidow.

11 And just to be clear, this cross-section  
12 is -- and you indicate a target interval for the  
13 lateral. That's the case for both the Bradley and  
14 the Grant wells. Is that correct?

15 A. Yes, that's correct, for both wells.

16 Q. Thank you.

17 And finally, Exhibit Number 7, which has  
18 already been referenced by the Examiner, this is a  
19 well bore schematic diagram, is that correct, of  
20 each well bore and the proposed location showing  
21 that they're within the standard offsets?

22 A. Yes, that's correct. These are purely a  
23 schematic to show that the completed interval in  
24 each respective well will be within that 330-foot  
25 setback in both the north and the south section

1 lines.

2 Q. And based on your analysis and your study  
3 of the geology of the area and of the nonstandard --  
4 proposed nonstandard units, what conclusions have  
5 you drawn about the geology and the potential for  
6 production?

7 A. We believe there are no geologic  
8 impediments in this area to developing full section  
9 laterals.

10 We also believe that this area can be  
11 efficiently and economically developed with  
12 horizontal wells. And additionally, that the --  
13 each proposed project area will equally contribute  
14 to the well's production.

15 Q. And in your opinion, would the granting of  
16 COG's application for compulsory pooling in both of  
17 these cases be in the interest of prevention of  
18 waste, protective of correlative rights, and the  
19 interest of conservation?

20 A. Yes.

21 Q. Thank you, Ms. Snidow.

22 And were Exhibits 4 through 7 prepared by  
23 you or under your supervision?

24 A. Yes.

25 MR. RANKIN: Mr. Examiner, I move to admit

1 Exhibits 4 through 7 into the record.

2 CHAIRMAN BROOKS: 4 through 7 are  
3 admitted.

4 MR. RANKIN: I have no further questions.  
5 I pass the witness.

6 CHAIRMAN BROOKS: Okay.  
7 Mr. Ezeanyim?

8 CHIEF ENGINEER EZEANYIM: I don't have  
9 much questions.

10 Go to Exhibit Number 4. Would you read  
11 that --

12 THE WITNESS: I'm sorry. Can you repeat  
13 that?

14 CHIEF ENGINEER EZEANYIM: The wells that  
15 you see in that Exhibit Number 4 --

16 THE WITNESS: Exhibit Number 4?

17 CHIEF ENGINEER EZEANYIM: -- 4 and 5,  
18 whatever. I see a bunch of horizontal wells.

19 THE WITNESS: Yes.

20 CHIEF ENGINEER EZEANYIM: Who is the other  
21 operator of those wells? Is that Concho?

22 THE WITNESS: Many of these are Concho  
23 wells. I cannot speak for all of them, but I  
24 believe most of these are Concho wells.

25 CHAIRMAN BROOKS: Who is the other

1 operator, other than Concho? Who, again, operates  
2 around that area?

3 THE WITNESS: I can check on that and get  
4 back to you.

5 CHIEF ENGINEER EZEANYIM: Oh, okay. You  
6 don't need to. I just wanted to find out who the  
7 operator is. Is it only COG that operates in that  
8 township?

9 THE WITNESS: It is not just COG.

10 CHAIRMAN BROOKS: You're talking about  
11 19/25?

12 CHIEF ENGINEER EZEANYIM: Yes. Well,  
13 19/25 -- yeah, 19/25. Really, I'm talking about  
14 19/25.

15 THE WITNESS: Right. Right. There are  
16 some COG wells listed right there. But some of  
17 these -- I would hate to give you a wrong answer. I  
18 will check and get back with you if you would like.

19 CHIEF ENGINEER EZEANYIM: Okay. Thank  
20 you.

21 THE WITNESS: Uh-huh.

22 CHIEF ENGINEER EZEANYIM: Did you draw  
23 this well construction to indicate the completed  
24 intervals?

25 THE WITNESS: That's correct.

1 CHIEF ENGINEER EZEANYIM: Okay. So  
2 what -- how are these going to be constructed? Are  
3 you going to -- is there a way indicated to get your  
4 completed intervals?

5 THE WITNESS: Yes. If you'll notice on  
6 the last exhibit we show a -- there's a white arrow  
7 indicating where the first packer will be placed.

8 CHIEF ENGINEER EZEANYIM: Yeah.

9 THE WITNESS: Showing that it will not be  
10 any closer than 330 feet from the north section  
11 line. And then we will place the packers  
12 accordingly --

13 CHIEF ENGINEER EZEANYIM: Okay.

14 THE WITNESS: -- throughout the rest of  
15 the lateral.

16 CHIEF ENGINEER EZEANYIM: Is that going to  
17 be upon completion?

18 THE WITNESS: That's not necessarily been  
19 determined at this time.

20 CHIEF ENGINEER EZEANYIM: Okay.

21 I don't have any further questions.

22 CHAIRMAN BROOKS: No questions.

23 MR. RANKIN: No redirect for myself,  
24 Mr. Examiner, so nothing from me further.

25 CHAIRMAN BROOKS: Okay. Very good. Then

1 if there is nothing further, Cases 14866 and 14867  
2 will be taken under advisement.

3 (Proceedings concluded.)  
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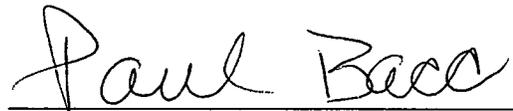
20 I do hereby certify that the foregoing is  
21 a complete record of the proceedings in  
22 the Examiner hearing of Case No. 14866 & 67  
23 heard by me on 6-25-12

24 David K. Burton, Examiner  
25 Oil Conservation Division

CERTIFICATE

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I, Paul Baca, RPR, CCR in and for the State of New Mexico, do hereby certify that the above and foregoing contains a true and correct record, produced to the best of my ability via machine shorthand and computer-aided transcription, of the proceedings had in this matter.



PAUL BACA, RPR, CCR  
Certified Court Reporter #112  
License Expires: 12-31-12