

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. 15485
FOR A NONSTANDARD OIL SPACING AND
PRORATION UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

May 12, 2016

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, May 12, 2016, 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
New Mexico CCR #20
Paul Baca Professional Court Reporters
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APPEARANCES

FOR APPLICANT COG OPERATING, LLC:

GARY W. LARSON, ESQ.
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EXHIBITS OFFERED AND ADMITTED

COG Operating, LLC Exhibit Number 12	5
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1 (8:23 a.m.)

2 EXAMINER GOETZE: Let us continue with the
3 irregularity in the docket. We still have one case that
4 was continued. I believe that is Case Number 15485,
5 application of COG Operating, LLC for a nonstandard oil
6 spacing and proration unit and compulsory pooling, Lea
7 County, New Mexico.

8 Call for appearances.

9 MR. LARSON: Good morning, Mr. Examiner.
10 Gary Larson, Santa Fe office of Hinkle Shanor, for the
11 Applicant, COG Operating.

12 EXAMINER GOETZE: And any other
13 appearances?

14 Very good. I believe there is a question
15 about ownership and mineral estate?

16 MR. LARSON: That's correct, Mr. Examiner.
17 I'll be presenting my case by affidavit.

18 THE COURT: Very good.

19 MR. LARSON: As you noted, Mr. Examiner, an
20 issue arose at the previous hearing regarding a federal
21 ownership interest in COG's proposed project area,
22 specifically the west half of the southwest quarter of
23 Section 21, and the hearing was continued to give COG an
24 opportunity to look into the issue.

25 The result of COG's research is that while

1 the federal government does own the surface of the west
2 half-southwest quarter of Section 21, it does not own
3 the minerals.

4 I'll direct your attention to COG Exhibit
5 12, which is the affidavit of Mike Wallace, who
6 testified as COG's land expert at the previous hearing.
7 As stated in his affidavit, Mr. Wallace directed COG's
8 efforts to determine the owner interests in the west
9 half-southwest quarter of Section 21.

10 There are three documents attached to
11 Mr. Wallace's affidavit. The first is a patent signed
12 by the venerable President Warren G. Harding in 1923
13 that conveys all of the United States' interest in the
14 west half-southwest quarter of Section 21.

15 The second document is a 1973 corrected
16 warranty deed that conveys the surface of the west
17 half-southwest quarter of Section 21 back to the United
18 States but reserves all of the mineral interests.

19 And the third and final document is a
20 master plat -- a BLM master plat that identifies the
21 federal government's interest in the west half-southwest
22 quarter of Section 21 as surface only.

23 In conclusion, COG has fulfilled its
24 obligation to research the ownership of the minerals in
25 the west half-southwest quarter of Section 21 and has

1 demonstrated that the federal government does not own
2 any mineral interests in that acreage.

3 And at that point, I'll move the admission
4 of COG Number 12.

5 EXAMINER GOETZE: It's a rarity that we
6 have the President of the United States entered as
7 evidence. So with that, Exhibit 12 is so entered.

8 (COG Operating, LLC Exhibit Number 12 is
9 offered and admitted into evidence.)

10 MR. LARSON: And I request the case be
11 taken under advisement and COG's application be
12 approved.

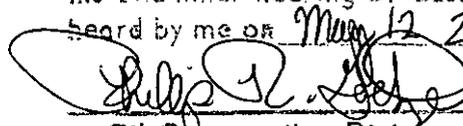
13 EXAMINER GOETZE: Very good. Then we will
14 take Case 15485 under advisement. Thank you.

15 MR. LARSON: Thank you, Mr. Examiner.

16 (Case Number 15485 concludes, 8:26 a.m.)

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I do hereby certify that the foregoing is
a true and correct record of the proceedings in
the Examiner hearing of Case No. 15485
heard by me on May 12 2016


Philip J. Goetze, Examiner
Oil Conservation Division

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.

20 DATED at Albuquerque, New Mexico, on May
21 21, 2016.

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MARY C. HANKINS, CCR, RPR
Certified Court Reporter
New Mexico CCR No. 20
Date of CCR Expiration: 12/31/2016
Paul Baca Professional Court Reporters