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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 NO. 14423

APPLICATION OF COG OPERATING LLC
FOR EXPANSION OF POOL BOUNDARIES,
EDDY COUNTY, NEW MEXICO.

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REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

March 4, 2010
Santa Fe, New Mexico

BEFORE: DAVID BROOKS: Hearing Examiner
WILLIAM JONES: Technical Advisor

This matter came for hearing before the New Mexico
Oil Conservation Division, David Brooks, Hearing Examiner,
on March 4, 2010, at the New Mexico Energy, Minerals and
Natural Resources Department, 1220 South St. Francis
Drive, Room 102, Santa Fe, New Mexico.

REPORTED BY: Peggy A. Sedillo, NM CCR No. 88
Paul Baca Court Reporters
500 Fourth Street, NW, Suite 105
Albuquerque, NM 87102

E X H I B I T S

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APPLICANT'S EXHIBITS:

Exhibit No. 1	4
Court Reporter's Certificiate	7

A P P E A R A N C E S

For COG Operating LLC:	SCOTT HALL, ESQ. Montgomery & Andrews 325 Paseo de Peralta Santa Fe, NM 87501
For Nearburg Exploration Company:	JAMES BRUCE, ESQ. Attorney at Law P. O. Box 1056 Santa Fe, NM 87504

1 HEARING EXAMINER: We'll next call Case
2 No. 14423, the Amended Application of COG Operating, LLC
3 for Expansion of Pool Boundaries, Eddy County, New Mexico.
4 Call for appearances.

5 MR. HALL: Mr. Examiner, Scott Hall of
6 Montgomery and Andrews Law Firm of Santa Fe, appearing on
7 behalf of COG Operating. We'll be presenting this case by
8 affidavit this morning.

9 MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe
10 representing Nearburg Exploration Company, LLC. I have no
11 witnesses.

12 HEARING EXAMINER: Okay. You may proceed.

13 MR. HALL: Mr. Examiner, the Applicant is
14 requesting the extension of the pool boundaries for the
15 Crow Flats Wolfcamp Pool in order to fully encompass a
16 nonstandard spacing unit that it has dedicated to its
17 Comet 32 Federal Well No. 3 of the unit that's in the
18 south half north half of Section 22, Township ~~60~~¹⁶ south,
19 Range 28 east in Eddy County.

20 The problem we ran into was when the
21 communitization agreement, which would consolidate two
22 federal leases, was submitted to the BLM, the BLM sent
23 back an approval on the condition that the Applicant
24 obtain an extension of the pool boundaries to cover the
25 entirety of the unit.

1 We pointed out to the BLM that the entirety of
2 the unit would be located within the undesignated portions
3 of the pool anyway. That argument had no effect on the
4 BLM and they said, "You do it within six months." So here
5 we are.

6 We looked for a way to do it administratively
7 with the district office and the Santa Fe office and just
8 couldn't make that happen. So I proceeded to file for a
9 hearing.

10 The affidavit of Jan Spradlin is before you and
11 it explains the situation. It also includes a copy of the
12 communitization agreement showing the consolidation of all
13 the interests.

14 There is a plat there showing the surface and
15 bottom hole locations for this horizontal well, and
16 Exhibit B to that shows the two leases that are
17 consolidated.

18 There is also attached the BLM's August 17, 2009
19 letter with that particular requirement in bold. We were
20 given six months from last August to accomplish this, and
21 I've since gotten the BLM to agree to another six month
22 extension of time to do that.

23 As you will see in the affidavit, the acreage is
24 subject to an operating agreement with Nearburg. And the
25 extension of the pool has no bearing on ownership at all.

1 No one's interests are inflated or diminished by virtue of
2 the extension.

3 So, it seems fairly ministerial to me. So we
4 would request an extension of the pool boundaries. And
5 the admission of Exhibit 1, the affidavit, will also
6 provide you with our notice affidavit.

7 I didn't see that notice was required in this
8 case. COG is the only operator in this pool, but out of
9 precaution, I notified all operators in all surrounding
10 sections with Abo Wolfcamp wells. I'll provide that to
11 you.

12 HEARING EXAMINER: Okay. That should take care
13 of any possibly notice issues. And you got returns from
14 everybody?

15 MR. HALL: Yes.

16 HEARING EXAMINER: Very good. Mr. Bruce?

17 MR. BRUCE: Mr. Examiner, I'll submit a letter
18 to you just stating that Nearburg is fully in support of
19 COG's application.

20 HEARING EXAMINER: Okay. Did you have anything,
21 Mr. Jones?

22 MR. JONES: I was going to ask if our district
23 geologist had any objections to this?

24 MR. HALL: I made inquires of her and did not
25 hear back. So I assume not.

1 HEARING EXAMINER: Well, we haven't heard
2 anything either. I'm unaware of the reasons why the -- it
3 seems about two years ago, the Oil Conservation Division
4 ceased doing nomenclature orders, and I don't know why
5 that was, but maybe they'll resume. Very good. Case
6 No. 14423 will be taken under advisement.

7 (Whereupon, the proceedings concluded.)

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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 14423
heard by me on 3-4-2010
David K. Beston, Examiner
Oil Conservation Division

1 STATE OF NEW MEXICO)
) ss.
2 COUNTY OF BERNALILLO)

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REPORTER'S CERTIFICATE

I, PEGGY A. SEDILLO, Certified Court Reporter of the firm Paul Baca Professional Court Reporters do hereby certify that the foregoing transcript is a complete and accurate record of said proceedings as the same were recorded by me or under my supervision.

Dated at Albuquerque, New Mexico this 9th day of March, 2010.



PEGGY A. SEDILLO, CCR NO. 88
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