

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: 22693, 22694

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

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS
EXAMINER HEARING
MAY 19, 2022
SANTA FE, NEW MEXICO

This matter came on for virtual hearing before
the New Mexico Oil Conservation Division, HEARING OFFICER
WILLIAM BRANCARD and TECHNICAL EXAMINER LEONARD LOWE on
Thursday, May 19, 2022, through the Webex Platform.

Reported by: PAUL BACA PROFESSIONAL COURT REPORTERS
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A P P E A R A N C E S

For the Applicant:

DANA HARDY
HINKLE SHANOR LLP
P.O. Box 0268
Santa Fe, NM 87504
505-982-4554

I N D E X

CASE CALLED

SUMMARY OF CASE AND EXHIBITS 03

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

Admitted

Exhibits and Attachments 07

1 HEARING EXAMINER BRANCARD: I will now call cases
2 22693, 22694, these are Items 43 and 44 on the worksheet,
3 Colgate Operating.

4 MS. HARDY: Dane Hardy with the Santa Fe office
5 of Hinkle Shanor on behalf of Colgate Operating.

6 HEARING EXAMINER BRANCARD: Do we have any other
7 entries of appearance for cases 22693, 22694?

8 (No audible response.)

9 HEARING EXAMINER BRANCARD: Hearing none, please
10 proceed, Ms. Hardy.

11 MS. HARDY: Thank you. In Case 22693, Colgate
12 seeks an order approving a 320 acre overlapping spacing unit
13 in the Bone Spring Formation, and pooling all uncommitted
14 interests in the Third Bone Spring from a depth of
15 approximately 7673 feet, to the base of the formation at a
16 depth of approximately 8822 feet, underlying the N/2 of the
17 N/2 of Section 35 to 36, Township 19 South, Range 28 East in
18 Eddy County. The unit will be dedicated to the Uluru 35 Fed
19 State Com 131H Well. And the unit partially overlaps the
20 spacing unit for a Mewbourne well that is located in the
21 Second Bone Spring in the N/2 of the N/2 of Section 36.

22 In Case 22694, Colgate seeks an order approving a
23 320 acre overlapping spacing unit in the Bone Spring and
24 pooling uncommitted interests in the Third Bone Spring from
25 a depth of approximately 7673 feet, to the base of the

1 formation at a depth of approximately 8822 feet, and that
2 unit is located in the S/2 of the N/2 of Sections 35 and 36,
3 Township 19 South, Range 28 East. And that spacing unit
4 partially overlaps with another Mewbourne well that is
5 located in the S/2 of the N/2 of Section 36 in the Second
6 Bone Spring. So the depth severance is to address that
7 other development.

8 Our exhibits include the affidavit of landman
9 Mark Hajdik who provides the C 102, plat, well proposal,
10 AFEs and chronology of contact with the parties. Exhibit
11 A-3 includes the tract ownership information and identifies
12 the pooled parties.

13 We have provided the affidavit of geologist David
14 DaGian for each case, and he provides a location map, cross
15 section map, structure map, structural cross section,
16 stratigraphic cross section and gun barrel.

17 With the notice affidavit, we provided a hearing
18 notice letter, a chart of the parties who were notified, the
19 certified mail receipts and affidavits of publication, and
20 we again sent notices to several of the unlocatable parties
21 at multiple addresses, and we published notice as well
22 timely.

23 Because these cases involve depth severances, we
24 notified the parties of interest in the Bone Spring above
25 and below the depth severance, and we also did notify

1 Mewbourne of the overlapping spacing unit request.

2 With that, unless there are questions, I request
3 that the exhibits be admitted and that the cases be taken
4 under advisement. Thank you.

5 HEARING EXAMINER BRANCARD: Thank you. Mr. Lowe,
6 questions?

7 TECHNICAL EXAMINER LOWE: I have no questions.
8 Thank you.

9 HEARING EXAMINER BRANCARD: Ms. Hardy, so are
10 these, these units intended to be below the units in the
11 prior two cases?

12 MS. HARDY: That's correct.

13 HEARING EXAMINER BRANCARD: Okay. If I recall,
14 the prior two cases, the bottom was 7673.

15 MS. HARDY: Correct.

16 HEARING EXAMINER BRANCARD: Okay. And so that
17 would be the top of this --

18 MS. HARDY: Correct.

19 HEARING EXAMINER BRANCARD: Okay. So that's what
20 it says in your checklist. That's what it says in the
21 landman's affidavit, that's not what it says in the
22 application. You have a little transposition of numbers
23 problem here. The application says, it says 7673, it says
24 7763.

25 MS. HARDY: I will clarify with Colgate. I mean,

1 I think -- well, I will clarify with them what they would
2 like to do. I think they identified the top and bottom,
3 seems like that -- it's an approximate depth, so I'm not
4 sure that the hundred feet really is a material difference.

5 HEARING EXAMINER BRANCARD: If I fell off a cliff
6 90 feet, that would be material.

7 MS. HARDY: In that circumstance it would be
8 material, true.

9 HEARING EXAMINER BRANCARD: It seems like what
10 you have applied for is 7763. Okay?

11 MS. HARDY: Correct.

12 HEARING EXAMINER BRANCARD: If you want to go
13 forward with that, you can just amend your landman affidavit
14 to your checklist. You don't want to leave that gap and
15 then you can file an amended application.

16 MS. HARDY: Okay. I will clarify with Colgate,
17 and I expect they will want to go forward with the depths
18 that we identified in the application, but I will confirm
19 that with them. And if that's the case, then we will submit
20 an updated affidavit and checklist.

21 HEARING EXAMINER BRANCARD: I mean your AFE gives
22 the well locations.

23 MS. HARDY: Right.

24 HEARING EXAMINER BRANCARD: Okay. If you could
25 go through this with your client -- and so why don't we just

1 continue this case to the next docket, and then you can give
2 us a final answer between now and then how you want to go so
3 we at least have a decision point here.

4 MS. HARDY: Okay. Thank you. So that was 22693
5 and 22694?

6 HEARING EXAMINER BRANCARD: Correct.

7 MS. HARDY: Thank you, yes.

8 HEARING EXAMINER BRANCARD: Any other persons
9 then for cases 22693, 22694?

10 (No audible response.)

11 HEARING EXAMINER BRANCARD: Hearing none, these
12 cases will be continued to the June 2 docket. You don't
13 need to file a continuance, we will just put it on the
14 docket.

15 MS. HARDY: Okay. Thank you, Mr. Examiner,
16 appreciate it.

17 HEARING EXAMINER BRANCARD: Thank you. And your
18 exhibits are admitted for the record. Thank you.

19 MS. HARDY: Thank you.

20 (Exhibits admitted.)

21 (Continued.)

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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4 REPORTER'S CERTIFICATE

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6 I do hereby certify that I reported the
7 foregoing virtual proceedings in stenographic shorthand and
8 that the foregoing pages are a true and correct transcript
9 of those proceedings to the best of my ability.

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

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

16 Dated this 19th day of May 2022.

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Court Reporter
License Expires: 12-31-22

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