

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  
FOR COMPULSORY POOLING AND APPROVAL  
OF NONSTANDARD SPACING UNIT  
LEA COUNTY, NEW MEXICO

Case No. 22847

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS  
EXAMINER HEARING  
June 2, 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  
HEARING OFFICER JOHN GARCIA on Thursday, June 2,  
2022, through the Webex Platform.

Reported by: PAUL BACA COURT REPORTERS  
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 5 505-982-4554  
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6 For MRC Permian:

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1 HEARING OFFICER BRANCARD: Okay. With  
2 that, I am on Item 61 on our worksheet today, and  
3 this is Case 22847, COG Operating, LLC.

4 MS. HARDY: Mr. Examiner, Dana Hardy with  
5 Hinkle Shanor on behalf of COG Operating, LLC.

6 HEARING OFFICER BRANCARD: We have an  
7 entry of appearance from MRC Permian.

8 MR. BRUCE: Mr. Examiner, Jim Bruce  
9 representing MRC.

10 HEARING OFFICER BRANCARD: Mr. Bruce, does  
11 MRC Permian object to this case going forward by  
12 affidavit?

13 MR. BRUCE: No.

14 HEARING OFFICER BRANCARD: Are there any  
15 other interested persons for Case 22847?

16 MR. TREMAINE: Mr. Hearing Examiner, this  
17 is Jesse Tremaine for the Oil Conservation Division.  
18 OCD does not object to this case moving forward by  
19 affidavit, I'm simply observing. She is going to  
20 verify my understanding of the status.

21 HEARING OFFICER BRANCARD: Thank you.

22 MR. TREMAINE: Yeah, thank you.

23 HEARING OFFICER BRANCARD: All right.

24 With that, Ms. Hardy, you may proceed.

25 MS. HARDY: Thank you.

1           COG seeks an order establishing a  
2   960.16-acre, more or less, nonstandard horizontal  
3   spacing unit comprised of irregular Section 1 and  
4   the north half of Section 12, Township 25 South,  
5   Range 34 East in Lea County. And also seeks to pool  
6   all uncommitted interest in the Wolfbone Pool  
7   underlying the unit.

8           The unit will be dedicated to six initial  
9   wells that collectively penetrate each tract of the  
10   spacing unit.

11           In support of the application we provided  
12   four affidavits. The first affidavit, Exhibit A, is  
13   provided by landman Matt Solomon. Mr. Solomon  
14   provides the standard land pooling exhibits.

15           Exhibit A3 includes the tract ownership  
16   information and identifies the pooled parties.

17           Because COG is requesting approval of a  
18   nonstandard pacing unit, Mr. Solomon has included  
19   Exhibit A6, which identifies the ownership interest  
20   in the surrounding tracts.

21           All of those interest owners executed a  
22   waiver of notice and waiver of objection to COG's  
23   application. Their waivers are attached to  
24   Mr. Solomon's affidavit as Exhibit A7.

25           Exhibit B is the affidavit of geologist

1 Desiree Jennings. Ms. Jennings has not previously  
2 testified before the Division and has discussed her  
3 qualifications in her affidavit. I request that she  
4 be qualified as an expert in geology.

5 HEARING OFFICER BRANCARD: Any objections?  
6 Hearing none, so qualified.

7 MS. HARDY: Thank you.

8 Ms. Jennings provides the standard geology  
9 exhibits, a location map, structure map, cross  
10 section map, and cross section.

11 Exhibit C is the affidavit of reservoir  
12 engineer Mark Woodward. Mr. Woodward also has not  
13 previously testified before the Division. And his  
14 affidavit discusses his qualifications. I request  
15 that he be qualified as an expert in reservoir  
16 engineering.

17 HEARING OFFICER BRANCARD: Any objections?  
18 Hearing none, so qualified.

19 MS. HARDY: Thank you.

20 Mr. Woodward supports COG's request for a  
21 nonstandard spacing unit. He explains that the  
22 proposed unit will reduce surface impacts by  
23 approximately 21 percent and will reduce emissions  
24 by 50 percent in comparison to a scenario that  
25 involves multiple spacing units.

1           And Exhibit C1 to Mr. Woodward's affidavit  
2 provides an illustration of the difference and the  
3 benefits that result from using one nonstandard  
4 spacing unit.

5           Mr. Woodward's second exhibit is a gun  
6 barrel diagram which shows that COG's proposed well  
7 spacing in this nonstandard unit will allow it to  
8 optimize production.

9           Mr. Woodward opines that the proposed  
10 nonstandard spacing unit is necessary to prevent  
11 waste and protect correlative rights.

12           Exhibit D is my notice affidavit. We  
13 provided a chart that details the certified mailing  
14 and we've attached the receipts. We provided an  
15 affidavit of publication but we had an issue with a  
16 newspaper publishing late, despite our sending them  
17 a notice several days before the deadline.

18           So as a result, what I would like to  
19 propose and request is that the Division take this  
20 case under advisement and accept the exhibits, but  
21 continue it to the June 16th docket just for the  
22 purpose of allowing the notice period to run.  
23 Because I know that that docket is full, but really  
24 since this would just be a notice issue, I think it  
25 would be really quick for the Division to consider.

1 It was an oversight or a problem with the newspaper  
2 that caused the delay, it wasn't anything and we  
3 did. And COG has a crew scheduled to complete these  
4 wells on July 15th. And is respectfully requesting  
5 the Division issue an order as soon as possible.

6 So with that, unless there are questions,  
7 I would request the case be taken under advisement  
8 and the exhibits accepted. Other than the case be  
9 continued to June 16th just for the purpose of  
10 letting the notice period to run.

11 Thank you.

12 HEARING OFFICER BRANCARD: Thank you.

13 I'll start with Mr. Bruce, any questions?

14 MR. BRUCE: (No verbal response.)

15 HEARING OFFICER BRANCARD: I'll take that  
16 as no.

17 Mr. Tremaine?

18 MR. TREMAINE: No questions, Mr. Examiner.

19 HEARING OFFICER BRANCARD: All right.

20 Mr. Garcia?

21 TECHNICAL HEARING OFFICER GARCIA: No  
22 questions.

23 MR. BRUCE: I have no questions,  
24 Mr. Examiner.

25 HEARING OFFICER BRANCARD: Thank you,

1 Mr. Bruce.

2 All right. So, Ms. Hardy, I was trying to  
3 figure out who are the parties that you're pooling  
4 here? So on Page 21, you list the interest owners.

5 MS. HARDY: On Exhibit A3 includes a  
6 pooling notification list that highlights the  
7 parties who are being pooled.

8 HEARING OFFICER BRANCARD: Okay. If  
9 someone is on the -- is the first page that says  
10 Green Eye Shade unit, unit and working interest  
11 without highlighting, okay.

12 MS. HARDY: Yes.

13 HEARING OFFICER BRANCARD: So if someone  
14 is on that list but not on the next page, that means  
15 they're not being pooled?

16 MS. HARDY: That is my understanding,  
17 Mr. Examiner. The working interest owners that are  
18 being pooled are listed at the top of that pooling  
19 notification list.

20 HEARING OFFICER BRANCARD: Okay. And the  
21 one that jumps out is under this BEXP 1, LP. I  
22 don't see them listed as being pooled or getting  
23 notice.

24 MS. HARDY: I believe that COG's landman,  
25 Matt Solomon, is on the line. He is available to



1     answer that question. I expect that since they  
2     aren't listed that they wouldn't -- they aren't  
3     being pooled but ...

4                 HEARING OFFICER BRANCARD: The issue then  
5     for me is who do you have to notify for a  
6     nonstandard spacing?

7                 MS. HARDY: The interest owners in the  
8     surrounding tracts.

9                 HEARING OFFICER BRANCARD: The regulation,  
10    and I'm looking at 19.15.16.15B(5).

11                MS. HARDY: Okay.

12                HEARING OFFICER BRANCARD: "The operation  
13    will give notice to any application for nonstandard  
14    spacing unit to affected persons in all tracts  
15    that," and in the second one, "is adjoining," right?

16                MS. HARDY: Right.

17                HEARING OFFICER BRANCARD: So do you  
18    recall back we redid the horizontal rules, we redid  
19    the definition of affected person. So we're now at  
20    19.15.2.7, which says, "The operator or in the  
21    absence of an operator working interest owner  
22    something is not subject to a lease." That was A, B  
23    and C. But at the end of the C it says, "And if the  
24    United States or State of New Mexico owns the  
25    mineral estate in the spacing unit," so does that

1     indicate that -- the way I read that is that if this  
2     land is Federal or State minerals, you have to  
3     notify the Federal Government or State Land Office?

4             MS. HARDY: That's correct, Mr. Examiner.  
5     If you look at Mr. Solomon's Exhibit A6, the second  
6     page identifies those parties including --

7             HEARING OFFICER BRANCARD: Okay.

8             MS. HARDY: -- and we did send them  
9     notice.

10            HEARING OFFICER BRANCARD: So you did send  
11    them notice. Okay.

12            MS. HARDY: Yes.

13            MR. SOLOMON: This is Matt Solomon, I  
14    joined the meeting.

15            MS. HARDY: Thank you.

16            Mr. Solomon, I think there was a question  
17    about whether we are pooling BEXP because they are  
18    included as a working interest owner but are not  
19    listed in the pooled parties.

20            MR. SOLOMON: Oh. No, we are not. BEXP  
21    has signed a voluntary agreement with us. They  
22    signed a JOA many, many months ago.

23            HEARING OFFICER BRANCARD: Thank you.

24            MS. HARDY: Thank you.

25            HEARING OFFICER BRANCARD: That clarifies

1     that, thank you. All right. So then the only issue  
2     left, then, is the notice issue which is the  
3     publication. And you are requesting to have this be  
4     continued to June 16.

5                 MS. HARDY: Yes. Just to allow that  
6     period to run.

7                 HEARING OFFICER BRANCARD: Mr. Bruce,  
8     Mr. Tremaine, any question or concerns?

9                 MR. BRUCE: No, sir.

10                MR. TREMAINE: None from OCD.

11                HEARING OFFICER BRANCARD: All right. So  
12     this case, then, will be continued to June 16 for  
13     the notice purposes.

14                MS. HARDY: Thank you.

15                HEARING OFFICER BRANCARD: Since we are  
16     continuing it to the next hearing, you don't have to  
17     a file a continuance.

18                MS. HARDY: Thank you, Mr. Examiner.

19                         (Matter concluded.)

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REPORTER'S CERTIFICATE

I certify that the foregoing is a correct transcript from the record of proceedings in the above-entitled matter. I further certify that the transcript fees and format comply with those prescribed by the Court and the Judicial Conference of the United States.

Date: June 2, 2022

/s/ Edwina Castillo

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