

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: 22861-22868

APPLICATIONS OF COLGATE OPERATING, LLC
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS
EXAMINER HEARING
JULY 7, 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 DEAN McCLURE on
Thursday, July 7, 2022, through the Webex Platform.

Reported by: PAUL BACA PROFESSIONAL COURT REPORTERS
500 Fourth Street, NW, Suite 105
Albuquerque, NM 87102
505-843-9241

1 A P P E A R A N C E S

2 DANA HARDY
3 HINKLE SHANOR LLP
4 P.O. Box 0268
5 Santa Fe, NM 87504
6 505-982-4554

5

6

I N D E X

7

8 CASE CALLED

9 TAKEN UNDER ADVISEMENT 09

10 REPORTER CERTIFICATE 10

11

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

13 Admitted

14 Exhibits and Attachments 09

15

16

17

18

19

20

21

22

23

24

25

1 HEARING EXAMINER BRANCARD: Well, now we go to
2 what I have listed as status conferences, but might actually
3 be hearings. So let's start Items 22 through 29. These are
4 Cases 22861, 862, 863, 864, 865, 866, 867, 868, Colgate
5 Operating.

6 MS. HARDY: Yes, Mr. Examiner, Dana Hardy with
7 the Santa Fe office of Hinkle Shanor on behalf of Colgate
8 Operating.

9 HEARING EXAMINER BRANCARD: And we have Doyle and
10 Margaret Hartman.

11 (No audible response.)

12 HEARING EXAMINER BRANCARD: Silence from the
13 Gallegos Law Firm? Well, it came in last night from you
14 all, and so you can summarize what the position is right
15 now, Ms. Hardy?

16 MS. HARDY: Thank you, Mr. Examiner. Colgate and
17 the Hartmans did reach agreement and agreed that the cases
18 can go forward by affidavit today. Colgate is removing the
19 Hartmans as a pooled party for record title. We had not
20 pooled their working interest, we were own seeking to pool
21 the record title, but we have reached an agreement where
22 will remove them from the pooling completely. So we will be
23 filing an updated land ownership and party exhibit, which is
24 Number A-3 in these cases, but I am prepared to present the
25 cases by affidavit.

1 HEARING EXAMINER BRANCARD: And I will say for
2 the record that we did receive an e-mail from the Gallegos
3 Law Firm confirming this last night. Are there any other
4 interested persons for Cases 22861, 862, 863, 864, 865, 866,
5 867, 868?

6 (No audible response.)

7 HEARING EXAMINER BRANCARD: Hearing none, Ms.
8 Hardy, are you prepared to go ahead with the hearing?

9 MS. HARDY: Yes, I am, Mr. Examiner.

10 HEARING EXAMINER BRANCARD: Please proceed.

11 MS. HARDY: Thank you. In these cases Colgate
12 seeks to pool uncommitted interest within the Bone Spring
13 and Wolfcamp formations in Sections 17 and 20, Township 20
14 South, Range 34 East in Lea County.

15 In Case 22861, Colgate seeks to pool interest
16 within the Wolfcamp formation underlying a 320 acre standard
17 horizontal spacing unit comprised of the E/2 of the E/2 of
18 Sections 17 and 20. The unit will be dedicated to the Robin
19 Federal Com 204H well.

20 In Case 22862, Colgate seeks an order pooling
21 interests within the Wolfcamp underlying a 280 acre standard
22 horizontal spacing unit comprised of the E/2 of the W/2 of
23 Section 17, E/2 NW/4 and NE/4 of the SW/4 of Section 20.
24 That unit will be dedicated to the Robin Federal Com 202H
25 well.

1 In Case 22863, Colgate seeks to pool interest
2 within the Wolfcamp underlying a 320 acre horizontal spacing
3 unit comprised of the W/2 E/2 of Section 17 and 20. That
4 unit will be dedicated to the Robin Federal Com 203H well.

5 In Case 22864, Colgate seeks to pool interest
6 within the Wolfcamp underlying a 280 acre horizontal unit,
7 comprised of the W/2 W/2 of Section 17, and the W/2 of the
8 NW/4 and the NW/4 of the SW/4 of Section 20. That unit will
9 be dedicated to the Robin Federal Com 201H well.

10 So Case Numbers 22861 through 22864 involve the
11 Wolfcamp. The next four cases involve the Bone Spring.

12 In Case 22865 Colgate seeks to pool interest with
13 the Bone Spring Harkey formation underlying a 320 acre
14 standard horizontal unit, comprised of the E/2 E/2 of
15 Section 17 and 20. That unit will be dedicated to Robin
16 Federal Com 114H, 127H, 128H, 174H and 134H wells.

17 In Case 22866, Colgate seeks to pool interests
18 within the Bone Spring and Harkey formation underlying a 280
19 acre standard unit, comprised of the E/2 of the W/2 of
20 Section 17, and the E/2 of the NW/4 and the NE/4 of the SW/4
21 of Section 20. That unit will be dedicated to the Robin
22 Federal Com 112H, 123H, 124H, 172H and 132H wells.

23 In Case 22867, Colgate also seeks to pool
24 interest in the Bone Spring Harkey formation underlying a
25 320 acre standard horizontal unit comprised of the W/2 of

1 the E/2 of Section 17 and 20. That unit will be dedicated
2 to Robin Federal Com 113H, 125H, 126H, 173H and 133H well.

3 And finally the last case, 22868, Colgate seeks
4 to pool interests within the Bone Spring and Harkey
5 formations underlying a 280 acre standard horizontal unit
6 comprised of W/2 of the W/2 of Section 17, and the W/2 of
7 the NW/4, and the NW/4 of the SW/4 of Section 20. That unit
8 will be dedicated to the Robin Federal Com 111H, 121H, 122H
9 171H and 131H wells.

10 For all of the 280 acre units, our land affidavit
11 states that the S/2 of the SW/4 of Section 20 is not
12 included in those units because it consists of unleased
13 federal minerals, and our land professional states that in
14 the event it's leased at a later date, it will be developed,
15 so we confirmed that that acreage will not be stranded.

16 The exhibit packets that we submitted to the
17 Division in each case included Exhibit A, which is our
18 landman's testimony and related exhibits. He provides the
19 application, notice of hearing, C-102s, plot of tracts with
20 the ownership interest and a list of uncommitted interest to
21 be pooled, as well as a sample proposal letter, AFEs and
22 chronology of contacts. And the land ownership and pooled
23 parties are identified in Exhibit A-3.

24 Exhibit B is our geology affidavit and related
25 exhibits which include a regional location map, Wolfcamp and

1 Bone Spring structure map, a cross section location map,
2 structural and stratigraphic cross section, and a gun barrel
3 development plan.

4 Exhibit C is my notice affidavit which sets out
5 when we sent the notice to the interested parties. We have
6 provided a chart that lists the dates notices were sent and
7 identified the parties to whom it was sent. We have
8 provided the certified mail receipts and also an affidavit
9 of publication which was timely published on June 17.

10 With that, unless there are questions, I request
11 that Exhibits A, B, C and their attachments be admitted into
12 the record in each case and that these cases be taken under
13 advisement.

14 HEARING EXAMINER BRANCARD: Thank you. Mr.
15 McClure, questions?

16 TECHNICAL EXAMINER McCLURE: Yes, Mr. Brancard, I
17 do. I guess my question I have, you had referenced that S/2
18 of the SW/4 would be utilized if at some point the BLM were
19 to lease it out. Would it be utilized by Colgate? Is that
20 the intent, or do we know who would be producing from that?

21 MS. HARDY: At this point, Mr. Examiner, I don't
22 know because it would depend in part on who would pay the
23 lease.

24 TECHNICAL EXAMINER McCLURE: Which I guess is my
25 question. I wasn't sure how they knew it was going to be

1 not stranded if we, you know, if we don't know who is going
2 to get the lease at a later point. Is the intent to come
3 back and amend and force pool it, or do you know.

4 MS. HARDY: I don't know Colgate's intent in that
5 regard. I suspect since this acreage is sort of adjacent to
6 the acreage they are developing, they would seek to lease
7 it.

8 TECHNICAL EXAMINER McCLURE: Thank you. That was
9 the only question I had.

10 MS. HARDY: Thank you.

11 HEARING EXAMINER BRANCARD: Do you know whether
12 that federal acreage, unleased federal acreage is attached
13 to other unleased federal acreage in these sections?

14 MS. HARDY: I do not know the answer to that
15 question, Mr. Examiner. I can find out, if you would like.
16 I suspect that it is, but I don't know for sure.

17 HEARING EXAMINER BRANCARD: That would make it
18 easier to develop, because we don't get a lot of
19 applications for a lateral.

20 MS. HARDY: Right.

21 HEARING EXAMINER BRANCARD: Thank you. Are there
22 any other questions right now on cases -- or concerns on
23 Cases 22861 through 22868?

24 (No audible response.)

25 HEARING EXAMINER BRANCARD: Hearing none, Cases

1 22861, 862, 863, 864, 865, 866, 867 and 868, the exhibits
2 will be admitted into the record and cases will be taken
3 under advisement.

4 MS. HARDY: Thank you very much.

5 (Exhibits admitted.)

6 (Taken under advisement.)

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

3

4 REPORTER'S CERTIFICATE

5

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 7th day of July 2022.

17

/s/ Irene Delgado

18

Court Reporter
License Expires: 12-31-22

19

20

21

22

23

24

25