

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: 20903

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

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

November 14, 2019

SANTA FE, NEW MEXICO

This matter came on for hearing before the New Mexico Oil Conservation Division, EXAMINERS LEONARD LOWE, KATHLEEN MURPHY, PHILLIP GOETZE, and LEGAL EXAMINER ERIC AMES, on Thursday, November 14, 2019, 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: Irene Delgado, NMCCR 253
PAUL BACA PROFESSIONAL COURT REPORTERS
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A P P E A R A N C E S

For the Applicant:

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For COG Resources, Inc.:

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I N D E X

CASE NO. 20903 CALLED

TRAVIS MACHA (By Affidavit)	03
BENJAMIN DAVIS (By Affidavit)	04
TAKEN UNDER ADVISEMENT:	07

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

	Admitted
Exhibit A and Attachments	06
Exhibit B and Attachments	06
Exhibit C and Attachments	06

1 HEARING EXAMINER LOWE: We will now call Case
2 Number 20903, COG for compulsory pooling. Call for
3 appearance.

4 MR. CARR: May it please the Examiners, my name
5 is William F. Carr. I represent COG Operating LLC in this
6 matter, and I intend to present the case by affidavit.

7 HEARING EXAMINER LOWE: Any other appearances?

8 MS. BENNETT: Good morning. My name is Deana
9 Bennett from Modrall Sperling, here on behalf of COG
10 Resources Inc., and we do not object to the case being put
11 on by affidavit.

12 HEARING EXAMINER LOWE: You may proceed.

13 MR. CARR: May it please the Examiners. In this
14 case COG Operating is asking the Division to enter an order
15 pooling a standard horizontal well spacing unit comprised of
16 767.51 acres located in Eddy County, New Mexico.

17 I'm presenting it by affidavit. In our exhibit
18 pack behind Tab A you will find the affidavit of Travis
19 Macha. If you will note it states that Mr. Macha is the
20 landman for COG. He has previously testified, and his
21 credentials as an expert petroleum landman have been
22 accepted and made a matter of record. He noted that he
23 anticipated no opposition at this hearing.

24 If you will look at the information behind Tab A
25 you will see Exhibit COG Number 1. That exhibit is draft

1 form C-102s for each of the two wells. It shows the spacing
2 unit and the location of each of those wells.

3 COG Exhibit Number 2 is the land exhibit
4 identifying the tracts of land comprising the proposed
5 spacing and proration unit. It also identifies the interest
6 ownership by tract in the total unit. If you will note from
7 this exhibit we are pooling only working interest owners in
8 this case. We made a diligent search, and if you will note
9 from his affidavit, all parties are locatable.

10 COG Exhibit Number 3 is our proposal letter.
11 Attached to that proposal letter are AFEs for each of the
12 wells. The AFEs, as he testified, are consistent with what
13 other operators are charging in the same area for similar
14 wells. COG is requesting overhead and administrative costs
15 of \$7,000 a month while drilling and \$700 a month while
16 producing the well.

17 We have made a good faith effort to locate all
18 interest owners and obtain their participation in this
19 project. If we reach agreement with any other individuals
20 after this hearing, we will immediately notify the division.
21 Mr. Macha provided a list of parties and addresses to us for
22 us to send notice of today's hearing.

23 Behind Tab B, which is our Exhibit B, you will
24 find the affidavit of Benjamin Davis. Mr. Davis is a
25 geologist. He has previously testified before this

1 Division. His credentials were accepted and made a matter
2 of record.

3 He indicates that he has made a geologic study of
4 the subject average focusing on the Wolfcamp formation.
5 Referenced in his affidavit are COG Exhibit B-1, which is
6 our locator map. It shows subject spacing units, the
7 surface and bottom hole locations for the proposed well. It
8 shows other Wolfcamp wells in the area.

9 Exhibit B-2 is the subsea structure map that he
10 prepared on the top of the Wolfcamp that again shows the
11 wellbore path of the proposed state com wells to which the
12 spacing unit will be dedicated. The contour interval he
13 used is 50 feet, and this exhibit shows that the formation
14 in the area is gently sloping to the east.

15 COG Exhibit B-3 shows the wells he used to
16 construct the cross section which is Exhibit B-4, and when
17 you look at the cross section you will see, first of all, he
18 developed this cross section using gamma ray information
19 from all three wells, and the sensitivity and porosity
20 information from two of them. The cross section
21 demonstrates that the target interval within the Wolfcamp is
22 consistent throughout the spacing unit.

23 Based on his geologic study he testified he has
24 not identified any geologic impediments to drilling the
25 horizontal wells through the spacing unit, and that, in his

1 opinion, each tract comprising the proposed spacing unit
2 will be productive and contribute more or less equally to
3 production from the wellbore.

4 He then concludes by noting, based on his
5 opinion, the approval of the application will prevent waste
6 and protect correlative rights.

7 Our Exhibit C, the last tab, is my notice
8 affidavit. Behind the affidavit is a copy of a letter
9 providing notice of today's hearing to all the affected
10 working interest owners. Their names and addresses are
11 attached and copies of all green cards which we will
12 receive, and all green cards which were received were
13 attached to this exhibit.

14 Finally, in the interest of precautionary
15 measure, we did publish notice of this application in the
16 Carlsbad Current.

17 Those our are exhibits, A, B, C. I would move
18 their admission into evidence.

19 MS. BENNETT: No objection.

20 HEARING EXAMINER LOWE: Exhibit A, B, C will be
21 accepted for the case.

22 (Exhibits A, B, C admitted.)

23 MR. CARR: Thank you.

24 HEARING EXAMINER LOWE: Any questions? Ms.
25 Murphy?

1 EXAMINER MURPHY: Per the unit recapitulation --
2 MR. CARR: Yes.
3 EXAMINER MURPHY: -- COG and Concho are
4 essentially the same --
5 MR. CARR: Yes, they are.
6 EXAMINER MURPHY: -- 72, 73 percent?
7 MR. CARR: That's correct.
8 EXAMINER MURPHY: That's it. Thank you.
9 HEARING EXAMINER LOWE: Mr. Goetze?
10 EXAMINER GOETZE: No questions.
11 HEARING EXAMINER LOWE: Eric?
12 MR. AMES: No, thank you.
13 HEARING EXAMINER LOWE: And you said, you
14 indicated you're only pooling the working interest owners?
15 MR. CARR: Yes, that's all we have.
16 HEARING EXAMINER LOWE: They were all located?
17 MR. CARR: They were all located and all received
18 notice of the hearing based on the green cards.
19 HEARING EXAMINER LOWE: That's all the questions
20 I have.
21 MR. CARR: Thank you very much.
22 HEARING EXAMINER LOWE: We will take case 20903
23 under advisement.
24 (Case 20903 taken under advisement.)
25

1 STATE OF NEW MEXICO)
)SS
2 COUNTY OF SANTA FE)

3 I, IRENE DELGADO, certify that I reported the
4 proceedings in the above-transcribed pages, that pages
5 numbered 1 through 7 are a true and correct transcript of my
6 stenographic notes and were reduced to typewritten
7 transcript through Computer-Aided Transcription, and that on
8 the date I reported these proceedings I was a New Mexico
9 Certified Court Reporter.

10 Dated at Santa Fe, New Mexico, this 14th day of
11 November 2019.

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Irene Delgado, NMCCR 253
Expires: 12-31-19

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