Page 1

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 CASE NO. 20122 FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

January 10th, 2019

Santa Fe, New Mexico

BEFORE: WILLIAM V. JONES, CHIEF EXAMINER KATHLEEN MURPHY, TECHNICAL EXAMINER LEONARD LOWE, TECHNICAL EXAMINER DAVID K. BROOKS, LEGAL EXAMINER

This matter came on for hearing before the New Mexico Oil Conservation Division, William V. Jones, Chief Examiner; Kathleen Murphy and Leonard Lowe, Technical Examiners; and David K. Brooks, Legal Examiner, on Thursday, January 10th, 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: Mary C. Hankins, CCR, RPR New Mexico CCR #20 Paul Baca Professional Court Reporters 500 4th Street, Northwest, Suite 105 Albuquerque, New Mexico 87102 (505) 843-9241

Page 2 1 APPEARANCES 2 FOR APPLICANT COG OPERATING, LLC: 3 JULIA BROGGI, ESQ. HOLLAND & HART, LLP 4 110 North Guadalupe, Suite 1 Santa Fe, New Mexico 87501 5 (505) 988-4421 jbroggi@hollandhart.com 6 7 8 INDEX 9 PAGE 10 Case Number 20122 Called 3 11 Case Presented by Affidavit 3 5 Proceedings Conclude 12 13 Certificate of Court Reporter б 14 15 16 EXHIBITS OFFERED AND ADMITTED 17 COG Operating, LLC Exhibit 5 Letters A through C 18 19 20 21 22 23 24 25

Page 3 1 (1:55 p.m.) 2 EXAMINER JONES: Call Case 20122, application of COG Operating, LLC. 3 4 Call for appearances. 5 MS. BROGGI: And, again, Julia Broggi, with б the Holland & Hart Law Firm, on behalf of the Applicant, 7 COG Operating, LLC. 8 EXAMINER JONES: Any other appearances? 9 MS. BROGGI: This is the application of COG Operating, LLC for a compulsory pooling in Lea County, 10 11 New Mexico, and this is the Prickly Pear 6 Fed Com #1H well. 12 13 It's the same format. Exhibit A is the affidavit of the landman, Danny Kidwell. 14 They're seeking to pool all the uncommitted interests in the 15 16 Bone Spring Formation in this proposed horizontal spacing unit and to dedicate it to the proposed Prickly 17 Pear 6 Fed Com #1H well. Again, there are no depth 18 19 severances. 20 The only party that COG is seeking to pool is ConocoPhillips Company, and that's identified on 21 Exhibit A2. 22 23 EXAMINER JONES: Was that Chevron? 24 MS. BROGGI: Oh, you know, sorry. I'm out 25 of order. You're right. 20121 is --

PAUL BACA PROFESSIONAL COURT REPORTERS 500 FOURTH STREET NW - SUITE 105, ALBUQUERQUE, NM 87102

Page 4 EXAMINER JONES: That one is 1 2 ConocoPhillips. 3 MS. BROGGI: Yeah. I was thinking the other case. Yeah. This one is just Chevron, Inc. 4 5 There are no unleased mineral owners, and COG is not seeking to pool any overriding royalty 6 7 interest owners. 8 And then Exhibit B is, once again, the affidavit of the landman, this time Cody Bacon, and the 9 accompanying exhibits and his testimony that it's in his 10 11 opinion in the best interest of conservation, the prevention of waste and the protection of correlative 12 13 rights. 14 Exhibit C, again, is my affidavit regarding notice, but we are asking that this case as well be 15 16 continued until the January 24th docket to correct 17 notice issues. EXAMINER BROOKS: Ms. Broggi, I am kind of 18 19 deaf like a post, and it would help if you talked a 20 little louder. MS. BROGGI: I will. 21 22 And if there are no other questions, then 23 we would continue this until January 24th. 24 EXAMINER JONES: Case 20122 is continued to 25 January 24th.

PAUL BACA PROFESSIONAL COURT REPORTERS 500 FOURTH STREET NW - SUITE 105, ALBUQUERQUE, NM 87102

	Page 5
1	(COG Operating, LLC Exhibit Letters A
2	through C are offered and admitted into
3	evidence.)
4	(Case Number 20122 concludes, 1:58 p.m.)
5	
б	
7	
8	
9	
10	
11	
12	
13	
14	
15	
16	
17	
18	
19	
20	
21	
22	
23	
24	
25	

Page 6 1 STATE OF NEW MEXICO 2 COUNTY OF BERNALILLO 3 CERTIFICATE OF COURT REPORTER 4 5 I, MARY C. HANKINS, Certified Court Reporter, New Mexico Certified Court Reporter No. 20, 6 7 and Registered Professional Reporter, do hereby certify 8 that I reported the foregoing proceedings in 9 stenographic shorthand and that the foregoing pages are a true and correct transcript of those proceedings that 10 were reduced to printed form by me to the best of my 11 12 ability. 13 I FURTHER CERTIFY that the Reporter's Record of the proceedings truly and accurately reflects 14 the exhibits, if any, offered by the respective parties. 15 16 I FURTHER CERTIFY that I am neither employed by nor related to any of the parties or 17 18 attorneys in this case and that I have no interest in 19 the final disposition of this case. 20 DATED THIS 31st day of January 2019. 21 22 MARY C. HANKINS, CCR, RPR 23 Certified Court Reporter New Mexico CCR No. 20 Date of CCR Expiration: 12/31/2019 24 Paul Baca Professional Court Reporters 25