

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. 20224  
FOR COMPULSORY POOLING, LEA COUNTY,  
NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

February 7, 2019

Santa Fe, New Mexico

BEFORE: SCOTT DAWSON, CHIEF EXAMINER  
KATHLEEN MURPHY, TECHNICAL EXAMINER  
TERRY WARNELL, TECHNICAL EXAMINER  
DAVID K. BROOKS, LEGAL EXAMINER

This matter came on for hearing before the New Mexico Oil Conservation Division, Scott Dawson, Chief Examiner; Kathleen Murphy and Terry Warnell, Technical Examiners; and David K. Brooks, Legal Examiner, on Thursday, February 7, 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  
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(505) 843-9241

1 APPEARANCES

2 FOR APPLICANT COG OPERATING, LLC:

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7 FOR INTERESTED PARTY DEVON ENERGY:

8 SETH C. McMILLAN, ESQ.  
 9 MONTGOMERY & ANDREWS LAW FIRM  
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12 INDEX

13		PAGE
14	Case Number 20224 Called	3
15	Case Presented by Affidavit	3
16	Proceedings Conclude	8
17	Certificate of Court Reporter	9

18

19

20 EXHIBITS OFFERED AND ADMITTED

21	COG Operating, LLC Exhibit Numbers A through D	7
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1 (10:51 a.m.)

2 EXAMINER DAWSON: At this point we'll move  
3 down to number 22 on the list, which is Case Number  
4 20224, COG Operating, LLC for compulsory pooling, Lea  
5 County, for the Van Gogh Fee 101H well, Bone Spring  
6 well.

7 Call for appearances.

8 MS. BROGGI: Mr. Examiner, Julia Broggi,  
9 with the Santa Fe office of Holland & Hart, on behalf of  
10 the Applicant, COG Operating, LLC.

11 MR. McMILLAN: Seth McMillan, Montgomery &  
12 Andrews, on behalf of Devon. I'm just sitting in.

13 EXAMINER DAWSON: Okay.

14 MS. BROGGI: Mr. Examiner, we are  
15 presenting this case by affidavit because we have no --  
16 you know, it's not opposed. The application is not  
17 opposed.

18 MR. McMILLAN: Correct.

19 EXAMINER DAWSON: Okay.

20 MS. BROGGI: Exhibit A is an affidavit from  
21 the landman in support of Case Number 20224. In this  
22 case COG is seeking to pool all uncommitted interests in  
23 the Bone Spring Formation for the 320-acre spacing unit  
24 comprised of the west half-east half and the east  
25 half-west half of Section 11, Township 24 South, Range

1 34 East, Lea County, New Mexico and dedicating that  
2 proposed spacing unit to the proposed Van Gogh Fee #101H  
3 well.

4 Attached to the landman's affidavit as  
5 Exhibit A1 is a Form C-102, and it reflects that a pool  
6 code has been assigned, 96434. It's a little bit  
7 difficult to see, but you'll see that the proposed  
8 wellbore is all the way to the left, if you can see  
9 that. I'm not sure if it's because it's black and  
10 white.

11 I'll also note that it does seem like the  
12 wrong spacing unit is reflected on the C-102, so we will  
13 provide you with an updated C-102.

14 EXAMINER DAWSON: Okay.

15 MS. BROGGI: Exhibit A2 to the landman's  
16 affidavit does show the correct spacing unit, and it  
17 reflects the correct spacing unit and the ownership  
18 interest in the unit. And the parties that COG is  
19 seeking to pool in this case are reflected on A2.

20 EXAMINER DAWSON: Okay.

21 MS. BROGGI: Also, I think I omitted to  
22 mention that there are no depth severances in the Bone  
23 Spring Formation.

24 COG sent a well-proposal letter to the  
25 working interest owners it is seeking to pool in this

1 case, and that is found at Exhibit A3 to the landman's  
2 affidavit and includes an AFE along with it. In  
3 addition to working interest owners, COG is also seeking  
4 to pool two unleased mineral interest owners, and COG  
5 offered to lease those mineral interests but without  
6 success. One of them would be Devon. And there are no  
7 overriding royalty interests that need to be pooled in  
8 this case.

9 All parties were locatable. Exhibit C to  
10 this packet is an affidavit from myself showing that  
11 notice of this hearing was provided to all of the  
12 proposed pool parties.

13 And even though all parties were locatable,  
14 we did provide notice by publication, which is attached  
15 as Exhibit D to the packet.

16 Exhibit B is the affidavit from the  
17 geologist. He testifies that COG is targeting the Bone  
18 Spring Formation.

19 Exhibit B1 to the geologist's affidavit is  
20 a locator map. It shows the COG's acreage, as well as  
21 the proposed path for the Van Gogh Fee #101H well.

22 Exhibit B2 to the geologist's affidavit is  
23 a subsea structure map. It shows -- excuse me -- that  
24 the area is gently sloping down to the southeast. It  
25 also shows the nearby Upper Avalon Shale-producing

1 wells, and the geologist testified he did not observe  
2 any faulting, pinch-outs or geologic hazards to drilling  
3 in the area.

4 Exhibit B3 shows the location of the three  
5 wells from A to A prime that the geologist testifies are  
6 representative of the geology in the area.

7 And then finally, Exhibit B4 to the  
8 geologist's affidavit is the stratigraphic cross section  
9 based on those three representative wells. The exhibit  
10 shows logs for gamma ray and porosity for all three  
11 wells and logs for resistivity for two of those three  
12 wells. The target interval is labeled consistent with  
13 the prior cases. I'm not sure if that's sufficient,  
14 Mr. Examiner, or if you would like us to update that  
15 exhibit as well to show the landing area, the thickness  
16 of the landing zone. Would that be something that you  
17 would like?

18 EXAMINER DAWSON: That will be -- that will  
19 be nice to have. Yes. I would like to have that.

20 MS. BROGGI: We can do that.

21 And then ultimately the geologist testified  
22 that in his opinion, the granting of COG's case would be  
23 in the best interest of conservation, the prevention of  
24 waste and the protection of correlative rights.

25 EXAMINER DAWSON: Do you have any

1 questions, Mr. Warnell?

2 EXAMINER WARNELL: No questions.

3 EXAMINER DAWSON: Ms. Murphy?

4 EXAMINER MURPHY: No questions.

5 MS. BROGGI: We will provide you those  
6 additional documents, but barring that, we would ask  
7 that Case Number 20224 be taken under advisement.

8 EXAMINER DAWSON: Okay.

9 Seth, do you have any questions?

10 MR. McMILLAN: I do not.

11 EXAMINER DAWSON: At this point we will  
12 take Case Number 20224 under advisement.

13 Thank you very much.

14 MS. BROGGI: Thank you.

15 Mr. Examiner, I'm not -- there is a bit of  
16 a dispute of opinion, but to the extent that I needed to  
17 move for admission of these exhibits, I would ask that  
18 Exhibits A through D be admitted as exhibits in this  
19 case and then the case be taken under advisement.

20 EXAMINER DAWSON: Okay. At this point  
21 Exhibits A through D will be admitted to the record, and  
22 the case will be taken under advisement.

23 Thank you.

24 (COG Operating, Inc. Exhibit Letters A  
25 through D are offered and admitted into

1 evidence.)

2 (Case Number 20224 concludes, 10:59 a.m.)

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1 STATE OF NEW MEXICO  
2 COUNTY OF BERNALILLO

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4 CERTIFICATE OF COURT REPORTER

5 I, MARY C. HANKINS, Certified Court  
6 Reporter, New Mexico Certified Court Reporter No. 20,  
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  
10 a true and correct transcript of those proceedings that  
11 were reduced to printed form by me to the best of my  
12 ability.

13 I FURTHER CERTIFY that the Reporter's  
14 Record of the proceedings truly and accurately reflects  
15 the exhibits, if any, offered by the respective parties.

16 I FURTHER CERTIFY that I am neither  
17 employed by nor related to any of the parties or  
18 attorneys in this case and that I have no interest in  
19 the final disposition of this case.

20 DATED THIS 7th day of March 2019.

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23 MARY C. HANKINS, CCR, RPR  
24 Certified Court Reporter  
25 New Mexico CCR No. 20  
Date of CCR Expiration: 12/31/2019  
Paul Baca Professional Court Reporters