

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: 20837, 20838, 20839

APPLICATION OF B.C. OPERATING, INC.  
FOR COMPULSORY POOLING,  
LEA 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  
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A P P E A R A N C E S

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For COG Operating LLC:

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I N D E X

CASE NO. 20837, 20838, 20839 CALLED

PHIL HAMMOND (By Affidavit) 03

MICHAEL MOYLETT (By Affidavit) 04

TAKEN UNDER ADVISEMENT: 08

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

Admitted

Exhibits 1 through 10 and Attachments 06

1                   HEARING EXAMINER LOWE: We will now call cases  
2   Number 20837, 20838, and 20839, and hear them at one  
3   hearing. B.C. Operating for compulsory pooling. Call for  
4   appearance.

5                   MS. SHAHEEN: Sharon Shaheen for B.C. Operating  
6   Inc.

7                   MS. BENNETT: Deana Bennett from Modrall Sperling  
8   on behalf of Marathon Perm -- I'm sorry -- Modrall Sperling  
9   on behalf of Franklin Mountain Energy, LLC.

10                  MR. CARR: William F. Carr appearing on behalf of  
11   COG Operating LLC.

12                  HEARING EXAMINER LOWE: You may proceed.

13                  MS. SHAHEEN: I understand from Franklin Mountain  
14   Energy and COG that neither object to presenting this case  
15   by affidavit today.

16                  MR. CARR: That's correct. We have no objection.

17                  MS. BENNETT: Franklin Mountain has no objection.

18                  HEARING EXAMINER LOWE: Okay.

19                  MS. SHAHEEN: I presented this case under four  
20   tabs; the first tab being copies of the application, the  
21   second tab being the affidavit of landman Phil Hammond the  
22   third tab is the affidavit of Michael Moylett, the  
23   geologist, and under the fourth tab I set forth all the  
24   exhibits. It may be helpful, behind the cover page is a  
25   list of the tabs and the exhibits.

1           These applications are for three wells in the  
2    Wolfcamp formation and an oil pool in the Wolfcamp  
3    formation. If you take a look behind Tab 4, that first  
4    Exhibit 1-A, you can see the acreage that's at issue.

5           We are pooling three units of 160 acres each, 1-A  
6    is with respect to I believe 20837, and that's the 1H, and  
7    we are pooling the E/2 of the W/2.

8           Case Number 20838 is pooling the W/2 of the E/2,  
9    and that will be found on Exhibit 2-A.

10          And then in Case Number 20839, we are pooling the  
11   E/2 of the E/2, again 160 acres, and that is depicted on  
12   Exhibit 1-C.

13          With respect to the remaining landman exhibits  
14   2-A, 2-B and 2-C reflect the interests, those parties who  
15   are entitled to notice, and it includes the percentages of  
16   interest for the working interest.

17          Exhibit 3-A, 3-B and 3-C are the draft C-102s.

18          Exhibit 4-A, 4-B and 4-C are the well proposal  
19   letters and AFEs.

20          With respect to the geologist affidavit, those  
21   exhibits follow thereafter, and what you will find as  
22   exhibit -- excuse me -- first as Exhibit 5 you will find  
23   the notice letter that went out with the application.

24          Exhibit 6 is a generalized section of north --  
25   southeastern New Mexico indicating the target interval is in

1 the Wolfcamp and Permian Basin.

2 Exhibit 7 is depict -- horizontal producer --  
3 existing horizontal producers near the acreage and provides  
4 some data with respect to those closest to the east and to  
5 the west.

6 Exhibit 8 is a -- I should have brought my  
7 glasses -- Exhibit 8 is your structure map. There's a hatch  
8 section there kind of in the middle, it's hard to see, and  
9 it indicates the fee lease that's at issue here. It's more  
10 or less in the middle, and the applications also pertain to  
11 the federal lease that's directly south of that fee lease.

12 Exhibit 9 consists of cross sections of a number  
13 of wells that are nearby.

14 Finally Exhibit 10 is the affidavit of notice  
15 from me and copies of the green cards that went out  
16 indicating those that were received and signed for, and then  
17 the notice of publication that went out to everyone in  
18 abundance of caution.

19 With that I would ask that Exhibits 1 through 10  
20 be admitted into the record for Case Numbers 20837, 20838  
21 and 20839.

22 HEARING EXAMINER LOWE: Any objection?

23 MS. BENNETT: No objection.

24 MR. CARR: No objection.

25 HEARING EXAMINER LOWE: Exhibits 1 through 10 for

1 Cases Number 20837, 20838, 20839 will be accepted into the  
2 cases.

3 (Exhibits 1 through 10 admitted.)

4 MS. SHAHEEN: Thank you. I stand for any  
5 questions you may have.

6 HEARING EXAMINER LOWE: Ms. Murphy?

7 EXAMINER MURPHY: Give me a second, please. All  
8 Wolfcamp wells?

9 MS. SHAHEEN: They are all Wolfcamp wells in the  
10 same pool. Any comments about the way I have organized the  
11 exhibits, please let me know. My assistant wasn't happy  
12 with the way I did it.

13 EXAMINER MURPHY: I have one more question, and I  
14 lost the page. No unlocatable interests or parties?

15 MS. SHAHEEN: That's a good question. Actually I  
16 believe there was at least one for whom we did not have a  
17 good address.

18 EXAMINER MURPHY: I saw it somewhere, and I can't  
19 find it now.

20 MS. SHAHEEN: Well, it's obviously behind Exhibit  
21 10, and a few pages in I noticed it noted on the green card.  
22 There were a number that were not received, but as I stated  
23 they did receive notice by publication.

24 So it's a Mark Lilly and wife Lisa M. Lilly  
25 notation UTF. I'm assuming that means the address is not

1 good.

2 EXAMINER MURPHY: Okay. Thank you.

3 HEARING EXAMINER LOWE: Mr. Goetze?

4 MR. GOETZE: Exhibits are confusing. I would  
5 recommend you listen to your assistant.

6 I noticed that for the grouping of the 1-B  
7 presentation on the broad side that it was referred to as  
8 the Marathon. Is there a reason you have Marathon in this  
9 exhibit? And I'm looking at the 3-B.

10 MS. SHAHEEN: 3-B.

11 EXAMINER GOETZE: You've got the C-102 on the  
12 front, and then we go on to the verification maps and  
13 vicinity maps and Marathon.

14 MS. SHAHEEN: That is us.

15 EXAMINER GOETZE: For the record?

16 MS. SHAHEEN: I did not catch that when I  
17 reviewed it.

18 EXAMINER GOETZE: So this is a typo?

19 MS. SHAHEEN: This is a typo. I received the  
20 C-102 from the client, I confess -- again I'm confessing  
21 away here -- that I did not look at every detail of the  
22 draft C-102.

23 EXAMINER GOETZE: I want to make sure we are not  
24 excluding someone who has interest in this.

25 MS. SHAHEEN: Good catch.

1                   EXAMINER GOETZE:  Let's go ahead and correct it  
2   and resubmit it.

3                   MS. SHAHEEN:  Resubmit that?

4                   EXAMINER GOETZE:  Well, the two, yeah, that --  
5   the two of three and three of three behind the -- well, the  
6   C-102 is showing proper operator name but the figure is  
7   showing the location verification map for the 2H well, let's  
8   go ahead and resubmit the verification map and the vicinity  
9   map with corrected type.

10                  MS. SHAHEEN:  I do.  And when I send Kathleen the  
11   PDF, I will have that corrected there.  Would that be  
12   sufficient?

13                  EXAMINER GOETZE:  That would be good.

14                  MS. SHAHEEN:  Okay.

15                  EXAMINER GOETZE:  With that, I have no further  
16   questions.

17                  HEARING EXAMINER LOWE:  Eric?

18                  MR. AMES:  No.

19                  HEARING EXAMINER LOWE:  Thank you, ma'am.  I have  
20   no questions.

21                  MS. SHAHEEN:  With that I will ask that you take  
22   Case Number 20837, 20838 and 20839 under advisement.

23                  HEARING EXAMINER LOWE:  Case Numbers 20837 and  
24   20838 and 20839 will be taken under advisement.

25                  (Cases taken under advisement.)

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 8 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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