

STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTTTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 21629

APPLICATION OF COLGATE OPERATING, LLC
FOR COMPULSORY Pooling,
EDDY COUNTY, NEW MEXICO

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

THURSDAY, JANUARY 7, 2021

This matter came on for hearing before the
New Mexico Oil Conservation Division, WILLIAM
BRANCARD, Hearing Examiner, DYLAN ROSE-COSS and
Dean McCLURE, Technisal Examiners, via Cisco
Webex Virtual Meeting Platform

Reported by: Mary Therese Macfarlane
New Mexico CCR No. 122
PAUL BACA PROFESSIONAL COURT REPORTERS
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A P P E A R A N C E S

For the Applicant Colgate Operating, LLC:

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I N D E X

CASE NUMBER 21269	PAGE
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APPLICANT WITNESSES ACCEPTED	
MARK HAJDIK (Landman by Affidavit)	9
SERGIO OJEDA (Geologist by Affidavit)	9
TAKEN UNDER ADVISEMENT:	Upon receipt of C-102

1	I N D E X of E X H I B I T S.	
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24		
25		

1 (Time noted 9:50 a.m.)

2 HEARING EXAMINER BRANCARD: Okay. According to
3 my computer clock, it's 9:50 a.m., and so we'll go back on
4 the record here in the hearings of the OCD on January 7,
5 2021.

6 If my scribbles are correct, I think we are
7 on Item 40, Case No. 21629, Colorado Operating.

8 And I think we are doing status conference
9 here. So who's here for Colgate Operating?

10 MR. HOUGH: Good morning, Mr. Hearing Examiner.
11 Hopefully you can hear me; it looks like my video might
12 not be working. But this is Lance Hough with the Modrall
13 Sperling Law Firm, for Colgate Operating, LLC.

14 HEARING EXAMINER BRANCARD: Mr. Hough, we hear
15 you loud and clear. We don't see you but we hear you.

16 Other appearances in this matter?

17 EXAMINER ROSE-COSS: Mr. McDonald, call-in user
18 No. 5, are you still with us?

19 MR. McDONALD: Yes. I lost connection, but I am
20 back on.

21 EXAMINER ROSE-COSS: Okay. You're Call-in User
22 No. 9 now. But your case is up.

23 MR. McDONALD: Thank you.

24 HEARING EXAMINER BRANCARD: So, Mr. McDonald,
25 you are with Prosperity Bank; is that correct?

1 MR. McDONALD: Yes, on behalf of the J. M.
2 Wellborn Trust.

3 HEARING EXAMINER BRANCARD: Right. Okay.

4 Are there any other interested parties in
5 this case, Case 21629?

6 Hearing none, let's start with Mr. Hough.
7 How do you want to proceed in this matter?

8 MR. HOUGH: Mr. Examiner, I believe the parties,
9 being the J.M. Wellborn Trust and Colgate, have reached an
10 agreement that -- uh, assuming that's what drew the
11 Division to set it for a status conference, Colgate is
12 prepared to present this matter by affidavit this morning.
13 We've submitted an exhibit packet timely, so, you know,
14 obviously we would like to proceed by affidavit presenting
15 this case. And my understanding is there an agreement has
16 been reached with J.M. Wellborn Trust.

17 HEARING EXAMINER BRANCARD: Okay. Examiners,
18 are you okay with this going by affidavit today?

19 HEARING EXAMINER ROSE-COSS: I'm okay if Mr.
20 McDonald is.

21 EXAMINER McCLURE: I have no problems.

22 MR. McDONALD: Oh, this is Brent McDonald. We
23 do have an agreement to the basic terms of an Assignment.
24 We are reviewing the Assignment, the form that they sent
25 to us this morning.

1 HEARING EXAMINER BRANCARD: All right. So
2 you're okay with this case proceeding by affidavit,
3 Mr. McDonald?

4 MR. McDONALD: Yes, sir.

5 HEARING EXAMINER BRANCARD: All right. All
6 right.

7 MR. HOUGH: This case is for compulsory pooling
8 of the uncommitted interests in the Bone Spring Formation
9 of the north half/north half of Section 3, north
10 half/north half of Section 2, in Township 20 South, Range
11 29 East. That's Eddy County, New Mexico.

12 This is for a 320-acre, approximately,
13 spacing unit. This unit is going to be dedicated to a
14 well named Meridian 3 Fed State Com 131H.

15 Included in the packets of exhibits that
16 were submitted are: Exhibit A. That is the Compulsory
17 Pooling Application Checklist;

18 Exhibit B. That's the affidavit of Mark
19 Hajdik, who is the landman involved here and has
20 previously testified before the Division. Attached to his
21 affidavit are B-1 through 6.

22 B-1 is the Application itself. B-2 is a
23 draft plat confirmed with Colgate.

24 (Note: Reporter inquiry.)

25 I was just stating that we provided a draft

1 plat C-102 that include footages. We will be able to
2 supplement with that C-102 likely this afternoon,
3 definitely by tomorrow.

4 Also included there is Exhibits B-1 through
5 through B-5, our communication timeline, the tract map
6 with the list of working interests, overriding royalty
7 interests, a Well Proposal Letter, and authorization for
8 expenditure.

9 Attached as Exhibit C is affidavit of
10 Sergio Ojeda, the geologist involved in this matter. He
11 has previously testified before the Division. Attached to
12 his exhibit are Exhibits C-1 through -7. Those consist of
13 a Regional Locator Map, Cross Section Locator Map, Gun
14 Barrel Diagram, Third Bone Spring Structure Map, Third
15 Bone Spring Isopach Map, Stratigraphic Cross section.
16 That last one is a zoomed-in stratigraphic cross section
17 just consisting of the target zone of the Third Bone
18 Spring Formation.

19 Exhibit D is an affidavit from myself, and
20 attached to it are Exhibits D-1, -2 and -3. Those are:
21 1, the hearing Notice; 2, a list of parties who Notice was
22 sent to, and then status of those mailings.

23 There was an Affidavit of Publication. We
24 showed that Notice was timely mailed out, then Notice was
25 also published in a newspaper of local circulation timely,

1 as well.

2 So unless there are any questions, I'd ask
3 that these exhibits be admitted into the record and this
4 matter be taken under advisement.

5 HEARING EXAMINER BRANCARD: Thank you,
6 Mr. Hough.

7 Are there any other parties in this matter?

8 Mr. McDonald, do you have any questions for
9 Mr. Hough?

10 MR. McDONALD: No, sir.

11 HEARING EXAMINER BRANCARD: Okay. Examiners,
12 any questions?

13 EXAMINER ROSE-COSS: Mr. Hough, thanks. The
14 only question I have: Could you just clarify what
15 additional information you will be supplementing?

16 MR. HOUGH: Certainly. That will be the C-102
17 as we provided. In lieu of that, B-2 is a draft plat. I
18 don't have the actual C-102 right now, so I will
19 supplement that by tomorrow at the latest.

20 EXAMINER McCLURE: Examiner McClure. I have no
21 questions.

22 HEARING EXAMINER BRANCARD: Okay. That's fine
23 with you, Mr. Coss?

24 EXAMINER ROSE-COSS: Yes, that's fine with me.
25 I guess I should just confirm that all the -- I suppose

1 you already mentioned it, but all of the Notice was done
2 timely?

3 MR. HOUGH: That is correct. The Notice was
4 mailed 20 days in advance of the hearing, and then the --
5 it was published in a newspaper of local circulation, was
6 9 business days prior to the hearing. That includes
7 recognition of The Holidays, as well.

8 EXAMINER ROSE-COSS: Okay. Thank you. Then I
9 have no additional questions.

10 HEARING EXAMINER BRANCARD: Okay. Thank you.

11 Once again, this is Case 21629, Application
12 of Colgate Operating for a compulsory pooling. Are there
13 any other comments?

14 Hearing none, we will accept your witnesses
15 as experts, Mr. Hough, admit the exhibits, and we will
16 keep the record open for your supplement, entering
17 material, and then take the case under advisement once we
18 have that.

19 MR. HOUGH: Thank you, Mr. Hearing Examiner.

20 (Time noted 9:59 a.m.)

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1 STATE OF NEW MEXICO)
2 : SS
3 COUNTY OF TAOS)

4
5 REPORTER'S CERTIFICATE

6 I, MARY THERESE MACFARLANE, New Mexico Reporter
7 CCR No. 122, DO HEREBY CERTIFY that on Thursday,
8 January 7, 2021 the proceedings in the above-captioned
9 matter were taken before me; that I did report in
10 stenographic shorthand the proceedings set forth herein,
11 and the foregoing pages are a true and correct
12 transcription to the best of my ability and control.

13 I FURTHER CERTIFY that I am neither employed by
14 nor related to nor contracted with (unless excepted by the
15 rules) any of the parties or attorneys in this case, and
16 that I have no interest whatsoever in the final
17 disposition of this case in any court.

18 /s/ Mary Macfarlane

19 _____

20 Mary Therese Macfarlane, CCR
21 NM Certified Court Reporter No. 122
License Expires: 12/31/2021

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