

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 Colgate Operating, LLC,
for Compulsory pooling,
Eddy County, New Mexico Case No. 22085

Application of Colgate Operating, LLC,
for Compulsory pooling,
Eddy County, New Mexico Case No. 22086

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

AUGUST 5, 2021

This matter came on for hearing before the New Mexico Oil Conservation Division, William Brancard, Esq. Hearing Examiner, Baylen Lamkin, Technical Examiner, on August 5, 2021 through the Webex Virtual Conferencing Platform hosted by the New Mexico Department of Energy, Minerals and Natural Resources.

Reported by: Mary Therese Macfarlane
New Mexico CCR #122
PAUL BACA COURT REPORTERS
500 Fourth Street NW, Suite 105
Albuquerque, New Mexico 87102
(505) 843-9241

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

A P P E A R A N C E S

FOR COLGATE OPERATING: Ernest L. Padilla, Esq.
P.O. Box 2523
Santa Fe, NM 87504
(505) 988.7577
padillalawnm@outlook.com.

FOR COG OPERATING: Ocean Munds-Dry, Esq.
1048 Paseo de Peralta
Santa Fe, NM 87501
(505) 780-8000
O.Munds-Dry@conocophillips.com

C O N T E N T S

	PAGE
CASE NOS. 22085, 22096	
CASE CALLED	3
INQUIRY BY EXAMINER LAMKIN:	5
REQUESTED INFORMATION:	7

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

EXHIBITS:	ADMITTED
A Affidavit of Landman Mark Hadjik with supporting exhibits	7
B Affidavit of Geologist Segerio Ojeda with supporting exhibits	7
C Affidavit of Notice	7

1 (Time noted 9:53 a.m.)

2 EXAMINER BRANCARD: So we are now back on the
3 record on August 5, 2021, OCD hearings. And we are on
4 Items 35 and 36 on the agenda. That would be cases 22085,
5 22086, Colgate Operating.

6 MR. PADILLA: Mr. Examiner, Ernest L. Padilla on
7 behalf of Colgate Operating.

8 EXAMINER BRANCARD: I have an entry of
9 appearance for COG Operating.

10 MS. MUNDS-DRY: Good morning, Mr. Hearing
11 Examiner. Ocean Munds-Dry for COG Operating, LLC.

12 EXAMINER BRANCARD: Are there any other persons
13 interested in Cases 22085 and 22086? (Note: Pause.)
14 Hearing none, Ms. Munds-Dry, do you object to this case
15 going forward by affidavit?

16 MS. MUNDS-DRY: We have no objection. Thank
17 you, Mr. Examiner.

18 EXAMINER BRANCARD: Mr. Padilla, you may
19 proceed.

20 MR. PADILLA: Mr. Examiner, we've submitted a
21 package, exhibit package that consists of the land
22 affidavit, the geology affidavit, and my affidavit, which
23 would be Exhibit C.

24 Exhibit A submitted by Mr. Mark Hadjik, who
25 has testified before the Oil Conservation Division on

1 prior occasions, basically contains the standard land
2 package, tract numbers. The only exception that we have
3 is that we have -- we had problems this week trying to get
4 the C-102s. And I thought maybe we would get them
5 yesterday in order to supplement the record, or our
6 package before the hearing, but we will have to supplement
7 the record with that.

8 But the applications call for the
9 Klondike 9 Com wells, which are in the south half of
10 Section 9, Township 19 South, 28 East, and the Madera
11 wells, which are in the north half of Section 9. They are
12 identical. The applications, standard 320-acre spacing,
13 and geology is the same.

14 So Mr. Ojeda's geology affidavit contains
15 the standard structure maps, isopachs, and cross sections
16 that are applicable to development of the prospect.

17 My affidavit, which is Exhibit C -- I think
18 we're missing some green cards from a couple of overrides,
19 and that's about it. Otherwise it's complete. We did not
20 think that we had to file a Notice of Publication in the
21 county, especially since these applications were
22 originally filed in Cases 21647 through 21650, and those
23 were withdrawn. Those other cases were two-mile laterals,
24 these are one-mile laterals.

25 I'm not sure what we have to do if we do

1 not receive the green cards for the missing overriding
2 royalty interests, but all working interests are notified
3 and are appropriate.

4 With that we offer Exhibits A, B and C and
5 ask to supplement the record with the C-102s.

6 EXAMINER BRANCARD: Ms. Munds-Dry, any
7 questions?

8 MS. MUNDS-DRY: No questions. Thank you.

9 EXAMINER BRANCARD: Mr. Lamkin, questions?

10 EXAMINER LAMKIN: Did you say you received green
11 cards or return receipts from all the working interests
12 and just not the overriding interests?

13 MR. PADILLA: That is correct.

14 EXAMINER LAMKIN: Okay. Do you know, Bill, if
15 we require Publication of Notice for the overriding
16 royalty interest owners?

17 MR. PADILLA: Well, the rules don't say that,
18 Mr. Lamkin, but -- I'm not sure, but I don't think the
19 rules really require. That's policy that was instituted
20 by Mr. Brooks at some point that we needed to notify
21 overriding royalty interests. There is some debate, but I
22 think everybody complies with the policy.

23 EXAMINER BRANCARD: Okay.

24 MR. LAMKIN: Okay.

25 EXAMINER BRANCARD: So there's no Publication

1 Notice in this case?

2 MR. PADILLA: No. We could publish against
3 those overrides, but I think at some point we had decided
4 that -- probably uniformly now we're filing that against
5 everyone, just to be more cautious.

6 EXAMINER BRANCARD: I mean, some parties just
7 publish as a matter of course.

8 MR. PADILLA: That's what we're doing now,
9 regardless of -- we just include the entire ownership
10 list. And it's more expensive, but I don't know why this
11 didn't happen here. I know that I had a death in the
12 family here and I wasn't paying attention that much, but
13 the -- there are only, I think, two green cards that have
14 not been returned by those overrides. And overrides
15 are sometimes very difficult to get completed.

16 EXAMINER BRANCARD: That's true.

17 So we need to leave the record anyway open
18 for the C-102s?

19 MR. PADILLA: What I could do is I could publish
20 against the overrides that are missing so far and
21 supplement the record, and if necessary reopen at some
22 point. But I don't see any real problem since they are
23 not cost-bearing interest owners.

24 EXAMINER BRANCARD: All right. Well, any other
25 concerns? Mr. Lamkin, your thoughts?

1 EXAMINER LAMKIN: I would ask that they, you
2 know, publish just out of an abundance of caution, and
3 just supplement the record when you submit the C-102s just
4 to cover our bases.

5 MR. PADILLA: Okay.

6 EXAMINER BRANCARD: All right. Any objections
7 Ms. Munds-Dry?

8 MS. MUNDS-DRY? No objection. Thank you.

9 EXAMINER BRANCARD: Are there any other persons
10 interested in Cases 22085 and 22086? (Note: Pause.)
11 Hearing none, the exhibits will be admitted into the
12 record. The record will be left open for submittal of the
13 C-102s that are missing, and for evidence of Publication
14 of Notice.

15 MR. PADILLA: Thank you, Mr. Examiner.

16 EXAMINER BRANCARD: Thank you.

17 (Time noted 10:02 a.m.)

18

19

20

21

22

23

24

25

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, August 5,
8 2021, the proceedings in the above-captioned matter were
9 taken before me; that I did report in stenographic
10 shorthand the proceedings set forth herein, and the
11 foregoing pages are a true and correct transcription to
12 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

MARY THERESE MACFARLANE, CCR
NM Certified Court Reporter No. 122
License Expires: 12/31/2021

20

21

22

23

24

25