

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 NOS. 22691, 22692,  
22695

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS  
EXAMINER HEARING  
APRIL 21, 2022  
SANTA FE, NEW MEXICO

This matter came on for virtual hearing before  
the New Mexico Oil Conservation Division, HEARING OFFICER  
WILLIAM BRANCARD and TECHNICAL EXAMINER DYLAN ROSE-COSS on  
Thursday, April 21, 2022, through the Webex Platform.

Reported by: PAUL BACA PROFESSIONAL COURT REPORTERS  
500 Fourth Street, NW, Suite 105  
Albuquerque, NM 87102  
505-843-9241

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A P P E A R A N C E S

For the Applicant:

DANA HARDY  
HINKLE SHANOR LLP  
P.O. Box 0268  
Santa Fe, NM 87504  
505-982-4554

I N D E X

CASE CALLED	03
TAKEN UNDER ADVISEMENT	08
REPORTER CERTIFICATE	09

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

	Admitted
Exhibits and Attachments	08

1 HEARING EXAMINER BRANCARD: So you wanted to do  
2 all of the other cases? I have three other Colgate cases,  
3 do you want to do those together, Ms. Hardy?

4 MS. HARDY: Yes, Mr. Examiner.

5 HEARING EXAMINER BRANCARD: I will call then  
6 Cases 22691, 22692, 22695, Colgate Operating.

7 MS. HARDY: Dana Hardy on behalf of Colgate  
8 Operating.

9 HEARING EXAMINER BRANCARD: Thank you. Are there  
10 any other interested parties who entered an appearances in  
11 Cases 22691, 692 or 695?

12 (No audible response.)

13 HEARING EXAMINER BRANCARD: Hearing none, Ms.  
14 Hardy, you may proceed.

15 MS. HARDY: Thank you. In Case 22691, Colgate  
16 seeks an order pooling uncommitted interest in the Bone  
17 Spring formation from the top of the formation at a depth of  
18 approximately 4320 feet to a depth of approximately 7673  
19 feet underlying a 160 acre standard horizontal spacing unit,  
20 comprised of the N/2 of the S/2 of Section 35, Township 19  
21 South, Range 28 East. Colgate proposes to dedicate that  
22 unit to the Uluru 35 Fed State Com 123H. And that unit  
23 involves a depth severance to address other development in  
24 the adjacent tracts that are in the Bone Spring Formation.

25 In Case 22692, Colgate seeks an order pooling

1 uncommitted interest in the Bone Spring Formation underlying  
2 a 320 acre standard horizontal spacing unit comprised of the  
3 S/2 of the S/2 of Sections 35 and 36, Township 19 South,  
4 Range 28 East, and proposes to dedicate that unit to the  
5 Uluru 35 Fed State Com 124H and the Uluru 35 Fed State Com  
6 134H.

7 In in Case 22695, Colgate seeks an order  
8 approving a 320 acre more or less overlapping spacing unit  
9 within the Bone Spring Formation to pool all uncommitted  
10 interest in that unit which is in the Third Bone Spring  
11 interval from a depth of approximately 7673 feet to the base  
12 of the formation at a depth of approximately 8820 feet. And  
13 that unit underlies the N/2 S/2 of Sections 35 and 36,  
14 Township 19 South, Range 28 East. Colgate proposes to  
15 dedicate that unit to the Uluru 35 Fed State Com 133H well.

16 And that unit partially overlaps with the unit  
17 that is operated by Mewbourne in Section 36, and so that's  
18 the reason for the depth severance and the overlapping  
19 spacing unit request.

20 In each case our exhibits include the compulsory  
21 pooling checklist, the affidavit of the landman Mark Hadjik,  
22 the affidavit of geologist David DaGian, and my notice  
23 affidavit.

24 Like the prior cases that we discussed,  
25 Mr. Hadjik's exhibits include the application, C-102s, plat,

1 and ownership interests, well proposals, AFEs, and his  
2 communication time line.

3 The geology exhibits include the regional locator  
4 map, cross section, location map, structure map, structural  
5 cross section, stratigraphic cross section and a gunbarrel.

6 Exhibit C is again my notice affidavit which  
7 include the hearing notice letter, a chart of parties to  
8 whom notices were sent, the certified mail receipts,  
9 tracking information, and again two affidavits of  
10 publication. We did publish twice because parties were  
11 added to the second notice. We did notify the working  
12 interests, record title owners and overrides as well as  
13 Mewbourne since they operate the well that overlaps with our  
14 proposal in Case 22695.

15 So with that, unless there are questions, I would  
16 ask that the cases be taken under advisement and that the  
17 exhibits be accepted into the record.

18 HEARING EXAMINER BRANCARD: Thank you. Mr.  
19 Rose-Coss?

20 TECHNICAL EXAMINER ROSE-COSS: A simple one for  
21 my edification here again, can you go through again why the  
22 overlapping spacing unit is being requested?

23 MS. HARDY: Sure. It is because -- it's my  
24 understanding that Mewbourne operates a well that I believe  
25 is in the Second Bone Spring in Section 36, so this well I

1 think -- in the Third Bone Spring underlies that spacing  
2 unit, and so this well will run between 35 and 36, so it  
3 overlaps with Mewbourne's Winchester wells that we have in  
4 our application reference.

5 TECHNICAL EXAMINER ROSE-COSS: So these three  
6 cases are Third Bone Spring and Wolfcamp, or it's -- which  
7 Bone Spring and Wolfcamp?

8 MS. HARDY: Sure. Okay. So the cases I just  
9 went through are the three Bone Spring cases, 22691, 22692  
10 and 22695. And so Case 22691 involves a depth severance  
11 that is only acreage in Section 35, so there isn't an  
12 overlapping spacing unit.

13 And then in 22692, that is a S/2 S/2 Bone Spring  
14 unit in Sections 35 and 36. That, because of the acreage,  
15 does not involve an overlapping unit or a depth severance,  
16 it's just pooling the entire Bone Spring, the S/2 S/2.

17 And then case 22695, that involves the Bone  
18 Spring, 320 acre unit N/2 S/2 of Sections 35 and 36 that  
19 involve the depth severance and overlap in Section 36 of  
20 Mewbourne's well.

21 TECHNICAL EXAMINER ROSE-COSS: Okay. But this is  
22 in the Third Bone Spring, and their well is in the Second  
23 Bone Spring that is overlapping a little bit?

24 MS. HARDY: Correct.

25 TECHNICAL EXAMINER ROSE-COSS: And Mewbourne was

1 noticed of this, and if they had a problem they could have  
2 shown up and spoke to that.

3 MS. HARDY: That's correct. And I had contact  
4 with them, so I know they received the notice.

5 TECHNICAL EXAMINER ROSE-COSS: Okay. Well, the  
6 depth severance, that was addressed and satisfactorily taken  
7 care of?

8 MS. HARDY: That's correct. And we notified all  
9 of the parties of all of the cases, so the interest owners  
10 above and below the depth severance knew.

11 TECHNICAL EXAMINER ROSE-COSS: Okay. Well, that  
12 sounds complicated, but like it's also worked out, so thanks  
13 for explaining that to me. And that's all my questions.

14 MS. HARDY: Thank you.

15 HEARING EXAMINER BRANCARD: So just to go back  
16 over this again, Mewbourne then in Section 36 has a spacing  
17 unit that includes the entire Bone Spring?

18 MS. HARDY: It's not a pooled spacing unit.  
19 There was no pooling order. So the well is a, it's a Second  
20 Bone Spring well.

21 HEARING EXAMINER BRANCARD: It would have  
22 designated a pool.

23 MS. HARDY: That's correct. So I think that's  
24 the reason for the overlapping notice and request.

25 HEARING EXAMINER BRANCARD: Okay. So their

1 Second Bone Spring, your Second Bone Spring well doesn't  
2 cover their section, and your Third Bone Spring well does  
3 cover their section?

4 MS. HARDY: Exactly.

5 HEARING EXAMINER BRANCARD: Okay. Thank you.

6 MS. HARDY: Thank you.

7 HEARING EXAMINER BRANCARD: Are there any other  
8 interested persons in cases 22691, 692, 695?

9 (No audible response.)

10 HEARING EXAMINER BRANCARD: Hearing none, the  
11 exhibits will be admitted into the record and cases will be  
12 taken under advisement.

13 MS. HARDY: Thank you.

14 HEARING EXAMINER BRANCARD: I will just check  
15 here with the court reporter. We are an hour in. Are you  
16 doing okay? Do you need a break?

17 REPORTER: I'm doing fine. You can keep going if  
18 you'd like.

19 HEARING EXAMINER BRANCARD: All right. We have a  
20 few more cases here and then we will take a break.

21 (Exhibits admitted.)

22 (Taken under advisement.)

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1 STATE OF NEW MEXICO  
2 COUNTY OF BERNALILLO

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4 REPORTER'S CERTIFICATE

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6 I do hereby certify that I reported the  
7 foregoing virtual proceedings in stenographic shorthand and  
8 that the foregoing pages are a true and correct transcript  
9 of those proceedings to the best of my ability.

10 I FURTHER CERTIFY that I am neither employed by  
11 nor related to any of the parties or attorneys in this case  
12 and that I have no interest in the final disposition of this  
13 case.

14 I FURTHER CERTIFY that the Virtual Proceeding was  
15 of poor to good quality.

16 Dated this 21st day of April 2022.

17

/s/ Irene Delgado

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Irene Delgado, NMCCR 253  
License Expires: 12-31-22

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