

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. 22796, 22797,  
22798, 22799

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS  
EXAMINER HEARING  
June 2, 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  
HEARING OFFICER JOHN GARCIA on Thursday, June 2,  
2022, through the Webex Platform.

Reported by: PAUL BACA COURT REPORTERS  
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16 For Sabinal Energy Operating, LLC:

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21 BY: BLAKE C. JONES  
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23 I N D E X

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1 HEARING OFFICER BRANCARD: With that I'm  
2 calling cases 22796, 22797, 22798, 22799, Colgate  
3 Operating.

4 MS. HARDY: Mr. Examiner, Dana Hardy with  
5 Hinkle Shanor on behalf of Colgate Operating.

6 HEARING OFFICER BRANCARD: And I have an  
7 entry of appearance for MRC Permian.

8 MR. FELDEVERT: Yes, Mr. Examiner, Michael  
9 Feldewert with the Santa Fe office of Holland &  
10 Hart.

11 HEARING OFFICER BRANCARD: I have an entry  
12 from Sabinal Energy.

13 MR. JONES: Good morning, Mr. Examiner,  
14 Blake Jones, Steptoe & Johnson on behalf of Sabinal  
15 Energy Operating.

16 HEARING OFFICER BRANCARD: Thank you,  
17 Mr. Jones.

18 Are there any other interested persons,  
19 then, for Cases 22796, 797, 798, 799?

20 Hearing none, Ms. Hardy, you may proceed.

21 MS. HARDY: Thank you.

22 In these cases Colgate seeks to pool the  
23 First and Second Bone Spring formation underlying  
24 Sections 23 and 24, Township 20 South, Range 28 East  
25 in Eddy County. There is an ownership depth

1 severance at the base of the Second Bone Spring, so  
2 the depth being pooled are at the stratigraphic  
3 equivalent of approximately 5,250 feet to 7,624  
4 feet.

5 In Case Number 22796, Colgate seeks to  
6 pool the First and Second Bone Spring underlying a  
7 320-acre, more or less, standard horizontal spacing  
8 unit comprised of a north half of the north half of  
9 Sections 23 and 24.

10 That unit will be dedicated to the Bondi  
11 24 Fed Com 121H well.

12 In Case 22797, Colgate seeks to pool  
13 interests in the First and Second Bone Spring  
14 underlying a 320-acre standard horizontal spacing  
15 unit comprised of the south half of the north half  
16 of Sections 23 and 24.

17 That unit will be dedicated to the Bondi  
18 24 Fed Com 122H well.

19 In Case 22798, Colgate seeks to pool  
20 uncommitted interest in the First and Second Bone  
21 Spring underlying the 320-acre standard horizontal  
22 spacing unit comprised of the north half of the  
23 south half of Sections 23 and 24.

24 That unit will be dedicated to the Bondi  
25 24 Fed Com 123H well.

1                   In Case Number 22799, Colgate seeks to  
2 pool uncommitted interest in the First and Second  
3 Bone Spring underlying a 320-acre standard  
4 horizontal spacing unit comprised of the south half  
5 of the south half of Sections 23 and 24.

6                   That unit will be dedicated to the Bondi  
7 24 Fed Com 124H well.

8                   In support of the applications we've  
9 provided the affidavit of landman Travis Macha and  
10 geologist David Dageon.

11                  Mr. Macha provides the standard land  
12 exhibits. Exhibit A3 includes the tract ownership  
13 information and identifies the pooled parties.

14                  Mr. Dageon provides a regional locator  
15 map, cross section map, structure map, cross  
16 sections, and a gun barrel diagram.

17                  Exhibit C is my notice affidavit which  
18 includes a chart that includes the mailing  
19 information, the certified mail receipts and the  
20 affidavit of publication. We did timely publish  
21 notice and we received receipts, I think, from all  
22 but two of the parties.

23                  With that unless there are questions, I  
24 request the exhibits be admitted and that the cases  
25 be taken under advisement.

1 Thank you.

2 HEARING OFFICER BRANCARD: Thank you.

3 Mr. Feldewert, any questions?

4 MR. FELDEVERT: Just a couple. Ms. Hardy,  
5 I'm looking at Exhibit A3 and I think it's the same  
6 in all cases, right?

7 MS. HARDY: That's correct.

8 MR. FELDEVERT: Okay. I like the colors,  
9 thank you. If I look at Exhibit A3, and focusing on  
10 MRC Permian, based on your title information it  
11 indicates, then, that MRC would be involved in the  
12 spacing unit for the south half of north half and  
13 then the south half of the south half of this  
14 acreage.

15 MS. HARDY: I believe that's correct. It  
16 looks like they're not in the north half/north half.  
17 I would have to look at each Exhibit A3 to confirm.

18 MR. FELDEVERT: I did and it looks like in  
19 each case you took the same exhibits, highlighted  
20 the parties and that's why I think you got it  
21 correctly.

22 MS. HARDY: Yes.

23 MR. FELDEVERT: (Audio cut out) involved  
24 in those two particular spacing units.

25 MS. HARDY: That's correct.

1           MR. FELDEVERT: Okay. And then looking at  
2 the yellow acreage, which is NM 082993, there's two  
3 yellow squares. Is that the same lease for that  
4 second blank yellow square?

5           MS. HARDY: That, I do not know, and I  
6 would need to confirm that with Colgate.

7           MR. FELDEVERT: You know, it might be  
8 because look at the green square at Section 24, you  
9 did the same thing, so it's got to be ...

10          MS. HARDY: Yes, that looks correct, then,  
11 right?

12          MR. FELDEVERT: Okay. That's all.  
13 Thank you.

14          MS. HARDY: Thank you.

15          HEARING OFFICER BRANCARD: Thank you.

16          Mr. Jones, any questions or comments from  
17 Sabinal.

18          MR. JONES: No questions from Sabinal.  
19 Sabinal and Colgate have come to terms on an  
20 agreement, but nothing further.

21          HEARING OFFICER BRANCARD: Thank you.

22          Mr. Garcia, are you with us, any  
23 questions?

24          TECHNICAL HEARING OFFICER GARCIA: Maybe  
25 just to clarify that those tracks are the same per

1 Mr. Feldewert's question, just out of precaution.

2 MS. HARDY: Sure. That both of the yellow  
3 tracts are the same lease and that both of the light  
4 green tracts are the same lease.

5 TECHNICAL HEARING OFFICER GARCIA: Yeah.  
6 I mean, I assume you are correct, but just for  
7 record clarify and precaution.

8 MS. HARDY: Okay, sure.

9 TECHNICAL HEARING OFFICER GARCIA: I have  
10 no further questions.

11 MS. HARDY: Okay. I will send that in to  
12 the Division.

13 HEARING OFFICER BRANCARD: Why are all my  
14 questions math questions? I shouldn't ask math  
15 question.

16 So on the C102, Exhibit A2, Colgate offers  
17 something that I've never seen anybody else offer,  
18 which it tells how long it is where your productive  
19 interval, I guess that's the term, first take point  
20 to last take point 10,448 feet. That's helpful.

21 So the first take point and the last take  
22 point each have to be a hundred feet away from the  
23 end of the section?

24 MS. HARDY: Right.

25 HEARING OFFICER BRANCARD: If these were

1 actual two-mile distances, which given that often  
2 these sections are irregular, may not be true, that  
3 would be 10,560 feet minus 200 would be 10,360 feet.  
4 So it may just be that this is irregular quarter  
5 quarters here.

6 MS. HARDY: I know that in case -- yes,  
7 that could be. But I could clarify that, if you  
8 would like.

9 HEARING OFFICER BRANCARD: Well, just  
10 check on it. And if you need to correct the C102,  
11 do so; if not, then that's fine.

12 MS. HARDY: Okay. We'll verify that.  
13 Thank you.

14 HEARING OFFICER BRANCARD: Anything  
15 further on 22796, 797, 22798, 799?

16 Hearing none, the exhibits will be  
17 admitted into the record and these cases will be  
18 taken under advisement.

19 MS. HARDY: Thank you.

20 (Matter concluded.)

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REPORTER'S CERTIFICATE

I certify that the foregoing is a correct transcript from the record of proceedings in the above-entitled matter. I further certify that the transcript fees and format comply with those prescribed by the Court and the Judicial Conference of the United States.

Date: June 2, 2022

/s/ Edwina Castillo



EDWINA CASTILLO, RPR, CCR  
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