

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: 22824-22826

APPLICATION COLGATE OPERATING, LLC
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS
EXAMINER HEARING
JULY 7, 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 DEAN McCLURE on
Thursday, July 7, 2022, through the Webex Platform.

Reported by: PAUL BACA PROFESSIONAL COURT REPORTERS
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A P P E A R A N C E S

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

I N D E X

CASE CALLED

CONTINUED

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REPORTER CERTIFICATE

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

Admitted

Exhibits and Attachments

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1 HEARING EXAMINER BRANCARD: Okay. We are now on
2 Item 43, and I'm not sure how you want to proceed here, but
3 Colgate Operating, this is Case 22824, 22825 and 22826 might
4 be all together.

5 MS. HARDY: That's correct, Mr. Examiner. Dana
6 Hardy with Hinkle Shanor on behalf of Colgate.

7 HEARING EXAMINER BRANCARD: Do we have an entry
8 for COG or Conoco here?

9 MR. RITTENHOUSE: Yes, sir, this is Joby
10 Rittenhouse appearing on behalf of COG.

11 HEARING EXAMINER BRANCARD: Thank you. Any other
12 interested appearances then for Cases 22824, 825, 826?

13 (No audible response.)

14 HEARING EXAMINER BRANCARD: Hearing none,
15 Mr. Hardy, you may proceed.

16 MS. HARDY: Thank you. In these cases Colgate
17 seeks to pool uncommitted interest within the Wolfcamp
18 formation, in Sections 3 and 4, Township 20 South, Range 28
19 East in Eddy County.

20 In Case 22824, Colgate seeks to pool interest in
21 the Wolfcamp underlying a 320 acre standard horizontal
22 spacing unit comprised of the N/2 of the S/2 of Sections 3
23 and 4, Township 20 South, Range 28 East. That unit will be
24 dedicated to the Dundee 4 Fed Com 202H well.

25 In Case 22825 Colgate seeks to pool interest in

1 the Wolfcamp underlying a 320 acre, more or less, standard
2 horizontal spacing unit comprised of the S/2 of the S/2 of
3 Section 3 and 4. That unit will be dedicated to Dundee 4
4 Fed Com 203H well.

5 Finally, in Case 22826, Colgate seeks to pool
6 interest in the Wolfcamp underlying another 320 acre
7 standard horizontal unit comprised of the S/2 of the S/2 of
8 Section 3 and 4. That unit will be dedicated to the Dundee
9 4 Fed Com 201H well.

10 The exhibit package that we submitted to the
11 Division includes Exhibit A, our landman's testimony and
12 related exhibits. The exhibits include the application and
13 notice of hearing, C-102s. Exhibit A-3 is a plot of tract
14 ownership interest and list of pooled parties. We provided
15 the well proposal letter, AFEs and chronology of contact
16 with the parties, and that exhibit is number A-5.

17 You can see from the land exhibits there are two
18 unlocatable parties in these cases, and Exhibit A-5, which
19 is our chronology, sets out the landman's efforts to locate
20 those parties.

21 Exhibit B is our geology affidavit, which
22 includes a regional location, the Wolfcamp structure map,
23 cross section map, structural and stratigraphic cross
24 section and gun barrel development plan.

25 Exhibit C is my notice affidavit which sets out

1 the date on which we sent the notice letter and includes the
2 list of the parties who were notified. We provided
3 certified mail receipts and also an affidavit of
4 publication. We did timely publish notice on May 18 of
5 2022.

6 With that, I ask that Exhibits A, B and C and
7 their attachments be admitted into the record and that the
8 cases be taken under advisement.

9 HEARING EXAMINER BRANCARD: Thank you. Any
10 questions, Mr. Rittenhouse?

11 MR. RITTENHOUSE: Nothing from COG, thank you.

12 HEARING EXAMINER BRANCARD: Thank you. Mr.
13 McClure?

14 TECHNICAL EXAMINER McCLURE: Yes, sir. Miss
15 Hardy, I guess the question I have is, where did we get this
16 pool code from?

17 MS. HARDY: I was provided the pool code by
18 Colgate --

19 TECHNICAL EXAMINER McCLURE: I guess -- go ahead.

20 MS. HARDY: -- the information on -- I don't have
21 information on how they identified pool code.

22 TECHNICAL EXAMINER McCLURE: That was what I was
23 getting ready to ask. I guess my concern here is the pool
24 that you have selected here is a gas pool, but your spacing
25 unit and your checklist is laid out as if they are selecting

1 an oil pool. And I never went back to check the pool myself
2 to see if this is the correct pool, but if it is the correct
3 pool, then your spacing unit is incorrect and you would
4 need -- or your standard spacing unit, you would need an NFC
5 if you were to go with this route. Or if you were to assume
6 that if they realized, if they checked for a gas pool, they
7 went ahead and went with the quarter section rather than
8 quarter-quarter, so that's something that has to be
9 evaluated, I guess, but one way or the other something needs
10 to be corrected.

11 MS. HARDY: Okay. I can check with Colgate on
12 the pool code and see if it needed to be a different pool
13 code.

14 TECHNICAL EXAMINER McCLURE: I'm almost wondering
15 if that might be the case if maybe they have the incorrect
16 pool, perhaps, might be my thought process. And if they
17 don't have the incorrect pool, then that means we are going
18 to have to change eventually -- the application in and of
19 itself has to be changed essentially because you are going
20 to need either a different spacing unit or an NFC, one or
21 the other.

22 I don't know how you want to proceed here,
23 Mr. Brancard, I guess.

24 HEARING EXAMINER BRANCARD: I don't know. I
25 think we just need to figure out what this pool requires --

1 if it's, a, the correct pool, and b, if this pool requires
2 something different then quarter-quarter section has
3 specific spacing.

4 TECHNICAL EXAMINER McCLURE: I was going to say,
5 on our side it has it listed as a quarter section, but I
6 guess you are correct, I didn't actually go back to the
7 actual -- the actual hearing order itself to make sure there
8 wasn't any special pool rules, I just know what's listed
9 digitally. Whether that's correct or not, I don't know.

10 HEARING EXAMINER BRANCARD: You're ahead of me.

11 TECHNICAL EXAMINER McCLURE: But the simplest
12 thing would be, if this is the incorrect pool code, it's
13 relatively just a couple of extra submittals, but I don't
14 know what your thought process is to continue until we know
15 or what you want to do, I guess.

16 HEARING EXAMINER BRANCARD: That involves all
17 three of these cases, they are all three Wolfcamp in this
18 pool?

19 TECHNICAL EXAMINER McCLURE: It looked that way
20 to me, yes.

21 MS. HARDY: That's correct. Mr. McClure, can I
22 ask a clarification question? Okay. So it sounds like this
23 pool is a quarter-quarter section building blocks, though,
24 is that right?

25 TECHNICAL EXAMINER McCLURE: The pool that you

1 have selected is quarter section, not quarter-quarter.

2 MS. HARDY: Okay. Got it, thank you. I can
3 confirm with Colgate on what it is to select a different
4 pool. I'm suspecting that might be the.

5 TECHNICAL EXAMINER McCLURE: I'm kind of
6 suspecting as well, but without going in and looking at the
7 pool map myself on the spot, it takes a little too long for
8 me to look right now.

9 MS. HARDY: Sure.

10 HEARING EXAMINER BRANCARD: Any other questions
11 or concerns, Mr. McClure?

12 TECHNICAL EXAMINER McCLURE: I'm sorry, no, I
13 have no other questions for these cases, Mr. Brancard.

14 HEARING EXAMINER BRANCARD: Okay. Ms. Hardy, I
15 would like to just continue these three cases because this
16 is a pretty significant issue, then if this is the pool,
17 then you kind of need to start all over again and turn into
18 into quarter section building blocks. So since this affects
19 all three cases, I would then have cases 22824, 22825, 22826
20 continued to July 21.

21 MS. HARDY: Understood. Thank you.

22 HEARING EXAMINER BRANCARD: All right. Any other
23 questions then on Cases 22824, 22825, 22826?

24 (No audible response.)

25 HEARING EXAMINER BRANCARD: We will continue

1 these cases, but for the moment I will admit your exhibits
2 into the record.

3 MS. HARDY: Thank you.

4 (Exhibits admitted.)

5 (Cases continued.)

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1 STATE OF NEW MEXICO
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REPORTER'S CERTIFICATE

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

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

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

Dated this 7th day of July 2022.

/s/ Irene Delgado

Court Reporter
License Expires: 12-31-22