

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

ORIGINAL

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

CASE NO. 14758

AMENDED APPLICATION OF COG-OPERATING, LLC,
TO INCREASE WELL DENSITY AND PRE-APPROVAL OF
NON-STANDARD LOCATIONS IN THE DODD FEDERAL UNIT,
EDDY COUNTY, NEW MEXICO,

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

DOCKET NO. 36-11

BEFORE: TERRY G. WARNELL, Hearing Examiner
DAVID K. BROOKS, Legal Examiner

DECEMBER 15, 2011

Santa Fe, New Mexico

This matter came on for hearing before the
New Mexico Oil Conservation Division, TERRY G. WARNELL,
Hearing Examiner, and DAVID K. BROOKS, Legal Examiner,
on THURSDAY, DECEMBER 15, 2011, at the New Mexico
Energy, Minerals and Natural Resources Department, 1220
South Street Francis Drive, Room 102, Santa Fe,
New Mexico.

REPORTED BY: Lisa Reinicke
PAUL BACA PROFESSIONAL COURT REPORTERS
500 Fourth Street, NW, Suite 105
Albuquerque, NM 87102

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A P P E A R A N C E S

For the Applicant:

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 Santa Fe, New Mexico 87501
 (505) 988-4421
 By: Michael H. Feldewert

I N D E X

PAGE

CERTIFICATE OF COMPLETION OF HEARING

8

EXHIBITS

MARKED/IDENTIFIED

1. Affidavit

6

2. Affidavit

6

3. Affidavit of Publication

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1 EXAMINER WARNELL: Next we'll call case
2 number 14758, the amended application of COG Operating,
3 LLC to increase well density and pre-approval of a
4 non-standard location in the Dog Federal Unit, Eddy
5 County, New Mexico.

6 Call for appearances.

7 MR. FELDEWERT: Mr. Examiner, Michael
8 Felderwert with the Santa Fe office of the law firm of
9 Holland & Hart appearing on behalf of the applicant. We
10 will be incorporating the record from a prior case and
11 submitting a couple of affidavits today, so I have no
12 witnesses.

13 EXAMINER WARNELL: No other appearances, no
14 witnesses. Please proceed.

15 MR. FELDEWERT: If I just may approach.

16 EXAMINER WARNELL: What we have here is
17 Examiners Will Jones and Mr. David Brooks took testimony
18 in actually the next case on the docket, 14759, back in
19 November. It involved a Burch Keely Unit, which if you
20 take a look at the first Attachment A to the
21 Mr. Broughton's affidavit, what you see there, and I
22 apologize for the size of it, but you'll see that the
23 Burch Keely Unit, which was the subject of that case in
24 November is outlined in red and right next door to it.

25 EXAMINER WARNELL: Which one am I looking

1 at?

2 MR. FELDEWERT: The first affidavit, COG
3 Exhibit Number 1, first attachment. There you go. The
4 Burch Keely Unit, which was the subject of that case,
5 14759, heard in November is right adjacent to the Dodd
6 Federal Unit, which is at issue in this particular
7 matter. What links the two cases together is that the
8 same exceptions are sought for both of these federal
9 units.

10 And as Mr. Brooks pointed out, rather than repeat
11 the testimony offered in case 14759 involving the Burch
12 Keely Unit, we ask that the record from that case and
13 the testimony be incorporated into this particular
14 matter because it likewise supports the identical relief
15 that is sought for the Dodd Federal Unit. So what we
16 have done is I provided the division as Concho Exhibit
17 Number 1 with an affidavit of Mr. Broughton, who
18 testified at the hearing on the Burch Keely Unit. He
19 has provided you the Attachment A, which shows the two
20 units next to each other, both of which are currently
21 operated by COG.

22 The other aspect that he has included in this
23 case is he has created as Attachment B a second cross
24 section. And the reason he did that is because there
25 was an initial cross section that was admitted into

1 evidence in the case involving the Burch Keely Unit. We
2 wanted to include some additional wells within the Dodd
3 Federal Unit within the cross section. And that's what
4 he has done on Attachment B to his affidavit.

5 You'll see then on Attachment C he has a
6 stratigraphic cross section. This is similar to the one
7 that was introduced in the Burch Keely case but
8 including additional wells, really solely for the
9 purpose of demonstrating and establishing that the
10 Paddock members and the Blinebry member of the formation
11 here extend throughout both units. And he testifies in
12 his affidavit that the thickness, the porosity, and the
13 potential productivity of both of these members are
14 consistent throughout both of these units so that the
15 geology, as he testifies in his affidavit is essentially
16 the same and therefore the testimony provided in the
17 Burch Keely case. The evidence that was put in on the
18 production characteristics that were seen in the Burch
19 Keely Unit, any other reasons for the exceptions, apply
20 equally to the Dodd Federal Unit, so that's the purpose
21 of Mr. Broughton's affidavit.

22 We then, for purposes of the notice issues, have
23 provided to you as COG Exhibit Number 2 the affidavit of
24 Mr. Branden Gaynor. He was the landman who also
25 testified in the Burch Keely Unit case heard in

1 November. And his affidavit establishes that he
2 identified with division designated operators within the
3 pools that were affected by this application, and we
4 provided notice to those operators. And in addition,
5 pursuant to the division's request at the last hearing
6 involving the BKU, included notice to the Bureau of Land
7 Management because of these federal units.

8 Our final exhibit to offer here today is COG
9 Exhibit 3, which is the affidavit of publication, which
10 is the last page of our package in the newspaper.

11 We would therefore move the admission of COG
12 Exhibits 1 through 3. We ask that the record from case
13 14759 involving the BKU be incorporated into this case.
14 And just by way of suggestion here, perhaps both cases
15 could be handled by a single order since the evidence in
16 support of both of these applications is the same and
17 equally supports the exceptions that are sought.

18 EXAMINER WARNELL: That's a great idea.
19 Exhibits 1 through 3 are admitted, and case 14759 and
20 14758 could be written by one Hearing Examiner.

21 [Exhibits 1 through 3 admitted into evidence.]

22 EXAMINER BROOKS: I think the Examiners
23 present today should take a vote on who should write
24 that.

25 EXAMINER WARNELL: Well, in order to

1 maintain the continuity that Mr. Feldewert and his
2 clients have come to expect from OCD, there's no need to
3 vote.

4 EXAMINER BROOKS: We're saying Mr. Jones
5 should be responsible for writing that order.

6 EXAMINER WARNELL: I was looking at that
7 yesterday, I thought they had Will listed as the legal
8 advisor. Yes, Will Jones, Legal Advisor; David K.
9 Brooks as Hearing Examiner. I think we can do that.

10 MR. FELDEWERT: So I think formally we just
11 need to incorporate the prior, get the record of case
12 from 14759 into this matter, and ask that be done as
13 well.

14 EXAMINER WARNELL: Okay. So then we will
15 take under advisement both cases, case 14758 and case
16 14759.

17 EXAMINER BROOKS: And we're going to take
18 administrative notice of the record of the previous
19 case, right?

20 EXAMINER WARNELL: Yes. We still need to
21 call case 14759.

22 MR. FELDEWERT: And that concludes, then, my
23 presentation and requests in this case.

24 EXAMINER WARNELL: Case 14758 is taken under
25 advisement.

[Case 14758 taken under advisement.]

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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. _____
heard by me on _____

_____, Examiner
Oil Conservation Division