

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 COG OPERATING, LLC
TO REOPEN CASE NUMBER 15030 TO
POOL THE INTERESTS OF ADDITIONAL
MINERAL OWNERS UNDER THE TERMS OF
COMPULSORY POOLING ORDER R-13766,
LEA COUNTY, NEW MEXICO.

CASE NO. 15030
(Reopened)

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

July 21, 2016

Santa Fe, New Mexico

BEFORE: MICHAEL McMILLAN, CHIEF EXAMINER
WILLIAM V. JONES, TECHNICAL EXAMINER

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This matter came on for hearing before the
New Mexico Oil Conservation Division, Michael McMillan,
Chief Examiner, and William V. Jones, Technical
Examiner, on Thursday, July 21, 2016, at the New Mexico
Energy, Minerals and Natural Resources Department,
Wendell Chino Building, 1220 South St. Francis Drive,
Porter Hall, Room 102, Santa Fe, New Mexico.

REPORTED BY: Mary C. Hankins, CCR, RPR
New Mexico CCR #20
Paul Baca Professional Court Reporters
500 4th Street, Northwest, Suite 105
Albuquerque, New Mexico 87102
(505) 843-9241

APPEARANCES

FOR APPLICANT COG OPERATING, LLC:

JORDAN L. KESSLER, ESQ.
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EXHIBITS OFFERED AND ADMITTED

COG Operating, LLC Exhibit Numbers 14 and 15 5

(These exhibits were not provided to the
court reporter and do accompany this record.)

1 (11:13 a.m.)

2 EXAMINER McMILLAN: I'd like to call Case
3 Number 15030, application of COG Operating, LLC to
4 reopen Case Number 15030 to pool the interests of
5 additional mineral interest owners under the terms of
6 Compulsory Pooling Order R-13766, Lea County, New
7 Mexico.

8 Call for appearances.

9 MS. KESSLER: Jordan Kessler, from the
10 Santa Fe office of Holland & Hart, on behalf of COG
11 Operating, LLC.

12 EXAMINER McMILLAN: Any other appearances?
13 Please proceed.

14 MS. KESSLER: No witnesses today,
15 Mr. Examiners. This will be presented by affidavit.
16 And I've handed you both a copy of the original order,
17 which is Order R-13766 and then also the affidavit of
18 Joseph Scott, along with notice.

19 If we look at Order R-13766, you'll notice
20 that this was originally heard in front of the Division
21 on July 25th of 2013. This created a 200-acre
22 nonstandard spacing and proration unit comprised of the
23 east half-south half of Section 11 and the
24 northeast-northwest quarter of Section 14, Township 17
25 South, 32 East, in Lea County. That pools the

1 uncommitted mineral interest in the Yeso Formation, West
2 Maljamar-Yeso Oil Pool, which is 4500, and dedicated the
3 spacing unit to the Panhead Number 4H well.

4 COG has recently discovered additional
5 mineral interest owners, and so I've marked two
6 additional exhibits today, Exhibits 14 and 15.

7 Exhibit 14 is an affidavit by Mr. Joseph
8 Scott. He's a landman with COG. It reflects that COG
9 has discovered additional uncommitted mineral interest
10 owners in the form of estates with unmarketable title.
11 Paragraph five on the second page of the affidavit
12 identifies those estates. Attempts were made to reach
13 voluntary agreement with each of these parties, but they
14 are all unlocatable.

15 So the following exhibit, Exhibit 15, is a
16 notice of publication directed to those estates by name
17 providing them notice of this hearing.

18 So I would ask that Order R-13766 be
19 reopened and be amended to pool the interest of these
20 additional estates that are identified in paragraph
21 five.

22 EXAMINER McMILLAN: Okay. Exhibit 14 shall
23 be accepted as part of the record.

24 MS. KESSLER: 14 and 15.

25 EXAMINER McMILLAN: I'm sorry. Excuse me.

1 Exhibits 14 and 15 may be accepted as part of the
2 record.

3 MS. KESSLER: Thank you.

4 (COG Operating, LLC Exhibit Numbers 14 and
5 15 are offered and admitted into evidence.)

6 EXAMINER McMILLAN: And Case Number 15030
7 shall be taken under advisement.

8 Thank you.

9 EXAMINER JONES: But these are all -- these
10 are all non -- unmarketable interests; is that correct?

11 MS. KESSLER: That is correct, and also
12 unlocatable.

13 EXAMINER JONES: But -- okay. But
14 unmarketable meaning they don't participate in the well.
15 They -- they -- they're just -- they didn't have -- they
16 didn't have pool clauses, and so they -- you just want a
17 record -- essentially, record title owner compulsory
18 pooling; is that correct?

19 MS. KESSLER: I don't think that it
20 matters. We're asking them to be pooled under the terms
21 of the original order. So I can't identify what type of
22 interest they are, but since they -- they haven't
23 identified as unmarketable, so I don't know if the risk
24 penalty would apply to them, but --

25 EXAMINER JONES: Okay. Unmarketable --

1 they still might be participating in the well if they
2 chose to participate?

3 MS. KESSLER: That's correct. Yeah.

4 Thank you.

5 EXAMINER JONES: Okay. The normal
6 compulsory pooling.

7 MS. KESSLER: Correct.

8 (Case Number 15030 concludes, 11:17 a.m.)
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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

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

3

4 CERTIFICATE OF COURT REPORTER

5 I, MARY C. HANKINS, Certified Court
6 Reporter, New Mexico Certified Court Reporter No. 20,
7 and Registered Professional Reporter, do hereby certify
8 that I reported the foregoing proceedings in
9 stenographic shorthand and that the foregoing pages are
10 a true and correct transcript of those proceedings that
11 were reduced to printed form by me to the best of my
12 ability.

13 I FURTHER CERTIFY that the Reporter's
14 Record of the proceedings truly and accurately reflects
15 the exhibits, if any, offered by the respective parties.

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

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21



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MARY C. HANKINS, CCR, RPR
Certified Court Reporter
New Mexico CCR No. 20

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Date of CCR Expiration: 12/31/2016

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Paul Baca Professional Court Reporters

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