

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

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

ORIGINAL

7 AMENDED APPLICATION OF COG OPERATING, CASE NO. 15090  
8 LLC TO RE-OPEN CASE NUMBER 15090 TO (re-opened)  
9 POOL THE INTERESTS OF ADDITIONAL MINERAL  
10 OWNERS UNDER THE TERMS OF COMPULSORY  
11 POOLING ORDER R-13808, EDDY COUNTY,  
12 NEW MEXICO.

13 REPORTER'S TRANSCRIPT OF PROCEEDINGS

14 EXAMINER HEARING

15 August 4, 2016

16 Santa Fe, New Mexico

17 BEFORE: WILLIAM V. JONES, CHIEF EXAMINER  
18 DAVID K. BROOKS, LEGAL EXAMINER

19 This matter came on for hearing before the  
20 New Mexico Oil Conservation Division, William V. Jones,  
21 Chief Examiner, and David K. Brooks, Legal Examiner, on  
22 Thursday, August 4, 2016, at the New Mexico Energy,  
23 Minerals and Natural Resources Department, Wendell Chino  
24 Building, 1220 South St. Francis Drive, Porter Hall,  
25 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

1 APPEARANCES

2 FOR APPLICANT COG OPERATING, LLC:

3 JORDAN L. KESSLER, ESQ.  
 4 HOLLAND & HART  
 110 North Guadalupe, Suite 1  
 Santa Fe, New Mexico 87501  
 (505) 988-4421  
 jlkessler@hollandhart.com

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11 COG Operating, LLC's Case-in-Chief:

12 Witnesses:

13 Joseph Scott:

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18 EXHIBITS OFFERED AND ADMITTED

19 COG Operating, LLC Exhibit Numbers 1 through 7 8

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1 (2:30 p.m.)

2 EXAMINER JONES: Call Case Number 15090,  
3 re-opened, re-advertised, amended application of COG  
4 Operating, LLC to reopen Case Number 15090 to pool the  
5 interest of additional mineral owners under the terms of  
6 compulsory pooling Order R-13808, Eddy County, New  
7 Mexico.

8 Call for appearances.

9 MS. KESSLER: Jordan Kessler on behalf of  
10 the Applicant. I have the same witness.

11 JOSEPH SCOTT,  
12 after having been previously sworn under oath, was  
13 questioned and testified as follows:

14 DIRECT EXAMINATION

15 BY MS. KESSLER:

16 Q. Please state your name for the record.

17 A. Joseph Scott. I'm a landman. I work for COG  
18 Operating, LLC.

19 Q. You testified in the previous case before the  
20 Division?

21 A. Yes.

22 Q. And your credentials as a petroleum landman  
23 were accepted and made a matter of record?

24 A. Yes.

25 Q. Are you familiar with the application filed in

1 this case?

2 A. Yes.

3 Q. And are you familiar with the status of the  
4 lands in the subject area?

5 A. Yes.

6 MS. KESSLER: Mr. Examiners, once again,  
7 I'd tender Mr. Scott as an expert in petroleum land  
8 matters.

9 EXAMINER JONES: He is so qualified.

10 Q. (BY MS. KESSLER) Mr. Scott, if you could turn  
11 to Exhibit 1, is this Order R-13808?

12 A. Yes.

13 Q. And was this a pooling order entered by the  
14 Division in March of 2014?

15 A. Yes, it was.

16 Q. And did this create a nonstandard spacing and  
17 proration unit?

18 A. Yes, it did. It is comprised of the west  
19 half-west half of Section 6, 19 South, 26 East Eddy  
20 County, New Mexico, for the Arabian 6 Fee 10H to pool  
21 the Yeso Formation.

22 Q. It's the uncommitted interest owners in the  
23 Yeso Formation -- Atoka-Glorieta-Yeso Pool, correct?

24 A. Yes.

25 Q. As mentioned, it's for the Arabian 6 Fee 10H

1 well?

2 A. Yes.

3 Q. If you could turn to Exhibit 2, is this the  
4 filed plat for that well?

5 A. Yes.

6 Q. Does it identify the pool involved?

7 A. Yes, it does, the Atoka-Glorieta-Yeso.

8 Q. And it provides the API number and the pool  
9 code?

10 A. Yes.

11 Q. Why has COG come back for additional action?

12 A. The well was shut in without notifying Land.  
13 We lost leases. After that, the JOA expired. We  
14 attempted to pick up all the leases that expired and  
15 recommit the working interest owners to the JOA. We  
16 were successful in picking up all the expired leases but  
17 not all the working interest owners recommitted to the  
18 JOA.

19 Q. Okay. So you're requesting to add the working  
20 interest owners to the --

21 A. Correct.

22 Q. -- uncommitted working interest owners?

23 A. Correct.

24 Q. You also request that the Division revise the  
25 order to include the Atoka and Glorieta Formation?

1 A. Yes.

2 Q. And is that because the pool covering this  
3 acreage covers, in addition to the Yeso Formation, the  
4 Atoka and Glorieta?

5 A. Yes.

6 Q. Is ownership common between the Atoka, Glorieta  
7 and Yeso?

8 A. It is.

9 Q. If you will turn to Exhibit 3, does this  
10 identify ownership by tract and the uncommitted interest  
11 owners you seek to pool?

12 A. Yes, the DHA, LLC.

13 Q. Have you been able to locate this interest  
14 owner?

15 A. I've placed multiple calls, and they haven't  
16 called me back. We have sent them a letter trying to  
17 recommit them to the JOA.

18 Q. And is Exhibit 4 a copy of the letter you sent  
19 to them?

20 A. Yes, it is.

21 Q. And you're requesting that they execute the  
22 operating agreement, correct?

23 A. Yes.

24 Q. And you mentioned that you did not hear back  
25 from them?

1 A. I did not.

2 Q. Did you subsequently send an amended letter to  
3 the interest owners who you are seeking to add, who are  
4 uncommitted at this time?

5 A. Yes, I did.

6 Q. And that's Exhibit 5, correct?

7 A. Yes.

8 Q. Is Exhibit 6 an affidavit with attach letters  
9 from my office sending notice of the hearing to the  
10 parties that you seek to add to the pooling order?

11 A. Yes.

12 Q. And did you publish notice of this hearing?

13 A. Yes, we did.

14 Q. And that's included as Exhibit 7?

15 A. Yes.

16 Q. So are you now asking the Division to add DHA  
17 to the existing pooling order?

18 A. Yes.

19 Q. And were Exhibits 1 through 5 prepared by you  
20 or compiled under your direction and supervision?

21 A. Yes.

22 MS. KESSLER: Mr. Examiners, I'd move  
23 admission of Exhibits 1 through 7.

24 EXAMINER JONES: Exhibits 1 through 7 are  
25 admitted.

1 (COG Operating, LLC Exhibit Numbers 1  
2 through 7 are offered and admitted into  
3 evidence.)

4 EXAMINER JONES: Do you have any questions,  
5 David?

6 EXAMINER BROOKS: No questions.

7 EXAMINER JONES: I don't think I do either.  
8 With that, we'll take Case 15090 under  
9 advisement.

10 (Case Number 15090 concludes, 2:35 p.m.)  
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16 I do hereby certify that the foregoing is  
17 a complete record of the proceedings in  
18 the Examiner hearing of Case No. \_\_\_\_\_  
19 heard by me on \_\_\_\_\_

20 \_\_\_\_\_, Examiner  
21 Oil Conservation Division  
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1 STATE OF NEW MEXICO  
2 COUNTY OF BERNALILLO

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4 CERTIFICATE OF COURT REPORTER

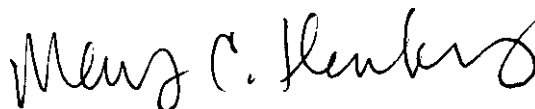
5 I, MARY C. HANKINS, Certified Court  
6 Reporter, New Mexico Certified Court Reporter No. 20,  
7 and Registered Professional Reporter, do hereby certify  
8 that I reported the foregoing proceedings in  
9 stenographic shorthand and that the foregoing pages are  
10 a true and correct transcript of 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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MARY C. HANKINS, CCR, RPR  
Certified Court Reporter  
New Mexico CCR No. 20

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Date of CCR Expiration: 12/31/2016

24

Paul Baca Professional Court Reporters

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