

3 IN THE MATTER OF THE HEARING CALLED
4 BY THE OIL CONSERVATION COMMISSION FOR
5 THE PURPOSE OF CONSIDERING:

6 DE NOVO APPLICATION OF CIMAREX
7 ENERGY COMPANY FOR A NONSTANDARD
8 OIL SPACING AND PRORATION UNIT
9 AND COMPULSORY POOLING,
10 CHAVES COUNTY, NEW MEXICO.

CASE NO. 14966

ORIGINAL

11 REPORTER'S TRANSCRIPT OF PROCEEDINGS

12 COMMISSION HEARING

13 November 21, 2013

14 Santa Fe, New Mexico

15 BEFORE: JAMI BAILEY, CHAIRPERSON
16 TERRY WARNELL, COMMISSIONER
17 ROBERT S. BALCH, COMMISSONER
18 BILL BRANCARD, ESQ.

REC'D
NOV 21 2013

19 This matter came on for hearing before the
20 New Mexico Oil Conservation Commission on Thursday,
21 November 21, 2013, at the New Mexico Energy, Minerals
22 and Natural Resources Department, 1220 South St. Francis
23 Drive, Porter Hall, Room 102, Santa Fe, New Mexico.

24 REPORTED BY: Mary C. Hankins, CCR, RPR
25 New Mexico CCR #20
Paul Baca Professional Court Reporters
500 4th Street, Northwest, Suite 105
Albuquerque, New Mexico 87102

1 (9:06 a.m.)

2 CHAIRPERSON BAILEY: The next order of
3 business is signing of the order for Case Number 14966,
4 which was the de novo application of Cimarex Energy
5 Company for a nonstandard oil spacing and proration unit
6 and compulsory pooling in Chaves County, New Mexico.

7 Counsel Brancard, would you like to explain
8 the order?

9 MR. BRANCARD: Thank you, Madam Chair.

10 The order is a little lengthy because we're
11 having to implement all the conditions that normally go
12 with a spacing and proration unit here.

13 But, basically, the Division denied this
14 initial application for two reasons, essentially that
15 the geology showed that there was a nonproductive area
16 within the unit which would impair the correlative
17 rights of interest owners in the rest of the unit and
18 that, under a prior Division order, the Division had
19 decided that units that exceeded 160 acres for 40-acre
20 units should only be granted in unusual cases. And the
21 order outlines the evidence presented by Cimarex that
22 shows to the Commission's satisfaction that all the
23 units -- all the 40-acre units within the larger unit
24 are productive, and, therefore, there is no problem with
25 correlative rights any longer.

1 And second, the Commission makes it clear
2 that its decisions to amend the Horizontal Well Rules
3 superseded the prior Division orders about the size of
4 horizontal well units and that the Commission,
5 therefore, no longer distinguishes among the lengths of
6 laterals in making decisions about propriety of a
7 nonstandard unit.

8 CHAIRPERSON BAILEY: Commissioners, have
9 you each had a chance to review the order as it was
10 drafted?

11 COMMISSIONER WARNELL: Yes, I have.

12 COMMISSIONER BALCH: I read the order, yes.

13 CHAIRPERSON BAILEY: Do I hear a motion to
14 adopt this order?

15 COMMISSIONER WARNELL: Make the motion to
16 adopt the order.

17 COMMISSIONER BALCH: I'll second the motion
18 to adopt the order.

19 CHAIRPERSON BAILEY: All those in favor say
20 aye.

21 (Ayes are unanimous.)

22 CHAIRPERSON BAILEY: Then we have a quorum
23 of Commissioners present and by telephone; and two
24 Commissioners will be signing this order in person, and
25 the order will be sent to Commissioner Balch, for his

1 signature, so it will be a unanimous order signature.

2 COMMISSIONER BALCH: I'll be in my office
3 on Monday, and I'll sign that and get it right back up
4 to you.

5 CHAIRPERSON BAILEY: Okay.

6 Is there any other business before the
7 Commission?

8 MR. BRANCARD: Madam Chair, I just sent
9 information out to the Commissioners about the ongoing
10 litigation, if they have any questions. I haven't
11 received any questions from anybody, but if there are
12 questions, they can contact me directly.

13 CHAIRPERSON BAILEY: Okay.

14 Dr. Balch, do you have anything else for
15 this hearing?

16 COMMISSIONER BALCH: I have no other
17 business.

18 CHAIRPERSON BAILEY: Okay.

19 COMMISSIONER WARNELL: I have no other
20 questions at this time.

21 CHAIRPERSON BAILEY: Then do I hear a
22 motion for us to adjourn?

23 COMMISSIONER WARNELL: I make the motion
24 that we adjourn.

25 COMMISSIONER BALCH: And I second the

1 motion.

2 CHAIRPERSON BAILEY: All those in favor.

3 (Ayes are unanimous.)

4 CHAIRPERSON BAILEY: Thank you very much.

5 (Case Number 14966 concludes, 9:10 a.m.)

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

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

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

19



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MARY C. HANKINS, CCR, RPR
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