

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 Cimarex Energy Company.
to Re-Open Case 20746 and Amend
Order No. R-21033 for an
Extension of the Well Commencement
Deadline Case No. 22147

Application of Cimarex Energy Company.
to Re-Open Case 20748 and Amend
Order No. R-21035 for an
Extension of the Well Commencement
Deadline Case No. 22148

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

THURSDAY, SEPTEMBER 9, 2021

SANTA FE, NEW MEXICO.

This matter came on for hearing before the
New Mexico Oil Conservation Division, William
Brancard, Esq. Hearing Examiner, Kurt Simmons,
Technical Examiner, on September 9, 2021, via Webex
Virtual Conferencing Platform hosted by New Mexico
Department of Energy, Minerals and Natural Resources

Reported by: Mary Therese Macfarlane
New Mexico CCR #122
PAUL BACA PROFESSIONAL COURT REPORTERS
500 Fourth Street NW, Suite 105
Albuquerque, New Mexico 87102
(505) 843-9241

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A P P E A R A N C E S

FOR CIMAREX ENERGY: Darin C. Savage, Esq.
Abadie & Schill, PC
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C O N T E N T S

CASE NOS. 22147, 222148	PAGE
CASE CALLED:	3
TAKEN UNDER ADVISEMENT:	6

I N D E X O F E X H I B I T S

NO.	DESCRIPTION	ADMITTED
A	Affidavit of Riley Morris, Landman	6
B	Affidavit of Notice	6
B-1	Notice Letters	6
B-2	Mailing List	6
B-3	Affidavit of Publication	6

1 (Time noted 9:56 a.m.)

2 EXAMINER BRANCARD: With that, Case Nos. 22147
3 and 22148, Cimarex Energy.

4 MR. SAVAGE: Good morning, Mr. Examiner. Darin
5 Savage of Abadie & Schill appearing on behalf of Cimarex
6 Energy Company.

7 EXAMINER BRANCARD: Thank you. And do we have
8 any other interested persons for Cases 22147 or 22148?
9 (Note: Pause.) Hearing none, you may proceed, Mr.
10 Savage.

11 MR. SAVAGE: Thank you. Cimarex has received no
12 objections to the application and desires to provide by
13 affidavit in the consolidation of these two cases, 22147
14 and 22148, which Cimarex requests a nine-month extension
15 of well permits and deadlines for the 1H and 2H wells.

16 In Case No. 22147 Cimarex seeks to reopen
17 Case No. 20746 and amend Order No. R-21033 in order to
18 request the extension of the well unit deadline for the
19 pooled unit in the Bone Spring Formation underlying the
20 north half/horth of Sections 16 and 17, Township 19, Range
21 29 East, Eddy County, New Mexico, dedicated to the Parkway
22 16-17 State Com. 1H well.

23 And in the sister case, No. 22148, Cimarex
24 seeks to reopen case 20748 and amend Order R-21035 in
25 order to request the extension for the well commencement

1 deadline for pooled unit in the Bone Spring Formation
2 underlying the south half of the north half of the same
3 sections. This one is dedicated to the Parkway 2H well.

4 The Pooling Orders, copies of which are
5 provided in the record section of the hearing packet allow
6 for a time extension upon the showing of good cause.

7 In Exhibit A, Tab 2, the landman Mr. Riley
8 Morris, who is familiar with the subject lands and unit
9 and his credentials have been accepted as an expert in
10 professional land matters, testifies by affidavit that
11 Cimarex is in good standing under statewide rules and
12 existing Court Orders and there exists good cause to grant
13 the time extension requested.

14 Cimarex in good faith has made (inaudible)
15 substantial progress toward the development of the unit,
16 has obtained drilling permits, and has secured a
17 significant amount of the acreage by voluntary agreement
18 and successful trades.

19 Cimarex has experienced delays and
20 logistical issues in its drilling plans beyond its control
21 due to prior difficult working conditions and setbacks
22 caused by Covid 19 conditions. It has had to re-organize
23 its plans and drilling schedule, finally consolidating
24 future plans for these wells to be drilled simultaneously
25 with the other Parkway wells. And I believe there are a

1 total of six Parkway wells in this area, and with the time
2 extension this will optimize the efficiency of operations
3 and completion of the wells and the revised drilling
4 plans.

5 I would like to point out this is a request
6 for a second extension, and we were hoping to be able to
7 do the batch drilling to accommodate these particular
8 wells.

9 Cimarex is committed to the development of
10 the unit, the Bone Spring Formation. Cimarex will
11 continue to work with the remaining uncommitted interest
12 owners, and respectfully requests the opportunity to move
13 forward without interruption under a nine-month extension.

14 Cimarex looked very closely at its drilling
15 schedule and we're requesting the nine-month instead of
16 the typical one-year in order to address issues of waste
17 and getting these wells drilled.

18 Exhibit B in the hearing packet shows that
19 Notice for this hearing was timely, and the Mailing Report
20 shows the Notice Letters received by the interest owners
21 with only one party marked as undeliverable, for which
22 Cimarex made timely Publication of Notice to account for
23 such a contingency.

24 Examples of the Notice Letters and
25 Newspaper Publications are provided in Exhibit B, along

1 with the Affidavit of Notice.

2 We request that Exhibits A and B for these
3 two cases, 22147 and 22148, and all related sub exhibits
4 be admitted to the record, and that Cimarex's request for
5 a time extension in this application be taken under
6 advisement.

7 EXAMINER BRANCARD: Thank you. Mr. Simmons, any
8 questions.

9 EXAMINER SIMMONS: So the date by which Cimarex
10 seeks to begin drilling is going to be September 23, 2022;
11 is that correct?

12 MR. SAVAGE: We put in there October 23, 2022.

13 EXAMINER SIMMONS: Okay. Okay. No other
14 questions. I guess everything was filed in a timely
15 manner. It's just for the expiration. So, no, we should
16 be good.

17 MR. SAVAGE: Thank you. I appreciate that.

18 EXAMINER BRANCARD: Are there any other
19 interested persons for Cases 22147 and 22148? (Note:
20 Pause.) Hearing none, the exhibits will be admitted into
21 the record and Cases 22147 and 22148 will be taken under
22 advisement. Thank you.

23 (Time noted 10:02 a.m.)

24

25

1 STATE OF NEW MEXICO)

2 : ss

3 COUNTY OF TAOS)

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5

REPORTER'S CERTIFICATE

6

I, MARY THERESE Macfarlane, New Mexico Reporter

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CCR No. 122, DO HEREBY CERTIFY that on Thursday,

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September 9, 2021, the proceedings in the above-captioned

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matter were taken before me; that I did report in

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stenographic shorthand the proceedings set forth herein,

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and the foregoing pages are a true and correct

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transcription to the best of my ability and control.

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I FURTHER CERTIFY that I am neither employed by

14

nor related to nor contracted with (unless excepted by the

15

rules) any of the parties or attorneys in this case, and

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that I have no interest whatsoever in the final

17

disposition of this case in any court.

18

/s/ Mary Macfarlane

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MARY THERESE Macfarlane, CCR

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NM Certified Court Reporter No. 122

License Expires: 12/31/2021

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