

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.: 14764

APPLICATION OF CIMAREX ENERGY COMPANY OF COLORADO FOR
APPROVAL OF A NON-STANDARD OIL SPACING AND PRORATION UNIT, AN
UNORTHODOX LOCATION, AND COMPULSORY POOLING, LEA COUNTY, NEW
MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS
EXAMINER HEARING

BEFORE: DAVID K. BROOKS, Legal Examiner

March 1, 2012

Santa Fe, New Mexico

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This matter came on for hearing before the New
Mexico Oil Conservation Division, DAVID K. BROOKS, Legal
Examiner, on March 1, 2012, at the New Mexico Energy,
Minerals and Natural Resources Department, 1220 South St.
Francis, Drive, Room 102, Santa Fe, New Mexico.

REPORTED BY: Irene Delgado, NM CCR 253
Paul Baca Professional Court Reporters
500 Fourth Street, NW, Suite 105
Albuquerque, New Mexico 87102

A P P E A R A N C E S

FOR THE APPLICANT:

JAMES BRUCE
P.O. Box 1056
Santa Fe, NM 87504

FOR THOMAS M. BEALL, CAROLYN BEALL, FUEL PRODUCTS, PEAR
RESOURCES AND GARDENIA INVESTMENTS:

ADAM RANKIN
HOLLAND & HART
110 North Guadalupe, Suite 1
SANTA FE, NM 87501

I N D E X

EXHIBITS

EXHIBIT 6-A ADMITTED

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1 EXAMINER BROOKS: Okay. Then that brings us to Case
2 Number 14764, the application of Cimarex Energy Company of
3 Colorado for approval of a non-standard oil spacing unit and
4 proration unit, an unorthodox location and compulsory
5 pooling, Lea County, New Mexico. Call for appearances.

6 MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe
7 representing the applicant. I have no witnesses.

8 MR. RANKIN: Mr. Examiner, Adam Rankin here on
9 behalf of Thomas Beall, Carolyn Beall, Fuel Products, Pear
10 Resources, and Gardenia Investments.

11 EXAMINER BROOKS: Very good. Well, I see nobody
12 that looks like a witness, so we will proceed with the
13 argument of counsel.

14 MR. BRUCE: Mr. Examiner, this case was heard six
15 weeks ago, and at the hearing I requested that it be
16 continued for four weeks. That was done at the request of
17 Tom Beall, Carolyn Beall, and Fuel Products, Inc. They said
18 that they had not received notice, even though I had a green
19 card, but we agreed to give them extra notice.

20 I've handed you Exhibit 6-A, which is my
21 affidavit -- and at the hearing there was one person who
22 didn't receive actual notice, certified mail was never
23 claimed, and that was Steven Rodrigue, individually and as
24 trustee. Submitted to you as Exhibit 6-A is my affidavit of
25 notice showing that notice was given to both people of the

1 February 16 hearing.

2 Before that hearing, one of the parties, not
3 Mr. Rankin's clients, asked that the case be continued for
4 two weeks. That was a request of Reed and Stevens, Inc., And
5 so we requested that it be continued until today's date. I
6 would move the admission of Exhibit 6-A, and also like to
7 state on the record that Reed and Stevens, Inc., First
8 Century Oil, Inc. and Charles -- excuse me -- Betty Ann --
9 Betty Reed Young have signed a JOA and are not subject to
10 compulsory pooling.

11 Mr. Rankin mentioned a couple of other companies who
12 aren't in the chain of title, so -- but they are related to
13 Tom Beall or Fuel Products, I believe.

14 MR. RANKIN: I think that's the case.

15 MR. BRUCE: But before the hearing, Mr. Rankin asked
16 if the hearing could be continued again at the request of Tom
17 Beall, et al. I would ask that the matter be taken under
18 advisement. I think the land exhibits that you have in your
19 file show that the well was first proposed about a year ago,
20 and JOAs have been sent to all the parties. We did comply
21 with Mr. Beall's request, and we think this matter is ready
22 to be taken under advisement, and I would move the admission
23 of Exhibit 6-A.

24 EXAMINER BROOKS: Any objection to 6-A?

25 MR. RANKIN: No objection.

1 EXAMINER BROOKS: Then Exhibit 6-A will be admitted.
2 Mr. Rankin?

3 (Exhibit 6-A admitted.)

4 MR. RANKIN: We were contacted late yesterday
5 afternoon by Mr. Beall and informed by Mr. Beall that he had
6 had no effective communications with Cimarex regarding this
7 proposal. He indicated that he was interested in joining in
8 the well, although he had not received an updated current
9 AFE. So we would ask that either he be -- either the case be
10 continued so they can continue discussions so he can join
11 properly, or that he be excluded from the pooling so that he
12 may have an opportunity to negotiate an agreement. We have
13 been requested by Mr. Beall to file a de novo application for
14 review.

15 EXAMINER BROOKS: To file what?

16 MR. RANKIN: A de novo application for review.

17 EXAMINER BROOKS: Okay. Well, it's a little
18 premature to do that when we haven't even issued an order
19 yet.

20 MR. RANKIN: That's correct.

21 EXAMINER BROOKS: You object to the motion for
22 continuance, Mr. Bruce, from what you said?

23 MR. BRUCE: I object to the motion for continuance,
24 and as I said, the record shows that he has been, Mr. Beall
25 and his -- Mrs. Beall and Fuel Products have received well

1 proposals, I think perhaps even a couple of well proposals
2 over the last year and a half.

3 EXAMINER BROOKS: What date were they served with
4 notice in this case?

5 MR. BRUCE: The first letter I sent out was dated
6 December 15. That is the one they claim they did not
7 receive, even though I have a -- a -- they did not receive
8 it, although it shows that -- the record shows that it was
9 mailed and it wasn't picked up. And then Exhibit 6-A shows
10 that, by letter dated January 25, they were mailed notice and
11 the signature on the green card is February 1, 2012.

12 EXAMINER BROOKS: Very good. The motion for
13 continuance is not timely under our rules which require 48
14 hours in advance of the hearing. I realize we haven't
15 applied that to Mr. Bruce, and that would greatly increase
16 our workload if we did, but that's been in uncontested cases
17 and this is a contested case, so I'm going to overrule the
18 motion for continuance. Pursuant to the rule, it requires a
19 motion for continuance to be filed at least 48 hours in
20 advance of the hearing. Case Number 14764 will be taken
21 under advisement.

22 The hearing on Docket Number 7-12 is adjourned.

23 (Concluded.)

24 I do hereby certify that the foregoing is
25 a complete record of the proceedings in
the Examiner hearing of Case No. _____
heard by me on 3-1-2012

David K. Brooks, Examiner
Oil Conservation Division

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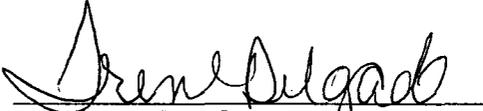
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REPORTER'S CERTIFICATE

I, IRENE DELGADO, New Mexico CCR 253, DO HEREBY
CERTIFY THAT ON March 1, 2012, proceedings in the
above-captioned case were taken before me and that I did
report in stenographic shorthand the proceedings set forth
herein; and the foregoing pages are a true and correct
transcription to the best of my ability.

I FURTHER CERTIFY that I am neither employed by nor
related to nor contracted with any of the parties or
attorneys in this case and that I have no interest whatsoever
in the final disposition of this case in any court.

WITNESS MY HAND this _____ day of March 2012.


Irene Delgado, CCR 253
Expires: 12-31-2012