

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

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS  
PRE-HEARING STATEMENT

BEFORE: RICHARD EZEANYIM, Hearing Examiner  
DAVID K. BROOKS, Legal Examiner

April 26, 2012

8:20 AM

Santa Fe, New Mexico

This matter came on for hearing before the  
New Mexico Oil Conservation Division, RICHARD EZEANYIM,  
Hearing Examiner, and DAVID K. BROOKS, Legal Examiner,  
on Thursday, April 26, 2012, at the New Mexico Energy,  
Minerals and Natural Resources Department, 1220 South  
Street Francis Drive, Room 102, Santa Fe, New Mexico.

REPORTED BY: Lisa Reinicke  
PAUL BACA PROFESSIONAL COURT REPORTERS  
500 Fourth Street, NW, Suite 105  
Albuquerque, NM 87102

1 MR. EXAMINER: Good morning, everybody.

2 This hearing will come to order. We're going to go into  
3 the docket. I want to make a brief announcement for the  
4 general consumption. Take a seat, take a seat.

5 As you all know, we have a new rule and it's in  
6 effect now and there are certain implementations that we  
7 need to make sure that you understand. From now on  
8 whenever you are presenting an interval well, you know,  
9 something like from that kind of a case, I would  
10 appreciate it if you could give us the well construction  
11 diagram at the hearing so that we know where the  
12 completed interval is at.

13 As you all know, a completed interval is a new  
14 term where we implemented a new rule. It's not just for  
15 this area. Therefore, you can present the well any way  
16 you want it as long as you give us the construction and  
17 tell us where the completed interval is. That would be  
18 really appreciated.

19 Most of the cases we have today, the information  
20 is for that area and the drilling of the well. And you  
21 may not have that well complete and you may submit after  
22 the hearing. But I want you to do it to make sure that  
23 you present the well construction in the area and not  
24 after the fact.

25 As you all know, this is a new rule and it might

1 be subject to interpretation. Here we have a technical  
2 examiner to help you; Mr. Brooks is here. And we can  
3 also help you with any technical interpretation that you  
4 may have in trying to comply with that rule or trying to  
5 present your case before the OCD or the OCC, whatever  
6 the case may be. So if you need any interpretation  
7 please let us know. We did one on Monday, and we would  
8 appreciate it if you understand how they can implement  
9 the project. I really liked it. We are working with  
10 you.

11 Okay. And I want to remind everybody, I have a  
12 full house today, about the new policy that was put in  
13 place just this February about this issue of continuing  
14 applications and the cases dismissed without prejudice.  
15 So I want to make sure everybody understands that some  
16 of the cases stay on the docket for years and then it's  
17 crossed off the docket.

18 And the recommended decision is that we need to  
19 continue for only three times or four times and then it  
20 has to be heard or dismissed without prejudice. So I  
21 want to make sure -- I think I told you that we  
22 grandfathered any continuances before February 2nd. So  
23 if you are continued for 10 times or 20, it didn't  
24 count. So whenever you think your case has been  
25 continued for three times, please make sure you prepare

1 to get it heard or dismiss it yourselves or we will  
2 dismiss it for you without prejudice.

3 You know, I talked about an example that I see of  
4 what is going on in the field about operations, how  
5 negotiations are going on. I see one thing placed on  
6 you, the fact that we would like you to, you know,  
7 negotiate. So coming to the hearing and if you actually  
8 come to the hearing, because you have the right. Of  
9 course you have the right to come to a hearing. Nobody  
10 is saying don't come to the hearing.

11 But in the interest of similar processes I would  
12 appreciate it if you guys can try to negotiate. And  
13 when it's broken down in negotiations come to the  
14 hearing. Not everything is coming to the hearing and  
15 then the docket is closed out that we are -- you know,  
16 we have short staff. We don't have enough to deal with  
17 every process of the case that you may have that could  
18 have been settled if you negotiate the case. So I  
19 always talk about this. And I think it helps you so  
20 much if you bring it to the hearing, we decide it, and  
21 you may not like it. So I encourage you to negotiate  
22 among yourselves.

23 Now I wanted to say, are there any questions or  
24 comments? Anything that anybody can do or any questions  
25 that we can handle?

1           Okay, then we're going to call today's docket.

2           Today is April 26th and we're going to call Docket

3           Number 13-12. And first order of business is to call  
4           the dismissals and continuances.

5           On page 1, case 14657 is dismissed. On page 2,  
6           case number 14814 is continued to May 10th. Then go to  
7           page 4, case number 14810 is dismissed. All the cases  
8           from case number 14819 up to 14824, all those cases are  
9           continued to May 10th; 14819, 14820, 14821, 14822, 14823  
10          and 14824 are all continued to May 10th.

11          On page 5, case number 14825 is continued to  
12          May 10th. Case number 14826 is continued to May 10th.  
13          Case number 14828 is dismissed. Page 6, case number  
14          14829 is dismissed. Case number 14830 is dismissed. On  
15          page 7, case number 14687 will be dismissed without  
16          prejudice. And I want to read this out for the record  
17          to tell you what I just said about continuing for three  
18          times and then four times they continue the hearing. So  
19          it had to be dismissed without prejudice.

20          Let me read it into the record, the case that  
21          will be dismissed without prejudice. This is  
22          application of Cimarex Energy Company for a non-standard  
23          oil spacing and proration unit and compulsory pooling  
24          for, Chaves County, New Mexico will be dismissed without  
25          prejudice.

1 On page 8, case number 14804 will be dismissed.

2 And are there any other dismissals at this time?

3 MR. RANKIN: Mr. Examiner, Adam Rankin on  
4 behalf of OXY USA. We'd like to dismiss case 14798.

5 MR. EXAMINER: What page? What page?

6 MR. RANKIN: It's on page 4.

7 MR. EXAMINER: 14798, correct.

8 MR. RANKIN: That's correct, to dismiss.

9 MR. EXAMINER: Dismissed, okay. Let the  
10 record reflect that case number 14798 is dismissed.

11 MR. BRUCE: Mr. Examiner, on page 4 at the  
12 top, I can't remember if you got this case or not. But  
13 the Mewbourne Oil Company case 14810, that should be  
14 dismissed.

15 MR. EXAMINER: Yes, I didn't say that. Any  
16 other dismissals.

17 Case number 14798, yes, I'm going to take it from  
18 the pile. I don't have to hear it anymore.

19 Any other dismissals, continuances? Now what we  
20 are going to do, we have a bunch of cases today, much  
21 are contested. So what I will do first is to call case  
22 number 14812. That case, we're not going to hear it  
23 today. We heard it last time and I just need to call it  
24 to collect some new information.

25 And then we have two cases, 14613 and 14647, then

1 we are going to follow the order of the docket. But I  
2 was informed of this one by Mr. Hall that -- everyone is  
3 present now, Mr. Hall?

4 MR. HALL: Yes, sir.

5 MR. EXAMINER: They are here now?

6 MR. HALL: Yes.

7 MR. EXAMINER: Okay. So after these cases  
8 are done then we're going to go to the docket. We're  
9 going to call it that way. Is that going to present any  
10 problem for anybody?

11 MR. HALL: You're going to do the Division's  
12 cases first?

13 MR. EXAMINER: Yes. So you are ready to go.

14 MR. HALL: Yes, sir.

15 MR. EXAMINER: Okay. So we're going to  
16 continue that way and see where we get today. I want to  
17 warn everybody that it might spill over into Friday, so  
18 I hope everybody can stay here until Friday. We don't  
19 know.

20 [Pre-Hearing statements conclude.]

21 I do hereby certify that the foregoing is  
22 a complete record of the proceedings in  
23 the Examiner hearing of Case No. 442-612  
24 heard by me on 4/12/12  
25 [Signature] Examiner  
Oil Conservation Division

## REPORTER'S CERTIFICATE

1  
2  
3 I, Lisa Reinicke, New Mexico Provisional  
4 Reporter, License #P-405, working under the direction  
5 and direct supervision of Paul Baca, New Mexico CCR  
6 License #112, Official Court Reporter for the US  
7 District Court, District of New Mexico, do hereby  
8 certify 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 and  
11 was reduced to printed form under my direct supervision.

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

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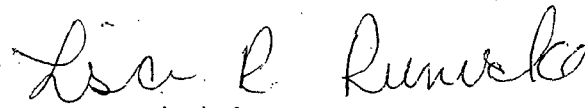
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