

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

6 APPLICATION OF CIMAREX ENERGY COMPANY CASE NO. 14966
7 FOR A NONSTANDARD OIL SPACING AND
8 PRORATION UNIT AND COMPULSORY POOLING,
9 CHAVES COUNTY, NEW MEXICO.

ORIGINAL

10 REPORTER'S TRANSCRIPT OF PROCEEDINGS

11 EXAMINER HEARING

12
13 BEFORE: DAVID K. BROOKS, CHIEF EXAMINER
14 RICHARD EZEANYIM, TECHNICAL EXAMINER
15 PHILLIP GOETZE, TECHNICAL EXAMINER

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16 April 4, 2013
17 Santa Fe, New Mexico

18 This matter came on for hearing before the
19 New Mexico Oil Conservation Division, David K. Brooks,
20 Chief Examiner, Richard Ezeanyim, Technical Examiner and
21 Phillip Goetze, Technical Examiner, on Thursday,
22 April 4, 2013, at the New Mexico Energy, Minerals and
23 Natural Resources Department, 1220 South St. Francis
24 Drive, Porter Hall, Room 102, Santa Fe, New Mexico.

25 REPORTED BY: Mary C. Hankins, CCR, RPR
New Mexico CCR #20
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APPEARANCES

FOR APPLICANT CIMAREX ENERGY COMPANY:

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INDEX

PAGE

Case Number 14966 Called	3
Cimarex Energy Company Witnesses:	
Hilary R. Coder:	
Direct Examination by Mr. Bruce	3
Cross-Examination by Examiner Brooks	8
Cross-Examination by Examiner Ezeanyim	11
Meera Ramoutar:	
Direct Examination by Mr. Bruce	14
Cross-Examination by Examiner Brooks	19
Cross-Examination by Examiner Ezeanyim	22
Redirect Examination by Mr. Bruce	28
Recross Examination by Examiner Brooks	28
Proceedings Concluded	29
Certificate of Court Reporter	30

EXHIBITS OFFERED AND ADMITTED

Cimarex Energy Company Exhibit Numbers 1 through 8	8
Cimarex Energy Company Exhibit Numbers 9 through 11	18

1 (8:26 a.m.)

2 EXAMINER BROOKS: Call Case Number 14966,
3 application of Cimarex Energy Company for a nonstandard
4 oil spacing and proration unit and compulsory pooling,
5 Chaves County, New Mexico.

6 Call for appearances.

7 MR. BRUCE: Mr. Examiner, Jim Bruce
8 representing the Applicant. I have two witnesses.

9 EXAMINER BROOKS: Okay. Very good.
10 Will the witnesses stand, please, and be
11 sworn?

12 MR. BRUCE: Stand and state your names.

13 MS. CODER: Hilary Coder.

14 MS. RAMOUTAR: Meera Ramoutar.

15 (Ms. Coder and Ms. Ramoutar sworn.)

16 HILARY R. CODER,

17 after having been previously sworn under oath, was
18 questioned and testified as follows:

19 DIRECT EXAMINATION

20 BY MR. BRUCE:

21 Q. Would you please state your name and city of
22 residence?

23 A. Hilary Coder, Midland, Texas.

24 Q. And who do you work for and in what capacity?

25 A. Cimarex Energy, landman.

1 Q. Have you previously testified before the
2 Division?

3 A. I have not.

4 Q. Would you please summarize your educational and
5 employment background?

6 A. I have a Bachelor's Degree in Business, and
7 I've been a landman for eight years; three of those
8 years with Cimarex.

9 Q. And are you familiar with the land matters
10 involved in this application?

11 A. I am.

12 MR. BRUCE: Mr. Examiner, I tender
13 Ms. Coder as an expert petroleum landman.

14 EXAMINER BROOKS: So accepted.

15 Q. (BY MR. BRUCE) Ms. Coder, could you identify
16 Exhibit 1 and describe the proposed well and well unit?

17 A. Exhibit 1 is a Midland Map Company land map.
18 It identifies the Independence 8 Federal Com #1
19 proration unit to be in the north half-northeast quarter
20 of Section 8 and the north half-north half of Section 9
21 in Township 15 South, Range 31 East.

22 Q. And what is the target of this well?

23 A. The Abo-Wolfcamp Formation.

24 Q. And do you seek the creation of a 240-acre
25 nonstandard unit?

1 A. We do.

2 Q. What is Exhibit 2?

3 A. Exhibit 2 is the C-102 for the Independence 8
4 Federal Com #1, surface location of 510 feet north,
5 2,310 feet from the east; bottom-hole location, 660 from
6 the north, 330 in the east.

7 MR. BRUCE: And, Mr. Examiner, the well
8 does have an API number, 30-005-29151.

9 EXAMINER BROOKS: 29151?

10 MR. BRUCE: Correct.

11 Q. (BY MR. BRUCE) And what is Exhibit 3,
12 Ms. Coder?

13 A. These are the working interests -- or the other
14 working interests owners and mineral owners in the
15 lands.

16 Q. And which interest owners do you seek to force
17 pool?

18 A. Sigyn Lund and Clare Fraser.

19 Q. So combined, they own a little over a percent
20 and a half in the well, I believe?

21 A. Correct.

22 Q. And what is Exhibit 4?

23 A. Exhibit 4 is our notification to the other
24 working interest owners.

25 Q. And this letter was sent out January 16th. Has

1 Cimarex been in contact with these same two interest
2 owners for the six or eight other wells in this area?

3 A. That is correct.

4 Q. And in virtually all of those wells, have they
5 responded to your proposals?

6 A. Little or none.

7 Q. And in your opinion, has Cimarex made a
8 good-faith effort to obtain the voluntary joinder of the
9 interest owners of the well?

10 A. Yes.

11 Q. Would you identify Exhibit 5 and discuss the
12 cost of the proposed well?

13 A. Exhibit 5 is our AFE for the Independence 8
14 Federal Com #1. We have a dry-hole cost of 3.589,
15 3,589,000, and a completed-well cost of 7,429,180.

16 Q. And is this cost fair and reasonable and in
17 line with the costs of other wells drilled to this depth
18 in this township?

19 A. It is.

20 Q. And what overhead rates does Cimarex request?

21 A. 700 for the drilling of the well, and 7,000 for
22 the producing.

23 EXAMINER EZEANYIM: 700 for drilling and
24 7,000 for producing?

25 THE WITNESS: Yes, sir.

1 Q. (BY MR. BRUCE) 7,000, drilling?

2 A. 7,000, drilling. Sorry.

3 Q. We decided to go for it (laughter).

4 A. A little more (laughter).

5 Q. Are those amounts equivalent to those charged
6 by Cimarex and other operators of wells in this area?

7 A. It is.

8 Q. And do you request that the rate be
9 periodically adjusted as provided by the COPAS
10 accounting procedures?

11 A. We do.

12 Q. And was notice given to the two parties being
13 pooled?

14 A. It was.

15 Q. And is that reflected in my Affidavit of Notice
16 marked Exhibit 6?

17 A. It is.

18 Q. And, Ms. Coder, the letter to Sigyn Lund was
19 unclaimed, but, again, Cimarex has been in touch with
20 Sigyn Lund for two or three years now; has it not?

21 A. Correct.

22 Q. And this is the correct address that you have
23 in your files?

24 A. It is.

25 Q. And does Exhibit 7 list the offset operators or

1 working interest owners to your proposed well?

2 A. It does.

3 Q. And were these offsets notified of the hearing?

4 A. They were.

5 Q. And is that reflected in Exhibit 8?

6 A. Yes.

7 Q. In your opinion, is the granting of this
8 application in the interest of conservation and the
9 prevention of waste?

10 A. It is.

11 Q. And were Exhibits 1 through 8 prepared by you
12 or compiled from company business records?

13 A. They were.

14 MR. BRUCE: Mr. Examiner, I'd move the
15 admission of Exhibits 1 through 8.

16 EXAMINER BROOKS: Exhibits 1 through 8 are
17 admitted.

18 (Cimarex Energy Exhibit Numbers 1 through 8
19 were offered and admitted into evidence.)

20 MR. BRUCE: I have no further questions of
21 the witness.

22 EXAMINER BROOKS: Very good. I have a few.

23 CROSS-EXAMINATION

24 BY EXAMINER BROOKS:

25 Q. Lund and Frazier are the only parties who have

1 not joined, correct?

2 A. That is correct.

3 Q. And these are owners of leasehold interests?

4 A. These are -- these are mineral owners, I
5 believe.

6 MR. BRUCE: They are lessees,
7 Mr. Examiners, federal lessees.

8 Q. (BY EXAMINER BROOKS) I had assumed that.

9 A. Yes. Sorry.

10 Q. This well is called federal, or is it all on
11 federal leasehold estate?

12 A. It is.

13 Q. From a land standpoint -- and I'll ask the
14 other witness from a technical standpoint. But from a
15 land standpoint, is there any particular reason why
16 you're drilling a mile-and-a-half lateral here rather
17 than, say, two one-mile laterals in the north half-north
18 half of 8 and 9, respectively?

19 A. I think that was more of a technical decision
20 than a land decision.

21 Q. So that does not have to do with the ownership
22 pattern?

23 A. Not to my knowledge.

24 Q. Do you know -- you don't have a lease map
25 attached here, by any chance? I didn't see one in the

1 exhibit.

2 A. Do not.

3 MR. BRUCE: I can provide you with the
4 lease information after the hearing, Mr. Examiner.

5 EXAMINER BROOKS: Yeah. I was just curious
6 what Cimarex's land ownership position is.

7 MR. BRUCE: We can provide that to you.

8 EXAMINER BROOKS: Okay. Appreciate that.

9 And you're asking for pooling only in the
10 Abo-Wolfcamp Formation? Not asking for any other
11 formations?

12 MR. BRUCE: That is correct.

13 EXAMINER BROOKS: Do you have a pool here,
14 or is this wildcat?

15 MR. BRUCE: Mr. Examiner, if you'll recall,
16 and you'll see on the geologic maps, there have been
17 dozens of wells drilled in this township by a number of
18 operators, Cimarex, Concho, Yates. And all of the --
19 when you look at the well files, they all say "wildcat
20 Abo-Wolfcamp." No pool, to my knowledge, has ever been
21 created by the Division.

22 EXAMINER BROOKS: We'll have to ask T.C.
23 about that.

24 I believe those are all my questions.

25 EXAMINER BROOKS: Mr. Ezeanyim?

1 EXAMINER EZEANYIM: Do you have questions?

2 EXAMINER GOETZE: I have no questions.

3 Thank you.

4 CROSS-EXAMINATION

5 BY EXAMINER EZEANYIM:

6 Q. What is your name, again?

7 A. Hilary Coder.

8 Q. I'm very uncomfortable calling you a landman,
9 but that's what you are.

10 A. (Laughter.)

11 (Laughter.)

12 EXAMINER EZEANYIM: I don't know why you
13 guys are laughing.

14 Q. (BY EXAMINER EZEANYIM) Did we locate everybody?

15 A. I'm sorry, what was that?

16 Q. Did we locate every interest owner? Everybody
17 that is supposed to get notice, did we locate all of
18 them?

19 A. We did.

20 Q. All of them?

21 A. Yes.

22 Q. So we don't have any requirement for escrow?

23 A. I'm sorry, what was that?

24 Q. No requirement for escrow?

25 MR. BRUCE: No.

1 A. No.

2 Q. (BY EXAMINER EZEANYIM) Now, I know we have not
3 asked this question, and maybe we have to deal with
4 this. Do you have any engineer here to testify today?

5 MR. BRUCE: We have a geologist.

6 EXAMINER EZEANYIM: You should have brought
7 an engineer. That would be interesting.

8 Q. (BY EXAMINER EZEANYIM) If I look at Sections 8
9 and 9 -- I know Mr. Bruce asked you about the lease map.
10 Is there a land person -- you are the land person. As a
11 land person, do you know how much you own in those two
12 sections? Can you -- I'm going to ask you. That's a
13 land question.

14 MR. BRUCE: Mr. Examiner, if you'll look at
15 Exhibit 3 --

16 EXAMINER EZEANYIM: Exhibit 3. Okay.

17 MR. BRUCE: -- you'll see that in Section
18 8, Cimarex owns 100 percent.

19 EXAMINER EZEANYIM: Let's move to it. I'm
20 looking for your interest in Sections 8 and 9.

21 MR. BRUCE: And Section -- in the north
22 half of Section 9, Cimarex owns a little over 75
23 percent.

24 EXAMINER EZEANYIM: North half of Section
25 9.

1 Q. (BY EXAMINER EZEANYIM) And in Section 8, what
2 do you own there?

3 A. 100 percent of the north half of the northeast.

4 Q. Now, what happened to the other quarter
5 sections?

6 A. To the other portion of the sections?

7 Q. Yeah. Do you own anything there?

8 A. We do own -- we have another well, Independence
9 8 Federal Com #2, that's just to the south of this, that
10 we own portions of that.

11 Q. I'm asking this question because this is the
12 second time we are having this 240-acre. Last -- last
13 year we had it, and I'm still struggling with it. I
14 haven't done anything because I'm thinking what I would
15 do with this -- this joined, you know, sections, and
16 that's why I ask you these questions. I'm not trying to
17 be hard on you. I'm trying to make a decision, because
18 whatever decision we are making now will be a precedent,
19 because nobody has a mile and a half, you know, unless
20 somebody has created a diagonal [sic] that's a mile and
21 a half. But on a regular proration unit project, we
22 haven't done that, and it is creating a problem. So we
23 need to make a decision, so the operator knows where we
24 stand here.

25 And then I think you guys will be thinking

1 about it. I wanted to give you guys an idea of what I'm
2 thinking, you know, because if we take that northeast
3 quarter of Section 8 -- north half of the northeast
4 quarter of Section 8, I don't know what I'm going to do
5 with the rest of it. And you are going to have your
6 well somewhere, because I don't have an interest there.
7 It's my business. It's not yours, but it's mine. So I
8 want you to to be thinking about that.

9 So when we get the lease map -- you are
10 going to supply a lease map -- we will look at that.
11 There are some other questions I will ask when I get the
12 lease map and then look at it.

13 A. Okay.

14 Q. I think you may be recalled during the
15 testimony from the geologist, because this is a peculiar
16 case. You might be recalled. Okay?

17 A. Okay.

18 MEERA RAMOUTAR,
19 after having been previously sworn under oath, was
20 questioned and testified as follows:

21 DIRECT EXAMINATION

22 BY MR. BRUCE:

23 Q. Would you please state your name and city of
24 residence?

25 A. Meera Ramoutar, Midland, Texas.

1 Q. For the Examiners, would you spell your last
2 name, please?

3 A. R-A-M-O-U-T-A-R.

4 Q. Who do you work for and in what capacity?

5 A. I work for Cimarex Energy as a geologist.

6 Q. Have you previously testified before the
7 Division?

8 A. Yes, sir.

9 Q. And were your credentials as an expert
10 petroleum geologist accepted as a matter of record?

11 A. Yes, sir.

12 Q. And are you familiar with the geology involved
13 in this application?

14 A. I am.

15 MR. BRUCE: Mr. Examiner, I would tender
16 Ms. Ramoutar as an expert petroleum geologist.

17 EXAMINER BROOKS: She is so qualified.

18 Q. (BY MR. BRUCE) Could you identify Exhibit 9 for
19 the Examiner?

20 A. Sure. Exhibit 9 is a map of the area that we
21 have been focusing on in the lower Abo. What it is,
22 it's a net porosity isopach of the lower Abo/Wolfcamp,
23 contoured on a ten -- contour interval, and then the
24 contours are highlighted in black, and then superimposed
25 on that. The structure of that area is also

1 superimposed in the light gray contours, and that is a
2 100-foot contouring of the structure map.

3 Q. And the well at issue is the well colored red?

4 A. That is correct. It is the well in the north
5 half-north half of Section 9, with the surface hole in
6 northeast -- the north half of the northeast quarter of
7 Section 8.

8 Q. And there is another mile-and-a-half well
9 immediately to the south. Is that a Cimarex well?

10 A. Yes, sir. That is the Independence #1 that we
11 drilled.

12 Q. That has been drilled?

13 A. It has been drilled and completed, and we are
14 attempting to offset it basically to the north.

15 Q. And all of these other wells that are noted on
16 here have been drilled and completed; have they not?

17 A. That is correct.

18 Q. Could you move on to Exhibit 10?

19 A. Sure. Exhibit 10 is a cross section attempting
20 to identify our interval of interest. It is a
21 west-to-east cross section, and it goes from Marshall &
22 Winston's Medlin 8 Fed #1, which is located in the
23 southwest quarter of Section 8. It ties in to the
24 location of our Independence 8 Fed Com #2, and then it
25 ties in to a COG operated well, the Taurus State Com

1 #2H, just to the east of our location.

2 As you can see here, it's about -- it's
3 quite a distance away from COG's well and closer to
4 Marshall & Winston's well. We've also identified, on
5 this cross section here, the tops of the formations that
6 we are interested in, so you can see the lower Abo
7 marker. There is also base at the anhydrite and the
8 Hueco-Wolfcamp that we've identified. We've colored-in
9 what we term internally as "pay" for that zone in
10 yellow. And as you can see, as we move from west to
11 east, the pay does thicken, and so tend [sic] to
12 organization of our lateral.

13 Q. And as you said, from west to east it thickens.

14 A. Yes, sir.

15 Q. But looking at the Marshall & Winston well, the
16 pay zone is quite thin; is it not?

17 A. It is quite thin.

18 Q. In your opinion, will each quarter-quarter
19 section in the proposed well unit contribute more or
20 less equally to production?

21 A. Yes, sir.

22 Q. And could you identify Exhibit 11 and maybe
23 discuss how many completion stages Cimarex generally
24 uses?

25 A. Exhibit 11 is -- basically, it's a directional

1 plan of how we plan on drilling the well. And so you
2 can see here we're going to drill down to a kick-off
3 point of approximately 8,395 feet, and then we are going
4 to plan on ending our lateral at 8,615, which, in our
5 approximation, is going to be within pay for the end of
6 that lateral.

7 For this lateral here (indicating), we
8 are -- the plan is to have 14 completion stages for the
9 laterals simply because of the length of it, and we do
10 plan on completing all of those similarly.

11 Q. Were Exhibits 9, 10 and 11 prepared by you or
12 compiled from company records?

13 A. Yes.

14 Q. And in your opinion, is the granting of this
15 application in the interest of conservation and the
16 prevention of waste?

17 A. Yes, sir.

18 MR. BRUCE: Mr. Examiner, I move the
19 admission of Exhibits 9, 10 and 11.

20 EXAMINER BROOKS: 9, 10 and 11 are
21 admitted.

22 (Cimarex Energy Exhibit Numbers 9 through
23 11 were offered and admitted into
24 evidence.)

25 MR. BRUCE: I have no further questions of

1 the witness.

2 CROSS-EXAMINATION

3 BY EXAMINER BROOKS:

4 Q. What is the significance of the yellow
5 coloration on Exhibit 9?

6 A. So the yellow on the map is basically
7 internally -- we use that to allude to leasehold that we
8 own in that area. So we may have an interest in that
9 part. It may not be 100-percent interest, but we are
10 coloring it in as part of the section that we do have
11 interest.

12 Q. Okay. That was basically the information that
13 I was asking the land person for, although probably we
14 could use information that would show the greater
15 detail. But you own no interest in the east -- it would
16 appear, then, that Cimarex owns no interest in the east
17 half of the northwest quarter of Section 8.

18 A. It would appear so.

19 Q. Is there any geologic reason why these wells
20 should be drilled as mile-and-a-half laterals rather
21 than two one-mile laterals in each section, as was done
22 in the south half of these same two sections?

23 A. If you would flip to Exhibit Number 10, I
24 think -- geologically speaking, I have a top on there.
25 It's colored pink, and it's called the "base of the

1 anhydrite." And basically what makes this play work is
2 that we are up against a pinch-out. We've got
3 anhydrite, including porosity, from the northwest coming
4 down. And so as you move to the northwest, the
5 reservoir disappears, basically.

6 Q. And do you have any kind of handle on where
7 that pinch-out occurs?

8 A. And so if you look at the contour interval, we
9 go from the darker -- the black contour -- there are
10 ten-foot contour intervals, but that zero line --

11 Q. Okay. Now, contour intervals, are those on
12 Exhibit 9?

13 A. Sorry. Yes, they are.

14 Q. Okay. Go ahead.

15 A. So the contour intervals on Exhibit 9, the
16 dark -- the blacks ones, that zero-foot contour, roughly
17 equates to our pinch-out point for the anhydrite. Now,
18 this is based on seismic, and so it is a little
19 roughed-in on this part of the world because we don't
20 have a lot of well control. And so we are attempting to
21 prove up that pinch-out with this particular well.

22 Q. Well, you're drilling -- you're planning to
23 drill across it, so I --

24 A. Yes.

25 Q. So would it be fair to suggest that you do not

1 believe that is where your pay interval terminates,
2 because you wouldn't to want drill across if that's what
3 you thought?

4 A. Well, we are going to do a pilot hole in this
5 well, and I'm optimistic that that line is going to
6 shift. It's my job to be optimistic, I think
7 (laughter).

8 Q. Geologists usually are.

9 A. Yes. And so it's my job to be optimistic in
10 saying that that line is going to shift towards the west
11 when we do do that pilot hole and log it. And I'm
12 hopeful that we will have some sort of porosity
13 development at that point.

14 Q. Okay. These wells in the south half of Section
15 8, Cimarex did an adjustment on those, I would assume,
16 since it got that acreage in there?

17 A. Based on the map, I would have to contour this.

18 Q. But you don't know anything about that?

19 A. I am not 100 percent sure.

20 Q. Okay. Does the information -- log information
21 from those wells tend to bear out the way you've
22 depicted the contour intervals?

23 A. The south half-south half well. So you can see
24 here we have them -- actually, both of them do. We've
25 posted the black -- the numbers at the very top of

1 the --

2 Q. Those are the numbers with the apostrophe
3 afterwards?

4 A. Yes, sir, the four feet of sand, what they had
5 in the north half of the south half of the Medlin well.

6 Q. Very good. Thank you.

7 EXAMINER EZEANYIM: Good questions.

8 EXAMINER BROOKS: Mr. Ezeanyim?

9 MR. BRUCE: Mr. Examiner, if I could, since
10 I've been involved with and against -- with Cimarex and
11 then sometimes with COG and sometimes against COG in
12 these wells, a lot of these wells are subject to forced
13 pooling orders, and I know for a fact that Cimarex has
14 participated in all of these wells, whether before or
15 after a pooling order has been added.

16 EXAMINER BROOKS: Well, I assumed they had,
17 since they have an acreage position right in the middle
18 of it, but, of course, they might have gone nonconsent.

19 Mr. Ezeanyim?

20 CROSS-EXAMINATION

21 BY EXAMINER EZEANYIM:

22 Q. Let me continue on that line of questions. On
23 those wells, how many of those wells have been drilled,
24 apart from your well?

25 A. Yes, sir. All of those wells have been drilled

1 except for the one that is in red, which is the subject
2 today.

3 Q. And then do you know whether we knew about
4 this? We approved the APD, and everybody participated
5 in the drilling of those wells; therefore, you
6 couldn't -- I don't know when they were drilled. Were
7 they drilled recently?

8 A. The Independence #1 was drilled about a year
9 and a half ago. This area has been -- within the last
10 three years, has been --

11 Q. Good point.

12 A. -- an area of activity.

13 Q. Good point. It means you got that from the --
14 we are now aware that it might be okay the way it is,
15 but the one you are trying to drill now might be a
16 problem. When you drilled the Independence, okay, did
17 everybody who participated really know about drilling
18 that well?

19 A. I believe so, because we had to go through the
20 particular procedure.

21 Q. So did we issue an order that said, You can
22 drill that 240 --

23 A. Yes.

24 MR. BRUCE: Yes.

25 EXAMINER EZEANYIM: We issued an order?

1 MR. BRUCE: There is an order.

2 EXAMINER EZEANYIM: What is the order
3 number?

4 MR. BRUCE: I'll get that for you,
5 Mr. Examiner. I didn't remember that offhand, but there
6 is a pooling order. We had to pool these same two
7 parties, and I think one or two other interest owners in
8 that well.

9 EXAMINER EZEANYIM: Okay. Now, understand,
10 you are not a witness, Counselor, but are there any
11 other wells that you are -- you know, you participated
12 in that -- in that --

13 MR. BRUCE: Well, Mr. Examiner, for
14 instance, just to the northeast, that Leo 3 Fed well,
15 which was drilled by COG, there is a pooling order on
16 that one. There was a fight between Cimarex and COG,
17 and COG was awarded operations.

18 If you go down to the Taurus Federal 1 and
19 2 wells, same situation. I'm pretty sure that Cimarex
20 participated.

21 And if you look at the green wells, those
22 are operated by Cimarex. And the Tieconderoga wells, I
23 believe, were subject to forced pooling orders, as were
24 the Franklin Lease wells to the west.

25 So there are -- and I know that -- I

1 believe COG -- even in sections where Cimarex does not
2 own an interest, I believe they've had to force pool a
3 number of these wells. This was a pretty busy township
4 for a couple of years.

5 EXAMINER EZEANYIM: It appears you have an
6 idea about two or three or four wells that we approved
7 using another -- is it possible for you to send me the
8 other numbers?

9 MR. BRUCE: Oh, absolutely.

10 EXAMINER EZEANYIM: Any one that you are
11 familiar with, because I'm interested in this. Give me,
12 you know, all the orders that we approved --

13 MR. BRUCE: I will.

14 EXAMINER EZEANYIM: -- that made the
15 operator drill these wells.

16 MR. BRUCE: I will.

17 EXAMINER EZEANYIM: And when they were --
18 of course, on the other issue, we can search and see how
19 those wells --

20 MR. BRUCE: I can give you all the numbers.
21 I know that I, personally, was involved in at least --
22 have been involved in, I believe, about 15 poolings in
23 this township.

24 EXAMINER EZEANYIM: Yeah. You want to have
25 a mile -- a half-a-mile-long horizontal well. I would

1 appreciate that if you can get me those.

2 Now, let's go back to the witness.

3 Q. (BY EXAMINER EZEANYIM) On that well that you
4 are drilling, that is in red? Is that red?

5 A. Yes, sir.

6 Q. When you saw the pinch-out, you still wanted to
7 drill part of the pinch-out because you are optimistic?

8 A. Well, when we drilled the first Independence,
9 the one in green just to the south of it, we
10 attempted -- the plan was to get a pilot-hole log on
11 that well to firm up on that pinch-out.

12 Q. Yeah.

13 A. We had well controller's [sic] use, and we were
14 able to log it. And so the plan is now to get a pilot
15 hole. We've amended our -- our -- you know, our
16 procedures to account for some of the issues that we
17 saw, and we're hopeful that we will get logs out of it.

18 As you can see here, to the north of us,
19 there's yellow. There's Section 6 and Section 5,
20 where -- we do have an interest in that. And if our
21 logs were to prove that this pinch-out is to be pushed
22 to the north, then I can go back maybe one or two
23 locations.

24 Q. So you are saying that when the Independence --
25 that Independence well was drilled, it caused the.

1 pinch-out, but when it was there -- and your section
2 that was moved, you're expecting it will move with the
3 current well. Is that what you're saying?

4 A. I'm hopeful, yes.

5 Q. How can they be moving the --

6 A. Well, it's not moved, but it's not validated.
7 So it's a hypothesis that we have based on the well
8 control that we do have in the area. So when I'm
9 talking about moving, it's me literally moving my
10 contour line to match the data I will get when I drill
11 the well.

12 EXAMINER EZEANYIM: Counselor, give me the
13 numbers, if you have production available. I'm just
14 handicapped right now. I would really appreciate it on
15 any of those wells when they were -- you know, the order
16 numbers, when they were drilled and what they are doing
17 right now. That will help me what to do in these cases,
18 you know.

19 MR. BRUCE: I'll provide that information.

20 EXAMINER EZEANYIM: Okay. Thank you.

21 Okay. You may step down.

22 Do you have anything?

23 MR. BRUCE: I would like to ask her just a
24 couple of follow-up questions.

25 EXAMINER BROOKS: Go ahead.

1 REDIRECT EXAMINATION

2 BY MR. BRUCE:

3 Q. Regarding the pinch-out, just to the northeast,
4 the next township over, did Marshall & Winston -- I
5 think it was Marshall & Winston -- drill a well that was
6 intended to be a horizontal well, but they stopped
7 drilling it mid-well because of a pinch-out?

8 A. Yes.

9 Q. And that well was dry?

10 A. Yes.

11 EXAMINER EZEANYIM: Which one are you
12 talking about?

13 A. Just off the map.

14 MR. BRUCE: It's just off the map. I
15 believe it's Section 35 of 14 South to 31 East.

16 Q. (BY MR. BRUCE) So there are pinch-out issues?

17 A. Yes. That's what makes this play work.

18 MR. BRUCE: That's all I have.

19 RECROSS EXAMINATION

20 BY EXAMINER BROOKS:

21 Q. And when you said -- when you noted that you
22 owned additional interests in Sections, I think you
23 said, 5 and 6, I think you probably meant --

24 A. 5 and 4, yes, sir.

25 EXAMINER BROOKS: Thank you. That's all I

1 have.

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Case 14966 is taken under advisement.

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(Case Number 14966 concludes, 8:57 a.m.)

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

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_____, Examiner
Oil Conservation Division

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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CERTIFICATE OF COURT REPORTER

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

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

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



MARY C. HANKINS, CCR, RPR
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