

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. 14167

APPLICATION OF CIMAREX ENERGY CO. FOR A  
NON-STANDARD OIL SPACING AND PRORATION  
UNIT AND COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO

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REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID K. BROOKS, Legal Examiner  
TERRY G. WARNELL, Technical Examiner

September 4, 2008

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID K. BROOKS, Legal Examiner, TERRY G. WARNELL, Technical Examiner, on Thursday, September 4, 2008, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South Saint Francis Drive, Room 102, Santa Fe, New Mexico.

REPORTED BY: JOYCE D. CALVERT, P-03  
Paul Baca 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 G. Bruce, Esq.  
ATTORNEY AT LAW  
P.O. Box 1056  
Santa Fe, New Mexico 87504

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1 MR. WARNELL: All right. Let's go back on the record  
2 now and call Case No. 14167, Application of Cimarex Energy  
3 Company for a Non-standard Oil Spacing and Proration Unit and  
4 Compulsory Pooling, Lea County, New Mexico.

5 Call for appearances.

6 MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe  
7 representing the applicant. I'm submitting this case by  
8 affidavit.

9 And Mr. Examiner, I'm handing you some exhibits. As  
10 you just noted off the record, the first exhibit, which is the  
11 landman's affidavit, should have Case No. 14167 at the top of  
12 it.

13 This is a continuing -- this is another case in a  
14 continuing series where Cimarex is drilling horizontal Wolfcamp  
15 wells. This particular well is in the E/2, NE/4 of Section 17,  
16 15 South, 36 East. Actually, it's called the undesignated --  
17 it's called the Caudill-Permo Upper Penn pool, which most  
18 people equate to the Wolfcamp. But it is a specific pool.

19 The well is the Caudill West 17 Fee Well #002, which  
20 is being drilled from south to north within the well unit. A  
21 land plat is attached as Attachment A. Attachment B to the  
22 landman's affidavit is a listing of the interest owners  
23 involved. This is one lessee, Chesapeake Exploration, owning  
24 about 18 percent in the well unit. The rest are small,  
25 unleased mineral interest owners.

1           The well proposal to the parties is attached as  
2       Exhibit C, and then Attachment D is the AFE. It's  
3       approximately a \$3.6 million well, which is pretty common out  
4       there now. Cimarex has drilled, I think, three or four wells  
5       in the immediate area, plus another ten or twelve further to  
6       the east in the Denton Wolfcamp pool.

7           Attached as -- submitted as Exhibit 2 is an affidavit  
8       of the geologist showing where the well is, discussing the  
9       structure somewhat, and attaching a cross-section showing the  
10      interval that they are seeking to target. It is slightly off  
11      this well, just like the other Cimarex wells, which you see are  
12      slightly off the main body of the field with a thinner section  
13      which they are seeking to target with the logger well bore to  
14      make an economic well.

15          Exhibit 3 is the Affidavit of Notice to the interest  
16      owners. A number of these interest owners are locatable; some  
17      of them were not. I would note that the last two pages of  
18      Exhibit 3, mailing to a Christa Leavell and Christa Leavell is  
19      custodian for Michele Leavell. The online U.S. Postal Service  
20      system shows that these letters were received more than a month  
21      ago; however, the green cards have not yet filtered back to my  
22      post office box, which seems to become more and more common.

23          The landman's affidavit identifies all of the offset  
24      operators in the Permo Penn or Wolfcamp. And Exhibit 4 is the  
25      written notice given to the offsets. We have not heard

1 anything from the offsets, so I presume they have no objection.

2 And Exhibit 5 is the Affidavit of Publication from  
3 the Hobbs newspaper giving notice to the two or three people  
4 who were unlocatable.

5 And I would move the admission of Exhibits 1 through  
6 5 and ask that the case be taken under advisement.

7 MR. WARNELL: Exhibits 1 through 5 are admitted.

8 [Applicant's Exhibits 1 through 5 admitted into  
9 evidence.]

10 MR. WARNELL: Any questions, Mr. Brooks?

11 MR. BROOKS: No questions. Well, I guess I do have  
12 one.

13 You said -- I guess I wasn't listening real  
14 carefully. You notified all the offsets?

15 MR. BRUCE: I did notify all the offsets.

16 MR. BROOKS: Okay. Thank you.

17 MR. WARNELL: And do we have a list? Did you mention  
18 that there were several people that --

19 MR. BRUCE: In Exhibit 1, there's a list of the  
20 offset operators -- the second page.

21 MR. WARNELL: I jotted down here AFE -- AFE is  
22 Exhibit D, I believe.

23 MR. BRUCE: Yes.

24 MR. WARNELL: And there is some confusion on my part  
25 as far as the well name. I had noticed something in here that

1 mentioned well 2-H -- there it is. Exhibit B, or 2-B, I guess.

2 MR. BRUCE: Oh, yes. The well name is the 17 Fee  
3 #002-H used in Exhibit 2. Some of the attachments used by the  
4 geologist were also those used for an offsetting well down to  
5 the southeast, the 21 well #2-H, since it's basically the same  
6 geology and everything else, but it is the 17 2-H.

7 MR. WARNELL: And the 17 #020 has been drilled? That  
8 well has been --

9 MR. BRUCE: I do not believe it has been drilled at  
10 this point.

11 MR. WARNELL: Okay.

12 MR. BRUCE: I checked the OCD's website, and I asked  
13 the client. It had not been drilled. I think it's scheduled  
14 to be drilled this month. It does show on this, on the land  
15 plat -- it does show a well bore, the horizontal well bore, but  
16 I could not find where it had been drilled.

17 MR. WARNELL: All right. Very well, then. Case  
18 No. 14167 will be taken under advisement.

19 \* \* \*

20 I do hereby certify that the foregoing is  
21 a complete record of the proceedings in  
22 the Examiner hearing of Case No. \_\_\_\_\_  
23 heard by me on \_\_\_\_\_

24 \_\_\_\_\_, Examiner  
25 Oil Conservation Division

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REPORTER'S CERTIFICATE

I, JOYCE D. CALVERT, Provisional Court Reporter for the State of New Mexico, 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 and was reduced to printed form under my direct supervision.

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 proceeding.

DATED this 4th of September, 2008.




JOYCE D. CALVERT  
New Mexico P-03  
License Expires: 7/31/09


1 STATE OF NEW MEXICO )  
2 COUNTY OF BERNALILLO )

3  
4 I, JOYCE D. CALVERT, a New Mexico Provisional  
5 Reporter, working under the direction and direct supervision of  
6 Paul Baca, New Mexico CCR License Number 112, hereby certify  
7 that I reported the attached proceedings; that pages numbered  
8 1-6 inclusive, are a true and correct transcript of my  
9 stenographic notes. On the date I reported these proceedings,  
10 I was the holder of Provisional License Number P-03.

11 Dated at Albuquerque, New Mexico, 4th day of  
12 September, 2008.

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15 Joyce D. Calvert  
16 Provisional License #P-03  
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