

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

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. 14370

APPLICATION OF CIMAREX ENERGY CO. FOR
APPROVAL OF A NONSTANDARD OIL SPACING
AND PRORATION UNIT AND COMPUSORY POOLING,
LEA COUNTY, NEW MEXICO.

RECEIVED OCD
2009 DEC 17 2:03

REPORTER'S TRANSCRIPT OF PROCEEDINGS
EXAMINER HEARING

December 3, 2009
Santa Fe, New Mexico

BEFORE: DAVID BROOKS: Hearing Examiner
TERRY WARNELL: Technical Advisor

This matter came for hearing before the New Mexico
Oil Conservation Division, David Brooks Hearing Examiner,
on December 3, 2009, at the New Mexico Energy, Minerals
and Natural Resources Department, 1220 South St. Francis
Drive, Room 102, Santa Fe, New Mexico.

REPORTED BY: PEGGY A. SEDILLO, NM CCR NO. 88
Paul Baca Court Reporters
500 Fourth Street, NW, Suite 105
Albuquerque, NM 87102

I N D E X

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Page

APPLICANT'S EXHIBITS:

Exhibits 1 - 4:

5

A P P E A R A N C E S

For the Applicant:

JAMES BRUCE, ESQ.
Attorney at Law
P. O. Box 1056
Santa Fe, NM 87504

For Fuel Products, Inc.,
and Pear Resources, Inc.:

WILLIAM F. CARR, ESQ.
Holland & Hart, LLC
110 N. Guadalupe, Suite 1
Santa Fe, NM 87501

1 HEARING EXAMINER: At this time we would call
2 Case No. 14370, application of Cimarex Energy Company for
3 a nonstandard oil spacing and proration unit and
4 compulsory pooling, Lea County, New Mexico. Call for
5 appearances.

6 MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe
7 representing the applicant.

8 MR. CARR: May it please the Examiner, William
9 Carr of Holand and Hart representing Fuel Products, Inc.,
10 and Pear Resources. We do not oppose the pooling.

11 HEARING EXAMINER: Very good. For the
12 nonstandard unit, I assume?

13 MR. CARR: Correct.

14 HEARING EXAMINER: You may proceed, Mr. Bruce.

15 MR. BRUCE: Mr. Examiner, I've handed you four
16 exhibits. Again, the first exhibit is the affidavit of
17 the landman. This is the same section, township, and
18 range.

19 In this case, Cimarex seeks to form a
20 nonstandard unit for a Bone Spring test in the south half
21 south half of Section 34.

22 Again, the only parties being pooled are the
23 Merit Energy entities who -- they own a lesser interest in
24 this well, each entity owns 4.6875 percent interest.

25 The affidavit identifies the offset operators

1 and the usual attachments. The proposal letter and the
2 AFE are attached.

3 I would note one thing. This surface location
4 is 300 feet from the west line of Section 34, but this
5 well when it penetrates the Bone Spring will be at an
6 orthodox location.

7 HEARING EXAMINER: Okay, so the point of
8 penetration in this one is not the same as the surface
9 location?

10 MR. BRUCE: That's my understanding.

11 HEARING EXAMINER: Can you supply us with the
12 point of penetration, because we put those in the orders
13 as a rule.

14 MR. BRUCE: I will. Mr. Examiner, Exhibit 2 is
15 the affidavit of the geologist, identical to the last
16 ones, and Exhibits 3 and 4 are the affidavits of notice.
17 All parties, whether pooled parties or offsets, received
18 actual notice. So I would move the admission of Exhibits
19 1 through 4

20 HEARING EXAMINER: Let's see, who were the
21 pooled parties? Was this the Merit again?

22 MR. BRUCE: The same Merit Energy entities.

23 HEARING EXAMINER: But you did have some
24 additional offset?

25 MR. BRUCE: That's correct. And the offsets are

1 identified in the landman's affidavit.

2 HEARING EXAMINER: They all returned green cards
3 also?

4 MR. BRUCE: That is correct.

5 HEARING EXAMINER: Okay. What are the overhead
6 rates on these?

7 MR. BRUCE: They are 7,000 and 700.

8 HEARING EXAMINER: 7,000 and 700. I'm sure
9 that's in the affidavit, but I always like to get it down
10 in the notesheet. Okay. Exhibits 1 through 4 will be
11 admitted. Case No. 14370 will be taken under advisement.

12
13
14
15
16
17
18
19
20
21
22
23
24
25

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner's office of Case No. 14370
heard by me on 12-3-2009
David K. Brooks
Oil Conservation Division

1 STATE OF NEW MEXICO)
2 COUNTY OF BERNALILLO) ss.
3)
4)

5 REPORTER'S CERTIFICATE

6
7 I, PEGGY A. SEDILLO, Certified Court
8 Reporter of the firm Paul Baca Professional
9 Court Reporters do hereby certify that the
10 foregoing transcript is a complete and accurate
11 record of said proceedings as the same were
12 recorded by me or under my supervision.

13 Dated at Albuquerque, New Mexico this
14 10th day of December, 2009.

15
16
17
18
19 
20 PEGGY A. SEDILLO, CCR NO. 88
21 License Expires 12/31/09
22
23
24
25