

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. 14369

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

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

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APPLICANT'S EXHIBITS:

Exhibits 1 - 3:

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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 call Case No.
2 14369, the application of Cimarex Energy Company for
3 approval of a nonstandard oil spacing and proration unit
4 and compulsory pooling, Lea County, New Mexico. Call for
5 appearances.

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

9 MR. CARR: Again, I'd like to enter an appearnce
10 in the case. I'm William F. Carr of the Santa Fe firm
11 Holland and Hart for Fuel Products, Inc. and Pear
12 Resources.

13 HEARING EXAMINER: And again, you do not oppose
14 the application?

15 MR. CARR: We're not opposing the application.
16 We're trying to get a joint operating agreement.

17 HEARING EXAMINER: Very good. Thank you.

18 MR. BRUCE: Mr. Examiner, this case is on the
19 same section of land. The only difference in this case,
20 Cimarex is seeking forming a nonstandard unit comprised of
21 the south half of the north half of Section 34 for a Bone
22 Spring test.

23 Again, the only parties being pooled are the
24 Merit Energy entities who collectively own 18.75 percent
25 of the working interests.

1 The proposal letter and AFE is attached. Again,
2 the costs are virtually identical and the overhead rates
3 are 7,000 and 700.

4 Exhibit 2 is the affidavit of Lee Catalano, the
5 geologist. Again, virtually identical to the last case.
6 There is a directional drilling prognosis attached to this
7 application.

8 HEARING EXAMINER: And again, the Merits are the
9 only parties being pooled?

10 MR. BRUCE: That is correct. And Exhibit 3 is
11 my affidavit of notice, again, to Merit Energy only. They
12 did receive actual notice, and Merit Energy was also the
13 only affected offset other than Cimarex.

14 And so, there is no separate notice for the
15 nonstandard unit portion of the application.

16 I move the admission of Exhibits 1 through 3.

17 HEARING EXAMINER: Exhibits 1 through 3 are
18 admitted. And this is also Bone Spring?

19 MR. BRUCE: Yes, sir.

20 HEARING EXAMINER: And again, the point of
21 penetration is the same as the surface location?

22 MR. BRUCE: Yes, sir.

23 MR. WARNELL: Do you have APE numbers on these
24 wells, Mr. Bruce?

25 MR. BRUCE: Yes, there are. And I will e-mail

1 those to you. They do have approved APes.

2 HEARING EXAMINER: Okay. Case No. 14369 is
3 taken under advisement.

4 (Whereupon, the proceedings concluded.)
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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. 14369
heard by me on 12-3-09
Daniel K. Brooks
Oil Conservation Division

1 STATE OF NEW MEXICO)
) ss.
2 COUNTY OF BERNALILLO)
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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.
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20 PEGGY A. SEDILLO, CCR NO. 88
21 License Expires 12/31/09
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