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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. 14444

APPLICATION OF CIMAREX ENERGY
COMPANY FOR A NONSTANDARD OIL
SPACING AND PRORATION UNIT
AND COMPULSORY POOLING,
CHAVES COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

March 18, 2010
Santa Fe, New Mexico

BEFORE: TERRY WARNELL: Hearing Examiner
DAVID BROOKS: Legal Adviser

This matter came for hearing before the New Mexico
Oil Conservation Division, David Brooks, Hearing Examiner,
on March 18, 2010, 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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E X H I B I T S

Page

APPLICANT'S EXHIBITS:

Exhibits 1 - 4 4

Court Reporter's Certificate 6

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

1 HEARING EXAMINER: Next case, Case No. 14444,
2 the Application of Cimarex Energy Company for Nonstandard
3 Oil Spacing and Proration Unit, Compulsory Pooling, Chaves
4 County, New Mexico.

5 MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe
6 representing the Applicant. And I'm submitting this by
7 affidavit.

8 Mr. Examiner, this well is also in Section 19 of
9 15 South, 31 East. In this instance, it's the southeast
10 southwest in the south half southeast of the section,
11 south half south half equivalent.

12 And Applicant seeks to force pool interests in
13 the Wolfcamp formation underlying the nonstandard unit,
14 which is comprised of 159.30 acres. The proposed well is
15 a Hancock 19 State Com. Well No. 2, a horizontal well to
16 be drilled from the southeast quarter southeast quarter
17 westward into Lot 4.

18 The affidavit indicates the parties being
19 pooled. And the proposal letters are attached to the
20 affidavit.

21 Cimarex requests a 200 percent risk charge. And
22 again, the overhead rates are 7,000 a month for a drilling
23 well, and 700 for a producing well. And the affidavit
24 identifies the offset operators.

25 Exhibit 2 is the affidavit of the geologist, and

1 again, all four quarter quarter sections are prospective
2 in the Wolfcamp, and a horizontal wellbore will increase
3 the chances for an economic completion.

4 Exhibit 3 is my affidavit of notice. And the
5 parties being pooled did receive actual notice. The last
6 page of Exhibit 3, Mr. Examiner, if -- I did not receive
7 the green card back yet, but the postal service shows that
8 was delivered. When I received the green card back, I
9 will supplement the record.

10 And Exhibit 4 is the affidavit of notice to the
11 offsets, and all offsets did receive actual noticed of the
12 hearing date.

13 I move the admission of Exhibits 1 through 4.

14 HEARING EXAMINER: Exhibits 1 through 4 are
15 admitted. So when that green card comes in, Mr. Bruce,
16 you will --

17 MR. BRUCE: Yes.

18 HEARING EXAMINER: We don't need to continue for
19 that?

20 MR. BROOKS: No, we can supplement it.

21 HEARING EXAMINER: We can just supplement. Any
22 title disputes on any of these wells?

23 MR. BRUCE: Not that I know of. They're pretty
24 much -- they're all state leases, and so all the interest
25 owners are leasees and not -- not unleased mineral

1 interest owners.

2 HEARING EXAMINER: Yeah. Mr. Brooks, any
3 questions?

4 MR. BROOKS: I don't believe so.

5 HEARING EXAMINER: Okay. If there is nothing
6 else then, Case No. 14444 will be taken under advisement.

7 (Whereupon, the proceedings concluded.)
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16 I do hereby certify that the foregoing is
17 a complete record of the proceedings in
18 the Examiner hearing of Case No. _____
heard by me on _____.

19 _____, Examiner
Oil Conservation Division
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1 STATE OF NEW MEXICO)
) ss.
 2 COUNTY OF BERNALILLO)

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REPORTER'S CERTIFICATE

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

Dated at Albuquerque, New Mexico this
 23rd day of March, 2010.



PEGGY A. SEDILLO, CCR NO. 88
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