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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. 14442

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

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2010 MAR 26 P 3:47

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

E X H I B I T S

Page

APPLICANT'S EXHIBITS:

Exhibits 1 - 4

4

Court Reporter's Certificate

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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

1 HEARING EXAMINER: Next case, Case No. 14442.

2 MR. BRUCE: Mr. Examiner, Jim Bruce representing
3 the Applicant, again submitting by affidavit.

4 HEARING EXAMINER: Okay. For the record, we'll
5 say this is the Application of Cimarex Energy Company for
6 a Nonstandard Oil Spacing and Proration Unit and
7 Compulsory Pooling, Chaves County, New Mexico. Mr. Bruce?

8 MR. BRUCE: Mr. Examiner, I've submitted to you
9 four exhibits. Again, Exhibit 1 is the affidavit of the
10 landman, Heyden Tresner. In this instance, we've moved to
11 the west into Section 19 of 15 South, 31 East.

12 And in this case, Applicant is seeking to force
13 pool the north half north half of Section 19. Actually,
14 it's Lot 1 in the northeast northwest in the north half
15 northeast of Section 19 to form a 159.32 acre nonstandard
16 unit in the Abo/Wolfcamp formation.

17 And the unit is to be dedicated to the Hancock
18 19 State Com. Well No. 4, which is being drilled from the
19 northeast northeast quarter westward into Lot 1 of the
20 section.

21 In this instance, there are three parties being
22 pooled. And Attachment B is the well proposals to these
23 various persons. And there have been, again, follow-up
24 phone calls and e-mails to these parties.

25 The AFE is attached. Again, this well is

1 projected to cost about \$3.7 million. And the landman's
2 affidavit also requests the 200 percent risk charge. And
3 the overhead rates are 7,000 and 700. The affidavit also
4 sets forth the offset operators to the proposed well.

5 Exhibit 2 is another affidavit by Lee Catalano,
6 the landman, stating that all four quarter quarter
7 sections are prospective. And the horizontal wellbore
8 will increase the chances for an economic completion.

9 Exhibit 3 is my notice affidavit to the parties
10 being pooled. Again, all parties being pooled did receive
11 actual notice of this hearing.

12 And Exhibit 4 is the affidavit of notice to the
13 offset operators or working interest owners, and again,
14 they all received actual notice of this hearing. And in
15 this one, again, Applicant is only speaking to force pool
16 the Wolfcamp formation underlying the nonstandard unit.

17 So I'd move the admission of Exhibits 1
18 through 4.

19 HEARING EXAMINER: Okay. Exhibits 1 through 4
20 are admitted. I have no questions. David, do you have
21 any questions?

22 MR. BROOKS: No questions.

23 HEARING EXAMINER: If there's nothing else, then
24 Case No. 14442 will be taken under advisement.

25 (Whereupon, the proceedings that the foregoing is
I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. _____,
and by me on _____, Examiner

PAUL BACA PROFESSIONAL COURT REPORTERS


Oil Conservation Division
71f-401f-ad5e-0c49eed4cf15

1 STATE OF NEW MEXICO)
2) ss.
3 COUNTY OF BERNALILLO)
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 23rd day of March, 2010.
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19 _____
20 PEGGY A. SEDILLO, CCR NO. 88
21 License Expires 12/31/10
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