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STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:

ORIGINAL

CASE NO. 14467

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

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

RECEIVED OOD
2010 MAY 25 P 2:52

May 13, 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, Terry Warnell Hearing Examiner,
on May 13, 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:

Exhibit No. 1 - 4 5

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

FOR LINN ENERGY
HOLDINGS, LLC;
FUEL PRODUCTS, INC.;
PEAR RESOURCES;
FASKEN OIL AND RANCH: WILLIAM F. CARR, ESQ.
Holland & Hart, LLC
110 North Gonzales, Suite 1
Santa Fe, NM 87501

1 HEARING EXAMINER: Next case, Case 14467,
2 Application of Cimarex Energy Company for approval of a
3 Nonstandard Oil Spacing and Proration Unit and Compulsory
4 Pooling, Lea County, New Mexico. Call for appearances.

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

8 MR. CARR: I'd again like to enter my appearance
9 for Linn Energy Holding, LLC; Fuel Products, Inc.; Pear
10 Resources; and Fasken Oil and Ranch.

11 HEARING EXAMINER: Okay.

12 MR. BROOKS: And again, let the record reflect
13 that I'm not participating in this case.

14 MR. BRUCE: Mr. Examiner, again, I've submitted
15 four exhibits. Exhibit 1 is the affidavit of Mike
16 Wallace, the landman for Cimarex.

17 In this case, Cimarex is drilling a horizontal
18 Bone Spring well in the north half south half of Section
19 35, 19 South, 34 East for its Mallon 35 Federal Well
20 No. 5, which starts -- the well starts in the northwest
21 southwest of Section 35 and heads eastward into the
22 northeast southeast of Section 35.

23 Again, all of the interest owners own interests
24 in each quarter quarter section. And Cimarex is asking
25 for pooling from the surface to the top of the Bone Spring

1 underlying the northwest southwest where the vertical
2 portion of the wellbore will be, and then the north half
3 south half as to the Bone Spring formation.

4 Again, the interest owners are listed in the
5 affidavit, as well as the offsets. And again, overhead
6 rates of \$6,500 per month for a drilling well, and \$650 a
7 month for a producing well are requested.

8 Attachment A is simply a land plat. Attachment
9 B, again, are the well proposal and correspondence between
10 the parties. Again, the well was first proposed over five
11 months ago. And again, the AFE shows it's about a
12 \$4 million horizontal test.

13 And Exhibit 2 is the affidavit of Lee Catalano,
14 the landman. The same types of exhibits. The structure
15 map, cross-section, and horizontal drilling plan.

16 And Cimarex anticipates that all four quarter
17 quarter sections will be productive, and the wellbore will
18 test a greater reservoir strength and increase the chances
19 for an economic well.

20 Exhibit 3 is the affidavit of notice to the
21 interest owners being pooled. And again, everybody did
22 receive actual notice. And Linn Energy was sent a
23 separate notice letter after it acquired its interest from
24 the Merit Energy Company.

25 And Exhibit 4 is an affidavit of notice to the

1 offsets. Again, the final page, this letter did come back
2 from Western Equipment Company. It didn't copy well, but
3 notice was left three times and it never picked up. It's
4 certified mail. So I believe that satisfies the
5 Division's actual notice requirements.

6 And with that, I would move the admission of
7 Exhibits 1 through 4.

8 HEARING EXAMINER: Exhibits 1 through 4 are
9 admitted. Has this well be been drilled yet, Mr. Bruce?

10 MR. BRUCE: No.

11 HEARING EXAMINER: One of the things I do as I'm
12 going through these folders is look for API numbers, and I
13 did have an API number on this one. I was just curious.

14 Okay, with that then, if there's no further
15 questions, Case No. 14467 will be taken under advisement.

16 (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. _____,
heard by me on _____.

_____, Examiner
Oil Conservation Division

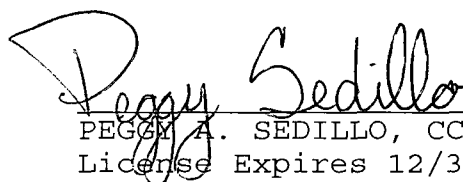
1 STATE OF NEW MEXICO)
 2 COUNTY OF BERNALILLO) ss.

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REPORTER'S CERTIFICATE

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
 21st day of May, 2010.


 PEGGY A. SEDILLO, CCR NO. 88
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