

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

**APPLICATIONS OF CIMAREX ENERGY CO. FOR HORIZONTAL SPACING UNITS
AND FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO**

**Case Nos. 22144, 22317 & 22518 (Bone Spring)
Case Nos. 22519 & 22520 (Wolfcamp)**

**APPLICATIONS OF CHEVRON U.S.A. INC. FOR COMPULSORY POOLING, EDDY
COUNTY, NEW MEXICO**

**Case Nos. 22375, 22376 & 22377 (Bone Spring)
Case Nos. 22343 & 22344 (Wolfcamp)**

**CHEVRON'S OPPOSITION TO CIMAREX'S BELATED MOTION TO VACATE
THE FEBRUARY 17, 2022, CONTESTED HEARING**

Chevron U.S.A. Inc. ("Chevron") objects to the motion filed by Cimarex Energy Company's ("Cimarex") to vacate the Amended Scheduling Order setting these matters for a hearing on February 17th. Chevron agrees the competing cases involving the Bone Spring formation have procedural concerns that must be addressed before either party can proceed with their pooling applications.¹ However, no procedural problems exist with the competing cases involving the Wolfcamp formation and they should proceed to hearing as scheduled.²

**The Wolfcamp Cases Involve A Unique Set of Facts and Circumstances That
Requires Them To Be Heard Separately From the Bone Spring Cases**

Under Case 22343 & 22344, Chevron seeks to pool standard horizontal well spacing units for two-mile laterals in the Purple Sage; Wolfcamp (Gas) Pool [98220] underlying Sections 17 and 20, Township 25 South, Range 27 East, NMPM, Eddy County, New Mexico. Under Cases

¹ The cases involving the Bone Spring formation are Cimarex Cases 22144, 22317 & 22518 and Chevron Cases 22375, 22376 & 22377.

² The cases involving the Wolfcamp formation are Cimarex Cases 22519 & 22520 and Chevron Cases 22343 & 22344.

22519 and 22520, Cimarex seek to create competing Wolfcamp spacing units that combine Section 8 with Sections 17 and 20, thereby overlapping the spacing units initially proposed by Chevron in the E/2 and the W/2 of Sections 17 and 20.

The ownership in Sections 17 and 20, the overlapping acreage, differs between the Bone Spring and Wolfcamp formations. Accordingly, one of the primary factors considered by the Division is different between the competing Bone Spring pooling cases and the competing Wolfcamp pooling cases.

With respect to the development plans, the Wolfcamp development proposals differ substantially between the parties and will therefore be the subject of extensive analysis and discussion at the hearing. That is not the situation for the Bone Spring cases. Chevron seeks to develop the Upper Wolfcamp A sands/shales underlying Sections 17 and 20 with an 8-well per section staggered “wine rack” pattern that will be drilled and then sequentially completed to increase the completion efficiency of the wells. In contrast, Cimarex has proposed to develop the Upper Wolfcamp A sands/shales underlying Sections 8, 17 and 20 with only 4 wells per section at the same depth. Accordingly, the Wolfcamp cases require a unique set of exhibits and witnesses to address these substantial differences in development plans. Indeed, in preparing for the February 17th hearing undersigned counsel developed a separate set of affidavits and exhibits for the Wolfcamp cases due to the major differences between what will be presented for the competing Wolfcamp cases and what will be presented for the competing Bone Spring cases.

In short, the Wolfcamp cases have a unique set of facts and circumstances that warrant presenting them separately from the Bone Spring cases, and which will require the Division to analyze them differently, no matter when they are heard.

Cimarex's Unilateral Request to Continue the Wolfcamp Cases the Day Before Affidavits and Exhibits Are Due Is Not Warranted or Necessary.


Cimarex unilaterally suggests the long-scheduled hearing on the Wolfcamp cases should be vacated to allow additional "settlement discussions." However, the parties are and have been in good faith discussions since these competing development plans were proposed in early October of 2021. Despite continued efforts for the last four months, no agreement has been reached between Chevron and Cimarex on the competing development plans. While discussions can and will continue, that does not support Cimarex's unilateral desire to suddenly vacate the long-scheduled hearing. Rather, experience has shown that the presentation of evidence on the competing development plans at a hearing can soften positions taken over months of negotiations to allow an agreement to be reached.

The Division case files reflect a status conference was held on December 2nd to address these cases and Cimarex's Southern Hills pooling cases to the south in Sections 29 & 32. After conferring with the parties, the Examiner on December 2nd set these cases for a contested hearing on February 17th. This timeline provided Cimarex and Chevron over 2 months of additional time to engage in efforts at a resolution and prepare for hearing. In typical Cimarex fashion, the company waited until the day before the affidavits and exhibits are due to present a trade proposal to Chevron. Cimarex's decision to wait until the last minute to further engage in settlement discussions provides no basis to vacate the long-standing hearing. These renewed discussions can continue before, during and after the parties present their evidence at the February 17th hearing.

WHEREFORE Chevron requests that the Division deny this last-minute request by Cimarex to vacate the long-standing February 17th hearing and request that the hearing proceed on the competing Wolfcamp development proposals.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on February 10, 2022, I served a copy of the foregoing document to the following counsel of record via Electronic Mail to:

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