

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:

Case Nos.

Application of Cimarex Energy Co.      22143, 22144  
for a Horizontal Spacing and  
Proration Unit and Compulsory  
Pooling, Eddy County, New Mexico

REPORTER'S TRANSCRIPT OF PROCEEDINGS

THURSDAY, OCTOBER 21, 2021

This matter came on for hearing  
before the New Mexico Oil Conservation Division,  
William Brancard, Esq. Hearing Examiner, on  
October 21, 2021, via Webex Virtual Conferencing  
platform hosted by New Mexico Department of Energy  
Minerals and Natural Resources

Reported by: Christine J. Roybal  
New Mexico CCR #50  
PAUL BACA COURT REPORTERS  
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(505) 843-9241

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A P P E A R A N C E S

For Matador Production Co., Chevron and  
Mewbourne:

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For Cimarex Energy and Ascent Energy, LLC:

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Technical Examiner:

Dean McClure

1 EXAMINER BRANCARD: Now call items 30 and 31,  
2 Cimarex Energy, 22143, 22144.

3 MR. SAVAGE: Good morning, Mr. Hearing Examiner,  
4 this is Darin Savage with Abadie & Schill for Cimarex Energy  
5 Company.

6 EXAMINER BRANCARD: And I have Chevron USA, Inc.

7 MR. FELDEWERT: May it please the Examiner,  
8 Michael Feldewert with the Santa Fe office of Holland &  
9 Hart, appearing on behalf of Chevron.

10 EXAMINER BRANCARD: Thank you.

11 And are there any other interested persons for cases  
12 22143 or 22144?

13 MR. BRUCE: Mr. Examiner, Jim Bruce. Late  
14 yesterday I did fi- -- or sometime yesterday afternoon I did  
15 file entries of appearance for MRC Permian Company and MRC  
16 Permian LKE Company, LLC.

17 EXAMINER BRANCARD: Thank you.

18 Are there any other interested persons?

19 Okay, I believe we're here on a status conference  
20 because Chevron has filed an objection to this case going  
21 ahead by affidavit.

22 MR. FELDEWERT: That's correct, Mr. Examiner.

23 EXAMINER BRANCARD: Does Chevron have competing  
24 cases, or you're just being ornery?

25 MR. FELDEWERT: I'm not just being ornery, no.

1           Mr. Examiner, we have a dispute here between the  
2 companies on the development of the Bone Spring and the Wolf  
3 Camp under this acreage Chevron owns in Section 20 and the  
4 south half of Section 17, Cimarex owns in the north half of  
5 17. Chevron, I can say, thought that they had an agreement  
6 with Cimarex on the development of both the Bone Spring and  
7 the Wolfcamp under these sections, but recent statements,  
8 recent actions by Cimarex seem to indicate otherwise, so  
9 Chevron has sent out some well proposals involving this  
10 acreage. They intend to file pooling applications in  
11 November if the parties cannot confirm or reach an  
12 agreement.

13           I think -- I know Matador, as we found out, has now  
14 filed appeared in this case. I also found out this morning  
15 that I guess it appears that Cimarex has filed some  
16 additional pooling applications involving some, if not all,  
17 of this acreage. And they were filed, it looks like,  
18 October 5th. So I think there's a number of matters, a  
19 number of cases that are going to involve this subject area  
20 so it seems to me we need to either set a status conference  
21 at some point in the future or a contested hearing probably  
22 some time given your schedule in January or February.

23           EXAMINER BRANCARD: Thank you.

24           Mr. Savage, your thoughts?

25           MR. SAVAGE: Yes. Mr. Feldewert is accurate, the

1 parties did engage in good faith conversations and  
2 apparently those have come, I guess, to an impasse and the  
3 parties have not been able to reach agreement on the  
4 property development of the Wolfcamp and the Bone Spring.  
5 We did receive some additional pooling inf- -- pooling code  
6 information that showed that we needed to do an amended  
7 application. And that has been filed and that was, you  
8 know, formerly -- that was formerly case 22143, and now it  
9 is a new case, 22317. And that would be as part of the  
10 evaluation of the best development plans. Yeah, I -- I  
11 agree with Mr. Feldewert that, you know, there needs to be a  
12 scheduling, sounds like to me, for a competing application  
13 hearing and that that would be, you know, something that  
14 would be at a time appropriate for the Division to hear.

15 MR. FELDEWERT: You know, I'm wondering,  
16 Mr. Brancard, I have got to digest this new application. I  
17 think, it looks to me, like the parties are trying to figure  
18 out what applications are being filed in light of this  
19 recent breakdown in their discussions and, you know, what  
20 cases involve what acreage. I'm wondering if it makes more  
21 sense to have a, perhaps a status conference a month from  
22 now when we get all this kind of sorted out and then set a,  
23 you know, the matter for a contested hearing. Because at  
24 this point, there's going to be some additional cases filed  
25 with additional case numbers, including, I guess the ones

1 that were recently filed by Cimarex. So it is -- you know,  
2 I can guess, but at this point in time, it may be difficult  
3 for you to come up with a list of cases that are going to be  
4 set for a competing, you know, contested case docket.

5 EXAMINER BRANCARD: I was thinking the same thing,  
6 Mr. Feldewert. I was thinking like maybe December 2nd for a  
7 status conference. So just let me check that for a second  
8 with Mr. Savage and then go to Mr. Bruce.

9 Mr. Savage, are you saying that 22317 is replacing one  
10 of the cases today?

11 MR. SAVAGE: That is correct. The moment we filed  
12 that, we provided notice to all parties who made an  
13 appearance, including Chevron. So everybody is fully  
14 informed on that. That should replace 22143. 22317 should  
15 replace that. And it has to -- it accounts for a bit of an  
16 overlapping unit that Cimarex owns in that proposed  
17 three-mile unit. But that sounds reasonable,  
18 Mr. Feldewert's proposition. He suggested that a competing  
19 application would take place sometime in January or  
20 February. So checking in with a status conference in  
21 December sounds pretty useful for us.

22 EXAMINER BRANCARD: So, Mr. Savage, are you going  
23 to file a dismissal for 22143?

24 MR. SAVAGE: Yes. Yes, we plan to do that. And  
25 we'll do the full notice on that.

1 EXAMINER BRANCARD: Let me check with Mr. Bruce  
2 for a second here.

3 MR. BRUCE: I'm just sitting on the sidelines, so  
4 whatever the other parties agree to is fine with me.

5 EXAMINER BRANCARD: Okay, thank you.

6 All right. So why don't we set for -- this for a  
7 status conference on December I believe it is 2nd.

8 Is that right, Marlene? Is that the date first date  
9 in December?

10 MS. SALVIDREZ: You are correct.

11 EXAMINER BRANCARD: And at this point, I will list  
12 all -- I will list 22143, 144 and 22317 for the status  
13 conference, unless you get your dismissal in really quickly,  
14 Mr. Savage --

15 MR. SAVAGE: Yes.

16 EXAMINER BRANCARD: -- in the scheduling order.

17 Does that work for everyone?

18 Mr. Feldewert?

19 MR. FELDEWERT: Yeah. I'm looking here,  
20 Mr. Examiner. I know Mr. Savage mentioned some overlapping  
21 applications. I believe those are the ones I'm looking at  
22 now that were filed on the 5th that would currently appear  
23 on the November 4th docket. It looks like those are cases  
24 22295, 22296, and 22297. It would seem that we might want  
25 to include those for the status conference at this point

1 until we get all this sorted out.

2 MR. SAVAGE: Mr. Feldewert, I believe that's the  
3 Southern Hills application and this is the Whites City that  
4 Chevron made an appearance in. I notified Chevron about  
5 the -- about the Southern Hills applications. They are  
6 reviewing those and see what they want to do about those.

7 MR. FELDEWERT: That is correct. And it was  
8 brought to my attention, so it does seem to me that we would  
9 want to have a -- include those, Mr. Examiner, in the status  
10 conference.

11 EXAMINER BRANCARD: All right. For now, I will  
12 include the three cases I have just discussed. If you all  
13 could confer about these other cases, and if you wanted,  
14 then, you know, to propose a motion to add them to that  
15 status conference, that would be fine, if that would be  
16 helpful.

17 MR. SAVAGE: Okay.

18 EXAMINER BRANCARD: Okay with you, Mr. Savage?

19 MR. SAVAGE: Yes, Mr. Examiner. Thank you.

20 EXAMINER BRANCARD: All right. All right. So  
21 with that, cases 22143 and 22144 will be set for a status  
22 conference on December 2nd. File continuances.

23 MR. FELDEWERT: Did you mean, then, to also add  
24 22317.

25 EXAMINER BRANCARD: Yes. And also 22317.



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MR. FELDEWERT: Thank you, Mr. Examiner.  
(Concluded 8:41 a.m.)

1 STATE OF NEW MEXICO )  
2 ) SS  
3 COUNTY OF BERNALILLO )  
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5 REPORTER'S CERTIFICATE  
6

7 I, CHRISTINE J. ROYBAL, New Mexico Reporter  
8 No. CCR-50, DO HEREBY CERTIFY that on Thursday, October 21,  
9 2021, the proceedings in the above-captioned matter were  
10 taken before me; that I did report in stenographic shorthand  
11 the proceedings set forth herein, and the foregoing pages  
12 are true and correct transcription to the best of my ability  
13 and control.

14 I FURTHER CERTIFY that I am neither employed by nor  
15 related to nor contracted with any of the parties or  
16 attorneys in this case, and that I have no interest  
17 whatsoever in the final disposition of this case in any  
18 court.

19  
20 /S/ Christine J. Roybal  
21 \_\_\_\_\_  
22 CHRISTINE J. ROYBAL, CCR, RPR  
23 NEW MEXICO CERTIFIED COURT  
24 REPORTER NO. 50  
25 LICENSE EXPIRES 12/31/22