

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: 22179 - 22182

APPLICATION OF DEVON ENERGY
PRODUCTION COMPANY LP FOR
COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

CASE NOS: 22313 - 22316

APPLICATION OF CIMAREX ENERGY COMPANY
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS
EXAMINER HEARING
DECEMBER 2, 2021
SANTA FE, NEW MEXICO

This matter came on for virtual hearing before
the New Mexico Oil Conservation Division, HEARING OFFICER
WILLIAM BRANCARD and TECHNICAL EXAMINERS DEAN McCLURE and
DYLAN ROSE-COSS on Thursday, December 2, 2021, through the
Webex Platform.

Reported by: Irene Delgado, NMCCR 253
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A P P E A R A N C E S

For Devon Energy:

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For Cimarex:

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For ConocoPhillips:

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I N D E X

CASE CALLED

STATUS CONFERENCE 03

REPORTER CERTIFICATE 10

1 HEARING EXAMINER BRANCARD: Looks like we've got
2 a bunch of them here. 22179, 180, 81, 82, Devon Energy, and
3 then 22313, 314, 315, 316, Cimarex.

4 Devon Energy?

5 MR. FELDEWERT: May it please the Examiner,
6 Michael Feldewert of the Santa Fe office of Holland & Hart.

7 HEARING EXAMINER BRANCARD: Cimarex?

8 MS. BENNETT: Good morning, Mr. Examiner, Deana
9 Bennett from Modrall Sperling on behalf of Cimarex Energy.

10 HEARING EXAMINER BRANCARD: And I have an entry
11 from ConocoPhillips.

12 MS. MUNDS-DRY: Thank you, Mr. Hearing Examiner.
13 Ocean Munds-Dry with ConocoPhillips.

14 HEARING EXAMINER BRANCARD: Are there any other
15 parties for these cases, 22179, 80, 81, 82, 22313, 14, 15,
16 16?

17 (No audible response.)

18 HEARING EXAMINER BRANCARD: Hearing none, I will
19 start with you, Mr. Feldewert.

20 MR. FELDEWERT: Mr. Examiner, we have some
21 competing pooling applications both Bone Spring and the
22 Wolfcamp that overlap in Section 12.

23 Cimarex seeks to combine Section 12 with Section
24 1 for two mile wells. Devon and ConocoPhillips own Section
25 12, and Devon has, as you will see from our applications,

1 competing development plans involving Section 12 for three
2 mile wells from the south.

3 Cimarex has no interest in Section 12. So we
4 are -- we want to proceed as soon as possible with a hearing
5 on this. Devon has some drilling scheduled in the first
6 quarter of next year. We were hoping to have this heard in
7 January. We recognize the constraints the Division is
8 under, but because of that drilling schedule, we would ask
9 that we have a hearing on this as soon as possible so that
10 Devon can proceed with developing its acreage.

11 HEARING EXAMINER BRANCARD: Ms. Bennett?

12 MS. BENNETT: Thank you. The reason that we are
13 here today actually is because ConocoPhillips requested a
14 continuance because ConocoPhillips had not yet had a chance
15 to review Devon's proposal. That's my understanding from
16 reviewing the ConocoPhillips materials.

17 So I think that there is some time issues related
18 to that that I would defer to counsel for ConocoPhillips
19 about. But in any event, Mr. Feldewert is correct that we
20 do need to set a contested hearing. You know, OCD's docket
21 is getting quite full. I heard March 3 is a possibility, so
22 that might be one that would be work if that's open. But I
23 would also like to hear from Ms. Munds-Dry about how things
24 have progressed with ConocoPhillips since the filing of the
25 motion to continue.

1 HEARING EXAMINER BRANCARD: Thank you. Yes, we
2 had a hearing that was scheduled for today that got vacated,
3 so ConocoPhillips, Ms. Munds-Dry.

4 MS. MUNDS-DRY: Thank you, Mr. Hearing Examiner.
5 Yes, ConocoPhillips did request the motion to continue
6 because at the time that we requested it, we had still not
7 received a JOA, so we had no opportunity to review the
8 proposal from Devon.

9 So we, we don't oppose a hearing being set
10 whenever the, whenever it can next be set on the docket, we
11 just needed more time and an opportunity to review the
12 proposal, so no opinion on when it's set, that was the
13 reason why.

14 HEARING EXAMINER BRANCARD: Okay. So you are not
15 asking for any additional time, you are okay with a hearing
16 some time in the future?

17 MS. MUNDS-DRY: Yes, sir, that's correct.

18 HEARING EXAMINER BRANCARD: All right. So we
19 think this is going to be a big hearing?

20 MR. FELDEWERT: Mr. Examiner, I don't think it's
21 going to be any -- it's not unique. You know, it will be
22 interesting to see the arguments since, you know, the
23 acreage that's involved here in Section 12 is owned by Devon
24 and ConocoPhillips.

25 Cimarex does not have an interest in it. I don't

1 think it's going to be any longer than a normal contested
2 hearing. Like you noted, we had hoped to have the matter
3 heard in January because of our growing schedule, so if the
4 Division could find time here in January or February,
5 including a Friday, so that we can get this matter moving
6 forward, we would appreciate it because of our schedule.

7 HEARING EXAMINER BRANCARD: All right. Marlene,
8 we don't have any special dockets set up yet for January or
9 February; is that correct?

10 MS. SALVIDREZ: We don't, but we could possibly
11 set these cases on January 6 if you don't want a special
12 hearing.

13 HEARING EXAMINER BRANCARD: We are just not
14 having good luck with special hearing dockets, a handful of
15 numerous ones.

16 MS. SALVIDREZ: I agree.

17 HEARING EXAMINER BRANCARD: It's an automatic bad
18 luck as soon as you assign a special docket. Is January 6
19 too soon for everyone?

20 MR. FELDEWERT: Not for Devon, Mr. Examiner. If
21 we need to, I'm assuming if the docket is such we can carry
22 over into Friday. I am looking at -- I think you have that
23 Apache Colgate case, resumption of that case set for that
24 docket, it shouldn't take very long. It looks like it might
25 be one of those cases, but, no, January 6 would be great.

1 HEARING EXAMINER BRANCARD: Ms. Bennett?

2 MS. BENNETT: Thank you. I had already checked
3 with Cimarex about certain dates including the latter date
4 in January, the contested docket date, but I hadn't checked
5 on January 6. So I'll need to check with Cimarex and see if
6 they are available. I can tell you that they were available
7 every other contested docket date I checked with them,
8 including the January docket date, February 17 or March 17,
9 but I did not think to check with them about January 6, so I
10 would have to check with them if the January contested
11 docket date would work, or if the January continuance docket
12 date would work. As I mentioned, I have already checked
13 that out with Cimarex with the idea that we can continue
14 over to Friday of that date if we needed to.

15 HEARING EXAMINER BRANCARD: Well, these second
16 dockets each month are basically continuation dockets, and
17 so they get filled up pretty fast. January 20, I believe,
18 is already in the triple digit case numbers, so we're not
19 going to be adding any more contested dockets on that.

20 But sometimes, you know, these first of the month
21 cases, since most of them go by affidavit we can add a
22 contested docket at the end of one of those, it's not really
23 a problem. So that's why Marlene mentioned January 6, or I
24 guess February 3 is a possibility.

25 MR. FELDEWERT: If Cimarex is serious, they will

1 be able to be there January 6, don't you think?

2 MS. BENNETT: Mr. Feldewert, I appreciate your
3 whatever comment, but I don't think that they are really
4 necessary. We are trying, as I mentioned, I checked three
5 different docket dates before coming to the hearing today to
6 be prepared to discuss docket dates, and it has nothing to
7 do with Cimarex's seriousness or ownership in Section 12,
8 this is just trying to figure out when we can have the
9 hearing. And I will endeavor to, as soon as we get done
10 with the hearings today, to see if Cimarex is available on
11 January 6.

12 HEARING EXAMINER BRANCARD: Well, let's get back
13 to Ms. Munds-Dry. Do you have any concern with January 6?

14 MS. MUNDS-DRY: I think we would have preferred
15 that second docket, Mr. Brancard, but I understand -- just
16 to give us a little more time since we are just starting the
17 negotiation process with Devon, we would have appreciated a
18 little bit more, but I think we can make January 6 work.
19 Whatever Cimarex and Devon work out.

20 HEARING EXAMINER BRANCARD: Here is our options,
21 and you can convey this to your client, Ms. Bennett.
22 January 6 or February 3.

23 MS. BENNETT: I appreciate that.

24 HEARING EXAMINER BRANCARD: You had asked about
25 neither of those.

1 MS. BENNETT: I didn't, but I appreciate the
2 flexibility to at least have options. Thank you.

3 HEARING EXAMINER BRANCARD: So please get back to
4 us via e-mail sometime after the hearing today with those
5 two options.

6 MS. BENNETT: I will. Thank you.

7 HEARING EXAMINER BRANCARD: All right. Any other
8 further comments on these cases?

9 MR. FELDEWERT: No, thank you, Mr. Examiner.

10 MS. MUNDS-DRY: Thank you, Mr. Examiner.

11 MS. BENNETT: Thank you very much.

12 (Concluded.)

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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REPORTER'S CERTIFICATE

I, IRENE DELGADO, New Mexico Certified Court Reporter, CCR 253, do hereby certify that I reported the foregoing virtual proceedings in stenographic shorthand and that the foregoing pages are a true and correct transcript of those proceedings to the best of my ability.

I FURTHER CERTIFY that I am neither employed by nor related to any of the parties or attorneys in this case and that I have no interest in the final disposition of this case.

I FURTHER CERTIFY that the Virtual Proceeding was of reasonable quality.

Dated this 2nd day of December 2021.

/s/ Irene Delgado

Irene Delgado, NMCCR 253
License Expires: 12-31-21