

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: 22897, 22898,
22771, 22772, 22773

APPLICATIONS OF CIMAREX ENERGY CO.
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS
EXAMINER HEARING
JULY 7, 2022
SANTA FE, NEW MEXICO

This matter came on for virtual hearing before
the New Mexico Oil Conservation Division, HEARING OFFICER
WILLIAM BRANCARD and TECHNICAL EXAMINER McCLURE on Thursday,
July 7, 2022, through the Webex Platform.

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A P P E A R A N C E S

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Admitted

Exhibits and Attachments

1 HEARING EXAMINER BRANCARD: I believe we were
2 going to combine the Southern Hills cases. Cimarex Energy?

3 MR. BRUCE: That's correct.

4 HEARING EXAMINER BRANCARD: So we have cases
5 22897, 22898, 22771, 22772, 22773, Cimarex.

6 MR. BRUCE: Mr. Examiner, Jim Bruce representing
7 Cimarex.

8 HEARING EXAMINER BRANCARD: So we are going to do
9 all of these together, Mr. Bruce?

10 MR. BRUCE: Yes, although, I would go through the
11 771, 772 and 773 first and then spend very little time on
12 the other two cases.

13 HEARING EXAMINER BRANCARD: Okay. So I have an
14 entry of appearance here, Chevron USA Inc.

15 MR. FELDEWERT: May it please the Examiner,
16 Michael Feldewert with the Santa Fe office of Holland & Hart
17 on behalf of Chevron, Mr. Examiner, also appearing for MRC
18 Permian company and in 22771 through 22773.

19 In reviewing the files, I don't see an entry by
20 Chevron or by MRC in Case 22897 and 22898, that was an
21 oversight since these are related cases, so we are also
22 appearing in those cases, and I have asked my secretary to
23 file a notice of appearance in those latter two cases.

24 HEARING EXAMINER BRANCARD: Thank you. So noted.
25 Any other entries of appearances? And we are looking at

1 getting them all on table right now, this is Case 22771,
2 772, 773, and Cases 22897, 22898.

3 Hearing none, Mr. Bruce you want to proceed with
4 771 through 773?

5 MR. BRUCE: Yes, Mr. Examiner, and before I
6 begin, I will ask Mr. Feldewert, I was just -- there is a
7 couple of issues we need to address, but I was going to go
8 through the affidavits as I normally would in an uncontested
9 hearing, but I understand that Mr. Feldewert intends to ask
10 questions of the landman and/or geologist, but I would
11 prefer to try to shorten the proceedings by just going
12 through the affidavits and raising a couple of -- couple of
13 issues, and then let Mr. Feldewert have his way, if that's
14 okay.

15 MR. FELDEWERT: I agree. I suggest you go
16 through all the affidavits. We don't need a break between
17 the land and geology affidavits and then I may that may
18 address some the questions I have anyway as you go through
19 with them, Mr. Bruce, I'm fine with that.

20 MR. BRUCE: Thank you.

21 HEARING EXAMINER BRANCARD: These cases were
22 actually under a prehearing order for --

23 MR. BRUCE: Correct.

24 HEARING EXAMINER BRANCARD: Thank you. That's
25 helpful. Please proceed, Mr. Bruce.

1 MR. BRUCE: Mr. Examiner, I submitted separate
2 exhibit packages for each of the first three cases, although
3 they are exceedingly similar. In 771 I'm going to combine
4 all of this together, and then I'm going to raise, as I
5 said, some issues.

6 771 concerns pooling the Bone Spring formation in
7 the W/2 W/2 of Sections 29 and 32, 25 South, 27 East, for
8 the Southern Hills 32-29 1-H well. And that is the
9 applications and notices are all in Exhibit E of each
10 package.

11 The Case 772 concerns the pooling of the Bone
12 Spring formation in the E/2 W/2 of Sections 29 and 32, same
13 township and range.

14 And then Case 773 concerns the pooling of the
15 Wolfcamp formation in the W/2 of Sections 29 and 32, same
16 township and range for the wells stated in the applications.

17 These matters were -- I think our cases were
18 first proposed back in last September, and they have taken a
19 little while to get to hearing for one reason or another.

20 But the landman's affidavit in each case is
21 Exhibit A. They were prepared by Riley Morris, the landman
22 for Cimarex Energy Company. He has previously testified
23 before the Division. It contains a lot of the usual
24 information, C-102s, plat tracts and the working interest
25 owners being pooled, the time line of contacts, proposal

1 letters and the AFEs.

2 Cimarex does request \$8000 a month for drilling
3 the well and \$800 month for a producing well, and the usual
4 200 percent risk. And that is similar to each case that has
5 been filed in this matter -- in these matters.

6 Exhibit D in each case is the statement of Meera
7 Ramoutar, the geologist with Cimarex, and whether it's the
8 Bone Spring or the Wolfcamp maps contain structure maps,
9 cross sections, at least for the Bone Spring, isopach, a
10 wine rack pattern showing what is being drilled, et cetera,
11 the usual exhibits.

12 And as she states, the horizontal unit is
13 justified from a geologic standpoint, and there is no
14 faulting or other impediment to drilling. Target zones are
15 continuous and relatively uniform thickness across the well
16 units and each quarter-quarter section, or in the case of
17 the Wolfcamp, each quarter-quarter section will contribute
18 more or less equally to production.

19 Exhibit B is my affidavit of mailing. All the
20 parties were locatable, and so I did not publish notice.
21 Still waiting on -- I've got green cards. I didn't even
22 attach them. I have green cards, but I did check with
23 the -- most of the green cards came back and I will have to
24 supplement the record as to the green cards, but I did check
25 on the postal service website and everybody did receive

1 notice.

2 And I would point out there have been at least --
3 the working interest owners were notified -- take a step
4 back. Applications were filed last fall, notice was given
5 to everyone, but then it came up that there were overlapping
6 well units, and so the applications were amended, notice was
7 again sent out.

8 In addition, notice of the overlaps was given to
9 all the working interest owners, so all the working interest
10 owners have known what's been going on out here for a number
11 of months, but I will have to supplement with the green
12 cards I received with a -- and I will do a spreadsheet on
13 all of that.

14 One item, Mr. Examiner, is that -- and he is here
15 on the phone with us, the landman's affidavit was prepared
16 by Riley Morris, the landman who happens to be out of state
17 in an area of poor contact, and so his land manager, Dylan
18 Park, is on the phone and he can affirm everything that
19 Mr. Morris has said in his affidavit, and, if necessary, I
20 can get an affidavit from him confirming all of this
21 information stated in Mr. Morris' affidavit. And so Mr.
22 Feldewert, if you have land questions, the landman will be
23 Dylan Park.

24 All of these applications are similar, as I said,
25 two Bone Spring, one Wolfcamp, I believe, except for

1 providing supplemental notice, the applications are -- or
2 the exhibit packages are complete.

3 And then we come to one other issue, and I
4 will -- there is one thing I will ask Mr. Park about in a
5 minute, but the applications requested to force pool the
6 Bone Spring formation, and it turns out that they are not
7 seeking to force pool the entire Bone Spring formation.

8 And maybe at this point I would like to get
9 Mr. Park on the line and sworn in and ask him a few
10 questions about this.

11 HEARING EXAMINER BRANCARD: Okay. Is your
12 witness there? It looks like Mr. Park. Let's Mr. Park
13 sworn in.

14 DYLAN PARK

15 (Sworn, testified as follows:)

16 DIRECT EXAMINATION

17 BY MR. BRUCE:

18 Q. Please state your full name for the record
19 Mr. Park?

20 A. Dylan Park.

21 Q. And who do you work for and in what capacity?

22 A. Coteria Energy as a land manager.

23 Q. Have you previously testified before the
24 Division?

25 A. Yes, I have.

1 Q. And were your credentials as an expert petroleum
2 landman accepted as a matter of record?

3 A. Yes, sir, they were.

4 Q. Are you familiar with the land matters involved
5 in these applications?

6 A. Yes, sir.

7 Q. Have you been working very closely with
8 Mr. Morris over the course of the well proposals, hearings,
9 et cetera, on these Southern Hills wells?

10 A. Yes, sir.

11 Q. And can you confirm and would you adopt the
12 testimony in Mr. Morris' affidavit?

13 A. Yes.

14 Q. Let's get to the one issue I was mentioning about
15 the full Bone Spring being pooled. Could you explain that?

16 A. Yes, sir, in the W/2 of Section 29, we entered
17 into a trade with Concho about a year and a half ago. They
18 gave us everything from below the top of the Harkey
19 formation and thus creating a depth severance.

20 Q. Now, is -- what is the -- I know I have seen it
21 before, but it's been a few years since I've seen it. What
22 particular -- what does that correspond to? Is it like
23 First Bone Spring, Second Bone Spring?

24 A. That might be a better question for our
25 geologist, but my understanding is that it's between the

1 Second and the Third at around 7745 feet.

2 Q. Okay. Okay. So -- and that applies to the two
3 Bone Spring formations; is that correct? I mean the two
4 Bone Spring applications.

5 A. Yes, sir, that's correct.

6 Q. There is no depth severance in the Wolfcamp
7 formation?

8 A. Correct. That's correct.

9 Q. Okay. So you are only seeking to force pool a
10 limited portion of the Bone Spring formation?

11 A. Yes, sir.

12 Q. And that gets to the point that the other two
13 cases that we haven't gotten into yet, there are two COG
14 Bone Spring wells. That's what resulted in the depth
15 severance in this matter; is that correct?

16 A. Yes, sir.

17 Q. And they have been given notice of, well,
18 virtually everything that's been going on in these cases, I
19 would -- I would think.

20 A. That is correct, yes, sir.

21 Q. Okay. One other item I would like to ask you
22 about, Mr. Feldewert entered an appearance for MRC. In
23 these two-mile laterals, does MRC own a working interest?

24 A. No, I don't believe so.

25 Q. Were these wells originally proposed as three-

1 **mile laterals?**

2 A. I believe there was one, yes, sir.

3 **Q. And in that -- okay, in that three-mile lateral**
4 **MRC owned an interest?**

5 A. I don't know the answer to that off the top of my
6 head right now.

7 **Q. Okay. But in these two-mile laterals, MRC does**
8 **not own an interest; is that correct?**

9 A. That is correct.

10 **Q. Okay.**

11 MR. BRUCE: With that, Mr. Examiner, again, I
12 would -- I would turn over to Mr. Feldewert -- I will ask a
13 few questions of the geologist, but first I think I should
14 turn over the witness to Mr. Feldewert if he has any
15 questions.

16 HEARING EXAMINER BRANCARD: Mr. Feldewert?

17 MR. FELDEWERT: Mr. Examiner, I do have
18 questions, but in the interest of perhaps saving time, I'm
19 not sure Bone Spring spacing units can go forward under the
20 existing applications because there was no notice of a depth
21 severance, no articulation of the depth severance, and no
22 notice of stratigraphic equivalent of the proposed, I guess,
23 the modified pooling application.

24 HEARING EXAMINER BRANCARD: I have the same
25 question.

1 MR. FELDEWERT: I can spend a lot of time on
2 this, but I don't think that would be fruitful today.

3 MR. BRUCE: Well, Cimarex is asking -- I would
4 understand if Cimarex was saying they were going to force
5 pool the Third Bone Spring formation and then came in and
6 said, "We are pooling the full Bone Spring formation," I
7 think that would require refiled applications and additional
8 notice, but we are asking for less.

9 And as I said, everybody has known what's been
10 going on in this area for nine months, and no one has ever
11 raised an issue. What I would ask is that we just -- I
12 would have to revise the pooling checklist, but just simply
13 stating we are pooling only as to certain depths and the
14 working interest is all the same, what is the harm in going
15 forward and pooling these?

16 HEARING EXAMINER BRANCARD: Well, I think, Mr.
17 Bruce, if we allow what you are talking about, I think we
18 are still going to need to continue the case so you can
19 present the actual delineation.

20 MR. BRUCE: I understand that, but I don't see
21 any need to -- I mean, certainly, if necessary, continue the
22 case. Notice could be sent out saying we are only pooling
23 these certain specific zones and we would present a well log
24 and depth, but we are asking for less, so I don't see the
25 need to amend.

1 HEARING EXAMINER BRANCARD: Correct. So let me
2 jump ahead here a bit. Would the depth severance eliminate
3 the need for the other two cases because you wouldn't be in
4 the same unit as COG?

5 MR. BRUCE: Well, and I questioned that myself,
6 Mr. Examiner. But I mean, there is -- there are overlapping
7 well units, and the way I read the rule, I know it says
8 overlapping well units says pool or formation, but certainly
9 Bone Spring formation is the Bone Spring formation. If you
10 decide we don't need those applications, that's fine.

11 HEARING EXAMINER BRANCARD: Because I noticed in
12 looking at your applications and the parties you said were
13 working interest owners in these units, you didn't list COG
14 or Concho.

15 MR. BRUCE: That's because -- and I will ask
16 Mr. Park to confirm this. In the cases about, about the
17 overlapping well units, I did notify COG.

18 THE WITNESS: Yes.

19 MR. BRUCE: But in these cases I didn't notify
20 Concho, as I understand it, and I will ask Mr. Park to
21 confirm this, Cimarex Cotera made an agreement with COG, so
22 COG is out of the zones being pooled in cases 771, 772 and
23 773, and I would ask Mr. Park, is that correct?

24 MR. PARK: Yes, sir, that's correct.

25 HEARING EXAMINER BRANCARD: Okay. So in your

1 exhibits, Attachment 3 or Attachment 2 in the landman's
2 affidavit where you have Cimarex Energy has 67.77 percent
3 working interest, Mr. Park, does that include the interest
4 of COG?

5 MR. PARK: That's the interest -- that's part of
6 the interest that acquired from COG, yes, sir.

7 HEARING EXAMINER BRANCARD: Okay. All right.
8 So, Mr. Bruce, you are seeking to clarify the vertical
9 extent of what you are pooling here by having a depth
10 severance?

11 MR. BRUCE: Correct. And we would put that in
12 the pooling checklist, which, as you mentioned earlier, is
13 what is relied upon for legal purposes. And we would give
14 notice to everyone that Cimarex is not seeking to force pool
15 anything except that limited vertical extent, and I think
16 it's perfectly -- I think that's perfectly a fine way to
17 go. And then I will accept whatever the Division decides as
18 to the two cases, 897 and 898, as to whether they are
19 needed, but this was just out of an excess of caution.

20 TECHNICAL EXAMINER McCLURE: The last thing you
21 said, Mr. Brancard, you were muted, by the way, if you were
22 trying to talk to us.

23 HEARING EXAMINER BRANCARD: No wonder nobody was
24 paying attention. I was just trying to turn to Mr.
25 Feldewert because, yeah, this -- as I read the record in

1 this case, we are still in the contested cases. The
2 prehearing order wasn't vacated, so what is the interest of
3 your clients in this case, and do you want to put any
4 evidence on, et cetera, in this case either, with or without
5 a depth severance?

6 MR. FELDEWERT: Well, I would state one -- two
7 steps, one step back. First, what's the interest it
8 retains, it still has an interest in the acreage that is the
9 subject of the applications. Okay.

10 Number two, Mr. Bruce's statement about the
11 parties have known what's going on out there for quite some
12 time is probably partially true, but I don't think anyone
13 was aware of any desire or need to create a depth severance,
14 and none of the materials in the case reference or define an
15 ownership depth severance, and none of the materials that
16 have been filed in the case reference or define what they
17 now seek to pool.

18 So to me, we are in a circumstance where the
19 parties being pooled have now been provided sufficient
20 notice or information of what now is exactly being pooled.

21 HEARING EXAMINER BRANCARD: So I'm looking at the
22 exhibits. It indicates that Chevron with a 10 percent
23 interest working interest in this unit, is that affected by
24 the depth severance? Is that ten percent above or below?

25 MR. PARK: As least as we stand here, the ten

1 percent is in the severance that we are trying to pool.

2 That doesn't change, the interests that are laid out in the
3 exhibit are what we are actually trying to pool. I believe
4 all these parties to have the interest above as well.

5 MR. FELDEWERT: You don't know that. You haven't
6 looked at that.

7 MR. PARK: I'm fairly certain, but I believe I
8 can double check that.

9 HEARING EXAMINER BRANCARD: Assuming that COG's
10 interest is part of Cimarex's interest.

11 MR. PARK: Can you repeat that, sir?

12 HEARING EXAMINER BRANCARD: Assuming that COG's
13 interest is part of Cimarex's interest.

14 MR. PARK: That is correct.

15 HEARING EXAMINER BRANCARD: Because COG has wells
16 in the other part.

17 MR. PARK: That is correct.

18 MR. FELDEWERT: So to answer your question,
19 Mr. Brancard, I don't know and it sounds like the witness
20 doesn't exactly know, either.

21 MR. BRUCE: Well, that can be clarified. And
22 again, we are asking for less than what we originally asked
23 for, so I don't see how anyone is harmed, either, and it can
24 be cured by notice.

25 HEARING EXAMINER BRANCARD: Well, okay. I see

1 this as six of one, half dozen of another, and if we don't
2 require a new application, we are still going to require a
3 continued hearing.

4 MR. BRUCE: I understand that.

5 HEARING EXAMINER BRANCARD: So if we -- Mr.
6 Bruce, if you simply file a new application and include
7 exactly what you need to pool here exactly what your client
8 wants to pool. You have all the, all the other information
9 ready to go, so, you know, it's not a humongous effort. I
10 guess the only part is making offers to the parties,
11 essentially.

12 So that would be seem to be cleanest right now is
13 to open a new case which we would require with an
14 application. So this is looking to be more like an amended
15 application.

16 I'm sorry, I know you have been working on these
17 Southern Hills cases for a long time, and I know you are
18 also trying to resolve a lot of issues. And I wonder
19 whether your having two operators in one unit could be
20 combined with that application so we will have everything
21 all together on one, or at least with the two Bone Spring,
22 that's the issue.

23 MR. BRUCE: I think the Wolfcamp application is
24 ready to be taken under advisement, Mr. Examiner.

25 HEARING EXAMINER BRANCARD: I agree. I think we

1 can move forward with the Wolfcamp application if you want
2 to do that today.

3 MR. BRUCE: Cimarex does.

4 HEARING EXAMINER BRANCARD: All right. Why don't
5 we do that then -- you have already presented that, I
6 believe 773.

7 MR. BRUCE: Yeah, it was part of the same, same
8 general presentation because really there is -- I mean, you
9 know, a few differences here and there, but they were all
10 presented together just to save time.

11 HEARING EXAMINER BRANCARD: I just need to check
12 because I generally don't remember what happened, so --

13 MR. BRUCE: Case 773, that is the Wolfcamp
14 application, but other than the geology being for the
15 Wolfcamp, pretty much everything else is the same. And as a
16 matter of fact, working interest ownership in the Wolfcamp
17 is the same as in the Bone Spring, so all of the -- my
18 explanation early on also applies to Case 773, and I would
19 ask that Exhibits A through F be admitted in Case 22773 and
20 the case be taken under advisement.

21 HEARING EXAMINER BRANCARD: Thank you. I will
22 turn to Mr. Feldewert. Do you have questions or concerns
23 about 773?

24 MR. FELDEWERT: I do have some questions, which I
25 may --

1 HEARING EXAMINER BRANCARD: Of this witness or --

2 MR. FELDEWERT: Yes, of this witness.

3 HEARING EXAMINER BRANCARD: Okay. Thank you.

4 Please proceed.

5 CROSS-EXAMINATION

6 BY MR. FELDEWERT:

7 Q. Since he is standing in for Mr. Morris.

8 Mr. Park, in this case you are just pooling the W/2 of 29
9 and 32 in the Wolfcamp?

10 A. Yes, sir.

11 Q. Why -- is there -- why did you not seek to also
12 pool the E/2?

13 A. Because part of what we traded with Concho, we
14 traded -- they traded into a large portion of our E/2
15 interest in the E/2 of Section 32. We have a small interest
16 remaining there that we would participate with, but that's
17 all.

18 Q. So in other words your interest in the E/2 has --
19 less now than it was before the trade with Concho?

20 A. Yes, sir, that's correct.

21 Q. Got it, okay. Now, the wells that you have
22 identified here for your Wolfcamp W/2 spacing unit, do you
23 have a rig scheduled for those?

24 A. They were on the schedule, yes, sir.

25 Q. Do you know when?

1 A. I don't know off the top of my head, no, sir, but
2 at some point.

3 Q. As land manager, do you have some indication that
4 it's in the next quarter, in the next six months, in the
5 next year, when, when is it on your schedule?

6 A. i would say as I stand here right now, I would
7 say sometime next year.

8 Q. Next year. And and has the rig been contracted?

9 A. Yes, we have several contracted rigs. It would
10 be on one of those rig lines.

11 Q. When you say you have several contracted rigs,
12 are those several contracted rigs for New Mexico?

13 A. Yes, sir.

14 Q. How many?

15 A. Oh, let's see, I would say at least three.

16 Q. Three?

17 A. Sometimes those move around. They are not
18 always, always in New Mexico, and not always in Texas, they
19 kind of move around a bit.

20 Q. And you've got the ability to move them back and
21 forth?

22 A. Yes, sir.

23 Q. So in terms of the parties that are being pooled,
24 since they are not on the drilling schedule until sometime
25 next year, there is not going to be any immediate request to

1 make an election in the pooling order if it's received, is
2 there, Mr. Park?

3 A. So I understand what you are asking me, can you
4 repeat that one more time?

5 Q. Sure. If you receive a pooling order here in
6 this case, the parties that are being pooled have an
7 opportunity to make an election whether to participate in
8 the wells or not participate in the wells under the pooling
9 order. That is triggered by when you send out the request
10 for election.

11 A. Correct.

12 Q. Can we expect then that Cimarex will not request
13 the parties pooled under the pooling order to make an
14 election until we get closer to this unknown time frame next
15 year?

16 A. You know, we always have the ability to move our
17 development projects around, so if we were to get this order
18 in, we can always move it up, and so that would trigger an
19 election a little bit sooner than a one-year period.

20 Q. Do you have the company's general policy as to
21 when they require a party to make an election under a
22 pooling order, how far ahead of the drilling schedule?

23 A. Well, in this case it would be at least 30 days.

24 Q. You say at least 30 days, correct. What about in
25 terms of the proximity of sending out that election to the

1 **actual time that you anticipate commence drilling?**

2 A. Just in general, how long are we sending out in
3 advance?

4 Q. **In advance, yes, thank you.**

5 A. In general we like to send proposals out within
6 three months of a project.

7 Q. **Three months, okay. How many well pads are you**
8 **utilizing here to drill your Wolfcamp wells there in -- I**
9 **think those well pads are in the S/2 of 32. Is that right?**

10 A. Yes, sir.

11 Q. **How many well pads are you utilizing?**

12 A. I believe there is just one.

13 Q. **Okay. For your Wolfcamp wells?**

14 A. Yes, sir.

15 Q. **Are they going to be below grade well pads?**

16 A. I don't know the answer to that, sir.

17 Q. **Is there anybody that knows that answer**
18 **available?**

19 A. I don't know if our geologist knows that answer.
20 She may. I'm not sure.

21 Q. **Is there anybody else available that would know**
22 **the answer?**

23 A. We can determine that answer, yes, sir.

24 Q. **Would you be able to provide that to me after the**
25 **hearing today?**

1 A. Oh, yes, sir. For sure.

2 Q. Thank you. Okay. Thank you.

3 A. One more time, just so I understand it.

4 Q. In other words, the well pads that you are going
5 to go utilizing, will they be below grade?

6 A. Okay.

7 Q. And I'm going to ask you another question. In
8 terms of your central -- like for your tank battery, is that
9 going to be on the well pad for your Wolfcamp wells, or do
10 you have a centralized facility?

11 A. For a 100 percent answer, I would have to get
12 back to you on that one as well.

13 Q. Can you do that for me?

14 A. Yes, sir.

15 Q. Thank you. Are you familiar with your --
16 since -- never mind. I will move on. Now, you looked at
17 the affidavit that was filed by Mr. Morris, and we will go
18 to the Wolfcamp case which is Case 22773.

19 A. Yes, sir.

20 Q. That would be his Exhibit A?

21 A. Yes.

22 Q. And you looked at the exhibits?

23 A. Yes, sir.

24 Q. Okay. When I go to Exhibit A-3, which is
25 chronology of contacts of the parties that you seek to

1 pool --

2 A. Yes, sir.

3 Q. Let me know when you get there.

4 A. Okay.

5 Q. Have you been involved in these efforts, are you
6 familiar with these efforts?

7 A. I have been in a few of the phone calls.

8 Q. Okay. Are you familiar with the status of the
9 discussions with the parties you seek to pool?

10 A. Yes.

11 Q. Okay. When I look at what he says about Oxy, I'm
12 looking at the last two sentences, do you have that in front
13 of you?

14 A. Yes.

15 Q. It appears, as I understand it, and I'm
16 paraphrasing here, that in November of 2021, Oxy said they
17 was going to be feedback from their legal on the basis to
18 the JOA. And then the last sentence says, this concluded
19 the communication between Miss Carr and myself.

20 A. True.

21 Q. Is it true that the last time you had any
22 communication with Oxy was in November of 2021?

23 A. I believe that to be the case, yes, sir.

24 Q. Do you know why no one has reached out to Oxy
25 since that time to determine the status of the efforts to

1 reach a voluntary agreement?

2 A. No, I don't.

3 Q. Now when it comes to Chevron, it again says there
4 was an update to the 2H plan. Now the 2H is a Bone Spring
5 well; right?

6 A. Correct.

7 Q. It doesn't say anything about the discussions
8 about the Wolfcamp well. It says all four well proposals
9 were sent out on September 3, 2021.

10 A. Yes. And then there was an update for the 2H
11 plan.

12 Q. All right. The sentence says Cimarex and
13 Chevron -- I'm sorry -- there has been discussions between
14 Cimarex and Chevron concerning an acreage trade in this
15 general area. Are you familiar with those?

16 A. Yes.

17 Q. What's the status?

18 A. There is no longer any trade talks going on.
19 They're basically ceased. Each party has gone back and
20 forth for the better part of a year, year and a half since
21 September of '21 trying to work a trade, and we were unable
22 to come to a resolution on either side.

23 Q. What about a voluntary agreement like a JOA?

24 A. Yes, sir, they were in discussions.

25 Q. When?

1 A. Back in September.

2 Q. Have there been any subsequent discussions
3 between Cimarex and Chevron about a voluntary agreement to
4 develop this acreage?

5 A. There's been numerous ongoing discussions, you
6 know, regarding --

7 Q. Let me interrupt you. I want to be very clear.
8 I know there were a lot of discussions initially about
9 trades, okay? I'm talking specifically about the effort to
10 reach a voluntarily agreement for the development of this
11 acreage with Cimarex as the operator, has there been any
12 discussions about the voluntary agreement?

13 A. There have been discussions about that initially,
14 yes, sir.

15 Q. And when was the last discussion about the
16 voluntary agreement?

17 A. I'm unsure about that, to be specific.

18 Q. Has there been anything since November of 2021
19 specifically on a voluntary agreement?

20 A. I don't know for sure. There were a couple of
21 discussions regarding that.

22 Q. Do you know if they were before or after November
23 of 2021?

24 A. I would have to go back and double check.

25 Q. Have there been any discussions in the last six

1 months about voluntary agreement?

2 A. Most likely not. We have been focused on trying
3 to get a trade done and not trying to deal with this.

4 Q. When did the trade talks cease?

5 A. I believe the last correspondence was probably
6 about three, three weeks ago to a month.

7 Q. Okay. All right. Now, I want to look at this
8 affidavit that was filed by Mr. Morris. Now, when you read
9 it, did you read it carefully, Mr. Park?

10 A. I believe I did.

11 Q. Okay. Did you see any mistakes, any issues?

12 A. Not my knowledge.

13 Q. Paragraph 10 --

14 A. Yes, sir.

15 Q. -- it represents in the last sentence that the
16 location of each well is orthodox and meets the Division's
17 offset requirements.

18 Now, is that true for the Purple Sage Wolfcamp
19 Gas Pool? When you look at the C-102, isn't it true that
20 the first take point and last take point do not comply with
21 rules of the Purple Sage Wolfcamp Gas Pool.

22 A. Yes, sir, that appears to be an oversight there.

23 Q. Have you identified the offsetting operators that
24 are going to be affected by your proposed non-standard
25 location?

1 A. I'm uncertain about that. We would have to
2 double check.

3 Q. Do you know if anybody has been reached out to
4 and figured out who that is?

5 A. I'm uncertain if that happened.

6 Q. You go to Paragraph 12, it says there are no
7 depth severances in the Bone Spring formation in this
8 acreage. Now that's not true with respect to the Bone
9 Spring formation; correct?

10 A. Correct. That should have said Wolfcamp.

11 Q. Okay. All right. And when we see a similar
12 statement in the other affidavits that were filed for the
13 Bone Spring case, it wouldn't be true; correct?

14 A. In the Bone Spring affidavits, that there is a
15 depth severance, you are correct.

16 Q. Okay. Paragraph 16, I'm having a hard time
17 understanding Paragraph 16, particularly the first sentence.

18 A. Yes, sir. That would be incorrect as well.

19 Q. The working interest owners haven't all
20 voluntarily committed; correct?

21 A. Correct.

22 Q. And your last sentence referencing to overriding
23 royalty interest owners, where are those lists of the
24 overriding royalty interest owners?

25 A. There is not any, that's incorrect.

1 Q. Have you, in the course of preparing for this,
2 did you examine the geology exhibits? I'm going to them
3 because it's a land issue on the geology exhibits. Okay?

4 A. Okay.

5 Q. I want you to go to the geology Exhibit B-1, B as
6 in boy.

7 A. Okay.

8 Q. Does that correctly outline in green the proposed
9 spacing unit?

10 A. No, it appears that does not.

11 Q. And the same mistake appears to be in B-3?

12 A. Correct.

13 Q. I have a question about the AFE percent with the
14 well proposal letters. Okay? So I believe that is, I'm
15 going to call it your exhibits since you are representing
16 the company here -- Exhibit A-4, and when I look at the
17 first page, I see a depth for the 2H of approximately 8830.
18 Do you see that? First page of Attachment 4.

19 A. Yes.

20 Q. Then I go to 4H, I see the same depth. So was
21 the intent here to have both wells drilled at the same
22 depth?

23 A. Both Wolfcamp wells?

24 Q. Yes.

25 A. I see the second one at 9083.

1 Q. Thank you. That's where I got confused. So I'm
2 looking at the first page of Exhibit A, and it says the 4H
3 is at 88 and 3, and I go to the AFE -- I'm glad you went
4 there, thank you -- it says 98-3. Which one is correct, if
5 either.

6 MR. BRUCE: Excuse me a minute. I need to
7 clarify, you know, or ask some clarification. The Wolfcamp
8 well has -- well unit has two wells on it, and the two wells
9 have different depths which are set forth in the pooling
10 checklist as well as the AFE.

11 HEARING EXAMINER BRANCARD: I think Mr. Feldewert
12 is pointing out that they are not.

13 MR. FELDEWERT: I don't know. That's what I'm
14 trying to figure out.

15 A. Well, that's correct, I think our geologist would
16 be able to answer that better than myself.

17 Q. All right. When I go to the AFE for the 3H, it
18 has the same cost as the AFE for the 4H. Is that right,
19 Mr. Park?

20 A. Yes.

21 Q. Now, in all fairness, they haven't been updated
22 since September of 2021; is that right?

23 A. That also appears correct, yes.

24 Q. Do you know if the AFE for the 4H is going to be
25 different if it's at a proposed 9083 depth as reflected on

1 the AFE?

2 A. I would think that it would be, yes.

3 Q. And in general, the AFEs I see have not been
4 updated since September of 2021. Do you know if the costs
5 have gone up or down since September of 2021?

6 A. I'm unsure. I would have to double check that.

7 Q. Okay. Would you clarify for me after the hearing
8 what the actual depth of the 4H is going to be? Can you do
9 that, please?

10 A. Yes, sir.

11 Q. And I understand that Cimarex -- or let me step
12 back. Let's go back to the affidavit. It mentions in your
13 existing development -- oh, there it is -- Paragraph 8,
14 Paragraph 8 of Exhibit A mentions an existing Cottonwood
15 Hills 32 State Com 1H. Are you familiar with that well?

16 A. Yes.

17 Q. And the paragraph notes that your proposed
18 Wolfcamp spacing unit will overlap that existing spacing
19 unit in the Purple Sage Wolfcamp Gas Pool.

20 A. Correct.

21 Q. And then it says Cimarex -- I'm looking at the
22 last clause -- Cimarex respectfully requests approval to the
23 extent necessary for the overlapping units. Do you see
24 that?

25 A. Where is that?

1 Q. Last clause of Paragraph 8.

2 A. Yes.

3 Q. Okay. Okay. What I don't see anywhere in the
4 exhibit package is whether notice was provided to the
5 working interest owners on the overlapping spacing unit in
6 the Wolfcamp. In all fairness, I saw one for the Bone
7 Spring spacing unit, okay, in the -- in cases -- I'm
8 sorry -- 22897 and 22898, there is a letter that went out
9 June 9. I don't see anything in the exhibit package for the
10 Wolfcamp wells that states that the working interest owners
11 were identified, nor do I see a letter providing the nature
12 of that notice. Do you know if you have one?

13 A. My understanding is that there was one, and I had
14 seen one, but, no, I don't see it here, no.

15 MR. FELDEWERT: Mr. Examiner, I believe that is
16 all the questions I had for the landman witness.

17 HEARING EXAMINER BRANCARD: Mr. Bruce, do you
18 have a second witness?

19 MR. BRUCE: I would like to ask just a few
20 follow-up questions to Mr. Park.

21 HEARING EXAMINER BRANCARD: Oh, sure.

22 REDIRECT EXAMINATION

23 BY MR. BRUCE:

24 Q. Mr. Park, again this was Mr. Morris' affidavit,
25 but in Case Numbers 22897 and 22898 there is a letter

1 attached to interest owners of the two Bone Spring wells, as
2 well as to the working interest owners of the Wolfcamp
3 formation, is there not? I believe it's marked part of
4 Exhibit B.

5 And although only a sample letter is copied which
6 is addressed to Chevron USA, these -- these letters
7 regarding overlap, overlapping well units were sent by
8 Cimarex to all of the working interest owners, were they
9 not?

10 A. Yes, they were.

11 Q. Couple of other things regarding a non-standard
12 unit, if that's required -- excuse me -- if you do drill a
13 at a non-standard location for the Wolfcamp well, you are
14 aware you would have to -- you are required to submit an
15 application for a non-standard location administratively
16 without a hearing before the Division before you can drill
17 that well?

18 A. Correct.

19 Q. Two things that Mr. Feldewert questioned you
20 about contacts with Oxy, as you kind of blinked. Cimarex
21 was not contacting Oxy enough, but has Oxy ever contacted
22 you about this prospect?

23 A. Not after the last communication, no.

24 Q. And did you ever get comments from Chevron
25 regarding your proposed JOA?

1 A. No, sir.

2 Q. And as to the AFEs for the Wolfcamp wells, AFEs
3 are simply estimates, are they not?

4 A. That is correct.

5 Q. And Mr. Feldewert was making a big deal about the
6 depth difference, but it's basically 100, 150 feet is the
7 vertical depth difference, is it?

8 A. Yes, that's -- that's correct.

9 Q. Very small?

10 A. (Inaudible.)

11 MR. BRUCE: That's all I have, Mr. Examiner.

12 HEARING EXAMINER BRANCARD: Did you have a
13 geologist witness, Mr. Bruce?

14 MR. BRUCE: Yup, she is here. Her name is Meera
15 Ramoutar.

16 MEERA RAMOUTAR

17 (Sworn, testified as follows:)

18 DIRECT EXAMINATION

19 BY MR. BRUCE:

20 Q. And Ms. Ramoutar, who do you work for and in what
21 capacity?

22 A. I work for Cotera Energy as a geologist in our
23 Permian Basin unit.

24 Q. And you have been with Cotera and Cimarex for a
25 while, have you not?

1 A. Yes, sir. Over 13 years.

2 Q. Don't worry, you are not near as old as I am, as
3 you well know. And are you familiar -- have you previously
4 testified before the Division?

5 A. Yes, sir, I have.

6 Q. And were your credentials as an expert geologist
7 accepted as a matter of record?

8 A. They were.

9 Q. And are you familiar with the geologic matters
10 involved in these applications, whether it's Bone Spring or
11 the Wolfcamp?

12 A. Yes, sir.

13 Q. And maybe we just go straight to the Wolfcamp.

14 A. Okay.

15 Q. Was Exhibit B, your affidavit, prepared by you or
16 under your supervision and the exhibits attached thereto?

17 A. Yes, sir.

18 Q. And Mr. Feldewert pointed out some blatant errors
19 on a couple of your plats. Is that simply a factor of the
20 well location offsite of Sections 29 and 32?

21 A. What it is, it's an oversight in our planning.
22 Initially when we started looking at these units, we were
23 trying to figure out how to make this entire slew of
24 sections work. They are highly productive and prospective,
25 in our opinion, and so the green outline was an oversight on

1 my part of adjusting after we had considered initially
2 trying to do these as three-mile wells.

3 Q. Okay. So it's definitively in picture form a
4 typo?

5 A. Absolutely, yes.

6 Q. Okay. And is the Wolfcamp across these two
7 sections pretty uniform in thickness?

8 A. Yes, sir.

9 Q. And would you expect each quarter section in the
10 wells to contribute more or less equally to production?

11 A. Yes, sir, I do.

12 Q. And in your opinion, is granting of this
13 application in the interest of conservation and prevention
14 of waste?

15 A. Yes, sir, it is.

16 Q. And do you adopt the statements you made in your
17 affidavit that is Exhibit B?

18 A. Yes, sir.

19 MR. BRUCE: Mr. Examiner, I would turn over the
20 witness to Mr. Feldewert.

21 HEARING EXAMINER BRANCARD: Mr. Feldewert, any
22 questions?

23 MR. FELDEWERT: Yes, just a couple.

24 CROSS-EXAMINATION

25 BY MR. FELDEWERT:

1 Q. Ms. Ramoutar, your affidavit says these Wolfcamp
2 wells are targeting the Wolfcamp sandstone; is that correct?

3 A. Yes, sir.

4 Q. Why did you choose that interval?

5 A. So within the Wolfcamp, if I were to refer to --
6 I guess we can go to Exhibit 3 -- not 3 -- B-2.

7 Q. B-2?

8 A. Yes, sir. So if we look at Exhibit B-2, there
9 are two well logs on this cross section, and I'm going to
10 talk off of the well log with the green star above it. And
11 so within that well log we have flagged the targeted
12 intervals.

13 Now, the reason that we chose the Wolfcamp,
14 within, internally, you guys see way more of this than I
15 do in terms of the industry and how everyone breaks up the
16 Wolfcamp. However, internally, at the top of the Wolfcamp
17 we have small packages of sand that, that basically
18 transition from our Wolfcamp A Shale. We get the
19 development of these three sands, essentially the X, Y and Z
20 sands, with Z being the lowest in terms of depth. And then
21 finally we've got the huge flood of sand that is the Third
22 Bone Spring above the Wolfcamp. Right? So the reason we
23 are choosing Z is simply because of its proximity to the
24 underlying Wolfcamp Shale.

25 We think that landing our wells within the Z is

1 optimal for drainage and to ensure that we are prudent
 2 operators and develop this resource to the best that we know
 3 how. And in our thinking to date, landing in that Z helps
 4 us drain the overlying two sands, as well as the underlying
 5 shales that are lateral and not going to be placed in.

6 Q. Okay. So you think these -- placing in the Z
 7 will drain the X and Y Sands?

8 A. Yes.

9 Q. As well as the lower shale zone?

10 A. The underlying shales.

11 Q. Underlying shale zone, thank you. Okay. All
 12 right. And do you anticipate that a single well in a half
 13 section, or two wells -- I'm sorry -- in the half section --
 14 thank you -- will efficiently and effectively drain the X
 15 Sands, the Y Sands, the Z Sands and the underlying shale?

16 A. Yes, sir. Within this particular area, within
 17 the Delaware Basin as a whole, we are in a unique area in
 18 this White City larger block where we have these sands
 19 developed.

20 And they are, as you can see on my -- well, let
 21 me explain what I am trying to say here -- on the well log
 22 within the one with the green star, my shaded interval here,
 23 you can see that those packages are thinning as you go move
 24 down in the section. So you can see the red blobs, I have a
 25 thick red blob at the top, a similarly thick red blob on the

1 bottom of the interval and below I have a slightly thinner
2 blob. So essentially what's happening is my sands are
3 thinning as I move down deeper in the section.

4 And so your, your question of me being able to
5 drain that, I do believe that with our advanced stimulation
6 technology we are able to effectively drain all of those
7 sands together, because, in effect, looking at the scale on
8 that, I am 100 feet, probably, in terms our total thickness.
9 And the stimulation volume, I'm not an engineer by any
10 means, I like to call it, but the stimulation volumes that
11 they pump into these wells now, it's astronomical and we can
12 see that with the uplift in production that we see.

13 **Q. I heard you say I think this applies to the White**
14 **City area?**

15 **A.** Yes. So Eddy County where we are talking about
16 today where this acreage position is located in terms of
17 White City, it's around that area geographically.

18 **Q. Does it apply to most of the area of Eddy County**
19 **when you are dealing with the Wolfcamp?**

20 **A.** I would not be aware of that. That is a daily
21 contribution with my engineer. I would like to caution
22 everybody that the geology isn't, it isn't a layer cake and
23 it isn't homogenous everywhere. Within units I can make
24 statements about it being continuous, but I caution everyone
25 to say they would be continuous and applicable.

1 Q. Good point. How far out would you be comfortable
2 saying that this particular depositional circumstance exists
3 from the area?

4 A. I think within this area I would be comfortable
5 saying within -- it's hard to say. I would have to look at
6 several different reservoir maps to be able to make a
7 comfortable statement, but definitely within this unit and
8 the ones north of it, so I would say maybe a buffer of a
9 mile north and a mile south kind of deal.

10 Q. Okay. I have a question about your -- thank
11 you. I have a question about your Exhibit B-4?

12 A. Yes, sir.

13 Q. And maybe it's my math, but --

14 A. Uh-huh.

15 Q. I'm trying to understand the horizontal distance
16 between the horizontal wells here in the W/2.

17 A. Okay.

18 Q. Now, your C-102s that were filed for these wells
19 in this case indicate that the 3H is 330 off the west line.

20 A. Okay.

21 Q. And the 4H is 2315 from the west line.

22 A. Okay.

23 Q. Okay? Now, that would translate, if I did my
24 math right, to a, a horizontal distance between wells of
25 1985 feet.

1 A. Yes.

2 Q. You show 1782. That doesn't mesh up. Can you
3 explain what's happened?

4 A. Agreed. And I think that is a -- I believe it's
5 a typo.

6 Q. What should it be?

7 A. It should be, as you said, it should be the
8 2111 -- sorry, my bad. It should be the 2310 on the C-102s.

9 Q. 2315?

10 A. Correct. Yes.

11 Q. So 330 and then 2315 providing a distance of 1985
12 between wells?

13 A. Yes.

14 Q. Okay. And you believe as a geologist based on
15 your understanding that that's the optimal distance for
16 efficiently and effectively draining a reservoir within this
17 particular zone of the Wolfcamp?

18 A. Our current as today, yes.

19 MR. FELDEWERT: That's all the questions I have,
20 thank you.

21 THE WITNESS: You are welcome.

22 HEARING EXAMINER BRANCARD: Mr. McClure, I
23 haven't asked you for your contribution in this.

24 TECHNICAL EXAMINER MCCLURE: I don't have any
25 questions, Mr. Brancard.

1 HEARING EXAMINER BRANCARD: Okay. Mr. Bruce, did
2 you have any follow-up questions?

3 MR. BRUCE: No, I think Ms. Ramoutar
4 adequately -- more than adequately explained the situation,
5 and I would once again simply request that as to Case 773,
6 the exhibits be admitted to the record and the matter be
7 taken under advisement.

8 HEARING EXAMINER BRANCARD: Let me ask a
9 question, which I don't know if -- I guess this is more your
10 question, Mr. Bruce. Looking at Exhibit B-4, very nice job
11 of illustrating current and future wells, the Cottonwood
12 well below the wells that are being proposed by the
13 applicant in this case, that's an existing, and so are we
14 talking about a pure overlapping spacing unit issue here, or
15 is there also a depth severance like we have in the Bone
16 Spring.

17 MR. BRUCE: Mr. Park can confirm, but I think I
18 asked him, he stated there is no depth severance in the
19 Wolfcamp formation and that other well is operated by
20 Cimarex.

21 MR. PARK: That's correct, Mr. Bruce.

22 HEARING EXAMINER BRANCARD: So you will have
23 to -- so you are seeking approval then for an overlapping
24 spacing unit?

25 MR. BRUCE: Correct.

1 HEARING EXAMINER BRANCARD: All right. And it's
2 not part of the other cases on the docket today, right,
3 those are just Bone Spring overlapping cases?

4 MR. BRUCE: Correct.

5 HEARING EXAMINER BRANCARD: The difference being
6 that that's a different operator and this is the same
7 operator?

8 MR. BRUCE: It's two factors, number one, there
9 is no depth severance. Number two, it's the same operator
10 in the Wolfcamp. In the Bone Spring it's factor of a
11 different operator plus the depth severance.

12 HEARING EXAMINER BRANCARD: Correct. Okay, thank
13 you. So, Mr. Bruce, you are the man for the notice
14 questions. So are you waiting on a whole series of green
15 cards here?

16 MR. BRUCE: I'm not waiting on them. I know I
17 have some of it in my office, but the little gremlin that
18 inhabits my office stole them from me on Tuesday, and I will
19 dig those up and I will provide them.

20 I did check the postal service website, and all
21 of these people did receive -- or the website shows that
22 delivery was made to all of these interest owners. I just
23 couldn't find the green cards, I'm sorry, and so I would
24 supplement the record.

25 HEARING EXAMINER BRANCARD: You do have green

1 cards because you don't have a notice of publication.

2 MR. BRUCE: That is correct.

3 HEARING EXAMINER BRANCARD: So you will
4 definitely need those green cards?

5 MR. BRUCE: Yes.

6 HEARING EXAMINER BRANCARD: So I think at this
7 point we may be done with one of these cases, 22773.

8 MR. BRUCE: Yes.

9 HEARING EXAMINER BRANCARD: Mr. Feldewert, did
10 you have any other exhibits or statements about Case 22773.

11 MR. FELDEWERT: I do not. Thank you.

12 HEARING EXAMINER BRANCARD: Okay. Are you
13 satisfied with the questions you asked and the answers you
14 got -- well, I guess you are going to get some more answers.

15 MR. FELDEWERT: I think Mr. Park was kind enough
16 to provide some additional information, yes.

17 HEARING EXAMINER BRANCARD: All right. So for
18 22773, Mr. Feldewert, has kind of done the job for the
19 examiner pointing out mistakes in the exhibits. So we need,
20 I believe, to revise the landman's exhibit.

21 MR. PARK: No problem.

22 HEARING EXAMINER BRANCARD: Mr. Bruce, there were
23 several things in there, proofreading would be good, too, if
24 you are going to be referring to the Wolfcamp Purple Sage.

25 MR. BRUCE: Will do.

1 TECHNICAL EXAMINER McCLURE: We also have the gun
2 barrel if you wanted to backtrack, Mr. Brancard.

3 HEARING EXAMINER BRANCARD: That's on Exhibit
4 C-4?

5 TECHNICAL EXAMINER McCLURE: Correct.

6 HEARING EXAMINER BRANCARD: Okay. And so if I
7 understand the questioning, Mr. Feldewert, that the
8 checklist numbers are correct, but we need to have the
9 exhibit B-4 correlate with that.

10 TECHNICAL EXAMINER McCLURE: The C-102 is correct
11 and the gun barrel needs to correlate. Is that what you
12 mean?

13 HEARING EXAMINER BRANCARD: Well, the C-102 and
14 checklist.

15 TECHNICAL EXAMINER McCLURE: Probably so.
16 Probably true.

17 HEARING EXAMINER BRANCARD: We are just talking
18 about 22773 here, that's all. With that, I am willing to
19 take Case 22773 under advisement if there are no objections.

20 (Exhibits admitted.)

21 (Case 22773 taken under advisement.)

22 (No audible response.)

23 HEARING EXAMINER BRANCARD: So for Cases 22771,
24 22772, we have determined that amending these applications
25 to include the now existing depth severance will require a

1 new application.

2 MR. BRUCE: Understood, Mr. Examiner. And let me
3 ask you, since you did ask me the question about the
4 difference between the overlapping units, et cetera, in the
5 Wolfcamp versus the Bone Spring, and I don't mind doing it,
6 but -- and this is specifically referring to the Cases 22897
7 and 898 which we really didn't get into, is it necessary to
8 ask for approval of two operators.

9 And I can certainly put them in, there is no
10 extra notice requirement, but I was just -- maybe just for
11 my own future interest I would like to know.

12 HEARING EXAMINER BRANCARD: Well, you have a --
13 you have an existing well, horizontal well --

14 MR. BRUCE: Yeah.

15 HEARING EXAMINER BRANCARD: -- so therefore you
16 have an existing spacing unit.

17 MR. BRUCE: Correct.

18 HEARING EXAMINER BRANCARD: So we are talking
19 about 19.15.16.15B9B, subsequent wells in existing spacing
20 units. And so the question is, what is the spacing unit for
21 those existing wells. The problem you may have is that
22 those wells were put in place before there was recognition
23 of a depth severance.

24 MR. BRUCE: Correct.

25 HEARING EXAMINER BRANCARD: So the spacing unit

1 would have included the entire Bone Spring.

2 MR. BRUCE: Correct.

3 HEARING EXAMINER BRANCARD: So I think you may
4 need to have -- go through the approval --

5 MR. BRUCE: Okay.

6 HEARING EXAMINER BRANCARD: -- that are listed in
7 this provision.

8 MR. BRUCE: Okay.

9 HEARING EXAMINER BRANCARD: Mr. Feldewert, you
10 are deep in thought.

11 MR. FELDEWERT: I'm deep in thought, but I'm not
12 going to advise Jim's client what he needs to do.

13 HEARING EXAMINER BRANCARD: You will let him know
14 when he screws up.

15 MR. BRUCE: I don't mind doing it, I was just
16 asking it for basically personal information.

17 HEARING EXAMINER BRANCARD: You know, as
18 imperfect as they may be, I try to stick with the rules.

19 MR. BRUCE: I'm pretty dam imperfect too, so.

20 HEARING EXAMINER BRANCARD: I'm not an
21 originalist, I don't try to channel the incentive -- I just
22 go with the rules. All right. Thank you. So we can or you
23 can file a dismissal of 771, 772.

24 MR. BRUCE: Yes.

25 HEARING EXAMINER BRANCARD: And then if you, I

1 guess if you want to move forward with the other cases, the
2 overlaps, you can. I mean I wouldn't do them now, I would
3 put them off until you go ahead -- until you have them all
4 together.

5 MR. BRUCE: 897 and 898, continue them to the
6 next day?

7 HEARING EXAMINER BRANCARD: Yes, that's what --
8 continue with your new application.

9 MR. BRUCE: Okay. Okay. Okay.

10 HEARING EXAMINER BRANCARD: Otherwise we just get
11 too confused over here.

12 MR. BRUCE: Well, join the club. All right.

13 HEARING EXAMINER BRANCARD: We made some progress
14 this afternoon, but --

15 MR. BRUCE: I may enter, I think if that's all
16 right, two things, Mr. Examiner. I think I will be entering
17 an appearance for a client in one of the later cases, but
18 the Mewbourne Case 22672, I don't know if you saw the e-mail
19 I sent to you and Marlene.

20 HEARING EXAMINER BRANCARD: Yes, you seem to have
21 lost contact with --

22 MR. BRUCE: Yes, and as I said, I e-mailed him,
23 texted him, and I have not received a response, and that was
24 now, you know, almost four hours ago. And I checked with
25 Mewbourne, and they are willing to dismiss NimTex and

1 proceed with the case, and I just wonder if I could put that
2 at the end of the day.

3 HEARING EXAMINER BRANCARD: We are heading for a
4 long day here.

5 TECHNICAL EXAMINER McCLURE: It may be tomorrow.

6 HEARING EXAMINER BRANCARD: It might be tomorrow.

7 MR. BRUCE: That's fine, and just -- like I said,
8 I will be listening in, so -- but that's what I would prefer
9 to do. That's what Mewbourne would prefer to do.

10 HEARING EXAMINER BRANCARD: All right. We will
11 revisit that case then if we remember.

12 MR. BRUCE: Just put it at the end of the docket.
13 Thank you.

14 HEARING EXAMINER BRANCARD: All right. Thank
15 you.

16 (Recess taken.)

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

3

4 REPORTER'S CERTIFICATE

5

6 I do hereby certify that I reported the
7 foregoing virtual proceedings in stenographic shorthand and
8 that the foregoing pages are a true and correct transcript
9 of those proceedings to the best of my ability.

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

14 I FURTHER CERTIFY that the Virtual Proceeding was
15 of poor to good quality.

16 Dated this 7th day of July 2022.

17 /s/ Irene Delgado

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19 _____
Court Reporter
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