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1	STATE OF NEW MEXICO
2	ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
3	OIL CONSERVATION DIVISION
4	
5	IN THE MATTER OF THE HEARING CALLED
	BY THE OIL CONSERVATION DIVISION FOR
6	THE PURPOSE OF CONSIDERING:
7	CASE NOS: 22969
8	
	APPLICATION OF CIMAREX ENERGY CO.
9	FOR COMPULSORY POOLING,
	LEA COUNTY, NEW MEXICO
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17	REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS
	EXAMINER HEARING
18	AUGUST 4, 2022
	SANTA FE, NEW MEXICO
19	
20	This matter came on for virtual hearing before
	the New Mexico Oil Conservation Division, HEARING OFFICER
21	WILLIAM BRANCARD and TECHNICAL EXAMINER JOHN GARCIA on
	Thursday, August 4, 2022, through the Webex Platform.
22	
23	Reported by: PAUL BACA PROFESSIONAL COURT REPORTERS
	500 Fourth Street, NW, Suite 105
24	Albuquerque, NM 87102
	505-843-9241
25	
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1	APPEARANCES	
2	For the Applicant:	
3	DARIN SAVAGE	
	ABADIE & SCHILL	
4	214 McKenzie Street	
	Santa Fe, New Mexico 87501	
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1	HEARING EXAMINER BRANCARD: All right. We are on
2	Item Number 49, this will be case 22969.
3	MR. SAVAGE: Mr. Hearing Examiner, Mr. Technical
4	Examiner, good morning, Darin Savage with the Santa Fe
5	office of Abadie & Schill appearing on behalf of Cimarex
6	Company.
7	HEARING EXAMINER BRANCARD: Thank you. Are there
8	any other entries of appearance for case 22969?
9	(No audible response.)
10	HEARING EXAMINER BRANCARD: Hearing none, Mr.
11	Savage, you may proceed.
12	MR. SAVAGE: Thank you This case, case number
13	22969, covers land in the $W/2\ W/2$ of Sections 11 and 14,
14	Township 24 South, Range 32 East in Lea County, New Mexico.
15	The landman, Kelsi Henriquez, has testified before the
16	Division as an expert and her credentials have been accepted
17	as a matter of record.
18	In this case Cimarex is seeking an order pooling
19	all uncommitted record title owner in the Wolfcamp
20	formation, pool code 98309, underlying a standard 320 acre
21	spacing unit comprised of the $W/2\ W/2$ of Sections 11 and 14.
22	All the working interest owners of the unit
23	representing 100 percent of the working interests have
24	developed the unit with Cimarex as the operator under a
25	voluntary agreement. However, Cimarex is seeking to pool a

1	remaining record title owner who has no working interest in
2	order to account for and secure (unclear audio) of record
3	title ownership to the extent it can be secured under a
4	pooling. The record title owner has been non-responsive and
5	Cimarex is pursuing this in order to facilitate (unclear
6	audio).
7	The unit is dedicated to the Dos Equis 11-14
8	Federal Com 4H Well. Orientation of the unit is stand up
9	north to south and setback requirements of the statewide
L O	rules are met.
11	Exhibit A includes her landman affidavit, the
12	C-102, ownership breakdown, sectional map and chronology of
13	contacts. Since the record title owner has no right to
L 4	participation or revenue, there should be no need for a well
15	proposal or AFE since the unit has been developed and
16	drilled and drilled and producing. Cimarex respectfully
L7	submits that geology exhibits to show the product of this
18	production should not be necessary. (unclear audio) and
19	penalties do not apply.
20	Cimarex asks the Division to acknowledge and
21	approve the overlapping unit in the $ exttt{W}/2$ $ exttt{W}/2$ of Sections 11
22	and 14 containing the Dos Equis 11-14 Federal Com 25H well.
23	Exhibit B provides the affidavit of notice for
24	mailing publication notice. Notice was timely sent and
25	published. Cimarex received the green card back from the

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1	record title owner. Otherwise, the items (unclear audio)
2	otherwise the record title owner has been not responsive.
3	Ms. Henriquez affirms the approval of this
4	application is in the best interest of conservation,
5	protection of correlative, prevention of waste and will
6	prevent drilling of unnecessary wells.
7	At this time I would like to move that Exhibits A
8	and B and all sub exhibits be accepted into the record for
9	case 22969 and the case be taken under advisement. I stand
10	and am available for any questions. Thank you.
11	HEARING EXAMINER BRANCARD: Thank you.
12	Mr. Garcia, any questions?
13	TECHNICAL EXAMINER GARCIA: I do not have any
14	questions.
15	HEARING EXAMINER BRANCARD: Mr. Savage, where is
16	the overlapping spacing unit?
17	MR. SAVAGE: It's in the there is there is
18	a in 2018 there was a drill (unclear audio) the $W/2$ $W/2$,
19	and that well we are currently addressing. And then it
20	looks like in 2020 there was approval of an APD for the $W/2$
21	W/2 of 11 and 14, and that contained the Dos Equis 11-14
22	Federal Com 25H well.
23	So that looks to me like they are overlapping as
24	a result and therefore we included those in there for you
25	for the notice to the Division.

1	HEARING EXAMINER BRANCARD: Was the 25H well
2	drilled.
3	MR. SAVAGE: You know, the APD was approved.
4	I that was 2020, so I assume that it was, but I would
5	need to confirm that.
6	HEARING EXAMINER BRANCARD: And who was that?
7	Which operator?
8	MR. SAVAGE: That would be Cimarex. Cimarex was
9	the operator.
10	HEARING EXAMINER BRANCARD: So it's also Cimarex.
11	MR. SAVAGE: It's also Cimarex, yes.
12	HEARING EXAMINER BRANCARD: Okay. All right.
13	Thank you. Mr. Garcia, are you okay with no geologic
14	exhibits?
15	TECHNICAL EXAMINER GARCIA: That would probably
16	be helpful for me.
17	HEARING EXAMINER BRANCARD: So you would like
18	geologic exhibits?
19	TECHNICAL EXAMINER GARCIA: Yeah, pretty much for
20	every forced pooling order. (Unclear audio.)
21	MR. SAVAGE: Mr. Garcia, it is our understanding
22	that the geology exhibits are designed to allow the Division
23	to (unclear audio) potential production for the unit, and it
24	looks like the unit has been developed and it looks like
25	it's producing in sufficient quantities. So is there a
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1	requirement if I can ask is there a requirement beyond
2	that assessment?
3	TECHNICAL EXAMINER GARCIA: Yes. It's useful to
4	have it for those reasons, but I believe it's also very
5	useful to have geology exhibits for public record as these
6	cases are public record and there are questions on them
7	daily. But to (inaudible) to show that it is producing in
8	sufficient quality, there is nothing indicating that in the
9	packet now.
L O	MR. SAVAGE: In the landman's testimony I believe
11	she references consideration that I think that it plays
12	a role in this, and I don't mean to be contrary, just
13	pointing out the consideration is that the (unclear audio)
L 4	no working interest, therefore there is no allocation of
15	revenues or, or any kind of obligation on the party
16	regarding liability, but to the extent of publication of
L 7	record title ownership in terms of financial responsibility,
18	working interest responsibility, but there is, there is no
19	participation in the well.
20	TECHNICAL EXAMINER GARCIA: Yeah, I understand
21	that, I mean, but for the (unclear audio) geology exhibits
22	really don't discuss interests (unclear audio) depth
23	severance which this case is not one, but I still think they
24	are a useful part of the record. (Unclear audio) get
25	geology exhibits unless it's for an extension of time or

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1	something like that. I mean, we can pull additional
2	(unclear audio) unless we already have them. Are there
3	geology record exhibits on record for this case?
4	MR. SAVAGE: They are under the JOA, so obviously
5	it's been evaluated in some capacity for the, for the
6	substantial investment and drilling. So I will, you know, I
7	understand your position, and I will ask Cimarex to provide
8	to you the geology exhibits.
9	TECHNICAL EXAMINER GARCIA: (Unclear audio) I see
10	it as all cases get them because we don't need them for
11	extensions of time or for parties changing wells that are
12	already part of the record in another case.
13	MR. SAVAGE: Understood.
14	HEARING EXAMINER BRANCARD: Mr. Garcia, we have
15	that in our policy about compulsory pooling submittals, and
16	if it's a new compulsory pooling case, even though it's an
17	old well, it has a compulsory pooling form. So if you could
18	provide the geologic exhibits that would be great.
19	MR. SAVAGE: I will certainly do that.
20	HEARING EXAMINER BRANCARD: Mr. Garcia, do you
21	want to continue the case or do you want to take these as
22	supplemental exhibits.
23	TECHNICAL EXAMINER GARCIA: I understand. If you
24	can submit it in a reasonable time, I think we should take
25	it under advisement. Also, I'm a month behind on cases. If

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1	we can get them in quickly (unclear audio) when I'm caught
2	up on cases my turnaround time, so I'm okay taking it
3	under advisement as long as they come in in an adequate
4	time, a reasonable time.
5	MR. SAVAGE: We will get them to you as soon as
6	possible. Thank you, Mr. Garcia, Mr. Hearing Examiner, we
7	will get on that as soon as possible.
8	HEARING EXAMINER BRANCARD: Thank you. Once
9	again, any other persons for case 22969?
10	(No audible response.)
11	HEARING EXAMINER BRANCARD: Hearing none, the
12	exhibits will be admitted into the record the cases will be
13	taken under advisement. The record will be left open for
14	geologic exhibits which will be in the next week or two, Mr.
15	Savage?
16	MR. SAVAGE: Yes, sir.
17	HEARING EXAMINER BRANCARD: Excellent, thank you.
18	(Exhibits admitted.)
19	(Taken under advisement.)
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1	STATE OF NEW MEXICO			
2	COUNTY OF BERNALILLO			
3	REPORTER'S CERTIFICATE			
4	I do hereby certify that I reported the			
5	foregoing virtual proceedings in stenographic shorthand and			
6	that the foregoing pages are a true and correct transcript			
7	of those proceedings to the best of my ability.			
8	I FURTHER CERTIFY that I am neither employed by			
9	nor related to any of the parties or attorneys in this case			
10	and that I have no interest in the final disposition of this			
11	case.			
12	I FURTHER CERTIFY that the Virtual Proceeding was			
13	of poor to reasonable quality.			
14	Dated this 4th day of August 2022.			
15				
16	Irene Delgado			
	Court Reporter			
17	License Expires: 12-31-22			
18				
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[& - compulsory]

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[confirm - mckenzie]

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