


HEARING EXAMINER BRANCARD: All right. We are on Item Number 49, this will be case 22969 .

MR. SAVAGE: Mr. Hearing Examiner, Mr. Technical Examiner, good morning, Darin Savage with the Santa Fe office of Abadie \& Schill appearing on behalf of Cimarex Company.

HEARING EXAMINER BRANCARD: Thank you. Are there any other entries of appearance for case 22969?
(No audible response.)

HEARING EXAMINER BRANCARD: Hearing none, Mr. Savage, you may proceed.

MR. SAVAGE: Thank you This case, case number 22969, covers land in the $W / 2 \mathrm{~W} / 2$ of Sections 11 and 14 , Township 24 South, Range 32 East in Lea County, New Mexico. The landman, Kelsi Henriquez, has testified before the Division as an expert and her credentials have been accepted as a matter of record.

In this case Cimarex is seeking an order pooling all uncommitted record title owner in the Wolfcamp formation, pool code 98309, underlying a standard 320 acre spacing unit comprised of the $W / 2 W / 2$ of Sections 11 and 14.

All the working interest owners of the unit representing 100 percent of the working interests have developed the unit with Cimarex as the operator under a voluntary agreement. However, Cimarex is seeking to pool a
remaining record title owner who has no working interest in order to account for and secure (unclear audio) of record title ownership to the extent it can be secured under a pooling. The record title owner has been non-responsive and Cimarex is pursuing this in order to facilitate (unclear audio).

The unit is dedicated to the Dos Equis 11-14
Federal Com 4H Well. Orientation of the unit is stand up north to south and setback requirements of the statewide rules are met.

Exhibit $A$ includes her landman affidavit, the C-102, ownership breakdown, sectional map and chronology of contacts. Since the record title owner has no right to participation or revenue, there should be no need for a well proposal or AFE since the unit has been developed and drilled -- and drilled and producing. Cimarex respectfully submits that geology exhibits to show the product of this production should not be necessary. (unclear audio) and penalties do not apply.

Cimarex asks the Division to acknowledge and approve the overlapping unit in the $W / 2 \mathrm{~W} / 2$ of Sections 11 and 14 containing the Dos Equis $11-14$ Federal Com 25 H well.

Exhibit B provides the affidavit of notice for mailing publication notice. Notice was timely sent and published. Cimarex received the green card back from the
record title owner. Otherwise, the items (unclear audio) otherwise the record title owner has been not responsive.

Ms. Henriquez affirms the approval of this application is in the best interest of conservation, protection of correlative, prevention of waste and will prevent drilling of unnecessary wells.

At this time $I$ would like to move that Exhibits $A$ and $B$ and all sub exhibits be accepted into the record for case 22969 and the case be taken under advisement. I stand and am available for any questions. Thank you.

HEARING EXAMINER BRANCARD: Thank you.

Mr. Garcia, any questions?
TECHNICAL EXAMINER GARCIA: I do not have any questions.

HEARING EXAMINER BRANCARD: Mr. Savage, where is the overlapping spacing unit?

MR. SAVAGE: It's in the -- there is -- there is a -- in 2018 there was a drill (unclear audio) the $W / 2 \mathrm{~W} / 2$, and that well we are currently addressing. And then it looks like in 2020 there was approval of an APD for the $W / 2$ W/2 of 11 and 14, and that contained the Dos Equis 11-14 Federal Com 25 H well.

So that looks to me like they are overlapping as a result and therefore we included those in there for you -for the notice to the Division.

HEARING EXAMINER BRANCARD: Was the 25 H well drilled.

MR. SAVAGE: You know, the APD was approved. I -- that was 2020 , so I assume that it was, but I would need to confirm that.

HEARING EXAMINER BRANCARD: And who was that? Which operator?

MR. SAVAGE: That would be Cimarex. Cimarex was the operator.

HEARING EXAMINER BRANCARD: So it's also Cimarex. MR. SAVAGE: It's also Cimarex, yes.

HEARING EXAMINER BRANCARD: Okay. All right.

Thank you. Mr. Garcia, are you okay with no geologic exhibits?

TECHNICAL EXAMINER GARCIA: That would probably be helpful for me.

HEARING EXAMINER BRANCARD: So you would like geologic exhibits?

TECHNICAL EXAMINER GARCIA: Yeah, pretty much for every forced pooling order. (Unclear audio.)

MR. SAVAGE: Mr. Garcia, it is our understanding that the geology exhibits are designed to allow the Division to (unclear audio) potential production for the unit, and it looks like the unit has been developed and it looks like it's producing in sufficient quantities. So is there a
requirement -- if $I$ can ask -- is there a requirement beyond that assessment?

TECHNICAL EXAMINER GARCIA: Yes. It's useful to have it for those reasons, but $I$ believe it's also very useful to have geology exhibits for public record as these cases are public record and there are questions on them daily. But to (inaudible) to show that it is producing in sufficient quality, there is nothing indicating that in the packet now.

MR. SAVAGE: In the landman's testimony I believe she references -- consideration that $I$ think that it plays a role in this, and $I$ don't mean to be contrary, just pointing out the consideration is that the (unclear audio) no working interest, therefore there is no allocation of revenues or, or any kind of obligation on the party regarding liability, but to the extent of publication of record title ownership in terms of financial responsibility, working interest responsibility, but there is, there is no participation in the well.

TECHNICAL EXAMINER GARCIA: Yeah, I understand that, I mean, but for the (unclear audio) geology exhibits really don't discuss interests (unclear audio) depth severance which this case is not one, but $I$ still think they are a useful part of the record. (Unclear audio) get geology exhibits unless it's for an extension of time or
something like that. I mean, we can pull additional (unclear audio) unless we already have them. Are there geology record exhibits on record for this case?

MR. SAVAGE: They are under the JOA, so obviously it's been evaluated in some capacity for the, for the substantial investment and drilling. So I will, you know, I understand your position, and $I$ will ask Cimarex to provide to you the geology exhibits.

TECHNICAL EXAMINER GARCIA: (Unclear audio) I see it as all cases get them because we don't need them for extensions of time or for parties changing wells that are already part of the record in another case.

MR. SAVAGE: Understood.

HEARING EXAMINER BRANCARD: Mr. Garcia, we have that in our policy about compulsory pooling submittals, and if it's a new compulsory pooling case, even though it's an old well, it has a compulsory pooling form. So if you could provide the geologic exhibits that would be great.

MR. SAVAGE: I will certainly do that.

HEARING EXAMINER BRANCARD: Mr. Garcia, do you want to continue the case or do you want to take these as supplemental exhibits.

TECHNICAL EXAMINER GARCIA: I understand. If you can submit it in a reasonable time, I think we should take it under advisement. Also, I'm a month behind on cases. If
we can get them in quickly (unclear audio) when I'm caught up on cases -- my turnaround time, so I'm okay taking it under advisement as long as they come in in an adequate time, a reasonable time.

MR. SAVAGE: We will get them to you as soon as possible. Thank you, Mr. Garcia, Mr. Hearing Examiner, we will get on that as soon as possible.

HEARING EXAMINER BRANCARD: Thank you. Once again, any other persons for case 22969?
(No audible response.)
HEARING EXAMINER BRANCARD: Hearing none, the exhibits will be admitted into the record the cases will be taken under advisement. The record will be left open for geologic exhibits which will be in the next week or two, Mr. Savage?

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MR. SAVAGE: Yes, sir.
HEARING EXAMINER BRANCARD: Excellent, thank you.
                    (Exhibits admitted.)
                    (Taken under advisement.)
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[\& - compulsory]

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[confirm - mckenzie]

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[result - yeah]

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