

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: )  
APPLICATION OF EDGE PETROLEUM )  
EXPLORATION COMPANY FOR COMPULSORY )  
POOLING, LEA COUNTY, NEW MEXICO )

CASE NO. 13,484

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: RICHARD EZEANYIM, Hearing Examiner

RECEIVED

July 14th, 2005

Santa Fe, New Mexico

JUL 23 2005

Oil Conservation Division  
1220 S. St. Francis Drive  
Santa Fe, NM 87505

This matter came on for hearing before the New Mexico Oil Conservation Division, RICHARD EZEANYIM, Hearing Examiner, on Thursday, July 14th, 2005, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South Saint Francis Drive, Room 102, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

\* \* \*

I N D E X

July 14th, 2005  
Examiner Hearing  
CASE NO. 13,484

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\* \* \*

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\* \* \*

## A P P E A R A N C E S

## FOR THE DIVISION:

GAIL MacQUESTEN,  
Deputy General Counsel  
Energy, Minerals and Natural Resources Department  
1220 South St. Francis Drive  
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## FOR THE APPLICANT:

JAMES G. BRUCE  
Attorney at Law  
P.O. Box 1056  
Santa Fe, New Mexico 87504

## FOR CIMAREX ENERGY COMPANY:

MILLER, STRATVERT P.A.  
150 Washington  
Suite 300  
Santa Fe, New Mexico 87501  
By: J. SCOTT HALL

\* \* \*

1           WHEREUPON, the following proceedings were had at  
2 9:45 a.m.:

3  
4           EXAMINER EZEANYIM: We have to continue at this  
5 time, and at this time I call Case Number 13,484. This is  
6 the Application of Edge Petroleum Exploration Company for  
7 compulsory pooling, Lea County, New Mexico.

8           Call for appearances.

9           MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe,  
10 representing the Applicant. I have one witness in this  
11 case.

12           MR. HALL: Mr. Examiner, my name is Scott Hall,  
13 I'm with the Santa Fe law firm Miller Stratvert, P.A.,  
14 appearing on behalf of Cimarex Energy Company, and I have  
15 no witnesses this morning.

16           EXAMINER EZEANYIM: Mr. Bruce, do you have some  
17 witnesses to be sworn?

18           Okay, may the witness stand to be sworn, please?

19           MR. BRUCE: Mr. Examiner, if the record could  
20 reflect, the witness is Jeff Sikora, who was previously  
21 sworn --

22           EXAMINER EZEANYIM: Oh --

23           MR. BRUCE: -- and qualified in the prior case.

24           EXAMINER EZEANYIM: -- he has been previously  
25 sworn, so go ahead.

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JEFF A. SIKORA,

the witness herein, having been previously duly sworn upon his oath, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. BRUCE:

Q. Okay, Mr. Sikora, we're back in Section 28 again, and let's discuss the compulsory pooling.

First off, the original application you filed in this case sought to pool 320-acre units in the Atoka and Morrow; is that correct?

A. Originally, yes.

Q. And the Morrow is the subject of the prior case where we sought a nonstandard unit; is that correct?

A. Yes.

Q. Have you now come to terms with the interest owners in the Atoka and Morrow formations?

A. Yes, we have obtained voluntary agreements from the Atoka and Morrow owners.

Q. Okay. So you do not seek to force pool the Atoka and Morrow at this time?

A. No, sir.

Q. And that portion can be dismissed from this case; is that correct?

A. Yes.

Q. Furthermore, you were not seeking to force pool

1 any of the shallower depths other than the Lusk -- I mean,  
2 other than the Strawn; is that correct?

3 A. The Strawn interval only, yes.

4 Q. Okay. So you still seek to force pool some  
5 interests in the Strawn formation only?

6 A. Yes.

7 Q. Okay. What pool is the Strawn formation in?

8 A. The Strawn formation is in the Lusk-Strawn Pool. *only*

9 Q. And what is the spacing in that pool?

10 A. It's an oil pool spaced on 160 acres.

11 Q. Okay. If you would start with your Exhibit 6  
12 again, Mr. Sikora --

13 EXAMINER EZEANYIM: Let me get that out.

14 MR. BRUCE: Mr. Examiner, we'll be going through  
15 Exhibits 6 through 10.

16 EXAMINER EZEANYIM: Yes, I inadvertently put it  
17 in 13,506; let me get it. Okay, here we go.

18 MR. BRUCE: Exhibit 6 is an ownership list.

19 EXAMINER EZEANYIM: Yeah, 6, 7, 8, 9, right?

20 MR. BRUCE: Nine and --

21 EXAMINER EZEANYIM: -- and 10.

22 MR. BRUCE: Yeah, 9 and 10.

23 Q. (By Mr. Bruce) But going to Exhibit 6, Mr.  
24 Sikora, let's go first to the second page. This is the  
25 interest ownership in the Atoka and -- Atoka and Morrow on

1 the second page; is that correct?

2 A. Yes.

3 Q. And all of these parties have committed their  
4 interests to the well at this point?

5 A. That is correct.

6 Q. Getting back to one thing. Is it correct that  
7 the interests of Devon Louisiana Corporation and Fidelity  
8 Exploration -- they didn't acquire their interests until  
9 what, five, six years ago; is that what the title  
10 information shows?

11 A. Around 2000, I believe.

12 Q. Okay.

13 A. Yes, that's correct, five or six years ago.

14 Q. Now, going back to page 1, first of all, the  
15 southwest quarter, southwest quarter of Section 28, Edge,  
16 Chisos and Pure, all of those interests are committed to  
17 the Strawn formation, are they not?

18 A. Yes, those are our partners, and we're all  
19 committed.

20 Q. Okay. Then the balance, the other 120 acres in  
21 Section 28, have any -- which parties do you seek to pool  
22 in that listing?

23 A. At this time the only parties we seek to pool are  
24 Cimarex which, when you look on the list, that's Prize and  
25 Damson and Amity Oil Company. Amity Oil Company, Inc.

1 Q. And Marbob and Badger Energy have committed their  
2 interest to the well?

3 A. We have recently come to voluntary agreement with  
4 both Marbob and Badger --

5 Q. Okay.

6 A. -- for the Strawn.

7 Q. And before we get into your correspondence and  
8 what you actually proposed, have you been in negotiations  
9 with Cimarex?

10 A. Yes, yes I have.

11 Q. And even after this hearing, will you continue to  
12 negotiate with Cimarex?

13 A. Those negotiations are ongoing, and I'm very  
14 hopeful that we'll arrive at some kind of voluntary  
15 agreement with both these parties. I feel confident we  
16 will. But with the timing of our well, with the expiration  
17 of the farmout agreement that we have from Devon and  
18 Fidelity, I'm basically running out of time and we need to  
19 get those interests committed one way or another. We would  
20 prefer to arrive at voluntary agreements with them. But if  
21 we can't, we would seek to get them under a compulsory  
22 pooling order.

23 Q. Okay. But it's not the purpose of this hearing  
24 to terminate discussions with those parties?

25 A. No, no, not at all.

*Handwritten note:*  
to be  
held on  
5/30/12

1 Q. Okay. Let's move on to your Exhibit 7. What is  
2 that?

3 A. Exhibit 7 is -- This goes back to April of this  
4 year when I first started contacting the owners in the  
5 Strawn formation and trying to propose this well under --  
6 get them to participate or come to some kind of an  
7 agreement to get the Strawn owners committed.

8 You have to -- To back up a little bit, the land  
9 situation here is somewhat complex because the owners of  
10 the Strawn formation have no interest in the Morrow. They  
11 also have no interest in any of the intervals above the  
12 Strawn.

13 So they're limited to the Strawn, and our well is  
14 a Morrow objective, so it's not a simple case of do you  
15 want to participate or not?

16 And we were trying to come up with some kind of a  
17 mutually acceptable way to get these Strawn owners  
18 committed to our well in the event that, say, our Morrow  
19 objective doesn't -- we make a dry hole in the Morrow and  
20 want to move up to the next interval in the Strawn, looks  
21 good. So --

22 Q. Is it also complicated by the fact that the net  
23 revenue interests in the Strawn are very low?

24 A. Well, the net revenue interests in both the  
25 Strawn, Atoka and Morrow are very low in this area, and

1 that will further complicate matters, especially the  
2 economics.

3 I'm not prepared or qualified to talk about  
4 economics in the well, but I will say that the net revenue  
5 interests in the Strawn formation here, I believe, are in  
6 the 60-percent range. So that has further complicated our  
7 efforts.

8 Q. Why don't you then discuss the proposal you made  
9 to Magnum-Hunter and Amity? And is this the same proposal  
10 you made to Marbob and to Badger Energy?

11 A. They're all identical, the proposals are  
12 identical.

13 The April 12th original proposals -- I don't know  
14 if you want to go through that, because I again proposed  
15 something similar but not exactly the same on June 30th.  
16 And the June 30th proposal, which is pages 2 and 3, those  
17 are the proposals that both Badger and Marbob agreed to.

18 So at this time, that's the same proposal that I  
19 sent to Cimarex and Amity. So essentially the way this  
20 would work would be that Edge would drill this well to the  
21 Morrow and bear all the costs of drilling the well to the  
22 Morrow formation. We would provide the Strawn owners all  
23 the well data, all the logs, all the well information, we  
24 would provide that to them as if they were a participant in  
25 the Morrow.

1           So essentially they would -- what we're proposing  
2 is that the Strawn owners would get a free look, basically.  
3 They would have the logs before ever even deciding whether  
4 or not they wanted to participate in a Strawn completion,  
5 whenever we make a Strawn completion.

6           In return for that, we ask that we would be  
7 entitled to 50 percent of the Strawn owners' interests. In  
8 other words, we would give them the logs, they could take a  
9 look, decide whether or not they want to participate, based  
10 on the logs. In return for that, we would get 50 percent  
11 of their interest.

12           So basically that was the deal, and it was  
13 structured such that, you know, if we make a completion in  
14 the Morrow and that depletes four or five years later or  
15 whenever, in the future, and we decide to come back up into  
16 the Strawn and complete, well, those guys, those Strawn  
17 owners at that time would have the opportunity to  
18 participate in the completion. They'd already have the  
19 logs and be able to make the decision, already having all  
20 the well information, without having to spend any money to  
21 that point.

22           And if they elected to participate, Edge would be  
23 entitled to 50 percent of their interest. They would pay  
24 their cost, in that situation, for the completion only.

25           Q. So in other words, if you drilled and you

1 produced the Morrow for a time and then came uphole, they  
2 would only be liable for a percentage share of the  
3 recompletion cost and not any of the prior costs  
4 whatsoever.

5 A. That is correct. Now -- ✓

6 Q. Go ahead.

7 A. -- the deal also calls for a scenario where we  
8 drill for the Morrow, and we elect not to complete in the  
9 Morrow, we elect to make our initial completion in the  
10 Strawn formation.

11 Well, the same thing applies, only in that case  
12 what Badger and Marbob agreed to do was to also pay for  
13 their share of the production string, down to the base of  
14 the Strawn, in addition to the completion cost. They still  
15 won't have to pay any of the dryhole cost; but the cost of  
16 pipe to the base of the Morrow, they had agreed to pay that  
17 in addition to their share of the completion costs in the  
18 Strawn.

19 Q. So that would substantially reduce the well cost  
20 to the Strawn participants?

21 A. Absolutely.

22 Q. And do you think that is a fair and reasonable  
23 way to allocate costs in this fashion?

24 A. I do, Badger did, and Marbob did.

25 Q. Now, with respect to -- even though you're first

1 going to look at the Morrow, does it make sense to tie up  
2 all these interests before you drill the well, in case you  
3 do have to make an immediate completion in the Strawn?

4 A. Well, I think that makes sense, because if we  
5 have a rig on location, for instance, in the -- if we don't  
6 make a well in the Morrow, well, we certainly wouldn't want  
7 to have to go and make trades with the Strawn owners at  
8 that time, the time when we have a rig on location. Rigs  
9 are hard to get right now. We would want to be able to  
10 make a completion in the Strawn immediately. So the  
11 purpose would be to -- we want to try to get all these  
12 working interests committed one way or another, up front,  
13 before we ever even drill the well.

14 Q. Would it also cost more if you had to move the  
15 rig off and make deals with people and then move the rig  
16 back on? }

17 A. Without a doubt.

18 Q. And so what you are proposing, not only do you  
19 think is fair but it minimizes costs to all parties  
20 concerned? }

21 A. Yes. ✓

22 Q. Besides these letters, have you called and talked  
23 with these people at Magnum-Hunter/Prize/Cimarex and at  
24 Amity Oil?

25 A. Yes, I have. I've talked to both those parties,

1 and I'm continuing to talk to both parties.

2 Q. Okay. And again, Damson is not locatable. It's  
3 what, a bankrupt corporation at this point, or --

4 A. I believe that's correct.

5 Q. -- apparently defunct.

6 But you believe that is a Prize Energy Interest?

7 A. I think it is. In my conversations with  
8 representatives of Cimarex, they have told me that Damson  
9 had interests in the area out here that Magnum-Hunter, now  
10 Cimarex, had acquired in the past. We couldn't find any  
11 direct link in title in the county records to show Damson  
12 into Magnum-Hunter, but they did acquire Damson properties  
13 out here, so -- and they're a bankrupt company, so we feel  
14 that that is correct.

15 Q. You're not trying to challenge Cimarex's title to  
16 that Damson interest --

17 A. No.

18 Q. -- you just want to make sure that all the  
19 interests are tied up?

20 A. I believe Cimarex has that interest.

21 Q. Okay. In your opinion, has Edge made a good  
22 faith effort to obtain the voluntary joinder of the  
23 interest owners in the well?

24 A. Yes.

25 Q. Could you identify Exhibit 8 and discuss the cost

1 of the well?

2 A. Exhibit 8 is the AFE, authority for expenditure,  
3 for our well to the Morrow. The dryhole cost of this well,  
4 to drill to the Morrow, is \$1,787,555; completed well cost  
5 to the Morrow is \$2,685,735.

6 Q. Okay. Now, this would be for the Morrow test,  
7 correct?

8 A. Yes.

9 Q. But it would give on here, just in case, in  
10 pooling the Strawn owners, the -- what do you say, the  
11 production and casing strings, you could derive from this  
12 AFE?

13 A. I'm not exactly sure. I think you can just  
14 extrapolate by looking at the casing strings here, how much  
15 they are. I don't think it's a real significant cost in  
16 the whole scheme of things in this well.

17 Q. And even though this was done for the Morrow,  
18 what you're asking to do is not pay any share of this cost,  
19 other than perhaps the production and casing string, but  
20 the recompletion costs?

21 A. Right, perforating and preparing the well for  
22 completion and completing the well only.

23 Q. Who do you request be appointed operator of the  
24 well?

25 A. Edge Petroleum Operating Company. *Operator*

1 Q. And that's a sister corporation?

2 A. Yes, that's one of our --

3 Q. Your operating entity?

4 A. That's our operating entity, right.

5 Q. And do you have a recommendation for the amounts  
6 which the operator should be paid for supervision and  
7 administrative expenses?

8 A. We request \$6500 per month be allowed for  
9 drilling and \$650 per month be allowed for producing. ✓  
10 That's the Strawn interval only.

11 Q. Okay. And are these amounts equivalent to those  
12 normally charged by operators in this area for wells of  
13 that depth?

14 A. I believe they are.

15 Q. Now, those operating overhead charges would not  
16 be applied for the full drilling of the well; it would only  
17 be for that -- as to the Strawn owners, only for that  
18 period of time when you're recompleting in the Strawn, or  
19 et cetera?

20 A. Right, so -- The \$6500 per month is really  
21 irrelevant. It would just be for that portion of time that  
22 we're recompleting in the Strawn, which -- I mean, that  
23 would only take a day, probably, or two days. So the  
24 monthly overhead is probably the more important thing to  
25 look at.

1 Q. Do you request that the overhead rates be  
2 adjusted periodically, as provided in the COPAS accounting  
3 procedure?

4 A. Yes.

5 Q. And were the working interest owners notified of  
6 the pooling application?

7 A. Yes.

8 Q. And is that shown in Exhibit 9?

9 A. Yes.

10 MR. BRUCE: Mr. Examiner, Exhibit 9, the first  
11 part of Exhibit A was to Devon and Fidelity, and then if  
12 you'll go to Exhibit -- the second letter is the notice to  
13 Magnum-Hunter and Amity and the others.

14 One thing -- and I just go the green card back, and I  
15 will submit this -- we have two addresses for Amity. One  
16 got through, and one got through later, and I just received  
17 the green card back. I will submit that. So Amity was  
18 notified twice.

19 EXAMINER EZEANYIM: Okay.

20 MR. BRUCE: Finally, Mr. Examiner, I did publish  
21 notice as against Damson Institutional Oil and Gas  
22 Corporation in the Hobbs newspaper. Again, they told me it  
23 was -- the affidavit of publication was in the mail, and I  
24 will submit that affidavit of publication, but this is a  
25 true copy of the notice that was published in the Hobbs

1 newspaper as against Damson.

2 Q. (By Mr. Bruce) Mr. Sikora, were Exhibits -- with  
3 respect to the pooling, Exhibits 6 through 10 prepared by  
4 you or under your supervision or compiled from company  
5 business records?

6 A. Yes.

7 Q. And in your opinion, is the granting of the  
8 pooling application in the interests of conservation and  
9 the prevention of waste?

10 A. Yes.

11 MR. BRUCE: Mr. Examiner, I'd move the admission  
12 of Exhibits 6 through 10.

13 EXAMINER EZEANYIM: Any objections?

14 MR. HALL: I have no objection.

15 EXAMINER EZEANYIM: Exhibits 6 through 10 will be  
16 admitted into evidence.

17 Mr. Scott?

18 EXAMINATION

19 BY MR. HALL:

20 Q. Mr. Sikora, one question. Under the compulsory  
21 order that you're asking the Division to enter, if you  
22 could clarify the operation of the order in this respect,  
23 at what point would the Strawn owners be obliged to tender  
24 their share of estimated well costs in order to avoid the  
25 assessment of the risk penalty?

1           A.    I guess standard COPAS would dictate 15 days.  I  
2 think 15 days would be adequate, acceptable.

3           Q.    And this is from the point in time that the --

4           A.    They would make their election whether or not to  
5 participate in the Strawn completion.

6           Q.    All right, I guess that's my question, really,  
7 is, under the terms of the order, would they be obliged to  
8 tender their share after a point in time the Morrow  
9 completion is attempted, or would it be some time before  
10 that?

11          A.    No, it would be after.

12          Q.    Okay.

13          A.    Yeah, it would be after.  We wouldn't expect them  
14 to tender any costs until after we proposed to complete in  
15 the Strawn.

16          Q.    After there's some notification to the Strawn  
17 interest owners that a Strawn completion --

18          A.    Yes, I would give them a 30-day notice or -- I  
19 think, to that effect.

20               MR. HALL:  That's all I have, Mr. Examiner.

21               EXAMINER EZEANYIM:  Okay, good.

22               Gail?

23               MS. MacQUESTEN:  No questions, thank you.

24               EXAMINER EZEANYIM:  That was one of the questions  
25 I was, you know...

## EXAMINATION

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BY EXAMINER EZEANYIM:

Q. Let me go back to what you said about this case. Now you're withdrawing your application in the Atoka and the Morrow, you want us to dismiss --

A. You can dismiss Fidelity and Devon, yes, sir.

Q. Okay. And the reason being was --

A. We obtained voluntary agreements from both of them.

Q. Okay. And you are only interested in the Atoka and the Morrow; is that --

A. That's our primary objective in this well.

Q. Okay, now -- so your interest right now is the Lusk and the Strawn, the Lusk/Strawn, right?

A. The --

Q. The Strawn?

A. Our interest?

Q. Yeah, it's now in the Strawn, right?

A. Not initially. Our initial objective is the Morrow.

Q. Yeah, but now that -- okay.

A. We may end up -- There's multiple pays, and hopefully we'll end up making a completion in the Strawn one day, so we do have interest in the Strawn. And our lease covers the southwest quarter of the southwest

1 quarter, 40-acre lease. Edge, Pure and Chisos own 100  
2 percent as to all depths in the southwest quarter, so  
3 that's where we derive our interest in the Strawn.

4 Q. Uh-huh. And you stated that you might reach an  
5 agreement in -- you are talking with them now. And if you  
6 reach an agreement this hearing becomes moot, because  
7 everybody will have agreed to participate in the well?

8 A. Mr. Examiner, if we reach an agreement we will  
9 notify the ODC -- or the OCD, excuse me -- promptly and ask  
10 that those parties be dismissed from the order.

11 Q. Yeah, that's what I'm getting at. So you might  
12 reach an agreement before this order is drafted.

13 A. It's possible, yes, sir.

14 Q. Yeah. So in that case, you might --

15 A. We'll just -- to be on the safe side -- We're on  
16 a tight drilling schedule for this well, and if for some  
17 reason we can't come to agreement, we would like to have  
18 the risk penalty assessed to these parties, in the event we  
19 can't come to an agreement.

20 Q. Yeah, that's one reason I wanted to explore with  
21 you the tight schedule. You said rig availability. What's  
22 going on with that? Do you have a rig right now?

23 A. We don't have it scheduled in our drilling  
24 schedule at this date, but the well has to be drilled by  
25 November 24th, because that's when our farmout from Devon

1 and fidelity expires.

2 Q. Okay.

3 A. So that's not a very long time at all in the  
4 current environment.

5 Q. Okay. I was wondering, would they have a rig  
6 available?

7 A. Well, we've got a rig and we're over here, we may  
8 be able to bring it over here. You know, we -- shuffling  
9 rigs around quite a bit right now.

10 Q. Yeah, I'm thinking that. Do we have a location  
11 of this well?

12 A. Yes, sir. Would you like me to read it to you,  
13 Mr. --

14 Q. Yeah, I want the location of that well.

15 A. Okay, this well is located 660 feet from the  
16 south line of Section 28 --

17 Q. Uh-huh.

18 A. -- and 830 feet from the west line of Section 28.

19 Q. Okay, yeah, okay. I think I got that before.

20 A. Right.

21 Q. Okay, and this -- okay, this is -- with even the  
22 Lusk.

23 Okay now, so what is your primary target in this  
24 well?

25 A. It is the Morrow, the middle Morrow.

1 EXAMINER EZEANYIM: The middle, okay. And most  
2 of my questions have been answered in the other one, so --  
3 Anything further?

4 MS. MacQUESTEN: No questions.

5 EXAMINER EZEANYIM: Mr. Hall?

6 MR. HALL: I should explain my presence here, Mr.  
7 Examiner. I have no further questions of the witness.

8 EXAMINER EZEANYIM: Okay.

9 MR. HALL: Do you want me to make a brief  
10 statement?

11 EXAMINER EZEANYIM: Yes, go ahead.

12 MR. HALL: Mr. Examiner, on behalf of Cimarex,  
13 Cimarex supports the well and wishes to see the well go  
14 forward. The only reason for Cimarex's appearance at the  
15 hearing today is in opposition to the Application, only for  
16 the reason that the parties continue to negotiate, and we  
17 fully expect to be able to report back to you soon.

18 We hope that Cimarex and Edge have reached a  
19 voluntary agreement, so that the Application may be  
20 dismissed as to the Cimarex interest.

21 Mr. Sikora can affirm, I believe, that he's  
22 correct when he earlier testified that Cimarex only  
23 recently acquired the Damson/Prize/Magnum-Hunter/Gruy  
24 interest.

25 And in fact, the landman that Mr. Sikora dealt

1 with at Magnum-Hunter is no longer with the company, so the  
2 new individuals at Cimarex haven't been able to give this  
3 prospect the attention it deserves, and they're trying to  
4 catch up now and negotiate with Mr. Sikora. I believe that  
5 they're going to reach a deal.

6 EXAMINER EZEANYIM: Okay, thank you very much.

7 MR. BRUCE: Mr. Examiner, we'll see what happens  
8 over the next week or so in negotiations, but if you would  
9 like, I could provide you with some language in a proposed  
10 order regarding the pooling of this interest, if it's  
11 necessary.

12 EXAMINER EZEANYIM: Okay, yeah, I appreciate  
13 that. And you might want to go ahead and do that, so -- as  
14 you negotiate, maybe something comes up. So I would like  
15 to know what's going on and then -- so I know how to  
16 incorporate into the order.

17 MR. BRUCE: But Mr. Sikora can confirm that even  
18 yesterday they were in discussion, so --

19 EXAMINER EZEANYIM: Okay, yeah, and -- I like it  
20 when prudent operators talk among themselves. It saves a  
21 lot of trouble.

22 THE WITNESS: Unfortunately, the first  
23 communication that I'd had from Cimarex was from their  
24 landman yesterday afternoon while I was sitting at the  
25 airport waiting to come to Santa Fe --

1 EXAMINER EZEANYIM: Yeah.

2 THE WITNESS: -- so we really didn't have much  
3 time to try to work something out.

4 EXAMINER EZEANYIM: Yeah, you might have time  
5 because this is not going to reach it today or tomorrow,  
6 and so I appreciate if you can work something else and give  
7 it to me. That will help me incorporate into this order  
8 and see what's going on in relation to Cimarex and other  
9 parties that you're working on.

10 MR. BRUCE: Okay, thank you.

11 EXAMINER EZEANYIM: Anything further?

12 MR. BRUCE: No, sir.

13 EXAMINER EZEANYIM: At this point Case Number  
14 13,484 will be taken under advisement.

15 And that concludes the hearing today.

16 (Thereupon, these proceedings were concluded at  
17 10:13 a.m.)

18 \* \* \*

19  
20 I do hereby certify that the foregoing is  
21 a complete record of the proceedings in  
22 the Examiner hearing of Case No. 13484  
23 heard by me on 7/14/85  
24  Examiner  
25 Oil Conservation Division

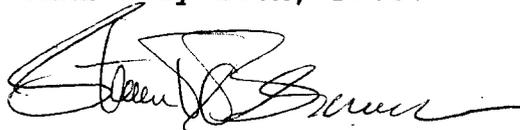
## CERTIFICATE OF REPORTER

STATE OF NEW MEXICO )  
 ) ss.  
 COUNTY OF SANTA FE )

I, Steven T. Brenner, Certified Court Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I transcribed my notes; and that the foregoing is a true and accurate record of the proceedings.

I FURTHER CERTIFY that I am not a relative or employee of any of the parties or attorneys involved in this matter and that I have no personal interest in the final disposition of this matter.

WITNESS MY HAND AND SEAL July 16th, 2005.



STEVEN T. BRENNER  
 CCR No. 7

My commission expires: October 16th, 2006