

STATE OF NEW MEXICO
ENERGY, MINERAL AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION COMMISSION

ORIGINAL

Case No. 15223

Cimarex Energy Co. of Colorado

Application of ~~RKI~~ Exploration and Production for
compulsory pooling, Eddy County, New Mexico

October 16, 2014

9:15 a.m.

Wendell Chino Building

1220 South St. Francis Drive

Santa Fe, New Mexico

BEFORE: MICHAEL MCMILLAN, Technical Advisor
GABRIEL WADE, Legal Advisor

REPORTED BY: Jan Gibson, CCR, RPR, CRR
Paul Baca Court Reporters
500 Fourth Street, NW - Suite 105
Albuquerque, New Mexico 87102

For the Applicant:

JAMES G. BRUCE, Esq.
P.O. Box 1056
Santa Fe, New Mexico 87504
505-982-2043

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EXHIBITS

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1 (Note: In session at 9:15.)

2 MR. MCMILLAN: Next case is Case No.
3 15223, Application of Cimarex Energy Company of
4 Colorado for compulsory pooling, Eddy County New
5 Mexico. Call for appearances.

6 MR. BRUCE: Mr. Examiner, Jim Bruce of
7 Santa Fe representing the applicant. I have no
8 witnesses. I am submitting these by affidavit.

9 MR. MCMILLAN: Are there any other
10 appearances? Okay then.

11 MR. BRUCE: Mr. Examiner, I submitted to
12 you two exhibits. The first is the affidavit and
13 verified statement of Nash Dowdle, a landman for
14 Cimarex. If you could turn to the first exhibit
15 attached to that, I will explain what's going on.

16 If you look at the land plat, the property
17 we're here for, the well is the Colton Federal 7
18 Well No. 1. That is an existing well. It has been
19 completed in and produced from the Morrow Formation
20 and the Wolfcamp Formation and the Bone Springs
21 Formation. It's a directional well, not a
22 horizontal well. It was built quite some time ago
23 and had ceased producing earlier this year, and at
24 this point Cimarex would like to come in and
25 recomplete the well in the Strawn Formation. It's

1 the Burton Flat Strawn gas pool, which is based on
2 320 acres, and so the well is at an orthodox
3 location and it's a standard well unit, 314.16
4 acres. It's Lots 1, 2 of the northeast quarter and
5 east half northwest quarter. That would be the
6 equivalent of Section 7, 21 south, 27 east. The top
7 perforation in the Strawn formation will be 10,014
8 feet and the location at the top of the top perf
9 will be 1250 feet from the north line and 1943 feet
10 from the west line. So it is an orthodox location
11 under the general state-wide rules.

12 The only party being pooled is Mobil
13 Producing Texas of New Mexico, Inc., which owns the
14 north half northeast quarter and southeast northeast
15 quarter of Section 7. This well was previously
16 subject to a JOA. However, because of the cessation
17 of production the JOA lapsed, and that's why we are
18 here, to force pool Mobil.

19 Attached as Exhibit B to the landman's
20 affidavit is the well proposal letter sent in August
21 to XTO, but if you will turn to Page 2 of the
22 affidavit, the second page of the affidavit, you can
23 see that Cimarex has had about a dozen contacts with
24 XTO which manages Mobil's properties in New Mexico
25 since mid April.

1 So at this point there have been six
2 months of contacts and they have simply never gotten
3 a response from Mobil via XTO. There are no
4 unlocatable parties. It's all federal land. AFE
5 for the re-entry is attached as Exhibit C and the
6 total cost of the re-entry is about \$217,000.
7 Applicant requests that it be named operator of the
8 well and that a 200 percent risk charge be assessed
9 against Mobil if it goes non-consent in the well.

10 Exhibit 2 is simply my Affidavit of
11 Notice. Notice was given to Mobil and they received
12 actual notice, and again, they have not responded to
13 anything that's been -- telephone calls, e-mails or
14 letters. With that, I would move the admission of
15 Exhibits 1 and 2 and ask the matter be taken under
16 advisement.

17 MR. MCMILLAN: Exhibits 1 and 2 are
18 accepted as part of the record.

19 (Note: Exhibits 1 and 2 admitted.)

20 MR. BRUCE: That's all I have.

21 MR. WADE: The question we have right now
22 is that your notice was received on September 29th
23 of 2014 and did that give them enough time to
24 respond. According to rule, a 20-day period of
25 compulsory pooling --

1 MR. BRUCE: The 20-day period is the
2 period of mailing, not the actual receipt.

3 MR. WADE: That's what I wanted to
4 doublecheck. The day of mailing is the 17th.

5 MR. BRUCE: I thought it was the 25th.

6 MR. WADE: I think you are a day shy.

7 MR. BRUCE: Well, this case needs to be
8 continued for two weeks. That's fine.

9 MR. MCMILLAN: Okay. The case will have
10 to be continued for two weeks to provide the proper
11 notification. Thank you.

12 MR. BRUCE: That's all.

13 (Note: The hearing was concluded.)
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17

18 I do hereby certify that the foregoing is
19 a complete record of the proceedings in
20 the Examiner hearing of Case No. _____
21 heard by me on October 16 2018.
22 Michael McMillan, Examiner
23 Oil Conservation Division
24
25

1 REPORTER'S CERTIFICATE

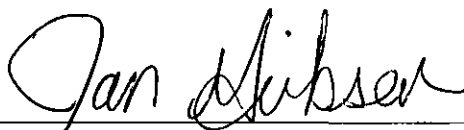
2 I, JAN GIBSON, Certified Court Reporter for the
3 State of New Mexico, do hereby certify that I
4 reported the foregoing proceedings in stenographic
5 shorthand and that the foregoing pages are a true
6 and correct transcript of those proceedings and was
7 reduced to printed form under my direct supervision.

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

12

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JAN GIBSON, CCR-RPR-CRR
New Mexico CCR No. 194
License Expires: 12/31/14

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