

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

April 28, 2016
8:34 a.m.

ORIGINAL

Wendell Chino Building
Porter Hall
1220 S. St. Francis Drive
Santa Fe, New Mexico

TRANSCRIPT OF PROCEEDINGS

CASE NO. 15473

APPLICATION OF BTA OIL PRODUCERS, LLC, FOR AN ORDER
DIRECTING CIMAREX ENERGY COMPANY TO SHUT-IN ITS
OVER-PRODUCED OIL WELLS IN THE BERRY; BONE SPRING NORTH
POOL, ASSESSING PRODUCTION PENALTIES FOR THE
OVER-PRODUCTION, AND ORDERING COMPLIANCE WITH THE
DIVISION'S OIL PRORATION RULES FOR THE BERRY; BONE
SPRING, NORTH POOL, LEA COUNTY, NEW MEXICO

BEFORE: WILLIAM JONES, Lead Examiner
SCOTT DAWSON, Examiner
DAVID K. BROOKS, Legal Examiner

REPORTED BY: DEBRA ANN FRIETZE
PAUL BACA COURT REPORTERS
500 4th Street, NW, Suite 105
Albuquerque, New Mexico 87102

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A P P E A R A N C E S

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For the Oil Conservation Division, Compliance and
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BY: KEITH HERRMANN

EXHIBITS

ADMITTED
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REPORTER'S CERTIFICATE	9
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1 EXAMINER JONES: Let's start the docket
2 with the last case of the day, which is 15473,
3 application of BTA Oil Producers, LLC, for an order
4 directing Cimarex Energy Company to shut-in its
5 overproduced oil wells in the Berry; Bone Spring North
6 Pool, assessing production penalties for the
7 overproduction and ordering compliance with the
8 Division's Oil Proration Rules for the Berry; Bone
9 Spring, North Pool, in Lea County, New Mexico.

10 Call for appearances.

11 MS. KESSLER: Mr. Examiner, Jordan Kessler,
12 from the Santa Fe office of Holland and Hart, on behalf
13 of BTA Oil Producers, LLC.

14 EXAMINER JONES: Other appearances?

15 MS. BRADFUTE: Mr. Examiner, Jennifer
16 Bradfute on behalf of Cimarex Oil Company.

17 MR. HERRMANN: And Mr. Examiner, Keith
18 Herrmann representing the Oil Conservation Division
19 Compliance and Enforcement Bureau.

20 MS. KESSLER: Mr. Examiner, this was BTA's
21 application that was initially brought against Cimarex.
22 I think that several other entities have entered their
23 appearance, but Cimarex has obtained waivers from them
24 today.

25 MS. BRADFUTE: That is correct,

1 Mr. Examiner. I have emails from the other operators
2 within the adjoining sections indicating that they have
3 no objections to the settlement. I can provide those.

4 EXAMINER JONES: Any objection to them
5 presenting the waivers?

6 MS. KESSLER: So Mr. Examiners, Exhibit 1
7 is a copy of the Settlement Agreement which has been
8 signed by both Cimarex and BTA and pending signature
9 from the Oil Conservation Division counsel. But my
10 understanding is that that will be -- that we've
11 received verbal approval of that.

12 MR. HERRMANN: Yes. Once we have the
13 originals, the Oil Conservation Division will execute
14 the final agreement.

15 EXAMINER JONES: So Exhibit 1 is from BTA?

16 MS. KESSLER: Is from BTA. Again, that's
17 been signed by BTA and Cimarex. Exhibit A to Exhibit 1
18 is the curtailment plan that was agreed to in the
19 Settlement Agreement, and it sets forth the timing and
20 the curtailment of production for Cimarex's well.

21 EXAMINER JONES: Okay. And so Exhibits 2,
22 3 and 4 are from Cimarex?

23 MS. BRADFUTE: That is correct,
24 Mr. Examiners. Exhibits 2, 3 and 4 include email
25 correspondence between myself and COG Operating,

1 Nearburg, and with Yates Petroleum.

2 And we have coordinated beforehand with
3 Keith Herrmann to see what type of information the
4 Division would need in order to make sure that there
5 were no objections, and we were including all the
6 operators.

7 EXAMINER JONES: Okay. So the continuance
8 is just till you finalize your negotiations?

9 MS. KESSLER: I don't know that we need a
10 continuance. It simply needs to be signed by counsel
11 from the Division. And I think, with that, it could be
12 taken under advisement.

13 THE COURT: Is that agreeable to all
14 parties?

15 MS. BRADFUTE: Yes, it is.

16 EXAMINER JONES: Mr. Brooks?

17 EXAMINER BROOKS: I have no questions.

18 EXAMINER JONES: Is this all legally
19 kosher?

20 EXAMINER BROOKS: Yes. I have conferred
21 with counsel for the Division Enforcement Bureau
22 previously, and I believe the settlement is in
23 accordance with the law.

24 EXAMINER JONES: Does the settlement entail
25 an agreement for other parties who overproduce out here.

1 MR. HERRMANN: No.

2 MS. BRADFUTE: Mr. Examiner, there is a
3 provision in the agreement which would -- it says, "This
4 agreement does not prohibit any operator from later
5 filing an application concerning the allowables or other
6 types of application."

7 No applications are currently being
8 drafted.

9 MS. KESSLER: But for the time being,
10 Mr. Examiner, the Settlement Agreement does require
11 curtailment to make up for overproduction.

12 EXAMINER JONES: Okay. So are you asking
13 for dismissal of the case?

14 MS. KESSLER: At this point yes, I would
15 ask for a dismissal and that the Settlement Agreement be
16 approved by the Division.

17 MR. HERRMANN: No objections.

18 MS. BRADFUTE: No objections.

19 EXAMINER JONES: Okay.

20 MS. KESSLER: I would also ask that
21 Exhibits 1 and A be entered into the record.

22 EXAMINER JONES: Exhibits 1 and 1A are
23 admitted.

24 [Exhibits 1 and 1A admitted.]

25 EXAMINER JONES: And for Cimarex?

1 MS. BRADFUTE: I would like to ask that
2 Exhibits 2, 3 and 4 be admitted into the record, as
3 well.

4 EXAMINER JONES: Exhibits 2, 3 and 4 are
5 admitted.

6 [Exhibits 2, 3 and 4 admitted.]

7 EXAMINER JONES: Was there an Exhibit 1 for
8 Cimarex?

9 MS. BRADFUTE: No. Exhibit 1 was the
10 Settlement Agreement.

11 EXAMINER JONES: So it was kind of a
12 co-exhibit?

13 MS. BRADFUTE: Yes.

14 EXAMINER JONES: Okay.

15 EXAMINER BROOKS: Yeah, I see it's marked.
16 I didn't see where it's marked, but it's marked.

17 EXAMINER JONES: The court reporter has a
18 copy of all this.

19 Okay. Well, the case is -- this is going
20 to be a dismissal. Do you want to submit a co-draft of
21 this dismissal? In there any other language in it that
22 would be -- our dismissals are pretty curt and short
23 and --

24 MS. KESSLER: I would submit a proposed
25 dismissal that references the Settlement Agreement, and

1 I'll circulate that among counsel and submit that to the
2 Division for your review.

3 EXAMINER JONES: Okay. That sounds good.
4 Well, pending receipt of the draft
5 dismissal, we can continue Case 15473 until May the
6 12th.

7 MR. HERRMANN: Okay. Thank you,
8 Mr. Examiner.

9 MS. BRADFUTE: Thank you.

10 [The proceedings concluded at 8:40 a.m.]

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I do hereby certify that the foregoing is
a correct record of the proceedings in
the Examiner hearing of Case No. _____
heard by me on 9/10/07
_____, Examiner
Oil Conservation Division

1 STATE OF NEW MEXICO.
2 COUNTY OF BERNALILLO
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9 REPORTER'S CERTIFICATE

10 I, DEBRA ANN FRIETZE, New Mexico Certified Court
11 Reporter No. 251, do hereby certify that I reported the
12 foregoing proceeding in stenographic shorthand and that
13 the foregoing pages are a true and correct transcript of
14 those proceedings and was reduced to printed form under
15 my direct supervision.

16 I FURTHER CERTIFY that I am neither employed by nor
17 related to any of the parties or attorneys in this case
18 and that I have no interest in the final disposition of
19 this case.
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DEBRA ANN FRIETZE
Certified Court Reporter No. 251
License Expires: 12/31/16