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

**ORIGINAL**

IN THE MATTER OF THE HEARING CALLED  
BY THE OIL CONSERVATION DIVISION FOR  
THE PURPOSE OF CONSIDERING:

CASE NO. 14416

APPLICATION OF CIMAREX ENERGY CO.  
FOR A NON-STANDARD OIL SPACING AND  
PRORATION UNIT AND COMPULSORY POOLING,  
CHAVES COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS  
EXAMINER HEARING

January 7, 2010  
Santa Fe, New Mexico

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BEFORE: TERRY WARNELL: Hearing Examiner  
DAVID BROOKS: Technical Advisor

This matter came for hearing before the New Mexico  
Oil Conservation Division, Terry Warnell, Hearing  
Examiner, on January 7, 2010, at the New Mexico Energy,  
Minerals and Natural Resources Department, 1220 South  
St. Francis Drive, Room 102, Santa Fe, New Mexico.

REPORTED BY: PEGGY A. SEDILLO, NM CCR NO. 88  
Paul Baca Court Reporters  
500 Fourth Street, NW, Suite 105  
Albuquerque, NM 87102

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I N D E X

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APPLICANT'S EXHIBITS:		
Exhibit No. 1		5
Exhibit No. 2		5
Exhibit No. 3		5
Exhibit No. 4		5
COURT REPORTER'S CERTIFICATE		8

A P P E A R A N C E S

For the Applicant:	JAMES BRUCE, ESQ.
	Attorney at Law
	P. O. Box 1056
	Santa Fe, NM 87505

1 HEARING EXAMINER: We'll call Case No. 14416,  
2 the Application of Cimarex Energy Company for approval of  
3 nonstandard oil spacing and proration unit and compulsory  
4 pooling, Chaves County, New Mexico. Call for appearances.

5 MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe  
6 representing the Applicant. I am submitting this by  
7 affidavit.

8 HEARING EXAMINER: Okay. No other appearances.  
9 You may proceed.

10 MR. BRUCE: I'll be quite short on this one.  
11 Mr. Examiner, if you turn to Exhibit A, the land plat  
12 attached to the landman's affidavit, this is in the same  
13 half section, township, and range as the prior  
14 application, and the same parties are involved.

15 As you can see, the southeast quarter is one  
16 common tract, and then the northeast quarter is one common  
17 tract. In this case, Applicant seeks to force pool the  
18 east half east half of Section 18, 15 South, 31 East for  
19 an Abo/Wolf Camp horizontal test.

20 Now, in this one, Mr. Examiner, the vertical  
21 portion of the wellbore is in the southeast quarter of the  
22 southeast quarter, and so we do seek to force pool surface  
23 to base of the Abo/Wolf Camp formation in this well.

24 Other than that, the parties involved are the  
25 same. The offset operators are slightly different. Those

1 are also identified in the affidavit. And the overhead  
2 rates are the same. The well proposal and the AFE are  
3 virtually identical.

4 HEARING EXAMINER: Same rates?

5 MR. BRUCE: Same rates. I think in the prior  
6 case, I did have an affidavit from Lee Catalano, the  
7 geologist. I forgot to mention that before. But there is  
8 one for each case.

9 And he does talk about the need to drill  
10 horizontal wells in this area to increase the -- to test a  
11 greater reservoir length and increase the chances for an  
12 economic completion. And there are some geologic plats  
13 and a horizontal well plan attached to his affidavit.

14 When I get back -- just so you have a better  
15 copy -- I meant to do it yesterday afternoon, I do have on  
16 the computer the geologic plats in color and a little  
17 clearer than the copy I have. So I will e-mail those to  
18 you in case you want to look at them.

19 HEARING EXAMINER: Okay.

20 MR. BRUCE: And again, notice was given to the  
21 interest owners. Everybody received actual notice. And  
22 that was shown by Exhibit 3.

23 And Exhibit 4 is the affidavit of notice  
24 regarding the offset operators. And again, everybody  
25 received actual notice.

1           With that, I'd move the admission of Exhibits 1  
2 through 4 and ask that the matter be taken under  
3 advisement.

4           HEARING EXAMINER: Exhibits 1 through 4 are  
5 admitted. And do we have the green cards on these?

6           MR. BRUCE: Actually, they're the same ones.

7           HEARING EXAMINER: Okay.

8           MR. BRUCE: And so I will get that to you, the  
9 one to Mobil Producing when it comes back.

10          HEARING EXAMINER: All right. Then you'll  
11 e-mail me also the card?

12          MR. BRUCE: Yes.

13          HEARING EXAMINER: Mr. Brooks, any questions?

14          MR. BROOKS: No questions.

15          HEARING EXAMINER: No questions, then,  
16 Mr. Bruce, with that, we'll take Case 14416 under  
17 advisement.

18          MR. BRUCE: Once again, it must be continued.

19          HEARING EXAMINER: Or continued. And I guess  
20 what I'm referring to when I say I'll take it under  
21 advisement is, I'll write the order once we get everything  
22 in the folder.

23          MR. BROOKS: Yeah. It will continue until  
24 January 21st, and then we can call it to supplement the  
25 record. But you'll still write it.

1 HEARING EXAMINER: Okay. Guess who's got the  
2 next docket? All right, then.

3 MS. MCGRAW: Mr. Examiner?

4 HEARING EXAMINER: Yes.

5 MS. MCGRAW: Kate McGraw from R. W. Byran. I  
6 have a question about the docket. What is the  
7 significance of this note "Notice of Filing" that's on the  
8 hearing docket?

9 HEARING EXAMINER: Is that on the docket? That  
10 wasn't on my hearing docket, but then I also -- On your  
11 Page 4?

12 MR. BRUCE: No.

13 MS. MCGRAW: I think it's on the one back there  
14 on the desk.

15 HEARING EXAMINER: This came from the desk? Do  
16 you know what that is, David?

17 MR. BROOKS: I have no idea why it's on the  
18 docket. I've never seen one of those put on the docket  
19 before.

20 MS. MCGRAW: Well, that was my question. What  
21 does that have to do with the hearing?

22 MR. BROOKS: I don't know. No one asked me  
23 about it or told me about it. That's the first time I saw  
24 it.

25 MS. MCGRAW: Maybe it just accidentally get on

1 there.

2 HEARING EXAMINER: I don't think it has anything  
3 to do wit the hearing, but ...

4 MR. BRUCE: I don't think so.

5 HEARING EXAMINER: And it's strange that I  
6 didn't see it on the one that I printed yesterday. I  
7 don't know whether or not this was an earlier --

8 MR. BROOKS: I don't know why it's on there.

9 HEARING EXAMINER: I'll have to ask Florene.

10 MR. BRUCE: Yes. Because that's my client and I  
11 don't know anything about it. So I'm sure it's just a  
12 glitch.

13 MS. MCGRAW: It just floated over from some  
14 other form.

15 HEARING EXAMINER: It could a floater. Okay  
16 then, with that, Docket No. 1-10 is adjourned.

17 (Whereupon, the proceedings concluded.)

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I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. \_\_\_\_\_  
heard by me on \_\_\_\_\_  
\_\_\_\_\_, Examiner  
Oil Conservation Division

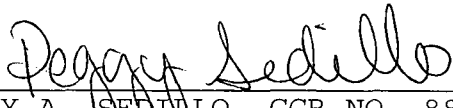
1 STATE OF NEW MEXICO )  
2 COUNTY OF BERNALILLO ) ss.  
3 )  
4 )

5 REPORTER'S CERTIFICATE

6  
7 I, PEGGY A. SEDILLO, Certified Court  
8 Reporter of the firm Paul Baca Professional  
9 Court Reporters do hereby certify that the  
10 foregoing transcript is a complete and accurate  
11 record of said proceedings as the same were  
12 recorded by me or under my supervision.

13 Dated at Albuquerque, New Mexico this  
14 11th day of January, 2010.

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PEGGY A. SEDILLO, CCR NO. 88  
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