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

3

   IN THE MATTER OF THE HEARING CALLED
4 BY THE OIL CONSERVATION DIVISION FOR
   THE PURPOSE OF CONSIDERING:
5

6 APPLICATION OF CIMAREX ENERGY   CASE NO. 14489
   COMPANY FOR A NONSTANDARD OIL SPACING
7 AND PRORATION UNIT AND COMPULSORY
   POOLING, LEA COUNTY, NEW MEXICO
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12   REPORTER'S TRANSCRIPT OF PROCEEDINGS

13   EXAMINER HEARING

14
   BEFORE: DAVID K. BROOKS, Presiding Examiner
15   TERRY G. WARNELL, Technical Examiner

16
                       June 10, 2010
17
                   Santa Fe, New Mexico
18

19   This matter came on for hearing before the New
   Mexico Oil Conservation Division, DAVID K. BROOKS,
20 Presiding Examiner, and TERRY G. WARNELL, Technical
   Examiner, on Thursday, June 10, 2010, at the New Mexico
21 Energy, Minerals and Natural Resources Department, 1220
   South St. Francis Drive, Room 102, Santa Fe, New Mexico.
22

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   REPORTED BY: Jacqueline R. Lujan, CCR #91
24   Paul Baca Professional Court Reporters
                 500 Fourth Street, N.W., Suite 105
25   Albuquerque, NM 87103   505-843-9241

1   A P P E A R A N C E S

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FOR THE APPLICANT:

3

            JAMES BRUCE, ATTORNEY AT LAW
4   P.O. BOX 1056
            Santa Fe, New Mexico   87504
5   (505)982-2043

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8   EXHIBITS 1 THROUGH 4 WERE ADMITTED   5

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    REPORTER'S CERTIFICATE   6
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1   EXAMINER BROOKS: At this time, we will

2   call Case Number 14489, application of Cimarex Energy

3   Company for a nonstandard oil spacing and proration unit

4   and compulsory pooling, Lea County, New Mexico. Call for

5   appearances.

6   MR. BRUCE: Mr. Examiner, Jim Bruce of

7   Santa Fe, representing the applicant. I am submitting

8   this by affidavit.

9   EXAMINER BROOKS: Okay.

10   MR. BRUCE: Mr. Examiner, the first

11   exhibit is the affidavit of Todd Meador, the landman for

12   Cimarex. In this case, the applicant seeks the approval

13   of a 160-acre nonstandard unit comprised of the west

14   half/west half of Section 24 in 19 South, 32 East.

15   This well unit will be dedicated to the East

16   Lusk 24 Fed. Com. Well Number 1, which is a horizontal

17   well to be drilled commencing in the northwest

18   quarter/northwest quarter and southward to a location in

19   the southwest quarter/southwest quarter. Again, we are

20   only seeking to pool the Bone Spring formation in the

21   nonstandard unit.

22   On page 2, Mr. Examiner, let me point out that

23   there were a number of parties listed. However, late

24   yesterday afternoon, a number of parties signed JOAs or

25   agreed to assign their interest. So at this point, the

1 only party being pooled is TriTex Energy A, LP. All

2 other parties have voluntarily joined in the well.

3   The applicant requests a 200 percent risk

4 charge for the well. In this case they request overhead

5 rates of 6,500 per month for a drilling well and $650 per

6 month for a producing well. And I would point out, in

7 case you ask, Mr. Examiner, this well was permitted in

8 the name of Cimarex Energy Company itself, so that will

9 be the operator of the well.

10   EXAMINER BROOKS: Okay. Cimarex Energy

11 Company will be the operator.

12   MR. BRUCE: The offset operators or

13 lessees are also identified. And Attachment A is simply

14 a land plat identifying the acreage being pooled. And

15 Exhibit B is the well proposal to TriTex. And Exhibit C

16 is the AFE for the well, with a dry-hole cost of about

17 1.8 and a completed well cost just under $3.8 million for

18 the well.

19   Exhibit 2 is the affidavit of Lee Catalano,

20 the landman for Cimarex. And attached are a structure

21 map and a cross-section and a directional drilling plan

22 for the well.

23   Cimarex believes that each quarter/quarter

24 section will be productive and that the greater reservoir

25 lengths will increase the chances of a successful

1   economic completion.

2   Exhibit 3 is the affidavit of notice to the

3   party being pooled. And TriTex Energy A, LP, did receive

4   actual notice. And Exhibit 4 is the affidavit of notice

5   to the offsets and the offset operators. Also, all these

6   operators or working interest owners also received actual

7   notice.

8   And with that, I move the admission of

9   Exhibits 1 through 4.

10   EXAMINER BROOKS: 1 through 4 are

11   admitted.

12   (Exhibits 1 through 4 were admitted.)

13   MR. BRUCE: That's it.

14   EXAMINER BROOKS: I don't believe I have

15   any questions in this case. So Case Number 14489 will be

16   taken under advisement.

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20   I do hereby certify that the foregoing is
      a complete record of the proceedings in
21   the Examiner hearing of Case No. 14489
      heard by me on _____ June 10 _____ 2010.

22   _____, Examiner
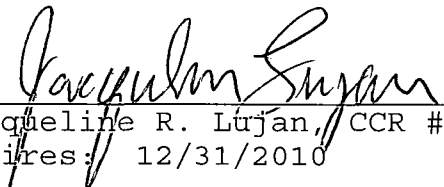   Oil Conservation Division
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1   REPORTER'S CERTIFICATE

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4   I, JACQUELINE R. LUJAN, New Mexico CCR #91, DO

5   HEREBY CERTIFY that on June 10, 2010, proceedings in the

6   above captioned case were taken before me and that I did

7   report in stenographic shorthand the proceedings set

8   forth herein, and the foregoing pages are a true and

9   correct transcription to the best of my ability.

10   I FURTHER CERTIFY that I am neither employed by

11   nor related to nor contracted with any of the parties or

12   attorneys in this case and that I have no interest

13   whatsoever in the final disposition of this case in any

14   court.

15   WITNESS MY HAND this 23rd day of June, 2010.

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20   _____
     Jacqueline R. Lujan, CCR #91
21   Expires: 12/31/2010

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PAUL BACA PROFESSIONAL COURT REPORTERS