

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:

ORIGINAL

APPLICATION OF CIMAREX ENERGY
COMPANY FOR A NONSTANDARD OIL SPACING
AND PRORATION UNIT AND COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO

CASE NO. 14489

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

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

June 10, 2010

Santa Fe, New Mexico

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

REPORTED BY: Jacqueline R. Lujan, CCR #91
Paul Baca Professional Court Reporters
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Albuquerque, NM 87103 505-843-9241

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A P P E A R A N C E S

FOR THE APPLICANT:

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

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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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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 14489
heard by me on June 10 2010.
David K. Brooks, Examiner
Oil Conservation Division

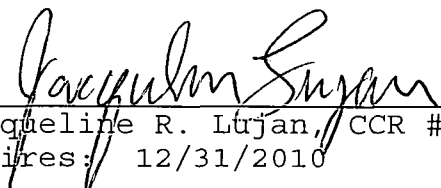
REPORTER'S CERTIFICATE

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I, JACQUELINE R. LUJAN, New Mexico CCR #91, DO
HEREBY CERTIFY that on June 10, 2010, proceedings in the
above captioned case were taken before me and that I did
report in stenographic shorthand the proceedings set
forth herein, and the foregoing pages are a true and
correct transcription to the best of my ability.

I FURTHER CERTIFY that I am neither employed by
nor related to nor contracted with any of the parties or
attorneys in this case and that I have no interest
whatsoever in the final disposition of this case in any
court.

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


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