

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: 14682

APPLICATION OF CIMAREX ENERGY COMPANY FOR  
COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS  
EXAMINER HEARING

BEFORE: WILLIAM V. JONES, Technical Examiner  
DAVID K. BROOKS, Legal Examiner

July 2011

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, WILLIAM V. JONES, Technical Examiner, and DAVID K. BROOKS, Legal Examiner, on July 2011, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South St. Francis, Drive, Room 102, Santa Fe, New Mexico.

REPORTED BY: Irene Delgado, NM CCR 253  
Paul Baca Professional Court Reporters  
500 Fourth Street, NW, Suite 105  
Albuquerque, New Mexico 87102

A P P E A R A N C E S

FOR THE APPLICANT:

JAMES BRUCE

P.O. Box 1056

Santa Fe, NM 87504

I N D E X

EXHIBITS

EXHIBITS 1 AND 2 ADMITTED

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1 EXAMINER BROOKS: This is Mr. Brooks as the chairman  
2 on this, and Mr. Jones is not here. Okay. At this time we  
3 will call Case Number 14682, the application of Cimarex  
4 Energy Company for compulsory pooling, Eddy County, New  
5 Mexico. Call for appearances.

6 MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe  
7 representing the applicant. I have -- I am submitting this  
8 case by affidavit.

9 EXAMINER BROOKS: Okay. Well, Mr. Jones just got  
10 here, and I decided to proceed without him. We really don't  
11 need a Technical Examiner for these cases. I think they are  
12 not going to be very technical, but we welcome you, anyway.

13 I'm sorry, you --

14 MR. BRUCE: I just said I am submitting this case by  
15 affidavit.

16 EXAMINER BROOKS: You may proceed.

17 MR. BRUCE: Mr. Examiner, I handed you two exhibits.  
18 Exhibit 1 is the verified statement of Hayden Tresner, the  
19 landman for Cimarex Energy Company in this case and there is  
20 a land plat attached. Applicant seeks an order pooling all  
21 mineral interests from the surface to the base of the  
22 Glorieta-Yeso formation underlying the Northwest Quarter  
23 Northwest Quarter of Section 32, Township 18 South, Range 26  
24 East. The unit is to be dedicated to the Texas 32 Fee Well  
25 Number 1. Although it's not listed in the application, the

1 footage on the AFE is -- or, excuse me -- the proposal letter  
2 is 330 from the North Line and 90 from the West Line.

3 EXAMINER BROOKS: That was surface to the base of --

4 MR. BRUCE: Glorieta-Yeso.

5 EXAMINER BROOKS: Yeso.

6 MR. BRUCE: And the well does have an API number.

7 It's 300159110.

8 EXAMINER BROOKS: That's the Texas 32 Fee Number 1?

9 EXAMINER JONES: You need one more digit, don't you,  
10 in that API number?

11 MR. BRUCE: Let me see. 01539110.

12 EXAMINER JONES: 39110, okay.

13 EXAMINER BROOKS: I don't think we got API numbers  
14 starting with 9, yet.

15 MR. BRUCE: And, Mr. Examiner, mineral ownership is  
16 common as to all depths being pooled. The only parties being  
17 pooled are COG Operating LLC who owns 23.75 percent of the  
18 working interest, and Concho Oil and Gas LLC who owns 1.25  
19 percent of the working interest. These are working interest  
20 owners, not unleased mineral interest owners.

21 Attached as Exhibit B1 to the affidavit is the  
22 proposal letter which went out, oh, three months ago to the  
23 Concho entities. Also attached as Exhibit B2 are the e-mails  
24 between the parties, and, in addition, the affidavit states  
25 that the landman had been in contact via telephone several

1 times. And Cimarex believes it has made a good-faith effort  
2 to obtain the voluntary joinders of the interest owners in  
3 the well. Cimarex requests a 200 percent risk charge for the  
4 well.

5 The AFE is attached as Exhibit C. And the dryhole  
6 cost is 443,000, and the completed well cost is 1,377,000,  
7 which is stated to be fair and reasonable for wells of this  
8 depth in this area of Eddy County. And the overhead charges  
9 are \$4,500 per month for a drilling well and \$450 a month for  
10 a producing well.

11 And applicant requests that the rates be adjusted  
12 under the Copas Accounting Procedure. Exhibit 2 is simply an  
13 affidavit of notice. I list all four cases that we are here  
14 for today because I sent -- I sent out one notice letter  
15 for -- covering the four applications because of common  
16 interest ownership and nobody else being involved in the  
17 application.

18 EXAMINER BROOKS: Those parties will not be hard to  
19 find, so I assume they got notice.

20 MR. BRUCE: They did indeed receive actual notice.  
21 And with that, I would move the admission of Exhibits 1  
22 and 2.

23 EXAMINER BROOKS: Exhibits 1 and 2 are admitted.

24 (Exhibits 1 and 2 admitted.)

25 MR. BRUCE: And I have nothing further in this

1 matter.

2 EXAMINER BROOKS: Very good. I have no questions.

3 Case Number 14682 is taken under advisement.

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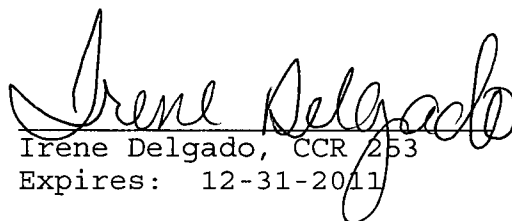
I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 14682,  
heard by me on July 7, 2011.  
David K. Burt, Examiner  
Oil Conservation Division

## REPORTER'S CERTIFICATE

I, IRENE DELGADO, New Mexico CCR 253, DO HEREBY  
CERTIFY THAT ON July 2011, 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 \_\_\_\_\_ day of July 2011.

  
Irene Delgado, CCR 253  
Expires: 12-31-2011