

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

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

Application of CIMAREX ENERGY COMPANY
of Colorado for Horizontal Spacing
Units and Compulsory Pooling
Eddy County, New Mexico

Case No. 22145
Case No. 22146

REPORTER'S TRANSCRIPT OF PROCEEDINGS

THURSDAY, OCTOBER 7, 2021

EXAMINER HEARING

This matter came on for hearing before the
New Mexico Oil Conservation Division, William
Brancard, Esq. Hearing Examiner, Dylan Rose-Coss,
Technical Examiner, on Thursday, October 7, 2021,
via Webex Virtual Conferencing Platform hosted
by the New Mexico Department of Energy, Minerals and
Natural Resources

Reported by: Mary Therese Macfarlane
New Mexico CCR #122
PAUL BACA COURT REPORTERS
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A P P E A R A N C E S

FOR CIMAREX ENERGY COMPANY OF COLORADO:

Darin C. Savage, Esq.
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C O N T E N T S

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1 (Time noted 9:40 a.m.)

2 EXAMINER BRANCARD: With that I call Cases 22145
3 and 22146, Cimarex Energy.

4 MR. SAVAGE: Good morning, Mr. Examiner. Darin
5 Savage with Abadie & Schill on behalf of Cimarex Energy
6 Company of Colorado.

7 EXAMINER BRANCARD: Thank you.

8 Any other interested persons for Case 22145
9 or 22146?

10 Hearing none, you may proceed, Mr. Savage.

11 MR. SAVAGE: Thank you.

12 Cimarex has received no objections to Cases
13 22145 and 22146, and therefore we are presenting these
14 cases by affidavit in consolidated form since they involve
15 the same lands.

16 These cases involve lands in Section 16 and
17 17, Township 19 South, Range 29 East in Eddy County, New
18 Mexico.

19 The landman Riley Morris for the cases, has
20 testified before the Division and his credentials have
21 been accepted and made a matter of record. And the
22 geologist Lucas Haas has also also testified before the
23 Division and his credentials also have been accepted and
24 made a matter of record.

25 In Case 22145 Cimarex seeks an Order

1 creating a standard 320-acre, more or less, spacing unit
2 comprised of north half of the south half of Section 16
3 and 17 and pooling all uncommitted interests in the
4 underlying unit in the Bone Spring Formation designated as
5 an oil pool.

6 The unit will dedicated to the Parkway
7 16-17 State Com 3H well. The orientation of the well is
8 laid out east to west. All setbacks complying with
9 statewide rules are met.

10 Mr. Norris's Exhibit A for Case 22145
11 includes his landman affidavit; C-102 and ownership
12 breakdown; the Well Proposal Letter and AFE; and a Status
13 of Contact showing effort to engage again in good faith
14 negotiations and reach agreements with the owners.

15 Mr. Haas' Exhibit B for this case includes
16 his geology affidavit along with the five standard geology
17 exhibits that show good potential for development.

18 Exhibit C provides the Affidavit of Notice
19 for mailing, publication Notice. Notice was both the
20 timely sent and published. The Notice Letter for Isramco
21 Energy, LLC was returned as undeliverable. Isramco
22 reportedly has a very small, less than 1 percent, working
23 interest in the unit.

24 Five of the letters to overriding royalty
25 interest owners are listed as still in transit, and that

1 would be Lowe Royalty & Partners, Michelle Moran, Motowi,
2 LLC, Noelle Lamb, and PBX, LLC.

3 Cimarex provided a second timely
4 publication to address overriding royalty interest owners,
5 which also included the the working interest owners in
6 order to account for any contingency of Notice.

7 Mr. Morris and Mr. Haas affirm that
8 approval of of this application is in the best interest of
9 conservation, protection of correlative rights, the
10 prevention of waste, and will prevent the drilling of
11 unnecessary wells.

12 Next, in Case 22146, Cimarex seeks an order
13 creating a standard 160-acre, more or less, spacing unit,
14 comprised of the south half/south half of Section 16 and
15 pooling all uncommitted interests underlying the unit in
16 the Bone Spring Formation designated as an oil pool. The
17 unit will be dedicated to the Parkway 16 State Com 4H
18 Well. The orientation of well is laydown east to west,
19 and all setback requirements under statewide rules are met

20 Mr. Morris' exhibits for Case 22146 again
21 include his landman affidavit and the C-102, an ownership
22 breakdown, Well Proposal Letter with AFE. And. Status,
23 of, contacts or efforts to engage in good faith
24 negotiations.

25 Mr. Haas' exhibits for this case include

1 his geology affidavit along with the five standard geology
2 exhibits that show good potential for development and
3 again, Exhibit C provides the Affidavit of Notice for
4 mailing, and Publication Notice. The Notice was timely
5 sent and published.

6 The letter for Isramco Energy, LLC was
7 returned undeliverable. Three of the letters to other
8 involved interests are listed as in transit.

9 Cimarex provided a second timely
10 Publication Notice to address additional overriding
11 royalty interest owners. Again, those included working
12 interest owners that were initially accounted for in the
13 first Publication Notice.

14 At this point I move that Exhibits A, B, C
15 and all sub exhibits be accepted into the record for cases
16 22145 and 22146, and that these cases be taken under
17 advisement.

18 I'm available for any questions you may
19 have.

20 EXAMINER BRANCARD: Thank you.

21 Mr. Rose-Coss, any questions.

22 EXAMINER ROSE-COSS: No questions. Thank you.

23 EXAMINER BRANCARD: So it looks like you have
24 the north half of the south half of two sections and then
25 the south half of the south half of one section but not

1 17.

2 MR. SAVAGE: That appears to be the case, Mr.
3 Brancard. That's how they wanted the development on that.

4 EXAMINER BRANCARD: Okay. You have no idea
5 what's happening to the other south half/south half?

6 MR. SAVAGE: I don't. I can find out. It would
7 be somewhat similar information on that, if that is
8 needed, but that was not how it was they requested the
9 unit to be proposed.

10 EXAMINER BRANCARD: Thank you. Just curious.

11 MR. SAVAGE: Yeah, it is kind of an interesting
12 arrangement.

13 EXAMINER BRANCARD: All right. Are there any
14 other interested persons for Cases 22145, 22146, Cimarex
15 Energy's Parkway Wells? (Note: Pause.)

16 Hearing none, these Cases 22145 and 22146
17 will be taken under advisement and all your exhibits will
18 be admitted into the record.

19 MR. SAVAGE: All right. Thank you.

20 (Time noted 9:47 a.m.)

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1 STATE OF NEW MEXICO)

2 : ss

3 COUNTY OF TAOS)

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REPORTER'S CERTIFICATE

6

I, MARY THERESE MACFARLANE, New Mexico Reporter

7

CCR No. 122, DO HEREBY CERTIFY that on Thursday,

8

October 7, 2021, the proceedings in the above-captioned

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matter were taken before me; that I did report in

10

stenographic shorthand the proceedings set forth herein,

11

and the foregoing pages are a true and correct

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transcription to the best of my ability and control.

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I FURTHER CERTIFY that I am neither employed by

14

nor related to nor contracted with (unless excepted by the

15

rules) any of the parties or attorneys in this case, and

16

that I have no interest whatsoever in the final

17

disposition of this case in any court.

18

/s/ Mary Macfarlane

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MARY THERESE MACFARLANE, CCR

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NM Certified Court Reporter No. 122

License Expires: 12/31/2021

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