

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:

Application of CIMAREX ENERGY CO.	Case Nos. 22295
for Horizontal Spacing Units and	22296
Compulsory Pooling,	22297
Eddy County, New Mexico	

REPORTER'S TRANSCRIPT OF PROCEEDINGS

THURSDAY, NOVEMBER 4, 2021

STATUS CONFERENCE

This matter came on for hearing before the New Mexico Oil Conservation Division, William Brancard, Esq. Hearing Examiner, Dean McClure Technical Examiner, on Thursday, November 4, 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 PROFESSIONAL COURT REPORTERS
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A P P E A R A N C E S

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FOR CHEVRON USA:	Michael Feldewert, Esq. Holland & Hart 110 North Guadalupe, Suite 1 Santa Fe, New Mexico 87501 (505) 988-4421 mfeldewert@hollandhart.com.

C O N T E N T S

CASE NOS. 22295, 22296, 22297	PAGE
CASE CALLED:	3
SET FOR STATUS CONFERENCE ON 12/02/2021	9

1 (Time noted 8:33 a.m.)

2 EXAMINER BRANCARD: We are moving now to Items
3 12, 13, 14 on the worksheet. This would be Cases 22295,
4 22296, 22297, Cimarex Energy.

5 We may have a change of counsel here. Is
6 that correct?

7 MR. BRUCE. Yes, Mr. Examiner. Jim Bruce is now
8 representing Cimarex in these matters.

9 EXAMINER BRANCARD: Okay. And I have an entry
10 of appearance from Chevron, USA.

11 MR. FELDEWERT: May it please the examiner,
12 Michael Feldewert with the Santa Fe office of Holland &
13 Hart on behalf of Chevron.

14 EXAMINER BRANCARD: Any other interested persons
15 for Cases 22295, -96 or -97? (Note: Pause.)

16 Hearing none, I believe Chevron has
17 objected to this case going forward by affidavit so we
18 need to set a hearing date for this. Would that be
19 correct, Mr. Bruce?

20 MR. BRUCE: Correct.

21 EXAMINER BRANCARD: Mr. Feldewert, any thoughts
22 before I throw out dates?

23 MR. FELDEWERT: Certainly.

24 Mr. Examiner, this case, as I understand it
25 as currently constituted, is part of the dispute between

1 Chevron and Cimarex over the development of the sections
2 to the north, Sections 17 and 20, which are currently set
3 for a status conference on December 2nd. My understanding
4 is that Cimarex is adjusting some of their applications in
5 these case numbers. This case, Case 22295 and -97. I'm
6 not exactly clear what their intent is. I know they have
7 just changed counsel. So it seems to me that whatever
8 they do, when they make the change it's not going to be --
9 they are going to file a new application; it's probably
10 not going to appear until the January docket.

11 It seems to me the most prudent thing right
12 now would be to perhaps place these cases with the other
13 cases that are on for a status conference on December 2nd,
14 as to how we can sort this all out, and see, you know,
15 what applications are for what acreage.

16 EXAMINER BRANCARD: If I understand, I believe
17 you mentioned in your pleadings, 22144 and 22317. Those
18 are the cases coming up in December?

19 MR. FELDEWERT: Yes. And then there has been --
20 those are the ones that are on for status conference.

21 Now, in addition to that, Mr. Examiner, I
22 can tell you that Chevron has filed recently, as we
23 indicated we were going to do at the last hearing, pooling
24 cases. They have been filed, have been assigned Cases
25 22343 and 22344. They will be appearing on the December

1 2nd docket. Chevron has also proposed some additional
2 wells that we will be filing for the January docket.

3 All of which is to focus us on the point
4 that I think we need to have a status conference either in
5 December or January to see where things stand and sort all
6 this out, because it is evolving.

7 EXAMINER BRANCARD: Mr. Bruce, did you get all
8 that?

9 MR. BRUCE: Uh, yeah.

10 A couple of things. First of all, Mr.
11 Examiner, Cimarex will be dismissing Case 22296 and a
12 replacement application has been filed. I believe the
13 Case No. is 22333.

14 If you look at this case, one of the tracts
15 involved was in Section 20, and they have amended or
16 submitted a new application which omits Section 20 from
17 this particular well unit or this particular well.

18 So that's one thing, and that hearing is
19 set for December 2nd.

20 The second thing is, Mr. Feldewert -- you
21 mentioned these new cases. Uhm, are they directly
22 contrary to the Southern Hills cases or are they more
23 applicable to the -- what is the other well names?

24 MR. FELDEWERT: White City.

25 MR. BRUCE: White City.

1 MR. FELDEWERT: Yeah. Yeah, they involve -- the
2 cases recently filed involve Sections 17 and 20, but
3 Chevron is also now proposing some additional wells that I
4 believe those Well Proposals are going out this week, as I
5 understand it when I spoke with the client yesterday.

6 And your concern that you just filed would
7 be on the December 2nd docket, the replacement case?

8 MR. BRUCE: Yes.

9 MR. FELDEWERT: Okay.

10 MR. BRUCE: But, Mr. Examiner, Cimarex does
11 object to combining these Southern Hills wells with the
12 White City wells for a hearing. The factual
13 circumstances, as I understand it, are different.
14 Obviously, by amending 22296 we eliminated one of
15 Chevron's objections to that application, but also, based
16 on what was just said I don't think there's any...

17 The two differences, there are no competing
18 applications for these Southern Hills wells now, and
19 Chevron has a small minority interest in these wells,
20 which is probably why they haven't proposed any competing
21 applications, and we would just like these set for hearing
22 as soon as possible.

23 Obviously we can worry about the White City
24 wells come December 2nd.

25 EXAMINER BRANCARD: Is Cimarex a party in the

1 White City matters?

2 MR. BRUCE: They are the applicant.

3 EXAMINER BRANCARD: Oh, okay. So 22144, and
4 22317 are Cimarex cases.

5 MR. BRUCE: Correct.

6 EXAMINER BRANCARD: And the cases you mentioned,
7 Mr. Feldewert, the 22343, -344 are competing with those
8 two cases directly?

9 MR. FELDEWERT: Yes, sir. They have been filed
10 by Chevron.

11 MR. BRANCARD: So at this point if Chevron does
12 not have competing cases to these three, 295, -96, -97,
13 but you still are wanting to combine them? I'm a little
14 confused here.

15 MR. FELDEWERT: Your confusion is justified,
16 just like it took me a while to sort through all this.

17 Currently, these -- I guess 22296 is
18 competing. It involves the same acreage as the White City
19 wells, we will call them, that are on the docket for
20 December 2nd.

21 Now, Mr. Bruce tells me that case is being
22 dismissed and they've got a new application filed. I
23 guess they removed that overlap. I'm taking his word for
24 it but I haven't seen it.

25 MR. BRUCE: I can --

1 MR. FELDEWERT: I remain confused as to who is
2 doing what and where, so that's why my suggestion is maybe
3 we sort this out on December 2nd when we have a little
4 more clarity.

5 EXAMINER BRANCARD: I guess I'm inclined to go
6 along with that just to try to work this out. And
7 hopefully along the way, as cases get filed you can file
8 little motions that say: Please combine this with... so
9 we know when we set these cases on December 2nd what
10 should all be lumped together for a status conference.

11 So at this point I will set a status
12 conference on December 2nd for 2295 -- 22295, 22296, if it
13 still exists, and 22297. We will include in that status
14 conference 22333, and hopefully we will also group it with
15 what you're referring to as the White City cases, which
16 are 22144, 22317, and then 22343 and 22344.

17 I must have made a mistake somewhere. Is
18 that right?

19 MR. FELDEWERT: I thought you did a pretty good
20 job there, as I look at my notes, Mr. Examiner.

21 EXAMINER BRANCARD: Okay. I need to be careful
22 and write this down. The last hearing I zipped through
23 all these status conferences and when I was done I had no
24 idea what I agreed to.

25 So all right. Are there any other

1 questions on these cases? (Note: No response.)

2 Hopefully we will have a clearer picture of
3 where we're at on December 2nd.

4 MR. FELDEWERT: Certainly, Mr. Examiner. Mr.
5 Bruce and I will get together and hopefully have things
6 sorted out.

7 EXAMINER BRANCARD: Thank you.

8 (Time noted 8:44 a.m.)

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REPORTER'S CERTIFICATE

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I, MARY THERESE MACFARLANE, New Mexico Reporter

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

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November 4, 2021, the proceedings in the above-captioned

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matter were taken before me; that I did report in

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stenographic shorthand the proceedings set forth herein,

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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

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nor related to nor contracted with (unless excepted by the

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

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that I have no interest whatsoever in the final

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disposition of this case in any court.

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19

/s/Mary Macfarlane_____

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MARY THERESE MACFARLANE, CCR

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NM Certified Court Reporter No. 122

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