

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:

CASE NOS: 22144, 22317
22517 - 22520

APPLICATIONS OF CIMAREX ENERGY CO.
FOR HORIZONTAL SPACING UNITS AND
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO

CASE NOS: 22375 - 22377
22343, 22344

APPLICATIONS OF CHEVRON U.S.A. INC.
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS
EXAMINER HEARING
FEBRUARY 17, 2021
SANTA FE, NEW MEXICO

This matter came on for virtual hearing before
the New Mexico Oil Conservation Division, HEARING OFFICER
WILLIAM BRANCARD and TECHNICAL EXAMINER KATHLEEN MURPHY on
Thursday, February 17, 2021, through the Webex Platform.

Reported by: Irene Delgado, NMCCR 253
PAUL BACA PROFESSIONAL COURT REPORTERS
500 Fourth Street, NW, Suite 105
Albuquerque, NM 87102
505-843-9241

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

A P P E A R A N C E S

For the Cimarex:

JAMES BRUCE
P.O. Box 1056
Santa Fe, NM 87504-1056
505-982-2151

For MRC Permian:

Kyle Perkins
Vice President and Assistant General Counsel
5400 LBJ Fwy, Suite 1500
Dallas, Texas 75240

For Chevron:

MICHAEL FELDEWERT
HOLLAND & HART
110 North Guadalupe, Suite 1
Santa Fe, NM 87501

I N D E X

CASE CALLED	
STATUS CONFERENCE	03
REPORTER CERTIFICATE	09

1 HEARING EXAMINER BRANCARD: All right. We've got
2 a bunch of cases where we sort of agreed in a prehearing
3 prehearing conference to move some of them to March 18, but
4 we're not sure about the rest, so let me go down the list of
5 cases starting at Item 25 on the worksheet. And this is
6 Cases 22144, 22317, 22517, 22518, 22375, 22376, 22377, and
7 the other cases that are currently scheduled for March 18
8 are 22519, 22520, 22343 and 22344. Let's start with Cimarex
9 Energy.

10 MR. BRUCE: Mr. Examiner, Jim Bruce representing
11 Cimarex.

12 HEARING EXAMINER BRANCARD: Chevron USA Inc.?

13 MR. FELDEWERT: Good morning, Mr. Examiner.
14 Michael Feldewert with Santa Fe office of Holland & Hart.

15 HEARING EXAMINER BRANCARD: Thank you. Who do I
16 have here? I have MRC Permian Company. Is Mr. Perkins on
17 the line?

18 (No audible response.)

19 MR. BRUCE: Mr. Examiner, Mr. Feldewert may have
20 spoken with him also. I believe he probably will end up
21 filing an entry of appearance in all of the cases. I think
22 they are taking a neutral view in these matters.

23 MR. PERKINS: This is Kyle. Can you hear me now?

24 HEARING EXAMINER BRANCARD: We certainly can, Mr.
25 Perkins.

1 MR. PERKINS: I apologize, but this is Kyle
2 Perkins on behalf of MRC Permian Company.

3 HEARING EXAMINER BRANCARD: Thank you. Are there
4 any other interested persons here on Cases 22144, 317, 517,
5 518, 375, 376, 377, 519, 520, 343, 344?

6 (No audible response.)

7 HEARING EXAMINER BRANCARD: All right. I will
8 start with you, Mr. Bruce. Where did we leave off?

9 MR. BRUCE: We left off on you setting a special
10 hearing date on March 18 for all of these matters, and I
11 know that Cimarex has been in touch with Chevron about
12 settling at least a bunch of these cases.

13 HEARING EXAMINER BRANCARD: Is this where we are
14 sort of differentiating the Bone Spring and Wolfcamp and we
15 set the hearing date on the Wolfcamp?

16 MR. BRUCE: I think the hearing date was set --
17 Mike, tell me if I'm right.

18 HEARING EXAMINER BRANCARD: Overlapping spacing
19 units, am I correct?

20 MR. BRUCE: Overlapping spacing units is what we
21 are looking at in the Bone Spring, not in the Wolfcamp, but
22 in the Bone Spring. But we think both can be consolidated
23 for hearing, both the Bone Spring and Wolfcamp.

24 HEARING EXAMINER BRANCARD: Maybe. We'll see.
25 Mr. Feldewert?

1 MR. FELDEWERT: Yeah, Mr. Examiner, I know, and I
2 think you made it clear that we were going forward on March
3 18 with the Wolfcamp cases because they don't have the
4 overlapping spacing unit issues and for the other reasons
5 that we discussed at our prehearing conference.

6 The Bone Spring matters, which are the first
7 seven cases, I believe, that you announced, do have
8 procedural issues that need to be addressed. I know at
9 least Chevron is still determining who needs to be notified
10 because it affects not just the pooled parties, but the
11 working interest owners in the existing spacing units and
12 then it -- it would appear to me that it's unlikely that
13 once we get the proper parties listed to be notified, we are
14 going to reach an agreement with all the working interest
15 owners involved.

16 So it looks to me like there's going to have to
17 be either amended applications or separate applications
18 filed to approve the overlapping spacing units which are
19 impacted by both the Chevron Bone Spring cases and the
20 Cimarex Energy Bone Spring cases.

21 MR. BRUCE: I agree with Mr. Feldewert.

22 MR. FELDEWERT: All of which is not going to
23 happen before March 18.

24 HEARING EXAMINER BRANCARD: Thank you. So in
25 other words, really no progress since we last talked, in the

1 overall scheme of things?

2 MR. FELDEWERT: In the overall scheme of things.
3 Obviously, we are still sorting things out, but correct.

4 HEARING EXAMINER BRANCARD: All right. So do we
5 want to set a hearing date for the other cases or a status
6 conference?

7 MR. FELDEWERT: I would suggest that -- I would
8 suggest that we set a status conference on the Bone Spring
9 cases to -- for the purpose of determining and ensuring
10 that everything is set up, they actually go together.

11 MR. BRUCE: I agree.

12 HEARING EXAMINER BRANCARD: Mr. Perkins, any
13 position?

14 MR. PERKINS: That works for us as well. Thank
15 you.

16 HEARING EXAMINER BRANCARD: Thank you. So what
17 would be a useful time for a status conference, in other
18 words, when you might know something more than you know
19 today.

20 MR. BRUCE: How about just on March 18 when the
21 Wolfcamp cases --

22 HEARING EXAMINER BRANCARD: We can do that. We
23 can have a status conference on the other cases at the same
24 time we are having a hearing on the Wolfcamp cases.

25 MR. BRUCE: Yeah, let's do that.

1 MR. FELDEWERT: As long as it's not a problem
2 because March 18 is a special hearing date, Mr. Examiner?

3 HEARING EXAMINER BRANCARD: That's right.

4 MR. FELDEWERT: So if you don't mind having a
5 status conference on that same date, that makes sense to me.

6 MR. PERKINS: That works for MRC.

7 HEARING EXAMINER BRANCARD: Marlene, is it okay
8 to have that on the same docket?

9 MS. SALVIDREZ: Fine by me.

10 HEARING EXAMINER BRANCARD: All right. So we
11 will hold a status conference on March 18 on Cases 22144,
12 22317, 22517, 22518, 22375, 22376 and 22377, March 18 -- I
13 don't know if I said that correctly -- March 18. And please
14 file continuances so we get them all on the docket.

15 MR. FELDEWERT: Mr. Examiner, one point of
16 clarification with respect to the remaining cases, the
17 remaining four cases which are the Wolfcamp cases. Are you
18 contemplating issuing a prehearing order that would have the
19 usual filing deadlines for the affidavits and exhibits?
20 Does that --

21 HEARING EXAMINER BRANCARD: We have a prehearing
22 order in existence already, but I think it may be better to
23 issue a new one for the four other rather than trying to
24 amend the old one.

25 MR. FELDEWERT: It might make things a little

1 cleaner.

2 HEARING EXAMINER BRANCARD: So, yes. So for
3 Cases 22519, 22520, 22343, 22344, they will be scheduled for
4 a special docket on March 18, and we will issue a prehearing
5 order. Are there any other concerns of the parties on this
6 hybrid procedure we are sort of moving forward on?

7 (No audible response.)

8 HEARING EXAMINER BRANCARD: Hearing none, thank
9 you very much.

10 MR. FELDEWERT: Thank you, Mr. Examiner.

11 MR. BRUCE: Thank you.

12 (Concluded.)

13

14

15

16

17

18

19

20

21

22

23

24

25

1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

3

4 REPORTER'S CERTIFICATE

5

6 I, IRENE DELGADO, New Mexico Certified Court
7 Reporter, CCR 253, do hereby certify that I reported the
8 foregoing virtual proceedings in stenographic shorthand and
9 that the foregoing pages are a true and correct transcript
10 of those proceedings to the best of my ability.

11 I FURTHER CERTIFY that I am neither employed by
12 nor related to any of the parties or attorneys in this case
13 and that I have no interest in the final disposition of this
14 case.

15 I FURTHER CERTIFY that the Virtual Proceeding was
16 of poor to good quality.

17 Dated this 17th day of February 2022.

18

/s/ Irene Delgado

19

Irene Delgado, NMCCR 253
License Expires: 12-31-22

20

21

22

23

24

25