

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 Company  
for a horizontal spacing unit and  
compulsory pooling, Eddy County,  
New Mexico

Case No. 22751

TRANSCRIPT OF PROCEEDINGS

May 5, 2022

EXAMINER HEARING

This matter came on for hearing before the New Mexico Oil Conservation Division, William Brancard, Esq., Hearing Examiner, Dean McClure, Technical Examiner, on May 5th, 2022 via Webex Virtual Conferencing Platform hosted by the New Mexico Energy, Minerals and Natural Resources Department

REPORTED BY: SHANON R. MYERS, CCR, RPR, CRR, RMR, CRC  
CCR No. 275  
PAUL BACA COURT REPORTERS  
500 Fourth Street, NW, Suite 105  
Albuquerque, NM 87102  
(505) 843-9241

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A P P E A R A N C E S

For Cimarex Energy Company:

ABADIE & SCHILL, PC  
555 Rivergate Lane, Suite B4-180  
Durango, CO 81301-7485  
(970) 385-4401  
darin@abadieschill.com

BY: DARIN C. SAVAGE

For MRC Permian Company and Fasken Oil & Ranch, LTD:

HINKLE, SHANOR, LLP  
P.O. Box 2068  
Santa Fe, NM 87504-2068  
(505) 982-4554  
agrarkin@hinklelawfirm.com

BY: ADAM RANKIN

I N D E X

Case called	3:1
Summary of case and exhibits	3:22
Taken under advisement	8:14
Court Reporter's Certificate	9:1

1 (Time noted as 10:33 a.m.)

2 EXAMINER BRANCARD: All right. With that, I will  
3 now call Item Numbers 57 and 58 -- sorry; let's start with  
4 56, Case 22751, Cimarex Energy.

5 MR. SAVAGE: Mr. Examiner, good morning. Darin  
6 Savage, with the Abadie & Schill Santa Fe office, appearing  
7 on behalf of Cimarex Energy Company.

8 EXAMINER BRANCARD: Thank you. I have an entry of  
9 appearance from MRC Permian Company.

10 MR. RANKIN: Mr. Examiner, Adam Rankin with the  
11 Santa Fe office of Holland & Hart, appearing on behalf of  
12 MRC Permian Company, and also appearing on behalf of Fasken  
13 Oil & Ranch, LTD.

14 EXAMINER BRANCARD: Mr. Rankin, do either of your  
15 clients object to this case going forward by affidavit?

16 MR. RANKIN: Neither objects to the case going  
17 forward by affidavit. Both are appearing to preserve their  
18 rights.

19 EXAMINER BRANCARD: Are there any other interested  
20 persons, then, for Case 22751?

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

22 MR. SAVAGE: Thank you, Mr. Examiner. This Case  
23 Number 22751 covers lands in the W/2 of Sections 11 and 14,  
24 Township 25 South, Range 28 East, in Eddy County. The  
25 landman for these cases, Riley Morris, has testified before

1 the Division as an expert witness, and his credentials have  
2 been accepted and made a matter of record. The geologist,  
3 Meera Ramoutar, and that's spelled M-E-E-R-A,  
4 R-A-M-O-U-T-A-R, has also testified before the Division as  
5 an expert witness, and her credentials have been accepted  
6 and made a matter of record.

7 In this case, Cimarex seeks an order creating a  
8 standard 640-acre spacing unit comprised of the W/2 of  
9 Sections 11 and 14, and pooling all uncommitted interest  
10 owners and royalty interest owners in the Purple  
11 Sage-Wolfcamp formation Pool Code 98220 underlying the unit.  
12 The unit will be dedicated to four wells, the River Bend  
13 11-14 Federal Com 7H well, River Bend 11-14 Federal Com 15H  
14 well, River Bend Federal Com 6 -- Federal Com -- excuse me.  
15 River Bend 11-14 Federal Com 16H well, and the River Bend  
16 11-14 Federal Com 17H well, as initial wells. Orientation  
17 of the unit is stand up, north to south. The wells have  
18 nonstandard locations and Cimarex will be applying  
19 administratively for approval.

20 Cimarex has identified one partially overlapping unit,  
21 as described in the landman's affidavit, which is -- which  
22 Cimarex owns and operates in the W/2 of Section 14 and seeks  
23 approval of the partial overlap. Mr. Morris' Exhibit A for  
24 Case 22751 includes his landman affidavit, the C-102s, and  
25 ownership breakdown, the well proposal letters with AFES,

1 and the chronology of contacts. Mr. Ramoutar --  
2 Ms. Ramoutar's Exhibit B for this case includes her  
3 affidavit along with the five standard geology exhibits that  
4 show good potential for development as described in her  
5 affidavit. Exhibit C provides the affidavit of notice for  
6 mailings and publication notice. Notice was both timely  
7 sent and published, as described. There are no green cards  
8 returned undeliverable. There are four mailings to working  
9 interest owners and ten to overrides owners that are still  
10 listed as in transit.

11 Both Mr. Morris and Ms. Ramoutar affirm that the  
12 approval of this application is in the best interests of  
13 conservation protection of relevant rights and the  
14 prevention of waste and will prevent the drilling of  
15 unnecessary wells. At this time, I move that Exhibits A, B  
16 and C and all subexhibits be accepted into the record for  
17 Case 22751 and that the case be taken under advisement. And  
18 I'm available for any questions that you may have. Thank  
19 you.

20 EXAMINER BRANCARD: Thank you.

21 Mr. Rankin, questions.

22 MR. RANKIN: No questions.

23 EXAMINER BRANCARD: Mr. McClure?

24 TECHNICAL EXAMINER McCLURE: Mr. Brancard, I don't  
25 have any questions on this case.

1 EXAMINER BRANCARD: Okay. Mr. Savage, I'm trying  
2 to figure this out. So this is a 640-acre unit that's  
3 overlapping a 320-acre unit?

4 MR. SAVAGE: I will have to confirm the exact size  
5 of that unit, Mr. Brancard. It -- that may be correct. I  
6 will have to pull up the C-102 because it may be -- yeah,  
7 that should be correct, because that -- it's overlapping in  
8 the same formation, so that would be applicable. I would  
9 like to confirm that, if you wouldn't mind.

10 EXAMINER BRANCARD: Well, I'm looking at  
11 Mr. Morris' affidavit here, Paragraph 11.

12 MR. SAVAGE: Okay. Yes, I'm sorry, that is  
13 correct. You are correct, it describes the W/2 in his  
14 affidavit.

15 EXAMINER BRANCARD: So this unit is the W/2 of two  
16 sections, and the other unit is the W/2 of one section.

17 MR. SAVAGE: That is correct. They would be at  
18 different depths, but they would be overlapping.

19 EXAMINER BRANCARD: Okay. In the same pool with  
20 different depths, okay.

21 MR. SAVAGE: Yes, sir.

22 EXAMINER BRANCARD: And this is the Purple  
23 Sage-Wolfcamp pool gas pool, and these are gas wells, you  
24 say.

25 MR. SAVAGE: Well, they're thick condensate gas

1 wells, that's as I understand.

2 EXAMINER BRANCARD: Okay.

3 MR. SAVAGE: Probably pretty soupy down there.

4 EXAMINER BRANCARD: It says the building blocks  
5 are quarter sections.

6 MR. SAVAGE: That's 160-acre buildings blocks.  
7 The bases are 320, as I understand on this, and then they  
8 are built upon 160-acre quarter sections.

9 EXAMINER BRANCARD: Okay. For some reason, I  
10 thought they were 320s down there.

11 MR. SAVAGE: Well, the base is 320, but then when  
12 you extend the unit, you extend it in quarter sections, as I  
13 understand.

14 EXAMINER BRANCARD: Okay.

15 TECHNICAL EXAMINER McCLURE: Yeah, I believe  
16 Mr. Savage is correct. I think you just have to start at  
17 320, and then as you add on, you add on quarter sections.

18 EXAMINER BRANCARD: Oh, do you have nonstandard  
19 locations here also?

20 MR. SAVAGE: We do. We are asking  
21 administratively for approval. We will be asking  
22 administratively for approval on that. They encroach upon  
23 the 330-foot border offset -- setback.

24 EXAMINER BRANCARD: All right. So the pool rule  
25 is 330 here?

1           MR. SAVAGE: On the Wolfcamp -- Purple  
2 Sage-Wolfcamp, yes. And that's Paragraph 13 in the --  
3 Mr. Morris' affidavit.

4           EXAMINER BRANCARD: I'm just trying to figure out  
5 which well it is.

6           MR. SAVAGE: It should be for all the wells. Yes,  
7 I'm looking through the C-102s, Mr. Brancard. It looks like  
8 all the wells are nonstandard locations.

9           EXAMINER BRANCARD: Okay. All right. Just wanted  
10 to make sure we have all the issues on the table here.

11          MR. SAVAGE: Yes, sir. Thank you.

12          EXAMINER BRANCARD: Once again, are there any  
13 other interested parties in Case 22751?

14          Hearing none, the exhibits in Case 22751 will be  
15 admitted into the record and the case will be taken under  
16 advisement.

17          MR. SAVAGE: Thank you.

18          (Proceedings concluded at 10:42 a.m.)

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2 COUNTY OF BERNALILLO

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REPORTER'S CERTIFICATE

I, SHANON R. MYERS, New Mexico Certified Court Reporter, CCR #275, do hereby certify that I reported the foregoing virtual proceedings in stenographic shorthand and that the foregoing pages are a true and correct transcript of those proceedings to the best of my ability.

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

I FURTHER CERTIFY that the virtual proceeding was of extremely poor to good quality.

Dated this 2nd day of June 2022.

/s/ Shanon R. Myers

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SHANON R. MYERS, CCR, RPR, CRR, RMR, CRC  
License Expires: 12/31/22