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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: 22649-22652

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

CASE NOS: 22871-22872

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

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS
EXAMINER HEARING
AUGUST 4, 2022
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 JOHN GARCIA on
Thursday, August 4, 2022, through the Webex Platform.

Reported by: PAUL BACA PROFESSIONAL COURT REPORTERS
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A P P E A R A N C E S

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I N D E X

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1 HEARING EXAMINER BRANCARD: We are now on Item 16
2 through 21. These are cases 22649, 22651, 22652, 22871,
3 22872. Let's start with Cimarex Energy.

4 MR. BRUCE: Mr. Examiner, Jim Bruce representing
5 Cimarex, and you missed calling case 22650.

6 HEARING EXAMINER BRANCARD: Okay. Well, I will
7 call it then, case 22650. Thank you.

8 MR. BRUCE: And in the Chevron cases, I'm
9 representing Cimarex.

10 HEARING EXAMINER BRANCARD: Thank you. Chevron
11 USA, Inc.

12 MR. FELDEWERT: Good morning. Michael Feldewert
13 with the Santa Fe office of Holland & Hart.

14 HEARING EXAMINER BRANCARD: Anyone else here for
15 cases 22649, 650, 651, 652, 871, 872?

16 (No audible response.)

17 HEARING EXAMINER BRANCARD: Hearing none, the
18 last I heard, you all were digesting an order, if you will,
19 a stomach ailment there.

20 MR. BRUCE: Yes, Mr. Examiner, there is two
21 things going on. This is, involving the same lands there
22 was a prior hearing pooling the Wolfcamp formation, and the
23 Division ruled in favor of Chevron and against Cimarex,
24 those matters, that will be appealed de novo,
25 unsurprisingly.

1 These particular cases involve, like I said, the
2 same acreage but the Bone Spring formation. And
3 Mr. Feldewert and I have discussed the matters, and because
4 of some implementations that Cimarex seeks to pool, and I
5 don't know what Chevron is going to do, I'm probably going
6 to take the path of least resistance and refile Cimarex's
7 applications to clarify that, so they won't be, you know,
8 they won't be set until October.

9 And one other thing is because the same lands and
10 basically the same principals are involved, Cimarex is
11 considering filing a motion to re -- since the Wolfcamp
12 cases will be before the Commission, and the Bone Spring
13 cases will involve the same acreage, same parties, the only
14 differences between the two formations are working interest
15 ownership, we will be filing probably some type of motion to
16 refer the cases to the Commission rather than just go to a
17 de novo hearing on the Wolfcamp and could mean we would be
18 filing -- someone, somewhere, will be filing a de novo
19 application once the Bone Spring cases are filed, so that's
20 what Cimarex has in mind. But obviously they can't be heard
21 soon.

22 HEARING EXAMINER BRANCARD: Okay. Mr. Feldewert?

23 MR. FELDEWERT: Well, again, I don't have much
24 comment at this point on what Cimarex intends to do. I
25 do -- he is correct, Jim and I discussed -- Mr. Bruce and

1 I discussed the, I guess the apparent change in the Bone
2 Spring interval now that they want to pool and the nature of
3 that, an application and public notice. The parties
4 understand exactly what they intend to now pool in the Bone
5 Spring, so that is going to cause a delay in the ability of
6 the Commission to hear the competing Bone Spring cases.

7 HEARING EXAMINER BRANCARD: The Commission or the
8 Division?

9 MR. FELDEWERT: Well, that would be up to the
10 Division -- the Commission, as you know. I guess Cimarex
11 intends to file a motion, but you know the Commission has
12 discretion whether to accept the case initially or not.

13 HEARING EXAMINER BRANCARD: Mr. Bruce, you intend
14 to file a motion to have the director certify these cases to
15 the commission?

16 MR. BRUCE: That's my intent at this time, yes.
17 Rather than going to two or three separate hearings, I would
18 rather go to one final hearing, one Armageddon.

19 HEARING EXAMINER BRANCARD: Okay. You already
20 had one Armageddon, but (unclear audio).

21 MR. BRUCE: And I will be filing the applications
22 for the October 6 hearing, and perhaps the best thing to do
23 is just set it for a status conference at that time.

24 MR. FELDEWERT: That makes sense to me.

25 HEARING EXAMINER BRANCARD: Okay. Why don't we

1 do that. Status conference, October 6. And Mr. Bruce, you
2 will inform us about the numbers in the new cases and
3 whether you are going to withdraw old cases.

4 MR. BRUCE: Yes, yes, I will.

5 HEARING EXAMINER BRANCARD: All right. So cases
6 22649, 650, 651, 652, 871, 872 will be set for a status
7 conference on October 6.

8 MR. BRUCE: Thank you.

9 MR. FELDEWERT: Thank you.

10 HEARING EXAMINER BRANCARD: Thank you.

11 (Concluded.)

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STATE OF NEW MEXICO
COUNTY OF BERNALILLO

REPORTER'S CERTIFICATE

I 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 poor to good quality.

Dated this 4th day of August 2022.

Irene Delgado
Court Reporter
License Expires: 12-31-22

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