

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

COPY

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

CASE NO. 14846

APPLICATION OF CIMAREX ENERGY COMPANY OF COLORADO
FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO,

and

CASE NO. 14847

APPLICATION OF CIMAREX ENERGY COMPANY OF COLORADO
FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

DOCKET NO. 21-12

BEFORE: RICHARD EZEANYIM, Hearing Officer
DAVID K. BROOKS, Legal Examiner

JULY 12, 2012

Santa Fe, New Mexico

11:00 AM

This matter came on for hearing before the
New Mexico Oil Conservation Division, RICHARD EZEANYIM,
Hearing Examiner, and DAVID K. BROOKS, Legal Examiner,
on THURSDAY, JULY 12, 2012, at the New Mexico Energy,
Minerals and Natural Resources Department, 1220 South
Street Francis Drive, Room 102, Santa Fe, New Mexico.

REPORTED BY: Lisa Reinicke
PAUL BACA PROFESSIONAL COURT REPORTERS
500 Fourth Street, NW, Suite 105
Albuquerque, NM 87102

1 A P P E A R A N C E S

2 For Cimarex Energy Company:

3 JAMES GARRETT BRUCE, ATTORNEY AT LAW
 4 P.O. Box 1056
 5 Santa Fe, NM 87504-1056
 6 (505) 982-2043

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I N D E X

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PAGE

11 NO WITNESSES

12 CERTIFICATE OF COMPLETION OF HEARING

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14 EXHIBITS

MARKED/IDENTIFIED

15 1. Verified Statement of Hilary Coder

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16 2. Affidavit of Notice

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17 3. Affidavit of Publication

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18 4. Affidavit of Publication

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1 MR. EXAMINER: Now we call case number
2 14846. This is the application of Cimarex Energy
3 Company of Colorado for compulsory pooling, Eddy County,
4 New Mexico.

5 Call for appearances.

6 MR. BRUCE: Mr. Examiner, Jim Bruce of
7 Santa Fe representing the applicant. I'm presenting the
8 case by affidavit, and I'd ask that it be consolidated
9 with the next case on the docket, 14847.

10 MR. EXAMINER: Okay. Both case numbers
11 14846 and 14847, and 14847 is the application of Cimarex
12 Energy Company of Colorado for compulsory pooling,
13 Eddy County, New Mexico. Both cases will be
14 consolidated for the purposes of testimony.

15 Mr. Bruce, please proceed.

16 MR. BRUCE: Mr. Examiner, I've handed you a
17 set of exhibits. Exhibit 1 is the verified statement of
18 Hillary Coder, the landman for Cimarex. If you turn
19 back about five or six pages to the land plat Cimarex
20 seeks the force pooling of the northeast quarter,
21 southeast quarter and the southeast quarter, southeast
22 quarter of section 1, 19 south, 25 east from the surface
23 to the base of Glorieta Yeso formation. On Exhibit A
24 you can see 80 acres outlined, which is both of the well
25 units. It is a single tract of fee land, and interest

1 ownership is common throughout the 80 acres as to the
2 depths that we are concerned with today.

3 Applicant seeks in the northeast, southeast to
4 drill the Nebraska 1 Fee, Well Number 1, and in the
5 southeast, southeast it seeks to the drill the
6 Nebraska 1 Fee, Well Number 3.

7 Mr. Examiner, I thought I had API numbers for you
8 but I will e-mail you that information after the
9 hearing.

10 MR. EXAMINER: Yeah, on both of them?

11 MR. BRUCE: Yes. The parties being force
12 pooled are identified in pages 2 and 3 of the affidavit.
13 You'll notice on page 3 and 4 there are -- other than
14 Thomas Fifer, there are a number of parties listed. The
15 reason for that is simply there are a lot of people who
16 are deceased. Some are unlocateable and some were
17 deceased and no probates were done, so we are simply
18 seeking to force pool anybody who may claim an interest
19 in the proposed wells.

20 The correspondence to the locateable parties is
21 attached as Exhibit B, which consumes most of this
22 exhibit. And Exhibit C is the AFE for each well. The
23 completed well costs are about \$2.3 million for each
24 well. Applicant requests that it be appointed the
25 operator of the well and that a 200 percent risk charge

1 be assessed against a non-consenting interest owner.

2 The overhead rates are \$4,500 a month and \$450 a month.

3 MR. EXAMINER: How much?

4 MR. BRUCE: 4500 and 450. Exhibit 2 are
5 copies of the notice letters of returned receipts for
6 people who had addresses. Again, there are unlocateable
7 parties. And as stated in Ms. Coder's affidavit, they
8 did check Eddy County records, telephone records, and
9 made an Internet search to locate these parties. Again,
10 this area is pretty much close to one or two of the COG
11 cases just heard. It is mostly fee land, and there has
12 been considerable title problems over the years with the
13 fee owners.

14 Exhibits 3 and 4 are affidavits of publication
15 that were published in the notices that were published
16 in the Carlsbad newspaper. I published two notices
17 because I had missed certain people the first go around.
18 So all of the people who could not be located have been
19 notified by publication.

20 And with that, I'd move the admissions of
21 Exhibits 1 through 4 and ask that the cases be taken
22 under advisement.

23 MR. EXAMINER: Exhibits 1 through 4 are
24 admitted.

25 [Exhibits 1 through 4 admitted].

1 MR. BRUCE: And I have nothing further in
2 the matter.

3 MR. EXAMINER: Mr. Brooks?

4 MR. BROOKS: Nothing.

5 MR. EXAMINER: Well, it's unusual to ask a
6 counselor questions so I have no questions.

7 MR. BRUCE: Thank you, Mr. Examiner.

8 MR. EXAMINER: So at this point both cases,
9 case number 14846 and case number 14847 will be taken
10 under advisement.

11 [Case numbers 14846 and 14847 taken under advisement.]

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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 14846
heard by me on 7/12/12 14847
Examiner
Oil Conservation Division

REPORTER'S CERTIFICATE

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3 I, Lisa Reinicke, New Mexico Provisional
4 Reporter, License #P-405, working under the direction
5 and direct supervision of Paul Baca, New Mexico CCR
6 License #112, Official Court Reporter for the US
7 District Court, District of New Mexico, do hereby
8 certify that I reported the foregoing proceedings in
9 stenographic shorthand and that the foregoing pages are
10 a true and correct transcript of those proceedings and
11 was reduced to printed form under my direct supervision.

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

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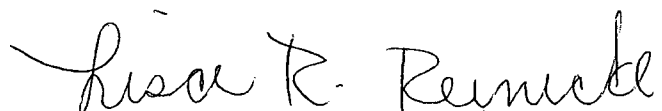
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Lisa R. Reinicke,
Provisional License P-405
License expires: 8/21/2012

22 Ex count:

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