

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 NO. 14085

APPLICATION OF CIMAREX ENERGY CO. FOR A
NON-STANDARD OIL SPACING AND PRORATION
UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID K. BROOKS, Jr., Legal Examiner
TERRY WARNELL, Technical Examiner

April 17, 2008

Santa Fe, New Mexico

This matter came for hearing before the New Mexico Oil
Conservation Division, DAVID K. BROOKS, Jr., Legal Examiner,
and TERRY WARNELL, Technical Examiner, on April 17, 2008, at
the New Mexico Energy, Minerals and Natural Resources
Department, 1220 South St. Francis Drive, Room 102, Santa Fe,
New Mexico.

REPORTED BY: JOYCE D. CALVERT, P-03
Paul Baca Court Reporters
500 Fourth Street, NW, Suite 105
Albuquerque, New Mexico 87102

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A P P E A R A N C E S

FOR THE APPLICANT, CIMAREX:

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FOR OCCIDENTAL PERMIAN LIMITED PARTNERSHIP:

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PAGE

EXHIBITS ADMITTED: Exhibits 5 - 8

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REPORTER'S CERTIFICATE

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1 MR. BROOKS: The next case on the docket is Case
2 No. 14110. The Division indicated that they have a witness who
3 is not here yet. Is that correct, Ms. MacQuesten?

4 MS. MACQUESTEN: That's right, Mr. Examiner.

5 MR. BROOKS: We have a number of uncontested matters
6 on the outside docket, so I believe we will go ahead with
7 those, pending the arrival of the missing witness.

8 At this time, we'll call Case No. 14085, the
9 Application of Cimarex Energy Company for a non-standard oil
10 spacing and proration unit and compulsory pooling, Lea County,
11 New Mexico.

12 Call for appearances.

13 MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe. I
14 have no witnesses.

15 MR. CARR: May it please The Examiner, my name is
16 William F. Carr with the Santa Fe office of Holland & Hart,
17 LLP. We are entering our appearance in this case for
18 Occidental Permian Limited Partnership. I have no witnesses.

19 MR. BROOKS: Mr. Bruce, you may proceed.

20 Well, before you do, has this case been heard
21 previously? Is this a follow-up?

22 MR. BRUCE: That is correct, Mr. Examiner. I'll
23 explain that.

24 Mr. Examiner, this case was presented. It's a
25 horizontal well being drilled over on Township 15 South,

1 37 East in Lea County to test the Wolfcamp formation. It was
2 presented, I think, about six weeks ago. And in these cases,
3 the Division has made the applicant notify -- the pooling
4 portion of the case was presented. And in these cases, the
5 Division has required the applicant to notify offset operators.
6 And at the hearing, it turned out that there was -- I needed to
7 check on additional offset operators.

8 MR. BROOKS: Yes.

9 MR. BRUCE: And the subject well is in the west half
10 of the southwest quarter of Section 13, 15 South, 37 East. At
11 the original hearing, affidavits from the landman and the
12 geologist were submitted, and evidence was presented as to
13 notice to the offset operator to the west and to the south.

14 The operator to the west was Lynx Operating Company
15 Inc.

16 MR. BROOKS: Now, do you have a map here where I can
17 refresh my recollection on these matters?

18 MR. BRUCE: Let me give you the original Exhibit 1 in
19 that matter, Mr. Examiner.

20 MR. BROOKS: I probably have a copy in here, but I
21 don't know --

22 MR. BRUCE: Here's the plat attached to the landman's
23 exhibit. The locations are in the southwest quarter. The
24 operator to the immediate west is Lynx Operating Company Inc.,
25 and they have been notified. The operators to the north, east

1 and south -- Cimarex is the only operator, Cimarex Energy
2 Company, who, of course, did not need to be notified.

3 And then if you'll look to the southwest in the --
4 what is it? The east half of Section 23?

5 MR. BROOKS: Yeah, Section 23.

6 MR. BRUCE: You'll see that there is a single tract
7 covering the east half of the section. I thought that had been
8 under farmout to Cimarex. It partially is, but after getting
9 together with the landman, I determined that there were
10 additional working interest owners who needed to be notified.
11 And the purpose of this case is to present notice to the offset
12 operators.

13 MR. BROOKS: Okay.

14 MR. BRUCE: Submitted to you is Exhibit 5.
15 Exhibits 1 through 4 were presented at the original hearing.
16 The Exhibit 5 is the affidavit of the landman who works for
17 Shaw Interests, Inc., which is a contract land outfit who works
18 for Cimarex.

19 And attached to that exhibit is a listing of mineral
20 interest owners. And it is a fully-leased tract. And if you
21 look at Pages 4 and 5 of the attachment, you'll see a listing
22 of lessees in this tract. Now, many of those are under farmout
23 to Cimarex, but I went ahead and notified all of them anyway.

24 MR. BROOKS: Okay.

25 MR. BRUCE: Exhibit 6 is the affidavit of mailing to

1 the offset operators in the east half of Section 23. There
 2 were a couple of old and bad addresses, particularly Walter L.
 3 Goldston, Trustee and King Oil & Gass of Texas, and I published
 4 notices in the newspapers as against those interest owners, and
 5 those are submitted as Exhibits 7 and 8.

6 MR. BROOKS: Okay.

7 MR. BRUCE: And I would move the admission of
 8 Exhibits 5 through 8 in this matter and ask that the case be
 9 taken under advisement.

10 MR. BROOKS: Mr. Carr, do you have anything to say?

11 MR. CARR: No, Mr. Examiner, I do not.

12 MR. BROOKS: Exhibit 5 through 7 are admitted. And
 13 if there's nothing further, then Case No. 14085 will be taken
 14 under advisement.

15 MR. BRUCE: 5 through 8.

16 MR. BROOKS: I'm sorry. Exhibits 5 through 8 are
 17 admitted. And Case No. 14085 is taken under advisement.

18 [Hearing concluded.]

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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. _____
 heard by me on _____

_____, Examiner
 Oil Conservation Division

REPORTER'S CERTIFICATE

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I, JOYCE D. CALVERT, Provisional Court Reporter for the State of New Mexico, do hereby certify that I reported the foregoing proceedings in stenographic shorthand and that the foregoing pages are a true and correct transcript of those proceedings and was reduced to printed form under my direct supervision.

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 proceeding.



JOYCE D. CALVERT
New Mexico P-03
License Expires: 7/31/08

1 STATE OF NEW MEXICO)
 2 COUNTY OF BERNALILLO)

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4 I, JOYCE D. CALVERT, a New Mexico Provisional
 5 Reporter, working under the direction and direct supervision of
 6 Paul Baca, New Mexico CCR License Number 112, hereby certify
 7 that I reported the attached proceedings; that pages numbered
 8 1-6 inclusive, are a true and correct transcript of my
 9 stenographic notes. On the date I reported these proceedings,
 10 I was the holder of Provisional License Number P-03.

11 Dated at Albuquerque, New Mexico, 17th day of
 12 April, 2008.

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