

1 STATE OF NEW MEXICO  
2 ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
3 OIL CONSERVATION DIVISION  
4

ORIGINAL

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

CASE NO. 14408

8 APPLICATION OF CIMAREX ENERGY  
9 COMPANY FOR A NONSTANDARD OIL  
10 SPACING AND PRORATION UNIT  
11 AND COMPULSORY POOLING,  
12 CHAVES COUNTY, NEW MEXICO.

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13 REPORTER'S TRANSCRIPT OF PROCEEDINGS  
14 EXAMINER HEARING

15 March 18, 2010  
16 Santa Fe, New Mexico

17 BEFORE: TERRY WARNELL: Hearing Examiner  
18 DAVID BROOKS: Legal Adviser

19 This matter came for hearing before the New Mexico  
20 Oil Conservation Division, David Brooks, Hearing Examiner,  
21 on March 18, 2010, at the New Mexico Energy, Minerals and  
22 Natural Resources Department, 1220 South St. Francis  
23 Drive, Room 102, Santa Fe, New Mexico.

24 REPORTED BY: Peggy A. Sedillo, NM CCR No. 88  
25 Paul Baca Court Reporters  
500 Fourth Street, NW, Suite 105  
Albuquerque, NM 87102

E X H I B I T S

Page

APPLICANT'S EXHIBITS:

Exhibits 1 - 4

4

Court Reporter's Certificate

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A P P E A R A N C E S

FOR THE APPLICANT:

JAMES BRUCE, ESQ.  
Attorney at Law  
P. O. Box 1056  
Santa Fe, NM 87504

1                   HEARING EXAMINER: The next case is Case  
2   No. 14408, Application of Cimarex Energy for Nonstandard  
3   Oil Spacing and Proration Unit and Compulsory Pooling,  
4   Chaves County, New Mexico.

5                   MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe  
6   representing the applicant. Again, I'm submitting this by  
7   affidavit.

8                   Mr. Examiner, in this case, again, this involves  
9   land in Section 20, Township 15 South, Range 31 East. In  
10   this instance, Applicant is seeking to drill its Valley  
11   Forge 20 State Com. Well No. 1 which starts in the  
12   southeast southeast of Section 20, and the terminus is in  
13   the southwest southwest of Section 20, and the south half  
14   south half of the well -- of the section dedicated to the  
15   well.

16                  Exhibit 1 is the affidavit of Hayden Tresner,  
17   the landman. You can see there are three parties being  
18   force pooled in this well.

19                  Attachment B is the well proposal made to the  
20   various interest owners. And Attachment C is the AFE.  
21   Again, it's about a 3.5 or 3.6 million dollar well.

22                  Applicant does request a 200 percent risk charge  
23   against nonconsenting interest owners. And the overhead  
24   charges are again, \$7,000 a month for a drilling well, and  
25   \$700 a month for a producing well.

1           Exhibit 2 is the affidavit of Lee Catalano, the  
2 geologist. And again, the greater length of the wellbore  
3 increases the chances for an economic completion. And  
4 Mr. Catalano says that all four quarter quarter sections  
5 in the wellbore are prospective.

6           Exhibit 3 is the affidavit of notice to the  
7 parties being pooled, and all parties did receive actual  
8 notice of this hearing. And the landman's affidavit,  
9 again, also sets forth the offset interest owners or  
10 operators. And Exhibit 4 is the affidavit to those  
11 persons. And again, all of them did receive actual  
12 notice.

13           So I'd move the admission of Exhibits 1  
14 through 4.

15           HEARING EXAMINER: Exhibits 1 through 4 are  
16 admitted.

17           MR. BRUCE: And again, they're only trying to  
18 force pool the Abo/Wolfcamp formation underlying the  
19 nonstandard well unit.

20           HEARING EXAMINER: Mr. Brooks, any questions?

21           MR. BROOKS: No questions.

22           HEARING EXAMINER: No questions? Okay. If  
23 there's nothing further on that case, Case No. 14408 will  
24 be taken under advisement.

25           (Whereupon, the proceedings concluded.)

I do hereby certify that the foregoing is a complete and correct transcript of the proceedings in the above captioned case.

Oil Conservation Division

PAUL BACA PROFESSIONAL COURT REPORTERS

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1 STATE OF NEW MEXICO )  
 ) ss.  
 2 COUNTY OF BERNALILLO )

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REPORTER'S CERTIFICATE

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I, PEGGY A. SEDILLO, Certified Court  
 Reporter of the firm Paul Baca Professional  
 Court Reporters do hereby certify that the  
 foregoing transcript is a complete and accurate  
 record of said proceedings as the same were  
 recorded by me or under my supervision.

Dated at Albuquerque, New Mexico this  
 23rd day of March, 2010.

  
 PEGGY A. SEDILLO, CCR NO. 88  
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