

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

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

**APPLICATION OF CIMAREX ENERGY CO. FOR  
COMPULSORY POOLING, EDDY COUNTY, NEW  
MEXICO.**

**Case No. 14,698**

**APPLICATION OF CIMAREX ENERGY CO. FOR  
COMPULSORY POOLING, EDDY COUNTY, NEW  
MEXICO.**

**Case No. 14,703**

**APPLICATION OF CIMAREX ENERGY CO. FOR  
COMPULSORY POOLING, EDDY COUNTY, NEW  
MEXICO.**

**Case No. 14,704**

**APPLICATION OF CIMAREX ENERGY CO. FOR  
COMPULSORY POOLING, EDDY COUNTY, NEW  
MEXICO.**

**Case No. 14,705**

**RESPONSE IN OPPOSITION TO MOTION TO CONTINUE**

Cimarex Energy Co. ("Cimarex") submits this response in opposition to the motion to continue these cases filed by COG Operating LLC ("COG"), and states.

1. Cimarex is the majority working interest in the SE¼ of Section 6, Township 19 South, Range 26 East, N.M.P.M.
2. COG just recently acquired an interest in the acreage which is the subject of Case Nos. 14703-14705. COG owns no interest in the acreage which is the subject to Case No. 14698.
3. Cimarex proposes to (initially) drill vertical four wells in the quarter section.

4. Cimarex proposed the four wells to the other working interest owners on April 20, 2011. See Exhibit A for an example proposal letter.

5. After receiving no response on its well proposals for 2 months, Cimarex filed the pooling applications and timely notified the pertinent working interest owners of the applications.

6. COG seeks to continue the cases based on an allegation that it will in the future file applications for horizontal wells.

7. COG has attached no data supporting its allegation of the need for horizontal drilling.<sup>1</sup> In any event, COG is free to propose and drill horizontal wells on its remaining acreage in of Section 6, where Cimarex owns no interest. Cimarex does not want to participate in expensive horizontal wells which produce less reserves than vertical wells.

8. Cimarex has obtained and paid for a surface use agreement with the surface owner. In addition, these wells were scheduled for drilling in early September, one location is already built, and the wells may have to be delayed if the cases are re-opened.

9. COG has not shown any harm that will occur to it if its motion is denied.

WHEREFORE, Cimarex requests that the motion to for a continuance be denied.

Respectfully submitted,



James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Cimarex Energy Co.

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<sup>1</sup> In fact, Cimarex can show that its vertical drilling results in the Yeso are superior to horizontal drilling.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 31<sup>st</sup> day of July, 2011 by facsimile transmission:

Michael H. Feldewert  
Ocean Munds-Dry  
Holland & Hart LLP  
P.O. Box 2208  
Santa Fe, New Mexico 87504  
fax: (505) 982-6043

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James Bruce

Cimarex Energy Co.  
600 N. Meridenfeld St.  
Suite 600  
Midland, Texas 79701  
PHONE 432.371.7800



April 20, 2011

Leasehold Owner Address List on Page 3

Re: New Well Proposal-Colorado 6 Fee No.1  
Township, 19 South, Range 26 East, N.M.P.M.  
Section 6: NW/4SE/4  
Eddy County, New Mexico

Dear Leasehold Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Colorado 6 Fee No.1 Well at legal location in the NW/4SE/4 of Section 6, Township 19 South, Range 26 East, N.M.P.M., Eddy County, New Mexico.

The intended surface hole location for the well is 2310' FSL & 1650' FEL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the Glorieta-Yeso formations.

It should be understood that compliance with topography or cultural or environmental concerns, among others, might require modification of Cimarex's intended procedure. Cimarex will advise you of any such modifications.

Enclosed, in duplicate, is (i) our detailed AFE which sets forth the estimated costs associated with the well, and; (ii) our proposed form of Operating Agreement to govern operations for the Colorado wells. If you intend to participate, please approve and return one (1) original of the enclosed AFE and one (1) original of the signature page to the Operating Agreement, along with your contact information to receive well data, to the undersigned within thirty (30) days of receipt of this proposal. If you should elect to purchase your own well control insurance, you must provide a certificate of such insurance to Cimarex prior to commencement of drilling operations; otherwise, you will be covered by insurance procured by Cimarex and will be responsible for your share of the cost.

In the event you do not wish to participate in drilling the Colorado wells, Cimarex will consider acquiring a term assignment of your leasehold interests. Cimarex's offer is contingent upon final verification of your title and is based on the following general terms:

EXHIBIT A

New Well Proposal-Colorado 6 Fee No.1

Township, 19 South, Range 26 East, N.M.P.M.

Section 8: NW/4SE/4.

Eddy County, New Mexico



- i.) Bonus consideration of \$1000.00 per net mineral acre delivered;
- ii.) Reservation of an ORRI equal to the difference between 25% and current lease burdens;
- iii.) Primary term of Two (2) years with 180-day continuous development thereafter

Please call the undersigned with any questions or comments.

Respectfully Submitted,

Cimarex Energy Co.

A handwritten signature in black ink, appearing to read "Hayden P. Tresner".

Hayden P. Tresner  
Landman

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**ELECTION TO PARTICIPATE**

**Colorado 6 Fee No.1 Well**

\_\_\_\_\_ Elects TO participate in the proposed Colorado 6 Fee No.1 Well

\_\_\_\_\_ Elects NOT to participate in the proposed Colorado 6 Fee No.1 Well

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_