

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

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

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

Case No. 14,767

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

Case No. 14,768

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

Case No. 14,769

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

Case No. 14,770

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

Case No. 14,771

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

Case No. 14,772

CONSOLIDATED PRE-HEARING STATEMENT

This consolidated pre-hearing statement is submitted by Cimarex Energy Co. of Colorado as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Cimarex Energy Co. of Colorado
Suite 600
600 North Marienfeld
Midland, Texas 79701

Attention: Hayden Tresner
(432) 571-7856

APPLICANT'S ATTORNEY

James Bruce
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(505) 982-2043

OPPONENT

COG Operating LLC
Concho Oil & Gas LLC

Yates Petroleum Corporation
Abo Petroleum Corporation
Myco Industries, Inc.

OXY Y-1 Company

OPPONENT'S ATTORNEY

Michael Feldewert and
Adam Rankin

William F. Carr

J. Scott Hall

STATEMENT OF THE CASE

APPLICANT

Cimarex Energy Co. proposes to drill ten vertical Glorieta-Yeso wells, as follows:

Case No. 14767: Applicant seeks an order pooling all mineral interests from the surface to the base of the Glorieta-Yeso formation underlying Lot 4 of Section 31, Township 18 South, Range 26 East, NMPM, to form a standard oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent. The unit will be dedicated to the Mississippi 31 Fee Well No. 1, to be drilled at an orthodox location. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well.

Case No. 14768: Applicant seeks an order pooling all mineral interests from the surface to the base of the Glorieta-Yeso formation underlying the SE/4SE/4 of Section 31, Township 18 South, Range 26 East, NMPM, to form a standard oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent. The unit will be dedicated to the North Dakota 31 Fee Well No. 2, to be drilled at an orthodox location. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and

charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well.

Case No. 14769: Applicant seeks an order pooling all mineral interests from the surface to the base of the Glorieta-Yeso formation underlying Lot 3 of Section 31, Township 18 South, Range 26 East, NMPM, to form a standard oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent. The unit will be dedicated to the Utah 31 Fee Well No. 2, to be drilled at an orthodox location. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well.

Case No. 14770: Applicant seeks an order pooling all mineral interests from the surface to the base of the Glorieta-Yeso formation underlying the following described acreage in Section 1, Township 19 South, Range 25 East, NMPM:

(a) The NE/4SW/4 of Section 1 to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent. The unit will be dedicated to the Louisiana 1 Fee Well No. 1, to be drilled at an orthodox location.

(b) The NW/4SE/4 of Section 1 to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent. The unit will be dedicated to the Louisiana 1 Fee Well No. 2, to be drilled at an orthodox location.

(c) The SE/4SW/4 of Section 1 to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent. The unit will be dedicated to the Louisiana 1 Fee Well No. 5, to be drilled at an orthodox location.

(d) The SW/4SE/4 of Section 1 to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent. The unit will be dedicated to the Louisiana 1 Fee Well No. 6, to be drilled at an orthodox location.

Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells.

Case No. 14771: Applicant seeks an order pooling all mineral interests from the surface to the base of the Glorieta-Yeso formation underlying the following described acreage in Section 1, Township 19 South, Range 25 East, NMPM:

(a) The NW/4SW/4 of Section 1 to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent. The unit will be dedicated to the Montana 1 Fee Well No. 1, to be drilled at an orthodox location.

(b) The SW/4SW/4 of Section 1 to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent. The unit will be dedicated to the Montana 1 Fee Well No. 3, to be drilled at an orthodox location.

Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells.

Case No. 14772: Applicant seeks an order pooling all mineral interests from the surface to the base of the Glorieta-Yeso formation underlying Lot 1 of Section 1, Township 19 South, Range 25 East, NMPM, to form a standard oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent. The unit will be dedicated to the Montana 1 Fee Well No. 5, to be drilled at an orthodox location. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well.

COG Operating LLC has informed applicant that it will be filing competing applications for horizontal wells, and applicant has voluntarily continued the cases so that all applications can be heard at the same time.

Cimarex Energy Co. of Colorado will present evidence showing that (1) it has made a good faith effort to obtain voluntary pooling, (2) it initiated development in this prospect, and (3) vertical wells are more economic, obtain better results, and will result in greater recovery of reserves than horizontal wells.

OPPONENT

PROPOSED EVIDENCE

APPLICANT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Hayden Tresner (landman)	20 min.	Approx. 6

Hilary Coder (landman)	15 min.	Approx. 6
Meera Ramoutar (geologist)	20 min.	Approx. 10
Floyd Hammond (engineer)	40 min.	Approx. 15

OPPONENT

WITNESSES

EST. TIME

EXHIBITS

PROCEDURAL MATTERS

Respectfully submitted,



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(505) 982-2043

Attorney for Cimarex Energy Co. of
Colorado

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 29th day of November, 2011 by U.S. Mail:

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