

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:

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

Case No. 13,496 (Reopened)

VERIFIED STATEMENT OF CINDY A. CROFT

Cindy A. Croft, being duly sworn upon her oath, deposes and states:

1. I am a landman for Cimarex Energy Co., and have personal knowledge of the matters stated herein.
2. Pursuant to Division Rule 1207.A(1)(b), the following information is submitted in support of the compulsory pooling application filed herein:
  - (a) No opposition is expected because the mineral interest owners (i) are unlocatable, or (ii) have been contacted numerous times regarding the proposed well, and have simply never leased their interests or decided whether to join in the well.
  - (b) A plat outlining the spacing unit being pooled, and marking the location of the subject well, is attached hereto as Exhibit A. Applicant seeks an order pooling all mineral interests from the surface to the base of the Permo-Upper Pennsylvanian formation underlying the SE $\frac{1}{4}$ NW $\frac{1}{4}$  Section 21, Township 15 South, Range 36 East, NMPM, Lea County, New Mexico, 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, including the Caudill Permo-Upper Pennsylvanian Pool
  - (c) The unit is to be designated to the Caudill South "21" Fee Well No. 1, to be located at an orthodox oil well location 1830 feet from the north and west lines of Section 21. The well's location was originally 1830 feet from the north line and 1980 feet from the west line, but was moved, at the surface owner's request, to avoid an irrigation system being installed by the surface owner.
  - (d) The parties being pooled, their interests in the well unit, and their last known addresses, are set forth in Exhibit B attached hereto.

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OIL CONSERVATION DIVISION

CASE NUMBER

EXHIBIT NUMBER |



State of New Mexico

Energy, Minerals and Natural Resources Department

DISTRICT I  
1000 N. FRANCES DR., BOBER, NM 88040

DISTRICT II  
1301 V. GRAND AVENUE, ARTISIA, NM 88020

DISTRICT III  
1000 Rio Grande Rd., Anton, NM 87410

DISTRICT IV  
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

OIL CONSERVATION DIVISION  
1220 SOUTH ST. FRANCIS DR.  
Santa Fe, New Mexico 87505

Form C-102  
Revised JUNE 10, 2005  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name <b>CAUDILL SOUTH 21 FEE</b>	Well Number 1
OGRID No.	Operator Name <b>CIMAREX ENERGY COMPANY</b>	Elevation 3901'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	21	15-S	36-E		1830	NORTH	1830	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=730897.0 N X=813361.0 E</p> <p>LAT.=33°00'18.42" N LONG.=103°18'40.28" W</p> <p>OIL CONSERVATION DIVISION</p> <p>EXHIBIT A</p>	<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature _____</p> <p>Printed Name _____</p> <p>Title _____</p> <p>Date _____</p>
	<p><b>SURVEYOR CERTIFICATION</b></p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>JUNE 22, 2005</p> <p>Date Surveyed _____ GS</p> <p>Signature of Qualified Professional Surveyor _____</p> <p></p> <p>Certificate No. GARY EDSON 12441</p>

## Exhibit 2

### Caudill South "21" Fee #1 Addressee List Section 21-15S-36E, Lea County, NM

<b>Owner</b>	<b>Net Acres</b>	
Betty Atkins 7107 S. Hudson Circle Littleton, CO 80121	2.0000	Has not sent in Lease
Dr. James Obed Baker, 9337 Redondo Drive Dallas, TX 75218-3645	5.0000	Unlocatable
Bruce W. Crockett & Andrea Crockett 1611 S. Jackson Drive Roswell, NM 88302-6033	1.2500	Deceased – Could not locate heirs
Bernadine R. Glenn 10-D Town Park Lane Charleston, SC 29412	4.0000	Waiting to discuss with her brother
Randall Pettigrew 5331 Dana Leigh Houston, TX 77066-1603	.2000	Traveling
Richard Pettigrew 2812 Pinewood Dr. League City, TX 77573	.2000	Unlocatable - Family does not know how to find him.
James L. Shelton, Trustee of the Pauline M. Reeser, Revocable Living Trust 3501 Marsh Road Deland, FL 32724	51.0000	Poor health – sent to his attorney
Fred T. Schooler, dec'd P. O. Box 843 Midland, Texas 79702-0843	5.0000	Unlocatable
<b>TOTAL</b>	<b>68.65 Net Acres in N/2 (8.58125 Net Acres in SE NW)</b>	



## Participating

<b>Nugent Family</b>	<b>.625/40 = 1.5625</b>
<b>Charles Read</b>	<b>.125/40 = .3125%</b>
<b>Cimarex Energy Co.</b>	<b>30.66875/40 = 76.671875%</b>
<b>Pooling</b>	<b>8.58125/40 = 21.453125%</b>

Cimarex Energy Co.  
Mid-Continent Region  
15 East 5th Street  
Suite 1000  
Tulsa, Oklahoma 74103-4346  
PHONE 918.585.1100  
FAX 918.583.7781



June 28, 2005

**VIA CERTIFIED MAIL  
RETURN RECEIPT REQUESTED**

Bruce W. Crockett Andrea Crockett  
1611 S. Jackson Drive  
Roswell, NM 88302-6033

RE: Caudill South 21 Fee #1  
Sec. 21-15S-36E  
Lea County, New Mexico

Gentlemen:

Please note that the surface owner has requested that we move our location 150' West since he will be installing an irrigation system. The new location will be 1830' FNL & 1830' FWL of Section 21-15S-36E, Lea County, New Mexico.

A revised AFE reflecting the new location has been enclosed for your review.

Should you have any questions in this regard, please do not hesitate to give me a call at (918) 295-1768.

Very truly yours,

A handwritten signature in cursive script that reads "Cindy A. Croft".

Cindy A. Croft  
Senior Landman

CAC/ml  
Enclosure



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Fred T. Schooler  
P.O. Box 843  
Midland, TX 79702-0843

RE: Caudill South 21 Fee #1  
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Betty Atkins  
7107 S. Hudson Circle  
Littleton, CO 80121

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Bernadine R. Glenn  
126-A South Battery  
Charleston, SC 29401

RE: Caudill South 21 Fee #1  
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Randall Pettigrew  
8986 Hialena Circle South  
North Richland Hills, TX 76180

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Richard Pettigrew  
2812 Pinewood Dr.  
League City, TX 77573

RE: Caudill South 21 Fee #1  
Section 21-15S-36E  
Lea County, New Mexico

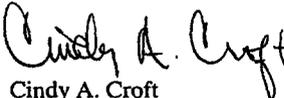
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P.O. Box 127  
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June 14, 2005

**VIA CERTIFIED MAIL**

Fred T. Schooler  
P.O. Box 843  
Midland, TX 79702-0843

RE: Caudill S. "21" Fee #1  
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Ladies & Gentlemen:

Please find enclosed a copy of the Pooling Order No. R-12365 for the SE/4 NW/4 of Section 21-15S-36E, Lea County, New Mexico. Also enclosed is a copy of the revised AFE reflecting a dry hole cost of \$1,215,000 and a completed well cost of \$2,037,400. Should you elect to participate, please remit your share of the dry hole cost within thirty (30) days or you will be deemed to be non-consent for the drilling of the above referenced well.

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5331 Dana Leigh  
Houston, TX 77066-1603

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**AUTHORIZATION FOR EXPENDITURE**

Reviewed 6/28/05

COMPANY ENTITY <b>Cimarex Energy Company</b>				DATE PREPARED <b>Dec 6, 2004</b>	
REGION <b>Midcon</b>	WELL NAME <b>Caudill South 21 Fee</b>	WELL NO <b>1</b>	PROSPECT OR FIELD NAME <b>Caudill South</b>	PROPERTY NUMBER <b>309498-001</b>	DRILLING AFE NO. <b>215012</b>
LOCATION <b>1,830' FNL &amp; 1,830' FWL Sec 21 T15S R36E</b>			COUNTY <b>Lea</b>	STATE <b>New Mexico</b>	OIL TYPE WELL <b>X</b> EXPL <b>X</b> GAS PROD
ORIGINAL ESTIMATE <u>          X          </u>	EST. START DATE <b>TBA</b>	EST. COMP. DATE <b>TBA</b>	FORMATION <b>Wolfcamp</b>	EST. TD <b>10,950'</b>	
REVISED ESTIMATE <u>          X          </u>					
SUPPLEMENTAL ESTIMATE					

**PROJECT DESCRIPTION:**

Drill and complete a 10,950' Wolfcamp oil well. No pipeline cost are included.

Drill 17-1/2" hole to ± 600' and run 13-3/8" casing.  
 Drill 12-1/4" hole to ± 4,750' and run 9-5/8" casing.  
 Drill 7-7/8" hole to ± 10,950', E-Log and run 5-1/2" casing.  
 Fracture stimulate down casing. Run 2-7/8" tubing and place on pump.

<u>INTANGIBLES</u>	<u>DRY HOLE COST</u>	<u>AFTER CASING POINT</u>	<u>COMPLETED WELL COST</u>
Intangible Drilling Costs	\$1,040,000		\$1,040,000
Intangible Completion Costs		339,900	339,900
<b>TOTAL INTANGIBLE COSTS</b>	<b>1,040,000</b>	<b>339,900</b>	<b>1,379,900</b>
<u>TANGIBLES</u>			
Well Equipment	160,000	439,000	599,000
Lease Equipment		58,500	58,500
<b>TOTAL TANGIBLE WELL COST</b>	<b>160,000</b>	<b>497,500</b>	<b>657,500</b>
PLUG AND ABANDON COST	15,000	(15,000)	
<b>TOTAL WELL COST:</b>	<b>\$1,215,000</b>	<b>\$822,400</b>	<b>\$2,037,400</b>

**Comments on Well Costs:**

1. All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

**WELL CONTROL INSURANCE:**

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefor. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of operations authorized hereby. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

\_\_\_\_\_ I elect to purchase my own well control insurance policy.

Well control insurance procured by Operator for the benefit of non-operating working interest owners provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering the operations covered by this AFE only, with a \$1,000,000 (100% W.I.) deductible.

**Comments on AFE**

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

110.96

**CIMAREX ENERGY CO. APPROVAL**

PREPARED BY <b>Robert C. Huizanga</b>	V. P. DRILLING <b>Roger G. Burau</b>	EXECUTIVE V. P. <b>Steve R. Shaw</b>	REGIONAL MANAGER
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**JOINT INTEREST APPROVAL**

COMPANY	BY	DATE
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PROJECT COST ESTIMATE

LEASE NAME: Caudill South 21 Fee

WELL NO.:

1

Gen	INTANGIBLES	Sub	DRY HOLE COST	Sub	AFTER CASING POINT	COMPLETED WELL COST
168	ROADS & LOCATION PREPARATION / RESTORATION	001	\$40,000	101	\$1,000	\$41,000
168	DAMAGES	002	10,000	102		\$10,000
168	MUD/FLUIDS DISPOSAL CHARGES	039	20,000	139		\$20,000
168	DAY RATE 27 DH DAYS 2 ACP DAYS @ 10000 PER DAY	004	364,500	105	27,000	\$391,500
168	MISC PREPARATION COST (mouse hole, rat hole, pads, pile clusters, misc.)	005	8,000			\$8,000
168	BITS	006	55,000	106		\$55,000
168	FUEL \$1.40 PER GALLON	008	84,000	108	6,000	\$90,000
168	WATER 009/COMPLETION FLUIDS 109	009	4,000	109	35,000	\$39,000
168	MUD & ADDITIVES	010	75,000			\$75,000
168	SURFACE RENTALS	011	30,000	111	3,000	\$33,000
168	DOWNHOLE RENTALS	012	15,000	112		\$15,000
168	FORMATION EVALUATION (DST, Coring including evaluation, G&G SERVICES)	013				
168	MUD LOGGING 12 DAYS @ \$800 PER DAY	015	7,000			\$7,000
168	OPEN HOLE LOGGING	017	65,000			\$65,000
168	CEMENTING & FLOAT EQUIPMENT	018	36,000	118	26,000	\$62,000
168	TUBULAR INSPECTIONS	019	10,000	119	6,000	\$16,000
168	CASING CREWS	020	18,000	120	12,000	\$30,000
168	EXTRA LABOR, WELDING, ETC.	021	7,500	121	5,000	\$12,500
168	LAND TRANSPORTATION (Trucking)	022	10,000	122	8,000	\$18,000
168	SUPERVISION	023	27,000	123	11,000	\$38,000
168	TRAILER HOUSE/CAMP/CATERING	045	5,000	145	600	\$5,600
168	OTHER MISC EXPENSES	025	5,000	125	2,500	\$7,500
168	OVERHEAD	026	8,000	126	3,000	\$11,000
168	REMEDIAL CEMENTING	031		131		
168	MOB/DEMOB	035	75,000			\$75,000
168	DIRECTIONAL DRILLING SERVICES DAYS @ PER DAY	037				
168	DOCK, DISPATCHER, CRANE	038		138		
168	MARINE & AIR TRANSPORTATION	044		144		
168	SOLIDS CONTROL	040	1,000			\$1,000
168	WELL CONTROL EQUIP (Snubbing services)	042		142		
168	FISHING & SIDETRACK OPERATIONS	043		143		
168	COMPLETION RIG 7 DAYS @ 3400 PER DAY			104	23,800	\$23,800
168	COIL TUBING DAYS @ PER DAY			147		
168	COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS			128	25,000	\$25,000
168	STIMULATION			130	100,000	\$100,000
168	LEGAL/REGULATORY/CURATIVE	350	5,000	351		\$5,000
168	WELL CONTROL INSURANCE \$0.45 PER FOOT	401	5,000			\$5,000
168	CONTINGENCY 5% OF DRILLING INTANGIBLES	032	50,000	132	15,000	\$65,000
168	CONSTRUCTION FOR WELL EQUIPMENT			207	12,500	\$12,500
168	CONSTRUCTION FOR LEASE EQUIPMENT			301	17,500	\$17,500
168	CONSTRUCTION FOR SALES P/L			311		
<b>TOTAL INTANGIBLE COST</b>			<b>\$1,040,000</b>		<b>\$339,900</b>	<b>\$1,379,900</b>
<b>TANGIBLE - WELL EQUIPMENT</b>						
	<b>CASING</b>		<b>SIZE</b>	<b>FEET</b>	<b>\$/FOOT</b>	
168	DRIVE PIPE					215
168	CONDUCTOR PIPE					201
168	WATER STRING		13-3/8"	600	34.08	20,000
168	SURFACE CASING		9-5/8"	4,780	26.15	133,000
168	INTERMEDIATE CASING					204
168	DRILLING LINER					204
168	DRILLING LINER					204
168	PRODUCTION CASING OR LINER		5-1/2"	10,950	11.52	205
168	PRODUCTION TIE-BACK					205
168	TUBING		2-7/8"	10,000	4.92	206
168	N/C WELL EQUIPMENT					208
168	WELLHEAD, TREE, CHOKES	030	7,000	209	20,000	\$27,000
168	LINER HANGER, ISOLATION PACKER	051		210		
168	PACKER, NIPPLES			211	7,000	\$7,000
168	PUMPING UNIT, ENGINE			212	140,000	\$140,000
168	LIFT EQUIPMENT (BHP, Rods, Anchors)			213	35,000	\$35,000
<b>TANGIBLE - LEASE EQUIPMENT</b>						
168	N/C LEASE EQUIPMENT			302	20,000	\$20,000
168	TANKS, TANKS STEPS, STAIRS			303	23,000	\$23,000
168	BATTERY (heater Treater, Separator, Gas Treating Equipment)			304	12,000	\$12,000
168	FLOW LINES (Line Pipe from wellhead to central facility)			305	3,500	\$3,500
168	OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES			308		
168	PIPELINES TO SALES			309		
<b>TOTAL TANGIBLES</b>			<b>\$160,000</b>		<b>\$497,500</b>	<b>\$657,500</b>
168	P&A COSTS	050	15,000	150	(15,000)	
<b>TOTAL COST</b>			<b>\$1,215,000</b>		<b>\$822,400</b>	<b>\$2,037,400</b>

