

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

**IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION COMMISSION
FOR THE PURPOSE OF CONSIDERING:**

**APPLICATION OF CIMAREX ENERGY CO. OF
COLORADO FOR A NON-STANDARD OIL SPACING
AND PRORATION UNIT, AN UNORTHODOX WELL
LOCATION, AND COMPULSORY POOLING, LEA
COUNTY, NEW MEXICO.**

**Case No. 14966 (*de novo*)
Order No. R-13708**

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by the applicant as required by the Oil Conservation Commission.

APPEARANCES

APPLICANT

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

Attention: Hilary Coder
(432) 571-7896

APPLICANT'S ATTORNEY

James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

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OPPONENT

OPPONENT'S ATTORNEY

STATEMENT OF THE CASE

APPLICANT

Cimarex Energy Co. seeks an order approving a 240-acre non-standard oil spacing and proration unit (project area) in the Abo/Wolfcamp formation comprised of the N/2NE/4 of Section 8 and N/2N/2 of Section 9, Township 15 South, Range 31 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Abo/Wolfcamp formation underlying the non-standard 240 acre oil spacing and proration unit (project area) for any formations and/or pools developed on 40 acre spacing within that vertical extent. The unit will be dedicated to the Independence 8 Fed.

Com. Well No. 1, a horizontal well drilled at a surface location 510 feet from the north line and 2310 feet from the east line of Section 8, with a terminus 660 feet from the north line and 330 feet from the east line of Section 9. 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 Cimarex Energy Co. of Colorado as operator of the well, and a 200% charge for the risk involved in drilling and completing the well.

Order No. R-13708 denied the application, claiming that the N/2NE/4 of Section 8 was less productive than the N/2N/2 of Section 9, and that approving the application would impair the correlative rights of interest owners in the N/2N/2 of Section 9 by diluting their interests. However, the well has been drilled and the evidence shows that:

- (i) The mud logs show that the N/2NE/4 of Section 8 is as productive as the N/2N/2 of Section 9.
- (ii) Drilling wells near the reservoir pinchout results in better than average production from wells in the pool.

In addition, (i) longer laterals increase the productivity of horizontal wells, and (ii) improvements in drilling technology are causing operators to drill wells with greater than 1 mile laterals. Therefore, there should be no "standard" horizontal well unit.

OPPONENT

PROPOSED EVIDENCE

APPLICANT

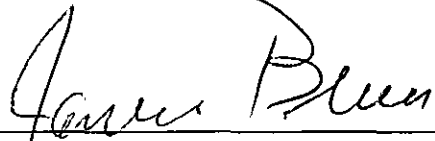
<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Hilary Coder (landman)	15 min.	6
Meera Ramoutar (geologist)	15 min.	5
Jason Billings (engineer)	15 Min.	4

OPPONENT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
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PROCEDURAL MATTERS

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "James Bruce", written over a horizontal line.

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

Attorney for Cimarex Energy Co.