# 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 A NON-STANDARD OIL SPACING AND PRORATION UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

Case No. 14,038

### **VERIFIED STATEMENT OF JOSHUA A. RALEY**

Joshua A. Raley, being duly sworn upon his 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 1210.A(1)(b), the following information is submitted in support of the application filed herein:
  - (a) No opposition to this application is expected because the mineral interest owners being pooled have simply not responded to well proposals.
  - (b) A plat outlining the spacing unit being pooled, and marking the location of the proposed well, is attached hereto as Exhibit A. Applicant seeks an order pooling all mineral interests in the Wolfcamp formation underlying the E½NW¼ of Section 13, Township 15 South, Range 37 East, N.M.P.M., Lea County, New Mexico. The unit is to be dedicated to the Huron 13 Fee Well No. 4, a horizontal well to be drilled at a surface location 430 feet from the north line and 1750 feet from the west line of Section 13, with a terminus 2210 feet from the north line and 1750 feet from the west line of Section 13. The well unit is non-standard because of the horizontal well.
  - (c) The parties being pooled, their interests in the well unit, and their last known addresses, are:

Sidney Roger Davis	<u></u>
P.O. Box 29330	
Austin, Texas 78755	
Occidental Permian Ltd.	<u>4.6875</u> %
P.O. Box 50250	
Midland, Texas 79710	,
•	

Oil Conservation Division
Case No. \_\_\_\_\_
Exhibit No. \_\_\_\_

The E½NW¼ of Section 13 is a fee tract with common, undivided mineral ownership throughout the well unit.

- (d) Copies of the proposal letters sent to the uncommitted mineral interest owners are attached hereto as Exhibit B.
- (e) Cimarex Energy Co. has made a good faith effort to obtain the voluntary joinder of interest owners in the well.
- (f) Pursuant to Division rules, applicant requests that a 200% risk charge be assessed against non-consenting interest owners.
- (g) A copy of the Authority for Expenditure for the proposed well is attached hereto as Exhibit C. The drilling and completion costs set forth therein are fair and reasonable, and are comparable to those of other wells of this depth drilled in this area of Lea County.
- (h) Overhead charges of \$\(\frac{6,940}{\}\) /month for a drilling well, and \$\(\frac{690}{\}\) /month for a producing well, are requested. These rates are fair and reasonable, and are in line with rates charged by other operators in this area for wells of this depth. Cimarex Energy Co. requests that the rates be adjusted under the COPAS accounting procedure.
- (i) Applicant requests that it be designated operator of the well.

### **VERIFICATION**

STATE OF TEXAS	)
COUNTY OF Dallas	) ss. )

Joshua A. Raley, being duly sworn upon his oath, deposes and states that: He is a landman for Cimarex Energy Co.; he is authorized to make this verification on its behalf; he has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of his knowledge, information, and belief.

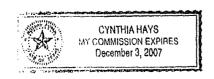
Joshua A. Raley

SUBSCRIBED AND SWORN TO before me this 27th day of November, 2007 by Joshua A. Raley.

My Commission Expires: \_

ac 3, 2007

Notary Public



DISTRICT ! 1626 N. French Dr., Hobbs, NK 88240 DISTRICT II 1801 W. Grand Avenue, Arteria, NY 60210

1000 Rio Brazos Rd., Aziec, NM 87410

1220 S. St. Francia Dr., Santa Fe, NM 67505

DISTRICT III

DISTRICT IV

State of New Mexico Energy, Minerals and Natural Resources Department

Form C-102 Revised October 12, 2006

Submit to Appropriate District Office

# State Lease - 4 Copies Fee Lease - 3 Copies

## OIL CONSERVATION DIVISION

1220 South St. Francis Dr. Santa Fe, New Mexico 07505

MENDED REPORT

### WELL LOCATION AND ACREAGE DEDICATION PLAT

30-025-38601	Pool Code 17290	Pool Name Denton; Wolfcamp		
Property Code 3 6820	Property N HURON "13		nber	
OGRID No. 215099	Operator N CIMAREX ENE			

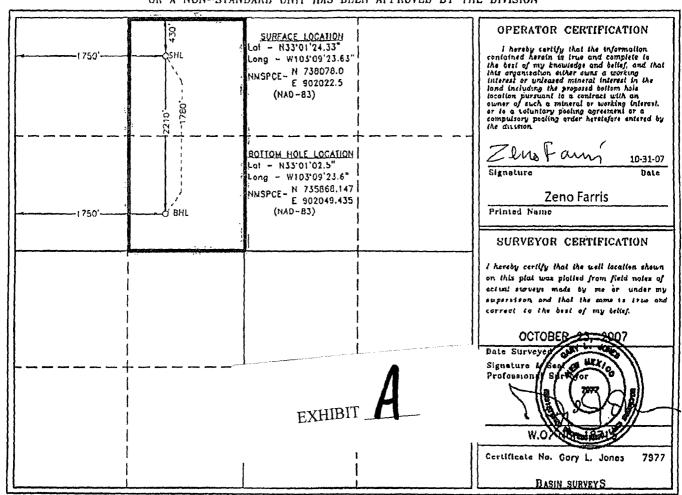
#### Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	feet from the	North/South line	Feet from the	East/West line	County
С	13	15 S	37 E		430	NORTH	1750	WEST	LEA

#### Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lat Idn	Feet from the	North/South line	Fool from the	East/West line	County
F	13	15 S	37 E		2210	NORTH	1750	WEST	LEA
Dedicated Acres	s Joint o	r Infill Co	nsolidation i	ode Or	der No.				
80									

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



- 43 - 43 Mary D. Cloyes 70.00 15.5 3 Dick - Driggo Jingan DA Yis 844 Alingan Tr Mil. Angell chalf 53 A L LOT LES Cropping Die noggene will Der Golf of to 1839 21802 Darre 1 1 701 (5) 1 is Massess 5, 15 7003 1 75 2003 Cimpres Entre 2010 2010 120 1 1.5 Massey 31010 Herry D. Clayrech, and Tra. M. Dick osen Cattle Ca. etal 5 mans 3.780 Darr Angall stolish State Shumon ! - 81----1757 Mary D. Clayston erad, Tree. Mil Cimality Commit Angelletation Cimpres Town of the state Dickinson Mary D. Cleytor, evel Tex. M. Dary, Angell, riblish 1. 83/ 2.48 0 A America Carrange Connece Corresponding to the Connece (SYIMA) Jack Don Bris ( Symmetry ) 392 -0 The Sund 1642 3 4 4 ARCE 10 mm - TO TO ( 10 x 7 1) な様の C a 1 2 2 (0)

# Shaw Interests, Inc.

### **OIL & GAS PROPERTIES**

310 W. Wall, Suite 305

MIDLAND, TX 79701

(432) 685-1404

October 22, 2007

Mr. David Evans Occidental Permian Limited Partnership 6 Desta Drive Midland, TX 79705 432-685-5769

CERTIFIED RETURN RECEIPT

Re: Oil & Gas Lease and Well Proposal – Huron 13 Fee #4 E/2, SW/4, E/2NW/4 & SW/4NW/4 of Section 13 Township 15 South, Range 37 East Lea County, New Mexico

Dear Mr. Evans:

According to our title research Occidental Permian Limited Partnership (hereinafter referred to as "Oxy") owns an undivided 28.125 net mineral acres under the above described lands. Please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 13, Township 15 South, Range 37 East, Lea County, New Mexico:

Surface Hole Location: 430' FNL & 1750' FWL
Bottom Hole Location: 2210' FNL & 1750' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If Oxy wishes to participate and pay its proportionate share of well costs, please have the enclosed AFE and Operating Agreement executed and returned to the undersigned. If Oxy would like to lease its interest, we propose \$150.00 an acre bonus consideration, three (3) year primary term and a one-fourth (1/4) royalty on a mutually acceptable lease form.

If we have not received an election from Oxy to either participate or lease within 30 days of receipt of this letter, Cimarex will most likely implement a compulsory pooling hearing for this interest.

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS

Tim Lilley



# Shaw Interests, Inc.

### OIL & GAS PROPERTIES

310 West Wall, Ste. 305

MIDLAND, TX 79701

(432) 685-1404

October 22, 2007

Sidney Roger Davis P.O. Box 29330 Austin, TX 78755

Re:

Oil & Gas Lease

W/2 of Section 12 & E/2, E/2NW/4, SW/4NW/4

& SW/4 of Section 13

Township 15 South, Range 37 East, N.M.P.M.

Lea County, New Mexico

Dear Mr. Davis:

According to our title research you own an undivided 1.9442 net mineral acre under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this lease are a \$200.00 an acre bonus consideration, three (3) year primary term and one-fifth (1/5) royalty. Please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 13, Township 15 South, Range 37 East, Lea County, New Mexico:

Surface Hole Location: 430' FNL & 1750' FWL
Bottom Hole Location: 2210' FNL & 1750' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms listed above.

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

**SHAW INTERESTS** 

Tim Lilley



COMPANY ENTI								REPARED October	19, 200	7
REGION	WELL NAME	WELL NO	PROSPECT OR FIEL	D NAME	PROPER	TY NUMBER		DRILLING	AFE NO.	
Permian	Huron 13 Fee	4	Denton Ea	st	3095	01-017	<u> </u>	2571	166	
LOCATION SHL 430' FNL & 1750' FWL			COUNTY STATE		TYPE WELL					
BHL 2210' I	FNL & 1750' FWL		}		1		OIL	X	EXPL .	<u> </u>
Sec 13, T15	S, R37E		i	.ea	New	Mexico	GAS		PROD	
ORIGINAL ESTIN	MATE X		EST. START DATE	EST. CC	MP. DATE	FORM	ATION		EST. TD	
REVISED ESTIM	ATE	_						98	00	TVD
SUPPLEMENTAL	ESTIMATE			₫		Wolfe	amp	11,	222'	MD

#### PROJECT DESCRIPTION:

Drill and complete a horizontal (1880') wolfcamp well.

INTANGIBLES	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
Intangible Drilling Costs	\$2,139,400		\$2,139,400
Intangible Completion Costs		625,600	625,600
TOTAL INTANGIBLE COSTS	2,139,400	625,600	2,765,000
TANGIBLES			
Well Equipment	134,000	470,000	604,000
Lease Equipment		84,000	84,000
TOTAL TANGIBLE WELL COST	134,000	554,000	688,000
PLUG AND ABANDON COST	150,000	(150,000)	
TOTAL WELL COST:	\$2,423,400	\$1,029,600	\$3,453,000

### **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 Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. 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 drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.



1 elect to purchase my own well control insurance policy.