

**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. 14,153

VERIFIED STATEMENT OF CARL SPEIGHT

Carl Speight, 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:

(a) No opposition to this application is expected because the mineral interest owners being pooled are either unlocatable or 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 SW $\frac{1}{4}$ NE $\frac{1}{4}$ and NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 21, Township 15 South, Range 36 East, N.M.P.M., Lea County, New Mexico. The unit is to be dedicated to the Caudill South 21 Well No. 3, a horizontal well drilled at a surface location 2200 feet from the south line and 2220 feet from the east line, with a terminus 1700 feet from the north line and 2200 feet from the east line, of Section 21. 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 listed on Exhibit B. The SW $\frac{1}{4}$ NE $\frac{1}{4}$ and NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 21 is comprised of fee lands.

(d) Copies of the proposal letters sent to the uncommitted mineral interest owners are attached hereto as Exhibit C.

(e) Interest owners who are not locatable are highlighted in yellow on Exhibit B. To try to locate these interest owners, Cimarex Energy Co. examined the Lea County records, telephone directories and records in the counties of the last known residences of

Oil Conservation Division
Case No. 1
Exhibit No. 1

the out-of-state owners, and internet directories. Correspondence to the last known addresses of these interest owners was returned to sender.

(f) Cimarex Energy Co. has made a good faith effort to obtain the voluntary joinder of interest owners in the well.

(g) Cimarex Energy Co. is the offset operator or lessee of all acreage surrounding the well unit, except for the following:

(i) N $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$, and E $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 21.

Bruce W. Crockett
Ruth Tandy Hoover
Chris Johnson
Randall Pettigrew
Nugent Family Operating Co.
Fred T. Schooler
Margaret Tandy Rice

(ii) E $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 21.

Mabel Bennett
The Blanco Company
Frankie Caudill

(iii) NE $\frac{1}{4}$ SE $\frac{1}{4}$ and S $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 21.

Mabel Bennett
The Blanco Company
Frankie Caudill

These people also own interests in the well unit, so no additional notice was given to them regarding the non-standard unit portion of the application.

(h) Pursuant to Division rules, applicant requests that a 200% risk charge be assessed against non-consenting interest owners.

(i) A copy of the Authority for Expenditure for the proposed well is attached hereto as Exhibit D. 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.

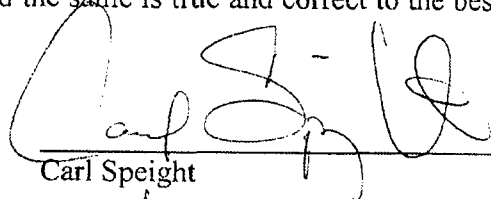
(j) Overhead charges of \$6000/month for a drilling well, and \$600/month for a producing well, are requested. These rates are fair and reasonable, and are in line with rates charged by other operators in this area for wells of this depth. Cimarex Energy Co. requests that the rates be adjusted under the COPAS accounting procedure.

(k) Applicant requests that it be designated operator of the well.

VERIFICATION

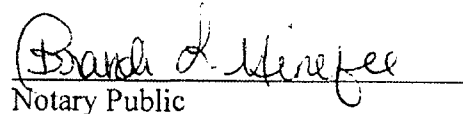
STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

Carl Speight, 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.


Carl Speight

SUBSCRIBED AND SWORN TO before me this 23rd day of July, 2008 by Carl Speight.

My Commission Expires: 4/4/2012


Notary Public

