

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

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**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 FOR COMPULSORY POOLING, EDDY
COUNTY, NEW MEXICO.**

Case No. 14,418

PRE-HEARING STATEMENT

Applicant Cimarex Energy Company ("Cimarex") submits this pre-hearing statement as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

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

APPLICANT'S ATTORNEY

Gary W. Larson
Hinkle, Hensley, Shanor & Martin, LLP
P.O. Box 2068
Santa Fe, New Mexico 87504-2068
(505) 982-4554
glarson@hinklelawfirm.com

STATEMENT OF THE CASE

Cimarex seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the W/2 W/2 of Section 21, Township 19 South, Range 31 East, NMPM. Cimarex further seeks the pooling of all mineral interests from the surface to the base of the Bone Spring formation underlying (i) the NW/4 NW/4 of Section 21, to form a standard 40-acre oil spacing and proration unit, and (ii) the W/2 W/2 of Section 21, to form a non-standard 160-acre oil spacing and proration unit (project area), for any

formations and/or pools developed on 40-acre spacing within that vertical extent. The units are to be dedicated to the Penny Pincher 21 Fed. Well No. 1, a horizontal well to be drilled at an orthodox surface location in the NW/4 NW/4, with a terminus at an orthodox location in the SW/4 SW/4 of Section 21. 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, the designation of Cimarex Energy Co. of Colorado as the operator of the well, and a 200% charge for the risk involved in drilling and completing the well.

PROPOSED EVIDENCE

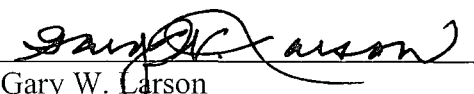
<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Mark Compton (landman)	15 min.	Approx. 5
Lee Catalano (geologist)	15 min.	Approx. 4
Michael Swain (engineer)	15 min.	Approx. 4

PROCEDURAL MATTERS

This matter will be contested, so it must be continued to the February 4, 2010 docket.

Respectfully submitted,

HINKLE, HENSLEY, SHANOR &
MARTIN, LLP


Gary W. Carson
Post Office Box 2068
Santa Fe, New Mexico 87504-2068
(505) 982-4554

Attorney for Cimarex Energy Co.