

**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:**

**CASE NO. 14466**

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

**PRE-HEARING STATEMENT**

This Pre-Hearing Statement is submitted by Holland & Hart, L.L.P. on behalf of Fuel Products, Inc. and Pear Resources as required by Oil Conservation Rule 19.15.14.1204 B NMAC.

**APPEARANCES OF PARTIES**

**APPLICANT**

Cimarex Energy Co.

**ATTORNEY**

James Bruce, Esq.  
Post Office Box 1056  
Santa Fe, New Mexico 87501  
(505) 982-2043  
(505) 982-2151

**OPPOSITION**

Fuel Products, Inc.  
Pear Resources  
Attn: Tom Beall  
Post Office Box 1889  
Midland, Texas 79702  
(423) 683-3344

**ATTORNEY**

William F. Carr, Esq.  
Holland & Hart, L.L.P.  
Post Office Box 2208  
Santa Fe, New Mexico 87504-2208  
(505) 988-4421  
(505) 983-6043 Facsimile

2010 APR 22 P 3:26

RECEIVED OCD

## **STATEMENT OF CASE**

### **APPLICANT**

Cimarex Energy Co. seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the S/2 S/2 of Section 35, Township 19 South, Range 34 East, NMPM. Applicant further seeks the pooling of all mineral interests (i) from the surface to the top of the Bone Spring formation underlying the SW/4 SW/4 of Section 35 to form a standard 40-acre oil spacing and proration unit, and (ii) the Bone Spring formation underlying the S/2 S/2 of Section 35 to form a non-standard 160-acre oil spacing and proration unit (project area). The units are to be dedicated to the Mallon 35 Fed. Well No. 4, a horizontal well to be drilled with a surface location 660 feet from the south and west lines, with a terminus 660 feet from the south line and 510 feet from the east line of Section 35. Also to be considered will be the costs of drilling and completion the well and the allocation of the costs thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for risk involved in drilling and completing the well.

### **OPPOSITION OF OTHER PARTY**

Fuel Products, Inc. and Pear Resources are owners of working interest in the acreage that is covered by this compulsory pooling application and object to the drilling of these wells under an existing JOA as proposed. We do not believe it is prudent to prosecute the drilling of four horizontal wells in a single section within the time constraints required under a single JOA with four proposals of even date.

We object to the inclusion of our interests that are covered by a JOA in a force pooling application and request that those interests be so identified so there is no confusion as to what acreage is subject to pooling and what is governed by private agreement. Fuel Products Inc. and Pear Resources have received a unexecuted JOA from Cimarex covering this land and remains interested in resolving these issues by agreement - not through compulsory pooling.

## **PROPOSED EVIDENCE**

### **OPPOSITION**

**WITNESSES**  
(Name and expertise)

**TIME**

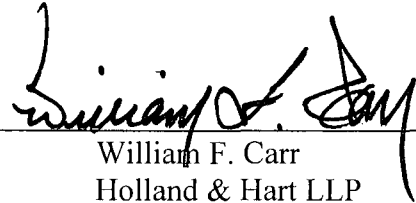
**EXHIBITS**

**Fuel Products, Inc. and Pear**  
**Resources do no plan on**  
**calling a witness at this time**

**PROCEDURAL MATTERS**

None

Respectfully Submitted:  
Holland & Hart LLP

A handwritten signature in black ink, appearing to read "William F. Carr", is written over a horizontal line.

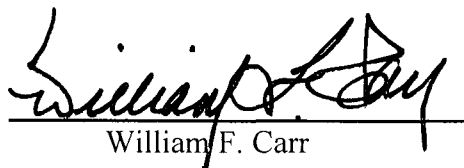
William F. Carr  
Holland & Hart LLP  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
(505) 988-4421  
(505) 983-6043 Facsimile

**ATTORNEYS FOR FUEL PRODUCTS, INC.  
AND PEAR RESOURCES**

**CERTIFICATE OF SERVICE**

I hereby certify that on this 22nd day of April, 2010, I have caused to be delivered by Facsimile a copy of the **Pre-Hearing Statement** in the above mentioned case to the following counsel of record:

James Bruce, Esq.  
Post Office Box 1056  
Santa Fe, New Mexico 87501  
(505) 982-2043  
(505) 982-2151

A handwritten signature in black ink, appearing to read "William F. Carr", is written over a horizontal line.  
William F. Carr