

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

**IN THE MATTER OF THE HEARING CALLED BY THE  
OIL CONSERVATION DIVISION FOR THE PURPOSES  
OF CONSIDERING:**

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

CASE NO. 14418

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**MOTION TO STAY ORDER NO. R-13228**

Lynx Petroleum Consultants, Inc., Larry Scott and Marbob Energy Corporation (collectively, “Appellants”) moves for an order staying Order No. R-13228 which was issued on March 18, 2010 in Case No. 14418: *Application of Cimarex Energy Co. for a Non-Standard Oil Spacing and Proration Unit and Compulsory Pooling, Eddy County, New Mexico* and in support thereof states the following:

1. On March 18, 2010, the Division entered an order approving the application of Cimarex Energy Co. (“Cimarex”) for a non-standard spacing unit to drill its proposed Penny Pincher 21 Federal Well No. 1 and for compulsory pooling of the interest owners in the proposed project area who did not agree to voluntarily commit their interests to the proposed spacing unit and well.
2. On March 25, 2010, Appellants timely filed an Application for De Novo Hearing before the New Mexico Oil Conservation Commission.
3. Upon information and belief, there is a drilling rig on location in the W/2 W/2 of Section 21, Township 19 South, Range 31 East, NMPM, Eddy County, New Mexico. Although an order

in this matter had not yet been issued, Cimarex re-submitted its Application for Permit to Drill on February 10, 2010. The APD was approved by the Bureau of Land Management on March 13, 2010.

4. During the Division examiner hearing on this application, Appellants raised several issues including that their correlative rights would be harmed if the application was granted because:

- a. Cimarex owns no interest in the W/2 SW/4 of Section 21.
- b. Appellants believe there are significant differences in reservoir quality between each of the 40-acre spacing units Cimarex proposes to combine. If Cimarex is allowed to form a non-standard spacing unit and pool all the interest owners in the W/2 SW/4, and allocate production on a straight acreage basis, Appellants are denied their just and equitable share of the oil and gas. N.M.S.A. 1978, § 70-2-17.
- c. Appellants requested that if Cimarex's application to force pool was granted, that while drilling Cimarex be required to complete and test each spacing unit in the horizontal wellbore in order to determine each spacing unit's probable contribution to the project area. The Division denied this request.

5. If Cimarex is allowed to continue to drill the Penny Pincher 21 Federal Well No. 1, and not test each spacing unit, and allocate the production from this well based on the relative value of each spacing unit, Appellants correlative rights will be permanently and irrevocably damaged.

6. In order to protect correlative rights and to prevent gross negative consequences to Appellants, Appellants request the Director grants this Motion to Stay Division Order R-13228 until such time as the Commission has reviewed, deliberated and issued its order on Cimarex's application.

7. A proposed order is attached.

Respectfully submitted,  
HOLLAND & HART, LLP

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CONSULTANTS, INC, LARRY SCOTT AND  
MARBOB ENERGY CORPORATION

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing Motion to Stay was delivered by U.S. Mail and E-Mail on this 7th day of April 2010 to the following:

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Ocean Munds-Dry  
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EDDY COUNTY, NEW MEXICO.**

**PROPOSED ORDER GRANTING MOTION TO STAY ORDER NO. R- 13228**

This matter having come before the Davison Director pursuant to Rule 19.15.4.23(b) NMAC on the Motion for Stay of Order No. R-13228 submitted by Lynx Petroleum Consultants, Inc., Larry Scott and Marbob Energy Corporation, the Director finds:

1. Order No. R-13228 was entered on March 18, 2010, approving the application of Cimarex Energy Co. ("Cimarex") for a non-standard spacing unit to drill its proposed Penny Pincher 21 Federal Well No. 1 and for compulsory pooling.
2. Lynx, Mr. Scott and Marbob objected to the application because they assert that their correlative rights will be violated.
3. Division Order R-13228 should be stayed while this matter is on appeal before the Commission.

**IT IS THEREFORE ORDERED THAT:**

Division Order No. R-13228 is STAYED pending final resolution on appeal.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

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MARK E. FESMIRE, P.E.  
Director