

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

2010 JUN -3 A 11: 23

**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. 14480**

**APPLICANT'S PRE-HEARING STATEMENT**

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

**APPEARANCES**

Cimarex's business address is Suite 600, 600 North Marienfeld, Midland, Texas 79701. It is represented by the undersigned counsel. Holland & Hart, LLP has entered an appearance on behalf of Lynx Petroleum Consultants, Inc.

**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 E/2 W/2 of Section 21, Township 19 South, Range 31 East, NMPM, Eddy County. Cimarex further seeks the pooling of all mineral interests from 2,500 feet subsurface to the base of the Bone Spring formation underlying (i) the NE/4 NW/4 of Section 21, to form a standard 40-acre oil spacing and proration unit, and (ii) the E/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 Federal Com No. 2 well, a

horizontal well to be drilled at an orthodox surface location in the NE/4 NW/4 of Section 21, with a terminus at an orthodox location in the SE/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**

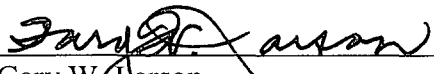
<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Mark Compton (landman)	15 min.	Approx. 8
Lee Catalano (geologist)	15 min.	Approx. 4
Michael Swain (engineer)	15 min.	Approx. 3

**PROCEDURAL MATTERS**

Cimarex is not aware of any procedural matters that need to be resolved.

Respectfully submitted,

HINKLE, HENSLEY, SHANOR &  
MARTIN, LLP

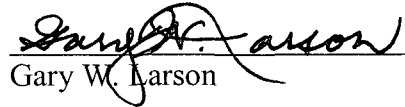
  
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Gary W. Larson  
Post Office Box 2068  
Santa Fe, New Mexico 87504-2068  
(505) 982-4554

*Attorney for Cimarex Energy Co.*

**CERTIFICATE OF SERVICE**

I hereby certify that on this 3<sup>rd</sup> day of June, 2010, I sent a true and correct copy of the foregoing *Applicant's Pre-Hearing Statement* via email to:

Ocean Munds-Dry  
Holland & Hart, LLP  
Post Office Box 2208  
Santa Fe, NM 87504  
omundsdry@hollandhart.com

  
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Gary W. Larson