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**STATE OF NEW MEXICO**  
**ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT**  
**OIL CONSERVATION DIVISION** 2011 JAN -4 A 9: 15

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

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

**Case No. 14,582**

**PRE-HEARING STATEMENT**

This pre-hearing statement is submitted by applicant as required by the Oil Conservation Division.

**APPEARANCES**

**APPLICANT**

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

Attention: Mike Wallace  
(432) 571-7873

**APPLICANT'S ATTORNEY**

James Bruce  
P.O. Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

**OPPONENT**

**OPPONENT'S ATTORNEY**

**STATEMENT OF THE 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 E/2E/2 of Section 23, Township 20 South, Range 34 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the E/2E/2 of Section 23 to form a non-standard 160 acre oil spacing and proration unit (project area) for any pools or formations developed on 40 acre spacing within that vertical extent. The unit is to be dedicated to the Lynch 23 Fed. Well No. 2, a horizontal well to be drilled at a surface location in the NE/4NE/4, with a terminus in the SE/4SE/4, of Section 23. 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, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well.

OPPONENT

**PROPOSED EVIDENCE**

APPLICANT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Mike Wallace (landman)	15 min.	Approx. 5
Lee Catalano (geologist)	15 min.	Approx. 5

OPPONENT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
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**PROCEDURAL MATTERS**

Respectfully submitted,



James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Cimarex Energy Co.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 9<sup>th</sup> day of December, 2010 by facsimile transmission:

William F. Carr  
Holland & Hart LLP  
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(505) 983-6043

  
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James Bruce