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STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
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. OF COLORADO FOR A NON-
STANDARD OIL SPACING AND
PRORATION UNIT, AN UNORTHODOX
LOCATION AND COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.

CASE NO. 14,764

PRE-HEARING STATEMENT

This Pre-Hearing Statement is submitted by Vandiver & Bowman, P.C., on behalf of the opponents listed below, as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Cimarex Energy Co. of Colorado
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

OPPONENTS

Read & Stevens, Inc.
First Century Oil, Inc.
Charles B. Read
Diamond Star Production Co., LLC
Betty Read Young
Laura K. Read

ATTORNEY FOR OPPONENTS

David R. Vandiver
Vandiver & Bowman, P.C.
611 West Mahone, Suite E
Artesia, New Mexico 88210
(575) 746-9841

STATEMENT OF CASE

APPLICANT

Cimarex Energy Co. of Colorado ("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/2E/2 of Section 33, Township 19 South, Range 34 East, N.M.P.M. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the E/2E/2 of Section 33 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 Chaparral 33 Fed. Com. Well No. 3, a horizontal well to be drilled at an unorthodox surface location 230 feet from the north line and 810 feet from the east line, with a terminus in the SE/4SE/4, of Section 33. 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.

OPPONENTS

The opponents oppose Cimarex's application on the grounds that Cimarex has not made a good faith effort to obtain the voluntary joinder of the opponents for the drilling of the proposed well. The opponents have on numerous occasions informed Cimarex of their desire and intention to join in the drilling of the well, but Cimarex has refused to negotiate the terms of a reasonable operating agreement.

PROPOSED EVIDENCE

<u>WITNESSES</u>	<u>ESTIMATED TIME</u>	<u>EXHIBITS</u>
Rory McMinn	15 minutes	Approximately 5
Jim Reedy, Petroleum Landman	15 minutes	Approximately 5

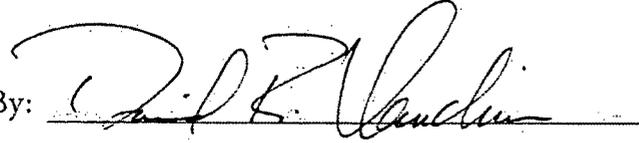
PROCEDURAL MATTERS

The opponents have none at this time.

Respectfully submitted,

VANDIVER & BOWMAN, P.C.

By:

A handwritten signature in black ink, appearing to read "D. R. Vandiver", written over a horizontal line.

David R. Vandiver

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575-746-9841

Attorneys for Read & Stevens, Inc.