

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

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

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

**Case No. 14,764 (*de novo*)
Order No. R-13533**

PRE-HEARING STATEMENT

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

APPEARANCES

APPLICANT

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

APPLICANT'S ATTORNEY

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

Attention: Mark Compton
(432) 571-7896

OPPONENT

Tom Beall, Carolyn Beall,
and Fuel Products, Inc.

OPPONENT'S ATTORNEY

Adam G. Rankin

STATEMENT OF THE CASE

APPLICANT

Order No. R-13533 (i) approved 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, NMPM, and (ii) pooled of all mineral interests in the Bone Spring formation underlying the E/2E/2 of Section 33. The unit is dedicated to the Chaparral 33 Fed. Com. Well

No. 3, a horizontal well 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. The order pooled a number of people, including Tom Beall, Carolyn Beall, and Fuel Products, Inc.

Tom Beall, Carolyn Beall, Fuel Products, Inc., Pear Resources, and Gardenia Investments, Ltd. entered appearances in the case and have appealed the order to the Commission.

Applicant requests that the appeal be dismissed, for the following reasons:

1. Subsequent to entry of Order No. R-13533, Tom Beall, Carolyn Beall, and Fuel Products, Inc. signed applicant's operating agreement. **Cimarex Exhibit No. 1** (signature pages to operating agreement).
2. Pear Resources and Gardenia Investments, Ltd. own no interest in the well unit, and hence are not subject to the order. **Cimarex Exhibit No. 2** (listing of interest owners in the well unit).

For the foregoing reasons, the appeal is moot.

OPPONENT

PROPOSED EVIDENCE

APPLICANT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Mark Compton (landman)	10 min.	2


OPPONENT

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

APPLICANT REQUESTS THAT ITS WITNESS BE ALLOWED TO TESTIFY BY TELEPHONE, SINCE HIS TESTIMONY IS SO BRIEF AND THE APPEAL IS MOOT.

Respectfully submitted,



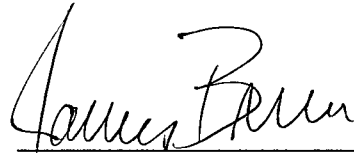
James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Cimarex Energy Co. of
Colorado

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 11th day of July, 2012 by facsimile transmission and U.S. Mail:

Adam G. Rankin
Holland & Hart LLP
P.O. Box 2208
Santa Fe, New Mexico 87504
(505) 983-6043



James Bruce

Thomas M. Beall
550 West Texas Avenue, Suite 330
P.O. Box 3098
Midland, TX 79702
432-687-0008

May 21, 2012

HAND DELIVERED TO:

Cimarex Energy Co.
Attn: Mr. Mark Compton
600 N. Marienfeld St., Suite 600
Midland, TX 79701

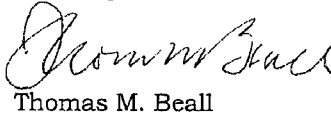
RE: Chaparral 33 Federal Com #3
E/2E/2 Section 33, T-19-S, R-34-E,
Lea County, New Mexico

Gentlemen:

Please find enclosed signature pages for your new proposed Joint Operation Agreement dated February 15th, 2012 for the captioned proposed well. AFE's for this well have already been delivered to you signed and dated on 3/13/2012 by Thomas M. Beall and Fuel Products, Inc. Another AFE is attached for convenience. Although a Joint Operating Agreement for this well was signed by Carolyn R. Beall and returned to you through Read & Stevens, Inc., we have enclosed herewith her acknowledged signature.

Thank you for your kind assistance in the matter.

Sincerely,



Thomas M. Beall

Enclosures

RECEIVED BY: _____

DATE: _____

Oil Conservation Commission
Case No. 14767 (denaro)
Exhibit No. 1

Cimarex

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First Century Oil, Inc.

By _____

Type or print name

Title _____

Date _____

Tax ID or S.S. No. _____

Charles B. Read

By _____

Type or print name

Title _____

Date _____

Tax ID or S.S. No. _____

Fuel Products, Inc.

By Thomas M. Beall

THOMAS M. BEALL - PRESIDENT
Type or print name

Title _____

Date _____

Tax ID or S.S. No. _____

CLM Production Company

By _____

Type or print name

Title _____

Date _____

Tax ID or S.S. No. _____

Lincoln Oil & Gas, LLC

By _____

Type or print name

Title _____

Date _____

Tax ID or S.S. No. _____

1		<u>William V. Palmer, LLC</u>
2		
3		By _____
4		_____
5		Type or print name
6		Title _____
7		Date _____
8		Tax ID or S.S. No. _____
9		
10		<u>Thomas M. Beall</u>
11		By <u>Thomas M. Beall</u>
12		<u>THOMAS M. BEALL</u>
13		Type or print name
14		Title _____
15		Date _____
16		Tax ID or S.S. No. _____
17		
18		<u>Laura K. Read</u>
19		By _____
20		_____
21		Type or print name
22		Title _____
23		Date _____
24		Tax ID or S.S. No. _____
25		
26		<u>Marion P. Riley</u>
27		By _____
28		_____
29		Type or print name
30		Title _____
31		Date _____
32		Tax ID or S.S. No. _____
33		
34		<u>Steven Rodrigue</u>
35		By _____
36		_____
37		Type or print name
		Title _____
		Date _____
		Tax ID or S.S. No. _____

1		
2		<u>Unknown Trustees of the Jessica and Tyler Rodrigue Trust</u>
3	_____	By _____
4	_____	_____
5		Type or print name _____
6		Title _____
7		Date _____
8		Tax ID or S.S. No. _____
9		
10		<u>Spiral Inc.</u>
11	_____	By _____
12	_____	_____
13		Type or print name _____
14		Title _____
15		Date _____
16		Tax ID or S.S. No. _____
17		
18	_____	<u>HHB Limited Partnership</u>
19	_____	By _____
20		_____
21		Type or print name _____
22		Title _____
23		Date _____
24		Tax ID or S.S. No. _____
25		<u>Carolyn Beall</u>
26	_____	By <u>Carolyn R Beall</u>
27	_____	_____
28		Type or print name _____
29		Title _____
30		Date _____
31		Tax ID or S.S. No. _____
32		
33	_____	<u>James B. Read</u>
34	_____	By _____
35		_____
36		Type or print name _____
37		Title _____
		Date _____
		Tax ID or S.S. No. _____

1 Acknowledgment in representative capacity:

2 State of Texas)

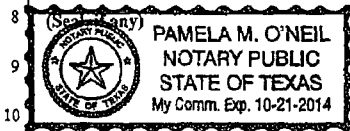
3) ss.

4 County of Midland)

5 This instrument was acknowledged before me on

6 21st day of May 2012 by Thomas M. Beall as President

7 of Fuel Products Inc., a New Mexico Corporation



Pamela M. O'Neil
Title (and Rank) Notary

My commission expires: 10/21/14

11
12
13 Acknowledgment in representative capacity:

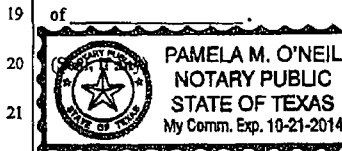
14 State of Texas)

15) ss.

16 County of Midland)

17 This instrument was acknowledged before me on

18 21st day of May 2012 by Thomas M. Beall as



Pamela M. O'Neil
Title (and Rank) Notary

My commission expires: 10/21/14

21
22
23 Acknowledgment in representative capacity:

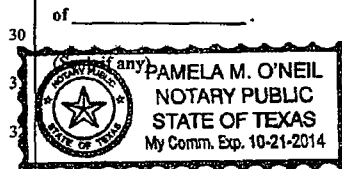
24 State of Texas)

25) ss.

26 County of Midland)

27 This instrument was acknowledged before me on

28 21st day of May 2012 by Carolyn Beall as



Pamela M. O'Neil
Title (and Rank) Notary

My commission expires: 10/21/14

Parties	1st Proposal (Proposed to leasehold parties)	Retraction letters	2nd proposal (Proposed to leasehold and contractual parties)	3rd proposal (Proposed to missing parties produced by Read&Stevens)	Form of JOA	Chaparral No. 3	Chaparral No. 4	Chaparral No. 5	Chaparral No. 6	Comment	% in Spacing Unit
Magnum Hunter											69.956895
XEC (via Term Assignments)											1.312500
Carolyn Beall	08/02/10	8/11/2010	1/13/2011		X	X	X	X	X	Hearing notice not picked up at P.O. box. Called and left message with Tom Beall on 1/16/12. He will call back left message. Called 1/17/12 - left message about participation. Talked to Tom Beall - see comments.	0.50 APO
Richard B. Moncrief Grantors Trust	08/02/10	8/11/2010	1/13/2011		X	X	X	X	X	Participating - Sending executed JOA back (1/16/12 - per phone message.)	0.628592
Fuel Products, Inc.	08/02/10	8/11/2010	1/13/2011		X	X	X	X	X	Hearing notice not picked up at P.O. box. Called and left message with Tom Beall on 1/16/12. He will call back. He will call back left message. Called 1/17/12 - left message about participation. Talked to Tom Beall - see comments.	0.750000

Oil Conservation Division
Case No. 3
Exhibit No. 2

Oil Conservation Commission
Case No. 14769 (denied)
Exhibit No. 2

Spiral, Inc.	08/02/10	8/11/2010	1/13/2011		X	X	X	X	X	Entered an appearance at hearing. Spoke to Mellisa Randle on 1/13/12. Accident in Yates family and can't get decision at this time. Possibly participate. Might have answer on 1/16 or 1/17. 1/16/12 - sent updated AFE to make decision.	0.312500
HHB Limited Partnership	08/02/10	8/11/2010	1/13/2011		X	X	X	X	X	Participating - Executing JOA and sending it to us (1/13/12 - per phone call)	3.125000
Thomas M. Beall	08/02/10	8/11/2010	1/13/2011		X	X	X	X	X	Hearing notice not picked up at P.O. box. Called and left message with Tom Beall on 1/16/12. He called back and left message. Called 1/17/12 - left message about participation. Talked to Tom on 1/17/12. Tom talked to Jeff on same day. Hand delivered JOA, AFE & notices.	0.250000
Hyde Oil and Gas Corporation	08/02/10	8/11/2010	1/13/2011		X	X	X	X	X	Several coversations with Blair Hamburg. Participating - sent JOA again on 1/5/12. Sent email on 1/13/12- Response was evaluating JOA sending back week of 1/16/12.	3.771553

W.A. Moncrief Jr. Trust	08/02/10	8/11/2010	1/13/2011		X	X	X	X	X		Participating. Sent JOA on 1/3/12. Spoke with representative on phone about JOA area and well costs. Mr. Moncrief to sign JOA and will send back.	1.885776
Lee Wiley Moncrief 1988	08/02/10	8/11/2010	1/13/2011		X	X	X	X	X		Called and discussed proposal on 1/11/12 with Debbie Coughlin. Wants to farmout. Sent farmout agreement to Janet Cunningham on 1/11/12. Sent another email on 1/13/12 to follow up. Sent additional email asking about W.A. Moncrief trust on 1/16/12. 1/18/12 - Janet C. replied and said they will farmout. Will look at next week.	0.628592
Michael J. Moncrief 2008 Trust A	08/02/10	8/11/2010	1/13/2011		X	X	X	X	X		Several conversations with Jerry Goodwin - participating. Sent JOA again 1/5/12. email on 1/13/12.	0.628592
Robert H. Watson (Watson Properties, LLC)	08/02/10	8/11/2010			X	X	X	X	X		Will do what R&S does.	4.500000
Charles B. Read (R & S Partner)	08/02/10	8/11/2010	1/13/2011		X	X	X	X	X		Several conversations in past. Participating - Sent JOA again on 1/5/12. Spoke to John Maxey. Reviewing JOA.	0.500000
CLM Production Co.	08/02/10	8/11/2010			X	X	X	X	X			
William A. Bradshaw, III (Lincoln Oil & Gas LLC)	08/02/10	8/11/2010			X	X	X	X	X			
James B. Read (Diamond Star Production Co., LLC)	08/02/10	8/11/2010			X	X	X	X	X			
Susan M. Rodgus (Steven Rodgus)	08/02/10	8/11/2010			X	X	X	X	X			
Jessica and Tyler Rodgus Trust			1/13/2011		X	X	X	X	X			
Watson Properties, LLC			1/13/2011		X	X	X	X	X			
William V. Palmer	08/02/10	8/11/2010	01/19/11		X	X	X	X	X			
Laura K. Read (R&S Part.)	08/02/10	8/11/2010	1/13/2011		X	X	X	X	X			

0.75 App
880

880
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Bernadine Glenn	08/02/10	9/11/2010	1/13/2011 01/19/11	2/7/2011	X	X	X	X	X		0.50 APO
										Spoke with Jim Reedy on multiple occasions. 1/17/12 - Cimarex and R&S agree to terms on JOA. Cimarex will give them an election at end of verticle as requested to get them signed up under JOA."	
Read & Stevens, Inc.	08/02/10	8/11/2010	1/13/2011	2/4/2011	X	X	X	X	X		7.937500
										Participating per conversation - No response to JOA sent on 1/5/12.	0.125000
Marion P. Riley	08/02/10	8/11/2010	1/13/2011 01/19/11	2/7/2011	X	X	X	X	X		0.50 APO
Betty Read Young	08/02/10	8/11/2010	1/13/2011	3/3/2011	X	X	X	X	X	See R&S Comments	
First Century Oil, Inc. (R&S Partner)	08/02/10	8/11/2010	1/13/2011	3/3/2011	X	X	X	X	X	See R&S Comments	2.500000
CBR Oil Properties, LLC (R&S Partner)			1/13/2011	3/3/2011	X	X	X	X	X	See R&S Comments	
Diamond Star Production Co., LLC (R&S Partner) James B Read			1/13/2011 01/19/11	2/7/2011	X	X	X	X	X		0.50 APO
										Will probably participate and wants TA with BI. Sold down to CAZA. Send JOA again on 1/5/2012. Left message 1/13/12. Spoke with Bill Bradshaw and he sent JOA to Caza for evaluation.	0.500000
Lincoln Oil & Gas LLC			1/13/2011	2/7/2011	X	X	X	X	X		
Pecos Air, Inc.	08/02/10	8/11/2010	1/13/2011	3/3/2011	X	X	X	X	X	Granted T.A. to XEC	
Steven Rodrigue				2/7/2011	X	X	X	X	X		0.031250
VROOMAN				3/10/2011	X	X	X	X	X		
Cactus Operating Company, LLC				3/10/2011	X	X	X	X	X		0.375000
Apache Corporation **											

** We may have Term Assignment

100.000000