

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

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

APPLICATION OF CIMAREX ENERGY CO.
FOR COMPULSORY POOLING, LEA
COUNTY, NEW MEXICO.

Case No. 13,496 (Reopened)

VERIFIED STATEMENT OF CINDY A. CROFT

Cindy A. Croft, being duly sworn upon her oath, deposes and states:

1. I am a landman for Cimarex Energy Co., and have personal knowledge of the matters stated herein.
2. Pursuant to Division Rule 1207.A(1)(b), the following information is submitted in support of the compulsory pooling application filed herein:
 - (a) No opposition is expected because the mineral interest owners (i) are unlocatable, or (ii) have been contacted numerous times regarding the proposed well, and have simply never leased their interests or decided whether to join in the well.
 - (b) A plat outlining the spacing unit being pooled, and marking the location of the subject well, is attached hereto as Exhibit A. Applicant seeks an order pooling all mineral interests from the surface to the base of the Permo-Upper Pennsylvanian formation underlying the SE $\frac{1}{4}$ NW $\frac{1}{4}$ Section 21, Township 15 South, Range 36 East, NMPM, Lea County, New Mexico, to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent, including the Caudill Permo-Upper Pennsylvanian Pool
 - (c) The unit is to be designated to the Caudill South "21" Fee Well No. 1, to be located at an orthodox oil well location 1830 feet from the north and west lines of Section 21. The well's location was originally 1830 feet from the north line and 1980 feet from the west line, but was moved, at the surface owner's request, to avoid an irrigation system being installed by the surface owner.
 - (d) The parties being pooled, their interests in the well unit, and their last known addresses, are set forth in Exhibit B attached hereto.

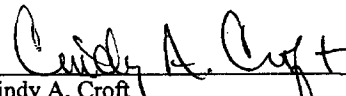
OIL CONSERVATION DIVISION
CASE NUMBER
EXHIBIT NUMBER |

- (e) Copies of the proposal letters sent to the uncommitted mineral interest owners, notifying them of the location change, are attached hereto as Exhibit C.
- (f) Copies of the election letters sent to the uncommitted mineral interest owners under the original order are attached hereto as Exhibit D.
- (g) Pursuant to Division rules, applicant requests that a 200% risk charge be assessed against non-consenting interest owners.
- (h) A copy of the Authority for Expenditure for the well is attached hereto as Exhibit E. The drilling and completion costs set forth therein are fair and reasonable, and are comparable to those of other wells of this depth drilled in this area of Lea County.
- (i) Overhead charges of \$6000/month for a drilling well, and \$600/month for a producing well, are requested. These rates are fair and reasonable, and are in line with rates charged by other operators in this area for well of this depth.
- (j) Applicant requests that it be designated operator of the well.

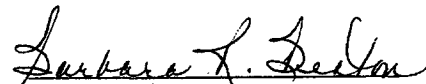
VERIFICATION

STATE OF OKLAHOMA)
) ss.
COUNTY OF TULSA)

Cindy A. Croft, being duly sworn upon her oath, deposes and states that: She is a landman for Cimarex Energy Co.; she is authorized to make this verification on its behalf; she has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of her knowledge, information, and belief.


Cindy A. Croft

SUBSCRIBED AND SWORN TO before me this 10th day of August, 2005 by
Cindy A. Croft.


Notary Public

My Commission Expires:

2/8/2006

DISTRICT I

1005 N. PIERCE DR., ROSS, NM 88040

DISTRICT II

1301 V. GRAND AVENUE, ARTERIA, NM 88010

DISTRICT III

1000 Rio Grande Rd., Anton, NM 87410

DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico

Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102

Revised JUNE 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name CAUDILL SOUTH 21 FEE	Well Number 1
OGRI No.	Operator Name CIMAREX ENERGY COMPANY	Elevation 3901'

Surface Location

UL or lot No.	Section	Township	Range	Lot 1/4	Feet from line	North/South line	Feet from the	East/West line	County
F	21	15-S	36-E		1830	NORTH	1830	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot 1/4	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.						

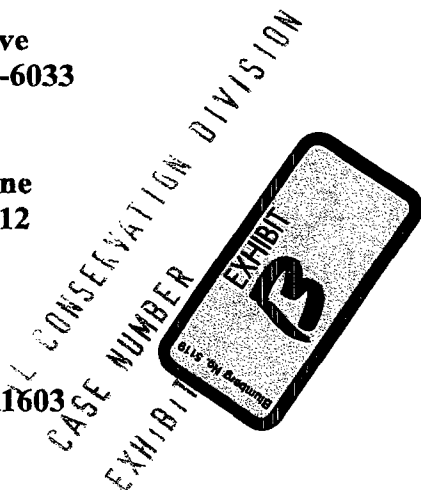
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=730897.0 N X=813361.0 E</p> <p>LAT.=33°00'18.42" N LONG.=103°18'40.28" W</p> <p>OIL CONSERVATION DIVISION</p> <p>EXHIBIT A</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature _____</p> <p>Printed Name _____</p> <p>Title _____</p> <p>Date _____</p>
	<p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>JUNE 22, 2005</p> <p>Date Surveyed _____ GS</p> <p>Signature of Qualified Professional Surveyor _____</p> <p>Professional Seal: GARY E. ELLISON, NEW MEXICO, 05.11.0949</p> <p>Certificate No. GARY ELLISON 12841</p>

Exhibit 2

Caudill South "21" Fee #1 Addressee List Section 21-15S-36E, Lea County, NM

Owner	Net Acres	
Betty Atkins 7107 S. Hudson Circle Littleton, CO 80121	2.0000	Has not sent in Lease
Dr. James Obed Baker, 9337 Redondo Drive Dallas, TX 75218-3645	5.0000	Unlocatable
Bruce W. Crockett & Andrea Crockett 1611 S. Jackson Drive Roswell, NM 88302-6033	1.2500	Deceased – Could not locate heirs
Bernadine R. Glenn 10-D Town Park Lane Charleston, SC 29412	4.0000	Waiting to discuss with her brother
Randall Pettigrew 5331 Dana Leigh Houston, TX 77066-1603	.2000	Traveling
Richard Pettigrew 2812 Pinewood Dr. League City, TX 77573	.2000	Unlocatable - Family does not know how to find him.
James L. Shelton, Trustee of the Pauline M. Reeser, Revocable Living Trust 3501 Marsh Road Deland, FL 32724	51.0000	Poor health – sent to his attorney
Fred T. Schooler, dec'd P. O. Box 843 Midland, Texas 79702-0843	5.0000	Unlocatable
TOTAL	68.65 Net Acres in N/2 (8.58125 Net Acres in SE NW)	



Participating

Nugent Family	.625/40 = 1.5625
Charles Read	.125/40 = .3125%
Cimarex Energy Co.	30.66875/40 = 76.671875%
Pooling	8.58125/40 = 21.453125%

Cimarex Energy Co.
Mid-Continent Region
15 East 5th Street
Suite 1000
Tulsa, Oklahoma 74103-4346
PHONE 918.585.1100
FAX 918.583.7781



June 28, 2005

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Bruce W. Crockett Andrea Crockett
1611 S. Jackson Drive
Roswell, NM 88302-6033

RE: Caudill South 21 Fee #1
Sec. 21-15S-36E
Lea County, New Mexico

Gentlemen:

Please note that the surface owner has requested that we move our location 150' West since he will be installing an irrigation system. The new location will be 1830' FNL & 1830' FWL of Section 21-15S-36E, Lea County, New Mexico.

A revised AFE reflecting the new location has been enclosed for your review.

Should you have any questions in this regard, please do not hesitate to give me a call at (918) 295-1768.

Very truly yours,

A handwritten signature in cursive script that reads "Cindy A. Croft".

Cindy A. Croft
Senior Landman

CAC/ml
Enclosure



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9337 Redondo Drive
Dallas, TX 75218-3645

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Senior Landman

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June 28, 2005

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Fred T. Schooler
P.O. Box 843
Midland, TX 79702-0843

RE: Caudill South 21 Fee #1
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Senior Landman

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June 28, 2005

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Betty Atkins
7107 S. Hudson Circle
Littleton, CO 80121

RE: Caudill South 21 Fee #1
Section 21-15S-36E
Lea County, New Mexico

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Bernadine R. Glenn
126-A South Battery
Charleston, SC 29401

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Lea County, New Mexico

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Randall Pettigrew
8986 Hialena Circle South
North Richland Hills, TX 76180

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Lea County, New Mexico

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VIA CERTIFIED MAIL
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Richard Pettigrew
2812 Pinewood Dr.
League City, TX 77573

RE: Caudill South 21 Fee #1
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Lea County, New Mexico

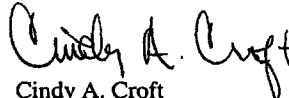
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June 28, 2005

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James L. Shelton, Trustee of the
Pauline M. Reeser Revocable Living Trust
P.O. Box 127
Deland, FL 32720

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15 East 5th Street
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FAX 918.583.7781



June 14, 2005

VIA CERTIFIED MAIL

Fred T. Schooler
P.O. Box 843
Midland, TX 79702-0843

RE: Caudill S. "21" Fee #1
Sec. 21-15S-36E
Lea County, NM

Ladies & Gentlemen:

Please find enclosed a copy of the Pooling Order No. R-12365 for the SE/4 NW/4 of Section 21-15S-36E, Lea County, New Mexico. Also enclosed is a copy of the revised AFE reflecting a dry hole cost of \$1,215,000 and a completed well cost of \$2,037,400. Should you elect to participate, please remit your share of the dry hole cost within thirty (30) days or you will be deemed to be non-consent for the drilling of the above referenced well.

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7107 S. Hudson Circle
Littleton, CO 80121

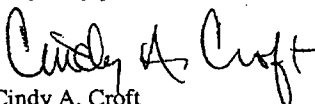
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June 14, 2005

VIA CERTIFIED MAIL

Bernadine R. Glenn
10-D Town Park Lane
Charleston, SC 29412

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June 14, 2005

VIA CERTIFIED MAIL

Randall Pettigrew
5331 Dana Leigh
Houston, TX 77066-1603

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Pauline M. Reeser Revocable Living Trust
3501 Marsh Road
Deland, FL 32724

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AUTHORIZATION FOR EXPENDITURE

Reviewed 6/28/05

COMPANY ENTITY Cimarex Energy Company			DATE PREPARED Dec 6, 2004		
REGION Midcon	WELL NAME Caudill South 21 Fee	WELL NO 1	PROSPECT OR FIELD NAME Caudill South	PROPERTY NUMBER 309498-001	DRILLING AFE NO. 215012
LOCATION 1,830' FNL & 1,830' FWL Sec 21 T15S R36E			COUNTY Lea	STATE New Mexico	OIL TYPE WELL X EXPL GAS PROD X
ORIGINAL ESTIMATE X		EST. START DATE TBA	EST. COMP. DATE TBA	FORMATION Wolfcamp	EST. TD 10,950'
REVISED ESTIMATE X					
SUPPLEMENTAL ESTIMATE					

PROJECT DESCRIPTION:

Drill and complete a 10,950' Wolfcamp oil well. No pipeline cost are included.

Drill 17-1/2" hole to \pm 600' and run 13-3/8" casing.

Drill 12-1/4" hole to \pm 4,750' and run 9-5/8" casing.

Drill 7-7/8" hole to \pm 10,950', E-Log and run 5-1/2" casing.

Fracture stimulate down casing. Run 2-7/8" tubing and place on pump.

INTANGIBLES	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
Intangible Drilling Costs	\$1,040,000		\$1,040,000
Intangible Completion Costs		339,900	339,900
TOTAL INTANGIBLE COSTS	1,040,000	339,900	1,379,900
TANGIBLES			
Well Equipment	160,000	439,000	599,000
Lease Equipment		58,500	58,500
TOTAL TANGIBLE WELL COST	160,000	497,500	657,500
PLUG AND ABANDON COST	15,000	(15,000)	
TOTAL WELL COST:	\$1,215,000	\$822,400	\$2,037,400

Comments on Well Costs:

1. All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefor. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of operations authorized hereby. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

_____ I elect to purchase my own well control insurance policy.

Well control insurance procured by Operator for the benefit of non-operating working interest owners provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering the operations covered by this AFE only, with a \$1,000,000 (100% W.I.) deductible.

Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

110.96

CIMAREX ENERGY CO. APPROVAL			
PREPARED BY Robert C. Huizenga	V. P. DRILLING Roger G. Burau	EXECUTIVE V. P. Steve R. Shaw	REGIONAL MANAGER
JOINT INTEREST APPROVAL			
COMPANY	BY	DATE	

6/28/2005 10:53 AM



PROJECT COST ESTIMATE

LEASE NAME: Caudill South 21 Fee

WELL NO.:

1

Gen	INTANGIBLES	DRY HOLE		AFTER CASING		COMPLETED
		Sub	COST	Sub	POINT	WELL COST
168	ROADS & LOCATION PREPARATION / RESTORATION	001	\$40,000	101	\$1,000	\$41,000
168	DAMAGES	002	10,000	102		\$10,000
168	MUD/FLUIDS DISPOSAL CHARGES	039	20,000	139		\$20,000
168	DAY RATE 27 DH DAYS 2 ACP DAYS @ 10000 PER DAY	004	364,500	105	27,000	\$391,500
168	MISC PREPARATION COST (mouse hole, rat hole, pads, pile clusters, misc.)	005	8,000			\$8,000
168	BITS	006	55,000	106		\$55,000
168	FUEL \$1.40 PER GALLON	008	84,000	108	6,000	\$90,000
168	WATER 009/COMPLETION FLUIDS 109	009	4,000	109	35,000	\$39,000
168	MUD & ADDITIVES	010	75,000			\$75,000
168	SURFACE RENTALS	011	30,000	111	3,000	\$33,000
168	DOWNHOLE RENTALS	012	15,000	112		\$15,000
168	FORMATION EVALUATION (DST, Coring including evaluation, G&G SERVICES)	013				
168	MUD LOGGING 12 DAYS @ \$800 PER DAY	015	7,000			\$7,000
168	OPEN HOLE LOGGING	017	65,000			\$65,000
168	CEMENTING & FLOAT EQUIPMENT	018	36,000	118	26,000	\$62,000
168	TUBULAR INSPECTIONS	019	10,000	119	6,000	\$16,000
168	CASING CREWS	020	18,000	120	12,000	\$30,000
168	EXTRA LABOR, WELDING, ETC.	021	7,500	121	5,000	\$12,500
168	LAND TRANSPORTATION (Trucking)	022	10,000	122	8,000	\$18,000
168	SUPERVISION	023	27,000	123	11,000	\$38,000
168	TRAILER HOUSE/CAMP/CATERING	045	5,000	145	600	\$5,600
168	OTHER MISC EXPENSES	025	5,000	125	2,500	\$7,500
168	OVERHEAD	026	8,000	126	3,000	\$11,000
168	REMEDIAL CEMENTING	031		131		
168	MOB/DEMOB	035	75,000			\$75,000
168	DIRECTIONAL DRILLING SERVICES DAYS @ PER DAY	037				
168	DOCK, DISPATCHER, CRANE	038		138		
168	MARINE & AIR TRANSPORTATION	044		144		
168	SOLIDS CONTROL	040	1,000			\$1,000
168	WELL CONTROL EQUIP (Snubbing services)	042		142		
168	FISHING & SIDETRACK OPERATIONS	043		143		
168	COMPLETION RIG 7 DAYS @ 3400 PER DAY			104	23,800	\$23,800
168	COIL TUBING DAYS @ PER DAY			147		
168	COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS			128	25,000	\$25,000
168	STIMULATION			130	100,000	\$100,000
168	LEGAL/REGULATORY/CURATIVE	350	5,000	351		\$5,000
168	WELL CONTROL INSURANCE \$0.45 PER FOOT	401	5,000			\$5,000
168	CONTINGENCY 5% OF DRILLING INTANGIBLES	032	50,000	132	15,000	\$65,000
168	CONSTRUCTION FOR WELL EQUIPMENT			207	12,500	\$12,500
168	CONSTRUCTION FOR LEASE EQUIPMENT			301	17,500	\$17,500
168	CONSTRUCTION FOR SALES P/L			311		
TOTAL INTANGIBLE COST			\$1,040,000		\$339,900	\$1,379,900
TANGIBLE - WELL EQUIPMENT						
	CASING	SIZE	FEET	\$/FOOT		
168	DRIVE PIPE				215	
168	CONDUCTOR PIPE				201	
168	WATER STRING	13-3/8"	600	34.08	202	20,000
168	SURFACE CASING	9-5/8"	4,760	26.15	203	133,000
168	INTERMEDIATE CASING				204	
168	DRILLING LINER				204	
168	DRILLING LINER				204	
168	PRODUCTION CASING OR LINER	5-1/2"	10,950	11.52	205	172,000
168	PRODUCTION TIE-BACK				205	
168	TUBING	2-7/8"	10,000	4.92	206	65,000
168	N/C WELL EQUIPMENT				208	
168	WELLHEAD, TREE, CHOKES				030	7,000
168	LINER HANGER, ISOLATION PACKER				051	210
168	PACKER, NIPPLES				211	7,000
168	PUMPING UNIT, ENGINE				212	140,000
168	LIFT EQUIPMENT (BHP, Rods, Anchors)				213	35,000
TANGIBLE - LEASE EQUIPMENT						
168	N/C LEASE EQUIPMENT				302	20,000
168	TANKS, TANKS STEPS, STAIRS				303	23,000
168	BATTERY (Heater Treater, Separator, Gas Treating Equipment)				304	12,000
168	FLOW LINES (Line Pipe from wellhead to central facility)				305	3,500
168	OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES				308	
168	PIPELINES TO SALES				308	
TOTAL TANGIBLES			\$160,000		\$497,500	\$657,500
168	P&A COSTS	050	15,000	150	(15,000)	
TOTAL COST			\$1,215,000		\$622,400	\$2,037,400

