

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 PURPOSES
OF CONSIDERING:

APPLICATION OF CIMAREX ENERGY CO.
OF COLORADO FOR POOL CREATION, A
DISCOVERY ALLOWABLE, AND SPECIAL
POOL RULES, EDDY COUNTY, NEW MEXICO.

CASE NO. 13897

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MOTION TO RE-OPEN CASE NO. 13897 AND NOTICE OF INTERVENTION

Great Western Drilling Company ("Great Western") moves to re-open and seeks to intervene in Case No. 13897, *Application of Cimarex Energy Company of Colorado for pool creation, a discovery allowable, and special pool rules, Eddy County, New Mexico*. This case was heard on April 12, 2007 by Examiner Richard Ezeanyim. In support of re-opening the case, Great Western states as follows:

1. Great Western is a working interest owner in the Grayburg Deep Unit ("the Unit") which is a Federal Unit that was approved by Order No. R-715, dated July 7, 1954. ConocoPhillips is the Unit Operator.
2. Pursuant to an Exploration Agreement with ConocoPhillips, Cimarex Energy Co. of Colorado ("Cimarex") has the right to drill on and earn an interest in portions of the Unit and non-Unit areas.
3. The Exploration Agreement is subject to the terms of the Unit Operating Agreement.

4. The Unit Operating Agreement provides that when parties appear before governmental agencies for the purpose of securing spacing or pooling orders, other parties to the Agreement may appear at such hearings, if they desire.

5. Cimarex operates the Keely 26 Fed. Well No. 1 ("the Keely well"), which is located 1980 feet from the North line and 1550 feet from the East line of Section 26.

6. The Unit Area originally included all of said Section 26.

7. Although the Unit was contracted to exclude Section 26, Great Western retains an ownership interest in the original Unit Area.

8. The Keely well was originally proposed and drilled as a Morrow well at a standard location on a 320-acre deep gas unit but was later completed as a Wolfcamp oil well in the Northeast Loco Hills-Wolfcamp Pool. Great Western owns an interest in the SW/4 NE/4 of Section 26. Great Western is a non-consenting party in the Keely well.

9. This pool is developed under statewide rules which provide for 40-acre oil spacing with wells to be at least 330 feet from the outer boundary of the dedicated 40-acre tract. The Keely well is therefore at an unorthodox location in the Wolfcamp formation (only 220 feet from the outer boundary of the spacing unit).

10. When Cimarex sought approval of the unorthodox location for the Keely well, it advised the Division that it was not required to provide notice of this application to any other interest owner since it was the operator of all offsetting tracts in the Wolfcamp formation. No notice of Cimarex's application for an unorthodox well location was provided to Great Western and the unorthodox location was approved by Administrative Order NSL-5578, dated March 9, 2007. A 40-acre spacing unit comprised of the SW/4 NE/4 of Section 26 was dedicated to the well.

11. Thereafter, Cimarex filed its application in this case seeking, among other things, an increase in the gas/oil ratio for the well.

12. Again, no notice was provided of this application to Great Western or other interest owners in the offsetting tracts because, as Applicant advised the Division at the examiner hearing on this application, it is the operator of all offsetting tracts in the Wolfcamp formation.

13. Because it did not receive notice of this application, Great Western was unable to timely intervene in this case.

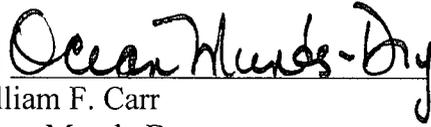
14. If Cimarex's application is granted, the result will be a Wolfcamp well at an unorthodox location that is authorized at an accelerated rate. Great Western believes that this well and the rules sought by Cimarex will result in imprudent and potentially wasteful development practices and requests that it be permitted to intervene in this case and that the case be re-opened to enable Great Western to appear and present testimony in opposition to the proposed Special Pool Rules for this new Wolfcamp Pool.

15. Granting this motion and re-opening this case will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Great Western respectfully requests that the case be re-opened and that it be allowed to intervene in this matter.

Respectfully submitted,

HOLLAND & HART LLP

By: 
William F. Carr
Ocean Munds-Dry
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR GREAT WESTERN DRILLING CO.

CERTIFICATE OF SERVICE

I certify that on I served a copy of the foregoing document to the following by:

- U.S. Mail, postage prepaid
- Hand Delivery
- Fax

James G. Bruce, Esq.
Attorney for Cimarex Energy Co. of Colorado
Post Office Box 1056
Santa Fe, New Mexico 87504
By Facsimile: (505) 982-2151


Ocean Munds-Dry