

**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  
A NON-STANDARD OIL SPACING AND PRORATION  
UNIT AND COMPULSORY POOLING, LEA COUNTY,  
NEW MEXICO.**

**Case No. 14,083**

**VERIFIED STATEMENT OF CARL SPEIGHT**

Carl Speight, being duly sworn upon his 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 1210.A(1)(b), the following information is submitted in support of the application filed herein:
  - (a) No opposition to this application is expected because the mineral interest owner being pooled has simply not responded to well proposals.
  - (b) A plat outlining the spacing unit being pooled, and marking the location of the proposed well, is attached hereto as Exhibit A. Applicant seeks an order pooling all mineral interests in the Wolfcamp formation underlying the E $\frac{1}{2}$ SW $\frac{1}{4}$  of Section 12, Township 15 South, Range 37 East, N.M.P.M., Lea County, New Mexico. The unit is to be dedicated to the Antero 12 Fee Well No. 5, a horizontal well to be drilled at a surface location 2160 feet from the south line and 1980 feet from the west line of Section 12, with a terminus 330 feet from the south line and 1980 feet from the west line of Section 12. The well unit is non-standard because of the horizontal well.
  - (c) The party being pooled, his interest in the well unit, and his last known address, are:

Sidney Roger Davis  
P.O. Box 29330  
Austin, Texas 78755

.10682%

The E $\frac{1}{2}$ SW $\frac{1}{4}$  of Section 12 is a fee tract with common, undivided mineral ownership throughout the well unit.

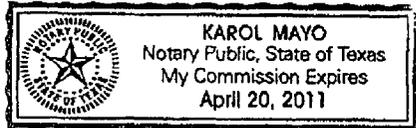
Oil Conservation Division  
Case No. \_\_\_\_\_  
Exhibit No.     1

- (d) Copies of the proposal letters sent to the uncommitted mineral interest owner are attached hereto as Exhibit B.
- (e) Cimarex Energy Co. has made a good faith effort to obtain the voluntary joinder of interest owners in the well.
- (f) Pursuant to Division rules, applicant requests that a 200% risk charge be assessed against the non-consenting interest owner.
- (g) A copy of the Authority for Expenditure for the proposed well is attached hereto as Exhibit C. 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.
- (h) Overhead charges of \$6,000.00/month for a drilling well, and \$600.00/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 wells of this depth. Cimarex Energy Co. requests that the rates be adjusted under the COPAS accounting procedure.
- (i) Applicant requests that it be designated operator of the well.

VERIFICATION

STATE OF TEXAS            )  
   ) ss.  
 COUNTY OF MIDLAND    )

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



*Carl Speight*  
 \_\_\_\_\_  
 Carl Speight

SUBSCRIBED AND SWORN TO before me this 19th day of February, 2008 by Carl Speight.

My Commission Expires: 4/20/2011

*Karol Mayo*  
 \_\_\_\_\_  
 Notary Public

DISTRICT I  
1620 N. French Dr., Hobbs, NM 88249

DISTRICT II  
1301 W. Grand Avenue, Artesia, NM 88210

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised October 12, 2006

Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

API Number <b>30-025-38668</b>	Pool Code 17290	Pool Name Denton; Wolfcamp
Property Code <b>36686</b>	Property Name ANTERO "12" FEE	Well Number 5
OCRD No. 215099	Operator Name CIMAREX ENERGY COMPANY	Elevation 3782'

**Surface Location**

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	12	15 S	37 E		2160	SOUTH	1980	WEST	LEA

**Bottom Hole Location If Different From Surface**

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	12	15 S	37 E		330	SOUTH	1980	WEST	LEA

Dedicated Acres 80	Joint or Infill	Consolidation Code	Order No.
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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

EXHIBIT A

**SURFACE LOCATION**  
Lat - N33°01'49.95"  
Lon - W103°09'20.94"  
NMSPC E - N 740669.6  
E 902222.8  
(NAD-83)

**BOTTOM HOLE LOC**  
Lat - N33°01'31.8"  
Lon - W103°09'20.9"  
NMSPC E - N 735547.8  
E 903455.2  
(NAD-83)

**OPERATOR CERTIFICATION**

*I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or waived mineral interest in the land including the proposed bottom hole location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.*

Zeno Farris 12-27-07  
Signature Date

Zeno Farris  
Printed Name

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**SURVEYOR CERTIFICATION**

*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.*

NOVEMBER 10, 2007  
Date Surveyed

Signature & Seal  
Professional Surveyor

Certificate No. Gary L. Jones 7977

**BASIN SURVEYS**



# Shaw Interests, Inc.

OIL & GAS PROPERTIES

310 West Wall, Ste. 305

MIDLAND, TX 79701

(432) 685-1404

December 5, 2007

Sidney Roger Davis  
P.O. Box 29330  
Austin, TX 78755

**Re: Oil & Gas Lease  
E/2SW/4 of Section 12  
Township 15 South, Range 37 East, N.M.P.M.  
Lea County, New Mexico**

Dear Mr. Davis:

According to our title research you own an undivided .085456054 net mineral acre under the above described land. Enclosed is an Oil and Gas Lease for your review. The terms of this lease are a \$200.00 an acre bonus consideration, three(3) year primary term and one-fifth (1/5) royalty. Please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 12, Township 15 South, Range 37 East, Lea County, New Mexico:

- Surface Hole Location: 2160' FSL & 1980' FWL
- Bottom Hole Location: 330' FSL & 1980' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms listed above.

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS

Tim Lilley

EXHIBIT B



PROJECT COST ESTIMATE

LEASE NAME: Antero 12 Fee

WELL NO.:

5

INTANGIBLES	Codes	DRY HOLE COST	Codes	AFTER CASING POINT	COMPLETED WELL COST
ROADS & LOCATION PREPARATION / RESTORATION	DIDC.100	\$100,000	DICC.100	\$2,000	\$102,000
DAMAGES	DIDC.105	\$60,000	DICC.105		\$60,000
MUD/FLUIDS DISPOSAL CHARGES	DIDC.255	\$20,000	DICC.235	\$5,000	\$25,000
DAY RATE 41 DH DAYS 4 ACP DAYS @ PER DAY	DIDC.115	\$652,000	DICC.120	\$62,000	\$714,000
MISC PREPARATION COST (mouse hole, rat hole, pads, pile clusters, misc.)	DIDC.120	\$8,000			\$8,000
BITS	DIDC.125	\$80,000	DICC.125	\$1,000	\$81,000
FUEL \$2.70 PER GALLON	DIDC.135	\$89,000	DICC.130	\$1,000	\$90,000
WATER / COMPLETION FLUIDS	DIDC.140	\$28,700	DICC.135	\$15,000	\$43,700
MUD & ADDITIVES	DIDC.145	\$57,400			\$57,400
SURFACE RENTALS	DIDC.150	\$86,000	DICC.140	\$30,000	\$116,000
DOWNHOLE RENTALS	DIDC.155	\$96,000	DICC.145	\$20,000	\$116,000
FORMATION EVALUATION (DST, Coring including evaluation, G&G SERVICES)	DIDC.160				
MUD LOGGING 30 DAYS @ \$900 PER DAY	DIDC.170	\$34,000			\$34,000
OPEN HOLE LOGGING	DIDC.180	\$30,000			\$30,000
CEMENTING & FLOAT EQUIPMENT	DIDC.185	\$75,000	DICC.155	\$30,000	\$105,000
TUBULAR INSPECTIONS	DIDC.190	\$2,000	DICC.160	\$2,000	\$4,000
CASING CREWS	DIDC.195	\$19,000	DICC.165	\$18,000	\$37,000
EXTRA LABOR, WELDING, ETC.	DIDC.200	\$24,600	DICC.170	\$5,000	\$29,600
LAND TRANSPORTATION (Trucking)	DIDC.205	\$12,300	DICC.175	\$4,000	\$16,300
SUPERVISION	DIDC.210	\$45,000	DICC.180	\$12,000	\$57,000
TRAILER HOUSE/CAMP/CATERING	DIDC.280	\$21,000	DICC.255	\$3,000	\$24,000
OTHER MISC EXPENSES	DIDC.220	\$5,000	DICC.190	\$5,000	\$10,000
OVERHEAD	DIDC.225	\$12,000	DICC.195	\$2,400	\$14,400
REMEDIAL CEMENTING	DIDC.231		DICC.215		
MOB/DEMOB	DIDC.240	\$110,000			\$110,000
DIRECTIONAL DRILLING SERVICES 12 DAYS @ 12300 PER DAY	DIDC.245	\$148,000			\$148,000
DOCK, DISPATCHER, CRANE	DIDC.250		DICC.230		
MARINE & AIR TRANSPORTATION	DIDC.275		DICC.250		
SOLIDS CONTROL	DIDC.280	\$94,000			\$94,000
WELL CONTROL EQUIP (Snubbing services)	DICC.265	\$41,000	DICC.240	\$21,000	\$62,000
FISHING & SIDETRACK OPERATIONS	DIDC.270	\$75,000	DICC.245		\$75,000
COMPLETION RIG 8 DAYS @ 4400 PER DAY			DICC.115	\$35,200	\$35,200
COIL TUBING 1 DAYS @ 39000 PER DAY			DICC.260	\$38,000	\$38,000
COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS			DICC.200	\$25,000	\$25,000
STIMULATION			DICC.210	\$220,000	\$220,000
LEGAL/REGULATORY/CURATIVE	DIDC.300	\$3,000	DICC.280		\$3,000
WELL CONTROL INSURANCE \$0.35 PER FOOT	DIDC.285	\$3,000			\$3,000
CONTINGENCY 5% OF DRILLING INTANGIBLES	DIDC.435	\$102,000	DICC.220	\$28,000	\$130,000
CONSTRUCTION FOR WELL EQUIPMENT			DWEA.110	\$1,000	\$1,000
CONSTRUCTION FOR LEASE EQUIPMENT			DLEQ.110	\$39,000	\$39,000
CONSTRUCTION FOR SALES P/L			DICC.265		
<b>TOTAL INTANGIBLE COST</b>		<b>\$2,133,000</b>		<b>\$624,600</b>	<b>\$2,757,600</b>
<b>TANGIBLE - WELL EQUIPMENT</b>					
<b>CASING</b>	SIZE	FEET	\$/FOOT		
DRIVE PIPE	20"	40	100.00	DWEB.150 4,000	\$4,000
CONDUCTOR PIPE				DWEB.130	
WATER STRING				DWEB.135	
SURFACE CASING	13-3/8"	600	43.89	DWEB.140 26,000	\$26,000
INTERMEDIATE CASING	8-5/8"	4,450	20.00	DWEB.145 89,000	\$89,000
DRILLING LINER	7"			DWEB.145	
DRILLING LINER				DWEB.145	
PRODUCTION CASING OR LINER	5 1/2"	9,800	17.76	DWEA.100 174,000	\$174,000
PRODUCTION TIE-BACK				DWEA.100	
TUBING	2 7/8"	11,230	6.50	DWEA.105 73,000	\$73,000
N/C WELL EQUIPMENT				DWEA.115 9,000	\$9,000
WELLHEAD, TREE, CHOKES				DWEA.120 35,000	\$50,000
LINER HANGER, ISOLATION PACKER				DWEB.100	
PACKER, NIPPLES				DWEA.130 70,000	\$70,000
PUMPING UNIT, ENGINE				DLEQ.100 90,000	\$90,000
LIFT EQUIPMENT (BHP, Rods, Anchors)				DLEQ.105 19,000	\$19,000
<b>TANGIBLE - LEASE EQUIPMENT</b>					
N/C LEASE EQUIPMENT				DLEQ.115 44,000	\$44,000
TANKS, TANKS STEPS, STAIRS				DLEQ.120 21,000	\$21,000
BATTERY (Heater Treater, Separator, Gas Treating Equipment)				DLEQ.125 18,000	\$18,000
FLOW LINES (Line Pipe from wellhead to central facility)				DLEQ.130 1,000	\$1,000
OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES				DWEA.135	
PIPELINES TO SALES				DWEA.140	
<b>TOTAL TANGIBLES</b>			<b>\$134,000</b>	<b>\$554,000</b>	<b>\$688,000</b>
P&A COSTS	DIDC.295	150,000		(150,000)	
<b>TOTAL COST</b>		<b>\$2,417,000</b>		<b>\$1,028,600</b>	<b>\$3,445,600</b>

EXHIBIT