

**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 FASKEN OIL AND RANCH, LTD
FOR A COMPLIANCE ORDER REQUIRING CIMAREX
ENERGY CO COLORADO TO COMPLY WITH THE
DIVISION'S OIL PRORATION RULES FOR THE
APACHE RIDGE-BONE SPRINGS POOL
LEA COUNTY, NEW MEXICO**

CASE NO. 14145

PRE-HEARING STATEMENT

**Fasken Oil and Ranch, Ltd. submits this pre-hearing statement as required by the
New Mexico Oil Conservation Division.**

APPEARANCES OF THE PARTIES

APPLICANT

**Fasken Oil and Ranch Ltd.
303 W. Wall Avenue, Suite 1800
Midland, Texas 79701
Attn: Jimmy Carlile
915-687-1777**

ATTORNEY

**Thomas Kellahin, Esq.
P. O. Box 2265
Santa Fe, New Mexico 87504
505-982-4285**

**Michael Feldewert, Esq.
Holland & Hart
Santa Fe, New Mexico 87501**

OPPONENT

Cimarex Energy Co. of Colorado

ATTORNEY

James Bruce, Esq.

STATEMENT OF THE CASE

APPLICANT:

Fasken and Cimarex are operators of oil wells producing from the Apache Ridge-Bone Spring Pool (ID#2260) located in parts of Section 36, T19S, R33E and Sections 30-32 of T19S, R34E, Lea County, NM

The Apache Ridge-Bone Spring Pool is subject to 40-acre spacing units and Division Rule 505 limits production to not more than 275 BOPD with a 2,000-to-GOR limit for a 40-acre spacing unit.

Cimarex operates four wells in this pool that are substantially over-produced by a total of 48,640 barrels of oil, based on the most current data available:

- (a) Mescalero 30 Federal Well No. 1 (API 30-025-29266)
(Unit P) Sec 30, T19S, R34E Overproduction of 10,191 bbls
- (b) Pennzoil 36 State Well No. 1 (API 30-025-29918)
(Unit I) Sec 36, T19S, R33E Overproduction of 5,692 bbls
- (c) Pennzoil B 36 State Well No. 2 (API 30-025-38300)
(Unit J) Sec 36, T19S, R33E Overproduction of 19,440 bbls
- (d) Pennzoil B 36 State Well No. 7 (API 30-025-38624)
(Unit A) Sec 36, T19S, R33E Overproduction of 13,317 bbls

Fasken's correlative rights are being violated and requests that the Division enter an Order directing that Cimarex Energy Co. of Colorado shut-in these four wells and requiring Cimarex to bring these wells into full compliance with Division Rule, including Rule 502, by a date certain and to show cause why fines and penalties should not be imposed.

PROPOSED EVIDENCE

APPLICANT

WITNESSES	EST. TIME	EST. EXHIBITS
Jimmy Carlile (land)	@ 20 min.	@ 4-8
Mike Martin (geology)	@ 30-45 Min.	@ 4-6
Clay Lamb (petroleum Engineer)	@ 45-60 Min	@ 10-15

PROCEDURAL MATTERS

Substitution of counsel

KELLAHIN & KELLAHIN



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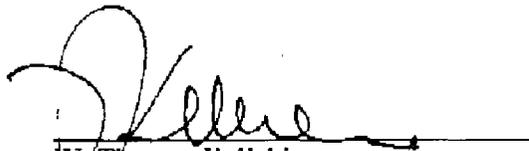
CERTIFICATE OF SERVICE

I certify that on the 19th day of June 2008, I served a copy of the foregoing documents by:

- US Mail, postage prepaid
- Hand Delivery
- Facsimile
- Email

to the following:

James Bruce, Esq.
Attorney for Yates


W. Thomas Kellahin