

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

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**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 FOR COMPULSORY POOLING, EDDY  
COUNTY, NEW MEXICO.**

**Case No. 14,418**

**PRE-HEARING STATEMENT**

Applicant Cimarex Energy Company ("Cimarex") submits this pre-hearing statement as required by the Oil Conservation Division.

**APPEARANCES**

**APPLICANT**

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

**APPLICANT'S ATTORNEY**

Gary W. Larson  
Hinkle, Hensley, Shanor & Martin, LLP  
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**STATEMENT OF THE CASE**

Cimarex seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the W/2 W/2 of Section 21, Township 19 South, Range 31 East, NMPM. Cimarex further seeks the pooling of all mineral interests from the surface to the base of the Bone Spring formation underlying (i) the NW/4 NW/4 of Section 21, to form a standard 40-acre oil spacing and proration unit, and (ii) the W/2 W/2 of Section 21, to form a non-standard 160-acre oil spacing and proration unit (project area), for any

formations and/or pools developed on 40-acre spacing within that vertical extent. The units are to be dedicated to the Penny Pincher 21 Fed. Well No. 1, a horizontal well to be drilled at an orthodox surface location in the NW/4 NW/4, with a terminus at an orthodox location in the SW/4 SW/4 of Section 21. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, the designation of Cimarex Energy Co. of Colorado as the operator of the well, and a 200% charge for the risk involved in drilling and completing the well.

**PROPOSED EVIDENCE**

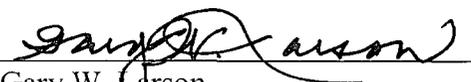
<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Mark Compton (landman)	15 min.	Approx. 5
Lee Catalano (geologist)	15 min.	Approx. 4
Michael Swain (engineer)	15 min.	Approx. 4

**PROCEDURAL MATTERS**

This matter will be contested, so it must be continued to the February 4, 2010 docket.

Respectfully submitted,

HINKLE, HENSLEY, SHANOR &  
MARTIN, LLP

  
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*Attorney for Cimarex Energy Co.*