

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

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**IN THE MATTER OF THE HEARING CALLED  
BY THE OIL CONSERVATION COMMISSION 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**

**APPLICANT CIMAREX ENERGY CO.'S  
AMENDED PRE-HEARING STATEMENT**

Pursuant to 19.15.4.13(B) NMAC, applicant Cimarex Energy Co. ("Cimarex") submits its Amended Pre-Hearing Statement. Previously, Cimarex filed a Pre-Hearing Statement on June 10, 2010, and filed a Supplemental Pre-Hearing Statement on July 8, 2010. Cimarex now withdraws those previous submissions and replaces them with this Amended Pre-Hearing Statement.

**APPEARANCES**

Cimarex's business address is Suite 600, 600 North Marienfeld, Midland, Texas 79701. It is represented by the undersigned counsel.

Lynx Petroleum Consultants, Inc. ("Lynx"), which opposes Cimarex's application, filed an Application for Hearing De Novo on March 25, 2010. Lynx is represented by William F. Carr and Ocean Munds-Dry of Holland & Hart, LLP.

**STATEMENT OF THE CASE**

Cimarex's application 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 in Eddy County. The application further seeks the pooling of all mineral interests from 2,500 feet subsurface 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). The proposed units are to be dedicated to the Penny Pincher 21 Fed. No. 1 well, a horizontal well drilled in an orthodox location. Also to be considered by the Commission will be (i) the cost of drilling and completing the well and the allocation of the cost thereof, (ii) the actual operating costs and charges for supervision, (iii) the designation of Cimarex Energy Company of Colorado as the operator of the well, and (iv) 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.	7
Lee Catalano (geologist)	15 min.	7
Michael Swain (engineer)	15 min.	4

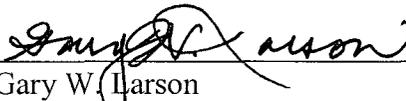
In accordance with 19.15.4.13(B(2) NMAC, Cimarex has attached hereto copies of the exhibits that it will offer in evidence at the hearing.

**PROCEDURAL MATTERS**

On April 7, 2010, Lynx, Larry Scott, and Marbob Energy Corporation jointly filed a motion requesting the Commission to dismiss Cimarex’s application. Cimarex filed a response in opposition to the motion to dismiss on April 21, 2010.

Respectfully submitted,

HINKLE, HENSLEY, SHANOR &  
MARTIN, LLP

  
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*Attorney for Cimarex Energy Co.*

**CERTIFICATE OF SERVICE**

I hereby certify that on this 28<sup>th</sup> day of October, 2010 I sent a true and correct copy of the foregoing *Applicant Cimarex Energy Co.'s Amended Pre-Hearing Statement* via email to:

William F. Carr, Esq.  
Ocean Munds-Dry, Esq.  
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*Attorneys for Lynx Petroleum Consultants, Inc.*

  
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Gary W. Larson