

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

RECEIVED OGD

2011 OCT -6 A 8:54

**APPLICATION OF CIMAREX ENERGY CO. OF COLORADO
FOR DESIGNATION OF A NON-STANDARD
SPACING UNIT AND FOR COMPULSORY POOLING
EDDY COUNTY, NEW MEXICO**

CASE 14741

[West Shugart 32 State Com No. 2-H Well-E/2W/2 Sec 32]

CIMAREX'S PRE-HEARING STATEMENT

**Cimarex Energy Co. of Colorado ("Cimarex") submits their pre-hearing statement
as required by the New Mexico Oil Conservation Commission.**

APPEARANCES OF THE PARTIES

APPLICANT

**Cimarex Energy Co. of Colorado
600 N. Marienfeld St., Suite 600
Midland, TX 79701
Attn: Mark Compton
432-471-7800**

ATTORNEY

**Thomas Kellahin, Esq.
706 Gonzales Road
Santa Fe, New Mexico 87501
phone: 505-982-4285
Email: tkellahin@comcast.net
Fax: 505-216-2780**

OPPONENT

Nearburg Producing Company

ATTORNEY

**J. Scott Hall, Esq.
Montgomery & Andrews
325 Paseo de Peralta
Santa Fe, NM 87501
Phone 505-982-3873**

CIMAREX'S STATEMENT OF THE CASE

Cimarex proposes to drill and operate the West Shugart "32' State Com Well No. 2-H as a horizontal wellbore to be dedicated to a 160-acre project area consisting of the E/2W/2 of Section 32, T18S, R31E, Eddy County, NM

Cimarex controls a working interest ownership within the proposed 160-acre spacing unit and has an interest in each of the four 40-acre tracts.

Cimarex has consolidated some of the working interest owners on a voluntary basis for this well and its spacing unit.

By letter dated July 22, 2011, Cimarex sent a well proposal letter, including an AFE and Joint Operating Agreement, to the remaining uncommitted working interest owners within the project area.

Despite reasonable efforts, Cimarex was unable to conclude a voluntary agreement with certain parties including Nearburg Production Company.

On August 19, 2011, Cimarex filed its application for compulsory pooling requesting a hearing date of October 13, 2011.

Pursuant to Commission Order R-11992, effective August 15, 2003, Cimarex requests that the 200% risk charge be applied.

As currently required by the Division, Cimarex has identified the offsetting operators and/or working interest to this project area and will provide notification.

Pursuant to Section 70-2-17.C NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, Cimarex needs an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.

In accordance with the Division's notice requirements, a copy of this application has been sent to those other working interests owners to be pooled and to those offsetting operator/working interest owners adjacent to this non-standard spacing and proration unit and of the applicant's request for a hearing of this matter before the Division on the next available Examiner's docket now scheduled for October 13, 2011.

PROPOSED EVIDENCE

APPLICANT

WITNESSES	EST. TIME	EST. EXHIBIT
Mark Compton (Landman)	30-45 min	6-8

POSSIBLE WITNESSES

Lee Catalano (Geologist)	30- min	4-6
Michael Swain (Engineer)	30-min	4-6

PROCEDURAL MATTERS

- (1) There is a Cimarex's Motion of Quash a Subpoena issued for Nearburg Producing Company that seeks data from Cimarex for a well in the spacing unit to the west of the subject well's project area.**
- (2) There is a Nearburg Motion to Continue this case from October 13th docket to the October 27th docket.**

KELLAHIN & KELLAHIN



W. Thomas Kellahin
706 Gonzales Road
Santa Fe, New Mexico 87501
Phone 505-982-4285
Fax 505-216-2780
E-mail: tkellahin@comcast.net

CERTIFICATE OF SERVICE

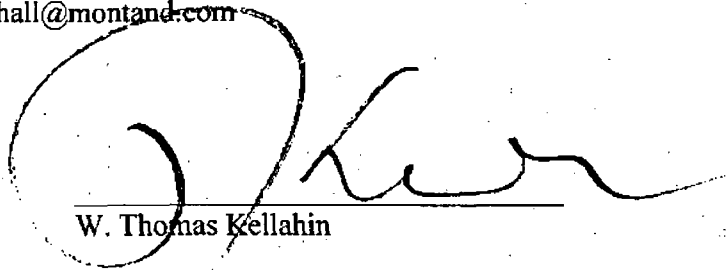
I certify that on October 6, 2011, I served a copy of the foregoing documents by:

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

to the following:

David K. Brooks, Esq.
OCD Examiner
David.brooks@state.nm.us

J. Scott Hall, Esq.
Attorney for Nearburg
shall@montand.com



W. Thomas Kellahin