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2012 JUL 16 P 1:51

July 16, 2012

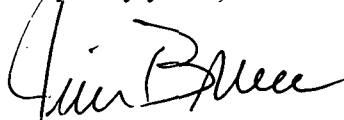
Jami Bailey, Director  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Re: Case 14764 (*de novo*)

Dear Ms. Bailey:

Enclosed for the Commission's consideration are an original and five copies of Cimarex's motion to dismiss.

Very truly yours,



James Bruce

Attorney for Cimarex Energy Co.

cc: Adam G. Rankin w/encl.

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

2012 JUL 16 P 1:51  
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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. OF  
COLORADO FOR A NON-STANDARD OIL SPACING  
AND PRORATION UNIT, AN UNORTHODOX WELL  
LOCATION, AND COMPULSORY POOLING, LEA  
COUNTY, NEW MEXICO.**

**Case No. 14,764 (*de novo*)  
Order No. R-13533**

**MOTION TO DISMISS**

Cimarex Energy Co. ("Cimarex") moves the Commission for an order dismissing the appeal *de novo*, and in support thereof, states:

1. Division Order No. R-13533 (i) approved a 160-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the E/2E/2 of Section 33, Township 19 South, Range 34 East, NMPM, and (ii) pooled all uncommitted mineral interests in the Bone Spring formation underlying the E/2E/2 of Section 33. The well unit is dedicated to the Chaparral 33 Fed. Com. Well No. 3, a horizontal well to be drilled at a surface location in the NE/4NE/4, with a terminus in the SE/4SE/4, of Section 33.
2. Order No. R-13533 pooled a number of people, including Tom Beall, Carolyn Beall, and Fuel Products, Inc., who are working interest owners in the well unit.
3. At the Examiner hearing, Tom Beall, Carolyn Beall, Fuel Products, Inc., Pear Resources, and Gardenia Investments, Ltd. entered appearances in the case before the Examiner, and have appealed Order No. R-13533 to the Commission.
4. Applicant requests that the appeal be dismissed, for the following reasons:

(a) Subsequent to the entry of Order No. R-13533, Tom Beall, Carolyn Beall, and Fuel Products, Inc. signed Cimarex's operating agreement, and thus are no longer subject to Order No. R-13533. See Exhibit A (the affidavit of Mark Compton).

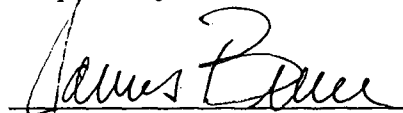
(b) Pear Resources and Gardenia Investments, Ltd. do not working interests in the well unit, and hence are not subject to Order No. R-13533. Id.

5. For the foregoing reasons, the appeal is moot.

6. Opposing counsel does not concur in this motion.

WHEREFORE, Cimarex requests that the appeal be dismissed.

Respectfully submitted,


  
James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Cimarex Energy Co. of  
Colorado

#### CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 16th day of July, 2012 by facsimile transmission and U.S. Mail:

Adam G. Rankin  
Holland & Hart LLP  
P.O. Box 2208  
Santa Fe, New Mexico 87504  
(505) 983-6043

  
James Bruce

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

IN THE MATTER OF THE HEARING CALLED  
BY THE OIL CONSERVATION COMMISSION  
FOR THE PURPOSE OF CONSIDERING:

APPLICATION OF CIMAREX ENERGY CO. OF  
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COUNTY, NEW MEXICO.

Case No. 14,764 (*de novo*)  
Order No. R-13533

AFFIDAVIT OF MARK COMPTON

COUNTY OF MIDLAND                    )  
  ) ss.  
STATE OF TEXAS                        )

Mark Compton, being duly sworn upon his oath, deposes and states:

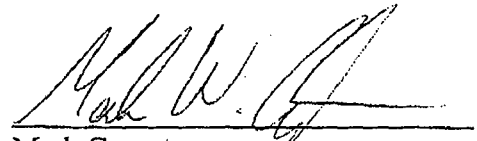
1. I am over the age of 18, and have personal knowledge of the matters stated herein.
2. I am a landman for Cimarex Energy Co. ("Cimarex").
3. Cimarex is the operator of the Chaparral 33 Fed. Com. Well No. 3, a horizontal well to be drilled at a surface location in the NE/4NE/4, with a terminus in the SE/4SE/4, of Section 33, Township 19 South, Range 34 East, NMPM (the "well"). A 160-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation, comprised of the E/2E/2 of Section 33, is dedicated to the well.
4. Order No. R-13533 force pooled a number of people into the well, including Tom Beall, Carolyn Beall, and Fuel Products, Inc., who are working interest owners in the well unit. A listing of working interest owners in the well unit is attached hereto as **Exhibit 1**.

EXHIBIT

A

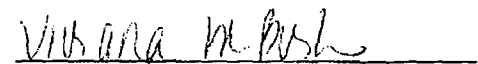
5. Subsequent to the entry of Order No. R-13533, Tom Beall, Carolyn Beall, and Fuel Products, Inc. signed Cimarex's operating agreement covering the E/2E/2 of Section 33, and are no longer subject to Order No. R-13533. Attached hereto as **Exhibit 2** are the signature pages to Cimarex's operating agreement, signed and notarized by Tom Beall, Carolyn Beall, and Fuel Products, Inc., together with the cover letter enclosing the signature pages.

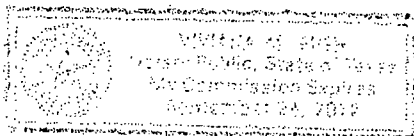
6 Pear Resources and Gardenia Investments, Ltd. do not own working interests in the well unit, and are not subject to Order No. R-13533. **Exhibit 1.**

  
Mark Compton

SUBSCRIBED AND SWORN TO before me this 16<sup>th</sup> day of July 2012 by Mark Compton.

My Commission Expires September 20, 2012

  
Notary Public



Parties	1st Proposal (Proposed to leasehold parties)	Retraction letters	2nd proposal (Proposed to leasehold and contractual parties)	3rd proposal (Proposed to missing parties produced by Read&Stevens)	Form of JOA	Chaparral No. 3	Chaparral No. 4	Chaparral No. 5	Chaparral No. 6	Comment	% in Spacing Unit
Magnum Hunter											69.956895
XEC (via Term Assignments)											1.312500
Carolyn Beall	08/02/10	8/11/2010	1/13/2011			X	X	X	X	Hearing notice not picked up at P.O. box. Called and left message with Tom Beall on 1/16/12. He will call back left message. Called 1/17/12 - left message about participation. Talked to Tom Beall - see comments.	0.50 APO
Richard B. Moncrief Grantors Trust	08/02/10	8/11/2010	1/13/2011			X	X	X	X	Participating - Sending executed JOA back (1/16/12 - per phone message.)	0.628592
Fuel Products, Inc.	08/02/10	8/11/2010	1/13/2011			X	X	X	X	Hearing notice not picked up at P.O. box. Called and left message with Tom Beall on 1/16/12. He will call back. He will call back left message. Called 1/17/12 - left message about participation. Talked to Tom Beall - see comments.	0.750000

Oil Conservation Division  
Case No. 2  
Exhibit No. 2

EXHIBIT

1

Spiral, Inc.	08/02/10	8/11/2010	1/13/2011				X	X	X	X	Entered an appearance at hearing. Spoke to Melissa Randle on 1/13/12. Accident in Yates family and can't get decision at this time. Possibly participate. Might have answer on 1/16 or 1/17. 1/16/12 - sent updated AFE to make decision.	0.312500
HMB Limited Partnership	08/02/10	8/11/2010	1/13/2011				X	X	X	X	Participating - Executing JOA and sending it to us (1/13/12 - per phone call)	3.125000
Thomas M. Beall	08/02/10	8/11/2010	1/13/2011				X	X	X	X	Hearing notice not picked up at P.O. box. Called and left message with Tom Beall on 1/16/12. He called back and left message. Called 1/17/12 - left message about participation. Talked to Tom on 1/17/12. Tom talked to Jeff on same day. Hand delivered JOA, AFE & notices.	0.250000
Hyde Oil and Gas Corporation	08/02/10	8/11/2010	1/13/2011				X	X	X	X	Several conversations with Blair Hamburg. Participating - sent JOA again on 1/5/12. Sent email on 1/13/12. Response was evaluating JOA sending back week of 1/16/12.	3.771553

W.A. Moncrief Jr. Trust	08/02/10	8/11/2010	1/13/2011				X	X	X	X	Participating. Sent JOA on 1/5/12. Spoke with representative on phone about JOA area and well costs. Mr. Moncrief to sign JOA and will send back.	1.885776
Lee Wiley Moncrief 1988	08/02/10	8/11/2010	1/13/2011				X	X	X	X	Called and discussed proposal on 1/11/12 with Debbie Coughlin. Wants to farmout. Sent farmout agreement to Janet Cunningham on 1/11/12. Sent another email on 1/13/12 to follow up. Sent additional email asking about W.A. Moncrief trust on 1/16/12. 1/18/12 - Janet C. replied and said they will farmout. Will look at next week. ---	0.628592
Michael J. Moncrief 2008 Trust A	08/02/10	8/11/2010	1/13/2011				X	X	X	X	Several conversations with Jerry Goodwin - participating. Sent JOA again 1/5/12. email on 1/13/12.	0.628592
Robert H. Watson (Watson Properties, LLC)	08/02/10	8/11/2010					X	X	X	X		
Charles B. Read (R & S Partner)	08/02/10	8/11/2010	1/13/2011				X	X	X	X	Will do what R&S does.	4.500000
CLM Production Co.	08/02/10	8/11/2010					X	X	X	X	Several conversations in past. Participating - Sent JOA again on 1/5/12. Spoke to John Maxey. Reviewing JOA.	0.500000
William A. Bradshaw, III (Lynch Oil & Gas, LLC)	08/02/10	8/11/2010					X	X	X	X		
James B. Read (Diamond Star Production Co. LLC)	08/02/10	8/11/2010					X	X	X	X		
Susan M. Rodrigue (Steven Rodrigue)	08/02/10	8/11/2010					X	X	X	X		
Jessica and Tyler Rodrigue Trust			1/13/2011 01/19/11				X	X	X	X		0.031250
Watson Properties, LLC			1/13/2011				X	X	X	X	Granted T.A. to XEC	
William V. Palmer	08/02/10	8/11/2010	01/19/11	2/7/2011			X	X	X	X		
Laura K. Read (R&S Part.)	08/02/10	8/11/2010	1/13/2011	2/3/2011			X	X	X	X		0.250000

BPO  
AP-  
2-0  
BPO  
0.75 APO



Bernadine Glenn	08/02/10	8/11/2010	1/13/2011 01/19/11	2/7/2011		X	X	X	X		0.50 APO
										Spoke with Jim Reedy on multiple occasions. 1/17/12 - Cimarex and R&S agree to terms on JOA. Cimarex will give them an election at end of verticle as requested to get them signed up under JOA.	
Read S Stevens, Inc	08/02/10	8/11/2010	1/13/2011	2/7/2011		X	X	X	X		7.937500
										Participating per conversation - No response to JOA sent on 1/5/12.	
Marion R. Soley	08/02/10	8/11/2010	1/13/2011 01/19/11	2/7/2011		X	X	X	X		0.125000
Barry Read Young	08/02/10	8/11/2010	1/13/2011	2/7/2011		X	X	X	X	See R&S Comments	0.50 APO
First Century Oil, Inc. (R&S Partner)	08/02/10	8/11/2010	1/13/2011	2/7/2011		X	X	X	X	See R&S Comments	2.500000
CDR Oil Properties, LLC (R&S Partner)			1/13/2011	2/7/2011		X	X	X	X	See R&S Comments	
Diamond Star Production Co., LLC (R&S Partner) James B Read			1/13/2011 01/19/11	2/7/2011		X	X	X	X		0.50 APO
										Will probably participate and wants TA with BI. Sold down to CAZA. Send JOA again on 1/5/2012. Left message 1/13/12. Spoke with Bill Bradshaw and he sent JOA to Caza for evaluation.	
Lincoln Oil & Gas LLC			1/13/2011	2/7/2011		X	X	X	X		0.500000
Pecos Air, Inc	08/02/10	8/11/2010	1/13/2011	2/7/2011		X	X	X	X	Granted T.A. to XEC	
Steven Rodriguez				2/7/2011		X	X	X	X		0.031250
VROOMAN				3/19/2011		X	X	X	X		
Cactus Operating Company, LLC				3/19/2011		X	X	X	X		0.375000
Apache Corporation **											

\*\* We may have Term Assignment

100.000000

Thomas M. Beall  
550 West Texas Avenue, Suite 330  
P.O. Box 3098  
Midland, TX 79702  
432-687-0008

May 21, 2012

**HAND DELIVERED TO:**

Cimarex Energy Co.  
Attn: Mr. Mark Compton  
600 N. Marienfeld St., Suite 600  
Midland, TX 79701

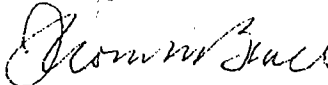
RE: Chaparral 33 Federal Com #3  
E/2E/2 Section 33, T-19-S, R-34-E,  
Lea County, New Mexico

Gentlemen:

Please find enclosed signature pages for your new proposed Joint Operation Agreement dated February 15<sup>th</sup>, 2012 for the captioned proposed well. AFE's for this well have already been delivered to you signed and dated on 3/13/2012 by Thomas M. Beall and Fuel Products, Inc. Another AFE is attached for convenience. Although a Joint Operating Agreement for this well was signed by Carolyn R. Beall and returned to you through Read & Stevens, Inc., we have enclosed herewith her acknowledged signature.

Thank you for your kind assistance in the matter.

Sincerely,



Thomas M. Beall

Enclosures

RECEIVED BY: \_\_\_\_\_

DATE: \_\_\_\_\_

---

EXHIBIT

2

A.A.P.L. FORM 610 - MODEL FORM OPERATING AGREEMENT - 1989

1		<u>First Century Oil, Inc.</u>
2		
3		By _____
4		_____
5		Type or print name
6		
7		Title _____
8		Date _____
9		Tax ID or S.S. No. _____
10		<u>Charles B. Read</u>
11		By _____
12		_____
13		Type or print name
14		
15		Title _____
16		Date _____
17		Tax ID or S.S. No. _____
18		<u>Fuel Products, Inc.</u>
19		By <u>Thomas M. Beall</u>
20		<u>THOMAS M. BEALL - PRESIDENT</u>
21		Type or print name
22		
23		Title _____
24		Date _____
25		Tax ID or S.S. No. _____
26		<u>CLM Production Company</u>
27		By _____
28		_____
29		Type or print name
30		
31		Title _____
32		Date _____
33		Tax ID or S.S. No. _____
34		<u>Lincoln Oil &amp; Gas, LLC</u>
35		By _____
36		_____
37		Type or print name
		Title _____
		Date _____
		Tax ID or S.S. No. _____

A.A.P.L. FORM 610 - MODEL FORM OPERATING AGREEMENT - 1989

1		<u>William V. Palmer, LLC</u>
2		
3		By _____
4		
5		Type or print name _____
6		Title _____
7		Date _____
8		Tax ID or S.S. No. _____
9		
10		<u>Thomas M. Beall</u>
11		By <u>Thomas M. Beall</u>
12		<u>Thomas M. Beall</u>
13		Type or print name _____
14		Title _____
15		Date _____
16		Tax ID or S.S. No. _____
17		
18		<u>Laura K. Read</u>
19		By _____
20		
21		Type or print name _____
22		Title _____
23		Date _____
24		Tax ID or S.S. No. _____
25		
26		<u>Marion P. Riley</u>
27		By _____
28		
29		Type or print name _____
30		Title _____
31		Date _____
32		Tax ID or S.S. No. _____
33		
34		<u>Steven Rodrigue</u>
35		By _____
36		
37		Type or print name _____
		Title _____
		Date _____
		Tax ID or S.S. No. _____

A.A.P.L. FORM 610 - MODEL FORM OPERATING AGREEMENT - 1989

1		
2		<u>Unknown Trustees of the Jessica and Tyler Rodrigue Trust</u>
3		By _____
4		_____
5		Type or print name _____
6		Title _____
7		Date _____
8		Tax ID or S.S. No. _____
9		
10		<u>Spiral Inc.</u>
11		By _____
12		_____
13		Type or print name _____
14		Title _____
15		Date _____
16		Tax ID or S.S. No. _____
17		
18		<u>HHB Limited Partnership</u>
19		By _____
20		_____
21		Type or print name _____
22		Title _____
23		Date _____
24		Tax ID or S.S. No. _____
25		<u>Carolyn Beall</u>
26		By <u>Carolyn R. Beall</u>
27		_____
28		Type or print name _____
29		Title _____
30		Date _____
31		Tax ID or S.S. No. _____
32		<u>James B. Read</u>
33		By _____
34		_____
35		Type or print name _____
36		Title _____
37		Date _____
		Tax ID or S.S. No. _____

A.A.P.L. FORM 610 - MODEL FORM OPERATING AGREEMENT - 1989

1 Acknowledgment in representative capacity:

2 State of Texas )

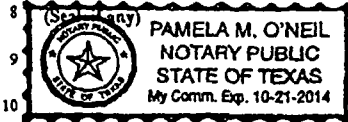
3 ) ss.

4 County of Midland )

5 This instrument was acknowledged before me on

6 21<sup>st</sup> day of May 2012 by Thomas M. Beall as President

7 of Fuel Products Inc, a New Mexico Corporation



Pamela M. O'Neil  
Title (and Rank) Notary

My commission expires: 10/21/14

11  
12  
13 Acknowledgment in representative capacity:

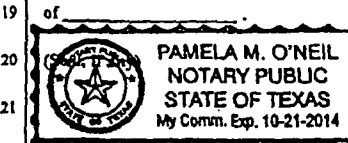
14 State of Texas )

15 ) ss.

16 County of Midland )

17 This instrument was acknowledged before me on

18 21<sup>st</sup> day of May 2012 by Thomas M. Beall as



Pamela M. O'Neil  
Title (and Rank) Notary

My commission expires: 10/21/14

21  
22  
23 Acknowledgment in representative capacity:

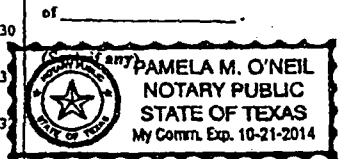
24 State of Texas )

25 ) ss.

26 County of Midland )

27 This instrument was acknowledged before me on

28 21<sup>st</sup> day of May 2012 by Carolyn Beall as



Pamela M. O'Neil  
Title (and Rank) Notary

My commission expires: 10/21/14