### 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:

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# APPLICATION OF CIMAREX ENERGY CO. OF COLORADO FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

(c)

Case No. 14,901

### VERIFIED STATEMENT OF HILARY CODER

Hilary Coder, being duly sworn upon her oath, deposes and states:

1. I am a landman for Cimarex Energy Co., and have personal knowledge of the matters stated herein.

2. Cimarex Energy Co. of Colorado is a wholly owned subsidiary of Cimarex Energy Co. ("Cimarex").

3. Pursuant to Division Rule NMAC 19.15.4.12.A(1)(b), the following information is submitted in support of the application filed herein:

(a) No opposition to this application is expected because the mineral interest owners being pooled cannot be located.

(b) A plat outlining the spacing units being pooled is attached hereto as Exhibit A. Applicant seeks an order pooling all mineral interests from the surface to the base of the Glorieta-Yeso formation underlying the following acreage in Township 19 South, Range 25 East, N.M.P.M.

(i) The NW/4SW/4 of Section 1 to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent. The unit will be dedicated to the Montana 1 Fee Well No. 1, to be drilled at an orthodox location; and

(ii) The SW/4SW/4 of Section 1 to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent. The unit will be dedicated to the Montana 1 Fee Well No. 3, to be drilled at an orthodox location.

Mineral ownership in the well units is common as to the depths being pooled. The parties being pooled are the heirs, devisees, or successors to:

| Oil Conserva | tion Division |
|--------------|---------------|
| Case No.     |               |
| Exhibit No.  |               |

Don Phillips and Associates James Collie McDonald, Jr. Jo Alice Cranford Elaine S. Hinkle

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(d) Cimarex believes that it has leased the successors to all of the above persons or entities. However, with respect to Don Phillips and Associates it has been unable to locate proper company dissolution instruments, and Cimarex seeks to force pool any unknown interest owners in that entity. Regarding James Collie McDonald, Jr., Jo Alice Cranford, Hugh M. Kincaid, and Elaine S. Hinkle, New Mexico probates have not been conducted on their estates, and their successors have refused to execute affidavits of heirship on the decedents. Therefore, Cimarex desires to force pool the unknown heirs of the decedents.

(e) Cimarex has made a good faith effort to locate all interest owners in the well.

(f) Pursuant to Division rules, applicant requests that a 200% risk charge be assessed against a non-consenting interest owner.

(g) Copies of the Authority for Expenditure for the proposed wells are attached hereto as Exhibits B-1 and B-2. The drilling and completion costs set forth therein are fair and reasonable, and are comparable to those of other wells of this depth drilled in this area of Eddy County.

(h) Overhead charges of \$4500.00/month for a drilling well, and \$450.00/month for a producing well, are requested. These rates are fair and reasonable, and are in line with rates charged by other operators in this area for wells of this depth. Applicant requests that the rates be adjusted under the COPAS accounting procedure.

(i) Applicant requests that it be designated operator of the wells.

#### VERIFICATION

## STATE OF TEXAS ) ) ss. COUNTY OF MIDLAND )

Hilary Coder, being duly sworn upon her oath, deposes and states that: She is a landman for Cimarex Energy Co.; she is authorized to make this verification on its behalf; she has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of her knowledge, information, and belief.

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SUBSCRIBED AND SWORN TO before me this  $28^{1/1}$  day of September, 2012 by Hilary Coder.

My Commission Expires: <u>5/3/21/16</u>

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Caltlen & Peirce Notary Public

|   |         | CAITLIN E. PIERCE<br>Notary Public, State of Fexas<br>My Commission Expires<br>May 31, 2016 | Constant in the second |
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EXHIBIT A



| Region  | Well Name   |   | Well No.  | · Prospect or Field  | Name   | Property,Number   |  | lling AFE No.   |
|---|---|---|---|--|--|---|--|---|
| Permian   | Montana 1 Fe  | e   | 1   | Paddock Extension We   |  |   |  |   |
| Location  |   |   |   | County   |  | State   |  | Type Well   |
|   |   |   |   | Eddy   |  | NM  | Cil 🗙<br>Gas   | Expl X<br>Prod  |
| Estimate Type   |   | Sectors   |   | st.Start Date  |  | Comp Date   | Formation  |   |
| Original Estimate<br>Revised Estimate<br>Supplemental Estimat   | P   | ©<br>0  |   |  |  |   | Penasco Draw S<br>Andres-Yeso<br>Associated Poo  | Ttl Vertical Depth  |
| Project Description   |   | 1.5.2.5   |   |  | an an an an Art  | a a the art and a second  |  |   |
| Drill and complete a 3  | 000' Blinebry/Padd  | ock vertic  | ai well   |  |  |   |  |   |
|   |   |   |   |  |  |   |  |   |
| • • •   |   |   |   |  |  |   |  |   |
| Intangibles   |   |   |   | Dry Hale Cas   | t :  | After Casing P  | oint   | Completed Well Cost   |
| Drilling Costs<br>Completion Costs  | an na g   |   |   | \$427,000  |  | \$1,646,060   |  | \$427,000<br>\$1,646,000  |
| Total Intangible Costs  |   |   |   | \$427,000  |  | \$1,646,000   |  | \$2,073,000   |
| Tangibles   | H   |   |   |  |  |   |  |   |
| Tangibles<br>Well Equipment   | ·   |   |   | \$31,000   | ······································   | \$204,000   | ······································   | \$235,000   |
| Lease Equipment   |   |   |   | <u> Carron an an</u>  | 026033   | \$20,000  | ·····  | \$20,000  |
| Total Tangible Well Co  | xt  |   | i yiyikinin yimi  | \$31,000   | 2148-1217 ( ) / 2 Y. ///   | \$224,000   |  | \$255,000   |
| Plug and Abandon Co   | it  |   |   | \$30,600   |  | -\$30,000   | !  | \$0   |
| Total Well Cost   |   |   |   | \$488,000  |  | \$1,840,000   |  | \$2,328,000   |
|   |   |   | Ry Donoursen, Contro  |  | 1491.4192.4 <u>1.49</u> 19   |   |  |   |
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| Region Well Name  | Well No Prospect or Field Name ,  | Property Number   | Drilling AFE No.  |
|---|---|---|---|
| Permian Montana 1 Fee   | 3 Paddock Extension West (EDE   | m   |   |
| cation  | County .  | State   | Type Well   |
|   | Eddy  | 1 NIN 1'  | Dil x Expl X<br>Gas Prod  |
| imate Type  | Est.Start Date  | Est. Comp Date:   | Formation Ttl Measured Depth  |
| iginal Estimate ©<br>vișed Estimate O<br>pplemental Estimate O  |   |   | Penasco Draw San 3,000'<br>Andres-Yeso Ttl Vertical Depth<br>Associated Pool 3,000'   |
| ject Description  |   |   |   |
| II and complete a 3000' Blinebry/Paddock vertic   | al well. Install tank battery.  |   |   |
|   |   |   |   |
| •••• •• • • • • • • • • • • • • • • •   |   |   |   |
| tangibles   | Dry Hole Cost<br>5427,000   | After Casing Pol  | nt Completed Well Cost<br>7 5427,000  |
| mpletion Costs  | · · · · · · · · · · · · · · · · · · ·   | \$1,847,000   | \$1,847,006   |
| tal Intangible Costs  | \$427,000   | \$1,847,000   | \$2,274,000   |
| ngibles   |   |   |   |
| ell Equipment<br>ase Equipment  | 531,000   | \$204,000<br>\$463,800  | 5235,000<br>\$463,800   |
| tal Tangible Well Cost  | \$31,000  | \$667,800   | \$698,800   |
| g and Abandon Cost  | 530,050   | 500,000   | ; \$0   |
| g and Adandon Cost  |   | 2230,000  |   |
| al Well Cost  | \$488,000   | \$2,484,800   | \$2,972,800   |
| all Control Insurance<br>Mess otherwise indicated below, you, as a non-op<br>ng as Operator conducts operations hereunder a   | perating working interest owner, agree to b<br>nd to pay your prorated share of the premi   | e covered by Operator's wel   | l control insurance procured by Operator so<br>o purchase your own well control   |
| ell control Insurance<br>less otherwise indicated below, you, as a non-or<br>ng as Operator conducts operations hereunder a<br>surance, you must provide a certificate of such in   | perating working interest owner, agree to b<br>nd to pay your prorated share of the premi<br>isurance acceptable to Operator, as to form  | e covered by Operator's wel<br>ums therefore. If you elect I<br>and limits, at the time this A  | l control insurance procured by Operator si<br>to purchase your own well control<br>AFE is returned, if available, but in no event  |
| All tubulars, well or lease equipment is priced by<br>All Control Insurance<br>nless otherwise indicated below, you, as a non-op<br>ng as Operator conducts operations hereunder a<br>surance, you must provide a certificate of such in<br>ter than commencement of drilling operations. Y<br>surance procured by Operator.  | perating working interest owner, agree to b<br>nd to pay your prorated share of the premi<br>isurance acceptable to Operator, as to form  | e covered by Operator's wel<br>ums therefore. If you elect I<br>and limits, at the time this A  | l control insurance procured by Operator si<br>to purchase your own well control<br>AFE is returned, if available, but in no event  |
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