

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

IN THE MATTER OF THE APPLICATION
OF CIMAREX ENERGY COMPANY
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO

CASE NO. 13826

PRE-HEARING STATEMENT

This Pre-Hearing Statement is submitted by Miller Stratvert P.A. (J. Scott Hall) on behalf of Mewbourne Oil Company and Hunt Petroleum (AEC), Inc., as required by the Oil Conservation Division.

APPEARANCES

APPLICANT'S ATTORNEY

James Bruce, Esq.
Post Office Box 1056
Santa Fe, New Mexico 87504

OPPONENT'S ATTORNEY

J. Scott Hall, Esq.
Miller Stratvert P.A.
150 Washington Ave., Suite 300
Post Office Box 1986
Santa Fe, New Mexico 87504
(505) 989-9614

OTHER PARTY'S ATTORNEY

APPLICANT

Cimarex Energy Company

OPPONENT

Mewbourne Oil Company
Hunt Petroleum (AEC), Inc.

OTHER PARTY

STATEMENT OF THE CASE

APPLICANT

Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 29, T19S, R28E, NMPM, and in the following manner: The W/2 to form a standard 320-acre gas spacing and proration unit for any and all formation or pools developed on 320-acre spacing within that vertical extent, including the South Millman-Morrow Gas Pool; and the SW/4 to form a standard 160-acre gas spacing and proration unit for any and all formations or pools developed on 160-acre spacing within that vertical limit. The units are to be dedicated to the Fadeaway Ridge 29 State Com. Well No. 1 to be drilled at an orthodox location in the NE/4SW/4 of Section 29. Also to be considered will be the cost thereof, as well as actual operating costs and charges for supervision, designation of Cimarex Energy Co. of Colorado as operator of the well, and a 200% charge for the risk involved in drilling and completing the well.

OPPOSITION OR OTHER PARTY

Mewbourne Oil Company and Hunt Petroleum (AEC), Inc. oppose the application to pool their interests for the reason that the applicant has failed to first conduct good faith negotiations to obtain their voluntary participation in the well as required by NMSA (1978) §§7-2-17 and 70-2-18. Mewbourne and Hunt also object to the Applicant's estimated well costs.

PROPOSED EVIDENCE

APPLICANT WITNESSES

EST. TIME

NO. OF EXHIBITS

OPPOSITION


WITNESSES	EST. TIME	NO. OF EXHIBITS
Paul Haden, Landman	20 Minutes	6
Ewell Schirmer, Landman	20 Minutes	6

PROCEDURAL MATTERS

Mewbourne Oil Company may file a motion to continue the November 30, 2006 hearing in order to afford the parties additional time to negotiate.

MILLER STRATVERT P.A.

By:



J. Scott Hall, Esq.
Post Office Box 1986
Santa Fe, New Mexico 87504
(505) 989-9614
Attorneys for Mewbourne Oil Company and
Hunt Petroleum (AEC), Inc.

Certificate of Service

I hereby certify that a true and correct copy of the foregoing was faxed to counsel of record on the 21st day of November, 2006, as follows:

James Bruce
Attorney at Law
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2151/Facsimile



J. Scott Hall