

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

CASE NO. 14349

EXHIBIT

1

**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:**

**APPLICATION OF CIMAREX ENERGY CO.
FOR A NON-STANDARD OIL SPACING AND
PRORATION UNIT AND COMPULSORY POOLING,
CHAVES COUNTY, NEW MEXICO.**

Case No. 14,349

VERIFIED STATEMENT OF HAYDEN P. TRESNER

Hayden P. Tresner, being duly sworn upon his oath, deposes and states:

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

2. 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 owner being pooled has simply not responded to well proposals or has not yet executed a farmout agreement.

(b) A plat outlining the spacing unit being pooled is attached hereto as Exhibit A. Applicant seeks an order approving a non-standard oil spacing and proration unit (project area) in the Abo/Wolfcamp formation comprised of the N/2N/2 of Section 16, Township 15 South, Range 31 East, NMPM, to form a non-standard 160-acre oil spacing and proration unit (project area), and pooling all mineral interests in the Abo/Wolfcamp formation underlying the non-standard unit. The unit is to be dedicated to the Ticonderoga 16 State Com. Well No. 2, a horizontal well to be drilled at a surface location 375 feet from the north line and 375 feet from the west line, with a terminus 375 feet from the north line and 375 feet from the east line, of Section 16.

(c) The party being pooled, its interest in the well unit, and its last known address, are as follows:

Anadarko Petroleum Corporation
P.O. Box 1330
The Woodlands, Texas 77251

_____ 25 _____ %

Oil Conservation Division
Case No. _____
Exhibit No. _____

(d) A copy of the proposal letter sent to the uncommitted mineral interest owner is attached hereto as Exhibit B.

(e) Cimarex Energy Co. has made a good faith effort to obtain the voluntary joinder of the uncommitted interest owner in the well.

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

(g) The offset operators or lessees of the acreage surrounding the well unit are as follows:

- (i) S½S½ of Section 8.
Marshall & Winston, Inc.
- (ii) S½S½ of Section 9.
Yates Petroleum Corporation
- (iii) S½S½ of Section 10.
COG Operating LLC
- (iv) N½N½ of Section 15.
COG Operating LLC
- (v) S½N½ of Section 15.
COG Operating LLC
- (vi) S½S½ of Section 16.
Cimarex Energy Co. of Colorado
- (vii) S½N½ of Section 17.
Cimarex Energy Co. of Colorado
- (viii) N½N½ of Section 17.
Cimarex Energy Co. of Colorado

(h) A copy of the Authority for Expenditure for the proposed well is attached hereto as Exhibit C. The re-entry, drilling, and completion costs set forth therein are fair and reasonable, and are comparable to those of other horizontal wells of this depth drilled in this area of Lea County.

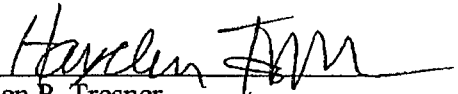
(i) Overhead charges of \$7000/month for a drilling well, and \$700/month for a producing well, are requested. These rates are fair and reasonable, and are in line with rates charged by other operators in this area for wells of this depth. Cimarex Energy Co. requests that the rates be adjusted under the COPAS accounting procedure.

(j) Applicant requests that Cimarex Energy Co. of Colorado be designated operator of the well.

VERIFICATION

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

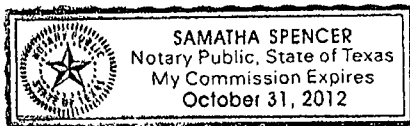
Hayden P. Tresner, being duly sworn upon his oath, deposes and states that: He is a landman for Cimarex Energy Co.; he is authorized to make this verification on its behalf; he has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of his knowledge,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


Hayden P. Tresner

SUBSCRIBED AND SWORN TO before me this 19 day of August, 2009 by
Hayden P. Tresner.

My Commission Expires: October 31, 2012


Notary Public



ON ALL NON LIBRARY MAPS
INCLUDING PZ MAPS AND WIL.

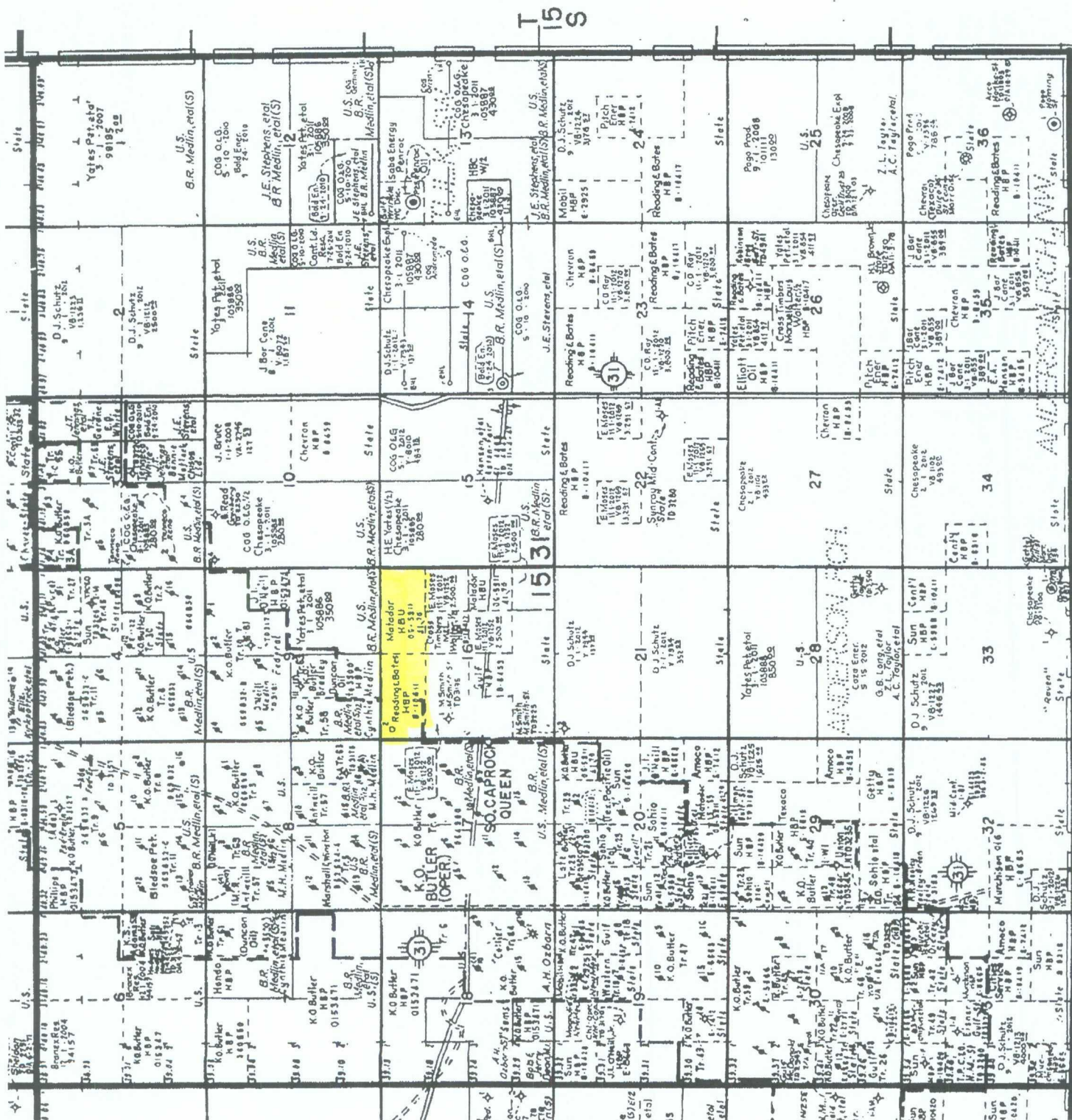
[illegible]

ANY VIOLATION OF THIS LICENSE OR THE EFFECTING THIS MAP SHALL BE PRESUMED, CONSTRUED AS, AN INTENTIONAL, RECKLESS VIOLATION, AND WILL BE PROSECUTED TO THE FULL EXTENT OF THE LAW BECAUSE OF THE ACTUAL HARM OF ANY SUCH VIOLATION, THE LOSS OF PROFITS, AND THE ADEQUACY OF PROOF OF LOSS, AND THE ADEQUACY OF OBTAINING AN ADEQUATE REMEDY AS REQUIRED BY THE TEX. BUS. & COM. CODE § 2718. A VIOLATION OF THIS LICENSE WILL AUTOMATICALLY CARRIES WITH IT A LIQUIDATED DAMAGES OF AT LEAST \$10,000 PER VIOLATION.



EXHIBIT

A



EDDY, Fast LEA, Southwest

517

Cimarex Energy Co.
600 N. Marlenfeld St.
Suite 600
Midland, Texas 79701
PHONE 432.571.7800
FAX 432.571.7832



May 21, 2009

Via Certified U.S. Mail-Return Receipt Requested No. 7007 0710 0003 0317 3595

Anadarko Petroleum Corporation
P.O. Box 1330
Houston, Texas 77251-1330

Attn: Lee H. Wainscott, Project Land Advisor

Re: *Ticonderoga 16 State Com No. 2*
N/2N/2 of Section 16-T15S-R31E
Chaves County, New Mexico

Dear Lee:

Cimarex Energy Co. hereby proposes to drill the above-captioned well according to the prognosis described in the enclosed AFE. Please sign and return a copy of the AFE to the undersigned if you choose to participate in the well. I will forward you our proposed form of operating agreement upon receipt of your signed AFE. Alternatively, if you choose not to participate, Cimarex would be interested in acquiring a farmout of your leasehold interests in the spacing unit dedicated to the well.

Please do not hesitate to contact me if there is anything further that you should require in regard to this matter. Thank you.

Sincerely,

CIMAREX ENERGY CO.

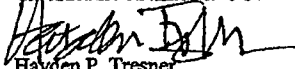

Hayden P. Tresner
Landman

EXHIBIT **B**



Authorization For Expenditure

Company Entity	Date Prepared
Cimarex Energy Co.	June 1, 2009

Region	Well Name	Well No.	Prospect or Field Name	Property Number	Drilling AFE No.
Permian	Ticonderoga 16 State Com	2H	Caprock	309742-032	259063

Location	County	State	Type Well
N/2 N/2 of Sec 16, 15S-31E	Chaves	NM	Oil x Gas Prod x

Estimate Type	Est. Start Date	Est. Comp. Date	Formation	Est. TD
Original Estimate				
Revised Estimate			ABO	12,800'
Supplemental Estimate				

Project Description
Drill and complete a Lower ABO horizontal well. No pilot hole. 10 stages 4560' VS

Intangibles	Dry Hole Cost	After Casing Point	Completed Well Cost
Drilling Costs	\$1,418,500		\$1,418,500
Completion Costs		\$952,250	\$952,250
Total Intangible Costs	\$1,418,500	\$952,250	\$2,370,750

Tangibles			
Well Equipment	\$211,000	\$729,576	\$940,576
Lease Equipment		\$139,000	\$139,000
Total Tangible Well Cost	\$211,000	\$868,576	\$1,079,576

Plug and Abandon Cost	\$150,000	-\$150,000	\$0
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Total Well Cost	\$1,779,500	\$1,670,826	\$3,450,326
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Comments on Well Costs
1. All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

Well Control Insurance
Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.
<input type="checkbox"/> I elect to purchase my own well control insurance policy.
Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

Comments on AFE
The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

Cimarex Energy Co. Approval

Prepared by	Drilling and Completion Manager	Regional Manager
Mark Audas Engineer - PB	Doug Park, Mgr Operations PB	Roger Alexander, Regional Manager PB

Joint Interest Approval

Company	By	Date

EXHIBIT

C



Project Cost Estimate

Lease Name: Ticonderoga 16 State Com

Well No.: 2H

Intangibles	Codes	Dry Hole Cost	Codes	After Casing Point	Completed Well Cost
Roads & Location Preparation / Restoration	DHCC.136	\$50,000	DHCC.137	\$3,000	\$53,000
Damages	DHCC.138	\$6,000	DHCC.139		\$6,000
Mud / Fluids Disposal Charges	DHCC.140	\$65,000	DHCC.141	\$50,000	\$115,000
Day Rate 30 DH Days 8 ACP Days @ Per Day	DHCC.142	\$514,000	DHCC.143	\$96,000	\$610,000
Misc Preparation Cost (mouse hole, rat hole, pads, pile clusters, misc.)	DHCC.144	\$14,000			\$14,000
Bits	DHCC.145	\$18,750	DHCC.146	\$1,000	\$19,750
Fuel \$2.10 Per Gallon Gallons Per Day	DHCC.147	\$32,000	DHCC.148	\$13,000	\$45,000
Water / Completion Fluids Per Day	DHCC.149	\$45,000	DHCC.150	\$61,250	\$106,250
Mud & Additives	DHCC.151	\$61,750			\$61,750
Surface Rentals Per Day	DHCC.152	\$46,000	DHCC.153	\$124,000	\$170,000
Downhole Rentals	DHCC.154	\$44,000	DHCC.155	\$14,000	\$58,000
Formation Evaluation (DST, Coring including evaluation, G&G Services)	DHCC.156				\$0
Mud Logging \$850 Days @ 30 Per Day	DHCC.157	\$30,000			\$30,000
Open Hole Logging	DHCC.158				\$0
Cementing & Float Equipment	DHCC.159	\$17,000	DHCC.160	\$17,000	\$34,000
Tubular Inspections	DHCC.161	\$5,000	DHCC.162	\$3,000	\$8,000
Casing Crews	DHCC.163	\$16,000	DHCC.164	\$16,000	\$32,000
Extra Labor, Welding, Etc.	DHCC.165	\$24,000	DHCC.166	\$5,000	\$29,000
Land Transportation (Trucking) Per Day	DHCC.167	\$18,000	DHCC.168	\$4,000	\$22,000
Supervision 400 Per Day	DHCC.169	\$43,000	DHCC.170	\$19,000	\$62,000
Trailer House / Camp / Catering	DHCC.171	\$19,000	DHCC.172	\$4,000	\$23,000
Other Misc Expenses	DHCC.173	\$2,000	DHCC.174	\$7,000	\$9,000
Overhead 300 Per Day	DHCC.175	\$11,000	DHCC.176	\$3,000	\$14,000
Remedial Cementing	DHCC.177		DHCC.178		\$0
MOB/DEMOB	DHCC.179				\$0
Directional Drilling Services 15 Days @ 8,200 Per Day	DHCC.180	\$152,000			\$152,000
Dock, Dispatcher, Crane	DHCC.181		DHCC.182		\$0
Marine & Air Transportation	DHCC.183		DHCC.184		\$0
Solids Control Per Day	DHCC.185	\$70,000			\$70,000
Well Control Equip (Snubbing Svcs.)	DHCC.186	\$36,000	DHCC.187	\$11,000	\$47,000
Fishing & Sidetrack Operations	DHCC.188	\$0	DHCC.189		\$0
Completion Rig 7 Days @ 3,400 Per Day			DHCC.190	\$36,000	\$36,000
Coil Tubing 1 Days @ 25,000 Per Day			DHCC.191	\$25,000	\$25,000
Completion Logging, Perforating, WL Units, WL Surveys			DHCC.192	\$8,000	\$8,000
Stimulation			DHCC.193	\$300,000	\$300,000
Legal / Regulatory / Curative	DHCC.194	\$7,000	DHCC.195		\$7,000
Well Control Insurance \$0.35 Per Foot	DHCC.196	\$4,000			\$4,000
Contingency 5% of Drilling Intangibles	DHCC.197	\$68,000	DHCC.198	\$41,000	\$109,000
Construction For Well Equipment			DHCC.199	\$1,000	\$1,000
Construction For Lease Equipment			DHCC.200	\$90,000	\$90,000
Construction For Sales P/L			DHCC.201		\$0
Total Intangible Cost		\$1,418,500		\$952,250	\$2,370,750

Tangible - Well Equipment					
Casing	Size	Feet	\$ / Foot		
Drive Pipe	20"	40.00	\$0.00	DWES.190	\$0
Conductor Pipe				DWES.191	\$0
Water String				DWES.192	\$0
Surface Casing	13-3/8"	340.00	\$62.37	DWES.193	\$21,000
Intermediate Casing	9 5/8"	3950.00	\$48.20	DWES.194	\$190,000
Drilling Liner				DWES.195	\$0
Drilling Liner				DWES.196	\$0
Production Casing or Liner	7"	8500.00	\$29.37	DWES.197	\$250,000
Production Tie-Back	4 1/2"	4600.00	\$12.11	DWES.198	\$48,576
Tubing	2 7/8"	8400.00	\$9.53	DWES.199	\$80,000
N/C Well Equipment				DWES.200	\$50,000
Wellhead, Tree, Chokes				DWES.201	\$10,000
Liner Hanger, Isolation Packer				DWES.202	\$145,000
Packer, Nipples				DWES.203	\$1,000
Pumping Unit, Engine				DWES.204	\$98,000
Lift Equipment (BHP, Rods, Anchors)				DWES.205	\$47,000
Tangible - Lease Equipment					
N/C Lease Equipment				DWES.206	\$44,000
Tanks, Tanks Steps, Stairs				DWES.207	\$40,000
Battery (Heater Treater, Separator, Gas Treating Equipment)				DWES.208	\$25,000
Flow Lines (Line Pipe from wellhead to central facility)				DWES.209	\$30,000
Offshore Production Structure for Facilities				DWES.210	\$0
Pipeline to Sales				DWES.211	\$0
Total Tangibles					\$868,576

P&A Costs	DHCC.212	\$150,000	DHCC.213	-\$150,000	\$0
Total Cost		\$1,779,500		\$1,670,826	\$3,450,326