

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

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

CASE NO. 14373

**APPLICATION OF CIMAREX ENERGY COMPANY
FOR CANCELLATION OF THE DIVISION'S APPROVAL
OF AN APPLICATION FOR PERMIT TO DRILL ISSUED
TO COG OPERATING LLC,
CHAVES COUNTY, NEW MEXICO**

CASE NO. 14374

YATES' PRE-HEARING STATEMENT

This Pre-Hearing Statement is submitted by Yates Petroleum Corporation as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Cimarex Energy Company

ATTORNEY

James Bruce
P.O. Box 1056
Santa Fe, NM 87504
(505) 982-2043

OPPONENTS

Yates Petroleum Corporation

ATTORNEYS

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COG Operating LLC

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STATEMENT OF CASE

In Case No. 14373, Cimarex Energy Co. seeks an order approving a non-standard oil spacing and proration unit (project area) in the Abo/Wolfcamp formation comprised of the S/2S/2 of Section 12, Township 15 South, Range 31 East, NMPM, to form a non-standard 160.00-acre oil spacing and proration unit (project area), and pooling all mineral interests in the Abo/Wolfcamp formation underlying the non-standard unit. In Case No. 14374, Cimarex Energy Co. seeks an order canceling the Division's approval of an application for permit to drill issued to COG Operating LLC for the proposed Gemini Fed. Well No. 1, a horizontal Abo/Wolfcamp well for a project area comprised of the same S/2 S/2 acreage of Section 12 (API No. 30-005-27972).

Yates has been assigned the drilling permit issued to COG and all of the known interest owners, with the exception of Cimarex, have agreed to have Yates drill and operate a horizontal well in the S/2 S/2 of Section 12. Yates has filed a motion to dismiss these applications on the grounds that Cimarex failed to properly propose a well and has failed to engage in good faith efforts to reach an agreement with the interest owners prior to filing these applications. In addition, Yates is in the process of obtaining a title opinion on the S/2 S/2 acreage for the purpose of properly proposing a well to all of the interest owners.

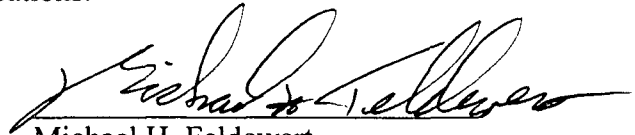
PROPOSED EVIDENCE

OPPONENT

| WITNESSES | ESTIMATED TIME | EXHIBITS |
|----------------------|----------------|-----------|
| Chuck Moran, Landman | 20 minutes | Approx. 4 |

PROCEDURAL MATTERS

Yates has filed a motion to dismiss these applications on the grounds that Cimarex failed to properly propose a well and has failed to engage in good faith efforts to reach an agreement with the interest owners prior to filing these applications.



Michael H. Feldewert

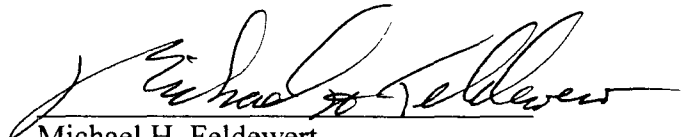
Attorney for Yates Petroleum Corporation

CERTIFICATE OF SERVICE

I certify that on August 27, 2009 I served a copy of the foregoing document to the following by e-mail and U.S. Mail:

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