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jamesbruc@aol.com

RECEIVED OCD

2009 SEP -3 A 7:59

September 2, 2009

Mark E. Fesmire, P.E.
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Case No. 14372

Dear Mr. Fesmire:

Enclosed for filing are an original and two copies of a Response in Opposition to Motion to Dismiss, filed on behalf of Cimarex Energy Co.

Very truly yours,


James Bruce
Attorney for Cimarex Energy Co.

cc: T. Warnell
D. Brooks
William F. Carr

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

RECEIVED OGD

2009 SEP -3 A 7:59

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

Case No. 14,372

**RESPONSE OF CIMAREX ENERGY CO.
IN OPPOSITION TO MOTIONS TO DISMISS**

Cimarex Energy Co. ("Cimarex") submits this response in opposition to the motion to dismiss filed by Me-Tex Supply Co. ("Me-Tex"). In support of its response, Cimarex states:

1. The Division has long required operators who seek to force pool interest owners into a well unit to propose the well by a letter together with an AFE.
2. Recently, by Order No. R-13155, entered on August 11, 2009, the Division added a requirement that an operator include a form of JOA with a proposal letter.
3. In this case, Cimarex seeks to force pool certain interest owners for purposes of drilling a horizontal Abo/Wolfcamp well.
4. Me-Tex filed its motions to dismiss, essentially stating that Cimarex has failed to seek its voluntary joinder in good faith. Cimarex asserts that it has negotiated in good faith and has submitted proper well proposal to Me-Tex.
5. Attached hereto as **Exhibit A** is the affidavit of Hayden P. Tresner, the landman for Cimarex in this prospect. This affidavit shows the following:
 - a. Cimarex has been in contact with Me-Tex since mid-June 2009 by e-mail, telephone, and in writing.
 - b. Cimarex submitted a proposal letter, with AFE to Fuel, Pear, and Hyde on June 17, 2009. **Exhibit A-1**. The proposal letters validly described the well's location and well unit.
 - c. Cimarex subsequently submitted a JOA and farm out agreement to Fuel, Pear, and Hyde in August 2009. **Exhibits A-2 and A-3**.

These documents show that Cimarex has, in good faith, negotiated with Me-Tex to obtain its voluntary joinder in the well before the pooling application was filed.

6. The reliance of Me-Tex in Order No. R-13155 is misplaced, in the following respects:

a. Order No. R-13155 involved a case where no well proposal was sent by the operator before the pooling applications were filed. In the present cases all parties received a well proposal before the application was filed.

b. Prior to the entry of Order No. R-13155 there was no requirement to submit an operating agreement with a well proposal. The order should not be applied retroactively to Cimarex or other operators. In addition, a JOA has been submitted to Me-Tex

7. Cimarex has complied with Division requirements on well proposals required in force pooling proceedings. Thus, this case should not be dismissed. Since the parties are in discussions, the case should simply be continued to allow further discussions.

WHEREFORE, Cimarex requests that the motion filed by Me-Tex be denied.

Respectfully submitted,



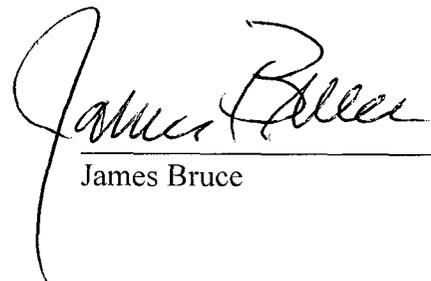
James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Cimarex Energy Co.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was hand delivered the following counsel of record this 2nd day of September, 2009:

William F. Carr
Holland & Hart LLP
1 Guadalupe Plaza
Santa Fe, New Mexico 87501



James Bruce

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

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

Case No. 14,372

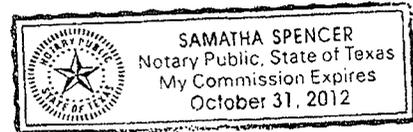
AFFIDAVIT OF HAYDEN P. TRESNER

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

1. I am a landman for Cimarex Energy Co. ("Cimarex"), and have personal knowledge of the matters stated herein.
2. By letter dated June 17, 2009 I proposed the subject well to Me-Tex Supply Co. ("Me-Tex") and Anadarko Petroleum Corporation. **Exhibit 1.** The proposal was promptly followed up with a telephone call to Me-Tex.
3. Since the day the proposal letter was mailed, I have had approximately five (5) telephone conversations with Ash Roan, the landman for Me-Tex, and Mark Vetito of Me-Tex.
4. Me-Tex has never been certain about participating in the well; Me-Tex's personnel have repeatedly informed me that was because Me-Tex had not discussed the proposal internally. However, farm out terms were discussed with Me-Tex during our initial telephone conversation. I have e-mailed Me-Tex both an operating agreement and a farm out proposal. **Exhibits 2 and 3.**
5. Cimarex has been active in this township for approximately two years, and is in the process of putting together its drilling program for late 2009 - early 2010, which covers approximately 10 wells. Thus, it needs to secure agreements from working interest owners so that it can drill its proposed wells on a predictable time frame and minimize well costs.

ACKNOWLEDGEMENT

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)



SUBSCRIBED AND SWORN TO before me this 2 day of September, 2009 by
Hayden P. Tresner.

My Commission Expires: October 31, 2012

Samatha Spencer
Notary Public

EXHIBIT A

Cimarex Energy Co.
600 N. Marienfeld St.
Suite 600
Midland, Texas 79701
PHONE 432.571.7800



June 17, 2009

Via: U.S. Certified Mail-Return Receipt No. 7007 0710 0003 0317 3700

Me-Tex Supply Co.
P.O. Box 2070
Hobbs, New Mexico 88240

Via: e-mail and U.S. Certified Mail-Return Receipt No. 7007 0710 0003 0317 3717

Anadarko Petroleum Corporation
Attn: David Ward
P.O. Box 1330
Houston, Texas 77251-1330

Re: Valley Forge 20 State Com No. 4H
N/2N/2 Section 20-T15S-31E
Chaves County, New Mexico

Dear Working Interest Owners:

Cimarex Energy Co. ("Cimarex") proposes to drill the above-captioned well according to the project described in the enclosed AFE. If you choose to participate, please sign and return a copy of the AFE to the undersigned at the above-letterhead address. I will send Cimarex's proposed form of operating agreement to you upon receipt of your approved 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

A-1
EXHIBIT 1



Authorization For Expenditure

Company/Entity Cimarex Energy Co.	Date Prepared May 17, 2009
--------------------------------------	-------------------------------

Region	Well Name	Well No.	Prospect or Field Name	Property Number	Drilling AFE No.
Permian	Valley Forge 20 State com	4H	Lower Abo Horizontal Trend		

Location	County	State	Type Well		
N/2N/2 Section 20-15S-31E	Chaves	NM	Oil	x	Expl
			Gas		Prod

Estimate Type	Est. Start Date	Est. Comp. Date	Formation	Est. TD
Original Estimate	<input checked="" type="radio"/>		Abo	13,000'
Revised Estimate	<input type="radio"/>			
Supplemental Estimate	<input type="radio"/>			

Project Description
 Drill and complete a Lower ABO horizontal well. Pilot hole 9250' horiz TVD 8800'/MD 13000' (4500' VS)

Intangibles	Dry Hole Cost	After Casing Point	Completed Well Cost
Drilling Costs	\$1,562,625		\$1,562,625
Completion Costs		\$955,250	\$955,250
Total Intangible Costs	\$1,562,625	\$955,250	\$2,517,875

Tangibles			
Well Equipment	\$211,000	\$731,576	\$942,576
Lease Equipment		\$139,000	\$139,000
Total Tangible Well Cost	\$211,000	\$870,576	\$1,081,576

Plug and Abandon Cost	\$150,000	-\$150,000	\$0
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Total Well Cost	\$1,923,625	\$1,675,826	\$3,599,451
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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.

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:



Project Cost Estimate

Lease Name: Valley Forge 20 State com

Well No.: 4H

Intangibles	Codes	Dry Hole Cost	Codes	After Casing Point	Completed Well Cost			
Roads & Location Preparation / Restoration	DHCC.100	\$50,000	DHCC.100	\$3,000	\$53,000			
Damages	DHCC.105	\$6,000	DHCC.205		\$6,000			
Mud / Fluids Disposal Charges	DHCC.285	\$65,000	DHCC.285	\$50,000	\$115,000			
Day Rate	35 DH Days	8 ACP Days @	Per Day	DHCC.115	\$570,000	DHCC.120	\$96,000	\$666,000
Misc Preparation Cost (mouse hole, rat hole, pads, pile clusters, misc.)	DHCC.125	\$14,000				\$14,000		
Bits	DHCC.125	\$18,750	DHCC.125	\$1,000	\$19,750			
Fuel	\$2.10 Per Gallon	Gallons Per Day	DHCC.133	\$9,000	DHCC.130	\$13,000	\$52,000	
Water / Completion Fluids	DHCC.140	\$45,000	DHCC.135	\$61,250	\$106,250			
Mud & Additives	DHCC.141	\$69,875			\$69,875			
Surface Rentals	Per Day	DHCC.150	\$53,000	DHCC.140	\$124,000	\$177,000		
Downhole Rentals	DHCC.155	\$50,000	DHCC.145	\$14,000	\$64,000			
Formation Evaluation (DST, Coring including evaluation, G&G Services)	DHCC.190				\$0			
Mud Logging	\$850 Days @	30 Per Day	DHCC.170	\$30,000	\$30,000			
Open Hole Logging	DHCC.195	\$20,000			\$20,000			
Cementing & Float Equipment	DHCC.195	\$17,000	DHCC.155	\$20,000	\$37,000			
Tubular Inspections	DHCC.190	\$5,000	DHCC.160	\$3,000	\$8,000			
Casing Crews	DHCC.195	\$16,000	DHCC.165	\$16,000	\$32,000			
Extra Labor, Welding, Etc.	DHCC.220	\$28,000	DHCC.170	\$5,000	\$33,000			
Land Transportation (Trucking)	DHCC.205	\$21,000	DHCC.175	\$4,000	\$25,000			
Supervision	Per Day	DHCC.210	\$49,000	DHCC.180	\$19,000	\$68,000		
Trailer House / Camp / Catering	400 Per Day	DHCC.190	\$21,000	DHCC.185	\$4,000	\$25,000		
Other Misc Expenses	DHCC.210	\$2,000	DHCC.180	\$7,000	\$9,000			
Overhead	300 Per Day	DHCC.215	\$13,000	DHCC.185	\$3,000	\$16,000		
Remedial Cementing	DHCC.235		DHCC.215		\$0			
MOB/DEMOB	DHCC.240				\$0			
Directional Drilling Services	15 Days @	8,200 Per Day	DHCC.245	\$152,000	\$152,000			
Dock, Dispatcher, Crane	DHCC.250		DHCC.230		\$0			
Marine & Air Transportation	DHCC.270		DHCC.250		\$0			
Solids Control	Per Day	DHCC.280	\$80,000		\$80,000			
Well Control Equip (Snubbing Svcs.)	DHCC.285	\$42,000	DHCC.240	\$11,000	\$53,000			
Fishing & Sidetrack Operations	DHCC.290	\$0	DHCC.245		\$0			
Completion Rig	7 Days @	3,400 Per Day		DHCC.115	\$36,000	\$36,000		
Coil Tubing	1 Days @	25,000 Per Day		DHCC.260	\$25,000	\$25,000		
Completion Logging, Perforating, WL Units, WL Surveys				DHCC.280	\$8,000	\$8,000		
Stimulation				DHCC.210	\$300,000	\$300,000		
Legal / Regulatory / Curative	DHCC.290	\$7,000	DHCC.260		\$7,000			
Well Control Insurance	\$0.35 Per Foot	DHCC.285	\$5,000		\$5,000			
Contingency	5% of Drilling Intangibles	DHCC.435	\$74,000	DHCC.210	\$41,000	\$115,000		
Construction For Well Equipment				DHWA.110	\$1,000	\$1,000		
Construction For Lease Equipment				DHLE.110	\$90,000	\$90,000		
Construction For Sales P/L				DHCC.265		\$0		
Total Intangible Cost		\$1,562,625		\$955,250	\$2,517,875			

Tangible Well Equipment					
Casing	Size	Feet	\$/Foot		
Drive Pipe	20 "	40.00	\$0.00	DHWE.150	\$0
Conductor Pipe				DHWE.150	\$0
Water String				DHWE.155	\$0
Surface Casing	13-3/8"	340.00	\$62.37	DHWE.140	\$21,000
Intermediate Casing	9 5/8"	3950.00	\$48.20	DHWE.145	\$190,000
Drilling Liner				DHWE.145	\$0
Drilling Liner				DHWE.145	\$0
Production Casing or Liner	7"	8500.00	\$29.37	DHWE.150	\$252,000
Production Tie-Back	4 1/2"	4600.00	\$12.11	DHWE.150	\$48,576
Tubing	2 7/8"	8400.00	\$9.53	DHWE.155	\$80,000
N/C Well Equipment				DHWE.115	\$50,000
Wellhead, Tree, Chokes				DHWE.170	\$10,000
Liner Hanger, Isolation Packer				DHWE.190	\$145,000
Packer, Nipples				DHWE.130	\$1,000
Pumping Unit, Engine				DHLE.100	\$98,000
Lift Equipment (BHP, Rods, Anchors)				DHLE.100	\$47,000
Tangible Lease Equipment					
N/C Lease Equipment				DHLE.110	\$44,000
Tanks, Tanks Steps, Stairs				DHLE.120	\$40,000
Battery (Heater Treater, Separator, Gas Treating Equipment)				DHLE.115	\$25,000
Flow Lines (Line Pipe from wellhead to central facility)				DHLE.130	\$30,000
Offshore Production Structure for Facilities				DHWE.135	\$0
Pipeline to Sales				DHWE.140	\$0
Total Tangibles			\$211,000		\$870,576

P&A Costs	DHCC.295	\$150,000	DHCC.275	-\$150,000	\$0
Total Cost		\$1,923,625		\$1,675,826	\$3,599,451

From: Hayden Tresner <htresner@cimarex.com>

To: metex@windstream.net

Cc: jamesbruc@aol.com

Subject: FW:

Date: Thu, Aug 27, 2009 2:24 pm

Attachments: 20090827150914330.pdf (238K)

Ash:

Attached is our proposed FO Agree. In the event Me-Tex elects to FO, I'll put the finishing touches on the Exhibit A, ect. Cimarex requests a 75% NRI lease, 11 months to spud, and 180-day continuous development, which probably won't apply here since it's a one well shot. I'm sending you our proposed form of OA in next email. Please let me know what you decide.

Thank you,

Hayden P. Tresner
Landman-Permian Basin Exploration
Cimarex Energy Co.
600 N. Marienfeld, Ste. 600
Midland, Texas 79701
(432) 571-7800 Phone
(432) 571-7856 Direct
(432) 571-7840 Fax
htresner@cimarex.com

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-----Original Message-----

From: MidlandScanner@cimarex.com [<mailto:MidlandScanner@cimarex.com>]

Sent: Thursday, August 27, 2009 2:09 PM

To: Hayden Tresner

Subject:

This E-mail was sent from "RNPA8FD59" (Aficio MP C3000).

Scan Date: 08.27.2009 15:09:14 (-0400)

Queries to: MidlandScanner@cimarex.com

A-2
EXHIBIT

From: Hayden Tresner <htresner@cimarex.com>

To: metex@windstream.net

Cc: jamesbruc@aol.com

Subject: FW:

Date: Thu, Aug 27, 2009 2:32 pm

Attachments: 20090827152127816.pdf (5259K)

Ash:

Proposed form of OA attached.

Hayden P. Tresner
Landman-Permian Basin Exploration
Cimarex Energy Co.
600 N. Marienfeld, Ste. 600
Midland, Texas 79701
(432) 571-7800 Phone
(432) 571-7856 Direct
(432) 571-7840 Fax
htresner@cimarex.com

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-----Original Message-----

From: MidlandScanner@cimarex.com [<mailto:MidlandScanner@cimarex.com>]

Sent: Thursday, August 27, 2009 2:21 PM

To: Hayden Tresner

Subject:

This E-mail was sent from "RNPA8FD59" (Aficio MP C3000).

Scan Date: 08.27.2009 15:21:27 (-0400)

Queries to: MidlandScanner@cimarex.com

A-3
EXHIBIT 3