

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

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**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 FOR COMPULSORY POOLING, EDDY
COUNTY, NEW MEXICO.**

Case No. 14481

APPLICANT'S PRE-HEARING STATEMENT

Applicant Cimarex Energy Co. ("Cimarex") submits this pre-hearing statement as required by the Oil Conservation Division.

APPEARANCES

Cimarex's business address is Suite 600, 600 North Marienfeld, Midland, Texas 79701. It is represented by the undersigned counsel. At this time, Cimarex is not aware of any party that has entered an appearance in this case and/or opposes its application.

STATEMENT OF THE CASE

Cimarex seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the W/2 E/2 of Section 21, Township 19 South, Range 31 East, NMPM, Eddy County. Cimarex further seeks the pooling of all mineral interests from 2,500 feet subsurface to the base of the Bone Spring formation underlying (i) the NW/4 NE/4 of Section 21, to form a standard 40-acre oil spacing and proration unit, and (ii) the W/2 E/2 of Section 21, to form a non-standard 160-acre oil spacing and proration unit (project area), for any formations and/or pools developed on 40-acre spacing within that vertical extent. The units are to be dedicated to the Penny Pincher 21 Fed. No. 3H well, a horizontal well to be drilled at an orthodox surface location in the NW/4 NE/4 of Section 21, with a terminus at

an orthodox location in the SW/4 SE/4 of Section 21. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, the designation of Cimarex Energy Co. of Colorado as the operator of the well, and a 200% charge for the risk involved in drilling and completing the well.

PROPOSED EVIDENCE

If no party opposes its application, then Cimarex will present its case through the affidavits of landman Mark Compton and geologist Lee Catalano. If a party comes forward to oppose its application, then Cimarex will present the following witnesses to provide testimony and introduce documentary exhibits in support of the application.

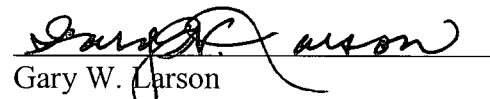
<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Mark Compton (landman)	15 min.	Approx. 8
Lee Catalano (geologist)	15 min.	Approx. 4
Michael Swain (engineer)	15 min.	Approx. 3

PROCEDURAL MATTERS

Cimarex is not aware of any procedural matters that need to be resolved.

Respectfully submitted,

HINKLE, HENSLEY, SHANOR &
MARTIN, LLP


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