

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

**IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION COMMISSION 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.**

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Case No. 14,418

PRE-HEARING STATEMENT

Pursuant to 19.15.4.13.B NMAC, applicant Cimarex Energy Co. ("Cimarex") submits its pre-hearing statement.

APPEARANCES

Cimarex's business address is Suite 600, 600 North Marienfield, Midland, Texas 79701. It is represented by the undersigned counsel.

On March 25, 2010, Lynx Petroleum Consultants Inc. ("Lynx") filed an application for a *de novo* hearing before the Commission. Lynx is represented by William F. Carr and Ocean Munds-Dry of Holland & Hart, LLP.

STATEMENT OF THE CASE

Cimarex's application 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 W/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 NW/4 of Section 21, to form a standard 40 acre oil spacing and proration unit, and (ii) the W/2 W/2 of Section 21, to form a non-standard 160 acre oil

spacing and proration unit (project area). The units are to be dedicated to the Penny Pincher 21 Fed. Well No. 1, a horizontal well to be drilled at an orthodox surface location in the NW/4 NW/4 of Section 21, with a terminus at an orthodox location in the SW/4 SW/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

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

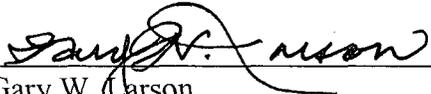
In accordance with 19.15.4.13.B(2) NMAC, Cimarex has attached hereto copies of the exhibits it proposes to offer as evidence at the hearing.

PROCEDURAL MATTERS

On April 7, 2010, Lynx, Larry Scott, and Marbob Energy Corporation jointly filed a motion requesting the Commission to dismiss Cimarex’s application. Cimarex opposes the motion, and on April 21, 2010 filed its Response In Opposition to Motion to Dismiss. The motion to dismiss remains pending.

Respectfully submitted,

HINKLE, HENSLEY, SHANOR &
MARTIN, LLP



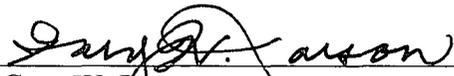
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(505) 982-4554

Attorney for Cimarex Energy Co.

CERTIFICATE OF SERVICE

I hereby certify that on this 10th day of June, 2010, I sent a true and correct copy of the foregoing *Pre-Hearing Statement* via email to:

Ocean Munds-Dry, Esq.
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Gary W. Larson