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November 15, 2010

Ms. Florene Davidson  
NM Oil Conservation Division  
1220 S. St. Francis Drive  
Santa Fe, NM 87505

**Hand Delivered**

**Re: NMOCD Case No. 14569: Applications of Devon Energy Production Company, L.P., For Designation of a Non-Standard Oil Spacing and Proration Unit And For Compulsory Pooling, Lea County, New Mexico**

Dear Ms. Davidson:

On behalf of Devon Energy Production Company, L.P., enclosed is an original and one copy each of Devon Energy's Response to Cimarex's Amended Motion to Dismiss and Response to Cimarex's motion to continue and consolidate in the above-referenced case.

Very truly yours,

Donicia Herrera  
Assistant to J. Scott Hall

:kw  
Enclosure

cc: W. Thomas Kellahin, Esq. (e-mail)  
David Brooks, Esq., NMOCD – Hand-Delivered  
Richard Ezeanyim, NMOCD – Hand – Delivered

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

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IN THE MATTER OF THE APPLICATION OF  
DEVON ENERGY PRODUCTION COMPANY,  
L.P. FOR DESIGNATION OF A NON-  
STANDARD OIL SPACING AND PRORATION  
UNIT AND FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO

CASE NO. 14569

DEVON ENERGY PRODUCTION COMPANY'S  
RESPONSE TO  
CIMAREX ENERGY CO.'S AMENDED MOTION TO DISMISS

Devon Energy Production Company, ("Devon"), for its response to Cimarex Energy Co.'s, ("Cimarex"), Amended Motion to Dismiss, states:

Cimarex's amended motion<sup>1</sup> should be denied for the reasons that (1) Cimarex lacks standing in this matter and, (2) dismissal would be inconsistent with administrative efficiency and economy in the disposition of the adjudicatory proceedings pending before the Division.

1. Cimarex lacks standing.

Among others, ¶(4) i of Cimarex's unsupported statement of "Relevant Facts" is disputed. Cimarex claims ownership of a miniscule 1.30% interest. A title opinion earlier commissioned and received by Devon on August 20, 2010 for the well unit in the N/2 N/2 of Section 15 did not reflect that Cimarex owned any interest at all. Further, as of the time Devon's Application was filed in this matter, Cimarex was not the owner of an interest of record. As of November 8, 2010, when county and BLM records were again checked, Cimarex still did not appear as an owner of a record title interest. (Affidavit of Jim Ball, Ex. A, attached.)

For the reason that Cimarex has no record title interest, the requisite standing to invoke the discretion of the Division and request dismissal of this case is absent. (See Order No. R-1062-A, Conclusions of Law ¶¶D (1), (2), (3), Case No. 11510, *Application of Branko, Inc. et al. to Reopen Case No. 10656*; Order No. R-10672-A *De Novo*.) In the *Branko, Inc.* case, a party (Branko) claiming to own a working interest sought to intervene in a compulsory pooling proceeding and obtain a hearing de novo. In fact, record title was in another party, Strata. The Commission concluded that Branko was not an interest owner at the time the original compulsory pooling application was filed, was not a party of record and "...did not have standing to request the OCD to reopen the case or to request the Commission grant Branko a de novo hearing [.]" *Id.* This circumstance alone warrants denial of Cimarex's amended motion.

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<sup>1</sup> No other party has joined Cimarex in seeking dismissal.

2. The interests of administrative efficiency and economy are disserved.

Presuming that Cimarex can somehow cure its lack of standing to challenge compulsory pooling relief, granting its motion would be contrary to the interests of administrative efficiency and economy, cause delay and would lead to unnecessarily duplicative applications and proceedings. Cimarex, with its claim to an unrecorded, minute interest would gain only a short-term tactical advantage. Otherwise, dismissal (and inevitable re-filing) serves no purpose.

The Cimarex argument is centered on its invocation of the on-again, off-again “rule” that operators should wait thirty days before filing an application for compulsory pooling. The “thirty-day” requirement for pre-application well proposals was discontinued in 2002 by Order No. R-11869. (Case No. 12922, *Application of David H. Arrington Oil and Gas, Inc. for Compulsory Pooling, Lea County, New Mexico*; and Case No. 12943, *Application of Great Western Drilling for Compulsory Pooling, Lea County, New Mexico*.) That order has been neither overruled nor distinguished. However, the rule has been applied in other cases with different facts. In this case, strict application of such a rule not justified.

In its amended motion, Cimarex fails to disclose to the Division the full circumstances of this dispute, looking only at this single Application in isolation. Cimarex wants to obscure the fact that it had rejected Devon’s plans to develop Section 15 mere days after Devon’s initial proposal was made and before the Application was filed in this case.

In this case, Devon seeks to consolidate the 40-acre spacing units within the N/2 N/2 of Section 15, and the designation of a 160-acre± non-standard oil spacing and proration unit for the West Shinnery 15 Federal No. 2-H horizontal well. In related Case No. 14570, Devon Energy Production Company seeks to consolidate the 40-acre spacing units within the S/2 N/2 of Section 15, and designate a 160-acre± non-standard spacing unit for its West Shinnery 15 Federal Com No. 3-H horizontal well. (Cimarex does not seek the dismissal of the related case.)

For a significant period of time preceding this dispute, Devon has been proactive, moving forward with the title work, planning and permitting necessary to develop its reserves in Section 15. As part of that process, on September 23, 2010 Devon circulated a complete well proposal for its West Shinnery 15 Federal Com. No. 3-H in the S/2 N/2 of Section 15.

On October 4, 2010, rather than attempting to negotiate a solution, Cimarex rejected Devon’s well proposal and circulated its own conflicting and incomplete well proposal (undated) for its North Young 15 Federal Com No. 2-H well. (Exhibit B, attached.) The well unit is identified as E/2 W/2 Sec. 15 and thus conflicts with Devon’s plan of development. It was at this point that the adverse positions of the parties with respect to the development of Section 15 became established. Devon correspondingly filed its Applications on October 6, 2010. Cimarex followed suit on October 28, 2010 and filed its conflicting compulsory pooling application for its North Young 15 Federal Com No. 2-H in *Case No. 14573; Application of Cimarex Energy Co. for a Non-Standard Spacing Unit and Compulsory Pooling, Lea County, New Mexico.*<sup>2</sup> This case is set for the December 2, 2010 examiner hearing docket. Cimarex has requested that this

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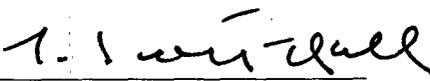
<sup>2</sup> The Cimarex well proposal is not dated, but it was received by Devon on October 4<sup>th</sup>, twenty-four days before the Cimarex application was filed.

case be consolidated for hearing with Devon's Application in related Case No. 14570. Cimarex's actions thus tell us unequivocally that it will not join in Devon's plan of development of Section 15.

On information and belief, Cimarex will propose, and will likely apply for compulsory pooling and non-standard unit designation for its North Young Federal Com No. 3-H well in the W/2 W/2 of Section 15. Consequently, there are now three, and potentially four, conflicting non-standard units that require resolution by the Division. The approval of one requires the denial of others and may determine, in piecemeal fashion, the orientation of all other non-standard units in Section 15. It makes sense, therefore, that the Cimarex amended motion be denied so that the ministerial re-filing of one application can be avoided and all cases instead heard in a single consolidated hearing. Doing so will further administrative efficiency and will conserve the resources of the parties and the Division.

Respectfully submitted,

MONTGOMERY & ANDREWS, P. A.

By: 

J. Scott Hall

P.O. Box 2307

Santa Fe, NM 87504-2307

(505) 982-3873 - Telephone

(505) 982-4289 - Fax

Attorneys for Devon Energy Production  
Company, L.P.

**Certificate of Service**

I hereby certify that on November 15, 2010, a true and correct copy of the foregoing was sent via e-mail and regular mail to:

W. Thomas Kellahin, Esq.  
Kellahin & Kellahin  
706 Gonzales Road  
Santa Fe, NM 87501



J. Scott Hall

00233251

STATE OF OKLAHOMA        )  
  ) ss.  
COUNTY OF OKLAHOMA    )

**AFFIDAVIT OF JIM BALL**

**JIM BALL**, being duly sworn, states:

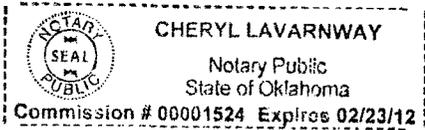
1. I am the age of majority am otherwise familiar with the matters set forth herein.
2. I am a Land Advisor (landman) for Devon Energy Corporation's Western Division Land department. I am responsible for the land and regulatory permitting functions relating to Devon Energy Production Company's proposal to develop its oil and gas lease interests in Section 15 T18S R32E NMPM in Lea County, New Mexico.
3. I requested an examination of title and commissioned a title opinion for the proposed West Shinnery 15 Federal No. 2-H well in the N/2 N/2 of Section 15. Title was searched and the title opinion I received on August 20, 2010 for the well unit did not show that Cimarex owned any interest in the N/2 N/2 of Section 15.
4. On September 23, 2010, on behalf of Devon, I circulated a complete well proposal for the West Shinnery 15 Federal Com. No. 3-H in the S/2 N/2 of Section 15. Cimarex did not respond to our well proposal. Instead, on October 4, 2010, we received Cimarex's own undated well proposal for its North Young 15 Federal Com No. 2-H well. (Exhibit B, attached.) The well unit is identified as E/2 W/2 of Sec. 15 and thus conflicts with Devon's plan of development. Further, the well proposal indicated conflicting drilling directions and the quantum of interests was not reflected on the joint operating agreement. Devon regards the well proposal as incomplete and incapable of being accepted.
5. On October 7, 2010, I was informed by Steve Burleson, a representative of another interest owner, Lewis Burleson Properties, L.P., that Cimarex may receive an assignment of one-half of its interest in the N/2 NW/4 of Section 15, or approximately 0.65104% (.5 X 1.30209%). However, I was not provided with signed copy of an assignment.
6. Recently, on November 8, 2010, I requested our abstracters to re-check the Lea County and BLM records for the N/2 N/2 of Section 15. As of this recent date, Cimarex still did not appear as an owner of a record title interest.

FURTHERMORE AFFIANT SAYETH NOT

  
\_\_\_\_\_  
JIM BALL

The foregoing instrument was acknowledged before me the 12<sup>th</sup> day of November, 2010 by Jim Ball.

{SEAL}



  
\_\_\_\_\_  
Notary Public in and for the State of Oklahoma

My Commission Expires: 2-23-12

00233444

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



Jim Ball  
Devon Energy Corporation  
20 North Broadway  
Oklahoma City, Oklahoma 73102-8260

Re: Proposal to drill  
North Young 15 Federal Com #2H Well  
E/2W/2 Sec 15-Twp 18S-Rng 32E  
Lea County, New Mexico

Dear Mr. Ball:

Cimarex Energy Co., acting as operator for Magnum Hunter Production, Inc., hereby proposes to drill the above described Well at a legal location in E/2W/2 Sec 15-Twp 18S-Rng 32E], Lea County, New Mexico. The intended surface hole location for the well is 330' FSL and 1980' FWL and the intended bottom hole location is 330' FNL and 1980' FWL. The well is proposed to be drilled vertically to a depth of approximately 9,300' to the Bone Spring formation and laterally in a Southerly direction within the formation to the referenced bottom hole location. Total measured depth of the well is proposed to be approximately 14,250' feet from surface to terminus.

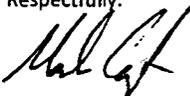
It should be understood that compliance with topography or cultural or environmental concerns, among others, might require modification of Cimarex's intended procedure. Cimarex will advise you of any such modifications.

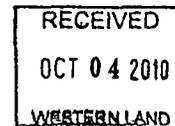
Enclosed, in duplicate, is (i) our detailed AFE reflecting estimated costs associated with this proposal, and; (ii) our proposed form of Operating Agreement to govern operations of the North Young 15 Federal Com #2H Well.

If you intend to participate, please approve and return one (1) original of the enclosed AFE and one (1) original of the signature page to the Operating Agreement, along with the contact information to receive your well data, to the undersigned within thirty (30) days of receipt of this proposal. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance to Cimarex prior to commencement of drilling operations; otherwise, you will be covered by insurance procured by Cimarex and will be responsible for your share of the cost.

In the event you do not wish to participate in drilling the proposed well, Cimarex Energy Co. will consider acquiring your interest through a Term Assignment, where upon Cimarex will pay \$750 per acre for a 2 year assignment where a .75 NRI is delivered.

Respectfully,

  
Mark Compton



**ELECTION TO PARTICIPATE  
North Young 15 Federal Com #2H Well**

\_\_\_\_\_ Elects TO participate in the proposed North Young 15 Federal Com #2H Well.

\_\_\_\_\_ Elects NOT to participate in the proposed North Young 15 Federal Com #2H Well.

Dated this \_\_\_\_ day of \_\_\_\_\_, 2010.

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

If your election above is TO participate in the proposed North Young 15 Federal Com #2H Well, then:

\_\_\_\_\_ Elects TO be covered by well control insurance procured by Cimarex Energy Co.

\_\_\_\_\_ Elects NOT to be covered by well control insurance procured by Cimarex Energy Co. and agrees to provide Cimarex Energy Co. with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex Energy Co.



**Authorization For Expenditure**

<b>Company Entity</b> Cimarex Energy Co.	<b>Date Prepared</b> September 27, 2010
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Region	Well Name	Well No.	Prospect or Field Name	Property Number	Drilling AFE No.
Permian	North Young 15 Fed	2H	Mitchell		

Location	County	State	Type Well			
SHL 330 FSL & 1980 FWL Sec 15, 185-32E Est BHL 330 FNL & 1980 FWL	Lea	NM	Oil	X	Expl	X
			Gas		Prod	

Estimate Type	Est. Start Date	Est. Comp Date	Formation	Ttl Measured Depth
Original Estimate			Bone Spring	14,250'
Revised Estimate				Ttl Vertical Depth
Supplemental Estimate				9,400'

**Project Description**  
Drill and complete a 2nd Bone spring horizontal well (4500'). Cemented 5-1/2" long string. Pilot hole.

Intangibles	Dry Hole Cost	After Casing Point	Completed Well Cost
Drilling Costs	\$1,514,550		\$1,514,550
Completion Costs		\$1,669,900	\$1,669,900
<b>Total Intangible Costs</b>	<b>\$1,514,550</b>	<b>\$1,669,900</b>	<b>\$3,184,450</b>

Tangibles			
Well Equipment	\$216,000	\$693,500	\$909,500
Lease Equipment		\$166,750	\$166,750
<b>Total Tangible Well Cost</b>	<b>\$216,000</b>	<b>\$860,250</b>	<b>\$1,076,250</b>

Plug and Abandon Cost	\$150,000	-\$150,000	\$0
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<b>Total Well Cost</b>	<b>\$1,880,550</b>	<b>\$2,380,150</b>	<b>\$4,260,700</b>
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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 re-drilling 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	Doug Park	Roger Alexander

**Joint Interest Approval**

Company	By	Date



Project Cost Estimate

Lease Name: North Young 15 Fed

Well No.: 2H

Intangibles	Code	Dry Hole Cost	Code	After Casing Point	Completed Well Cost
Roads & Location Preparation / Restoration	DIDC.100	\$60,000	DICC.100	\$3,000	\$63,000
Damages	DIDC.105	\$1,000	DICC.105		\$1,000
Mud / Fluids Disposal Charges	DIDC.255	\$50,000	DICC.235	\$77,000	\$127,000
Day Rate	DIDC.115	\$494,000	DICC.120	\$69,000	\$563,000
Misc Preparation Cost (mouse hole, rat hole, pads, pile clusters, misc.)	DIDC.120	\$5,000			\$5,000
Bits	DIDC.125	\$65,000	DICC.125	\$1,000	\$66,000
Fuel	DIDC.135	\$87,000	DICC.130	\$1,000	\$88,000
Water / Completion Fluids	DIDC.140	\$33,250	DICC.135	\$135,000	\$168,250
Mud & Additives	DIDC.145	\$45,100			\$45,100
Surface Rentals	DIDC.150	\$35,000	DICC.140	\$175,000	\$210,000
Dawnhole Rentals	DIDC.155	\$96,000	DICC.145	\$36,000	\$132,000
Formation Evaluation (DST, Coring including evaluation, G&G Services)	DIDC.160				\$0
Mud Logging	DIDC.170	\$25,000			\$25,000
Open Hole Logging	DIDC.180	\$15,000			\$15,000
Cementing & Float Equipment	DIDC.185	\$55,000	DICC.155	\$75,000	\$130,000
Tubular Inspections	DIDC.190	\$5,000	DICC.160	\$5,000	\$10,000
Casing Crews	DIDC.195	\$18,000	DICC.165	\$18,000	\$36,000
Extra Labor, Welding, Etc.	DIDC.200	\$11,000	DICC.170	\$10,400	\$21,400
Land Transportation (Trucking)	DIDC.205	\$11,000	DICC.175	\$7,000	\$18,000
Supervision	DIDC.210	\$46,000	DICC.180	\$23,000	\$69,000
Trailer House / Camp / Catering	DIDC.280	\$20,000	DICC.255	\$4,000	\$24,000
Other Misc Expenses	DIDC.220	\$2,000	DICC.190	\$7,000	\$9,000
Overhead	DIDC.225	\$12,000	DICC.195	\$3,000	\$15,000
Remedial Cementing	DIDC.231		DICC.215		\$0
MOB/DEMOB	DIDC.240	\$65,000			\$65,000
Directional Drilling Services	DIDC.245	\$89,000			\$89,000
Dock, Dispatcher, Crane	DIDC.250		DICC.230		\$0
Marine & Air Transportation	DIDC.275		DICC.250		\$0
Salvage Control	DIDC.260	\$47,200			\$47,200
Well Control Equip (Snubbing Svcs.)	DIDC.265	\$32,000	DICC.240	\$25,000	\$57,000
Fishing & Sidetrack Operations	DIDC.270	\$0	DICC.245		\$0
Completion Rig			DICC.115	\$32,000	\$32,000
Coil Tubing			DICC.160	\$45,000	\$45,000
Completion Logging, Perforating, WL Units, WL Surveys			DICC.200	\$70,000	\$70,000
Stimulation			DICC.210	\$703,500	\$703,500
Legal / Regulatory / Curative	DIDC.300	\$13,000	DICC.280		\$13,000
Well Control Insurance	DIDC.285	\$5,000			\$5,000
Contingency	DIDC.435	\$72,000	DICC.220	\$50,000	\$122,000
Construction For Well Equipment			DWEA.110	\$10,000	\$10,000
Construction For Lease Equipment			DLEQ.110	\$75,000	\$75,000
Construction For Sales P/t			DICC.265	\$10,000	\$10,000
<b>Total Intangible Cost</b>		<b>\$1,514,550</b>		<b>\$1,669,900</b>	<b>\$3,184,450</b>

Tangible - Well Equipment	Size	Feet	\$ / Foot	Code	Cost	Code	Cost
Casing							
Drive Pipe	20"	40.00	\$0.00	DWEB.150	\$0		\$0
Conductor Pipe				DWEB.130	\$0		\$0
Water String				DWEB.135	\$0		\$0
Surface Casing	13 3/8"	700.00	\$60.46	DWEB.140	\$103,000		\$103,000
Intermediate Casing	9 5/8"	2950.00	\$33.79	DWEB.145	\$100,000		\$100,000
Drilling Liner				DWEB.145	\$0		\$0
Drilling Liner				DWEB.145	\$0		\$0
Production Casing or Liner	5 1/2"	14100.00	\$22.00			DWEA.100	\$313,000
Production Tie-Back						DWEA.100	\$0
Tubing	2 7/8"	8300.00	\$47.38			DWEA.105	\$61,000
N/C Well Equipment						DWEA.115	\$72,500
Wellhead, Tree, Chokes				DWEB.115	\$13,000	DWEA.120	\$13,000
Liner Hanger, Isolation Packer				DWEB.100	\$0	DWEA.125	\$80,000
Packer, Nipples						DWEA.130	\$0
Pumping Unit, Engine						DLEQ.100	\$145,000
Lift Equipment (BHP, Rods, Anchors)						DLEQ.105	\$9,000
Tangible - Lease Equipment							
N/C Lease Equipment						DLEQ.115	\$64,500
Tanks, Tanks Steps, Stairs						DLEQ.120	\$64,250
Battery (Heater Treater, Separator, Gas Treating Equipment)						DLEQ.125	\$32,500
Flow Lines (Line Pipe from wellhead to central facility)						DLEQ.130	\$5,500
Offshore Production Structure for Facilities						DWEA.135	\$0
Pipeline to Sales						DWEA.140	\$0
<b>Total Tangibles</b>					<b>\$216,000</b>		<b>\$860,250</b>

P&A Costs	DIDC.295	\$150,000	DICC.275	-\$150,000	\$0
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<b>Total Cost</b>		<b>\$1,880,550</b>		<b>\$2,380,150</b>	<b>\$4,260,700</b>
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STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION

RECEIVED OCD

2010 NOV 15 A 9:48

IN THE MATTER OF THE APPLICATION OF  
DEVON ENERGY PRODUCTION COMPANY,  
L.P. FOR DESIGNATION OF A NON-  
STANDARD OIL SPACING AND PRORATION  
UNIT AND FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO

CASE NO. 14569

IN THE MATTER OF THE APPLICATION OF  
DEVON ENERGY PRODUCTION COMPANY,  
L.P. FOR DESIGNATION OF A NON-  
STANDARD OIL SPACING AND PRORATION  
UNIT AND FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO

CASE NO. 14570

IN THE MATTER OF THE APPLICATION OF  
CIMAREX ENERGY CO OF COLORADO  
FOR DESIGNATION OF A NON-STANDARD  
SPACING AND PRORATION UNIT AND FOR  
COMPULSORY POOLING, LEA COUNTY,  
NEW MEXICO

CASE NO. 14573

DEVON ENERGY PRODUCTION COMPANY'S  
RESPONSE TO  
CIMAREX'S MOTION TO CONTINUE AND CONSOLIDATE

**Consolidation.** Devon agrees with Cimarex's motion to consolidate Case Nos. 14570 and 14573. Case No. 14569 should also be consolidated with these cases, as all involve the designation of non-standard spacing units and the consolidation of unjoined interests in the same section. Devon proposed doing so earlier (see November 9, 2010 e-mail, Exhibit A, attached), but Cimarex has not responded.

**Continuance.** We have informed counsel for Cimarex that a scheduling conflict for Devon's petroleum engineering witness<sup>1</sup> prevents his attendance on December 2<sup>nd</sup>. Devon agrees to continue these cases to December 16, 2010.

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<sup>1</sup> Daughter's wedding.

Respectfully submitted,  
MONTGOMERY & ANDREWS, P. A.

By: J. Scott Hall

J. Scott Hall  
P.O. Box 2307  
Santa Fe, NM 87504-2307  
(505) 982-3873 - Telephone  
(505) 982-4289 - Fax

Attorneys for Devon Energy Production  
Company, L.P.

**Certificate of Service**

I hereby certify that on November 15, 2010, a true and correct copy of the foregoing was sent via e-mail and regular mail to:

W. Thomas Kellahin, Esq.  
Kellahin & Kellahin  
706 Gonzales Road  
Santa Fe, NM 87501

J. Scott Hall

J. Scott Hall

00233474

## J. Scott Hall

---

**From:** J. Scott Hall  
**Sent:** Tuesday, November 09, 2010 4:27 PM  
**To:** 'Thomas Kellahin'  
**Subject:** RE: Request Devon-Cimarex OCD Cases

Tom:

December 2nd doesn't work for us, and we don't concur, but here is a proposed resolution:

I understand that Cimarex will soon be coming forward with an application for its North Young Fed Com 3-H in the W/2 W/2 of Sec. 15, so we will have four conflicting applications. Each party can assert that the other has procedural problems with one or more application. Instead of digressing into a dispute over such matters, we think it makes more sense to have all applications heard simultaneously on December 16th.

Accordingly, proposed terms: (1) Cimarex and Devon will file a stipulated motion to consolidate and continue all three cases (or four, if the Young 3-H is filed in time) for hearing on December 16, 2010. (2) Cimarex withdraws its motion to dismiss in Case 14569 and we won't file one in Case 14573. (3) Both parties will hold in abeyance construction of roads/pads and commencement of drilling of any well on Section 15 until these applications are resolved with finality, including through appeal, or through settlement.

Please discuss with your client and let me know.

Scott

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**From:** Thomas Kellahin [<mailto:tkellahin@comcast.net>]  
**Sent:** Monday, November 08, 2010 2:38 PM  
**To:** J. Scott Hall  
**Cc:** Compton.Mark  
**Subject:** Request Devon-Cimarex OCD Cases

Dear Scott,

On behalf of Cimarex, I am requesting your client's, Devon, concurrence to continuing Case 14570 from the November 18th docket to the December 2nd docket to be consolidated for hearing with Cimarex's Case No. 14573 current set on that docket.

EXHIBIT A

Please advise,

Tom