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May 25, 2012

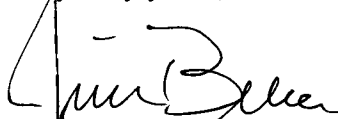
Hand delivered

Florene Davidson  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

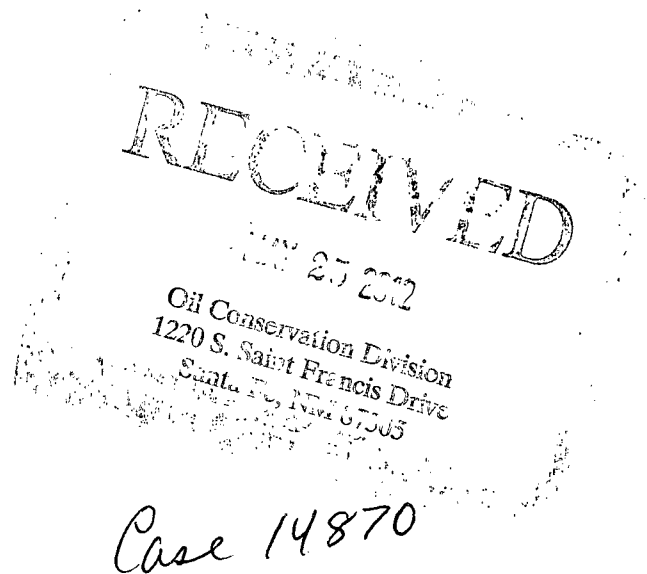
Dear Florene:

Enclosed for filing, on behalf of Cimarex Energy Co., are an original and one copy of an application for compulsory pooling, together with a proposed advertisement. The advertisement has also been e-mailed to the Division.

Very truly yours,

  
James Bruce

Attorney for Cimarex Energy Co.



Parties Being Notified

Hollyhock, Ltd.

Lodewick, LLC

Sacramento Partners L.P.

Spiral, Inc.

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF CIMAREX ENERGY CO.  
FOR COMPULSORY POOLING, EDDY COUNTY,  
NEW MEXICO.

RECEIVED  
Case No. 14870  
MAY 25 2012

APPLICATION

Cimarex Energy Co. applies for an order pooling all mineral interests from the surface to the base of the Glorieta-Yeso formation underlying the SW $\frac{1}{4}$ NW $\frac{1}{4}$  and SE $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 23, Township 19 South, Range 25 East, N.M.P.M, and in support thereof, states:

1. Applicant is an operator in the SW $\frac{1}{4}$ NW $\frac{1}{4}$  and SE $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 23, and has the right to drill wells thereon.
2. Applicant proposes to drill:
  - (a) The Arkansas 23 Fee Well No. 3, at an orthodox location, to a depth sufficient to test the Glorieta-Yeso formation, and seeks to dedicate the SW $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 23 to the well to form a standard 40 acre oil spacing and proration unit for any formations and/or pools developed on 40 acre spacing within that vertical extent; and
  - (b) The Arkansas 23 Fee Well No. 4, at an orthodox location, to a depth sufficient to test the Glorieta-Yeso formation, and seeks to dedicate the SE $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 23 to the well to form a standard 40 acre oil spacing and proration unit for any formations and/or pools developed on 40 acre spacing within that vertical extent
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the SW $\frac{1}{4}$ NW $\frac{1}{4}$  and SE $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 23 for the purposes set forth herein.
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the wells or to otherwise commit their interests to

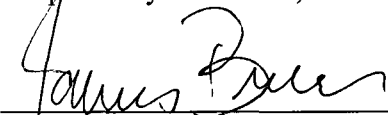
the wells, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the SW $\frac{1}{4}$ NW $\frac{1}{4}$  and SE $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 23, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the SW $\frac{1}{4}$ NW $\frac{1}{4}$  and SE $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 23, as set forth above, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

**WHEREFORE**, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the SW $\frac{1}{4}$ NW $\frac{1}{4}$  and SE $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 23 from the surface to the base of the Glorieta-Yeso formation;
- B. Designating applicant as operator of the wells;
- C. Considering the cost of drilling and completing the wells, and allocating the cost among the wells' working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in drilling and completing the wells in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



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Attorney for Cimarex Energy Co. of  
Colorado