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September 18, 2012

Case 14913

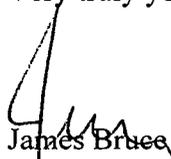
Hand delivered

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. Please set this matter for the October 18, 2012 Examiner hearing.

Very truly yours,


James Bruce

Attorney for Cimarex Energy Co.

Parties Being Notified

EOG Resources, Inc.
P.O. Box 2267
Midland, Texas 79702

PROPOSED ADVERTISEMENT

Case No. 14913 :

Application of Cimarex Energy Co. for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Cimarex Energy Co. seeks an order pooling of all mineral interests in the Wolfcamp formation underlying the W/2 of Section 23, Township 25 South, Range 26 East, NMPM, to form a standard 320 acre gas well spacing and proration unit (project area). The unit is to be dedicated to the Pintail 23 Fed. Com. Well No. 9, a horizontal well to be drilled at an unorthodox surface location 250 feet from the south line and 650 feet from the west line, with a terminus at an unorthodox location 330 feet from the north line and 350 feet from the west line, of Section 23. 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, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 6 miles south-southwest of Black River Village, New Mexico.

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BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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APPLICATION OF CIMAREX ENERGY CO.
FOR COMPULSORY POOLING AND AN
UNORTHODOX GAS WELL LOCATION,
EDDY COUNTY, NEW MEXICO.

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Case No. 14913

APPLICATION

Cimarex Energy Co. applies for an order pooling the Wolfcamp formation underlying the W $\frac{1}{2}$ of Section 23, Township 25 South, Range 26 East, N.M.P.M., Eddy County, New Mexico, and approving an unorthodox gas well location, and in support thereof, states:

1. Applicant is an interest owner in the W $\frac{1}{2}$ of Section 23, and has the right to drill a well thereon.
2. Applicant proposes to drill its Pintail 23 Fed. Com. Well No. 9, to a depth sufficient to test the Wolfcamp formation, and seeks to dedicate W $\frac{1}{2}$ of Section 23 to the well to form a standard 320 acre gas spacing and proration unit (project area) for any formations and/or pools developed on 320 acre spacing within that vertical extent. The well is a horizontal well, with an unorthodox surface location 250 feet from the south line and 650 feet from the west line, with a terminus at an unorthodox location 330 feet from the north line and 350 feet from the west line, of Section 23.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W $\frac{1}{2}$ 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 well or to otherwise commit their interests to the well, 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 W $\frac{1}{2}$ of Section 23, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests in the Wolfcamp formation underlying the W $\frac{1}{2}$ of Section 23, and approval of the unorthodox location, 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 Wolfcamp formation underlying the W $\frac{1}{2}$ of Section 23;
- B. Approving the unorthodox gas well location;
- C. Designating applicant as operator of the well;
- D. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- F. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



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

Attorney for Cimarex Energy Co.