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December 21, 2012

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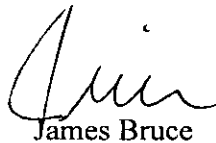
Case 15140

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. of Colorado, are an original and one copy of an application for compulsory pooling, *etc.*, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the January 24, 2013 Examiner hearing.

Very truly yours,



James Bruce

Attorney for Cimarex Energy Co. of Colorado

Parties Being Notified

Partnership Properties Co.

Legacy Reserves Operating, LP

Freeport-McMoran Oil and Gas, LLC

EOG Resources, Inc.

PROPOSED ADVERTISEMENT

Case No. 15140 :

Application of Cimarex Energy Co. of Colorado for a non-standard gas spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant seeks an order approving a 480-acre non-standard gas spacing and proration unit (project area) in the Wolfcamp formation comprised of the SE/4 of Section 34, Township 25 South, Range 26 East, NMPM and the E/2 of Section 3, Township 26 South, Range 26 East, NMPM, Eddy County, New Mexico. Applicant further seeks the pooling of all mineral interests in the Wolfcamp formation underlying the non-standard unit (project area) for any pools or formations developed on 320 acre spacing within that vertical extent. The unit is to be dedicated to the Hayduke 34 Fed. Com. Well No. 3, a horizontal well with a surface location in the NE/4SE/4 of Section 34, and a terminus in the SE/4SE/4 of Section 3. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, 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 9 miles southeast of Whites City, New Mexico.

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BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF CIMAREX ENERGY CO. OF
COLORADO FOR A NON-STANDARD GAS SPACING
AND PRORATION UNIT AND COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.

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Case No. 15140

APPLICATION

Cimarex Energy Co. of Colorado applies for an order (i) approving a 480 acre non-standard gas spacing and proration unit (project area) in the Wolfcamp formation comprised of the SE¼ of Section 34, Township 25 South, Range 26 East, N.M.P.M. and the E½ of Section 3, Township 26 South, Range 26 East, N.M.P.M., Lea County, New Mexico, and (ii) pooling all mineral interests in the Wolfcamp formation underlying the non-standard unit, and in support thereof, states:

1. Applicant is an operator in the SE¼ of Section 34 and the E½ of Section 3, and has the right to drill a well thereon.
2. Applicant proposes to drill its Hayduke 34 Fed. Com. Well No. 3, to a depth sufficient to test the Wolfcamp formation, and seeks to dedicate the SE¼ of Section 34 and the E½ of Section 3 to the well to form a non-standard 480 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 a surface location in the NE¼SE¼ of Section 34, and a terminus in the SE¼SE¼ of Section 3.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the SE¼ of Section 34 and the E½ of Section 3 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 SE¼ of Section 34 and the E½ of Section 3, pursuant to NMSA 1978 §§70-2-17, 18.

5. The approval of the non-standard unit and the pooling of all mineral interests underlying the SE¼ of Section 34 and the E½ of Section 3 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. Approving a non-standard gas spacing and proration unit (project area) in the Wolfcamp formation comprised of the SE¼ of Section 34 and the E½ of Section 3;
- B. Pooling all mineral interests in the Wolfcamp formation underlying the SE¼ of Section 34 and the E½ of Section 3;
- 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,

A handwritten signature in cursive script, appearing to read "James Bruce", is written over a horizontal line.

James Bruce

P.O. Box 1056

Santa Fe, New Mexico 87504

jamesbruc@aol.com

Attorney for Cimarex Energy Co. of
Colorado