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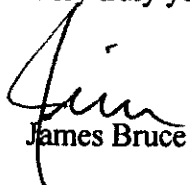
November 15, 2016

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., is an application for compulsory pooling, *etc.*, together with a proposed ad. Please set this matter for the December 15, 2016 Examiner hearing.

Very truly yours,



James Bruce

Attorney for Cimarex Energy Co.

Parties Being Pooled

Chevron U.S.A. Inc.
15 Smith Road
Midland, Texas 79705

Arroyo Resources, Ltd.
P.O. Box 2501
Midland, Texas 79702

Lost Creek Royalties, LP
Suite 200
400 North Marienfeld
Midland, Texas 79701

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF CIMAREX ENERGY CO.
FOR A NON-STANDARD SPACING AND
PRORATION UNIT, AN UNORTHODOX WELL
LOCATION, AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

Case No. 15597⁶⁰⁴

APPLICATION

Cimarex Energy Co. applies for an order (i) approving a non-standard spacing and proration unit in the Wolfcamp formation comprised of the E½ of Section 23 and the E½ of Section 26, Township 25 South, Range 26 East, N.M.P.M., Eddy County, New Mexico, (ii) approving an unorthodox well location, and (iii) 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 E½ of Section 23 and the E½ of Section 26, and has the right to drill a well thereon.
2. Applicant proposes to drill its Wigeon 23-26 Fed. Com. Well No. 4H to a depth sufficient to test the Wolfcamp formation, and will dedicate the E½ of Section 23 and the E½ of Section 26 to the well to form a non-standard 640 acre spacing and proration unit (project area) in the Wolfcamp formation. The well is a horizontal well, with a surface location in the NE¼NE¼ of Section 23, and a terminus in the SE¼SE¼ of Section 26. The producing interval of the well will be unorthodox.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E½ of Section 23 and the E½ of Section 26 for the purposes set forth herein.

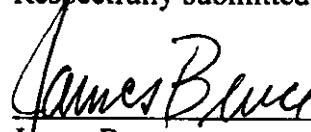
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the Wolfcamp formation underlying the E½ of Section 23 and the E½ of Section 26, pursuant to NMSA 1978 §§70-2-17, 18.

5. Approval of the non-standard unit and the pooling of all mineral interests in the Wolfcamp formation underlying the E½ of Section 23 and the E½ of Section 26 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 spacing and proration unit (project area) in the Wolfcamp formation comprised of the E½ of Section 23 and the E½ of Section 26;
- B. Pooling all mineral interests in the Wolfcamp formation underlying the E½ of Section 23 and the E½ of Section 26;
- C. Approving the unorthodox well location;
- D. Designating applicant as operator of the well;
- E. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;
- F. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- G. 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

Post Office Box 1056

Santa Fe, New Mexico 87504

(505) 982-2043

Attorney for Cimarex Energy Co.

PROPOSED ADVERTISEMENT

Case No. ⁶⁰⁴15597:

Application of Cimarex Energy Co. for a non-standard spacing and proration unit, and unorthodox well location, and compulsory pooling, Eddy County, New Mexico. Cimarex Energy Co. seeks an order approving a 640-acre non-standard spacing and proration unit (project area) in the Wolfcamp formation comprised of the E/2 of Section 23 and the E/2 of Section 26, Township 25 South, Range 26 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Wolfcamp formation underlying the non-standard spacing and proration unit. The unit is to be dedicated to the Wigeon 23-26 Fed. Com. Well No. 4H, a horizontal well with a surface location in the NE/4NE/4 of Section 23, and a terminus in the SE/4SE/4 of Section 26. The producing interval will be unorthodox. 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 6-1/2 miles south of Black River Village, New Mexico.