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February 11, 2006

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

*Case 13665*

2006 FEB 14 PM 1 01

Dear Florene:

Enclosed for filing, on behalf of Magnum Hunter Production, Inc., 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 March 16, 2006 Examiner hearing. Thank you.

Very truly yours,

  
James Bruce  
Attorney for Magnum Hunter Production, Inc.

PERSONS BEING POOLED

Chesapeake Permian, L.P.  
P.O. Box 18496  
Oklahoma City, Oklahoma 73154-0496

Longhorn Partners  
P.O. Box 1973  
Midland, Texas 79702

David H. Essex  
P.O. Box 50577  
Midland, Texas 79710

ICA Energy, Inc.  
P.O. Box 233  
Odessa, Texas 79760

Marshal & Winston, Inc.  
Suite 3100  
6 Desta Drive  
Midland, Texas 79705

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF MAGNUM HUNTER  
PRODUCTION, INC. FOR COMPULSORY,  
EDDY COUNTY, NEW MEXICO.

Case No. 1366

APPLICATION

Magnum Hunter Production, Inc. applies for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying Lots 6, 7, E $\frac{1}{2}$ SW $\frac{1}{4}$ , and SE $\frac{1}{4}$  (the S $\frac{1}{2}$ ) of Section 6, Township 25 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the S $\frac{1}{2}$  of Section 6, and has the right to drill a well thereon.
2. Applicant proposes to drill its Scoter 6 Fed. Com. Well No. 1, at an orthodox gas well location in Lot 6 (the NW $\frac{1}{4}$ SW $\frac{1}{4}$ ) of Section 6, to a depth sufficient to test the Morrow formation, and seeks to dedicate the S $\frac{1}{2}$  of Section 6 to the well to form a standard 316.80 acre gas and spacing and proration unit for all pools or formations developed on 320-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 S $\frac{1}{2}$  of Section 6 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 S $\frac{1}{2}$  of Section 6, pursuant to NMSA 1978 §70-2-17.

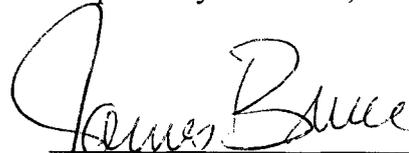
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5. The pooling of all mineral interests underlying the S $\frac{1}{2}$  of Section 6 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

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

- A. Pooling all mineral interests in the S $\frac{1}{2}$  of Section 6, from the surface to the base of the Morrow formation;
- B. Designating Gruy Petroleum Management Company as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost among the well's 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 well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



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James Bruce  
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Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Magnum Hunter Production, Inc.

PROPOSED ADVERTISEMENT

Case No. 13665 : **Application of Magnum Hunter Production, Inc. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying Lots 6, 7, E/2SW/4, and SE/4 (the S/2) of Section 6, Township 25 South, Range 27 East, NMPM, to form a standard 316.80-acre gas spacing and proration unit for all pools or formations developed on 320-acre spacing within that vertical extent. The unit is to be dedicated to the proposed Scoter 6 Fed. Com. Well No. 1, to be drilled at an orthodox location in Lot 6 (the NW/4SW/4) of Section 6. 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 Gruy Petroleum Management Company as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 3-1/2 miles south-southeast of Black River, New Mexico.