

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruce@aol.com

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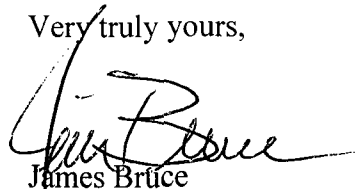
July 16, 2008

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, *etc.*, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the August 21, 2008 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Cimarex Energy Co.

PERSONS BEING NOTIFIED

Penroc Oil Corp.
P.O. Box 2769
Hobbs, NM 88241

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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**APPLICATION OF CIMAREX ENERGY CO.
FOR A NON-STANDARD OIL SPACING AND
PRORATION UNIT AND COMPULSORY POOLING,
CHAVES COUNTY, NEW MEXICO.**

Case No. _____

APPLICATION

Cimarex Energy Co. applies for an order (i) approving a non-standard oil spacing and proration unit in the Wolfcamp formation comprised of the S $\frac{1}{2}$ N $\frac{1}{2}$ of Section 12, Township 15 South, Range 31 East, N.M.P.M., Chaves 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 interest owner in the S $\frac{1}{2}$ N $\frac{1}{2}$ of Section 12, and has the right to drill a well thereon.

2. Applicant proposes to drill its Yorktown 12 Fee Well No. 2-H, to a depth sufficient to test the Wolfcamp formation, and seeks to dedicate S $\frac{1}{2}$ N $\frac{1}{2}$ of Section 12 to the well to form a non-standard 160 acre oil spacing and proration unit (project area) for any formations and/or pools developed on 40 acre spacing within that vertical extent. The well is horizontal well, with a surface location 1980 feet from the north line and 330 feet from the west line of Section 12, and a terminus 1980 feet from the north line and 330 feet from the east line, of Section 12.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the S $\frac{1}{2}$ N $\frac{1}{2}$ of Section 12 for the purposes set forth herein.

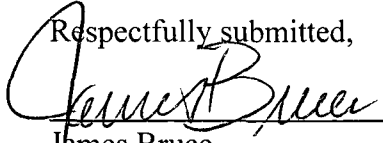
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to

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 S½N½ of Section 12, pursuant to NMSA 1978 §70-2-17.

5. The approval of the non-standard unit and the pooling of all mineral interests underlying the S½N½ of Section 12 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 oil spacing and proration unit (project area) in the Wolfcamp formation comprised of the S½N½ of Section 12;
- B. Pooling all mineral interests in the S½N½ of Section 12 in the Wolfcamp formation;
- C. Designating Cimarex Energy Co. of Colorado 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.

PROPOSED ADVERTISEMENT

Case No. 14166: Application of Cimarex Energy Co. for a non-standard oil spacing and proration unit and compulsory pooling, Chaves County, New Mexico. Cimarex Energy Co. seeks an order approving a non-standard oil spacing and proration unit (project area) comprised of the S/2N/2 of Section 12, Township 15 South, Range 31 East, NMPM, to form a non-standard 160-acre oil spacing and proration unit (project area) for any and all formations or pools developed on 40-acre spacing within that vertical extent, and pooling all mineral interests in the Wolfcamp formation underlying the non-standard unit. The unit is to be dedicated to the Yorktown 12 Well No. 2-H, a horizontal well to be drilled at a surface location 1980 feet from the north line and 330 feet from the west line, with a terminus 1980 feet from the north line and 330 feet from the east line, of Section 12. 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 Cimarex Energy Co. of Colorado as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 17-1/2 miles northeast of Loco Hills, New Mexico.