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August 4, 2009

Hand delivered

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


Case 14373

RECEIVED OCD
2009 AUG - 8 4:41 PM

Dear Florene:

Enclosed for filing, on behalf of Cimarex Energy Co., are an original and one copy of an application for a non-standard unit and compulsory pooling, together with a proposed advertisement. The advertisement has also been e-mailed to the Division.

Very truly yours,


James Bruce

Attorney for Cimarex Energy Co.

Parties Being Pooled

COG Operating, LLC
Suite 1300
550 West Texas
Midland, Texas 79701

Abo Petroleum Corporation
MYCO Industries, Inc.
Yates Drilling Company
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

PROPOSED ADVERTISEMENT

Case No. 14373:

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) in the Abo/Wolfcamp formation comprised of the S/2S/2 of Section 12, Township 15 South, Range 31 East, NMPM, to form a non-standard 160.00-acre oil spacing and proration unit (project area), and pooling all mineral interests in the Abo/Wolfcamp formation underlying the non-standard unit. The unit is to be dedicated to the Yorktown 12 Fed.Com. Well No. 3. The well is a horizontal well, with a surface location at an orthodox location in the SE $\frac{1}{4}$ SE $\frac{1}{4}$, and a terminus at an orthodox location in the SW $\frac{1}{4}$ SW $\frac{1}{4}$, 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 miles northeast of Loco Hills, New Mexico.

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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. 14373

APPLICATION

Cimarex Energy Co. applies for an order (i) approving a non-standard oil spacing and proration unit in the Abo/Wolfcamp formation comprised of the S $\frac{1}{2}$ S $\frac{1}{2}$ 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 Abo/Wolfcamp formation underlying the non-standard unit, and in support thereof, states:

1. Applicant is an interest owner in the S $\frac{1}{2}$ S $\frac{1}{2}$ of Section 12, and has the right to drill a well thereon.
2. Applicant proposes to drill its Yorktown 12 Fed. Com. Well No. 3, to a depth sufficient to test the Abo/Wolfcamp formation, and seeks to dedicate S $\frac{1}{2}$ S $\frac{1}{2}$ of Section 12 to the well to form a non-standard 160.00 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 a horizontal well, with a surface location at an orthodox location in the SE $\frac{1}{4}$ SE $\frac{1}{4}$, and a terminus at an orthodox location in the SW $\frac{1}{4}$ SW $\frac{1}{4}$, of Section 12.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the S $\frac{1}{2}$ S $\frac{1}{2}$ 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 S $\frac{1}{2}$ S $\frac{1}{2}$ 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 S $\frac{1}{2}$ S $\frac{1}{2}$ 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 Abo/Wolfcamp formation comprised of the S $\frac{1}{2}$ S $\frac{1}{2}$ of Section 12;
- B. Pooling all mineral interests in the S $\frac{1}{2}$ S $\frac{1}{2}$ of Section 12 in the Abo/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.