

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF CIMAREX ENERGY CO. FOR
COMPULSORY POOLING AND CANCELATION
OF THE DIVISION'S APPROVAL OF AN APPLICATION
FOR PERMIT TO DRILL ISSUED TO COG OPERATING
LLC, EDDY COUNTY, NEW MEXICO.**

Case No. 14427

APPLICATION

Cimarex Energy Co. applies for an order pooling all mineral interests from the surface to the base of the Glorieta-Yeso formation underlying the SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 2, Township 17 South, Range 30 East, N.M.P.M, and canceling the Division's approval of an application for permit to drill ("APD") issued to COG Operating LLC for a well located thereon, and in support thereof, states:

1. Applicant is an interest owner in the SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 2, and has the right to drill a well thereon.
2. Applicant proposes to drill its Castor 2 State Well No. 2, at an orthodox location, to a depth sufficient to test the Glorieta-Yeso formation, and seeks to dedicate SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 2 to the well to form a standard 40 acre oil spacing and proration unit for any formations and/or pools developed on 40 acre spacing within that vertical extent, including the Undesignated Loco Hills Glorieta-Yeso Pool.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 2 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 SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 2, pursuant to NMSA 1978 §70-2-17.

5. COG Operating LLC has obtained an APD for the Yale State Well No. 3, a Glorieta-Yeso test located in the SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 2 (API No. 30-015-37452).

6. If this pooling application is granted, the APD for the Yale State Well No. 3 must be canceled so that applicant may apply for and receive an APD for its proposed well.

7. The pooling of all mineral interests underlying the SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 2, and the canceling of COG Operating LLC's APD, 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 SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 2 from the surface to the base of the Glorieta-Yeso formation;
- B. Designating Cimarex Energy Co. of Colorado 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;
- 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; and
- F. Canceling the APD for the Yale State Well No. 3.

Respectfully submitted,

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

James Bruce
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Attorney for Cimarex Energy Co.

PROPOSED ADVERTISEMENT

Case No. 14427:

Application of Cimarex Energy Co. for compulsory pooling and cancelation of the Division's approval of an application for permit to drill issued to COG Operating LLC, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Glorieta-Yeso formation underlying the SE/4SW/4 of Section 2, Township 17 South, Range 30 East, NMPM, to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent, including the Undesignated Loco Hills Glorieta-Yeso Pool. The unit will be dedicated to the Castor 2 State Well No. 2, to be drilled at an orthodox location. 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. Applicant further seeks cancelation of the Division's approval of an application for permit to drill issued to COG Operating LLC for the proposed Yale State Well No. 3, a Glorieta-Yeso test located in the SE/4SW/4 of Section 2 (API No. 30-015-37452). The unit is located approximately 3-1/2 miles northeast of Loco Hills, New Mexico.