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March 16, 2010

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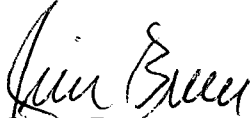
Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Case 14459

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 April 15, 2010 Examiner hearing.

Very truly yours,


James Bruce

Attorney for Cimarex Energy Co.

Parties Being Notified

Chevron U.S.A. Inc.
11111 Wilcrest
Houston, Texas 77099

Attention: James Baca

EOG Resources, Inc.
P.O. Box 2267
Midland, Texas 79702

Attention: Duke Roush

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 14459

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 $\frac{1}{2}$ S $\frac{1}{2}$ of Section 15, Township 25 South, Range 26 East, N.M.P.M., Eddy County, New Mexico, and (ii) pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 15, and the Wolfcamp formation underlying the non-standard unit, and in support thereof, states:

1. Applicant is an interest owner in the S $\frac{1}{2}$ S $\frac{1}{2}$ of Section 15, and proposes to drill a well thereon.
2. Applicant proposes to drill the Seldom Seen Fed. Well No. 1 to a depth sufficient to test the Wolfcamp formation. Applicant seeks to dedicate (i) the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 15 to the well to form a standard 40 acre oil spacing and proration unit, and (ii) the S $\frac{1}{2}$ S $\frac{1}{2}$ of Section 15 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 will be a horizontal well, with an orthodox surface location in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 15, and a terminus at an orthodox location in the SW $\frac{1}{4}$ SW $\frac{1}{4}$, of Section 15.
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 15 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 (i) the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 15, and (ii) the S $\frac{1}{2}$ S $\frac{1}{2}$ of Section 15, from the surface to the base of the Wolfcamp formation, pursuant to NMSA 1978 §§70-2-17, 18.

5. 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 15 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 S $\frac{1}{2}$ S $\frac{1}{2}$ of Section 15;
- B. Pooling all mineral interests in (i) the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 15, and (ii) the S $\frac{1}{2}$ S $\frac{1}{2}$ of Section 15, from the surface to the base of 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,

A handwritten signature in cursive script, appearing to read "James Bruce", 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. 14459 :

Application of Cimarex Energy Co. for a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Cimarex Energy Co. seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Wolfcamp formation comprised of the S/2S/2 of Section 15, Township 25 South, Range 26 East, NMPM. Applicant further seeks the pooling of all mineral interests from the surface to the base of the Wolfcamp formation underlying (i) the SE/4SE/4 of Section 15 to form a standard 40 acre oil spacing and proration unit, and (ii) the S/2S/2 of Section 15 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 units are to be dedicated to the Seldom Seen 15 Fed. Well No. 1, a horizontal well to be drilled at an orthodox surface location in the SE/4SE/4, with a terminus at an orthodox location in the SW/4SW/4, of Section 15. 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 units are located approximately 7 miles southeast of Whites City, New Mexico.

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