

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF CIMAREX ENERGY
CO. FOR COMPULSORY POOLING AND
APPROVAL OF OVERLAPPING WELL
UNITS, EDDY COUNTY, NEW MEXICO.**

Case No. _____

APPLICATION

Cimarex Energy Co. applies for an order pooling all uncommitted mineral interest owners in the Bone Spring formation, limited to depths described in Paragraph 2 below, underlying a horizontal spacing unit comprised of the E/2W/2 of Section 29 and the E/2W/2 of Section 32, Township 25 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and for approval of overlapping well units, and in support thereof, states:

1. Applicant is an interest owner in the E/2W/2 of Section 29 and the E/2W/2 of Section 32, and has the right to drill a well on the proposed well unit.
2. Applicant proposes to drill the Southern Hills 32-29 State Fed. Com. Well No. 2H, with a first take point in the SE/4SW/4 of Section 32 and a last take point in the NE/4NW/4 of Section 29, to a depth sufficient to test the Bone Spring formation, limited to depths below the stratigraphic equivalent of 7,745 feet subsurface, being the top of the Harkey formation as seen in the Schlumberger Platform Express Three Detector Litho-Density Compensated Neutron Log in COG Operating LLC's Jack Federal (Pilot Hole) Well No. 1H (API No. 30-015-38643), to the base of the Bone Spring formation. The Pilot Hole is located in Lot 1 of Section 31, Township 25 South, Range 27 East, N.M.P.M. The E/2W/2 of Section 29 and the E/2W/2 of Section 32 will be dedicated to the well.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E/2W/2 of Section 29 and the E/2W/2 of Section 32 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 uncommitted mineral interest owners in the Bone Spring formation, as to the depths stated above, underlying the E/2W/2 of Section 29 and the E/2W/2 of Section 32, pursuant to NMSA 1978 §70-2-17.

5. The proposed well unit overlaps the following existing, producing well units:

<u>Well Name</u>	<u>Well Unit</u>	<u>Operator</u>
Populus Fed. Well No. 3H	E/2W/2 §29	COG Operating LLC
Cottonwood Hills 32 St. Com. Well No. 3H	E/2W/2 §32	Cimarex Energy Co.

6. The pooling of all uncommitted mineral interest owners in the Bone Spring formation underlying the E/2W/2 of Section 29 and the E/2W/2 of Section 32, as to the depths stated above, and approval of the overlapping well units, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

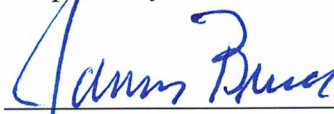
WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

A. Pooling all uncommitted mineral interest owners in the Bone Spring formation underlying the E/2W/2 of Section 29 and the E/2W/2 of Section 32, limited to depths below the stratigraphic equivalent of 7,745 feet subsurface, being the top of the Harkey formation as seen in the Schlumberger Platform Express Three Detector Litho-Density

Compensated Neutron Log in COG Operating LLC's Jack Federal (Pilot Hole) Well No. 1H (API No. 30-015-38643), to the base of the Bone Spring formation;

- B. Designating applicant as operator of the well;
- C. Approving of the overlapping well units;
- D. Considering the cost of drilling, completing, and equipping 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, completing, and equipping the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



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