

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 underlying a horizontal spacing unit comprised of the W/2W/2 of Section 8 and the W/2W/2 of Section 17, 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 W/2W/2 of Section 8, and has the right to drill a well on the proposed well unit.
2. Applicant proposes to drill the White City 8-17 Fed. Com. Well No. 2H, with a first take point in the NW/4NW/4 of Section 8 and a last take point in the SW/4SW/4 of Section 17, to a depth sufficient to test the Bone Spring formation. The W/2W/2 of Section 8 and the W/2W/2 of Section 17 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 W/2W/2 of Section 8 and the W/2W/2 of Section 17 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 underlying the W/2W/2 of Section 8 and the W/2W/2 of Section 17, pursuant to NMSA 1978 §70-2-17.

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

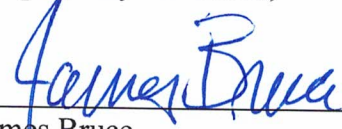
<u>Well Name</u>	<u>Well Unit</u>	<u>Operator</u>
White City 8 Fed. Well No. 2H	W/2W/2 §8	Cimarex Energy Co.
Hayhurst 17 Fed. Well No. 1H	W/2W/2 §17	Chevron U.S.A. Inc.

6. The pooling of all uncommitted mineral interest owners in the Bone Spring formation underlying the W/2W/2 of Section 8 and the W/2W/2 of Section 17, 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 W/2W/2 of Section 8 and the W/2W/2 of Section 17;
- 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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