

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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APPLICATION OF CIMAREX ENERGY
CO. FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

2011 JUN 24 P 2:07

Case No. 14696

APPLICATION

Cimarex Energy Co. applies for an order pooling all mineral interests from the surface to the base of the Glorieta-Yeso (Paddock-Blinebry) formation underlying the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 22, Township 17 South, Range 28 East, N.M.P.M, and in support thereof, states:

1. Applicant is an interest owner in the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 22, and has the right to drill a well or wells thereon.
2. Applicant proposes to drill its Maracas 22 State Well Nos. 2, 3, 8, and 9, at orthodox locations, to a depth sufficient to test the Glorieta-Yeso (Paddock-Blinebry) formation, and seeks to dedicate SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 22 to the wells 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.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 22 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 wells or to otherwise commit their interests to the wells, 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 SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 22, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 22 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 SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 22 from the surface to the base of the Glorieta-Yeso (Paddock-Blinbry) formation;
- B. Designating applicant as operator of the wells;
- C. Considering the cost of drilling and completing the wells, and allocating the cost among the wells' 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; and
- E. Setting a 200% charge for the risk involved in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,



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Attorney for Cimarex Energy Co.

PROPOSED ADVERTISEMENT

Case No. 14696 :

Application of Cimarex Energy Co. for compulsory pooling, Eddy County, New Mexico.

Applicant seeks an order pooling all mineral interests from the surface to the base of the Glorieta-Yeso (Paddock-Blinbry) formation underlying the SW/4NE/4 of Section 22, Township 17 South, Range 28 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. The unit will be dedicated to the Maracas 22 State Well Nos. 2, 3, 8, and 9, to be drilled at orthodox locations. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The unit is located approximately 14 miles east-southeast of Artesia, New Mexico.

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