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November 1, 2011

Hand delivered

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

Dear Florene:

Enclosed for filing, on behalf of Cimarex Energy Co. of Colorado, are an original and one copy of an application for compulsory pooling, together with a proposed advertisement. The advertisement has also been e-mailed to the Division.

Very truly yours,

  
James Bruce

Attorney for Cimarex Energy Co. of Colorado

Parties Being Notified

Concho Resources Inc.  
Concho Oil & Gas LLC  
COG Operating LLC  
Suite 100  
550 West Texas  
Midland, Texas 79701

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

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Case No. \_\_\_\_\_

APPLICATION

Cimarex Energy Co. of Colorado applies for an order pooling all mineral interests from the surface to the base of the Glorieta-Yeso formation underlying the NW $\frac{1}{4}$  of Section 32, Township 18 South, Range 26 East, N.M.P.M, and in support thereof, states:

1. Applicant is an operator in the NW $\frac{1}{4}$  of Section 32, and has the right to drill wells thereon.
2. Applicant proposes to drill:
  - (a) The Texas 32 Fee Well No. 3, at an orthodox location, to a depth sufficient to test the Glorieta-Yeso formation, and seeks to dedicate the NW $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 32 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;
  - (b) The Texas 32 Fee Well No. 4, at an orthodox location, to a depth sufficient to test the Glorieta-Yeso formation, and seeks to dedicate the NE $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 32 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;

(c) The Texas 32 Fee Well No. 7, at an orthodox location, to a depth sufficient to test the Glorieta-Yeso formation, and seeks to dedicate the SW $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 32 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; and

(d) The Texas 32 Fee Well No. 8, at an orthodox location, to a depth sufficient to test the Glorieta-Yeso formation, and seeks to dedicate the SE $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 32 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.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the NW $\frac{1}{4}$  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 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 NW $\frac{1}{4}$  of Section 32, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the NW $\frac{1}{4}$  of Section 32 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 NW $\frac{1}{4}$  of Section 32 from the surface to the base of the Glorieta-Yeso 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 well.

Respectfully submitted,



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James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Cimarex Energy Co. of  
Colorado

PROPOSED ADVERTISEMENT

Case No. 14766 :

**Application of Cimarex Energy Co. of Colorado 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 formation underlying the following described acreage in Section 32, Township 18 South, Range 26 East, NMPM:

- (a) The NW/4NW/4 of Section 32 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 Texas 32 Fee Well No. 3, to be drilled at an orthodox location.
- (b) The NE/4NW/4 of Section 32 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 Texas 32 Fee Well No. 4, to be drilled at an orthodox location.
- (c) The SW/4NW/4 of Section 32 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 Texas 32 Fee Well No. 7, to be drilled at an orthodox location.
- (d) The SE/4NW/4 of Section 32 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 Texas 32 Fee Well No. 8, to be drilled at an orthodox location.

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 units are located approximately 4-1/2 miles south-southwest of Atoka, New Mexico.

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