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November 1, 2011

Case 14770

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

Yates Brothers
Attn: Land Manager
105 South 4th Street
Artesia, New Mexico 88210

Yates Petroleum Corporation
Attn: Land Manager
105 S. 4th Street
Artesia, NM 88210

Oxy Y-1 Company
Attn: Katie A. Almeida, Land Negotiator
5 Greenway Plaza, Suite 110
Houston, Texas 77046-0521

Abo Petroleum Corporation
Attn: Land Manager
105 S. 4th Street
Artesia, NM 88210

Myco Industries, Inc
Attn: Land Manager
423 W. Main Street
Artesia, NM 88210

Concho Resources, Inc.
COG Operating, LLC
Attn: Land Manager
550 West Texas Avenue, Suite 100
Midland, Texas 79701

Marshall & Winston, Inc
Attn: Kevin Hammit
6 Desta Drive, #3100
Midland, Texas 79705

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 14770

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 E $\frac{1}{2}$ SW $\frac{1}{4}$ and W $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 1, Township 19 South, Range 25 East, N.M.P.M, and in support thereof, states:

1. Applicant is an operator in the E $\frac{1}{2}$ SW $\frac{1}{4}$ and W $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 1, and has the right to drill wells thereon.

2. Applicant proposes to drill:

(a) The Louisiana 1 Fee Well No. 1, at an orthodox location, to a depth sufficient to test the Glorieta-Yeso formation, and seeks to dedicate the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 1 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 Louisiana 1 Fee Well No. 2, at an orthodox location, to a depth sufficient to test the Glorieta-Yeso formation, and seeks to dedicate the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 1 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 Louisiana 1 Fee Well No. 5, at an orthodox location, to a depth sufficient to test the Glorieta-Yeso formation, and seeks to dedicate the SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 1 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 Louisiana 1 Fee Well No. 6, at an orthodox location, to a depth sufficient to test the Glorieta-Yeso formation, and seeks to dedicate the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 1 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 E $\frac{1}{2}$ SW $\frac{1}{4}$ and W $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 1 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 E $\frac{1}{2}$ SW $\frac{1}{4}$ and W $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 1, pursuant to NMSA 1978 §70-2-17.

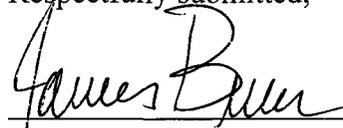
5. The pooling of all mineral interests underlying the E $\frac{1}{2}$ SW $\frac{1}{4}$ and W $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 1 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

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

- A. Pooling all mineral interests in the E $\frac{1}{2}$ SW $\frac{1}{4}$ and W $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 1 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 wells.

Respectfully submitted,

A handwritten signature in cursive script that reads "James Bruce". The signature is written in black ink and is positioned above a horizontal line.

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. 14770 :

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 1, Township 19 South, Range 25 East, NMPM:

- (a) The NE/4SW/4 of Section 1 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 Louisiana 1 Fee Well No. 1, to be drilled at an orthodox location.
- (b) The NW/4SE/4 of Section 1 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 Louisiana 1 Fee Well No. 2, to be drilled at an orthodox location.
- (c) The SE/4SW/4 of Section 1 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 Louisiana 1 Fee Well No. 5, to be drilled at an orthodox location.
- (d) The SW/4SE/4 of Section 1 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 Louisiana 1 Fee Well No. 6, 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 6 miles south-southwest of Atoka, New Mexico.

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