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April 24, 2012

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., 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.

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2012 APR 25 A 11:02

Case 14847

Parties Being Notified

Yates Petroleum Corporation
Attn: Chuck Moran
104 S 4th Street
Artesia, NM 88210

Abo Petroleum Corporation
Attn: Chuck Moran
104 S 4th Street
Artesia, NM 88210

Myco Industries, Inc.
Attn: Chuck Moran
104 S 4th Street
Artesia, NM 88210

Oxy Y-1 Company
Attn: Katie Almeida
5 Greenway Plaza, Suite 110
Houston, Texas 77046

COG Operating LLC
Attn: Stuart Dirks
550 West Texas, Suite 100
Midland, Texas 79701

Richardson Minerals & Royalty
Attn: Michael S. Richardson
105 West Third St., #312
Roswell, NM 88201

New State Gas
Attn: Rosemary H. Hinkle
1213 West Third Street
Roswell, NM 88201

Empire Energy, LLC
Attn: Susan M. Hinkle
70 Riverside Drive
Roswell, NM 88201

Morris and Holly Schertz
P.O. Box 2588
Roswell, NM 88202

Edna Goodell
611 Quay
Artesia, NM 88210

Tracy Clark
6927 Sunrise Ct
Midland, Texas 79705

Jewel Hester
c/o Georgia Hester Haigh
23033 Winchester Blvd, C-123
Port Charlotte, FL 33948

William Jackson
1613 Silver Saddle Dr. North
Kerrville, TX 78028

Cade Jackson
320 Mountain Springs Dr.
Boerne, Texas 78006

Ruth Dean Brillhart
1309 Ebony
Alice, Texas 79332

Chad Chapman
6625 Victoria Ave
North Ranchland Hills, Texas 76180

Thomas R. Fifer
Address unknown

Donald F. Bertholf
Address unknown

Carol Clark
Address unknown

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 14847

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 SE $\frac{1}{4}$ 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 SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 1, and has the right to drill a well thereon.
2. Applicant proposes to drill its Nebraska 1 Fee Well No. 3, at an orthodox location, to a depth sufficient to test the Glorieta-Yeso formation, and seeks to dedicate the SE $\frac{1}{4}$ 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 SE $\frac{1}{4}$ 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 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 mineral interest owners in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 1, pursuant to NMSA 1978 §70-2-17.
5. The pooling of all mineral interests underlying the SE $\frac{1}{4}$ 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 SE $\frac{1}{4}$ 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 well;
- C. Considering the cost of drilling and completing the well, and allocating the cost among the well's 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 well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



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. 14847 :

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 SE/4SE/4 of Section 1, Township 19 South, Range 25 East, NMPM, to form a standard 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 Nebraska 1 Fee Well No. 3, to be drilled at an orthodox location. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 6 miles south-southwest of Atoka, New Mexico.

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