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2005 JUN 6 AM 11 49

Case 13517

June 6, 2005

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. Please set this matter for the June 30, 2005 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Cimarex Energy Co.

PERSONS BEING POOLED

Devon Energy Production Company, L.P.
Devon Louisiana Corporation
P.O. Box 108838
Oklahoma City, Oklahoma 73101

Fidelity Exploration & Production Company
Suite 4600
1700 Lincoln Street
Denver, Colorado 80203

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF CIMAREX ENERGY
CO. FOR COMPULSORY POOLING AND
TWO NON-STANDARD GAS SPACING
AND PRORATION UNITS, EDDY COUNTY,
NEW MEXICO.

Case No. 13517

2005 JUN 6

PM 11:19

APPLICATION

Cimarex Energy Co. applies for an order (a) pooling all mineral interests from the surface to the base of the Morrow formation underlying Lots 1, 2, NE $\frac{1}{4}$, and E $\frac{1}{2}$ NW $\frac{1}{4}$ (the N $\frac{1}{2}$ equivalent) of Section 7, Township 21 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and (b) approving two non-standard gas spacing and proration units, and in support thereof, states:

1. Applicant is an interest owner in the N $\frac{1}{2}$ of Section 7, and has the right to drill a well thereon.

2. Applicant proposes to directionally drill its Colton 7 Fed. Com. Well No. 1, from a surface location 1250 feet from the north line and 2170 feet from the west line of Section 7, to an orthodox bottomhole gas well location 1250 feet from the north line and 1650 feet from the west line of Section 7, to a depth sufficient to test the Morrow formation, and seeks to dedicate the following acreage to the well:

(a) Lots 1, 2, and the E $\frac{1}{2}$ NW $\frac{1}{4}$ (the NW $\frac{1}{4}$ equivalent) to form a non-standard 154.16 acre gas spacing and proration unit for any formations and/or pools developed on 160 acre spacing within that vertical extent, including the Undesignated Foster Draw-Delaware Gas Pool; and

(b) the N½ to form a non-standard 314.16 acre gas spacing and proration unit for any formations and/or pools developed on 320 acre spacing within that vertical extent, including the West Burton Flat-Strawn Gas Pool, Undesignated Alacran Hills-Atoka Gas Pool, and Burton Flat-Morrow Gas Pool.

3. The non-standard units are based upon a variation in the governmental survey.

4. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the N½ of Section 7 for the purposes set forth herein.

5. 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 N½ of Section 7, pursuant to NMSA 1978 §70-2-17.

6. The pooling of all mineral interests underlying the N½ of Section 7 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 N½ of Section 7, from the surface to the base of the Morrow formation;
- B. Approving the two non-standard gas spacing and proration units;
- C. Designating applicant as operator of the well;
- D. Considering the cost of drilling and completing the well, and allocating the cost thereof 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 and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "James Bruce", written over a horizontal line.

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

Attorney for Cimarex Energy Co.

PROPOSED ADVERTISEMENT

Case No. 13517 : **Application of Cimarex Energy Co. for compulsory pooling and two non-standard gas spacing and proration units, Eddy County, New Mexico.** Cimarex Energy Co. seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 7, Township 21 South, Range 27 East, NMPM, and in the following manner: Lots 1, 2, NE $\frac{1}{4}$, and E $\frac{1}{2}$ NW $\frac{1}{4}$ (the N $\frac{1}{2}$) to form a non-standard 314.16-acre gas spacing and proration unit for any and all formations or pools developed on 320-acre spacing within that vertical extent, including the West Burton Flat-Strawn Gas Pool, Undesignated Alacran Hills-Atoka Gas Pool, and Burton Flat-Morrow Gas Pool; and Lots 1, 2, and E $\frac{1}{2}$ NW $\frac{1}{4}$ (the NW $\frac{1}{4}$) to form a non-standard 154.16-acre gas spacing and proration unit for any and all formations or pools developed on 160-acre spacing within that vertical extent, including the Undesignated Foster Draw-Delaware Gas Pool. The unit is to be dedicated to the Colton 7 Fed. Com. Well No. 1, to be drilled from a surface location 1250 feet from the north line and 2170 feet from the west line of Section 7 to a bottomhole location 1250 feet from the north line and 1650 feet from the west line of Section 7. 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 units are located approximately 5-1/2 miles north of Carlsbad, New Mexico.

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