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August 2, 2005

Case 13543

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 August 25, 2005 Examiner hearing. Thank you.

Very truly yours,


James Bruce
Attorney for Cimarex Energy Co.

EXHIBIT A

Caudill West "8" Fee No. 1

Pierce, Pace & Associates
102 West Wall Street
Midland, TX 79701

Yates Brothers
105 South Fourth Street
Artesia, NM 88210

M.C. Gahr and J.M. Gahr
Suite 580
110 North Marienfeld Street
Midland, TX 79701

Royal Resources Corporation
612 Country Club Road
Fairmont, WV 26554

Pear Resources
P.O. Box 11044
Midland, TX 79702

Bessero Oil Company
C/O V-F Petroleum, Inc.
P.O. Box 1889
Midland, TX 79702

Calico Oil & Gas, Inc.
C/O V-F Petroleum, Inc.
P.O. Box 1889
Midland, TX 79702

Capadonna Investment Group 81-1
C/O V-F Petroleum, Inc.
P.O. Box 1889
Midland, TX 79702

Forrest H. Muire, Jr.
C/O V-F Petroleum, Inc.
P.O. Box 1889
Midland, TX 79702

J.M. Gahr
C/O V-F Petroleum, Inc.
P.O. Box 1889
Midland, TX 79702

J.P. Rose
C/O V-F Petroleum, Inc.
P.O. Box 1889
Midland, TX 79702

M. Wayne Luna
C/O V-F Petroleum, Inc.
P.O. Box 1889
Midland, TX 79702

Sandra K Lawlis
C/O V-F Petroleum, Inc.
P.O. Box 1889
Midland, TX 79702

A.M. Greene
C/O V-F Petroleum, Inc.
P.O. Box 1889
Midland, TX 79702

Coffman, Mannix & Greene
P.O. Box 64188
Lubbock, TX 79464

Joe W. Greene Trust
P.O. Box 64188
Lubbock, TX 79464

Delores McCall
P.O. Drawer 2206
Midland, TX 79703

Chesapeake Exploration LP
P.O. Box 18496
Oklahoma City, OK 73154-0496

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 13543

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APPLICATION

Cimarex Energy Co. applies for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the S $\frac{1}{2}$ of Section 8, Township 15 South, Range 29 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

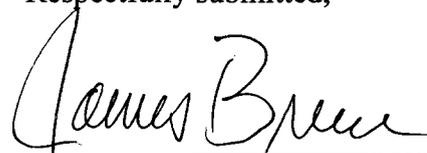
1. Applicant is an interest owner in the S $\frac{1}{2}$ of Section 8, and has the right to drill a well thereon.
2. Applicant proposes to drill its Caudill West "8" Fee Well No. 1, at an orthodox location in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ Section 8, to a depth sufficient to test the Morrow formation, and seeks to dedicate the S $\frac{1}{2}$ of Section 8 to the well to form a standard 320 acre gas and spacing and proration unit for any formations and/or pools developed on 320 acre spacing within that vertical extent, including the Undesignated Caudill-Atoka Gas Pool.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the S $\frac{1}{2}$ of Section 8 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 S $\frac{1}{2}$ of Section 8, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the S½ of Section 8 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 S½ of Section 8, from the surface to the base of the Morrow 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.

PROPOSED ADVERTISEMENT

Case No. 13543 : Application of Cimarex Energy Co. for compulsory pooling, Lea 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 S/2 of Section 8, Township 15 South, Range 36 East, NMPM, to form a standard 320-acre gas spacing and proration unit for any and all formations or pools developed on 320-acre spacing within that vertical extent, including the Undesignated Caudill-Atoka Gas Pool. The unit is to be dedicated to the Caudill West "8" Fee Well No. 1, to be located at an orthodox gas well location in the SE/4SE/4 of Section 8. 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 4 miles south-southwest of Hillburn City, New Mexico.

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