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2013 FEB 19 P 12:46

February 19, 2013

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

Case 14966

Dear Florene:

Enclosed for filing, on behalf of Cimarex Energy Co., are an original and one copy of an application for compulsory pooling, *etc.*, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please re-set this matter for the March 21, 2013 Examiner hearing.

Very truly yours,


James Bruce

Attorney for Cimarex Energy Co.

Parties Being Notified

Sigyn Lund
c/o Hilmer H. Graham
Apartment 307
110-55 72nd Street
Forrest Hills, New York 11375

Clare L. Fraser
133 East 64th Street
New York, New York 10021

PROPOSED ADVERTISEMENT

Case No. 14966 :

Application of Cimarex Energy Co. for a non-standard oil spacing and proration unit and compulsory pooling, Chaves County, New Mexico. Cimarex Energy Co. seeks an order approving a 240-acre non-standard oil spacing and proration unit (project area) in the Abo/Wolfcamp formation comprised of the N/2NE/4 of Section 8 and N/2N/2 of Section 9, Township 15 South, Range 31 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Abo/Wolfcamp formation underlying the non-standard 240 acre oil spacing and proration unit (project area) for any formations and/or pools developed on 40 acre spacing within that vertical extent. The unit is to be dedicated to the Independence 8 Fed. Com. Well No. 1, a horizontal well to be drilled at a surface location 510 feet from the north line and 2310 feet from the east line of Section 8, with a terminus 660 feet from the north line and 330 feet from the east line of Section 9. 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 Cimarex Energy Co. of Colorado as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 16 miles north-northeast of Loco Hills, New Mexico.

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BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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APPLICATION OF CIMAREX ENERGY CO.
FOR A NON-STANDARD OIL SPACING AND
PRORATION UNIT AND COMPULSORY POOLING,
CHAVES COUNTY, NEW MEXICO.

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Case No. 14966

APPLICATION

Cimarex Energy Co. applies for an order (i) approving a non-standard oil spacing and proration unit in the Abo/Wolfcamp formation comprised of the N $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 8 and the N $\frac{1}{2}$ N $\frac{1}{2}$ of Section 9, Township 15 South, Range 31 East, N.M.P.M., Chaves County, New Mexico, and (ii) pooling all mineral interests in the Abo/Wolfcamp formation underlying the non-standard unit, and in support thereof, states:

1. Applicant is an interest owner in the proposed well unit, and has the right to drill a well thereon.
2. Applicant proposes to drill its Independence 8 Fed. Com. Well No. 1, to a depth sufficient to test the Abo/Wolfcamp formation, and seeks to dedicate the N $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 8 and the N $\frac{1}{2}$ N $\frac{1}{2}$ of Section 9 to the well to form a non-standard 240 acre oil spacing and proration unit (project area) for any formations and/or pools developed on 40 acre spacing within that vertical extent. The well is a horizontal well, with a surface location 510 feet from the north line and 2310 feet from the east line of Section 8, and a terminus 660 feet from the north line and 330 feet from the east line of Section 9.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the N $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 8 and the N $\frac{1}{2}$ N $\frac{1}{2}$ of Section 9 for the purposes set forth herein.

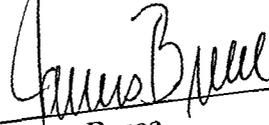
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the N $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 8 and the N $\frac{1}{2}$ N $\frac{1}{2}$ of Section 9, pursuant to NMSA 1978 §§70-2-17, 18.

5. The approval of the non-standard unit and the pooling of all mineral interests underlying the N $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 8 and the N $\frac{1}{2}$ N $\frac{1}{2}$ of Section 9 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. Approving a non-standard oil spacing and proration unit (project area) in the Abo/Wolfcamp formation comprised of the N $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 8 and the N $\frac{1}{2}$ N $\frac{1}{2}$ of Section 9;
- B. Pooling all mineral interests in the N $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 8 and the N $\frac{1}{2}$ N $\frac{1}{2}$ of Section 9 in the Abo/Wolfcamp formation;
- C. Designating Cimarex Energy Co. of Colorado as operator of the well;
- D. Considering the cost of drilling and completing the well, and allocating the cost 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,



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Attorney for Cimarex Energy Co.