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August 30, 2005

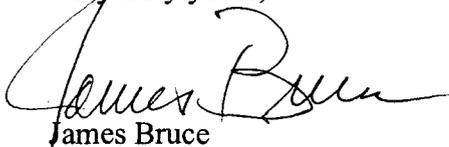
Case 13557

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

Dear Florene:

Enclosed for filing, on behalf of Magnum Hunter Production, Inc., 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 September 22, 2005 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Magnum Hunter Production, Inc.

PERSONS BEING POOLED

Exxon Mobil Corporation
P.O. Box 4610, OCG 644
Houston, Texas 77210-4610

Attention: Don E. Dollar

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF MAGNUM HUNTER
PRODUCTION, INC. FOR COMPULSORY,
EDDY COUNTY, NEW MEXICO.**

2005 MAR 31 10 11 50
Case No. 13557

APPLICATION

Magnum Hunter Production, Inc. applies for an order pooling all mineral interests from approximately 10,682 feet subsurface to the base of the Morrow formation underlying the S $\frac{1}{2}$ of Section 17, Township 17 South, Range 29 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the S $\frac{1}{2}$ of Section 17, and has the right to drill a well thereon.
2. Applicant proposes to drill its Muskegon 17 Fed. Com. Well No. 2, at an orthodox well location in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 17, to a depth sufficient to test the entire Morrow formation, and seeks to dedicate the S $\frac{1}{2}$ of Section 17 to the well to form a standard 320 acre gas and spacing and proration unit in the South Empire-Morrow Gas Pool.
3. The S $\frac{1}{2}$ of Section 17, as to certain interest owners, is subject to an operating agreement covering depths from the surface to 10,682 feet subsurface as found in the Muskegon 17 State Com. Well No. 1, located in the SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 17. The base of the Morrow formation is at a depth of approximately 10,900 feet. Applicant seeks to pool depths from 10,682 feet subsurface to the base of the Morrow formation, which are not covered by the operating agreement. The spacing unit will be simultaneously dedicated to the proposed well and to the existing Muskegon 17 State Com. Well No. 1.
4. 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 17 for the purposes set forth herein.

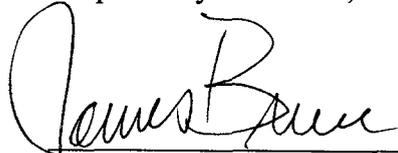
5. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the S½ of Section 17, pursuant to NMSA 1978 §70-2-17.

6. The pooling of all mineral interests underlying the S½ of Section 17 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 17, from 10,682 feet subsurface to the base of the Morrow formation;
- B. Designating Gruy Petroleum Management Company 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 Magnum Hunter Production, Inc.

Case No. 13557: Application of Magnum Hunter Production, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from approximately 10,682 feet subsurface to the base of the Morrow formation underlying the S/2 of Section 17, Township 17 South, Range 29 East, NMPM, to form a standard 320-acre gas spacing and proration unit in the Morrow formation (South Empire-Morrow Gas Pool), which is developed on 320-acre spacing within that vertical extent. The unit is to be simultaneously dedicated to the proposed Muskegon 17 Fed. Com. Well No. 2, to be drilled at an orthodox gas well location in the SE/4SE/4 (Unit P) of Section 17, and to the existing Muskegon 17 State Com. Well No. 1, located in the SE/4SW/4 of Section 17 (Unit N). 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 Gruy Petroleum Management Company as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 7 miles west-northwest of loco Hills, New Mexico.

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