

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213  
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)  
(505) 660-6612 (Cell)  
(505) 982-2151 (Fax)

[jamesbruc@aol.com](mailto:jamesbruc@aol.com)

2006 JAN 3 PM 5 54

January 3, 2006

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

*Case 13642*

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 February 2, 2006 Examiner hearing. Thank you.

Very truly yours,

  
James Bruce

Attorney for Magnum Hunter Production, Inc.

PERSONS BEING POOLED

CBS Partners, Ltd.  
P.O. Box 2236  
Midland, Texas 79702

Chesapeake Energy Corporation  
Chesapeake Energy Limited Partnership  
P.O. Box 18496  
Oklahoma City, Oklahoma 73154-0496

**BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION**

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

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Case No. 13642

**APPLICATION**

Magnum Hunter Production, Inc. applies for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E½ of Section 33, Township 17 South, Range 30 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the E½ of Section 33, and has the right to drill a well thereon.
2. Applicant proposes to drill its Full Tank 33 Fed. Well No. 1, at an orthodox location in the NW¼NE¼ of Section 33, to a depth sufficient to test the Morrow formation, and seeks to dedicate the E½ of Section 33 to the well to form a standard 320 acre gas and spacing and proration unit for all pools or formations developed on 320-acre spacing within that vertical extent, including the Undesignated Loco Hills-Atoka Gas Pool and Undesignated Cedar Lake-Morrow Gas Pool.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E½ of Section 33 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 E½ of Section 33, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the E½ of Section 33 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 E½ of Section 33, from the surface 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.

PROPOSED ADVERTISEMENT

**Case No. 13642: Application of Magnum Hunter Production, Inc. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E/2 of Section 33, Township 17 South, Range 30 East, NMPM, to form a standard 320-acre gas spacing and proration unit for all pools or formations developed on 320-acre spacing within that vertical extent, including the Undesignated Loco Hills-Atoka Gas Pool and Undesignated Cedar Lake-Morrow Gas Pool. The unit is to be dedicated to the proposed Full Tank 33 Fed. Well No. 1, to be drilled at an orthodox location in the NW/4NE/4 (Unit B) of Section 33. 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 2 miles south-southeast of Loco Hills, New Mexico.

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