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2007 JAN 31 PM 12 33

January 30, 2007

Hand Delivered

Case 13876

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 March 1, 2007 Examiner hearing. Thank you.

Very truly yours,


James Bruce

Attorney for Magnum Hunter Production, Inc.

PERSONS BEING POOLED

Weller Energy, Inc.
P.O. Box 310
South Orleans, Massachusetts 02662

BP America Production Company
501 WestLake Park Boulevard
Houston, Texas 77079

Attention: David Lawrence
Room 6.199

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 2007 13876
JAN 31 PM 12 33

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 S $\frac{1}{2}$ of Section 28, 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 S $\frac{1}{2}$ of Section 28, and has the right to drill a well thereon.
2. Applicant proposes to drill its Cagney "28" Fed. Com. Well No. 1, at an orthodox location in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 28, to a depth sufficient to test the Morrow formation, and seeks to dedicate the following acreage to the well:
 - (a) The SE $\frac{1}{4}$ to form a standard 160 acre gas spacing and proration unit for any formations and/or pools developed on 160 acre spacing within that vertical extent; and
 - (b) The S $\frac{1}{2}$ to form a standard 320 acre gas spacing and proration unit for any formations and/or pools developed on 320 acre spacing within that vertical extent.
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 28 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 S½ of Section 28, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the S½ of Section 28 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 28, from the surface to the base of the Morrow formation;
- B. Designating Cimarex Energy Co. of Colorado 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. 13876: **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 following described acreage in Section 28, Township 17 South, Range 30 East, NMPM, and in the following manner: The S/2 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; and the SE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations or pools developed on 160-acre spacing within that vertical extent. The unit is to be dedicated to the Cagney "28" Fed. Com. Well No. 1, to be drilled at an orthodox location in the SE/4SE/4 of Section 28. 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 units are located approximately 1 mile south-southeast of Loco Hills, New Mexico.

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