

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,
LEA COUNTY, NEW MEXICO.

Case No. 14085

APPLICATION

Cimarex Energy Co. applies for an order (i) approving a non-standard oil spacing and proration unit in the Wolfcamp formation comprised of the W $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 13, Township 15 South, Range 37 East, N.M.P.M., Lea County, New Mexico, and (ii) pooling all mineral interests in the Wolfcamp formation underlying the non-standard unit, and in support thereof, states:

1. Applicant is an interest owner in the W $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 13, and has the right to drill a well thereon.
2. Applicant has drilled its Sunshine Well No. 1, to a depth sufficient to test the Wolfcamp formation, and seeks to dedicate the W $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 13 to the well to form a non-standard 80 acre oil spacing and proration unit (project area) for any formations and/or pools developed on 40 acre spacing within that vertical extent, including the Undesignated Denton-Wolfcamp Pool. The well is a horizontal well, with a surface location 2235 feet from the south line and 660 feet from the west line, and a terminus 379 feet from the south line and 664 feet from the west line, of Section 13.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 13 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 W $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 13, pursuant to NMSA 1978 §70-2-17.

5. The approval of the non-standard unit and the pooling of all mineral interests underlying the W $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 13 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 Wolfcamp formation comprised of the W $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 13;
- B. Pooling all mineral interests in the W $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 13 in the Wolfcamp formation;
- C. Designating applicant 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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PROPOSED ADVERTISEMENT

Case No. 14085 : Application of Cimarex Energy Co. for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico. Cimarex Energy Co. seeks an order approving a non-standard oil spacing and proration unit (project area) comprised of the W/2SW/4 of Section 13, Township 15 South, Range 37 East, NMPM, to form a non-standard 80-acre oil spacing and proration unit (project area) for any and all formations or pools developed on 40-acre spacing within that vertical extent, including the Denton-Wolfcamp Pool, and pooling all mineral interests in the Wolfcamp formation underlying the non-standard unit. The unit is to be dedicated to the Sunshine Well No. 1, a horizontal well drilled at a surface location 2235 feet from the south line and 660 feet from the west line of Section 13, with a terminus 379 feet from the south line and 664 feet from the west line of Section 13. 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 5-1/2 miles southeast of Prairieview, New Mexico.

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