

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

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June 24, 2008

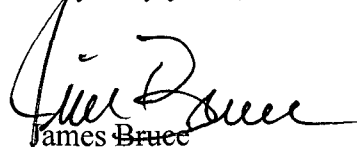
Case 14154

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

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 set this matter for the July 24, 2008 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Cimarex Energy Co.

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. 14154

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 E $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 23, 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 E $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 23, and has the right to drill a well thereon.
2. Applicant proposes to drill its Blanca 23 Fee Well No. 1, to a depth sufficient to test the Wolfcamp formation, and seeks to dedicate the E $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 23 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 2160 feet from the north line and 480 feet from the east line, and a terminus 330 feet from the north line and 480 feet from the east line, of Section 23.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 23 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.

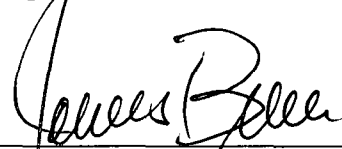
Therefore, applicant seeks an order pooling all mineral interest owners in the E½NE¼ of Section 23, pursuant to NMSA 1978 §70-2-17.

5. The approval of the non-standard unit and the pooling of all mineral interests underlying the E½NE¼ of Section 23 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 E½NE¼ of Section 23;
- B. Pooling all mineral interests in the E½NE¼ of Section 23 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,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Cimarex Energy Co.

PERSONS BEING NOTIFIED

Chaparral Energy, LLC
Chaparral Oil, LLC
701 Cedar Lake Boulevard
Oklahoma City, Oklahoma 73114

Attention: Sandy Ellis

PROPOSED ADVERTISEMENT

Case No. 14154: 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 E/2NE/4 of Section 23, 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 Blanca 23 Fee Well No. 1, a horizontal well to be drilled at a surface location 2160 feet from the north line and 480 feet from the east line of Section 23, with a terminus 330 feet from the north line and 480 feet from the east line of Section 23. 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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