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November 3, 2008

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

Case 14251

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 December 4, 2008 Examiner hearing. Thank you.

Very truly yours,

  
James Bruce  
Attorney for Cimarex Energy Co.

cc: W. Thomas Kellahin

PERSONS BEING NOTIFIED

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

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,  
CHAVES COUNTY, NEW MEXICO.**

Case No. 14251

APPLICATION

Cimarex Energy Co. applies for an order (i) approving a non-standard oil spacing and proration unit in the lower Abo/Wolfcamp formation comprised of the N $\frac{1}{2}$ S $\frac{1}{2}$  of Section 24, Township 15 South, Range 31 East, N.M.P.M., Chaves County, New Mexico, and (ii) pooling all mineral interests in the lower Abo/Wolfcamp formation underlying the non-standard unit, and in support thereof, states:

1. Applicant is an interest owner in the N $\frac{1}{2}$ S $\frac{1}{2}$  of Section 24, and has the right to drill a well thereon.
2. Applicant proposes to drill its Hornet 24 State Com. Well No. 3H, to a depth sufficient to test the lower Abo/Wolfcamp formation, and seeks to dedicate N $\frac{1}{2}$ S $\frac{1}{2}$  of Section 24 to the well to form a non-standard 160 acre oil spacing and proration unit (project area) for any formations and/or pools developed on 40 acre spacing within that vertical extent. The well is horizontal well, with a surface location 1650 feet from the south line and 330 feet from the east line, and a terminus 1650 feet from the south line and 330 feet from the west line, of Section 24.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the N $\frac{1}{2}$ S $\frac{1}{2}$  of Section 24 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.

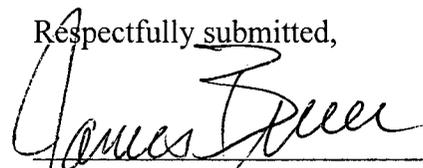
Therefore, applicant seeks an order pooling all mineral interest owners in the N $\frac{1}{2}$ S $\frac{1}{2}$  of Section 24, pursuant to NMSA 1978 §70-2-17.

5. The approval of the non-standard unit and the pooling of all mineral interests underlying the N $\frac{1}{2}$ S $\frac{1}{2}$  of Section 24 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 lower Abo/Wolfcamp formation comprised of the N $\frac{1}{2}$ S $\frac{1}{2}$  of Section 24;
- B. Pooling all mineral interests in the N $\frac{1}{2}$ S $\frac{1}{2}$  of Section 24 in the lower Abo/Wolfcamp formation;
- C. Designating Cimarex Energy Co. of Colorado 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.

PROPOSED ADVERTISEMENT

**Case No. 14251 : Application of Cimarex Energy Co. for a non-standard oil spacing and proration unit and compulsory pooling, Chaves County, New Mexico.** Cimarex Energy Co. seeks an order approving a non-standard oil spacing and proration unit (project area) comprised of the N/2S/2 of Section 24, Township 15 South, Range 31 East, NMPM, to form a non-standard 160-acre oil spacing and proration unit (project area) for any and all formations or pools developed on 40-acre spacing, and pooling all mineral interests in the lower Abo/Wolfcamp formation underlying the non-standard unit. The unit is to be dedicated to the Hornet 24 State Com. Well No. 3H, a horizontal well to be drilled at a surface location 1650 feet from the south line and 330 feet from the east line, with a terminus 1650 feet from the south line and 330 feet from the west line, of Section 24. 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 unit is located approximately 15-1/2 miles northeast of Loco Hills, New Mexico.

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