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October 30, 2008

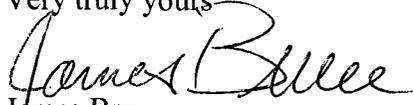
Florene Davidson  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Case 14254

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  
J. Scott Hall

PERSONS BEING NOTIFIED

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

COG Oil & Gas LP  
Suite 1300  
550 West Texas  
Midland, Texas 79701

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF CIMAREX ENERGY CO. FOR A  
NON-STANDARD OIL SPACING AND PRORATION  
UNIT AND COMPULSORY POOLING, CHAVES  
COUNTY, NEW MEXICO.

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Case No. 14754

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 S $\frac{1}{2}$ S $\frac{1}{2}$  of Section 10, Township 15 South, Range 31 East, N.M.P.M., Chaves County, New Mexico, and (ii) pooling all mineral interests in the Lowe Abo/Wolfcamp formation underlying the non-standard unit, and in support thereof, states:

1. Applicant is an interest owner in the S $\frac{1}{2}$ S $\frac{1}{2}$  of Section 10, and has the right to drill a well thereon.
2. Applicant proposes to drill its Antietam 10 Fed. Com. Well No. 2-H, to a depth sufficient to test the Lowe Abo/Wolfcamp formation, and seeks to dedicate the S $\frac{1}{2}$ S $\frac{1}{2}$  of Section 10 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 a horizontal well, with a surface location at an orthodox location in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ , and a terminus at an orthodox location in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ , of Section 10.
3. Applicant has sought to obtain the voluntary joinder of all other mineral interest owners in the S $\frac{1}{2}$ S $\frac{1}{2}$  of Section 10 for the purposes set forth herein.
4. Certain mineral interest owners have not voluntarily joined applicant in dedicating their interests to the proposed well. Therefore, applicant seeks an order pooling all mineral interest owners in the S $\frac{1}{2}$ S $\frac{1}{2}$  of Section 10, pursuant to NMSA 1978 §§70-2-17, 18.

5. The approval of the non-standard unit and the pooling of all mineral interests underlying the S $\frac{1}{2}$ S $\frac{1}{2}$  of Section 10 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 S $\frac{1}{2}$ S $\frac{1}{2}$  of Section 10;
- B. Pooling all mineral interests in the S $\frac{1}{2}$ S $\frac{1}{2}$  of Section 10 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 thereof 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. 14254: 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 S/2S/2 of Section 10, 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 Antietam 10 Fed. Com. Well No. 2-H, a horizontal well to be drilled at an orthodox surface location in the SE/4SE/4, with a terminus at an orthodox location in the SW/4SW/4, of Section 10. 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 16 miles north-northeast of Loco Hills, New Mexico.

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