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April 13, 2010

Hand delivered

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

*Case 14459*

Dear Florene:

Enclosed for filing, on behalf of Cimarex Energy Co., are an original and one copy of an amended application for compulsory pooling in Case No. 14459, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please re-set this matter for the May 27, 2010 Examiner hearing.

Very truly yours,

  
James Bruce

Attorney for Cimarex Energy Co.

PARTIES BEING NOTIFIED

Chevron U.S.A. Inc.  
1111 South Wilcrest  
Houston, Texas 77099

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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APPLICATION OF CIMAREX ENERGY CO.  
FOR COMPULSORY POOLING, EDDY COUNTY,  
NEW MEXICO.

Case No. 14459

AMENDED APPLICATION

Cimarex Energy Co. applies for an order pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the S $\frac{1}{2}$  of Section 15, Township 25 South, Range 26 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 15, and has the right to drill a well thereon.

2. Applicant proposes to drill the Seldom Seen Fed. Well No. 1, to a depth sufficient to test the Wolfcamp formation, and seeks to dedicate the following acreage to the well:

- (a) the SE $\frac{1}{4}$ SE $\frac{1}{4}$  to form a standard 40 acre oil spacing and proration unit for any formations and/or pools developed on 40 acre spacing within that vertical extent
- (b) 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
- (c) 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.

The well will be a horizontal well, with an orthodox surface 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 15.

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 15 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 15, from the surface to the base of the Wolfcamp formation, pursuant to NMSA 1978 §§70-2-17, 18.

5. The pooling of all mineral interests underlying the S½ of Section 15 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 15 from the surface to the base of the Wolfcamp 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,



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

Attorney for Cimarex Energy Co.

PROPOSED ADVERTISEMENT

*Case No. 14459: Amended and Readvertised*

*Application of Cimarex Energy Co. for compulsory pooling, Eddy County, New Mexico.* Applicant seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the following described acreage in Section 15, Township 25 South, Range 26 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; 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; and the SE/4SE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent. The units are to be dedicated to the Seldom Seen 15 Fed. Well No. 1, 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 15. 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 7 miles southeast of Whites City, New Mexico.

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