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2010 MAY 20 P 3:40

May 20, 2010

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

Re: **NMOCD Case No. 14499 : Application of Cimarex Energy Company of Colorado for Designation of a Non-Standard Oil Spacing and Proration Unit and for Compulsory Pooling, Eddy County, New Mexico,**

Dear Ms. Davidson:

Attached for filing is an original and one copy of an Application in the above-referenced matter.

Please set this matter for hearing on July 8, 2010. Thank you.

Very truly yours,

Karen Williams  
Assistant to J. Scott Hall

:kw  
Enclosures

00188735

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**REPLY TO:**

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STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION

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IN THE MATTER OF THE APPLICATION OF  
CIMAREX ENERGY COMPANY OF  
COLORADO FOR DESIGNATION OF A  
NON-STANDARD OIL SPACING AND  
PRORATION UNIT AND FOR COMPULSORY  
POOLING, EDDY COUNTY, NEW MEXICO

CASE NO. 11499

APPLICATION

Cimarex Energy Company of Colorado, by its undersigned attorneys, Montgomery and Andrews, P.A., (J. Scott Hall), hereby makes application pursuant to *inter alia* Rules 19.15.16.14 NMAC of the Division's Rules and Regulations and NMSA 1978 Section 70-2-17 (1995) for an order providing as follows:

A. Consolidating each of the 40-acre spacing units within the W/2 W/2 of Section 11, Township 19 South, Range 29 East, NMPM and designating the consolidated units as a 160-acre $\pm$  non-standard oil spacing and proration unit in the Bone Spring formation (Turkey Track- Bone Spring Pool) for Applicant's horizontal drilling project area; and

B. Pooling all interests in the Bone Spring formation underlying the W/2 W/2 of said Section 11.

In support, Applicant states:

1. Applicant owns certain working interests in and under proposed project area in Section 11, and has the right to drill thereon.

2. Applicant proposes to dedicate the above-referenced pooled unit to its Parkway "11" State Com No. 1-H to be drilled horizontally from a surface location 990' from the North line and 660' from the West line to a bottom hole location 330' from the South line and 660' from the West line to a depth sufficient to test the Bone Spring formation underlying the W/2 W/2 of Section 11.

3. Applicant does not have leases or voluntary agreement for pooling or farmout from certain other interest owners in the above-referenced formation underlying the proposed non-standard unit.

4. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled and Applicant should be designated operator of the well.

5. The pooling of interests and approval of the non-standard unit will afford the Applicant the opportunity to produce its just and equitable share of hydrocarbons underlying the spacing unit, will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

WHEREFORE Applicant requests that this Application be set for hearing before a duly appointed examiner of the Oil Conservation Division on July 8, 2010 or on a special hearing date to be determined, and that after notice and hearing as required by law, the Division enter its Order approving the non-standard spacing unit and pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of

supervision while drilling and after completion, including overhead charges and providing for adjustments to such rates in accordance with accepted COPAS accounting procedures, and imposing a 200% risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well, and making such other and further provisions as maybe proper in the premises.

Respectfully submitted,

MONTGOMERY & ANDREWS, P. A.

By: \_\_\_\_\_



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Attorneys for Cimarex Energy  
Company of Colorado

00188665

**Case No. ~~14498~~ Application of Cimarex Energy Company of Colorado for Designation of a Non-standard Spacing Unit and for Compulsory Pooling, Eddy County, New Mexico.** Applicant seeks an order consolidating the 40-acre spacing units within the W/2 W/2 of Section 11, Township 19 South Range 29 East, NMPM and designating the consolidated units as a 160-acre± non-standard oil spacing and proration unit in the Bone Spring formation (Turkey Track-Bone Spring Pool) for Applicant's horizontal drilling project area. Applicant further seeks the compulsory pooling of all interests in the Bone Spring formation underlying the W/2 W/2 of said Section 11 to be dedicated to its Parkway "11" State Com No. 1-H well to be drilled horizontally from a surface location 990' from the North line and 660' from the West line to a bottom hole location 330' from the South line and 660' from the West line to a depth sufficient to test the Bone Spring formation. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Cimarex Energy Company of Colorado as operator and a charge for risk involved in drilling the well. The proposed well and lands are located approximately 10 miles Southeast of Loco Hills, New Mexico.