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August 16, 2011

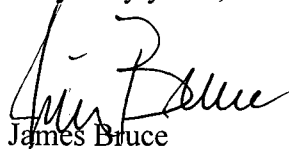
Case 14730

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 re-set this matter for the September 15, 2011 Examiner hearing.

Very truly yours,


James Bruce

Attorney for Cimarex Energy Co.

Parties Being Notified

Edward L. Shea Estate
Edward L. Shea Trust
c/o John Walsh
Bryan Cave, LLP
Suite 3501
1290 Avenue of the Americas
New York, New York 10104

Sigyn Lund
c/o Hilmer H. Graham
Apartment 307
110-55 72nd Road
Forrest Hills, New York 11375

Clare L. Fraser
133 East 64th Street
New York, New York 10021

Don M. Kidwell
4208 Fairwood Place
Midland, Texas 79707

Jase Minerals, LP
P.O. Box 904
Midland, Texas 79702

First Roswell Company
111 South Kentucky Avenue
Roswell, New Mexico 88203

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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2011 AUG 16 Case No. 14730

APPLICATION

Cimarex Energy Co. applies for an order (i) approving a non-standard oil spacing and proration unit in the Abo/Wolfcamp formation comprised of the S $\frac{1}{2}$ N $\frac{1}{2}$ of Section 3, Township 15 South, Range 31 East, N.M.P.M., Chaves County, New Mexico, and (ii) pooling all mineral interests from the surface to the top of the Abo/Wolfcamp formation underlying the SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 3, and the Abo/Wolfcamp formation underlying the non-standard unit, and in support thereof, states:

1. Applicant is an interest owner in the S $\frac{1}{2}$ N $\frac{1}{2}$ of Section 3, and has the right to drill a well thereon.
2. Applicant proposes to drill its Boxer 3 Fed. Com. Well No. 1 to a depth sufficient to test the Abo/Wolfcamp formation. Applicant seeks to dedicate (i) the SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 3 to the well to form a standard 40.00 acre oil spacing and proration unit, and (ii) the S $\frac{1}{2}$ N $\frac{1}{2}$ of Section 3 to the well to form a non-standard 160.00 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 in the SE $\frac{1}{4}$ NE $\frac{1}{4}$, and a terminus in the SW $\frac{1}{4}$ NW $\frac{1}{4}$, of Section 3.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the S $\frac{1}{2}$ N $\frac{1}{2}$ of Section 3 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

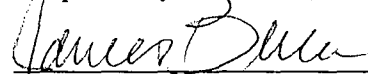
the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the S½N½ of Section 3, pursuant to NMSA 1978 §§70-2-17,18.

5. The approval of the non-standard unit and the pooling of all mineral interests underlying the S½N½ of Section 3 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 Abo/Wolfcamp formation comprised of the S½N½ of Section 3;
- B. Pooling all mineral interests in (i) the SE¼NE¼ of Section 3 from the surface to the top of the Abo/Wolfcamp formation, and (ii) the S½N½ of Section 3 in the Abo/Wolfcamp formation;
- 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,



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

Attorney for Cimarex Energy Co.

PROPOSED ADVERTISEMENT

Case No. 14730 :

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 160.00-acre non-standard oil spacing and proration unit (project area) in the Abo/Wolfcamp formation comprising the S/2N/2 of Section 3, Township 15 South, Range 31 East, NMPM. Applicant further seeks the pooling of all mineral interests (i) from the surface to the top of the Abo/Wolfcamp formation underlying the SE/4NE/4 of Section 3 to form a standard 40.00 acre oil spacing and proration unit, and (ii) in the Abo/Wolfcamp formation underlying the S/2N/2 of Section 3 to form a non-standard 160.00 acre oil spacing and proration unit (project area), for any formations and/or pools developed on 40 acre spacing within that vertical extent. The units are to be dedicated to the Boxer 3 Fed. Com. Well No. 1, a horizontal well to be drilled at a surface location in the SE/4NE/4, with a terminus in the SW/4NW/4, of Section 3. 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 units are located approximately 17-1/2 miles north-northeast of Loco Hills, New Mexico.

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