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2012 JAN 31 P 4:33

January 31, 2012

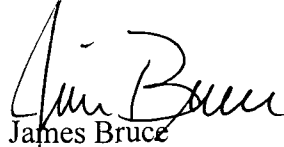
Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Case 14802

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 March 2, 2012 Examiner hearing.

Very truly yours,


James Bruce

Attorney for Cimarex Energy Co.

Parties Being Notified

Dow Chemical Company
Attention: Oil & Gas Division
2030 Dow Center
Midland, Michigan 48674

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

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2012 JAN 31 P 4:33
Case No. 14802

APPLICATION

Cimarex Energy Co. applies for an order (i) approving a 640 acre non-standard oil spacing and proration unit in the Bone Spring formation comprised of all of Section 26, Township 20 South, Range 32 East, N.M.P.M., Lea County, New Mexico, and (ii) pooling all mineral interests in the Bone Spring formation underlying Section 26, and in support thereof, states:

1. Applicant is an interest owner in Section 26, and has the right to drill a well or wells thereon.

2. Due to surface use restrictions, all wells drilled in Section 26 must have a surface location in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 26.

3. Applicant proposes to drill the following wells to a depth sufficient to test the Bone Spring formation:

(a) the Snoddy Fed. Well No. 20, a horizontal well with a surface location in the NE $\frac{1}{4}$ NE $\frac{1}{4}$, and a terminus in the NW $\frac{1}{4}$ NW $\frac{1}{4}$, of Section 26;

(b) the Snoddy Fed. Well No. 21, a horizontal well with a surface location in the NE $\frac{1}{4}$ NE $\frac{1}{4}$, and a terminus in the NW $\frac{1}{4}$ SW $\frac{1}{4}$, of Section 26;

(c) the Snoddy Fed. Well No. 22, a horizontal well with a surface location in the NE $\frac{1}{4}$ NE $\frac{1}{4}$, and a terminus in the SE $\frac{1}{4}$ SW $\frac{1}{4}$, of Section 26; and

(d) the Snoddy Fed. Well No. 23, a horizontal well with a surface location in the NE $\frac{1}{4}$ NE $\frac{1}{4}$, and a terminus in the SE $\frac{1}{4}$ SE $\frac{1}{4}$, of Section 26.

All of the wells will be dedicated to a 640 acre non-standard unit comprised of all of Section 26.

4. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in Section 26 for the purposes set forth herein.

5. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the wells or to otherwise commit their interests to the wells, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in Section 26, pursuant to NMSA 1978 §§70-2-17, 18.

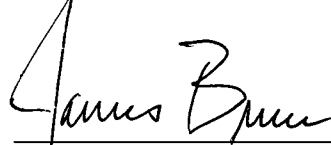
7. The approval of the non-standard unit and the pooling of all mineral interests underlying Section 26 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

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 Bone Spring formation comprised of Section 26;
- B. Pooling all mineral interests in the Bone Spring formation underlying Section 26, as set forth above;
- C. Designating applicant as operator of the wells;
- D. Considering the cost of drilling and completing the wells, and allocating the cost among the wells' 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 wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "James Bruce", written over a horizontal line.

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

Attorney for Cimarex Energy Co.

PROPOSED ADVERTISEMENT

Case No. 14802 :

Application of Cimarex Energy Co. for approval of a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico. Cimarex Energy Co. seeks an order approving a 640-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of all Section 26, Township 20 South, Range 32 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard unit (project area). The unit is to be dedicated to:

- (a) the Snoddy Fed. Well No. 20, a horizontal well with a surface location in the NE $\frac{1}{4}$ NE $\frac{1}{4}$, and a terminus in the NW $\frac{1}{4}$ NW $\frac{1}{4}$, of Section 26;
- (b) the Snoddy Fed. Well No. 21, a horizontal well with a surface location in the NE $\frac{1}{4}$ NE $\frac{1}{4}$, and a terminus in the NW $\frac{1}{4}$ SW $\frac{1}{4}$, of Section 26;
- (c) the Snoddy Fed. Well No. 22, a horizontal well with a surface location in the NE $\frac{1}{4}$ NE $\frac{1}{4}$, and a terminus in the SE $\frac{1}{4}$ SW $\frac{1}{4}$, of Section 26; and
- (d) the Snoddy Fed. Well No. 23, a horizontal well with a surface location in the NE $\frac{1}{4}$ NE $\frac{1}{4}$, and a terminus in the SE $\frac{1}{4}$ SE $\frac{1}{4}$, of Section 26.

Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The unit is centered approximately 1/2 miles south of Halfway, New Mexico.