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August 21, 2012

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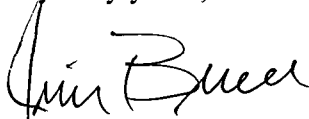
Florene Davidson  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Case 14902

Dear Florene:

Enclosed for filing, on behalf of Cimarex Energy Co. of Colorado, are an original and one copy of an application for compulsory pooling, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the September 20, 2012 Examiner hearing.

Very truly yours,



James Bruce

Attorney for Cimarex Energy Co.

Parties Being Notified

Heirs or devisees of James Collie McDonald, Jr.

Heirs or devisees of Jo Alice Cranford

Heirs or devisees of Hugh M. Kincaid

Heirs or devisees of Elaine S. Hinkle

Don Phillips and Associates

**BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION**

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

Case No. 14902

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**APPLICATION**

Cimarex Energy Co. of Colorado applies for an order pooling all mineral interests from the surface to the base of the Glorieta-Yeso formation underlying Lot 1 of Section 1, Township 19 South, Range 25 East, N.M.P.M, and in support thereof, states:

1. Applicant is an operator in Lot 1 of Section 1, and has the right to drill a well thereon.

2. Applicant proposes to drill its Montana 1 Fee Well No. 5, at an orthodox location, to a depth sufficient to test the Glorieta-Yeso formation, and seeks to dedicate Lot 1 of Section 1 to the well to form a standard 39.96 acre oil spacing and proration unit for any formations and/or pools developed on 40 acre spacing within that vertical extent.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in Lot 1 of Section 1 for the purposes set forth herein.

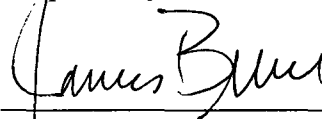
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in Lot 1 of Section 1, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying Lot 1 of Section 1 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 Lot 1 of Section 1 from the surface to the base of the Glorieta-Yeso formation;
- B. Designating applicant 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  
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Attorney for Cimarex Energy Co. of  
Colorado

PROPOSED ADVERTISEMENT

Case No. 14902:

***Application of Cimarex Energy Co. of Colorado for compulsory pooling, Eddy County, New Mexico.*** Applicant seeks an order pooling all mineral interests from the surface to the base of the Glorieta-Yeso formation underlying Lot 1 of Section 1, Township 19 South, Range 25 East, NMPM, to form a standard oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent. The unit will be dedicated to the Montana 1 Fee Well No. 5, to be drilled at an orthodox location. 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 unit is located approximately 5-1/2 miles south-southwest of Atoka, New Mexico.

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