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2013 JAN 23 A 10:08

Case 14959

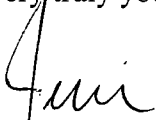
January, 2013

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 set this matter for the February 21, 2013 Examiner hearing.

Very truly yours,



James Bruce

Attorney for Cimarex Energy Co.

Parties Being Notified

Yates Petroleum Corporation

Abo Petroleum Corporation

Myco Industries, Inc.

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

RECEIVED OCD

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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Case No. 14959

APPLICATION

Cimarex Energy Co. applies for an order (i) approving a 160 acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the $W\frac{1}{2}W\frac{1}{2}$ of Section 24, Township 25 South, Range 32 East, N.M.P.M., Lea County, New Mexico, and (ii) pooling all mineral interests in the Bone Spring formation underlying the non-standard unit, and in support thereof, states:

1. Applicant is an interest owner in the $W\frac{1}{2}W\frac{1}{2}$ of Section 24, and has the right to drill a well thereon.
2. Applicant proposes to drill its Fuggles 24 Fed. Com. Well No. 1H, to a depth sufficient to test the Bone Spring formation, and seeks to dedicate the $W\frac{1}{2}W\frac{1}{2}$ of Section 24 to the well to form a non-standard 160 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 $NW\frac{1}{4}NW\frac{1}{4}$, and a terminus in the $SW\frac{1}{4}SW\frac{1}{4}$, of Section 24.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the $W\frac{1}{2}W\frac{1}{2}$ of Section 24 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.

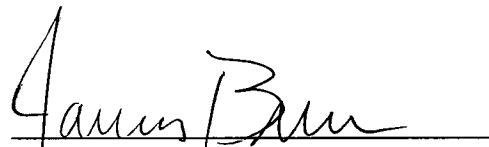
Therefore, applicant seeks an order pooling all mineral interest owners in the $W\frac{1}{2}W\frac{1}{2}$ of Section 24, pursuant to NMSA 1978 §§70-2-17, 18.

5. The approval of the non-standard unit and the pooling of all mineral interests underlying the $W\frac{1}{2}W\frac{1}{2}$ of Section 24 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 the $W\frac{1}{2}W\frac{1}{2}$ of Section 24;
- B. Pooling all mineral interests in the Bone Spring formation underlying the $W\frac{1}{2}W\frac{1}{2}$ of Section 24;
- C. Designating applicant as operator of the well;
- D. Considering the cost of drilling and completing the well, and allocating the cost among the well's 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 well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "James Bruce", is 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. 14959:

Application of Cimarex Energy Co. for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico. Cimarex Energy Co. seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the W/2W/2 of Section 24, Township 25 South, Range 32 East, NMPM, Lea County, New Mexico. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard unit (project area) for any pools or formations developed on 40 acre spacing within that vertical extent. The unit is to be dedicated to the Fuggles 24 Fed. Com. Well No. 1H, a horizontal well with a surface location in the NW/4NW/4, and a terminus in the SW/4SW/4, of Section 24. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, 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 26 miles west-southwest of Jal, New Mexico.

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