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June 19, 2006

Hand delivered

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

Case 13747

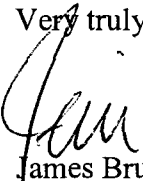
2006 JUN 19 PM 2 02

Dear Florene:

Enclosed for filing, on behalf of Cimarex Energy Co., 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 July 20, 2006 Examiner hearing.

A pre-hearing statement is also enclosed. Thank you.

Very truly yours,


James Bruce

Attorney for Cimarex Energy Co.

PERSONS BEING POOLED

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BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

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Case No. 13747

APPLICATION

Cimarex Energy Co. applies for an order pooling all mineral interests in the Wolfcamp formation underlying the SW $\frac{1}{4}$ NW $\frac{1}{4}$ and NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 21, Township 15 South, Range 36 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the SW $\frac{1}{4}$ NW $\frac{1}{4}$ and NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 21, and has the right to drill a well thereon.
2. Applicant proposes to drill its Caudill South "21" Fee Well No. 2H to a depth sufficient to test the Wolfcamp formation, and seeks to dedicate the SW $\frac{1}{4}$ NW $\frac{1}{4}$ and NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 21 to the well to form a standard 80 acre oil spacing unit (project area) for any formations and/or pools developed on 40 acre spacing within that vertical extent, including the Caudill-Permo Upper Penn Pool. The well will be a horizontal well, with a surface location 2000 feet from the south line and 940 feet from the west line of the section and a terminus located 1650 feet from the north line and 940 feet from the west line of the section.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the SW $\frac{1}{4}$ NW $\frac{1}{4}$ and NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 21 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.

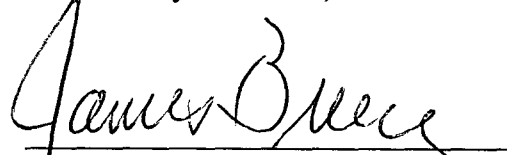
Therefore, applicant seeks an order pooling all mineral interest owners in the SW $\frac{1}{4}$ NW $\frac{1}{4}$ and NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 21, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the SW $\frac{1}{4}$ NW $\frac{1}{4}$ and NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 21 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 the SW $\frac{1}{4}$ NW $\frac{1}{4}$ and NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 21 in the Wolfcamp 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,

A handwritten signature in cursive script, 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. 13747 : Application of Cimarex Energy Co. for compulsory pooling, Lea County, New Mexico. Cimarex Energy Co. seeks an order pooling all mineral interests in the Wolfcamp formation underlying the SW/4NW/4 and NW/4SW/4 of Section 21, Township 15 South, Range 36 East, NMPM, to form an 80-acre oil spacing unit (project area) for any and all formations or pools developed on 40-acre spacing within that vertical extent, including the Caudill-Permo Upper Penn Pool. The unit is to be dedicated to the Caudill South "21" Fee Well No. 2H, a horizontal well to be drilled at a surface location 2000 feet from the south line and 940 feet from the west line with a terminus located 1650 feet from the north line and 940 feet from the west line of Section 21. 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 4-1/2 miles north-northeast of Lovington, New Mexico.

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