

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION OF CIMAREX ENERGY CO.,
TO REOPEN CASE NO. 22453 FOR A HORIZONTAL
SPACING UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

Case No. _____
Reopen Case No. 22453

APPLICATION

Cimarex Energy Co. ("Cimarex"), OGRID No. 215099, through its undersigned attorneys, hereby files this Application with the Oil Conservation Division ("Division") pursuant to the provisions of NMSA 1978, Section 70-2-17, seeking an order to reopen Case No. 22453 to provide Cimarex the opportunity to pool all working interest owners, including an additional owner recently discovered, in the Bone Spring formation underlying the standard 320-acre, more or less, spacing and proration unit comprised of the S/2 S/2 of Sections 15 and 14, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico established by Division Order No. R-22003.

In support of its Application, Cimarex states the following:

1. Cimarex is a working interest owner in the above-referenced horizontal spacing and proration unit ("HSU") and has a right to drill a well thereon.
2. Cimarex proposes and dedicates an initial well to the HSU, the **Parkway 15-14 South State Com 2H Well**, to be drilled to a depth sufficient to test the Bone Spring formation.
3. Cimarex proposes the **Parkway 15-14 South State Com 2H Well**, an oil well, to be horizontally drilled from a surface location in the NW/4 SW/4 (Unit L) of Section 15 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 14.

4. The proposed well is orthodox in its location, and the take points and completed interval comply with setback requirements under the statewide rules.

5. This HSU, which runs west to east, traversing Sections 15 and 14, overlaps one quarter-quarter section in seven (7) standup units in the same Bone Spring formation [Pool Code 60660] containing the following wells owned and operated by Cimarex: (1) The Parkway State Com 004H Well (API No. 30-015-37504), a unit covering the W/2 E/2 of Section 15; (2) the Parkway State Com 003H Well (API No. 30-015-37376), a unit covering the W/2 W/2 of Section 15; (3) the Parkway State Com 005Y Well (API No. 30-015-38499), a unit covering the E/2 W/2 of Section 15; (4) the Parkway State Com 006H Well (API No. 30-015-37970), a unit covering the E/2 E/2 of Section 15; (5) the State "14" Com 003H Well (API No. 30-015-37719), a unit covering the E/2 W/2 of Section 14; (6) the State 14 Com 002H (API No. 30-015-31791), a unit covering the SW/4 NW/4 and W/2 SW/4 of Section 14; and (7) the State 14 A Com 002H Well (API No. 30-015-34604), a unit covering the W/2 SE/4 of Section 14. Therefore, Cimarex seeks approval from the Division for the part of the unit of the existing wells that the HSU overlaps, pursuant to NMAC 19.15.16.15B(9).

6. Cimarex has sought in good faith, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the well or in the commitment of their interests to the well for development within the proposed HSU.

7. The pooling of all interests in the Bone Spring formation within the proposed HSU, and establishing the spacing unit, will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.

8. In order to provide for its just and fair share of the oil and gas underlying the subject lands, Cimarex requests that all uncommitted interests in this HSU be pooled and that Cimarex be designated the operator of the proposed horizontal well and HSU.

WHEREFORE, Cimarex requests that this Application be set for hearing on May 5, 2022, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

- A. Pooling all mineral interests in the Bone Spring formation underlying the proposed HSU;
- B. Approving the **Parkway 15-14 South State Com 2H Well** as the well for the HSU;
- C. Designating Cimarex as operator of this HSU and the horizontal well to be drilled thereon;
- D. Authorizing Cimarex to recover its costs of drilling, equipping, and completing the well;
- E. Approving overlapping units containing the following wells as above-described in Paragraph 5, to wit: Parkway State Com 004H Well (API No. 30-015-37504); Parkway State Com 003H Well (API No. 30-015-37376); Parkway State Com 005Y Well (API No. 30-015-38499); Parkway State Com 006H Well (API No. 30-015-37970); the State "14" Com 003H Well (API No. 30-015-37719); State 14 Com 002H (API No. 30-015-31791); and State 14 A Com 002H Well (API No. 30-015-34604).
- F. Approving actual operating charges and costs of supervision, to the maximum extent allowable, while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

G. Setting a 200% charge for the risk assumed by Cimarex 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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Application of Cimarex Energy Co. to Reopen Case No. 22453 for a Horizontal Spacing Unit and Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division pooling all mineral interests in the Bone Spring formation, designated as an oil pool, underlying the standard 320-acre, more or less, spacing and proration unit comprised of the S/2 S/2 of Sections 15 and 14, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico established by Division Order No. R-22003. The proposed oil well to be dedicated to the horizontal spacing unit is the **Parkway 15-14 South State Com 2H Well**, to be horizontally drilled from a surface location in the NW/4 SW/4 (Unit L) of Section 15 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 14. The well will be orthodox, and the take points and completed interval will comply with the setback requirements under the statewide Rules; also to be considered will be approval of overlapping units containing wells owned and operated by Cimarex, to wit: Parkway State Com 004H Well (API No. 30-015-37504); Parkway State Com 003H Well (API No. 30-015-37376); Parkway State Com 005Y Well (API No. 30-015-38499); Parkway State Com 006H Well (API No. 30-015-37970); the State "14" Com 003H Well (API No. 30-015-37719); State 14 Com 002H (API No. 30-015-31791); and State 14 A Com 002H Well (API No. 30-015-34604); the cost of drilling and completing the well and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the well and unit; and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 13 miles northeast from Carlsbad.