

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

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

Case No. _____

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, for an order pooling all uncommitted mineral interests in the Bone Spring formation underlying a standard 484.63-acre, more or less, horizontal spacing unit comprised of Lots 1, 2, 3 and 4 (the N/2 N/2 equivalent) of Sections 2 and 1, Township 20 South, Range 29 East; and Lots 1, 2, 3 and 4 (the N/2 N/2 equivalent) of Section 6, Township 20 South, Range 30 East; NMPM, Eddy County, New Mexico. Sections 2, 1 and 6 are irregular containing correction lots.

In support of its Application, Cimarex states the following:

1. Cimarex is a working interest owner in the proposed horizontal spacing and proration unit ("HSU") and has a right to drill a well thereon. Cimarex proposes to drill a well to a sufficient depth to test the Bone Spring formation.
2. Cimarex proposes to dedicate the HSU to its **Crest 2-1-6 State Fed Com 1H Well**, an oil well, proposed to be horizontally drilled from a surface location in SW/4 NW/4 (Unit E) of Section 2 to a bottom hole location in Lot 1 (aka NE/4 NE/4) of Section 6.
3. The well is orthodox, and the completed interval and first and last take points for the well meet the setback requirements set forth in the Division's statewide rules and regulations for horizontal oil wells.

4. There exists one overlapping unit involving the Superior Federal 10H (API 30-015-38465), operated by Cimarex, covering the W/2 W/2 of Section 1. Cimarex seeks approval for this overlapping unit pursuant to Rule 19.15.16.15(B)(9)(b).

5. 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 its development within the proposed HSU.

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

7. 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 before an Examiner of the Oil Conservation Division on March 7, 2024, and after notice and hearing as required by law, the Division enter an order:

A. Pooling all uncommitted mineral interests in the Bone Spring formation underlying a standard 484.63-acre, more or less, horizontal spacing unit comprised of Lots 1, 2, 3 and 4 (the N/2 N/2 equivalent) of Sections 2 and 1, Township 20 South, Range 29 East; and Lots 1, 2, 3 and 4 (the N/2 N/2 equivalent) of Section 6, Township 20 South, Range 30 East; NMPM, Eddy County, New Mexico;

B. Designating the **Crest 2-1-6 State Fed Com 1H Well** as a well dedicated to 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 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

F. 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,

ABADIE & SCHILL, PC

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Application of Cimarex Energy Co. for Compulsory Pooling, Eddy County, New Mexico.

Applicant in the above-styled cause seeks an order from the Division pooling all uncommitted mineral interests in the Bone Spring formation underlying a standard 484.63-acre, more or less, horizontal spacing unit comprised of Lots 1, 2, 3 and 4 (the N/2 N/2 equivalent) of Sections 2 and 1, Township 20 South, Range 29 East; and Lots 1, 2, 3 and 4 (the N/2 N/2 equivalent) of Section 6, Township 20 South, Range 30 East; NMPM, Eddy County, New Mexico. Sections 2, 1 and 6 are irregular sections containing correction lots. The proposed well to be dedicated to the horizontal spacing unit is the **Crest 2-1-6 State Fed Com 1H Well**, an oil well, to be horizontally drilled from a surface location in SW/4 NW/4 (Unit E) of Section 2 to a bottom hole location in Lot 1 (aka NE/4 NE/4) of Section 6. The completed interval and first take and last take point for the well meets the Division's statewide setback requirements for horizontal oil wells. Applicant seeks approval of an overlapping unit involving the Superior Federal 10H (API 30-015-38465), covering the W/2 W/2 of Section 1. Also to be considered will be 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 16 miles Northeast of Carlsbad, New Mexico.