

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

**APPLICATION OF CIMAREX ENERGY CO.
FOR APPROVAL OF A NON-STANDARD UNIT,
COMPULSORY POOLING, AND, TO THE
EXTENT NECESSARY, APPROVAL OF AN
OVERLAPPING SPACING UNIT,
EDDY COUNTY, NEW MEXICO**

CASE NO. _____

APPLICATION

Cimarex Energy Co. ("Cimarex"), OGRID Number 215099, through its undersigned attorneys, hereby submits this application to the Oil Conservation Division pursuant to the provisions of NMSA (1978), Section 70-2-17, for an order (1) approving a non-standard unit, (2) pooling all uncommitted mineral interests within a non-standard 1280-acre, more or less, Bone Spring spacing unit comprised of Sections 28 and 29, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico, and (3) to the extent necessary, approval of an overlapping spacing unit. In support of this application, Cimarex states as follows:

1. Cimarex has an interest in the subject lands and has a right to drill and operate a well thereon.
2. Cimarex seeks to dedicate Sections 28 and 29, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico to form a 1280-acre, more or less, Bone Spring horizontal spacing unit in the Laguna Salado; Bone Spring Pool (Code 96721) and/or the Laguna Salado; Bone Spring, South Pool (Code 96857).
3. Cimarex seeks approval of the 1280-acre non-standard spacing unit because approval of this application will allow Cimarex to efficiently locate surface facilities, reduce surface disturbance, consolidate roads, tanks, and pipelines, and promote effective well spacing.
4. Cimarex seeks to dedicate the unit to the following wells:

- a. **Laguna Grande Fed Com 29-28 #1H** and the **Laguna Grande Fed Com 29-28 #2H** wells with proposed first take points in the NW/4 NW/4 (Unit D) of Section 29 and proposed bottom hole locations in the NE/4 NE/4 (Unit A) of Section 28;
- b. **Laguna Grande Fed Com 29-28 #3H** and the **Laguna Grande Fed Com 29-28 #4H** wells with proposed first take points in the SW/4 NW/4 (Unit E) of Section 29 and proposed bottom hole locations in the SE/4 NE/4 (Unit H) of Section 28;
- c. **Laguna Grande Fed Com 29-28 #5H** and the **Laguna Grande Fed Com 29-28 #6H** well with proposed first take points in the NW/4 SW/4 (Unit L) of Section 29 and proposed bottom hole locations in the NE/4 SE/4 (Unit I) of Section 28; and
- d. **Laguna Grande Fed Com 29-28 #7H** and the **Laguna Grande Fed Com 29-28 #8H** wells with proposed first take points in the SW/4 SW/4 (Unit M) of Section 29 and proposed bottom hole locations in the SE/4 SE/4 (Unit P) of Section 28.

5. The wells will be horizontally drilled and will be drilled at orthodox locations under the Division's rules.

6. This proposed horizontal spacing unit will partially overlap with the following existing Bone Spring spacing units, which are in the Laguna Salado; Bone Spring, South Pool (Code 96857):

- a. A 120-acre spacing unit comprised of the N/2NW/4 and the NW/4NE/4 of Section 28, dedicated to OXY USA, Inc.'s Cypress 28 Federal #3H well (API 30-015-38287);
- b. A 120-acre spacing unit comprised of the S/2NW/4 and the SW/4NE/4 of Section 28, dedicated to OXY USA, Inc.'s Cypress 28 Federal #4H well (API 30-015-39330);
- c. A 120-acre spacing unit comprised of the N/2SW/4 and the NW/4SE/4 of Section 28, dedicated to OXY USA, Inc.'s Cypress 28 Federal #2H well (API 30-015-37331); and
- d. A 120-acre spacing unit comprised of the S/2SW/4 and the SW/4SE/4 of Section 28, dedicated to OXY USA, Inc.'s Cypress 28 Federal #1H well (API 30-015-37249).

7. Cimarex sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Bone Spring formation underlying the proposed spacing unit to participate in the drilling of the wells or to otherwise commit their interests to the wells.

8. The pooling of all interests in the Bone Spring formation underlying the proposed unit, and approving, to the extent necessary, the overlapping spacing unit, will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

9. Approval of a non-standard spacing unit will allow Cimarex to efficiently locate surface facilities for the recovery of oil and gas underlying the subject lands and reduce surface disturbance.

WHEREFORE, Cimarex requests that this case is set for hearing before an Examiner of the Oil Conservation Division on April 10th, 2025, and after notice and hearing as required by law, the Division enter its order:

- A. Approving the non-standard spacing unit;
- B. Approving, to the extent necessary, the proposed overlapping spacing unit;
- C. Pooling all uncommitted mineral interests in the Bone Spring formation underlying a horizontal spacing unit within Sections 28 and 29, Township 23 South, Range 29 East, NMPM, Eddy County;
- D. Designating Cimarex as operator of this unit and the wells to be drilled thereon;
- E. Authorizing Cimarex to recover its costs of drilling, equipping and completing the wells;
- F. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure;
- G. Setting a 200% charge for the risk involved in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

MODRALL, SPERLING, ROEHL, HARRIS
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CASE NO. ____: Application of Cimarex Energy Co. for approval of a non-standard spacing unit, compulsory pooling, and, to the extent necessary, approval of an overlapping spacing unit Eddy County, New Mexico. Applicant seeks an order from the Division approving a non-standard spacing unit and pooling all uncommitted interests within a 1280-acre, more or less, Bone Spring horizontal spacing unit comprised of Sections 28 and 29, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico in the Laguna Salado; Bone Spring Pool (Code 96721) and/or the Laguna Salado; Bone Spring, South Pool (Code 96857). This spacing unit will be dedicated to the following wells: **Laguna Grande Fed Com 29-28 #1H** and the **Laguna Grande Fed Com 29-28 #2H** wells with proposed first take points in the NW/4 NW/4 (Unit D) of Section 29 and proposed bottom hole locations in the NE/4 NE/4 (Unit A) of Section 28; **Laguna Grande Fed Com 29-28 #3H** and the **Laguna Grande Fed Com 29-28 #4H** wells with proposed first take points in the SW/4 NW/4 (Unit E) of Section 29 and proposed bottom hole locations in the SE/4 NE/4 (Unit H) of Section 28; **Laguna Grande Fed Com 29-28 #5H** and the **Laguna Grande Fed Com 29-28 #6H** well with proposed first take points in the NW/4 SW/4 (Unit L) of Section 29 and proposed bottom hole locations in the NE/4 SE/4 (Unit I) of Section 28; and **Laguna Grande Fed Com 29-28 #7H** and the **Laguna Grande Fed Com 29-28 #8H** wells with proposed first take points in the SW/4 SW/4 (Unit M) of Section 29 and proposed bottom hole locations in the SE/4 SE/4 (Unit P) of Section 28. The wells will be drilled at orthodox locations. Applicant also seeks, to the extent necessary, approval of an overlapping spacing unit. The proposed horizontal spacing unit will partially overlap with the following existing Bone Spring spacing units in the Laguna Salado; Bone Spring, South Pool (Code 96857):

- A 120-acre spacing unit comprised of the N/2NW/4 and the NW/4NE/4 of Section 28, dedicated to OXY USA, Inc.'s Cypress 28 Federal #3H well (API 30-015-38287);
- A 120-acre spacing unit comprised of the S/2NW/4 and the SW/4NE/4 of Section 28, dedicated to OXY USA, Inc.'s Cypress 28 Federal #4H well (API 30-015-39330);
- A 120-acre spacing unit comprised of the N/2SW/4 and the NW/4SE/4 of Section 28, dedicated to OXY USA, Inc.'s Cypress 28 Federal #2H well (API 30-015-37331); and
- A 120-acre spacing unit comprised of the S/2SW/4 and the SW/4SE/4 of Section 28, dedicated to OXY USA, Inc.'s Cypress 28 Federal #1H well (API 30-015-37249).

Also to be considered will be the cost of drilling, completing, and equipping said wells, the allocation of these costs as well as the actual operating costs and charges for supervision while drilling and after completion, designation of Cimarex Energy Co. as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 5 miles southeast of Loving, New Mexico.