

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

RECEIVED OCD
2013 SEP 10 P 12:14

**APPLICATION OF CIMAREX ENERGY CO.
FOR A NON-STANDARD OIL SPACING AND
PRORATION UNIT AND COMPULSORY POOLING,
CHAVES COUNTY, NEW MEXICO.**

**CASE NO. 14966
ORDER NO. R-13708**

NOTICE OF INTERVENTION

Pursuant to NMAC 19.15.4.11, COG OPERATING LLC ("Concho"), by and through its counsel, hereby gives notice that it will participate as intervenor in Case No. 14966: *Application of Cimarex Energy Co. for a Non-Standards Oil Spacing and Proration Unit and Compulsory Pooling, Chaves County, New Mexico*. Concho seeks to support Cimarex's application to the extent Cimarex is seeking to drill a horizontal well with a mile and one-half lateral to be dedicated to a 240-acre non-standard spacing and proration unit.

In Case No. 14966, Cimarex seeks to form a 240-acre non-standard oil spacing and proration unit (project area) in the Abo/Wolfcamp comprised of the N/2 NE/4 of Section 8 and the N/2 N/2 of Section 9, Township 15 South, Range 31 East, NMPM. Cimarex also seeks to pool the mineral interests in the Abo/Wolfcamp formation underlying the 240-acre spacing unit. The unit is to be dedicated to the Independence 8 Fed Com Well No. 1. The application was heard before the Oil Conservation Division ("Division") on April 4, 2013. The Division entered Order No. R-13708 on May 10, 2013, denying Cimarex's application. Cimarex timely filed a De Novo Application to the Oil Conservation Commission ("Commission") and the matter is currently scheduled to be heard on the Commission's October 10, 2013 docket.

Concho will to appear in the nature of *amicus curiae* before the Commission. Although Concho does not have a direct interest in the lands subject to Cimarex's application, it does have a significant interest in any decision the Commission may make regarding pooling for laterals longer than one mile. This case is a matter of first impression for the Commission regarding the issue of laterals extending longer than one mile or a project area of more than 160 acres.

Two years ago, the Division determined that the standard spacing unit for a horizontal oil well is 160 acres. See Order No. 13425-A. The Division based this standard on the spacing units the industry most often sought to form at the time, i.e., an "industry standard." In the two years since Order No. 13425-A was issued, rapid technological advances have occurred with respect to

since Order No. 13425-A was issued, rapid technological advances have occurred with respect to the drilling and completion of horizontal wells. As a leader in drilling horizontal oil wells in Southeast New Mexico, Concho has compelling data that supports the drilling of what we refer to as "extended laterals", meaning those continuing for more than one mile.

Concho would like to present evidence and testimony that supports pooling for these extended laterals. Concho proposes to present one witness to discuss the benefits Concho is seeing from its longer lateral wells and to support the concept that the Division and the Commission should look beyond arbitrary section lines when considering waste and correlative rights. In other words, confining drilling of horizontal wells to an arbitrary size because it is the size of a section does not encourage the continued active and robust drilling currently taking place in Southeast New Mexico. Accordingly, Concho's participation in this hearing will contribute substantially to the prevention of waste and the protection of correlative rights.

Concho has consulted with counsel for Cimarex, James Bruce, and Cimarex has no objection to this request for intervention.

Respectfully submitted,

A handwritten signature in black ink that reads "Ocean Munds-Dry". The signature is written in a cursive, flowing style with a horizontal line underneath the name.

Ocean Munds-Dry

Senior Attorney

COG OPERATING LLC

1048 Paseo de Peralta

Santa Fe, New Mexico 87501

(505) 780-8000 Telephone

(505) 428-0485 Facsimile

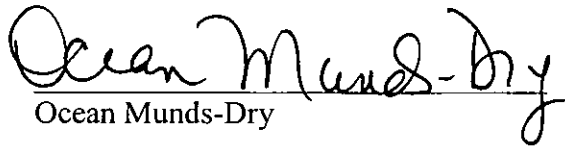
omundsdry@concho.com

Certificate of Service

I hereby certify that a true and correct copy of this Notice of Intervention was emailed on September 10, 2013 to:

James Bruce
P.O. Box 1056
Santa Fe, NM 87504
jamesbruc@aol.com

Attorney for Cimarex Energy Co.


Ocean Munds-Dry