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2015 OCT 13 P 3: 59

Jennifer L. Bradfute
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jlb@modrall.com

October 9, 2015

Florene Davidson
NM Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Case 15399

Re: Application of Cimarex Energy Company of Colorado for a Non-Standard Oil Spacing and Proration Unit and Compulsory Pooling, Case No. 15399.

Dear Ms. Davidson:

Enclosed are three copies of the Application of Cimarex Energy Company which was e-mailed to you for filing on October 09, 2015.

Thank you for your assistance. Please contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jennifer L. Bradfute', is written over a horizontal line.

Jennifer L. Bradfute

JLB/zc
Enclosure
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P.A.

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

2015 OCT 13 P 3: 59

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

CASE NO. 15399

EXPEDITED APPLICATION

Pursuant to Rule 19.15.2.11 NMAC, Cimarex Energy Co. of Colorado ("Cimarex"), OGRID Number 162683, through its undersigned attorneys, hereby makes an expedited application to the Oil Conservation Division for an emergency hearing pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order: (1) creating a non-standard 160-acre, more or less, oil spacing and proration unit in the Bone Spring formation, comprised of the W/2 E/2 of Section 20, Township 25 South, Range 27 East, NMPM, Eddy County, New Mexico; and, (2) pooling all mineral interests in the Bone Spring formation underlying this proposed non-standard spacing and proration unit. In support of this application, Cimarex states as follows:

1. Cimarex and parties to a joint operating agreement own a 0.894% working interest in oil and gas leases comprising the proposed project area covering 160 acres in the NE/NW, W2 NE and NW/SE, Section 20, Township 25 South, Range 27 East and have a right to drill a well thereon.

2. The joint operating agreement includes a drilling requirement specifying a must spud date of December 31, 2015 because the leases are set to expire on February 22, 2016 and

March 20, 2016. Due to current rig availability, Cimarex must drill the well prior to December 31, 2015 in order to avoid expiration of the leases. Accordingly, pursuant to Rule 19.15.2.11 NMAC, Cimarex is requested an expedited hearing date for this application on October 29, 2015. On Friday, October 9, 2015, the Director informed Cimarex that this application may be heard by the Division on October 29, 2015. A copy of the Director's approval is attached in Exhibit A.

3. Notice to the party Cimarex seeks to pool, Featherstone Development Corporation, which owns a 0.041666667% working interest in the leases, together with other interested parties of this Application is being provided more than 20 days before the hearing date in accordance with Rule 19.15.4.12(B) NMAC. Cimarex has also notified Featherstone concerning the lease expirations and that it would be filing a force pooling application. A copy of that notification is attached in Exhibit B.

4. Cimarex seeks to dedicate the W/2 E/2 of Section 20 to the proposed well to form a non-standard 160-acre, more or less, oil spacing and proration unit (the "project area").

5. Cimarex proposes to drill the Cottonberry 20 Federal Com 3H well to a depth sufficient to test the Bone Spring formation. This well is a horizontal well with a surface location 195 feet from the South line, 2185 feet from the East line of Section 17, Township 25 South, Range 27 East, and a terminus 330 feet from the South line, 1980 feet from the West line of Section 20, Township 25 South, Range 27 East.

6. This well is a wildcat well and there are no special pool rules that apply. The producing interval that Cimarex seeks to drill will comply with the statewide 330 foot setback requirements.

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

8. Approval of the non-standard unit and the pooling of all interests in the Bone Spring formation underlying the proposed project area will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

9. Notice of this application is being given in accordance with Division rules as shown on Exhibit C.

WHEREFORE, Cimarex Energy Co. of Colorado requests this application be set for hearing before an Examiner of the Oil Conservation Division on October 29, 2015, and after notice and hearing as required by law, the Division enter its order:

A. Creating a non-standard oil spacing and proration unit (“project area”) in the Bone Spring formation comprised of W/2 E/2 of Section 20, Township 25 South, Range 27 East, NMPM, Eddy County, New Mexico;

B. Pooling all mineral interests in the Bone Spring formation underlying this non-standard spacing and proration unit/project area;

C. Designating Cimarex as operator of this unit and the well to be drilled thereon;

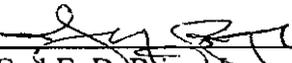
D. Authorizing Cimarex to recover its costs of drilling, equipping and completing this well;

E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and

F. 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,

MODRALL, SPERLING, ROEHL, HARRIS
& SISK, P.A.

By: 
Earl E. DeBrine, Jr.
Jennifer Bradfute
Post Office Box 2168
Bank of America Centre
500 Fourth Street NW, Suite 1000
Albuquerque, New Mexico 87103-2168
Telephone: 505.848.1800
Attorneys for Applicant

Jennifer L. Bradfute

From: Catanach, David, EMNRD <David.Catanach@state.nm.us>
Sent: Friday, October 09, 2015 7:08 AM
To: Jennifer L. Bradfute; Wade, Gabriel, EMNRD
Cc: Earl E. DeBrine
Subject: RE: Cimarex Energy Co. of Colorado's Request for an Expedited Application

Jennifer,

I'm a little concerned about the project area's configuration. It's an odd shaped 160-acre tract. However, I have no objection to Cimarex putting on its case on October 29th. It appears that Featherstone will still get notice within the required notice period.

If there are any other issues that need to be addressed with this request, please convey them to Gabe, and I can speak with him.

Thanks,

David

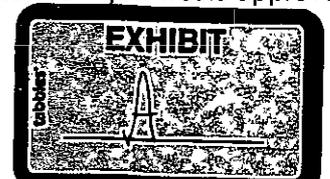
From: Jennifer L. Bradfute [mailto:jlb@modrall.com]
Sent: Thursday, October 08, 2015 2:16 PM
To: Wade, Gabriel, EMNRD; Catanach, David, EMNRD
Cc: Earl E. DeBrine
Subject: RE: Cimarex Energy Co. of Colorado's Request for an Expedited Application

Director Catanach,

Cimarex Energy Co. of Colorado has a lease expiration issue in one of its proposed project areas. As a result, Cimarex would like to request expedited review under Rule 19.15.2.11 NMAC for its application to pool one interest owner in the project area – Featherstone, who owns a 0.041666667% working interest. Cimarex and parties to a joint operating agreement own a 0.894% working interest in oil and gas leases comprising the proposed project area covering 160 acres in the NE/NW, W2 NE and NW/SE, Section 20, Township 25 South, Range 27 East, Eddy County, New Mexico. The joint operating agreement includes a drilling requirement specifying a must spud date of December 31, 2015 because the leases are set to expire on February 22, 2016 and March 20, 2016. Due to current rig availability, Cimarex must drill the well prior to December 31, 2015 in order to avoid expiration of the leases and is concerned about being able to receive an order to pool Featherstone's interests in time to begin drilling the well.

As a result, Cimarex is requesting an expedited hearing date for this application on October 29, 2015, pursuant to Rule 19.15.2.11 NMAC, which states: "Notwithstanding other provisions of 19.15.2 NMAC through 19.15.39 NMAC, if the division or commission finds an emergency exists, the division or commission may conduct a hearing on an application within less than 30 days after party files an application and the director may set the notice period at the director's discretion." If Cimarex's application can be heard on October 29, 2015, Cimarex will still be able to comply with all of the notice deadlines in the NMOCD rules, as long as the notice letters are sent out by tomorrow. In addition, Cimarex has already been communicating with Featherstone about the lease expiration issue and that it would be needing to immediately file a pooling application.

I have been speaking with Gabe about this issue and he asked that I contact you directly, to see if you would approve this request. Please let me know if you have any questions or if you would like to discuss.



Thank you,
Jennifer Bradfute



Jennifer L. Bradfute
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From: Jennifer L. Bradfute
Sent: Tuesday, October 06, 2015 2:32 PM
To: gabriel.wade@state.nm.us
Cc: Catanach, David, EMNRD; Earl E. DeBrine
Subject: FW: Cimarex Energy Co. of Colorado's Request for an Expedited Application

Mr. Wade,

I wanted to follow up with you based on our conversation earlier today. Cimarex Energy Co. of Colorado has a lease that is expiring within a planned project area for its Cottonberry 20 Federal Com 3H well, which will be located in the W/2 E/2 of Section 20, Township 25 South, Range 27 East, NMPM, Eddy County, New Mexico. One of the interest owners in the W/2 E/2 has not yet signed a lease and Cimarex will need to pool their interests. Cimarex has been communicating directly with this interest owner and let them know about the lease expiration issue and that they would be filing a pooling application as soon as possible.

Due to the upcoming lease expiration, Cimarex would like to request an expedited review of an application for compulsory pooling under Rule 19.15.2.11(B) NMAC. We have prepared an application which we hope to file today. The application requests that the case be heard on October 29, 2015 during the scheduled NMOCD hearing. If the hearing date is set for October 29, 2015 under Rule 19.15.2.11(B) NMAC, Cimarex would still be able to comply with all of the notice requirements and deadlines in 19.15.4.12(B).

I appreciate your consideration of this request. Please let me know if you have any questions, or if you would like to discuss.

Thank you,
Jennifer Bradfute



Jennifer L. Bradfute
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Any U.S. federal tax advice contained herein (including any attachments), unless specifically stated otherwise,

is not intended or written to be used, and cannot be used, for the purposes of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter herein.

Modrall, Sperling, Roehl, Harris & Sisk, P.A. THIS MESSAGE IS INTENDED ONLY FOR THE USE OF THE INDIVIDUAL OR ENTITY TO WHICH IT IS ADDRESSED AND MAY CONTAIN INFORMATION THAT IS CONFIDENTIAL, EXEMPT FROM DISCLOSURE UNDER APPLICABLE LAW, AND PROTECTED BY THE ATTORNEY-CLIENT PRIVILEGE. If the reader of this message is not the intended recipient or agent responsible for delivering the message to the intended recipient, you are hereby notified that any review, dissemination or copying of this communication is strictly prohibited. If you have received this electronic transmission in error, please do not read it, delete it from your system without copying it, and notify the sender by reply e-mail or by calling 505.848.1800 ,so that our address record can be corrected. Thank you.

This email was Anti Virus checked by Astaro Security Gateway. <http://www.astaro.com>

Jennifer L. Bradfute

From: Jordan Cockrell <jcockrell@cimarex.com>
Sent: Wednesday, September 30, 2015 10:41 AM
To: Tnoriega@fdcenergy.com
Subject: Cottonberry 20 Federal Com 3H

Tracy,

Thank you for taking my call this morning. Per our conversation, there are lease expirations in the spacing unit of the Cottonberry 20 Federal Com 3H well. The party who owns the leases has executed the JOA and has elected to participate in the well. Due to this situation we are on a strict time schedule. As you are aware, Featherstone's interest is outstanding. We need your final answer as to how you wish you move forward with your interest. Please contact me by email or phone to let me know your answer. As discussed, we are preparing to file for force pooling today.

Again, thank you for your time.



Jordan Cockrell

Petroleum Landman
Cimarex Energy Co.
600 N. Marienfeld, Ste. 600
Midland, Texas 79701
(432) 571-7800 Phone
(432) 571-7845 Direct
(432) 571-7840 Fax
jcockrell@cimarex.com

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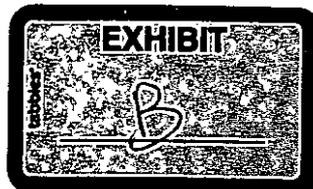


EXHIBIT C
CIMAREX ENERGY COMPANY OF COLORADO NOTICE LIST

Parties to be pooled:

Featherstone Development Corporation..... 0.041666667
P.O. Box 429
Roswell, New Mexico 88202-0429

Offsets

OXY U.S.A. Inc.
P.O. Box 4294
Houston, TX 77210

Chevron U.S.A. Inc.
Attn: Sandy Stedman-Daniel
1400 Smith
Houston, TX 77002

Yates Petroleum Corporation
105 S 4th St.
Artesia, NM 88210

COG Operating, LLC
One Concho Center
600 W. Illinois Ave.
Midland, TX 79701

CASE NO. 15399 : Expedited Application of Cimarex Energy Company of Colorado for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division: (1) creating a non-standard 160-acre, more or less, oil spacing and proration unit in the Bone Spring formation, comprised of the W/2 E/2 of Section 20, Township 25 South, Range 27 East, NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation underlying this proposed non-standard spacing and proration unit. This proposed non-standard spacing and proration unit will be the project area for the Cottonberry 20 Federal Com 3H, to be horizontally drilled. The producing area for this well will be 330 feet from the project area boundary. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Cimarex as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 31 miles South of Carlsbad New Mexico.