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May 5 2017

**HAND-DELIVERY**

Florene Davidson  
New Mexico Oil Conservation Division  
1220 South St Francis Drive  
Santa Fe NM 87505

*Case 15711*

**Re Application of Cimarex Energy Co for a Non-Standard Oil Spacing and  
Proration Unit and Compulsory Pooling, Lea County, New Mexico**

Dear Ms Davidson

Enclosed please find for filing the original and one copy of an Application regarding the above matter Also enclosed is the proposed advertisement (will be emailed in Word to Florene Davidson and Marlene Salvidrez at OCD) Please set this matter for hearing on the June 8, 2017 examiner docket

Thank you

Very truly yours,

J Scott Hall

Enclosures

cc Kelly Reese, CPL, Cimarex (via email, w/encs )

**REPLY TO**

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

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

Case No 15711

**APPLICATION**

Cimarex Energy Co ("Cimarex' ) applies for an order approving a non-standard oil spacing and proration unit comprised of the W/2 W/2 of Section 32, Township 16 South, Range 34 East and the W/2 W/2 of Section 5, Township 17 South, Range 34 East, NMPM, Lea County, New Mexico, pooling all mineral interests in the Upper Pennsylvanian (Cisco/Canyon) formation underlying the non-standard unit, and in support thereof, states

1 Applicant is an interest owner in Section 32, Township 16 South Range 34 East and in Section 5, Township 17 South, Range 34 East and has the right to drill thereon

2 Applicant proposes to drill its State LF 32-5 2H well to a depth sufficient to test the Upper Pennsylvanian (Cisco/Canyon) formation Applicant seeks to dedicate the W/2 W/2 of Section 32, Township 16 South, Range 34 East and the W/2 W/2 of Section 5, Township 17 South, Range 34 East to the well to form a non-standard 320 acre oil spacing and proration unit (project area) in the Upper Pennsylvanian (Cisco/Canyon) formation The well is a horizontal well, with a surface location 330 feet from the north line and 715 feet from the west line of Section 32, Township 16 South, Range 34 East, and a bottom hole location 330 feet from the south line and 480 feet from the west line of Section 5, Township 17 South, Range 34 East

3 Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the Upper Pennsylvanian (Cisco/Canyon) formation in the proposed project area for the purposes set forth herein

4 Although Applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the Upper Pennsylvanian (Cisco/Canyon) formation. Applicant seeks to dedicate the W/2 W/2 of Section 32 Township 16 South, Range 34 East and the W/2 W/2 of Section 5, Township 17 South, Range 34 East, pursuant to NMSA 1978, §§ 70-2-17, 18.

5 Approval of the non standard unit and the pooling of all mineral interests in the Upper Pennsylvanian (Cisco/Canyon) formation underlying the W/2 W/2 of Section 32, Township 16 South, Range 34 East and the W/2 W/2 of Section 5, Township 17 South, Range 34 East, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing on June 8, 2017 and that, following notice and hearing, the Division enter its order.

A Approving a non-standard oil spacing and proration unit and pooling all mineral interests in the Upper Pennsylvanian (Cisco/Canyon) formation in the W/2 W/2 of Section 32 Township 16 South, Range 34 East and the W/2 W/2 of Section 5, Township 17 South, Range 34 East.

B Designating Applicant as operator of the well,

C Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners,

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

E      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,

A handwritten signature in black ink, appearing to read "J. Scott Hall", written over a horizontal line.

J Scott Hall  
Seth C McMillan  
Post Office Box 2307  
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(505) 982-3873

*Attorneys for Cimarex Energy Co*

**Case No 15711**    ***Application of Cimarex Energy Co for a Non-Standard Oil Spacing and Proration Unit and Compulsory Pooling, Lea County, New Mexico***    Applicant seeks an order approving a non standard oil spacing and proration unit comprised of the W/2 W/2 of Section 32, Township 16 South, Range 34 East and the W/2 W/2 of Section 5, Township 17 South, Range 34 East, NMPM, Lea County, New Mexico, pooling all mineral interests in the Upper Pennsylvanian formation (Cisco/Canyon), underlying the non standard unit    The unit will be dedicated to Applicant's proposed State LF 32-5 2H well to be drilled 330 feet from the north line and 715 feet from the west line of Section 32, Township 16 South, Range 34 East to a bottomhole location 330 feet from the south line and 480 feet from the west line of Section 5, Township 17 South, Range 34 East    Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of Applicant <sup>as</sup> ~~and~~ Operator of the well, and a 200% charge for the risk involved in drilling and completing the well    The well and lands are located approximately six miles southwest of Lovington, New Mexico