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Jennifer L. Bradfute  
505 848 1845  
Fax 505 848 1882  
jlb@modrall.com

June 20 2017

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

*Case 15756*

**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 three copies of the following

1 Cimarex s Application / Lea 7 Federal Com 2H

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

Sincerely

A handwritten signature in black ink, appearing to read 'Zina Crum'.

Zina Crum Legal Assistant to  
Jennifer L. Bradfute

JLB/zc  
Enclosure

Modrall Spierling  
Roehl Harbo & Sisk  
P A

Bank of America  
Center  
500 North Street  
NW  
Suite 1000  
Albuquerque  
New Mexico 87102

PO Box 2168  
Albuquerque  
New Mexico  
87103 2 68

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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 15756

APPLICATION

Cimarex Energy Co ( Cimarex ) OGRID Number 215099 through its undersigned attorneys, hereby makes an application to the Oil Conservation Division 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 E/2 W/2 of Section 7 Township 20 South Range 35 East NMPM, Lea 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 is an interest owner in the subject lands and has a right to drill a well thereon

2 Cimarex seeks to dedicate the E/2 W/2 of Section 7 to the proposed well to form a non standard 160 acre more or less oil spacing and proration unit (the project area )

3 Cimarex proposes to drill the **Lea 7 Federal Com 2H** well to a depth sufficient to test the Bone Springs formation This well is a horizontal well with a surface location 505 feet

from the South line 1597 feet from the West line of Section 7 and a terminus 330 feet from the North line, 1980 feet from the West line of Section 7

4 This well is within the WC 025 G 08 S203506D pool (Pool Code 97983) which is subject to the statewide rules for oil spacing and proration units. The producing interval that Cimarex seeks to drill will comply with the statewide 330 foot setback requirements established under Rule 19.15.15.9(A) NMAC.

5 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.

6 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.

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

WHEREFORE Cimarex Energy Co requests this application be set for hearing before an Examiner of the Oil Conservation Division on July 20, 2017 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 E/2 W/2 of Section 7, Township 20 South Range 35 East NMPM, Lea 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

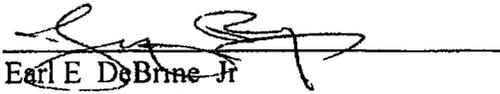
D Authorizing Cimarex to recover its costs of drilling equipping and completing this well,

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*

**EXHIBIT A**

**CIMAREX ENERGY CO NOTICE LIST**

**Parties to be pooled**

AOG Mineral Partners Ltd  
P O Box 1015  
Midland, Texas 79702

Rhoades Oil Company  
P O Box 2673  
Midland Texas 79702

M Dion Lowe  
7801 Espanola Trail  
Austin, Texas 78737

John E & Helen M Kennann Family Trust created January 13 1994  
Attn William H Kennan Trustee  
1430 Soquel Ave  
Santa Cruz 95062

Realeza Del Spear LP  
P O Box 1684  
Midland, Texas 79702

Charles Kenneth Moore  
18326 E San Ignacio Ct  
Gold Canyon AZ 85118

The Long Family Trusts  
Larry P Long, Managing Trustee  
118 S Kilgore St  
Kilgore Texas 75662

Lowe Family, Ltd  
P O Box 53775  
Lubbock Texas 79453

Vora Lowe Hartley Mineral Trust  
Attn Teddy L Hartley & Robert Thomas Hartley Trustees  
P O Box 1024  
Clovis, NM 88102

**Offsets**

Marshall & Winston Inc  
P O Box 50880  
Midland Texas 79710

Legacy Reserves LP  
P O Box 10848  
Midland TX 79702

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

CASE NO 15756 Application of Cimarex Energy Co for a non standard spacing and proration unit and compulsory pooling, Lea 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 E/2 W/2 of Section 7 Township 20 South Range 35 East NMPM Lea 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 Lea 7 Federal Com #2H well 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 11.6 miles southeast of the intersection of Hobbs Highway 180 and County Road 27 A/Marathon Road located in Lea County, New Mexico

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