

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

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

CASE NO. 15819

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 640-acre, more or less, spacing and proration unit in the Wolfcamp formation, comprised of the E/2 of Sections 23 and 26, Township 25 South, Range 26 East, NMPM, Eddy County, New Mexico; and, (2) pooling all mineral interests in the Wolfcamp 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 of Sections 23 and 26 to the proposed well to form a non-standard 640-acre, more or less, oil spacing and proration unit (the "project area").
3. Cimarex drilled the **Wigeon 23 Federal Com 4H** well to a depth sufficient to test the Wolfcamp formation. This well is a horizontal well with a surface location 305 feet from the North line, 757 feet from the East line of Section 23, Township 25 South, Range 26 East, and a

terminus 330 feet from the South line, 330 feet from the East line of Section 26, Township 25 South, Range 26 East.

4. This well is within the Purple Sage-Wolfcamp Gas pool (Pool Code 98220), which is subject to special pool rules issued by the Division in Order R-14262, effective February 1, 2017. The producing interval that Cimarex seeks to drill will comply with the 330 foot setback requirements established under the special pool rules.

5. Cimarex sought, but has been unable to obtain a voluntary agreement from all interest owners in the Wolfcamp 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 Wolfcamp 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 September 14, 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 Wolfcamp formation comprised of E/2 of Sections 23 and 26, Township 25 South, Range 26 East, NMPM, Eddy County, New Mexico;

B. Pooling all mineral interests in the Wolfcamp 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:

Dale Williston Minerals 2011, LP
2100 Ross Avenue, Suite 1870, LP-9
Dallas, Texas 75201

Offsets:

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

CASE NO. 15819 : Application of Cimarex Energy Co. 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 640-acre, more or less, spacing and proration unit in the Wolfcamp formation, comprised of the E/2 of Sections 23 and 26, Township 25 South, Range 26 East, NMPM, Eddy County, New Mexico; and, (2) pooling all mineral interests in the Wolfcamp 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 **Wigeon 23 Federal Com 4H 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 25 miles south of Carlsbad New Mexico.

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