

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. 16294

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/4 of Section 21, Township 19 South, Range 34 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/4 of Section 21 to the proposed well to form a non-standard 160-acre, more or less, horizontal oil spacing and proration unit (a/k/a the "project area").
3. Cimarex proposes to drill the **Mescalero Ridge 21 Federal 1H** well to a depth sufficient to test the Bone Spring formation. This well is a horizontal well with a surface

location 544' FNL and 1980' FEL of Section 21, Township 19 South, Range 34 East, and the intended bottom hole location is 330' FSL and 660' FEL of Section 21, Township 19 South, Range 34 East. The well is proposed to be drilled vertically to a depth of approximately 10,810' to the Bone Spring formation and laterally in a southerly direction within the formation to the referenced bottom hole location.

4. This well is a wildcat Bone Spring well which is subject to statewide rules. The producing interval that Cimarex seeks to drill will comply with the statewide 330 foot setback requirements established under statewide rules.

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 12, 2018, and after notice and hearing as required by law, the Division enter its order:

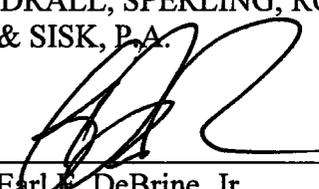
A. Creating a 160-acre non-standard horizontal oil spacing and proration unit (a/k/a "project area") in the Bone Spring formation comprised of E/4 of Section 21, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico;

- 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: _____


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CASE NO. _____: 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/4 of Section 21, Township 19 South, Range 34 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 **Mescalero Ridge 21 Federal 1H**, to be horizontally drilled. The producing area for this well will be orthodox. 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 21 miles southwest of Hobbs, New Mexico.