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

APPLICATION OF CIMAREX
ENERGY CO. FOR COMPULSORY
POOLING, EDDY COUNTY,
NEW MEXICO

CASE NO. 20560

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 pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the N/2 of Sections 16 and 17, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico. 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 wells thereon.
2. Cimarex seeks to dedicate the N/2 of Sections 16 and 17, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico to form a 640-acre, more or less, spacing unit.
3. Cimarex plans to drill the **Parkway 16-17 State Com 1H** and **Parkway 16-17 State Com 2H** wells to a depth sufficient to test the Bone Spring formation.
4. The **Parkway 16-17 State Com 1H** well is a horizontal well with a surface location 1208' FNL and 806' FEL of Section 16, Township 19 South, Range 29 East, Eddy County, and the intended bottom hole location is 780' FNL and 100' FWL of Section 17, Township 19 South, Range 29 East, Eddy County.
5. The **Parkway 16-17 State Com 2H** well is a horizontal well with a surface location 1228' FNL and 806' FEL of Section 16, Township 19 South, Range 29 East, Eddy County, and

the intended bottom hole location is 2060' FNL and 100' FWL of Section 17, Township 19 South, Range 29 East, Eddy County.

6. These wells are proposed to be drilled vertically to a depth of approximately 8,840' to the Bone Spring formation and laterally in a easterly direction within the formation to the referenced bottom hole location.

7. These wells will be located within the Turkey Track, Bone Spring Pool (Pool Code 60660) and will comply with the Division's setback requirements.

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

9. The creation of a horizontal spacing unit and the pooling of all interests in the Bone Spring formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

WHEREFORE, this case is set for hearing before an Examiner of the Oil Conservation Division on June 13, 2019, Cimarex requests that, after notice and hearing as required by law, the Division enter its order:

A. Creating a horizontal spacing unit in the Bone Spring formation comprised of N/2 of Sections 16 and 17, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico;

B. Pooling all mineral interests in the Bone Spring formation underlying a horizontal spacing unit within the N/2 of Sections 16 and 17, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico;

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

D. Authorizing Cimarex to recover its costs of drilling, equipping and completing these wells;

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

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 wells.

Respectfully submitted,

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

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CASE NO. 20560: Application of Cimarex Energy Co. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 640-acre, more or less, Bone Spring horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the N/2 of Sections 16 and 17, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the **Parkway 16-17 State Com 1H** and **Parkway 16-17 State Com 2H** wells, to be horizontally drilled. The producing area for these wells will be orthodox. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Cimarex as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 20 miles southeast of Atoka, New Mexico.