

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

**IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:**

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

Case Nos. 22295, 22297, and 22333

PRE-HEARING STATEMENT

This amended pre-hearing statement is submitted by applicant as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Cimarex Energy Co.
Suite 600
600 North Marienfeld
Midland, Texas 79701

Attention: Riley Morris

OPPONENT

Chevron U.S.A Inc.

MRC Permian Company

APPLICANT'S ATTORNEY

James Bruce
P.O. Box 1056
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OPPONENT'S ATTORNEY

Holland & Hart LLP

Kyle Perkins

STATEMENT OF THE CASE

APPLICANT

Case 22295: Application of Cimarex Energy Co. for a Horizontal Spacing and Proration Unit and Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) creating a standard 320-acre, more or less, horizontal spacing and proration unit comprised of the W/2 W/2 of Sections 29 and 32, Township 25 South, Range 27 East, NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation, designated as an oil pool, underlying the unit. The proposed well to be

dedicated to the horizontal spacing unit is the Southern Hills 32-29 State Fed Com 1H Well, an oil well, to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 32 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 29. The well will be orthodox, and the take points and completed interval will comply with the setback requirements under the statewide Rules; also to be considered will be the cost of drilling and completing the well and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the well and unit; and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 3 miles south of Carlsbad, New Mexico, and 1 mile north of the state line.

Case 22297: Application of Cimarex Energy Co. for a Horizontal Spacing and Proration Unit and Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) creating a standard 640-acre, more or less, horizontal spacing and proration unit comprised of the W/2 of Sections 29 and 32, Township 25 South, Range 27 East, NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Wolfcamp formation, designated as a gas pool, underlying the unit. The proposed wells to be dedicated to the horizontal spacing unit are the Southern Hills 32-29 State Fed Com 3H Well to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 32 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 29; and the Southern Hills 32-29 State Fed Com 4H Well to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 32 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 29. The wells will be unorthodox in location, and the 100' setback of the take points do not comply with the special field rules for the Purple Sage, Wolfcamp, pursuant to Order No. R-14262; Cimarex will be applying administratively to the NMOCD for approval of the non-standard locations; also to be considered is the approval, to the extent necessary, of an overlapping spacing unit involving the Cottonwood Hills 32 State Com (API No. 30-015-39967) in the W/2 of Section 32; the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 3 miles south of Carlsbad, New Mexico, and 1 mile north of the state line.

Case 22333: Amended Application of Cimarex Energy Co. for a Horizontal Spacing and Proration Unit and Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) creating a standard 320-acre, more or less, horizontal spacing and proration unit comprised of the E/2 W/2 of Sections 29 and 32, Township 25 South, Range 27 East, NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation, designated as an oil pool, underlying the unit. The proposed well to be dedicated to the horizontal spacing unit is the Southern Hills 32-29 State Fed Com 2H Well, an oil well, to be horizontally drilled from a surface location in the SE/4 SW/4 (Unit N) of Section 32 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 29. The well will be orthodox, and the take points and completed interval will comply with the setback requirements under the statewide Rules; also to be considered will be the cost of drilling and completing the well and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the well and unit; and a 200%

charge for the risk involved in drilling and completing the well. The well and lands are located approximately 3 miles south of Carlsbad, New Mexico, and 1 mile north of the state line.

OPPONENT

PROPOSED EVIDENCE

APPLICANT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Riley Morris (landman)	25 min.	Approx. 10
Lucas Haas (geologist)	25 min.	Approx. 10

OPPONENT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
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PROCEDURAL MATTERS

Respectfully submitted,

James Bruce
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Attorney for Cimarex Energy Co.

CERTIFICATE OF SERVICE

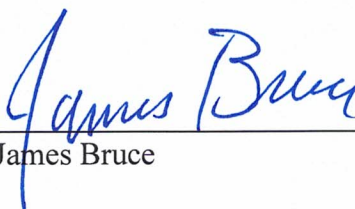
I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 10th day of November, 2021 by e-mail:

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State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

QUESTIONS

Action 80815

QUESTIONS

Operator: CIMAREX ENERGY CO. 600 N. Marienfeld Street Midland, TX 79701	OGRID: 215099
	Action Number: 80815
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

Testimony	
<i>Please assist us by provide the following information about your testimony.</i>	
Number of witnesses	<i>Not answered.</i>
Testimony time (in minutes)	<i>Not answered.</i>