

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

**APPLICATION OF CIMAREX ENERGY CO. OF COLORADO
TO REOPEN CASE NO. 22145 (ORDER NO. R-21892)
FOR A HORIZONTAL SPACING UNIT AND
COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.**

Case No. 22577
Reopen Case No. 22145;
Order No. R-21892

PREHEARING STATEMENT

Cimarex Energy Co. of Colorado (“Cimarex”), OGRID No. 162683, through its undersigned attorneys, submits the following Prehearing Statement pursuant to the rules of the Oil Conservation Division (“Division”).

APPEARANCES

APPLICANT

Cimarex Energy Co.

ATTORNEY

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INTERESTED PARTY

Colgate Operating, LLC
An affiliate of Colgate Energy

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APPLICANT'S STATEMENT OF CASE

In Case No. 22577, Cimarex seeks an order (1) acknowledging and affirming that the notice letter to Colgate Energy and its subsidiary Colgate Operating, LLC (collectively "Colgate"), as a minority working interest owner of record, pursuant to NMAC 19.15.4.9 and the Application to Reopen filed February 1, 2022, has been properly sent and received pursuant to said Application; and therefore, the notice requirement due Colgate for the pooling of the Subject Lands described herein has been satisfied, and (2) affirming and upholding the validity, effectiveness, and applicability of the Division's **Order No. R-21892**, as issued, including its applicability to Colgate, for the proper pooling of the Subject Lands and granting Cimarex the operating rights to the unit and the well described herein pursuant to said Order.

The order Cimarex seeks to have affirmed, **Order No. R-21892**, approved a standard 160-acre, more or less, spacing and proration unit comprised of the S/2 S/2 of Sections 16 and 17, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico ("Subject Lands"); pooled all uncommitted interests in the Bone Spring formation underlying the approved unit; approved the **Parkway 16-17 State Com 3H Well** as the well for the unit; designated Cimarex the operator of this unit and the horizontal well to be drilled thereon; authorized Cimarex to recover its costs of drilling, equipping, and completing the well; approved the actual operating charges and costs of supervision, to the maximum extent allowable, while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

set a 200% charge for the risk assumed by Cimarex in drilling and completing the well in the event a working interest owner elects not to participate in the well.

In the present case, Colgate seeks the order after noticing, and seeking to cure, an oversight to provide letter notice to Colgate who had acquired additional interest from two other owners who were listed in the original title work subsequently to the mailing list being put together. Cimarex inadvertently used this mailing list that was not fully updated, and the notice letter that should have been mailed to Colgate was, by unintentional oversight, mailed to the two prior interest owners instead. Although it was inadvertently not sent letter notice, Colgate was recognized in the pooling hearing as a minority interest owner and listed as a Working Interest Owner in the Ownership Breakdown provided to the Division as Exhibit "A-2" in Cimarex's Hearing Packet; and therefore, Colgate as an interest owner was accounted for in the proceedings and pooled. Furthermore, Colgate was notified of Cimarex's Application via email and phone correspondence as reported in the Communication Status of Uncommitted Owners provided to the Division as Exhibit "A-4" in Cimarex's Hearing Packet, but Cimarex desires to cure the oversight of the notice letter requirement described herein.

APPLICANT'S PROPOSED EVIDENCE

WITNESS	ESTIMATED TIME	EXHIBITS
Landman: Riley Morris	Approx. 5 min	Approx. 1

PROCEDURAL MATTERS

Cimarex requests that, for purposes of the hearings, this Case No. 22577 be consolidated with Case No. 22578 as they involve units within the same sections. No protests or objections

have been filed and Cimarex does not anticipate any at this time; consequently, Cimarex plans to conduct the hearing by affidavit.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage

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Attorneys for Cimarex Energy Co.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was filed with the New Mexico Oil Conservation Division and was served on counsel of record via electronic mail on February 24, 2022:

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State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
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QUESTIONS

Action 84114

QUESTIONS

Operator: CIMAREX ENERGY CO. OF COLORADO 600 N. Marienfeld Street Midland, TX 79701	OGRID: 162683
	Action Number: 84114
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

Testimony	
<i>Please assist us by provide the following information about your testimony.</i>	
Number of witnesses	1
Testimony time (in minutes)	5