

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

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

Case No. _____

APPLICATION

Cimarex Energy Co. of Colorado (“Cimarex Colo.”), OGRID No. 162683, through its undersigned attorneys, hereby files this Application with the Oil Conservation Division (“Division”) pursuant to the provisions of NMSA 1978, Section 70-2-17, seeking an order to compulsory pool uncommitted record title owners in the Bone Spring formation [Turkey Track; Bone Spring (Code 60660)] underlying a standard 160-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Section 15, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico.

In support of its Application, Cimarex Colo. states the following:

1. Cimarex Colo. is a working interest owner in the proposed horizontal spacing and proration unit (“HSU”) and has a right to drill a well thereon.
2. Cimarex Colo. proposes and dedicates to the HSU the **Parkway State Com No. 3 Well** (API No. 30-015-37376), drilled to the Bone Spring formation.
3. The **Parkway State Com No. 3 Well**, an oil well, was horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 15 to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 15.

4. The well is orthodox in its location, and the take points and completed interval comply with setback requirements under the statewide rules.

5. Cimarex Colo. is the operator, pursuant to Orders R-22003 and R-22002, of the Parkway 15-14 South State Com 1H and 2H Wells in the N/2 S/2 and S/2 S/2, respectively, of Section 15 and 14, Township 19 South, Range 29 East, NMPM. The proposed Parkway State Com No. 3 Well overlaps these units in one quarter-quarter section, and therefore, Cimarex requests approval for this overlap.

6. Cimarex Colo. has been unable to locate certain record title owners (“RTOs”) and has sought in good faith but has been unable to obtain by voluntary agreement the RTOs’ interest for the development of these lands.

7. The pooling of the RTOs’ interests in the Bone Spring formation within the proposed HSU will facilitate the development of the lands, avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

8. As owners of record title, the RTOs, similar to an owner of overriding royalty interest, would not be subject to the 200% risk penalty or the overhead costs imposed upon a working interest owner.

WHEREFORE, Cimarex Colo. requests that this Application be set for hearing on July 7, 2022, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

A. Approving the standard 160-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Section 15, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico;

B. Pooling all uncommitted record title owners in the Bone Spring formation underlying the proposed HSU.

C. Approving the **Parkway State Com No. 3 Well** as the well for the HSU.

D. Designating Cimarex Colo. as operator of this HSU and the horizontal well drilled thereon; and

E. Approving, to the extent applicable, 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 setting, to the extent applicable, a 200% charge for the risk assumed by Cimarex Colo. in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

ABADIE & SCHILL, PC

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Attorneys for Cimarex Energy Co. of Colorado

Application of Cimarex Energy Co. of Colorado for Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division to compulsory pool uncommitted record title owners in the Bone Spring formation [Turkey Track; Bone Spring (Code 60660)] underlying a standard 160-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Section 15, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico. The well dedicated to the horizontal spacing unit is the **Parkway State Com No. 3 Well** (API No. 30-015-37376), an oil well, horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 15 to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 15. The well is orthodox, and the take points and completed interval comply with the setback requirements under the statewide Rules; also to be considered, to the extent applicable, are the costs 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; approval of overlapping units; and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 19 miles southeast of Hagerman, New Mexico.