

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

**APPLICATION OF CIMAREX ENERGY CO.,
FOR A HORIZONTAL SPACING UNIT AND
COMPULSORY POOLING, LEA COUNTY, NEW MEXICO**

Case No. _____

APPLICATION

Cimarex Energy Co. (“Cimarex”), OGRID No. 215099, 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 (1) establishing a standard 320-acre, more or less, spacing and proration unit comprised of the W/2 E/2 of Sections 21 and 28, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico, and (2) pooling all uncommitted mineral interests from 10,290 feet to the bottom of the Quail Ridge; Bone Spring Pool [Code 50460] Bone Spring formation, designated as an oil pool, underlying said unit.

In support of its Application, Cimarex states the following:

1. Cimarex 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 proposes and dedicates to the HSU the **Mescalero Ridge 21-28 Federal Com 2H Well**, as the initial well, to be drilled to a depth sufficient to test the Bone Spring formation.
3. Cimarex proposes the **Mescalero Ridge 21-28 Federal Com 2H Well**, an oil well, to be horizontally drilled from a surface location in the NW/4 NE/4 (Unit B) of Section 21 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 28.

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

5. A depth severance exists in the Bone Spring formation within the proposed HSU. Accordingly, Cimarex seeks to pool a portion of the Quail Ridge; Bone Spring pool [Code 50460], to include the 3rd Bone Spring formation, from a stratigraphic equivalent of 10,290 feet measured depth, as defined by the Triple Combo Log in the Mescalero Ridge 20 Federal 1 Well (API No. 30-025-36099), that being the base of the 2nd Bone Spring, to a depth of 10,768 feet, that being the base of the of the 3rd Bone Spring. Cimarex will provide notice of this hearing to the vertical offset parties within the pool who are not subject to the pooling application. Concurrently with this application, Cimarex is also seeking to pool the portion of this pool above the depth severance, the 1st and 2nd Bone Spring, in a separate application.

6. Cimarex has sought in good faith, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the well or in the commitment of their interests to the well for development within the proposed HSU.

7. The pooling of all interests in the specified depths of the Bone Spring formation within the proposed HSU will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.

8. In order to provide for its just and fair share of the oil and gas underlying the subject lands, Cimarex requests that all uncommitted interests in this HSU be pooled and that Cimarex be designated the operator of the proposed horizontal well and HSU.

WHEREFORE, Cimarex 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. Establishing a standard 320-acre, more or less, spacing and proration unit comprised of the W/2 E/2 of Sections 21 and 28, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico;
- B. Pooling all uncommitted mineral interests in the specified depths of the Bone Spring formation underlying the proposed HSU;
- C. Approving the **Mescalero Ridge 21-28 Federal Com 2H Well** as the well for the HSU;
- D. Designating Cimarex as operator of this HSU and the horizontal well to be drilled thereon;
- E. Authorizing Cimarex to recover its costs of drilling, equipping, and completing the well;
- F. Approving 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
- G. Setting 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.

Respectfully submitted,

ABADIE & SCHILL, PC

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Application of Cimarex Energy Co. for a Horizontal Spacing Unit and Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) establishing a standard 320-acre, more or less, spacing and proration unit comprised of the W/2 E/2 of Sections 21 and 28, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico, and (2) pooling all mineral interests from the top of the 3rd Bone Spring formation of the Quail Ridge; Bone Spring Pool [Code 50460], measured by Cimarex at 10,290 feet, to the bottom of the Quail Ridge; Bone Spring Pool [Code 50460] Bone Spring formation (that being the base of the 3rd Bone Spring) designated as an oil pool, underlying the unit. The proposed oil well to be dedicated to the horizontal spacing unit is the **Mescalero Ridge 21-28 Federal Com 2H Well**, to be horizontally drilled from a surface location in the NW/4 NE/4 (Unit B) of Section 21 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 28. 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 24 miles southwest from Hobbs, NM.