

**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 E/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 the top of the Quail Ridge; Bone Spring Pool [Code 50460] to a depth of 10,290 feet, 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 Fed Com 4H Well** and **Mescalero Ridge 21-28 Fed Com 6H Well** as initial wells, to be drilled to a depth sufficient to test the Bone Spring formation.
3. Cimarex proposes the **Mescalero Ridge 21-28 Fed Com 4H**, 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 SE/4 SE/4 (Unit P) of Section 28.

4. Cimarex proposes the **Mescalero Ridge 21-28 Fed Com 6H**, 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 SE/4 SE/4 (Unit P) of Section 28.

5. The proposed wells are orthodox in their locations, and the take points and completed intervals comply with setback requirements under the statewide rules.

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 wells or in the commitment of their interests to the wells for development within the proposed HSU.

7. 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 1st and 2nd Bone Spring formations of said pool, from the top of the pool at a stratigraphic equivalent of 8,085 feet measured depth, as defined by the Triple Combo Log in the Mescalero Ridge 20 Federal 1 Well (API No. 30-025-36099), to a depth of 10,290 feet, that being the base of the 2nd 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.

8. Cimarex owns and operates an existing well, the Mescalero Ridge 21 Federal 1H Well (API No. 30-02-4504), whose unit covers the Bone Spring formation in the E/2 E/2 of Section 21, and Cimarex owns and operates an existing well, the Cordoniz 28 Federal Com 4H Well (API No. 30-025-41834), whose unit covers the Bone Spring formation in the E/2 E/2 of Section 28. Consequently, Cimarex seeks approval for over-lapping units as it develops the E/2 E/2 of Sections 21 and 28 for the Mescalero Ridge 21-28 Fed Com 4H and 6H Wells.

9. The pooling of all interests in the Bone Spring formation within the proposed HSU, and establishing the spacing unit, will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

10. 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 E/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 specified depths of the Bone Spring formation underlying the proposed HSU;

C. Approving the **Mescalero Ridge 21-28 Fed Com 4H Well** and **Mescalero Ridge 21-28 Fed Com 6H Well** as wells for the HSU.

D. Designating Cimarex as operator of this HSU and the horizontal wells to be drilled thereon;

E. Approving overlapping units as described above in Paragraph 8 to account for the existing Mescalero Ridge 21 Federal 1H Well (API No. 30-025-45054) and Cordoniz 28 Federal Com 4H Well (API No. 30-025-41834).

F. Authorizing Cimarex to recover its costs of drilling, equipping, and completing the wells;

G. 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

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

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 E/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 Quail Ridge; Bone Spring Pool [Code 50460] to the base of the 2nd Bone Spring formation of said pool, measured by Cimarex at a depth of 10,290 feet, designated as an oil pool, underlying the unit, the intent being to include the 1st and 2nd Bone Spring of said pool. The proposed oil wells to be dedicated to the horizontal spacing unit are the **Mescalero Ridge 21-28 Fed Com 4H Well** and **Mescalero Ridge 21-28 Fed Com 6H Well**, each 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 SE/4 SE/4 (Unit P) of Section 28. The wells will be orthodox, and the take points and completed intervals will comply with the setback requirements under the statewide Rules; also to be considered will be approval of overlapping units for the existing Mescalero Ridge 21 Federal 1H Well (API No. 30-025-45054) and Cordoniz 28 Federal Com 4H Well (API No. 30-025-41834); 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 24 miles southwest from Hobbs.