

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF CIMAREX ENERGY
CO. FOR COMPULSORY POOLING,
AND APPROVAL OF OVERLAPPING WELL
UNITS EDDY COUNTY, NEW MEXICO.**

Case No. _____

APPLICATION

Cimarex Energy Co. applies for an order pooling all uncommitted mineral interest owners in the Bone Spring formation, limited to the depths described in Paragraph 2 below, underlying a horizontal spacing unit comprised of the W/2E/2 of Section 8, the W/2E/2 of Section 17, and the W/2E/2 of Section 20, Township 25 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and for approval of overlapping well units, and in support thereof, states:

1. Applicant is an interest owner in the W/2E/2 of Section 8 and the W/2E/2 of Section 20, and has the right to drill a well in the proposed well unit.
2. Applicant proposes to drill the White City 8-17-20 Fed. Com. Well No. 16H, with a first take point in the NW/4NE/4 of Section 8 and a last take point in the SW/4SE/4 of Section 20, to a depth sufficient to test the Bone Spring formation. limited to depths below the stratigraphic equivalent of 7,745 feet subsurface, being the top of the Harkey formation as seen in the Schlumberger Platform Express Three Detector Litho-Density Compensated Neutron Log in COG Operating LLC's Jack Federal (Pilot Hole) Well No. 1H (API No. 30-015-38643), to the base of the Bone Spring formation. The Pilot Hole is located in Lot 1 of Section 31, Township 25 South, Range 27 East, N.M.P.M. The W/2E/2 of Section 8, the W/2E/2 of Section 17, and the W/2E/2 of Section 20 will be dedicated to the well.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W/2E/2 of Section 8, the W/2E/2 of Section 17, and the W/2E/2 of Section 20 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all uncommitted mineral interest owners in the Bone Spring formation underlying the W/2E/2 of Section 8, the W/2E/2 of Section 17, and the W/2E/2 of Section 20, pursuant to NMSA 1978 §70-2-17.

5. The proposed well unit overlaps the following existing, producing well units:

<u>Well Name</u>	<u>Well Unit</u>	<u>Operator</u>
White City 8 Fed. Well No. 4H	W/2E/2 §8	Cimarex Energy Co.
Cottonberry 20 Fed. Com. Well No. 3H	W/2E/2 §20	Cimarex Energy Co.

6. The pooling of all uncommitted mineral interest owners in the Bone Spring formation underlying the W/2E/2 of Section 8, the W/2E/2 of Section 17, and the W/2E/2 of Section 20, as to the depths described above, and approval of the overlapping well units, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

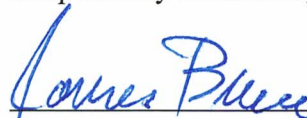
WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

A. Pooling all uncommitted mineral interest owners in the Bone Spring formation underlying the W/2E/2 of Section 8, the W/2E/2 of Section 17, and the W/2E/2 of Section 20 , limited to depths below the stratigraphic equivalent of 7,745 feet subsurface, being the top of the Harkey formation as seen in the Schlumberger Platform Express Three Detector Litho-Density Compensated Neutron Log in COG Operating LLC’s Jack

Federal (Pilot Hole) Well No. 1H (API No. 30-015-38643), to the base of the Bone Spring formation;

- B. Designating applicant as operator of the well;
- C. Approving the overlapping well units;
- D. Considering the cost of drilling, completing, and equipping the well, and allocating the cost among the well's working interest owners;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- F. Setting a 200% charge for the risk involved in drilling, completing, and equipping the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



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