

**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, for an order (1) establishing a standard 484.40-acre, more or less, spacing and proration unit comprised of Lot 1 (NE/4 NE/4 equivalent), SE/4 NE/4, and the E/2 SE/4 of Section 4; the E/2 E/2 of Section 9; and the E/2 E/2 of Section 16; all in Township 19 South, Range 34 East, NMPM, Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying said unit. Section 4 is an irregular section with correction lots.

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. This application competes with the application filed by Mewbourne Oil Company (“MOC”) in Case No. 23308.
3. Cimarex proposes and dedicates to the HSU the **Big Iron 4-16 Fed Com 104H Well**, the **Big Iron 4-16 Fed Com 204H Well**, and the **Big Iron 4-9 Fed Com 304H Well**, as initial wells, to be drilled to a sufficient depth to test the Bone Spring formation.

4. Cimarex proposes the **Big Iron 4-16 Fed Com 104H Well**, an oil well, to be horizontally drilled from a surface location in Lot 1 (NE/4 NE/4-Unit A equivalent) of Section 4 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 16.

5. Cimarex proposes the **Big Iron 4-16 Fed Com 204H Well**, an oil well, to be horizontally drilled from a surface location in Lot 1 (NE/4 NE/4-Unit A equivalent) of Section 4 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 16.

6. Cimarex proposes the **Big Iron 4-9 Fed Com 304H Well**, an oil well, to be horizontally drilled from a surface location in Lot 1 (NE/4 NE/4-Unit A equivalent) of Section 4 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 9.

7. All the wells proposed herein are orthodox in their location, and the take points and completed intervals comply with setback requirements under the statewide rules.

8. Cimarex's review of the lands shows an overlapping unit in the E/2 E/2 of Section 16 containing the Cimarron 16 19 34 State RN 134H Well (API No. 30-025-42352). Notice for the overlapping unit will be provided as part of this application process, and Cimarex seeks approval for the overlap pursuant to the hearing.

9. 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 their development within the proposed HSU.

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

11. 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 wells and HSU.

WHEREFORE, Cimarex requests that this Application be set for hearing on April 6, 2023, 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 484.40-acre, more or less, spacing and proration unit comprised of Lot 1 (NE/4 NE/4 equivalent), SE/4 NE/4, and the E/2 SE/4 of Section 4; the E/2 E/2 of Section 9; and the E/2 E/2 of Section 16; all in Township 19 South, Range 34 East, NMPM, Lea County, New Mexico;

B. Pooling all uncommitted mineral interests in the Bone Spring formation underlying the proposed HSU.

C. Approving the **Big Iron 4-16 Fed Com 104H Well**, the **Big Iron 4-16 Fed Com 204H Well**, and the **Big Iron 4-9 Fed Com 304H Well** as the wells for the HSU.

D. Approving the overlapping unit in the E/2 E/2 of Section 16 containing the Cimarron 16 19 34 State RN 134H Well (API No. 30-025-42352).

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

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.

I.

Respectfully submitted,

ABADIE & SCHILL, PC

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Application of Cimarex Energy Co. for a Horizontal Spacing and Proration Unit and Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) establishing a standard 484.40-acre, more or less, spacing and proration unit comprised of Lot 1 (NE/4 NE/4 equivalent), SE/4 NE/4, and the E/2 SE/4 of Section 4; the E/2 E/2 of Section 9; and the E/2 E/2 of Section 16; all in Township 19 South, Range 34 East, NMPM, Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying the unit. Section 4 is an irregular section with correction lots. The proposed wells to be dedicated to the horizontal spacing unit are the **Big Iron 4-16 Fed Com 104H Well**, and the **Big Iron 4-16 Fed Com 204H Well**, both oil wells, to be horizontally drilled from a surface location in Lot 1 (NE/4 NE/4-Unit A equivalent) of Section 4 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 16; and the **Big Iron 4-9 Fed Com 304H Well**, an oil well, to be horizontally drilled from a surface location in Lot 1 (NE/4 NE/4-Unit A equivalent) of Section 4 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 9. The proposed wells will be orthodox in their locations, and their take points and completed intervals will comply with the setback requirements under statewide Rules. Also to be considered will be approval of the overlapping unit in the E/2 E/2 of Section 16 containing the Cimarron 16 19 34 State RN 134H Well (API No. 30-025-42352); 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 20 miles southwest of Lovington, New Mexico.