

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

**APPLICATION OF CIMAREX ENERGY CO.
FOR 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 pooling all uncommitted interests in the Wolfcamp formation, designated as an oil pool, underlying a standard 320.09-acre, more or less, spacing and proration unit comprised of Lot 1 (NE/4 NE/4 equivalent), the SE/4 NE/4, and the E/2 SE/4 of Section 5 and the E/2 E/2 of Section 8, in Township 20 South, Range 34 East, NMPM, Lea County, New Mexico. Section 5 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. Cimarex proposes and dedicates to the HSU the **Mighty Pheasant 5-8 Fed Com 304H Well**, as the initial well, to be drilled to a sufficient depth to test production and ultimately produce from the Wolfcamp formation. This well is the same 304H well described in the application filed by Cimarex in Case No. 23448. Cimarex’s geology shows that, because there are no natural barriers between formation, the hydrocarbons freely communicate between the Third Sand of the Bone Spring and the Wolfcamp, and thus, optimal development of the Wolfcamp

formation, based on the geology of the lands, is achieved by drilling the **Mighty Pheasant 5-8 Fed Com 304H Well**, which will properly produce both the Wolfcamp and Third Bone Spring, as demonstrated by the history of production in this area, and the drilling of this one well will avoid the drilling of unnecessary wells into the Wolfcamp, a practice shown to be inefficient, uneconomical, and wasteful for these particular lands based on their unique geology. This application competes with the application filed by Read & Stevens, Inc., in Case No. 23523, for the Wolfcamp formation.

3. Cimarex proposes the **Mighty Pheasant 5-8 Fed Com 304H Well**, an oil well, to be horizontally drilled from a surface location in SW/4 SE/4 (Unit O) of Section 32, Township 19 South, Range 34 East, NMPM, to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 8, Township 20 South, Range 34 East, NMPM.

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. Cimarex's review of the land records did not reveal any overlapping units.

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 the commitment of their interests to the well for their development within the proposed HSU.

7. The pooling of all interests in the Wolfcamp 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 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. Pooling all uncommitted interests in the Wolfcamp formation underlying the proposed HSU.

B. Approving the **Mighty Pheasant 5-8 Fed Com 304H Well** as the proper well for the HSU, and recognizing, based on geological evidence to be provided by Cimarex, that the **304H Well** is properly placed and located to develop the hydrocarbons of the HSU in a manner that will avoid the drilling of unnecessary wells.

C. Designating Cimarex as operator of this HSU and the horizontal well drilled to produce from the HSU, and because of the communication between the Wolfcamp and Bone Spring, restricting to the extent prescribed by statewide rules, other operators from drilling into the Wolfcamp formation;

D. Authorizing Cimarex to recover its costs of drilling, equipping, and completing the well;

E. 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;

F. To the extent necessary, approving downhole commingling, or in the alternative, allowing Cimarex to seek, if necessary, administrative approval for downhole commingling; 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 Compulsory Pooling, Lea County, New Mexico.

Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Wolfcamp formation, designated as an oil pool, underlying a standard 320.09-acre, more or less, spacing and proration unit comprised of Lot 1 (NE/4 NE/4 equivalent), the SE/4 NE/4, and the E/2 SE/4 of Section 5 and the E/2 E/2 of Section 8, in Township 20 South, Range 34 East, NMPM, Lea County, New Mexico. Section 5 is an irregular section containing correction lots. The proposed well to be dedicated to the horizontal spacing unit is the **Mighty Pheasant 5-8 Fed Com 304H Well**, an oil well, to be horizontally drilled from a surface location in SW/4 SE/4 (Unit O) of Section 32, Township 19 South, Range 34 East, NMPM, to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 8, Township 20 South, Range 34 East, NMPM. 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; downhole commingling, to the extent and if necessary; 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 40 miles northeast of Carlsbad, New Mexico.