

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

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

Case Nos. 23448 – 23455

**APPLICATIONS OF CIMAREX ENERGY CO.
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

Case Nos. 23594 – 23601

**APPLICATIONS OF READ & STEVENS, INC.
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

Case Nos. 23508 – 23523

ORDER NO. R-23089

**NOTICE OF INTENT TO SUBMIT A PROPOSAL FOR A SPECIAL POOL TO
ACCOUNT FOR THE LACK OF FRAC BAFFLES BETWEEN THE THIRD BONE
SPRING AND UPPER WOLFCAMP PURSUANT TO
THE FINDINGS OF ORDER NO. R-23089**

Cimarex Energy Co. (“Cimarex”), through its undersigned attorneys, submits to the New Mexico Oil Conservation Division (“Division” or “OCD”) its Notice of Intent to Submit a Proposal for a Special Pool to Account for the Lack of Baffles Between the Third Bone Spring and Upper Wolfcamp Pursuant to the Findings of Order No. R-23089. (“Notice of Intent”) In support of its intent, Cimarex provides the following:

1. Order No. R-23089 provides the opportunity for “either applicant or both applicants” to propose a special pool, a Wolfcamp pool, that “would account for the lack of frac baffles between the Bone Spring and Wolfcamp formations in this area.” Order No. R-23089, Para. 21.

2. From the start of the proceedings of the above-referenced cases, Cimarex has consistently identified and maintained that this unique geological characteristic - the lack of frac baffles and the open communication between the Third Bone Spring and Upper Wolfcamp in the Subject Lands - is the determinative geological factor that the Division must consider in evaluating proposals to develop the single reservoir located predominately in the Third Bone Spring Sand. *See, e.g.*, Cimarex's Motion to Continue Hearing, Paras. 5 & 6, filed July 18, 2023 (requesting a Pre-hearing Conference pursuant to 19.15.4.16(B) NMAC in order to address and confirm a number of questions regarding the lack of baffles and open communication between the Third Bone Spring and Upper Wolfcamp to determine whether the assigned pools needed to be reconfigured); Cimarex's Closing Statement with Findings of Fact and Conclusions of Law ("Closing Statement"), p. 42 (in addition to providing the Division its Options I and II for navigating the unique geological anomaly it identified in the Subject Lands, Cimarex also offered that the Division could "increase the vertical depth of the Bone Spring formation to cover and account for the full extent of the single common source of supply, or combine the Third Bone Spring formation with the Upper Wolfcamp formation to create a single pool that covers and accounts for the single common source of supply and implement Cimarex's development plan pursuant to such adjustment.")

3. In its original development plan, Cimarex presented wellbore specifications that addressed and accounted for the unique geology that would result in efficient and economical development of hydrocarbons in the Subject Lands in a manner that avoided substantial waste. Thus, in accordance with the opportunity provided by the Division in its Order No. 23089, Cimarex intends to provide a proposal for the Division's consideration that would allow Cimarex to pursue its development plan within a Wolfbone pool, a common source of supply which combines the

Third Bone Spring and Upper Wolfcamp by means that, as directed by the Division, “would account for the lack of frac baffles between the Bone Spring and Wolfcamp formations in this area.” Order No. 23089, Para. 21.

4. Cimarex submits that its original plan proposed the optimal number of wellbores for targeting the single reservoir located predominately in the Third Bone Spring Sand. Thus, based on the current information provided by the OCD regarding the creation of a new Wolfbone pool, Cimarex will not in its Proposal be subtracting or reducing from its plan the number of wells that were proposed pursuant to its original (and accurate) assessment of the geology, nor will it be adding any unnecessary wells to the plan. However, Cimarex will review and, if necessary, adjust the specifications of Cimarex’s proposed wells to further optimize production from the Wolfbone pool while avoiding waste and protecting correlative rights.

5. Since the existence of the geologic anomaly is distributed in a way that affects the Subject Lands and which also may affect a number of Sections outside the Subject Lands, Cimarex will need sufficient time to evaluate what Sections should be included in the proposal in order to provide the Division with a broader, informed perspective on how a proposal for a Wolfbone pool might affect development in the general area of the Subject Lands.¹

6. Finally, there are some logistical issues that may arise if and when the above-referenced cases are reopened pursuant to the creation a Wolfbone pool. For example, the original development plans and wells were proposed under formations designated as Bone Spring and Wolfcamp, and any wells dedicated to units in the new Wolfbone pool may need updated or

¹ Prior to the hearing of the Subject Cases herein, the Division reviewed and evaluated the same geological anomaly in Case Nos. 22853 and 23295, involving Cimarex and lands in the adjacent township located South of the Subject Lands. Cimarex’s experience and history of development in these areas of Lea County allowed Cimarex to identify the geological anomalies in both sets of cases and their impact on development.

supplemented well proposals. Additional requirements regarding notice will need to be addressed, such as the notice required pursuant to 19.15.4.9(A)(7) (requiring that notice specify each pool or common source of supply if an application seeks to adopt special pool orders). Cimarex will address any relevant procedural issues in its submitted Proposal.

7. Conclusion: Cimarex respectfully submits this Notice of Intent to respond in a timely manner to the Division's invitation in Order No. R-23089 to provide a reviewed and evaluated proposal for a special pool, to inform the Division that Cimarex is developing such a proposal, and to satisfy any deadline obligation, whether explicit or implicit, for responding to said Order and preserve the opportunity for Cimarex to submit a timely proposal for the creation of a Wolfbone pool in a manner that would promote proper development of the Subject Lands, and to the extent relevant, future development of lands containing the same geologic anomaly.

Respectfully submitted,

ABADIE | SCHILL PC

/s/ Darin C. Savage

Darin C. Savage

Andrew D. Schill
William E. Zimsky
214 McKenzie Street
Santa Fe, New Mexico 87501
Telephone: 970.385.4401
Facsimile: 970.385.4901
darin@abadieschill.com
andrew@abadieschill.com
bill@abadieschill.com

Attorneys for Cimarex Energy Co.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was filed with the New Mexico Oil Conservation Division and was served on counsel of record via electronic mail on April 17, 2024:

Michael H. Feldewert – mfeldewert@hollandhart.com
Adam G. Rankin – agrankin@hollandhart.com
Paula M. Vance – pmvance@hollandhart.com
***Attorneys for Read & Stevens, Inc.;
and Permian Resources Operating, LLC***

Blake C. Jones – blake.jones@steptoe-johnson.com
Attorney for Northern Oil and Gas, Inc.

Sealy Cavin, Jr. – scavin@cilawnm.com
Scott S. Morgan – smorgan@cilawnm.com
Brandon D. Hajny – bhajny@cilawnm.com
Attorneys for Sandstone Properties, LLC

James Bruce – jamesbruc@aol.com
***Attorney for MRC Permian Company and
Foran Oil Company***

/s/ Darin C. Savage

Darin C. Savage