

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

**IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
PRIDE ENERGY COMPANY**

Case No. 22853

**IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING AND A
HORIZONTAL SPACING UNIT SUBMITTED BY
CIMAREX ENERGY COMPANY**

Case Nos. 23295

ORDER NO. R-23132

**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-23132**

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-23132. ("Notice of Intent") In support of its intent, Cimarex provides the following:

1. Order No. R-23132 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-23132, ¶ 20.
2. In the proceedings for 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 should consider in evaluating proposals to develop the single reservoir located predominately in the Third Bone Spring Sand. *See, e.g.*, Cimarex's Prehearing Statement, p. 3, filed July 13, 2023 (Cimarex pointing out that "because there is no baffle between the Bone Spring and the Wolfcamp formation, there is substantial communication between the formations," and also maintaining "that the best reservoir for production resides in the Bone Spring formation," and that "drilling the Wolfcamp at the depth and in the proximity proposed by Pride would result in drainage of the Bone Spring and a violation of correlative rights).

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. 23132, 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. 23132, ¶ 20.

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's development plan for the Wolfbone will be generally similar to the plan originally proposed. 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 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-23132 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 obligations, whether explicit or implicit, for responding to said Order and preserve the opportunity for Cimarex to submit a proposal for the creation of a

¹ After hearing the Subject Cases herein, the Division reviewed and evaluated the same geological anomaly in Case Nos. 23448 – 23455, et al., involving Cimarex and lands in the adjacent township located North 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.

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

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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 May 2, 2024:

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