

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

**APPLICATION OF MAGNUM HUNTER
PRODUCTION, INC. FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO**

Case No. _____

APPLICATION

Magnum Hunter Production, Inc. (“Applicant” or “Magnum”), 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 pooling all uncommitted mineral interests in an interval of the Bone Spring formation, an oil pool, from the top of the First Bone Spring (at a depth of the stratigraphic equivalent of 7,760 measured feet) to a depth of the stratigraphic equivalent of 9,668 measured feet as identified on the Spectral Density Dual Spaced Neutron Log in the Matador Petroleum Corporation Zafiro State 32 Com 1 (API No. 30-025-34508) (“Bone Spring Interval”) underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the S/2 N/2 of Sections 33 and 32, Township 18 South, Range 34 East; NMPM, Lea County, New Mexico.

In support of its Application, Applicant states the following:

1. Applicant is a working interest owner in the proposed horizontal spacing and proration unit (“HSU”) and has a right to drill a well thereon.
2. Applicant seeks to designate Cimarex Energy Co. of Colorado (OGRID No. 162683) as the operator of the proposed HSU and of the proposed **Turnpike 33-32 State Com 213H Well** to be drilled to a sufficient depth to test the Bone Spring formation.

3. Applicant proposes and dedicates to the HSU the **Turnpike 33-32 State Com 213H Well**, an oil well, to be horizontally drilled from a surface location in SE/4 NE/4 (Unit H) of Section 33 to a bottom hole location in the SW/4 NW/4 (Unit E) of Section 32.

4. The proposed well will be orthodox in its location, as the take points and completed interval will comply with setback requirements under statewide rules.

5. Based on a search of Division records, there exists one overlapping unit: the Union State Com #001 (API 30-025-24992) in the W/2 NW/4 of Section 32, operated by Rhombus Operating Co. Ltd. Applicant seeks approval of this overlapping unit.

6. Applicant 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 in the commitment of their interests to the well for its development within the proposed HSU.

7. The pooling of all interests in the Bone Spring Interval 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, Applicant requests that all uncommitted interests in this HSU be pooled and that Applicant be designated the operator of the proposed horizontal well and HSU.

WHEREFORE, Applicant requests that this Application be set for hearing before an Examiner of the Oil Conservation Division on July 25, 2024, and after notice and hearing as required by law, the Division enter an order:

A. Pooling all uncommitted mineral interests in an interval of the Bone Spring formation, an oil pool, from the top of the First Bone Spring (at a depth of the stratigraphic equivalent of 7,760 measured feet) to a depth of the stratigraphic equivalent of 9,668 measured feet as identified on the Spectral Density Dual Spaced Neutron Log in the Matador Petroleum Corporation Zafiro State 32 Com 1 (API No. 30-025-34508) (“Bone Spring Interval”) underlying a standard 320-acre, more or

less, horizontal spacing unit comprised of the S/2 N/2 of Sections 33 and 32, Township 18 South, Range 34 East; NMPM, Lea County, New Mexico;

B. Designating the **Turnpike 33-32 State Com 213H Well** as the well dedicated to the HSU.

C. Designating Cimarex Energy Co. of Colorado as operator of this HSU and the horizontal well to be drilled thereon;

D. Authorizing Applicant 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; and

F. Setting a 200% charge for the risk assumed by Applicant 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 Magnum Hunter Production, Inc. for Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the Division pooling all uncommitted mineral interests in the in an interval of the Bone Spring formation, an oil pool, from the top of the First Bone Spring (at a depth of the stratigraphic equivalent of 7,760 measured feet) to a depth of the stratigraphic equivalent of 9,668 measured feet as identified on the Spectral Density Dual Spaced Neutron Log in the Matador Petroleum Corporation Zafiro State 32 Com 1 (API No. 30-025-34508) ("Bone Spring Interval") underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the S/2 N/2 of Sections 33 and 32, Township 18 South, Range 34 East; NMPM, Lea County, New Mexico. The proposed well to be dedicated to the horizontal spacing unit is the **Turnpike 33-32 State Com 213H Well**, an oil well, to be horizontally drilled from a surface location in SE/4 NE/4 (Unit H) of Section 33 to a bottom hole location in the SW/4 NW/4 (Unit E) of Section 32. Applicant seeks to designate Cimarex Energy Co. of Colorado as the operator of the well and unit. The completed interval and first take and last take points for the well will comply with setback requirements under statewide rules. The unit overlaps with an existing vertical well, the Union State Com #001 (API 30-025-24992) in the W/2 NW/4 of Section 32, for which Applicant will seek approval. 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; and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 20.5 miles Southwest of Lovington, New Mexico.