

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

**APPLICATION OF CIMAREX ENERGY CO. FOR THE CREATION
OF A SPECIAL POOL, A WOLFBONE POOL, PURSUANT TO
ORDER NO. R-23132, TO REOPEN CASE NOS. 22853 AND 23295
AND TO APPROVE A POOLING APPPLICATION FOR THE
WOLFBONE POOL, LEA COUNTY, NEW MEXICO.**

Case No. 24721

**APPLICATION OF PRIDE ENEGY COMPANY
FOR CREATION OF A SPECIAL WOLFBONE OIL
POOL IN PARTS OF SECTION 12 AND 13,
TOWNSHIP 19 SOUTH RANGE 34 EAST, NMPM,
LEA COUNTY, NEW MEXICO.**

Case No. 24736

**JOINT MOTION TO SUBSTITUTE AND CONSIDER THE JOINT AMENDED
APPLICATION FOR A SPECIAL POOL IN PLACE OF THE
PENDING COMPETING APPLICATIONS**

Cimarex Energy Co. (“Cimarex”) and Pride Energy Company (“Pride”), through their respective undersigned attorneys, pursuant to Order No. R-23132, hereby respectfully request that the Oil Conservation Division (“OCD”) accept the Joint Amended Application for a Special Pool (“Joint Amended Application”) and consider the Joint Amended Application in place of the pending competing applications filed by Cimarex and Pride (“Applicants”). In support thereof, the following is shown:

1. The Applicants are submitting to the OCD their Joint Amended Application for the creation of a special Wolfbone Pool. (A copy of the Joint Amended Application is attached hereto as Exhibit 1).

2. Cimarex, in Case No. 24721, and Pride, in Case No. 24736, filed competing applications for creation of a special pool with the OCD on July 9, 2024, and July 12, 2024, respectively.

3. The Applicants respectfully request that the OCD consider their Joint Amended Application in place of the two pending competing applications for a special pool.

Respectfully submitted:

<p>JAMES BRUCE, ESQ.</p> <p>By: <u>/s/ James Bruce</u> James Bruce</p> <p>James Bruce Post Office Box 1056 Santa Fe, New Mexico 87504 505-982-2043 jamesbruc@aol.com</p>	<p>ABADIE & SCHILL, PC</p> <p>By: <u>/s/ Darin C. Savage</u> Darin C. Savage</p> <p>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</p>
<p>ATTORNEY FOR PRIDE ENERGY COMPANY</p>	<p>ATTORNEYS FOR CIMAREX ENERGY CO.</p>

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 September 9, 2024:

James Bruce – jamesbruc@aol.com
Attorney for Pride Energy Company

Elizabeth Ryan - beth.ryan@conocophillips.com
*Attorneys for ConocoPhillips Company, COG Operating LLC
& Concho Oil & Gas, LLC*

Deana M. Bennett – deana.bennett@modrall.com
Yarithza Pena – ypena@modrall.com
Earl DeBrine – edebrine@modrall.com
*Attorneys for Marathon Oil Permian LLC
And Chevron U.S.A. Inc.*

/s/ Darin C. Savage
Darin C. Savage

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

**APPLICATION OF CIMAREX ENERGY CO. FOR THE CREATION
OF A SPECIAL POOL, A WOLFBONE POOL, PURSUANT TO
ORDER NO. R-23132, TO REOPEN CASE NOS. 22853 AND 23295
AND TO APPROVE A POOLING APPLICATION FOR THE
WOLFBONE POOL, LEA COUNTY, NEW MEXICO.**

Case No. 24721

**APPLICATION OF PRIDE ENERGY COMPANY
FOR CREATION OF A SPECIAL WOLFBONE OIL
POOL IN PARTS OF SECTION 12 AND 13,
TOWNSHIP 19 SOUTH RANGE 34 EAST, NMPM,
LEA COUNTY, NEW MEXICO.**

Case No. 24736

JOINT AMENDED APPLICATION FOR A SPECIAL POOL

Pride Energy Company (“Pride”) and Cimarex Energy Co. (“Cimarex”) (collectively, “applicants”) apply for an order creating a special Wolfbone Pool, an oil pool, by means of the vertical contraction of the Scharb; Bone Spring Pool (Code 55610) in a manner that avoids overlap with the proposed special pool. In support thereof, the applicants state the following:

1. In Case No. 22853 Pride sought the pooling of all uncommitted mineral interest owners in the Wolfcamp formation underlying a horizontal spacing unit comprised of the W/2W/2 of Section 12 and the W/2W/2 of Section 13, Township 19 South, Range 34 East, N.M.P.M., Lea County, New Mexico, for purposes of drilling its proposed Go State Com. Well No. 401H, which had been assigned the WC-025 G-09S203435D; Wolfcamp Pool/Pool Code 92847 for purposes of the pooling application.

2. In Case No. 23295 Cimarex sought the pooling of all uncommitted mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the W/2W/2 of Section 12 and the W/2W/2 of Section 13 for purposes of drilling its three proposed Showbiz wells, which are in the Scharb; Bone Spring Pool/Pool Code 55610.

3. These matters were consolidated for hearing and were heard on July 20, 2023. Order No. R-23132 was issued by the Division on May 8, 2024, denying both applications. The order held that (a) the Third Bone Spring Sand and the Upper Wolfcamp were a common source of supply, without a frac baffle between them, (b) neither Pride nor Cimarex requested a special pool to accommodate communication between the zones, and (c) the well proposals in the two cases would lead to either an impairment of correlative rights or illegal allocation.

4. Order No. R-23132 allowed the parties to re-open the hearing record for purposes of creating a special pool. Neither party appealed the order *de novo* to the Commission.

5. Pride and Cimarex discussed this matter after the hearing, and initially filed separate applications for the creation of Wolfbone Pool. Cimarex filed its application in Case No. 24721, and Pride filed its application in Case No. 24736. However, based on subsequent feedback from the Division, Pride and Cimarex are filing a joint application for the creation of a Wolfbone pool covering the subject lands, to be designated as the Scharb; Wolfbone Pool, as described herein.

6. Applicants propose the upper limit of the Scharb; Wolfbone Pool to be the stratigraphic equivalent of the top of the Third Bone Spring Sand, located at approximately 10,775 feet measured depth, to the stratigraphic equivalent of the base of the Wolfcamp A shale, located at approximately 11,306 measured depth, as found in the compensated neutron density log of the Super Cobra State Com.

Well No. 1H (API No. 30-025-41987), which has a surface location 190 feet FSL and 660 feet FEL of Section 13, Township 19 South, Range 34 East, N.M.P.M.

7. Applicants propose that the Wolfbone Pool proposed herein initially be limited to 320 acres, being the W/2W/2 of Section 12 and the W/2W/2 of Section 13, Township 19 South, Range 34 East, N.M.P.M., Lea County, New Mexico.

8. Based on the findings in Order No. R-23132, applicants believe that only one well per standard well unit in the Wolfbone Pool is necessary and warranted to develop the pool. Whether the well should be located in either the Third Bone Spring or the Wolfcamp is to be decided by subsequent application and hearing before the Division.

9. In the W/2W/2 of Section 12 and the W/2W/2 of Section 13 the vertical extent of the proposed Wolfbone Pool incorporates an ownership depth severance that is located at the boundary line between the top of the Wolfcamp formation and the base of the Bone Spring formation. Therefore, allocation of production shall be determined by either (a) voluntary agreement among interest owners, or (b) failing voluntary agreement, by the Division upon proper application and hearing. Applicants submit that the finding of open communication between the Third Bone Spring and Upper Wolfcamp (*see* ¶¶ 7-9, Order No. R-23132) prohibits, in the present case, the practice of drilling wells above and below the severance, a practice which is only applicable when there are natural barriers along the severance that segregate production from the two formations. Here there are no frac baffles, thus an allocation formula pursuant to (a) or (b) above are the available options for protecting correlative rights.

10. The granting of this application will prevent waste and protect correlative rights.

WHEREFORE, applicants request that, after notice and hearing for the October 10, 2024, docket, the Division enter its order:

- A. Re-opening the hearing record under Order No. R-23132 for consideration of creating the proposed Scharb; Wolfbone Pool;
- B. Creating the proposed Scharb; Wolfbone Pool and providing for the vertical contraction of the Scharb; Bone Spring Pool (Code 55610), in a manner that avoids overlap with the proposed Scharb; Wolfbone Pool. The base of the Scharb; Bone Spring (Code 55610) should be contracted to approximately 10,775 feet, a depth equivalent to the top of the Third Bone Spring Sand, and since currently there is no Wolfcamp pool assigned to the Subject Lands, the base of the Scharb; Wolfbone Pool should be located at approximately 11,306 feet, which is the base of the Wolfcamp A shale, as found in the compensated well log of the Super Cobra State Com. Well No. 1H (API No. 30-025-41987);
- C. Limiting the original areal extent of the proposed Scharb; Wolfbone Pool, an oil pool, to the W/2W/2 of Section 12 and the W/2W/2 of Section 13; and
- D. Granting such further relief as the Division deems proper and necessary.

Respectfully submitted,

/s/ James Bruce

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043
jamesbruc@aol.com

Attorney for Pride Energy Company

ABADIE & SCHILL PC

/s/ Darin C. Savage

Darin Savage

Andrew Schill

William E. Zimsky

214 McKenzie Street

Santa Fe, New Mexico 87501

(970) 385-4401

darin@abadieschill.com

andrew@abadieschill.com

bill@abadieschill.com

Attorneys for Cimarex Energy Co.

Joint Amended Application of Pride Energy Company and Cimarex Energy Co. for the Creation of a Special Pool, a Wolfbone Pool, in parts of Sections 12 and 13, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico, Pursuant to Order No. R-23132 and to Re-open Case Nos. 22853 and 23295. Applicants in the above-styled cause seeks an order from the Division creating a special pool, the Scharb; Wolfbone Pool, an oil pool, pursuant to Order No. R-23132, within the W/2 W/2 of Sections 12 and 13, in Township 19 South, Range 34 East, NMPM, Lea County, New Mexico (“Subject Lands”). Applicants propose that Division’s statewide rules apply to spacing units and well locations within the Scharb; Wolfbone Pool. The vertical extent of the proposed Scharb; Wolfbone Pool will be the stratigraphic equivalent of the top of the Third Bone Spring Sand, located at approximately 10,775 feet measured depth, to the stratigraphic equivalent of the base of the Wolfcamp A shale, located at approximately 11,306 feet measured depth, as found in the compensated neutron density log of the Super Cobra State Com. Well No. 1H (API No. 30-025-41987), which has a surface location 190 feet FSL and 660 feet FEL of Section 13, Township 19 South, Range 34 East N.M.P.M. Applicants will seek an order from the Division for the vertical extent by requesting the contraction of the Scharb; Bone Spring Pool (Pool Code 55610) in a manner that avoids overlap with the proposed Scharb; Wolfbone Pool. The base of the Scharb; Bone Spring (Code 55610) should be contracted to approximately 10,775 feet, a depth equivalent to the top of the Third Bone Spring Sand, and since currently a Wolfcamp pool has not been assigned to the Subject Lands, the base of the Scharb; Wolfbone Pool should be located at approximately 11,306 feet, which is the base of the Wolfcamp A shale, as found in the compensated well log of the Super Cobra State Com. Well No. 1H (API No. 30-025-41987). Also to be considered will be the re-opening of the record for Case Nos. 22853 and 23295. The Subject Lands are located approximately 27 miles southwest of Hobbs, New Mexico.