

# **JOINT AMENDED APPLICATION FOR A SPECIAL POOL**

## **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,

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***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.