

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

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

CASE NO. \_\_\_\_\_

**APPLICATION**

Cimarex Energy Co. ("Cimarex"), OGRID Number 215099, through its undersigned attorneys, hereby makes an application to the Oil Conservation Division pursuant to the provisions of NMSA (1978), Section 70-2-17, for an order pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the E/2 W/2 of Sections 20 and 29, Township 23 South, Range 32 East, NMPM, Lea County, New Mexico. In support of this application, Cimarex states as follows:

1. Cimarex is an interest owner in the subject lands and has a right to drill a well thereon.
2. Cimarex seeks to dedicate the E/2 W/2 of Sections 20 and 29, Township 23 South, Range 32 East, NMPM, Lea County, New Mexico to form a 320-acre, more or less, Bone Spring horizontal spacing unit.
3. Cimarex plans to drill the following wells laterally in a southerly direction to a depth sufficient to test the Bone Spring formation:
  - a. The **James 20-29 Federal Com 38H** well is a horizontal well with a surface hole location in the NE/4 NW/4 (Unit C) of Section 20, Township 23 South, Range 32 East, Lea County, and an intended bottom hole location in the SE/4 SW/4 (Unit N) of Section 29, Township 23 South, Range 32 East, NMPM, Lea County, New Mexico. This well is proposed to be drilled vertically to a depth of approximately 10,500' to the Bone Spring formation.
  - b. The **James 20-29 Federal Com 39H** well is a horizontal well with a surface hole location in the NE/4 NW/4 (Unit C) of Section 20, Township 23 South, Range 32

East, Lea County, and an intended bottom hole location in the SE/4 SW/4 (Unit N) of Section 29, Township 23 South, Range 32 East, NMPM, Lea County, New Mexico. This well is proposed to be drilled vertically to a depth of approximately 10,850' to the Bone Spring formation.

4. These wells will be located within the Sand Dunes; Bone Spring, South Pool (Pool Code: 53805). While the **James 20-29 Federal Com 38H** well will comply with the Division's statewide setback requirements, Cimarex is seeking administrative approval of an unorthodox well location ("NSL") for the **James 20-29 Federal Com 39H** well as the completed lateral will be closer than 330' to the W/2 W/2 of Sections 20 and 29, Township 23 South, Range 32 East, NMPM, Lea County, New Mexico.

5. Cimarex sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Bone Spring formation underlying the proposed spacing unit to participate in the drilling of the wells or to otherwise commit their interests to the wells.

6. The creation of a horizontal spacing unit and the pooling of all interests in the Bone Spring formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

WHEREFORE, Cimarex requests that this case is set for hearing before an Examiner of the Oil Conservation Division on April 2, 2020, and after notice and hearing as required by law, the Division enter its order:

A. Creating an approximately 320-acre horizontal spacing unit in the Bone Spring formation comprised of E/2 W/2 of Sections 20 and 29, Township 23 South, Range 32 East, NMPM, Lea County, New Mexico;

B. Pooling all mineral interests in the Bone Spring formation underlying a horizontal spacing unit within the E/2 W/2 of Sections 20 and 29, Township 23 South, Range 32 East, NMPM, Lea County, New Mexico;

- C. Designating Cimarex as operator of this unit and the wells to be drilled thereon;
- D. Authorizing Cimarex to recover its costs of drilling, completing, and equipping the wells;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure;
- F. Setting a 200% charge for the risk involved in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

MODRALL, SPERLING, ROEHL, HARRIS  
& SISK, P.A.

By: 

Earl E. DeBrine, Jr.  
Lance D. Hough  
Post Office Box 2168  
500 Fourth Street NW, Suite 1000  
Albuquerque, New Mexico 87103-2168  
Telephone: 505.848.1800  
[edebrine@modrall.com](mailto:edebrine@modrall.com)  
[ldh@modrall.com](mailto:ldh@modrall.com)  
*Attorneys for Applicant*

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**Application of Cimarex Energy Co. for compulsory pooling, Eddy County, New Mexico.**

Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 320-acre, more or less, Bone Spring horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the E/2 W/2 of Sections 20 and 29, Township 23 South, Range 32 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **James 20-29 Federal Com 38H** and **39H** wells, to be horizontally drilled. The completed interval for the **James 20-29 Federal Com 38H** well will be orthodox; the completed interval for the **James 20-29 Federal Com 39H** well will be unorthodox. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Cimarex as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 23.5 miles east of Loving, New Mexico.