

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

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

CASE NO. _____

APPLICATION

Cimarex Energy Co. of Colorado (“Cimarex”), OGRID Number 162683, 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 of Section 4, 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 of Section 4, Township 23 South, Range 32 East, NMPM, Lea County, New Mexico to form a 320-acre, more or less, spacing unit.
3. Cimarex plans to drill the **Red Tank 4 Federal Com 19H** well to a depth sufficient to test the Bone Spring formation. This well is a horizontal well with a surface location in the SE/4 SE/4 (Unit P) of Section 4, Township 23 South, Range 32 East, NMPM, Lea County, and an intended bottom hole location in the NE/4 NE/4 (Unit A) of Section 4, Township 23 South, Range 32 East, NMPM, Lea County.
4. This well is proposed to be drilled vertically to a depth of approximately 9,500’ to the Bone spring formation and laterally in a northerly direction within the formation to the referenced bottom hole location.

5. This well will be located within the WC-025-G07-5233204D Bone Spring Pool (Code: 97933), will comply with the Division's statewide setback requirements, and will utilize the proximity tract rule in forming a 320-acre Bone Spring spacing unit.

6. 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 well or to otherwise commit their interests to the well.

7. 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 be set for hearing before an Examiner of the Oil Conservation Division on May 14, 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 the E/2 of Section 4, 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 of Section 4, Township 23 South, Range 32 East, NMPM, Lea County, New Mexico;

C. Designating Cimarex as operator of this unit and the well to be drilled thereon;

D. Authorizing Cimarex to recover its costs of drilling, equipping and completing the well;

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 well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

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

By: /s/ Lance D. Hough

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
ldh@modrall.com
Attorneys for Applicant

W3717380.DOCX

Application of Cimarex Energy Co. of Colorado for compulsory pooling, Lea 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 of Section 4, Township 23 South, Range 32 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Red Tank 4 Federal Com 19H** well, to be horizontally drilled. The producing area for this well will be orthodox. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Cimarex as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 24 miles east of Loving, New Mexico.