

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

**AMENDED APPLICATION OF CIMAREX ENERGY CO.
FOR A HORIZONTAL SPACING UNIT AND
COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO**

Case No. _____
(formerly Case No. 22143)

AMENDED APPLICATION

Cimarex Energy Co. (“Cimarex”), OGRID No. 215099, through its undersigned attorneys, hereby files this Amended Application with the Oil Conservation Division (“Division”) pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order (1) creating a standard 480-acre, more or less, spacing and proration unit comprised of the E/2 E/2 of Sections 8, 17, and 20, Township 25 South, Range 27 East, NMPM, Eddy County, New Mexico; (2) pooling all uncommitted mineral interests in the Bone Spring formation underlying said unit; and (3) approving overlapping units to account for the White City “8” Federal 5H Well (API No. 30-015-41610), a horizontal well owned and operated by Cimarex, located in a unit covering the E/2 E/2 of Section 8 for the Bone Spring formation.

In support of its Amended Application, Cimarex states the following:

1. Cimarex is a working interest owner in the proposed horizontal spacing and proration unit (“HSU”) and has a right to drill a well thereon.
2. Cimarex proposes and dedicates to the HSU the **White City 8-17-20 Federal Com 15H** as an initial well drilled to a depth sufficient to test the Bone Spring formation.

3. Cimarex proposes the **White City 8-17-20 Federal Com 15H**, an oil well, to be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 8 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 20.

4. The proposed well is orthodox in its location, and the take points and completed interval comply with setback requirements under the Statewide rules.

5. Cimarex has been informed by the Division that the pool codes for the proposed **White City 8-17-20 Federal Com 15H Well** and the existing White City “8” Federal 5H Well, which is owned and operated by Cimarex, are the same, [Pool Code: 97816], and therefore, Cimarex seeks approval from the Division for the overlapping part in the E/2 E/2 of Section 8 for the proposed unit, pursuant to NMAC 19.15.16.15B(9).

6. Cimarex 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 formation within the proposed HSU, and creation of the spacing unit, 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, Cimarex requests that all uncommitted interests in this HSU be pooled and that Cimarex be designated the operator of the proposed horizontal well and HSU.

WHEREFORE, Cimarex requests that this Amended Application be set for hearing on December 2, 2021, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

- A. Approving the creation of a standard 480-acre, more or less, spacing and proration unit comprising the E/2 E/2 of Sections 8, 17, and 20, Township 25 South, Range 27 East, NMPM, Eddy County, New Mexico;
- B. Pooling all uncommitted mineral interests in the Bone Spring formation underlying the proposed HSU;
- C. Approving the **White City 8-17-20 Federal Com 15H** as the well for the HSU;
- D. Designating Cimarex as operator of this HSU and the horizontal well to be drilled thereon;
- E. Authorizing Cimarex to recover its costs of drilling, equipping, and completing the well;
- F. Approving an overlapping unit in the E/2 E/2 of Section 8 to account for the White City “8” Federal 5H Well (API No. 30-015-41610);
- G. 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
- H. Setting a 200% charge for the risk assumed by Cimarex 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

/s/ Darin C. Savage

Darin C. Savage

William E. Zimsky

Paula M. Vance

Andrew D. Schill

214 McKenzie Street
Santa Fe, New Mexico 87501
Telephone: 970.385.4401
Facsimile: 970.385.4901
darin@abadieschill.com
bill@abadieschill.com
paula@abadieschill.com
andrew@abadieschill.com

Attorneys for Cimarex Energy Co.

Amended Application of Cimarex Energy Co. for a Horizontal Spacing and Proration Unit and Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) creating a standard 480-acre, more or less, horizontal spacing and proration unit comprised of the E/2 E/2 of Sections 8, 17, and 20, Township 25 South, Range 27 East, NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation underlying the unit. The proposed well to be dedicated to the horizontal spacing unit is the **White City 8-17-20 Federal Com 15H**, an oil well, to be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 8 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 20. The well will be orthodox, and the take points and completed interval will comply with the setback requirements under the statewide Rules; 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; the designation of the Applicant as Operator of the well and unit; approval of an overlapping unit in the E/2 E/2 of Section 8 to account for the White City "8" Federal Well (API No. 30-015-41610); and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 3 miles south of Carlsbad, New Mexico, and 1 mile north of the state line.