

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

**APPLICATION OF CIMAREX ENERGY CO. OF
COLORADO TO REOPEN CASE NO. 22145 (ORDER NO. R-
21892) FOR A HORIZONTAL SPACING UNIT AND
COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.**

Case No. _____
Reopen Case No. 22145; Order No. R-
21892

APPLICATION

Cimarex Energy Co. of Colorado (“Cimarex”), OGRID No. 162683, through its undersigned attorneys, hereby files this Application with the Oil Conservation Division (“Division”) pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order to reopen Case No. 22145 to provide Cimarex the opportunity to cure a deficiency in letter notice in regard to one (1) working interest owner.

In support of its Application, Cimarex states the following:

1. On August 10, 2021, Cimarex filed an Application for a Horizontal Spacing Unit and Compulsory Pooling (“Application”) seeking: the approval of a standard 320-acre, more or less, spacing and proration unit comprised of the N/2 S/2 of Sections 16 and 17, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico (“Subject Lands”); the pooling of all uncommitted mineral interests in the Bone Spring formation underlying the proposed unit; the approval of the **Parkway 16-17 State Com 3H Well** as the well for the unit; the designation of Cimarex as operator of this unit and the horizontal well to be drilled thereon; the authorization for Cimarex to recover its costs of drilling, equipping, and completing the well; the approval of 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 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.

2. The Application was heard by the Hearing Examiner on October 7, 2021, during which Cimarex presented evidence through affidavits in support of the Application. No other party made an appearance or presented evidence at the hearing.

3. On October 22, 2021, the Division issued **Order No. R-21892** granting Cimarex's Application, pooling uncommitted interests in the unit and designating Cimarex as operator of the unit and well.

4. After the Division issued **Order No. R-21892**, Cimarex has become aware of an oversight to provide letter notice pursuant to NMAC 19.15.4.9 to Colgate Energy and its subsidiary Colgate Operating, LLC (collectively "Colgate"), who had subsequently acquired a minority working interest in the unit by assignment from Crump Energy Partners III, LLC ("Crump Energy") and Crown Oil Partners VI, LLC ("Crown"), the owners listed in the original title work.

5. In retrospect, Cimarex recognizes that it should have provided letter notice to Colgate but had inadvertently utilized an outdated mailing list and the letter notice that should have been mailed to Colgate was, by unintentional oversight, mailed to Crump Energy and Crown instead.

6. In the original hearing, Colgate was correctly listed as a Working Interest Owner in the Ownership Breakdown provided to the Division as Exhibit "A-2" in Cimarex's Hearing Packet; and therefore, Colgate's minority interest was accounted for in the proceedings and pooled, subject to the curing of the oversight involving the letter notice, as sought by Cimarex herein.

7. Colgate was notified of Cimarex's Application via email and phone correspondence as reported in the Communication Status of Uncommitted Owners provided to the Division as Exhibit "A-4" in Cimarex's Hearing Packet, but Cimarex desires to cure the oversight of the notice

letter requirement as described herein.

WHEREFORE, Cimarex respectfully requests that this Application to Reopen Case No. 22145 be set for hearing on March 3, 2022, and after notice and hearing as required by law, the Division enter an order:

A. Acknowledging and affirming that the notice letter to Colgate, as a working interest owner of record, pursuant to NMAC 19.15.4.9 and this Application to Reopen, has been properly sent and received pursuant to this Application; and therefore, the notice requirement due Colgate for the pooling of the Subject Lands described herein has been satisfied.

B. Affirming and upholding the validity, effectiveness, and applicability of the Division's Pooling **Order No. R-21892**, as issued, for the proper pooling of the Subject Lands and granting to Cimarex the operating rights to the unit and well described herein pursuant to said Order.

Respectfully submitted,

ABADIE & SCHILL, PC

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Application of Cimarex Energy Co. of Colorado to Reopen Case No. 22145 (Order No. R-21892) for a Horizontal Spacing and Proration Unit and Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks to reopen Case No. 22145 for purposes of curing notice due to one working interest owner, Colgate Energy and its subsidiary Colgate Operating, LLC (“Colgate”). Division Order No. R-21892 was issued pooling the Bone Spring formation underlying the N/2 S/2 of Section 16 and 17, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico, and dedicating the **Parkway 16-17 State Com 3H Well** to the unit. Cimarex seeks an order affirming proper notice to Colgate and the continued validity and effectiveness of Order No. R-21892, granting Cimarex operatorship of the unit and well. The well and lands are located approximately 14 miles northeast of Carlsbad, New Mexico.