

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

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

Case No. _____

APPLICATION

Cimarex Energy Co. (“Cimarex”), OGRID No. 215099, 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, seeking an order to compulsory pool uncommitted record title owners in the Wolfcamp formation [WC-025 G-08 S243213C; Wolfcamp (Code 98309)] underlying a standard 320-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Sections 11 and 14, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico.

In support of its 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 **Dos Equis 11-14 Federal Com 4H Well**, (API No. 30-025-45413) drilled to the Wolfcamp formation.
3. The **Dos Equis 11-14 Federal Com 4H Well**, an oil well, was horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 11 to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 14.

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

5. The proposed unit overlaps an existing unit in the W/2 W/2 of Sections 11 and 14, containing the Dos Equis 11-14 Federal Com 25H (API No. 30-025-47646), and therefore, Cimarex seeks approval of the for the overlapping unit.

6. Cimarex has been unable to locate certain record title owners (“RTOs”) and has sought in good faith but has been unable to obtain by voluntary agreement the RTOs’ interest for the development of these lands.

7. The pooling of the RTOs’ interests in the Wolfcamp formation within the proposed HSU will facilitate the development of the lands, avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

8. An RTO, that does not own working interest as the case herein, does not participate in the well or receive revenue from production. As such, the RTOs would not be subject to the 200% risk penalty or the overhead costs imposed upon a working interest owner.

WHEREFORE, Cimarex requests that this Application be set for hearing on August 4, 2022, 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 standard 320-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Sections 11 and 14, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico;

B. Pooling all uncommitted record title owners in the Wolfcamp formation underlying the proposed HSU.

C. Approving the **Dos Equis 11-14 Federal Com 4H Well** as the well for the HSU.

D. Designating Cimarex as operator of this HSU and the horizontal well drilled thereon;

E. Considering the appropriate status and application of the 200% risk penalty, actual operating charges, and overhead rates to the extent applicable or necessary within the context of this application.

Respectfully submitted,

ABADIE & SCHILL, PC

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Application of Cimarex Energy Co. for Compulsory Pooling, Lea County, New Mexico.

Applicant in the above-styled cause seeks an order from the Division to compulsory pool uncommitted record title owners in the Wolfcamp formation [WC-025 G-08 S243213C; Wolfcamp (Code 98309)] underlying a standard 320-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Sections 11 and 14, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico. The well dedicated to the horizontal spacing unit is the **Dos Equis 11-14 Federal Com 4H Well**, (API No. 30-025-45413), an oil well, horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 11 to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 14. The well is orthodox, and the take points and completed interval comply with the setback requirements under the statewide Rules; also to be considered are the designation of the Applicant as Operator of the well and unit, and to the extent necessary, the cost of drilling and completing the well and the allocation of the costs thereof; actual operating costs and charges for supervision; and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 27 miles southeast of Loving, New Mexico.