

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

**APPLICATION OF CIMAREX ENERGY CO.
FOR A HORIZONTAL SPACING UNIT AND
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, for an order (1) establishing a standard 320-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Sections 12 and 13, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying said unit.

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. This Application is filed in competition with the application filed by Pride Energy Company in Case No. 22853 for a contested hearing on February 16, 2023, pursuant to Amended Pre-hearing Order dated November 17, 2022.
3. Cimarex proposes and dedicates to the HSU three initial wells: the **Showbiz 13-12 State Com 101H Well**, the **Showbiz 13-12 State Com 201H Well**, and the **Showbiz 13-12 State Com 301H Well** to be drilled to a sufficient depth to test the Bone Spring formation.

4. Cimarex proposes the **Showbiz 13-12 State Com 101H Well**, an oil well, to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 13 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 12.

5. Cimarex proposes the **Showbiz 13-12 State Com 201H Well**, an oil well, to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 13 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 12.

6. Cimarex proposes the **Showbiz 13-12 State Com 301H Well**, an oil well, to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 13 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 12.

7. The proposed wells are orthodox in their location, and the take points and completed interval comply with setback requirements under the statewide rules.

8. Cimarex's good-faith review of the Division records revealed no apparent overlapping units; if an overlapping unit should be discovered, the Applicant will provide notice to affected persons during the permitting process pursuant to Rule 19.15.15.12B(1).

9. 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 wells or in the commitment of their interests to the wells for their development within the proposed HSU.

10. 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.

11. 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 wells and HSU.

WHEREFORE, Cimarex requests that this Application be set for a hearing on February 2, 2023, in order that the Application be available for a contested hearing on February 16, 2023, before an Examiner of the Oil Conservation Division, pursuant to Amended Pre-hearing Order dated November 17, 2022, as referenced herein, and after notice and hearing as required by law, the Division enter an order:

A. Establishing a standard 320-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Sections 12 and 13, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico;

B. Pooling all uncommitted mineral interests in the Bone Spring formation underlying the proposed HSU.

C. Approving three initial wells for the HSU: the **Showbiz 13-12 State Com 101H Well**, the **Showbiz 13-12 State Com 201H Well**, and the **Showbiz 13-12 State Com 301H Well**.

D. Designating Cimarex as operator of this HSU and the horizontal wells to be drilled thereon;

E. Authorizing Cimarex to recover its costs of drilling, equipping, and completing the wells;

F. 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

G. Setting a 200% charge for the risk assumed by Cimarex in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

ABADIE & SCHILL, PC

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Application of Cimarex Energy Co. for a Horizontal Spacing and Proration Unit and Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) establishing a standard 320-acre, more or less, horizontal spacing and proration unit comprised of the W/2 W/2 of Sections 12 and 13, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation, designated as an oil pool, underlying the unit. The proposed wells to be dedicated to the horizontal spacing unit are as follows: the **Showbiz 13-12 State Com 101H Well**, an oil well, to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 13 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 12; the **Showbiz 13-12 State Com 201H Well**, an oil well, to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 13 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 12; and the **Showbiz 13-12 State Com 301H Well**, an oil well, to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 13 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 12. The wells will be orthodox, and the take points and completed intervals will comply with the setback requirements under the statewide Rules; also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 15.5 miles north-northeast of Halfway, New Mexico.