

**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, EDDY 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 (1) establishing a standard 638.16-acre, more or less, spacing and proration unit comprised of the Lots 1 through 4 (W/2 W/2 equivalent) and E/2 W/2 of Sections 19 and 30 (also described as the W/2 equivalent of Sections 19 and 30), Township 25 South, Range 26 East, NMPM, Eddy County, New Mexico, and (2) pooling all uncommitted mineral interests in the Wolfcamp formation, designated as a gas pool, underlying said unit. Sections 19 and 30 include Lots 1 through 4 and therefore are irregular sections.

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. This Application competes against the Application filed by Tap Rock Operating, LLC (“Tap Rock”) in Case No. 23235.
2. Cimarex proposes and dedicates to the HSU the **Heroes 19-30 Fee Fed Com 3H Well, Heroes 19-30 Fee Fed Com 4H, Heroes 19-30 Fee Fed Com 5H, and Heroes 19-30 Fee Fed Com 6H** as initial wells, to be drilled to a sufficient depth to test the Wolfcamp formation.

3. Cimarex proposes the **Heroes 19-30 Fee Fed Com 3H Well**, a gas well, to be horizontally drilled from a surface location in Lot 1 (NW/4 NW/4 equivalent) of Section 19 to a bottom hole location in Lot 4 (SW/4 SW/4 equivalent) of Section 30.

4. Cimarex proposes the **Heroes 19-30 Fee Fed Com 4H Well**, a gas well, to be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 19 to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 30.

5. Cimarex proposes the **Heroes 19-30 Fee Fed Com 5H Well**, a gas well, to be horizontally drilled from a surface location in the Lot 1 (NW/4 NW/4 equivalent) of Section 19 to a bottom hole location in Lot 4 (SW/4 SW/4, equivalent) of Section 30.

6. Cimarex proposes the **Heroes 19-30 Fee Fed Com 6H Well**, a gas well, to be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 19 to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 30.

7. Setbacks for the Wolfcamp formation herein are governed by special rules described in Division Order No. R-14262. The proposed wells are unorthodox in their locations, as the take points do not comply with the special rules. Cimarex will be applying for administrative approval of non-standard locations with the Division

8. Cimarex's good faith review of the Division records and the subject lands did not reveal any overlapping units and Cimarex believes there are none; should an overlapping unit 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 well or the commitment of their interests to the well for their development within the proposed HSU.

10. The pooling of all interests in the Wolfcamp formation within the proposed HSU 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 hearing on February 2, 2023, in order to have the Application in place for a contested hearing with Tap Rock, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

A. Establishing a standard 638.16-acre, more or less, spacing and proration unit comprised of the Lots 1 through 4 (W/2 W/2 equivalent) and E/2 W/2 of Sections 19 and 30 (also described as the W/2 equivalent of Sections 19 and 30), Township 25 South, Range 26 East, NMPM, Eddy County, New Mexico;

B. Pooling all uncommitted mineral interests in the Wolfcamp formation underlying the proposed HSU;

C. Approving the **Heroes 19-30 Fee Fed Com 3H Well, Heroes 19-30 Fee Fed Com 4H, Heroes 19-30 Fee Fed Com 5H, and Heroes 19-30 Fee Fed Com 6H** as the wells 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 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 well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

ABADIE & SCHILL, PC

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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) establishing a standard 638.16-acre, more or less, spacing and proration unit comprised of the Lots 1 through 4 (W/2 W/2 equivalent) and E/2 W/2 of Sections 19 and 30 (also described as the W/2 equivalent of Sections 19 and 30), Township 25 South, Range 26 East, NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Wolfcamp formation, designated as a gas pool, underlying the unit. Sections 19 and 30, which include lots, are irregular sections. The proposed wells to be dedicated to the horizontal spacing unit are the **Heroes 19-30 Fee Fed Com 3H Well**, a gas well, to be horizontally drilled from a surface location in the Lot 1 (NW/4 NW/4 equivalent) of Section 19 to a bottom hole location in Lot 4 (SW/4 SW/4 equivalent) of Section 30; the **Heroes 19-30 Fee Fed Com 4H Well**, a gas well, to be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 19 to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 30; the **Heroes 19-30 Fee Fed Com 5H Well**, a gas well, to be horizontally drilled from a surface location in the Lot 1 (NW/4 NW/4 equivalent) of Section 19 to a bottom hole location in Lot 4 (SW/4 SW/4, equivalent) of Section 30; and the **Heroes 19-30 Fee Fed Com 6H Well**, a gas well, to be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 19 to a bottom hole location in the SE/4 SW/4 (Unit N) of Section 30. The well locations will be unorthodox, as the take points do not comply with the setback requirements of the special rules in Order No. R-14262. Applicant will apply for administrative approval of the nonstandard locations. 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 well and lands are located approximately 19 miles southwest of Loving, New Mexico, and approximately 7.5 miles north of the state line.