

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

APPLICATION OF BTA OIL PRODUCERS, LLC FOR AN ORDER DIRECTING CIMAREX ENERGY COMPANY OF COLORADO TO SHUT-IN ITS OVER-PRODUCED OIL WELLS IN THE BERRY; BONE SPRING NORTH POOL, ASSESSING PRODUCTION PENALTIES FOR THE OVER-PRODUCTION, AND ORDERING COMPLIANCE WITH THE DIVISION'S OIL PRORATION RULES FOR THE BERRY; BONE SPRING, NORTH POOL, LEA COUNTY, NEW MEXICO.

CASE NO. 15473

APPLICATION

BTA Oil Producers, LLC ("BTA") (OGRID No. 260297), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of N.M. Stat. Ann. § 70-2-16, for an order (1) directing Cimarex Energy Company of Colorado ("Cimarex") to shut-in its over-produced oil wells completed in the Berry; Bone Spring, North Pool underlying the S/2 S/2 of Section 30, Township 20 South, Range 35 East, NMPM, Lea County, New Mexico; (2) assessing production penalties to curtail future over-production and to compensate for all past over-production from said wells; and (3) directing Cimarex to comply with the Division's oil proration rules for the Berry; Bone Spring North Pool and NMRA 19.15.20.9-12. In support of this application, BTA states as follows:

1. Cimarex operates the Chief 30 State No. 1H Well (API No. 30-025-40406), a horizontal well that is dedicated to a 160-acre project area comprised of the S/2 S/2 of Section 30, Township 20 South, Range 35 East, NMPM, Lea County, New Mexico. The Chief 30 State No. 1H Well produces from the Berry; Bone Spring, North Pool (5535).

2. Cimarex also operates the Chief 30 State No. 5 (API No. 30-025-40906), a vertical well that is dedicated to a 40-acre spacing unit comprised of the S⁹⁷W/4 S⁹⁷W/4 (Lot 4) of

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said Section 30. The Chief 30 State No. 5 also produces from the Berry; Bone Spring, North Pool (5535).

3. BTA operates the 9012 JV-P Aline Well No. 2 (API No. 30-025-42771), a vertical well that is dedicated to an offsetting 40-acre spacing unit located in the NE/4 NE/4 (Unit A) of Section 36, Township 20 South, Range 34 East, NMPM, Lea County, New Mexico. The 9012 JV-P Aline Well No. 2 has been drilled and completed in the Berry; Bone Spring, North Pool (5535).

4. The Berry; Bone Spring, North Pool (5535) is subject to 40-acre spacing units and the state-wide depth bracket allowable for oil wells in the Berry; Bone Spring, North Pool (5535) is 365 barrels per day. *See* NMAC 19.15.20.12(A).

5. Production in excess of the top allowable violates NMSA 1978 Section 70-2-16 and NMAC 19.15.20.1-12, and is categorized as "illegal oil."

6. Both the Chief 30 State No. 5 Well and the Chief 30 State No. 1H Well develop the Berry; Bone Spring, North Pool (5535) in the 40-acre spacing unit located in the SW/4 SW/4 (Lot 4) of Section 30. The total maximum allowable for this spacing unit is 365 barrels per day.

7. Production data from the Division shows that the 40-acre spacing unit dedicated to the Chief 30 State No. 5 Well and the Chief 30 State No. 1H Well is significantly over-produced.

8. BTA's correlative rights have been and continue to be violated by Cimarex's failure to comply with the Division's oil proration rules and has resulted in the production of illegal oil.

9. To protect the correlative rights of BTA and other working interest owners offsetting the SW/4 SW/4 of Section 30, the Chief 30 State No. 5 should be shut-in until the volume of illegally produced oil is remedied.

10. In the alternative, BTA requests that the Division assess production penalties against the Chief 30 State No. 5 to curtail future over-production and to compensate for past over-production from the Chief 30 State No. 5.

11. Finally, BTA requests that the Division order Cimarex to comply with depth bracket allowable for the Berry; Bone Spring, North Pool.

WHEREFORE, BTA requests that this application be set for hearing before an Examiner of the Oil Conservation Division on March 31, 2016, and, after notice and hearing as required by law, the Division enter an order:

A. Directing Cimarex to shut-in the Chief 30 State No. 5 Well, located in the SW/4 SW/4 (Lot 4) of Section 30, Township 20 South, Range 35 East, NMPM, Lea County, New Mexico;

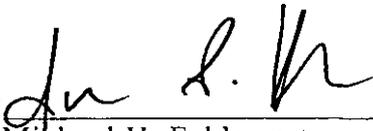
B. Assessing production penalties against Cimarex to curtail future over-production and to compensate for past over-production from this 40-acre spacing unit;

C. Requiring Cimarex to comply with the depth bracket allowable for the Berry; Bone Spring, North Pool; and

D. Any other relief the Division deems just and proper.

Respectfully submitted,

HOLLAND & HART LLP

By: 
Michael H. Feldewert
Jordan L. Kessler
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile
mfeldewert@hollandhart.com
jlkessler@hollandhart.com

**ATTORNEYS FOR
BTA OIL PRODUCERS, LLC**

CASE 15473. **Application of BTA Oil Producers, LLC for an Order Directing Cimarex Energy Company to Shut-In Its Over-Produced Oil Wells in the Berry; Bone Spring North Pool, Assessing Production Penalties for the Over-Production, and Ordering Compliance with the Division's Oil Proration Rules for the Berry; Bone Spring, North Pool, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order (1) directing Cimarex Energy Company of Colorado ("Cimarex") to shut-in its over-produced oil wells completed in the Berry; Bone Spring, North Pool underlying the S/2 S/2 of Section 30, Township 20 South, Range 35 East, NMPM, Lea County, New Mexico; (2) assessing production penalties to curtail future over-production and to compensate for all past over-production from said wells; and (3) directing Cimarex to comply with the Division's oil proration rules for the Berry; Bone Spring North Pool and NMRA 19.15.20.9-12. Said wells are located approximately 16 miles southwest of Monument, New Mexico.