



MODRALL SPERLING  
L A W Y E R S

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April 11 2017

Florene Davidson  
NM Oil Conservation Division  
1220 S St Francis Drive  
Santa Fe NM 87505

Re Case No 15688  
**APPLICATION OF CIMAREX ENERGY CO COMPULSORY  
POOLING, EDDY COUNTY, NEW MEXICO**

Dear Ms Davidson

Enclosed please find three copies of the following

1 Cimarex s Application / Klein 33 Federal Com Well No 10 H

Thank you for your assistance Please contact me if you have any  
questions

Sincerely

Zina Crum Legal Assistant to  
Jennifer L Bradfute

JLB/zc  
Enclosure

Modrall Sperling  
Roehl Harris & Sisk  
P A

Bank of America  
Centre  
500 Fourth Street  
NW  
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Albuquerque  
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**STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION**

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

CASE NO 15688

**APPLICATION**

Cimarex Energy Co ("Cimarex"), OGRID Number 215099, through its undersigned attorneys, hereby makes application to the Oil Conservation Division pursuant to the provisions of NMSA 1978, Section 70 2-17, for an order pooling all mineral interests in the Bone Spring formation underlying the 223 47 acre non standard spacing and proration unit approved by the Division in Administrative Order NSP 2057 which is comprised of the E/2 E/2 of Section 28 and NE/4 NE/4 and Lot 1 of Irregular Section 33, Township 26 South, Range 27 East, NMPM, Eddy County, New Mexico In support of this application Cimarex states as follows

1 Cimarex is an interest owner in the subject lands and has the right to drill a well thereon

2 On December 19 2016 the Division entered Administrative Order NSP-2057, approving the creation of a non standard proration unit in the WC 015 G 04 S262625B, Bone Spring Pool (pool code 98018), which is comprised of 223 47 acres located in the E/2 E/2 of Section 28 and NE/4 NE/4 and Lot 1 of Irregular Section 33, Township 26 South, Range 27 East, NMPM, Eddy County, New Mexico

3 Cimarex seeks to dedicate the E/2 E/2 of Section 28 and NE/4 NE/4 and Lot 1 of Irregular Section 33 to the development of the proposed well (the "project area")

4        Cimarex proposes to drill the **Klein 33 Federal Com Well No 10H** as a horizontal well to a depth sufficient to test the Bone Spring formation. The proposed Klein 33 Federal Com No 10H well will be drilled with a surface location of 290' from the South Line and 780 feet from the East Line, Section 33, Township 26 South, Range 27 East, and a bottom hole location of 330' from the North Line and 590' from the East Line. Section 28 Township 26 South, Range 27 East, N M P M Eddy County, New Mexico.

5        This project area is within the Pool WC 015 G-04 S262625B Bone Springs (pool code 98018), and there are no special pool rules that apply. The producing interval that Cimarex seeks to drill will comply with the statewide 330 foot setback requirements.

6        Cimarex sought but has been unable to obtain a voluntary agreement from all interest owners in the Bone Spring formation underlying the proposed project area to participate in the drilling of the well or to otherwise commit their interests to the wells.

7        There is currently a dispute as to ownership of an unleased mineral interest. Cimarex sent well proposals to all persons claiming to own the interest, and will escrow any proceeds attributed to that interest until the ownership dispute is resolved. Cimarex will afford the ultimate owner the opportunity to either participate in the well with either a working interest or royalty interest.

8        Approval of the non standard unit and the pooling of all interests in the Bone Spring formation underlying the proposed project area will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

9        Notice of this application has been given in accordance with Division rules as shown on Exhibit A.

WHEREFORE Cimarex Energy Co requests this application be set for hearing before an Examiner of the Oil Conservation Division on May 11 2017 and after notice and hearing as required by law the Division enter its order

A Pooling all mineral interests in the Bone Spring formation underlying the 223 47 acre non standard spacing and proration unit/project area covering E/2 E/2 of Section 28 and NE/4 NE/4 and Lot 1 of Irregular Section 33, Township 26 South, Range 27 East, NMPM, Eddy County, New Mexico,

B Designating Cimarex as operator of this unit and the well to be drilled thereon,

C Authorizing Cimarex to recover its costs of drilling equipping and completing this well,

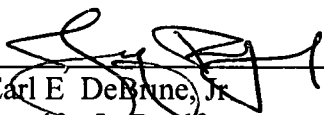
D Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure, and

E Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well

Respectfully submitted,

MODRALL, SPERLING ROEHL, HARRIS  
& SISK, P A

By

  
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Telephone 505 848 1800  
*Attorneys for Applicant*

**EXHIBIT A**

**CIMAREX ENERGY CO 'S NOTICE LIST**

**Parties to be pooled**

COG Operating LLC  
One Concho Center  
600 W Illinois Ave  
Midland, TX 79701

Mobil Producing Texas & New Mexico Inc  
c/o XTO Energy, Inc  
810 Houston Street, CORP WGR 706  
Fort Worth Texas 76102 6298

Meybourne Oil Company  
P O Box 5270  
Hobbs NM 88241

Petrorep Resources Ltd  
c/o Taurus Exploration Canada, Ltd  
1000 630 6<sup>th</sup> Avenue SW  
Calgary, Alberta  
Canada, T2P 3V7

Corexcal  
425 I St SW Suite 1200  
Calgary, Alberta  
Canada T2P 3V7

The Estate of Marie G Welch  
c/o Matthew Byers  
P O Box 1718  
Carlsbad NM 88221

Joe H Welch  
c/o Harold Hensley  
508 W Wall St #444  
Midland, TX 79701

Barbara S Welch  
404 Chermont Dr  
El Paso, TX 79912

N Stewart Welch  
404 Chermont Dr  
El Paso TX 79912

Joe Michael Welch  
c/o Harold Hensley  
508 W Wall St #444  
Midland, TX 79701

James Wesley Welch  
c/o Harold Hensley  
508 W Wall St #444  
Midland, TX 79701

Barbara Grace Parker  
c/o Harold Hensley  
508 W Wall St #444  
Midland TX 79701

Blair Seaton Crooke  
c/o Scott Morgan  
P O Box 1716  
Albuquerque, NM 87103

Tuffy Oil Co LLC

- 408 W 17<sup>th</sup> St Office 101  
Austin, TX 78701-1293
- c/o Harold Hensley  
508 W Wall St #444  
Midland, TX 79701

Unknown heirs of Judge H D Griffin (address unknown)

Unknown heirs of Grace Welch Phelan (address unknown)

Unknown heirs of Marie G Welch (address unknown)

### **Offsets**

Mewbourne Oil Company  
P O Box 5270  
Hobbs, NM 88241

EOG Resources  
Attn Land Manager  
P O Box 2267  
Midland TX 79702

CASE NO 15688 **Application of Cimarex Energy Co for compulsory pooling, Eddy County, New Mexico** Applicant seeks an order from the Division pooling all mineral interests in the Bone Spring formation underlying the 223 47 acre non standard spacing and proration unit approved by the Division in Administrative Order NSP 2057 which is comprised of the E/2 E/2 of Section 28 and NE/4 NE/4 and Lot 1 of Irregular Section 33, Township 26 South, Range 27 East NMPM, Eddy County, New Mexico This spacing and proration unit will be the project area for the **Klein 33 Federal Com Well No 10H** well, to be horizontally drilled The producing area for this well will be 330 feet from the project area boundary Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Cimarex as operator of the well, and a 200% charge for risk involved in drilling said well Said area is located approximately 17 miles southwest of Malaga New Mexico