

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

**APPLICATION OF CIMAREX ENERGY CO FOR A
NON-STANDARD OIL SPACING AND PRORATION
UNIT AND COMPULSORY POOLING, LEA
COUNTY, NEW MEXICO**

2017 JUN 30
RECEIVED
CASE NO. 15711

MOTION TO CONTINUE

MRC Permian Company ("Matador") moves the Division to continue Case No. 15711 to the August 3, 2017, Examiner Hearing Docket on the grounds that Cimarex Energy Co. ("Cimarex") has failed to engage in good faith efforts to reach a voluntary agreement with Matador. In support of this motion, Matador states as follows:

1. In Case No. 15711, Cimarex seeks approval of 1) a non-standard spacing and proration unit in the Upper Pennsylvanian formation comprised of the W/2 W/2 of Section 32, Township 16 South, Range 34 East, and the W/2 W/2 of Section 5, Township 17 South, Range 34 East, Lea County, New Mexico; and 2) compulsory pooling the mineral interests in the Upper Pennsylvanian formation underlying the non-standard spacing unit. Cimarex seeks to dedicate the spacing unit to the State LF 32-5 2H well.
2. Cimarex initially proposed the well to Matador on April 3, 2017, and filed a pooling application for the June 8, 2017, hearing docket.
3. Between April 3 and May 25, 2017, Cimarex notified Matador that it anticipated an increase in the total well costs due to significant changes had been made to completion and surface facilities costs and that Cimarex would provide Matador with an updated AFE.

4. An AFE was finally provided on June 15, 2017. However, Cimarex simulatenous informed Matador that Cimarex preferred to change its proposal to a one-mile well.

5. On June 26, 2017, Matador received a well proposal letter for a one-mile well covering only the W/2 W/2 of Section 32, Township 16 South, Range 34 East, Lea County, New Mexico.

6. Cimarex's application states that "Applicant has sought in good faith to obtain the voluntary joinder of all mineral interest owners in the Upper Pennsylvanian (Cisco/Canyon) formation in the proposed project area for the purposes set forth herein." *See* Application, ¶ 3.

7. Matador has not had sufficient time to review and evaluate the well proposal letter received on June 26, 2017.

8. The Division requires an applicant for compulsory pooling to furnish all interest owners a well proposal letter and AFE thirty days prior to filing a pooling application to satisfy good faith negotiations. *See* R-13165, ¶ 5(a).

9. Furthermore, Case No. 15711 seeks formation of a non-standard spacing unit and compulsory pooling of a two-mile well. *See* Application, ¶ 2.

10. Matador needs additional time to review the new well proposal letter and to confer with Cimarex regarding its intended development plan with respect to the length of the lateral.

11. Counsel for Cimarex has been contacted regarding Matador's request for a continuance but has not indicated a position.

WHEREFORE, MRC Permian Company respectfully requests that the Division continue the hearing in this matter until the August 3, 2017, Examiner Hearing Docket.

Respectfully submitted,

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ATTORNEYS FOR MRC PERMIAN COMPANY

CERTIFICATE OF SERVICE

I hereby certify that on June 30, 2017, I served a copy of the foregoing document to the following counsel of record via electronic mail to:

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