

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

APPLICATION OF CIMAREX
ENERGY CO. OF COLORADO
FOR A NON-STANDARD
SPACING AND PRORATION UNIT
AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

CASE NO. 16292

APPLICATION

Cimarex Energy Co. of Colorado ("Cimarex"), OGRID Number 162683, through its undersigned attorneys, hereby makes an application to the Oil Conservation Division pursuant to the provisions of NMSA (1978), Section 70-2-17, for an order: (1) creating a non-standard 640-acre, more or less, spacing and proration unit in the Wolfcamp formation, comprised of the E/2 of Sections 3 and 10, Township 24 South, Range 26 East, NMPM, Eddy County, New Mexico; and, (2) pooling all mineral interests in the Wolfcamp formation underlying this proposed spacing and proration unit. In support of this application, Cimarex states as follows:

1. Cimarex is an interest owner in the subject lands and has a right to drill a well thereon.
2. Cimarex seeks to dedicate the E/2 of Sections 3 and 10, Township 24 South, Range 26 East, NMPM, Eddy County, New Mexico to the proposed well to form a 640-acre, more or less, spacing and proration unit.

3. Cimarex proposes to horizontally drill the **Cherry Hills 10-3 Federal Com 1H** well within the proposed spacing and proration unit to a depth sufficient to test the Wolfcamp formation.

4. This well will develop the Purple Sage-Wolfcamp Gas Pool (Pool Code 98220) and the producing interval that Cimarex seeks to drill will comply with the 330 foot setback requirements established for the pool by the Division.

5. Cimarex sought, but has been unable to obtain a voluntary agreement from all interest owners in the Wolfcamp formation underlying the proposed unit to participate in the drilling of the well or to otherwise commit their interests to the well.

6. Approval of the non-standard unit and the pooling of all interests in the Wolfcamp formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

WHEREFORE, Cimarex Energy Co. requests this application be set for hearing before an Examiner of the Oil Conservation Division on July 12, 2018, and after notice and hearing as required by law, the Division enter its order:

A. Creating a spacing and proration unit in the Wolfcamp formation comprised of the E/2 of Sections 3 and 10, Township 24 South, Range 26 East, NMPM, Eddy County, New Mexico;

B. Pooling all mineral interests in the Wolfcamp formation underlying this spacing and proration unit;

C. Designating Cimarex as operator of this unit and the well to be drilled thereon;

D. Authorizing Cimarex to recover its costs of drilling, equipping and completing this well;

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

F. 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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CASE NO. _____: Application of Cimarex Energy Co. of Colorado for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division: (1) creating a non-standard 640-acre, more or less, spacing and proration unit in the Wolfcamp formation, comprised of the E/2 of Sections 3 and 10, Township 24 South, Range 26 East, NMPM, Eddy County, New Mexico; and, (2) pooling all mineral interests in the Wolfcamp formation underlying this proposed spacing and proration unit. This proposed spacing and proration unit will be the unit for the **Cherry Hills 10-3 Federal Com 1H** well, to be horizontally drilled. The producing area for this well will be orthodox. 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 12 miles southwest of Loving, New Mexico.