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Case 16487


October 2, 2018

Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed for filing, on behalf of Cimarex Energy Co., is an application for compulsory pooling, together with a proposed ad. Please set this matter for the November 1, 2018 Examiner hearing.

Very truly yours,


James Bruce

Attorney for Cimarex Energy Co.

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 16487

APPLICATION

Cimarex Energy Co. applies for an order pooling all mineral interests in the Wolfcamp formation in a horizontal spacing unit comprised of the W/2 of Section 20 and the W/2 of Section 17, Township 24 South, Range 26 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an operator in the W/2 of Section 20 and the W/2 of Section 17, and has the right to drill a well thereon.

2. Applicant proposes to drill the Shinnecock Hills 20-17 Fed. Com. Well No. 1H to a depth sufficient to test the Wolfcamp formation. It is a horizontal well with a first take point in the S/2SW/4 of 20 and a final take point in the N/2NW/4 of Section 17. Applicant will dedicate the W/2 of Section 20 and the W/2 of Section 17 to the well to form a 640 acre horizontal spacing unit in the Wolfcamp formation (Purple Sage-Wolfcamp Gas Pool).

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W/2 of Section 20 and the W/2 of Section 17 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the Wolfcamp

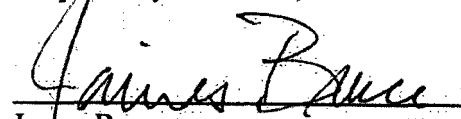
formation underlying the W/2 of Section 20 and the W/2 of Section 17, pursuant to NMSA 1978 §§70-2-17.

5. The pooling of all mineral interests in the Wolfcamp formation underlying the W/2 of Section 20 and the W/2 of Section 17 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the Wolfcamp formation underlying the W/2 of Section 20 and the W/2 of Section 17;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the wells, and allocating the cost among the well's working interest owners;
- 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,



James Bruce
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(505) 982-2043

Attorney for Cimarex Energy Co.

PROPOSED ADVERTISEMENT

Case No. 16487:

Application of Cimarex Energy Co. for compulsory pooling, Eddy County, New Mexico.
Mewbourne Oil Company seeks an order pooling all mineral interests in the Wolfcamp formation underlying a horizontal spacing unit comprised of the W/2 of Section 20 and the W/2 of Section 17, Township 24 South, Range 26 East, NMPM. The unit will be dedicated to the Shinnecock Hills 20-17 Fed. Com. Well No. 1H, a horizontal well with a first take point in the S/2SW/4 of 20 and a final take point in the N/2NW/4 of Section 17. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 4 miles west of Black River Village, New Mexico.

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