

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 20284

APPLICATION

Cimarex Energy Co. applies for an order pooling all mineral interests in the Bone Spring formation underlying a horizontal spacing unit comprised of the E/2W/2 of Section 11, Township 25 South, Range 32 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is an operator in the E/2W/2 of Section 11, and has the right to drill a well thereon.

2. Applicant proposes to drill the Denali 11 Fed. Com. Well No. 33H to a depth sufficient to test the Bone Spring formation. It is a horizontal well with a first take point in the SE/4SW/4 and a final take point in the NE/4NW/4 of Section 11. Applicant will dedicate the E/2W/2 of Section 11 to the well.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E/2W/2 of Section 11 for the purposes set forth herein.

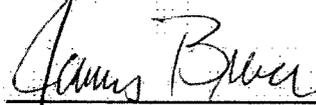
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the Bone Spring formation underlying the E/2W/2 of Section 11, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests in the Bone Spring formation underlying the E/2W/2 of Section 11 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 Bone Spring formation underlying the E/2W/2 of Section 11;
- 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,



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Attorney for Cimarex Energy Co.

PROPOSED ADVERTISEMENT

Case No. 20284:

Application of Cimarex Energy Co. for compulsory pooling, Lea County, New Mexico.
Cimarex Energy Co. seeks an order pooling all mineral interests in the Bone Spring formation underlying a horizontal spacing unit comprised of the E/2W/2 of Section 11, Township 25 South, Range 32 East, NMPM. The unit will be dedicated to the Denali 11 Fed. Com. Well No. 33H, with a first take point in the SE/4SW/4 and a final take point in the NE/4NW/4 of Section 11. 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 24 miles west of Jal, New Mexico.

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