

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

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Case No. 14510

APPLICATION

Cimarex Energy Co. applies for an order (i) approving a non-standard oil spacing and proration unit in the Bone Spring formation comprised of the N $\frac{1}{2}$ S $\frac{1}{2}$ of Section 15, Township 19 South, Range 32 East, N.M.P.M., Lea County, New Mexico, and (ii) pooling all mineral interests from the surface to the top of the Bone Spring formation underlying the NE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 15, and the Bone Spring formation underlying the non-standard unit, and in support thereof, states:

1. Applicant is an interest owner in the N $\frac{1}{2}$ S $\frac{1}{2}$ of Section 15, and has the right to drill a well thereon.
2. Applicant proposes to drill its East Lusk 15 Fed. Well No. 2 to a depth sufficient to test the Bone Spring formation. Applicant seeks to dedicate (i) the NE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 15 to the well to form a standard 40 acre oil spacing and proration unit, and (ii) the N $\frac{1}{2}$ S $\frac{1}{2}$ of Section 15 to the well to form a non-standard 160 acre oil spacing and proration unit (project area). The well is a horizontal well, with a surface location in the NE $\frac{1}{4}$ SE $\frac{1}{4}$, and a terminus in the NW $\frac{1}{4}$ SW $\frac{1}{4}$, of Section 15.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the N $\frac{1}{2}$ S $\frac{1}{2}$ of Section 15 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.

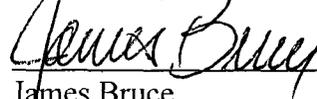
Therefore, applicant seeks an order pooling all mineral interest owners in the N $\frac{1}{2}$ S $\frac{1}{2}$ of Section 15, pursuant to NMSA 1978 §§70-2-17, 18.

5. The approval of the non-standard unit and the pooling of all mineral interests underlying the N $\frac{1}{2}$ S $\frac{1}{2}$ of Section 15 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. Approving a non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the N $\frac{1}{2}$ S $\frac{1}{2}$ of Section 15;
- B. Pooling all mineral interests from the surface to the top of the Bone Spring formation underlying the NE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 15, and the Bone Spring formation in the N $\frac{1}{2}$ S $\frac{1}{2}$ of Section 15;
- C. Designating Cimarex Energy Co. of Colorado as operator of the well;
- D. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;
- 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,



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PROPOSED ADVERTISEMENT

Case No. 14510 :

Application of Cimarex Energy Co. for approval of a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico. Cimarex Energy Co. seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the N/2S/2 of Section 15, Township 19 South, Range 32 East, NMPM. Applicant further seeks the pooling of all mineral interests (i) from the surface to the top of the Bone Spring formation underlying the NE/4SE/4 of Section 15 to form a standard 40 acre oil spacing and proration unit, and (ii) the Bone Spring formation underlying the N/2S/2 of Section 15 to form a non-standard 160 acre oil spacing and proration unit (project area). The units are to be dedicated to the East Lusk 15 Fed. Well No. 2, a horizontal well with a surface location in the NE/4SE/4, and a terminus in the NW/4SW/4, of Section 15. 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 Cimarex Energy Co. of Colorado as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 32 miles west-northwest of Monument, New Mexico.