

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

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

CASE NO. _____

APPLICATION

Cimarex Energy Co. ("Cimarex"), OGRID Number 215099, 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 pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the W/2 E/2 of Sections 7 and 18, Township 25 South, Range 27 East, NMPM, Eddy County, New Mexico. 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 W/2 E/2 of Sections 7 and 18, Township 25 South, Range 27 East, NMPM, Eddy County, New Mexico to form a 320-acre, more or less, spacing unit.
3. Cimarex plans to drill the **DaVinci 7-18 Federal Com 30H** well to a depth sufficient to test the Bone Spring formation. This well is a horizontal well with a surface location of 390' FNL and 1430' FEL of Section 7, Township 25 South, Range 27 East, NMPM, Eddy County, and an intended bottom hole location of 100' FSL and 1980' FEL of Section 18, Township 25 South, Range 27 East, NMPM, Eddy County.
4. This well is proposed to be drilled vertically to a depth of approximately 7,942' to the Bone Spring formation and laterally in a southerly direction within the formation to the referenced bottom hole location.

5. This well will be located within the Cottonwood Draw; Bone Spring Pool (Pool Code 97494) and will comply with the Division's setback requirements.

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

7. The creation of a horizontal spacing unit and the pooling of all interests in the Bone Spring formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

8. A proposed Exhibit A for the Division's compulsory pooling order describing the horizontal spacing unit is attached hereto as "Exhibit A".

WHEREFORE, Cimarex requests that this case is set for hearing before an Examiner of the Oil Conservation Division on January 9, 2020, and after notice and hearing as required by law, the Division enter its order:

A. Creating an approximately 320-acre horizontal spacing unit in the Bone Spring formation comprised of W/2 E/2 of Sections 7 and 18, Township 25 South, Range 27 East, NMPM, Eddy County, New Mexico;

B. Pooling all mineral interests in the Bone Spring formation underlying a horizontal spacing unit within the W/2 E/2 of Sections 7 and 18, Township 25 South, Range 27 East, NMPM, Eddy County, New Mexico;

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 the well;

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

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.

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CASE NO. _____: Application of Cimarex Energy Co. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 320-acre, more or less, Bone Spring horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the W/2 E/2 of Sections 7 and 18, Township 25 South, Range 27 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the **DaVinci 7-18 Federal Com 30H** 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 17 miles south of Carlsbad, New Mexico.

Exhibit "A"

Applicant: Cimarex Energy Co.
Operator: Cimarex Energy Co. (OGRID 215099)

Spacing Unit: Horizontal Oil
Building Blocks: Quarter-quarter Sections
Spacing Unit Size: 320 acres (more or less)
Orientation of Unit: North/South

Spacing Unit Description:
W/2 E/2 of Sections 7 and 18, Township 25 South, Range 27 East, NMPM,
Eddy County, New Mexico

Pooling this Vertical Extent: Bone Spring Formation
Depth Severance? (Yes/No): No

Pool: Cottonwood Draw; Bone Spring Pool (Pool Code 97494)
Pool Spacing Unit Size: Quarter-quarter Sections
Governing Well Setbacks: Horizontal Oil Well Rules
Pool Rules: Latest Horizontal Rules Apply

Proximity Tracts: No

Monthly charge for supervision: While drilling: \$6,500; While producing: \$650
As the charge for risk, 200 percent of reasonable well costs.

Proposed Well:**DaVinci 7-18 Federal Com 30H, API No. 30-015-Pending**

SHL: 390' FNL and 1430' FEL of Section 7, Township 25 South, Range 27 East, NMPM,
Eddy County.

BHL: 100' FSL and 1980' FEL of Section 18, Township 25 South, Range 27 East,
NMPM, Eddy County.

Completion Target: Bone Spring at approx 7,942 feet TVD.
Well Orientation: North to South
Completion Location expected to be: Standard