

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

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

CASE NO. 15188

APPLICATION

Cimarex Energy Company of Colorado ("Cimarex"), through its undersigned attorneys, hereby makes application to the Oil Conservation Division pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order: (1) authorizing a non-standard location; (2) creating a non-standard 320-acre, more or less, oil spacing and proration unit in the Wolfcamp formation, comprised of the W/2 of Section 14, Township 25 South, Range 28 East, NMPM, Eddy County, New Mexico; and (3) pooling all mineral interests in the Wolfcamp formation underlying this proposed non-standard 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 the right to drill a well thereon.
2. Cimarex seeks to dedicate the W/2 of Section 14 to the proposed well to form a non-standard 320-acre, more or less, oil spacing and proration unit (the "project area").
3. Cimarex proposes to drill the Riverbend 14 Fed. Com No. 2H well to a depth sufficient to test the Wolfcamp formation.
4. This project area is governed by the wildcat gas well acreage and well location requirements, NMAC 19.15.15.10(B) (pool code 97949). These special rules require (1) 320 acre spacing units; and (2) wells to be located 660 feet from the outer boundary of the quarter

section. Cimarex seeks a non-standard location in order to allow a producing area that is 330 feet from the project area boundary.

5. Cimarex has sought but been unable to obtain a voluntary agreement from all mineral interest owners in the Wolfcamp formation underlying the proposed project area 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 mineral interests in the Wolfcamp formation underlying the proposed project area will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

7. Notice of this application has been given in accordance with Division rules as shown on Exhibit A.

WHEREFORE, Cimarex Energy Company of Colorado requests this application be set for hearing before an Examiner of the Oil Conservation Division on August 21, 2014, and after notice and hearing as required by law, the Division enter its order:

A. Creating a non-standard oil spacing and proration unit ("project area") in the Wolfcamp formation comprised of W/2 of Section 14, Township 25 South, Range 28 East, NMPM, Eddy County, New Mexico;

B. Authorizing a non-standard location;

C. Pooling all mineral interests in the Wolfcamp formation underlying this non-standard spacing and proration unit/project area;

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

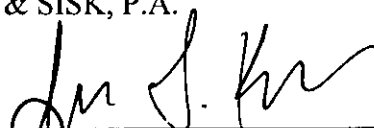
E. Authorizing Cimarex to recover its costs of drilling, equipping and completing this well;

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

G. 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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EXHIBIT A
CIMAREX OPERATING LLC NOTICE LIST

Parties to be pooled:

Bane Bigbie, Inc.
Attn: Bane Bigbie, President
P.O. Box 998
Ardmore, OK 73402

Centennial, LLC
Attn: Don Fedric
P.O. Box 1837
Roswell, NM 88202

CL&F Resources, LP
Attn: Gary Dobbs
16945 N. Chase Drive
Houston, TX 77060

CL&F Resources, LP
Attn: Gary Dobbs
4 Greenspoint Place, Ste. 1500
Houston, TX 77060

Devon Energy Production Company, LP
Attn: Ed Slovacek
20 North Broadway
Oklahoma City, OK 73102

E.O.G. Resources, Inc.
Attn: Matthew Phillips
5509 Champions Dr.
Midland, TX 79706

Fasken Land & Minerals, LTD
Attn: Linda Hicks
6101 Holiday Hill Rd.
Midland, TX 79707

JTD Resources, LLC
Attn: Dan Leonard
P.O. Box 3422
Midland, TX 79702

Kevin K. Leonard
Attn: Kevin K. Leonard, Manager
P.O. Box 50688
Midland, TX 79710

Leonard Trust
Attn: Robert J. Leonard, Trustee
P.O. Box 3422
Midland, TX 79702

Michael Kyle Leonard
Attn: Michael Kyle Leonard
P.O. Box 2625
Eagle Pass, TX 78853

Critteville, LLC
Molly Azopardi
P.O. Box 620
Wimberly, TX 78676

MRC Permian Company
Attn: Jonathan Filbert
5400 LBJ Freeway, Suite 1500
Dallas, TX 75240

Nearburg Exploration Company, LLC
Attn: Randy Howard
3300 N. A Street, Bldg 2, Ste. 120
Midland, TX 79705

OXY, USA WTP LP
Attn: Steve Flynn
P.O. Box 27570
Houston, TX 77227

El Capitan Ventures, LLC
Attn: Patrick S. Leonard, Manager
P.O. Box 700633
San Antonio, TX 78270

Read & Stevens, Inc.
Attn: Rory McMinn
P.O. Box 1815
Roswell, NM 88202

Carolyn Beall
P.O. Box 3098
Midland, TX 79702

Betty Read Young
1311 W. Third
Roswell, NM 88201

Diamond Star Prod., Co., LLC
P.O. Box 638
Ardmore, OK 73042-0638

CLM Production Company
P.O. Box 881
Roswell, NM 88202

Lincoln Oil and Gas, LLC
701 Three Cross
Roswell, NM 88201

William V. Palmer, LLC
3226 Anderson Dr.
Lovington, NM 88260

Stacie L. Miller Sexe
P.O. Box 8156
Roswell, NM 88202-8156

Watson Properties, LLC
3905 Futura
Roswell, NM 88201

Scott Exploration, Inc.
Attn: Sharon Scott
P.O. Box 1834
Roswell, NM 88202

Shannon C. Leonard
1018 Sunset Canyon North
Dripping Springs, TX 78620

Worrall Investment Corporation
Attn: John Worrall
P.O. Box 1834
Roswell, NM 88202

Offsets

COG Acreage, LP

Chevron USA Inc
1400 Smith Street
Houston, TX 77022

Chevron USA, Inc.
P.O. Box 1150
Midland, TX 79702

COG Operating LLC

Clayton Williams, Jr.
Six Desta Drive, Suite 6500
Midland, Texas 797905

Morris E. Schertz and Holly K. Schertz
P.O. Box Drawer 2588
Roswell, New Mexico 88202

Empire Energy, LLC
1213 West 3rd Street
Roswell, New Mexico 88201

New State Gas, LLC
1213 West 3rd Street
Roswell, New Mexico 88201

Mary Ann Jenkins
287 Moon Ranch Rd.
Elida, New Mexico 88116

Joy Elizabeth Cooksey
P.O. Box 45
Carlsbad, NM 88221

Larry G. Phillips and Anne C. Phillips
P.O. Box 2197
Midland, Texas 79702

CASE NO. 15188 : Application of Cimarex Energy Company of Colorado for a non-standard spacing and proration unit, compulsory pooling and a non-standard location, Eddy County, New Mexico. Applicant seeks an order from the Division: (1) authorizing a non-standard location; (2) creating a non-standard 320-acre, more or less, oil spacing and proration unit in the Wolfcamp formation, comprised of the W/2 of Section 14, Township 25 South, Range 28 East, NMPM, Eddy County, New Mexico; and (3) pooling all mineral interests in the Wolfcamp formation underlying this proposed non-standard spacing and proration unit. This proposed non-standard spacing and proration unit will be the project area for the Riverbend 14 Fed. Com. No. 2H to be horizontally drilled. The producing area for this well will be 330 feet from the project area boundary. 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 22 miles southwest of Carlsbad, New Mexico.