

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

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

CASE NO. 15216

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) creating a non-standard 160-acre, more or less, oil spacing and proration unit in the Bone Spring formation, comprised of the W/2 E/2 of Section 36, Township 24 South, Range 26 East, NMPM, Eddy County, New Mexico; and (2) pooling all mineral interests in the Bone Spring 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 E/2 of Section 36 to the proposed well to form a non-standard 160-acre, more or less, oil spacing and proration unit (the "project area").
3. Cimarex proposes to drill the Jake 36 State 7H well to a depth sufficient to test the Bone Spring formation. This well is a horizontal well with a surface location 330 feet from the South line, 1725 feet from the East line, and a terminus 330 feet from the North line, 1725 feet from the East line (Section 36).

4. This project area is within the Cottowood Draw Bone Spring pool (pool code 97494). There are no special pool rules, and the producing interval that Cimarex seeks will comply with the statewide 300-foot setback requirements.

5. Cimarex has sought but been unable to obtain a voluntary agreement from all interest owners in the Bone Spring 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 interests in the Bone Spring 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 October 16, 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 Bone Spring formation comprised of W/2 E/2 of Section 36, Township 24 South, Range 26 East, NMPM, Eddy County, New Mexico;

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

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 this well;

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,

MODRALL, SPERLING, ROEHL, HARRIS
& SISK, P.A.

By: 

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compulsory pooling application for Jake 36 State 7H (W2268017).DOCX

EXHIBIT A
CIMAREX ENERGY COMPANY OF COLORADO NOTICE LIST

Parties to be pooled:

Isramco Resources, LLC
3452 Lyrac St.
Oakton, VA 22124

Mary Shoener
26 Thunderhill Lane
Ridgefield, CT 06877

Chester J. Stuebben
1275 Rock Ave.
Apt # HH5
North Plainfield, NJ 07060

Alan D. Tuck, JR. and Evelyn Tuck
2829 Wilfred Reid Cir.
Sarasota, FL 34240

Larry Turner
2902 County Road N O
Lamesa, TX 79331

Sande Wische
3 Morton Ln.
Warren, NJ 07059

Offsets

Chevron USA Inc.
1400 Smith Street
Houston, TX 77022

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

HOG Partnership, LP
5950 Cedar Springs Rd.
Dallas, TX 75235-6803

Isramco Resources, LLC
3452 Lyrac St.
Oakton, VA 22124

Nortex Corporation
Attn: Robert Kent
1415 Louisiana Street
Houston, Texas 77002

MBOE, Inc.
915 One Energy Square
Dallas, TX 75026

Chester J. Stuebben
1275 Rock Ave.
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2829 Wilfred Reid Cir.
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Daniel MacIsaac
902 Schultz Pl.
Monona, WI 53716

Rubicon Oil & Gas, LLC
508 W. Wall Street
Midland, Texas 79701

CASE NO. 15215: Application of Cimarex Energy Company of Colorado for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division: (1) creating a non-standard 160-acre, more or less, oil spacing and proration unit in the Bone Spring formation, comprised of the W/2 E/2 of Section 36, Township 24 South, Range 26 East, NMPM, Eddy County, New Mexico; and (2) pooling all mineral interests in the Bone Spring 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 Jake 36 State 7H well, 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 30 miles South of Carlsbad New Mexico.

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