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December 8, 2015

Florene Davidson
NM Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Case 15430

Re: APPLICATION OF CIMAREX ENERGY CO. OF COLORADO TO CHANGE THE SETBACK REQUIREMENTS IN THE WOLFCAMP FORMATION WITHIN TOWNSHIPS 24S, 25S, 26S AND RANGES 25E, 26E AND 27E, N.M.P.M., EDDY COUNTY, NEW MEXICO, TO EXPAND POOL BOUNDARIES, AND TO ESTABLISH THE CROOKED CREEK WOLFCAMP GAS (EAST) POOL, THE BLACK RIVER, WOLFCAMP, SOUTHWEST (GAS) POOL, AND CREATE THE WELCH, WOLFCAMP, MILEPOST POOL, THE WOLFCAMP (GAS) POOL, AND THE MILEPOST, WOLFCAMP, NORTHEAST (GAS) POOL IN EDDY COUNTY, NEW MEXICO

Dear Ms. Davidson:

Enclosed are three copies of the Application of Cimarex Energy Company which was e-mailed to you for filing on December 08, 2015.

Thank you for your assistance. Please contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jennifer L. Bradfute'.

Jennifer L. Bradfute

JLB/zc
Enclosure
Y:\dox\client\82762\0128\CORRES\W2599615.DOC

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

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APPLICATION OF CIMAREX ENERGY
CO. OF COLORADO TO CHANGE
THE SETBACK REQUIREMENTS IN
THE WOLFCAMP FORMATION WITHIN
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26E AND 27E, N.M.P.M., EDDY COUNTY,
NEW MEXICO, TO EXPAND POOL BOUNDARIES,
AND TO ESTABLISH THE CROOKED CREEK
WOLFCAMP GAS (EAST) POOL, THE
BLACK RIVER, WOLFCAMP, SOUTHWEST
(GAS) POOL, AND CREATE THE WELCH, WOLFCAMP,
MILEPOST POOL, THE WOLFCAMP (GAS) POOL,
AND THE MILEPOST, WOLFCAMP, NORTHEAST
(GAS) POOL IN EDDY COUNTY, NEW MEXICO

CASE NO. 15430

APPLICATION

Cimarex Energy Co. of Colorado ("Cimarex") hereby makes application for an order to:

(1) modify the setback requirements in the current and proposed Wolfcamp pools included in Townships 24S, 25S, 26S, Ranges 25E, 26E, 27E, N.M.P.M. Eddy County, New Mexico, to require wells to be located no closer than 330 feet to the outer boundary of a spacing unit; (2) to expand the boundaries of the White City, Wolfcamp Southwest (Gas) Pool (97766); White City, Wolfcamp South (Gas) Pool (97592); Sage Draw, Wolfcamp (Gas) Pool (84407); Sage Draw, Wolfcamp East (Gas) Pool (96890); Black River, Wolfcamp Pool (72240); Black River, Wolfcamp, East (Gas) Pool (97442); and, the Sulphate Draw, Wolfcamp (Gas) Pool (85780); (3) to establish the Crooked Creek Wolfcamp Gas (East) Pool covering the N/2 of Section 5, Township 24 South, Range 25 East, N.M.P.M., Eddy County, New Mexico; (4) to establish the Black River, Wolfcamp, Southwest (Gas) Pool covering the E/2 of Section 25 and the E/2 of

Section 36, Township 24 South, Range 25 East, N.M.P.M., Eddy County, New Mexico, and the W/2 of Section 14, E/2 of Section 22, NW/4 of Section 23, W/2, NE/4 of Section 27, S/2 of Section 28, S/2 of Section 29, all of Section 30, and the S/2 and NW/4 of Section 32, Township 24 South, Range 26 East, N.M.P.M., Eddy County, New Mexico; and (5) the creation of the Welch, Wolfcamp Pool (98017), covering Sections 26, 27, 28, 29, 32, 33, 34 and 35 of Township 26 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, the Milepost, Wolfcamp (Gas) Pool (97950) (*proposed pool*) ((WC-015 S262529E, Wolfcamp (Gas)) covering the W/2 of Section 29, Township 26 South, Range 25 East, N.M.P.M., Eddy County, New Mexico, and the Milepost, Wolfcamp Northeast Pool (97882) (*proposed pool*) (Wildcat S262616A, Wolfcamp (Gas)) Pool, covering the E/2 of Section 16, Township 26 South, Range 26 East, N.M.P.M., Eddy County, New Mexico. In support of its application, Cimarex states:

1. Cimarex (OGRID No. 251099) is an operator in the current and proposed Wolfcamp pools included in Townships 24S, 25S, 26S, Ranges 25E, 26E, 27E, N.M.P.M. Eddy County, New Mexico. The Wolfcamp pools in this area include the White City, Wolfcamp Gas Pool (87285); White City, Wolfcamp Southwest (Gas) Pool (97766); White City, Wolfcamp South (Gas) Pool (97592); Crooked Creek Wolfcamp Gas (East) Pool (*proposed pool*); Black River, Wolfcamp, North Pool (6320); Black River, Wolfcamp, Southwest (Gas) Pool (*proposed pool*); Sage Draw, Wolfcamp (Gas) Pool (84407); Sage Draw, Wolfcamp East (Gas) Pool (96890); Black River, Wolfcamp Pool (72240); Black River, Wolfcamp, East (Gas) Pool (97442); Sulphate Draw, Wolfcamp, Northwest (Gas) Pool (96333); Sulphate Draw, Wolfcamp (Gas) Pool (85780); Hay Hollow, Wolfcamp, West (Gas) Pool (97625); the Hay Hollow, Wolfcamp (Gas) Pool (96607); the Welch, Wolfcamp Pool (98017) (*proposed pool*) (WC-015-S262728A), Milepost, Wolfcamp (Gas) (97950) (*proposed pool*) ((WC-015 S262529E,

Wolfcamp (Gas)) and Milepost, Wolfcamp Northeast Pool (97882) (*proposed pool*) (Wildcat S262616A; Wolfcamp (Gas)). In addition, there are wildcat wells located in the W/2 of Section 29, Township 26 South, Range 25 East, and E/2 Section 16, Township 26 South, Range 26 East, N.M.P.M., Eddy County, New Mexico.

2. A map showing the above-listed pools in the area was recently prepared by Paul Kautz with the NMOCD, is attached as **Exhibit A**. The pools listed in the map include the following:

a. White City, Wolfcamp Gas Pool (87285):

Township 25 South, Range 25 East, N.M.P.M., Eddy County, New Mexico
Section 11: W/2
Section 14
Section 23: N/2

b. White City, Wolfcamp Southwest (Gas) Pool (97766):

Township 25 South, Range 25 East, N.M.P.M., Eddy County, New Mexico
Section 32: E/2

The Division has unofficially expanded the White City, Wolfcamp Southwest (Gas) Pool (97766) to include the following acreage:

Township 25 South, Range 25 East, N.M.P.M., Eddy County, New Mexico
Section 29: S/2

Cimarex requests that the Division officially expand the pool boundaries to include the above listed acreage.

c. White City, Wolfcamp South (Gas) Pool (97592):

Township 26 South, Range 25 East, N.M.P.M., Eddy County, New Mexico
Section 2: N/2

The Division has unofficially expanded the White City, Wolfcamp South (Gas) Pool (97592) to include the following acreage:

Township 25 South, Range 25 East, N.M.P.M., Eddy County, New Mexico
Section 34: E/2
Section 35: S/2

Section 36: W/2, NE/4

Cimarex requests that the Division officially expand the pool boundaries to include the above listed acreage.

d. Crooked Creek Wolfcamp Gas (East) Pool (*proposed pool*):

Township 24 South, Range 25 East, N.M.P.M., Eddy County, New Mexico

Section 5: N/2

e. Black River, Wolfcamp, North Pool (6320), designated as an oil pool by the NMOCD:

Township 24 South, Range 26 East, N.M.P.M., Eddy County, New Mexico

Section 4: SE/4

f. Black River, Wolfcamp, Southwest (Gas) Pool (*proposed pool*):

Township 24 South, Range 25 East, N.M.P.M., Eddy County, New Mexico

Section 25: E/2

Section 36: E/2

Township 24 South, Range 26 East, N.M.P.M., Eddy County, New Mexico

Section 14: W/2

Section 22: E/2

Section 23: NW/4

Section 27: W/2, NE/4

Section 28: S/2

Section 29: S/2

Section 30

Section 32: S/2, NW/4

g. Sage Draw, Wolfcamp (Gas) Pool (84407):

Township 25 South, Range 26 East, N.M.P.M., Eddy County, New Mexico

Section 7: E/2

Section 17

Section 18: NE/4

The Division has unofficially expanded the Sage Draw, Wolfcamp (Gas) Pool (84407) to include:

Township 25 South, Range 26 East, N.M.P.M., Eddy County, New Mexico

Section 20

Section 21: W/2

Section 29: N/2

Cimarex requests that the Division officially expand the pool boundaries to include the above listed acreage.

h. Sage Draw, Wolfcamp East (Gas) Pool (96890):

Township 25 South, Range 26 East, N.M.P.M., Eddy County, New Mexico

Section 4: S/2, NW/4

Section 11

Section 12

Section 14: E/2

Section 21: E/2

Section 28: E/2

Section 33: E/2

Section 34: SW/4

Township 25 South, Range 27 East, N.M.P.M., Eddy County, New Mexico

S/2 of Section 7

The Division has unofficially expanded the Sage Draw, Wolfcamp East (Gas) Pool (96890) to include the following acreage:

Township 25 South, Range 26 East, N.M.P.M., Eddy County, New Mexico

Section 1

Section 3: S/2

Section 10

Section 13

Section 14: W/2

Section 15

Section 22

Section 23

Section 24

Section 25: NE/4

Section 27

Section 34: N/2, SE/4

Township 25 South, Range 27 East, N.M.P.M., Eddy County, New Mexico

Section 30: W/2

Section 31: N/2, SW/4

Section 32: W/2

Township 26 South, Range 26 East, N.M.P.M., Eddy County, New Mexico

Section 3: E/2

Cimarex requests that the Division officially expand the pool boundaries to include the above listed acreage.

i. Black River, Wolfcamp Pool (72240):

Township 24 South, Range 27 East, N.M.P.M., Eddy County, New Mexico

Section 6: W/2

Section 7: W/2

Section 17: SW/4

The Division has unofficially expanded the Black River, Wolfcamp Pool (72240) to include the following acreage:

Township 24 South, Range 27 East, N.M.P.M., Eddy County, New Mexico

Section 5: S/2

Section 6: SE/4

Section 17: N/2, SE/4

Section 18: N/2

Cimarex requests that the Division officially expand the pool boundaries to include the above listed acreage.

j. Black River, Wolfcamp, East (Gas) Pool (97442):

Township 24 South, Range 27 East, N.M.P.M., Eddy County, New Mexico

Section 1: N/2

Section 2

Section 10

Section 11: N/2

Section 12: N/2

The Division has unofficially expanded the Black River, Wolfcamp, East (Gas) Pool (97442) to include the following acreage:

Township 24 South, Range 27 East, N.M.P.M., Eddy County, New Mexico

Section 1: S/2

Cimarex requests that the Division officially expand the pool boundaries to include the above listed acreage.

k. Sulphate Draw, Wolfcamp, Northwest (Gas) Pool (96333):

Township 24 South, Range 27 East, N.M.P.M., Eddy County, New Mexico

Section 23: W/2

l. Sulphate Draw, Wolfcamp (Gas) Pool (85780):

Township 24 South, Range 27 East, N.M.P.M., Eddy County, New Mexico

Section 26: E/2
Section 35: E/2

The Division has unofficially expanded the Sulphate Draw, Wolfcamp (Gas) Pool (85780) to include the following acreage:

Township 24 South, Range 27 East, N.M.P.M., Eddy County, New Mexico
Section 26: SW/4
Section 27: S/2
Section 28: S/2, NW/4
Section 29: N/2
Section 34: W/2

Cimarex requests that the Division officially expand the pool boundaries to include the above listed acreage.

m. Hay Hollow, Wolfcamp, West (Gas) Pool (97625):

Township 25 South, Range 27 East, N.M.P.M., Eddy County, New Mexico
Section 16: E/2

n. Hay Hollow, Wolfcamp (Gas) Pool (96607):

Township 25 South, Range 27 East, N.M.P.M., Eddy County, New Mexico
Section 25: N/2

3. Cimarex also seeks to establish the following pool, which is not shown in Exhibit A:

a. Welch, Wolfcamp Pool (98017) (*proposed pool*) (WC-015-S262728A):

Township 26 South, Range 27 East, N.M.P.M., Eddy County, New Mexico

Section 26
Section 27
Section 28
Section 29
Section 32
Section 33
Section 34
Section 35

4. There are no special pool rules for the above-listed pools. As a result, the spacing rules for Eddy County under 19.15.15.10(B) NMAC apply for gas wells, which require wells to be located no closer than 660 feet to the outer boundary of a spacing unit.

5. Cimarex is also an operator of an oil and gas interests which have not been assigned to a pool and are shown in Exhibit A as wildcat acreage:

a. Milepost, Wolfcamp (Gas) Pool (97950) (WC-015 S262529E, Wolfcamp (Gas))

Township 26 South, Range 25 East, N.M.P.M., Eddy County, New Mexico

Section 29: W/2

b. Milepost, Wolfcamp, Northeast (Gas) Pool (97882) (Wildcat S262616A, Wolfcamp (Gas))

Township 26 South, Range 26 East, N.M.P.M., Eddy County, New Mexico

Section 16: E/2

6. There are no special pool rules for the W/2 of Section 29, Township 26 South, Range 25 East, and E/2 Section 16, Township 26 South, Range 26 East, N.M.P.M., Eddy County, New Mexico. As a result, the spacing rules under 19.15.15.10(B) NMAC apply, which require wells to be located no closer than 660 feet to the outer boundary of a spacing unit.

7. In order to allow for the most efficient well development pattern for future wells in the Wolfcamp formation, and to efficiently drain the reserves from each spacing unit, Cimarex requests that the Division provide for wells within the above-listed areas to be located 330 feet from the outer boundary of each spacing unit.

8. Cimarex also requests that the Division establish the Crooked Creek Wolfcamp Gas (East) Pool, the Black River, Wolfcamp, Southwest (Gas) Pool, the Welch, Wolfcamp Pool (98017), the Milepost, Wolfcamp (Gas) (97950), and the Milepost, Wolfcamp, Northeast (Gas) (97882) as listed above. The District Office has unofficially created and utilized these pools for its own records. The official establishment of the Crooked Creek Wolfcamp Gas (East) Pool, the Black River, Wolfcamp, Southwest (Gas) Pool (97693), and WC-015-S262728A Pool (98017)

will help avoid waste and confusion, and will help resolve administrative and reporting issues for the state.

9. Finally, Cimarex asks that the Division expand the boundaries of the pools as listed above. Expansion of the pool boundaries and the approval of 330' setback requirements will promote the avoidance of waste, protect correlative rights, and resolve administrative and reporting issues for the state.

10. Cimarex does not seek to change the allowables for the pools and wildcat acreage.

11. Cimarex will notify the division-designated operators in each pool, and the division designated operators of wells within the same formation as the pools and within one mile of the pools' outer boundaries that have not been assigned to another pool. *See 19.15.4.12 (A)(4)(b).*

WHEREFORE, Cimarex Energy Co. of Colorado requests that this application be set for hearing before an Examiner of the Oil Conservation Division that notice be given as required by law and the rules of the Division, and that the application be approved.

Respectfully submitted,

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

By: 

Earl E. DeBrine, Jr.

Jennifer Bradfute

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Albuquerque, New Mexico 87103-2168

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Attorneys for Cimarex Energy Co. of Colorado

Case 15430

Application Cimarex Energy Co. of Colorado to Change the Setback Requirements in the Wolfcamp Formation Within Townships 24S, 25S, 26S and Ranges 25E, 26E, and 27E, N.M.P.M., Eddy County, New Mexico, to expand pool boundaries, and to establish the Crooked Creek Wolfcamp Gas (East) Pool, the Black River, Wolfcamp, Southwest (Gas) Pool, and Create the Welch, Wolfcamp Pool, the Milepost, Wolfcamp (Gas) Pool, and the Milepost, Wolfcamp, Northeast (Gas) Pool in Eddy County, New Mexico. Applicant seeks an order approving: (1) a modification to the setback requirements in the current and proposed Wolfcamp pools included in Townships 24S, 25S, 26S, Ranges 25E, 26E, 27E, N.M.P.M. Eddy County, New Mexico, to require wells to be located no closer than 330 feet to the outer boundary of a spacing unit; (2) an expansion of the boundaries of the White City, Wolfcamp Southwest (Gas) Pool (97766); White City, Wolfcamp South (Gas) Pool (97592); Sage Draw, Wolfcamp (Gas) Pool (84407); Sage Draw, Wolfcamp East (Gas) Pool (96890); Black River, Wolfcamp Pool (72240); Black River, Wolfcamp, East (Gas) Pool (97442); and, the Sulphate Draw, Wolfcamp (Gas) Pool (85780); (3) the establishment of the Crooked Creek Wolfcamp Gas (East) Pool covering the N/2 of Section 5, Township 24 South, Range 25 East, N.M.P.M., Eddy County, New Mexico; (4) the establishment of the Black River, Wolfcamp, Southwest (Gas) Pool covering the E/2 of Section 25 and the E/2 of Section 36, Township 24 South, Range 25 East, N.M.P.M., Eddy County, New Mexico, and the W/2 of Section 14, E/2 of Section 22, NW/4 of Section 23, W/2, NE/4 of Section 27, S/2 of Section 28, S/2 of Section 29, all of Section 30, and the S/2 and NW/4 of Section 32, Township 24 South, Range 26 East, N.M.P.M., Eddy County, New Mexico; and (5) the creation of the Welch, Wolfcamp Pool (98017), covering Sections 26, 27, 28, 29, 32, 33, 34 and 35 of Township 26 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, the Milepost, Wolfcamp (Gas) Pool (97950) (*proposed pool*) ((WC-015 S262529E, Wolfcamp (Gas)) covering the W/2 of Section 26, Township 29 South, Range 25 East, N.M.P.M., Eddy County, New Mexico, and the Milepost, Wolfcamp Northeast Pool (97882) (*proposed pool*) (Wildcat S262616A, Wolfcamp (Gas)) Pool, covering the E/2 of Section 16, Township 26 South, Range 26 East, N.M.P.M., Eddy County, New Mexico. Township 25 South, Range 26 East is centrally located in the affected acreage and is located approximately 30 miles South of Carlsbad, New Mexico.

