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October 18, 2016

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

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

Dear Ms. Davidson:

Enclosed please find three copies of the following:

1. Application

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

Sincerely,

Jennifer L. Bradfute

JLB/zc
Enclosure

Modrall Sperling
Roehl Harris & Sisk
P.A.

Bank of America
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10/18/16

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

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

CASE NO. 15585

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: (1) creating a non-standard 320-acre, more or less, oil spacing and proration unit in the Bone Spring formation, comprised of the E/2 W/2 of Sections 5 and 8, Township 22 South, Range 34 East, NMPM, Lea 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 a right to drill a well thereon.
2. Cimarex seeks to dedicate the E/2 W/2 of Sections 5 and 8 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 **West Gramma Ridge 8 Fed Com 2H** 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, 1880 feet from the West line of Section 8, Township 22

South, Range 34 East, and a terminus 330 feet from the North line, 1880 feet from the West line of Section 5, Township 22 South, Range 34 East.

4. This well will develop the Grama Ridge, Bone Springs, West pool (Pool Code 28432) and there are no special pool rules that apply. The producing interval that Cimarex seeks to drill will comply with the statewide 330 foot setback requirements.

5. Cimarex sought, but has 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 is being given in accordance with Division rules as shown on Exhibit A.

WHEREFORE, Cimarex Energy Co. requests this application be set for hearing before an Examiner of the Oil Conservation Division on November 17, 2016, 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 E/2 W/2 of Sections 5 and 8, Township 22 South, Range 34 East, NMPM, Lea 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:


Earl E. DeBrine, Jr.

Jennifer Bradfute

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Bank of America Centre

500 Fourth Street NW, Suite 1000

Albuquerque, New Mexico 87103-2168

Telephone: 505.848.1800

Attorneys for Applicant

EXHIBIT A
CIMAREX ENERGY CO. NOTICE LIST

Parties to be pooled:

Black Mountain Operating, LLC 25%
500 Main Street
Suite 1200
Fort Worth, TX 76102

Offsets

COG Operating, LLC
One Concho Center
600 W. Illinois Ave.
Midland, TX 79701

Devon Energy Corp.
333 W. Sheridan Ave.
Oklahoma City, OK 73102

Black Mountain Operating, LLC
500 Main Street
Suite 1200
Fort Worth, TX 76102

Trainer Partners, Ltd
P.O. Box 754
Midland, TX 79702

EOG Resources, Inc.
P.O. Box 2267
Midland, TX 79702

Bureau of Land Management
P.O. Box 27115
Santa Fe, NM 87502-0115

CASE NO. 15585 : Application of Cimarex Energy Company of Colorado for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division: (1) creating a non-standard 320-acre, more or less, oil spacing and proration unit in the Bone Spring formation, comprised of the E/2 W/2 of Sections 5 and 8, Township 22 South, Range 34 East, NMPM, Lea 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 **West Gramma Ridge 8 Fed Com 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 20 miles west of Eunice, New Mexico.