

**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,
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: (1) creating a non-standard 160-acre, more or less, oil spacing and proration unit in the Bone Spring formation, comprised of the E/2 E/2 of Section 20, Township 25 South, Range 27 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 a right to drill a well thereon.
2. Cimarex seeks to dedicate the E/2 E/2 of Section 20 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 Cottonberry 20 Federal Com 4H 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 North line, 700 feet from the East line of Section 20, Township 25

EXHIBIT

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South, Range 27 East, and a terminus 330 feet from the South line, 660 feet from the East line of Section 20, Township 25 South, Range 27 East.

4. This well is a wildcat well 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 October 27, 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 E/2 of Section 20, Township 25 South, Range 27 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.

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Attorneys for Applicant

EXHIBIT A
CIMAREX ENERGY CO. NOTICE LIST

Parties to be pooled:

Realeza Del Spear, LP/ Trabajo Del Spear, LP 1.333333%
Attn: Shane Spear
P.O. Box 1684
Midland, Texas 79702

Klipstine & Hanratty, 0.136688%
A Law Partnership
Attn: James Klipstine, Jr.
917 Green Acres Dr
Hobbs, NM 88240-4531

Mary Jo Dickerson 0.061204%

RR1 Box 846
Lovington, NM 88260

Virginia Lee Davis 0.035625%
P.O. Box 1065
Carlsbad, NM 88221

Clarence W. Ervin and wife, Mary I. Ervin 0.02093%
4016 Jones Street
Carlsbad, NM 88220

Kirby, Ratliff, Manning & Greak, 0.003618%
A Texas Professional Corporation
Attn: Nolan Greak
8008 Slide Road, Suite 30
Lubbock, Texas 79424-2828

Nevill Manning 0.003445%
2112 Indiana Ave
Lubbock, Texas 79410

Offsets

Chevron USA, Inc.
Attn: Permitting Team
6301 Deauville Blvd.
Midland, TX 79706

Yates Petroleum Corporation
105 S 4th Street
Artesia, NM 88210

OXY USA Inc.
P.O. Box 4294
Houston, Texas 77210

CASE NO. _____: 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 E/2 E/2 of Section 20, Township 25 South, Range 27 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 **Cottonberry 20 Federal Com 4H**, 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 27.4 miles south of Carlsbad New Mexico.