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MODRALL SPERLING

L A W Y E R S

August 7, 2018

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

Jennifer L. Bradfute
505.848.1845
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jlb@modrall.com

**Re: APPLICATION OF CIMAREX ENERGY CO. FOR
COMPULSORY POOLING, LEA COUNTY, NEW
MEXICO.**

Case 16379

Dear Florene:

Enclosed please find three copies of the following:

1. Cimarex's Application for the Lea Federal Com 30H well.

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

Sincerely,

Kat Allen

Kat Allen
Legal Assistant

JLB/hta/w3251095.DOCX

Enclosures

cc w/encl.): Earl E. DeBrine, Jr.

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

**APPLICATION OF CIMAREX ENERGY
CO. FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NO. 16379

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 pooling all mineral interests in the Bone Spring formation underlying a horizontal spacing unit within the E/2 E/2 of Section 7, Township 20 South, Range 35 East, N.M.P.M., Lea County, New Mexico. 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 horizontal spacing unit covering the E/2 E/2 of Section 7, Township 20 South, Range 35 East, N.M.P.M., Lea County, New Mexico to the **Lea Federal Com 30H well**.
3. Cimarex proposes to horizontally drill the Lea Federal Com 30H well to a depth sufficient to test the Bone Spring formation. The producing lateral that Cimarex seeks to drill will comply with the setback requirements established for oil wells by the Division.
4. Cimarex sought, but has been unable to obtain a voluntary agreement from all interest owners in the Bone Spring formation underlying the spacing unit to participate in the drilling of the well or to otherwise commit their interests to the well.

5. The pooling of all interests in the Bone Spring formation underlying the spacing unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

WHEREFORE, Cimarex Energy Co. requests this application be set for hearing before an Examiner of the Oil Conservation Division on September 6, 2018, and after notice and hearing as required by law, the Division enter its order:

A. Pooling all mineral interests in the Bone Spring formation underlying this spacing unit covering the E/2 E/2 of Section 7, Township 20 South, Range 35 East, N.M.P.M., Lea County, New Mexico;

B. Designating Cimarex as operator of this unit and the wells to be drilled thereon;

C. Authorizing Cimarex to recover its costs of drilling, equipping and completing these wells;

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

E. Setting a 200% charge for the risk involved in drilling and completing the wells in the event a working interest owner elects not to participate.

Respectfully submitted,

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

By: 

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CASE NO. 16379 : Application of Cimarex Energy Co. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division pooling all mineral interests in the Bone Spring formation underlying a horizontal spacing unit within the E/2 E/2 of Section 7, Township 20 South, Range 35 East, N.M.P.M., Lea County, New Mexico. This spacing unit will be the unit for the **Lea Federal Com 30H well**, to be horizontally drilled. The producing area for this well will be orthodox. 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 11.6 miles southeast of the intersection of Hobbs Highway 180 and County Road 27-A/Marathon Road.