

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

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

CASE NO. 20254

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) to the extent necessary, approving the creation of a 640-acre, more or less, Wolfcamp spacing unit; and, (2) pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the E/2 of Section 24 and E/2 of Section 25, Township 24 South, Range 26 East, NMPM, Eddy 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 E/2 of Section 24 and E/2 of Section 25, Township 24 South, Range 26 East, NMPM, Eddy County, New Mexico to form a 640-acre, more or less, spacing unit.
3. Cimarex plans to drill the **Black River 25 Federal Com 4H** well to a depth sufficient to test the Wolfcamp formation. This well is a horizontal well with a surface location 50' FSL and 544' FEL of Section 25 Township 24 South, Range 26 East, Eddy County, and the intended bottom hole location is 330' FNL and 380' FEL of Section 24, Township 24 South, Range 26 East, Eddy County. This well is proposed to be drilled vertically to a depth of approximately

8,850' to the Wolfcamp formation and laterally in a southerly direction within the formation to the referenced bottom hole location.

4. This well will be located within the Purple Sage Wolfcamp Gas Pool and will comply with the Division's setback requirements in Order No. R-14262.

5. Cimarex sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Wolfcamp formation underlying the proposed spacing unit to participate in the drilling of the well or to otherwise commit their interests to the well.

6. The creation of a horizontal spacing unit and the pooling of all interests in the Wolfcamp formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

WHEREFORE, this case is set for hearing before an Examiner of the Oil Conservation Division on February 21, 2019, Cimarex requests that, after notice and hearing as required by law, the Division enter its order:

A. Creating a horizontal spacing unit in the Wolfcamp formation comprised of E/2 of Section 24 and E/2 of Section 25, Township 24 South, Range 26 East, NMPM, Eddy County, New Mexico;

B. Pooling all mineral interests in the Wolfcamp formation underlying a horizontal spacing unit within the E/2 of Section 24 and E/2 of Section 25, Township 24 South, Range 26 East, NMPM, Eddy County, New Mexico;

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;

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 this 8th day of January, 2019.

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

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CASE NO. ____: Application of Cimarex Energy Co. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 640-acre, more or less, Wolfcamp horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the E/2 of Section 24 and E/2 of Section 25, Township 24 South, Range 26 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the **Black River 25 Federal Com 4H** 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 14 miles South of Carlsbad, New Mexico.