

DOCKET: SPECIAL EXAMINER HEARING – THURSDAY – JUNE 20, 2019

9:00 a.m. - 1220 South St. Francis, Santa Fe, New Mexico 87505

OCD Rule Subsection B of 19.15.4.13 NMAC requires parties who intend to present evidence at an adjudicatory hearing to file a pre-hearing statement no later than four business days before the hearing and serve a copy on opposing counsel of record. If the OCD does not receive a pre-hearing statement from the applicant by the close of business four days before the hearing, the hearing may be continued. A party who plans on using projection equipment at a hearing must contact Florene Davidson, seven (7) business days prior to the hearing, requesting the use of the projection equipment. Wireless internet is available; however, the party must provide its own laptop computer. The following cases will be heard by an Examiner.

(Continued from the April 18, 2019 Examiner Hearing.)

1. Case No. 20162: Application of Cimarex Energy Co. for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division : (1) to the extent necessary, approving the creation of a 160-acre, more or less, Bone Spring horizontal spacing unit; and, (2) pooling all mineral interests within a Bone Spring horizontal spacing unit underlying the W/2 W/2 of Section 13, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico. This horizontal spacing unit will be dedicated to the **Dos Equis 13 Federal Com 10H** 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 26 miles southwest of Hobbs, New Mexico.

2. Case No. 20301: Application of Cimarex Energy Co. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within the Bone Spring horizontal spacing unit underlying the W/2 W/2 of Sections 12 and 13, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Dos Equis 12-13 Federal Com 1H** 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 26 miles southwest of Hobbs, New Mexico.

3. Case No. 20302: Application of Cimarex Energy Co. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within the Bone Spring horizontal spacing unit underlying the E/2 W/2 of Sections 12 and 13, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Dos Equis 12-13 Federal Com 3H** 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 26 miles southwest of Hobbs, New Mexico.

4. Case No. 20303: Application of Cimarex Energy Co. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within the horizontal spacing unit underlying the W/2 E/2 of Sections 12 and 13, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Dos Equis 12-13 Federal Com 5H** 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 26 miles southwest of Hobbs, New Mexico.

5. Case No. 20304: Application of Cimarex Energy Co. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within the Bone Spring horizontal spacing unit underlying the E/2 E/2 of Sections 12 and 13, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Dos Equis 12-13 Federal Com 6H** 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 26 miles southwest of Hobbs, New Mexico.

6. Case No. 20305: Application of Cimarex Energy Co. for compulsory pooling, Eddy County, New Mexico.

Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the W/2 W/2 of Sections 12 and 13, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Dos Equis 12-13 Federal Com 8H** 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 26 miles southwest of Hobbs, New Mexico.

7. Case No. 20306: Application of Cimarex Energy Co. for compulsory pooling, Lea County, New Mexico.

Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the E/2 W/2 of Sections 12 and 13, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Dos Equis 12-13 Federal Com 47H** 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 26 miles southwest of Hobbs, New Mexico.

8. Case No. 20307: Application of Cimarex Energy Co. for compulsory pooling, Lea County, New Mexico.

Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the W/2 E/2 of Sections 12 and 13, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Dos Equis 12-13 Federal Com 73H** 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 26 miles southwest of Hobbs, New Mexico.

9. Case No. 20308: Application of Cimarex Energy Co. for compulsory pooling, Lea County, New Mexico.

Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the E/2 E/2 of Sections 12 and 13, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Dos Equis 12-13 Federal Com 86H** 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 26 miles southwest of Hobbs, New Mexico.

10. Case No. 20259: Application of Devon Energy Production Company, L.P. for compulsory pooling, Lea County, New Mexico.

Applicant in the above styled cause seeks an order pooling all uncommitted interest owners in the Bone Spring formation underlying a 640-acre standard horizontal spacing unit comprised of the W/2 of Sections 13 and 24, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to three initial proposed wells: The **Bell Lake 24-13 Federal Com 5H Well**, the **Bell Lake 24-13 Federal Com 7H Well** and the **Bell Lake 24-13 Federal Com 8H Well**. These wells will be horizontally drilled from a common surface location in the SW/4 SW/4 (Unit M) of Section 24 to bottom hole locations in the NW/4 NW/4 (Unit D) and the NE/4 NW/4 (Unit C) of Section 13. The completed interval of the Bell Lake 24-13 Federal Com 7H Well will remain within 330 feet of the E/2 W/2 of Sections 13 and 24 to allow inclusion of these proximity tracts into a standard 640-acre horizontal well spacing comprised of the W/2 of Sections 13 and 24. Also to be considered will be the cost of drilling and completing the wells, the allocation of the costs thereof, the actual operating costs and charges for supervision, the designation of the Applicant as operator, and the imposition of a 200% charge for risk involved in drilling and completing the well. Said area is located approximately 26 miles southwest of Hobbs, New Mexico.

11. Case No. 20260: Application of Devon Energy Production Company, L.P. for compulsory pooling, Lea County, New Mexico. Applicant in the above styled cause seeks an order pooling all uncommitted interest owners in the Bone Spring formation underlying a 640-acre standard horizontal spacing unit comprised of the E/2 of Sections 13 and 24, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to three initial proposed wells: The **Bell Lake 24-13 Federal Com 10H Well**, the **Bell Lake 24-13 Federal Com 11H Well** and the **Bell Lake 24-13 Federal Com 13H Well**. These wells will be horizontally drilled from a common surface location in the SW/4 SE/4 (Unit O) of Section 24 to bottom hole locations in the NW/4 NE/4 (Unit B) and the NE/4 NE/4 (Unit A) of Section 13. The completed interval of the Bell Lake 24-13 Federal Com 11H Well will remain within 330 feet of the E/2 E/2 of Sections 13 and 24 to allow inclusion of these proximity tracts into a standard 640-acre horizontal well spacing comprised of the E/2 of Sections 13 and 24. Also to be considered will be the cost of drilling and completing the wells, the allocation of the costs thereof, the actual operating costs and charges for supervision, the designation of the Applicant as operator, and the imposition of a 200% charge for risk involved in drilling and completing the well. Said area is located approximately 26 miles southwest of Hobbs, New Mexico.

(Continued from the April 4, 2019 Examiner Hearing.)

12. Case No. 20340: Application of Devon Energy Production Company, L.P. for compulsory pooling, Lea County, New Mexico. Applicant in the above- styled cause seeks an order pooling all uncommitted interest owners in the Wolfcamp formation underlying a 320-acre standard horizontal spacing unit comprised of the W/2 W/2 of Sections 13 and 24, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico. Applicant seeks to initially dedicate the above-referenced horizontal spacing unit to the **Bell Lake 24-13 Federal Com 15H Well** and the **Bell Lake 24-13 Federal Com 16H Well**. These wells will be horizontally drilled from a common surface location in the SW/4 SW/4 (Unit M) of Section 24 to bottom hole locations in the NW/4 NW/4 (Unit D) of Section 13. The completed intervals for these wells will comply with the setback requirements for horizontal oil wells under the Division's statewide rules. Also, to be considered will be the cost of drilling and completing the wells, the allocation of the costs thereof, the actual operating costs and charges for supervision, the designation of the applicant as operator, and the imposition of a 200% charge for risk involved in drilling and completing the well. Said area is located approximately 26 miles southwest of Hobbs, New Mexico.

13. Case No. 20341: Application of Devon Energy Production Company, L.P. for compulsory pooling, Lea County, New Mexico. Applicant in the above- styled cause seeks an order pooling all uncommitted interest owners in the Wolfcamp formation underlying a 320-acre standard horizontal spacing unit comprised of the E/2 W/2 of Sections 13 and 24, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico. Applicant seeks to initially dedicate the above-referenced horizontal spacing unit to the **Bell Lake 24-13 Federal Com 18H Well** and the **Bell Lake 24-13 Federal Com 19H Well**. These wells will be horizontally drilled from surface locations in the SW/4 SW/4 (Unit M) and the SW/4 SE/4 (Unit O) of Section 24 to bottom hole locations in the NE/4 NW/4 (Unit C) of Section 13. The completed intervals for these wells will comply with the setback requirements for horizontal oil wells under the Division's statewide rules. Also, to be considered will be the cost of drilling and completing the wells, the allocation of the costs thereof, the actual operating costs and charges for supervision, the designation of the applicant as operator, and the imposition of a 200% charge for risk involved in drilling and completing the well. Said area is located approximately 26 miles southwest of Hobbs, New Mexico.

14. Case No. 20342: Application of Devon Energy Production Company, L.P. for compulsory pooling, Lea County, New Mexico. Applicant in the above- styled cause seeks an order pooling all uncommitted interest owners in the Wolfcamp formation underlying a 320-acre standard horizontal spacing unit comprised of the W/2 E/2 of Sections 13 and 24, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico. Applicant seeks to initially dedicate the above-referenced horizontal spacing unit to the **Bell Lake 24-13 Federal Com 21H Well** and the **Bell Lake 24-13 Federal Com 22H Well**. These wells will be horizontally drilled from surface locations in the SW/4 SE/4 (Unit O) and the SE/4 SE/4 (Unit P) of Section 24 to bottom hole locations in the NW/4 NE/4 (Unit B) of Section 13. The completed intervals for these wells will comply with the setback requirements for horizontal oil wells under the Division's statewide rules. Also, to be considered will be the cost of drilling and completing the wells, the allocation of the costs thereof, the actual operating costs and charges for supervision, the designation of the applicant as operator, and the imposition of a 200% charge for risk involved in drilling and completing the well. Said area is located approximately 26 miles southwest of Hobbs, New Mexico.

15. Case No. 20343: Application of Devon Energy Production Company, L.P. for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Wolfcamp formation underlying a 320-acre standard horizontal spacing unit comprised of the E/2 E/2 of Sections 13 and 24, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico. Applicant seeks to initially dedicate the above-referenced horizontal spacing unit to the **Bell Lake 24-13 Federal Com 24H Well** and the **Bell Lake 24-13 Federal Com 25H Well**. These wells will be horizontally drilled from surface locations in the SE/4 SE/4 (Unit P) of Section 24 to bottom hole locations in the NE/4 NE/4 (Unit A) of Section 13. The completed intervals for these wells will comply with the setback requirements for horizontal oil wells under the Division's statewide rules. Also, to be considered will be the cost of drilling and completing the wells, the allocation of the costs thereof, the actual operating costs and charges for supervision, the designation of the applicant as operator, and the imposition of a 200% charge for risk involved in drilling and completing the well. Said area is located approximately 26 miles southwest of Hobbs, New Mexico.

16. Case No. 20387: Application of Cimarex Energy Co. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 320-acre, more or less, Bone Spring horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the W/2 W/2 of Sections 24 and 25, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Double X 25-24 Fed Coni 17H** 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 26 miles southwest of Hobbs, New Mexico.

17. Case No. 20388: Application of Cimarex Energy Co. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 320-acre, more or less, Wolfcamp horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the W/2 W/2 of Sections 24 and 25, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Double X 25-24 Fed Com, 18H** 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 26 miles southwest of Hobbs, New Mexico.

18. Case No. 20389: Application of Cimarex Energy Co. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 320-acre, more or less, Bone Spring horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the E/2 W/2 of Sections 24 and 25, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Double X 25-24 Fed Com 49H** 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 26 miles southwest of Hobbs, New Mexico.

19. Case No. 20390: Application of Cimarex Energy Co. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 320-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 W/2 of Sections 24 and 25, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Double X 25-24 Fed Com 50H** 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 26 miles southwest of Hobbs, New Mexico.

20. Case No. 20391: Application of Cimarex Energy Co. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 320-acre, more or less, Bone Spring horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the W/2 E/2 of Sections 24 and 25, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Double X 25-24 Fed Com 65H** 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 26 miles southwest of Hobbs, New Mexico.

21. Case No. 20392: Application of Cimarex Energy Co. for compulsory pooling, Lea County, New Mexico.

Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 320-acre, more or less, Wolfcamp horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the W/2 E/2 of Sections 24 and 25, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Double X 25-24 Fed Coni 66H** 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 26 miles southwest off Hobbs, New Mexico.

22. Case No. 20393: Application of Cimarex Energy Co. for compulsory pooling, Lea County, New Mexico.

Applicant seeks an order from the Division; (1) to the extent necessary, approving the creation of a 320-acre, more or less, Bone Spring horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the E/2 E/2 of Sections 24 and 25, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Double X 25-24 Fed Com 97H** 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 26 miles southwest of Hobbs, New Mexico.

23. Case No. 20394: Application of Cimarex Energy Co. for compulsory pooling, Lea County, New Mexico.

Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 320-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 E/2 of Sections 24 and 25, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Double X 25-24 Fed Com 98H** 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 26 miles southwest of Hobbs, New Mexico.