

District I
1625 N. French Drive, Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St Francis Dr, Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-B
Revised August 1, 2011

OIL CONSERVATION DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original
application to the Santa Fe
office with one copy to the
appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: _____

OPERATOR ADDRESS: _____

APPLICATION TYPE:

☐ Pool Commingling ☐ Lease Commingling ☐ Pool and Lease Commingling ☐ Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: ☐ Fee ☐ State ☐ Federal

Is this an Amendment to existing Order? ☐ Yes ☐ No If "Yes", please include the appropriate Order No. _____
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling
☐ Yes ☐ No

(A) POOL COMMINGLING
Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes

- (2) Are any wells producing at top allowables? ☐ Yes ☐ No
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☐ No.
(4) Measurement type: ☐ Metering ☐ Other (Specify)
(5) Will commingling decrease the value of production? ☐ Yes ☐ No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING
Please attach sheets with the following information

- (1) Pool Name and Code.
(2) Is all production from same source of supply? ☐ Yes ☐ No
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☐ No
(4) Measurement type: ☐ Metering ☐ Other (Specify)

(C) POOL and LEASE COMMINGLING
Please attach sheets with the following information

- (1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT
Please attached sheets with the following information

- (1) Is all production from same source of supply? ☐ Yes ☐ No
(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)
Please attach sheets with the following information

- (1) A schematic diagram of facility, including legal location.
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.
(3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: Fatima Vasquez TITLE: _____ DATE: _____

TYPE OR PRINT NAME _____ TELEPHONE NO.: _____

E-MAIL ADDRESS: _____



Application for Pool and Lease Commingling at Common Central Tank Battery with Economic Justification Worksheet Tar Heel 19-18-7

Lease Details

All leases for the Tar Heel wells are Fed leases bought in 2018/2019 except for NMNM031649 where we are in the process of doing a trade with EOG.

Tar Heel Wolfcamp							
Well Name	BOPD	Gravity	Bbl price	Value	MCPD	MCF price	Value
Tar Heel 19-18-7 Fed Com 2H	1538	48.42708	\$ 40.00	\$ 61,520.00	6304	\$ 1.50	\$ 9,456.00
Tar Heel 19-18-7 Fed Com 3H	1538	48.42708	\$ 40.00	\$ 61,520.00	6304	\$ 1.50	\$ 9,456.00
Tar Heel 19-18-7 Fed Com 17H	1538	48.42708	\$ 40.00	\$ 61,520.00	6304	\$ 1.50	\$ 9,456.00
Tar Heel 19-18-7 Fed Com 18H	1538	48.42708	\$ 40.00	\$ 61,520.00	6304	\$ 1.50	\$ 9,456.00
Tar Heel 19-18-7 Fed Com 19H	1538	48.42708	\$ 40.00	\$ 61,520.00	6304	\$ 1.50	\$ 9,456.00
Sub Total	7690	48.42708	\$ 40.00	\$ 307,600.00	31520	\$ 1.50	\$ 47,280.00
Tar Heel Bone Spring							
Well Name	BOPD	Gravity	Bbl Price	Value	MCPD	MCF price	Value
Tar Heel 19-18-7 Fed Com 1H	1394	47.06667	\$ 40.00	\$ 55,760.00	5158	\$ 1.50	\$ 7,737.00
Tar Heel 19-18-7 Fed Com 4H	1394	47.06667	\$ 40.00	\$ 55,760.00	5158	\$ 1.50	\$ 7,737.00
Tar Heel 19-18-7 Fed Com 20H	1394	47.06667	\$ 40.00	\$ 55,760.00	5158	\$ 1.50	\$ 7,737.00
Sub Total	4182	47.06667	\$ 40.00	\$ 167,280.00	15474	1.500	\$ 23,211.00
Grand total:	11872	47.94787	\$ 40.00	\$ 474,880.00	46994	\$ 1.50	\$ 70,491.00

Combined Production:	BOPD	Weighted Avg	Bbl Price	Value	MCFPD	MCF price	Value
ALL WELLS in SECTION 7, 18, & 19	11872	47.94787	\$ 40.00	\$ 474,880.00	46994	\$ 1.50	\$ 70,491.00

Attached map show the federal leases, COM agreement boundaries :

Sec. 7, 18, 19-26S-30E.

The BLM's interest in all wells is identical.

NMNM140303	12.5% Royalty Rate
NMNM138848	12.5% Royalty Rate
NMNM031649	12.5% Royalty Rate
CA - #####	12.5% Royalty Rate
CA - #####	12.5% Royalty Rate
CA - #####	12.5% Royalty Rate

CTB Equipment:	2	Oil Tanks
	2	Water Tanks
	1	Gas Sales Meter
	8	Allocation Gas Meters
	8	Micro Motion Coriolis
	8	Water Turbine Meter
	4	SWD Pumps

Process & Flow Descriptions:

The Tar Heel Federal Com East Central Tank Battery (CTB) will be located northwest of the SE/SW quarter-quarter in Sec. 19, 26S, 30E on Federal Lease NMNM138848 in Eddy County, New Mexico.

Production from each of the referenced wells enters its own individual separator. Each separator has its own coriolis meter for oil, turbine for water, and orifice meter for gas.

After separation, each oil stream flows through the heater treater and then to the tanks before being measured by a LACT unit. The Lact unit serve as the oil FMP.

The gas from each separator flow through its own allocation orifice meter then flows to the gas FMP. One well will be producing into the test equipment at all times.

Allocation Method:

Oil Production:

Oil will be allocated daily to the well based upon the daily Coriolis meter volume. The meter is a Micro Motion Coriolis meter (SN ____). Each well will have a daily factor that is a percentage of the total coriolis volume for all referenced wells. The factor obtained from the test meter will be used to allocate the oil production volumes sold through the LACT.

Gas Production: Gas will be allocated daily to the well based upon the daily allocation gas meter volume. The meter is a orifice meter (SN ____). Each well will have a daily factor that is a percentage of the total allocation meter volume for all referenced wells. The factor obtained from each allocation meter will be used to allocate the gas sales volumes sold through the gas sales meter. The meters will be calibrated on a regulator basis per API, NMOCD, and BLM specifications.

Additional Application Components:

The flow of production details are outlined on the enclosed facility diagram.

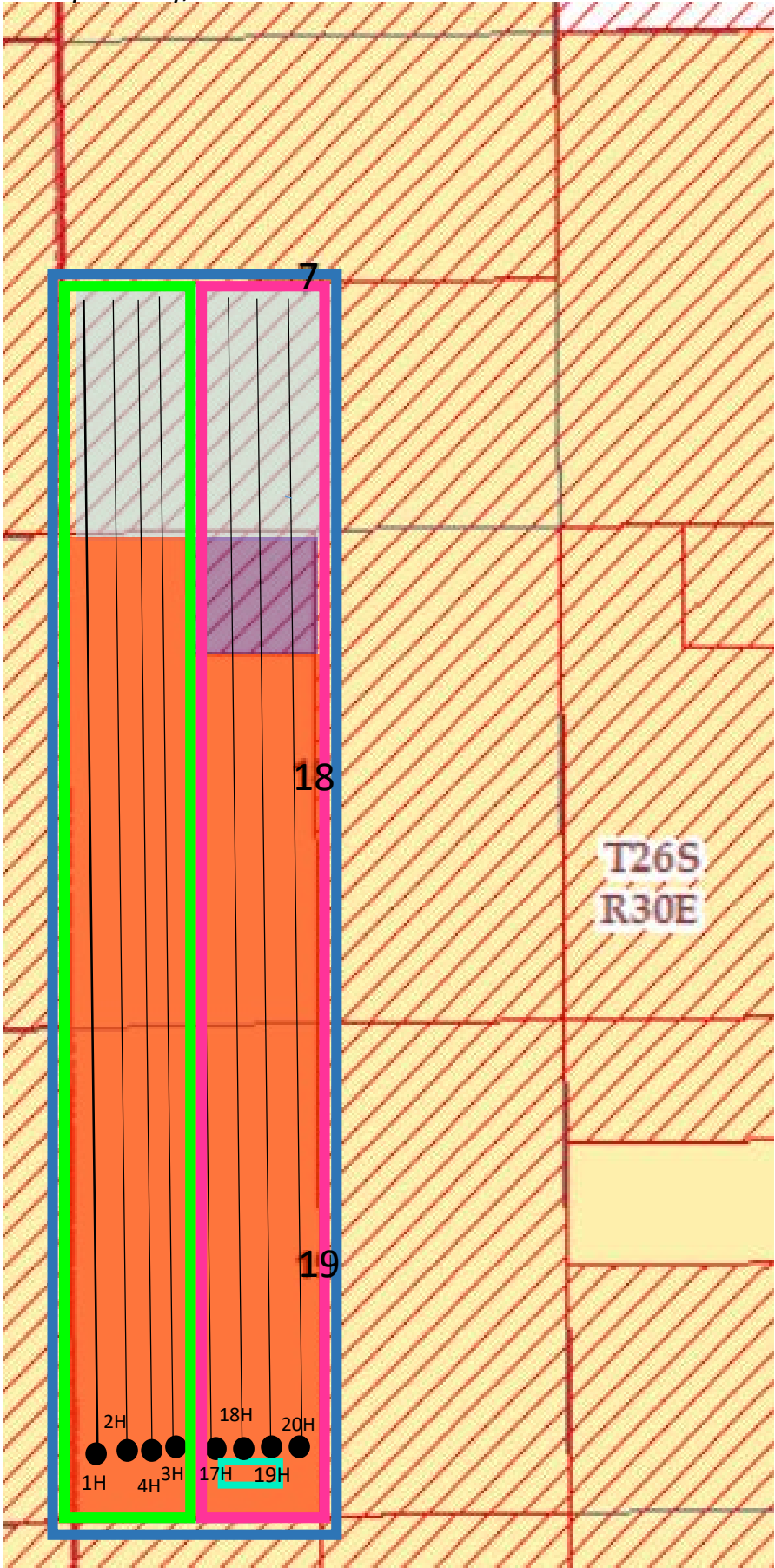
Commingle the production is the most effective means of producing the reserves. Cimarex understands the requested approval will not constitute the granting of any right of way or construction rights not granted by the lease instrument.

The BLM and NMOCD will be notified of any changes to the CTB.

Tar Heel 19-18-7 Federal Com

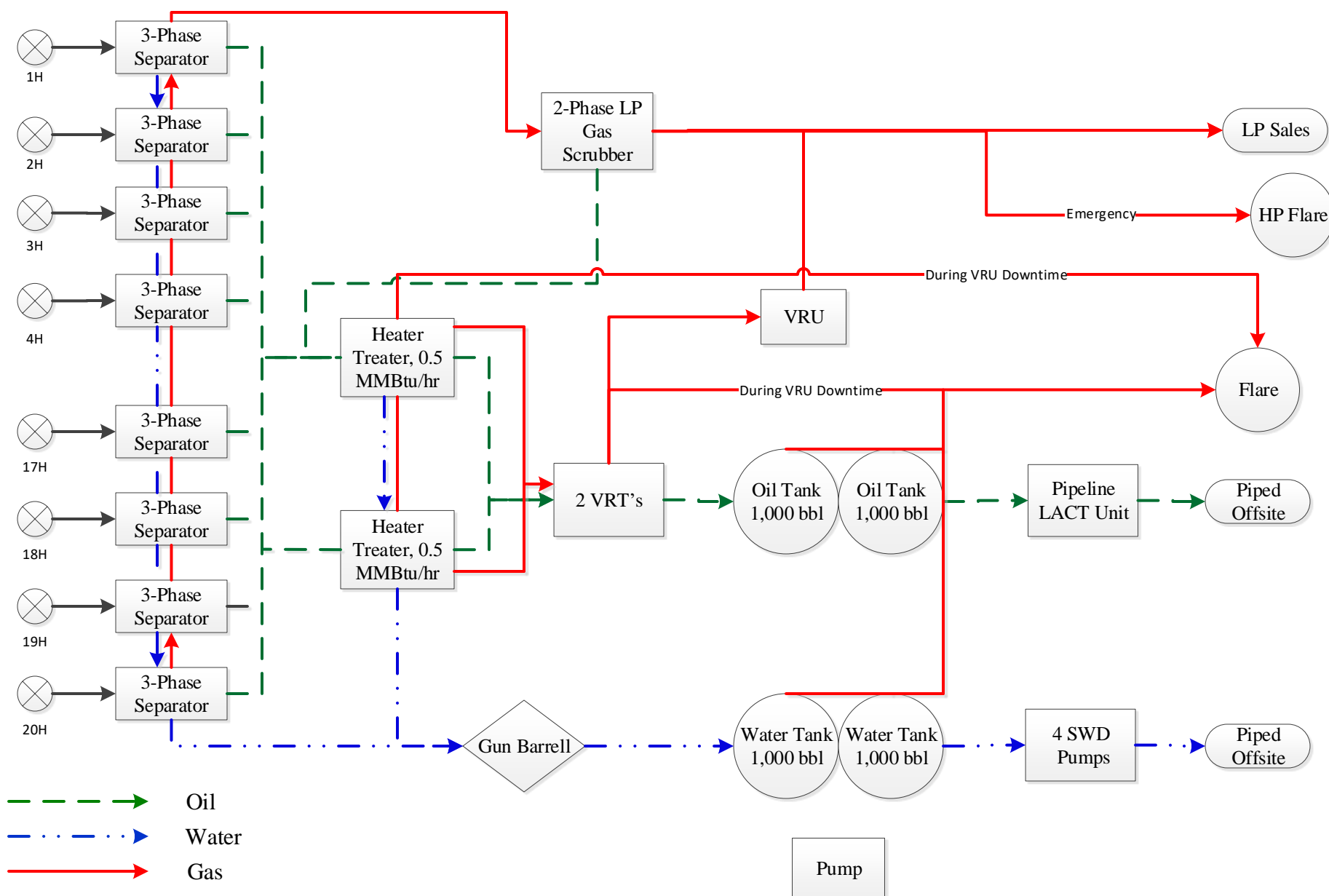
Sec. 7, 18 & 19, T26S, R30E

Eddy County, NM



- | | | | |
|---|------------------------------|---|------------------|
|  | NMNM140303–
40 acres |  | Proposed COM |
|  | NMNM138848 –
600.42 acres |  | Proposed COM |
|  | NMNM031649 –
160.81 acres |  | Proposed COM |
| | |  | Proposed Battery |

PROCESS FLOW DIAGRAM



Tar Heel 19-18-7 Federal 1H-4H & 17H-20H Facility
Eddy County, NM



	<p>Tar Heel East CTB Commingle Service List</p>
OWNER	CERTIFIED TRACKING #
<p>B&G Royalties William J. McCaw and Mary G. Riddle P. O. Box 376 Artesia, New Mexico 88211</p>	<p>9414 8118 9876 5823 5561 96</p>
<p>E.M. Thompson Corporation P. O. Box 52132 Midland, Texas 79710</p>	<p>9414 8118 9876 5823 5561 41</p>
<p>EOG Resources, Inc. Attn: Katie McBryde 5509 Champions Dr. Midland, TX 79706</p>	<p>9414 8118 9876 5823 5561 89</p>
<p>Fortis Minerals II, LLC 1111 Bagby Street, Suite 2150 Houston, Texas 77002</p>	<p>9414 8118 9876 5823 5561 34</p>
<p>James Carson 1323 Tudor Street Lowell, Arkansas 72745</p>	<p>9414 8118 9876 5823 5561 72</p>
<p>Jami Harl 2485 East 54th Street Tulsa, Oklahoma 74105</p>	<p>9414 8118 9876 5823 5563 18</p>
<p>JST Troschinetz Corporation P. O. Box 60874 San Angelo, Texas 76906</p>	<p>9414 8118 9876 5823 5563 56</p>
<p>McMullen Minerals, LLC P. O. Box 470857 Fort Worth, Texas 76147</p>	<p>9414 8118 9876 5823 5563 63</p>
<p>Merih Energy, LLC P. O. Box 1874 Midland, Texas 79702</p>	<p>9414 8118 9876 5823 5563 25</p>

MerPel, LLC 4545 N. Central Expy Suite 320 Box 109 Dallas, Texas 75205	9414 8118 9876 5823 5563 01
Montego Capital Fund 3 Ltd. P. O. Box 2640 Midland, Texas 79702	9414 8118 9876 5823 5563 94
PD III Exploration, Ltd PO Box 871 Midland, TX 79702	9414 8118 9876 5823 5563 49
Pegasus Resources, LLC P. O. Box 123610 Fort Worth, Texas 76121	9414 8118 9876 5823 5563 87
Pony Oil Operating, LLC 3100 Monticello Avenue, Suite 500 Dallas, Texas 75205	9414 8118 9876 5823 5563 32
Santa Elena Minerals IV, LP P. O. Box 2063 Midland, Texas 79702	9414 8118 9876 5823 5563 70
TD Minerals LLC 8111 Westchester Drive, Suite 900 Dallas, Texas 75225	9414 8118 9876 5823 5560 11
Terry Owen 13011 Royal George Avenue Odessa, Florida 33556	9414 8118 9876 5823 5560 59
Valerie Ann Mahfood 3014 Barrywood Drive Wichita Falls, Texas 76309	9414 8118 9876 5823 5560 66

Carlsbad Current Argus.

PART OF THE USA TODAY NETWORK

Affidavit of Publication

Ad # 0004514124

This is not an invoice

CIMAREX

600 N. MARIENFELD ST., SUITE 6

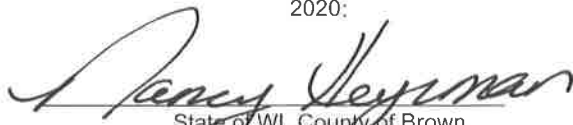
MIDLAND, TX 79701

I, a legal clerk of the **Carlsbad Current Argus**, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

12/17/2020


Kathleen Allen
Legal Clerk

Subscribed and sworn before me this December 17,
2020:


Nancy Heyrman
State of WI, County of Brown
NOTARY PUBLIC
5.15.23
My commission expires

Notice of Application for
Surface Commingle
STATE OF NEW MEXICO
ENERGY, MINERAL AND
NATURAL RESOURCES DE-
PARTMENT
OIL CONSERVATION DIVI-
SION
SANTA FE, NEW MEXICO

STATE OF NEW MEXICO TO:
All named parties and per-
sons having any right, title,
interest or claim in the fol-
lowing and notice to the
public.

(Note: All land descriptions
herein refer to the New
Mexico, Principal Meridian
whether or not so stated.)

LEASE: Tar Heel 19-18-7
Federal Com

Application of Cimarex En-
ergy Co. for Approval of
Surface Commingle, Eddy
County, New Mexico.

Application seeks authority
to surface commingle pro-
duction.

Location: Sections 7, 18 &
19, Township 26 South,
Range 30 East, Eddy County,
New Mexico.

Pool Name: WC-015 G-03
S262925D; Bone Spring (Oil)
(98211)
Purple Sage, Wolfcamp
(Gas) (98220).

Applicant: Cimarex Energy
Co., Attn: Fatima Vasquez,
600 N. Marienfeld Street,
Suite 600, Midland, Texas
79701.

Interested parties must file
objections or requests for
hearing in writing with the
division's Santa Fe Office
within 20 days of this publi-
cation, or the division may
approve this application.
#4514124, Current Argus,
December 17, 2020

Ad # 0004514124

PO #: Tar Heel 19-18-7 Federal Com
of Affidavits 1

This is not an invoice

NANCY HEYRMAN
Notary Public
State of Wisconsin

Form 3160-5
(June 2015)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB NO. 1004-0137
Expires: January 31, 2018**SUNDRY NOTICES AND REPORTS ON WELLS**
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.5. Lease Serial No.
NMNM138848

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.
TAR HEEL 19-18-7 FEDERAL COM 1H9. API Well No.
30-015-4656010. Field and Pool or Exploratory Area
WC-015 G-03 S262925D; BS11. County or Parish, State
EDDY COUNTY, NM**SUBMIT IN TRIPLICATE - Other instructions on page 2**

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

CIMAREX ENERGY COMPANY

Contact: FATIMA VASQUEZ

E-Mail: fvasquez@cimarex.com

3a. Address

600 N MARIENFELD ST SUITE 600
MIDLAND, TX 79701

3b. Phone No. (include area code)

Ph: 432-620-1933

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Sec 19 T26S R30E Mer NMP 540FSL 369FWL
32.022027 N Lat, 103.928023 W Lon

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Hydraulic Fracturing	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Surface Commingling
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.

Cimarex Energy Co. respectfully requests approval to surface commingle production from the following wells at its Tar Heel 19-18-7 Federal East Central Tank Battery.

Tar Heel 19-18-7 Fed Com 1H (30-015-46560) WC-015 G-03 S262925D;Bone Spring (98211)
 Tar Heel 19-18-7 Fed Com 2H (30-015-46561) Purple Sage;Wolfcamp (Gas)(98220)
 Tar Heel 19-18-7 Fed Com 3H (30-015-46562) Purple Sage;Wolfcamp (Gas)(98220)
 Tar Heel 19-18-7 Fed Com 4H (30-015-46563) WC-015 G-03 S262925D;Bone Spring (98211)
 Tar Heel 19-18-7 Fed Com 17H (30-015-46569) Purple Sage;Wolfcamp (Gas)(98220)
 Tar Heel 19-18-7 Fed Com 18H (30-015-46568) Purple Sage;Wolfcamp (Gas)(98220)Tar Heel 19-18-7 Fed
 Com 19H (30-015-46570) Purple Sage;Wolfcamp (Gas)(98220)Tar Heel 19-18-7 Fed Com 20H (30-015-46567)
 WC-015 G-03 S262925D;Bone Spring (98211)

14. I hereby certify that the foregoing is true and correct.

**Electronic Submission #540359 verified by the BLM Well Information System
For CIMAREX ENERGY COMPANY, sent to the Carlsbad**

Name (Printed/Typed) FATIMA VASQUEZ

Title REGULATORY ANALYST

Signature (Electronic Submission)

Date 12/10/2020

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

**** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ****

Additional data for EC transaction #540359 that would not fit on the form

32. Additional remarks, continued

Lease #'s: NMNM138848, NMNM140303, & NMNM031649

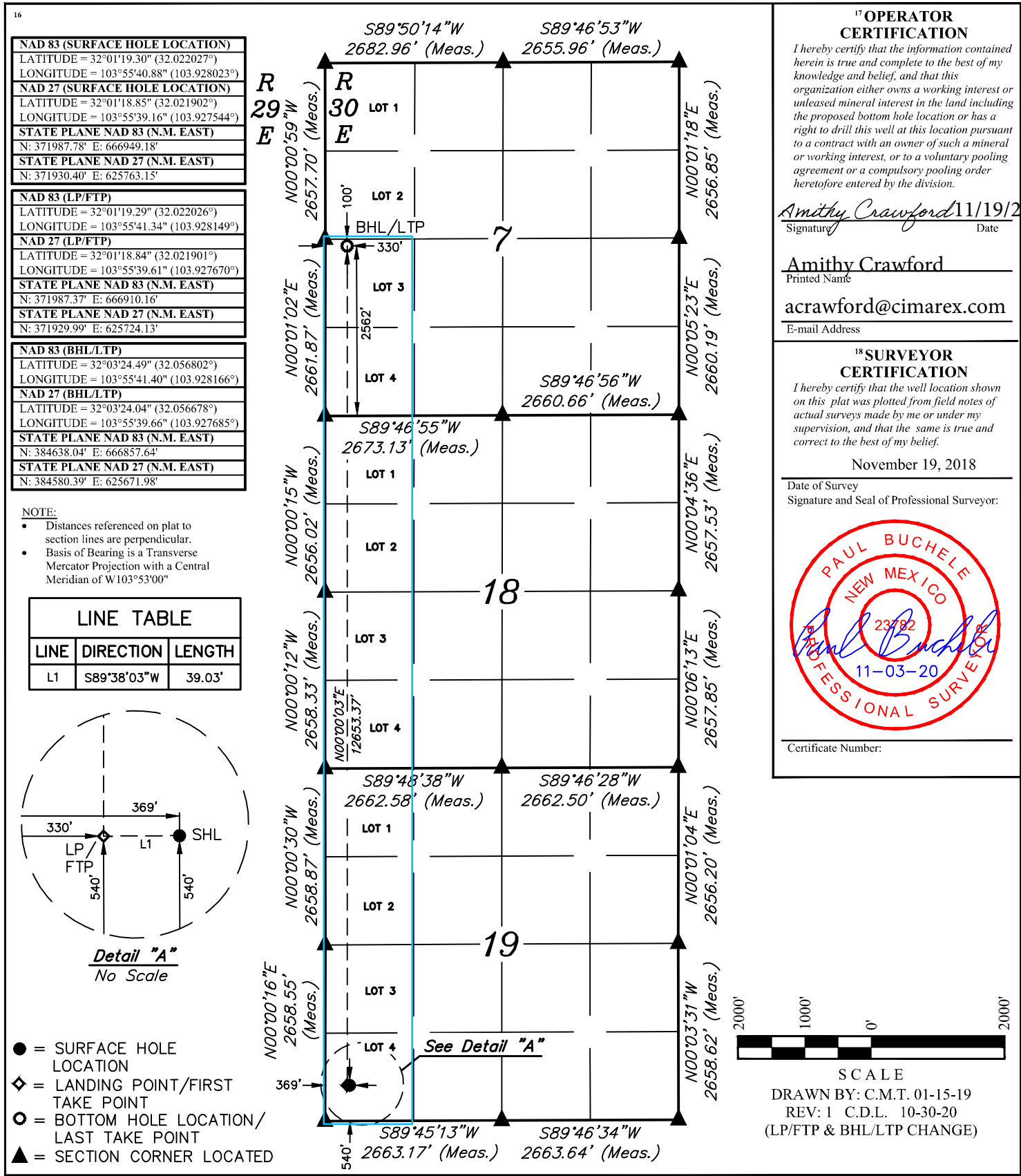
CA: 3 pending COM Agreements

Please see attached required justification documents.

NMOCD approval pending.

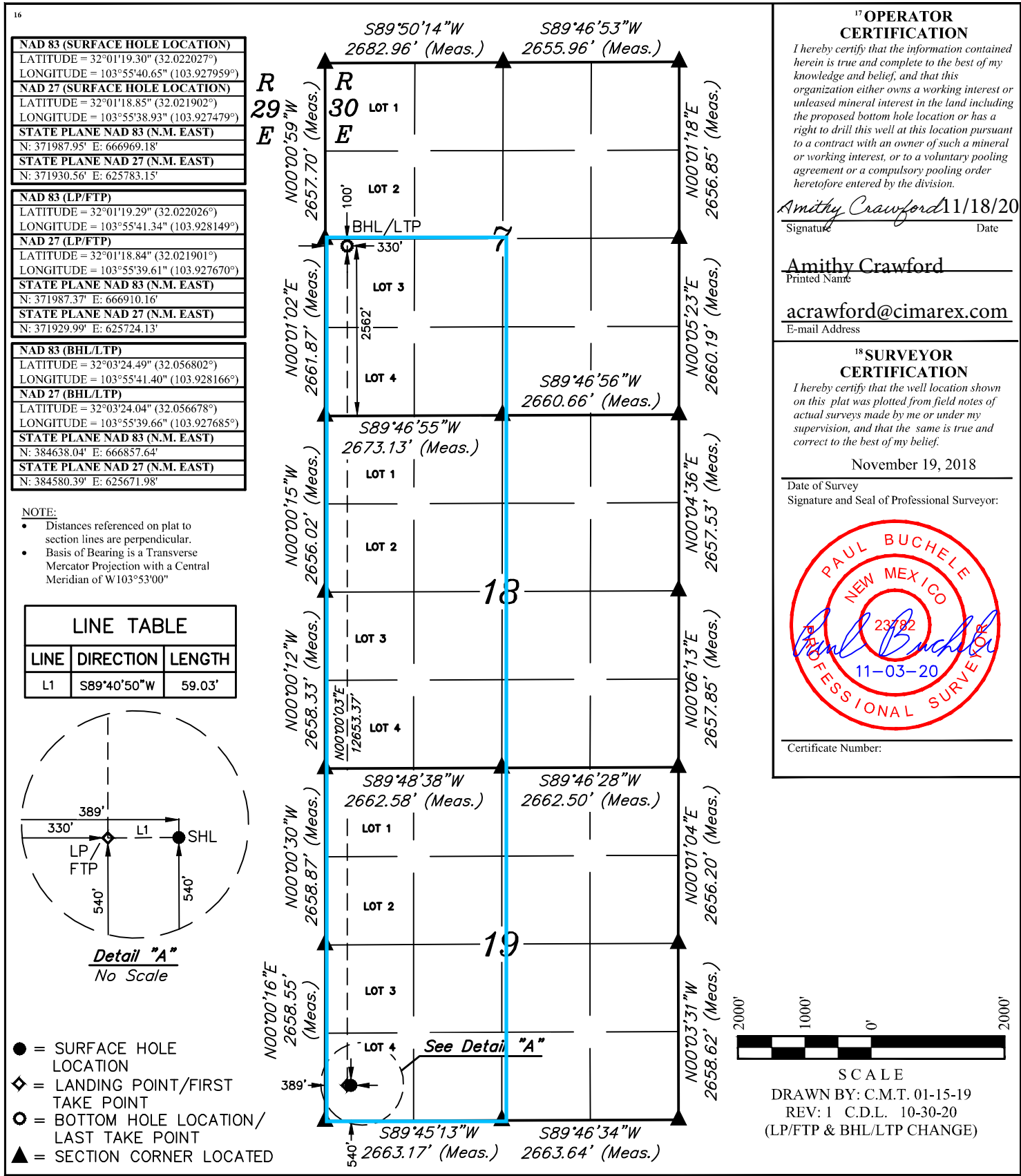
AMENDED REPORT

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☒ AMENDED REPORT



AMENDED REPORT

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

NAD 83 (SURFACE HOLE LOCATION)
 LATITUDE = 32°01'19.30" (32.022027°)
 LONGITUDE = 103°55'40.42" (103.927894°)

NAD 27 (SURFACE HOLE LOCATION)
 LATITUDE = 32°01'18.85" (32.021902°)
 LONGITUDE = 103°55'38.69" (103.927415°)

STATE PLANE NAD 83 (N.M. EAST)
 N: 371988.11' E: 666989.17'

STATE PLANE NAD 27 (N.M. EAST)
 N: 371930.72' E: 625803.14'

NAD 83 (LP/FTP)
 LATITUDE = 32°01'19.32" (32.022035°)
 LONGITUDE = 103°55'33.67" (103.926020°)

NAD 27 (LP/FTP)
 LATITUDE = 32°01'18.87" (32.021909°)
 LONGITUDE = 103°55'31.95" (103.925541°)

STATE PLANE NAD 83 (N.M. EAST)
 N: 371992.96' E: 667570.01'

STATE PLANE NAD 27 (N.M. EAST)
 N: 371935.57' E: 626383.97'

NAD 83 (BHL/LTP)
 LATITUDE = 32°03'24.51" (32.056809°)
 LONGITUDE = 103°55'33.73" (103.926036°)

NAD 27 (BHL/LTP)
 LATITUDE = 32°03'24.06" (32.056685°)
 LONGITUDE = 103°55'32.00" (103.925555°)

STATE PLANE NAD 83 (N.M. EAST)
 N: 384643.09' E: 667517.50'

STATE PLANE NAD 27 (N.M. EAST)
 N: 384585.44' E: 626331.82'

NOTE:

- Distances referenced on plat to section lines are perpendicular.
- Basis of Bearing is a Transverse Mercator Projection with a Central Meridian of W 103°53'00"

LINE TABLE		
LINE	DIRECTION	LENGTH
L1	N89°45'37"E	580.98'

SCALE
 DRAWN BY: C.M.T. 01-15-19
 REV: 1 C.D.L. 10-30-20
 (LP/FTP & BHL/LTP CHANGE)

● = SURFACE HOLE LOCATION
 ◆ = LANDING POINT/FIRST TAKE POINT
 ○ = BOTTOM HOLE LOCATION/ LAST TAKE POINT
 ▲ = SECTION CORNER LOCATED

17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Amithy Crawford 11/18/20
 Signature Date

Amithy Crawford
 Printed Name

acrawford@cimarex.com
 E-mail Address

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

November 19, 2018

Date of Survey
 Signature and Seal of Professional Surveyor:

Certificate Number:

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-46563		² Pool Code 98211	³ Pool Name WC-015- G-03 S262925D; Bone Spring	
⁴ Property Code 326774	⁵ Property Name Tar Heel 19-18-7 Federal Com			⁶ Well Number 4H
⁷ OGRID No. 215099	⁸ Operator Name CIMAREX ENERGY CO.			⁹ Elevation 3016.8

¹⁰Surface Location

UL or lot no. LOT 4	Section 19	Township 26S	Range 30E	Lot Idn	Feet from the 540	North/South line SOUTH	Feet from the 429	East/West line WEST	County EDDY
------------------------	---------------	-----------------	--------------	---------	----------------------	---------------------------	----------------------	------------------------	----------------

"Bottom Hole Location If Different From Surface

UL or lot no. LOT 3	Section 7	Township 26S	Range 30E	Lot Idn	Feet from the 2561	North/South line SOUTH	Feet from the 660	East/West line WEST	County EDDY
¹² Dedicated Acres 401.73		¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No.			

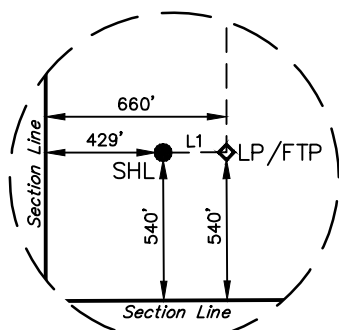
No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

16
NAD 83 (SURFACE HOLE LOCATION)
LATITUDE = 32°01'19.30" (32.022028°)
LONGITUDE = 103°55'40.19" (103.927830°)
NAD 27 (SURFACE HOLE LOCATION)
LATITUDE = 32°01'18.85" (32.021902°)
LONGITUDE = 103°55'38.46" (103.927350°)
STATE PLANE NAD 83 (N.M. EAST)
N: 371988.27' E: 667009.17'
STATE PLANE NAD 27 (N.M. EAST)
N: 371930.89' E: 625823.14'
NAD 83 (L.P/FTP)
LATITUDE = 32°01'19.31" (32.022030°)
LONGITUDE = 103°55'37.50" (103.927085°)
NAD 27 (L.P/FTP)
LATITUDE = 32°01'18.86" (32.021905°)
LONGITUDE = 103°55'35.78" (103.926605°)
STATE PLANE NAD 83 (N.M. EAST)
N: 371990.17' E: 667240.08'
STATE PLANE NAD 27 (N.M. EAST)
N: 371932.78' E: 626054.05'
NAD 83 (BHL/LTP)
LATITUDE = 32°03'24.49" (32.056804°)
LONGITUDE = 103°55'37.56" (103.927101°)
NAD 27 (BHL/LTP)
LATITUDE = 32°03'24.05" (32.056679°)
LONGITUDE = 103°55'35.83" (103.926620°)
STATE PLANE NAD 83 (N.M. EAST)
N: 384639.93' E: 667187.57'
STATE PLANE NAD 27 (N.M. EAST)
N: 384582.28' E: 626001.90'

NOTE:

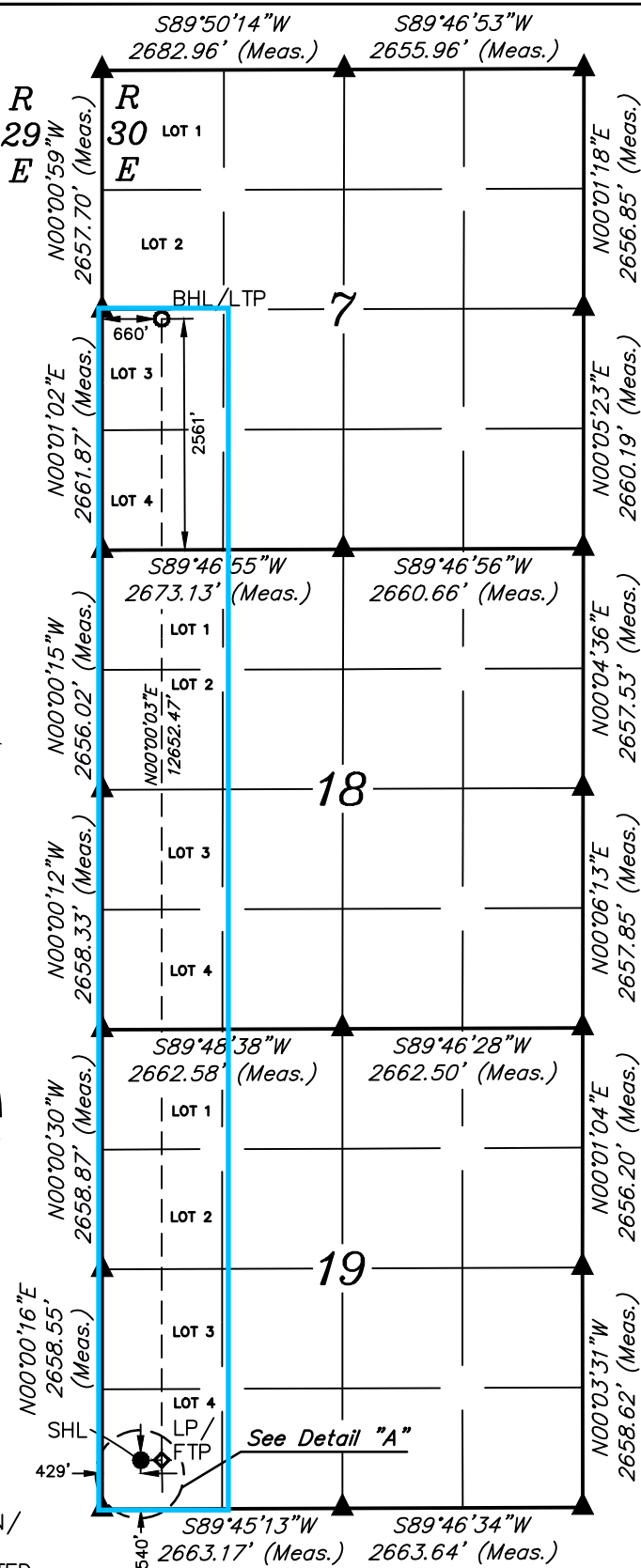
- Distances referenced on plat to section lines are perpendicular.
- Basis of Bearing is a Transverse Mercator Projection with a Central Meridian of W103°53'00" (NAD 83)

LINE TABLE		
LINE	DIRECTION	LENGTH
L1	N89°46'09"E	230.97'



Detail "A"
No Scale

- = SURFACE HOLE LOCATION
- ◆ = LANDING POINT/FIRST TAKE POINT
- ⊙ = BOTTOM HOLE LOCATION/ LAST TAKE POINT
- ▲ = SECTION CORNER LOCATED



17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Fatima Vasquez 12/10/2020
Signature Date

Fatima Vasquez
Printed Name

fvasquez@cimarex.com

E-mail Address

**18 SURVEYOR
CERTIFICATION**

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

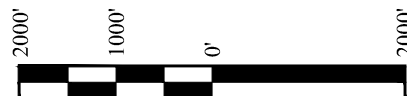
November 19, 2018

Date of Survey _____

Signature and Seal of Professional Surveyor:



Certificate Number:



SCALE
DRAWN BY: C.M.T. 01-15-19
REV: 1 D.J.S. 12-04-20
(BHL/LTP CHANGE)

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-46569		² Pool Code 98220	³ Pool Name Purple Sage; Wolfcamp (Gas)	
⁴ Property Code 326774	⁵ Property Name Tar Heel 19-18-7 Federal Com			⁶ Well Number 17H
⁷ OGRID No. 215099	⁸ Operator Name CIMAREX ENERGY CO.			⁹ Elevation 3020.7'

¹⁰Surface Location

UL or lot no. N	Section 19	Township 26S	Range 30E	Lot Idn	Feet from the 760	North/South line SOUTH	Feet from the 1376	East/West line WEST	County EDDY
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no. LOT 3	Section 7	Township 26S	Range 30E	Lot Idn	Feet from the 2561	North/South line SOUTH	Feet from the 1310	East/West line WEST	County EDDY
¹² Dedicated Acres 801.73		¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No.			

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

NAD 83 (SURFACE HOLE LOCATION)
LATITUDE = 32°01'21.52" (32.022644°)
LONGITUDE = 103°55'29.19" (103.924775°)
NAD 27 (SURFACE HOLE LOCATION)
LATITUDE = 32°01'21.07" (32.022519°)
LONGITUDE = 103°55'27.46" (103.924296°)
STATE PLANE NAD 83 (N.M. EAST)
N: 372216.22' E: 667955.06'
STATE PLANE NAD 27 (N.M. EAST)
N: 372158.83' E: 626769.02'

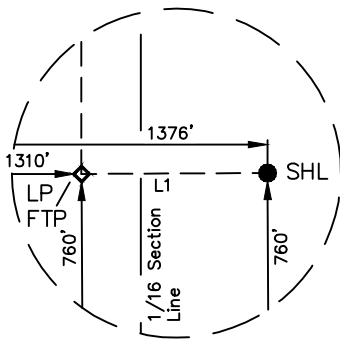
NAD 83 (LP/FTP)
LATITUDE = 32°01'21.52" (32.022643°)
LONGITUDE = 103°55'29.96" (103.924988°)
NAD 27 (LP/FTP)
LATITUDE = 32°01'21.07" (32.022518°)
LONGITUDE = 103°55'28.23" (103.924509°)
STATE PLANE NAD 83 (N.M. EAST)
N: 372215.62' E: 667889.04'
STATE PLANE NAD 27 (N.M. EAST)
N: 372158.24' E: 626703.00'

NAD 83 (BHL/LTP)
LATITUDE = 32°03'24.52" (32.056812°)
LONGITUDE = 103°55'30.01" (103.925003°)
NAD 27 (BHL/LTP)
LATITUDE = 32°03'24.07" (32.056687°)
LONGITUDE = 103°55'28.28" (103.924522°)
STATE PLANE NAD 83 (N.M. EAST)
N: 384645.11' E: 667837.42'
STATE PLANE NAD 27 (N.M. EAST)
N: 384587.46' E: 626651.74'

NOTE:

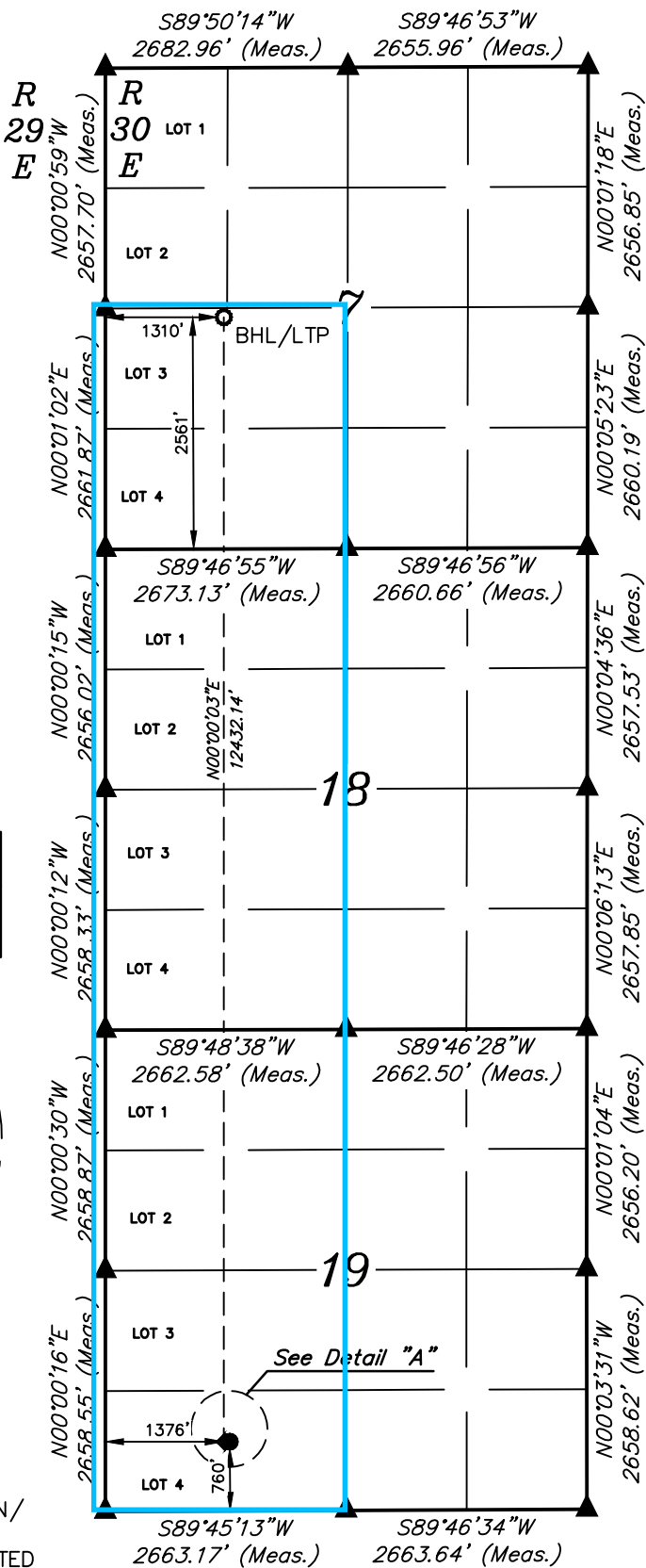
- Distances referenced on plat to section lines are perpendicular.
- Basis of Bearing is a Transverse Mercator Projection with a Central Meridian of W103°53'00" (NAD 83)

LINE TABLE		
LINE	DIRECTION	LENGTH
L1	S89°43'18"W	66.04'



Detail "A"
No Scale

- = SURFACE HOLE LOCATION
 ◆ = LANDING POINT/FIRST TAKE POINT
 ◎ = BOTTOM HOLE LOCATION/ LAST TAKE POINT
 ▲ = SECTION CORNER LOCATED



17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Fatima Vasquez 12/10/2020
Signature Date

Fatima Vasquez

Printed Name

fvasquez@cimarex.com

E-mail Address

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

December 03, 2018

Signature and Seal of Professional Surveyor:



SCALE
DRAWN BY: S.F. 12-06-18
REV: 4 C.D. 12-04-20
(LP/FTP & BHL/LTP CHANGE)

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

[X] AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-46568	² Pool Code 98220	³ Pool Name Purple Sage, Wolfcamp (Gas)
⁴ Property Code 326774	⁵ Property Name Tar Heel 19-18-7 Federal Com	⁶ Well Number 18H
⁷ OGRID No. 215099	⁸ Operator Name CIMAREX ENERGY CO.	⁹ Elevation 3021.0'

¹⁰Surface Location

UL or lot no. N	Section 19	Township 26S	Range 30E	Lot Idn	Feet from the 760	North/South line SOUTH	Feet from the 1396	East/West line WEST	County EDDY
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no. K	Section 7	Township 26S	Range 30E	Lot Idn	Feet from the 2561	North/South line SOUTH	Feet from the 1650	East/West line WEST	County EDDY
¹² Dedicated Acres 801.73		¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No.			

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

NAD 83 (SURFACE HOLE LOCATION)
 LATITUDE = 32°01'21.52" (32.022645°)
 LONGITUDE = 103°55'28.96" (103.924710°)

NAD 27 (SURFACE HOLE LOCATION)
 LATITUDE = 32°01'21.07" (32.022519°)
 LONGITUDE = 103°55'27.23" (103.924231°)

STATE PLANE NAD 83 (N.M. EAST)
 N: 372216.39' E: 667975.05'

STATE PLANE NAD 27 (N.M. EAST)
 N: 372159.00' E: 626789.01'

NAD 83 (LP/FTP)
 LATITUDE = 32°01'21.53" (32.022648°)
 LONGITUDE = 103°55'26.01" (103.923891°)

NAD 27 (LP/FTP)
 LATITUDE = 32°01'21.08" (32.022523°)
 LONGITUDE = 103°55'24.28" (103.923412°)

STATE PLANE NAD 83 (N.M. EAST)
 N: 372218.50' E: 668228.96'

STATE PLANE NAD 27 (N.M. EAST)
 N: 372161.11' E: 627042.91'

NAD 83 (BHL/LTP)
 LATITUDE = 32°03'24.54" (32.056816°)
 LONGITUDE = 103°55'26.06" (103.923906°)

NAD 27 (BHL/LTP)
 LATITUDE = 32°03'24.09" (32.056692°)
 LONGITUDE = 103°55'24.33" (103.923425°)

STATE PLANE NAD 83 (N.M. EAST)
 N: 384648.14' E: 668177.35'

STATE PLANE NAD 27 (N.M. EAST)
 N: 384590.49' E: 626991.66'

NOTE:

- Distances referenced on plat to section lines are perpendicular.
- Basis of Bearing is a Transverse Mercator Projection with a Central Meridian of W103°53'00" (NAD 83)

LINE TABLE		
LINE	DIRECTION	LENGTH
L1	N89°45'42"E	253.96'

SCALE
 DRAWN BY: C.M.T. 01-16-19
 REV: 2 C.D.L. 10-30-20
 (LP/FTP & BHL/LTP CHANGE)

● = SURFACE HOLE LOCATION
 ◆ = LANDING POINT/FIRST TAKE POINT
 ○ = BOTTOM HOLE LOCATION / LAST TAKE POINT
 ▲ = SECTION CORNER LOCATED

17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Amithy Crawford 11/18/20
 Signature Date

Amithy Crawford
 Printed Name

acrawford@cimarex.com
 E-mail Address

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

December 03, 2018

Date of Survey
 Signature and Seal of Professional Surveyor:

Certificate Number:

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

[X] AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-46570	² Pool Code 98220	³ Pool Name Puprle Sage , Wolfcamp (Gas)
⁴ Property Code 326774	⁵ Property Name Tar Heel 19-18-7 Federal Com	⁶ Well Number 19H
⁷ OCRID No. 215099	⁸ Operator Name CIMAREX ENERGY CO.	⁹ Elevation 3021.4'

¹⁰Surface Location

UL or lot no. N	Section 19	Township 26S	Range 30E	Lot Idn	Feet from the 760	North/South line SOUTH	Feet from the 1416	East/West line WEST	County EDDY
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no. K	Section 7	Township 26S	Range 30E	Lot Idn	Feet from the 2561	North/South line SOUTH	Feet from the 2310	East/West line WEST	County EDDY
¹² Dedicated Acres 801.73		¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No.			

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

NAD 83 (SURFACE HOLE LOCATION)
LATITUDE = 32°01'21.52" (32.022645°)
LONGITUDE = 103°55'28.73" (103.924646°)
NAD 27 (SURFACE HOLE LOCATION)
LATITUDE = 32°01'21.07" (32.022520°)
LONGITUDE = 103°55'27.00" (103.924166°)
STATE PLANE NAD 83 (N.M. EAST)
N: 372216.56' E: 667995.05'
STATE PLANE NAD 27 (N.M. EAST)
N: 372159.17' E: 626809.01'

NAD 83 (LP/FTP)
LATITUDE = 32°01'21.56" (32.022656°)
LONGITUDE = 103°55'18.34" (103.921762°)
NAD 27 (LP/FTP)
LATITUDE = 32°01'21.11" (32.022531°)
LONGITUDE = 103°55'16.62" (103.921283°)
STATE PLANE NAD 83 (N.M. EAST)
N: 372224.09' E: 668888.80'
STATE PLANE NAD 27 (N.M. EAST)
N: 372166.70' E: 627702.75'

NAD 83 (BHL/LTP)
LATITUDE = 32°03'24.56" (32.056823°)
LONGITUDE = 103°55'18.39" (103.921776°)
NAD 27 (BHL/LTP)
LATITUDE = 32°03'24.11" (32.056699°)
LONGITUDE = 103°55'16.66" (103.921295°)
STATE PLANE NAD 83 (N.M. EAST)
N: 384653.19' E: 668837.20'
STATE PLANE NAD 27 (N.M. EAST)
N: 384595.55' E: 627651.50'

NOTE:

- Distances referenced on plat to section lines are perpendicular.
- Basis of Bearing is a Transverse Mercator Projection with a Central Meridian of W103°53'00" (NAD 83)

LINE TABLE		
LINE	DIRECTION	LENGTH
L1	N89°45'19"E	893.99'



SCALE

DRAWN BY: C.M.T. 01-16-19

REV: 2 C.D.L. 10-30-20

(LP/FTP & BHL/LTP CHANGE)

- = SURFACE HOLE LOCATION
 ◆ = LANDING POINT/FIRST TAKE POINT
 ◎ = BOTTOM HOLE LOCATION/ LAST TAKE POINT
 ▲ = SECTION CORNER LOCATED

17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Smithy Crawford 11/18/20
Signature Date

Amithy Crawford
Printed Name

acrawford@cimarex.com
E-mail Address

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

December 03, 2018

Date of Survey

Signature and Seal of Professional Surveyor:



Certificate Number:

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-46567		² Pool Code 98211		³ Pool Name WC-015 G-03 S262925D; Bone Spring	
⁴ Property Code 326774		⁵ Property Name Tar Heel 19-18-7 Federal Com			⁶ Well Number 20H
⁷ OGRID No. 215099		⁸ Operator Name CIMAREX ENERGY CO.			⁹ Elevation 3022.7'

¹⁰ Surface Location

UL or lot no. N	Section 19	Township 26S	Range 30E	Lot Idn	Feet from the 760	North/South line SOUTH	Feet from the 1436	East/West line WEST	County EDDY
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no. K	Section 7	Township 26S	Range 30E	Lot Idn	Feet from the 2561	North/South line SOUTH	Feet from the 2310	East/West line WEST	County EDDY
¹² Dedicated Acres 400		¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No.			

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Amithy Crawford 11/18/20
Signature Date

Amithy Crawford
Printed Name


acrawford@cimarex.com
E-mail Address

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

December 03, 2018
Date of Survey

Signature and Seal of Professional Surveyor:



Certificate Number: _____

Federal Communitization Agreement

Contract No. _____

THIS AGREEMENT entered into as of the 1st day of October, 2020, by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

WITNESSETH:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement:

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

Township 26 South, Range 30 East, N.M.P.M.

Section 7: E/2SW/4

Section 18: E/2W/2

Section 19: E/2W/2

Eddy County, New Mexico

Containing **400.00** acres, and this agreement shall include only the Wolfcamp Formation underlying said lands and the natural gas and associated liquid hydrocarbons hereafter referred to as "communitized substances," producible from such formation(s).

2. Attached hereto, and made a part of this agreement for all purposes is Exhibit "A", a plat designating the communitized area and, Exhibit "B", designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. The Operator of the communitized area shall be Cimarex Energy Co., 600 N. Marienfeld, Ste. 600, Midland, TX 79701. All matters of operations shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced there from shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

The communitized area approved in this Agreement contains unleased Federal lands. The value of 12 ½ percent for the Federal lands, of the production that would be allocated to such Federal lands, described above, if such lands were leased, committed and entitled to participation, shall be payable as compensatory royalties to the Federal government. Parties to the Agreement holding working interest in committed leases within the applicable communitized area are responsible for such royalty payments on the volume of the production reallocated from the unleased Federal lands to their communitized tracts as set forth in Exhibit "B" attached hereto. The value of such production subject to the payment of said royalties shall be determined pursuant to the method set forth in 30 CFR Part 1206 for the unleased Federal lands. Payment of compensatory royalties on the production reallocated from the unleased Federal lands to the committed tracts within the communitized area shall fulfill the Federal royalty obligation for such production. Payment of compensatory royalties, as provided herein, shall accrue from the last day of the calendar month next following the calendar month of actual production. Payment due under this provision shall end when the Federal tract is leased or when production of communitized substances ceases within the communitized area and the Communitization Agreement is terminated, whichever occurs first.

- Any party acquiring a Federal lease of the unleased Federal lands included in the communitized area established hereunder, will be subject to this Agreement as of the effective date of the Federal leases to said party (ies). Upon issuance of the Federal lease and payment of its proportionate cost of the well, including drilling, completing and equipping the well, the acquiring party (ies) shall own the working interest described in the Tract, as described on Exhibit "B", and shall have the rights and obligations of said working interest as to the effective date of the Federal Lease.
6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.
 7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
 8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
 9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance

- is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is October 1, 2020, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of 2 years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The 2-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
 11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.
 12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occur in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.
 13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
 14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

Communitization Agreement – Tar Heel 19-18-7 Fed Com Wells
E/2SW4 of Section 7 and E/2W/2 of Sections 18 and 19,
Township 26 South, Range 30 East, N.M.P.M., Eddy County, New Mexico

15. Nondiscrimination. In connection with the performance of work under this agreement, the operator agrees to comply with all the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written and have set opposite their respective names the date of execution.

Cimarex Energy Co., OPERATOR

Date

By: _____
Michael DeShazer, Attorney-in-Fact

ACKNOWLEDGEMENT

STATE OF _____)
) ss.
COUNTY OF _____)

On this ____ day of _____, 2020, before me, a Notary Public for the State of Texas, personally appeared Michael DeShazer, known to me to be the Attorney-In-Fact of Cimarex Energy Co., a Delaware corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

My Commission Expires

Notary Public

Blue Devil Exploration, LLC

Date _____

By: _____
Michael DeShazer, Attorney-In-Fact

ACKNOWLEDGEMENT

STATE OF TEXAS)
) ss.
COUNTY OF _____)

On this ____ day of _____, 2020, before me, a Notary Public for the State of Texas personally appeared Michael DeShazer, known to me to be the Attorney-in-Fact of Blue Devil Exploration, LLC., a Delaware corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.
(SEAL)

My Commission Expires

Notary Public

EOG Resources Inc.

Date _____

By: _____
Print Name:

ACKNOWLEDGEMENT

STATE OF TEXAS)
) ss.
COUNTY OF _____)

On this ____ day of _____, 2020, before me, a Notary Public for the State of _____ personally appeared _____, known to me to be the _____ of _____, a _____ corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.
(SEAL)

My Commission Expires

Notary Public

OXY Y-1 Company

Date _____

By: _____
Print Name:

ACKNOWLEDGEMENT

STATE OF TEXAS)
) ss.
COUNTY OF _____)

On this ____ day of _____, 2020, before me, a Notary Public for the State of _____ personally appeared _____, known to me to be the _____ of _____, a _____ corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.
(SEAL)

My Commission Expires

Notary Public

**SELF CERTIFICATION STATEMENT FOR COMMUNITIZATION AGREEMENT WORKING
INTEREST**

COMMUNITIZATION AGREEMENT: _____

I, the undersigned, hereby certify, on behalf of Cimarex Energy Co., the Operator under the captioned Communitization Agreement, that all working interest owners shown on Exhibit "B" attached to the Communitization Agreement are, to the best of my knowledge, the true and correct owners of the leases committed to the Communitization Agreement, and the consents of the requisite working interest owners have been obtained.

I, further certify that the Communitization Agreement follows the standard form except for Sections 1 and 10.

NAME: _____ (signature of officer)

Printed: Michael DeShazer

TITLE: Attorney-In-Fact

Phone number: (432) 571-7807, **Email:** MDeShazer@cimarex.com

Communitization Agreement – Tar Heel 19-18-7 Fed Com Wells
E/2SW4 of Section 7 and E/2W/2 of Sections 18 and 19,
Township 26 South, Range 30 East, N.M.P.M., Eddy County, New Mexico

EXHIBIT “A”

Plat of communitized area covering **400.00** acres in the E/2SW4 of Section 7 and E/2W/2 of Sections 18 and 19, Township 26 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.

Tar Heel 19-18-7 Fed Com Wells

	Tract 3 NM 31649 Tract 3 NM 31649	7
	Tract 2 NMNM 140303 Tract 1 NMNM 138848 Tract 1 NMNM 138848 Tract 1 NMNM 138848	18
	Tract 1 NMNM 138848 Tract 1 NMNM 138848 Tract 1 NMNM 138848 Tract 1 NMNM 138848	19

Communitization Agreement – Tar Heel 19-18-7 Fed Com Wells
E/2SW4 of Section 7 and E/2W/2 of Sections 18 and 19,
Township 26 South, Range 30 East, N.M.P.M., Eddy County, New Mexico

EXHIBIT "B"

To Communitization Agreement Dated October 1, 2020 embracing the following described land in Sections 7, 18 & 19, Township 26 South, Range 30 East, N.M.P.M., Eddy County, NM.

Operator of Communitized Area: Cimarex Energy Co.

DESCRIPTION OF LEASES COMMITTEDTract No. 1

Lease Serial Number:	NMNM 138848
Lessor:	United States of America
Lessee:	Blue Devil Exploration, LLC
Date:	November 1, 2018
Description of Land Committed:	Township 26 South, Range 30 East, Section 18: SENW; E2SW Section 19: E2W2
Number of Acres:	280.00
Name of Working Interest Owners:	
Cimarex Energy Co.....	100.00000000%

Tract No. 2

Lease Serial Number:	NMNM 140303
Lessor:	United States of America
Lessee:	Cimarex Energy Co.
Date:	May 1, 2020
Description of Land Committed:	Township 26 South, Range 30 East, Section 18: NENW
Number of Acres:	40.00
Name of Working Interest Owners:	
Cimarex Energy Co.....	100.00000000%

Communitization Agreement – Tar Heel 19-18-7 Fed Com Wells
E/2SW4 of Section 7 and E/2W/2 of Sections 18 and 19,
Township 26 South, Range 30 East, N.M.P.M., Eddy County, New Mexico

Tract No. 3

Lease Serial Number: NM 31649

Lessor: United States of America
 Lessee: EOG Resources Inc.
 OXY Y-1 Company

Date: January 1, 1979

Description of Land Committed: Township 26 South, Range 30 East,
 Section 7: E/2SW/4

Number of Acres: 80.00

Name of Working Interest Owners:
 EOG Resources Inc.....100.00000000%

RECAPITULATION

Tract No.	No. Acres Committed	Percentage of Interest in Communitized Area
1	280.00	70.00%
2	40.00	10.00%
3	80.00	20.00%
	400.00	100.00%

Communitization Agreement – Tar Heel 19-18-7 Fed Com Wells
 E/2SW4 of Section 7 and E/2W/2 of Sections 18 and 19,
 Township 26 South, Range 30 East, N.M.P.M., Eddy County, New Mexico

Federal Communitization Agreement

Contract No. _____

THIS AGREEMENT entered into as of the 1st day of October, 2020, by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

WITNESSETH:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement:

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

Township 26 South, Range 30 East, N.M.P.M.

Section 7: Lots 3 & 4

Section 18: Lots 1, 2, 3 & 4

Section 19: Lots 1, 2, 3, & 4

Eddy County, New Mexico

Containing **401.73 acres**, and this agreement shall include only the **Bonespring Formation** underlying said lands and the natural gas and associated liquid hydrocarbons hereafter referred to as "communitized substances," producible from such formation(s).

2. Attached hereto, and made a part of this agreement for all purposes is Exhibit "A", a plat designating the communitized area and, Exhibit "B", designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. The Operator of the communitized area shall be Cimarex Energy Co., 600 N. Marienfeld, Ste. 600, Midland, TX 79701. All matters of operations shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced there from shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

The communitized area approved in this Agreement contains unleased Federal lands. The value of 12 ½ percent for the Federal lands, of the production that would be allocated to such Federal lands, described above, if such lands were leased, committed and entitled to participation, shall be payable as compensatory royalties to the Federal government. Parties to the Agreement holding working interest in committed leases within the applicable communitized area are responsible for such royalty payments on the volume of the production reallocated from the unleased Federal lands to their communitized tracts as set forth in Exhibit "B" attached hereto. The value of such production subject to the payment of said royalties shall be determined pursuant to the method set forth in 30 CFR Part 1206 for the unleased Federal lands. Payment of compensatory royalties on the production reallocated from the unleased Federal lands to the committed tracts within the communitized area shall fulfill the Federal royalty obligation for such production. Payment of compensatory royalties, as provided herein, shall accrue from the last day of the calendar month next following the calendar month of actual production. Payment due under this provision shall end when the Federal tract is leased or when production of communitized substances ceases within the communitized area and the Communitization Agreement is terminated, whichever occurs first.

Communitization Agreement – Tar Heel 19-18-7 Fed Com Wells
W/2SW4 of Section 7 and W/2W/2 of Sections 18 and 19,
Township 26 South, Range 30 East, N.M.P.M., Eddy County, New Mexico

- Any party acquiring a Federal lease of the unleased Federal lands included in the communitized area established hereunder, will be subject to this Agreement as of the effective date of the Federal leases to said party (ies). Upon issuance of the Federal lease and payment of its proportionate cost of the well, including drilling, completing and equipping the well, the acquiring party (ies) shall own the working interest described in the Tract, as described on Exhibit "B", and shall have the rights and obligations of said working interest as to the effective date of the Federal Lease.
6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.
 7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
 8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
 9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for

Communitization Agreement – Tar Heel 19-18-7 Fed Com Wells
W/2SW4 of Section 7 and W/2W/2 of Sections 18 and 19,
Township 26 South, Range 30 East, N.M.P.M., Eddy County, New Mexico

- failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is October 1, 2020, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of 2 years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The 2-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
 11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.
 12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occur in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.
 13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
 14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all

Communitization Agreement – Tar Heel 19-18-7 Fed Com Wells
W/2SW4 of Section 7 and W/2W/2 of Sections 18 and 19,
Township 26 South, Range 30 East, N.M.P.M., Eddy County, New Mexico

parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

15. Nondiscrimination. In connection with the performance of work under this agreement, the operator agrees to comply with all the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written and have set opposite their respective names the date of execution.

Cimarex Energy Co., OPERATOR

Date

By: _____
Michael DeShazer, Attorney-in-Fact

ACKNOWLEDGEMENT

STATE OF _____)
) ss.
COUNTY OF _____)

On this ____ day of _____, 2020, before me, a Notary Public for the State of Texas, personally appeared Michael DeShazer, known to me to be the Attorney-In-Fact of Cimarex Energy Co., a Delaware corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

My Commission Expires

Notary Public

Communitization Agreement – Tar Heel 19-18-7 Fed Com Wells
W/2SW4 of Section 7 and W/2W/2 of Sections 18 and 19,
Township 26 South, Range 30 East, N.M.P.M., Eddy County, New Mexico

Cimarex Energy Co.

By: _____
Michael DeShazer, Attorney-In-Fact

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

(SEAL)

Notary Public

Released to Imaging: 3/18/2021 11:43:58 AM

Blue Devil Exploration, LLC

By: _____
Michael DeShazer, Attorney-In-Fact

ACKNOWLEDGEMENT

STATE OF TEXAS)
) ss.
COUNTY OF _____)

On this ____ day of _____, 2020, before me, a Notary Public for the State of Texas personally appeared Michael DeShazer, known to me to be the Attorney-in-Fact of Blue Devil Exploration, LLC., a Delaware corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.
(SEAL)

Notary Public

Released to Imaging: 3/18/2021 11:43:58 AM

EOG Resources Inc.

Date _____

By: _____
Print Name:

ACKNOWLEDGEMENT

STATE OF TEXAS)
) ss.
COUNTY OF _____)

On this ____ day of _____, 2020, before me, a Notary Public for the State of _____ personally appeared _____, known to me to be the _____ of _____, a _____ corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.
(SEAL)

My Commission Expires

Notary Public

OXY Y-1 Company

By: _____
Print Name: _____

ACKNOWLEDGEMENT

STATE OF TEXAS)
) ss.
COUNTY OF _____)

On this ____ day of _____, 2020, before me, a Notary Public for the State of _____ personally appeared _____, known to me to be the _____ of _____, a _____ corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

Notary Public

Released to Imaging: 3/18/2021 11:43:58 AM

**SELF CERTIFICATION STATEMENT FOR COMMUNITIZATION AGREEMENT WORKING
INTEREST**

COMMUNITIZATION AGREEMENT: _____

I, the undersigned, hereby certify, on behalf of Cimarex Energy Co., the Operator under the captioned Communitization Agreement, that all working interest owners shown on Exhibit "B" attached to the Communitization Agreement are, to the best of my knowledge, the true and correct owners of the leases committed to the Communitization Agreement, and the consents of the requisite working interest owners have been obtained.

I, further certify that the Communitization Agreement follows the standard form except for Sections 1 and 10.

NAME: _____ (signature of officer)

Printed: Michael DeShazer

TITLE: Attorney-In-Fact

Phone number: (432) 571-7807, **Email:** MDeShazer@cimarex.com

Communitization Agreement – Tar Heel 19-18-7 Fed Com Wells
W/2SW4 of Section 7 and W/2W/2 of Sections 18 and 19,
Township 26 South, Range 30 East, N.M.P.M., Eddy County, New Mexico

EXHIBIT “A”

Plat of communitized area covering **400.81** acres in the Lots 3 & 4 of Section 7 & W/2W/2 of Sections 18 and 19, Township 26 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.

Tar Heel 19-18-7 Fed Com Wells

Tract 2 NM 31649 Tract 2 NM 31649		7
Tract 1 NMNM 138848 Tract 1 NMNM 138848 Tract 1 NMNM 138848 Tract 1 NMNM 138848		18
Tract 1 NMNM 138848 Tract 1 NMNM 138848 Tract 1 NMNM 138848 Tract 1 NMNM 138848		19

Communitization Agreement – Tar Heel 19-18-7 Fed Com Wells
W/2SW4 of Section 7 and W/2W/2 of Sections 18 and 19,
Township 26 South, Range 30 East, N.M.P.M., Eddy County, New Mexico

EXHIBIT "B"

To Communitization Agreement Dated October 1, 2020 embracing the following described land in Sections 7, 18 & 19, Township 26 South, Range 30 East, N.M.P.M., Eddy County, NM.

Operator of Communitized Area: Cimarex Energy Co.

DESCRIPTION OF LEASES COMMITTEDTract No. 1

Lease Serial Number: NMNM 138848

Lessor: United States of America
 Lessee: Blue Devil Exploration, LLC

Date: November 1, 2018

Description of Land Committed: Township 26 South, Range 30 East,
 Section 18: Lots 1, 2, 3, 4
 Section 19: Lots 1, 2, 3, 4

Number of Acres: 320.92

Name of Working Interest Owners:
 Cimarex Energy Co.....100.00000000%

Tract No. 2

Lease Serial Number: NM 31649

Lessor: United States of America
 Lessee: EOG Resources Inc.
 OXY Y-1 Company

Date: January 1, 1979

Description of Land Committed: Township 26 South, Range 30 East,
 Section 7: Lots 3 & 4

Number of Acres: 80.81

Name of Working Interest Owners:
 EOG Resources Inc.....100.00000000%

Communitization Agreement – Tar Heel 19-18-7 Fed Com Wells
 W/2SW4 of Section 7 and W/2W/2 of Sections 18 and 19,
 Township 26 South, Range 30 East, N.M.P.M., Eddy County, New Mexico

RECAPITULATION

Tract No.	No. Acres Committed	Percentage of Interest in Communitized Area
1	320.92	79.88%
2	80.81	20.12%
	401.73	100.00%

Communitization Agreement – Tar Heel 19-18-7 Fed Com Wells
W/2SW4 of Section 7 and W/2W/2 of Sections 18 and 19,
Township 26 South, Range 30 East, N.M.P.M., Eddy County, New Mexico

Federal Communitization Agreement

Contract No. _____

THIS AGREEMENT entered into as of the 1st day of October, 2020, by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

WITNESSETH:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement:

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

Township 26 South, Range 30 East, N.M.P.M.

Section 7: SW/4

Section 18: W/2

Section 19: W/2

Eddy County, New Mexico

Containing **801.73 acres**, and this agreement shall include only the **Wolfcamp Formation** underlying said lands and the natural gas and associated liquid hydrocarbons hereafter referred to as "communitized substances," producible from such formation(s).

2. Attached hereto, and made a part of this agreement for all purposes is Exhibit "A", a plat designating the communitized area and, Exhibit "B", designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. The Operator of the communitized area shall be Cimarex Energy Co., 600 N. Marienfeld, Ste. 600, Midland, TX 79701. All matters of operations shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced there from shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

The communitized area approved in this Agreement contains unleased Federal lands. The value of 12 ½ percent for the Federal lands, of the production that would be allocated to such Federal lands, described above, if such lands were leased, committed and entitled to participation, shall be payable as compensatory royalties to the Federal government. Parties to the Agreement holding working interest in committed leases within the applicable communitized area are responsible for such royalty payments on the volume of the production reallocated from the unleased Federal lands to their communitized tracts as set forth in Exhibit "B" attached hereto. The value of such production subject to the payment of said royalties shall be determined pursuant to the method set forth in 30 CFR Part 1206 for the unleased Federal lands. Payment of compensatory royalties on the production reallocated from the unleased Federal lands to the committed tracts within the communitized area shall fulfill the Federal royalty obligation for such production. Payment of compensatory royalties, as provided herein, shall accrue from the last day of the calendar month next following the calendar month of actual production. Payment due under this provision shall end when the Federal tract is leased or when production of communitized substances ceases within the communitized area and the Communitization Agreement is terminated, whichever occurs first.

- Any party acquiring a Federal lease of the unleased Federal lands included in the communitized area established hereunder, will be subject to this Agreement as of the effective date of the Federal leases to said party (ies). Upon issuance of the Federal lease and payment of its proportionate cost of the well, including drilling, completing and equipping the well, the acquiring party (ies) shall own the working interest described in the Tract, as described on Exhibit "B", and shall have the rights and obligations of said working interest as to the effective date of the Federal Lease.
6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.
 7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
 8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
 9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance

- is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is October 1, 2020, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of 2 years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The 2-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
 11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.
 12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occur in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.
 13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
 14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

Communitization Agreement – Tar Heel 19-18-7 Fed Com Wells
SW/4 of Section 7 and W/2 of Sections 18 and 19,
Township 26 South, Range 30 East, N.M.P.M., Eddy County, New Mexico

15. Nondiscrimination. In connection with the performance of work under this agreement, the operator agrees to comply with all the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written and have set opposite their respective names the date of execution.

Cimarex Energy Co., OPERATOR

Date

By:_____
Michael DeShazer, Attorney-in-Fact

ACKNOWLEDGEMENT

STATE OF _____)
) ss.
COUNTY OF _____)

On this ____ day of _____, 2020, before me, a Notary Public for the State of Texas, personally appeared Michael DeShazer, known to me to be the Attorney-In-Fact of Cimarex Energy Co., a Delaware corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

My Commission Expires

Notary Public

Cimarex Energy Co.

Date _____

By: _____
Michael DeShazer, Attorney-In-Fact

ACKNOWLEDGEMENT

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

On this ____ day of _____, 2020, before me, a Notary Public for the State of Texas personally appeared Michael DeShazer, known to me to be the Attorney-in-Fact of Cimarex Energy Co., a Delaware corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.

(SEAL)

My Commission Expires

Notary Public

Blue Devil Exploration, LLC

Date _____

By: _____
Michael DeShazer, Attorney-In-Fact

ACKNOWLEDGEMENT

STATE OF TEXAS)
) ss.
COUNTY OF _____)

On this ____ day of _____, 2020, before me, a Notary Public for the State of Texas personally appeared Michael DeShazer, known to me to be the Attorney-in-Fact of Blue Devil Exploration, LLC., a Delaware corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.
(SEAL)

My Commission Expires

Notary Public

EOG Resources Inc.

Date _____

By: _____
Print Name:

ACKNOWLEDGEMENT

STATE OF TEXAS)
) ss.
COUNTY OF _____)

On this ____ day of _____, 2020, before me, a Notary Public for the State of _____ personally appeared _____, known to me to be the _____ of _____, a _____ corporation that executed the foregoing instrument and acknowledged to me such corporation executed the same.
(SEAL)

My Commission Expires

Notary Public

**SELF CERTIFICATION STATEMENT FOR COMMUNITIZATION AGREEMENT WORKING
INTEREST**

COMMUNITIZATION AGREEMENT: _____

I, the undersigned, hereby certify, on behalf of Cimarex Energy Co., the Operator under the captioned Communitization Agreement, that all working interest owners shown on Exhibit "B" attached to the Communitization Agreement are, to the best of my knowledge, the true and correct owners of the leases committed to the Communitization Agreement, and the consents of the requisite working interest owners have been obtained.

I, further certify that the Communitization Agreement follows the standard form except for Sections 1 and 10.

NAME: _____ (signature of officer)

Printed: Michael DeShazer

TITLE: Attorney-In-Fact

Phone number: (432) 571-7807, **Email:** MDeShazer@cimarex.com

Communitization Agreement – Tar Heel 19-18-7 Fed Com Wells
SW/4 of Section 7 and W/2 of Sections 18 and 19,
Township 26 South, Range 30 East, N.M.P.M., Eddy County, New Mexico

EXHIBIT "A"

Plat of communitized area covering **801.73** acres in the SW/4 of Section 7 & W/2 of Sections 18 and 19, Township 26 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.

Tar Heel 19-18-7 Fed Com Wells

<p>Tract 3 NM 31649</p> <p>Tract 3 NM 31649</p> <p>Tract 3 NM 31649</p> <p>Tract 3 NM 31649</p>	<p>Tract 3 NM 31649</p> <p>Tract 3 NM 31649</p>	7
<p>Tract 1 NMNM 138848</p> <p>Tract 1 NMNM 138848</p> <p>Tract 1 NMNM 138848</p> <p>Tract 1 NMNM 138848</p>	<p>Tract 2 NMNM 140303</p> <p>Tract 1 NMNM 138848</p> <p>Tract 1 NMNM 138848</p> <p>Tract 1 NMNM 138848</p>	18
<p>Tract 1 NMNM 138848</p> <p>Tract 1 NMNM 138848</p> <p>Tract 1 NMNM 138848</p> <p>Tract 1 NMNM 138848</p>	<p>Tract 1 NMNM 138848</p> <p>Tract 1 NMNM 138848</p> <p>Tract 1 NMNM 138848</p> <p>Tract 1 NMNM 138848</p>	19

Communitization Agreement – Tar Heel 19-18-7 Fed Com Wells
 SW/4 of Section 7 and W/2 of Sections 18 and 19,
 Township 26 South, Range 30 East, N.M.P.M., Eddy County, New Mexico

EXHIBIT "B"

To Communitization Agreement Dated October 1, 2020 embracing the following described land in Sections 7, 18 & 19, Township 26 South, Range 30 East, N.M.P.M., Eddy County, NM.

Operator of Communitized Area: Cimarex Energy Co.

DESCRIPTION OF LEASES COMMITTED**Tract No. 1**

Lease Serial Number: NMNM 138848

Lessor: United States of America
 Lessee: Blue Devil Exploration, LLC

Date: November 1, 2018

Description of Land Committed: Township 26 South, Range 30 East,
 Section 18: Lots 1, 2, 3, 4; SENW; E2SW
 Section 19: Lots 1, 2, 3, 4; E2W2

Number of Acres: 600.92

Name of Working Interest Owners:
 Cimarex Energy Co.....100.00000000%

Tract No. 2

Lease Serial Number: NMNM 140303

Lessor: United States of America
 Lessee: Cimarex Energy Co.

Date: May 1, 2020

Description of Land Committed: Township 26 South, Range 30 East,
 Section 18: NENW

Number of Acres: 40.00

Name of Working Interest Owners:
 Cimarex Energy Co.....100.00000000%

Communitization Agreement – Tar Heel 19-18-7 Fed Com Wells
 SW/4 of Section 7 and W/2 of Sections 18 and 19,
 Township 26 South, Range 30 East, N.M.P.M., Eddy County, New Mexico

Tract No. 3

Lease Serial Number: NM 31649

Lessor: United States of America
 Lessee: EOG Resources Inc.
 OXY Y-1 Company

Date: January 1, 1979

Description of Land Committed: Township 26 South, Range 30 East,
 Section 7: SW/4

Number of Acres: 160.81

Name of Working Interest Owners:
 EOG Resources Inc.....100.00000000%

RECAPITULATION

Tract No.	No. Acres Committed	Percentage of Interest in Communitized Area
1	600.92	74.95%
2	40.00	4.99%
3	160.81	20.06%
	801.73	100.00%

Communitization Agreement – Tar Heel 19-18-7 Fed Com Wells
 SW/4 of Section 7 and W/2 of Sections 18 and 19,
 Township 26 South, Range 30 East, N.M.P.M., Eddy County, New Mexico

Revised March 23, 2017

RECEIVED:	REVIEWER:	TYPE:	APP NO:
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Geological & Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND
 REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Applicant: _____ OGRID Number: _____
 Well Name: _____ API: _____
 Pool: _____ Pool Code: _____

**SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION
 INDICATED BELOW**

1) **TYPE OF APPLICATION:** Check those which apply for [A]

A. Location – Spacing Unit – Simultaneous Dedication

☐ NSL ☐ NSP (PROJECT AREA) ☐ NSP (PRORATION UNIT) ☐ SD

B. Check one only for [I] or [II]

[I] Commingling – Storage – Measurement

☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[II] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery

☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

2) **NOTIFICATION REQUIRED TO:** Check those which apply.

- A. ☐ Offset operators or lease holders
 B. ☐ Royalty, overriding royalty owners, revenue owners
 C. ☐ Application requires published notice
 D. ☐ Notification and/or concurrent approval by SLO
 E. ☐ Notification and/or concurrent approval by BLM
 F. ☐ Surface owner
 G. ☐ For all of the above, proof of notification or publication is attached, and/or,
 H. ☐ No notice required

FOR OCD ONLY

- ☐ Notice Complete
☐ Application
 Content
 Complete

3) **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

 Print or Type Name

 Signature

 Date

 Phone Number

 e-mail Address



CIMAREX ENERGY COMPANY
600 N. Marienfeld St., Suite 600
Midland, TX 79701

12/10/2020

Attn: Mr. Dean McClure
1220 S. St. Francis Dr.
Santa Fe, New Mexico 87505

Subject: Application for Pool Lease Commingling at Common Central Tank Battery
Tar Heel 19-18-7 Federal Com
All in Sec. 7, 18 & 19, T-26S, R-30E, Eddy County, NM
Purple Sage; Wolfcamp, Gas (98220)
WC-015 G-03 S262925D; Bone Spring, Oil (98211)

Mr. McClure,

Pursuant to Division Rule 19.15.12.10, Cimarex Energy Co. respectfully requests administrative approval to Pool Lease Commingle at a Common Central Tank Battery.

Each well is metered individually. This action will prevent waste, promote conservation and protect correlative rights. The Tar Heel Federal Com East battery is located in Unit Letter N, Sec 19, T-26S, R-30E.

These wells are operated by Cimarex Energy Co. with the diverse ownership. There are three federal leases and three proposed communitization agreements involved. Pursuant Division Rule 19.15.12.10, the interest owners that are to be notified are listed on Exhibit A and are being sent a copy of this application by certified mail, return receipt.

Also Attached:

- NMOCD Form C-107B
- NMOCD Administrative Application Checklist
- Summary Detail
- Lease plat shows boundaries, Federal Lease #'s, facility, wellhead and path of production
- Facility Diagram
- NMOCD form C-102 well plats for each well
- A copy of notice letter to interest owners and a copy of certified mail, return receipt request
- Copy of BLM sundry Submittal

For future addition of wells, leases, and pools to this commingling operation, notice shall be given to the interest owners in the wells, leases or pools to be added, in accordance with the Division Rule 19.15.12.10 C (4)(g) NMAC.

Thank you,

Fatima Vasquez

Fatima Vasquez
Regulatory Analyst
432-620-1933
fvasquez@cimarex.com

From: [Engineer, OCD, EMNRD](#)
To: [Terri Stathem](#); [Fatima Vasquez](#)
Cc: [McClure, Dean, EMNRD](#); [Bratcher, Mike, EMNRD](#); lisa@rwbyram.com; [Glover, James](#); kparadis@blm.gov; [Walls, Christopher](#)
Subject: Approved Administrative Order PLC-726
Date: Thursday, March 18, 2021 11:36:05 AM
Attachments: [PLC726 Order.pdf](#)

NMOCD has issued Administrative Order PLC-726 which authorizes Cimarex Energy Company (215099) to surface commingle or off-lease measure, as applicable, the following wells:

Well API	Well Name	Location (NMPM)	Pool Code
30-015-46560	Tar Heel 19 18 7 Fed Com #1H	M-19-26S-30E	98211
30-015-46561	Tar Heel 19 18 7 Fed Com #2H	M-19-26S-30E	98220
30-015-46562	Tar Heel 19 18 7 Fed Com #3H	M-19-26S-30E	98220
30-015-46568	Tar Heel 19 18 7 Fed Com #18H	N-19-26S-30E	98220
30-015-46570	Tar Heel 19 18 7 Fed Com #19H	N-19-26S-30E	98220
30-015-46567	Tar Heel 19 18 7 Fed Com #20H	N-19-26S-30E	98211

The administrative order is attached to this email and can also be found online at OCD Imaging.

Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval.

Dean McClure
Petroleum Engineer, Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
(505) 469-8211

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

**APPLICATION FOR SURFACE COMMINGLING
SUBMITTED BY CIMAREX ENERGY COMPANY**

ORDER NO. PLC-726

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having considered the application and the recommendation of the OCD Engineering Bureau, issues the following Order.

FINDINGS OF FACT

1. Cimarex Energy Company (“Applicant”) submitted a complete application to surface commingle and off-lease measure the oil and gas production ("Application") from the pools, leases, and wells identified in Exhibit A.
2. To the extent that ownership is identical, Applicant submitted a certification by a licensed attorney or qualified petroleum landman that the ownership in the pools, leases, and wells to be commingled is identical as defined in 19.15.12.7(B) NMAC.
3. Applicant proposed a method to allocate the oil and gas production to the pools, leases, and wells to be commingled.
4. To the extent that ownership is diverse, Applicant provided notice of the Application to all persons owning an interest in the oil and gas production to be commingled, including the owners of royalty and overriding royalty interests, regardless of whether they have a right or option to take their interests in kind, and those persons either submitted a written waiver or did not file an objection to the Application.
5. Applicant provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.
6. Applicant certified the commingling of oil and gas production from the pools, leases, and wells will not in reasonable probability reduce the value of the oil and gas production to less than if it had remained segregated.
7. Applicant in the notice for the Application stated that it sought authorization to add additional pools, leases, and wells and identified the parameters to make such additions.
8. Applicant stated that it sought authorization to surface commingle and off-lease measure, as applicable, oil and gas production from Tar Heel 19 18 7 Fed Com #4H (30-015-46563) and Tar Heel 19 18 7 Fed Com #17H (30-015-46569) with the wells identified in Exhibit A which are planned to produce from pools and spacing units dedicated to wells identified in Exhibit A.

9. Applicant submitted or intends to submit one or more proposed communitization agreement(s) ("Proposed Agreement(s)") to the BLM or NMSLO, as applicable, identifying the leases to be consolidated into a single pooled area ("Pooled Area"), as described in Exhibit B.

CONCLUSIONS OF LAW

10. OCD has jurisdiction to issue this Order pursuant to the Oil and Gas Act, NMSA 1978, §§ 70-2-6, 70-2-11, 70-2-12, 70-2-16, and 70-2-17, and 19.15.12 NMAC.
11. Applicant satisfied the notice requirements for the Application in accordance with 19.15.12.10(A)(2), (C)(4)(c), and (C)(4)(e) NMAC, as applicable.
12. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.10(B)(1) or (C)(1) NMAC, as applicable.
13. Commingling of oil and gas production from state, federal, or tribal leases shall not commence until approved by the BLM or NMSLO, as applicable, in accordance with 19.15.12.10(B)(3) and (C)(4)(h) NMAC.
14. Applicant satisfied the notice requirements for the subsequent addition of pools, leases, and wells in the notice for the Application, in accordance with 19.15.12.10(C)(4)(g) NMAC. Subsequent additions of pools, leases, and wells within Applicant's defined parameters, as modified herein, will not, in reasonable probability, reduce the commingled production's value or otherwise adversely affect the interest owners in the production to be added.
15. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

ORDER

1. Applicant is authorized to surface commingle and off-lease measure oil and gas production from the pools, leases, and wells identified in Exhibit A.

Applicant is authorized to surface commingle and off-lease measure, as applicable, oil and gas production from Tar Heel 19 18 7 Fed Com #4H (30-015-46563) and Tar Heel 19 18 7 Fed Com #17H (30-015-46569) with the wells identified in Exhibit A once they are producing from the same pool and spacing unit dedicated to a well identified in Exhibit A.

2. For each Pooled Area described in Exhibit B, Applicant shall submit a Proposed Agreement to the BLM or NMSLO, as applicable, prior to commencing oil and gas production. If Applicant fails to submit the Proposed Agreement, this Order shall terminate on the following day.
3. No later than sixty (60) days after the BLM or NMSLO approves or denies a Proposed Agreement, Applicant shall submit Form C-103 to OCD with a copy of the decision and a description of the approved lands, as applicable. If Applicant withdraws or the BLM or NMSLO denies a Proposed Agreement, this Order shall terminate on the date of such action, and Applicant shall cease commingling the production from the Pooled Area. If the BLM or

NMSLO approves but modifies the Proposed Agreement(s), Applicant shall comply with the approved Agreement(s), and no later than sixty (60) days after such decision, Applicant shall submit a new surface commingle application to OCD to conform this Order with the approved Agreement(s). If OCD denies the new surface commingle application, this Order shall terminate on the date of such action.

4. Applicant shall allocate the oil and gas production to each lease within a Pooled Area in proportion to the acreage that each lease bears to the entire acreage of the Pooled Area described in Exhibit B.
5. The allocation of oil and gas production to an infill well shall be determined in the same manner as oil and gas production to the well dedicated to the pool and spacing unit.
6. The oil and gas production for each well identified in Exhibit A shall be separated and metered prior to commingling.
7. Applicant shall measure the commingled oil at a central tank battery described in Exhibit A in accordance with 19.15.18.15 NMAC or 19.15.23.8 NMAC.
8. Applicant shall measure the commingled gas at a central delivery point or central tank battery described in Exhibit A in accordance with 19.15.19.9 NMAC, provided however that if the gas is flared, and regardless of whether OCD has granted an exception pursuant to 19.15.18.12(B) NMAC, Applicant shall report the gas in accordance with 19.15.18.12(F) NMAC.
9. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10(C)(2) NMAC.
10. If the commingling of oil and gas production from any pool, lease, or well reduces the value of the commingled oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred Applicant shall submit a new surface commingling application to OCD to amend this Order to remove the pool, lease, or well whose oil and gas production caused the decrease in value. If Applicant fails to submit a new application, this Order shall terminate on the following day, and if OCD denies the application, this Order shall terminate on the date of such action.
11. Applicant may submit an application to amend this Order to add pools, leases, and subsequently drilled wells with spacing units adjacent to or within the tracts commingled by this Order by submitting a Form C-107-B via the OCD Fee Portal in accordance with 19.15.12.10(C)(4)(g) NMAC.
12. Applicant shall submit Forms C-102 and C-103 to the OCD Engineering Bureau prior to commingling and off-lease measuring, as applicable, oil and gas production from Tar Heel 19 18 7 Fed Com #4H (30-015-46563) and Tar Heel 19 18 7 Fed Com #17H (30-015-46569) with the production from another well.
13. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.

14. OCD retains jurisdiction and reserves the right to modify or revoke this Order as it deems necessary to prevent waste or protect correlative rights, public health, or the environment.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**

AS/dm

DATE: 3/18/2021

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: **PLC-726**

Operator: **Cimarex Energy Company (215099)**

Central Tank Battery: **Tar Heel 19 18 7 Federal 1H 4H 17H 20H Facility**

Central Tank Battery Location (NMPM): **Unit N, Section 19, Township 26 South, Range 30 East**

Gas Custody Transfer Meter Location (NMPM): **Unit N, Section 19, Township 26 South, Range 30 East**

Pools

Pool Name	Pool Code
PURPLE SAGE; WOLFCAMP (GAS)	98220
WC-015 G-03 S262925D; BONE SPRING	98211

Leases as defined in 19.15.12.7(C) NMAC

Lease	Location (NMPM)	
NMNM 138848	SW/4, W/2 NW/4, SE/4 NW/4	Sec 18-T26S-R30E
	W/2	Sec 19-T26S-R30E
NMNM 140303	NE/4 NW/4	Sec 18-T26S-R30E
NM 31649	SW/4	Sec 7-T26S-R30E

Wells

Well API	Well Name	Location (NMPM)	Pool Code	Train
30-015-46560	Tar Heel 19 18 7 Fed Com #1H	M-19-26S-30E	98211	
30-015-46561	Tar Heel 19 18 7 Fed Com #2H	M-19-26S-30E	98220	
30-015-46562	Tar Heel 19 18 7 Fed Com #3H	M-19-26S-30E	98220	
30-015-46568	Tar Heel 19 18 7 Fed Com #18H	N-19-26S-30E	98220	
30-015-46570	Tar Heel 19 18 7 Fed Com #19H	N-19-26S-30E	98220	
30-015-46567	Tar Heel 19 18 7 Fed Com #20H	N-19-26S-30E	98211	

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit B

Order: **PLC-726**

Operator: **Cimarex Energy Company (215099)**

Pooled Areas

Pooled Area	Location (NMPM)		Acres	Pooled Area ID
CA BS BLM	E/2 W/2 Sec 18 & 19, E/2 SW/4 Sec 7	T26S-R30E	400	A
CA BS BLM	W/2 W/2 Sec 18 & 19, W/2 SW/4 Sec 7	T26S-R30E	401.73	B
CA WC BLM	W/2 Sec 18 & 19, SW/4 Sec 7	T26S-R30E	801.73	C

Leases Comprising Pooled Areas

Lease	Location (NMPM)		Acres	Pooled Area ID
NMNM 138848	SE/4 NW/4, E/2 SW/4 E/2 W/2	Sec 18-T26S-R30E Sec 19-T26S-R30E	280	A
NMNM 140303	NE/4 NW/4	Sec 18-T26S-R30E	40	A
NM 31649	E/2 SW/4	Sec 7-T26S-R30E	80	A
NMNM 138848	W/2 W/2 W/2 W/2	Sec 18-T26S-R30E Sec 19-T26S-R30E	320.92	B
NM 31649	W/2 SW/4	Sec 7-T26S-R30E	80.81	B
NMNM 138848	SW/4, W/2 NW/4, SE/4 NW/4 W/2	Sec 18-T26S-R30E Sec 19-T26S-R30E	600.92	C
NMNM 140303	NE/4 NW/4	Sec 18-T26S-R30E	40	C
NM 31649	SW/4	Sec 7-T26S-R30E	160.81	C

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720
District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 11798

CONDITIONS OF APPROVAL

Operator: CIMAREX ENERGY CO. OF COLORADO Suite 600 Midland, TX79701		600 N. Marienfeld Street	OGRID: 162683	Action Number: 11798	Action Type: C-107B
OCD Reviewer	Condition				
dmccleure	Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval.				