

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

**APPLICATIONS OF CIMAREX ENERGY CO.  
FOR A HORIZONTAL SPACING UNIT AND  
COMPULSORY POOLING, LEA COUNTY, NEW MEXICO**

**Case Nos. 23452, 23453, 23454 & 23455**

**AMENDED PREHEARING STATEMENT**

Cimarex Energy Co., (“Cimarex”), OGRID No. 215099, through its undersigned attorneys, submits the following Amended Prehearing Statement pursuant to the rules of the Oil Conservation Division (“Division”) for the above-referenced Cases which are consolidated with the Case Nos. 23448 – 23451, 23594 – 23601 and 23508 – 23523 for a contested hearing pursuant to that certain “Further Amended Pre-Hearing Order” issued on June 8, 2023. This Prehearing Statement describes Cimarex’s Case Nos. 23452 – 23455, which propose to pool the Bone Spring formation underlying Sections 4 and 9, in Township 20 South, Range 34 East, NMPM, Lea County (“Subject Lands”) and which compete directly against Case Nos. 23508 – 23511 filed by Read & Stevens, Inc., in association with Permian Resources Operating, LLC (collectively referred to herein as “Permian Resources”) which also propose to pool the Bone Spring formation underlying the Subject Lands.

**APPEARANCES**

**APPLICANT**

Cimarex Energy Co.

**ATTORNEY**

Darin C. Savage  
Andrew D. Schill  
William E. Zimsky  
Abadie & Schill, PC  
214 McKenzie Street  
Santa Fe, New Mexico 87501  
Telephone: 970.385.4401

Facsimile: 970.385.4901  
darin@abadieschill.com  
andrew@abadieschill.com  
bill@abadieschill.com

#### COMPETING PARTY

Read & Stevens, Inc., in association  
with Permian Resources Operating, LLC

Michael H. Feldewert  
Adam G. Rankin  
Julia Broggi  
Paula M. Vance  
Holland & Hart LLP  
Post Office Box 2208  
Santa Fe, NM 87504  
505-988-4421  
Facsimile: 505-983-6043  
mfeldewert@hollandhart.com  
agrankin@hollandhart.com  
jbroggi@hollandhart.com  
pmvance@hollandhart.com

#### ADDITIONAL PARTIES

Sandstone Properties, LLC

Sealy Cavin, Jr.  
Scott S. Morgan  
Brandon D. Hajny  
P.O. Box 1216  
Albuquerque, NM 87103  
505-243-5400  
scavin@cilawnm.com  
smorgan@cilawnm.com  
bhajny@cilawnm.com

Northern Oil and Gas, Inc.

Blake C. Jones  
Steptoe & Johnson PLLC  
1780 Hughes Landing Blvd., Ste 750  
The Woodlands, TX 77380  
281-203-5730  
Facsimile: 281-203-5701  
blake.jones@steptoe-johnson.com

### APPLICANT'S STATEMENT OF THE CASES

Cimarex provides this Prehearing Statement to provide a summary of Case Nos. 23452, 23453, 23454 and 23455. These four cases seek to develop the Bone Spring formation in the Subject Lands (i.e., Sections 4 and 9), and these cases are grouped and organized in a logical manner to present to the Division an intelligible overview of the cases that can be readily followed.

In Case No. 23452, Cimarex seeks an order pooling all uncommitted mineral interests in the Bone Spring formation, more specifically, the Teas; Bone Spring, East [Pool Code 96637], designated as an oil pool, underlying a standard 320.89-acre, more or less, spacing and proration unit comprised of Lot 1 (NE/4 NE/4 equivalent), the SE/4 NE/4, and the E/2 SE/4 of Section 4 and the E/2 E/2 of Section 9, in Township 20 South, Range 34 East, NMPM, Lea County, New Mexico. Cimarex proposes and dedicates to the unit the **Loosey Goosey 4-9 Fed Com 204H Well** and the **Loosey Goosey 4-9 Fed Com 304H Well**, as initial wells, to be drilled to a sufficient depth to test the Bone Spring formation. The proposed wells are orthodox in their locations, and the take points and completed intervals comply with setback requirements under statewide rules.

In Case No. 23453, Cimarex seeks an order pooling all uncommitted mineral interests in the Bone Spring formation, more specifically, the Teas; Bone Spring, East [Pool Code 96637], designated as an oil pool, underlying a standard 320.21-acre, more or less, spacing and proration unit comprised of Lot 4 (NW/4 NW/4 equivalent), the SW/4 NW/4, and the W/2 SW/4 of Section 4 and the W/2 W/2 of Section 9, in Township 20 South, Range 34 East, NMPM, Lea County, New Mexico. Cimarex proposes and dedicates to the unit the **Loosey Goosey 4-9 Fed Com 301H Well**, as the initial well, to be drilled to a sufficient depth to test the Bone Spring formation. The proposed well is orthodox in its location, and the take points and completed interval comply with setback requirements under statewide rules.

In Case No. 23454, Cimarex seeks an order pooling all uncommitted mineral interests in the Bone Spring formation, more specifically, the Teas; Bone Spring, East [Pool Code 96637], designated as an oil pool, underlying a standard 320.44-acre, more or less, spacing and proration unit comprised of Lot 3 (NE/4 NW/4 equivalent), the SE/4 NW/4, and the E/2 SW/4 of Section 4 and the E/2 W/2 of Section 9, in Township 20 South, Range 34 East, NMPM, Lea County, New Mexico. Cimarex proposes and dedicates to the unit the **Loosey Goosey 4-9 Fed Com 302H Well**, as the initial well, to be drilled to a sufficient depth to test the Bone Spring formation. The proposed well is orthodox in its location, and the take points and completed interval comply with setback requirements under statewide rules.

In Case No. 23455, Cimarex seeks an order pooling all uncommitted mineral interests in the Bone Spring formation, more specifically, the Teas; Bone Spring, East [Pool Code 96637], designated as an oil pool, designated as an oil pool, underlying a standard 320.66-acre, more or less, spacing and proration unit comprised of Lot 2 (NW/4 NE/4 equivalent), the SW/4 NE/4, and the W/2 SE/4 of Section 4 and the W/2 E/2 of Section 9, in Township 20 South, Range 34 East, NMPM, Lea County, New Mexico. Cimarex proposes and dedicates to the unit the **Loosey Goosey 4-9 Fed Com 303H Well**, as the initial well, to be drilled to a sufficient depth to test the Bone Spring formation. The proposed well is orthodox in its location, and the take points and completed interval comply with setback requirements under statewide rules.

Cimarex's four cases described herein and its plans for development compete directly with Case Nos. 23508, 23509, 23510, and 23511 filed by Permian Resources for the Subject Lands. In Case No. 23508, Permian Resources seeks to pool all uncommitted interests in the Bone Spring formation underlying a standard 320-acre, more or less, spacing and proration unit comprised of Lot 4 (NW/4 NW/4 equivalent), the SW/4 NW/4, and the W/2 SW/4 of Section 4 and the W/2 W/2

of Section 9, in Township 20 South, Range 34 East, NMPM, Lea County, New Mexico, dedicating the Bane 4-9 Federal Com 111H, 121H, 122H, 171H, and 131H wells to said unit.

In Case No. 23509, Permian Resources seeks to pool all uncommitted interests in the Bone Spring formation underlying a standard 320-acre, more or less, spacing and proration unit comprised of Lot 3 (NE/4 NW/4 equivalent), the SE/4 NW/4, and the E/2 SW/4 of Section 4 and the E/2 W/2 of Section 9, in Township 20 South, Range 34 East, NMPM, Lea County, New Mexico, dedicating the Bane 4-9 Federal Com 112H, 123H, 124H, 172H, and 132H wells to said unit.

In Case No. 23510, Permian Resources seeks to pool all uncommitted interests in the Bone Spring formation underlying a standard 320-acre, more or less, spacing and proration unit comprised of Lot 2 (NW/4 NE/4 equivalent), the SW/4 NE/4, and the W/2 SE/4 of Section 4 and the W/2 E/2 of Section 9, in Township 20 South, Range 34 East, NMPM, Lea County, New Mexico, dedicating the Bane 4-9 Federal Com 113H, 125H, 126H, 173H, and 133H wells to said unit.

In Case No. 23511, Permian Resources seeks to pool all uncommitted interests in the Bone Spring formation underlying a standard 320-acre, more or less, spacing and proration unit comprised of Lot 1 (NE/4 NE/4 equivalent), the SE/4 NE/4, and the E/2 SE/4 of Section 4 and the E/2 E/2 of Section 9, in Township 20 South, Range 34 East, NMPM, Lea County, New Mexico, dedicating the Bane 4-9 Federal Com 114H, 127H, 128H, 174H, and 134H wells to said unit.

**APPLICANT'S PROPOSED EVIDENCE AND WITNESS QUALIFICATIONS**

| WITNESS  | ESTIMATED TIME     | EXHIBITS   |
|--|--------------------|------------|
| Landman: John Coffman<br>Qualifications: I graduated in 2018 from Texas Tech University with a Bachelor's degree in Business Administration with an emphasis on Energy Commerce. I have worked at Cimarex and Coterra Energy Inc. ("Coterra") for approximately 4 years, and I have been working in New Mexico for 4 years. (I was originally employed by Cimarex. Since October 1, 2021, when Cimarex merged with Cabot Oil & Gas Corporation to form Coterra, I have been an employee of Coterra.) My credentials as an expert witness in petroleum land matters have been accepted by the Division and made a matter of record.   | Approx. 45 min     | Approx. 11 |
| Geologist: Staci Meuller<br>Qualifications: I have a Bachelor of Science Degree in Geophysical Engineering from Colorado School of Mines, and a Master of Science Degree in Geophysics from Colorado School of Mines. I have worked on New Mexico Oil and Gas matters since July 2018. My credentials as an expert witness in geology have been accepted by the Division and made a matter of record.  | Approx. 45 min     | Approx. 21 |
| Reservoir Engineer: Eddie Behm<br>Qualifications: I attended the University of Tulsa and graduated with a Bachelor of Science in Petroleum Engineering in 2011. I have worked for Occidental, California Resources prior to working for Cimarex and have been employed as a Production and Reservoir Engineer for Cimarex and Coterra (as of October 1, 2021) for the last 6 years, working in the Delaware Basin with a primary focus on Lea County, New Mexico. I have previously testified before the Division as an expert in Reservoir Engineering, and my credentials have been accepted of record.  | Approx. 45 minutes | Approx. 23 |
| Facilities Engineer: Calvin Boyle<br>Qualifications: I attended the University of Oklahoma and graduated with a Bachelor of Science in Petroleum Engineering in 2016 followed by Oklahoma State University where I graduated with a Master of Business Administration in 2018. I worked for Halliburton prior to working for Cimarex and have been employed as a Field, Production, and Facilities engineer for Cimarex and Coterra (as of October 1, 2021) for the last 4 years, working in the Delaware Basin with a primary focus on Lea County, New Mexico. I am familiar with the subject applications filed in the above-referenced Cases and the facilities proposed by Cimarex involved. I have not testified previously before the Division and am providing a one-page resume. | Approx. 15 min     | Approx. 2  |

**LIST OF MATERIAL FACTS NOT IN DISPUTE**

Parties are in general agreement that the Bone Spring formation underlying the Subject Lands would be productive if developed and should be developed; however, there are factual

differences regarding the best way to achieve optimum development and productivity or the Bone Spring.

### **LIST OF DISPUTED FACTS AND ISSUES**

The central issue in Cimarex's Case Nos. 23452 – 23455 and Permian Resources' competing Case Nos. 23508 – 23511 is which party should be the designated operator for the Bone Spring formation in the Subject Lands. In addition, there are specific disagreements between the parties regarding (1) the number of wells that should be used to develop the Bone Spring, (2) the depths and spacing of the wells, (3) the costs of developing the Bone Spring underlying the Subject Lands; and (4) a dispute about whether the Upper Wolfcamp should be drilled and to what extent it should be developed (Cimarex asserts that the drilling of the Upper Wolfcamp would result in waste and harm to correlative rights; while Permian Resources proposes to drill the Upper Wolfcamp).

### **PROCEDURAL MATTERS**

This contested hearing includes Cimarex's Case Nos. 23452 – 23455 and Permian Resources' competing applications in Case Nos. 23508 – 23511, as described herein, but the hearing also includes numerous additional cases for the Bone Spring in Sections 5 and 8, Township 20 South, Range 34 East, NMPM, Lea County, New Mexico, and consideration of whether to drill the Wolfcamp formation. In all, the Division will need to review and consider 32 cases addressing both the Bone Spring and Wolfcamp in Sections 5 and 8 and Sections 4 and 9, all in Township 20 South, Range 34 East, NMPM, Lea County, New Mexico. The Prehearing Statements submitted in these matters, three Prehearing Statements in all, are organized in an effort to provide a manageable approach to reviewing the cases by addressing (1) the 8 competing cases in the Bone

Spring for Sections 5 and 8; (2) the 8 competing cases in the Bone Spring for Sections 4 and 9; and finally (3) the status of the competing cases filed for the Wolfcamp formation in both Sections 4 and 9 and Sections 5 and 8.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage

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Darin C. Savage

Andrew D. Schill  
William E. Zimsky  
214 McKenzie Street  
Santa Fe, New Mexico 87501  
Telephone: 970.385.4401  
Facsimile: 970.385.4901  
darin@abadieschill.com  
andrew@abadieschill.com  
bill@abadieschill.com

**Attorneys for Cimarex Energy Co.**



**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing was filed with the New Mexico Oil Conservation Division and was served on counsel of record via electronic mail on August 2, 2023:

Michael H. Feldewert – mfeldewert@hollandhart.com  
Adam G. Rankin – agrankin@hollandhart.com  
Julia Broggi – jbroggi@hollandhart.com  
Paula M. Vance – pmvance@hollandhart.com

*Attorneys for Read & Stevens, Inc.;  
and Permian Resources Operating, LLC*

Blake C. Jones – blake.jones@steptoe-johnson.com

*Attorney for Northern Oil and Gas, Inc.*

Sealy Cavin, Jr. – scavin@cilawnm.com  
Scott S. Morgan – smorgan@cilawnm.com  
Brandon D. Hajny – bhajny@cilawnm.com

*Attorneys for Sandstone Properties, LLC*

*/s/ Darin C. Savage*

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Darin C. Savage

**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**

QUESTIONS  
  
Action 247491

QUESTIONS

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|---|--|
| Operator:<br>CIMAREX ENERGY CO.<br>6001 Deauville Blvd<br>Midland, TX 79706 | OGRID:<br>215099   |
|   | Action Number:<br>247491                                 |
|   | Action Type:<br>[HEAR] Prehearing Statement (PREHEARING) |

QUESTIONS

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|---|-----|
| Testimony   |     |
| Please assist us by provide the following information about your testimony. |     |
| Number of witnesses   | 4   |
| Testimony time (in minutes)   | 150 |