

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

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

Case No. _____

APPLICATION

Coterra Energy Operating Co. (“Coterra”), OGRID No. 215099, pursuant to its change of name from Cimarex Energy Co. to Coterra,¹ and by through its undersigned attorneys, hereby files this Application with the Oil Conservation Division (“Division”) pursuant to the provisions of NMSA 1978, Section 70-2-17, for an order pooling all uncommitted mineral interests in the Wolfbone Pool, designated as an oil pool, encompassing of the Third Bone Spring and the Upper Wolfcamp formations, underlying a standard 320-acre, more or less, spacing unit comprised of the W/2 W/2 of Sections 12 and 13, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico,.

In support of its Application, Coterra states the following:

1. Coterra is a working interest owner in the proposed horizontal spacing and proration unit (“HSU”) and has a right to drill a well thereon.
2. This Application, updated from the application filed in Case No. 23295, to include an allocation formula and account for production of the Wolfbone Pool, is filed in competition with the updated application filed by Pride Energy Company (“Pride”), that updated the application it filed in Case No. 22853.

¹ Cimarex Energy Co. has changed its name to Coterra Energy Co., by Certificate of Amendment with the Secretary of the State of Delaware.

3. Coterra proposes and dedicates to the HSU the **Showbiz 13-12 State Com 301H Well**, as an initial well, to be drilled to a sufficient depth to test the Wolfbone Pool, targeting the basal Third Bone Spring of said Pool.

4. Coterra proposes the **Showbiz 13-12 State Com 301H Well**, an oil well, to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 13 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 12.

5. The proposed well is orthodox in their location, and the take points and completed interval comply with setback requirements under the statewide rules.

6. In order to account for the depth severance that creates non-uniform ownership between the Third Bone Spring and Upper Wolfcamp and the open communication between the two formations, Coterra concludes that the use of an allocation formula is fundamentally necessary to protect correlative rights. As a result, Coterra proposes a version of the allocation formula used by the Oil Conservation Commission (“OCC”) as approved by the New Mexico Supreme Court in *Rutters & Wilbanks Corp. v. OCC*, 1975-NMSC-006, ¶ 27, 532 P.2d 582, 588, but tailoring the formula to account for the predominance of the Third Bone Spring formation in the Wolfbone Pool by using a PhiH-based percentage of 66.4% for the Third Bone Spring and a PhiH-based percentage of 33.6% for the Upper Wolfcamp. *See* Coterra’s Updated Closing Statement In Support of its Development Plan for the Wolfbone Pool, ¶ 10, filed August 8, 2025, in Case No. 23295, for full explanation of the Phi-based allocation formula.

7. Should the Division have an issue with use of the PhiH factor, then in the alternative, Coterra offers a version of the *Rutter’s* allocation formula calibrated by the productive vertical extent of the Third Bone Spring formation in the Wolfbone and productive vertical extent the Upper Wolfcamp formation in the Wolfbone. By only using the productive vertical extent of

the formation the metric, and excluding sections that are nonporous and nonproductive, such as the carbonite layers, Coterra offers the reasonable compromise of a 50/50 split of production between the formations in the Wolfbone after individual ownerships in the Third Bone Spring and Upper Wolfcamp are determined. *See id.*, ¶¶ 12-14. Coterra leaves it to the discretion and wisdom of the Division to choose which allocation formula to apply to the Wolfbone Pool underlying the Subject Lands for the protection correlative rights and to prevent the unlawful taking of hydrocarbons.

8. Coterra's good-faith review of the Division records revealed no apparent overlapping units; if an overlapping unit should be discovered, the Applicant will provide notice to affected persons during the permitting process pursuant to Rule 19.15.15.12B(1).

9. Coterra has sought in good faith, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the wells or in the commitment of their interests to the wells for their development within the proposed HSU.

10. The pooling of all interests in the Wolfbone Pool underlying the Subject Lands within the proposed HSU, and creation of the spacing unit, will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

11. In order to provide for its just and fair share of the oil and gas underlying the subject lands, Coterra requests that all uncommitted interests in this HSU be pooled and that Coterra be designated the operator of the proposed horizontal wells and HSU.

WHEREFORE, Coterra requests that this Application be set for a hearing on October 9th, 2025, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted mineral interests in the Wolfbone Pool, encompassing the Bone Spring and Upper Wolfcamp formations, underlying a standard 320-acre, more or less, spacing unit comprised of the W/2 W/2 of Sections 12 and 13, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico;
- B. Approving the **Showbiz 13-12 State Com 301H Well**, as the initial well, for the HSU;
- C. Designating Coterra as the operator of this HSU and the horizontal wells to be drilled thereon;
- D. Designating Coterra's allocation formula as the necessary formula for protecting correlative rights and preventing an unconstitutional taking of hydrocarbons;
- E. Authorizing Coterra to recover its costs of drilling, equipping, and completing the wells;
- F. Approving actual operating charges and costs of supervision, to the maximum extent allowable, while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- G. Setting a 200% charge for the risk assumed by Coterra in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

ABADIE & SCHILL, PC

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Application of Coterra Energy Operating Co. for a Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order an order pooling all uncommitted mineral interests in the Wolfbone Pool, designated as an oil pool, encompassing the Third Bone Spring and Upper Wolfcamp formations, underlying a standard 320-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Sections 12 and 13, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico The proposed well to be dedicated to the horizontal spacing unit is the **Showbiz 13-12 State Com 301H Well**, an oil well, to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 13 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 12. The well will be orthodox, and the take points and completed intervals will comply with the setback requirements under the statewide Rules; also to be considered will be the proper allocation formula to account for nonuniform ownership across a depth severance in the Wolfbone Pool; the cost of drilling and completing the well and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 15.5 miles north-northeast of Halfway, New Mexico.