

**APPLICATION OF CIMAREX  
ENERGY CO. FOR A NON-STANDARD  
OIL SPACING AND PRORATION UNIT, AND  
COMPULSORY POOLING, LEA COUNTY,  
NEW MEXICO**

**RE: Lea 7 Federal Com 1H**

**Hearing Notebook**

October 25, 2017

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

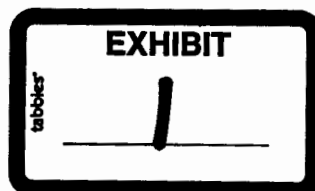
**APPLICATION OF CIMAREX  
ENERGY CO. FOR A NON-STANDARD  
OIL SPACING AND PRORATION UNIT  
AND COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.**

CASE NO. \_\_\_\_\_

**APPLICATION**

Cimarex Energy Co. ("Cimarex"), OGRID Number 215099, through its undersigned attorneys, hereby makes an application to the Oil Conservation Division pursuant to the provisions of NMSA (1978), Section 70-2-17, for an order: (1) creating a non-standard 160-acre, more or less, oil spacing and proration unit in the Bone Spring formation, comprised of the W/2 W/2 of Section 7, Township 20 South, Range 35 East, NMPM, Lea County, New Mexico; and, (2) pooling all mineral interests in the Bone Spring formation underlying this proposed non-standard spacing and proration unit. In support of this application, Cimarex states as follows:

1. Cimarex is an interest owner in the subject lands and has a right to drill a well thereon.
2. Cimarex seeks to dedicate the W/2 W/2 of Section 7 to the proposed well to form a non-standard 160-acre, more or less, oil spacing and proration unit (the "project area").
3. Cimarex has drilled the **Lea 7 Federal Com 1H** well to a depth sufficient to test the Bong Springs formation. This well is a horizontal well with a surface location 330 feet from



the South line, 660 feet from the West line of Section 7, and a terminus 330 feet from the North line, 868 feet from the West line of Section 7.

4. This well is within the WC-025 G-08 S203506D pool (Pool Code 97983), which is subject to the statewide rules for oil spacing and proration units. The producing interval that Cimarex seeks to drill will comply with the statewide 330 foot setback requirements established under Rule 19.15.15.9(A) NMAC.

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

6. Approval of the non-standard unit and the pooling of all interests in the Bone Spring formation underlying the proposed project area will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

7. Notice of this application is being given in accordance with Division rules as shown on Exhibit A.

WHEREFORE, Cimarex Energy Co. requests this application be set for hearing before an Examiner of the Oil Conservation Division on October 12, 2017, and after notice and hearing as required by law, the Division enter its order:

A. Creating a non-standard oil spacing and proration unit ("project area") in the Bone Spring formation comprised of W/2 W/2 of Section 7, Township 20 South, Range 35 East, NMPM, Lea County, New Mexico;

B. Pooling all mineral interests in the Bone Spring formation underlying this non-standard spacing and proration unit/project area;

- C. Designating Cimarex as operator of this unit and the well to be drilled thereon;
- D. Authorizing Cimarex to recover its costs of drilling, equipping and completing this well;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- F. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

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

By: \_\_\_\_\_

Earl E. DeBrine, Jr.

Jennifer Bradfute

Post Office Box 2168

Bank of America Centre

500 Fourth Street NW, Suite 1000

Albuquerque, New Mexico 87103-2168

Telephone: 505.848.1800

*Attorneys for Applicant*

**EXHIBIT A**

**CIMAREX ENERGY CO. NOTICE LIST**

**Parties to be pooled:**

AOG Mineral Partners, Ltd.  
601 W. Texas Ave  
Midland, Texas 79701

The Long Family Trusts, Larry P. Long, Managing Trustee  
118 S. Kilgore St.  
Kilgore, Texas 75662

Lowe Family, Ltd.  
P.O. Box 53775  
Lubbock, Texas 79453

Vora Lowe Hartley Mineral Trust,  
Attn: Teddy L. Hartley & Robert Thomas Hartley, Trustees  
P.O. Box 1024  
Clovis, NM 88102

M. Dion Lowe  
7801 Espanola  
Austin, TX 78737

John E. & Helen M. Kennan Family Trust, created January 13, 1994  
Attn: William H. Kennan, Trustee  
1430 Soquel Ave.  
Santa Cruz, CA 95062

**Offsets:**

Marshall & Winston, Inc.  
P.O. Box 50880  
Midland, Texas 79710

Legacy Reserves LP  
P.O. Box 10848  
Midland, TX 79702

COG Operating, LLC  
One Concho Center  
600 W. Illinois Avenue  
Midland, TX 79701

**CASE NO. \_\_\_\_\_: Application of Cimarex Energy Co. for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico.** Applicant seeks an order from the Division: (1) creating a non-standard 160-acre, more or less, oil spacing and proration unit in the Bone Spring formation, comprised of the W/2 W/2 of Section 7, Township 20 South, Range 35 East, NMPM, Lea County, New Mexico; and, (2) pooling all mineral interests in the Bone Spring formation underlying this proposed non-standard spacing and proration unit. This proposed non-standard spacing and proration unit will be the project area for the **Lea 7 Federal Com. #1H well**, to be horizontally drilled. The producing area for this well will be 330 feet from the project area boundary. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Cimarex as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 12 miles southeast of the intersection of Hobbs Highway 180 and County Road 27-A/Marathon Road, located in Lea County, New Mexico.

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) 476-3466 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

HOBBS OGD

APR 14 2015

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

☐ AMENDED REPORT

RECEIVED

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30025-42268	<sup>2</sup> Pool Code 97983	<sup>3</sup> Pool Name Wildcat Bone Spring
<sup>4</sup> Property Code 313878	<sup>5</sup> Property Name LEA 7 FEDERAL COM	<sup>6</sup> Well Number #1H
<sup>7</sup> OGRID No. 215099	<sup>8</sup> Operator Name CIMAREX ENERGY CO.	<sup>9</sup> Elevation 3672'

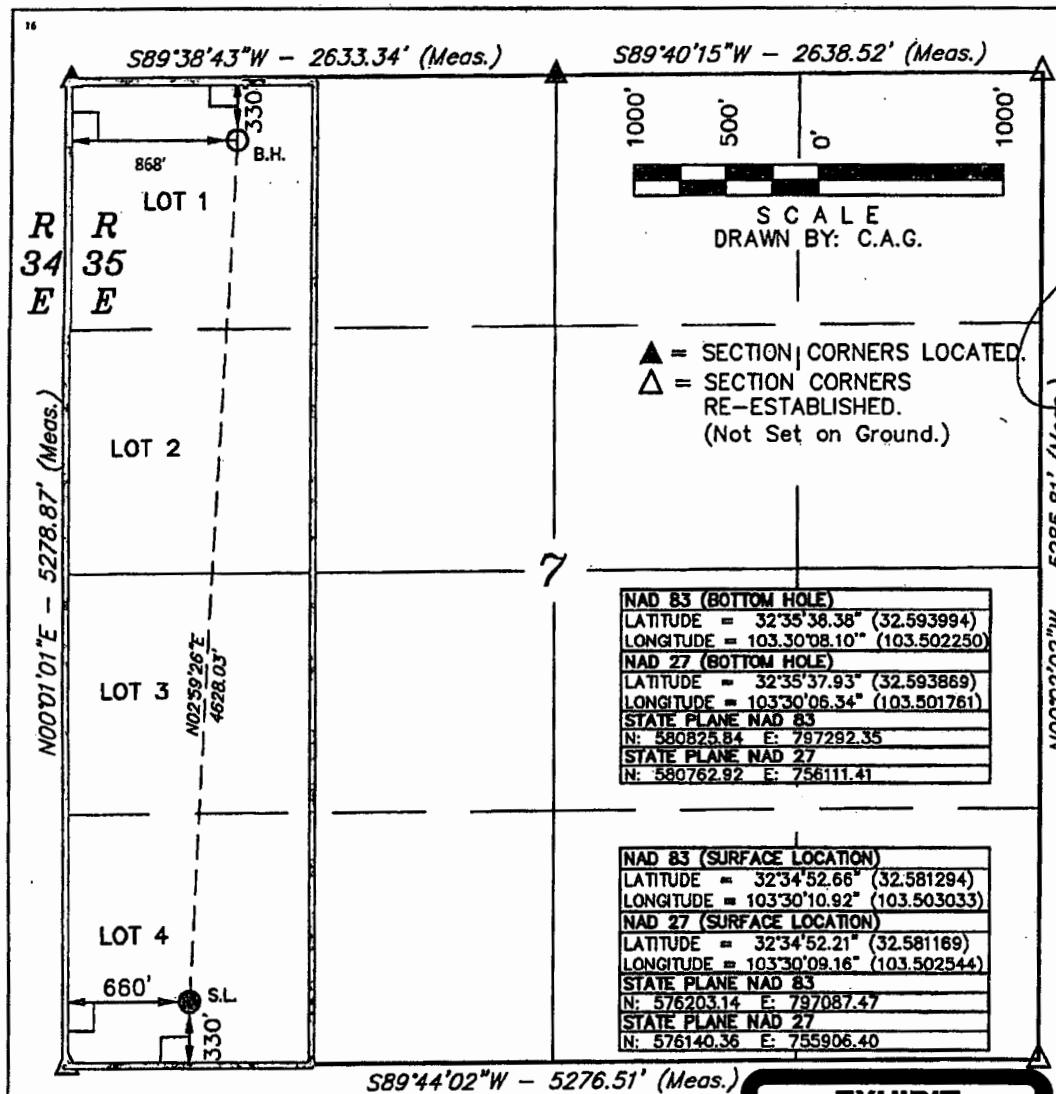
" Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
4	7	20S	35E		330	SOUTH	660	WEST	LEA

" Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	7	20S	35E		330	NORTH	868	WEST	LEA
<sup>10</sup> Dedicated Acres 159.40		<sup>11</sup> Joint or Infill		<sup>12</sup> Consolidation Code		<sup>13</sup> 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.



" 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.

Signature Date

Terri Stathem

Printed Name

tstathem@cimarex.com

E-mail Address

" 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.

April 22, 2013

Date of Survey

Signature and Seal of Professional Surveyor:



Certificate Number:

EXHIBIT

2

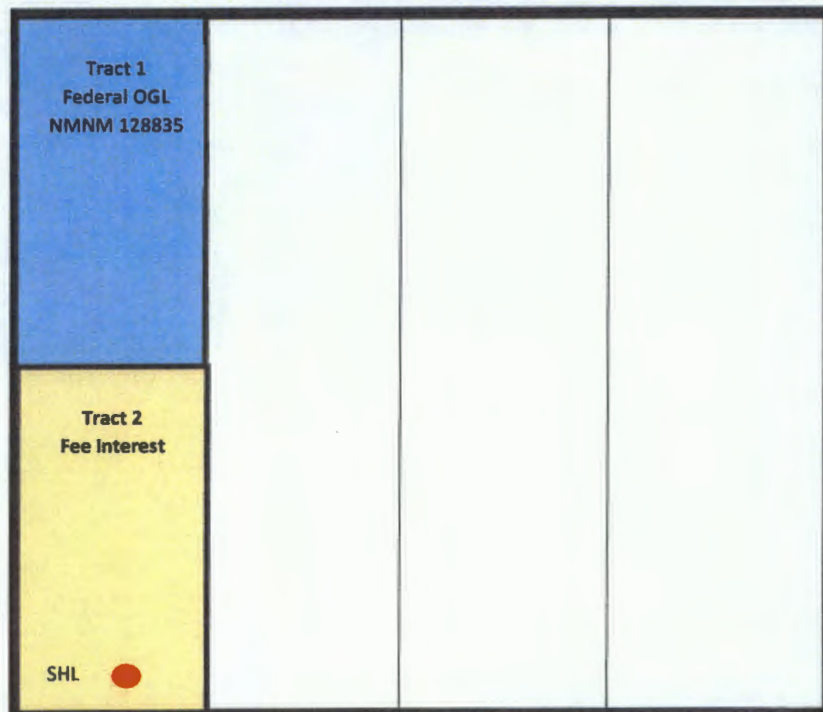
APP 22 2015

Section 7, Range 20 South, Township 35 East, Lea Co., New Mexico

Lea 7 Federal 1H Well (W/2W/2 – 159.4 acre unit)

OWNER	TYPE	NET ACRES
William H. Kennann, Trustee of the John E. and Helen M. Kennann Family Trust	Unleased Minerals	0.09966166
AOG Mineral Partners, Ltd.	Leasehold	3.27017548
The Long Trusts, Larry P. Long, Managing Trustee	Unleased Minerals	0.35831845
Lowe Family, Ltd.	Unleased Minerals	0.02870953
Teddy L. Hartley & Roberta Thomas Hartley, as Trustees of the Vora Lowe Hartley Mineral Trust	Unleased Minerals	0.01877094
M. Dion Lowe	Unleased Minerals	0.06303632
<b>Total</b>		<b>3.83867239</b>

Interests to Pool Covering Tract 2





Cimarex Energy Co.  
600 N. Marienfeld St  
Suite 600  
Midland, TX 79701  
Phone 432 571 7800



March 14, 2017

M. Dion Lowe  
7801 Espanola Trail  
Austin, Texas 78737

Re: Well Proposal Lea 7 Federal Com 1H  
Section 7, Township 20 South, Range 35 East  
Lea County, NM

Dear Mr. Lowe:

On December 12, 2014, Cimarex Energy Co. ("Cimarex") spud the Lea 7 Federal Com 1H well, API 30-025-42268 in Section 7, Township 20 South, Range 35 East, NMPM, Lea County, NM. The surface hole location for the well is 330' FSL and 660' FWL of Section 7, Township 20 South, Range 35 East, and the bottom hole location is 330' FNL and 900' FWL of Section 7, Township 20 South, Range 35 East. The well was drilled vertically to a depth of approximately 11,164' feet to the Third Bone Spring formation and laterally in a southerly direction within the formation to the referenced bottom hole location. Total measured depth of the well is approximately 15,433' feet from surface to terminus. According to the Lea County records, you appear to own an unleased mineral interest in the above-described lands; and an unleased mineral interest in the producing well.

Enclosed, in duplicated, is (i) our detailed AFE for the Lea 7 Federal Com 1H well, reflecting estimated costs associated with this proposal; (ii) summary of actual drill and complete costs of the Lea 7 Federal Com 1H; and (iii) Operating Agreement dated June 24, 2014 by and between Cimarex Energy Co. as Operator, and Marshall and Winston, et al as Non-Operators.

If you intend to participate, please approve and return one (1) original of the enclosed AFE, and (1) original of the signature page to the Operating Agreement along with the contact information to receive your well data, to the undersigned within thirty (30) days of receipt of this proposal. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance to Cimarex prior to commencement of drilling operations; otherwise, you will be covered by insurance procured by Cimarex and will be responsible for your share of the cost.

Please call the undersigned with any questions or comments.

Respectfully,

A handwritten signature in cursive script, appearing to read "Kelly Reese".

Kelly Reese, CPL  
432.620.1966  
Landman



**ELECTION TO PARTICIPATE  
Lea 7 Federal Com 1H**

\_\_\_\_\_ M. Dion Lowe elects **TO** participate in the proposed Lea 7 Federal Com 1H Well.

\_\_\_\_\_ M. Dion Lowe elects **NOT** to participate in the proposed Lea 7 Federal Com 1H Well.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

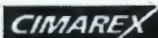
Signature: \_\_\_\_\_

Title: \_\_\_\_\_

If your election above is **TO** participate in the proposed Lea 7 Federal Com 1H Well, then:

\_\_\_\_\_ M. Dion Lowe elects **TO** be covered by well control insurance procured by  
Cimarex Energy Co.

\_\_\_\_\_ M. Dion Lowe elects **NOT** to be covered by well control insurance procured by  
Cimarex Energy Co. and agrees to provide Cimarex Energy Co. with a certificate of  
Insurance prior to commencement of drilling operations or be deemed to have  
elected to be covered by well control insurance procured by Cimarex Energy Co.



## Authorization For Expenditure

Company Entity	Date Prepared
MAGNUM HUNTER PRODUCTION, INC	11/05/2014

Region	Well Name	Prospect or Field Name	Property Number	Drilling AFE No.
Permian Basin	LEA 7 FEDERAL COM 1H	NEW MEXICO BONE SPRING PROS (LEA)	301471-222.01	254182

Location	County	State	Type/Well
Section 7-T205-R35E, Lea County, NM, SHL: 330'FSL & 660'FWL, BHL: 330'FNL & 900'FWL	Lea	NM	Oil X Gas Prod

Estimate Type	Est. Start Date	Est. Comp. Date	Formation	True Measured Depth
Original Estimate X				15,500'
Revised Estimate	07/06/2014	08/03/2014	3rd Bone Spring	10,500'
Supplemental Estimate				

**Project Description**  
Drill and complete a horizontal test. Drill to 1700', set surface casing. Drill to 5500', set intermediate casing. Drill to 11240' (Pilot Hole). Run OH Logs. Plug back to 10222' (KOP). Drill curve at 12 DLS build rate to +/- 10700' TVD and a +/- 4140' long lateral in the 2nd Bone Spring formation. Run and cement production casing. Stage frac in 9 stages. Drill out plugs. Run production packer, tubing and GLVs. Flow to sales through New facility.

Intangibles	Dry Hole Cost	After Casing Point	Completed Well Cost
Drilling Costs	\$2,739,000		\$2,739,000
Completion Costs		\$2,935,950	\$2,935,950
Total Intangible Costs	\$2,739,000	\$2,935,950	\$5,674,950

Tangibles			
Well Equipment	\$267,000	\$610,000	\$877,000
Lease Equipment		\$875,393	\$875,393
Total Tangible Well Cost	\$267,000	\$1,485,393	\$1,752,393

Plug and Abandon Cost	\$0	\$0	\$0
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Total Well Cost	\$3,006,000	\$4,421,343	\$7,427,343
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**Comments on Well Costs:**  
1. All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

**Well Control Insurance**  
Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

☐ I elect to purchase my own well control insurance policy.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.L.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.L.) deductible.

**Marketing Election**  
Cimarex sells its gas under arm's-length contracts with third party purchasers. Such contracts may include fees. In addition, penalties may be incurred for insufficient volumes delivered over time. Should you choose to market your share of gas with Cimarex, you will be subject to all of the terms of such contracts. Upon written request to Cimarex's Marketing Department, we will share with you the terms and conditions pursuant to which gas will be sold. Failure to make an election below shall be deemed an election to market your gas with Cimarex under the terms and conditions set forth above.

☐ I elect to take my gas in kind.

☐ I elect to market my gas with Cimarex pursuant to the terms and conditions of its contract.

**Comments on AFE**  
The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

## Cimarex Energy Co. Approval

Prepared by	Drilling and Completion Manager	Regional Manager

## Joint Interest Approval

Company	By	Date



Lease Name:

	BCP - Drilling		ACP - Drilling		Completion / Stimulation	
	Codes	(Dry Hole Cost)	Codes		Codes	
<b>Intangibles</b>						
Roads & Location Preparation / Restoration	DIDC.100	\$122,000			STIM.100	\$0
Damages	DIDC.105	\$3,000				
Mud / Fluids Disposal Charges	DIDC.255	\$139,000			STIM.255	\$50,000
Day Rate 25.00 DH Days 3.00 ACP Days @ \$24,000.00 Per Day	DIDC.115	\$550,000	DICC.130	\$72,000		
Misc Preparation Cost (mouse hole, rat hole, pads, pile clusters, misc.)	DIDC.120	\$30,000				
Blits	DIDC.125	\$141,000	DICC.125	\$0	STIM.125	\$0
Fuel \$3.50 Per Gallon ##### Gallons Per Day	DIDC.135	\$130,000	DICC.130	\$0		
Water for Drilling Rig / Completion Fluids (Not Frac Water)	DIDC.140	\$3,000	DICC.135	\$0	STIM.135	\$0
Mud & Additives	DIDC.145	\$120,000				
Surface Rentals	DIDC.150	\$60,000	DICC.140	\$0	STIM.140	\$50,000
Downhole Rentals	DIDC.155	\$105,000			STIM.145	\$5,000
Formation Evaluation (DST, Coring including evaluation, G&G Services)	DIDC.160	\$0			STIM.150	\$0
Mud Logging 17.25 Days @ \$1,500.00 Per Day	DIDC.170	\$31,000				
Open Hole Logging	DIDC.180	\$27,000				
Cementing & Float Equipment	DIDC.185	\$125,000	DICC.185	\$125,000		
Tubular Inspections	DIDC.190	\$38,000	DICC.160	\$6,000	STIM.160	\$8,000
Casing Crews	DIDC.195	\$30,000	DICC.165	\$25,000	STIM.165	\$0
Extra Labor, Welding, Etc.	DIDC.200	\$10,000	DICC.170	\$5,000	STIM.170	\$5,000
Land Transportation (Trucking for tangibles)	DIDC.205	\$11,000	DICC.175	\$25,000	STIM.175	\$10,000
Supervision \$3,800.00 Per Day	DIDC.210	\$100,000	DICC.180	\$0	STIM.180	\$22,500
Trailer House / Camp / Catering	DIDC.280	\$42,000	DICC.255	\$0	STIM.280	\$7,000
Other Misc Expenses	DIDC.220	\$1,000	DICC.190	\$0	STIM.190	\$0
Overhead	DIDC.225	\$8,000	DICC.195	\$0		
Remedial Cementing	DIDC.231	\$0			STIM.215	\$0
MOB/DEMOB	DIDC.240	\$180,000				
Directional Drilling Services	DIDC.245	\$320,000				
Crane for Construction						
Solids Control	DIDC.260	\$80,000				
Well Control Equip (Snubbing Svcs.)	DIDC.265	\$68,000	DICC.240	\$0	STIM.240	\$80,000
Fishing & Sidetrack Operations	DIDC.270	\$130,000	DICC.245	\$0	STIM.245	\$0
Completion Rig					STIM.115	\$25,000
Coil Tubing					STIM.260	\$225,000
Completion Logging, Perforating, WL Units, WL Surveys					STIM.200	\$100,000
Composite Plugs					STIM.390	\$29,000
Stimulation Pumping Charges, Chemicals, Additives, Sand					STIM.210	\$1,195,000
Stimulation Water / Water Transfer / Water Storage					STIM.395	\$268,000
Cimarex Owned Frac / Rental Equipment					STIM.305	\$0
Legal / Regulatory / Curative	DIDC.300	\$0				
Well Control Insurance \$0.35 Per Foot	DIDC.285	\$5,000				
Contingency 5.0 % of Drilling Intangibles	DIDC.435	\$130,000	DICC.220	\$13,000	STIM.220	\$104,000
Construction For Flow Lines						
Construction For Sales P/L						
<b>Total Intangible Cost</b>		<b>\$2,739,000</b>		<b>\$271,000</b>		<b>\$2,183,500</b>
<b>Tangible Well Equipment</b>						
Casing						
Drive Pipe 0 0.00 \$0.00	DWEB.150	\$0				
Conductor Pipe 0 0.00 \$0.00	DWEB.130	\$0				
Water String 0 0.00 \$0.00	DWEB.135	\$0				
Surface Casing 13.375 1700.00 \$39.00	DWEB.140	\$66,000				
Intermediate Casing 1 9.625 5500.00 \$32.00	DWEB.145	\$176,000				
Intermediate Casing 2 0 0.00 \$0.00	DWEB.155	\$0				
Drilling Liner 0 0.00 \$0.00	DWEB.160	\$0				
Production Casing or Liner 5.5 15120.00 \$19.00			DWEA.100	\$287,000		
Production Tie-Back 0 0.00 \$0.00			DWEA.165	\$0	STIMT.101	\$0
Tubing 2.375 10320.00 \$6.00						
Wellhead, Tree, Chokes	DWEB.115	\$25,000	DWEA.120	\$26,000	STIMT.105	\$62,000
Liner Hanger, Isolation Packer	DWEB.100	\$0	DWEA.125	\$0	STIMT.120	\$20,000
Packer, Nipples					STIMT.400	\$25,000
Pumping Unit, Engine					STIMT.405	\$0
Downhole Lift Equipment (BHP, Rods, Anchors, ESP, GVLS, PC Pump)					STIMT.410	\$20,000
<b>Tangible Lease Equipment</b>						
N/C Lease Equipment						
Tanks, Tanks Steps, Stairs						
Battery (Heater Treater, Separator, Gas Treating Equipment)						
Secondary Containments						
Overhead Power Distribution (electric line to facility)						
Facility Electrical & Automation						
SWD Connection						
Flow Lines (Line Pipe from wellhead to central facility)						
Pipeline to Sales						
Meters and Metering Equipment						
<b>Total Tangibles</b>		<b>\$267,000</b>		<b>\$313,000</b>		<b>\$127,000</b>
<b>P&amp;A Costs</b>	DIDC.295	\$0	DICC.275	\$0		
<b>Total Cost</b>		<b>\$3,006,000</b>		<b>\$584,000</b>		<b>\$2,310,500</b>





# Project Cost Estimate

Lease Name:

	Production		Post		Total Well
	Equipment/ Codes	Construction	Codes	Completion	Cost
Intangibles					
Roads & Location Preparation / Restoration	CON.100	\$22,500	PCOM.100	\$0	\$144,500
Damages	CON.105	\$7,500			\$10,500
Mud / Fluids Disposal Charges			PCOM.255	\$60,000	\$249,000
Day Rate 25.00 DH Days 3.00 ACP Days @ \$24,000.00 Per Day					\$622,000
Misc Preparation Cost (mouse hole, rat hole, pads, pile clusters, misc.)					\$30,000
Bits			PCOM.125	\$0	\$141,000
Fuel \$3.50 Per Gallon 11.00 Gallons Per Day			PCOM.130	\$0	\$130,000
Water for Drilling Rig / Completion Fluids (Not Frac Water)			PCOM.135	\$3,000	\$6,000
Mud & Additives					\$120,000
Surface Rentals	CON.140	\$7,350	PCOM.140	\$90,000	\$207,350
Downhole Rentals			PCOM.145	\$0	\$110,000
Formation Evaluation (DST, Coring including evaluation, G&G Services)					\$0
Mud Logging 17.25 Days @ \$1,500.00 Per Day					\$31,000
Open Hole Logging					\$27,000
Cementing & Float Equipment					\$250,000
Tubular Inspections			PCOM.160	\$0	\$52,000
Casing Crews					\$55,000
Extra Labor, Welding, Etc.	CON.170	\$159,800	PCOM.170	\$30,000	\$209,800
Land Transportation (Trucking for tangibles)	CON.175	\$15,000	PCOM.175	\$5,000	\$66,000
Supervision \$3,800.00 Per Day	CON.180	\$7,000	PCOM.180	\$7,800	\$137,300
Trailer House / Camp / Catering					\$49,000
Other Misc Expenses	CON.190	\$0	PCOM.190	\$35,000	\$36,000
Overhead					\$8,000
Remedial Cementing			PCOM.215	\$0	\$0
MOB/DEMOB					\$180,000
Directional Drilling Services					\$320,000
Crane for Construction	CON.230	\$4,500			\$4,500
Solids Control					\$80,000
Well Control Equip (Snubbing Svcs.)			PCOM.240	\$0	\$148,000
Fishing & Sidetrack Operations			PCOM.245	\$0	\$130,000
Completion Rig			PCOM.115	\$18,000	\$49,000
Coil Tubing			PCOM.260	\$0	\$225,000
Completion Logging, Perforating, WL Units, WL Surveys			PCOM.200	\$0	\$100,000
Composite Plugs			PCOM.390	\$0	\$29,000
Stimulation Pumping Charges, Chemicals, Additives, Sand			PCOM.210	\$0	\$1,195,000
Stimulation Water / Water Transfer / Water Storage					\$268,000
Cimarex Owned Frac / Rental Equipment					\$0
Legal / Regulatory / Curative	CON.300	\$0			\$0
Well Control Insurance \$0.35 Per Foot					\$5,000
Contingency 5.0 % of Drilling Intangibles	CON.220	\$0	PCOM.220	\$9,000	\$256,000
Construction For Flow Lines	CON.310	\$0			\$0
Construction For Sales P/L	CON.265	\$0			\$0
Total Intangible Cost		\$223,650		\$257,800	\$5,674,950
Tangible Well Equipment					
Casing	Size	Feet	\$ / Foot		
Drive Pipe	0	0.00	\$0.00		\$0
Conductor Pipe	0	0.00	\$0.00		\$0
Water String	0	0.00	\$0.00		\$0
Surface Casing	13.375	1700.00	\$39.00		\$66,000
Intermediate Casing 1	9.625	5500.00	\$32.00		\$176,000
Intermediate Casing 2	0	0.00	\$0.00		\$0
Drilling Liner	0	0.00	\$0.00		\$0
Production Casing or Liner	5.5	15120.00	\$19.00		\$287,000
Production Tie-Back	0	0.00	\$0.00		\$0
Tubing	2.375	10920.00	\$6.00	PCOMT.105	\$0
Wellhead, Tree, Chokes					\$71,000
Liner Hanger, Isolation Packer					\$0
Packer, Nipples				PCOMT.400	\$0
Pumping Unit, Engine				PCOMT.405	\$115,000
Downhole Lift Equipment (BHP, Rods, Anchors, ESP, GVLs, PC Pump)				PCOMT.410	\$55,000
Tangible Lease Equipment					
N/C Lease Equipment	CONT.400	\$191,940			\$191,940
Tanks, Tanks Steps, Stairs	CONT.405	\$110,300			\$110,300
Battery (Heater Treater, Separator, Gas Treating Equipment)	CONT.410	\$250,600			\$250,600
Secondary Containments	CONT.415	\$70,000			\$70,000
Overhead Power Distribution (electric line to facility)	CONT.420	\$80,000			\$80,000
Facility Electrical & Automation	CONT.425	\$70,000			\$70,000
SWD Connection	CONT.430	\$35,000			\$35,000
Flow Lines (Line Pipe from wellhead to central facility)	CONT.435	\$0			\$0
Pipeline to Sales	CONT.440	\$0			\$0
Meters and Metering Equipment	CONT.445	\$67,553			\$67,553
Total Tangibles		\$875,393		\$170,000	\$1,752,393
P&A Costs					\$0
Total Cost		\$1,099,043		\$427,800	\$7,427,343





## Authorization For Expenditure

Company Entity	Date Prepared
MAGNUM HUNTER PRODUCTION, INC	11/05/2014

Region	Well Name	Prospect or Field Name	Property Number	Drilling AFE No.
Permian Basin	LEA 7 FEDERAL COM 1H	NEW MEXICO BONE SPRING PROS (LEA)	301471-222.01	254182

Location	County	State	Type Well
Section 7-T205-R35E, Lea County, NM, SHL: 330'FSL & 660'FWL, BHL: 330'FNL & 900'FWL	Lea	NM	Oil <input checked="" type="checkbox"/> Gas <input type="checkbox"/> Expl <input checked="" type="checkbox"/> Prod <input type="checkbox"/>

Estimate Type	Est Start Date	Est Comp Date	Formation	Td Measured Depth
Original Estimate	X			15,500'
Revised Estimate		07/06/2014		Td Vertical Depth
Supplemental Estimate		08/03/2014	3rd Bone Spring	10,500'

**Project Description**

Drill and complete a horizontal test. Drill to 1700', set surface casing. Drill to 5500', set intermediate casing. Drill to 11240' (Pilot Hole). Run OH Logs. Plug back to 10222' (KOP). Drill curve at 12 DLS build rate to +/-10700' TVD and a +/- 4140' long lateral in the 2nd Bone Spring formation. Run and cement production casing. Stage frac in 9 stages. Drill out plugs. Run production packer, tubing and GLVs. Flow to sales through New facility.

Intangibles	Dry Hole Cost	After Casing Point	Completed Well Cost
Drilling Costs	\$2,739,000		\$2,739,000
Completion Costs		\$2,935,950	\$2,935,950
Total Intangible Costs	\$2,739,000	\$2,935,950	\$5,674,950

Tangibles			
Well Equipment	\$267,000	\$610,000	\$877,000
Lease Equipment		\$875,393	\$875,393
Total Tangible Well Cost	\$267,000	\$1,485,393	\$1,752,393

Plug and Abandon Cost	\$0	\$0	\$0
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Total Well Cost	\$3,006,000	\$4,421,343	\$7,427,343
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**Comments on Well Costs**

1. All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

**Well Control Insurance**

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

☐ I elect to purchase my own well control insurance policy.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

**Marketing Election**

Cimarex sells its gas under arm's-length contracts with third party purchasers. Such contracts may include fees. In addition, penalties may be incurred for insufficient volumes delivered over time. Should you choose to market your share of gas with Cimarex, you will be subject to all of the terms of such contracts. Upon written request to Cimarex's Marketing Department, we will share with you the terms and conditions pursuant to which gas will be sold. Failure to make an election below shall be deemed an election to market your gas with Cimarex under the terms and conditions set forth above.

☐ I elect to take my gas in kind.

☐ I elect to market my gas with Cimarex pursuant to the terms and conditions of its contract.

**Comments on AFE**

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

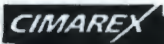
## Cimarex Energy Co. Approval

Prepared by	Drilling and Completion Manager	Regional Manager

## Joint Interest Approval

Company	By	Date





# Project Cost Estimate

Lease Name:

	BCP - Drilling (Dry Hole Cost)		ACP - Drilling		Completion / Stimulation	
Intangibles	Codes		Codes		Codes	
Roads & Location Preparation / Restoration	DIC100	\$122,000			STIM.100	\$0
Damages	DIC105	\$3,000				
Mud / Fluids Disposal Charges	DIC255	\$139,000			STIM.255	\$50,000
Day Rate 25.00 DH Days 3.00 ACP Days @ \$24,000.00 Per Day	DIC115	\$550,000	DIC120	\$72,000		
Misc Preparation Cost (mouse hole, rat hole, pads, pile clusters, misc.)	DIC120	\$30,000				
Bits	DIC125	\$141,000	DIC125	\$0	STIM.125	\$0
Fuel \$3.50 Per Gallon #GALLONS Gallons Per Day	DIC135	\$130,000	DIC130	\$0		
Water for Drilling Rig / Completion Fluids (Not Frac Water)	DIC140	\$3,000	DIC135	\$0	STIM.135	\$0
Mud & Additives	DIC145	\$120,000				
Surface Rentals	DIC150	\$60,000	DIC140	\$0	STIM.140	\$50,000
Downhole Rentals	DIC155	\$105,000			STIM.145	\$5,000
Formation Evaluation (DST, Coring including evaluation, G&G Services)	DIC160	\$0			STIM.150	\$0
Mud Logging 17.25 Days @ \$1,500.00 Per Day	DIC170	\$31,000				
Open Hole Logging	DIC180	\$27,000				
Cementing & Float Equipment	DIC185	\$125,000	DIC155	\$125,000		
Tubular Inspections	DIC190	\$38,000	DIC160	\$6,000	STIM.160	\$8,000
Casing Crews	DIC195	\$30,000	DIC165	\$25,000	STIM.165	\$0
Extra Labor, Welding, Etc.	DIC200	\$10,000	DIC170	\$5,000	STIM.170	\$5,000
Land Transportation (Trucking for tangibles)	DIC205	\$11,000	DIC175	\$25,000	STIM.175	\$10,000
Supervision \$3,800.00 Per Day	DIC210	\$100,000	DIC180	\$0	STIM.180	\$22,500
Trailer House / Camp / Catering	DIC280	\$42,000	DIC255	\$0	STIM.280	\$7,000
Other Misc Expenses	DIC220	\$1,000	DIC190	\$0	STIM.190	\$0
Overhead	DIC225	\$8,000	DIC195	\$0		
Remedial Cementing	DIC231	\$0			STIM.215	\$0
MOB/DEMOB	DIC240	\$180,000				
Directional Drilling Services	DIC245	\$320,000				
Crane for Construction						
Solids Control	DIC260	\$80,000				
Well Control Equip (Snubbing Svcs.)	DIC265	\$68,000	DIC240	\$0	STIM.240	\$80,000
Fishing & Sidetrack Operations	DIC270	\$130,000	DIC245	\$0	STIM.245	\$0
Completion Rig					STIM.115	\$25,000
Coil Tubing					STIM.260	\$225,000
Completion Logging, Perforating, WL Units, WL Surveys					STIM.200	\$100,000
Composite Plugs					STIM.390	\$29,000
Stimulation Pumping Charges, Chemicals, Additives, Sand					STIM.210	\$1,195,000
Stimulation Water / Water Transfer / Water Storage					STIM.395	\$268,000
Cimarex Owned Frac / Rental Equipment					STIM.305	\$0
Legal / Regulatory / Curative	DIC300	\$0				
Well Control Insurance \$0.35 Per Foot	DIC285	\$5,000				
Contingency 5.0 % of Drilling Intangibles	DIC435	\$130,000	DIC320	\$13,000	STIM.220	\$104,000
Construction For Flow Lines						
Construction For Sales P/L						
Total Intangible Cost		\$2,739,000		\$271,000		\$2,183,500

Tangible - Well Equipment							
Casing	Size	Feet	\$ / Foot				
Drive Pipe	0	0.00	\$0.00	DWEB.150	\$0		
Conductor Pipe	0	0.00	\$0.00	DWEB.130	\$0		
Water String	0	0.00	\$0.00	DWEB.135	\$0		
Surface Casing	19.375	1700.00	\$39.00	DWEB.140	\$66,000		
Intermediate Casing 1	9.625	5500.00	\$32.00	DWEB.145	\$176,000		
Intermediate Casing 2	0	0.00	\$0.00	DWEB.155	\$0		
Drilling Liner	0	0.00	\$0.00	DWEB.160	\$0		
Production Casing or Liner	5.5	15120.00	\$19.00		DWEA.100	\$287,000	
Production Tie-Back	0	0.00	\$0.00		DWEA.165	\$0	STIMT.101 \$0
Tubing	2.375	30320.00	\$6.00				STIMT.105 \$62,000
Wellhead, Tree, Chokes				DWEB.115	\$25,000	DWEA.120	\$26,000
Liner Hanger, Isolation Packer				DWEB.100	\$0	DWEA.125	\$0
Packer, Nipples							STIMT.400 \$25,000
Pumping Unit, Engine							STIMT.405 \$0
Downhole Lift Equipment (BHP, Rods, Anchors, ESP, GVLs, PC Pump)							STIMT.410 \$20,000
Tangible - Lease Equipment							
N/C Lease Equipment							
Tanks, Tanks Steps, Stairs							
Bottery (Heater Treater, Separator, Gas Treating Equipment)							
Secondary Containments							
Overhead Power Distribution (electric line to facility)							
Facility Electrical & Automation							
SWD Connection							
Flow Lines (Line Pipe from wellhead to central facility)							
Pipeline to Sales							
Meters and Metering Equipment							
Total Tangibles					\$267,000	\$313,000	\$127,000

P&A Costs	DIC395	\$0	DIC375	\$0		
Total Cost		\$3,006,000		\$584,000		\$2,310,500





# Project Cost Estimate

Lease Name:

	Production		Post		Total Well
	Codes	Equipment / Construction	Codes	Completion	
Intangibles					
Roads & Location Preparation / Restoration	CON.100	\$22,500	PCOM.100	\$0	\$144,500
Damages	CON.105	\$7,500			\$10,500
Mud / Fluids Disposal Charges			PCOM.255	\$60,000	\$249,000
Day Rate 25.00 DH Days 3.00 ACP Days @ \$24,000.00 Per Day					\$622,000
Misc Preparation Cost (mouse hole, rat hole, pads, pile clusters, misc.)			PCOM.125	\$0	\$30,000
Bits			PCOM.130	\$0	\$141,000
Fuel \$3.50 Per Gallon 1111111 Gallons Per Day			PCOM.135	\$3,000	\$130,000
Water for Drilling Rig / Completion Fluids (Not Frac Water)					\$6,000
Mud & Additives					\$120,000
Surface Rentals	CON.140	\$7,350	PCOM.140	\$90,000	\$207,350
Downhole Rentals			PCOM.145	\$0	\$110,000
Formation Evaluation (DST, Coring including evaluation, G&G Services)					\$0
Mud Logging 17.25 Days @ \$3,500.00 Per Day					\$31,000
Open Hole Logging					\$27,000
Cementing & Float Equipment					\$250,000
Tubular Inspections			PCOM.160	\$0	\$52,000
Casing Crews					\$55,000
Extra Labor, Welding, Etc.	CON.170	\$159,800	PCOM.170	\$30,000	\$209,800
Land Transportation (Trucking for tangibles)	CON.175	\$15,000	PCOM.175	\$5,000	\$66,000
Supervision \$3,800.00 Per Day	CON.180	\$7,000	PCOM.180	\$7,800	\$137,300
Trailer House / Camp / Catering					\$49,000
Other Misc Expenses	CON.190	\$0	PCOM.190	\$35,000	\$36,000
Overhead					\$8,000
Remedial Cementing			PCOM.215	\$0	\$0
MOB/DEMOB					\$180,000
Directional Drilling Services					\$320,000
Crane for Construction	CON.210	\$4,500			\$4,500
Solids Control					\$80,000
Well Control Equip (Snubbing Svcs.)			PCOM.240	\$0	\$148,000
Fishing & Sidetrack Operations			PCOM.245	\$0	\$130,000
Completion Rig			PCOM.115	\$18,000	\$43,000
Coil Tubing			PCOM.260	\$0	\$225,000
Completion Logging, Perforating, WL Units, WL Surveys			PCOM.200	\$0	\$100,000
Composite Plugs			PCOM.390	\$0	\$29,000
Stimulation Pumping Charges, Chemicals, Additives, Sand			PCOM.210	\$0	\$1,195,000
Stimulation Water / Water Transfer / Water Storage					\$268,000
Cimarex Owned Frac / Rental Equipment					\$0
Legal / Regulatory / Curative	CON.300	\$0			\$0
Well Control Insurance \$0.35 Per Foot					\$5,000
Contingency 5.0 % of Drilling Intangibles	CON.220	\$0	PCOM.220	\$9,000	\$256,000
Construction For Flow Lines	CON.310	\$0			\$0
Construction For Sales P/L	CON.265	\$0			\$0
<b>Total Intangible Cost</b>		<b>\$223,650</b>		<b>\$257,800</b>	<b>\$5,674,950</b>
<b>Tangible - Well Equipment</b>					
Casing	Size	Feet	\$ / Foot		
Drive Pipe	0	0.00	\$0.00		\$0
Conductor Pipe	0	0.00	\$0.00		\$0
Water String	0	0.00	\$0.00		\$0
Surface Casing	13.375	1700.00	\$39.00		\$66,000
Intermediate Casing 1	9.625	5500.00	\$32.00		\$176,000
Intermediate Casing 2	0	0.00	\$0.00		\$0
Drilling Liner	0	0.00	\$0.00		\$0
Production Casing or Liner	5.5	15120.00	\$19.00		\$287,000
Production Tie-Back	0	0.00	\$0.00		\$0
Tubing	2.375	10320.00	\$6.00	PCOMT.105	\$0
Wellhead, Tree, Chokes					\$71,000
Liner Hanger, Isolation Packer					\$0
Packer, Nipples				PCOMT.400	\$0
Pumping Unit, Engine				PCOMT.405	\$115,000
Downhole Lift Equipment (BHP, Rods, Anchors, ESP, GVLs, PC Pump)				PCOMT.410	\$55,000
<b>Tangible - Lease Equipment</b>					
N/C Lease Equipment	CONT.400	\$191,940			\$191,940
Tanks, Tanks Steps, Stairs	CONT.405	\$110,300			\$110,300
Battery (Heater Treater, Separator, Gas Treating Equipment)	CONT.410	\$250,600			\$250,600
Secondary Containments	CONT.415	\$70,000			\$70,000
Overhead Power Distribution (electric line to facility)	CONT.420	\$80,000			\$80,000
Facility Electrical & Automation	CONT.425	\$70,000			\$70,000
SWD Connection	CONT.430	\$35,000			\$35,000
Flow Lines (Line Pipe from wellhead to central facility)	CONT.435	\$0			\$0
Pipeline to Sales	CONT.440	\$0			\$0
Meters and Metering Equipment	CONT.445	\$67,553			\$67,553
<b>Total Tangibles</b>		<b>\$875,393</b>		<b>\$170,000</b>	<b>\$1,752,393</b>
<b>P&amp;A Costs</b>					<b>\$0</b>
<b>Total Cost</b>		<b>\$1,099,043</b>		<b>\$427,800</b>	<b>\$7,427,343</b>



AFE Code	AFE Begin Date	Drill-IT Work Start Date	AFE Name	Objective	Region	AFE	Actual Costs	Operator
254182	6/2/2014	12/6/2014	LEA 7 FEDERAL COM 1H	D&C 3RD BONE SPRINGS HORIZONTAL	PERMIAN BASIN-HOBBS	\$7,427,343	\$7,912,683	CIMAREX
3715133WE	10/14/2015	10/14/2015	LEA 7 FEDERAL COM 1H	FAILED ESP; RIH W/ REPAIRED ESP	PERMIAN BASIN-HOBBS	\$60,000	\$114,360	CIMAREX
3716012CW	2/19/2016	2/19/2016	LEA 7 FEDERAL COM 1H	CONVERT FROM ESP TO ROD LIFT	PERMIAN BASIN-HOBBS	\$105,000	\$175,575	CIMAREX
3716201CW	9/26/2016		LEA 7 FEDERAL COM 1H	INSTL ELECTRICAL POWER AT LOCATION	PERMIAN BASIN-HOBBS	\$41,000	\$40,210	CIMAREX

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

**APPLICATION OF CIMAREX  
ENERGY CO. FOR A NON-STANDARD  
OIL SPACING AND PRORATION UNIT  
AND COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.**

**CASE NO. 15848**

**AFFIDAVIT**

STATE OF NEW MEXICO            )  
                                                  ) ss.  
COUNTY OF BERNALILLO        )

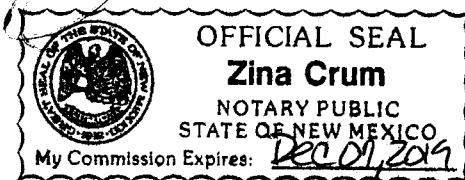
Jennifer L. Bradfute, attorney in fact and authorized representative of Cimarex Energy Co., the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Application was provided under the notice letter and proof of receipt attached hereto.

  
\_\_\_\_\_  
Jennifer L. Bradfute

SUBSCRIBED AND SWORN to before me this 24th day of October 2017 by Jennifer L. Bradfute.

  
\_\_\_\_\_  
Notary Public

My commission expires: Dec 01, 2019





September 19, 2017

Jennifer L. Bradfute  
505.848.1845  
Fax: 505.848.1882  
jlb@modrall.com

**VIA CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**Re: APPLICATION OF CIMAREX ENERGY CO. FOR A NON-STANDARD OIL SPACING AND PRORATION UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.**

**Case No. 15848**

**TO: POOLED PARTIES AND OFFSETS**

This letter is to advise you that Cimarex Energy Co. ("Cimarex") has filed the enclosed application with the New Mexico Oil Conservation Division seeking the creation of a non-standard creating a non-standard 160-acre, more or less, oil spacing and proration unit in the Bone Spring formation, comprised of the W/2 W/2 of Section 7, Township 20 South, Range 35 East, NMPM, Lea County, New Mexico; and, pooling all mineral interests in the Bone Spring formation underlying this proposed non-standard spacing and proration unit for the development of the **Lea 7 Federal Com 1H well**.

This application has been set for hearing before a Division Examiner at 8:15 a.m. on October 12, 2017. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Office located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. As a party who may be affected by this application, we are notifying you of your right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the application. Failure to appear at the hearing may preclude you from any involvement in this case at a later date.

You are further notified that if you desire to appear in this case, then you are requested to file a Pre-Hearing Statement with the Division not later than 5:00 PM on October 5, 2017, with a copy delivered to the undersigned.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Bradfute', is written over the typed name.

Jennifer L. Bradfute  
*Attorney for Cimarex Energy Co.*

Modrall Sperling  
Roehi Harris & Sisk P.A.

Bank of America Centre  
500 Fourth Street NW  
Suite 1000  
Albuquerque,  
New Mexico 87102

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New Mexico 87103-2168

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

APPLICATION OF CIMAREX  
ENERGY CO. FOR A NON-STANDARD  
OIL SPACING AND PRORATION UNIT  
AND COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.

CASE NO. \_\_\_\_\_

APPLICATION

Cimarex Energy Co. ("Cimarex"), OGRID Number 215099, through its undersigned attorneys, hereby makes an application to the Oil Conservation Division pursuant to the provisions of NMSA (1978), Section 70-2-17, for an order: (1) creating a non-standard 160-acre, more or less, oil spacing and proration unit in the Bone Spring formation, comprised of the W/2 W/2 of Section 7, Township 20 South, Range 35 East, NMPM, Lea County, New Mexico; and, (2) pooling all mineral interests in the Bone Spring formation underlying this proposed non-standard spacing and proration unit. In support of this application, Cimarex states as follows:

1. Cimarex is an interest owner in the subject lands and has a right to drill a well thereon.
2. Cimarex seeks to dedicate the W/2 W/2 of Section 7 to the proposed well to form a non-standard 160-acre, more or less, oil spacing and proration unit (the "project area").
3. Cimarex has drilled the **Lea 7 Federal Com 1H** well to a depth sufficient to test the Bone Springs formation. This well is a horizontal well with a surface location 330 feet from

the South line, 660 feet from the West line of Section 7, and a terminus 330 feet from the North line, 868 feet from the West line of Section 7.

4. This well is within the WC-025 G-08 S203506D pool (Pool Code 97983), which is subject to the statewide rules for oil spacing and proration units. The producing interval that Cimarex seeks to drill will comply with the statewide 330 foot setback requirements established under Rule 19.15.15.9(A) NMAC.

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

6. Approval of the non-standard unit and the pooling of all interests in the Bone Spring formation underlying the proposed project area will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

7. Notice of this application is being given in accordance with Division rules as shown on Exhibit A.

WHEREFORE, Cimarex Energy Co. requests this application be set for hearing before an Examiner of the Oil Conservation Division on October 12, 2017, and after notice and hearing as required by law, the Division enter its order:

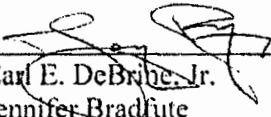
A. Creating a non-standard oil spacing and proration unit ("project area") in the Bone Spring formation comprised of W/2 W/2 of Section 7, Township 20 South, Range 35 East, NMPM, Lea County, New Mexico;

B. Pooling all mineral interests in the Bone Spring formation underlying this non-standard spacing and proration unit/project area;

- C. Designating Cimarex as operator of this unit and the well to be drilled thereon;
- D. Authorizing Cimarex to recover its costs of drilling, equipping and completing this well;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- F. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

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

By:   
Earl E. DeBribe, Jr.  
Jennifer Bradfute  
Post Office Box 2168  
Bank of America Centre  
500 Fourth Street NW, Suite 1000  
Albuquerque, New Mexico 87103-2168  
Telephone: 505.848.1800  
*Attorneys for Applicant*

**EXHIBIT A**

**CIMAREX ENERGY CO. NOTICE LIST**

**Parties to be pooled:**

AOG Mineral Partners, Ltd.  
601 W. Texas Ave  
Midland, Texas 79701

The Long Family Trusts, Larry P. Long, Managing Trustee  
118 S. Kilgore St.  
Kilgore, Texas 75662

Lowe Family, Ltd.  
P.O. Box 53775  
Lubbock, Texas 79453

Vora Lowe Hartley Mineral Trust,  
Attn: Teddy L. Hartley & Robert Thomas Hartley, Trustees  
P.O. Box 1024  
Clovis, NM 88102

M. Dion Lowe  
7801 Espanola  
Austin, TX 78737

John E. & Helen M. Kennan Family Trust, created January 13, 1994  
Attn: William H. Kennan, Trustee  
1430 Soquel Ave.  
Santa Cruz, CA 95062

**Offsets:**

Marshall & Winston, Inc.  
P.O. Box 50880  
Midland, Texas 79710

Legacy Reserves LP  
P.O. Box 10848  
Midland, TX 79702

COG Operating, LLC  
One Concho Center  
600 W. Illinois Avenue  
Midland, TX 79701

CASE NO. \_\_\_\_\_: Application of Cimarex Energy Co. for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division: (1) creating a non-standard 160-acre, more or less, oil spacing and proration unit in the Bone Spring formation, comprised of the W/2 W/2 of Section 7, Township 20 South, Range 35 East, NMPM, Lea County, New Mexico; and, (2) pooling all mineral interests in the Bone Spring formation underlying this proposed non-standard spacing and proration unit. This proposed non-standard spacing and proration unit will be the project area for the **Lea 7 Federal Com. #1H well**, to be horizontally drilled. The producing area for this well will be 330 feet from the project area boundary. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Cimarex as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 12 miles southeast of the intersection of Hobbs Highway 180 and County Road 27-A/Marathon Road, located in Lea County, New Mexico.



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Total Postage and Fees

\$ **AOG Mineral Partners, Ltd**

Sent To **601 W. Texas Ave**

Street and Apt. No. P.O. Box No.  
**Midland, Texas 79701**

City, State, ZIP+4®

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Postage \$ **6.77**

Total Postage and Fees

\$ **The Long Family Trusts, Larry P.**

Sent To **Long, Managing Trustee**

Street and Apt. No. P.O. Box No.  
**118 S. Kilgore St.**

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**Longview, Texas 75662**

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**Lubbock, Texas 79453**

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\$ **Vora Lowe Hartley Mineral Trust,**

Sent To **Attn: Teddy L. Hartley & Robert**

Street and Apt. No. P.O. Box No.  
**Thomas Hartley, Trustees**

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**Box 1024**

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Sent To **M. Dion Lowe**

Street and Apt. No. P.O. Box No.  
**7601 Espanola**

City, State, ZIP+4®  
**Austin, TX 78737**

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☐ Adult Signature Restricted Delivery \$

Postage \$ **6.77**

Total Postage and Fees

\$ **John E. & Helen M. Kennan Family**

Sent To **Trust, created January 13, 1994**

Street and Apt. No. P.O. Box No.  
**Attn: William H. Kennan, Trustee**

City, State, ZIP+4®  
**4220 Boquet Ave.**

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7017 1450 0001 0317 7552

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<input type="checkbox"/> Certified Mail Restricted Delivery	\$
<input type="checkbox"/> Adult Signature Required	\$
<input type="checkbox"/> Adult Signature Restricted Delivery	\$

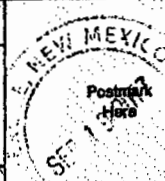
Postage	
\$	6.77
Total Postage and Fees	
\$	6.77

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<input type="checkbox"/> Return Receipt (hardcopy)	\$
<input type="checkbox"/> Return Receipt (electronic)	\$
<input type="checkbox"/> Certified Mail Restricted Delivery	\$
<input type="checkbox"/> Adult Signature Required	\$
<input type="checkbox"/> Adult Signature Restricted Delivery	\$

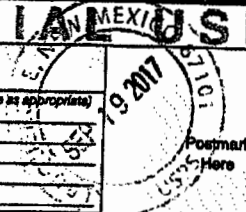
Postage	
\$	6.77
Total Postage and Fees	
\$	6.77

Sent To: **Legacy Reserves LP**

**P.O. Box 10848**  
 Street and Apt. No., or P.O. Box No.  
**Midland, TX 79702**  
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<input type="checkbox"/> Return Receipt (electronic)	\$
<input type="checkbox"/> Certified Mail Restricted Delivery	\$
<input type="checkbox"/> Adult Signature Required	\$
<input type="checkbox"/> Adult Signature Restricted Delivery	\$

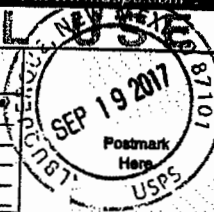
Postage	
\$	6.77
Total Postage and Fees	
\$	6.77

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**One Concho Center**  
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**Cimarex Application Notice**  
**Lea 7 Federal Com 1H**  
**Mailed September 19, 2017**

<b>Parties to be Pooled</b>	<b>CERTIFIED NO.</b>
AOG Mineral Partners, Ltd. P.O. Box 1015 Midland, Texas 79702	7017-1450-0001-0317-7491 09/26/17
M. Dion Lowe 7801 Espanola Trail Austin, Texas 78737	7017-1450-0001-0317-7538 10/02/17
John E. & Helen M. Kennann Family Trust, created January 13, 1994 Attn: William H. Kennan, Trustee 1430 Soquel Ave. Santa Cruz 95062	7017-1450-0001-0317-7545 09/27/17
The Long Family Trusts Larry P. Long, Managing Trustee 118 S. Kilgore St. Kilgore, Texas 75662	7017-1450-0001-0317-7507 09/26/17
Lowe Family, Ltd. P.O. Box 53775 Lubbock, Texas 79453	7017-1450-0001-0317-7514 10/11/17
Vora Lowe Hartley Mineral Trust Attn: Teddy L. Hartley & Robert Thomas Hartley, Trustees P.O. Box 1024 Clovis, NM 88102	7017-1450-0001-0317-7521 10/02/17
<b>Offsets:</b>	
Marshall & Winston, Inc. P.O. Box 50880 Midland, Texas 79710	7017-1450-0001-0317-7552 09/29/17
Legacy Reserves LP P.O. Box 10848 Midland, TX 79702	7017-1450-0001-0317-7569 09/27/17
COG Operating, LLC One Concho Center 600 W. Illinois Avenue Midland, TX 79701	7017-1450-0001-0317-7576 09/28/17

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9590 9402 2679 6351 6574 01

2. Article Number (Transfer from service label)

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A. Signature

*[Signature]*

- ☐ Agent
- ☐ Addressee

B. Received by (Printed Name)

*[Signature]*

C. Date of Delivery

9/21/17

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If YES, enter delivery address below: ☐ No

3. Service Type

- ☐ Adult Signature
- ☐ Adult Signature Restricted Delivery
- ☐ Certified Mail
- ☐ Certified Mail Restricted Delivery
- ☐ Collect on Delivery
- ☐ Collect on Delivery Restricted Delivery
- ☐ Insured Mail
- ☐ Insured Mail Restricted Delivery (over \$500)
- ☐ Priority Mail Express®
- ☐ Registered Mail™
- ☐ Registered Mail Restricted Delivery
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- ☐ Signature Confirmation™
- ☐ Signature Confirmation Restricted Delivery

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MODRALL SPERLING ROEHL  
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Total Postage and Fees

\$ COG Operating, LLC

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City, State, and ZIP+4®: Midland, TX 79701

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<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Adult Signature <input checked="" type="checkbox"/> Adult Signature Restricted Delivery <input checked="" type="checkbox"/> Certified Mail® <input checked="" type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Insured Mail <input type="checkbox"/> Insured Mail Restricted Delivery (over \$500)</p>		<p><input type="checkbox"/> Priority Mail Express® <input type="checkbox"/> Registered Mail™ <input type="checkbox"/> Registered Mail Restricted Delivery <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Signature Confirmation™ <input type="checkbox"/> Signature Confirmation Restricted Delivery</p>	

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MODRALL SPERLING ROEHL  
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<input type="checkbox"/> Return Receipt (electronic)	\$
<input type="checkbox"/> Certified Mail Restricted Delivery	\$
<input type="checkbox"/> Adult Signature Required	\$
<input type="checkbox"/> Adult Signature Restricted Delivery	\$

Postage  
\$ *6.77*

Total Postage and Fees  
\$ *6.77*

Sent To  
*Lowe Family, Ltd.  
P.O. Box 53775  
Lubbock, Texas 79453*

Street and Apt. No.  
*Lubbock, Texas 79453*

City, State, ZIP+4®  
*Lubbock, Texas 79453*

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<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™</p> <p><input type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery <input checked="" type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> Insured Mail Restricted Delivery over \$500</p>			
<p>PS Form 3811, July 2015 PSN 7530-02-000-9053</p>		<p>Domestic Return Receipt</p>	

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**Albuquerque, NM 87103-2168**

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☐ Adult Signature Restricted Delivery \$

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Midland, TX 79702

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<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery</p> <p><input type="checkbox"/> Certified Mail</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery</p> <p><input type="checkbox"/> Collect on Delivery</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery</p> <p><input type="checkbox"/> Insured Mail</p> <p><input type="checkbox"/> Insured Mail Restricted Delivery (over \$500)</p>		<p><input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Registered Mail™</p> <p><input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Signature Confirmation Restricted Delivery</p>	

9590 9402 2679 6351 6573 33

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**United States Postal Service**

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**Jennifer L. Bradfute, Esq.  
MODRALL SPERLING ROEHL  
HARRIS & SISK, P.A.  
P.O. Box 2168  
Albuquerque, NM 87103-2168**

**82762-0156**

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Postage \$ **6.77**

Total Postage and Fees \$

Sent to **The Long Family Trusts, Larry P.  
Long, Managing Trustee  
118 S. Kilgore St.  
Kilgore, Texas 75662**

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SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>■ Complete items 1, 2, and 3.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p> <p>1. Article Addressed to:</p> <p>Lowe Family, Ltd. P.O. Box 53775 Lubbock, Texas 79453</p> <p>2. Article Number (Transfer from service label)</p> <p>9590 9402 2679 6351 6573 40</p> <p>3. Article Number (Transfer from service label)</p> <p>9590 9402 2679 6351 6573 40</p>		<p>A. Signature</p> <p>X <i>John Conive</i></p> <p>B. Received by (Printed Name)</p> <p>John Conive</p> <p>C. Date of Delivery</p> <p>10-3-17</p> <p>D. Is delivery address different from item 1? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If YES, enter delivery address below:</p> <p>65605 Equestrian Ct Granbury TX 76049</p>	
<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Adult Signature</p> <p><input checked="" type="checkbox"/> Adult Signature Restricted Delivery</p> <p><input checked="" type="checkbox"/> Certified Mail®</p> <p><input checked="" type="checkbox"/> Certified Mail Restricted Delivery</p> <p><input checked="" type="checkbox"/> Collect on Delivery</p> <p><input checked="" type="checkbox"/> Collect on Delivery Restricted Delivery</p> <p><input checked="" type="checkbox"/> Insured Mail</p> <p><input checked="" type="checkbox"/> Insured Mail Restricted Delivery (over \$500)</p>		<p><input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Registered Mail™</p> <p><input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input checked="" type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Signature Confirmation Restricted Delivery</p>	

PS Form 3800, July 2015 PSN 7530-02-000-9053 Domestic Return Receipt

USPS TRACKING #

9590 9402 2679 6351 6573 40

First-Class Mail  
Postage & Fees Paid  
USPS  
Permit No. G-10

United States Postal Service

RECEIVED  
OCT 11 2017  
BY: [Signature]

\* Sender: Please print your name, address, and ZIP+4® in this box\*

Jennifer L. Bradfute, Esq.  
MODRALL SPERLING ROEHL  
HARRIS & SISK, P.A.  
P.O. Box 2168  
Albuquerque, NM 87103-2168

82762-0154

U.S. Postal Service™  
CERTIFIED MAIL® RECEIPT  
Domestic Mail Only

For delivery information, visit our website at [www.usps.com](http://www.usps.com).

OFFICIAL USE

Certified Mail Fee \$

Extra Services & Fees (check box, add fee as appropriate)

☐ Return Receipt (hardcopy) \$

☐ Return Receipt (electronic) \$

☐ Certified Mail Restricted Delivery \$

☐ Adult Signature Required \$

☐ Adult Signature Restricted Delivery \$

Postage \$ 6.77

Total Postage and Fees \$

Sent To: Lowe Family, Ltd.  
P.O. Box 53775  
Lubbock, Texas 79453

City, State, ZIP+4®

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

Postmark: SEP 19 2017

82762-0156 JLB (Return to Kar)

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>■ Complete items 1, 2, and 3.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p> <p>1. Article Addressed to:</p> <p><b>AOG Mineral Partners, Ltd.</b>  <b>601 W. Texas Ave</b>  <b>Midland, Texas 79701</b></p> <p>2. Article Number (Transfer from service label)</p> <p><b>7017 1450 0001 0317 7491</b></p> <p>PS Form 3811, July 2015 PSN 7530-02-000-9063</p>		<p>A. Signature </p> <p>B. Received by (Printed Name) <b>D.M. Iles</b></p> <p>C. Date of Delivery <b>9/20/17</b></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes          If YES, enter delivery address below: <input type="checkbox"/> No</p> <p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature  <input type="checkbox"/> Adult Signature Restricted Delivery  <input checked="" type="checkbox"/> Certified Mail®  <input type="checkbox"/> Certified Mail Restricted Delivery  <input type="checkbox"/> Collect on Delivery  <input type="checkbox"/> Collect on Delivery Restricted Delivery  <input type="checkbox"/> Insured Mail  <input type="checkbox"/> Insured Mail Restricted Delivery over \$500</p> <p><input type="checkbox"/> Priority Mail Express®  <input type="checkbox"/> Registered Mail™  <input type="checkbox"/> Registered Mail Restricted Delivery  <input checked="" type="checkbox"/> Return Receipt for Merchandise  <input type="checkbox"/> Signature Confirmation™  <input type="checkbox"/> Signature Confirmation Restricted Delivery</p>	

USPS TRACKING# **9590 9402 2679 6351 6573 26**

**MIDLAND / ODESSA**  
**SEP 19 2017 PM**

First-Class Mail  
 Postage & Fees Paid  
 USPS  
 Permit No. G-10

United States Postal Service

\* Sender: Please print your name, address, and ZIP+4® in this box\*

**Jennifer L. Bradfute, Esq.**  
**MODRALL SPERLING ROEHL**  
**HARRIS & SISK, P.A.**  
**P.O. Box 2168**  
**Albuquerque, NM 87103-2168**

82762-0154

**U.S. Postal Service™**  
**CERTIFIED MAIL® RECEIPT**  
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For delivery information, visit our website at [www.usps.com](http://www.usps.com)

**OFFICIAL USE**

Certified Mail Fee \$

Extra Services & Fees (check box, add fee as appropriate)

☐ Return Receipt (hardcopy) \$

☐ Return Receipt (electronic) \$

☐ Certified Mail Restricted Delivery \$

☐ Adult Signature Required \$

☐ Adult Signature Restricted Delivery \$

Postage \$ **6.77**

Total Postage and Fees \$

Sent To **AOG Mineral Partners, Ltd.**  
**601 W. Texas Ave**  
**Midland, Texas 79701**

City, State, ZIP+4®

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

82762-0156 JLB (Return to K)



## SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

## 1. Article Addressed to:

Marshall & Winston, Inc.  
P.O. Box 50880  
Midland, Texas 79710



9590 9402 2679 6351 6573 88

## 2. Article Number (Transfer from service label)

7017 1450 0000 0317 7552

PS Form 3811, July 2016 PSN 7530-02-000-9053

## COMPLETE THIS SECTION ON DELIVERY

## A. Signature

X

☐ Agent☐ Addressee

## B. Received by (Printed Name)

Kim Foss

## C. Date of Delivery

9/25/17

D. Is delivery address different from item 1? ☐ Yes  
If YES, enter delivery address below: ☐ No

## 3. Service Type

- ☐ Adult Signature
- ☐ Adult Signature Restricted Delivery
- ☐ Certified Mail
- ☐ Certified Mail Restricted Delivery
- ☐ Collect on Delivery
- ☐ Collect on Delivery Restricted Delivery
- ☐ Insured Mail
- ☐ Insured Mail Restricted Delivery (over \$500)

- ☐ Priority Mail Express®
- ☐ Registered Mail™
- ☐ Registered Mail Restricted Delivery
- ☐ Return Receipt for Merchandise
- ☐ Signature Confirmation™
- ☐ Signature Confirmation Restricted Delivery

Domestic Return Receipt

## USPS TRACKING #



9590 9402 2679 6351 6573 88

United States  
Postal Service

\* Sender: Please print your name, address, and ZIP+4® in this box.

Jennifer L. Bradfute, Esq.  
MODRALL SPERLING ROEHL  
HARRIS & SISK, P.A.  
P.O. Box 2168  
Albuquerque, NM 87103-2168

First-Class Mail  
Postage & Fees Paid  
USPS  
Permit No. G-10

SEP 29 2017

82762-0164

U.S. Postal Service™  
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Domestic Mail Only

For delivery information, visit our website at [www.usps.com](http://www.usps.com)®.

## OFFICIAL USE

Certified Mail Fee

\$

Extra Services &amp; Fees (check box, add fee as appropriate)

- ☐ Return Receipt (hardcopy) \$
- ☐ Return Receipt (electronic) \$
- ☐ Certified Mail Restricted Delivery \$
- ☐ Adult Signature Required \$
- ☐ Adult Signature Restricted Delivery \$

Postage

\$

Total Postage and Fees

\$ Marshall &amp; Winston, Inc.

P.O. Box 50880

Midland, Texas 79710

PS Form 3800, April 2015 PSN 7530-02-000-9047

See Reverse for Instructions

2552 2160 0317 7552

82762-0164 (Return to Kat)

# CERTIFIED MAIL

**MODRALL SPERLING**

Modrall Sperling  
Roehl Harris & Sisk, P.A.  
PO Box 2168  
Albuquerque, NM  
87103-2168



7017 1450 0001 0317 7545

NEOPOST

09/26/2017

**US POSTAGE \$006.77**



ZIP 87102  
041M112834

RECEIVED  
SEP 27 2017

IA

John E. & Helen M. Kennan Family Trust, created  
January 13, 1994  
Attn: William H. Kennan, Trustee  
1430 Soquel  
Santa Cruz, CA

NIXIE 957 DE 1 0009/23/17

RETURN TO SENDER  
INSUFFICIENT ADDRESS  
UNABLE TO FORWARD

BC: 87103216868 \*0968-00161-19-41

## DER: COMPLETE THIS SECTION

Complete items 1, 2, and 3.  
Print your name and address on the reverse  
so that we can return the card to you.  
Attach this card to the back of the mailpiece,  
on the front if space permits.

Article Addressed to:

John E. & Helen M. Kennan Family  
Trust, created January 13, 1994  
Attn: William H. Kennan, Trustee  
1430 Soquel Ave.  
Santa Cruz, CA 95062



9590 9402 2679 6351 6573 71

Article Number (Transfer from service label)

## COMPLETE THIS SECTION ON DELIVERY

### A. Signature

X

☐ Agent

☐ Addressee

### B. Received by (Printed Name)

### C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes  
If YES, enter delivery address below: ☐ No

### 3. Service Type

- ☐ Adult Signature
- ☐ Adult Signature Restricted Delivery
- ☒ Certified Mail®
- ☐ Certified Mail Restricted Delivery
- ☐ Collect on Delivery
- ☐ Collect on Delivery Restricted Delivery
- ☐ Insured Mail
- ☐ Insured Mail Restricted Delivery (over \$500)

- ☐ Priority Mail Express®
- ☐ Registered Mail™
- ☐ Registered Mail Restricted Delivery
- ☒ Return Receipt for Merchandise
- ☐ Signature Confirmation™
- ☐ Signature Confirmation Restricted Delivery

Form 3811, July 2015 PSN 7530-02-000-9053

Domestic Return Receipt

## U.S. Postal Service™ CERTIFIED MAIL® RECEIPT Domestic Mail Only

For delivery information, visit our website at [www.usps.com](http://www.usps.com)®.

## OFFICIAL USE

Certified Mail Fee

Extra Services & Fees (check box, add fee as appropriate)

- ☐ Return Receipt (hardcopy) \$
- ☐ Return Receipt (electronic) \$
- ☐ Certified Mail Restricted Delivery \$
- ☐ Adult Signature Required \$
- ☐ Adult Signature Restricted Delivery \$

Postage

\$ 6.77

Total Postage and Fees

John E. & Helen M. Kennan Family  
Trust, created January 13, 1994

Attn: William H. Kennan, Trustee

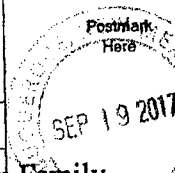
1430 Soquel Ave.

Santa Cruz, CA 95062

PS Form 3800, April 2015 PSN 7530-02-000-9047

See Reverse for Instructions

7017 1450 0001 0317 7545



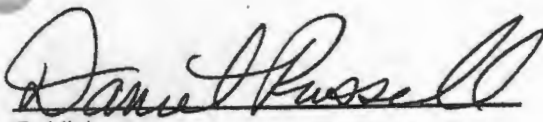
82762-0156 JLB (Return to Ka)

# Affidavit of Publication

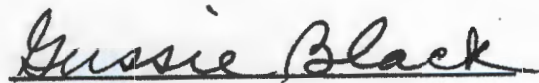
STATE OF NEW MEXICO  
COUNTY OF LEA

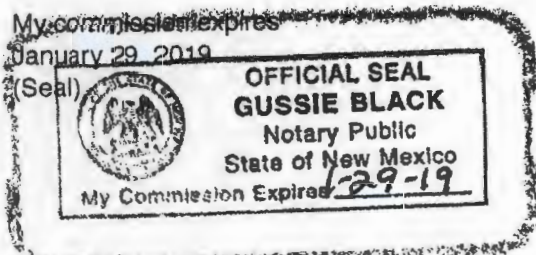
I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated  
September 21, 2017  
and ending with the issue dated  
September 21, 2017.

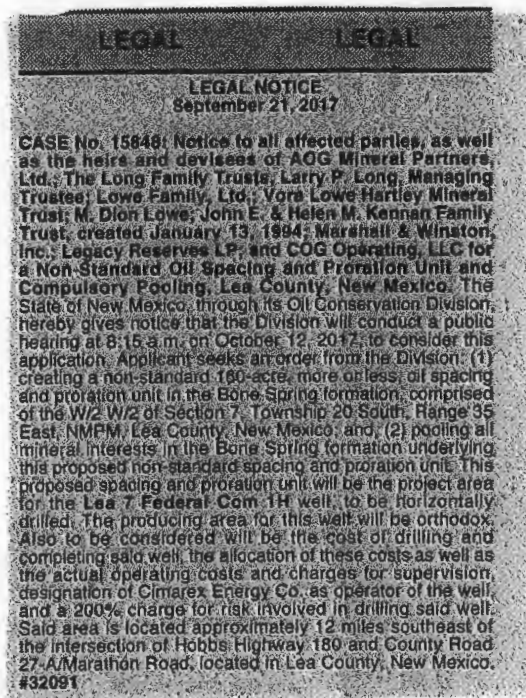
  
Publisher

Sworn and subscribed to before me this  
21st day of September 2017.

  
Business Manager



This newspaper is duly qualified to publish  
legal notices or advertisements within the  
meaning of Section 3, Chapter 167, Laws of  
1917 and payment of fees for said



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DOLORES SERNA  
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P. O. BOX 2168  
ALBUQUERQUE, NM 87103-2168