



Description	Production Equip		Post Completion		Total	
	Codes	Amount	Codes	Amount	Cost	
Roads & Location	CON.100	31,000	PCOM.100 Road Repair	10,000	171,000	
Damages	CON.105	8,000			18,000	
Mud/Fluids Disposal			PCOM.255 Water Disposal (2000 BWPD @ \$2.25 for 60	275,000	501,000	
Day Rate					669,000	
Misc Preparation					35,000	
Bits			PCOM.125	0	85,000	
Fuel			PCOM.130	0	92,000	
Water for Drilling Rig (Not Frac Water)			PCOM.135	0	29,000	
Mud & Additives					250,000	
Surface Rentals	CON.140	3,500	PCOM.140 Sand Separator and Iron (30 days)	33,000	305,500	
Flowback Labor			PCOM.141 Flowback hands (30 days)	60,000	60,000	
Downhole Rentals			PCOM.145	0	122,000	
Automation Labor	CON.150	57,000	PCOM.150	0	57,000	
Formation Evaluation (DST, Coring, etc.)					0	
Mud Logging					29,000	
Open Hole Logging					0	
Cementing & Float Equipment					325,000	
Tubular Inspections			PCOM.160	0	42,000	
Casing Crews					30,000	
Mechanical Labor	CON.170	152,000	PCOM.170	0	172,000	
Trucking/Transportation	CON.175	21,000	PCOM.175	0	63,000	
Supervision	CON.180	24,500	PCOM.180	0	220,500	
Trailer House/Camp/Catering					70,000	
Other Misc Expenses	CON.190	10,000	PCOM.190	0	103,000	
Overhead					15,000	
Remedial Cementing			PCOM.215	0	0	
MOB/DEMOB					150,000	
Directional Drilling Services					216,000	
Solids Control					77,000	
Well Control Equip (Snubbing Services)			PCOM.240	0	190,000	
Fishing & Sidetrack Services			PCOM.245	0	0	
Completion Rig			PCOM.115	0	21,000	
Coil Tubing Services			PCOM.260	0	271,000	
Completion Logging/Perforating/Wireline			PCOM.200	0	359,000	
Composite Plugs			PCOM.390	0	95,000	
Stimulation Pumping/Chemicals/Additives/Sand			PCOM.210	0	3,770,000	
Stimulation Water/Water Transfer/Water Storage					882,000	
Cimarex Owned Frac/Rental Equipment			PCOM.305	0	42,000	
Legal/Regulatory/Curtative	CON.300	0			10,000	
Well Control Insurance					7,000	
Real Time Operations Center					0	
FL/GL - Labor	CON.500	52,000			52,000	
FL/GL - Supervision	CON.505	0			0	
Survey	CON.515	0			0	
SWD/Other - Labor	CON.600	0			0	
SWD/OTHER - SUPERVISION	CON.605	0			0	
Contingency	CON.220	106,000	PCOM.220 10%	38,000	588,000	
Contingency	CON.221	7,000			7,000	
P&A Costs					0	
Total Intangible Cost		472,000		416,000	10,201,000	
Drive Pipe					0	
Conductor Pipe					0	
Water String					0	
Surface Casing					14,000	
Intermediate Casing 1					121,000	
Intermediate Casing 2					0	
Drilling Liner					0	
Production Casing or Liner					418,000	
Production Tie-Back					0	
Tubing			PCOMT.105	0	59,000	
Wellhead, Tree, Chokes			PCOMT.120	0	65,000	
Liner Hanger, Isolation Packer					0	
Packer, Nipples			PCOMT.400	0	15,000	
Pumping Unit, Engine			PCOMT.405	0	0	
Downhole Lift Equipment			PCOMT.410	0	80,000	
Surface Equipment			PCOMT.420	0	0	
Well Automation Materials			PCOMT.455	0	0	
Total Tangible - Well Equipment Cost					0	
N/C Lease Equipment	CON.400	138,500			138,500	
Tanks, Tanks Steps, Stairs	CON.405	88,500			88,500	
Battery Equipment	CON.410	261,500			261,500	
Secondary Containments	CON.415	39,500			39,500	
Overhead Power Distribution	CON.420	45,500			45,500	
Facility Electrical	CON.425	67,500			67,500	
Telecommunication Equipment	CON.426	0			0	
Meters and Metering Equipment	CON.445	17,500			17,500	
Facility Line Pipe	CON.450	35,000			35,000	
Lease Automation Materials	CON.455	69,000			69,000	
FL/GL - Materials	CON.550	4,000			4,000	
FL/GL - Line Pipe	CON.555	7,500			7,500	
SWD/Other - Materials	CON.650	0			0	
SWD/OTHER - LINE PIPE	CON.655	0			0	
Total Tangible - Lease Equipment Cost		774,000			774,000	
Total Estimated Cost		1,246,000		416,000	11,747,000	

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

APPLICATION OF CIMAREX  
ENERGY CO. FOR COMPULSORY  
POOLING, EDDY 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 pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the S/2 N/2 of Sections 16 and 17, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico. This application is separate from a prior related case (No. 20560). 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 S/2 N/2 of Sections 16 and 17, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico to form a 320-acre, more or less, spacing unit.
3. Cimarex plans to drill the **Parkway 16-17 State Com 2H** well to a depth sufficient to test the Bone Spring formation. This well is a horizontal well with a surface location of 1228' FNL and 806' FEL of Section 16, Township 19 South, Range 29 East, Eddy County, and an intended bottom hole location of 2060' FNL and 100' FWL of Section 17, Township 19 South, Range 29 East, Eddy County.
4. This well is proposed to be drilled vertically to a depth of approximately 8,840' to the Bone Spring formation and laterally in a easterly direction within the formation to the referenced bottom hole location.



5. This well will be located within the Turkey Track, Bone Spring Pool (Pool Code 60660) and will comply with the Division's setback requirements.

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

7. The creation of a horizontal spacing unit and the pooling of all interests in the Bone Spring formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

WHEREFORE, this case is set for hearing before an Examiner of the Oil Conservation Division on September 5, 2019, Cimarex requests that, after notice and hearing as required by law, the Division enter its order:

A. Creating a horizontal spacing unit in the Bone Spring formation comprised of S/2 N/2 of Sections 16 and 17, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico;

B. Pooling all mineral interests in the Bone Spring formation underlying a horizontal spacing unit within the S/2 N/2 of Sections 16 and 17, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico;

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 the well;

E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure;

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.  
Lance D. Hough  
Post Office Box 2168  
500 Fourth Street NW, Suite 1000  
Albuquerque, New Mexico 87103-2168  
Telephone: 505.848.1800  
[edebrine@modrall.com](mailto:edebrine@modrall.com)  
[ldh@modrall.com](mailto:ldh@modrall.com)  
*Attorneys for Applicant*

**CASE NO. \_\_\_\_ : Application of Cimarex Energy Co. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 320-acre, more or less, Bone Spring horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Bone Spring horizontal spacing unit underlying the S/2 N/2 of Sections 16 and 17, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the **Parkway 16-17 State Com 2H** well, to be horizontally drilled. The producing area for this well will be orthodox. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Cimarex as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 20 miles southeast of Atoka, 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) 476-3460 Fax: (505) 476-3462

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

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

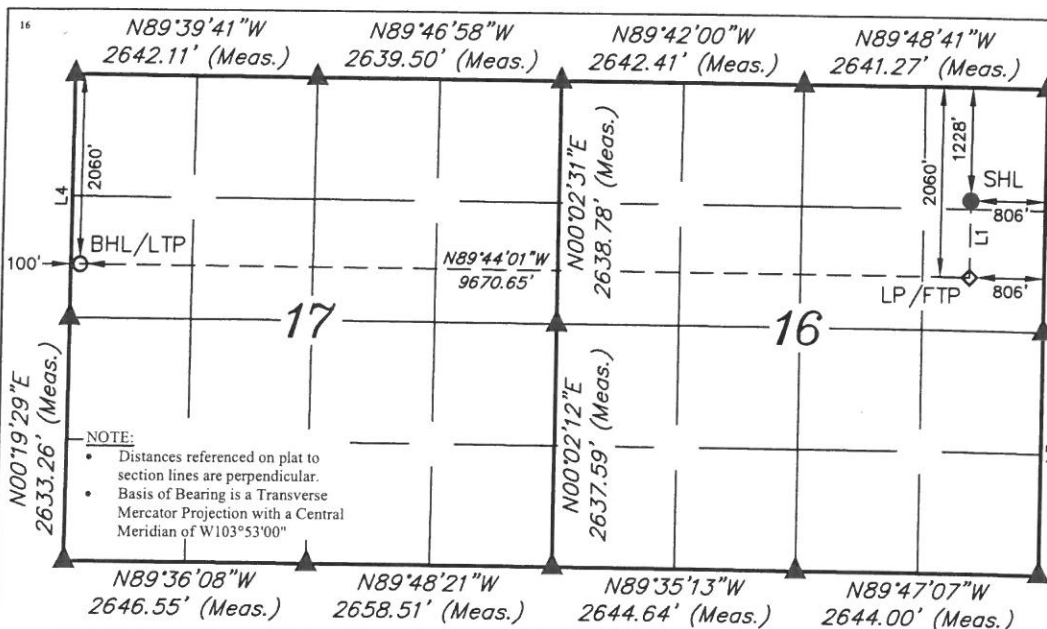
WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number	<sup>2</sup> Pool Code	<sup>3</sup> Pool Name
<sup>4</sup> Property Code	<sup>5</sup> Property Name PARKWAY 16-17 STATE COM	<sup>6</sup> Well Number 2H
<sup>7</sup> OGRID No.	<sup>8</sup> Operator Name CIMAREX ENERGY CO.	<sup>9</sup> Elevation 3349.1'

<sup>10</sup> Surface Location									
UL or lot no. A	Section 16	Township 19S	Range 29E	Lot Idn	Feet from the 1228	North/South line NORTH	Feet from the 806	East/West line EAST	County EDDY

<sup>11</sup> Bottom Hole Location If Different From Surface									
UL or lot no. E	Section 17	Township 19S	Range 29E	Lot Idn	Feet from the 2060	North/South line NORTH	Feet from the 100	East/West line WEST	County EDDY
<sup>12</sup> Dedicated Acres 360	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</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.



LINE TABLE		
LINE	DIRECTION	LENGTH
L1	S00°02'15\"E	832.48'
L2	N00°03'11\"W	2642.43'
L3	N00°01'28\"E	2640.39'
L4	N00°15'47\"E	2641.41'

NAD 83 (SURFACE HOLE LOCATION)	
LATITUDE = 32°39'52.87\"	(32.664687°)
LONGITUDE = 104°04'25.78\"	(104.073828°)
NAD 27 (SURFACE HOLE LOCATION)	
LATITUDE = 32°39'52.45\"	(32.664570°)
LONGITUDE = 104°04'23.96\"	(104.073321°)
STATE PLANE NAD 83 (N.M. EAST)	
N: 605641.86' E: 621195.54'	
STATE PLANE NAD 27 (N.M. EAST)	
N: 605579.53' E: 580015.83'	

NAD 83 (BHL/LTP)	
LATITUDE = 32°39'44.90\"	(32.662471°)
LONGITUDE = 104°06'18.86\"	(104.105239°)
NAD 27 (BHL/LTP)	
LATITUDE = 32°39'44.47\"	(32.662354°)
LONGITUDE = 104°06'17.03\"	(104.104731°)
STATE PLANE NAD 83 (N.M. EAST)	
N: 604813.54' E: 611531.10'	
STATE PLANE NAD 27 (N.M. EAST)	
N: 604751.29' E: 570351.38'	

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



SCALE  
DRAWN BY: C.M.T. 11-30-18

<sup>17</sup> 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 \_\_\_\_\_

Printed Name \_\_\_\_\_

E-mail Address \_\_\_\_\_

<sup>18</sup> SURVEYOR  
CERTIFICATION

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

November 21, 2018

Date of Survey  
Signature and Seal of Professional Surveyor:



Certificate Number:

EXHIBIT

tabbles'

A-7

## Parkway 16-17 State Com 2H Working Interest Breakdown

- Proposed JOA Covers N/2 of Sections 16 and 17 (Red Outline)
  - WI Ownership – Leasehold Basis
    - Across the N/2 of Sections 16 and 17:
      - XEC: 61.714%
      - Mewbourne: 14.334%
      - PBEX: 9.375%
      - Concho 11.111%
      - Marathon: 1.2%
      - PGP Holdings: 1.2%
      - Isramco: 0.85%
      - Petro Growth: 0.15%

XEC 100%	XEC 55.56% Concho 44.44%	Mewbourne 57.6% XEC 28.8% Marathon 4.8% PGP 4.8% Petro Growth 0.6% Isramco 3.4%	PBEX 50% XEC 50%	XEC 75% PBEX 25%
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January 31, 2019

Mewbourne Development Corp.  
PO Box 7698  
Tyler, TX 75711

**Re:      Proposal to Drill  
         Parkway 16-17 State Com 1H  
         Parkway 16-17 State Com 2H  
         Sections 16 & 17, Township 19 South, Range 29 East  
         Eddy County, NM**

Dear Working Interest Owner,

Cimarex Energy Co. hereby proposes to drill the Parkway 16-17 State Com 1H & 2H wells at a legal location in Section 16, Township 19 South, Range 29 East, NMPM, Eddy County, NM.

**Parkway 16-17 State Com 1H** - The intended surface hole location for the well is 1208' FNL and 806' FEL of Section 16, Township 19 South, Range 29 East, and the intended bottom hole location is 780' FNL and 100' FWL of Section 17, Township 19 South, Range 29 East. The well is proposed to be drilled vertically to a depth of approximately 8,840' to the Third Bone Spring Sand formation and laterally within the formation to the referenced bottom hole location. Total measured depth of the well is proposed to be approximately 18,980' feet from surface to terminus.

**Parkway 16-17 State Com 2H** - The intended surface hole location for the well is 1228' FNL and 806' FEL of Section 16, Township 19 South, Range 29 East, and the intended bottom hole location is 2060' FNL and 100' FWL of Section 17, Township 19 South, Range 29 East. The well is proposed to be drilled vertically to a depth of approximately 8,840' to the Third Bone Spring Sand formation and laterally within the formation to the referenced bottom hole location. Total measured depth of the well is proposed to be approximately 19,136 feet from surface to terminus.

It should be understood that compliance with topography or cultural or environmental concerns, among others, might require modification of Cimarex's intended procedure. Cimarex will advise you of any such modifications.

Enclosed, in duplicate, is (i) our detailed AFE reflecting estimated costs associated with this proposal, and; (ii) our proposed form of Operating Agreement to govern operations of the Parkway 16-17 State Com 1H well. If you intend to participate, please approve and return one (1) original of the enclosed AFE, one (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 black ink, appearing to read "Riley Morris", with a horizontal line above the first few letters.

Riley Morris  
432.620.1966

**ELECTION TO PARTICIPATE  
Parkway 16-17 State Com 1H**

\_\_\_\_\_ Mewbourne Development Corp. elects **TO** participate in the proposed Parkway 16-17 State Com 1H well.

\_\_\_\_\_ Mewbourne Development Corp. elects **NOT** to participate in the proposed Parkway 16-17 State Com 1H well.

Dated this \_\_\_\_ day of \_\_\_\_\_, 2019.

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

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

If your election above is **TO** participate in the proposed Parkway 16-17 State Com 1H well, then:

\_\_\_\_\_ Mewbourne Development Corp. elects **TO** be covered by well control insurance procured by Cimarex Energy Co.

\_\_\_\_\_ Mewbourne Development Corp. 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.

**ELECTION TO PARTICIPATE**  
**Parkway 16-17 State Com 2H**

\_\_\_\_\_ CWM 2000-B II elects **TO** participate in the proposed Parkway 16-17 State Com 2H well.

\_\_\_\_\_ CWM 2000-B II elects **NOT** to participate in the proposed Parkway 16-17 State Com 2H well.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

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

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

If your election above is TO participate in the proposed Parkway 16-17 State Com 2H well, then:

\_\_\_\_\_ CWM 2000-B II elects **TO** be covered by well control insurance procured by Cimarex Energy Co.

\_\_\_\_\_ CWM 2000-B II 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 Drilling

AFE # 26619027

Company Entity

Date Prepared  
1/31/2019

Exploration Region	Well Name	Prospect	Property Number	AFE
Permian Basin	PARKWAY 16-17 STATE COM 2H	New Mexico Bone Spring Pros (Eddy)	309775-298.01	26619027
County, State	Location	Estimated Spud	Estimated Completion	
Eddy, NM	S/2 N/2 of Sections 16 and 17, T19S, R29E, Eddy County, New Mexico	8/29/2019	6/3/2020	
X New Supplement Revision	Formation	Well Type	Til Measured Depth	Til Vertical Depth
		DEV	19,136	8,840

Purpose Drill and complete well

## Description

Drilling Drill and complete a horizontal test. Drill to 400 set surface casing. Drill to 3460' set intermediate casing. Drill to 8363' (KOP). Drill curve at 12"/100' initial build rate to +/- 90 degrees and 8840' TVD and drill a +/- 9650' long lateral in the bone spring formation. Run and cement production liner. Stage frac in stages. Drill out plugs. Run production packer, tubing and GLVs.

<b>Intangible</b>	Dry Hole	After Casing Point	Completed Well Cost
Drilling Costs	\$2,660,000		\$2,660,000
Completion Costs		\$7,541,000	\$7,541,000
<b>Total Intangible Cost</b>	<b>\$2,660,000</b>	<b>\$7,541,000</b>	<b>\$10,201,000</b>
<b>Tangible</b>	Dry Hole	After Casing Point	Completed Well Cost
Well Equipment	\$155,000	\$620,000	\$775,000
Lease Equipment		\$774,000	\$774,000
<b>Total Tangible Cost</b>	<b>\$155,000</b>	<b>\$1,394,000</b>	<b>\$1,549,000</b>
<b>Total Well Cost</b>	<b>\$2,815,000</b>	<b>\$8,935,000</b>	<b>\$11,750,000</b>

## 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.**

## 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.

## Nonoperator Approval

Company	Approved By (Print Name)	Approved By (Signature)	Date

NOTICE TO NONOPERATOR: Costs shown on this form are estimates only. By executing this AFE, the consenting party agrees to pay its proportionate share of actual costs incurred. Overhead will be charged in accordance with the Joint Operating Agreement.

1/31/2019





## Authorization For Expenditure - PARKWAY 16-17 STATE COM 2H

AFE # 26619027

Description	BCP - Drilling		ACP - Drilling		Comp/Stm		Production Equip		Post Completion		Total
	Code	Amount	Code	Amount	Code	Amount	Code	Amount	Code	Amount	
Roads & Location	DICC 100	125,000			STIM 100	5,000	CON 100	31,000	PCOM 100	10,000	171,000
Damages	DICC 105	10,000					CON 105	8,000			18,000
Mud/Fluids Disposal	DICC 255	180,000			STIM 255	46,000			PCOM 255	275,000	501,000
Day Rate	DICC 115	569,000	DICC 120	100,000							669,000
Misc Preparation	DICC 120	35,000									35,000
Bits	DICC 125	85,000	DICC 125	0	STIM 125	0			PCOM 125	0	85,000
Fuel	DICC 135	92,000	DICC 130	0					PCOM 130	0	92,000
Water for Drilling Rig (Not Frac Water)	DICC 140	5,000	DICC 135	0	STIM 135	24,000			PCOM 135	0	29,000
Mud & Additives	DICC 145	250,000									250,000
Surface Rentals	DICC 150	95,000	DICC 140	0	STIM 140	174,000	CON 140	3,500	PCOM 140	33,000	305,500
Flowback Labor					STIM 141	0			PCOM 141	60,000	60,000
Downhole Rentals	DICC 155	122,000			STIM 145	0			PCOM 145	0	122,000
Automation Labor							CON 150	57,000	PCOM 150	0	57,000
Formation Evaluation (DST, Coring, etc.)	DICC 160	0			STIM 150	0					0
Mud Logging	DICC 170	29,000									29,000
Open Hole Logging	DICC 180	0									0
Cementing & Float Equipment	DICC 185	150,000	DICC 155	175,000							325,000
Tubular Inspections	DICC 190	35,000	DICC 160	5,000	STIM 160	2,000			PCOM 160	0	42,000
Casing Crows	DICC 195	10,000	DICC 165	20,000	STIM 165	0					30,000
Mechanical Labor	DICC 200	15,000	DICC 170	5,000	STIM 170	0	CON 170	152,000	PCOM 170	0	172,000
Trucking/Transportation	DICC 205	20,000	DICC 175	15,000	STIM 175	7,000	CON 175	21,000	PCOM 175	0	63,000
Supervision	DICC 210	111,000	DICC 180	16,000	STIM 180	69,000	CON 180	24,500	PCOM 180	0	220,500
Trailer House/Camp/Catering	DICC 280	32,000	DICC 255	4,000	STIM 280	34,000					70,000
Other Misc Expenses	DICC 220	3,000	DICC 190	0	STIM 190	90,000	CON 190	10,000	PCOM 190	0	103,000
Overhead	DICC 225	10,000	DICC 195	5,000							15,000
Remedial Cementing	DICC 231	0			STIM 215	0			PCOM 215	0	0
MOB/DEMOS	DICC 240	150,000									150,000
Directional Drilling Services	DICC 245	216,000									216,000
Solids Control	DICC 260	77,000									77,000
Well Control Equip (Snubbing Services)	DICC 265	90,000	DICC 240	0	STIM 240	100,000			PCOM 240	0	190,000
Fishing & Sidetrack Services	DICC 270	0	DICC 245	0	STIM 245	0			PCOM 245	0	0
Completion Rig					STIM 115	21,000			PCOM 115	0	21,000
Coil Tubing Services					STIM 260	271,000			PCOM 260	0	271,000
Completion Logging/Perforating/Wireline					STIM 200	359,000			PCOM 200	0	359,000
Composite Plugs					STIM 390	95,000			PCOM 390	0	95,000
Stimulation Pumping/Chemicals/Additives/Sand					STIM 210	3,770,000			PCOM 210	0	3,770,000
Stimulation Water/Water Transfer/Water Storage					STIM 395	882,000					882,000
Cimarex Owned Frac/Rental Equipment					STIM 305	42,000			PCOM 305	0	42,000
Legal/Regulatory/Curtative	DICC 300	10,000					CON 300	0			10,000
Well Control Insurance	DICC 285	7,000									7,000
Real Time Operations Center	DICC 560	0			STIM 560	0					0
FL/G/L - Labor							CON 500	52,000			52,000
FL/G/L - Supervision							CON 505	0			0
Survey							CON 515	0			0
SWD/Other - Labor							CON 600	0			0
SWD/OTHER - SUPERVISION							CON 605	0			0
Contingency	DICC 435	127,000	DICC 220	17,000	STIM 220	300,000	CON 220	106,000	PCOM 220	38,000	588,000
PBA Costs	DICC 295	0	DICC 275	0			CON 221	7,000			7,000
Total Intangible Cost		2,660,000		362,000		6,291,000		412,000		416,000	10,201,000
Drive Pipe	DWEB 150	0									0
Conductor Pipe	DWEB 130	0									0
Water String	DWEB 135	0									0
Surface Casing	DWEB 140	14,000									14,000
Intermediate Casing 1	DWEB 145	121,000									121,000
Intermediate Casing 2	DWEB 155	0									0
Drilling Liner	DWEB 160	0									0
Production Casing or Liner			DWEA 100	421,000							421,000
Production Tie-Back			DWEA 165	0	STIM 101	0					0
Tubing					STIM 105	59,000			PCOM 105	0	59,000
Wellhead, Tree, Chokes	DWEB 115	20,000	DWEA 120	20,000	STIM 120	25,000			PCOM 120	0	65,000
Liner Hanger, Isolation Packer	DWEB 100	0	DWEA 125	0							0
Packer, Nipples					STIM 400	15,000			PCOM 400	0	15,000
Pumping Unit, Engine					STIM 425	0			PCOM 425	0	0
Downhole Lift Equipment					STIM 410	80,000			PCOM 410	0	80,000
Surface Equipment									PCOM 420	0	0
Well Automation Materials									PCOM 455	0	0
Total Tangible - Well Equipment Cost		155,000		441,000		179,000				0	775,000
NIC Lease Equipment							CONT 400	138,500			138,500
Tanks, Tanks Steps, Stairs							CONT 405	88,500			88,500
Battery Equipment							CONT 410	261,500			261,500
Secondary Containments							CONT 415	39,500			39,500
Overhead Power Distribution							CONT 420	45,500			45,500
Facility Electrical							CONT 425	67,500			67,500
Telecommunication Equipment							CONT 426	0			0
Meters and Metering Equipment							CONT 435	17,500			17,500
Facility Line Pipe							CONT 450	35,000			35,000
Lease Automation Materials							CONT 455	69,000			69,000
FL/G/L - Materials							CONT 550	4,000			4,000
FL/G/L - Line Pipe							CONT 555	7,500			7,500
SWD/Other - Materials							CONT 650	0			0
SWD/OTHER - LINE PIPE							CONT 655	0			0
Total Tangible - Lease Equipment Cost								714,000			714,000
Total Estimated Cost		2,815,000		803,000		6,470,000		1,246,000		416,000	11,750,000



Description	BCP - Drilling			ACP - Drilling			Comp/Stim	
	Code	Amount	Code	Amount	Code	Amount		
Roads & Location	DIDC 109	125,000			STIM 100			5,000
Driveways	DIDC 105	10,000						
Mud/Fluids Disposal	DIDC 255	180,000			STIM 255			46,000
Day Rate	DIDC 135 22 days at \$75,000/day	569,000	DIDC 120 4 days at \$75,000/day	100,000				
Misc Preparation	DIDC 120	35,000						
Bts	DIDC 125	85,000	DIDC 125	0	STIM 125			0
Fuel	DIDC 135 1,150 gal/day at \$3.00/gal	92,000	DIDC 130	0				
Water for Drilling Rig (Not Frac Water)	DIDC 140	5,000	DIDC 135	0	STIM 135			24,000
Mud & Additives	DIDC 145	250,000						
Surface Rentals	DIDC 150 Per Day (BCP)/day	95,000	DIDC 140	0	STIM 140			174,000
Flowback Labor					STIM 141			0
Downhole Rentals	DIDC 155	122,000			STIM 145			0
Automation Labor								
Formation Evaluation (DST, Coring, etc)	DIDC 160	0			STIM 150			0
Mud Logging	DIDC 170 70 days at \$1,700/day	29,000						
Open Hole Logging	DIDC 180	0						
Cementing & Float Equipment	DIDC 185	150,000	DIDC 155	175,000				
Tubular Inspections	DIDC 190	35,000	DIDC 160	5,000	STIM 160			2,000
Casing Crews	DIDC 195	10,000	DIDC 165	20,000	STIM 165			0
Mechanical Labor	DIDC 200	15,000	DIDC 170	5,000	STIM 170			0
Trucking/Transportation	DIDC 205	20,000	DIDC 175	15,000	STIM 175			7,000
Supervision	DIDC 210	111,000	DIDC 180	16,000	STIM 180			69,000
Trailer House/Camp/Catering	DIDC 280	32,000	DIDC 255	4,000	STIM 280			34,000
Other Misc Expenses	DIDC 220	5,000	DIDC 190	0	STIM 190			90,000
Overhead	DIDC 275	10,000	DIDC 195	5,000				
Remedial Cementing	DIDC 231	0			STIM 215			0
MOB/DEMOS	DIDC 240	150,000						
Directional Drilling Services	DIDC 245	216,000						
Solids Control	DIDC 260	77,000						
Well Control Equip (Snubbing Services)	DIDC 265	60,000	DIDC 240	0	STIM 240			100,000
Fishing & Sidetrack Services	DIDC 270	0	DIDC 245	0	STIM 245			0
Completion Rig					STIM 115			21,000
Coil Tubing Services					STIM 260			271,000
Completion Logging/Perforating/Wireline					STIM 200			359,000
Composite Plugs					STIM 390			95,000
Stimulation					STIM 210			3,770,000
Stimulation Water/Water Transfer/Water					STIM 395			682,000
Cimarex Owned Frac/Rental Equipment					STIM 305			42,000
Legal/Regulatory/Curative	DIDC 300	10,000						
Well Control Insurance	DIDC 285 \$0.35/ft	7,000						
Real Time Operations Center	DIDC 560	0			STIM 560			0
FLUGL - Labor								
FLUGL - Supervision								
Survey								
SWD/Other - Labor								
SWD/OTHER - SUPERVISION								
Contingency	DIDC 435 500 % of Drilling Intangibles	127,000	DIDC 320	17,000	STIM 220			300,000
Contingency								
P&A Costs	DIDC 295	0	DIDC 275	0				
Total Intangible Cost		2,650,000		362,000				6,291,000
Drive Pipe	DWEB 150	0						
Conductor Pipe	DWEB 130	0						
Water String	DWEB 135	0						
Surface Casing	DWEB 140 13 3/8" - 400ft at \$35.00/ft	14,000						
Intermediate Casing 1	DWEB 145 9 5/8" - 3,460ft at \$35.00/ft	121,000						
Intermediate Casing 2	DWEB 155	0						
Drilling Liner	DWEB 160	0						
Production Casing or Liner			DWEA 100 5 1/2" - 19,130ft at \$22.00/ft	421,000				
Production Tie-Back			DWEA 165	0	STPAT 101			0
Tubing					STPAT 105 2 7/8" - 8,460ft at \$7.00/ft			59,000
Wellhead, Tree, Chokes	DWEB 115	20,000	DWEA 120	20,000	STPAT 120			25,000
Liner Hanger, Isolation Packer	DWEB 100	0	DWEA 125	0				
Packer, Nipples					STPAT 400			15,000
Pumping Unit, Engine					STPAT 405			0
Downhole Lift Equipment					STPAT 410			60,000
Surface Equipment								
Well Automation Materials								
Total Tangible - Well Equipment Cost		155,000		441,000				179,000
NUC Lease Equipment								
Tanks, Tanks Steps, Stairs								
Battery Equipment								
Secondary Containments								
Overhead Power Distribution								
Facility Electrical								
Telecommunication Equipment								
Meters and Metering Equipment								
Facility Line Pipe								
Lease Automation Materials								
FLUGL - Materials								
FLUGL - Line Pipe								
SWD/Other - Materials								
SWD/OTHER - LINE PIPE								
Total Tangible - Lease Equipment Cost								
<b>Total Estimated Cost</b>		<b>2,815,000</b>		<b>803,000</b>				<b>6,470,000</b>



## Authorization For Expenditure - PARKWAY 16-17 STATE COM 2H

AFE # 26619027

Description	Production Equip		Post Completion		Total	
	Amount	Cost	Amount	Cost	Amount	Cost
Roads & Location	CON 160	31,000	PCOM 160	Road Repair	10,000	171,000
Damages	CON 165	0,000				18,000
Mud/Fluids Disposal			PCOM 255	Water Disposal (2007 BWPD @ \$2.25 for 60)	275,000	501,000
Day Rate						669,000
Misc Preparation						35,000
Bits			PCOM 125		0	85,000
Fuel			PCOM 130		0	92,000
Water for Drilling Rig (Not Frac Water)			PCOM 135		0	29,000
Mud & Additives						250,000
Surface Rentals	CON 140	3,500	PCOM 140	Sand Separator and Iron (30 days)	33,000	305,500
Flowback Labor			PCOM 141	Flowback hands (30 days)	60,000	60,000
Downhole Rentals			PCOM 145		0	122,000
Automation Labor	CON 150	57,000	PCOM 150		0	57,000
Formation Evaluation (DST, Coring, etc)						0
Mud Logging						29,000
Open Hole Logging						0
Cementing & Float Equipment						325,000
Tubular Inspections			PCOM 160		0	42,000
Casing Crews						30,000
Mechanical Labor	CON 170	152,000	PCOM 170		0	172,000
Trucking/Transportation	CON 175	21,000	PCOM 175		0	63,000
Supervision	CON 180	24,500	PCOM 180		0	220,500
Trailer House/Camp/Catering						70,000
Other Misc Expenses	CON 190	10,000	PCOM 190		0	103,000
Overhead						15,000
Remedial Cementing			PCOM 215		0	0
MOB/DEMOS						150,000
Directional Drilling Services						216,000
Solids Control						77,000
Well Control Equip (Snubbing Services)			PCOM 240		0	190,000
Fishing & Sidetrack Services			PCOM 245		0	0
Completion Rig			PCOM 115		0	21,000
Coil Tubing Services			PCOM 260		0	271,000
Completion Logging/Perforating/Wireline			PCOM 200		0	359,000
Composite Plugs			PCOM 350		0	95,000
Stimulation Pumping/Chemicals/Additives/Sand			PCOM 210		0	3,770,000
Stimulation Water/Water Transfer/Water Storage						882,000
Cimarex Owned Frac/Rental Equipment			PCOM 305		0	42,000
Legal/Regulatory/Curative	CON 300	0				10,000
Well Control Insurance						7,000
Real Time Operations Center						0
FL/GL - Labor	CON 500	52,000				52,000
FL/GL - Supervision	CON 505	0				0
Survey	CON 515	0				0
SWD/Other - Labor	CON 600	0				0
SWD/OTHER - SUPERVISION	CON 605	0				0
Contingency	CON 220	106,000	PCOM 220	10%	38,000	568,000
Contingency	CON 221	7,000				7,000
P&A Costs						0
Total Intangible Cost		412,000			416,000	10,201,000
Drive Pipe						0
Conductor Pipe						0
Water String						0
Surface Casing						14,000
Intermediate Casing 1						121,000
Intermediate Casing 2						0
Drilling Liner						0
Production Casing or Liner						421,000
Production Tie-Back						0
Tubing			PCOMT 105		0	59,000
Wellhead, Tree, Chokes			PCOMT 120		0	65,000
Liner Hanger, Isolation Packer						0
Packer, Nipples			PCOMT 400		0	15,000
Pumping Unit, Engine			PCOMT 405		0	0
Downhole Lift Equipment			PCOMT 410		0	80,000
Surface Equipment			PCOMT 420		0	0
Well Automation Materials			PCOMT 455		0	0
Total Tangible - Well Equipment Cost					0	775,000
N/C Lease Equipment	CONT 400	138,500				138,500
Tanks, Tanks Steps, Stairs	CONT 405	88,500				88,500
Battery Equipment	CONT 410	261,500				261,500
Secondary Containments	CONT 415	39,500				39,500
Overhead Power Distribution	CONT 420	45,500				45,500
Facility Electrical	CONT 425	67,500				67,500
Telecommunication Equipment	CONT 426	0				0
Meters and Metering Equipment	CONT 445	17,500				17,500
Facility Line Pipe	CONT 450	35,000				35,000
Lease Automation Materials	CONT 455	69,000				69,000
FL/GL - Materials	CONT 550	4,000				4,000
FL/GL - Line Pipe	CONT 555	7,500				7,500
SWD/Other - Materials	CONT 650	0				0
SWD/OTHER - LINE PIPE	CONT 655	0				0
Total Tangible - Lease Equipment Cost		774,000				774,000
<b>Total Estimated Cost</b>		<b>1,246,000</b>			<b>416,000</b>	<b>11,750,000</b>



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

APPLICATION OF CIMAREX  
ENERGY CO. FOR COMPULSORY  
POOLING, EDDY COUNTY,  
NEW MEXICO

CASE NO. 20746

APPLICATION OF CIMAREX  
ENERGY CO. FOR COMPULSORY  
POOLING, EDDY COUNTY,  
NEW MEXICO

CASE NO. 20748

AFFIDAVIT OF STACI MUELLER

STATE OF TEXAS                                 )  
  ) ss.  
COUNTY OF MIDLAND                         )

Staci Mueller, being duly sworn, deposes and states:

1. I am over the age of 18, I am a geophysicist for Cimarex Energy Co. ("Cimarex"), and have personal knowledge of the matters stated herein. I have been qualified by the Oil Conservation Division ("Division") as an expert in petroleum geology matters and my credentials were accepted as a matter of record by the Division.

2. I conducted a geological study of the area that encompasses the horizontal spacing units that are the subject of Cimarex's applications in these cases and am familiar with the geological matters involved in these cases.

3. As part of my study, I have prepared the following geological exhibits with respect to the horizontal spacing units that are attached hereto:

a. **Exhibit B.1** is a Structure Map on the base of the 3<sup>rd</sup> Bone Spring Sand formation.

It identifies the area of interest for the two proposed units with a red line and the

