

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan-Grisham
Governor

Melanie A. Kenderdine
Cabinet Secretary

Ben Shelton
Deputy Secretary

Erin Taylor
Deputy Secretary

Albert C.S. Chang
Division Director
Oil Conservation Division



Deana M. Bennett
deana.bennett@modrall.com

Administrative Order NSP – 2288

ADMINISTRATIVE NON-STANDARD HORIZONTAL SPACING UNIT

Coterra Energy Operating Co. [OGRID 215099]
Canyonlands 2 State Com Well No. 351H [30-025-54748]
Canyonlands 2 State Com Well No. 001H [30-025-44724]
HSU: Section 2, T24S R34E, Lea County, New Mexico

Reference is made to your application received on May 5th, 2025.

You have requested approval of a non-standard horizontal spacing unit to be included in your proposed horizontal spacing unit, as follows:

Proposed Increased Horizontal Spacing Unit:

Description	Acres	Pool	Pool Code
Section 02	640.16	Red Hills; Bone Spring, North	96434

You have requested an exception pursuant to Rule 19.15.16.15(A)(3) NMAC, to approve a non-standard horizontal spacing unit consisting of the entire area described above as the horizontal spacing unit. The proposed horizontal spacing unit does not consist of a quarter - quarter section or equivalent in sections, as required by Rule 19.15.16.15(B)(1) NMAC.

NSP - 2288
Coterra Energy Operating Co.
Page 2 of 2

We understand that you are seeking this exception for an allowance to create a non-standard horizontal spacing unit, comprised of the Proposed Horizontal Spacing Unit referenced above within Lea County, New Mexico.

The Division understands you have given notice of this application to all operators or owners who are "affected persons," as defined in Paragraph (8) Subsection A of 19.15.2.7 NMAC, in all adjoining units which are to be being included.

You have requested this non-standard horizontal spacing unit to allow for efficient development, to minimize surface disturbance, to promote effective well spacing and to protect the correlative rights within the Bone Spring formation. Thereby, preventing waste underlying all of Section 02, within the referenced Horizontal Spacing Unit.

Pursuant to the authority conferred by Division Rule 19.15.16.15(B)(5) NMAC, the above-described **non-standard horizontal spacing unit is hereby approved**. Further, the Applicant may add additional wells to the non-standard spacing unit, the well(s) must be in the same horizontal spacing unit and pool/formation. The new well's APD shall reference this NSP order number on Form C-102 with an adjacent letter stating this request.

General Provisions

The above approvals are subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 19.15.5.9 NMAC.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.



Albert C.S. Chang, PE
Division Director
AC/lrl

Date: 7/3/2025

ID NO. 458694

NSP - 2288

Revised March 23, 2017

RECEIVED: 05/05/25	REVIEWER:	TYPE:	APP NO:
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

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

**ADMINISTRATIVE APPLICATION CHECKLIST**

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

Applicant: Coterra Energy Operating Co. **OGRID Number:** 215099
Well Name: Canyonlands 2 State Com **API:** Various
Pool: Red Hills; Bone Spring, North **Pool Code:** 96434

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

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

A. Location - Spacing Unit - Simultaneous Dedication

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

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

[I] Commingling - Storage - Measurement

☐ DHC☐ CTB☐ PLC☐ PC☐ OLS☐ OLM

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

☐ WFX☐ PMX☐ SWD☐ IPI☐ EOR☐ PPR2) **NOTIFICATION REQUIRED TO:** Check those which apply.A. ☒ Offset operators or lease holdersB. ☐ Royalty, overriding royalty owners, revenue ownersC. ☐ Application requires published noticeD. ☒ Notification and/or concurrent approval by SLOE. ☒ Notification and/or concurrent approval by BLMF. ☐ Surface ownerG. ☒ For all of the above, proof of notification or publication is attached, and/or,H. ☐ No notice required**FOR OCD ONLY**

☐ Notice Complete
☐ Application
 Content
 Complete

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

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

Deana M. Bennett

Print or Type Name

Signature

05/05/2025

Date

505-848-1834

Phone Number

deana.bennett@modrall.com

e-mail Address



MODRALL SPERLING

L A W Y E R S

VIA ELECTRONIC FILING

May 5, 2025

Acting Director Gerasimos Razatos

And

OCD Engineering Bureau

Oil Conservation Division

New Mexico Department of Energy,

Minerals and Natural Resources

1220 South Saint Francis Drive

Santa Fe, New Mexico 87505

Deana M. Bennett

505.848.1834

Deana.bennett@modrall.com

RE: Application of Coterra Energy Operating Co. for administrative approval of a 640.16-acre, more or less, nonstandard spacing unit in the Bone Spring formation comprised of Section 2, Township 24 South, Range 34 East, Lea County, New Mexico.

Dear Acting Director Razatos /OCD Engineering Bureau:

Coterra Energy Operating Co. ("Coterra"), OGRID number 215099, respectfully requests administrative approval of a 640.16-acre, more or less, nonstandard spacing unit ("NSU") comprised of Section 2, Township 24 South, Range 34 East, Lea County, New Mexico.

The new well proposed to be dedicated to this NSU are:

<u>Well Name</u>	<u>API Number</u>
Canyonlands 2 State Com 351H	Pending

Coterra also requests that the following existing well¹ be included in the NSU approved order:

<u>Well Name</u>	<u>API Number</u>
Canyonlands 2 State Com 1H	30-025-44724

C-102s for all of the Wells (new and existing) are attached hereto as **Exhibit A**. The pool underlying the proposed non-standard spacing unit is the Red Hills; Bone Spring, North pool (Code 96434), which follows the statewide spacing rules. Each Well will comply with the statewide setback requirements for the non-standard spacing unit.

¹ The existing well is currently dedicated to a 160-acre horizontal spacing unit. Coterra's goal is to combine the existing unit with the remaining acreage in Section 2 to create a single approximately 640.16-acre, more or less, spacing unit.

Modrall Sperling
Roehl Harris & Sisk P.A.500 Fourth Street NW
Suite 1000
Albuquerque,
New Mexico 87102PO Box 2168
Albuquerque,
New Mexico 87103-2168Tel: 505.848.1800
www.modrall.com

Page 2

Coterra is requesting this NSU for several reasons. First, approval of the NSU will allow for full and efficient development of this acreage and will minimize surface disturbance by allowing Coterra to consolidate facilities and commingle production from wells in the proposed NSU. Second, Coterra is requesting approval of this NSU to match a Communitization Agreement that has been preliminarily approved by the State Land Office. Third, Coterra is requesting approval of this NSU to promote effective well spacing by removing the setback requirements from the center line and the quarter-quarter lines to allow for more efficient spacing.

A tract map is attached hereto as **Exhibit B**, which identifies the approximate Well locations. Also included in Exhibit B is a list of the Wells to be initially dedicated to this NSU.

Exhibit C is a letter from reservoir engineer explaining the need for a non-standard unit and the benefits associated with a non-standard, as opposed to a standard, unit. Exhibit C includes attachments that compare and contrast the standard versus non-standard unit scenario.

Coterra is providing notice to all affected parties in the tracts that adjoin the proposed non-standard spacing unit and to the State Land Office and the Bureau of Land Management. Proof of mailing notice of the application (including a copy of the application) to affected persons entitled to notice is attached hereto as **Exhibit D**. Also included in Exhibit D is a map identifying the affected tracts and ownership for notice purposes.

Your attention to this matter is appreciated.

Sincerely,



Deana M. Bennett

*Attorney for Coterra Energy
Operating Co.*

C-102 Submit Electronically Via OCD Permitting	State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION	Revised July 9, 2024	
		Submittal Type:	<input type="checkbox"/> Initial Submittal
			<input type="checkbox"/> Amended Report
		<input type="checkbox"/> As Drilled	

WELL LOCATION INFORMATION

API Number	Pool Code 96434	Pool Name Red Hills; Bone Spring, North
Property Code	Property Name CANYONLANDS 2 STATE COM	Well Number 351H
OGRID No. 215099	Operator Name COTERRA ENERGY OPERATING CO.	Ground Level Elevation 3,292.5'
Surface Owner: <input type="checkbox"/> State <input type="checkbox"/> Fee <input type="checkbox"/> Tribal <input type="checkbox"/> Federal Mineral Owner: <input type="checkbox"/> State <input type="checkbox"/> Fee <input type="checkbox"/> Tribal <input type="checkbox"/> Federal		

Surface Location

UL M	Section 2	Township 24S	Range 34E	Lot	Ft. from N/S 370 SOUTH	Ft. from E/W 830 WEST	Latitude (NAD 83) 32.240305°	Longitude (NAD 83) -103.446613°	County LEA
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Bottom Hole Location

UL N	Section 2	Township 24S	Range 34E	Lot	Ft. from N/S 100 SOUTH	Ft. from E/W 2,160 WEST	Latitude (NAD 83) 32.239573°	Longitude (NAD 83) -103.442311°	County LEA
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Dedicated Acres 640.16	Infill or Defining Well	Defining Well API	Overlapping Spacing Unit (Y/N)	Consolidation Code
Order Numbers. Well setbacks are under Common Ownership: <input type="checkbox"/> Yes <input type="checkbox"/> No				

Kick Off Point (KOP)

UL M	Section 2	Township 24S	Range 34E	Lot	Ft. from N/S 100 SOUTH	Ft. from E/W 890 WEST	Latitude (NAD 83) 32.239563°	Longitude (NAD 83) -103.446418°	County LEA
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First Take Point (FTP)

UL M	Section 2	Township 24S	Range 34E	Lot	Ft. from N/S 100 SOUTH	Ft. from E/W 890 WEST	Latitude (NAD 83) 32.239563°	Longitude (NAD 83) -103.446418°	County LEA
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Last Take Point (LTP)

UL N	Section 2	Township 24S	Range 34E	Lot	Ft. from N/S 100 SOUTH	Ft. from E/W 2,160 WEST	Latitude (NAD 83) 32.239573°	Longitude (NAD 83) -103.442311°	County LEA
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Unitized Area or Area of Uniform Interest	Spacing Unit Type <input type="checkbox"/> Horizontal <input type="checkbox"/> Vertical	Ground Floor Elevation:
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OPERATOR CERTIFICATIONS <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and, if the well is a vertical or directional well, 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 a working interest or unleased mineral interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i> <i>If this well is a horizontal well, I further certify that this organization has received the consent of at least one lessee or owner of a working interest or unleased mineral interest in each tract (in the target pool or formation) in which any part of the well's completed interval will be located or obtained a compulsory pooling order from the division.</i>		SURVEYOR CERTIFICATIONS <i>I hereby certify that the well location shown on this plat was plotted from the 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.</i>	
Signature	Date	Signature and Seal of Professional Surveyor	
Shelly Bowen		23782 January 02, 2025	
Printed Name		Certificate Number	Date of Survey
shelly.bowen@coterra.com			
Email Address			

Note: No allowable will be assigned to this completion

d or a non-standard unit has been approved by the division.

EXHIBIT

A

Property Name CANYONLANDS 2 STATE COM	Well Number 351H	Drawn By N.R. 01-08-25	Revised By REV. 1 T.I.R. 02-27-25 (WELLBORE CHANGES & ADD NPZ)
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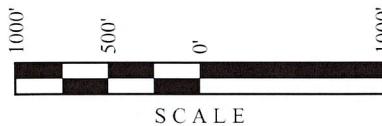
- = SURFACE HOLE LOCATION
- ◆ = KICK OFF POINT/LANDING POINT/FIRST TAKE POINT
- = NPZ POINT
- = LAST TAKE POINT/BOTTOM HOLE LOCATION
- ▲ = SECTION CORNER LOCATED
- = NON-PERFORATION ZONE

LINE TABLE

LINE	DIRECTION	LENGTH
L1	S12°53'22"E	276.58'

NOTE:

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



NAD 83 (SURFACE HOLE LOCATION)
LATITUDE = 32°14'25.10" (32.240305°)
LONGITUDE = -103°26'47.81" (-103.446613°)
NAD 27 (SURFACE HOLE LOCATION)
LATITUDE = 32°14'24.65" (32.240180°)
LONGITUDE = -103°26'46.10" (-103.446139°)
STATE PLANE NAD 83 (N.M. EAST)
N: 452288.32' E: 815495.50'
STATE PLANE NAD 27 (N.M. EAST)
N: 452229.21' E: 774311.09'

NAD 83 (PEAK CURVE 2)
LATITUDE = 32°15'12.76" (32.253543°)
LONGITUDE = -103°26'39.91" (-103.444420°)
NAD 27 (PEAK CURVE 2)
LATITUDE = 32°15'12.31" (32.253419°)
LONGITUDE = -103°26'38.20" (-103.443945°)
STATE PLANE NAD 83 (N.M. EAST)
N: 457110.05' E: 816133.79'
STATE PLANE NAD 27 (N.M. EAST)
N: 457050.80' E: 774949.56'

NAD 83 (KOP/LP/FTP)
LATITUDE = 32°14'22.43" (32.239563°)
LONGITUDE = -103°26'47.10" (-103.446418°)
NAD 27 (KOP/LP/FTP)
LATITUDE = 32°14'21.98" (32.239439°)
LONGITUDE = -103°26'45.39" (-103.445943°)
STATE PLANE NAD 83 (N.M. EAST)
N: 452019.01' E: 815558.32'
STATE PLANE NAD 27 (N.M. EAST)
N: 451959.91' E: 774373.90'

NAD 83 (NPZ 2)
LATITUDE = 32°15'11.26" (32.253127°)
LONGITUDE = -103°26'35.08" (-103.443078°)
NAD 27 (NPZ 2)
LATITUDE = 32°15'10.81" (32.253003°)
LONGITUDE = -103°26'33.37" (-103.442603°)
STATE PLANE NAD 83 (N.M. EAST)
N: 456962.08' E: 816549.86'
STATE PLANE NAD 27 (N.M. EAST)
N: 456902.84' E: 775365.62'

NAD 83 (KOP 2)
LATITUDE = 32°15'06.48" (32.251799°)
LONGITUDE = -103°26'47.27" (-103.446463°)
NAD 27 (KOP 2)
LATITUDE = 32°15'06.03" (32.251674°)
LONGITUDE = -103°26'45.56" (-103.445988°)
STATE PLANE NAD 83 (N.M. EAST)
N: 456470.06' E: 815507.48'
STATE PLANE NAD 27 (N.M. EAST)
N: 456410.85' E: 774323.25'

NAD 83 (LP CURVE 2)
LATITUDE = 32°15'06.47" (32.251798°)
LONGITUDE = -103°26'32.48" (-103.442356°)
NAD 27 (LP CURVE 2)
LATITUDE = 32°15'06.02" (32.251673°)
LONGITUDE = -103°26'30.77" (-103.441880°)
STATE PLANE NAD 83 (N.M. EAST)
N: 456480.33' E: 816777.26'
STATE PLANE NAD 27 (N.M. EAST)
N: 456421.10' E: 775593.00'

NAD 83 (NPZ 1)
LATITUDE = 32°15'11.26" (32.253128°)
LONGITUDE = -103°26'44.66" (-103.445740°)
NAD 27 (NPZ 1)
LATITUDE = 32°15'10.81" (32.253003°)
LONGITUDE = -103°26'42.95" (-103.445264°)
STATE PLANE NAD 83 (N.M. EAST)
N: 456955.43' E: 815727.06'
STATE PLANE NAD 27 (N.M. EAST)
N: 456896.20' E: 774542.84'

NAD 83 (LTP/BHL)
LATITUDE = 32°14'22.46" (32.239573°)
LONGITUDE = -103°26'32.32" (-103.442311°)
NAD 27 (LTP/BHL)
LATITUDE = 32°14'22.01" (32.239448°)
LONGITUDE = -103°26'30.61" (-103.441836°)
STATE PLANE NAD 83 (N.M. EAST)
N: 452032.87' E: 816828.04'
STATE PLANE NAD 27 (N.M. EAST)
N: 451973.76' E: 775643.59'

C-102 Submit Electronically Via OCD Permitting	State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION		Revised July 9, 2024	
			Submittal Type:	<input type="checkbox"/> Initial Submittal
				<input type="checkbox"/> Amended Report
		<input type="checkbox"/> As Drilled		

WELL LOCATION INFORMATION

API Number 30-025-44724	Pool Code 96434	Pool Name Red Hills; Bone Spring, North
Property Code 321280	Property Name CANYONLANDS 2 STATE COM	Well Number 1H
OGRID No. 215099	Operator Name COTERRA ENERGY OPERATING CO.	Ground Level Elevation 3426.3'
Surface Owner: <input type="checkbox"/> State <input type="checkbox"/> Fee <input type="checkbox"/> Tribal <input type="checkbox"/> Federal Mineral Owner: <input type="checkbox"/> State <input type="checkbox"/> Fee <input type="checkbox"/> Tribal <input type="checkbox"/> Federal		

Surface Location

UL P	Section 2	Township 24S	Range 34E	Lot	Ft. from N/S 390 SOUTH	Ft. from E/W 1020 EAST	Latitude (NAD 83) 32.240361°	Longitude (NAD 83) -103.435510°	County LEA
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Bottom Hole Location

UL 1	Section 2	Township 24S	Range 34E	Lot	Ft. from N/S 101 NORTH	Ft. from E/W 948 EAST	Latitude (NAD 83) 32.253537°	Longitude (NAD 83) -103.435339°	County LEA
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Dedicated Acres 640.16	Infill or Defining Well	Defining Well API	Overlapping Spacing Unit (Y/N)	Consolidation Code
Order Numbers. Well setbacks are under Common Ownership: <input type="checkbox"/> Yes <input type="checkbox"/> No				

Kick Off Point (KOP)

UL P	Section 2	Township 24S	Range 34E	Lot	Ft. from N/S 473 SOUTH	Ft. from E/W 1097 EAST	Latitude (NAD 83) 32.240590°	Longitude (NAD 83) -103.435762°	County LEA
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First Take Point (FTP)

UL P	Section 2	Township 24S	Range 34E	Lot	Ft. from N/S 686 SOUTH	Ft. from E/W 984 EAST	Latitude (NAD 83) 32.241174°	Longitude (NAD 83) -103.435397°	County LEA
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Last Take Point (LTP)

UL 1	Section 2	Township 24S	Range 34E	Lot	Ft. from N/S 200 NORTH	Ft. from E/W 944 EAST	Latitude (NAD 83) 32.253266°	Longitude (NAD 83) -103.435325°	County LEA
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Unitized Area or Area of Uniform Interest	Spacing Unit Type <input type="checkbox"/> Horizontal <input type="checkbox"/> Vertical	Ground Floor Elevation:
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OPERATOR CERTIFICATIONS

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and, if the well is a vertical or directional well, 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 a working interest or unleased mineral interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

If this well is a horizontal well, I further certify that this organization has received the consent of at least one lessee or owner of a working interest or unleased mineral interest in each tract (in the target pool or formation) in which any part of the well's completed interval will be located or obtained a compulsory pooling order from the division.

Signature _____ Date _____

Shelly Bowen

Printed Name

shelly.bowen@coterra.com

Email Address

SURVEYOR CERTIFICATIONS

I hereby certify that the well location shown on this plat was plotted from the 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.



Signature and Seal of Professional Surveyor

23782

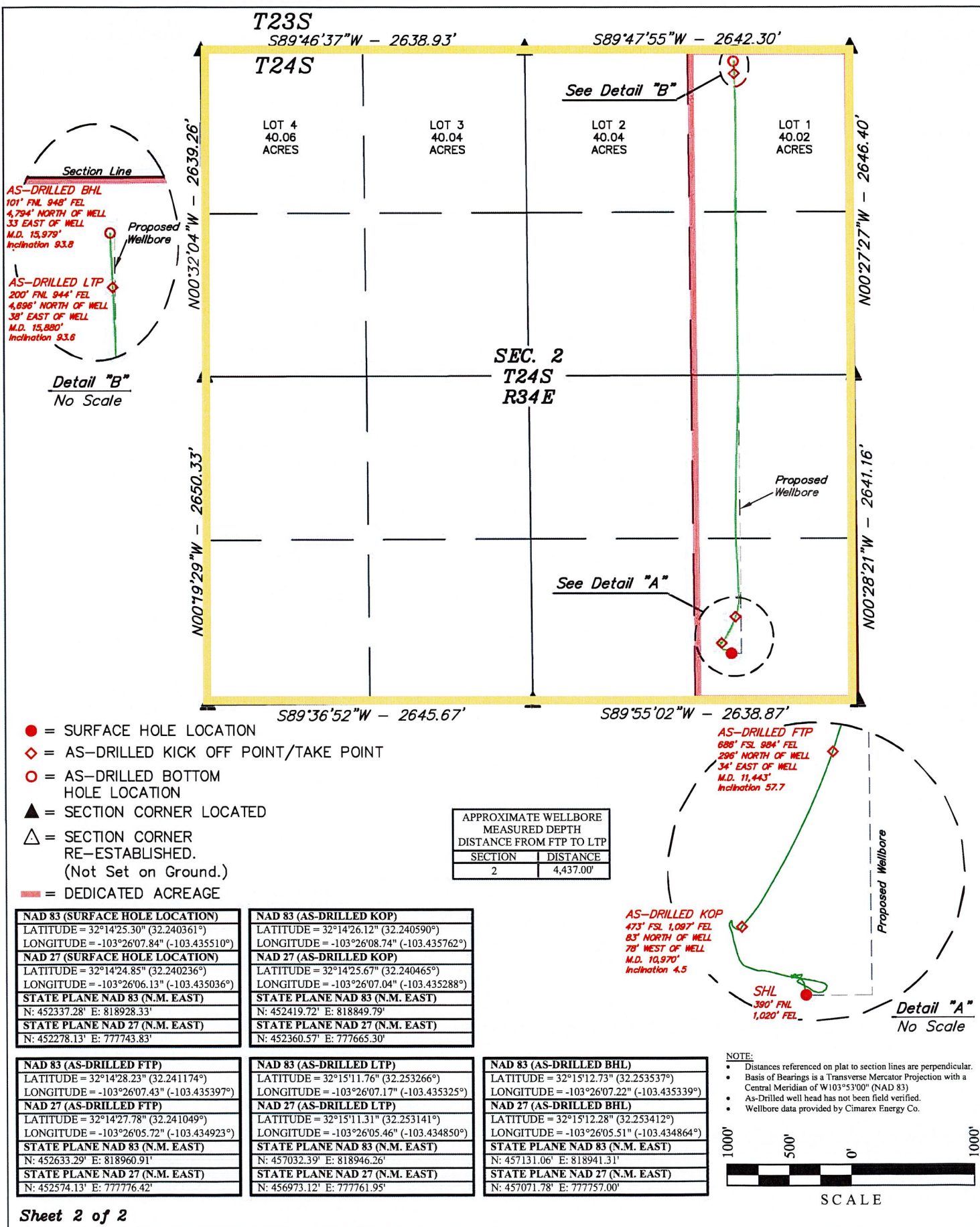
April 3, 2018

Certificate Number

Date of Survey


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

Property Name CANYONLANDS 2 STATE COM	Well Number 1H	Drawn By D.J.S. 03-27-25	Revised By
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


Canyonlands 2 State Com Area**Operator – Coterra Energy Operating Co. (215099)**

Proposed Non-Standard Horizontal Spacing Unit – Bone Spring

L1, L2, L3, L4, S2/N2, and S2 of Section 2, Township 24 South, Range 34 East, Lea County,
New Mexico, containing 640.16 acres, more or less**CANYONLANDS 2
T24S/34E, LEA CO., NM**


Tract 1:
L0-7040-3
State
320.16 Acres



Tract 2:
L0-3882-3
State
320.00 Acres

SECTION 2

L4 (40.06)	L3 (40.04)	L2 (40.04)	L1 (40.02)
E	F	G	H
L	K	J	I
M	N	O	P



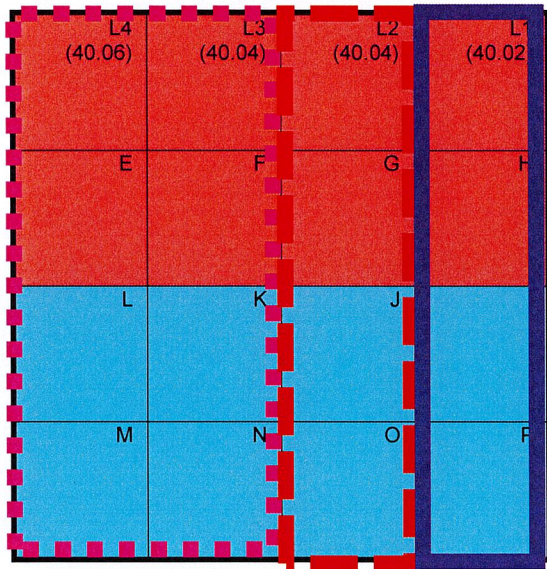
Exhibit "B1"

Canyonlands 2 State Com Area

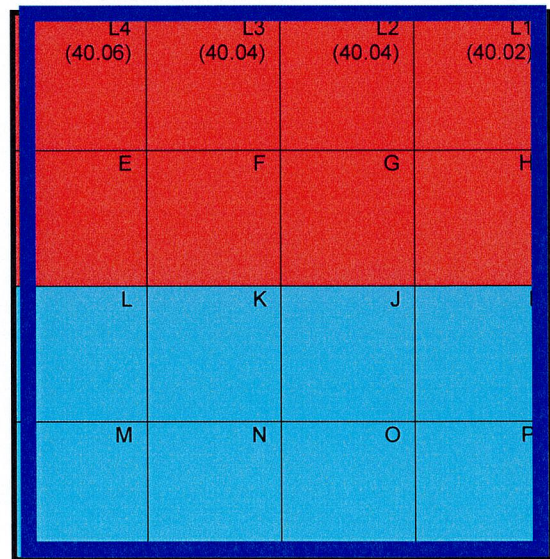
Standard Spacing Unit v. Non-Standard Spacing Unit


CANYONLANDS 2
T24S/R34E, LEA CO., NM

Standard



Non-Standard



 Tract 1:
L0-7040-3
State
320.16 Acres



 Tract 2:
L0-3882-3
State
320.00 Acres


Exhibit "B2"

Canyonlands 2 State Com Area

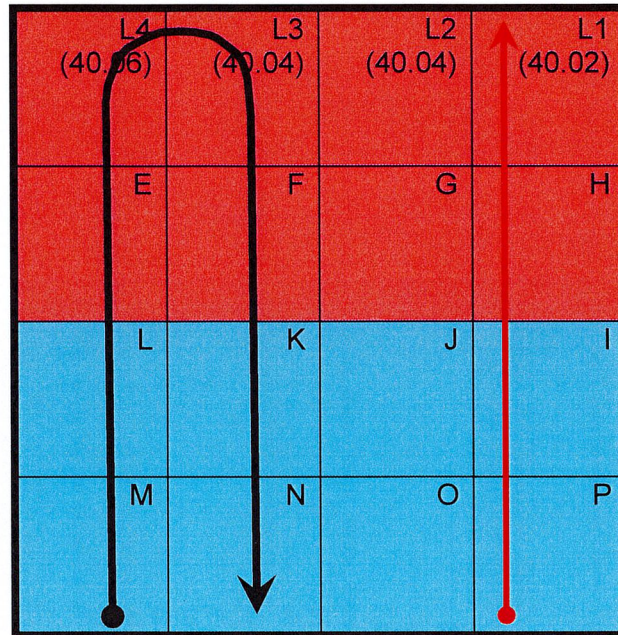
Bone Spring Development

CANYONLANDS 2
T24S/34E, LEA CO., NM

 **Tract 1:**
L0-7040-3
State
320.16 Acres

 **Tract 2:**
L0-3882-3
State
320.00 Acres

SECTION 1



 Existing Bone Spring Wells

 Planned Bone Spring Development (2025)

Exhibit "B3"

Canyonlands 2 State Com Area

Well List with Pool Code

RED HILLS; BONE SPRING, NORTH (Pool Code: 96434)

Well:	API:	Status:
Canyonlands 2 State Com 1H	30-025-44724	Producing
Canyonlands 2 State Com 351H	30-025-XXXXX	Permit Pending



Coterra Energy Inc.
Permian Business Unit
6001 Deauville Blvd.
Suite 300N
Midland, TX 79706

T 432.571.7800
coterra.com

May 5, 2025

VIA E-FILING

Acting Director Gerasimos Razatos
And
OCD Engineering Bureau
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

RE: Application of Coterra Energy Operating Co. for administrative approval of a 640.16-acre, more or less, nonstandard spacing unit in the Bone Spring formation comprised of Section 2, Township 24 South, Range 34 East, Lea County, New Mexico.

Dear Director Razatos/OCD Engineering Bureau:

Coterra Energy Operating Co., a subsidiary of Coterra Energy Inc., OGRID Number 215099 ("Coterra"), respectfully requests administrative approval of a 640.16-acre, more or less, non-standard spacing unit ("NSU") comprised of Section 2, Township 24 South, Range 34 East, Lea County, New Mexico.

The new wells proposed to be dedicated to this NSU are:

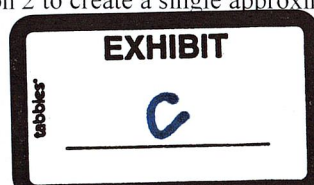
<u>Well Name</u>	<u>API Number</u>
Canyonlands 2 State Com 351H	Pending

Coterra also requests that the following existing wells¹ be included in the NSU approved order:

<u>Well Name</u>	<u>API Number</u>
Canyonlands 2 State Com 1H	30-025-44724

The Wells target the Bone Spring formation and the pool underlying the proposed non-standard spacing unit is the Red Hills; Bone Spring, North pool (Code 96434).

¹ The existing well is currently dedicated to a 160-acre horizontal spacing unit. Coterra's goal is to combine the existing unit with the remaining acreage in Section 2 to create a single approximately 640.16-acre, more or less, spacing unit.



If Coterra were to follow the state-wide rules, Coterra would have to have three units to have standard units. The three standard units would be a W/2 unit (dedicated to a U-turn well), a W/2E/2 unit, and an E/2E/2 unit. In this NSU application, Coterra seeks a single 640.16-acre unit.

Coterra seeks administrative approval of this non-standard spacing unit to match a Communitization Agreement for which Coterra has received preliminary approval, to provide for efficient development, and to minimize surface disturbance by consolidating facilities and commingling production from wells in the proposed non-standard spacing unit. Approval of the non-standard unit will allow Coterra to drill four additional Bone Spring U-Turn wells per half section (8 total additional Bone Spring U-Turn wells, which is the equivalent of 16 one-mile wells total). Accordingly, approval of this administrative application will allow for full development of the communitized acreage, promote efficiently located surface facilities, reduce surface disturbance, consolidate roads, tanks and pipelines; and promote effective well spacing. In addition, approval of Coterra's application promotes effective well spacing and will allow Coterra to commingle production.

Conversely, if Coterra's NSU application is not approved, Coterra will need to construct two additional CTBs, and will need additional third-party takeaway connections for oil, water, and gas. I have included as Exhibit C-1 a slide comparing and contrasting the standard (C-1B) versus non-standard (C-1A) development scenarios.

Exhibit C-2 compares and contrasts, in table format, the reduced surface acreage and the cost savings that will occur if the NSU is approved. Developing the acreage as a single, non-standard unit will result in 6.9 acres less surface disturbance than if Coterra must develop the acreage using standard units. If Coterra's NSU application is approved, that would eliminate the need to build two additional central tank batteries which reduces permitted fugitive VOC emissions, spill risk, and low-pressure flaring. In addition, total capital costs would be significantly reduced because less infrastructure would be required to operate the single, non-standard unit.

In my opinion, approval of the NSU is in the best interest of conservation, prevention of waste, and protection of correlative rights.

Thank you for your consideration. Should you have any questions please contact me at Eddie.Behm@coterra.com or (432) 571-7865.

Sincerely,

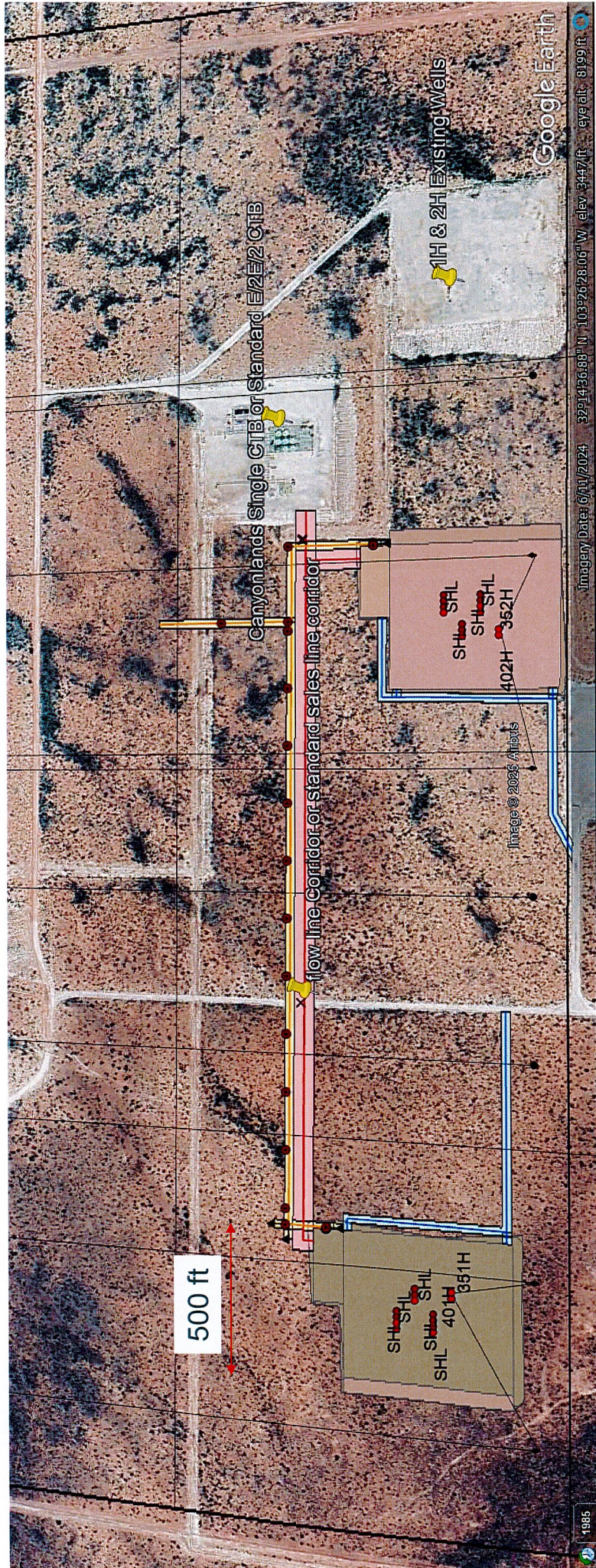


Eddie Behm
Reservoir Engineer
Coterra Energy Operating Co.

New Surface Disturbance – Non-Standard Spacing Unit C-1A



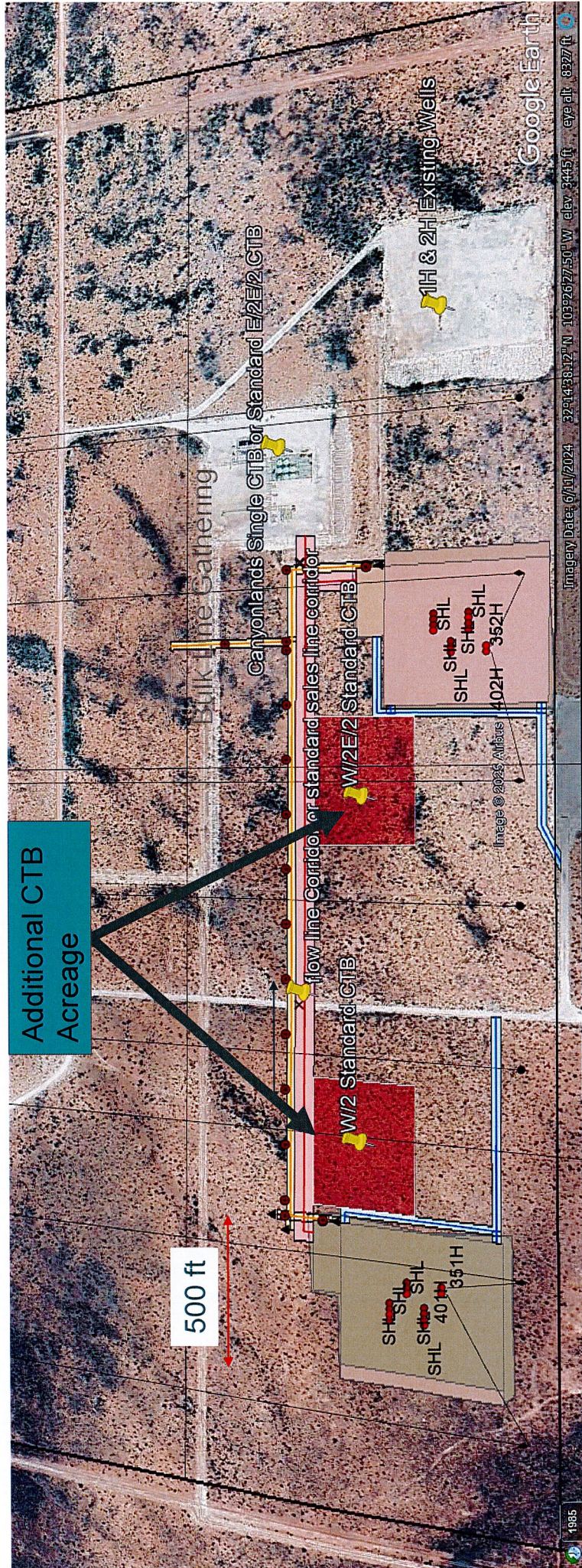
- Single Existing Central Tank Battery CTB gathers W/2, W/2E/2, and E/2E/2



New Surface Disturbance – Standard Spacing Unit C-1B



- Additional Construction of 1 CTB for W2 and 1 CTB for W2E2
- Bulk line corridor used to tie back into oil, gas, and water at the existing battery



Environmental and Capital Savings C-2



Scenario	CTB Capital + CTRA pipelines (\$M)	CTB, Roads, and Pipeline (Acres)
Non-Standard Spacing Unit (C1-A)	\$11,600	16.3
Standard Spacing Unit (C1-B)	\$21,600	23.3
Savings	\$10,000	6.9

- Approval of a non-standard unit will allow consolidation of all production into a single facility and will eliminate the need to build 2 additional 440' x 350' tank batteries saving approximately 6.9 acres of disturbance.
- Elimination of two additional tank batteries effectively cuts permitted fugitive VOC emissions, spill risk, and LP flares by 66%.

Karlene Schuman
Modrall Sperlger Rochl Harris & Sisk P.A.
500 Fourth Street, Suite 1000
Albuquerque NM 87102

PS Form 3877

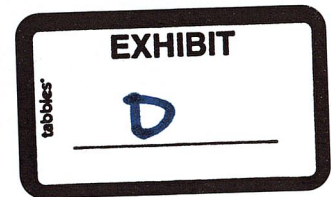
Type of Mailing: CERTIFIED MAIL
05/05/2025

Firm Mailing Book ID: 288233

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
1	9314 8699 0430 0134 7791 35	Chevron U.S.A. Inc. 1400 Smith St. Houston TX 77002	\$2.87	\$4.85	\$2.62	\$0.00	11522.0003canyon Notice
2	9314 8699 0430 0134 7791 42	Mewbourne Oil Co. 500 West Texas Ave., Suite 1020 Midland TX 79701	\$2.87	\$4.85	\$2.62	\$0.00	11522.0003canyon Notice
3	9314 8699 0430 0134 7791 59	Civitas Permian Operating LLC 6301 Holiday Hill Rd., Suite 201 Midland TX 79707	\$2.87	\$4.85	\$2.62	\$0.00	11522.0003canyon Notice
4	9314 8699 0430 0134 7791 66	Paloma Permian, LLC 1100 Louisiana St., Suite 5100 Houston TX 77002	\$2.87	\$4.85	\$2.62	\$0.00	11522.0003canyon Notice
5	9314 8699 0430 0134 7791 73	COG Production, LLC 600 W. Illinois Ave. Midland TX 79701	\$2.87	\$4.85	\$2.62	\$0.00	11522.0003canyon Notice
6	9314 8699 0430 0134 7791 80	Bureau of Land Management 301 Dinosaur Trail Santa Fe NM 87508	\$2.87	\$4.85	\$2.62	\$0.00	11522.0003canyon Notice
7	9314 8699 0430 0134 7791 97	New Mexico State Land Office P.O. Box 1148 Santa Fe NM 87504	\$2.87	\$4.85	\$2.62	\$0.00	11522.0003canyon Notice
Totals:			\$20.09	\$33.95	\$18.34	\$0.00	
Grand Total:						\$72.38	

List Number of Pieces Listed by Sender Total Number of Pieces Received at Post Office Postmaster: Dated:

7





May 5, 2025

Deana M. Bennett
505.848.1834
dmb@modrall.com

VIA CERTIFIED MAIL

TO AFFECTED PARTIES

Re: Application of Coterra Energy Operating Co. for administrative approval of a 640.16-acre, more or less, nonstandard spacing unit in the Bone Spring formation comprised of Section 2, Township 24 South, Range 34 East, Lea County, New Mexico.

Dear Sir or Madam:

Enclosed is a copy of the above referenced application filed with the New Mexico Conservation Division on this date. Any objections that you have to this application must be filed in writing with the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico 87505, within twenty (20) days from the date the Division receives the above-referenced applications. If no objection is received within this twenty-day period, the applications may be approved administratively by the Division.

If you have any questions concerning these applications, please contact:

Eddie Behm
Reservoir Engineer
Coterra Energy Inc.
Eddie.Behm@coterra.com

Sincerely,

A handwritten signature in blue ink, appearing to read 'Deana M. Bennett', is written over a horizontal line.

Deana M. Bennett
*Attorney for Coterra Energy
Operating Co.*

Modrall Sperling
Roehl Harris & Sisk P.A.

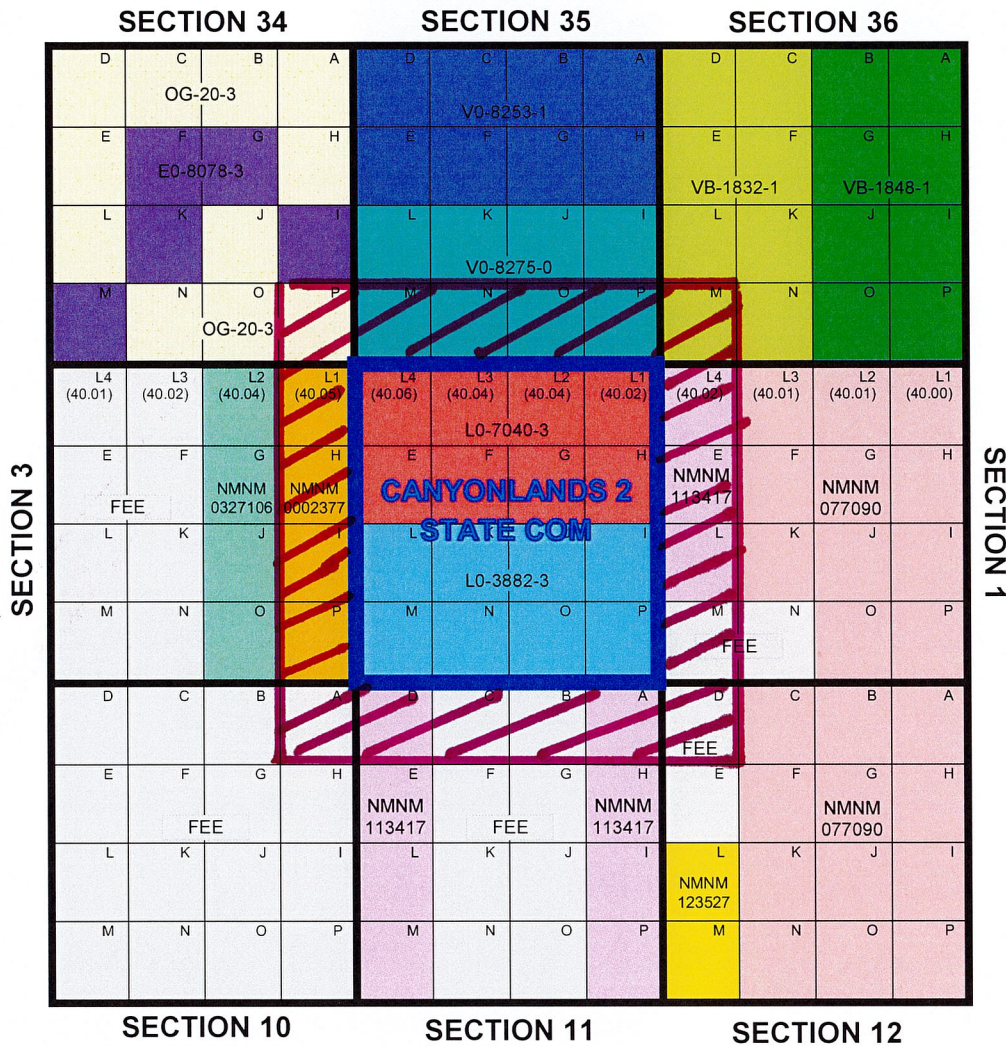
500 Fourth Street NW
Suite 1000
Albuquerque,
New Mexico 87102

PO Box 2168
Albuquerque,
New Mexico 87103-2168

Tel: 505.848.1800
www.modrall.com

Canyonlands 2 State Com Area

Offset Ownership

T23S/R34E,
_EA CO., NMT24S/R34E,
_EA CO., NM

T23S/R34E	
Section 34 Working Interest Owner(s):	Chevron U.S.A. Inc. (4323)
Section 35 Operator:	Mewbourne Oil Co. (14744)
Section 36 Operator:	Mewbourne Oil Co. (14744)
T24S/R34E	
W2/W2 Section 1 Operator:	Civitas Permian Operating, LLC (332195)
Section 2 Operator:	Coterra Energy Operating Co. (215099)
Section 3 Working Interest Owner(s):	Chevron U.S.A. Inc. (4323) Paloma Permian, LLC
Section 10 Operator:	COG Production, LLC (217955)
Section 11 Operator:	Civitas Permian Operating, LLC (332195) COG Operating LLC (229137) Chevron Midcontinent, L.P. (241333)
W2/W2 Section 12 Operator:	Civitas Permian Operating, LLC (332195)

Exhibit "D1"

Canyonlands 2 State Com Area**Offset Ownership – Notice Table**

Offsetting Section:	Operator:	Working Interest Owner(s) – N/A if Coterra/Cimarex is NOT Operator:	Address(es):	Notice Sent:
Section 34, T23S/R34E	Chevron U.S.A. Inc.	N/A	Chevron U.S.A. Inc. 1400 Smith St. Houston TX 77002	05/05/2025
Section 35, T23S/R34E	Mewbourne Oil Co. (14744)	N/A	Mewbourne Oil Co. 500 West Texas Ave, Suite 1020 Midland, TX 79701	05/05/2025
Section 36, T23S/R34E	Mewbourne Oil Co. (14744)	N/A	Mewbourne Oil Co. 500 West Texas Ave, Suite 1020 Midland, TX 79701	05/05/2025
W2/W2 Section 1, T24S/R34E	Civitas Permian Operating, LLC (332195)	N/A	Civitas Permian Operating, LLC 6301 Holiday Hill Rd., Suite 201 Midland, TX 79707	05/05/2025
Section 2, T24S/R34E	Coterra Energy Operating Co. (215099)	Coterra Energy Operating Co. (100%)	Coterra Energy Operating Co. 6001 Deauville Blvd., Suite 300N Midland, TX 79706	N/A
Section 3, T24S/R34E	Chevron U.S.A. Inc.	N/A	Chevron U.S.A. Inc. 1400 Smith St. Houston TX 77002	05/05/2025
	Paloma Permian, LLC	N/A	Paloma Permian, LLC 1100 Louisiana St., Suite 5100 Houston, TX 77002	05/05/2025
Section 10, T24S/R34E	COG Production, LLC (217955)	N/A	COG Production, LLC 600 W. Illinois Ave. Midland, TX 79701	05/05/2025
Section 11, T24S/R34E	Civitas Permian Operating, LLC (332195)	N/A	Civitas Permian Operating, LLC 6301 Holiday Hill Rd., Suite 201 Midland, TX 79707	05/05/2025
	COG Operating LLC (229137)	N/A	COG Operating LLC 600 W. Illinois Ave. Midland, TX 79701	05/05/2025
	Chevron Midcontinent, L.P. (241333)	N/A	Chevron Midcontinent, L.P. 1400 Smith St. Houston TX 77002	05/05/2025
W2/W2 Section 12, T24S/R34E	Civitas Permian Operating, LLC (332195)	N/A	Civitas Permian Operating, LLC 6301 Holiday Hill Rd., Suite 201 Midland, TX 79707	05/05/2025

Government Agency(ies) Receiving Notice:

Offsetting Mineral Ownership:	Address(es):	Notice Sent:
Federal (Sections 1, 3, and 11)	Bureau of Land Management 301 Dinosaur Trail Santa Fe, NM 87508	05/05/2025
State (Sections 2, 34, 35, and 36)	New Mexico State Land Office P.O. Box 1148, Santa Fe, NM 87504	05/05/2025

Sante Fe Main Office
Phone: (505) 476-3441

General Information
Phone: (505) 629-6116

Online Phone Directory
<https://www.emnrd.nm.gov/oed/contact-us>

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

CONDITIONS

Action 458694

CONDITIONS

Operator: Coterra Energy Operating Co. 6001 Deauville Blvd Midland, TX 79706	OGRID: 215099
	Action Number: 458694
	Action Type: [UF-NSP] Non-Standard Proration (NSP)

CONDITIONS

Created By	Condition	Condition Date
llowe	Submit a C-103 X or Z to the OCD district office to add the Canyonlands 2 State Com Well No. 1H (30-025-44724) to this NSP order and HSU. Reference this NSP order within the request.	7/10/2025