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

APPLICATIONS OF CIMAREX ENERGY CO. FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

Case Nos. 23594, 23595, 23596, 23597, 23598, 23599, 23600 & 23601

## PREHEARING STATEMENT

Cimarex Energy Co., ("Cimarex"), OGRID No. 215099, through its undersigned attorneys, submits the following Prehearing Statement pursuant to the rules of the Oil Conservation Division ("Division") for the above referenced Cases which are consolidated with the Case Nos. 23452-23455, and 23508 – 23523 for a contested hearing pursuant to that certain "Further Amended Pre-Hearing Order" issued on June 8, 2023. This Prehearing Statement describes the status of Cimarex's Case Nos. 23594 - 23601, which were originally filed in response to Read & Stevens, Inc., in association with Permian Resources Operating, LLC (collectively referred to herein as "Permian Resources") proposing to pool the Wolfcamp formation underlying Sections 5 and 8, and Sections 4 and 9, in Township 20 South, Range 34 East, NMPM, Lea County ("Subject Lands") in Case Nos. 23512-23515 and 23520 – 23523.

**APPEARANCES** 

APPLICANT ATTORNEY

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### **COMPETING PARTY**

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

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## APPLICANT'S STATEMENT OF THE CASES

Cimarex provides this Prehearing Statement to inform the Division of the current status of Case Nos. 23594, 23595, 23596 and 23597, 23598, 23599, 23600 & 23601. A little more than a month after Cimarex filed its applications to develop and pool the Bone Spring formation in the Subject Lands, Permian Resources not only filed applications for the Bone Spring but also filed applications for drilling and pooling the Wolfcamp formation in the Subject Lands in Case Nos. 23512-23515 and 23520 – 23523, and proposed to drill wells in the Upper Wolfcamp of the Subject Lands despite the fact that, based on the geological and reservoir data, those wells would drain the 3<sup>rd</sup> Bone Spring Sand and would likely result in permanent damage to the target reservoir located in the Bone Spring where the target reservoir is located.

Permian Resources' decision to propose to develop the Upper Wolfcamp created a dilemma for Cimarex. On the one hand, Cimarex understood, based on clear geological and reservoir data, that the Upper Wolfcamp should not be developed in the Subject Lands but, on the other hand, Cimarex understood that once Permian Resources filed its application to pool the Upper Wolfcamp, Cimarex needed to provide a counter proposal that would oppose Permian Resources' Upper Wolfcamp applications.

Consequently, Cimarex drafted competing pooling applications for the Wolfcamp in which it explained that the best way to develop the target reservoir is by drilling wells in the 3<sup>rd</sup> Bone Springs Sands, the same wells proposed by Cimarex's Bone Spring applications and prohibit the drilling of wells in Upper Wolfcamp to prevent drainage from and damage to the target reservoir. Cimarex filed its Wolfcamp applications in Case Nos. 23594 – 23601, in which it dedicated the Wolfcamp units exclusively to wells drilled in the 3<sup>rd</sup> Bone Spring Sands, and not in the Upper Wolfcamp, in order preserve the Upper Wolfcamp from being drilled and thereby protect the 3<sup>rd</sup> Bone Spring Sand from drainage and damage.

Cimarex has further evaluated its applications in Case Nos. 23594 – 23601 as a response to the applications filed by Permian Resources in Case Nos. 23512 – 23515 and 23520 – 23523, and Cimarex has determined that the best way to develop the Subject Lands and both protect the primary reservoir of said Lands while optimizing production is to request that the Division establish a protective zone covering the Upper Wolfcamp in order to protect correlative rights and prevent waste.

As a result, Cimarex has filed a Motion for an Order to Prohibit the Drilling of Wells in the Upper Wolfcamp in Order to Protect Correlative Rights and Optimize Production of the Subject Lands ("Motion"), attached hereto as Exhibit 1, in which it has asked the Division to consider and rule on the Motion as part of the Division's ruling in the contested hearing. Should the Division decide that Cimarex has the better development plan, then the Upper Wolfcamp would not be drilled.

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

WITNESS

**ESTIMATED TIME** 

**EXHIBITS** 

Landman: John Coffman Approx. 5 min Approx. 1

Qualifications: I graduated in 2018 from Texas Tech University with a bachelor's degree in

Business Administration with an emphasis on Energy Commerce. I have worked at Cimarex for approximately 4 years, and I have been working in New Mexico for 4 years. My credentials as an expert witness in petroleum land matters have been accepted by the Division and made a matter of record.

Geologist: Staci Meuller Approx. min Approx. 21

Qualifications: I have a Bachelor of Science Degree in Geophysical Engineering from Colorado School of Mines, and a Master of Science Degree in Geophysics from Colorado School of Mines. I have worked on New Mexico Oil and Gas matters since July 2018. My credentials as an expert witness in geology have been accepted by the Division and made a matter of record.

Reservoir Engineer: Eddie Behm Approx. 45 minutes Approx. 17

Qualifications: I attended the University of Tulsa and graduated with a bachelor's in petroleum engineering in 2011. I have worked for Occidental, California Resources prior to working for Cimarex and have been employed as a Production and Reservoir engineer for Cimarex for the last 6 years, working in the Delaware Basin with a primary focus on Lea County, New Mexico. I have

previously testified before the Division as an expert reservoir engineer, and my credentials have been accepted of record.

Facilities Engineer: Calvin Boyle Available for questions (15 min) Approx. 1 Qualifications: I attended the University of Oklahoma and graduated with a bachelor's in petroleum engineering in 2016 followed by Oklahoma State University where I graduated with a Master of Business Administration in 2018. I worked for Halliburton prior to working for Cimarex Energy Co. ("Cimarex") and have been employed as a Field, Production, and Facilities engineer for Cimarex for the last 4 years, working in the Delaware Basin with a primary focus on Lea County, New Mexico. I am familiar with the subject applications filed in the above-referenced Cases and the engineering involved. I have not testified previously before the Division and am providing a one-page resume.

## **LIST OF MATERIAL FACTS NOT IN DISPUTE**

Parties are in general agreement that the Bone Spring formation underlying the Subject

Lands would be productive if drilled and developed and should be developed; however, there is

disagreement about whether the Upper Wolfcamp should be drilled and developed simultaneously
with the Bone Spring.

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

The central issue in Cimarex's Case Nos. 23594 - 23601 and Permian Resources' competing Case Nos. 23512 – 23515 and 23520 - 23523 is whether the Upper Wolfcamp should be drilled and developed (Cimarex asserts that the drilling of the Upper Wolfcamp would result in waste and harm to correlative rights and to the target reservoir, and therefore the Upper Wolfcamp should not be drilled; while Permian Resources proposes to drill the Upper Wolfcamp). As an alternative to drilling the Upper Wolfcamp, Cimarex has filed a Motion to establish a protective buffer zone in the Upper Wolfcamp to prevent it from being drilled.

### PROCEDURAL MATTERS

For Cimarex's Case Nos. 23594 – 23601 and Permian Resources' Case Nos. 23512 – 23515 and 23520 – 23523, Cimarex requests that the Division review and consider the Motion (attached

hereto as Exhibit 1) that Cimarex has filed concerning the Wolfcamp formation and how best to develop the Subject Lands.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage

Darin C. Savage

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

Attorneys for Cimarex Energy Co.

## **CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing was filed with the New Mexico Oil Conservation Division and was served on counsel of record via electronic mail on July 13, 2023:

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

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

Attorneys for Sandstone Properties, LLC

/s/ Darin C. Savage

Darin C. Savage

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

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

Case Nos. 23448 – 23455

APPLICATIONS OF CIMAREX ENERGY CO. FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

Case Nos. 23594 - 23601

APPLICATIONS OF READ & STEVENS, INC. FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

Case Nos. 23508 – 23523

# MOTION FOR AN ORDER TO PROHIBIT THE DRILLING OF WELLS IN THE UPPER WOLFCAMP IN ORDER TO PROTECT CORRELATIVE RIGHTS AND OPTIMIZE PRODUCTION OF THE SUBJECT LANDS

Cimarex Energy Co., ("Cimarex"), through its undersigned attorneys, respectfully requests that the New Mexico Oil Conservation Division ("Division") issue an order prohibiting the drilling of horizontal wells in the Upper Wolfcamp in Sections 4, 5, 8 and 9, Township 20 South, Range 34 East, NMPM, Lea County ("Subject Lands") to protect correlative rights and optimize production of the Subject Lands. In support of its Motion, Cimarex submits the following:

### I. Factual and procedural background

1. Cimarex has been preparing to develop Subject Lands since 2018. Based on its detailed analysis of the specific geology and reservoir characteristics of this area, on March 9, 2023, Cimarex filed applications in Case Nos. 23448 through 23455 for the compulsory pooling

EXHIBIT 1

of the Bone Spring formation underlying the Subject Lands, proposing the Mighty Pheasant Wells for units in Sections 5 and 8, and proposing the Loosey Goosey Wells for units in Sections 4 and 9.

- 2. As a result of its evaluation of the Subject Lands, as well as the surrounding area, Cimarex found that not only were the best reserves of oil and gas residing in the 3<sup>rd</sup> Bone Spring Sand but also that the Upper Wolfcamp reservoir under the Subject Lands and surrounding area was significantly below average in quality and potential, rendering Wolfcamp wells economically unfeasible. *See* Exhibit 1, attached hereto, showing that the consensus landing for optimal development is the 3<sup>rd</sup> Bone Spring Sands, not the Upper Wolfcamp.
- 3. Cimarex has also determined that there are no indications of any major geomechanical changes/frac baffles in between Cimarex's 3<sup>rd</sup> Sand target and Permian Resources' Wolfcamp Sands target, indicating that these two intervals are most likely one shared reservoir tank. Due to the absence of the baffle between the 3<sup>rd</sup> Bone Spring Sand and the Upper Wolfcamp, Cimarex has concluded that if Upper Wolfcamp wells were to be completed while drilling and developing the 3<sup>rd</sup> Bone Spring Sand, those wells would drain much of the reserves in the 3rd Bone Spring Sand, where the best reserves are located, and would likely result in permanent damage to the target reservoir in the 3<sup>rd</sup> Bone Spring Sand.
- 4. Thus, Cimarex limited its proposed development and applications for compulsory pooling to the Bone Spring and did not seek to pool the Upper Wolfcamp. Cimarex's analysis of the Subject Lands comports to how other operators are developing the surrounding areas that share the same three fundamental characteristics, *viz.*, excellent reserves in the 3<sup>rd</sup> Bone Spring Sand, poor quality reservoir in the Upper Wolfcamp, and the lack of a baffle between the two. *See* Exhibit 2, attached hereto, showing the overwhelming predominance of Bone Spring development

and the dearth and rarity of the Wolfcamp development.

- 5. A little more than a month after Cimarex filed is applications to develop and pool the Bone Spring Formation, Read & Stevens, Inc., in association with Permian Resources Operating, LLC (collectively referred to as "Permian Resources"), filed competing applications to pool the Bone Spring formation of the Subject Lands in Case Nos. 23508-23511 and 23516-23519. Permian Resources also filed applications for drilling and pooling the Wolfcamp formation in Case Nos. 23512-23515 and 23520-23523, proposing to drill eight wells in the Upper Wolfcamp despite the fact that those wells would drain the 3<sup>rd</sup> Bone Spring Sand and would likely result in permanent damage to the target reservoir located in the Bone Spring where the best reservoirs are located.
- 6. Given the poor quality of the Upper Wolfcamp reservoir, the lack of the baffle that would otherwise minimize drainage of the 3<sup>rd</sup> Bone Spring, the fact that additional Upper Wolfcamp wells will not increase EUR, and the recent history of developing the lands in the area that account for these facts, Permian Resources' decision to seek to develop the Upper Wolfcamp Formation is baffling. The geological data demonstrates that expending tens of millions of dollars¹ drilling unnecessary wells in the Upper Wolfcamp that will not increase EUR, but instead would place a substantial financial burden on Working Interest owners, incur environmental risks of drilling additional and unnecessary wells, undermine overall production, and likely result in permanent damage to the target reservoir, creating waste of oil and gas that would be forever lost through the misguided development of the Upper Wolfcamp. See Exhibit 4
- 7. Permian Resources' decision to propose to develop the Upper Wolfcamp created a dilemma for Cimarex. On the one hand, based on clear geological and reservoir data, Cimarex

<sup>&</sup>lt;sup>1</sup> Permian Resources is proposing to drill eight Upper Wolfcamp wells on the Subject Lands at a total estimated cost of \$95,022,896. *See*: Permian Well Proposals, a copy of which are attached hereto as Exhibit 3.

knew, that the Upper Wolfcamp should not be developed on the Subject Lands but, on the other hand, Cimarex understood that once Permian Resources filed its application to pool the Upper Wolfcamp, Cimarex needed to provide a counter proposal that would oppose Permian Resources' Upper Wolfcamp applications.

8. Consequently, Cimarex drafted competing pooling applications for the Upper Wolfcamp in which it explained that the best way to develop the target reservoir is by drilling wells in the 3<sup>rd</sup> Bone Springs Sands, the same wells proposed by Cimarex's Bone Spring applications and prohibit the drilling of wells in Upper Wolfcamp to prevent drainage from and damage to the target reservoir. Cimarex filed its Wolfcamp applications on June 5, 2023, in Case Nos. 23594 – 23601, in which it dedicated the Wolfcamp units exclusively to wells drilled in the 3<sup>rd</sup> Bone Spring Sands, and not in the Upper Wolfcamp, in order preserve the Upper Wolfcamp from being drilled and thereby protect the 3<sup>rd</sup> Bone Spring Sand from drainage and damage.

## II. Argument

- A. The optimal development of the Subject Lands is to drill wells in the 3<sup>rd</sup> Bone Spring Sand and create a protective buffer zone that would prohibit the drilling of wells in the Upper Wolfcamp.
- 9. In order to protect the abundant reserves in the 3<sup>rd</sup> Bone Spring Sand and avoid the inherent damage that Permian Resources' proposed Upper Wolfcamp wells would inflict on the reservoir, the Division should create a buffer zone that prohibits development of the subpar Upper Wolfcamp. The history and practice of achieving optimal development in the area surrounding the Subject Lands has repeatedly been demonstrated over the years by the fact the operators who were free to drill in both the Bone Spring and Wolfcamp decided to develop the 3<sup>rd</sup> Bone Spring Sands and to forego drilling any Upper Wolfcamp wells. *See* Exhibits 1 and 2, attached hereto.
  - 10. Cimarex filed its Wolfcamp applications only as a response to Permian Resources'

unexpected and imprudent Wolfcamp applications as a means to prevent Permian Resources from making the mistake of drilling the costly, wasteful, and unnecessary Upper Wolfcamp wells. In its competing Wolfcamp applications, Cimarex emphasized that only the 3<sup>rd</sup> Bone Spring Sands should be drilled and not the Upper Wolfcamp, consistently advocating that the Division should not allow the drilling of Upper Wolfcamp wells on the Subject Lands.

- Wolfcamp based on wells drilled in 3<sup>rd</sup> Bone Spring Sand may not be the best way to protect correlative rights and counter Permian Resources' plan for the Upper Wolfcamp. Cimarex submits that the best course of action for the Division to follow, in order to ensure achieving optimal production from the rich reserves located in the 3<sup>rd</sup> Bone Spring Sand and to protect correlative rights, would be to allow the drilling of the 3<sup>rd</sup> Bone Spring Sand wells, as proposed by Cimarex, and to establish a vertical protective zone that would preclude the drilling of wells in the subpar Upper Wolfcamp. Such a protective zone would prevent drainage of the 3<sup>rd</sup> Bone Spring, thus protecting the correlative rights of the owners in the 3<sup>rd</sup> Bone Spring. In addition, the protective zone would spare the working interest owners approximately \$95 Million for wells that not only fail to increase the EUR but would also likely damage the reservoir. Cimarex has carefully analyzed the need for such a protective buffer zone and provides in Exhibit 5, attached hereto, a graphic depiction and quantification of the area and extent of the Upper Wolfcamp that needs to be protected.
- 12. The Division has the clear authority to fashion such a necessary solution and establish a protective zone under NMSA 1978 Section 70-2-11, which grants the Division authority "to do whatever may be reasonably necessary" to protect correlative rights, prevent waste, and prevent the drilling of unnecessary wells. The wells proposed to be drilled by Permian

Resources in the Upper Wolfcamp are clearly unnecessary, wasteful, and unwarranted based on the geological and reservoir data.

13. When Cimarex drafted its competing application to pool the Wolfcamp formation as a counter to Permian Resources' Wolfcamp application, it did so with the intent of dedicating the Wolfcamp unit to a well drilled in the 3<sup>rd</sup> Bone Spring in order to prevent the Upper Wolfcamp from being drilled and establishing the Upper Wolfcamp as a buffer zone. Cimarex submits this Motion with the same intent - to prohibit the drilling of wells in the Upper Wolfcamp by creating a protective buffer zone that would prevent drainage of the target reservoir, protect correlative rights, prevent waste, avoid the drilling of unnecessary wells, and protect the target reservoir from harm and damage. Thus, Cimarex by this Motion respectfully requests that its competing applications in Case Nos. 23594, 23595, 23596, 23597, 23598, 23599, 23600, and 23601 to pool the Wolfcamp formation be dismissed; that the Division establish a protective buffer zone that prohibits the drilling of wells in the Upper Wolfcamp; and that the Division require any operator who wants develop the Lower Wolfcamp, below the proposed buffer zone, to file a separate pooling application that specifically targets the Lower Wolfcamp.

## III. Conclusion:

Cimarex respectfully requests that the Division consider this Motion as part of the contested hearing for the above-referenced cases during which Cimarex and Permian Resources will be presenting their respective plans for the development of the Subject Lands. Permian Resources' development plans consist of drilling both the Bone Spring and Upper Wolfcamp formations; whereas, Cimarex's development plans consist of drilling only the Bone Spring formation to achieve optimal production of the Subject Lands that protects correlative rights and avoids waste.

If the Division finds Cimarex's production data and analysis of the geology and target reservoir to be accurate and persuasive, and as a result, decides to grant Cimarex operatorship of the Subject Lands by approving its applications for the Bone Spring, then concurrently with the Division's decision, Cimarex respectfully asks the Division to grant this Motion by enacting the following: (1) Dismiss Cimarex's applications for the Wolfcamp in Case Nos. 23594, 23595, 23596, 23597, 23598, 23599, 23600, and 23601, and as an alternative to pooling the Wolfcamp, pool only the Bone Spring formation underlying the units proposed by Cimarex in Case Nos. 23448 – 23455; (2) establish a protective buffer zone covering the Upper Wolfcamp below the base of the Bone Spring that would prohibit the drilling of wells in the Upper Wolfcamp in order to protect the correlative rights of the owners, prevent waste and optimize production from the Subject Lands; and (3) deny the applications filed by Permian Resources that propose to pool the Wolfcamp formation for the purpose of drilling the Upper Wolfcamp and require any operator wanting to develop the Lower Wolcamp, below the protective zone, to file separate applications that actually target the Lower Wolfcamp, and not the Upper Wolfcamp.

Respectfully submitted,

ABADIE& SCHILL, PC

/s/ Darin C. Savage

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Attorneys for Cimarex Energy Co.

## **CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing was filed with the New Mexico Oil Conservation Division and was served on counsel of record via electronic mail on July 13, 2023:

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

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Attorneys for Sandstone Properties, LLC

/s/ Darin C. Savage

Darin C. Savage

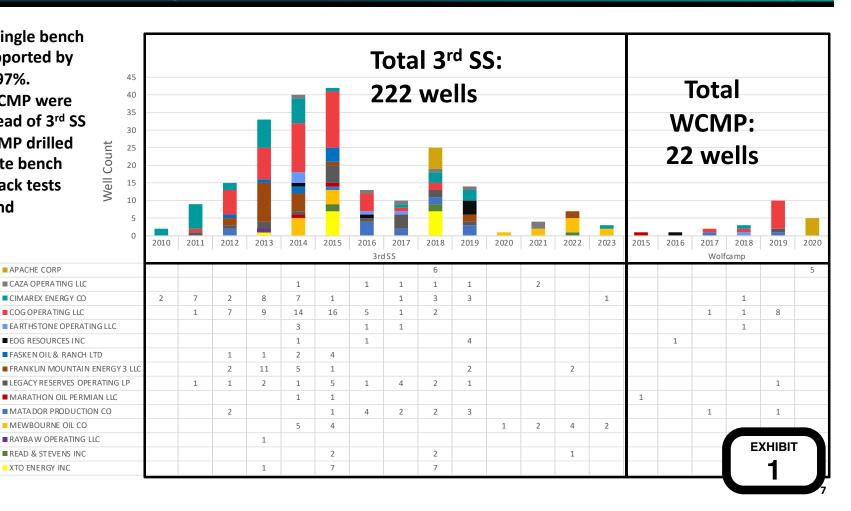


## Well Count by Landing and Operators Shows 3<sup>rd</sup> Sand is the Consensus Landing

- 3<sup>rd</sup> Sand / single bench landing supported by 236 wells, 97%.
- 13 of 22 WCMP were drilled instead of 3rd SS
- 5 of 22 WCMP drilled as a separate bench
- 3 WCMP stack tests with 3rd Sand

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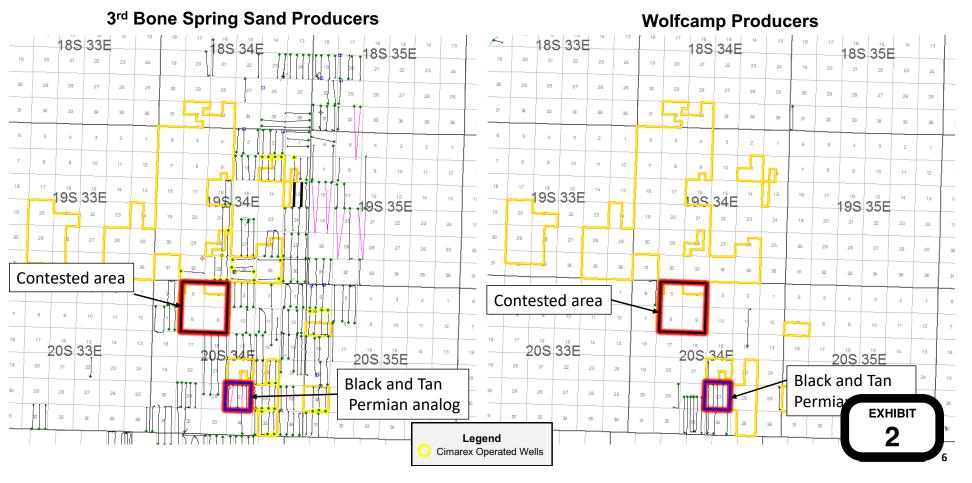
XTO ENERGY INC





## 3<sup>rd</sup> Bone Spring Sand is the Established Single Bench Target at 4 WPS within AOI

42,650 acres developed with more than 1 well, all but one development, 98.5% of sections similar to Cimarex proposal



Permian Resources Operating, LLC 300 N. Martenfeld St., Ste. 1000 Midland, TX 79701 Phone (432) 695-4022 • Fax (432) 695-4063

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E:	2.17.2023	mu		AFE NO.: FIELD:	Tonto; Wolfcamp
L NAME:	Bane 4-9 Federal Com 20	шп		MD/TVD:	21,210' / 10,925'
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	TOTAL COSTS >	4,749,528	5,367,000	1,761,334	11,877,86
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Drilling Engineer					
Completions Engineer					
Production Engineer	DC .				
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Company Name			Working Interest (%):		Tax ID:
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## Permian Resources Operating, LLC 300 N. Marienfeld St., Ste. 1000 Midland, TX 79701 Phone (432) 695-4222 • Fax (432) 695-4063

	ESTIMATE O	OF COSTS AND AUTH	ORIZATION FOR EXPEND	ITURE	
DATE: 2.1	7.2023			AFE NO.:	1
	e 4-9 Federal Com 20	2H		FIELD:	Tonto; Wolfcamp
	tion 4, T20S-R34E			MD/TVD:	21,210' / 10,925'
	County, New Mexico			LATERAL LENGTH:	10,000
Permian WI:	County, Item Mexico	<u></u>		DRILLING DAYS:	19.6
	XY			COMPLETION DAYS:	19
		well and complete w	ith 44 stages. AFE include		
	install cost	well and complete w	ith 44 stages. Are include	s drilling, completions,	
		DRILLING	COMPLETION	PRODUCTION	TOTAL
INTANGIBLE COST	rs	COSTS	COSTS	COSTS	COSTS
1 Land/Legal/Regulatory	5	59,066		37,500	5 96,566
2 Location, Surveys & Damages		288,079	18,067	2,500	308,647
4 Freight/Transportation		47,628	43,778	25,000 105,000	116,406 444,744
5 Rental - Surface Equipment		124,327 205,424	215,417 59,805	105,000	265,229
6 Rental - Downhole Equipment 7 Rental - Living Quarters		48.083	54,480	<del></del>	102,562
10 Directional Drilling, Surveys		429,543			429,543
11 Drilling		753,820			753,820
12 Drill Bits		100,176	1907 077		100,176
13 Fuel & Power		188,935 243,296	725,061	<del>_</del>	913,996 243,296
14 Cementing & Float Equip 15 Completion Unit, Swab, CTU		243,290	<del></del>	15,000	15,000
16 Perforating, Wireline, Slickline		<del></del>	393,136		393,136
17 High Pressure Pump Truck		<del></del>	123,274		123,274
18 Completion Unit, Swab, CTU			146,484	-	146,484
20 Mud Circulation System		105,209	-		105,209
21 Mud Logging		17,529	9.720		17,529 15,609
22 Logging / Formation Evaluation 23 Mud & Chemicals	1	7,270 361,835	8,339 438,185	10,000	810,020
24 Water		43,459	661,625	300,000	1,005,083
25 Stimulation		<del></del>	814,033	<del></del>	814,033
26 Stimulation Flowback & Disp			121,606	150,000	271,606
28 Mud/Wastewater Disposal		193,104	61,151		254,254
30 Rig Supervision / Engineering		121,196	133,420	21,667	276,283 10,423
32 Drig & Completion Overhead 35 Labor		10,423 153,358	69,489	101,667	324,514
54 Proppant		100,000	1,255,227	- 101,001	1,255,227
95 Insurance		14,660	<del></del>		14,660
97 Contingency			24,421	3,833	28,254
99 Plugging & Abandonment	TAL INTANGIBLES >	3,516,419	5,367,000	772,167	9,655,585
	TAL INTANGIBLES	DRILLING	COMPLETION	PRODUCTION	TOTAL
TANGIBLE COST	s	COSTS	COSTS	COSTS	COSTS
60 Surface Casing	5	122,234		-	\$ 122,234
61 Intermediate Casing		344,284			344,284
62 Drilling Uner					687,039
63 Production Casing		687,039	<del></del>	<del></del>	087,039
64 Production Liner 65 Tubing		<u>_</u>	<del></del>	140,000	140,000
66 Wellhead		64,820	<del></del>	40,000	104,820
67 Packers, Liner Hangers		14,732		20,000	34,732
68 Tanks				45,833	45,833
69 Production Vessels 70 Flow Lines		<del></del>		126,667	126,667 66,667
71 Rod string		<u>:</u> -	<del></del>		
72 Artificial Lift Equipment		<del></del>	<del></del>	90,000	90,000
73 Compressor			-	5,833	5,833
74 Installation Costs					
75 Surface Pumps		<u>·</u> _		61,667	61,667
76 Downhole Pumps		<del></del>	<del></del>	116,667	116,667
77 Measurement & Meter Installa 78 Gas Conditioning / Dehydratio		<del></del>		110,007	110,007
79 Interconnecting Facility Piping		<del></del>	<del></del>	20,000	20,000
80 Gathering/Bulk Lines	•			-	
81 Valves, Dumps, Controllers				108,333	108,333
82 Tank / Facility Containment				43,333	43,333
83 Flare Stack 84 Electrical/Grounding		<del></del>	<del></del>	16,667	50,000
85 Communications / SCADA		<del></del>	<del></del>	36,667	36,667
86 Instrumentation / Safety		<del></del>	-	833	833
	TOTAL TANGIBLES >	1,233,109	0	989,167	2,222,276
	TOTAL COSTS >	4,749,528	5,367,000	1,761,334	11,877,862
EPARED BY Permian Resourc	es Operating, LLC:				
Drilling Engineer:	PS				
Completions Engineer:	ML				
Production Engineer:	DC				
rmian Resources Operating, Ll	.C APPROVAL:				
Co-CEO_		Co-	CEO	VP - Oper	
	WH		JW		CRM
VP - Land & Legal		VP - Geoscie			
	BG		<b>SO</b>		
ON OPERATING PARTNER A	PPPOVAI-				
ON OPERATING PARTNER A	FFRUVAL		Mindian to 100	-	TD.
Company Name:			Working Interest (%):		Tax ID:
Signed by:			Date:		
Title:			Approval:	Yes	No (mark one)

Permian Resources Operating, LLC 300 N. Marienfeld St., Str. 1000 Midland, TX 79701 Phone (432) 695-4222 • Fax (432) 695-4063

	ESTIMATE	OF COSTS AND AUTHO	ORIZATION FOR EXPEND	TTURE	
DATE:	2.17.2023			AFE NO.:	1
WELL NAME:	Bane 4-9 Federal Com 2	03H		FIELD:	Tonto; Wolfcamp
LOCATION:	Section 4, T20S-R34E			мо/гуо:	21,210' / 10,925'
COUNTY/STATE:	Lea County, New Mexic	00		LATERAL LENGTH:	10,000'
Permian WI:	•			DRILLING DAYS:	19.6
GEOLOGIC TARGET:	WCXY			COMPLETION DAYS:	19
,	Drill a horizontal WCX	Y well and complete wi	th 44 stages. AFE include	_	flowback and Initial
REMARKS:	AL install cost		<u> </u>		
		DRILLING	COMPLETION	PRODUCTION COSTS	TOTAL COSTS
INTANGIBLE C	OSTS	COSTS 5 59,066	costs	37,500	\$ 96,566
1 Land/Legal/Regulatory 2 Location, Surveys & Damagi	· •	288,079	18,067	2,500	308,647
4 Freight/Transportation		47,628	43,778	25,000	116,406
5 Rental - Surface Equipment		124,327	215,417	105,600	444,744
6 Rental - Downhole Equipme	ent	205,424	59,805		265,229
7 Rental - Living Quarters		48,083	54,480	<del>.</del>	102,562
10 Directional Drilling, Surve 11 Drilling	ys	429,543 753,820	<del></del>	<del></del>	753,820
12 Drill Bits		100,176		<del></del>	100,176
13 Fuel & Power		188,935	725,061	<del></del>	913,9%
14 Cementing & Float Equip		243,296			243,296
15 Completion Unit, Swab, CT			202.104	15,000	15,000
16 Perforating, Wireline, Slick		<del></del>	393,136 123,274		393,136 123,274
17 High Pressure Pump Truck 18 Completion Unit, Swab, CT		<del></del>	146,484	<del></del>	146,484
20 Mud Circulation System	. •	105,209		<del></del>	105,209
21 Mud Logging		17,529		-	17,529
22 Logging/Formation Evalua	ation	7,270	8,339		15,609
23 Mud & Chemicals		361,835	438,185	10,000	810,020
24 Water		43,459	661,625	300,000	1,005,083 814,033
25 Stimulation 26 Stimulation Flowback & D	ien	<del></del>	814,033 121,606	150,000	271,606
28 Mud/Wastewater Disposa		193,104	61,151	1.50,000	254,254
30 Rig Supervision / Engineer		121,196	133,420	21,667	276,283
32 Drlg & Completion Overhe		10,423		<del></del>	10,423
35 Labor		153,358	69,489	101,667	324,514
54 Proppant			1,255,227		1,255,227
95 Insurance		14,660	24,421	3,833	14,660 28,254
97 Contingency 99 Plugging & Abandonment				3,633	
77 I Ingging & Abandonment	TOTAL INTANGIBLES:	3,516,419	5,367,000	772,167	9,655,585
		DRILLING	COMPLETION	PRODUCTION	TOTAL
TANGIBLE CO	OSTS	COSTS	COSTS	COSTS	COSTS
60 Surface Casing		5 122,234			5 122,234
61 Intermediate Casing		344,284	-		344,284
62 Drilling Liner		- (02 A3A	<u>-</u>		687,039
63 Production Casing 64 Production Liner		687,039	<del></del>	<del></del>	807,037
65 Tubing		<del></del>	<del></del>	140,000	140,000
66 Wellhead		64,820	<del></del>	40,000	104,820
67 Packers, Liner Hangers		14,732		20,000	34,732
68 Tanks		<del></del>		45,833	45,833
69 Production Vessels			-	126,667	126,667
70 Flow Lines			-	66,667	66,667
71 Rod string		<u> </u>	<u> </u>	90,000	90,000
72 Artificial Lift Equipment 73 Compressor		<del></del>	<del></del>	5,833	5,833
74 Installation Costs		<del></del>	<del></del>		- 5,000
75 Surface Pumps			-	61,667	61,667
76 Downhole Pumps		<del></del>			
77 Measurement & Meter Inst				116,667	116,667
78 Gas Conditioning / Dehyd	ration	-	<u> </u>		
79 Interconnecting Facility Pi	ping		<del></del>	20,000	20,000
80 Gathering / Bulk Lines 81 Valves, Dumps, Controller	•	<del></del>	<del></del>	108,333	108,333
82 Tank / Facility Containmer		<del></del>	<del></del>	43,333	43,333
83 Flare Stack		<del></del>		16,667	16,667
84 Electrical/Grounding				50,000	50,000
85 Communications / SCADA	ı			36,667	36,667
86 Instrumentation / Safety	TOTAL T			833	833
	TOTAL COSTS		0	989,167	2,222,276
	TOTAL COSTS	> 4,749,528	5,367,000	1,761,334	11,877,862
EPARED BY Permian Reso	urces Operating, LLC:				
Drilling Engineer.					
Completions Engineer:					
Production Engineer:	DC .		-		
mian Resources Operating	, LLC APPROVAL:				
Co-CEO		Co-C	TEO.	VP - Oper	alions
Co-CEO		CON		vr - Oper	CRM
VP - Land & Legal		VP - Geoscie	***		
	ВG		50		
N OPERATING PARTNE	R APPROVAL:	_			
Company Name:			Working Interest (%):		ax ID:
			Date:		
Signed by:			Date:		
Signed by: Title:		<del></del>	Approval:	Yes	☐ No (mark one)

Permian Resources Operating, LLC 300 N. Marienfeld St., Ste. 1000 Midland, TX 79701 Phone (432) 695-4222 • Fax (432) 695-4063

	ESTIMATE	OF COSTS AND AUTHO	ORIZATION FOR EXPEND	TURE	
DATE:	2.17.2023	-		AFE NO.:	1
WELL NAME:	Bane 4-9 Federal Com 2	204H		FIELD:	Tonto; Wolfcamp
LOCATION:	Section 4, T20S-R34E			MD/TVD:	21,210' / 10,925'
COUNTY/STATE:	Lea County, New Mexi			LATERAL LENGTH:	10,000'
	Dea County, I vert mexi			DRILLING DAYS:	19.6
Permian WI: GEOLOGIC TARGET:	WCVV			COMPLETION DAYS:	19
GEOLOGIC TARGET:	WCXY	<del></del> .		_	
REMARKS:	Drill a horizontal WCX AL install cost	Y well and complete wi	th 44 stages. AFE includes	s drilling, completions,	Howback and Iruhai
KEMARKS:	AL IIBIAII COST				
		DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
INTANGIBLE		S 39,066	COSIS	37,500	s 96,566
1 Land/Legal/Regulatory 2 Location, Surveys & Dama		288,079	18,067	2,500	308,647
4 Freight/Transportation	nc.	47,628	43,778	25,000	116,406
5 Rental - Surface Equipmen	1	124,327	215,417	105,000	444,744
6 Rental - Downhole Equipo		205,424	59,805	-	265,229
7 Rental - Living Quarters		48,083	54,480	•	102,562
10 Directional Drilling, Surv	eys	429,543			429,543
11 Drilling		753,820		<u> </u>	753,820
12 Drill Bits		100,176	725,061		100,176 913,996
13 Fuel & Power 14 Cementing & Float Equip		188,935 243,296	723,001	<del></del>	243,296
15 Completion Unit, Swab, (				15,000	15,000
16 Perforating, Wireline, Slice		<del></del>	393,136		393,136
17 High Pressure Pump True		<del></del>	123,274	<del></del>	123,274
18 Completion Unit, Swab, C			146,484		146,484
20 Mud Circulation System		105,209			105,209
21 Mud Logging		17,529			17,529
22 Logging / Formation Eval	gation	7,270	8,339		15,609
23 Mud & Chemicals		361,835	438,185	10,000	810,020
24 Water		43,459	661,625	300,000	1,005,083
25 Stimulation	<b>.</b> .		814,033		814,033
26 Stimulation Flowback &		101 104	121,606	150,000	271,606
28 Mud / Wastewater Dispos 30 Rig Supervision / Engine		193,104 121,196	61,151 133,420	21,667	276,283
32 Drig & Completion Over		10,423	133/120	21,007	10.423
35 Labor	içau	153,358	69,489	101,667	324,514
54 Proppant			1,255,227		1,255,227
95 Insurance		14,660			14,660
97 Contingency		-	24,421	3,833	28,254
99 Plugging & Abandonmer	dt .				· ·
	TOTAL INTANGIBLES	> 3,516,419	5,367,000	772,167	9,655,58
		DRILLING	COMPLETION	PRODUCTION	TOTAL
TANGIBLE (	OSTS	COSTS	COSTS	COSTS	COSTS 5 122.234
60 Surface Casing 61 Intermediate Casing		\$ 122,234 344,284		<del></del>	344,284
62 Drilling Liner		344,204		<u>_</u>	344,204
63 Production Casing		687,039	<del></del>	<del></del>	687,039
64 Production Liner			<del></del>	<del></del>	
65 Tubing				140,000	140,000
66 Wellhead		64,820	<del></del>	40,000	104,820
67 Packers, Liner Hangers		14,732		20,000	34,732
68 Tanks			-	45,833	45,833
69 Production Vessels			-	126,667	126,667
70 Flow Lines				66,667	66,667
71 Rod string			<del></del>	90,000	90,000
72 Artificial Lift Equipment 73 Compressor		<del></del>	<del></del>	5,833	5,833
74 Installation Costs		<del></del>	<del></del>		
75 Surface Pumps		<del></del>		61,667	61,667
76 Downhole Pumps			<del></del>		
77 Measurement & Meter In	staliation	<del></del>	<del></del>	116,667	116,667
78 Gas Conditioning / Dehy		<del></del>	<del></del>	<del></del>	
79 Interconnecting Facility F		<del></del>	<del></del>	20,000	20,000
80 Gathering / Bulk Lines				•	
81 Valves, Dumps, Controlle				108,333	108,333
82 Tank / Facility Containme	ent			43,333	43,333
83 Flare Stack		<u>·</u> _	<u>·</u>	16,667	16,667
84 Electrical / Grounding			<del></del>	50,000 36,667	50,000 36,667
85 Communications / SCAD 86 Instrumentation / Safety	A	<u>-</u>	<del></del>	833	833
oo insuumentation/ salety	TOTAL TANGIBLES	> 1,233,109		989,167	2,222,27
			5,367,000	1,761,334	
	TOTAL COSTS	> 4,749,528	3,367,000	1,/01,334	11,877,86
EPARED BY Permian Res	ources Operating, LLC:				
Drilling Enginee					
Completions Enginee					
Production Enginee	n DC				
mian Resources Operatin	g. LLC APPROVAT				
Co-CE	O	Co-C	CEO	VP - Oper	CRM
VP - Land & Leg		VP - Geoscie	•		2
	<b>B</b> C		sυ		
N OPERATING PARTN	ER APPROVAL:				
	<u> </u>		Working Interest (%):	1	Tax ID:
Company Nam					
		-	Data		
Signed b	y:		Date:		
	y:		Date:	]Yes	No (mark one)

Permian Resources Operating, LLC 300 N. Marlenfeld St., Ste. 1000 Midland, TX 79701 Phone (432) 695-4222 · Fax (432) 695-4063

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	2.17.2023			AFE NO.:	1
WELL NAME:	Joker 5-8 Federal Com 2	201H		FIELD:	Tonto; Wolfcamp
LOCATION:	Section 5, T20S-R34E			MD/TVD:	21,211' / 10,926'
COUNTY/STATE:	Lea County, New Mexic	<del></del>		LATERAL LENGTH:	10,000
Permian WI:	Dear County) Tress Internal			DRILLING DAYS:	19.6
	WCXY			COMPLETION DAYS:	19
GEOLOGIC TARGET:			of A4 . AFF to d. t.		
		Y well and complete wi	th 44 stages. AFE include	s arilling, completions,	HOWDACK AND INDUI
REMARKS:	AL install cost				
		DRILLING	COMPLETION	PRODUCTION	TOTAL
	20000	COSTS	COSTS	COSTS	COSTS
INTANGIBLE ( T Land / Legal / Regulatory	.0515	5 59,066		37,500	\$ 96,566
1 Land/ Legal/ Regulatory 2 Location, Surveys & Damas		288,079	18,067	2500	308,647
2 Eccation, Surveys & Daillag 4 Freight/Transportation	,ca	47,628	43,778	25,000	116,406
5 Kental - Surtace Equipment		124,327	215,417	105,000	444,744
6 Rental - Downhole Equipm		205,424	59,805	<del></del>	265,229
7 Rental - Living Quarters		48,083	54,480		102,562
10 Directional Drilling, Surve	rys	429,543	•		429,543
11 Orilling		753,820			753,820
12 Orll Bits		100,176	-		100,176 913,996
13 Fuel & Power 14 Cementing & Float Equip		188,935	725,061		243,296
	rn.	243,296	<u>:</u>	15,000	15,000
15 Completion Unit, Swab, C 16 Pertorating, Wireline, Silc		<u>:</u>	393,136		393,136
17 High Pressure Pump Truc			123,274	<del></del>	123,274
18 Completion Unit, Swab, C		<del></del>	146,484		146,484
20 Mud Circulation System		105,209	<del></del>		105,209
21 Mud Logging		17,529	<del></del>	-	17,529
22 Logging / Formation Evalu	ation	7,270	8,339	<del></del>	15,609
23 Mud & Chemicals		361,835	438,185	10,000	810,020
24 Water		43,459	661,625	300,000	1,005,083
25 Stimulation			814,033		814,033
26 Stimulation Flowback & L			121,606	150,000	271,606 254,254
28 Mud / Wastewater Dispos		193,104	61,151	77.467	276,283
30 Kig Supervision / Enginee 32 Drig & Completion Overh		121,196	133,420	21,667	10,423
32 Drig & Completion Overn 35 Labor		153,358	69,489	101,667	324,514
54 Proppant			1,255,227		1,255,227
95 Insurance		14,660	<del></del>	<del></del>	14,660
97 Contingency		<del></del>	24,421	3,833	28,254
99 l'higging & Abandonmen			<del></del>		
	TOTAL INTANGIBLES	> 3,516,419	5,367,000	772,167	9,655,585
		DRILLING	COMPLETION	PRODUCTION	TOTAL
TANGIBLE C	ners	COSTS	COSTS	COSTS	COSTS
O Surface Casing	0010	5 122,234	<del></del>		5 122,234
1 Intermediate Casing		344,284		<del></del>	344,284
62 Drilling Liner			<del></del>		
63 Production Casing		687,039	<del></del>		687,039
64 Production Liner		•	•		
65 Tubing		<u> </u>		140,000	140,000
66 Wellhead		64,820		40,000	104,820
7 Packers, Liner Hangers		14,732		20,000	34,732 45,833
68 Tanks 69 Production Vessels		<del></del>		45,833 126,667	126,667
70 Flow Lines		<del></del>	<u>:</u>	66,667	66,667
71 Rod string		<del></del>	<del></del>		
72 Artificial Lift Equipment			<del></del>	90,000	90,000
73 Compressor			<del></del>	5,835	5,833
74 Installation Costs			-		
75 Surtace Pumps		•	•	61,667	61,667
76 Downhole Pumps					
77 Measurement & Meter Ins			-	116,667	116,667
78 Gas Conditioning / Dehyd			<u>-</u>		
79 Interconnecting Facility Pi 80 Galhering / Bulk Lines	pung	<u>_</u>		20,000	20,000
il Valves, Dumps, Controlle		<del></del>	<del></del>	108,333	108,333
2 Tank / Facility Containme		<del></del>		43,333	43,333
3 Flare Stack			<del></del>	16,667	15,667
4 Electrical / Grounding		<del></del>	<del></del>	50,000	50,000
i5 Communications / SCAD/		<del></del>	<del></del>	36,667	36,667
66 Instrumentation / Salety		<del></del>	<del></del>	833	833
	TOTAL TANGIBLES	> 1,233,109	0	989,167	2,222,276
	TOTAL COSTS		5,367,000	1,761,334	11,877,862
	<del></del>				
PARED BY Permian Reso	umaa Onanalina II Ca				
ARED BI Ferman Nesc	urces Operating, LLC:				
	PS				
Drilling Engineer					
Drilling Engineer Completions Engineer	MI.				
Completions Engineer					
Completions Engineer Production Engineer	DC				
Completions Engineer Production Engineer	DC				
Completions Engineer Production Engineer	, LLC APPROVAL:	Cod	ŒO	VP+Onet:	ations
Completions Engineer Production Engineer stan Resources Operating	, LLC APPROVAL:	Co-C	CEO	VP - Oper	ations
Completions Engineer Production Engineer nian Resources Operating Co-CEC	, LLC APPROVAL:		JW	VP - Oper	
Completions Engineer Production Engineer stan Resources Operating	, LLC APPROVAL:	Co-C VP - Geoscie	JW	VP - Oper	
Completions Engineer Production Engineer nian Resources Operating Co-CEC	LLC APPROVAL:		jw	VP - Oper	
Completions Engineer Production Engineer sian Resources Operating Co-CEC VP - Land & Legal	, LLC APPROVAL:  WH  BG		jw	VP - Oper	
Completions Engineer Production Engineer nian Resources Operating Co-CEC VP - Land & Legal	, LLC APPROVAL:  WH  BG		jw	VP - Oper	
Completions Engineer Production Engineer nian Resources Operating Co-CEC	, LLC APPROVAL:  WH  BG  R APPROVAL:		jw		
Completions Engineer Production Engineer nian Resources Operating Co-CEC VP - Land & Legal	, LLC APPROVAL:  WH  BC  R APPROVAL:		jw so		CRM
Completions Engineer Production Engineer  nian Resources Operating  Co-CEC  VP-Land & Legal  N OPERATING PARTNE  Company Name	WH BC R APPROVAL:		90 Working Interest (%):	т	CRM

Permian Resources Operating, LLC
300 N. Marienfeld St., Sie. 1000 Midland, TX 79701
Phone (432) 695-4222 • Fax (432) 695-4063
ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

					4
	2.17.2023			AFE NO.:	1
	Joker 5-8 Federal Com 2	.02H		FIELD:	Tonto; Wolfcamp
LOCATION:	Section 5, T20S-R34E			MD/TVD:	21,211' / 10,926'
COUNTY/STATE:	Lea County, New Mexic	:0		LATERAL LENGTH:	10,000'
Permian WI:				DRILLING DAYS:	19.6
GEOLOGIC TARGET:	WCXY			COMPLETION DAYS:	19
		well and complete wi	th 44 stages. AFE includ	es drilling, completions,	flowback and Initial
REMARKS:	AL install cost	, went date complete with	a. 115abco. 111 c meidd	complement,	
REMARKS:	AL IISMI COST				
		DRILLING	COMPLETION	PRODUCTION	TOTAL
INTANGIBLE C	OCTC	COSTS	COSTS	COSTS	COSTS
TLand/ Legal/ Regulatory	0313	59,066		37,500	\$ 96,566
2 Location, Surveys & Damage	<b>.</b>	288,079	18,067	2,500	308,647
4 Freight/Transportation	•	47,628	43,778	25,000	116,406
5 Kental - Surlace Equipment		124,327	215,417	105,000	444,744
6 Kental - Downhote Equipme	nt	205,424	59,805		265,229
7 Kental - Living Quarters		48,083	54,480	<del></del>	102,562
10 Directional Dritting, Survey	/s	429,543	<del></del>		429,543
11 Urilling		753,820	<del></del>		753,820
12 Drill Bits		100,176	<del></del>		100,176
13 Fuel & Power		188,935	725,061		913,996
14 Cementing & Float Equip		243,296			243,296
15 Completion Unit, Swab, Cl				15,000	15,000
16 Pertorating, Wireline, Slick			393,136		393,136
17 High Pressure Pump Truck			123,274		123,274
18 Completion Unit, Swab, CI	ט		146,484		146,484
20 Mud Circulation System		105,209	<u> </u>		105,209
21 Mud Logging 22 Logging/Formation Evalua	ition	7,270	8,339		17,529
22 Logging / Formation Evalua 23 Mud & Chemicals	NAVA!	361,833	438,183	10,000	810,020
24 Water		43,459	661,625	300,000	1,005,083
25 Stimulation		- 10/107	814,033		814,033
26 Stimulation Flowback & Di	50	<del></del>	121,606	150,000	2/1,606
25 Mud / Wastewater Disposal		193,104	61,151		254,254
30 Rig Supervision / Engineer		121,196	133,420	21,667	2/6,283
32 Drig & Completion Overhe		10,423			10,423
35 Labor		153,358	69,489	101,667	324,514
54 Proppant		-	1,255,227		1,255,227
95 Insurance		14,660		•	14,660
97 Contingency		<del></del>	24,421	3,833	28,254
99 Plugging & Abandonment			•		
	TOTAL INTANGIBLES:	3,516,419	5,367,000	772,167	9,655,585
		DRILLING	COMPLETION	PRODUCTION	TOTAL
T. MOIDI F 66	erre.	COSTS	COSTS	COSTS	COSTS
TANGIBLE CO	815	5 122.234	20010	C0313	5 122234
60 Surface Casing 61 Intermediate Casing	•	344,284			344,284
62 Drilling Liner		341,204	<u>-</u>		
63 Production Casing		687,039	<del></del>		687,039
64 Production Liner		007,037			
65 Tubing		<del></del>		140,000	140,000
66 Weilhead		64,820	<del></del>	40,000	104,820
67 Packers, Liner Hangers		14,/32	<del></del>	20,000	34,732
68 Lanks		<del></del>		45,833	45,833
69 Production Vessels		<del></del>		126,667	126,667
70 Flow Lines			<del></del>	66,667	66,667
71 Rod string		-	-	-	
72 Artiticial Lift Equipment			-	90,000	90,000
73 Compressor				5,833	5,833
74 Installation Costs			·		
75 Surtace Pumps				61,667	61,667
76 Downhole Pumps			· ·		-
77 Measurement & Meter Inst				116,667	116,667
78 Gas Conditioning / Dehydr					
79 Interconnecting Facility Pig	ing			20,000	20,000
80 Gathering / Bulk Lines		-	-		- 100 171
81 Valves, Dumps, Controllers			<u> </u>	108,333	108,333
82 Tank / Facility Containmen	t			43,333	16,667
83 Flare Stack 84 Electrical / Grounding		<u> </u>	<del></del>	16,667	50,000
85 Communications / SCADA		<del></del>	<del></del>	36,667	36,667
86 Instrumentation / Satety		<del></del>	<del></del>	833	833
	TOTAL TANGIBLES	> 1,233,109		989,167	2,222,276
	TOTAL COSTS :	> 4,749,528	5,367,000	1,761,334	11,877,862
PARED BY Permian Reson	arces Operating, LLC:				
Drilling Engineer:	PS PS				
Completions Engineer:	ML				
Production Engineer:	DC				
	IIC APPROVAL:		· <u>-</u>	<del></del>	
mian Resources Onerating					
ntian Resources Operating,		Co-C	EO	VP - Oper	ations
			JW -		CRM
mian Resources Operating.	WH				
Co-CEO			ices		
		VP - Geoscien	sces		
Co-CEO			sces		
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Co-CEO			sces		
Co-CEO VP - Land & Legal	BG		SO SO	<del></del> — —	
Co-CEO  VP - Land & Legal  NO OPERATING PARTNER	BG		50	·····	av ID
Co-CEO VP - Land & Legal	BG		50  Warking Interest (%):		ax ID:
Co-CEO  VP - Land & Legal  NO OPERATING PARTNER	BG		50		ax ID:
Co-CEO  VP - Land & Legal  ON OPERATING PARTNER  Company Name:  Signed by:	BG		Working Interest (%):  Date:		
VP - Land & Legal  ON OPERATING PARTNER  Company Name:	gc R APPROVAL:	VP - Geoscien	90  Working Interest (%):  Date:  Approval:		No (mark one)

Permian Resources Operating, LLC 300 N. Martenfeld St., Ste. 1000 Midland, TX 79701 Phone (432) 695-4022 · Fax (432) 695-4063

ESTIMATE OF CO	*****************************	DITATION FOR	EVDENDETURE
ESTIMATE OF CO:	DIS AND AUTHO	KIZA HON FOR	EVICUDITORE

DATE:	2.17.2023			AFE NO.:	1
WELL NAME:	Joker 5-8 Federal Com 2	03H		FIELD:	Tonto; Wolfcamp
LOCATION:	Section 5, T20S-R34E	_		MD/TVD:	21,191' / 10,906'
COUNTY/STATE:	Lea County, New Mexic	0		LATERAL LENGTH:	10,000'
•	Dea County, Iven Intent	<u> </u>		DRILLING DAYS:	19.6
Permian WI:				_	
GEOLOGIC TARGET:	WCXY			COMPLETION DAYS:	19
		well and complete wi	th 44 stages. AFE include	s drilling, completions, flo	owback and Initial
REMARKS:	AL install cost				
		DRUING	COMPLETION	PRODUCTION	TOTAL
		DRILLING COSTS	COMPLETION COSTS	COSTS	COSTS
INTANGIBLE C	OSTS		C0313		
Land/Legal/Regulatory		59,066		37,500	\$ 96,566
Location, Surveys & Damag	es	288,079	18,067	2,500	308,647
Freight/Transportation		47,628	43,778	25,000	116,406
5 Kental - Surtace Equipment		124,327	215,417	105,000	444,744
kental - Downhole Equipme	ent	205,424	59,805		265,229
Kental - Living Quarters		48,083	54,480		102,562
10 Directional Drilling, Surve	ys .	429,543	•	· · · · · · · · · · · · · · · · · · ·	429,543
11 Drilling		753,820			753,820
12 Drui Bits		100,176			100,176
13 Fuel & Power		188,935	725,061		
14 Cementing & Float Equip		243,296	<u> </u>		243,296
15 Completion Unit, Swab, C				15,000	15,000
16 Periorating, Wireline, Silci		<u> </u>	393,136		393,136
17 High Pressure Pump Truck			123,2/4	•	123,274
18 Completion Unit, Swab, C	เบ		146,484		146,484
20 Mud Circulation System		105,209			105,209
ZI Mud Logging		17,529		-	17,529
22 Logging/Formation Evalu	ation	7,270	8,339		15,609
3 Mud & Chemicals		361,835	438,185	10,000	810,020
4 Water		43,459	661,625	300,000	1,005,083
5 Stimulation			814,033		814,03
6 Stimulation Flowback & D			121,606	150,000	271,60
8 Mud/Wastewater Disposa		193,104	61,151		254,25
O Rig Supervision / Engineer		121,196	133,420	21,667	276,28.
2 Drig & Completion Overho	ead	10,423			10,42
39 Labor		153,358	69,489	101,667	324,514
4 Proppant			1,255,227	<del></del>	1,255,227
5 Insurance		14,660	<del></del>	-	14,660
77 Contingency		<del></del>	24,421	3,833	28,254
79 Plugging & Abandonment		-			
	TOTAL INTANGIBLES >	3,516,419	5,367,000	772,167	9,655,58
		DRILLING	COMPLETION	PRODUCTION	TOTAL
TANGIBLE CO	OST <b>S</b>	COSTS	COSTS	COSTS	COSTS
U Surface Casing	1	122,234		-	\$ 122,234
1 Intermediate Casing		344,284	<del></del>	<del></del>	344,284
i2 Drilling Liner					-
3 Production Casing		687,039			687,039
4 Production Liner			<del></del>	<del></del>	•
65 Tubing			<del></del>	140,000	140,000
6 Wellhead		64,820	<del></del>	40,000	104,820
7 Packers, Liner Hangers		14,732		20,000	34,/32
8 Tanks			<del></del>	45,833	45,833
9 Production Vessels		-	<del></del>	126,667	126,667
70 Flow Lines			-	66,667	66,667
71 Kod string			-	-	
72 Artiikiai Liit Equipment			-	90,000	90,000
73 Compressor	•			5,833	5,833
4 Installation Costs					-
5 Surtace Pumps			<del></del>	61,667	61,667
'6 Downhole Pumps			<del></del>	-	
7 Measurement & Meter Inst			-	116,667	116,667
'8 Gas Conditioning / Dehydi		<del></del>	<del></del>	-	
79 Interconnecting Facility Pig	ping	<del></del>	<del></del>	20,000	20,000
W Gathering / Bulk Lines		<del></del>			
11 Valves, Dumps, Controller			•	108,333	108,333
2 Tank / Facility Containmen	it		<del></del>	43,333	43,333
3 Flare Stack		<del></del>		16,667	16,667
4 Electrical / Grounding		<del></del>	-	50,000	50,000
is Communications/SCADA				36,667	36,667
6 Instrumentation / Safety		<del></del>	<del></del>	833	833
	TOTAL TANGIBLES >	1,233,109		989,167	2,222,27
	TOTAL COSTS >	4,749,528	5,367,000		
	101AL COSIS	1,/17,340	5,367,000	1,761,334	11,877,86
ARED BY B B	urces Operating, LLC:				
AKED BY Permian Resor					
AKED BY Perman Kesoi					
	PS PS				
Drilling Engineer:					
Drilling Engineer: Completions Engineer:	ML				
Drilling Engineer:					
Drilling Engineer: Completions Engineer: Production Engineer:	ML DC		<del>-</del>		
Drilling Engineer: Completions Engineer: Production Engineer:	ML DC				
Drilling Engineer: Completions Engineer: Production Engineer.	ML DC				
Drilling Engineer: Completions Engineer: Production Engineer:	ML DC LLC APPROVAL:	co-c	EO	VP - Operati	ons
Drilling Engineer: Completions Engineer: Production Engineer.	ML DC	Co-C	EO	VP - Operati	onsCRM
Drilling Engineer: Completions Engineer: Production Engineer.	ML DC  LLC APPROVAL:		Jw	VP - Operati	
Drilling Engineer. Completions Engineer. Production Engineer. Ian Resources Operating,	ML DC  LLC APPROVAL:	Co-C VP - Geoscien	jw ces	VP - Operati	
Drilling Engineer. Completions Engineer. Production Engineer. Ian Resources Operating,	ML DC  LLC APPROVAL:		Jw	VP - Operati	
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Drilling Engineer. Completions Engineer. Production Engineer. Ian Resources Operating,	ML DC  LLC APPROVAL:		jw ces	VP - Operati	
Drilling Engineer. Completions Engineer. Production Engineer. Ian Resources Operating. Co-CEO VP- Land & Legal	ML DC  LLC APPROVAL:  WH  BG		jw ces	VP - Operati	
Drilling Engineer. Completions Engineer. Production Engineer. Ian Resources Operating. Co-CEO VP- Land & Legal	ML DC  LLC APPROVAL:  WH  BG		jw ces	VP - Operati	
Drilling Engineer. Completions Engineer. Production Engineer. Ian Resources Operating, Co-CEO VP-Land & Legai	ML DC  LLC APPROVAL:  WH  BG		Jw SO		CRM
Drilling Engineer. Completions Engineer. Production Engineer. Ian Resources Operating. Co-CEO VP- Land & Legal	ML DC  LLC APPROVAL:  WH  BG		jw ces	VP - Operati Tax	CRM
Drilling Engineer: Completions Engineer: Production Engineer dan Resources Operating, Co-CEO VP-Land & Legal	ML DC  LLC APPROVAL:  WH  BG		SO SO Working Interest (%):		CRM
Drilling Engineer. Completions Engineer. Production Engineer. Ian Resources Operating, Co-CEO VP-Land & Legai	ML DC  LLC APPROVAL:  WH  BG		Jw SO		CRM
Drilling Engineer: Completions Engineer: Production Engineer: Ian Resources Operating, Co-CEO VP-Land & Legal OPERATING PARTNER Company Name: Signed by:	ML DC  LLC APPROVAL:  WH  BG		SO  Working Interest (%):  Date:	Tax	CRM
Drilling Engineer: Completions Engineer: Production Engineer dan Resources Operating, Co-CEO VP-Land & Legal	ML DC  LLC APPROVAL:  WH  BG		SO SO Working Interest (%):	Tax	CRM

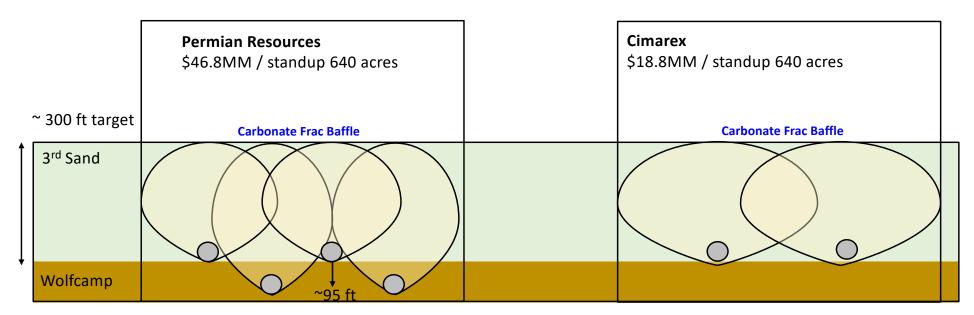
Permian Resources Operating, LLC 300 N. Marienfeld St., Ste. 1000 Midland, TX 79701 Phone (432) 695-4222 • Fax (432) 695-4063

STIMATE	OF COSTS	AND.	AUTHORIZ	AT.	ION FOR	EXPENDITU	RE

DATE:	2.17.2023			AFE NO.:	1
WELL NAME:	Joker 5-8 Federal Com 2	204H		FIELD:	Tonto; Wolfcamp
LOCATION:	Section 5, T20S-R34E			MD/TVD:	21,181' / 10,896'
COUNTY/STATE:	Lea County, New Mexi-	со		LATERAL LENGTH:	10,000'
Permian WI:				DRILLING DAYS:	19.6
GEOLOGIC TARGET:	WCXY			COMPLETION DAYS:	19
		Y well and complete	with 44 stages. AFE inclu	ides drilling, completions,	flowback and Initial
REMARKS:	AL install cost				
	-	DRILLING	COMPLETION	PRODUCTION	TOTAL
INTANGIBLE	OSTS	COSTS	COSTS	COSTS	COSTS
1 Land/ Legal/ Regulatory		5 59,066		37,500	\$ 96,566
2 Location, Surveys & Damag	25	288,079	18,067	2,500	308,647
4 Freight/Transportation 5 Rental - Surface Equipment		47,628	43,778	25,000	116,406
6 Kental - Downhole Equipme	ent	205,424	59,805		265,229
7 Kental - Living Quarters		48,083	54,480		102,562
10 Directional Drilling, Surve	ys.	429,543			429,543
11 Drilling 12 Drill Bils		753,820 100,176	<u> </u>		753,820
13 Fuel & l'ower		188,935	725,061	<del></del>	913,996
14 Cementing & Float Equip		243,296		<del></del>	243,296
15 Completion Unit, Swab, Cl				15,000	15,000
16 Periorating, Wireline, Slick		<u>:</u>	393,136 123,274		393,136
17 High Pressure Pump Truck 18 Completion Unit, Swab, Cl		<del></del>	146,484	<del></del>	146,484
20 Mud Circulation System	.5	105,209			105,209
21 Mud Logging		17,529			17,529
22 Logging / Formation Evalua	itton	7,270	8,339		15,609
23 Mud & Chemicals 24 Water		361,835 43,459	438,185	10,000 300,000	810,020 1,005,083
25 Stimulation		- 13/137	814,033		814,033
26 Stimulation Flowback & D		<del></del>	121,606	150,000	271,606
28 Mud / Wastewater Disposa	) -	193,104	61,151		254,254
30 Rig Supervision / Engineer		121,196	133,420	21,667	276,283
32 Drig & Completion Overho 35 Labor	eu	10,423	69,489	101,667	324,514
54 Proppant		-	1,255,227		1,255,227
95 Insurance		14,660	<del></del>		14,660
97 Contingency			24,421	3,833	28,254
99 Plugging & Abandonment	TOTAL DEPAREMENT				9,655,585
	TOTAL INTANGIBLES		5,367,000	772,167	
		DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
TANGIBLE CO 50 Surface Casing	1515	5 122,234			5 122,234
61 Intermediate Casing		344,284	<del></del>	<del></del>	344,284
62 Orilling Liner			<del></del>		<del></del>
63 Production Casing		687,039			687,039
64 Production Liner 65 Tubing		<del></del>		140,000	140,000
66 Wellhead		64,820	<del></del>	40,000	104,820
67 Packers, Liner Hangers		14,732	<del></del>	20,000	34,732
68 Tanks				45,833	45,833
69 Production Vessels		<u>:</u>		125,667	126,667
70 Flow Lines 71 Rod string		<del></del>	<del></del>	66,667	66,667
72 Artificial Lift Equipment			<del></del>	90,000	90,000
73 Compressor				5,833	5,833
74 Installation Costs					
75 Surtace Pumps 76 Downhole Pumps		<u>-</u>		61,667	61,667
77 Measurement & Meter Inst	aliation		<del></del>	116,667	116,667
78 Gas Conditioning / Dehyda	ation	-	<del></del>	<del></del>	
79 Interconnecting Facility Pip	ing			20,000	20,000
80 Gathering / Bulk Lines 81 Valves, Dumps, Controllers		<del></del>		108,333	108,333
82 Tank / Facility Containmen		<del></del>	<del></del>	43,333	43,333
83 Flare Stack		<del></del>		16,667	16,667
84 Electrical / Grounding				50,000	50,000
85 Communications / SCADA 86 Instrumentation / Safety				36,667 833	36,667
ov and amenation / safety	TOTAL TANGIBLES	> 1,233,109	<del></del>	989,167	2,222,276
	TOTAL COSTS		5,367,000	1,761,334	11,877,862
	. CIAL COSTS	- OBLICE HE	000,000	1,102,033	
PARED BY Permian Reso	arces Operating TTC				
	Operating, LLC:	-			
Drilling Engineer:	PS				
Completions Engineer:	ML				
Production Engineer.	DC				
ulan Resources Operation	LIC APPROVATA				
mian Resources Operating,	LLC APPROVAL		·		
			-CEO	VP - Oper	ations
Co-CEO		Co			CRM
,	WH		JW		CKIN
Co-CEO VP - Land & Legal		VP - Geosc	jw		CAM
,			JW		CKM
,			jw		CAN
VP - Land & Legal	BG		jw		
VP - Land & Legal	BG		jw		
VP - Land & Legal	BG		jw		ax ID:
VP - Land & Legal  N OPERATING PARTNEI  Company Name:	gg APPROVAL:		JW SO Working Interest (%):		
VP - Land & Legal  N OPERATING PARTNEI  Company Name:  Signed by:	gg APPROVAL:		Working Interest (%):		ax ID:
VP - Land & Legal  N OPERATING PARTNEI  Company Name:	gg APPROVAL:		JW SO Working Interest (%):		

## O

## Diagram of Staggered Landing Wolfcamp + 3<sup>rd</sup> SS vs. 3<sup>rd</sup> SS Flat

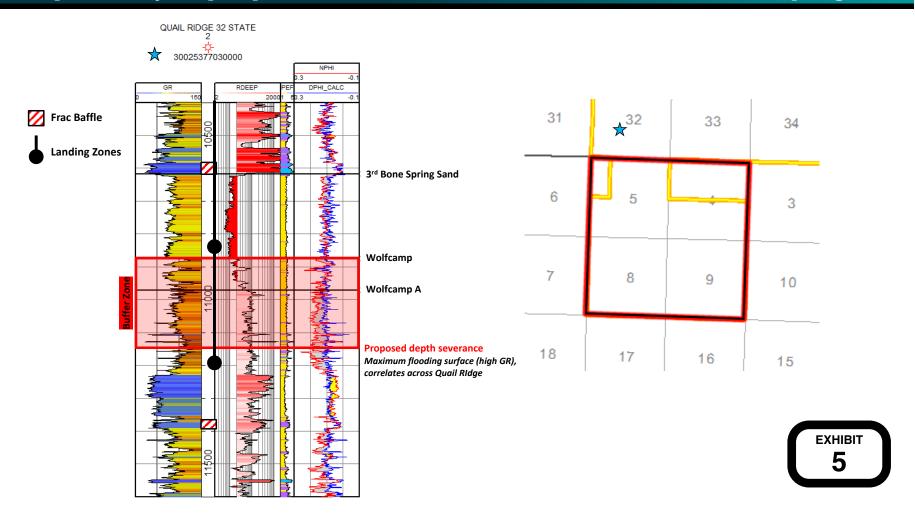


- Cimarex has experience developing as many as 8 landings within a DSU successfully in Lea county with 9<sup>th</sup> drilling now, 35 to 38 wells / section. The difference is the combination of geology (barriers, reservoir height, and flow units) don't support the proposed staggers at Mighty Pheasant Loosey Goosey as demonstrated by area developments like Black and Tan.
- 3<sup>rd</sup> and Wolfcamp landed this close together are equivalent to 8 WPS flat in the 3<sup>rd</sup> Sand, double the AOI proven density.
- A wealth of data from the DOE and industry funded Hydraulic Fracture Test Site 2 supports an upper Wolfcamp buffer zone in this specific location to protect proven 3<sup>rd</sup> Sand correlative rights and prevent capital waste.

EXHIBIT 4

## O

## Proposed Wolfcamp Depth Severance to Minimize Interaction with 3<sup>rd</sup> Bone Spring Sand



District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

District II 811 S. First St., Artesia, NM 88210 Phone:(575) 748-1283 Fax:(575) 748-9720 District III

1000 Rio Brazos Rd., Aztec, NM 87410 Phone:(505) 334-6178 Fax:(505) 334-6170

1220 S. St Francis Dr., Santa Fe, NM 87505 Phone:(505) 476-3470 Fax:(505) 476-3462

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

QUESTIONS

Action 240071

### **QUESTIONS**

Operator:	OGRID:
CIMAREX ENERGY CO.	215099
6001 Deauville Blvd	Action Number:
Midland, TX 79706	240071
	Action Type:
	[HEAR] Prehearing Statement (PREHEARING)

### QUESTIONS

Testimony				
Please assist us by provide the following information about your testimony.				
Number of witnesses	4			
Testimony time (in minutes)	48			