

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

**APPLICATION OF COTERRA ENERGY
OPERATING CO. FOR APPROVAL OF
A NON-STANDARD UNIT
AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

CASE NO. _____

APPLICATION

Coterra Energy Operating Co. ("Coterra"), OGRID Number 215099, through its undersigned attorneys, hereby submits this application to the Oil Conservation Division pursuant to the provisions of NMSA (1978), Section 70-2-17, for an order (1) approving a non-standard unit and (2) pooling all uncommitted mineral interests within a non-standard 1280-acre, more or less, Wolfcamp spacing unit comprised of Sections 34 and 35, Township 25 South, Range 25 East, NMPM, Eddy County, New Mexico. In support of this application, Coterra states as follows:

1. Coterra has an interest in the subject lands and has a right to drill and operate a well thereon.
2. Coterra seeks to dedicate Sections 34 and 35, Township 25 South, Range 25 East, NMPM, Eddy County, New Mexico to form a 1280-acre, more or less, Wolfcamp horizontal spacing unit.
3. Coterra seeks approval of the 1280-acre non-standard spacing to efficiently locate surface facilities, reduce surface disturbance, consolidate roads, tanks, and pipelines, and promote effective well spacing.
4. Coterra seeks to dedicate the unit to the following wells:

- a. **Scarlet 35-34 Federal Com 1H** well with a proposed first take point in the NE/4 NE/4 (Unit A) of Section 35 and proposed last take point in the NW/4 NW/4 (Unit D) of Section 34;
- b. **Scarlet 35-34 Federal Com 3H** well with a proposed first take point in the SE/4 NE/4 (Unit H) of Section 35 and proposed last take point in the SW/4 NW/4 (Unit E) of Section 34;
- c. **Scarlet 35-34 Federal Com 5H** well with a proposed first take point in the NE/4 SE/4 (Unit I) of Section 35 and proposed last take point in the NW/4 SW/4 (Unit L) of Section 34; and
- d. **Scarlet 35-34 Federal Com 7H** well with a proposed first take point in the SE/4 SE/4 (Unit P) of Section 35 and proposed last take point in the SW/4 SW/4 (Unit M) of Section 34.

5. These wells will be located within the Purple Sage Wolfcamp Gas Pool (Code 98220), which is subject to special pool rules that establish 330-foot setback requirements.

6. These wells will comply with the Division's setback requirements for this pool except the wells will have non-standard first and last take points. Coterra will administratively apply for non-standard location approvals for the wells' first and last take points.

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

8. The pooling of all interests in the Wolfcamp formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

9. Approval of a non-standard spacing unit will allow Coterra to efficiently locate surface facilities for the recovery of oil and gas underlying the subject lands and reduce surface disturbance.

WHEREFORE, Cimarex requests that this case is set for hearing before an Examiner of the Oil Conservation Division on June 5, 2025, and after notice and hearing as required by law, the Division enter its order:

- A. Approving the non-standard spacing unit;
- B. Pooling all uncommitted mineral interests in the Wolfcamp formation underlying a horizontal spacing unit within Sections 34 and 35, Township 25 South, Range 25 East, NMPM, Eddy County, New Mexico;
- C. Designating Coterra as operator of this unit and the wells to be drilled thereon;
- D. Authorizing Coterra to recover its costs of drilling, equipping and completing the wells;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure;
- F. Setting a 200% charge for the risk involved in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

MODRALL, SPERLING, ROEHL, HARRIS
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CASE NO. ____: Application of Coterra Energy Operating Co. for approval of a non-standard spacing unit and compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division approving a non-standard spacing unit and pooling all uncommitted interests within a 1280-acre, more or less, Wolfcamp horizontal spacing unit comprised of Sections 34 and 35, Township 25 South, Range 25 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the following wells: **Scarlet 35-34 Federal Com 1H** well with a proposed first take point in the NE/4 NE/4 (Unit A) of Section 35 and proposed last take point in the NW/4 NW/4 (Unit D) of Section 34; **Scarlet 35-34 Federal Com 3H** well with a proposed first take point in the SE/4 NE/4 (Unit H) of Section 35 and proposed last take point in the SW/4 NW/4 (Unit E) of Section 34; **Scarlet 35-34 Federal Com 5H** well with a proposed first take point in the NE/4 SE/4 (Unit I) of Section 35 and proposed last take point in the NW/4 SW/4 (Unit L) of Section 34; and **Scarlet 35-34 Federal Com 7H** well with a proposed first take point in the SE/4 SE/4 (Unit P) of Section 35 and proposed last take point in the SW/4 SW/4 (Unit M) of Section 34. The wells will be located within the Purple Sage Wolfcamp Gas Pool (Code 98220), which is subject to special pool rules that establish 330-foot setback requirements. Coterra will administratively apply for non-standard location approvals for the wells' first and last take points. Also to be considered will be the cost of drilling, completing, and equipping said wells, the allocation of these costs as well as the actual operating costs and charges for supervision while drilling and after completion, designation of Cimarex Energy Co. as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 5.7 miles from Whites City, New Mexico.