

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

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

CASE NOS. 22313-22316

**APPLICATION OF DEVON ENERGY
PRODUCTION COMPANY, L.P.
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

**CASE NOS. 22179-22180,
AND 22382**

**CIMAREX ENERGY CO.'S *AMENDED*¹ MOTION TO VACATE THE FEBRUARY 3,
2022 HEARING, TO VACATE THE PREHEARING ORDER, AND FOR STATUS
CONFERENCE AND REQUEST FOR EXPEDITED DECISION**

Cimarex Energy Co. ("Cimarex") moves to vacate the February 3, 2022 hearing currently scheduled in the above-captioned cases, to vacate the current pre-hearing order, requests that the cases be set for a status conference on February 3, 2022, and given the filing deadlines for the February 3, 2022, respectfully requests an expedited decision on this motion. As grounds for this motion, Cimarex states as follows:

1. As described in more detail below, vacating the February 3, 2022 hearing and continuing these cases is warranted to allow all three parties in these cases, Cimarex, Devon Energy Company, L.P. ("Devon"), and ConocoPhillips to continue negotiations, which, if successful, would resolve some or all of the contested issues allowing for uncontested cases to proceed.

¹ The only change is to Paragraph 24.

2. In its above captioned cases, Cimarex proposes two-mile laterals across the W/2 of Sections 1 and 12, Township 23 South, Range 32 East, Lea County, New Mexico.

3. In its above captioned cases, Devon proposes three-mile laterals across the W/2 of Sections 24, 13, and 12, Township 23 South, Range 32 East, Lea County, New Mexico.

4. The primary dispute in these cases relates to the overlap of development plans with respect to the W/2 of Section 12. ConocoPhillips and Devon each own 50% of the working interest in the W/2 of Section 12. Specifically, ConocoPhillips owns 100% of the SW/4 of Section 12 and Devon owns 100% of the NW/4 of Section 12.

5. Cimarex and ConocoPhillips are in negotiations, which, if successful, would result in Cimarex acquiring ConocoPhillips' acreage in the SW/4 of Section 12.

6. A continuance would allow Cimarex and ConocoPhillips additional time to work through the negotiations, which will lead to more certainty with respect to the Division hearing on these matters, and could make the hearings more efficient for at least two reasons.

7. First, if Cimarex acquires ConocoPhillips' interest in the SW/4 of Section 12, the ownership percentage of both Cimarex's and Devon's working interest in their respective proposed units will change. This current uncertainty weighs in favor of a continuance. Allowing Cimarex and ConocoPhillips additional time to conclude their negotiations will result in more certainty for the parties and the Division.

8. Second, if Cimarex acquires ConocoPhillips' interest, ConocoPhillips will no longer be a party, which will save time and expense and make the hearing more efficient.

9. A continuance is also warranted to allow Cimarex and Devon additional time to negotiate.

10. Cimarex has proposed to Devon that each party develop two-miles of the four-mile area; *i.e.*, Cimarex develop the W/2 of Sections 1 and 12 and Devon develop the W/2 of Sections 24 and 13. This plan is consistent with the fact that Cimarex currently operates wells in the E/2 of Sections 1 and 12. In addition, and recognizing this issue will be contested by Devon, in Cimarex's view, allowing the parties to each develop two-mile laterals across the four-mile acreage is the more efficient and effective way to develop the acreage because: it provides for the protection of correlative rights allowing each party the ability to develop their acreage through similarly sized spacing units through tested two-mile laterals.. Devon's plan would leave Cimarex with the ability to only develop one-mile laterals, at the expense of Devon drilling potentially under producing three-mile laterals.

11. Cimarex has also proposed various trades to Devon. While Devon purports to want to work with Cimarex, Devon has refused to agree to continue these cases in order to try and gain leverage in negotiations. A continuance is warranted to allow Devon and Cimarex to have truly meaningful, good faith negotiations, without a potentially unnecessary contested hearing date putting undue pressure on the negotiations.

12. A continuance is also warranted because it only very recently came to Cimarex's counsel's attention that ConocoPhillips currently operates the Resolver Fed Com 2H located in the E/2 W/2 of Section 12, which is a Bone Spring Well. Both Devon and Cimarex's development plans propose Bone Spring wells in the E/2W/2 of Section 12.

13. Given that the issue of overlapping spacing units only came to light in the past two days, further time is warranted to allow both parties to review the Division's requirements and, if necessary, undertake the necessary steps in Rule 19.15.16.15.B and Rule 19.15.15.12.B, including,

as may be necessary, filing amended compulsory pooling applications to state expressly that the relevant applications are for an overlapping spacing units and seeking approval of the same.

14. Devon may counter that Cimarex's overlapping spacing unit argument elevates form over function. But his argument overlooks the mandatory nature of Rule 19.15.16.15 and Rule 19.15.15.12, which must be complied with.

15. A continuance is also warranted because Devon has not met one of the prerequisites for pooling prior to filing the application in Case No. 22382, having failed to propose three of the wells at issue to Cimarex prior to filing the compulsory pooling application on December 2, 2021.² This is significant because Case No. 22382 created a single 960-acre unit covering the entire W/2 of Sections 24, 13, and 12, containing six wells. Case No. 22382 replaced two cases, a W/2W/2 case and an E/2W/2 case, each with three wells. Cimarex does not have interests in the W/2W/2 and so was never proposed the three wells originally included in the W/2W/2 case. Cimarex does have a 40-acre tract in the E/2W/2 of Section 13 and so was proposed the three wells in the original E/2W/2 cases. When Devon filed Case No. 22382, Cimarex became subject to the larger 960-acre unit by virtue of its interest in the E/2W/2 of Section 13. Despite seeking to pool Cimarex into this larger unit and into three additional wells, Devon never proposed these wells or the larger unit to Cimarex.

16. Devon's likely response to this is that Cimarex had actual notice of the 960-acre unit by virtue of Devon's filing of the pooling application in December 2021 or that Cimarex agreed to have Case No. 22382 added to the hearing docket for these cases. Both of Devon's likely responses fail.

² Although Devon filed the application on December 2, 2021. Devon provided the case number to the other parties and the Division on Monday December 6, 2021.

17. First, it is undisputed that Devon did not propose the 960-acre unit and the six wells to Cimarex prior to filing its pooling application, which runs counter to the Division's long-standing orders that set out the requirement for good faith negotiations before invoking the Division's extraordinary power of compulsory pooling under NMSA 1978, § 70-2-12 by filing a pooling application:

At least thirty days prior to filing a compulsory pooling application, in the absence of extenuating circumstances, an applicant should send to locatable parties it intends to ask the Division to pool a well proposal identifying the proposed depth and location and target formation, together with a proposed Authorization for Expenditures (AFE) for the well....”

Order No. R-13165. If all a party had to do was notify a party of the filing of a compulsory pooling application, the Division's standard, would be rendered meaningless. Devon had an obligation to send Cimarex a proposal for the 960-acre unit and all six wells to Cimarex prior to filing the pooling application.

18. Second, Cimarex's agreement that Case No. 22382 could be added to the docket for the contested cases simply cannot be read to waive any objections to the subject matter of the application—rather it was a merely a logistical detail to which Cimarex agreed to.

19. Any agreement by Cimarex to have Devon's new application in Case No. 22382 be heard with the other pending cases did not relieve Devon if its obligation to propose the wells to Cimarex to enable Cimarex to evaluate the proposed well locations, targets, and costs, as well as the potential impact on Cimarex's W/2W/2 acreage, given that Devon seeks to pool Cimarex into those wells.

20. After Case No. 22382 was filed, Cimarex began reviewing materials to prepare for the hearing, having to now focus on three additional wells and the potential impact of the larger unit. Because Devon never proposed the wells to Cimarex, Cimarex had no information on well

locations, potential costs of the wells, or any other information regarding the three new wells to which it could be subject under the pooling order.

21. Cimarex had to track that information down itself to begin preparing for the hearing.

22. It was not until January 17, 2022, more than a month after Devon filed Case No. 22382, that Devon sent Cimarex an informational letter to update the surface hole and bottom hole location of one of the W/2W/2 wells. That letter included the proposal letter that was sent to ConocoPhillips, but did not attempt to propose the wells to Cimarex or otherwise correct Devon's deficiency in failing to propose those wells to Cimarex.

23. Because Devon never proposed the expanded unit and wells at issue in Case No. 22382 to Cimarex, Cimarex has a basis to request dismissal. Rather than doing so, however, Cimarex simply requests additional time for the parties to work through their discussions.

24. In addition, there appears to be a material error in one of Devon's applications regarding proposed lateral length for a well. The Sneaky Snake 24-12 Fed Com 12H well is described in the application as a three-mile lateral, to be drilled from a surface hole location in Section 24 to a bottom hole location in Section 12. In the proposal letter, however, the Sneaky Snake 24-12 Fed Com 12H well is described as having a bottom hole location in Section 13, which would result in only a two-mile lateral. *See Proposal Letter attached.* This error warrants a continuance in order for Devon to correct it.


25. Given the deadline to file pre-hearing statements and exhibits is this Thursday, January 27, 2022, *Cimarex respectfully requests an expedited decision on this Motion.*

26. Counsel for Cimarex contacted counsel for Devon and ConocoPhillips regarding their position on this Motion. ConocoPhillips does not oppose the motion. Devon opposes the motion.

For the foregoing reasons, Cimarex respectfully requests that the February 3, 2022 hearing date be vacated along with the related pre-hearing order, and the cases be set for a status conference on February 3, 2022.

Respectfully submitted,

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

By: 


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CERTIFICATE OF SERVICE

I hereby certify that on January 27, 2022, I served a copy of the foregoing document to the following counsel of record via Electronic Mail to:

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August 10, 2021

Cimarex Energy Company
600 Marienfeld St
Suite 600
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RE: Well Proposals- Sneaky Snake 24-12 Fed Com 11H
Sneaky Snake 24-12 Fed Com 12H
Sneaky Snake 24-12 Fed Com 14H
Sections 24, 13 & 12-23S-32E
Lea County, New Mexico

Dear Working Interest Owner,

Devon Energy Production Company, L.P. ("Devon"), as Operator, proposes to drill and complete the following three (3) wells:

- **Sneaky Snake 24-12 Fed Com 11H** as a horizontal well to an approximate TVD of 9,800' into the Avalon formation at an approximate SHL of 480' FSL & 741' FWL, Section 24-23S-32E and an approximate BHL of 20' FNL & 1490' FWL, Section 12-23S-32E, Lea County, New Mexico. Enclosed for your review is Devon's AFE, indicating drilling costs of \$2,611,807.07 and total completed well costs of \$7,003,831.15.
- **Sneaky Snake 24-12 Fed Com 12H** as a horizontal well to an approximate TVD of 9,600' into the Avalon formation at an approximate SHL of 480' FSL & 1523' FWL, Section 24-23S-32E and an approximate BHL of 20' FNL & 2310' FWL, Section 13-23S-32E, Lea County, New Mexico. Enclosed for your review is Devon's AFE, indicating drilling costs of \$2,024,087.83 and total completed well costs of \$5,135,804.11.
- **Sneaky Snake 24-12 Fed Com 14H** as a horizontal well to an approximate TVD of 10,750' into the 2nd Bone Spring formation at an approximate SHL of 480' FSL & 1553' FWL, Section 24-23S-32E and an approximate BHL of 20' FNL & 2310' FWL, Section 12-23S-32E, Lea County, New Mexico. Enclosed for your review is Devon's AFE, indicating drilling costs of \$3,272,500.02 and total completed well costs of \$7,664,524.10.

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Devon reserves the right to modify the locations and drilling plans described above in order to address surface and subsurface concerns. Devon will advise of any such modifications.

Please indicate your election to participate in the drilling and completion of the wells in the spaces provided below, within 30 days of receipt, by signing and returning one (1) copy of this letter and AFE, along with your well data requirements sheet.

If an agreement cannot be reached within 30 days of receipt of this letter by all parties, Devon will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the Wells, if uncommitted at such time.

Please do not hesitate to contact me at (405) 228-2448 or via email at Ryan.Cloer@dvn.com if you have any questions concerning this proposal.

Very truly yours,

Devon Energy Production Company, L.P.



Ryan Cloer
Sr. Staff Landman

Cimarex Energy Company:

_____ **To Participate** in the proposal of the Sneaky Snake 24-12 Fed Com 11H

_____ **Not To Participate** in the proposal of the Sneaky Snake 24-12 Fed Com 11H

_____ **To Participate** in the proposal of the Sneaky Snake 24-12 Fed Com 12H

_____ **Not To Participate** in the proposal of the Sneaky Snake 24-12 Fed Com 12H

_____ **To Participate** in the proposal of the Sneaky Snake 24-12 Fed Com 14H

_____ **Not To Participate** in the proposal of the Sneaky Snake 24-12 Fed Com 14H

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Agreed to and Accepted this _____ day of _____, 2021.

Cimarex Energy Company

By: _____

Title: _____



Authorization for Expenditure

AFE # XX-134473.01

Well Name: SNEAKY SNAKE 24 FED COM 11H

AFE Date: 8/11/21

Cost Center Number: 1094102101

State: NM

Legal Description: SEC 24-23S-32E

County/Parish: LEA

Revision:

Explanation and Justification:

DRILL & COMPLETE AVALON WELL

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6040110	CHEMICALS - OTHER	0.00	200,494.98	0.00	200,494.98
6060100	DYED LIQUID FUELS	103,823.15	264,280.97	0.00	368,104.12
6080100	DISPOSAL - SOLIDS	80,045.40	1,058.13	0.00	81,103.53
6080110	DISP-SALTWATER & OTH	0.00	9,523.21	0.00	9,523.21
6080115	DISP VIA PIPELINE SW	0.00	108,000.00	0.00	108,000.00
6090100	FLUIDS - WATER	42,682.92	96,727.65	0.00	139,410.57
6090120	RECYC TREAT&PROC-H2O	0.00	402,603.87	0.00	402,603.87
6100100	PERMIT SURVEY&TITLE	30,000.00	0.00	0.00	30,000.00
6100110	RIGHT OF WAY	25,000.00	0.00	0.00	25,000.00
6110130	ROAD&SITE PREP SVC	18,000.00	12,697.61	0.00	30,697.61
6110170	DAMAGE & REMEDIATION	5,000.00	0.00	0.00	5,000.00
6120100	I & C SERVICES	0.00	7,321.88	0.00	7,321.88
6130170	COMM SVCS - WAN	4,307.43	0.00	0.00	4,307.43
6130360	RTOC - ENGINEERING	0.00	7,329.45	0.00	7,329.45
6130370	RTOC - GEOSTEERING	25,238.28	0.00	0.00	25,238.28
6140160	ENV-SERVICES	1,000.00	0.00	0.00	1,000.00
6150100	CH LOG PERFRTG&WL SV	0.00	267,514.57	0.00	267,514.57
6160100	MATERIALS & SUPPLIES	1,308.59	0.00	0.00	1,308.59
6170100	PULLING&SWABBING SVC	0.00	115,118.61	0.00	115,118.61
6170110	SNUBBG&COIL TUBG SVC	0.00	13,226.68	0.00	13,226.68
6190100	TRCKG&HL-SOLID&FLUID	13,919.00	0.00	0.00	13,919.00
6190110	TRUCKING&HAUL OF EQP	41,488.23	22,872.02	0.00	64,360.25
6200130	CONSLT & PROJECT SVC	126,305.85	119,219.63	0.00	245,525.48
6230120	SAFETY SERVICES	45,932.59	0.00	0.00	45,932.59
6300270	SOLIDS CONTROL SRVCS	51,247.87	0.00	0.00	51,247.87
6310120	STIMULATION SERVICES	0.00	705,526.70	0.00	705,526.70
6310190	PROPPANT PURCHASE	0.00	652,942.42	0.00	652,942.42
6310200	CASING & TUBULAR SVC	82,018.40	0.00	0.00	82,018.40
6310250	CEMENTING SERVICES	132,311.16	0.00	0.00	132,311.16
6310280	DAYWORK COSTS	474,753.66	0.00	0.00	474,753.66
6310300	DIRECTIONAL SERVICES	381,109.42	0.00	0.00	381,109.42
6310310	DRILL BITS	151,036.16	0.00	0.00	151,036.16
6310330	DRILL&COMP FLUID&SVC	109,575.44	63,265.80	0.00	172,841.24
6310370	MOB & DEMOBILIZATION	29,608.96	0.00	0.00	29,608.96
6310380	OPEN HOLE EVALUATION	24,203.63	0.00	0.00	24,203.63
6310480	TSTNG-WELL, PL & OTH	0.00	127,767.68	0.00	127,767.68
6310510	VACUUM TRUCK SVC	0.00	2,500.00	0.00	2,500.00
6310600	MISC PUMPING SERVICE	0.00	41,080.51	0.00	41,080.51
6320100	EQPMNT SVC-SRF RNTL	74,456.95	323,318.79	0.00	397,775.74
6320110	EQUIP SVC - DOWNHOLE	20,529.11	95,957.91	0.00	116,487.02
6320160	WELDING SERVICES	1,962.12	0.00	0.00	1,962.12
6320190	WATER TRANSFER	0.00	103,180.56	0.00	103,180.56
6350100	CONSTRUCTION SVC	0.00	64,632.19	0.00	64,632.19
6520100	LEGAL FEES	10,000.00	0.00	0.00	10,000.00

Costs on this form are estimates only. Working Interest Owners should not consider these estimates as establishing any limit on the monies which will be required to perform the proposed operation.



Authorization for Expenditure

AFE # XX-134473.01

Well Name: SNEAKY SNAKE 24 FED COM 11H

AFE Date: 8/11/21

Cost Center Number: 1094102101

State: NM

Legal Description: SEC 24-23S-32E

County/Parish: LEA

Revision:

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6550100	MISCS COSTS & SERVS	0.00	7,500.00	0.00	7,500.00
6550110	MISCELLANEOUS SVC	21,491.72	0.00	0.00	21,491.72
6550120	OTHER ROUSTABOUT SER	0.00	23,000.00	0.00	23,000.00
6630110	CAPITAL OVERHEAD	8,636.67	22,342.27	0.00	30,978.94
6740340	TAXES OTHER	129.11	8,500.00	0.00	8,629.11
	Total Intangibles	2,137,121.82	3,889,504.09	0.00	6,026,625.91

Code	Tangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6120110	I&C EQUIPMENT	0.00	22,386.37	0.00	22,386.37
6120120	MEASUREMENT EQUIP	0.00	22,365.00	0.00	22,365.00
6300150	SEPARATOR EQUIPMENT	0.00	208,074.38	0.00	208,074.38
6310130	ARTIFICIAL LIFT EQP	0.00	25,000.00	0.00	25,000.00
6310150	CASG-COND&DRIVE PIPE	20,000.00	0.00	0.00	20,000.00
6310420	TUBING & COMPONENTS	0.00	53,506.01	0.00	53,506.01
6310460	WELLHEAD EQUIPMENT	25,171.82	76,744.03	0.00	101,915.85
6310530	SURFACE CASING	37,438.68	0.00	0.00	37,438.68
6310540	INTERMEDIATE CASING	113,588.45	0.00	0.00	113,588.45
6310550	PRODUCTION CASING	246,984.06	0.00	0.00	246,984.06
6310580	CASING COMPONENTS	31,502.24	0.00	0.00	31,502.24
6330100	PIPE,FIT,FLANG,CPLNG	0.00	94,444.20	0.00	94,444.20
	Total Tangibles	474,685.25	502,519.99	0.00	977,205.24

TOTAL ESTIMATED COST	2,611,807.07	4,392,024.08	0.00	7,003,831.15
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WORKING INTEREST OWNER APPROVAL

Company Name:

Signature:

Print Name:

Title:

Date:

Email:

Note: Please include/attach well requirement data with ballot.

Costs on this form are estimates only. Working Interest Owners should not consider these estimates as establishing any limit on the monies which will be required to perform the proposed operation.



Authorization for Expenditure

AFE # XX-134474.01

Well Name: SNEAKY SNAKE 24 FED COM 12H

AFE Date: 8/11/21

Cost Center Number: 1094102201

State: NM

Legal Description: SEC 24-23S-32E

County/Parish: LEA

Revision:

Explanation and Justification:

DRILL & COMPLETE AVALON WELL

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6040110	CHEMICALS - OTHER	0.00	132,623.31	0.00	132,623.31
6060100	DYED LIQUID FUELS	17,036.99	175,098.31	0.00	192,135.30
6060120	ELEC & UTILITIES	19,163.92	0.00	0.00	19,163.92
6080100	DISPOSAL - SOLIDS	1,050.75	1,062.78	0.00	2,113.53
6080110	DISP-SALTWATER & OTH	0.00	9,564.99	0.00	9,564.99
6080115	DISP VIA PIPELINE SW	0.00	108,000.00	0.00	108,000.00
6090100	FLUIDS - WATER	9,449.88	63,482.99	0.00	72,932.87
6090120	RECYC TREAT&PROC-H2O	0.00	264,231.54	0.00	264,231.54
6100100	PERMIT SURVEY&TITLE	30,000.00	0.00	0.00	30,000.00
6100110	RIGHT OF WAY	25,000.00	0.00	0.00	25,000.00
6110130	ROAD&SITE PREP SVC	30,000.00	12,753.32	0.00	42,753.32
6110170	DAMAGE & REMEDIATION	5,000.00	0.00	0.00	5,000.00
6120100	& C SERVICES	0.00	7,321.88	0.00	7,321.88
6130170	COMM SVCS - WAN	2,694.38	0.00	0.00	2,694.38
6130360	RTOC - ENGINEERING	0.00	5,288.56	0.00	5,288.56
6130370	RTOC - GEOSTEERING	9,333.46	0.00	0.00	9,333.46
6140160	ENV-SERVICES	1,000.00	0.00	0.00	1,000.00
6150100	CH LOG PERFRTG&WL SV	0.00	189,077.29	0.00	189,077.29
6170100	PULLING&SWABBING SVC	0.00	22,000.00	0.00	22,000.00
6170110	SNUBB&COIL TUBG SVC	0.00	80,285.63	0.00	80,285.63
6190100	TRCKG&HL-SOLID&FLUID	1,788.42	0.00	0.00	1,788.42
6190110	TRUCKING&HAUL OF EQP	20,671.56	22,941.65	0.00	43,613.21
6200130	CONSLT & PROJECT SVC	83,492.84	82,680.91	0.00	166,173.75
6230120	SAFETY SERVICES	11,181.56	0.00	0.00	11,181.56
6300270	SOLIDS CONTROL SRVCS	5,400.49	0.00	0.00	5,400.49
6310120	STIMULATION SERVICES	0.00	506,069.09	0.00	506,069.09
6310190	PROPPANT PURCHASE	0.00	434,547.59	0.00	434,547.59
6310200	CASING & TUBULAR SVC	80,434.07	0.00	0.00	80,434.07
6310250	CEMENTING SERVICES	133,916.56	0.00	0.00	133,916.56
6310280	DAYWORK COSTS	421,390.05	0.00	0.00	421,390.05
6310300	DIRECTIONAL SERVICES	167,549.54	0.00	0.00	167,549.54
6310310	DRILL BITS	95,416.53	0.00	0.00	95,416.53
6310330	DRILL&COMP FLUID&SVC	55,048.24	16,487.02	0.00	71,535.26
6310370	MOB & DEMOBILIZATION	6,167.52	0.00	0.00	6,167.52
6310380	OPEN HOLE EVALUATION	11,740.20	0.00	0.00	11,740.20
6310480	TSTNG-WELL, PL & OTH	0.00	93,450.11	0.00	93,450.11
6310510	VACUUM TRUCK SVC	0.00	2,500.00	0.00	2,500.00
6310600	MISC PUMPING SERVICE	0.00	27,507.15	0.00	27,507.15
6320100	EQPMNT SVC-SRF RNTL	103,232.47	128,978.05	0.00	232,210.52
6320110	EQUIP SVC - DOWNHOLE	32,310.01	23,749.56	0.00	56,059.57
6320160	WELDING SERVICES	1,617.21	0.00	0.00	1,617.21
6320190	WATER TRANSFER	0.00	73,375.33	0.00	73,375.33
6350100	CONSTRUCTION SVC	0.00	64,632.19	0.00	64,632.19
6520100	LEGAL FEES	10,000.00	0.00	0.00	10,000.00

Costs on this form are estimates only. Working Interest Owners should not consider these estimates as establishing any limit on the monies which will be required to perform the proposed operation.



Authorization for Expenditure

AFE # XX-134474.01
 Well Name: SNEAKY SNAKE 24 FED COM 12H AFE Date: 8/11/21
 Cost Center Number: 1094102201 State: NM
 Legal Description: SEC 24-23S-32E County/Parish: LEA
 Revision:

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6550100	MISCS COSTS & SERVS	0.00	7,500.00	0.00	7,500.00
6550110	MISCELLANEOUS SVC	16,908.82	0.00	0.00	16,908.82
6550120	OTHER ROUSTABOUT SER	0.00	23,000.00	0.00	23,000.00
6630110	CAPITAL OVERHEAD	5,283.09	22,342.27	0.00	27,625.36
6740340	TAXES OTHER	19.86	8,500.00	0.00	8,519.86
	Total Intangibles	1,413,298.42	2,609,051.52	0.00	4,022,349.94

Code	Tangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6120110	I&C EQUIPMENT	0.00	22,386.37	0.00	22,386.37
6120120	MEASUREMENT EQUIP	0.00	22,365.00	0.00	22,365.00
6230130	SAFETY EQUIPMENT	2,817.65	0.00	0.00	2,817.65
6300150	SEPARATOR EQUIPMENT	0.00	208,074.38	0.00	208,074.38
6310130	ARTIFICIAL LIFT EQP	0.00	25,000.00	0.00	25,000.00
6310150	CASG-COND&DRIVE PIPE	20,000.00	0.00	0.00	20,000.00
6310420	TUBING & COMPONENTS	0.00	53,511.52	0.00	53,511.52
6310460	WELLHEAD EQUIPMENT	56,251.22	76,883.29	0.00	133,134.51
6310530	SURFACE CASING	53,579.34	0.00	0.00	53,579.34
6310540	INTERMEDIATE CASING	138,888.53	0.00	0.00	138,888.53
6310550	PRODUCTION CASING	299,874.08	0.00	0.00	299,874.08
6310580	CASING COMPONENTS	39,378.59	0.00	0.00	39,378.59
6330100	PIPE,FIT,FLANG,CPLNG	0.00	94,444.20	0.00	94,444.20
	Total Tangibles	610,789.41	502,664.76	0.00	1,113,454.17

TOTAL ESTIMATED COST	2,024,087.83	3,111,716.28	0.00	5,135,804.11
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WORKING INTEREST OWNER APPROVAL

Company Name: _____

Signature: _____

Print Name: _____

Title: _____

Date: _____

Email: _____

Note: Please include/attach well requirement data with ballot.

Costs on this form are estimates only. Working Interest Owners should not consider these estimates as establishing any limit on the monies which will be required to perform the proposed operation.



Authorization for Expenditure

AFE # XX-134476.01
 Well Name: SNEAKY SNAKE 24 FED COM 14H AFE Date: 8/11/21
 Cost Center Number: 1094102401 State: NM
 Legal Description: SEC 24-23S-32E County/Parish: LEA
 Revision:

Explanation and Justification:

DRILL & COMPLETE BONE SPRING WELL

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6040110	CHEMICALS - OTHER	0.00	200,494.98	0.00	200,494.98
6060100	DYED LIQUID FUELS	87,612.87	264,280.97	0.00	351,893.84
6080100	DISPOSAL - SOLIDS	105,211.21	1,058.13	0.00	106,269.34
6080110	DISP-SALTWATER & OTH	0.00	9,523.21	0.00	9,523.21
6080115	DISP VIA PIPELINE SW	0.00	108,000.00	0.00	108,000.00
6090100	FLUIDS - WATER	7,998.46	96,727.65	0.00	104,726.11
6090120	RECYC TREAT&PROC-H2O	0.00	402,603.87	0.00	402,603.87
6100100	PERMIT SURVEY&TITLE	30,000.00	0.00	0.00	30,000.00
6100110	RIGHT OF WAY	25,000.00	0.00	0.00	25,000.00
6110130	ROAD&SITE PREP SVC	30,000.00	12,697.61	0.00	42,697.61
6110170	DAMAGE & REMEDIATION	5,000.00	0.00	0.00	5,000.00
6120100	& C SERVICES	0.00	7,321.88	0.00	7,321.88
6130170	COMM SVCS - WAN	2,913.01	0.00	0.00	2,913.01
6130360	RTOC - ENGINEERING	0.00	7,329.45	0.00	7,329.45
6130370	RTOC - GEOSTEERING	14,697.22	0.00	0.00	14,697.22
6140160	ENV-SERVICES	1,000.00	0.00	0.00	1,000.00
6150100	CH LOG PERFRTG&WL SV	0.00	267,514.57	0.00	267,514.57
6160100	MATERIALS & SUPPLIES	7,957.25	0.00	0.00	7,957.25
6170100	PULLING&SWABBING SVC	0.00	115,118.61	0.00	115,118.61
6170110	SNUBBG&COIL TUBG SVC	0.00	13,226.68	0.00	13,226.68
6190100	TRCKG&HL-SOLID&FLUID	19,328.06	0.00	0.00	19,328.06
6190110	TRUCKING&HAUL OF EQP	83,887.01	22,872.02	0.00	106,759.03
6200130	CONSLT & PROJECT SVC	138,929.56	119,219.63	0.00	258,149.19
6230120	SAFETY SERVICES	36,513.23	0.00	0.00	36,513.23
6300270	SOLIDS CONTROL SRVCS	64,750.98	0.00	0.00	64,750.98
6310120	STIMULATION SERVICES	0.00	705,526.70	0.00	705,526.70
6310190	PROPPANT PURCHASE	0.00	652,942.42	0.00	652,942.42
6310200	CASING & TUBULAR SVC	95,602.56	0.00	0.00	95,602.56
6310250	CEMENTING SERVICES	200,564.14	0.00	0.00	200,564.14
6310280	DAYWORK COSTS	613,396.74	0.00	0.00	613,396.74
6310300	DIRECTIONAL SERVICES	307,523.66	0.00	0.00	307,523.66
6310310	DRILL BITS	81,503.12	0.00	0.00	81,503.12
6310330	DRILL&COMP FLUID&SVC	190,828.95	63,265.80	0.00	254,094.75
6310370	MOB & DEMOBILIZATION	1,597.52	0.00	0.00	1,597.52
6310380	OPEN HOLE EVALUATION	19,403.01	0.00	0.00	19,403.01
6310480	TSTNG-WELL, PL & OTH	0.00	127,767.68	0.00	127,767.68
6310510	VACUUM TRUCK SVC	0.00	2,500.00	0.00	2,500.00
6310600	MISC PUMPING SERVICE	0.00	41,080.51	0.00	41,080.51
6320100	EQPMNT SVC-SRF RNTL	101,577.14	323,318.79	0.00	424,895.93
6320110	EQUIP SVC - DOWNHOLE	73,866.23	95,957.91	0.00	169,824.14
6320160	WELDING SERVICES	2,016.63	0.00	0.00	2,016.63
6320190	WATER TRANSFER	0.00	103,180.56	0.00	103,180.56
6350100	CONSTRUCTION SVC	0.00	64,632.19	0.00	64,632.19
6520100	LEGAL FEES	10,000.00	0.00	0.00	10,000.00

Costs on this form are estimates only. Working Interest Owners should not consider these estimates as establishing any limit on the monies which will be required to perform the proposed operation.



Authorization for Expenditure

AFE # XX-134476.01
 Well Name: SNEAKY SNAKE 24 FED COM 14H AFE Date: 8/11/21
 Cost Center Number: 1094102401 State: NM
 Legal Description: SEC 24-23S-32E County/Parish: LEA
 Revision:

Code	Intangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6550100	MISCS COSTS & SERVS	0.00	7,500.00	0.00	7,500.00
6550110	MISCELLANEOUS SVC	35,213.75	0.00	0.00	35,213.75
6550120	OTHER ROUSTABOUT SER	0.00	23,000.00	0.00	23,000.00
6630110	CAPITAL OVERHEAD	8,376.15	22,342.27	0.00	30,718.42
6740340	TAXES OTHER	0.00	8,500.00	0.00	8,500.00
	Total Intangibles	2,402,268.46	3,889,504.09	0.00	6,291,772.55

Code	Tangible Description	Drilling Costs	Completion Costs	Dry Hole Costs	Total Costs
6120110	I&C EQUIPMENT	0.00	22,386.37	0.00	22,386.37
6120120	MEASUREMENT EQUIP	0.00	22,365.00	0.00	22,365.00
6300150	SEPARATOR EQUIPMENT	0.00	208,074.38	0.00	208,074.38
6310130	ARTIFICIAL LIFT EQP	0.00	25,000.00	0.00	25,000.00
6310150	CASG-COND&DRIVE PIPE	20,000.00	0.00	0.00	20,000.00
6310420	TUBING & COMPONENTS	0.00	53,506.01	0.00	53,506.01
6310460	WELLHEAD EQUIPMENT	56,678.55	76,744.03	0.00	133,422.58
6310530	SURFACE CASING	21,400.90	0.00	0.00	21,400.90
6310540	INTERMEDIATE CASING	375,344.05	0.00	0.00	375,344.05
6310550	PRODUCTION CASING	363,931.62	0.00	0.00	363,931.62
6310580	CASING COMPONENTS	32,876.44	0.00	0.00	32,876.44
6330100	PIPE,FIT,FLANG,CPLNG	0.00	94,444.20	0.00	94,444.20
	Total Tangibles	870,231.56	502,519.99	0.00	1,372,751.55

TOTAL ESTIMATED COST	3,272,500.02	4,392,024.08	0.00	7,664,524.10
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WORKING INTEREST OWNER APPROVAL

Company Name: _____

Signature: _____ Print Name: _____

Title: _____

Date: _____

Email: _____

Note: Please include/attach well requirement data with ballot.

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