BEFORE THE OIL CONSERVATION DIVISION EXAMINER HEARING MAY 5, 2022

APPLICATIONS OF CIMAREX ENERGY CO., FOR HORIZONTAL SPACING UNITS AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

Case No. 22754:

Mescalero Ridge 21-28 Federal Com 2H Well

Case No. 22755:

Mescalero Ridge 21-28 Fed Com 3H Well

Mescalero Ridge 21-28 Fed Com 5H Well

Case No. 22756:

Mescalero Ridge 21-28 Fed Com 4H Well

Mescalero Ridge 21-28 Fed Com 6H Well

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TAB 1

Case No. 22754

Reference for Case No. 22754 Application Case No. 22754 – Mescalero Ridge 21-28 Federal Com 2H Well NMOCD Checklist Case No. 22754

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

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

Case No. 22754

APPLICATION

Cimarex Energy Co. ("Cimarex"), OGRID No. 215099, through its undersigned attorneys, hereby files this Application with the Oil Conservation Division ("Division") pursuant to the provisions of NMSA 1978, Section 70-2-17, seeking an order (1) establishing a standard 320-acre, more or less, spacing and proration unit comprised of the W/2 E/2 of Sections 21 and 28, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico, and (2) pooling all uncommitted mineral interests from 10,527 feet to the bottom of the Quail Ridge; Bone Spring Pool [Code 50460] Bone Spring formation, designated as an oil pool, underlying said unit.

In support of its Application, Cimarex states the following:

1. Cimarex is a working interest owner in the proposed horizontal spacing and proration unit ("HSU") and has a right to drill a well thereon.

2. Cimarex proposes and dedicates to the HSU the Mescalero Ridge 21-28 Federal Com 2H Well, as the initial well, to be drilled to a depth sufficient to test the Bone Spring formation.

3. Cimarex proposes the **Mescalero Ridge 21-28 Federal Com 2H Well**, an oil well, to be horizontally drilled from a surface location in the NW/4 NE/4 (Unit B) of Section 21 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 28.

4. The proposed well is orthodox in its location, and the take points and completed interval complies with setback requirements under the statewide rules.

5. A depth severance exists in the Bone Spring formation within the proposed HSU. Accordingly, Cimarex seeks to pool a portion of the Quail Ridge; Bone Spring pool [Code 50460], to include the 3rd Bone Spring formation, from a stratigraphic equivalent of 10,527 feet measured depth, as defined by the Triple Combo Log in the Mescalero Ridge 20 Federal 1 Well (API No. 30-025-36099), to a depth of 10,768 feet, that being the base of the of the 3rd Bone Spring. Cimarex will provide notice of this hearing to the vertical offset parties within the pool who are not subject to the pooling application. Concurrently with this application, Cimarex is also seeking to pool the portion of this pool above the depth severance, the 1st and 2nd Bone Spring, in a separate application.

6. Cimarex has sought in good faith, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the well or in the commitment of their interests to the well for development within the proposed HSU.

7. The pooling of all interests in the specified depths of the Bone Spring formation within the proposed HSU will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.

8. In order to provide for its just and fair share of the oil and gas underlying the subject lands, Cimarex requests that all uncommitted interests in this HSU be pooled and that Cimarex be designated the operator of the proposed horizontal well and HSU.

WHEREFORE, Cimarex requests that this Application be set for hearing on May 5, 2022, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

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A. Establishing a standard 320-acre, more or less, spacing and proration unit comprised of the W/2 E/2 of Sections 21 and 28, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico;

B. Pooling all uncommitted mineral interests in the specified depths of the Bone Spring formation underlying the proposed HSU;

C. Approving the **Mescalero Ridge 21-28 Federal Com 2H Well** as the well for the HSU;

D. Designating Cimarex as operator of this HSU and the horizontal well to be drilled thereon;

E. Authorizing Cimarex to recover its costs of drilling, equipping, and completing the well;

F. Approving actual operating charges and costs of supervision, to the maximum extent allowable, while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

G. Setting a 200% charge for the risk assumed by Cimarex in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage

Darin C. Savage

William E. Zimsky Luke Kittinger Andrew D. Schill 214 McKenzie Street

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Santa Fe, New Mexico 87501 Telephone: 970.385.4401 Facsimile: 970.385.4901 darin@abadieschill.com bill@abadieschill.com luke@abadieschill.com andrew@abadieschill.com

Attorneys for Cimarex Energy Co.

Application of Cimarex Energy Co. for a Horizontal Spacing Unit and Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) establishing a standard 320-acre, more or less, spacing and proration unit comprised of the W/2 E/2 of Sections 21 and 28, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico, and (2) pooling all mineral interests from 10,527 feet to the bottom of the Quail Ridge; Bone Spring Pool [Code 50460] Bone Spring formation, designated as an oil pool, underlying the unit. The proposed oil well to be dedicated to the horizontal spacing unit is the **Mescalero Ridge 21-28 Federal Com 2H Well**, to be horizontally drilled from a surface location in the NW/4 NE/4 (Unit B) of Section 21 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 28. The well will be orthodox, and the take points and completed interval will comply with the setback requirements under the statewide Rules; also to be considered will be the cost of drilling and completing the well and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the well and unit; and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 24 miles southwest from Hobbs, NM.

COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 22754	APPLICANT'S RESPONSE
Date	May 5, 2022
Applicant	Cimarex Energy Co.
Designated Operator & OGRID (affiliation if applicable)	215099
Applicant's Counsel:	Darin C. Savage - Abadie & Schill, PC
Case Title:	Application of Cimarex Energy Co. for a Horizontal Spacing Unit and Compulsory Pooling, Lea County, New Mexico
Entries of Appearance/Intervenors:	MRC Permian Company, EGL Resources, Inc.
Well Family	Mescalero Ridge
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Exhibit B-2; TVD approx. 10,750'
Pool Name and Pool Code:	Quail Ridge; Bone Spring Pool [Code: 50460]
Well Location Setback Rules:	Standard statewide rules
Spacing Unit Size:	320 acres, more or less
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320 acres, more or less
Building Blocks:	quarter quarter sections (40 ac tracts)
Orientation:	north - south
Description: TRS/County	W/2 E/2 of Sections 21 and 28, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	Yes, See Landman Exhibit A
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	No
Applicant's Ownership in Each Tract	See Landman Exhibit A-2
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	
Well #1	Mescalero Ridge 21-28 Federal Com 2H Well (API No. 30- 015-pending), SHL: Unit B, 544' FNL, 2020' FEL, Section 21 T19S-R34E, NMPM; BHL: Unit O, 100' FSL, 1980' FEL, Section 28, T19S-R34E, standup, standard location
Horizontal Well First and Last Take Points	Mescalero Ridge 21-28 Federal Com 2H Well: FTP 544' FNL, 1980' FEL, Section 21; LTP 100' FSL, 1980' FEL, Sectior 28
Completion Target (Formation, TVD and MD)	Mescalero Ridge 21-28 Federal Com 2H Well: TVD approx. 10,750', approx. TMD 20,510'; Bone Spring Formation, See Exhibit B-2
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8,000, Exhibit A
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Production Supervision/Month \$	\$800, Exhibit A
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%, Exhibit A
Notice of Hearing	
Proposed Notice of Hearing	Exhibit C, C-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C-2
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-3
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A-2
Tract List (including lease numbers and owners)	Exhibit A-2
Pooled Parties (including ownership type)	Exhibit A-2
Unlocatable Parties to be Pooled	Exhibit A
Ownership Depth Severance (including percentage above & below)	Exhibit A-2
Joinder	E
Sample Copy of Proposal Letter	Exhibit A-3
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-2
Chronology of Contact with Non-Joined Working Interests	Exhibit A-4
Overhead Rates In Proposal Letter	Exhibit A-3
Cost Estimate to Drill and Complete	Exhibit A-3
Cost Estimate to Equip Well	Exhibit A-3
Cost Estimate for Production Facilities	Exhibit A-3
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-1
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-4
Well Orientation (with rationale)	Exhibit B, B-1
Target Formation	Exhibit B, B-2
HSU Cross Section	Exhibit B-2, B-4, B-5
Depth Severance Discussion	Exhibit A, B
Forms, Figures and Tables	
C-102	Exhibit A-1
Tracts	Exhibit A-1, A-2, B-1
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-2
General Location Map (including basin)	Exhibit A-2
Well Bore Location Map	Exhibit B-1, B-4
Structure Contour Map - Subsea Depth	Exhibit B-1
Cross Section Location Map (including wells)	Exhibit B-2, B-5
Cross Section (including Landing Zone)	Exhibit B-2, B-4, B-5
Additional Information	in-
pecial Provisions/Stipulations	
CERTIFICATION: I hereby certify that the information provided in t	this checklist is complete and accurate.
Printed Name (Attorney or Party Representative):	Darin C. Savage
igned Name (Attorney or Party Representative):	12th
Date:	5/3/2022

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TAB 2

Case No. 22754

- Exhibit A: Affidavits of John Coffman, Landman
- Exhibit A-1: C-102 Forms
- Exhibit A-2: Ownership and Sectional Map
- Exhibit A-3: Well Proposal Letters and AFEs
- Exhibit A-4: Chronology of Contacts with Uncommitted Owners

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

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

Case No. 22754

AFFIDAVIT OF JOHN COFFMAN

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

I, being duly sworn on oath, state the following:

1. I am over the age of eighteen years and have the capacity to execute this Affidavit, which is based on my personal knowledge.

2. I am employed as a Landman with Cimarex Energy Co. ("Cimarex"), and I am familiar with the subject application and the lands involved.

3. 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. I have attached my resume for the New Mexico Oil Conservation Division's ("Division") review and ask that my credentials as an expert witness in petroleum land matters be accepted and made a matter of record.

4. This affidavit is submitted in connection with the filing by Cimarex of the above-referenced spacing and compulsory pooling application pursuant to 19.15.4.12.A(1).

5. Cimarex seeks an order pooling all uncommitted mineral interests from 10,527 feet to the bottom of the Quail Ridge; Bone Spring Pool [Code 50460] Bone Spring formation,

designated as an oil pool, underlying a standard 320-acre, more or less, spacing and proration unit comprised of the W/2 E/2 of Sections 21 and 28, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico.

6. Under <u>Case No. 22754</u>, Cimarex seeks to dedicate to the unit the **Mescalero Ridge 21-28 Federal Com 2H Well** (API 30-015-pending) as an initial well, horizontally drilled from a surface location in the NW/4 NE/4 (Unit B) of Section 21 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 28; approximate TVD of 10,750'; approximate TMD of 20,510'; FTP in Section 21: approx. 544' FNL, 2,020' FEL; LTP in Section 28: approx. 100' FSL, 1,980' FEL.

7. The proposed C-102 for the well is attached as **Exhibit A-1**.

8. A general location plat and a plat outlining the unit being pooled is attached hereto as **Exhibit A-2**, which shows the location of the proposed well within the unit. The location of the well is orthodox, and it meets the Division's offset requirements for horizontal well under statewide rules.

9. The parties being pooled, the nature of their interests, and their last known addresses are listed on **Exhibit A-2** attached hereto. **Exhibit A-2** includes information regarding working interest owners and overriding royalty interest owners.

10. A depth severance exists in the Bone Spring formation within the proposed unit. Accordingly, Cimarex seeks to pool a portion of the Quail Ridge; Bone Spring pool [Code 50460], to include the 3rd Bone Spring formation, from a stratigraphic equivalent of 10,527 feet measured depth, as defined by the Triple Combo Log in the Mescalero Ridge 20 Federal 1 Well (API No. 30-025-36099), to a depth of 10,768 feet, that being the base of the of the 3rd Bone Spring. Cimarex

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has provided notice of this hearing to the vertical offset parties within the pool who are not subject to the pooling application.

11. I provided the law firm of Abadie & Schill P.C. a list of names and addresses for the interest owners shown on **Exhibit A-2**. In compiling these addresses, I conducted a diligent search of the public records in Lea County, New Mexico, where the wells are located, and of phone directories and did computer searches to locate the contact information for parties entitled to notification. There were two overriding royalty interest owner notice letters returned undeliverable: Atlas Investment Corporation and Joseph M. Green and Erma Dean Green, Trustees of the Green Family Trust. Fourteen of the mailings are still listed in-transit, only one of which is to a working interest owner, Chevron, who is committed to the Operating Agreement. The rest of the in-transit mailings are overriding royalty interest owners: Burlington Resources Oil & Gas Co LP, BXP Operating LLC, Merit Energy Partners D-III, Celia Stivason, Billy Wayne Gorman and Romayne Hope Gorman, General Partners of the Billy Wayne Gorman Family Investment Limited Partnership, Cargoil and Gas Company, LLC, Jerry Barnes, Kathleen Earnest Rios and Robert E. Rios, Co-Trustees of the Robert P. Earnest and Anna Dokus Earnest Trust aka Trust "B", Steven R. Garrity, The First National Bank of Roswell, N.A., Trustee of the Edna E. Morrell Living Trust, Van P. Welch, Jr., Wayne Newkumet, and William Winfield Scott.. Cimarex published notice in the Hobbs News-Sun, a newspaper of general circulation in Lea County, New Mexico, to account for any unlocatable parties and cover any contingencies regarding notice.

12. Cimarex has made a good faith effort to negotiate with the interest owners, but has been unable to obtain voluntary agreement from all interest owners to participate in the drilling of the well or in the commitment of their interests to the well for its development within the proposed horizontal spacing unit. **Exhibit A-4** provides a chronology and history of contacts with the owners.

13. The interest owners being pooled have been contacted regarding the proposed wells but have failed or refused to voluntarily commit their interest in the wells. However, Cimarex has been in ongoing discussions with some of the interest owners to voluntarily enter into a Joint Operating Agreement. If a mutually agreeable Joint Operating Agreement is reached between Cimarex and another interest owner or owners, Cimarex requests that the voluntary agreement become operative and supersede the Division's order for said parties, except to the extent the Division deems it necessary to maintain spacing criteria for the purpose of conservation, the prevention of waste, and protection of correlative rights.

14. **Exhibit A-3** is a sample proposal letter and the AFE for the proposed wells. The estimated cost of the wells set forth in the AFEs is fair, reasonable, and comparable to the costs of other wells of similar depths and lengths drilled in this area of New Mexico.

15. Cimarex requests overhead and administrative rates of \$8,000/month for drilling the wells and \$800/month for producing the wells, as listed in the JOA sent to the owners. These rates are fair and comparable to the rates charged by other operators for wells of this type in this area of southeastern New Mexico. Cimarex requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.

16. Cimarex requests the maximum cost, plus 200% risk charge be assessed against nonconsenting working interest owners to the extent needed.

17. Cimarex requests that it be designated operator of the unit and wells.

18. The Exhibits to this Affidavit were prepared by me or compiled from Cimarex's company business records under my direct supervision.

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19. The granting of this Application is in the best interests of conservation, the prevention of waste, and the protection of correlative rights, and will avoid the drilling of unnecessary wells.

20. The foregoing is correct and complete to the best of my knowledge and belief.

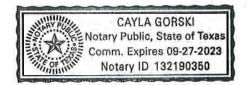
[Signature page follows]

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FURTHER AFFIANT SAYETH NAUGHT

John Coffman

Subscribed to and sworn before me this $2^{\mu\nu}$ day of May 2022.



Notary Public

John Coffman

710 W. Nobles Ave• Midland, TX• jcoffman@cimarex.com• 720-320-7285

Education Texas Tech University, Rawls College of Business Bachelor of Business Administration in Energy Commerce

Lubbock, TX August 2013-May 2018

Midland, TX

June 2018-Present

Energy Experience

GPA: 3.10

Cimarex Energy Co.

Landman

- Oversee Delaware Basin assets in Lea County.
- Analyze and facilitate trades between other operators in both Eddy and Lea Counties.
- Assist in future drilling development program through leasing, Joint Operating Agreements, title review and curative.
- Manage non-operated assets by reviewing proposals, transactions, and other agreements throughout Northern Lea County.
- Determine leasehold and royalty ownership throughout company owned assets.
- Acquire and divest leasehold and wellbores in the Permian Basin.

Conquest Energy

Contract Landman

Houston, TX

May 2017 – August 2017

- Contact, and lease mineral owners in North Dakota, Texas and New Mexico.
- Analyze, draft and negotiate Oil and Gas Leases and various other contracts for the clients past and future operations.
- Evaluate client Joint Operating Agreements for onerous Preferential Rights, consents or other requirements.
- Perform due diligence for client acquisitions.
- Research, identify and determine the status of title for open, leased and HBP acreage.

Infinity Oil and Gas

Internship

- Studied and discussed leases, JOA's, Surface Use Agreements, Exploration Agreements, Division Orders, and resolved Bureau of Land Management issues.
- Analyzed title to find available leasehold ownership of producing properties with split depth ownership in order to secure land needed for key portions of the lease.
- Learned basic petroleum geology and workstation mapping from an in-house geologist to gain a better understanding of where and why the land is valuable.
- Completed full due diligence report with a team for a land acquisition to ensure accuracy in title and improve the efficiency of the deal.

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Denver, CO

May 2014-August 2015

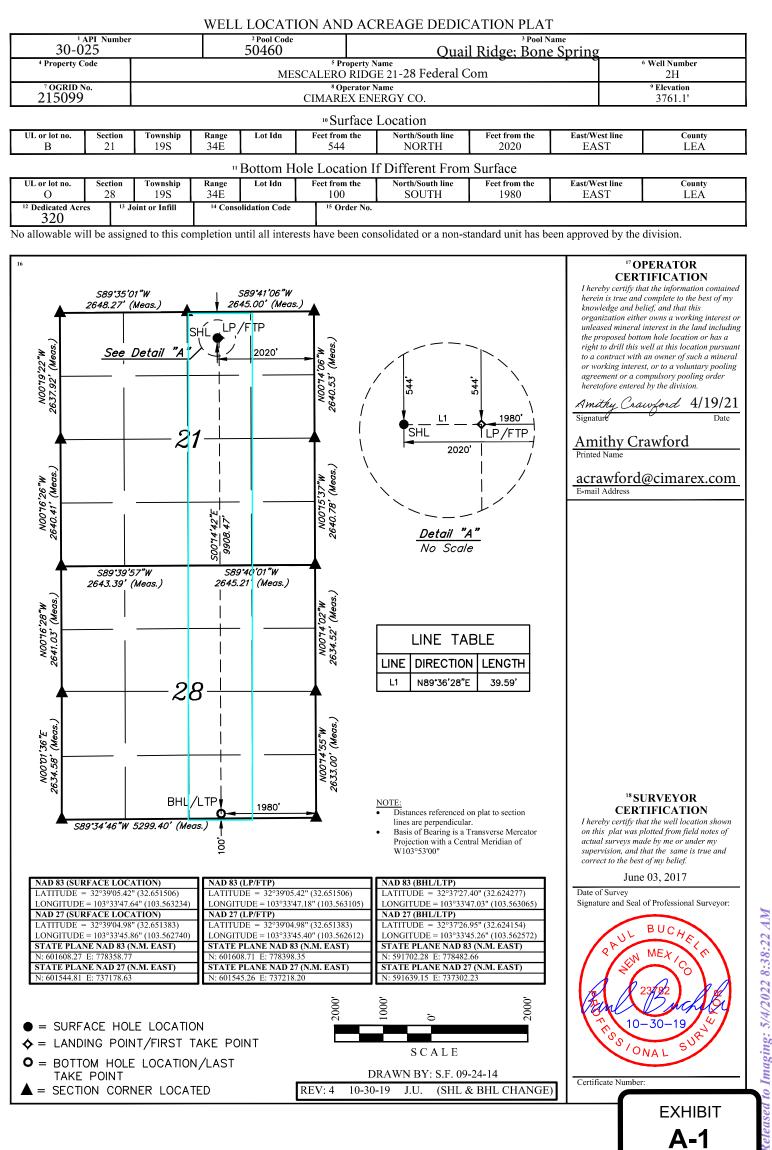
<u>District I</u> 1625 N. French Dr., Hobbs, NM 88240 Phone: (575) 393-6161 Fax: (575) 393-0720 <u>District II</u> 811 S. First St., Artesia, NM 88210 Phone: (575) 748-1283 Fax: (575) 748-9720 <u>District III</u> 1000 Rio Brazos Road, Aztec, NM 87410 Phone: (505) 334-6178 Fax: (505) 334-6170

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District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505 Phone: (505) 476-3460 Fax: (505) 476-3462

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

X AMENDED REPORT



MESCALERO RIDGE 21-28 FED COM 2H, 3H a	and 5H

<u>Owner Name</u>	Owner Address		<u>Interest in Unit</u>	Committed (Y/N)
Cimarex Energy Co./Magnum Hunter Production, Inc.	600 N. Marienfeld St., Ste 600 Midland, TX 79701	WI	0.33450000	Y
Alpha Energy Partners	P.O. Box 10701 Midland, TX 79702		0.00625000	Y
Chevron USA Inc.	1400 Smith Street Houston, TX 77002	WI	0.49375000	Y
Matador Resources Company	ONE LINCOLN CENTRE 5400 LBJ FREEWA Y SUITE 1500 DALLAS, TX 75240	WI	0.00550000	Ν
Nadel and Gussman Capitan LLC	15 East 5th Street Suite 3300 Tulsa, OK 74103	WI	0.00375000	Y
XTO Holdings LLC	22777 Springwoods Village Pkwy, Spring, TX 77389	WI	0.15625000	N
		TOTAL	1.00000000	
Drilling and Exploration Company Inc.		RT	0	
Daniel E. Gonzales		RT	0	
James R. Stivason		RT	0	
Joseph M. Green and Erma Dean Green, Trustees of the Green Family Trust under instrument dated April 3, 1992	3795 Vancouver Dr. Dallas, TX 75229	ORRI	0.00062500	N
Billy Wayne Gorman and Romayne Hope Gorman, General Partners of the Billy Wayne Gorman Family Investment Limited Partnership	11141 Blue Stem Backroad Oklahoma City, OK 73162	ORRI	0.00062500	N
Richard H. Coats	P.O. Box 2412 Midland, TX 79702	ORRI	0.00062500	Ν
Unknown Trustee of the Robert Welch Gillespie and Katherine Deuel Gillespie Revocable Trust u/a/d 3/11/92	1250 E. Walnut Street, #220 Pasadena, CA 91106	ORRI	0.00500000	N
Van P. Welch	2259-C Via Puerta Laguna Hills, CA 92653	ORRI	0.00500000	N

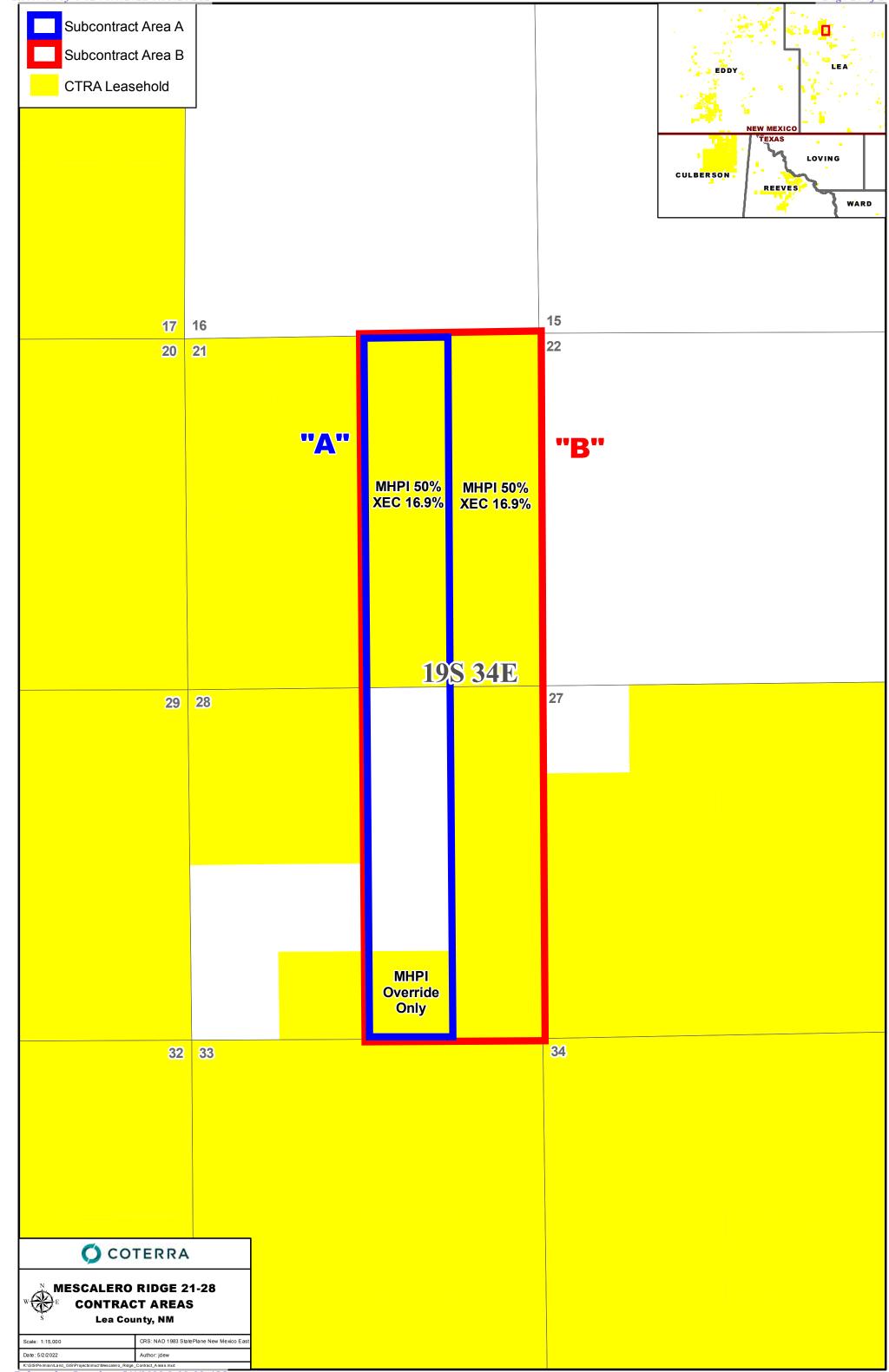
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Rockwell Energy Resources LLC	P.O. Box 54584 Oklahoma City, OK 73154	ORRI	0.00500000	N
Bank of America, N.A., Sole Trustee of the Selma E. Andrews Trust for benefit of Peggy Barrett	P.O. Box 830308 Dallas, TX 75283	ORRI	0.0000223765	Ν
Bank of America, N.A., Sole Trustee of the Selma E. Andrews Trust for benefit of Selma E. Andrews Perpetual Charitable Trust	P.O. Box 830308 Dallas, TX 75283	ORRI	0.000447535	Ν
Braille Institute of America, Inc. c/o NCNB Texas	P.O. Box 830308 Dallas, TX 75283	ORRI	0.00057870	N
Marshall & Winston, Inc.	P.O. Box 50880 Midland, TX 79710	ORRI	0.00125000	Ν
First National Bank of Roswell, N.A., Trustee under the Last Will and Testament of Foster Morrell dated August 5, 1971	111 East 5th St. Roswell, NM 88201	ORRI	0.00437500	Ν
The First National Bank of Roswell, N.A., Trustee of the Edna E. Morrell Living Trust	111 East 5th St. Roswell, NM 88201	ORRI	0.00218750	N
Kathleen Earnest Rios and Robert E. Rios, Co-Trustees of the Robert P. Earnest and Anna Dokus Earnest Trust aka Trust "B"	2401 N. Beazos Ave. Hobbs, NM 88240	ORRI	0.00343750	N
Wallace H. Scott, III	2901 Oakhurst Ave. Austin, TX 78703	ORRI	0.000359490	N
William Winfield Scott	3000 Willowood Circle Austin, TX 78703	ORRI	0.000359490	N
McElroy Minerals, LLC c/o Catherine Cecile Darch	4210 S. Bellaire Circle Englewood, CO 80113	ORRI	0.000359590	Ν
Atlas Investment Corporation	First Oklahoma Tower 210 W. Park Ave., #660 Oklahoma City, OK 73102	ORRI	0.00375000	N
Jerry Barnes	P.O. Box 768 Chillicothe, MO 64601	ORRI	0.00562500	N
Dennis Eimers	P.O. Box 50637 Midland, TX 79710	ORRI	0.00562500	Ν

Wayne Newkumet	500 W. Texas Ave, #1410 Midland, TX 79701	ORRI	0.00562500	Ν
Steven R. Garrity	P.O. Box 20500 Oklahoma City, OK 73156	ORRI	0.00588750	N
Celia Stivason	32066 Hwy 94 Campo, CA 91906	ORRI	0.00312500	Ν
Shannon Titzel	1800 Rogers Park Ct. Anchorage, AK 99508	ORRI	0.00781250	Ν
Cargoil and Gas Company, LLC	P.O. Box 29450 Santa Fe, NM 87592	ORRI	0.000390625	N
LJA Charitable Investments LLC	1717 West Loop South, Suite 1800 Houston, TX 77027	ORRI	0.000390625	N
Jack V. Walker Revocable Trust dated May 21, 1981; Valorie Faye Walker, Successor Trustee	PO Box 102256, Anchorage, AK 99510	ORRI	0.00078125	N
Balog Family Trust dated August 15, 2002	P.O. Box 111890 Anchorage, AK 99511	ORRI	0.00078125	Ν
	-	TOTAL	0.07004593	

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Released to Imaging: 5/4/2022 8:38:22 AM



February 14, 2022

Alpha Energy Partners LLC Attn: Land Department P.O. Box 10701 Midland, TX 79702

> Re: Proposal to Drill Mescalero Ridge 21-28 Federal Com 2H-6H Sections 21 & 28, Township 19 South, Range 34 East Lea County, NM

Dear Working Interest Owner,

Cimarex Energy Co. hereby proposes to drill the Mescalero Ridge 21-28 Fed Com 2H, 3H, 4H, 5H, 6H wells at a legal location in Section 21, Township 19 South, Range 34 East, NMPM, Lea County, NM.

<u>Mescalero Ridge 21-28 Fed Com 2H</u> - The intended surface hole location for the well is 544' FNL and 2020' FEL of Section 21, Township 19 South, Range 34 East, and the intended bottom hole location is 100' FSL and 1980' FEL of Section 28, Township 19 South, Range 34 East. The well is proposed to be drilled vertically to the 3rd Bone Spring interval and laterally within the formation to the referenced bottom hole location. Total vertical depth of the well is proposed to be approximately 10,750'.

<u>Mescalero Ridge 21-28 Fed Com 3H</u> - The intended surface hole location for the well is 484' FNL and 2100' FEL of Section 21, Township 19 South, Range 34 East, and the intended bottom hole location is 100' FSL and 1980' FEL of Section 28, Township 19 South, Range 34 East. The well is proposed to be drilled vertically to the 1st Bone Spring interval and laterally within the formation to the referenced bottom hole location. Total vertical depth of the well is proposed to be approximately 9,696'.

<u>Mescalero Ridge 21-28 Fed Com 4H</u> - The intended surface hole location for the well is 484' FNL and 2080' FEL of Section 21, Township 19 South, Range 34 East, and the intended bottom hole location is 100' FSL and 660' FEL of Section 28, Township 19 South, Range 34 East. The well is proposed to be drilled vertically to the 1st Bone Spring interval and laterally within the formation to the referenced bottom hole location. Total vertical depth of the well is proposed to be approximately 9,696'.

<u>Mescalero Ridge 21-28 Fed Com 5H</u> - The intended surface hole location for the well is 424' FNL and 1980' FEL of Section 21, Township 19 South, Range 34 East, and the intended bottom hole location is 100' FSL and 1980' FEL of Section 28, Township 19 South, Range 34 East. The well is proposed to be drilled vertically to the 2nd Bone Spring interval and laterally within the formation to the referenced bottom hole location. Total vertical depth of the well is proposed to be approximately 10,300'.

ехнівіт **А-3** <u>Mescalero Ridge 21-28 Fed Com 6H</u> - The intended surface hole location for the well is 424' FNL and 2000' FEL of Section 21, Township 19 South, Range 34 East, and the intended bottom hole location is 100' FSL and 660' FEL of Section 28, Township 19 South, Range 34 East. The well is proposed to be drilled vertically to the 2nd Bone Spring interval and laterally within the formation to the referenced bottom hole location. Total vertical depth of the well is proposed to be approximately 10,300'.

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

Enclosed, in duplicate, is (i) our detailed AFE reflecting estimated costs associated with this proposal, and; (ii) our proposed form of Operating Agreement to govern operations of the Mescalero Ridge 21-28 Fed Com wells. If you intend to participate, please approve and return one (1) original of the enclosed AFE, one (1) original of the signature page to the Operating Agreement, along with the contact information to receive your well data, to the undersigned within thirty (30) days of receipt of this proposal. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance to Cimarex prior to commencement of drilling operations; otherwise, you will be covered by insurance procured by Cimarex and will be responsible for your share of the cost.

Cimarex will file for force pooling for the Mescalero Ridge 21-28 Fed Com 2H-6H Wells thirty (30) days after the receipt of this proposal.

If you elect not to participate, please so indicate on the attached election form and return it to the attention of the undersigned at the letterhead address. Failure to elect whether or not to participate within 30 days of your receipt of this proposal will, as provided in the Operating Agreement, will be considered an election not to participate.

Please call the undersigned at (432) 571-7883 with any questions or comments.

Respectfully,

John Coffman Landman John.coffman@coterra.com

ELECTION TO PARTICIPATE Mescalero Ridge 21-28 Federal Com 2H

- Alpha Energy Partners LLC elects **TO** participate in the proposed Mescalero Ridge 21-28 Fed Com 2H well.
 - Alpha Energy Partners LLC elects **NOT** to participate in the proposed Mescalero Ridge 21-28 Fed Com 2H well.

Dated this _____ day of _____ , 2022.

Signature: _____

Title:

If your election above is TO participate in the proposed Mescalero Ridge 21-28 Fed Com 2H well, then:

- Alpha Energy Partners LLC elects **TO** be covered by well control insurance procured by Cimarex Energy Co.
 - Alpha Energy Partners LLC elects **NOT** to be covered by well control insurance procured by Cimarex Energy Co. and agrees to provide Cimarex Energy Co. with a certificate of insurance prior to commencement of drilling operations **or** be deemed to have elected to be covered by well control insurance procured by Cimarex Energy Co.

ELECTION TO PARTICIPATE Mescalero Ridge 21-28 Federal Com 3H

- Alpha Energy Partners LLC elects **TO** participate in the proposed Mescalero Ridge 21-28 Fed Com 3H well.
 - Alpha Energy Partners LLC elects **NOT** to participate in the proposed Mescalero Ridge 21-28 Fed Com 3H well.

Dated this _____ day of _____ , 2022.

Signature: _____

Title:

If your election above is TO participate in the proposed Mescalero Ridge 21-28 Fed Com 3H well, then:

- Alpha Energy Partners LLC elects **TO** be covered by well control insurance procured by Cimarex Energy Co.
 - Alpha Energy Partners LLC elects **NOT** to be covered by well control insurance procured by Cimarex Energy Co. and agrees to provide Cimarex Energy Co. with a certificate of insurance prior to commencement of drilling operations **or** be deemed to have elected to be covered by well control insurance procured by Cimarex Energy Co.

ELECTION TO PARTICIPATE Mescalero Ridge 21-28 Federal Com 4H

- Alpha Energy Partners LLC elects **TO** participate in the proposed Mescalero Ridge 21-28 Fed Com 4H well.
 - Alpha Energy Partners LLC elects **NOT** to participate in the proposed Mescalero Ridge 21-28 Fed Com 4H well.

Dated this _____ day of _____ , 2022.

Signature: _____

Title:

If your election above is TO participate in the proposed Mescalero Ridge 21-28 Fed Com 4H well, then:

- Alpha Energy Partners LLC elects **TO** be covered by well control insurance procured by Cimarex Energy Co.
 - Alpha Energy Partners LLC elects **NOT** to be covered by well control insurance procured by Cimarex Energy Co. and agrees to provide Cimarex Energy Co. with a certificate of insurance prior to commencement of drilling operations **or** be deemed to have elected to be covered by well control insurance procured by Cimarex Energy Co.

ELECTION TO PARTICIPATE Mescalero Ridge 21-28 Federal Com 5H

- Alpha Energy Partners LLC elects **TO** participate in the proposed Mescalero Ridge 21-28 Fed Com 5H well.
 - Alpha Energy Partners LLC elects **NOT** to participate in the proposed Mescalero Ridge 21-28 Fed Com 5H well.

Dated this _____ day of _____ , 2022.

Signature: _____

Title:

If your election above is TO participate in the proposed Mescalero Ridge 21-28 Fed Com 5H well, then:

- Alpha Energy Partners LLC elects **TO** be covered by well control insurance procured by Cimarex Energy Co.
 - Alpha Energy Partners LLC elects **NOT** to be covered by well control insurance procured by Cimarex Energy Co. and agrees to provide Cimarex Energy Co. with a certificate of insurance prior to commencement of drilling operations **or** be deemed to have elected to be covered by well control insurance procured by Cimarex Energy Co.

ELECTION TO PARTICIPATE Mescalero Ridge 21-28 Federal Com 6H

- Alpha Energy Partners LLC elects **TO** participate in the proposed Mescalero Ridge 21-28 Fed Com 6H well.
 - Alpha Energy Partners LLC elects **NOT** to participate in the proposed Mescalero Ridge 21-28 Fed Com 6H well.

Dated this _____ day of _____ , 2022.

Signature: _____

Title:

If your election above is TO participate in the proposed Mescalero Ridge 21-28 Fed Com 6H well, then:

- Alpha Energy Partners LLC elects **TO** be covered by well control insurance procured by Cimarex Energy Co.
 - Alpha Energy Partners LLC elects **NOT** to be covered by well control insurance procured by Cimarex Energy Co. and agrees to provide Cimarex Energy Co. with a certificate of insurance prior to commencement of drilling operations **or** be deemed to have elected to be covered by well control insurance procured by Cimarex Energy Co.

Date Prepared

Company Entity

Production Inc (120) М

Magnum Hunter Produ	iction Inc (430)			4/27/2022	
Exploration Region	Well Name	Prospect	Property Number	AFE	
Permian Basin	MESCALERO RIDGE 21-28 FED COM 2H	Quail Ridge Prospect	309617-238.01	26722052	
County, State Lea, NM	Location W2E2 of Section 21 and Section 28		Estimated Spud 10/18/2022	Estimated Completion 1/27/2023	
X New Supplement	Formation 3rd Bone Spring	Well Type DEV	Ttl Measured Depth 20,870	Ttl Vetical Depth 10,870	

Drill and complete well Purpose

Description

Revision

Drilling Drill and complete a horizontal test. Drill to 1790 Set Surface casing. Drill to Drill to 5327', set surface casing. Drill to 10240' (KOP). Drill curve at 12°/100' initial build rate to +/- 75 degrees and set casing at +/- 10865' MD. Finish curve at +/- 4°/100' to +/- 10750' TVD and drill a +/- 9910' long lateral in the 3rd Bone Spring Formation. Run and cement production liner. Stage frac. Drill out plugs. Run production packer, tubing and GLVs.

Total Well Cost	\$2,984,000	\$6,557,488	\$9,541,488
Total Tangible Cost	\$787,000	\$1,443,576	\$2,230,576
Lease Equipment		\$873,576	\$873,576
Well Equipment	\$787,000	\$570,000	\$1,357,000
Tangible	Dry Hole	After Casing Point	Completed Well Cost
Total Intangible Cost	\$2,197,000	\$5,113,912	\$7,310,912
Completion Costs		\$5,113,912	\$5,113,912
Drilling Costs	\$2,197,000		\$2,197,000
Intangible	Dry Hole	After Casing Point	Completed Well Cost

Comments On Well Costs

1. All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

Well Control Insurance

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

I elect to purchase my own well control insurance policy.

Marketing Election

Cimarex sells its gas under arm's-length contracts with third party purchasers. Such contracts may include fees. In addition, penalties may be incurred for insufficient volumes delivered over time. Should you choose to market your share of gas with Cimarex, you will be subject to all of the terms of such contracts. Upon written request to Cimarex's Marketing Department, we will share with you the terms and conditions pursuant to which gas will be sold. Failure to make an election below shall be deemed an election to market your gas with Cimarex under the terms and conditions set forth above.

I elect to take my gas in kind.

I elect to market my gas with Cimarex pursuant to the terms and conditions of its contract.

Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

Nonoperator Approval				
Company	Approved By (Print Name)	Approved By (Signature)	Date	
NOTICE TO NONOPERATOR: (Costs shown on this form are estimates only. By execu	ting this AFE, the consenting party agrees to pay its proportionate		
share of actual costs incurred. Overhead will be charged in accordance with the Joint Operating Agreement.				

4/27/2022

Received by OCD: 5/3/2022 6:55:26 PM COTERRA Authorization For Expenditure - MESCALERO RIDGE 21-28 FED COM 2H

Page 33 of 292 AFE # 26722052

Description Roads & Location Roads & Location Damages Mud/Fluids Disposal Day Rate Misc Preparation Bits Fuel Water for Drilling Rig (Not Frac Water) Mud & Additives SWD PIPED TO 3RD PARTY SWD WELL Surface Rentals Downhole Rentals Flowback Labor Automation Labor Mud Logging IPC & EXTERNAL PAINTING Cementing & Float Equipment Tubular Inspections Casing Crews Mechanical Labor Trucking/Transportation Supervision Trailer House/Camp/Catering Other Misc Expenses Overhead MOB/DEMOB Directional Drilling Services Solids Control	Codes DIDC.100 DIDC.105 DIDC.255 DIDC.115 DIDC.120 DIDC.125 DIDC.135 DIDC.140 DIDC.140 DIDC.145 DIDC.150 DIDC.155 DIDC.150 DIDC.170 DIDC.185 DIDC.190 DIDC.195 DIDC.200 DIDC.205 DIDC.210 DIDC.225 DIDC.225 DIDC.225 DIDC.225	Amount 100,000 15,000 20,000 62,000 89,000 25,000 150,000 101,000 89,000 22,000 100,000 50,000 15,000 28,000 18,000 76,000 42,000	Codes DICC.120 DICC.125 DICC.130 DICC.135 DICC.140 DICC.140 DICC.155 DICC.160 DICC.165 DICC.170 DICC.175	Amount 73,000 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Codes STIM.100 STIM.255 STIM.125 STIM.135 STIM.140 STIM.141 STIM.141	Amount 10,000 44,000 0 17,000 149,000 35,000 0	Codes CON.100 CON.105 CON.140 CON.140 CON.150	Amount 23,226 4,010 5,348 95,746 27,070	Codes PCOM.100 PCOM.255 PCOM.125 PCOM.125 PCOM.130 PCOM.130 PCOM.130 PCOM.135 PCOM.140 PCOM.140 PCOM.140 PCOM.140 PCOM.140 PCOM.140 PCOM.140 PCOM.140 PCOM.140 PCOM.140 PCOM.140	Amount 0 0 0 0 0 0 78,488 66,000 0 48,000 10,000	Cost 133,226 19,010 508,000 20,000 62,000 89,000 42,000 150,000 78,488 321,348 124,000 48,000 105,746 22,000 27,070
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Downhole Rentals Flowback Labor Automation Labor Mud Logging IPC & EXTERNAL PAINTING Cementing & Float Equipment Tubular Inspections Casing Crews Mechanical Labor Trucking/Transportation Supervision Trailer House/Camp/Catering Other Misc Expenses Overhead MOB/DEMOB Directional Drilling Services	DIDC.155 DIDC.170 DIDC.170 DIDC.185 DIDC.190 DIDC.195 DIDC.200 DIDC.205 DIDC.210 DIDC.220 DIDC.225	89,000 22,000 100,000 50,000 15,000 28,000 18,000 76,000	DICC.155 DICC.160 DICC.165 DICC.170	63,000 10,000 15,000	STIM.145 STIM.141 STIM.160	35,000 0	CON.150	95,746	PCOM.145 PCOM.141	66,000 0 48,000	321,348 124,000 48,000 105,746 22,000 27,070
Flowback Labor Automation Labor Mud Logging IPC & EXTERNAL PAINTING Cementing & Float Equipment Tubular Inspections Casing Crews Mechanical Labor Trucking/Transportation Supervision Trailer House/Camp/Catering Other Misc Expenses Overhead MOB/DEMOB Directional Drilling Services	DIDC.170 DIDC.185 DIDC.190 DIDC.195 DIDC.200 DIDC.205 DIDC.210 DIDC.280 DIDC.220 DIDC.225	89,000 22,000 100,000 50,000 15,000 28,000 18,000 76,000	DICC.160 DICC.165 DICC.170	10,000 15,000	STIM.141 STIM.160	35,000 0			PCOM.141	0 48,000	124,000 48,000 105,746 22,000 27,070
Automation Labor Mud Logging IPC & EXTERNAL PAINTING Cementing & Float Equipment Tubular Inspections Casing Crews Mechanical Labor Trucking/Transportation Supervision Trailer House/Camp/Catering Other Misc Expenses Overhead MOB/DEMOB Directional Drilling Services	DIDC.185 DIDC.190 DIDC.195 DIDC.200 DIDC.205 DIDC.210 DIDC.280 DIDC.220 DIDC.225	22,000 100,000 50,000 15,000 28,000 18,000 76,000	DICC.160 DICC.165 DICC.170	10,000 15,000	STIM.160	0					48,000 105,746 22,000 27,070
Mud Logging IPC & EXTERNAL PAINTING Cementing & Float Equipment Tubular Inspections Casing Crews Mechanical Labor Trucking/Transportation Supervision Trailer House/Camp/Catering Other Misc Expenses Overhead MOB/DEMOB Directional Drilling Services	DIDC.185 DIDC.190 DIDC.195 DIDC.200 DIDC.205 DIDC.210 DIDC.280 DIDC.220 DIDC.225	100,000 50,000 15,000 28,000 18,000 76,000	DICC.160 DICC.165 DICC.170	10,000 15,000					PCOM.150		105,746 22,000 27,070
Mud Logging IPC & EXTERNAL PAINTING Cementing & Float Equipment Tubular Inspections Casing Crews Mechanical Labor Trucking/Transportation Supervision Trailer House/Camp/Catering Other Misc Expenses Overhead MOB/DEMOB Directional Drilling Services	DIDC.185 DIDC.190 DIDC.195 DIDC.200 DIDC.205 DIDC.210 DIDC.280 DIDC.220 DIDC.225	100,000 50,000 15,000 28,000 18,000 76,000	DICC.160 DICC.165 DICC.170	10,000 15,000						10,000	22,000 27,070
IPC & EXTERNAL PAINTING Cementing & Float Equipment Tubular Inspections Casing Crews Mechanical Labor Trucking/Transportation Supervision Trailer House/Camp/Catering Other Misc Expenses Overhead MOB/DEMOB Directional Drilling Services	DIDC.185 DIDC.190 DIDC.195 DIDC.200 DIDC.205 DIDC.210 DIDC.280 DIDC.220 DIDC.225	100,000 50,000 15,000 28,000 18,000 76,000	DICC.160 DICC.165 DICC.170	10,000 15,000			CON.165	27,070			27,070
Cementing & Float Equipment Tubular Inspections Casing Crews Mechanical Labor Trucking/Transportation Supervision Trailer House/Camp/Catering Other Misc Expenses Overhead MOB/DEMOB Directional Drilling Services	DIDC.190 DIDC.195 DIDC.200 DIDC.205 DIDC.210 DIDC.280 DIDC.220 DIDC.225	50,000 15,000 28,000 18,000 76,000	DICC.160 DICC.165 DICC.170	10,000 15,000				21,010			
Tubular Inspections Casing Crews Mechanical Labor Trucking/Transportation Supervision Trailer House/Camp/Catering Other Misc Expenses Overhead MOB/DEMOB Directional Drilling Services	DIDC.190 DIDC.195 DIDC.200 DIDC.205 DIDC.210 DIDC.280 DIDC.220 DIDC.225	50,000 15,000 28,000 18,000 76,000	DICC.160 DICC.165 DICC.170	10,000 15,000							ID3 (10()
Casing Crews Mechanical Labor Trucking/Transportation Supervision Trailer House/Camp/Catering Other Misc Expenses Overhead MOB/DEMOB Directional Drilling Services	DIDC.195 DIDC.200 DIDC.205 DIDC.210 DIDC.280 DIDC.220 DIDC.225	15,000 28,000 18,000 76,000	DICC.165 DICC.170	15,000		4 000			PCOM.160	0	64,000
Mechanical Labor Trucking/Transportation Supervision Trailer House/Camp/Catering Other Misc Expenses Overhead MOB/DEMOB Directional Drilling Services	DIDC.200 DIDC.205 DIDC.210 DIDC.280 DIDC.220 DIDC.225	28,000 18,000 76,000	DICC.170		STIM 165	4,000			1 CON1.100	0	
Trucking/Transportation Supervision Trailer House/Camp/Catering Other Misc Expenses Overhead MOB/DEMOB Directional Drilling Services	DIDC.205 DIDC.210 DIDC.280 DIDC.220 DIDC.225	18,000 76,000		11111111	STIM.165	0	CON 170	256 450	DCOM 170	5 000	30,000
Supervision Trailer House/Camp/Catering Other Misc Expenses Overhead MOB/DEMOB Directional Drilling Services	DIDC.210 DIDC.280 DIDC.220 DIDC.225	76,000	DICC.175		STIM.170	0	CON.170	256,158	PCOM.170	5,000	299,158
Trailer House/Camp/Catering Other Misc Expenses Overhead MOB/DEMOB Directional Drilling Services	DIDC.280 DIDC.220 DIDC.225			8,000	STIM.175	4,000	CON.175	33,420	PCOM.175	0	63,420
Other Misc Expenses Overhead MOB/DEMOB Directional Drilling Services	DIDC.220 DIDC.225	42,000	DICC.180	10,000	STIM.180	53,000	CON.180	40,771	PCOM.180	0	179,771
Overhead MOB/DEMOB Directional Drilling Services	DIDC.225		DICC.255	5,000	STIM.280	26,000					73,000
MOB/DEMOB Directional Drilling Services		5,000	DICC.190	0	STIM.190	98,000	CON.190	38,098	PCOM.190	0	141,098
Directional Drilling Services	DIDC.240	10,000	DICC.195	5,000							15,000
-		110,000									110,000
Solids Control	DIDC.245	285,000									285,000
bolido control	DIDC.260	36,000									36,000
Well Control Equip (Snubbing Services)	DIDC.265	80,000	DICC.240	5,000	STIM.240	74,000			PCOM.240	0	159,000
Completion Rig					STIM.115	21,000			PCOM.115	0	21,000
Coil Tubing Services					STIM.260	137,000			PCOM.260	0	137,000
Completion Logging/Perforating/Wireline					STIM.200	241,000			PCOM.200	0	241,000
Composite Plugs					STIM.390	34,000			PCOM.390	0	34,000
Stimulation Pumping/Chemicals/Additives/Sand					STIM.210	2,281,000			PCOM.210	0	2,281,000
Stimulation Water/Water Transfer/Water Storage					STIM.395	128,000			1 COMILE TO	Ū	128,000
Cimarex Owned Frac/Rental Equipment					STIM.305	60,000			PCOM.305	0	60,000
Legal/Regulatory/Curative	DIDC.300	10.000			511141.505	60,000	CON.300	0	1 CON1.505	0	
Well Control Insurance		10,000					CON.500	0			10,000
	DIDC.285	7,000					CON 205	24.004			7,000
Major Construction Overhead							CON.305	34,924			34,924
FL/GL - ON PAD LABOR							CON.495	56,646			56,646
FL/GL - Labor							CON.500	112,288			112,288
FL/GL - Supervision							CON.505	25,064			25,064
Survey							CON.515	10,192			10,192
Aid In Construct/3rd Party Connect							CON.701	132,506			132,506
Contingency	DIDC.435	92,000	DICC.220	10,000	STIM.220	171,000	CON.220	142,199	PCOM.220	32,000	447,199
Contingency							CON.221	35,758			35,758
Total Intangible Cos	1	2,197,000		214,000		3,587,000		1,073,424		239,488	7,310,912
Conductor Pipe	DWEB.130	8,000									8,000
Water String	DWEB.135	74,000									74,000
Surface Casing	DWEB.140	252,000									252,000
Intermediate Casing 1	DWEB.145	415,000									415,000
Production Casing or Liner			DWEA.100	151,000							151,000
Tubing					STIMT.105	90,000			PCOMT.105	0	90,000
Wellhead, Tree, Chokes	DWEB.115	38,000	DWEA.120	18,000	STIMT.120	38,000			PCOMT.120	25,000	119,000
Liner Hanger, Isolation Packer	DWEB.100	38,000	DWEA.125	57,000		50,000				25,000	57,000
Packer, Nipples	5.725.100	U	2	57,000	STIMT.400	28 000			PCOMT.400	0	
					511011.400	28,000	CONT 200	10.005	1 CONT.400	0	28,000
SHORT ORDERS							CONT.380	19,885			19,885
PUMPS							CONT.385	28,407			28,407
WALKOVERS					6711 IT		CONT.390	16,709	DC01		16,709
Downhole Lift Equipment					STIMT.410	80,000			PCOMT.410	50,000	130,000
Surface Equipment									PCOMT.420	25,000	25,000
Well Automation Materials									PCOMT.455	8,000	8,000
N/C Lease Equipment							CONT.400	254,821			254,821
Battery Equipment							CONT.410	114,294			114,294
Secondary Containments							CONT.415	41,773			41,773
Facility Electrical							CONT.425	113,959			113,959
Meters and Metering Equipment							CONT.445	25,732			25,732
Facility Line Pipe							CONT.450	32,082			32,082
Lease Automation Materials							CONT.455	112,790			112,790
FL/GL - Materials							CONT.550				22,558
FL/GL - Line Pipe							CONT.555	22,558 90,567			22,558
Total Tangible Cos		707 000		226 000		226 000				109 000	
Total Estimated Cost		787,000 2,984,000		226,000 440,000		236,000 3,823,000		873,576 1,947,000		108,000 347,488	2,230,576 9,541,488

Received by OCD: 5/3/2022 6:55:26 PM COTERRA Authorization For Expenditure - MESCALERO RIDGE 21-28 FED COM 2H

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	VI ZH								
Description	Codes	BCP - Drilling	Amount	Codes	ACP - Drilling	Amount	Codes	Comp/Stim	Amount
Description Roads & Location	DIDC.100		Amount 100,000	Codes		Amount	STIM.100	CON.100	Amount 10,000
Damages	DIDC.105		15,000				511111.100	CONTRO	10,000
Mud/Fluids Disposal	DIDC.255		125,000				STIM.255		44,000
Day Rate		DICC.120	435,000	DICC.120		73,000	011111200		44,000
Misc Preparation	DIDC.120		20,000			13,000			
Bits	DIDC.125	DICC.125	62,000	DICC.125	STIM.125	0	STIM.125		0
Fuel		DICC.130	89,000	DICC.130	51101.125	0	511111.125		0
Water for Drilling Rig (Not Frac Water)		DICC.135	25,000		STIM.135	0	STIM.135		17,000
Mud & Additives	DIDC.140	Dicc.155		DICC.155	511141.155	0	511101.155		17,000
SWD PIPED TO 3RD PARTY SWD WELL	DIDC. 145		150,000						
Surface Rentals		DICC.140	101.000	DICC 140	STIM.140	0	STIM.140	CON.140	1 40 000
Downhole Rentals		DICC. 140	101,000	DICC.140	31111.140	0		CON. 140	149,000
	DIDC.155		89,000				STIM.145		35,000
Flowback Labor							STIM.141		0
Automation Labor	DID 6 470								
Mud Logging	DIDC.170		22,000						
IPC & EXTERNAL PAINTING									
Cementing & Float Equipment			100,000	DICC.155		63,000			
Tubular Inspections		DICC.160	50,000	DICC.160	STIM.160	10,000	STIM.160		4,000
Casing Crews		DICC.165	15,000		STIM.165	15,000	STIM.165		0
Mechanical Labor	DIDC.200	DICC.170	28,000	DICC.170	STIM.170	10,000	STIM.170	CON.170	0
Trucking/Transportation	DIDC.205	DICC.175	18,000	DICC.175	STIM.175	8,000	STIM.175	CON.175	4,000
Supervision	DIDC.210	DICC.180	76,000	DICC.180	STIM.180	10,000	STIM.180	CON.180	53,000
Trailer House/Camp/Catering	DIDC.280	DICC.255	42,000	DICC.255	STIM.280	5,000	STIM.280		26,000
Other Misc Expenses		DICC.190	5,000	DICC.190	STIM.190	0	STIM.190	CON.190	98,000
Overhead		DICC.195	10,000	DICC.195		5,000			50,000
MOB/DEMOB	DIDC.240		110,000			5,000			
Directional Drilling Services	DIDC.240 DIDC.245		285,000						
Solids Control	DIDC.243 DIDC.260								
		DICC 240	36,000	DICC 240		5 000	CTINA 240		74.000
Well Control Equip (Snubbing Services)	DIDC.265	DICC.240	80,000	DICC.240	STIM.240	5,000	STIM.240		74,000
Completion Rig							STIM.115		21,000
Coil Tubing Services							STIM.260		137,000
Completion Logging/Perforating/Wireline							STIM.200		241,000
Composite Plugs							STIM.390		34,000
Stimulation							STIM.210		2,281,000
Stimulation Water/Water Transfer/Water							STIM.395		128,000
Cimarex Owned Frac/Rental Equipment							STIM.305		60,000
Legal/Regulatory/Curative	DIDC.300		10,000						
Well Control Insurance	DIDC.285		7,000						
Major Construction Overhead			1,000						
FL/GL - ON PAD LABOR									
FL/GL - Labor									
FL/GL - Supervision									
Survey									
Aid In Construct/3rd Party Connect									
Contingency	DIDC.435	DICC.220	92,000	DICC.220	STIM.220	10,000	STIM.220	CON.220	171,000
Contingency									
Total Intangible Cost	1		2,197,000			214,000			3,587,000
Conductor Pipe	DWEB.130		8,000						
Water String	DWEB.135		74,000						
Surface Casing	DWEB.140		252,000						
Intermediate Casing 1	DWEB.145		415,000						
Production Casing or Liner			3,220	DWEA.100		151,000			
Tubing							STIMT.105		90,000
Wellhead, Tree, Chokes	DWEB.115	DWEA.120	38.000	DWEA.120	STIMT.120	18,000	STIMT.120		38,000
Liner Hanger, Isolation Packer		DWEA.125		DWEA.125		57,000			50,000
Packer, Nipples	2.1120.100		0	2.101.123		57,000	STIMT.400		20.000
SHORT ORDERS							511111.400		28,000
PUMPS									
WALKOVERS									
Downhole Lift Equipment							STIMT.410		80,000
Surface Equipment									
Well Automation Materials									
N/C Lease Equipment									
Battery Equipment									
Secondary Containments									
Facility Electrical									
Meters and Metering Equipment									
Facility Line Pipe									
Lease Automation Materials									
FL/GL - Materials									
FL/GL - Line Pipe									
Total Tangible Cos			787,000			226,000			236,000
Total Estimated Cost	:		2,984,000			440,000			3,823,000

COM 2H

COM 2	.1 1					
		Production Equip		Post Completion		Total
Description	Codes	Amoun			Amount	Cost
Roads & Location	CON.100	23,220	5 PCOM.100		0	133,226
Damages	CON.105	4,010)			19,010
Mud/Fluids Disposal			PCOM.255		0	169,000
Day Rate						508,000
Misc Preparation						20,000
Bits			PCOM.125		0	62,000
Fuel			PCOM.130		0	89,000
Water for Drilling Rig (Not Frac Water)			PCOM.135		0	42,000
Mud & Additives			1 COIVI. 155		0	
			00014057			150,000
SWD PIPED TO 3RD PARTY SWD WELL			PCOM.257	Water for 60 days	78,488	78,488
Surface Rentals	CON.140	5,348		Iron. XEC Own 5K. No 10K. \$1,100 per day per	66,000	321,348
Downhole Rentals			PCOM.145		0	124,000
Flowback Labor			PCOM.141	2 Flowback Hands (30 days)	48,000	48,000
Automation Labor	CON.150	95,746	5 PCOM.150		10,000	105,746
Mud Logging						22,000
IPC & EXTERNAL PAINTING	CON.165	27,070	1			27,070
Cementing & Float Equipment		21,010	,			163,000
			DCOM 100		0	
Tubular Inspections			PCOM.160		0	64,000
Casing Crews						30,000
Mechanical Labor	CON.170	256,158			5,000	299,158
Trucking/Transportation	CON.175	33,420) PCOM.175		0	63,420
Supervision	CON.180	40,77	PCOM.180		0	179,771
Trailer House/Camp/Catering						73,000
Other Misc Expenses	CON.190	38,098	PCOM.190		0	141,098
Overhead						15,000
MOB/DEMOB						110,000
Directional Drilling Services			-			
-						285,000
Solids Control						36,000
Well Control Equip (Snubbing Services)			PCOM.240		0	159,000
Completion Rig			PCOM.115		0	21,000
Coil Tubing Services			PCOM.260		0	137,000
Completion Logging/Perforating/Wireline			PCOM.200		0	241,000
Composite Plugs			PCOM.390		0	34,000
Stimulation Pumping/Chemicals/Additives/Sand			PCOM.210		0	2,281,000
Stimulation Water/Water Transfer/Water Storage					0	128,000
Cimarex Owned Frac/Rental Equipment			PCOM.305		0	60,000
	CON.300				0	
Legal/Regulatory/Curative	CON.300	(10,000
Well Control Insurance						7,000
Major Construction Overhead	CON.305	34,924	1			34,924
FL/GL - ON PAD LABOR	CON.495	56,640	5			56,646
FL/GL - Labor	CON.500	112,288	3			112,288
FL/GL - Supervision	CON.505	25,064	1			25,064
Survey	CON.515	10,192				10,192
Aid In Construct/3rd Party Connect	CON.701	132,500				132,506
	CON.220	142,199		10% Contingency	22,000	447,199
Contingency				10% contingency	32,000	
Contingency	CON.221	35,758				35,758
Total Intangible Cost		1,073,424	1		239,488	7,310,912
Conductor Pipe						8,000
Water String						74,000
Surface Casing						252,000
Intermediate Casing 1						415,000
Production Casing or Liner						151,000
Tubing			PCOMT.105		0	90,000
Wellhead, Tree, Chokes				QCI Wellhead / ESP	25,000	119,000
			1 CONT.120	QCI Weinlead / LSF	25,000	
Liner Hanger, Isolation Packer			DCOME IS			57,000
Packer, Nipples			PCOMT.400		0	28,000
SHORT ORDERS	CONT.380	19,88	5			19,885
PUMPS	CONT.385	28,40	7			28,407
WALKOVERS	CONT.390	16,709	9			16,709
Downhole Lift Equipment			PCOMT.410	ESP Consumables	50,000	130,000
Surface Equipment			PCOMT.420	Replacing Chokes, Stuffing Boxes, and all	25,000	25,000
Well Automation Materials			_	PTs, and replacing meters	8,000	8,000
N/C Lease Equipment	CONT.400	254,82	_		0,000	254,821
Battery Equipment	CONT.410	114,294				114,294
Secondary Containments	CONT.415	41,773				41,773
Facility Electrical	CONT.425	113,959				113,959
Meters and Metering Equipment	CONT.445	25,732	2			25,732
Facility Line Pipe	CONT.450	32,082	2			32,082
Lease Automation Materials	CONT.455	112,790				112,790
FL/GL - Materials	CONT.550	22,558				22,558
FL/GL - Line Pipe	CONT.555	90,56				90,567
,		873,570			108,000	2,230,576
Total Tangible Cos						∠ ∠ ≺ ⊔ 5 / 6
Total Tangible Cos Total Estimated Cost		1,947,000			347,488	9,541,488

A.A.P.L. FORM 610 - 1989

MODEL FORM OPERATING AGREEMENT

OPERATING AGREEMENT

DATED

<u>February 11</u>, <u>2022</u>,

OPERATOR Cimarex Energy Co. of Colorado

CONTRACT AREA E/2 Sec 21 & 28, Township 19 South, Range 34 East

INITIAL WELL: MESCALERO RIDGE 21-28 FEDERAL COM 2H

COUNTY OR PARISH OF Lea , STATE OF New Mexico

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A.A.P.L. NO. 610 - 1989

COPAS 2005 Accounting Procedure Recommended by COPAS

Exhibit " C " ACCOUNTING PROCEDURE JOINT OPERATIONS

Attached to and made part of that certain Operating Agreement dated February 11, 2022, between Cimarex Energy Co, of Colorado, as Operator on behalf of Magnum Hunter Production, Inc., a wholly owned subsidiary of Cimarex Energy Co, and Chevron U.S.A. Inc., et al., as Non-

I. GENERAL PROVISIONS

IF THE PARTIES FAIL TO SELECT EITHER ONE OF COMPETING "ALTERNATIVE" PROVISIONS, OR SELECT ALL THE COMPETING "ALTERNATIVE" PROVISIONS, ALTERNATIVE 1 IN EACH SUCH INSTANCE SHALL BE DEEMED TO HAVE BEEN ADOPTED BY THE PARTIES AS A RESULT OF ANY SUCH OMISSION OR DUPLICATE NOTATION.

IN THE EVENT THAT ANY "OPTIONAL" PROVISION OF THIS ACCOUNTING PROCEDURE IS NOT ADOPTED BY THE PARTIES TO THE AGREEMENT BY A TYPED, PRINTED OR HANDWRITTEN INDICATION, SUCH PROVISION SHALL NOT FORM A PART OF THIS ACCOUNTING PROCEDURE, AND NO INFERENCE SHALL BE MADE CONCERNING THE INTENT OF THE PARTIES IN SUCH EVENT.

1. **DEFINITIONS**

All terms used in this Accounting Procedure shall have the following meaning, unless otherwise expressly defined in the Agreement:

"Affiliate" means for a person, another person that controls, is controlled by, or is under common control with that person. In this definition, (a) control means the ownership by one person, directly or indirectly, of more than fifty percent (50%) of the voting securities of a corporation or, for other persons, the equivalent ownership interest (such as partnership interests), and (b) "person" means an individual, corporation, partnership, trust, estate, unincorporated organization, association, or other legal entity.

"Agreement" means the operating agreement, farmout agreement, or other contract between the Parties to which this Accounting Procedure is attached.

"Controllable Material" means Material that, at the time of acquisition or disposition by the Joint Account, as applicable, is so classified in the Material Classification Manual most recently recommended by the Council of Petroleum Accountants Societies (COPAS).

"Equalized Freight" means the procedure of charging transportation cost to the Joint Account based upon the distance from the nearest Railway Receiving Point to the property.

"Excluded Amount" means a specified excluded trucking amount most recently recommended by COPAS.

"Field Office" means a structure, or portion of a structure, whether a temporary or permanent installation, the primary function of which is to directly serve daily operation and maintenance activities of the Joint Property and which serves as a staging area for directly chargeable field personnel.

"First Level Supervision" means those employees whose primary function in Joint Operations is the direct oversight of the Operator's field employees and/or contract labor directly employed On-site in a field operating capacity. First Level Supervision functions may include, but are not limited to:

- Responsibility for field employees and contract labor engaged in activities that can include field operations, maintenance, construction, well remedial work, equipment movement and drilling
- · Responsibility for day-to-day direct oversight of rig operations
- Responsibility for day-to-day direct oversight of construction operations
- Coordination of job priorities and approval of work procedures
- · Responsibility for optimal resource utilization (equipment, Materials, personnel)
- · Responsibility for meeting production and field operating expense targets
- Representation of the Parties in local matters involving community, vendors, regulatory agents and landowners, as an incidental part of the supervisor's operating responsibilities
- Responsibility for all emergency responses with field staff
- Responsibility for implementing safety and environmental practices
- Responsibility for field adherence to company policy
- · Responsibility for employment decisions and performance appraisals for field personnel
- Oversight of sub-groups for field functions such as electrical, safety, environmental, telecommunications, which may have group or team leaders.

"Joint Account" means the account showing the charges paid and credits received in the conduct of the Joint Operations that are to be shared by the Parties, but does not include proceeds attributable to hydrocarbons and by-products produced under the Agreement.

"Joint Operations" means all operations necessary or proper for the exploration, appraisal, development, production, protection, maintenance, repair, abandonment, and restoration of the Joint Property.

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COPAS 2005 Accounting Procedure Recommended by COPAS, Inc.

- human resources
- management
- supervision not directly charged under Section II.2 (Labor)
- legal services not directly chargeable under Section II.9 (Legal Expense)
- taxation, other than those costs identified as directly chargeable under Section II.10 (Taxes and Permits)
- preparation and monitoring of permits and certifications; preparing regulatory reports; appearances before or meetings with
 governmental agencies or other authorities having jurisdiction over the Joint Property, other than On-site inspections; reviewing,
 interpreting, or submitting comments on or lobbying with respect to Laws or proposed Laws.

Overhead charges shall include the salaries or wages plus applicable payroll burdens, benefits, and Personal Expenses of personnel performing overhead functions, as well as office and other related expenses of overhead functions.

1. OVERHEAD—DRILLING AND PRODUCING OPERATIONS

As compensation for costs incurred but not chargeable under Section II (Direct Charges) and not covered by other provisions of this Section III, the Operator shall charge on either:

- (Alternative 1) Fixed Rate Basis, Section III.1.B.
- (Alternative 2) Percentage Basis, Section III.I.C.

A. TECHNICAL SERVICES

- (i) Except as otherwise provided in Section II.13 (Ecological Environmental, and Safety) and Section III.2 (Overhead Major Construction and Catastrophe), or by approval of the Parties pursuant to Section L6.A (General Matters), the salaries, wages, related payroll burdens and benefits, and Personal Expenses for On-site Technical Services, including third party Technical Services:
 - ✓ (Alternative 1 Direct) shall be charged <u>direct</u> to the Joint Account.
 - (Alternative 2 Overhead) shall be covered by the <u>overhead</u> rates.
- (ii) Except as otherwise provided in Section 11.13 (Ecological, Environmental, and Safety) and Section 11.2 (Overhead Major Construction and Catastrophe), or by approval of the Parties pursuant to Section I.6.A (General Matters), the salaries, wages, related payroll burdens and benefits, and Personal Expenses for Off-site Technical Services, including third party Technical Services:
 - (Alternative 1 All Overhead) shall be covered by the <u>overhead</u> rates.
 - (Alternative 2 All Direct) shall be charged <u>direct</u> to the Joint Account.
 - (Alternative 3 Drilling Direct) shall be charged <u>direct</u> to the Joint Account, <u>only</u> to the extent such Technical Services are directly attributable to drilling, redrilling, deepening, or sidetracking operations, through completion, temporary abandonment, or abandonment if a dry hole. Off-site Technical Services for all other operations, including workover, recompletion, abandonment of producing wells, and the construction or expansion of fixed assets not covered by Section 111.2 (Overhead Major Construction and Catastrophe) shall be covered by the overhead rates.

Notwithstanding anything to the contrary in this Section III, Technical Services provided by Operator's Affiliates are subject to limitations set forth in Section II.7 (*Affiliates*). Charges for Technical personnel performing non-technical work shall not be governed by this Section III.1.A, but instead governed by other provisions of this Accounting Procedure relating to the type of work being performed.

B. OVERHEAD-FIXED RATE BASIS

(1) The Operator shall charge the Joint Account at the following rates per well per month:

Drilling Well Rate per month \$______ (prorated for less than a full month)

Producing Well Rate per month \$ 800.00

- (2) Application of Overhead—Drilling Well Rate shall be as follows:
 - (a) Charges for onshore drilling wells shall begin on the spud date and terminate on the date the drilling and/or completion equipment used on the well is released, whichever occurs later. Charges for offshore and inland waters drilling wells shall begin on the date the drilling or completion equipment arrives on location and terminate on the date the drilling or completion equipment moves off location, or is released, whichever occurs first. No charge shall be made during suspension of drilling and/or completion operations for fifteen (15) or more consecutive calendar days.

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Case No. 22754, 22755, and 22756, Mescalero Ridge 21-28 Fed Com 2H, 3H, 4H, 5H and 6H

E2 on Section 21-2

February 14, 2022- Well Proposals sent to all parties, follow up emails and phone calls with working interest owners after receipt of the well proposal.

Month of **March**- Continue negotiations on OA. Receive election to participate from Nadel and Gussman and Alpha Energy Partners.

April 4, 2022- Continued phone calls and emails to finalize negotiated terms in the OA; Chevron and majority of interests signed up.

April 11, 2022-present- Communicating with final 2 working interest owners to finalize terms under the OA.

TAB 3

Case No. 22754

- Affidavit of Staci Mueller, Geologist Exhibit B:
- Exhibit B-1:Structure MapExhibit B-2:Stratigraphic Cross Section
- Exhibit B-3: Gross Isochore
- Gun Barrel View Exhibit B-4:
- Trajectory Cross-section Exhibit B-5:

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

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

Case Nos. 22754-56

EXHIBIT

Β

AFFIDAVIT OF STACI MUELLER

I, STACI MUELLER, being duly sworn on oath, state the following:

1. I am over the age of 18, and I have personal knowledge of the matters stated herein.

2. I am employed as a petroleum geologist for Cimarex Energy Co. ("Cimarex"), and I am familiar with the subject application and the geology involved.

3. This affidavit is submitted in connection with the filing by Cimarex of the abovereferenced compulsory pooling application pursuant to 19.15.4.12.A(1) NMAC.

4. I have testified previously by affidavit before the Oil Conservation Division ("Division") as an expert petroleum geologist; my credentials have been made a matter of record, and I have been qualified as an expert by the Division.

- a. 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.
- b. I have worked on New Mexico Oil and Gas matters since July 2018.

5. Exhibit B-1 is a structure map of the top of the 1st Bone Spring Sand formation with contour interval of 20'. The unit being pooled is outlined by a white rectangle. The

structure map shows that there is a regional down-dip to the southeast. I do not observe any faulting, pinchouts, or other geologic impediments to developing this targeted interval.

6. **Exhibit B-2** is a stratigraphic cross-section flattened on the top of the 2nd Bone Spring Carbonate formation. The first and third well in the cross section contains a Gamma Ray and Porosity log, and the middle well contains Gamma Ray, Resistivity, and Neutron/Density Porosity logs. The well logs are oriented north to south, and are meant to illustrate the continuity of the targeted formation. The well logs on the cross-section are representative of this formation in this area. The landing zone is highlighted by arrows.

7. Additional exhibits for the benefit of the Division's review include **Exhibit B-3**, a gross isopach of the 1st Bone Spring Sand formation, illustrating in the subject unit the thickness of the formation is between ~300-440ft. **Exhibit B-4** is a gun barrel representation of the unit. It illustrates what Cimarex has concluded to be optimal spacing and configuration for the development of the Bone Spring formation in this area. **Exhibit B-5** is a trajectory cross section-oriented N-S and highlights the reservoir being targeted as being correlative & continuous.

- 8. I conclude from the attached exhibits that:
 - a. The horizontal spacing and proration unit is justified from a geologic standpoint.
 - b. There are no structural impediments or faulting that will interfere with horizontal development.
 - c. Each quarter-quarter section in the unit will contribute more or less equally to production.

9. The preferred well orientation in this area is North-South so that the wells run subperpendicular to the inferred orientation of the maximum horizontal stress.

10. The Exhibits to this Affidavit were prepared by me or compiled from Cimarex's company business records under my direct supervision.

11. The granting of this Application is in the interests of conservation, the prevention of waste and the drilling of unnecessary wells, and the protection of correlative rights.

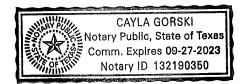
12. The foregoing is correct and complete to the best of my knowledge and belief.

[Signature page follows]

FURTHER AFFIANT SAYETH NAUGHT

Staci Mueller

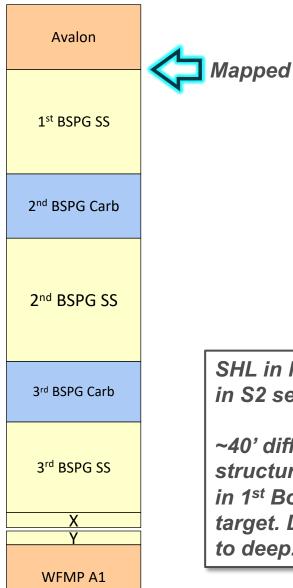
Subscribed to and sworn before me this 2^{MD} day of May, 2022.



Halr' aust

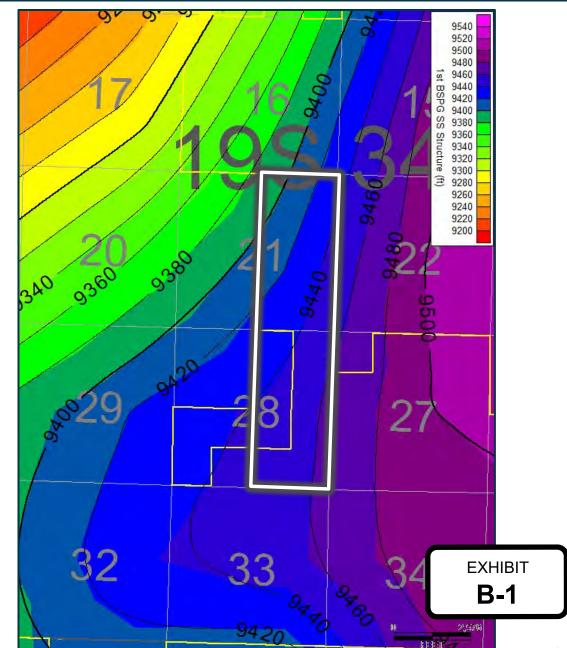
Notary Public

1st Bone Spring Sand Structure



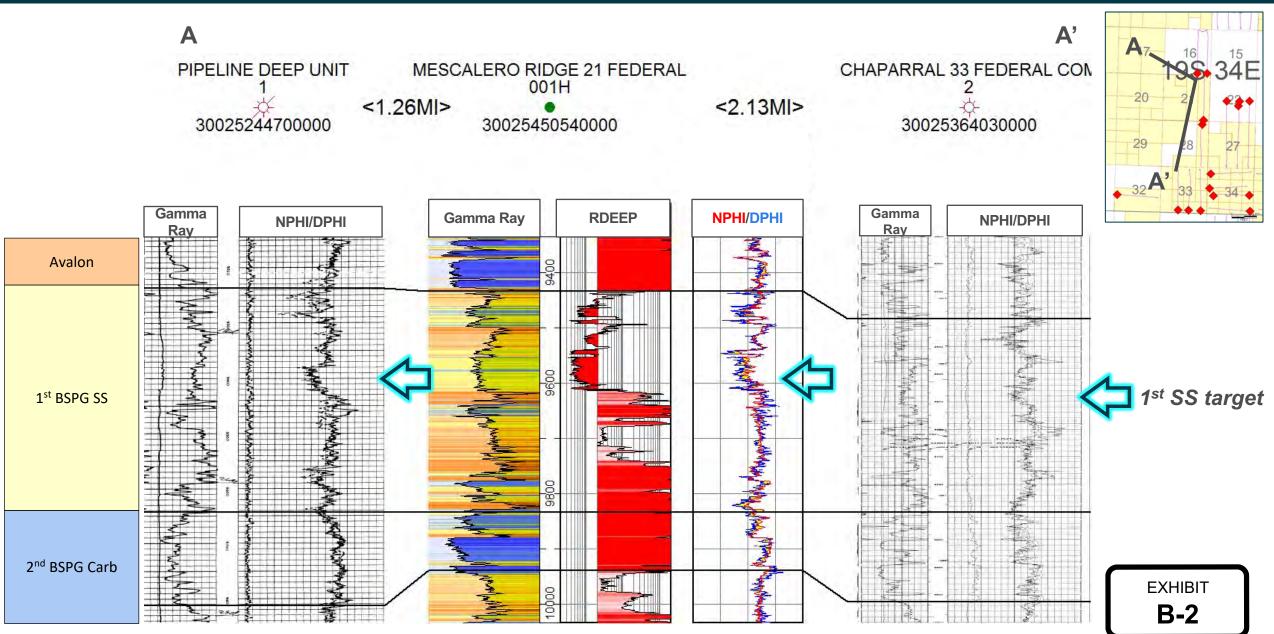
SHL in N2 section 21, BHL in S2 section 28.

~40' difference in TVD structure from SHL to BHL in 1st Bone Spring Sand target. Drilling from shallow to deep.



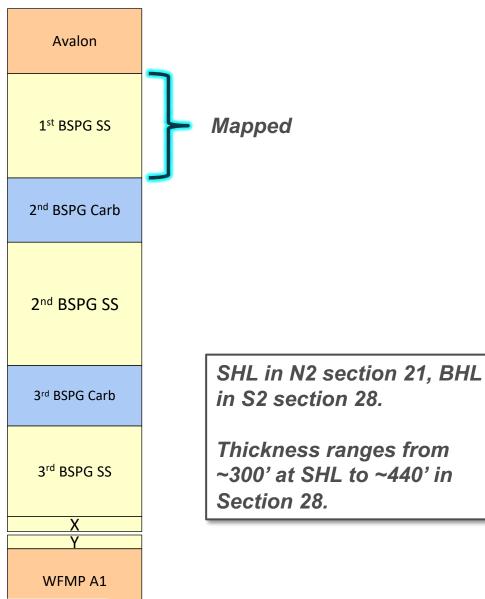
Stratigraphic Cross Section

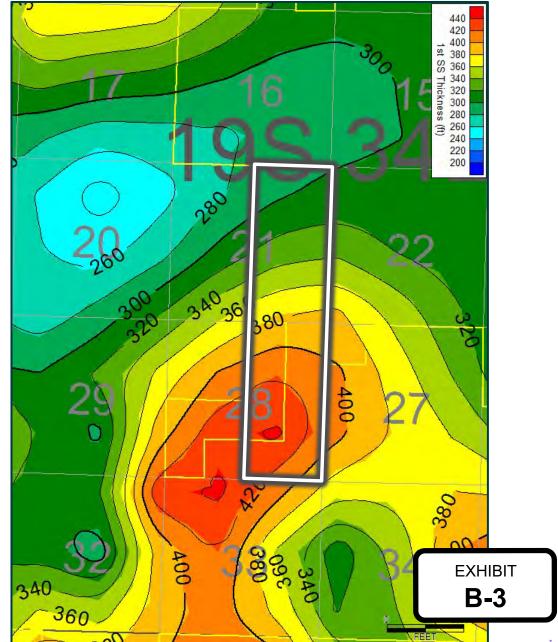




3

1st Bone Spring Sand Thickness

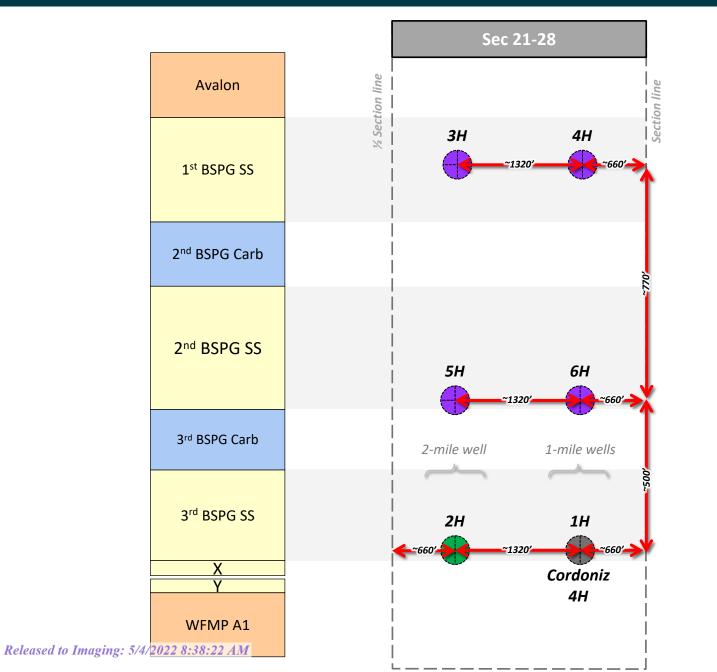


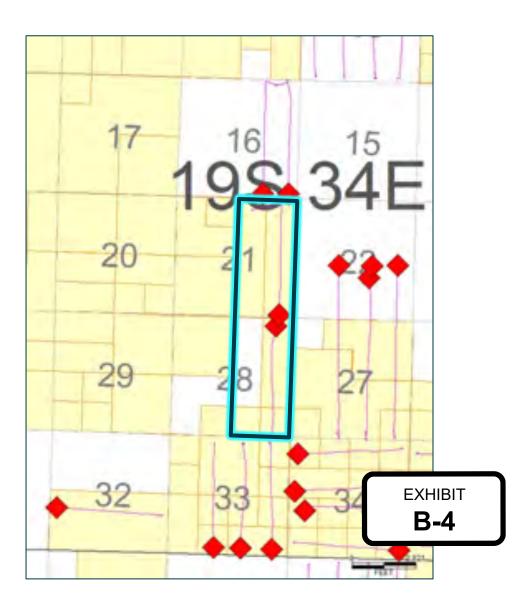


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Gun Barrel View

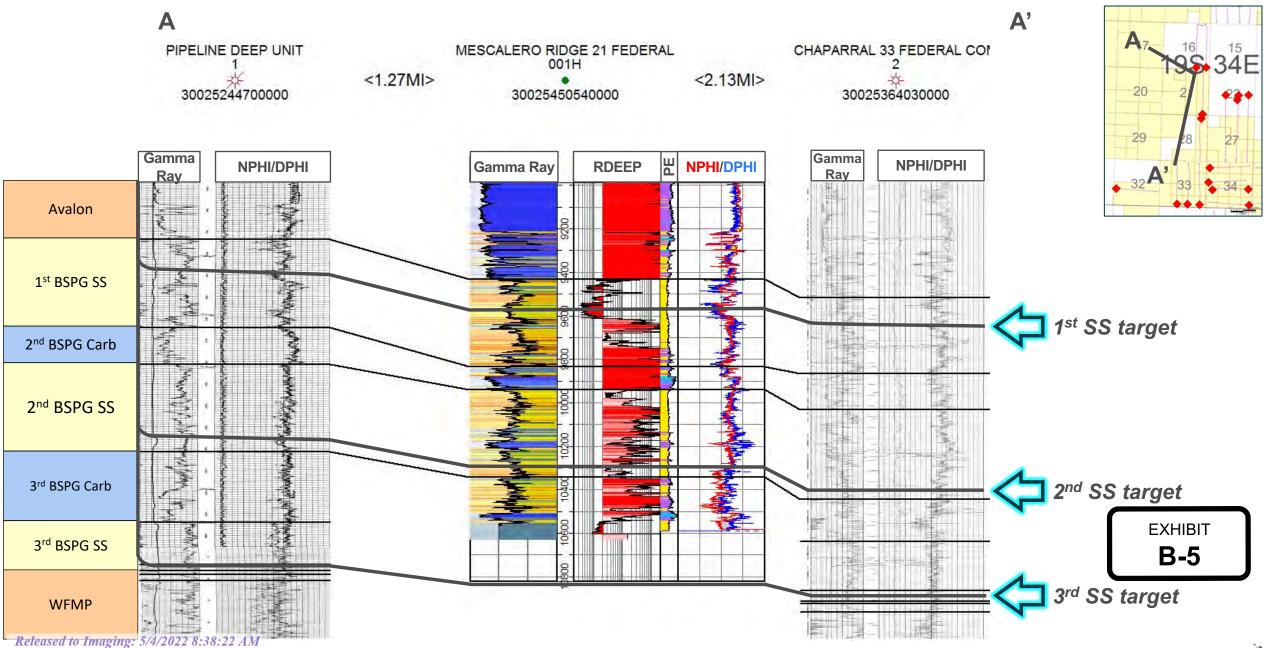






Cross Section

COTERRA



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TAB 4

Case No. 22754

- Affidavits of Notice, Darin C. Savage Exhibit C:
- Exhibit C-1: Notice Letters (WI, ORRI, & RT) Exhibit C-2: Mailing List Exhibit C-3: Affidavit of Publication

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

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

Case No.22754

AFFIDAVIT OF NOTICE

STATE OF NEW MEXICO)) ss. COUNTY OF SANTA FE)

I, Darin C. Savage, attorney and authorized representative of Cimarex Energy Co. ("Cimarex"), the Applicant herein, being first duly sworn, upon oath, states the following:

1. Notice of the application and hearing in the above-reference case was timely sent by certified mail, return receipt requested, through the United States Postal Service on April 14, 2022, to all uncommitted interest owners sought to be pooled in this proceeding. See Exhibit C-2, attached hereto. Copies of notice letters and evidence of mailing to parties are attached hereto as Exhibits C-1 and C-2.

2. Cimarex submitted its publication notice to the Hobbs News-Sun, a newspaper of general circulation in Eddy County, New Mexico, in an appropriate time for successful publication. However, due to an excessive volume of publication notices submitted during this cycle, Cimarex was one of several parties that had their notice published a day late. Therefore, notice was published in the Hobbs News-Sun on April 22, 2022, as reflected in the Affidavit of Publication attached hereto as Exhibit C-3. Pursuant to the OCD's letter, "Clarification of Notices for OCD Hearing Guidelines and Compulsory Pooling Applications," dated effective January 23,

ехнівіт **С** 2020, Cimarex will submit a "Motion for Continuing Publication Notice" requesting a bifurcation of the publication notice from the other matters to be heard on May 5, 2022, so the matter of publication notice can be satisfied at the May 19, 2022, Docket.

3. Cimarex has conducted a good faith, diligent effort to find the names and correct addresses for the interest owners entitled to receive notice of the application filed herein.

Signature page follows

Darin C. Savage

SUBSCRIBED AND SWORN to before me this 3 day of May, 2022, by Darin C. Savage.

Patton Garch

Notary Public

My Commission Expires:

07

× .

STATE OF NEW MEXICO NOTARY PUBLIC MARSHA DALTON COUCH COMMISSION #1077509 COMMISSION EXPIRES 02/10/2026 **Received by OCD: 5/3/2022 6:55:26 PM**



ABADIE I SCHILL PC

Colorado New Mexico Louisiana Texas Kansas Utah Nebraska Wyoming Montana California Oklahoma North Dakota

Page 54 of 292

April 14, 2022

VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of Cimarex Energy Co., for a horizontal spacing unit and compulsory pooling, Lea County, New Mexico <u>Mescalero Ridge 21-28 Federal Com 2H Well</u> (Case No. 22754) <u>Mescalero Ridge 21-28 Fed Com 3H Well</u> (Case No. 22755) <u>Mescalero Ridge 21-28 Fed Com 4H Well</u> (Case No. 22756) <u>Mescalero Ridge 21-28 Fed Com 5H Well</u> (Case No. 22755) Mescalero Ridge 21-28 Fed Com 6H Well (Case No. 22756)

Case Nos. 22754, 22755 & 22756:

Dear Interest Owners:

This letter is to advise you that Cimarex Energy Co. ("Cimarex") has filed the enclosed applications, Case Nos. 22754, 22755 & 22756, with the New Mexico Oil Conservation Division for the compulsory pooling of units in the Bone Spring formation.

In Case No. 22754, Cimarex seeks to pool the 3rd Bone Spring (10,527 ft to bottom of the Bone Spring) covering the W/2 E/2 of Sections 21 and 28, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico, a standard unit encompassing 320 acres, more or less, dedicated to the above-referenced 2H Well (Case No. 22754). Please note the depth severance in Paragraph 5 of the attached application.

In Case No. 22755, Cimarex seeks to pool the 1st and 2nd Bone Spring (from top of the Bone Spring to 10,527 ft) covering the W/2 E/2 of Sections 21 and 28, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico, a standard unit encompassing 320 acres, more or less, dedicated to the above-referenced 3H and 5H Wells (Case No. 22755). Please note the depth severance in Paragraph 6 of the attached application.

EXHIBIT

C-1

In Case No. 22756, Cimarex seeks to pool the 1^{st} and 2^{nd} Bone Spring (from top of the Bone Spring to 10,527 ft) covering the E/2 E/2 of Sections 21 and 28, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico, a standard unit encompassing 320 acres, more or less, dedicated to the above-referenced 4H and 6H Wells (Case No. 22756). Please note the depth severance in Paragraph 7 and overlapping units in Paragraph 8 of the attached application.

A hearing has been requested before a Division Examiner on May 5, 2022, and the status of the hearing can be monitored through the Division's website. Division hearings will commence at 8:15 a.m., traditionally in Porter Hall at the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. However, under the COVID-19 Public Health Emergency, the hearing will be conducted remotely online. For information about remote access and the status of the case, you can visit the Division's website at: <u>https://www.emnrd.nm.gov/ocd/hearing-info/</u> or call (505) 476-3441.

You are being notified as an interest owner and are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B NMAC to file a Prehearing Statement at least four business days in advance of a scheduled hearing, but in no event later than 5 p.m. mountain time on the Thursday preceding the scheduled hearing date. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: The names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter, please contact John Coffman at (432) 571-7883 or at john.coffman@coterra.com.

Sincerely,

Darin C. Savage

Attorney for Cimarex Energy Co.

Received by OCD: 5/3/2022 6:55:26 PM



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ABADIE I SCHILL PC

Colorado New Mexico Louisiana Texas Kansas Utah Nebraska Wyoming Montana California Oklahoma North Dakota

April 14, 2022

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You are being notified as an overriding royalty interest owner and are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B NMAC to file a Prehearing Statement at least four business days in advance of a scheduled hearing, but in no event later than 5 p.m. mountain time on the Thursday preceding the scheduled hearing date. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: The names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

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Sincerely,

Darin C. Savage

Attorney for Cimarex Energy Co.

Received by OCD: 5/3/2022 6:55:26 PM



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Colorado New Mexico Louisiana Texas Kansas Utah Nebraska Wyoming Montana California Oklahoma North Dakota

Page 58 of 292

April 14, 2022

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a b a d i e s c h i l l . c o m 214 McKenzie Street, Santa Fe, New Mexico, 87501 O : 970.385.4401 • F : 970.385.4901 In Case No. 22756, Cimarex seeks to pool the 1^{st} and 2^{nd} Bone Spring (from top of the Bone Spring to 10,527 ft) covering the E/2 E/2 of Sections 21 and 28, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico, a standard unit encompassing 320 acres, more or less, dedicated to the above-referenced 4H and 6H Wells (Case No. 22756). Please note the depth severance in Paragraph 7 and overlapping units in Paragraph 8 of the attached application.

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You are being notified as an owner of Record Title, not a Working Interest owner with operating rights, and are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

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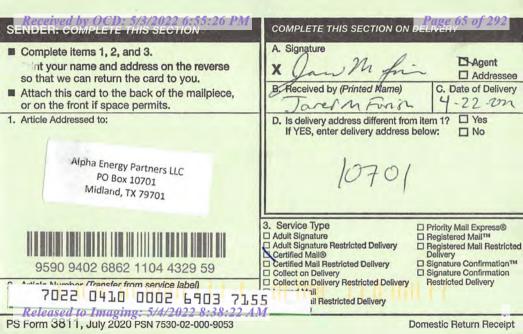
Interest	Name	Address	City	State	Zip	Date Mailed	<u>Status</u>	Date Delivered	Green Card Returned?
				· · · ·					
WI	Cimarex Energy Co.	600 N. Marienfeld St., Ste 600	Midland	ТΧ	79701				
WI	Chevron	1400 Smith Street	Houston	ТΧ	77002	4.14.22	In Transit per USPS.com	-	-
WI	TLW Investments LLC	PO Box 301535	Dallas	ТΧ	75303	4.14.22	Delivered	4.19.22	YES
WI	Matador Resources Company	5400 LBJ Freeway, Suite 1500	Dallas	ТΧ	75240	4.14.22	Delivered	4.18.22	YES
WI	Nadel and Gussman Capitan LLC	15 E. 5th St. Suite 3300	Tulsa	OK	74103	4.14.22	Delivered	N/A	YES
WI	XTO Holdings LLC, Attn: Bryan Cifuentes	22777 Springwoods Village Pkwy	Spring	ТΧ	77389	4.14.22	Delivered	4.19.22	YES
WI	Alpha Energy Partners LLC	PO Box 10701	Midland	ТΧ	79701	4.14.22	Delivered	4.22.22	YES
RI	United States of America BLM	414 W. Taylor St.	Hobbs	NM	88240	4.14.22	Delivered	4.25.22	YES
RT	Burlington Resources Oil & Gas Co LP	PO Box 51810	Midland	ТΧ	79710	4.14.22	In Transit per USPS.com	-	-
RT	BXP Operating LLC	11757 Katy Fwy Suite 475	Houston	ТΧ	77079	4.14.22	Delivered per USPS.com	4.19.22	NO
RT	BXP Partners V LP	3890 W Northwest Hwy Suite 670	Dallas	ТΧ	75220	4.14.22	Delivered	N/A	YES
RT	EOG Resources Inc	1111 Bagby St Lobby 2	Houston	ТΧ	77002	4.14.22	Delivered	Illegible	YES
RT	Merit Energy Partners D-III	13727 Noel Rd Suite 1200	Dallas	ТΧ	75240	4.14.22	In Transit per USPS.com	-	-
RT	Merit Energy Partners III LP	13727 Noel Rd Suite 1200	Dallas	ТΧ	75240	4.14.22	Delivered	4.19.22	YES
RT	Merit Management Partners I LP	13727 Noel Rd Suite 500	Dallas	ТΧ	75240	4.14.22	Delivered	4.19.22	YES
RT	Pernoc Oil Corp	1515 W Calle Sur St Suite 174	Hobbs	NM	88240	4.14.22	Delivered	4.18.22	YES
RT	Chevron USA Inc	6301 Deauville	Midland	тх	79706	4.14.22	Delivered	4.19.22	YES
RT	Stivason Celia	9500 Harritt Rd	Lakeside	CA	92040	4.14.22	In Transit per USPS.com	-	-
RT	Balog Family Trust	PO Box 111890	Anchorage	AK	90511				
RT	Jack V Walker Revocable Trust (THE)	PO Box 102256	Anchorage	AK	99511	4.14.22	Delivered	4.18.22	YES
RT	Titzel Shannon	1800 Rogers Park Ct	Anchorage	AK	99508	7.17.44	Denvered		
RT	Chargoil & Gas Co LLC	PO Box 29450	Santa Fe	NM	87502				
RT	Lenox Mineral Title Holdings Inc	1707 1/2 Post Oak Blvd #171	Houston	TX	77056	4.14.22	Delivered	4.22.22	YES
	=	PO Box 29450		NM	87592	4.14.22		4.22.22 N/A	YES
RT	Shogoil & Gas Co II Inc		Santa Fe				Delivered	IN/A	110
ORRI ORRI	Atlas Investment Corporation	210 W. Park Ave., #660 P.O. Box 111890	OKC	OK	73102 99511	4.14.22	Returned Undeliverable Delivered	-	- YES
-	Balog Family Trust dated August 15, 2002		Anchorage	AK				N/A	
ORRI	Bank of America, N.A., Sole Trustee of the Selma E. Andrews Trust for benefit of Peggy Barrett	P.O. Box 830308	Dallas	TX	75283	4.14.22	Delivered	4.18.22	YES
ORRI	Bank of America, N.A., Sole Trustee of the Selma E. Andrews Trust for benefit of Selma E. Andrews Perpetual Charitable Trust	P.O. Box 830308	Dallas	TX	75283	4.14.22	Delivered	4.18.22	YES
ORRI	Billy Wayne Gorman and Romayne Hope Gorman, General Partners of the Billy Wayne Gorman Family Investment Limited Partnership	11141 Blue Stem Backroad	OKC	ОК	73162	4.14.22	In Transit per USPS.com	-	-
ORRI	Braille Institute of America, Inc. c/o NCNB Texas	P.O. Box 830308	Dallas	TX	75283	4.14.22	Delivered	4.18.22	YES
ORRI	Cargoil and Gas Company, LLC	P.O. Box 29450	Santa Fe	NM	87592	4.14.22	Undeliverable per USPS.com	-	-
	Celia Stivason	32066 Hwy 94	Campo	CA	91906	4.14.22	In Transit per USPS.com	-	-
ORRI	Chevron USA Inc.	1400 Smith Street	Houston	TX	77002				
ORRI	Dennis Eimers	P.O. Box 50637	Midland	TX	79710	4.14.22	Delivered	4.27.22	YES
ORRI	First National Bank of Roswell, N.A., Trustee under the Last Will and Testament of Foster Morrell dated August 5, 1971	111 East 5th St.	Roswell	NM	88201	4.14.22	In Transit per USPS.com	-	-
ORRI	FOKL LLC	P.O. Box 1533	OKC	ОК	73101	4.14.22	Delivered	4.20.22	YES
ORRI	Hillman Royalties, LP	1415 S. Voss, #110-105	Houston	TX	77057	4.14.22	Delivered	4.20.22 N/A	YES; Unsigned
ORRI	піппан коуацієз, се Jack V. Walker Revocable Trust dated May 21, 1981; Valorie Faye Walker, Successor Trustee	P.O. Box 1216	Albuquerque	NM	87183	4.14.22	Delivered	4.22.22	YES
ORRI	Jerry Barnes	P.O. Box 768	Chillicothe	MO	64601	4.14.22	In Transit per USPS.com		
ORRI		3795 Vancouver Dr.	Dallas	MO TX	75229	4.14.22	Returned Undeliverable	-	-
	Joseph M. Green and Erma Dean Green, Trustees of the Green Family Trust under instrument dated April 3, 1992								
ORRI	Kathleen Earnest Rios and Robert E. Rios, Co-Trustees of the Robert P. Earnest and Anna Dokus Earnest Trust aka Trust "B"	2401 N. Beazos Ave.	Hobbs	NM	88240		In Transit per USPS.com	-	-
ORRI	LJA Charitable Investments LLC	1717 West Loop South, Suite 1800	Houston	TX	77027	4.14.22	Delivered	4.18.22	YES
ORRI	Magnum Hunter Production, Inc.	600 N. Marienfield St., #600	Midland	TX	79701	4.14.22	Delivered	4.18.22	YES
ORRI	Marshall & Winston, Inc.	P.O. Box 50880	Midland	TX	79710	4.14.22	Delivered	4.19.22	YES
ORRI	Matador Resources Company	5400 LBJ Freeway, Suite 1500	Dallas	TX.	75240				
ORRI	McElroy Minerals, LLC c/o Catherine Cecile Darch	4210 S. Bellaire Circle	Englewood	CO	80113	4.14.22	Delivered	4.18.22	YES
ORRI	Richard H. Coats	P.O. Box 2412	Midland	TX	79702	4.14.22	Delivered	N/A	YES
ORRI	Rockwell Energy Resources, LLC	P.O. Box 54584	OKC	OK	73154	4.14.22	Delivered	4.26.22	YES
ORRI	Shannon Titzel	1800 Rogers Park Ct.	Anchorage	AK	99508	4.14.22	Delivered	4.19.22	YES
ORRI	Shogoil and Gas Company II, LLC	P.O. Box 209	Hay Springs	NE	69347	4.14.22	Delivered	N/A	YES
ORRI	Steven R. Garrity	P.O. Box 20500	OKC	OK	73156	4.14.22	In Transit per USPS.com	-	-
ORRI	The First National Bank of Roswell, N.A., Trustee of the Edna E. Morrell Living Trust		Roswell	NM	88201	4.14.22	In Transit per USPS.com	-	-
	-	1250 E. Walnut Street, #220	Pasadena	CA	91106	4.14.22	Delivered	4.18.22	YES
ORRI	Unknown Trustee of the Robert Welch Gillespie and Katherine Deuel Gillespie Revocable Trust u/a/d 3/11/92	1250 E. Wallat Salet, #220							
		, ,	Laguna Hills	CA	92653	4.14.22	In Transit per USPS.com	-	-
ORRI ORRI ORRI	Gillespie Revocable Trust u/a/d 3/11/92	2259-C Via Puerta 2901 Oakhurst Ave.	Laguna Hills Austin	CA TX	92653 78703	4.14.22 4.14.22	In Transit per USPS.com Delivered	- 4.19.22	YES

ORRI	William Winfield Scott	3000 Willowood Circle	Austin	TX	78703	4.14.22	Undeliverable per USPS.com	-	-
ORRI	Wing Resources III, LLC	2100 McKinney Ave., #1540	Dallas	TX	75201	4.14.22	Delivered	4.18.22	YES





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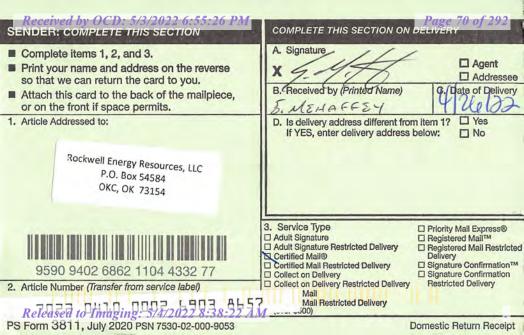


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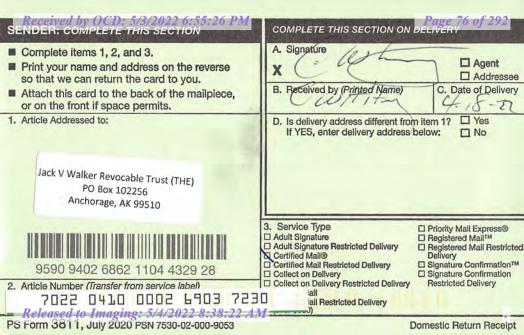




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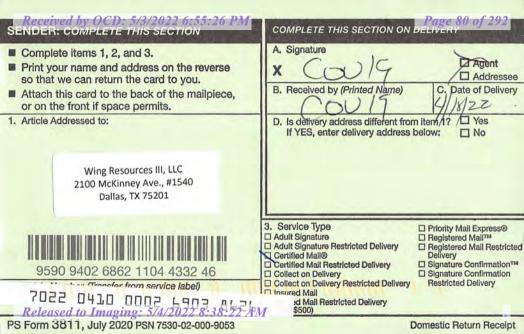
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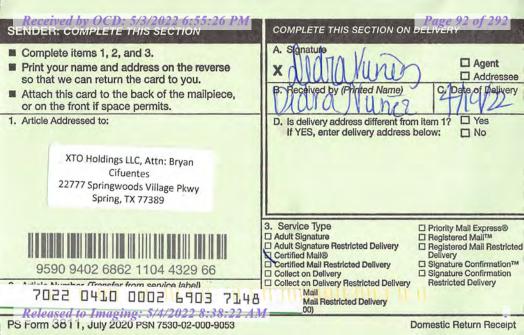
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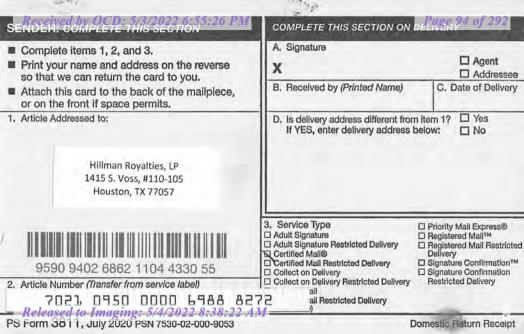














Affidavit of Publication

STATE OF NEW MEXICO COUNTY OF LEA

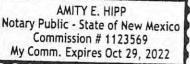
I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

> Beginning with the issue dated April 22, 2022 and ending with the issue dated April 22, 2022.

Publisher

Sworn and subscribed to before me this 22nd day of April 2022.

My commission expires October 29, 2022 (Seal)



This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said LEGAL NOTICE April 22, 2022

CASE No. 22754: Notice to all affected parties and persons having any right, title, interest or claim to this case, including overriding royalty interest owners, as well as the known and unknown heirs, devises, assigns and successors of ALPHA ENERGY PARTNERS LLC, CHEVRON USA INC., MATADOR RESOURCES COMPANY, NADEL AND GUSSMAN CAPITAN LLC, XTO HOLDINGS LLC, TLW INVESTMENTS LLC, BURLINGTON RESOURCES OIL & GAS CO LP, BXP OPERATING LLC, BXP PARTNERS U.P, EOG RESOURCES INC, MERIT ENERGY PARTNERS D-III, MERIT ENERGY PARTNERS II LP, MERIT MANAGEMENT PARTNERS I.LP, PARTNERS V.LP, EOG RESOURCES INC, MERIT ENERGY PARTNERS D-III, MERIT ENERGY PARTNERS II LP, MERIT MANAGEMENT PARTNERS I.LP, PERNOC OIL CORP, JOSEPH M. GREEN AND ERMA DEAN GREEN, BILLY WAYNE GORMAN AND ROMAYNE HOPE GORMAN, RICHARD H. COATS, UNKNOWN TRUSTEE OF THE ROBERT WELCH GILLESPIE AND KATHERINE DEUEL GILLESPIE REVOCABLE TRUST, VAN P. WELCH, JR., ROCKWELL ENERGY RESOURCES, LLC, BANK OF AMERICA, N.A., SOLE TRUST, BRAILE INSTITUTE OF AMERICA, INC., MARSHALL & WINSTON, INC., FIRST NATIONAL BANK OF ROSWELL, N.A., TRUSTEE OF THE EDNA E. MORRELL LIVING TRUST, KATHLENE EARNEST RIOS AND ROBERT E. RIOS, CO-TRUSTEES OF THE ROBERT P. EARNEST AND ANNA DOKUS EARNEST TRUST AKA TRUST "B", WALLACE H. SCOTT, III, WILLIAM WINFIELD SCOTT, MCELROY MINERALS, LLC, ATLAS INVESTMENT CORPORATION, JERRY BARNES, DENNIS ELMERS, WAYNE NEWKUMET, STEVE R. GARRITY, HILLMAN ROYALTES, LP., CARGOIL AND GAS COMPANY, WING RESOURCES III, LLC, and MAGNUM HUNTER PRODUCTION, JERRY BARNES, DENNIS ELMERS, WAYNE NEWKUMET, STEVE R. GARRITY, HILLMAN ROYALTES, LP., CARGOIL AND GAS COMPANY, WING RESOURCES III, LLC, and MAGNUM HUNTER PRODUCTION, JERRY BARNES, DENNIS ELMERS, WAYNE NEWKUMET, STEVE R. GARRITY, HILLMAN ROYALTES, LP., CARGOIL AND GAS COMPANY, WING RESOURCES III, LLC, and MAGNUM HUNTER PRODUCTION, JERRY BARNES, DENNIS ELMERS, WAYNE NEWKUMET, STEVE R. GARRITY, HILLMAN ROYALTES, LP., CARGOIL AND GAS COMPANY, WING RESOURCES III, LLC, BARD MAGNUM HUNTER PRODUCTION, INC., oF CIMAREX ENERGY DOIGS, h CASE No. 22754: Notice to all affected parties and persons having any right, title, interest or claim to this case, including overriding royalty corrent COVID-19 Public Health Emergency policies, the healting will be conducted remotely online. For information about remote access and the status of the case, you can visit the Division's website at: https://www.emnrd.nm.gov/ocd/hearing-info/ or call (505) 476-3441. Cimarex Energy Co., whose operational office is at 600 N. Marienfeld St. Suite 600, Midland, Texas, 79701 (HQ at 1700 Lincoln St. Suite 3700, Denver, Colorado 80203), seeks an order from the Division: (1) establishing a standard 320-acre, more or less, horizontal spacing and proration unit comprised of the W/2 E/2 of Sections 21 and 28, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico, and (2) pooling all uncommitted mineral interests from 10,527 feet to the bottom of the Quail Alidge: Bone Spring Pool [Pool Code 50460] Bone Spring formation, designated as an oil pool, underlying said unit. Said horizontal spacing unit is to be dedicated to the **Mescalero Ridge 21-28 Federal Com 2H** Well, an oil well, to be horizontally drilled from a surface location in the NW/4 NE/4 (Unit B) of Section 21 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 28. The location is standard; the completed interval and first take and last take points for the well proposed in the unit meet the Division's statewide setback requirements for horizontal oil wells. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the well and unit; a depth severance in the Bone Spring formation; and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located 24 miles southwest from Hohbs. New formation; and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located 24 miles southwest from Hobbs, New Mexico. #37588

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KAIYA TOOP ABADIE SCHILL 555 RIVERGATE LANE 84-180 DURANGO, CO 81301 00266015

EXHIBIT

TAB 1

Case No. 22755

Reference for Case No. 22755 Application Case No. 22755 – Mescalero Ridge 21-28 Fed Com 3H and 5H Wells NMOCD Checklist Case No. 22755

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

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

Case No. 22755

APPLICATION

Cimarex Energy Co. ("Cimarex"), OGRID No. 215099, through its undersigned attorneys, hereby files this Application with the Oil Conservation Division ("Division") pursuant to the provisions of NMSA 1978, Section 70-2-17, seeking an order (1) establishing a standard 320-acre, more or less, spacing and proration unit comprised of the W/2 E/2 of Sections 21 and 28, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico, and (2) pooling all uncommitted mineral interests from the top of the Quail Ridge; Bone Spring Pool [Code 50460] to a depth of 10,527 feet, designated as an oil pool, underlying said unit.

In support of its Application, Cimarex states the following:

1. Cimarex is a working interest owner in the proposed horizontal spacing and proration unit ("HSU") and has a right to drill a well thereon.

Cimarex proposes and dedicates to the HSU the Mescalero Ridge 21-28 Fed Com
 3H Well and Mescalero Ridge 21-28 Fed Com 5H Well as initial wells, to be drilled to a depth sufficient to test the Bone Spring formation.

3. Cimarex proposes the **Mescalero Ridge 21-28 Fed Com 3H Well**, an oil well, to be horizontally drilled from a surface location in the NW/4 NE/4 (Unit B) of Section 21 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 28.

4. Cimarex proposes the **Mescalero Ridge 21-28 Fed Com 5H Well**, an oil well, to be horizontally drilled from a surface location in the NW/4 NE/4 (Unit B) of Section 21 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 28.

5. The proposed to be located in the Quail Ridge; Bone Spring Pool (Code 50460), are orthodox in their locations, and the take points and completed intervals comply with setback requirements under the statewide rules.

6. A depth severance exists in the Bone Spring formation within the proposed HSU. Accordingly, Cimarex seeks to pool a portion of the Quail Ridge; Bone Spring pool [Code 50460], to include the 1st and 2nd Bone Spring formations of said pool, from the top of the pool at a stratigraphic equivalent of 8,085 feet measured depth, as defined in the Triple Combo Log in the Mescalero Ridge 20 Federal 1 Well (API No. 30-025-36099), to a depth of 10,527 feet, that being the base of the 2nd Bone Spring. Cimarex will provide notice of this hearing to the vertical offset parties within the pool who are not subject to the pooling application. Concurrently with this application, Cimarex is also seeking to pool the portion of this pool below the depth severance, to include the 3rd Bone Spring, in a separate application.

7. Cimarex has sought in good faith, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the wells or in the commitment of their interests to the wells for development within the proposed HSU.

8. The pooling of all interests in the specified depths of the Bone Spring formation within the proposed HSU will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

9. In order to provide for its just and fair share of the oil and gas underlying the subject lands, Cimarex requests that all uncommitted interests in this HSU be pooled and that Cimarex be designated the operator of the proposed horizontal wells and HSU.

WHEREFORE, Cimarex requests that this Application be set for hearing on May 5, 2022, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

A. Establishing a standard 320-acre, more or less, spacing and proration unit comprised of the W/2 E/2 of Sections 21 and 28, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico;

B. Pooling all uncommitted mineral interests in the specified depths of the Bone Spring formation underlying the proposed HSU;

C. Approving the Mescalero Ridge 21-28 Fed Com 3H Well and Mescalero Ridge
21-28 Fed Com 5H Well as wells for the HSU;

D. Designating Cimarex as operator of this HSU and the horizontal wells to be drilled thereon;

E. Authorizing Cimarex to recover its costs of drilling, equipping, and completing the wells;

F. Approving actual operating charges and costs of supervision, to the maximum extent allowable, while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

G. Setting a 200% charge for the risk assumed by Cimarex in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage

Darin C. Savage

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

Attorneys for Cimarex Energy Co.

Application of Cimarex Energy Co. for a Horizontal Spacing Unit and Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) establishing a standard 320-acre, more or less, spacing and proration unit comprised of the W/2 E/2 of Sections 21 and 28, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico, and (2) pooling all mineral interests from the top of the Quail Ridge; Bone Spring Pool [Code 50460] to a depth of 10,527 feet, designated as an oil pool, underlying the unit. The proposed oil wells to be dedicated to the horizontal spacing unit are the Mescalero Ridge 21-28 Fed Com 3H Well, and Mescalero Ridge 21-28 Fed Com 5H Well, each to be horizontally drilled from a surface location in the NW/4 NE/4 (Unit B) of Section 21 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 28. The wells will be orthodox, and the take points and completed intervals will comply with the setback requirements under the statewide Rules; also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 24 miles southwest from Hobbs, NM.

COMPULSORY POOLING APPLICATION CHECKLIST

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ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS Case: 22755 APPLICANT'S RESPONSE		
Date	May 5, 2022	
Applicant	Cimarex Energy Co.	
	215099	
Designated Operator & OGRID (affiliation if applicable)		
Applicant's Counsel: Case Title:	Darin C. Savage - Abadie & Schill, PC Application of Cimarex Energy Co. for a Horizontal Spacing Unit and Compulsory Pooling, Lea County, New Mexico	
Entries of Appearance/Intervenors:	MRC Permian Company, EGL Resources, Inc.	
Well Family	Mescalero Ridge	
Formation/Pool		
Formation Name(s) or Vertical Extent:	Bone Spring	
Primary Product (Oil or Gas):	Oil	
Pooling this vertical extent:	Exhibit B-2; 3H TVD approx. 9,696', 5H TVD approx.10,300'	
Pool Name and Pool Code:	Quail Ridge; Bone Spring Pool [Code: 50460]	
Well Location Setback Rules:	Standard statewide rules	
Spacing Unit Size:	320 acres, more or less	
Spacing Unit Type (Horizontal/Vertical)	Horizontal	
Size (Acres)	320 acres, more or less	
Building Blocks:	guarter guarter sections (40 ac tracts)	
Orientation:	north - south	
Description: TRS/County	W/2 E/2 of Sections 21 and 28, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico	
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes	
Other Situations		
Depth Severance: Y/N. If yes, description	Yes, See Landman Exhibit A	
Proximity Tracts: If yes, description	No	
Proximity Defining Well: if yes, description	No	
Applicant's Ownership in Each Tract	See Landman Exhibit A-2	
Well(s) Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)		
Well #1	Mescalero Ridge 21-28 Federal Com 3H Well (API No. 30 015-pending), SHL: Unit B, 484' FNL, 2160' FEL, Section 2 T19S-R34E, NMPM; BHL: Unit O, 100' FSL, 1980' FEL, Section 28, T19S-R34E, standup, standard location	
Horizontal Well First and Last Take Points	Mescalero Ridge 21-28 Federal Com 3H Well: FTP 484' FNL, 1980' FEL, Section 21; LTP 100' FSL, 1980' FEL, Sectio 28	
Completion Target (Formation, TVD and MD)	Mescalero Ridge 21-28 Federal Com 3H Well: TVD approx. 9,696', TMD 19,500'; Bone Spring Formation, Se Exhibit B-2	
Well #2	Mescalero Ridge 21-28 Federal Com 5H Well (API No. 30 015-pending), SHL: Unit B, 424' FNL, 1980' FEL, Section 2 T19S-R34E, NMPM; BHL: Unit O, 100' FSL, 1980' FEL, Section 28, T19S-R34E, standup, standard location	
Horizontal Well First and Last Take Points	Mescalero Ridge 21-28 Federal Com 5H Well: FTP 100' FNL, 1980' FEL, Section 21; LTP 100' FSL, 1980' FEL, Sectio 28	

Completion Target (Formation, TVD and MD)	Mescalero Ridge 21-28 Federal Com 5H Well: TVD approx. 10,300', approx. TMD 20,100'; Bone Spring Formation, See Exhibit B-2
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8,000, Exhibit A
Production Supervision/Month \$	\$800, Exhibit A
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%, Exhibit A
Notice of Hearing	
Proposed Notice of Hearing	Exhibit C, C-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C-2
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-3
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A-2
Tract List (including lease numbers and owners)	Exhibit A-2
Pooled Parties (including ownership type)	Exhibit A-2
Unlocatable Parties to be Pooled	Exhibit A
Ownership Depth Severance (including percentage above & below)	Exhibit A-2
loinder	
Sample Copy of Proposal Letter	Exhibit A-3
ist of Interest Owners (ie Exhibit A of JOA)	Exhibit A-2
Chronology of Contact with Non-Joined Working Interests	Exhibit A-4
Overhead Rates In Proposal Letter	Exhibit A-3
Cost Estimate to Drill and Complete	Exhibit A-3
Cost Estimate to Equip Well	Exhibit A-3
Cost Estimate for Production Facilities	Exhibit A-3
Seology	
iummary (including special considerations)	Exhibit B
pacing Unit Schematic	Exhibit 8-1
Sunbarrel/Lateral Trajectory Schematic	Exhibit B-4
Vell Orientation (with rationale)	Exhibit B, B-1
arget Formation	Exhibit B, B-2
ISU Cross Section	Exhibit B-2, B-4, B-5
Depth Severance Discussion	Exhibit A, B
orms, Figures and Tables	
-102	Exhibit A-1
racts	Exhibit A-1, A-2, B-1
iummary of Interests, Unit Recapitulation (Tracts)	Exhibit A-2
Seneral Location Map (including basin)	Exhibit A-2
Vell Bore Location Map	Exhibit B-1, B-4
tructure Contour Map - Subsea Depth	Exhibit B-1
cross Section Location Map (including wells)	Exhibit B-2, B-5
Cross Section (including Landing Zone)	Exhibit B-2, B-4, B-5
pecial Provisions/Stipulations	
ERTIFICATION: I hereby certify that the information provided in	this checklist is complete and accurate.
rinted Name (Attorney or Party Representative):	Darin C. Savage
igned Name (Attorney or Party Representative):	5/3/2022

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TAB 2

Case No. 22755

- Exhibit A: Affidavit of John Coffman, Landman
- Exhibit A-1: C-102 Forms
- Exhibit A-2: Ownership and Sectional Map
- Exhibit A-3: Well Proposal Letters and AFEs
- Exhibit A-4: Chronology of Contacts with Uncommitted Owners

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

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

Case No. 22755

AFFIDAVIT OF JOHN COFFMAN

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

I, being duly sworn on oath, state the following:

1. I am over the age of eighteen years and have the capacity to execute this Affidavit, which is based on my personal knowledge.

2. I am employed as a Landman with Cimarex Energy Co. ("Cimarex"), and I am familiar with the subject application and the lands involved.

3. 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. I have attached my resume for the New Mexico Oil Conservation Division's ("Division") review and ask that my credentials as an expert witness in petroleum land matters be accepted and made a matter of record.

4. This affidavit is submitted in connection with the filing by Cimarex of the above-referenced spacing and compulsory pooling application pursuant to 19.15.4.12.A(1).

5. Cimarex seeks an order pooling all uncommitted mineral interests from the top of the Quail Ridge; Bone Spring Pool [Code 50460] to a depth of 10,527 feet, designated as an oil

EXHIBIT A pool, underlying a standard 320-acre, more or less, spacing and proration unit comprised of the W/2 E/2 of Sections 21 and 28, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico.

6. Under <u>Case No. 22755</u>, Cimarex seeks to dedicate to the unit the Mescalero Ridge 21-

28 Fed Com 3H Well and Mescalero Ridge 21-28 Fed Com 5H Well as initial wells.

- a. The Mescalero Ridge 21-28 Fed Com 3H Well, an oil well, to be horizontally drilled from a surface location in the NW/4 NE/4 (Unit B) of Section 21 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 28; approximate TVD of 9,696'; approximate TMD of 19,500'; FTP in Section 21: approx. 484' FNL, 1,980' FEL; LTP in Section 28: approx. 100' FSL, 1,980' FEL.
- b. The Mescalero Ridge 21-28 Fed Com 5H Well, an oil well, to be horizontally drilled from a surface location in the NW/4 NE/4 (Unit B) of Section 21 to a bottom hole location in the SW/4 SE/4 (Unit O) of Section 28; approximate TVD of 10,300'; approximate TMD of 20,100'; FTP in Section 21: approx. 100' FNL, 1,980' FEL; LTP in Section 28: approx. 100' FSL, 1,980' FEL.
- 7. The proposed C-102s for the wells are attached as Exhibit A-1.

8. A general location plat and a plat outlining the unit being pooled is attached hereto as **Exhibit A-2**, which shows the location of the proposed wells within the unit. The location of the wells are orthodox, and meet the Division's offset requirements for horizontal wells under statewide rules.

9. The parties being pooled, the nature of their interests, and their last known addresses are listed on **Exhibit A-2** attached hereto. **Exhibit A-2** includes information regarding working interest owners and overriding royalty interest owners.

10. A depth severance exists in the Bone Spring formation within the proposed unit. Accordingly, Cimarex seeks to pool a portion of the Quail Ridge; Bone Spring pool [Code 50460], to include the 1st and 2nd Bone Spring formations of said pool, from the top of the pool at a stratigraphic equivalent of 8,085 feet measured depth, as defined in the Triple Combo Log in the Mescalero Ridge 20 Federal 1 Well (API No. 30-025-36099), to a depth of 10,527 feet, that being the base of the 2nd Bone Spring. Cimarex has provided notice of this hearing to the vertical offset parties within the pool who are not subject to the pooling application.

11. I provided the law firm of Abadie & Schill P.C. a list of names and addresses for the uncommitted interest owners shown on **Exhibit A-2**. In compiling these addresses, I conducted a diligent search of the public records in Lea County, New Mexico, where the wells are located, and of phone directories and did computer searches to locate the contact information for parties entitled to notification. There were two overriding royalty interest owner notice letters returned undeliverable: Atlas Investment Corporation and Joseph M. Green and Erma Dean Green, Trustees of the Green Family Trust Fourteen of the mailings are still listed in-transit, only one of which is to a working interest owner, Chevron, who is committed to the Operating Agreement. The rest of the in-transit mailings are overriding royalty interest owners: Burlington Resources Oil & Gas Co LP, BXP Operating LLC, Merit Energy Partners D-III, Celia Stivason, Billy Wayne Gorman and Romayne Hope Gorman, General Partners of the Billy Wayne Gorman Family Investment Limited Partnership, Cargoil and Gas Company, LLC, Jerry Barnes, Kathleen Earnest Rios and Robert E. Rios, Co-Trustees of the Robert P. Earnest and Anna Dokus Earnest Trust aka Trust "B", Steven

R. Garrity, The First National Bank of Roswell, N.A., Trustee of the Edna E. Morrell Living Trust, Van P. Welch, Jr., Wayne Newkumet, and William Winfield Scott. Cimarex published notice in the Hobbs News-Sun, a newspaper of general circulation in Lea County, New Mexico, to account for any unlocatable parties and cover any contingencies regarding notice.

12. Cimarex has made a good faith effort to negotiate with the interest owners, but has been unable to obtain voluntary agreement from all interest owners to participate in the drilling of the well or in the commitment of their interests to the well for its development within the proposed horizontal spacing unit. **Exhibit A-4** provides a chronology and history of contacts with the owners.

13. The interest owners being pooled have been contacted regarding the proposed wells but have failed or refused to voluntarily commit their interest in the wells. However, Cimarex has been in ongoing discussions with some of the interest owners to voluntarily enter into a Joint Operating Agreement. If a mutually agreeable Joint Operating Agreement is reached between Cimarex and another interest owner or owners, Cimarex requests that the voluntary agreement become operative and supersede the Division's order for said parties, except to the extent the Division deems it necessary to maintain spacing criteria for the purpose of conservation, the prevention of waste, and protection of correlative rights.

14. **Exhibit A-3** is a sample proposal letter and the AFE for the proposed wells. The estimated cost of the wells set forth in the AFEs is fair, reasonable, and comparable to the costs of other wells of similar depths and lengths drilled in this area of New Mexico.

15. Cimarex requests overhead and administrative rates of \$8,000/month for drilling the wells and \$800/month for producing the wells, as listed in the JOA sent to the owners. These rates are fair and comparable to the rates charged by other operators for wells of this type in this area of

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southeastern New Mexico. Cimarex requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.

16. Cimarex requests the maximum cost, plus 200% risk charge be assessed against nonconsenting working interest owners.

17. Cimarex requests that it be designated operator of the unit and wells.

18. The Exhibits to this Affidavit were prepared by me or compiled from Cimarex's company business records under my direct supervision.

19. The granting of this Application is in the best interests of conservation, the prevention of waste, and the protection of correlative rights, and will avoid the drilling of unnecessary wells.

20. The foregoing is correct and complete to the best of my knowledge and belief.

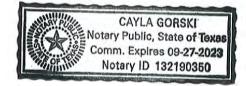
[Signature page follows]

FURTHER AFFIANT SAYETH NAUGHT

11 1

John Coffman

Subscribed to and sworn before me this 2^{2} day of May 2022.



Yark

Notary Public

John Coffman

710 W. Nobles Ave• Midland, TX• jcoffman@cimarex.com• 720-320-7285

Education Texas Tech University, Rawls College of Business Bachelor of Business Administration in Energy Commerce August 2013-May 2018

GPA: 3.10

Energy Experience

Cimarex Energy Co.

Landman

- Oversee Delaware Basin assets in Lea County.
- Analyze and facilitate trades between other operators in both Eddy and Lea Counties.
- Assist in future drilling development program through leasing, Joint Operating Agreements, title review and curative.
- Manage non-operated assets by reviewing proposals, transactions, and other agreements throughout Northern Lea County.
- Determine leasehold and royalty ownership throughout company owned assets.
- Acquire and divest leasehold and wellbores in the Permian Basin.

Conquest Energy

Contract Landman

- May 2017 August 2017 Contact, and lease mineral owners in North Dakota, Texas and New Mexico.
 - Analyze, draft and negotiate Oil and Gas Leases and various other contracts for the clients past and future operations.
 - Evaluate client Joint Operating Agreements for onerous Preferential Rights, consents or other requirements.
 - Perform due diligence for client acquisitions.
 - Research, identify and determine the status of title for open, leased and HBP acreage.

Infinity Oil and Gas

Internship

- Studied and discussed leases, JOA's, Surface Use Agreements, Exploration Agreements, Division Orders, and resolved Bureau of Land Management issues.
- Analyzed title to find available leasehold ownership of producing properties with split depth ownership in order to secure land needed for key portions of the lease.
- Learned basic petroleum geology and workstation mapping from an in-house geologist to gain a better understanding of where and why the land is valuable.
- Completed full due diligence report with a team for a land acquisition to ensure accuracy in title and improve the efficiency of the deal.

Lubbock, TX

Midland, TX June 2018-Present

May 2014-August 2015

Denver, CO

Houston, TX

 District I

 1625 N. French Dr., Hobbs, NM 88240

 Phone: (575) 393-6161

 Panor: (575) 393-6161

 Fax: (575) 393-0720

 District III

 811 S. First St., Artesia, NM 88210

 Phone: (575) 748-1283 Fax: (575) 748-9720

 District III

 1000 Rio Brazos Road, Aztec, NM 87410

 Phone: (505) 334-6178 Fax: (505) 334-6170

 District IV

 1220 S. St. Francis Dr., Santa Fe, NM 87505

 Phone: (505) 476-3460 Fax: (505) 476-3462

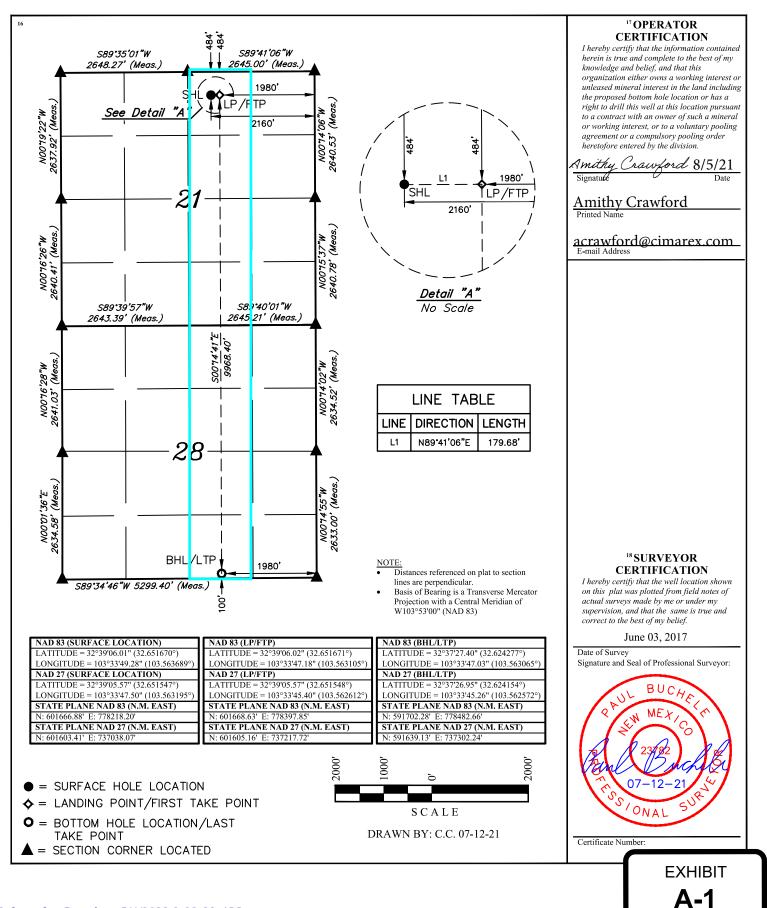
State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT ¹API Number 30-025 ³ Pool Name ² Pool Coo 50460 Quail Ridge (Bone Spring) Property Cod Well Number MESCALERO RIDGE 21-28 FED COM 3H ⁸ Operator Name CIMAREX ENERGY CO. OGRID Elevation 215099 3761.0' ¹⁰ Surface Location UL or lot no. Lot Idn East/West line Feet from the Section Fownship Range orth/South line Feet from th County В 21 19S 34F 484 NORTH 2160 EAST LEA "Bottom Hole Location If Different From Surface ownship 19S et from th 100 ectio 28 County LEA UL or lot Rai Lot Idn orth/South li eet from th East/West lin 1980 34Ē SOUTH 0 EAST **Dedicated Acre** oint or Infil 14 Co 5 Order 320

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



District I 1625 N. French Dr., Hobbs, NM 88240 Phone: (575) 393-6161 Fax: (575) 393-0720 District II 811 S. First St., Artesia, NM 88210 Phone: (575) 748-1283 Fax: (575) 748-9720 District III 1000 Rio Brazos Road, Aztec, NM 87410 Phone: (505) 334-6178 Fax: (505) 334-6170 District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505 Phone: (505) 476-3460 Fax: (505) 476-3462

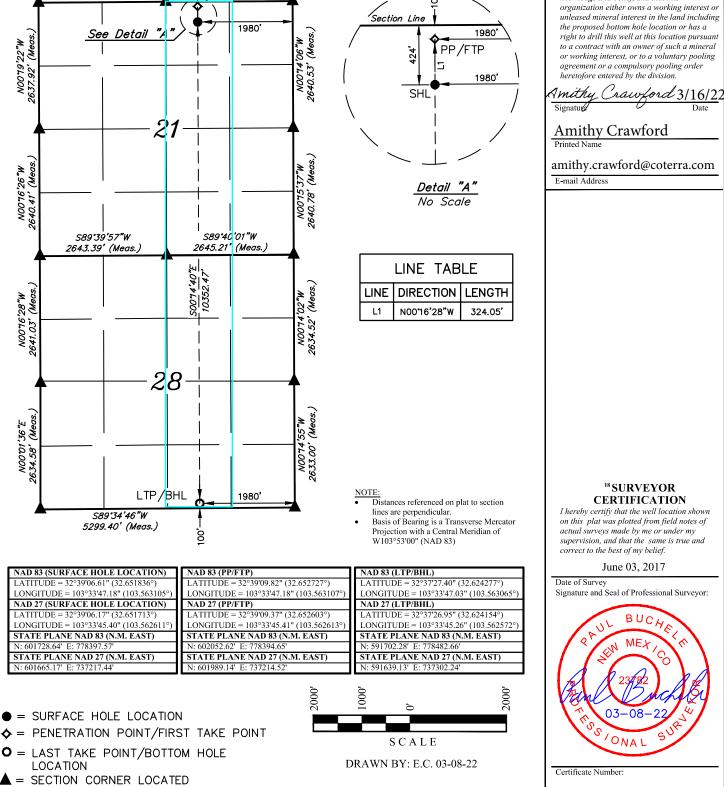
State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505

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

AMENDED REPORT

Page 114 of 292

WELL LOCATION AND ACREAGE DEDICATION PLAT ¹ API Number 30-025 50460 Quail Ridge; Bone Spring Well Number Property Code * Property Name MESCALERO RIDGE 21-28 FED COM 5H OGRID N Elevatio * Operator Name CIMAREX ENERGY CO. 215099 3763.0' "Surface Location East/West line UL or lot no. Lot Idn Feet from the Section Fownship Range orth/South Feet fro County NORTH В 21 19S 34F 424 1980 EAST LEA "Bottom Hole Location If Different From Surface ownship 19S Rang 34E et from the 100 ectic 28 County LEA UL or lot 1 Lot Idn orth/South li et from th East/West lin SOUTH 1980 Ο EAST oint or Infil Order Dedicated Acre 14 Co 320 No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division. ¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owners of such a mineral 589°41'06"W S89'35'01"W 2648.27' (Meas. 2645.00' (Meas. 100



MESCALERO	RIDGF 21-28	FED COM 2H	3H and 5H
INIE3CALLING		I LD CONTZIN	, Shi unu Shi

<u>Owner Name</u>	Owner Address	Interest T	<u>Interest in Unit</u>	Committed (Y/N)
Cimarex Energy Co./Magnum Hunter Production, Inc.	600 N. Marienfeld St., Ste 600 Midland, TX 79701	WI	0.33450000	Y
Alpha Energy Partners	P.O. Box 10701 Midland, TX 79702		0.00625000	Y
Chevron USA Inc.	1400 Smith Street Houston, TX 77002	WI	0.49375000	Y
Matador Resources Company	ONE LINCOLN CENTRE 5400 LBJ FREEWAY SUITE 1500 DALLAS, TX 75240	WI	0.00550000	Ν
Nadel and Gussman Capitan LLC	15 East 5th Street Suite 3300 Tulsa, OK 74103	WI	0.00375000	Y
XTO Holdings LLC	22777 Springwoods Village Pkwy, Spring, TX 77389	WI	0.15625000	Ν
		TOTAL	1.00000000	
Drilling and Exploration Company Inc.		RT	0	
Daniel E. Gonzales		RT	0	
James R. Stivason		RT	0	
Joseph M. Green and Erma Dean Green, Trustees of the Green Family Trust under instrument dated April 3, 1992	3795 Vancouver Dr. Dallas, TX 75229	ORRI	0.00062500	Ν
Billy Wayne Gorman and Romayne Hope Gorman, General Partners of the Billy Wayne Gorman Family Investment Limited Partnership	11141 Blue Stem Backroad Oklahoma City, OK 73162	ORRI	0.00062500	N
Richard H. Coats	P.O. Box 2412 Midland, TX 79702	ORRI	0.00062500	Ν
Unknown Trustee of the Robert Welch Gillespie and Katherine Deuel Gillespie Revocable Trust u/a/d 3/11/92	1250 E. Walnut Street, #220 Pasadena, CA 91106	ORRI	0.00500000	Ν
Van P. Welch	2259-C Via Puerta Laguna Hills, CA 92653	ORRI	0.00500000	Ν

EXHIBIT **A-2**

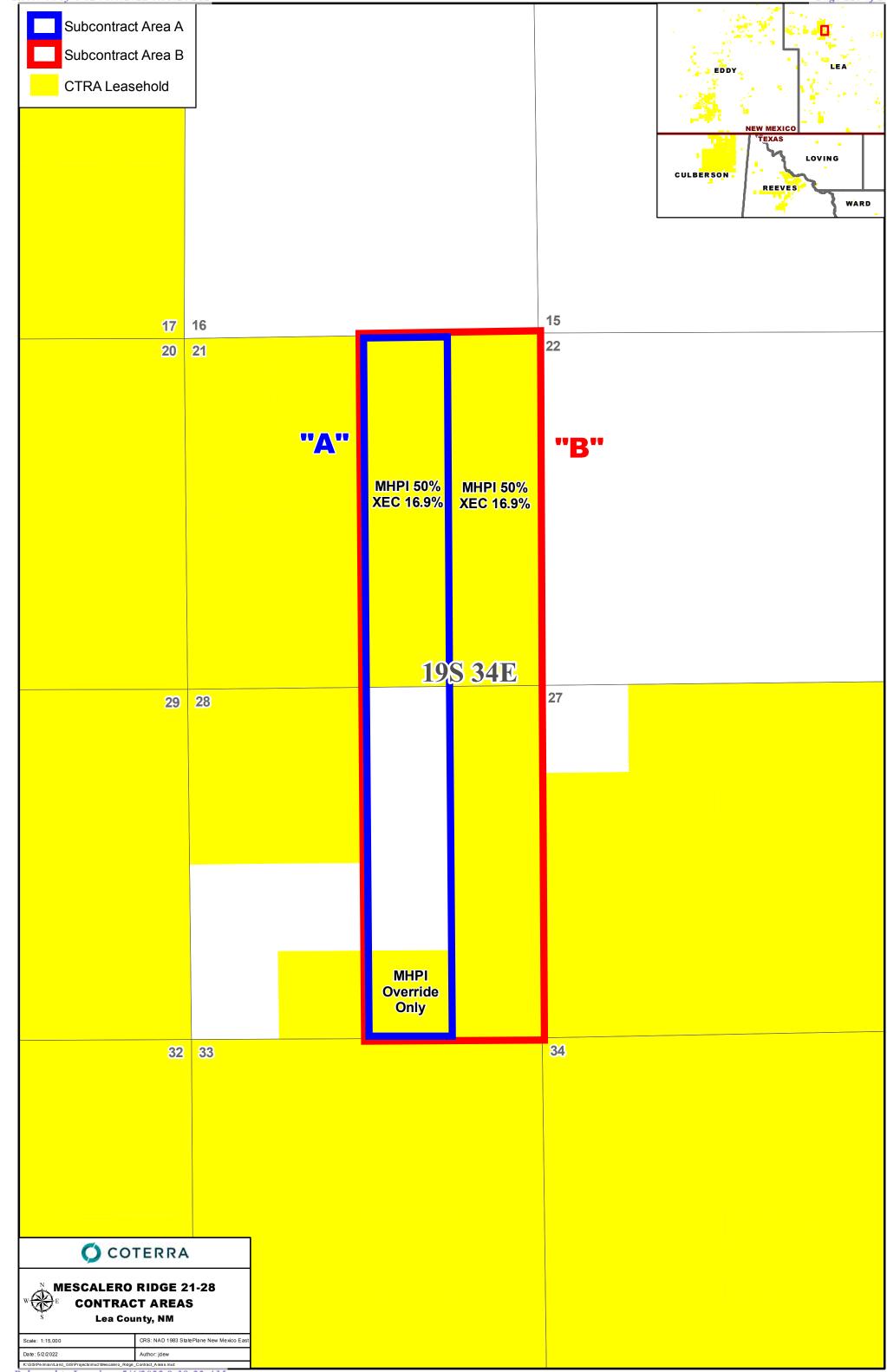
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Rockwell Energy Resources LLC	P.O. Box 54584 Oklahoma City, OK 73154	ORRI	0.00500000	Ν
Bank of America, N.A., Sole Trustee of the Selma E. Andrews Trust for benefit of Peggy Barrett	P.O. Box 830308 Dallas, TX 75283	ORRI	0.0000223765	Ν
Bank of America, N.A., Sole Trustee of the Selma E. Andrews Trust for benefit of Selma E. Andrews Perpetual Charitable Trust	P.O. Box 830308 Dallas, TX 75283	ORRI	0.000447535	Ν
Braille Institute of America, Inc. c/o NCNB Texas	P.O. Box 830308 Dallas, TX 75283	ORRI	0.00057870	N
Marshall & Winston, Inc.	P.O. Box 50880 Midland, TX 79710	ORRI	0.00125000	Ν
First National Bank of Roswell, N.A., Trustee under the Last Will and Testament of Foster Morrell dated August 5, 1971	111 East 5th St. Roswell, NM 88201	ORRI	0.00437500	Ν
The First National Bank of Roswell, N.A., Trustee of the Edna E. Morrell Living Trust	111 East 5th St. Roswell, NM 88201	ORRI	0.00218750	N
Kathleen Earnest Rios and Robert E. Rios, Co-Trustees of the Robert P. Earnest and Anna Dokus Earnest Trust aka Trust "B"	2401 N. Beazos Ave. Hobbs, NM 88240	ORRI	0.00343750	N
Wallace H. Scott, III	2901 Oakhurst Ave. Austin, TX 78703	ORRI	0.000359490	Ν
William Winfield Scott	3000 Willowood Circle Austin, TX 78703	ORRI	0.000359490	N
McElroy Minerals, LLC c/o Catherine Cecile Darch	4210 S. Bellaire Circle Englewood, CO 80113	ORRI	0.000359590	Ν
Atlas Investment Corporation	First Oklahoma Tower 210 W. Park Ave., #660 Oklahoma City, OK 73102	ORRI	0.00375000	Ν
Jerry Barnes	P.O. Box 768 Chillicothe, MO 64601	ORRI	0.00562500	N
Dennis Eimers	P.O. Box 50637 Midland, TX 79710	ORRI	0.00562500	Ν

Wayne Newkumet	500 W. Texas Ave,	ORRI	0.00562500	Ν
	#1410			
	Midland, TX 79701			
Steven R. Garrity	P.O. Box 20500	ORRI	0.00588750	Ν
-	Oklahoma City, OK 73156			
Celia Stivason	32066 Hwy 94	ORRI	0.00312500	N
	Campo, CA 91906			
Shannon Titzel	1800 Rogers Park	ORRI	0.00781250	Ν
	Ct.			
	Anchorage, AK 99508			
Cargoil and Gas Company, LLC	P.O. Box 29450	ORRI	0.000390625	Ν
	Santa Fe, NM 87592			
LJA Charitable Investments LLC	1717 West Loop	ORRI	0.000390625	Ν
	South, Suite 1800 Houston, TX 77027			
Jack V. Walker Revocable Trust dated May 21, 1981; Valorie	PO Box 102256,	ORRI	0.00078125	N
Faye Walker, Successor Trustee	Anchorage, AK 99510			
Balog Family Trust dated August 15, 2002	P.O. Box 111890	ORRI	0.00078125	Ν
	Anchorage, AK 99511			
	1	TOTAL	0.07004593	

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Released to Imaging: 5/4/2022 8:38:22 AM



February 14, 2022

Alpha Energy Partners LLC Attn: Land Department P.O. Box 10701 Midland, TX 79702

> Re: Proposal to Drill Mescalero Ridge 21-28 Federal Com 2H-6H Sections 21 & 28, Township 19 South, Range 34 East Lea County, NM

Dear Working Interest Owner,

Cimarex Energy Co. hereby proposes to drill the Mescalero Ridge 21-28 Fed Com 2H, 3H, 4H, 5H, 6H wells at a legal location in Section 21, Township 19 South, Range 34 East, NMPM, Lea County, NM.

<u>Mescalero Ridge 21-28 Fed Com 2H</u> - The intended surface hole location for the well is 544' FNL and 2020' FEL of Section 21, Township 19 South, Range 34 East, and the intended bottom hole location is 100' FSL and 1980' FEL of Section 28, Township 19 South, Range 34 East. The well is proposed to be drilled vertically to the 3rd Bone Spring interval and laterally within the formation to the referenced bottom hole location. Total vertical depth of the well is proposed to be approximately 10,750'.

<u>Mescalero Ridge 21-28 Fed Com 3H</u> - The intended surface hole location for the well is 484' FNL and 2100' FEL of Section 21, Township 19 South, Range 34 East, and the intended bottom hole location is 100' FSL and 1980' FEL of Section 28, Township 19 South, Range 34 East. The well is proposed to be drilled vertically to the 1st Bone Spring interval and laterally within the formation to the referenced bottom hole location. Total vertical depth of the well is proposed to be approximately 9,696'.

<u>Mescalero Ridge 21-28 Fed Com 4H</u> - The intended surface hole location for the well is 484' FNL and 2080' FEL of Section 21, Township 19 South, Range 34 East, and the intended bottom hole location is 100' FSL and 660' FEL of Section 28, Township 19 South, Range 34 East. The well is proposed to be drilled vertically to the 1st Bone Spring interval and laterally within the formation to the referenced bottom hole location. Total vertical depth of the well is proposed to be approximately 9,696'.

<u>Mescalero Ridge 21-28 Fed Com 5H</u> - The intended surface hole location for the well is 424' FNL and 1980' FEL of Section 21, Township 19 South, Range 34 East, and the intended bottom hole location is 100' FSL and 1980' FEL of Section 28, Township 19 South, Range 34 East. The well is proposed to be drilled vertically to the 2nd Bone Spring interval and laterally within the formation to the referenced bottom hole location. Total vertical depth of the well is proposed to be approximately 10,300'.

ехнівіт **А-3** <u>Mescalero Ridge 21-28 Fed Com 6H</u> - The intended surface hole location for the well is 424' FNL and 2000' FEL of Section 21, Township 19 South, Range 34 East, and the intended bottom hole location is 100' FSL and 660' FEL of Section 28, Township 19 South, Range 34 East. The well is proposed to be drilled vertically to the 2nd Bone Spring interval and laterally within the formation to the referenced bottom hole location. Total vertical depth of the well is proposed to be approximately 10,300'.

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

Enclosed, in duplicate, is (i) our detailed AFE reflecting estimated costs associated with this proposal, and; (ii) our proposed form of Operating Agreement to govern operations of the Mescalero Ridge 21-28 Fed Com wells. If you intend to participate, please approve and return one (1) original of the enclosed AFE, one (1) original of the signature page to the Operating Agreement, along with the contact information to receive your well data, to the undersigned within thirty (30) days of receipt of this proposal. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance to Cimarex prior to commencement of drilling operations; otherwise, you will be covered by insurance procured by Cimarex and will be responsible for your share of the cost.

Cimarex will file for force pooling for the Mescalero Ridge 21-28 Fed Com 2H-6H Wells thirty (30) days after the receipt of this proposal.

If you elect not to participate, please so indicate on the attached election form and return it to the attention of the undersigned at the letterhead address. Failure to elect whether or not to participate within 30 days of your receipt of this proposal will, as provided in the Operating Agreement, will be considered an election not to participate.

Please call the undersigned at (432) 571-7883 with any questions or comments.

Respectfully,

John Coffman Landman John.coffman@coterra.com

ELECTION TO PARTICIPATE Mescalero Ridge 21-28 Federal Com 2H

- Alpha Energy Partners LLC elects **TO** participate in the proposed Mescalero Ridge 21-28 Fed Com 2H well.
 - Alpha Energy Partners LLC elects **NOT** to participate in the proposed Mescalero Ridge 21-28 Fed Com 2H well.

Dated this _____ day of _____ , 2022.

Signature: _____

Title:

If your election above is TO participate in the proposed Mescalero Ridge 21-28 Fed Com 2H well, then:

- Alpha Energy Partners LLC elects **TO** be covered by well control insurance procured by Cimarex Energy Co.
 - Alpha Energy Partners LLC elects **NOT** to be covered by well control insurance procured by Cimarex Energy Co. and agrees to provide Cimarex Energy Co. with a certificate of insurance prior to commencement of drilling operations **or** be deemed to have elected to be covered by well control insurance procured by Cimarex Energy Co.

ELECTION TO PARTICIPATE Mescalero Ridge 21-28 Federal Com 3H

- Alpha Energy Partners LLC elects **TO** participate in the proposed Mescalero Ridge 21-28 Fed Com 3H well.
 - Alpha Energy Partners LLC elects **NOT** to participate in the proposed Mescalero Ridge 21-28 Fed Com 3H well.

Dated this _____ day of _____ , 2022.

Signature: _____

Title:

If your election above is TO participate in the proposed Mescalero Ridge 21-28 Fed Com 3H well, then:

- Alpha Energy Partners LLC elects **TO** be covered by well control insurance procured by Cimarex Energy Co.
 - Alpha Energy Partners LLC elects **NOT** to be covered by well control insurance procured by Cimarex Energy Co. and agrees to provide Cimarex Energy Co. with a certificate of insurance prior to commencement of drilling operations **or** be deemed to have elected to be covered by well control insurance procured by Cimarex Energy Co.

ELECTION TO PARTICIPATE Mescalero Ridge 21-28 Federal Com 4H

- Alpha Energy Partners LLC elects **TO** participate in the proposed Mescalero Ridge 21-28 Fed Com 4H well.
 - Alpha Energy Partners LLC elects **NOT** to participate in the proposed Mescalero Ridge 21-28 Fed Com 4H well.

Dated this _____ day of ______, 2022.

Signature: _____

Title:

If your election above is TO participate in the proposed Mescalero Ridge 21-28 Fed Com 4H well, then:

- Alpha Energy Partners LLC elects **TO** be covered by well control insurance procured by Cimarex Energy Co.
 - Alpha Energy Partners LLC elects **NOT** to be covered by well control insurance procured by Cimarex Energy Co. and agrees to provide Cimarex Energy Co. with a certificate of insurance prior to commencement of drilling operations **or** be deemed to have elected to be covered by well control insurance procured by Cimarex Energy Co.

ELECTION TO PARTICIPATE Mescalero Ridge 21-28 Federal Com 5H

- Alpha Energy Partners LLC elects **TO** participate in the proposed Mescalero Ridge 21-28 Fed Com 5H well.
 - Alpha Energy Partners LLC elects **NOT** to participate in the proposed Mescalero Ridge 21-28 Fed Com 5H well.

Dated this _____ day of _____ , 2022.

Signature: _____

Title:

If your election above is TO participate in the proposed Mescalero Ridge 21-28 Fed Com 5H well, then:

- Alpha Energy Partners LLC elects **TO** be covered by well control insurance procured by Cimarex Energy Co.
 - Alpha Energy Partners LLC elects **NOT** to be covered by well control insurance procured by Cimarex Energy Co. and agrees to provide Cimarex Energy Co. with a certificate of insurance prior to commencement of drilling operations **or** be deemed to have elected to be covered by well control insurance procured by Cimarex Energy Co.

ELECTION TO PARTICIPATE Mescalero Ridge 21-28 Federal Com 6H

- Alpha Energy Partners LLC elects **TO** participate in the proposed Mescalero Ridge 21-28 Fed Com 6H well.
 - Alpha Energy Partners LLC elects **NOT** to participate in the proposed Mescalero Ridge 21-28 Fed Com 6H well.

Dated this _____ day of _____ , 2022.

Signature: _____

Title:

If your election above is TO participate in the proposed Mescalero Ridge 21-28 Fed Com 6H well, then:

- Alpha Energy Partners LLC elects **TO** be covered by well control insurance procured by Cimarex Energy Co.
 - Alpha Energy Partners LLC elects **NOT** to be covered by well control insurance procured by Cimarex Energy Co. and agrees to provide Cimarex Energy Co. with a certificate of insurance prior to commencement of drilling operations **or** be deemed to have elected to be covered by well control insurance procured by Cimarex Energy Co.

Date Prepared
4/27/2022

Exploration Region	Well Name	Prospect	Property Number	AFE		
Permian Basin	MESCALERO RIDGE 21-28 FED COM 3H	Quail Ridge Prospect	309617-239.01	26725001		
County, State	Location		Estimated Spud	Estimated Completion		
Lea, NM	a, NM E/2 of Sections 21 and 28, Township 19 South, Range 34 Ea		2/9/2025			
X New	Formation	Well Type	Ttl Measured Depth	Ttl Vetical Depth		
Supplement Revision	Bone Spring 1 /Sd/	DEV	19,500	9,700		

Drill and complete well Purpose

Description

Company Entity

Cimarex Energy Co (001)

Drilling Drill and complete a horizontal test. Drill to 1790 Set Surface casing. Drill to Drill to 5327', set surface casing. Drill to 9190' (KOP). Drill curve at 12°/100' initial build rate to +/- 75 degrees and set casing at +/- 9815' MD. Finish curve at +/- 4°/100' to +/- 9700' TVD and drill a +/- 9910' long lateral in the 1st Bone Spring SandRun and cement production liner. Stage frac. Drill out plugs. Run production packer, tubing and GLVs.

Total Well Cost	\$2.904.000	\$6.544.377	\$9.448.377
Total Tangible Cost	\$750,000	\$1,255,029	\$2,005,029
Lease Equipment		\$686,029	\$686,029
Well Equipment	\$750,000	\$569,000	\$1,319,000
Tangible	Dry Hole	After Casing Point	Completed Well Cost
Total Intangible Cost	\$2,154,000	\$5,289,348	\$7,443,348
Completion Costs		\$5,289,348	\$5,289,348
Drilling Costs	\$2,154,000		\$2,154,000
Intangible	Dry Hole	After Casing Point	Completed Well Cost

Comments On Well Costs

1. All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

Well Control Insurance

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

I elect to purchase my own well control insurance policy.

Marketing Election

Cimarex sells its gas under arm's-length contracts with third party purchasers. Such contracts may include fees. In addition, penalties may be incurred for insufficient volumes delivered over time. Should you choose to market your share of gas with Cimarex, you will be subject to all of the terms of such contracts. Upon written request to Cimarex's Marketing Department, we will share with you the terms and conditions pursuant to which gas will be sold. Failure to make an election below shall be deemed an election to market your gas with Cimarex under the terms and conditions set forth above.

I elect to take my gas in kind.

I elect to market my gas with Cimarex pursuant to the terms and conditions of its contract.

Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

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

4/27/2022

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		Drilling	ACP -	Drilling	Com	ıp/Stim	Product	tion Equip	Post Co	mpletion	Total
Description	Codes	Amount	Codes	Amount	Codes	Amount	Codes	Amount	Codes	Amount	Cost
Roads & Location	DIDC.100	100,000			STIM.100	10,000	CON.100	18,239	PCOM.100	10,000	138,239
Damages	DIDC.105	15,000					CON.105	3,149			18,149
Mud/Fluids Disposal	DIDC.255	125,000			STIM.255	52,000			PCOM.255	0	177,000
Day Rate	DIDC.115	435,000	DICC.120	73,000							508,000
Misc Preparation	DIDC.120	20,000									20,000
Bits	DIDC.125	62,000	DICC.125	0	STIM.125	0			PCOM.125	0	62,000
Fuel	DIDC.135	89,000	DICC.130	0					PCOM.130	0	89,000
Water for Drilling Rig (Not Frac Water)	DIDC.140	25,000	DICC.135	0	STIM.135	20,000			PCOM.135	0	45,000
Mud & Additives	DIDC.145	150,000									150,000
SWD PIPED TO 3RD PARTY SWD WELL									PCOM.257	77,377	77,377
Surface Rentals	DIDC.150	101,000	DICC.140	0	STIM.140	126,000	CON.140	4,200	PCOM.140	0	231,200
Downhole Rentals	DIDC.155	89,000			STIM.145	35,000			PCOM.145	0	124,000
Flowback Labor					STIM.141	0			PCOM.141	121,000	121,000
Automation Labor							CON.150	75,190	PCOM.150	5,000	80,190
Mud Logging	DIDC.170	22,000									22,000
IPC & EXTERNAL PAINTING		,					CON.165	21,258			21,258
Cementing & Float Equipment	DIDC.185	100,000	DICC.155	63,000							163,000
Tubular Inspections	DIDC.190	50,000	DICC.160	10,000	STIM.160	4,000			PCOM.160	0	64,000
Casing Crews	DIDC.195	15,000	DICC.165	15,000	STIM.165	-,000				0	30,000
Mechanical Labor	DIDC.200		DICC.170		STIM.170		CON.170	201 164	PCOM.170	15 000	
	DIDC.200 DIDC.205	28,000	DICC.170 DICC.175	10,000	STIM.170 STIM.175	0	CON.170 CON.175	201,164	PCOM.170 PCOM.175	15,000	254,164
Trucking/Transportation		18,000		8,000		4,000		26,245		2,000	58,245
Supervision	DIDC.210	76,000	DICC.180	10,000	STIM.180	43,000	CON.180	32,018	PCOM.180	0	161,018
Trailer House/Camp/Catering	DIDC.280	42,000	DICC.255	5,000	STIM.280	22,000					69,000
Other Misc Expenses	DIDC.220	5,000	DICC.190	0	STIM.190	74,000	CON.190	29,919	PCOM.190	0	108,919
Overhead	DIDC.225	10,000	DICC.195	5,000							15,000
MOB/DEMOB	DIDC.240	60,000									60,000
Directional Drilling Services	DIDC.245	294,000									294,000
Solids Control	DIDC.260	36,000									36,000
Well Control Equip (Snubbing Services)	DIDC.265	80,000	DICC.240	5,000	STIM.240	56,000			PCOM.240	0	141,000
Completion Rig					STIM.115	21,000			PCOM.115	0	21,000
Coil Tubing Services					STIM.260	161,000			PCOM.260	0	161,000
Completion Logging/Perforating/Wireline					STIM.200	253,000			PCOM.200	0	253,000
Composite Plugs					STIM.390	40,000			PCOM.390	0	40,000
Stimulation Pumping/Chemicals/Additives/Sand					STIM.210	2,680,000			PCOM.210	0	2,680,000
Stimulation Water/Water Transfer/Water Storage					STIM.395	150,000			T COMLETO	0	150,000
Cimarex Owned Frac/Rental Equipment					STIM.305				PCOM.305	0	
	DIDC 200	10.000			311101.505	60,000	CON 200	0	PCOIVI.505	0	60,000
Legal/Regulatory/Curative	DIDC.300	10,000					CON.300	0			10,000
Well Control Insurance	DIDC.285	7,000									7,000
Major Construction Overhead							CON.305	27,426			27,426
FL/GL - ON PAD LABOR							CON.495	44,484			44,484
FL/GL - Labor							CON.500	88,181			88,181
FL/GL - Supervision							CON.505	19,683			19,683
Survey							CON.515	8,004			8,004
Aid In Construct/3rd Party Connect							CON.701	104,059			104,059
Contingency	DIDC.435	90,000	DICC.220	10,000	STIM.220	191,000	CON.220	111,671	PCOM.220	0	402,671
Contingency							CON.221	28,081			28,081
Total Intangible Cost		2,154,000		214,000		4,002,000		842,971		230,377	7,443,348
Conductor Pipe	DWEB.130	8,000		,		.,,					8,000
Water String	DWEB.135	74,000									74,000
Surface Casing	DWEB.140	252,000									252,000
Intermediate Casing 1	DWEB.140	378,000									378,000
Production Casing or Liner	5.725.145	570,000	DWEA.100	165,000							165,000
-			D.1.100	105,000	STIMT.105	00.000			PCOMT.105	0	
Tubing		20.000		40.000		80,000				0	80,000
Wellhead, Tree, Chokes	DWEB.115	38,000	DWEA.120	18,000	STIMT.120	38,000			PCOMT.120	15,000	109,000
Liner Hanger, Isolation Packer	DWEB.100	0	DWEA.125	57,000							57,000
Packer, Nipples					STIMT.400	28,000			PCOMT.400	15,000	43,000
SHORT ORDERS							CONT.380	15,616			15,616
PUMPS							CONT.385	22,308			22,308
WALKOVERS							CONT.390	13,122			13,122
Downhole Lift Equipment					STIMT.410	80,000			PCOMT.410	50,000	130,000
Surface Equipment									PCOMT.420	15,000	15,000
Well Automation Materials									PCOMT.455	8,000	8,000
N/C Lease Equipment							CONT.400	200,113			200,113
Battery Equipment							CONT.410	89,756			89,756
Secondary Containments							CONT.415	32,805			32,805
Facility Electrical							CONT.425	89,493			89,493
Meters and Metering Equipment							CONT.425				
							CONT.445 CONT.450	20,208			20,208
Facility Line Pipe								25,195			25,195
Lease Automation Materials							CONT.455	88,575			88,575
FL/GL - Materials							CONT.550	17,715			17,715
FL/GL - Line Pipe							CONT.555	71,123			71,123
Total Tangible Cos		750,000		240,000		226,000		686,029		103,000	2,005,029
Total Estimated Cost		2,904,000		454,000		4,228,000		1,529,000		333,377	9,448,377

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	VI 3H	BCP - Drilling			ACP - Drilling			Comp/Stim	
Description	Codes		Amount	Codes		Amount	Codes		Amount
Roads & Location	DIDC.100		100,000				STIM.100	CON.100	10,000
Damages	DIDC.105		15,000						
Mud/Fluids Disposal	DIDC.255		125,000				STIM.255		52,000
Day Rate	DIDC.115	DICC.120	435,000	DICC.120		73,000			
Misc Preparation	DIDC.120		20,000						
Bits	DIDC.125	DICC.125	62,000	DICC.125	STIM.125	0	STIM.125		0
Fuel	DIDC.135	DICC.130	89,000	DICC.130		0			
Water for Drilling Rig (Not Frac Water)	DIDC.140	DICC.135	25,000		STIM.135	0	STIM.135		20,000
Mud & Additives	DIDC.145		150,000						
SWD PIPED TO 3RD PARTY SWD WELL			,						
Surface Rentals	DIDC.150	DICC.140	101,000	DICC.140	STIM.140	0	STIM.140	CON.140	126,000
Downhole Rentals	DIDC.155		89,000			Ū	STIM.145		35,000
Flowback Labor	010 0.100		05,000			-	STIM.141		0
Automation Labor							011111		0
Mud Logging	DIDC.170		22.000			_			
	DIDC.170		22,000						
IPC & EXTERNAL PAINTING	DIDC105	DICC 455		DIGG 455					
Cementing & Float Equipment	DIDC.185	DICC.155	100,000	DICC.155		63,000			
Tubular Inspections	DIDC.190			DICC.160	STIM.160	10,000	STIM.160		4,000
Casing Crews		DICC.165	15,000	DICC.165	STIM.165	15,000	STIM.165		0
Mechanical Labor		DICC.170	28,000		STIM.170	10,000	STIM.170	CON.170	0
Trucking/Transportation	DIDC.205	DICC.175	18,000	DICC.175	STIM.175	8,000	STIM.175	CON.175	4,000
Supervision	DIDC.210	DICC.180	76,000	DICC.180	STIM.180	10,000	STIM.180	CON.180	43,000
Trailer House/Camp/Catering	DIDC.280	DICC.255	42,000	DICC.255	STIM.280	5,000	STIM.280		22,000
Other Misc Expenses	DIDC.220	DICC.190	5,000	DICC.190	STIM.190	0	STIM.190	CON.190	74,000
Overhead	DIDC.225	DICC.195	10,000	DICC.195		5,000			
MOB/DEMOB	DIDC.240		60,000			5,000			
Directional Drilling Services	DIDC.245		294,000						
Solids Control	DIDC.260		36,000						
Well Control Equip (Snubbing Services)		DICC.240	80,000	DICC.240	STIM.240	5,000	STIM.240		E6 000
	DIDC.205	DICC.240	80,000	DICC.240	511141.240	5,000	STIM.240		56,000
Completion Rig									21,000
Coil Tubing Services							STIM.260		161,000
Completion Logging/Perforating/Wireline							STIM.200		253,000
Composite Plugs							STIM.390		40,000
Stimulation							STIM.210		2,680,000
Stimulation Water/Water Transfer/Water							STIM.395		150,000
Cimarex Owned Frac/Rental Equipment							STIM.305		60,000
Legal/Regulatory/Curative	DIDC.300		10,000						
Well Control Insurance	DIDC.285		7,000						
Major Construction Overhead									
FL/GL - ON PAD LABOR									
FL/GL - Labor									
FL/GL - Supervision									
Survey									
Aid In Construct/3rd Party Connect									
Contingency	DIDC.435	DICC 220	00.000	DICC.220	STIM 220	10,000	STIM.220	CON.220	101.000
	DIDC.433	DICC.220	90,000	DICC.220	51111.220	10,000	311101.220	COIN.220	191,000
Contingency									
Total Intangible Cost			2,154,000			214,000			4,002,000
Conductor Pipe	DWEB.130		8,000						
Water String	DWEB.135		74,000						
Surface Casing	DWEB.140		252,000						
Intermediate Casing 1	DWEB.145		378,000						
Production Casing or Liner				DWEA.100		165,000			
Tubing							STIMT.105		80,000
Wellhead, Tree, Chokes	DWEB.115	DWEA.120	38,000	DWEA.120	STIMT.120	18,000	STIMT.120		38,000
Liner Hanger, Isolation Packer	DWEB.100	DWEA.125		DWEA.125		57,000			
Packer, Nipples							STIMT.400		28,000
SHORT ORDERS									_0,000
PUMPS									
WALKOVERS									
Downhole Lift Equipment							STIMT.410		00.000
Surface Equipment							5111011.410		80,000
Well Automation Materials									
N/C Lease Equipment									
Battery Equipment									
Secondary Containments									
Facility Electrical									
Meters and Metering Equipment									
Facility Line Pipe									
Lease Automation Materials									
FL/GL - Materials									
FL/GL - Line Pipe									
Total Tangible Cos			750,000			240,000			226,000
Total Estimated Cost			2,904,000			454,000			4,228,000
i otai Estimateu Cost	1		2,304,000			434,000			7,220,000

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COM 3	11						
		Production Equip		C 1	Post Completion		Total
Description	Codes		Amount	Codes		Amount	Cost
Roads & Location	CON.100 CON.105		18,239	PCOM.100		10,000	138,239
Damages	CON. 105		3,149			0	18,149
Mud/Fluids Disposal Day Rate				PCOM.255		0	177,000
							508,000
Misc Preparation				00014405			20,000
Bits				PCOM.125		0	62,000
Fuel				PCOM.130		0	89,000
Water for Drilling Rig (Not Frac Water)				PCOM.135		0	45,000
Mud & Additives							150,000
SWD PIPED TO 3RD PARTY SWD WELL				PCOM.257	2730 BWPD rate for 30 days, 1364 BWPD rate	77,377	77,377
Surface Rentals	CON.140		4,200	PCOM.140		0	231,200
Downhole Rentals				PCOM.145		0	124,000
Flowback Labor				PCOM.141	\$2200/day for 30 days Oil Patch, \$1500/day	121,000	121,000
Automation Labor	CON.150		75,190	PCOM.150	miscellaneous automation costs	5,000	80,190
Mud Logging							22,000
IPC & EXTERNAL PAINTING	CON.165		21,258				21,258
Cementing & Float Equipment							163,000
Tubular Inspections				PCOM.160		0	64,000
Casing Crews							30,000
Mechanical Labor	CON.170		201,164	PCOM.170	Miscellaneous welding and roustabout labor	15,000	254,164
Trucking/Transportation	CON.175		26,245	PCOM.175	hot shot	2,000	58,245
Supervision	CON.180		32,018			2,000	161,018
Trailer House/Camp/Catering			32,010			U	
Other Misc Expenses	CON.190		20.010	PCOM.190		0	69,000
	CON.150		29,919	1 COIVI. 190		0	108,919
Overhead							15,000
MOB/DEMOB							60,000
Directional Drilling Services							294,000
Solids Control							36,000
Well Control Equip (Snubbing Services)				PCOM.240		0	141,000
Completion Rig				PCOM.115		0	21,000
Coil Tubing Services				PCOM.260		0	161,000
Completion Logging/Perforating/Wireline				PCOM.200		0	253,000
Composite Plugs				PCOM.390		0	40,000
Stimulation Pumping/Chemicals/Additives/Sand				PCOM.210		0	2,680,000
Stimulation Water/Water Transfer/Water Storage							150,000
Cimarex Owned Frac/Rental Equipment				PCOM.305		0	60,000
Legal/Regulatory/Curative	CON.300		0	1 00141.505		0	10,000
Well Control Insurance	011.500		0				
	CON 205		27.426				7,000
Major Construction Overhead	CON.305		27,426				27,426
FL/GL - ON PAD LABOR	CON.495		44,484				44,484
FL/GL - Labor	CON.500		88,181				88,181
FL/GL - Supervision	CON.505		19,683				19,683
Survey	CON.515		8,004				8,004
Aid In Construct/3rd Party Connect	CON.701		104,059				104,059
Contingency	CON.220		111,671	PCOM.220		0	402,671
Contingency	CON.221		28,081				28,081
Total Intangible Cost			842,971			230,377	7,443,348
Conductor Pipe							8,000
Water String							74,000
Surface Casing							252,000
Intermediate Casing 1							378,000
Production Casing or Liner							165,000
Tubing				PCOMT.105		0	80,000
Wellhead, Tree, Chokes					Connecting flowline after first lift install		
				r COIVIT.120	connecting nowine after first lift lifstall	15,000	109,000
Liner Hanger, Isolation Packer				DCOMIT (AS			57,000
Packer, Nipples	CONTRACT			PCOMT.400		15,000	43,000
SHORT ORDERS	CONT.380		15,616				15,616
PUMPS	CONT.385		22,308				22,308
WALKOVERS	CONT.390		13,122				13,122
Downhole Lift Equipment				PCOMT.410		50,000	130,000
Surface Equipment				PCOMT.420	Miscellaneous parts and fittings based off	15,000	15,000
Well Automation Materials				PCOMT.455		8,000	8,000
N/C Lease Equipment	CONT.400		200,113				200,113
Battery Equipment	CONT.410		89,756				89,756
Secondary Containments	CONT.415		32,805				32,805
Facility Electrical	CONT.425		89,493				89,493
Meters and Metering Equipment	CONT.445		20,208				20,208
	CONT.443						
Facility Line Pipe			25,195				25,195
Lease Automation Materials	CONT.455		88,575				88,575
FL/GL - Materials	CONT.550		17,715				17,715
FL/GL - Line Pipe	CONT.555		71,123				71,123
Total Tangible Cos			686,029			103,000	2,005,029
			1,529,000			333,377	9,448,377

Company Entity Cimarex Energy Co (001)				Date Prepared 4/27/2022
Exploration Region Permian Basin	Well Name MESCALERO RIDGE 21-28 FED COM 5H	Prospect Quail Ridge Prospect	Property Number 309617-241.01	AFE 26725003
County, State	Location		Estimated Spud	Estimated Completion

Lea, NM	E/2 of Sections 21 and 28, Townshi	o 19 South, Range 34 East	2/9/2025			
X New	Formation	Well Type	Ttl Measured Depth	Ttl Vetical Depth		
Supplement	Bone Spring 2 /Sd/	DEV	20,100	10,300		
Revision						

Drill and complete well Purpose

Description

Drilling Drill and complete a horizontal test. Drill to 1790 Set Surface casing. Drill to Drill to 5327', set surface casing. Drill to 9790' (KOP). Drill curve at 12°/100' initial build rate to +/- 75 degrees and set casing at +/- 10415' MD. Finish curve at +/- 4°/100' to +/- 10300' TVD and drill a +/- 9910' long lateral in the 2nd BSS. Run and cement production liner. Stage frac. Drill out plugs. Run production packer, tubing and GLVs.

Total Well Cost	\$2,972,000	\$6,542,377	\$9,514,377
Total Tangible Cost	\$771,000	\$1,253,029	\$2,024,029
Lease Equipment		\$686,029	\$686,029
Well Equipment	\$771,000	\$567,000	\$1,338,000
Tangible	Dry Hole	After Casing Point	Completed Well Cost
Total Intangible Cost	\$2,201,000	\$5,289,348	\$7,490,348
Completion Costs		\$5,289,348	\$5,289,348
Drilling Costs	\$2,201,000		\$2,201,000
Intangible	Dry Hole	After Casing Point	Completed Well Cost

Comments On Well Costs

1. All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

Well Control Insurance

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

I elect to purchase my own well control insurance policy.

Marketing Election

Cimarex sells its gas under arm's-length contracts with third party purchasers. Such contracts may include fees. In addition, penalties may be incurred for insufficient volumes delivered over time. Should you choose to market your share of gas with Cimarex, you will be subject to all of the terms of such contracts. Upon written request to Cimarex's Marketing Department, we will share with you the terms and conditions pursuant to which gas will be sold. Failure to make an election below shall be deemed an election to market your gas with Cimarex under the terms and conditions set forth above.

I elect to take my gas in kind.

I elect to market my gas with Cimarex pursuant to the terms and conditions of its contract.

Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

Nonoperator Approval						
Company	Approved By (Print Name)	Approved By (Signature)	Date			
NOTICE TO NONOPERATO	R: Costs shown on this form are estimates only. By execu	Iting this AFE, the consenting party agrees to pay its proportionate				
share of actual costs incurred. Overhead will be charged in accordance with the Joint Operating Agreement.						

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	BCP -	Drilling	ACP -	- Drilling	Com	p/Stim	Product	tion Equip	Post Co	ompletion	Total
Description	Codes	Amount	Codes	Amount	Codes	Amount	Codes	Amount	Codes	Amount	Cost
Roads & Location	DIDC.100	100,000			STIM.100	10,000	CON.100	18,239	PCOM.100	10,000	138,239
Damages	DIDC.105	15,000					CON.105	3,149			18,149
Mud/Fluids Disposal	DIDC.255	125,000			STIM.255	52,000			PCOM.255	0	177,000
Day Rate	DIDC.115	435,000	DICC.120	73,000							508,000
Misc Preparation	DIDC.120	20,000									20,000
Bits	DIDC.125	62,000	DICC.125	0	STIM.125	0			PCOM.125	0	62,000
Fuel	DIDC.135	89,000	DICC.130	0					PCOM.130	0	89,000
Water for Drilling Rig (Not Frac Water)	DIDC.140	25,000	DICC.135	0	STIM.135	20,000			PCOM.135	0	45,000
Mud & Additives	DIDC.145	150,000									150,000
SWD PIPED TO 3RD PARTY SWD WELL									PCOM.257	77,377	77,377
Surface Rentals	DIDC.150	101,000	DICC.140	0	STIM.140	126,000	CON.140	4,200	PCOM.140	0	231,200
Downhole Rentals	DIDC.155	89,000		0	STIM.145	35,000		1/200	PCOM.145	0	124,000
Flowback Labor		05,000			STIM.141	0			PCOM.141	121,000	121,000
Automation Labor						0	CON.150	75,190	PCOM.150	5,000	80,190
Mud Logging	DIDC.170	22,000					contino	13,150		5,000	22,000
IPC & EXTERNAL PAINTING	DIDC.170	22,000					CON.165	21 250			
Cementing & Float Equipment	DIDC.185	100.000	DICC.155	62,000			CON. 105	21,258			21,258
5 11	DIDC.183	100,000		63,000	STIM 160	1.000			DCOM 160	0	163,000
Tubular Inspections		50,000	DICC.160	10,000	STIM.160	4,000			PCOM.160	0	64,000
Casing Crews	DIDC.195	15,000	DICC.165	15,000	STIM.165	0			D.C.C. 1		30,000
Mechanical Labor	DIDC.200	28,000	DICC.170	10,000	STIM.170	0	CON.170	201,164	PCOM.170	15,000	254,164
Trucking/Transportation	DIDC.205	18,000	DICC.175	8,000	STIM.175	4,000	CON.175	26,245	PCOM.175	2,000	58,245
Supervision	DIDC.210	76,000	DICC.180	10,000	STIM.180	43,000	CON.180	32,018	PCOM.180	0	161,018
Trailer House/Camp/Catering	DIDC.280	42,000	DICC.255	5,000	STIM.280	22,000					69,000
Other Misc Expenses	DIDC.220	5,000	DICC.190	0	STIM.190	74,000	CON.190	29,919	PCOM.190	0	108,919
Overhead	DIDC.225	10,000	DICC.195	5,000							15,000
MOB/DEMOB	DIDC.240	110,000									110,000
Directional Drilling Services	DIDC.245	289,000									289,000
Solids Control	DIDC.260	36,000									36,000
Well Control Equip (Snubbing Services)	DIDC.265	80,000	DICC.240	5,000	STIM.240	56,000			PCOM.240	0	141,000
Completion Rig		00,000		5,000	STIM.115	21,000			PCOM.115	0	21,000
Coil Tubing Services					STIM.260	161,000			PCOM.260	0	161,000
Completion Logging/Perforating/Wireline					STIM.200				PCOM.200		
					STIM.390	253,000			PCOM.200	0	253,000
Composite Plugs						40,000				0	40,000
Stimulation Pumping/Chemicals/Additives/Sand					STIM.210	2,680,000			PCOM.210	0	2,680,000
Stimulation Water/Water Transfer/Water Storage					STIM.395	150,000					150,000
Cimarex Owned Frac/Rental Equipment					STIM.305	60,000			PCOM.305	0	60,000
Legal/Regulatory/Curative	DIDC.300	10,000					CON.300	0			10,000
Well Control Insurance	DIDC.285	7,000									7,000
Major Construction Overhead							CON.305	27,426			27,426
FL/GL - ON PAD LABOR							CON.495	44,484			44,484
FL/GL - Labor							CON.500	88,181			88,181
FL/GL - Supervision							CON.505	19,683			19,683
Survey							CON.515	8,004			8,004
Aid In Construct/3rd Party Connect							CON.701	104,059			104,059
Contingency	DIDC.435	92,000	DICC.220	10,000	STIM.220	191,000	CON.220	111,671	PCOM.220	0	404,671
Contingency		,		,		,	CON.221	28,081			28,081
Total Intangible Cos		2,201,000		214,000		4,002,000		842,971		230,377	7,490,348
Conductor Pipe	DWEB.130	8,000		214,000		4,002,000		042,571		230,311	8,000
Water String	DWEB.135										
-	DWEB.133	74,000									74,000
Surface Casing		252,000									252,000
Intermediate Casing 1	DWEB.145	399,000		4 57 000							399,000
Production Casing or Liner			DWEA.100	157,000					DCCL IT IS		157,000
Tubing					STIMT.105	86,000			PCOMT.105	0	86,000
Wellhead, Tree, Chokes	DWEB.115	38,000	DWEA.120	18,000	STIMT.120	38,000			PCOMT.120	15,000	109,000
Liner Hanger, Isolation Packer	DWEB.100	0	DWEA.125	57,000							57,000
Packer, Nipples					STIMT.400	28,000			PCOMT.400	15,000	43,000
SHORT ORDERS							CONT.380	15,616			15,616
PUMPS							CONT.385	22,308			22,308
WALKOVERS							CONT.390	13,122			13,122
Downhole Lift Equipment					STIMT.410	80,000			PCOMT.410	50,000	130,000
Surface Equipment									PCOMT.420	15,000	15,000
Well Automation Materials									PCOMT.455	8,000	8,000
N/C Lease Equipment							CONT.400	200,113			200,113
Battery Equipment							CONT.410	89,756			89,756
Secondary Containments							CONT.415	32,805			32,805
Facility Electrical							CONT.425				
								89,493			89,493
Meters and Metering Equipment							CONT.445	20,208			20,208
Facility Line Pipe							CONT.450	25,195			25,195
Lease Automation Materials							CONT.455	88,575			88,575
FL/GL - Materials							CONT.550	17,715			17,715
FL/GL - Line Pipe							CONT.555	71,123			71,123
Total Tangible Cos		771,000		232,000		232,000		686,029		103,000	2,024,029
Total Estimated Cost		2,972,000		446,000		4,234,000		1,529,000		333,377	9,514,377

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		BCP - Drilling			ACP - Drilling			Comp/Stim	
Description	Codes		Amount	Codes		Amount	Codes		Amount
Roads & Location	DIDC.100		100,000				STIM.100	CON.100	10,000
Damages	DIDC.105		15,000						
Mud/Fluids Disposal	DIDC.255		125,000				STIM.255		52,000
Day Rate		DICC.120	435,000	DICC.120		73,000			
Misc Preparation	DIDC.120		20,000						
Bits	DIDC.125	DICC.125	62,000	DICC.125	STIM.125	0	STIM.125		0
Fuel	DIDC.135	DICC.130	89,000	DICC.130		0			
Water for Drilling Rig (Not Frac Water)	DIDC.140	DICC.135	25,000	DICC.135	STIM.135	0	STIM.135		20,000
Mud & Additives	DIDC.145		150,000						
SWD PIPED TO 3RD PARTY SWD WELL									
Surface Rentals	DIDC.150	DICC.140	101,000	DICC.140	STIM.140	0	STIM.140	CON.140	126,000
Downhole Rentals	DIDC.155		89,000				STIM.145		35,000
Flowback Labor							STIM.141		0
Automation Labor									
Mud Logging	DIDC.170		22,000						
IPC & EXTERNAL PAINTING			,						
Cementing & Float Equipment	DIDC.185	DICC.155	100,000	DICC.155		63,000			
Tubular Inspections		DICC.160	50,000		STIM.160	10,000	STIM.160		4,000
	DIDC.190				STIM.165		STIM.160		
Casing Crews Mechanical Labor			15,000			15,000		CON 170	0
		DICC.170	28,000	DICC.170	STIM.170	10,000	STIM.170	CON.170	0
Trucking/Transportation		DICC.175	18,000	DICC.175		8,000	STIM.175	CON.175	4,000
Supervision		DICC.180	76,000	DICC.180	STIM.180	10,000	STIM.180	CON.180	43,000
Trailer House/Camp/Catering		DICC.255	42,000	DICC.255	STIM.280	5,000	STIM.280		22,000
Other Misc Expenses	DIDC.220	DICC.190	5,000	DICC.190	STIM.190	0	STIM.190	CON.190	74,000
Overhead	DIDC.225	DICC.195	10,000	DICC.195		5,000			
MOB/DEMOB	DIDC.240		110,000						
Directional Drilling Services	DIDC.245		289,000						
Solids Control	DIDC.260		36,000						
Well Control Equip (Snubbing Services)	DIDC.265	DICC.240	80,000	DICC.240	STIM.240	5,000	STIM.240		56,000
Completion Rig	DIDC.LOJ	DICC.240	80,000	DICC.L+0	51111.240	5,000	STIM.115		21,000
			_			_	STIM.113		
Coil Tubing Services									161,000
Completion Logging/Perforating/Wireline							STIM.200		253,000
Composite Plugs							STIM.390		40,000
Stimulation							STIM.210		2,680,000
Stimulation Water/Water Transfer/Water							STIM.395		150,000
Cimarex Owned Frac/Rental Equipment							STIM.305		60,000
Legal/Regulatory/Curative	DIDC.300		10,000						
Well Control Insurance	DIDC.285		7,000						
Major Construction Overhead									
FL/GL - ON PAD LABOR									
FL/GL - Labor									
FL/GL - Supervision									
Survey									
Aid In Construct/3rd Party Connect									
Contingency	DIDC.435	DICC.220	92,000	DICC.220	STIM.220	10,000	STIM.220	CON.220	191,000
Contingency									
Total Intangible Cost			2,201,000			214,000			4,002,000
Conductor Pipe	DWEB.130		8,000						
Water String	DWEB.135		74,000						
Surface Casing	DWEB.140		252,000						
Intermediate Casing 1	DWEB.145		399,000						
Production Casing or Liner			555,000	DWEA.100		157,000			
Tubing				2.761.100		137,000	STIMT.105		86,000
Wellhead, Tree, Chokes	DW/ER 115	DWEA.120	20.000	DWEA.120	STIMT 120	10 000	STIMT.103		
					511111.120	18,000	311111.120		38,000
Liner Hanger, Isolation Packer	DWER 100	DWEA.125	0	DWEA.125		57,000	CTIL IT IS		
Packer, Nipples							STIMT.400		28,000
SHORT ORDERS									
PUMPS									
WALKOVERS									
Downhole Lift Equipment							STIMT.410		80,000
Surface Equipment									
Well Automation Materials									
N/C Lease Equipment									
Battery Equipment									
Secondary Containments									
Facility Electrical									
Meters and Metering Equipment									
Facility Line Pipe									
Lease Automation Materials									
FL/GL - Materials									
FL/GL - Line Pipe									
FL/GL - Line Pipe Total Tangible Cos			771,000			232,000			232,000

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COM 5	11						
		Production Equip			Post Completion		Total
Description	Codes	A	Amount	Codes		Amount	Cost
Roads & Location	CON.100		18,239	PCOM.100		10,000	138,239
Damages	CON.105		3,149				18,149
Mud/Fluids Disposal				PCOM.255		0	177,000
Day Rate							508,000
Misc Preparation							20,000
Bits				PCOM.125		0	62,000
Fuel				PCOM.130		0	89,000
Water for Drilling Rig (Not Frac Water)				PCOM.135		0	45,000
Mud & Additives							150,000
SWD PIPED TO 3RD PARTY SWD WELL				PCOM.257	2730 BWPD rate for 30 days, 1364 BWPD rate	77,377	77,377
Surface Rentals	CON.140		4,200	PCOM.140		0	231,200
Downhole Rentals			.,===	PCOM.145		0	124,000
Flowback Labor				PCOM.141	\$2200/day for 30 days Oil Patch, \$1500/day	121,000	121,000
Automation Labor	CON.150		75,190	PCOM.150	miscellaneous automation costs	5,000	80,190
Mud Logging			13,150			5,000	22,000
IPC & EXTERNAL PAINTING	CON.165		21,258				21,258
	CON.105		21,250				
Cementing & Float Equipment				DCOM 100			163,000
Tubular Inspections				PCOM.160		0	64,000
Casing Crews							30,000
Mechanical Labor	CON.170	2	201,164	PCOM.170	Miscellaneous welding and roustabout labor	15,000	254,164
Trucking/Transportation	CON.175		26,245	PCOM.175	hot shot	2,000	58,245
Supervision	CON.180		32,018	PCOM.180		0	161,018
Trailer House/Camp/Catering							69,000
Other Misc Expenses	CON.190		29,919	PCOM.190		0	108,919
Overhead							15,000
MOB/DEMOB							110,000
Directional Drilling Services							289,000
Solids Control							36,000
Well Control Equip (Snubbing Services)				PCOM.240		0	141,000
Completion Rig				PCOM.115		0	21,000
Coil Tubing Services				PCOM.260		0	161,000
Completion Logging/Perforating/Wireline				PCOM.200		0	253,000
				PCOM.200		-	
Composite Plugs						0	40,000
Stimulation Pumping/Chemicals/Additives/Sand				PCOM.210		0	2,680,000
Stimulation Water/Water Transfer/Water Storage							150,000
Cimarex Owned Frac/Rental Equipment				PCOM.305		0	60,000
Legal/Regulatory/Curative	CON.300		0				10,000
Well Control Insurance							7,000
Major Construction Overhead	CON.305		27,426				27,426
FL/GL - ON PAD LABOR	CON.495		44,484				44,484
FL/GL - Labor	CON.500		88,181				88,181
FL/GL - Supervision	CON.505		19,683				19,683
Survey	CON.515		8,004				8,004
Aid In Construct/3rd Party Connect	CON.701	1	104,059				104,059
Contingency	CON.220		111,671	PCOM.220		0	404,671
Contingency	CON.221		28,081			Ū	28,081
Total Intangible Cost			842,971			230,377	7,490,348
Conductor Pipe			042,571			230,311	8,000
Water String							
5							74,000
Surface Casing							252,000
Intermediate Casing 1							399,000
Production Casing or Liner				DCON IT I I I			157,000
Tubing				PCOMT.105		0	86,000
Wellhead, Tree, Chokes				PCOMT.120	Connecting flowline after first lift install	15,000	109,000
Liner Hanger, Isolation Packer							57,000
Packer, Nipples				PCOMT.400		15,000	43,000
SHORT ORDERS	CONT.380		15,616				15,616
PUMPS	CONT.385		22,308				22,308
WALKOVERS	CONT.390		13,122				13,122
Downhole Lift Equipment				PCOMT.410		50,000	130,000
Surface Equipment				PCOMT.420	Miscellaneous parts and fittings based off	15,000	15,000
Well Automation Materials				PCOMT.455		8,000	8,000
N/C Lease Equipment	CONT.400	2	200,113			.,	200,113
Battery Equipment	CONT.410		89,756				89,756
Secondary Containments	CONT.415		32,805				32,805
Facility Electrical	CONT.425		89,493				89,493
	CONT.445						
Meters and Metering Equipment			20,208				20,208
Facility Line Pipe	CONT.450		25,195				25,195
Lease Automation Materials	CONT.455		88,575				88,575
FL/GL - Materials	CONT.550		17,715				17,715
FL/GL - Line Pipe	CONT.555		71,123				71,123
Total Tangible Cos			686,029			103,000	2,024,029
Total Estimated Cost		15	29,000			333,377	9,514,377

A.A.P.L. FORM 610 - 1989

MODEL FORM OPERATING AGREEMENT

OPERATING AGREEMENT

DATED

<u>February 11</u>, <u>2022</u>,

OPERATOR Cimarex Energy Co. of Colorado

CONTRACT AREA E/2 Sec 21 & 28, Township 19 South, Range 34 East

INITIAL WELL: MESCALERO RIDGE 21-28 FEDERAL COM 2H

COUNTY OR PARISH OF Lea , STATE OF New Mexico

COPYRIGHT 1989 – ALL RIGHTS RESERVED AMERICAN ASSOCIATION OF PETROLEUM LANDMEN, 4100 FOSSIL CREEK BLVD. FORT WORTH, TEXAS, 76137, APPROVED FORM.

A.A.P.L. NO. 610 - 1989

COPAS 2005 Accounting Procedure Recommended by COPAS

Exhibit " C " ACCOUNTING PROCEDURE JOINT OPERATIONS

Attached to and made part of that certain Operating Agreement dated February 11, 2022, between Cimarex Energy Co, of Colorado, as Operator on behalf of Magnum Hunter Production, Inc., a wholly owned subsidiary of Cimarex Energy Co, and Chevron U.S.A. Inc., et al., as Non-

I. GENERAL PROVISIONS

IF THE PARTIES FAIL TO SELECT EITHER ONE OF COMPETING "ALTERNATIVE" PROVISIONS, OR SELECT ALL THE COMPETING "ALTERNATIVE" PROVISIONS, ALTERNATIVE 1 IN EACH SUCH INSTANCE SHALL BE DEEMED TO HAVE BEEN ADOPTED BY THE PARTIES AS A RESULT OF ANY SUCH OMISSION OR DUPLICATE NOTATION.

IN THE EVENT THAT ANY "OPTIONAL" PROVISION OF THIS ACCOUNTING PROCEDURE IS NOT ADOPTED BY THE PARTIES TO THE AGREEMENT BY A TYPED, PRINTED OR HANDWRITTEN INDICATION, SUCH PROVISION SHALL NOT FORM A PART OF THIS ACCOUNTING PROCEDURE, AND NO INFERENCE SHALL BE MADE CONCERNING THE INTENT OF THE PARTIES IN SUCH EVENT.

1. **DEFINITIONS**

All terms used in this Accounting Procedure shall have the following meaning, unless otherwise expressly defined in the Agreement:

"Affiliate" means for a person, another person that controls, is controlled by, or is under common control with that person. In this definition, (a) control means the ownership by one person, directly or indirectly, of more than fifty percent (50%) of the voting securities of a corporation or, for other persons, the equivalent ownership interest (such as partnership interests), and (b) "person" means an individual, corporation, partnership, trust, estate, unincorporated organization, association, or other legal entity.

"Agreement" means the operating agreement, farmout agreement, or other contract between the Parties to which this Accounting Procedure is attached.

"Controllable Material" means Material that, at the time of acquisition or disposition by the Joint Account, as applicable, is so classified in the Material Classification Manual most recently recommended by the Council of Petroleum Accountants Societies (COPAS).

"Equalized Freight" means the procedure of charging transportation cost to the Joint Account based upon the distance from the nearest Railway Receiving Point to the property.

"Excluded Amount" means a specified excluded trucking amount most recently recommended by COPAS.

"Field Office" means a structure, or portion of a structure, whether a temporary or permanent installation, the primary function of which is to directly serve daily operation and maintenance activities of the Joint Property and which serves as a staging area for directly chargeable field personnel.

"First Level Supervision" means those employees whose primary function in Joint Operations is the direct oversight of the Operator's field employees and/or contract labor directly employed On-site in a field operating capacity. First Level Supervision functions may include, but are not limited to:

- Responsibility for field employees and contract labor engaged in activities that can include field operations, maintenance, construction, well remedial work, equipment movement and drilling
- · Responsibility for day-to-day direct oversight of rig operations
- · Responsibility for day-to-day direct oversight of construction operations
- Coordination of job priorities and approval of work procedures
- · Responsibility for optimal resource utilization (equipment, Materials, personnel)
- · Responsibility for meeting production and field operating expense targets
- Representation of the Parties in local matters involving community, vendors, regulatory agents and landowners, as an incidental part of the supervisor's operating responsibilities
- Responsibility for all emergency responses with field staff
- Responsibility for implementing safety and environmental practices
- Responsibility for field adherence to company policy
- · Responsibility for employment decisions and performance appraisals for field personnel
- Oversight of sub-groups for field functions such as electrical, safety, environmental, telecommunications, which may have group or team leaders.

"Joint Account" means the account showing the charges paid and credits received in the conduct of the Joint Operations that are to be shared by the Parties, but does not include proceeds attributable to hydrocarbons and by-products produced under the Agreement.

"Joint Operations" means all operations necessary or proper for the exploration, appraisal, development, production, protection, maintenance, repair, abandonment, and restoration of the Joint Property.

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COPAS 2005 Accounting Procedure Recommended by COPAS, Inc.

- human resources
- management
- supervision not directly charged under Section II.2 (Labor)
- legal services not directly chargeable under Section II.9 (Legal Expense)
- taxation, other than those costs identified as directly chargeable under Section II.10 (Taxes and Permits)
- preparation and monitoring of permits and certifications; preparing regulatory reports; appearances before or meetings with
 governmental agencies or other authorities having jurisdiction over the Joint Property, other than On-site inspections; reviewing,
 interpreting, or submitting comments on or lobbying with respect to Laws or proposed Laws.

Overhead charges shall include the salaries or wages plus applicable payroll burdens, benefits, and Personal Expenses of personnel performing overhead functions, as well as office and other related expenses of overhead functions.

1. OVERHEAD—DRILLING AND PRODUCING OPERATIONS

As compensation for costs incurred but not chargeable under Section II (Direct Charges) and not covered by other provisions of this Section III, the Operator shall charge on either:

- (Alternative 1) Fixed Rate Basis, Section III.1.B.
- (Alternative 2) Percentage Basis, Section III.I.C.

A. TECHNICAL SERVICES

- (i) Except as otherwise provided in Section II.13 (Ecological Environmental, and Safety) and Section III.2 (Overhead Major Construction and Catastrophe), or by approval of the Parties pursuant to Section L6.A (General Matters), the salaries, wages, related payroll burdens and benefits, and Personal Expenses for On-site Technical Services, including third party Technical Services:
 - ✓ (Alternative 1 Direct) shall be charged <u>direct</u> to the Joint Account.
 - (Alternative 2 Overhead) shall be covered by the <u>overhead</u> rates.
- (ii) Except as otherwise provided in Section 11.13 (Ecological, Environmental, and Safety) and Section 11.2 (Overhead Major Construction and Catastrophe), or by approval of the Parties pursuant to Section I.6.A (General Matters), the salaries, wages, related payroll burdens and benefits, and Personal Expenses for Off-site Technical Services, including third party Technical Services:
 - (Alternative 1 All Overhead) shall be covered by the <u>overhead</u> rates.
 - (Alternative 2 All Direct) shall be charged <u>direct</u> to the Joint Account.
 - (Alternative 3 Drilling Direct) shall be charged <u>direct</u> to the Joint Account, <u>only</u> to the extent such Technical Services are directly attributable to drilling, redrilling, deepening, or sidetracking operations, through completion, temporary abandonment, or abandonment if a dry hole. Off-site Technical Services for all other operations, including workover, recompletion, abandonment of producing wells, and the construction or expansion of fixed assets not covered by Section 111.2 (Overhead Major Construction and Catastrophe) shall be covered by the overhead rates.

Notwithstanding anything to the contrary in this Section III, Technical Services provided by Operator's Affiliates are subject to limitations set forth in Section II.7 (*Affiliates*). Charges for Technical personnel performing non-technical work shall not be governed by this Section III.1.A, but instead governed by other provisions of this Accounting Procedure relating to the type of work being performed.

B. OVERHEAD-FIXED RATE BASIS

(1) The Operator shall charge the Joint Account at the following rates per well per month:

Drilling Well Rate per month \$______ (prorated for less than a full month)

Producing Well Rate per month \$ 800.00

- (2) Application of Overhead—Drilling Well Rate shall be as follows:
 - (a) Charges for onshore drilling wells shall begin on the spud date and terminate on the date the drilling and/or completion equipment used on the well is released, whichever occurs later. Charges for offshore and inland waters drilling wells shall begin on the date the drilling or completion equipment arrives on location and terminate on the date the drilling or completion equipment moves off location, or is released, whichever occurs first. No charge shall be made during suspension of drilling and/or completion operations for fifteen (15) or more consecutive calendar days.

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Case No. 22754, 22755, and 22756, Mescalero Ridge 21-28 Fed Com 2H, 3H, 4H, 5H and 6H

E2 on Section 21-2

February 14, 2022- Well Proposals sent to all parties, follow up emails and phone calls with working interest owners after receipt of the well proposal.

Month of **March**- Continue negotiations on OA. Receive election to participate from Nadel and Gussman and Alpha Energy Partners.

April 4, 2022- Continued phone calls and emails to finalize negotiated terms in the OA; Chevron and majority of interests signed up.

April 11, 2022-present- Communicating with final 2 working interest owners to finalize terms under the OA.

EXHIBIT	
A-4	

TAB 3

Case No. 22755

- Affidavit of Staci Mueller, Geologist Exhibit B:
- Exhibit B-1: Structure Map Exhibit B-2: Stratigraphic Cross Section
- Exhibit B-3: Gross Isochore
- Gun Barrel View Exhibit B-4:
- Trajectory Cross-section Exhibit B-5:

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

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

Case Nos. 22754-56

EXHIBIT

AFFIDAVIT OF STACI MUELLER

I, STACI MUELLER, being duly sworn on oath, state the following:

- 1. I am over the age of 18, and I have personal knowledge of the matters stated herein.
- 2. I am employed as a petroleum geologist for Cimarex Energy Co. ("Cimarex"), and I am familiar with the subject application and the geology involved.

3. This affidavit is submitted in connection with the filing by Cimarex of the abovereferenced compulsory pooling application pursuant to 19.15.4.12.A(1) NMAC.

4. I have testified previously by affidavit before the Oil Conservation Division ("Division") as an expert petroleum geologist; my credentials have been made a matter of record, and I have been qualified as an expert by the Division.

- a. 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.
- b. I have worked on New Mexico Oil and Gas matters since July 2018.

5. Exhibit B-1 is a structure map of the top of the 2nd Bone Spring Sand formation with contour interval of 20'. The unit being pooled is outlined by a white rectangle. The

structure map shows that there is a regional down-dip to the southeast. I do not observe any faulting, pinchouts, or other geologic impediments to developing this targeted interval.

6. Exhibit B-2 is a stratigraphic cross-section flattened on the top of the 3rd Bone Spring Carbonate formation. The first and third well in the cross section contains a Gamma Ray and Porosity log, and the middle well contains Gamma Ray, Resistivity, and Neutron/Density Porosity logs. The well logs are oriented north to south, and are meant to illustrate the continuity of the targeted formation. The well logs on the cross-section are representative of this formation in this area. The landing zone is highlighted by arrows.

7. Additional exhibits for the benefit of the Division's review include **Exhibit B-3**, a gross isopach of the 1st Bone Spring Sand formation, illustrating in the subject unit the thickness of the formation is between ~390-410ft. **Exhibit B-4** is a gun barrel representation of the unit. It illustrates what Cimarex has concluded to be optimal spacing and configuration for the development of the Bone Spring formation in this area. **Exhibit B-5** is a trajectory cross section-oriented N-S and highlights the reservoir being targeted as being correlative & continuous.

- 8. I conclude from the attached exhibits that:
 - a. The horizontal spacing and proration unit is justified from a geologic standpoint.
 - b. There are no structural impediments or faulting that will interfere with horizontal development.
 - c. Each quarter-quarter section in the unit will contribute more or less equally to production.

9. The preferred well orientation in this area is North-South so that the wells run subperpendicular to the inferred orientation of the maximum horizontal stress.

10. The Exhibits to this Affidavit were prepared by me or compiled from Cimarex's company business records under my direct supervision.

11. The granting of this Application is in the interests of conservation, the prevention of waste and the drilling of unnecessary wells, and the protection of correlative rights.

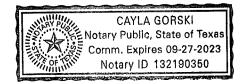
12. The foregoing is correct and complete to the best of my knowledge and belief.

[Signature page follows]

FURTHER AFFIANT SAYETH NAUGHT

Staci Mueller

Subscribed to and sworn before me this 2^{MD} day of May, 2022.



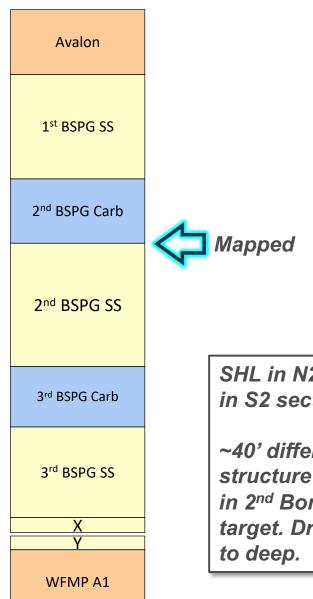
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Ynn

Notary Public

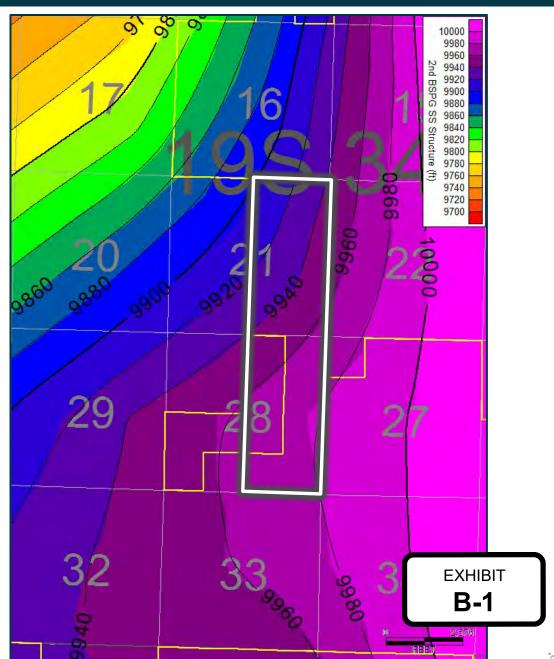
2nd Bone Spring Sand Structure

COTERRA



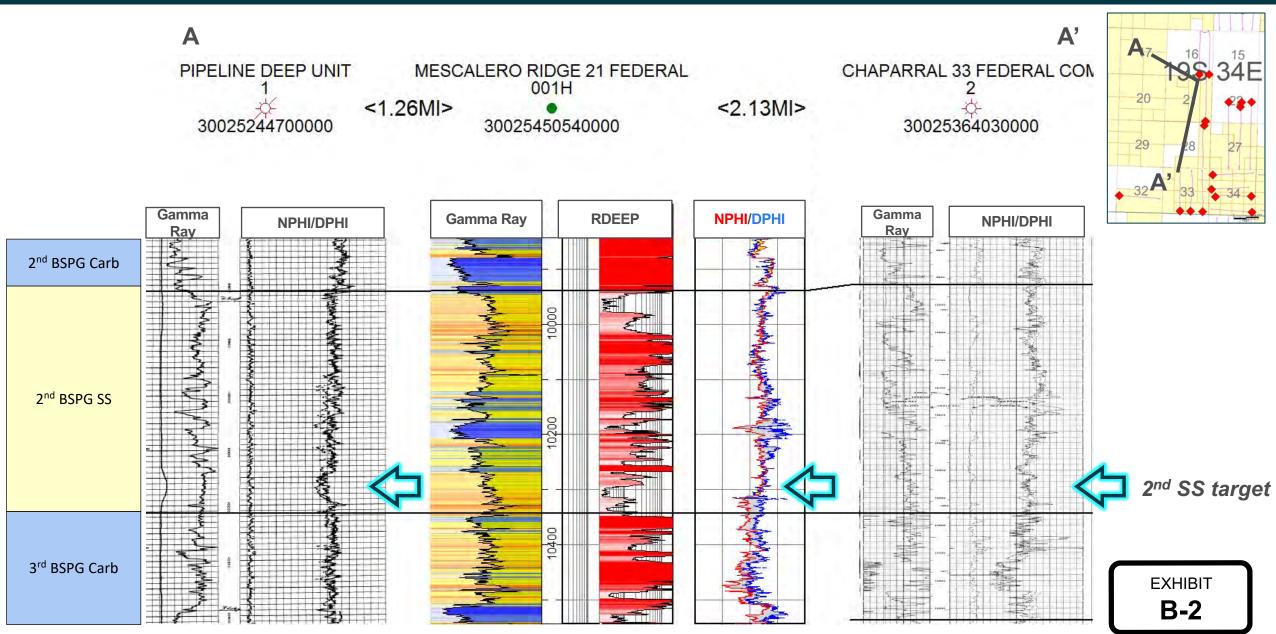
SHL in N2 section 21, BHL in S2 section 28.

~40' difference in TVD structure from SHL to BHL in 2nd Bone Spring Sand target. Drilling from shallow to deep.



Stratigraphic Cross Section

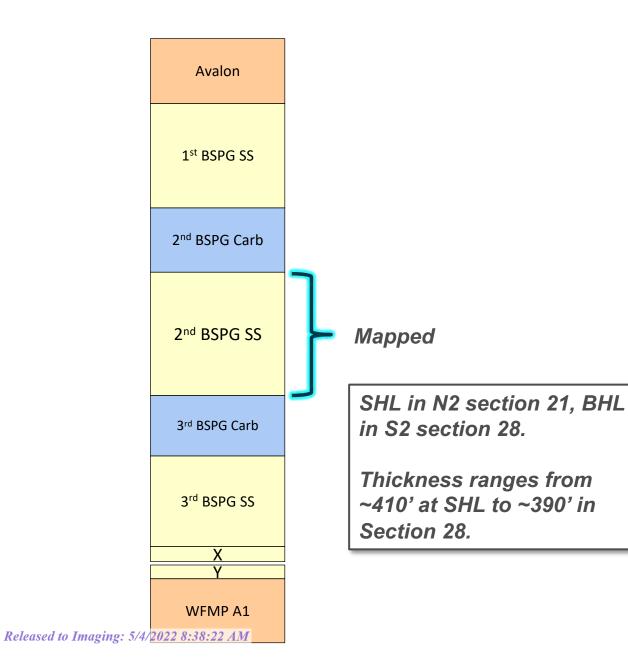


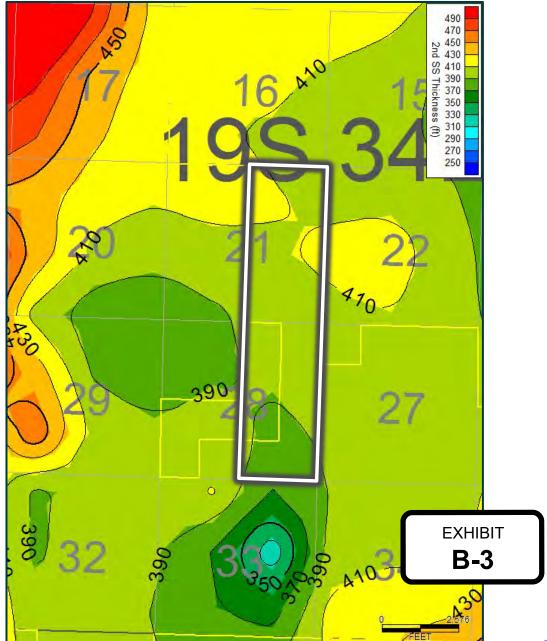


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2nd Bone Spring Sand Thickness

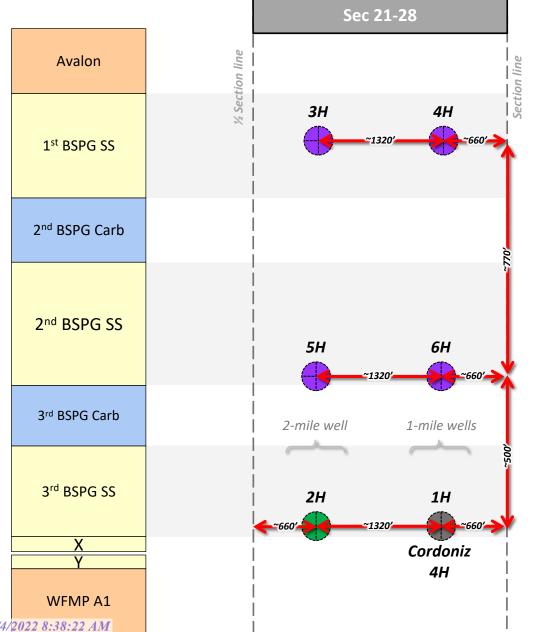
COTERRA

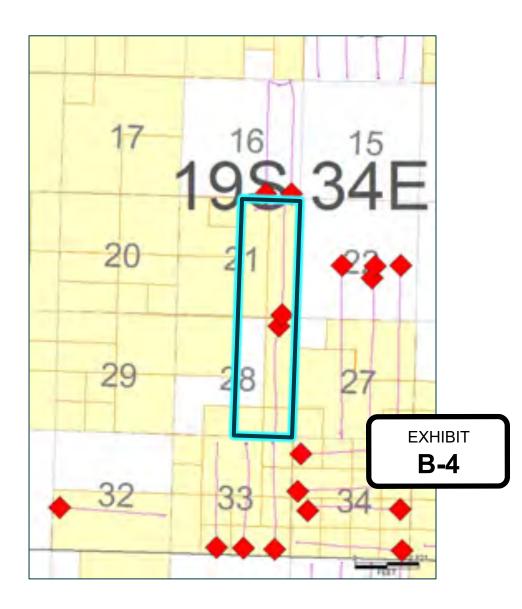




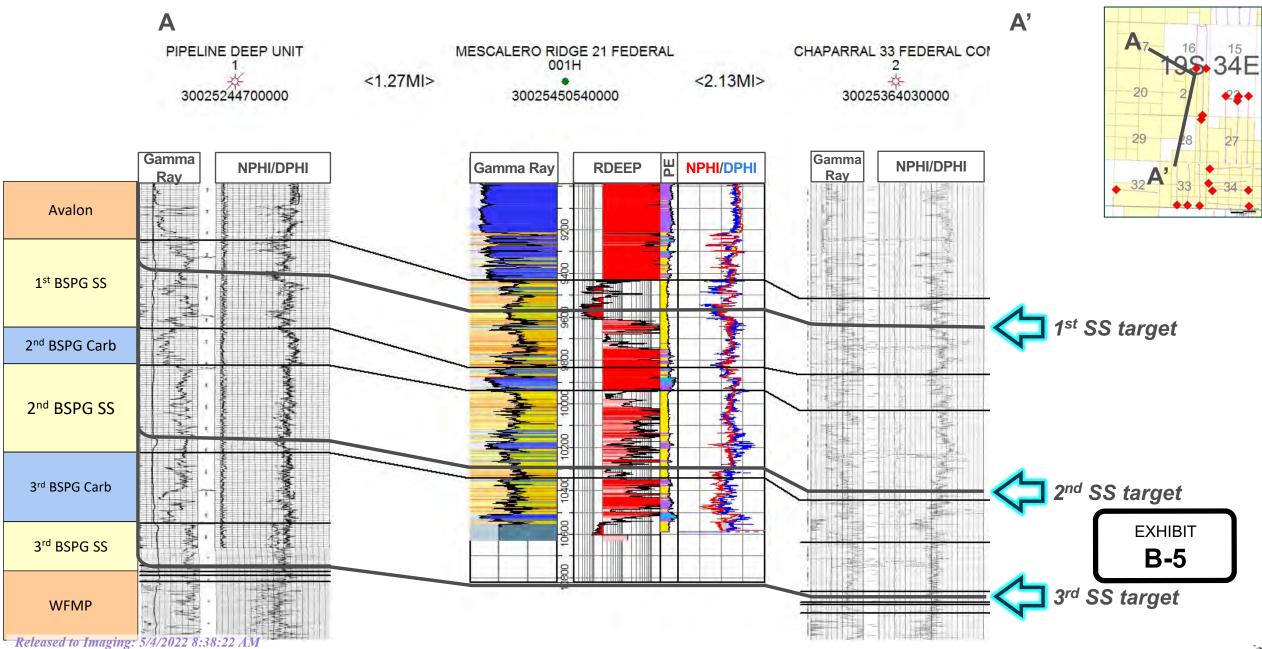
Gun Barrel View







Cross Section



TAB 4

Case No. 22755

- Affidavits of Notice, Darin C. Savage Exhibit C:
- Exhibit C-1: Notice Letters (WI, ORRI, & RT) Exhibit C-2: Mailing List Exhibit C-3: Affidavit of Publication

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

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

Case No.22755

AFFIDAVIT OF NOTICE

STATE OF NEW MEXICO)) ss. COUNTY OF SANTA FE)

I, Darin C. Savage, attorney and authorized representative of Cimarex Energy Co. ("Cimarex"), the Applicant herein, being first duly sworn, upon oath, states the following:

1. Notice of the application and hearing in the above-reference case was timely sent by certified mail, return receipt requested, through the United States Postal Service on April 14, 2022, to all uncommitted interest owners sought to be pooled in this proceeding. See Exhibit C-2, attached hereto. Copies of notice letters and evidence of mailing to parties are attached hereto as Exhibits C-1 and C-2.

2. Cimarex submitted its publication notice to the Hobbs News-Sun, a newspaper of general circulation in Eddy County, New Mexico, in an appropriate time for successful publication. However, due to an excessive volume of publication notices submitted during this cycle, Cimarex was one of several parties that had their notice published a day late. Therefore, notice was published in the Hobbs News-Sun on April 22, 2022, as reflected in the Affidavit of Publication attached hereto as Exhibit C-3. Pursuant to the OCD's letter, "Clarification of Notices for OCD Hearing Guidelines and Compulsory Pooling Applications," dated effective January 23,

ехнівіт **С** 2020, Cimarex will submit a "Motion for Continuing Publication Notice" requesting a bifurcation of the publication notice from the other matters to be heard on May 5, 2022, so the matter of publication notice can be satisfied at the May 19, 2022, Docket.

3. Cimarex has conducted a good faith, diligent effort to find the names and correct addresses for the interest owners entitled to receive notice of the application filed herein.

Signature page follows

Darin C. Savage

Darm C. Savage

SUBSCRIBED AND SWORN to before me this 3 day of May, 2022, by Darin C. Savage.

Notary Public

My Commission Expires:

0/2026 02

STATE OF NEW MEXICO NOTARY PUBLIC MARSHA DALTON COUCH COMMISSION #1077509 COMMISSION EXPIRES 02/10/2026 **Received by OCD: 5/3/2022 6:55:26 PM**





ABADIE | SCHILL PC

Colorado New Mexico Louisiana Texas Kansas Utah Nebraska Wyoming Montana California Oklahoma North Dakota

April 14, 2022

VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of Cimarex Energy Co., for a horizontal spacing unit and compulsory pooling, Lea County, New Mexico <u>Mescalero Ridge 21-28 Federal Com 2H Well</u> (Case No. 22754) <u>Mescalero Ridge 21-28 Fed Com 3H Well</u> (Case No. 22755) <u>Mescalero Ridge 21-28 Fed Com 4H Well</u> (Case No. 22756) <u>Mescalero Ridge 21-28 Fed Com 5H Well</u> (Case No. 22755) Mescalero Ridge 21-28 Fed Com 6H Well (Case No. 22756)

Case Nos. 22754, 22755 & 22756:

Dear Interest Owners:

This letter is to advise you that Cimarex Energy Co. ("Cimarex") has filed the enclosed applications, Case Nos. 22754, 22755 & 22756, with the New Mexico Oil Conservation Division for the compulsory pooling of units in the Bone Spring formation.

In Case No. 22754, Cimarex seeks to pool the 3rd Bone Spring (10,527 ft to bottom of the Bone Spring) covering the W/2 E/2 of Sections 21 and 28, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico, a standard unit encompassing 320 acres, more or less, dedicated to the above-referenced 2H Well (Case No. 22754). Please note the depth severance in Paragraph 5 of the attached application.

In Case No. 22755, Cimarex seeks to pool the 1st and 2nd Bone Spring (from top of the Bone Spring to 10,527 ft) covering the W/2 E/2 of Sections 21 and 28, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico, a standard unit encompassing 320 acres, more or less, dedicated to the above-referenced 3H and 5H Wells (Case No. 22755). Please note the depth severance in Paragraph 6 of the attached application.

EXHIBIT

C-1

In Case No. 22756, Cimarex seeks to pool the 1^{st} and 2^{nd} Bone Spring (from top of the Bone Spring to 10,527 ft) covering the E/2 E/2 of Sections 21 and 28, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico, a standard unit encompassing 320 acres, more or less, dedicated to the above-referenced 4H and 6H Wells (Case No. 22756). Please note the depth severance in Paragraph 7 and overlapping units in Paragraph 8 of the attached application.

A hearing has been requested before a Division Examiner on May 5, 2022, and the status of the hearing can be monitored through the Division's website. Division hearings will commence at 8:15 a.m., traditionally in Porter Hall at the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. However, under the COVID-19 Public Health Emergency, the hearing will be conducted remotely online. For information about remote access and the status of the case, you can visit the Division's website at: <u>https://www.emnrd.nm.gov/ocd/hearing-info/</u> or call (505) 476-3441.

You are being notified as an interest owner and are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B NMAC to file a Prehearing Statement at least four business days in advance of a scheduled hearing, but in no event later than 5 p.m. mountain time on the Thursday preceding the scheduled hearing date. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: The names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter, please contact John Coffman at (432) 571-7883 or at john.coffman@coterra.com.

Sincerely,

Darin C. Savage

Attorney for Cimarex Energy Co.

Received by OCD: 5/3/2022 6:55:26 PM



Page 154 of 292

ABADIE I SCHILL PC

Colorado New Mexico Louisiana Texas Kansas Utah Nebraska Wyoming Montana California Oklahoma North Dakota

April 14, 2022

VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

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Case Nos. 22754, 22755 & 22756:

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You are being notified as an overriding royalty interest owner and are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

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Sincerely,

Darin C. Savage

Attorney for Cimarex Energy Co.

Received by OCD: 5/3/2022 6:55:26 PM



ABADIE | SCHILL PC

Colorado New Mexico Louisiana Texas Kansas Utah Nebraska Wyoming Montana California Oklahoma North Dakota

April 14, 2022

For the Pursuit of Energy

VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED

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Case Nos. 22754, 22755 & 22756:

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a b a d i e s c h i l l . c o m 214 McKenzie Street, Santa Fe, New Mexico, 87501 O : 970.385.4401 • F : 970.385.4901 In Case No. 22756, Cimarex seeks to pool the 1^{st} and 2^{nd} Bone Spring (from top of the Bone Spring to 10,527 ft) covering the E/2 E/2 of Sections 21 and 28, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico, a standard unit encompassing 320 acres, more or less, dedicated to the above-referenced 4H and 6H Wells (Case No. 22756). Please note the depth severance in Paragraph 7 and overlapping units in Paragraph 8 of the attached application.

A hearing has been requested before a Division Examiner on May 5, 2022, and the status of the hearing can be monitored through the Division's website. Division hearings will commence at 8:15 a.m., traditionally in Porter Hall at the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. However, under the COVID-19 Public Health Emergency, the hearing will be conducted remotely online. For information about remote access and status of the case, you can visit the Division's website at: <u>https://www.emnrd.nm.gov/ocd/hearing-info/</u> or call (505) 476-3441.

You are being notified as an owner of Record Title, not a Working Interest owner with operating rights, and are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B NMAC to file a Prehearing Statement at least four business days in advance of a scheduled hearing, but in no event later than 5 p.m. mountain time on the Thursday preceding the scheduled hearing date. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: The names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter, please contact John Coffman at (432) 571-7883 or at john.coffman@coterra.com.

Sincerely,

Darin C. Savage

Attorney for Cimarex Energy Co.

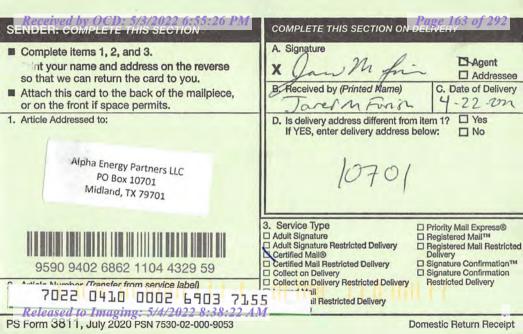
Interest	Name	Address	City	State	Zip	Date Mailed	<u>Status</u>	Date Delivered	Green Card Returned?
WI	Cimarex Energy Co.	600 N. Marienfeld St., Ste 600	Midland	TX	79701				
WI	Chevron	1400 Smith Street	Houston	ТΧ	77002		In Transit per USPS.com	-	-
WI	TLW Investments LLC	PO Box 301535	Dallas	TX	75303	4.14.22	Delivered	4.19.22	YES
WI	Matador Resources Company	5400 LBJ Freeway, Suite 1500	Dallas	TX	75240	4.14.22	Delivered	4.18.22	YES
WI	Nadel and Gussman Capitan LLC	15 E. 5th St. Suite 3300	Tulsa	OK	74103	4.14.22	Delivered	N/A	YES
WI	XTO Holdings LLC, Attn: Bryan Cifuentes	22777 Springwoods Village Pkwy	Spring	TX	77389	4.14.22	Delivered	4.19.22	YES
WI	Alpha Energy Partners LLC	PO Box 10701	Midland	TX	79701	4.14.22	Delivered	4.22.22	YES
RI	United States of America BLM	414 W. Taylor St.	Hobbs	NM	88240	4.14.22	Delivered	4.25.22	YES
RT	Burlington Resources Oil & Gas Co LP	PO Box 51810	Midland	ТΧ	79710	4.14.22	In Transit per USPS.com	-	-
RT	BXP Operating LLC	11757 Katy Fwy Suite 475	Houston	ТΧ	77079	4.14.22	Delivered per USPS.com	4.19.22	NO
RT	BXP Partners V LP	3890 W Northwest Hwy Suite 670	Dallas	TX	75220	4.14.22	Delivered	N/A	YES
RT	EOG Resources Inc	1111 Bagby St Lobby 2	Houston	TX	77002 75240	4.14.22	Delivered	Illegible	YES
RT	Merit Energy Partners D-III	13727 Noel Rd Suite 1200	Dallas	ТΧ			In Transit per USPS.com	-	-
RT	Merit Energy Partners III LP	13727 Noel Rd Suite 1200	Dallas	ТХ	75240	4.14.22	Delivered	4.19.22	YES
RT	Merit Management Partners I LP	13727 Noel Rd Suite 500	Dallas	TX	75240	4.14.22	Delivered	4.19.22	YES
RT	Pernoc Oil Corp	1515 W Calle Sur St Suite 174	Hobbs	NM	88240	4.14.22	Delivered	4.18.22	YES
RT	Chevron USA Inc	6301 Deauville	Midland	ТΧ	79706	4.14.22	Delivered	4.19.22	YES
RT	Stivason Celia	9500 Harritt Rd	Lakeside	CA	92040	4.14.22	In Transit per USPS.com	-	-
RT	Balog Family Trust	PO Box 111890	Anchorage	AK	99511				
RT	Jack V Walker Revocable Trust (THE)	PO Box 102256	Anchorage	AK	99511	4.14.22	Delivered	4.18.22	YES
RT	Titzel Shannon	1800 Rogers Park Ct	Anchorage	AK.	99508				
RT	Chargoil & Gas Co LLC	PO Box 29450	Santa Fe	NM	87592				
RT	Lenox Mineral Title Holdings Inc	1707 1/2 Post Oak Blvd #171	Houston	ТΧ	77056	4.14.22	Delivered	4.22.22	YES
RT	Shogoil & Gas Co II Inc	PO Box 29450	Santa Fe	NM	87592	4.14.22	Delivered	N/A	YES
ORRI	Atlas Investment Corporation	210 W. Park Ave., #660	OKC	OK	73102	4.14.22	Returned Undeliverable	-	-
ORRI	Balog Family Trust dated August 15, 2002	P.O. Box 111890	Anchorage	AK	99511	4.14.22	Delivered	N/A	YES
ORRI	Bank of America, N.A., Sole Trustee of the Selma E. Andrews Trust for benefit of Peggy Barrett	P.O. Box 830308	Dallas	TX	75283	4.14.22	Delivered	4.18.22	YES
ORRI		P.O. Box 830308	Dallas	TX	75283	4.14.22	Delivered	4.18.22	YES
ORRI	Billy Wayne Gorman and Romayne Hope Gorman, General Partners of the Billy Wayne Gorman Family Investment Limited Partnership	11141 Blue Stem Backroad	окс	ОК	73162	4.14.22	In Transit per USPS.com	-	-
ORRI		P.O. Box 830308	Dallar	TX	75283	4.14.22	Delivered	4.18.22	YES
-	Braille Institute of America, Inc. c/o NCNB Texas	P.O. Box 29450	Dallas	NM	87592	4.14.22			163
ORRI	Cargoil and Gas Company, LLC		Santa Fe				Undeliverable per USPS.com	-	-
ORRI	Celia Stivason	32066 Hwy 94	Campo	CA	91906 77002	4.14.22	In Transit per USPS.com	-	-
	Chevron USA Inc.		Houston	TX-		414.00	-	1 07 00	MEG.
ORRI	Dennis Eimers	P.O. Box 50637	Midland	TX	79710	4.14.22	Delivered	4.27.22	YES
ORRI	First National Bank of Roswell, N.A., Trustee under the Last Will and Testament of Foster Morrell dated August 5, 1971	111 East 5th St.	Roswell	NM	88201	4.14.22	In Transit per USPS.com	-	-
ORRI	FOKL LLC	P.O. Box 1533	OKC	OK	73101	4.14.22	Delivered	4.20.22	YES
ORRI	Hillman Royalties, LP	1415 S. Voss, #110-105	Houston	TX	77057	4.14.22	Delivered	N/A	YES; Unsigned
ORRI	Jack V. Walker Revocable Trust dated May 21, 1981; Valorie Faye Walker, Successor Trustee	P.O. Box 1216	Albuquerque	NM	87183	4.14.22	Delivered	4.22.22	YES
ORRI	Jerry Barnes	P.O. Box 768	Chillicothe	MO	64601	4.14.22	In Transit per USPS.com	-	-
ORRI	Joseph M. Green and Erma Dean Green, Trustees of the Green Family Trust under instrument dated April 3, 1992	3795 Vancouver Dr.	Dallas	TX	75229	4.14.22	Returned Undeliverable		
ORRI	Kathleen Earnest Rios and Robert E. Rios, Co-Trustees of the Robert P. Earnest and Anna Dokus Earnest Trust aka Trust "B"	2401 N. Beazos Ave.	Hobbs	NM	88240	4.14.22	In Transit per USPS.com	-	-
ORRI	LIA Charitable Investments LLC	1717 West Loop South, Suite 1800	Houston	TX	77027	4.14.22	Delivered	4.18.22	YES
	Magnum Hunter Production, Inc.	600 N. Marienfield St., #600	Midland	TX	79701	4.14.22	Delivered	4.18.22	YES
ORRI	Marshall & Winston, Inc.	P.O. Box 50880	Midland	TX	79710	4.14.22	Delivered	4.19.22	YES
ORRI	Matador Resources Company	5400 LBJ Freeway, Suite 1500	Dallas	TX	75240	1.1 1.22			
	McElroy Minerals, LLC c/o Catherine Cecile Darch	4210 S. Bellaire Circle	Englewood	CO	80113	4.14.22	Delivered	4.18.22	YES
ORRI	Richard H. Coats	P.O. Box 2412	Midland	TX	79702	4.14.22	Delivered	4.18.22 N/A	YES
		P.O. Box 54584	OKC	OK	73154	4.14.22	Delivered	4.26.22	YES
ORRI	Rockwell Energy Resources, LLC			AK	99508	4.14.22		4.26.22	YES
0	Shannon Titzel	1800 Rogers Park Ct.	Anchorage				Delivered		
	Shogoil and Gas Company II, LLC	P.O. Box 209	Hay Springs	NE	69347	4.14.22	Delivered	N/A	YES
ORRI	Steven R. Garrity	P.O. Box 20500	OKC	OK	73156	4.14.22	In Transit per USPS.com	-	-
ORRI	The First National Bank of Roswell, N.A., Trustee of the Edna E. Morrell Living Trust	111 East 5th St.	Roswell	NM	88201	4.14.22	In Transit per USPS.com	-	-
ORRI	Unknown Trustee of the Robert Welch Gillespie and Katherine Deuel Gillespie Revocable Trust u/a/d 3/11/92	1250 E. Walnut Street, #220	Pasadena	CA	91106	4.14.22	Delivered	4.18.22	YES
ORRI	Van P. Welch, Jr.	2259-C Via Puerta	Laguna Hills	CA	92653	4.14.22	In Transit per USPS.com	-	-
	Wallace H. Scott, III	2901 Oakhurst Ave.	Austin	TX	78703	4.14.22	Delivered	4.19.22	YES
OKKI									

ORRI	William Winfield Scott	3000 Willowood Circle	Austin	TX	78703	4.14.22	Undeliverable per USPS.com	-	-
ORRI	Wing Resources III, LLC	2100 McKinney Ave., #1540	Dallas	TX	75201	4.14.22	Delivered	4.18.22	YES





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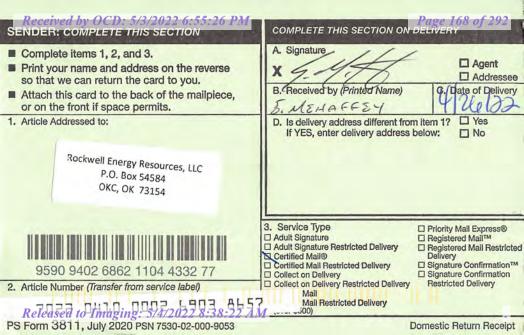


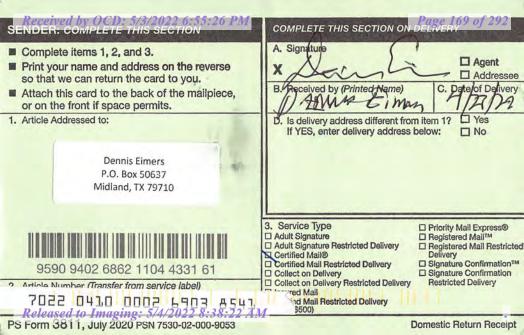
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Nadel and Gussman Capitan LLC 15 E. 5th St. Suite 3300 Tulsa, OK 74103		
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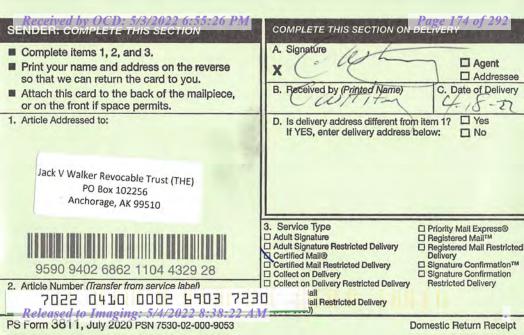




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1. Article Addressed to: Balog Family Trust dated August 15, 2002 P.O. Box 111890 Anchorage, AK 99511	D. Is delivery address different from If YES, enter delivery address b	
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1. Article Addressed to: McElroy Minerals, LLC 4210 S. Bellaire Circle Englewood, CO 80113		D. Is delivery address different from If YES, enter delivery address t	
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1. Article Addressed to: Matador Resources Company 5400 LBJ Freeway, Suite 1500 Dallas, TX 75240	D. Is delivery address different from If YES, enter delivery address b	
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1. Article Addressed to: Magnum Hunter Production, Inc. 600 N. Marienfield St., #600 Midland, TX 79701	D. Is delivery address different from If YES, enter delivery address	
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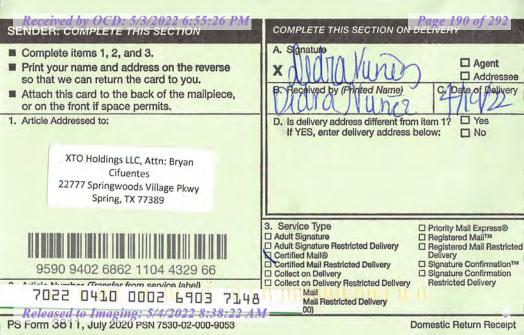
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1. Article Addressed to: Pernoc Oil Corp 1515 W Calle Sur St Suite 174	D. Is delivery address different from If YES, enter delivery address t	
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1. Article Addressed to:	D. Is delivery address different from item 1? ☐ Yes If YES, enter delivery address below: ☐ No
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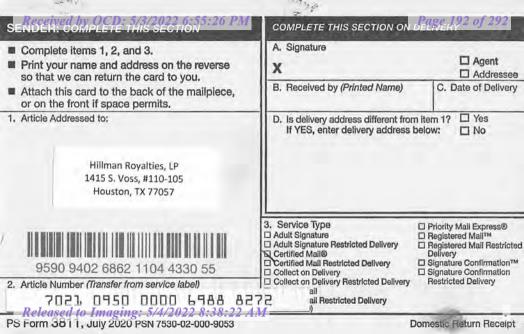














Affidavit of Publication

STATE OF NEW MEXICO COUNTY OF LEA

I. Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

> Beginning with the issue dated April 22, 2022 and ending with the issue dated April 22, 2022.

Publisher

Sworn and subscribed to before me this 22nd day of April 2022.

Circulation Clerk

My commission expires October 29, 2022 (Seal)

> AMITY E. HIPP otary Public - State of New Mexico Commission # 1123569 My Comm. Expires Oct 29, 2022

This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

LEGAL NOTICE

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EXHIBIT

KAIYA TOOP **ABADIE SCHILL** 555 RIVERGATE LANE 84-180 DURANGO, CO 81301

TAB 1

Case No. 22756

Reference for Case No. 22756 Application Case No. 22756 – Mescalero Ridge 21-28 Fed Com 4H and 6H Wells NMOCD Checklist Case No. 22756

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

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

Case No. ____22756

APPLICATION

Cimarex Energy Co. ("Cimarex"), OGRID No. 215099, through its undersigned attorneys, hereby files this Application with the Oil Conservation Division ("Division") pursuant to the provisions of NMSA 1978, Section 70-2-17, seeking an order (1) establishing a standard 320-acre, more or less, spacing and proration unit comprised of the E/2 E/2 of Sections 21 and 28, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico, and (2) pooling all uncommitted mineral interests from the top of the Quail Ridge; Bone Spring Pool [Code 50460] to a depth of 10,527 feet, designated as an oil pool, underlying said unit.

In support of its Application, Cimarex states the following:

1. Cimarex is a working interest owner in the proposed horizontal spacing and proration unit ("HSU") and has a right to drill a well thereon.

Cimarex proposes and dedicates to the HSU the Mescalero Ridge 21-28 Fed Com
 4H Well and Mescalero Ridge 21-28 Fed Com 6H Well as initial wells, to be drilled to a depth sufficient to test the Bone Spring formation.

3. Cimarex proposes the **Mescalero Ridge 21-28 Fed Com 4H**, an oil well, to be horizontally drilled from a surface location in the NW/4 NE/4 (Unit B) of Section 21 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 28.

4. Cimarex proposes the **Mescalero Ridge 21-28 Fed Com 6H**, an oil well, to be horizontally drilled from a surface location in the NW/4 NE/4 (Unit B) of Section 21 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 28.

5. The proposed wells are orthodox in their locations, and the take points and completed intervals comply with setback requirements under the statewide rules.

6. Cimarex has sought in good faith, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the wells or in the commitment of their interests to the wells for development within the proposed HSU.

7. A depth severance exists in the Bone Spring formation within the proposed HSU. Accordingly, Cimarex seeks to pool a portion of the Quail Ridge; Bone Spring pool [Code 50460], to include the 1st and 2nd Bone Spring formations of said pool, from the top of the pool at a stratigraphic equivalent of 8,085 feet measured depth, as defined by the Triple Combo Log in the Mescalero Ridge 20 Federal 1 Well (API No. 30-025-36099), to a depth of 10,527 feet, that being the base of the 2nd Bone Spring. Cimarex will provide notice of this hearing to the vertical offset parties within the pool who are not subject to the pooling application.

8. Cimarex owns and operates an existing well, the Mescalero Ridge 21 Federal 1H Well (API No. 30-02-4504), whose unit covers the Bone Spring formation in the E/2 E/2 of Section 21, and Cimarex owns and operates an existing well, the Cordoniz 28 Federal Com 4H Well (API No. 30-025-41834), whose unit covers the Bone Spring formation in the E/2 E/2 of Section 28. Consequently, Cimarex seeks approval for over-lapping units as it develops the E/2 E/2 of Sections 21 and 28 for the Mescalero Ridge 21-28 Fed Com 4H and 6H Wells.

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9. The pooling of all interests in the Bone Spring formation within the proposed HSU, and establishing the spacing unit, will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

10. In order to provide for its just and fair share of the oil and gas underlying the subject lands, Cimarex requests that all uncommitted interests in this HSU be pooled and that Cimarex be designated the operator of the proposed horizontal well and HSU.

WHEREFORE, Cimarex requests that this Application be set for hearing on May 5, 2022, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

A. Establishing a standard 320-acre, more or less, spacing and proration unit comprised of the E/2 E/2 of Sections 21 and 28, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico;

B. Pooling all uncommitted mineral interests in specified depths of the Bone Spring formation underlying the proposed HSU;

C. Approving the Mescalero Ridge 21-28 Fed Com 4H Well and Mescalero Ridge21-28 Fed Com 6H Well as wells for the HSU.

D. Designating Cimarex as operator of this HSU and the horizontal wells to be drilled thereon;

E. Approving overlapping units as described above in Paragraph 8 to account for the existing Mescalero Ridge 21 Federal 1H Well (API No. 30-025-45054) and Cordoniz 28 Federal Com 4H Well (API No. 30-025-41834).

F. Authorizing Cimarex to recover its costs of drilling, equipping, and completing the wells;

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G. Approving actual operating charges and costs of supervision, to the maximum extent allowable, while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

H. Setting a 200% charge for the risk assumed by Cimarex in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage

Darin C. Savage

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

Attorneys for Cimarex Energy Co.

Application of Cimarex Energy Co. for a Horizontal Spacing Unit and Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the Division: (1) establishing a standard 320-acre, more or less, spacing and proration unit comprised of the E/2 E/2 of Sections 21 and 28, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico, and (2) pooling all mineral interests from the top of the Quail Ridge; Bone Spring Pool [Code 50460] to a depth of 10,527 feet, designated as an oil pool, underlying the unit. The proposed oil wells to be dedicated to the horizontal spacing unit are the Mescalero Ridge 21-28 Fed Com 4H Well and Mescalero Ridge 21-28 Fed Com 6H Well, each to be horizontally drilled from a surface location in the NW/4 NE/4 (Unit B) of Section 21 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 28. The wells will be orthodox, and the take points and completed intervals will comply with the setback requirements under the statewide Rules; also to be considered will be approval of overlapping units for the existing Mescalero Ridge 21 Federal 1H Well (API No. 30-025-45054) and Cordoniz 28 Federal Com 4H Well (API No. 30-025-41834); the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 24 miles soutwest from Hobbs.

Received by OCD: 5/3/2022 6:55:26 PM COMPULSORY POOLING APPLICATION CHECKLIST

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ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS Case: 22756 APPLICANT'S RESPONSE			
	APPLICANT'S RESPONSE		
Date	May 5, 2022		
Applicant	Cimarex Energy Co.		
Designated Operator & OGRID (affiliation if applicable)			
Applicant's Counsel: Case Title:	Darin C. Savage - Abadie & Schill, PC Application of Cimarex Energy Co. for a Horizontal Spacing Unit and Compulsory Pooling, Lea County, New Mexico		
Entries of Appearance/Intervenors:	MRC Permian Company, EGL Resources, Inc.		
Well Family	Mescalero Ridge		
Formation/Pool			
Formation Name(s) or Vertical Extent:	Bone Spring		
Primary Product (Oil or Gas):	Oil		
Pooling this vertical extent:	Exhibit B-2; 4H TVD approx. 9,696', 6H TVD approx. 10,300'		
Pool Name and Pool Code:	Quail Ridge; Bone Spring Pool [Code: 50460]		
Well Location Setback Rules:	Standard statewide rules		
Spacing Unit Size:	320 acres, more or less		
Spacing Unit			
Type (Horizontal/Vertical)	Horizontal		
Size (Acres)	320 acres, more or less		
Building Blocks:	quarter quarter sections (40 ac tracts)		
Orientation:	north - south		
Description: TRS/County	E/2 E/2 of Sections 21 and 28, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico		
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes		
Other Situations			
Depth Severance: Y/N. If yes, description	Yes, See Landman Exhibit A		
Proximity Tracts: If yes, description	No		
Proximity Defining Well: if yes, description	No		
Applicant's Ownership in Each Tract	See Landman Exhibit A-2		
Well(s)			
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)			
Well #1	Mescalero Ridge 21-28 Federal Com 4H Well (API No. 30- 015-pending), SHL: Unit B, 484' FNL, 2080' FEL, Section 21 T19S-R34E, NMPM; BHL: Unit P, 100' FSL, 660' FEL, Section 28, T19S-R34E, standup, standard location		
Horizontal Well First and Last Take Points	Mescalero Ridge 21-28 Federal Com 4H Well: FTP 100' FNL, 660' FEL, Section 21; LTP 100' FSL, 660' FEL, Section 28		
Completion Target (Formation, TVD and MD)	Mescalero Ridge 21-28 Federal Com 4H Well: TVD approx. 9,696', TMD 19,500'; Bone Spring Formation, See Exhibit B-2		
Well #2	Mescalero Ridge 21-28 Federal Com 6H Well (API No. 30- 015-pending), SHL: Unit B, 424' FNL, 2000' FEL, Section 21 T19S-R34E, NMPM; BHL: Unit P, 100' FSL, 660' FEL, Section 28, T19S-R34E, standup, standard location		
Horizontal Well First and Last Take Points	Mescalero Ridge 21-28 Federal Com 6H Well: FTP 100' FNL, 660' FEL, Section 21; LTP 100' FSL, 660' FEL, Section 28		

Completion Target (Formation, TVD and MD)	Mescalero Ridge 21-28 Federal Com 6H Well: TVD approx. 10,300', approx. TMD 20,100'; Bone Spring Formation, See Exhibit B-2
AFE Capex and Operating Costs	a second second second second
Drilling Supervision/Month \$	\$8,000, Exhibit A
Production Supervision/Month \$	\$800, Exhibit A
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%, Exhibit A
Notice of Hearing	
Proposed Notice of Hearing	Exhibit C, C-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C-2
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-3
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A-2
Tract List (including lease numbers and owners)	Exhibit A-2
Pooled Parties (including ownership type)	Exhibit A-2
Unlocatable Parties to be Pooled	Exhibit A
Ownership Depth Severance (including percentage above & below)	Exhibit A-2
Joinder	
Sample Copy of Proposal Letter	Exhibit A-3
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-2
Chronology of Contact with Non-Joined Working Interests	Exhibit A-4
Overhead Rates In Proposal Letter	Exhibit A-3
Cost Estimate to Drill and Complete	Exhibit A-3
Cost Estimate to Equip Well	Exhibit A-3
Cost Estimate for Production Facilities	Exhibit A-3
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-1
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-4
Well Orientation (with rationale)	Exhibit B, B-1
Target Formation	Exhibit B, B-2
HSU Cross Section	Exhibit B-2, B-4, B-5
Depth Severance Discussion	Exhibit A, B
Forms, Figures and Tables	
C-102	Exhibit A-1
Tracts	Exhibit A-1, A-2, B-1
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-2
General Location Map (including basin)	Exhibit A-2
Well Bore Location Map	Exhibit B-1, B-4
Structure Contour Map - Subsea Depth	Exhibit B-1
Cross Section Location Map (including wells)	Exhibit B-2, B-5
Cross Section (including Landing Zone) Additional Information	Exhibit B-2, B-4, B-5
Special Provisions/Stipulations	
CERTIFICATION: I hereby certify that the information provided in	this checklist is complete and accurate.
Printed Name (Attorney or Party Representative):	Darin C. Savage
Signed Name (Attorney or Party Representative):	14

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TAB 2

Case No. 22756

- Exhibit A: Affidavits of John Coffman, Landman
- Exhibit A-1: C-102 Forms
- Exhibit A-2: Ownership and Sectional Map
- Exhibit A-3: Well Proposal Letters and AFEs
- Exhibit A-4: Chronology of Contacts with Uncommitted Owners

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

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

Case No. 22756

AFFIDAVIT OF JOHN COFFMAN

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

I, being duly sworn on oath, state the following:

1. I am over the age of eighteen years and have the capacity to execute this Affidavit, which is based on my personal knowledge.

2. I am employed as a Landman with Cimarex Energy Co. ("Cimarex"), and I am familiar with the subject application and the lands involved.

3. 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. I have attached my resume for the New Mexico Oil Conservation Division's ("Division") review and ask that my credentials as an expert witness in petroleum land matters be accepted and made a matter of record.

4. This affidavit is submitted in connection with the filing by Cimarex of the above-referenced spacing and compulsory pooling application pursuant to 19.15.4.12.A(1).

5. Cimarex seeks an order pooling all uncommitted mineral interests from the top of the Quail Ridge; Bone Spring Pool [Code 50460] to a depth of 10,527 feet, designated as an oil

pool, underlying a standard 320-acre, more or less, spacing and proration unit comprised of the E/2 E/2 of Sections 21 and 28, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico.

6. Under Case No. 22756, Cimarex seeks to dedicate to the unit the Mescalero Ridge 21-

28 Fed Com 4H Well and Mescalero Ridge 21-28 Fed Com 6H Well as initial wells.

- a. The Mescalero Ridge 21-28 Fed Com 4H, an oil well, to be horizontally drilled from a surface location in the NW/4 NE/4 (Unit B) of Section 21 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 28; approximate TVD of 9,696'; approximate TMD of 19,500'; FTP in Section 21: approx. 100' FNL, 2,080' FEL; LTP in Section 28: approx. 100' FSL, 660' FEL.
- b. The Mescalero Ridge 21-28 Fed Com 6H, an oil well, to be horizontally drilled from a surface location in the NW/4 NE/4 (Unit B) of Section 21 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 28; approximate TVD of 10,300'; approximate TMD of 20,100'; FTP in Section 21: approx. 100' FNL, 2000' FEL; LTP in Section 28: approx. 100' FSL, 660' FEL.
- 7. The proposed C-102s for the wells are attached as Exhibit A-1.

8. A general location plat and a plat outlining the unit being pooled is attached hereto as **Exhibit A-2**, which shows the location of the proposed wells within the unit. The location of the wells are orthodox, and meet the Division's offset requirements for horizontal wells under statewide rules.

9. The parties being pooled, the nature of their interests, and their last known addresses are listed on **Exhibit A-2** attached hereto. **Exhibit A-2** includes information regarding working interest owners and overriding royalty interest owners.

10. A depth severance exists in the Bone Spring formation within the proposed unit. Accordingly, Cimarex seeks to pool a portion of the Quail Ridge; Bone Spring pool [Code 50460], to include the 1st and 2nd Bone Spring formations of said pool, from the top of the pool at a stratigraphic equivalent of 8,085 feet measured depth, as defined by the Triple Combo Log in the Mescalero Ridge 20 Federal 1 Well (API No. 30-025-36099), to a depth of 10,527 feet, that being the base of the 2nd Bone Spring. Cimarex has provided notice of this hearing to the vertical offset parties within the pool who are not subject to the pooling application.

11. I provided the law firm of Abadie & Schill P.C. a list of names and addresses for the uncommitted interest owners shown on **Exhibit A-2**. In compiling these addresses, I conducted a diligent search of the public records in Lea County, New Mexico, where the wells are located, and of phone directories and did computer searches to locate the contact information for parties entitled to notification. There were two overriding royalty interest owner notice letters returned undeliverable: Atlas Investment Corporation and Joseph M. Green and Erma Dean Green, Trustees of the Green Family Trust. Fourteen of the mailings are still listed in-transit, only one of which is to a working interest owner, Chevron, who is committed to the Operating Agreement. The rest of the in-transit mailings are overriding royalty interest owners: Burlington Resources Oil & Gas Co LP, BXP Operating LLC, Merit Energy Partners D-III, Celia Stivason, Billy Wayne Gorman and Romayne Hope Gorman, General Partners of the Billy Wayne Gorman Family Investment Limited Partnership, Cargoil and Gas Company, LLC, Jerry Barnes, Kathleen Earnest Rios and Robert E. Rios, Co-Trustees of the Robert P. Earnest and Anna Dokus Earnest Trust aka Trust "B", Steven

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R. Garrity, The First National Bank of Roswell, N.A., Trustee of the Edna E. Morrell Living Trust, Van P. Welch, Jr., Wayne Newkumet, and William Winfield Scott. Cimarex published notice in the Hobbs News-Sun, a newspaper of general circulation in Lea County, New Mexico, to account for any unlocatable parties and cover any contingencies regarding notice.

12. Cimarex has made a good faith effort to negotiate with the interest owners, but has been unable to obtain voluntary agreement from all interest owners to participate in the drilling of the well or in the commitment of their interests to the well for its development within the proposed horizontal spacing unit. **Exhibit A-4** provides a chronology and history of contacts with the owners.

13. The interest owners being pooled have been contacted regarding the proposed wells but have failed or refused to voluntarily commit their interest in the wells. However, Cimarex has been in ongoing discussions with some of the interest owners to voluntarily enter into a Joint Operating Agreement. If a mutually agreeable Joint Operating Agreement is reached between Cimarex and another interest owner or owners, Cimarex requests that the voluntary agreement become operative and supersede the Division's order for said parties, except to the extent the Division deems it necessary to maintain spacing criteria for the purpose of conservation, the prevention of waste, and protection of correlative rights.

14. **Exhibit A-3** is a sample proposal letter and the AFE for the proposed wells. The estimated cost of the wells set forth in the AFEs is fair, reasonable, and comparable to the costs of other wells of similar depths and lengths drilled in this area of New Mexico.

15. Cimarex requests overhead and administrative rates of \$8,000/month for drilling the wells and \$800/month for producing the wells, as listed in the JOA sent to the owners. These rates are fair and comparable to the rates charged by other operators for wells of this type in this area of

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southeastern New Mexico. Cimarex requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.

16. Cimarex requests the maximum cost, plus 200% risk charge be assessed against nonconsenting working interest owners.

17. Cimarex requests that it be designated operator of the unit and wells.

18. The Exhibits to this Affidavit were prepared by me or compiled from Cimarex's company business records under my direct supervision.

19. The granting of this Application is in the best interests of conservation, the prevention of waste, and the protection of correlative rights, and will avoid the drilling of unnecessary wells.

20. The foregoing is correct and complete to the best of my knowledge and belief.

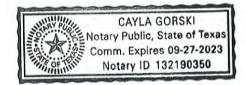
[Signature page follows]

Page 209 of 292

FURTHER AFFIANT SAYETH NAUGHT

John Coffman

Subscribed to and sworn before me this $2^{2^{n}}$ day of May 2022.



Yoh.

Released to Imaging: 5/4/2022 8:38:22 AM

Notary Public

John Coffman

710 W. Nobles Ave• Midland, TX• jcoffman@cimarex.com• 720-320-7285

Education Texas Tech University, Rawls College of Business August 2013-May 2018

Bachelor of Business Administration in Energy Commerce GPA: 3.10

Energy Experience

Cimarex Energy Co.

Landman

- Oversee Delaware Basin assets in Lea County.
- Analyze and facilitate trades between other operators in both Eddy and Lea Counties.
- Assist in future drilling development program through leasing, Joint Operating Agreements, title review and curative.
- Manage non-operated assets by reviewing proposals, transactions, and other agreements throughout Northern Lea County.
- Determine leasehold and royalty ownership throughout company owned assets.
- Acquire and divest leasehold and wellbores in the Permian Basin.

Conquest Energy

Contract Landman

- May 2017 August 2017 Contact, and lease mineral owners in North Dakota, Texas and New Mexico.
- Analyze, draft and negotiate Oil and Gas Leases and various other contracts for the clients past and future operations.
- Evaluate client Joint Operating Agreements for onerous Preferential Rights, consents or other requirements.
- Perform due diligence for client acquisitions.
- Research, identify and determine the status of title for open, leased and HBP acreage.

Infinity Oil and Gas

Internship

- Studied and discussed leases, JOA's, Surface Use Agreements, Exploration Agreements, Division Orders, and resolved Bureau of Land Management issues.
- Analyzed title to find available leasehold ownership of producing properties with split depth ownership in order to secure land needed for key portions of the lease.
- Learned basic petroleum geology and workstation mapping from an in-house geologist to gain a better understanding of where and why the land is valuable.
- Completed full due diligence report with a team for a land acquisition to ensure accuracy in title and improve the efficiency of the deal.

Lubbock, TX

Midland, TX June 2018-Present

Denver, CO May 2014-August 2015

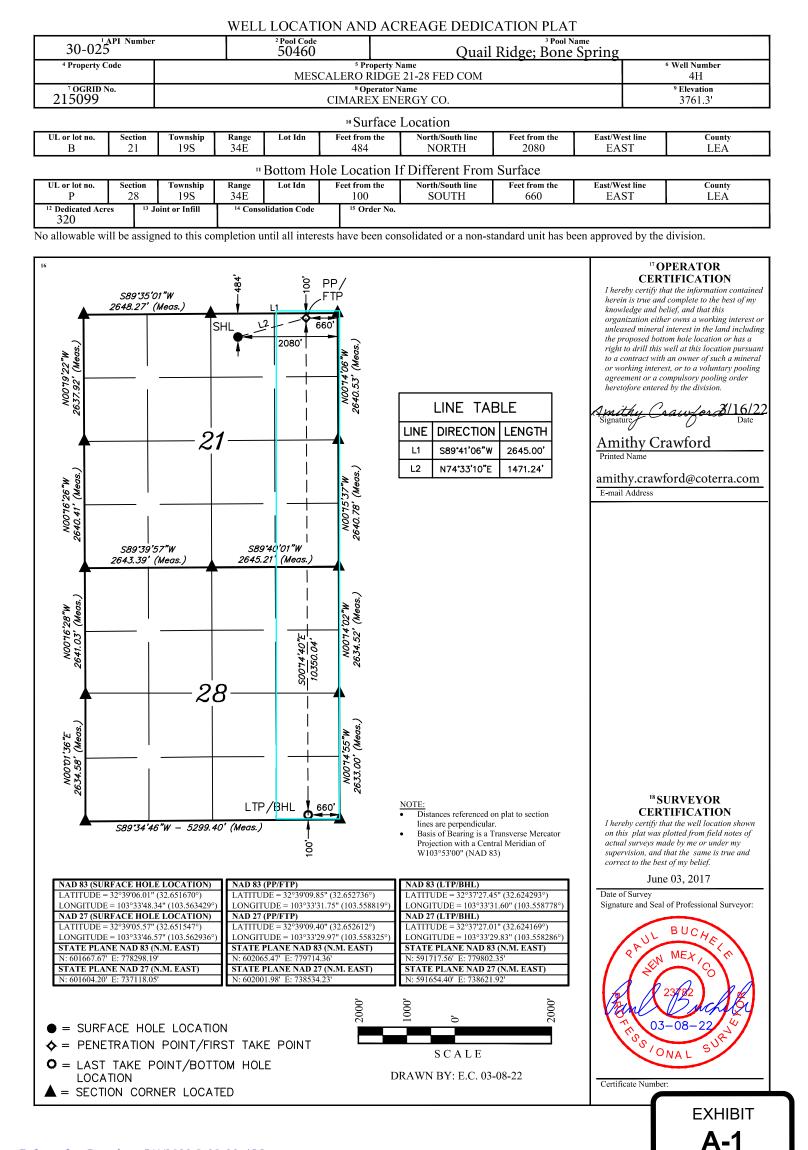
Houston, TX

District I 1625 N. French Dr., Hobbs, NM 88240 Phone: (575) 393-6161 Fax: (575) 393-0720 District II 811 S. First St., Artesia, NM 88210 Phone: (575) 748-1283 Fax: (575) 748-9720 District III 1000 Rio Brazos Road, Aztec, NM 87410 Phone: (505) 334-6178 Fax: (505) 334-6170 District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505 Phone: (505) 476-3460 Fax: (505) 476-3462

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

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

AMENDED REPORT



<u>District I</u> 1625 N. French Dr., Hobbs, NM 88240 Phone: (575) 393-6161 Fax: (575) 393-0720 District II 811 S. First St., Artesia, NM 88210 Phone: (575) 748-1283 Fax: (575) 748-9720 District III 1000 Rio Brazos Road, Aztec, NM 87410 Phone: (505) 334-6178 Fax: (505) 334-6170 <u>District IV</u> 1220 S. St. Francis Dr., Santa Fe, NM 87505 Phone: (505) 476-3460 Fax: (505) 476-3462

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

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

AMENDED REPORT

Page 212 of 292

<u>30-02</u>5 Quail Ridge ; Bone Spring ² Pool C 50460 Property Code Well Number roperty * Property Name MESCALERO RIDGE 21-28 FED COM 6H OGRID No Elevatio * Operator Name CIMAREX ENERGY CO. 215099 3760.2' "Surface Location East/West line UL or lot no. Lot Idn Feet from the Section Fownship Range orth/South Feet fro County В 21 19S 34F 424 NORTH 2000 EAST LEA "Bottom Hole Location If Different From Surface ownship 19S Rang 34E et from the 100 ectic 28 County LEA UL or lot 1 Lot Idn orth/South li et from th East/West lin SOUTH 660 Ρ EAST oint or Infil Order **Dedicated Acre** 14 Co 320 No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division. ¹⁷OPERATOR CERTIFICATION 424 <u>8</u> PP I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral .FTÝ S89*35'01 "W 2648.27' (Meas. 12 660 SHL 2000 (Meas., N00"19'22"W 2637.92' (Meas., to a contract with an owner of such a mineral . 8 or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. 2640.53' N0074 LINE TABLE Amithy Crawford 3/16/22 LINE DIRECTION LENGTH Signature 21 Amithy Crawford S89*41'06"W L1 2645.00' Printed N L2 N76°05'33"E 1378.85' N0076'26"W 2640.41' (Meas.) (Meas., amithy.crawford@coterra.com E-mail Address 2640.78' N0075 S89°4<mark></mark>0'01"W 2645.21<mark>'</mark> (Meas. 589**'**39'57**"**W 2643.39' (Meas. I N0076'28"W 641.03' (Meas.) (Meas. <u>500°14'40"E</u> 10350.04' 2634.52' NOO 2641 1 28 N0074'55"W 2633.00' (Meas.) NOO'01'36"E 2634.58' (Meas., ¹⁸SURVEYOR NOTE: Distances referenced on plat to section LTP/BHL 660' CERTIFICATION Distances representations and lines are perpendicular. Basis of Bearing is a Transverse Mercator Projection with a Central Meridian of I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. S89°34'46"W - 5299.40' (Meas.) 8 W103°53'00" (NAD 83) June 03, 2017 NAD 83 (SURFACE HOLE LOCATION) LATITUDE = 32°39'06.61" (32.651836°) LONGITUDE = 103°33'47.41" (103.563170° NAD 83 (LTP/BHL) LATITUDE = 32°37'27.45" (32.624293°) LONGITUDE = 103°33'31.60" (103.558778°) **NAD 83 (PP/FTP)** LATITUDE = 32°39'09.85" (32.652736' Date of Survey Signature and Seal of Professional Surveyor: LONGITUDE = 103°33'31.75" (103.558819° **NAD 27 (LTP/BHL)** LATITUDE = 32°37'27.01" (32.624169°) **NAD 27 (PP/FTP)** LATITUDE = 32°39'09.40" (32.652612°) NAD 27 (SURFACE HOLE LOCATION) BUCHE LATITUDE = 32°39'06.17" (32.651713°) $I ONGITUDE = 103^{\circ}33'45 63'' (103 562676')$ LONGITUDE = $103^{\circ}33'29.97''$ (103.558325° LONGITUDE = $103^{\circ}33'29 \ 83'' \ (103 \ 558286^{\circ})$ STATE PLANE NAD 83 (N.M. EAST) STATE PLANE NAD 83 (N.M. EAST) STATE PLANE NAD 83 (N.M. EAST) MEX '28.45' E: 778377 E: 779714.36 591717.56' E: 779802.3: N: 602065 47 STATE PLANE NAD 27 (N.M. EAST) STATE PLANE NAD 27 (N.M. EAST) STATE PLANE NAD 27 (N.M. EAST) 2000' 2000 000 SURFACE HOLE LOCATION 0.3 08 PENETRATION POINT/FIRST TAKE POINT Ó ONAL SCALE Ô LAST TAKE POINT/BOTTOM HOLE LOCATION DRAWN BY: E.C. 03-08-22 Certificate Number SECTION CORNER LOCATED

MESCALERO RIDGE 21-28	FED COM 2H, 3H and 5H

<u>Owner Name</u>	Owner Address		<u>Interest in Unit</u>	Committed (Y/N)
Cimarex Energy Co./Magnum Hunter Production, Inc.	600 N. Marienfeld St., Ste 600 Midland, TX 79701	WI	0.33450000	Y
Alpha Energy Partners	P.O. Box 10701 Midland, TX 79702		0.00625000	Y
Chevron USA Inc.	1400 Smith Street Houston, TX 77002	WI	0.49375000	Y
Matador Resources Company	ONE LINCOLN CENTRE 5400 LBJ FREEWA Y SUITE 1500 DALLAS, TX 75240	WI	0.00550000	N
Nadel and Gussman Capitan LLC	15 East 5th Street Suite 3300 Tulsa, OK 74103	WI	0.00375000	Y
XTO Holdings LLC	22777 Springwoods Village Pkwy, Spring, TX 77389	WI	0.15625000	Ν
		TOTAL	1.00000000	
Drilling and Exploration Company Inc.		RT	0	
Daniel E. Gonzales		RT	0	
James R. Stivason		RT	0	
Joseph M. Green and Erma Dean Green, Trustees of the Green Family Trust under instrument dated April 3, 1992	3795 Vancouver Dr. Dallas, TX 75229	ORRI	0.00062500	N
Billy Wayne Gorman and Romayne Hope Gorman, General Partners of the Billy Wayne Gorman Family Investment Limited Partnership	11141 Blue Stem Backroad Oklahoma City, OK 73162	ORRI	0.00062500	N
Richard H. Coats	P.O. Box 2412 Midland, TX 79702	ORRI	0.00062500	N
Unknown Trustee of the Robert Welch Gillespie and Katherine Deuel Gillespie Revocable Trust u/a/d 3/11/92	1250 E. Walnut Street, #220 Pasadena, CA 91106	ORRI	0.00500000	N
Van P. Welch	2259-C Via Puerta Laguna Hills, CA 92653	ORRI	0.00500000	N

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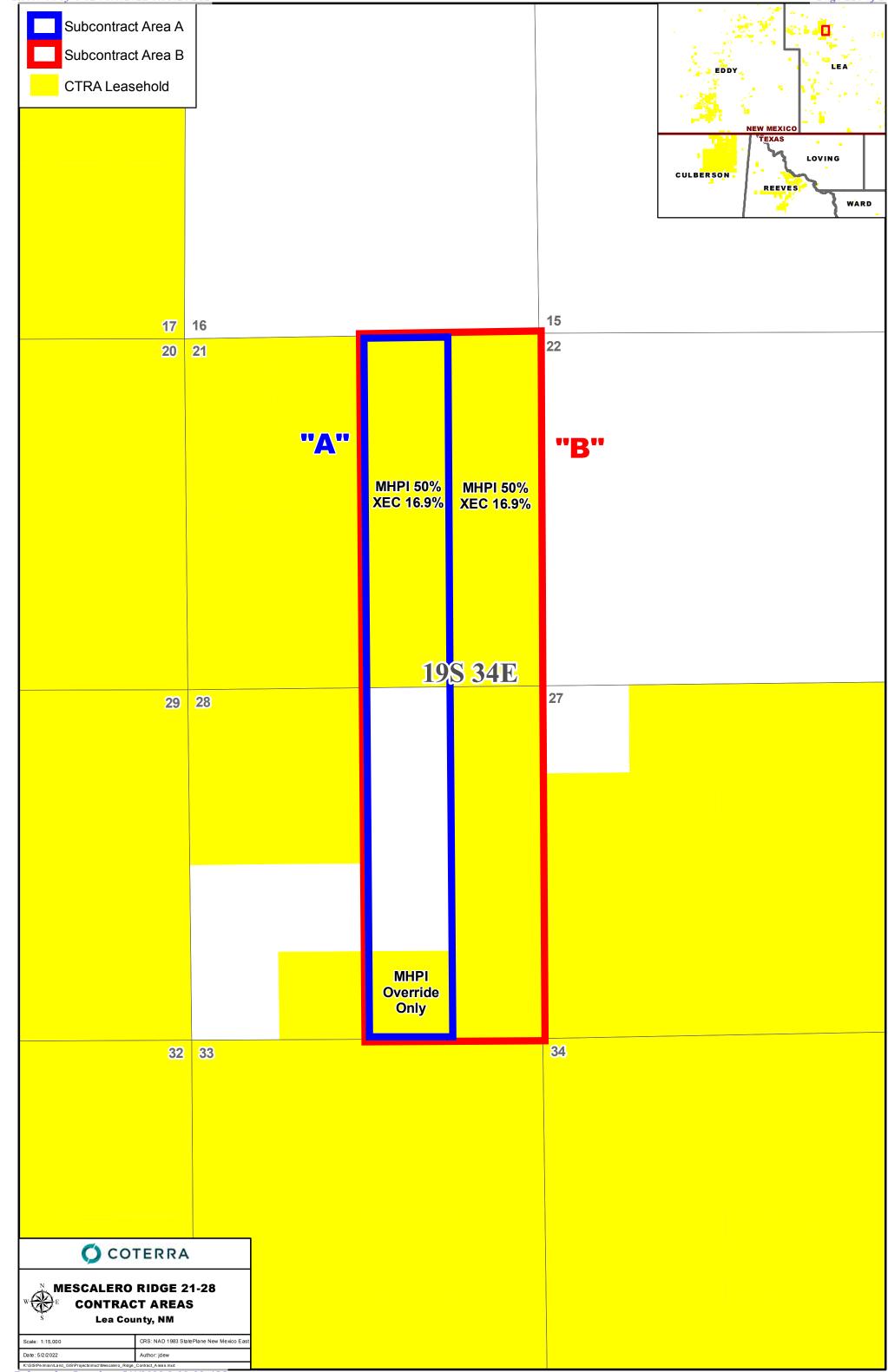
Rockwell Energy Resources LLC	P.O. Box 54584 Oklahoma City, OK 73154	ORRI	0.00500000	Ν
Bank of America, N.A., Sole Trustee of the Selma E. Andrews Trust for benefit of Peggy Barrett	P.O. Box 830308 Dallas, TX 75283	ORRI	0.0000223765	Ν
Bank of America, N.A., Sole Trustee of the Selma E. Andrews Trust for benefit of Selma E. Andrews Perpetual Charitable Trust	P.O. Box 830308 Dallas, TX 75283	ORRI	0.000447535	Ν
Braille Institute of America, Inc. c/o NCNB Texas	P.O. Box 830308 Dallas, TX 75283	ORRI	0.00057870	Ν
Marshall & Winston, Inc.	P.O. Box 50880 Midland, TX 79710	ORRI	0.00125000	Ν
First National Bank of Roswell, N.A., Trustee under the Last Will and Testament of Foster Morrell dated August 5, 1971	111 East 5th St. Roswell, NM 88201	ORRI	0.00437500	Ν
The First National Bank of Roswell, N.A., Trustee of the Edna E. Morrell Living Trust	111 East 5th St. Roswell, NM 88201	ORRI	0.00218750	Ν
Kathleen Earnest Rios and Robert E. Rios, Co-Trustees of the Robert P. Earnest and Anna Dokus Earnest Trust aka Trust "B"	2401 N. Beazos Ave. Hobbs, NM 88240	ORRI	0.00343750	N
Wallace H. Scott, III	2901 Oakhurst Ave. Austin, TX 78703	ORRI	0.000359490	Ν
William Winfield Scott	3000 Willowood Circle Austin, TX 78703	ORRI	0.000359490	N
McElroy Minerals, LLC c/o Catherine Cecile Darch	4210 S. Bellaire Circle Englewood, CO 80113	ORRI	0.000359590	N
Atlas Investment Corporation	First Oklahoma Tower 210 W. Park Ave., #660 Oklahoma City, OK 73102	ORRI	0.00375000	N
Jerry Barnes	P.O. Box 768 Chillicothe, MO 64601	ORRI	0.00562500	N
Dennis Eimers	P.O. Box 50637 Midland, TX 79710	ORRI	0.00562500	N

Wayne Newkumet	500 W. Texas Ave, #1410 Midland, TX 79701	ORRI	0.00562500	Ν
Steven R. Garrity	P.O. Box 20500 Oklahoma City, OK 73156	ORRI	0.00588750	N
Celia Stivason	32066 Hwy 94 Campo, CA 91906	ORRI	0.00312500	N
Shannon Titzel	1800 Rogers Park Ct. Anchorage, AK 99508	ORRI	0.00781250	N
Cargoil and Gas Company, LLC	P.O. Box 29450 Santa Fe, NM 87592	ORRI	0.000390625	N
LJA Charitable Investments LLC	1717 West Loop South, Suite 1800 Houston, TX 77027	ORRI	0.000390625	N
Jack V. Walker Revocable Trust dated May 21, 1981; Valorie Faye Walker, Successor Trustee	PO Box 102256, Anchorage, AK 99510	ORRI	0.00078125	Ν
Balog Family Trust dated August 15, 2002	P.O. Box 111890 Anchorage, AK 99511	ORRI	0.00078125	Ν
		TOTAL	0.07004593	

<u>TOTAL</u> 0.07004593

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February 14, 2022

Alpha Energy Partners LLC Attn: Land Department P.O. Box 10701 Midland, TX 79702

> Re: Proposal to Drill Mescalero Ridge 21-28 Federal Com 2H-6H Sections 21 & 28, Township 19 South, Range 34 East Lea County, NM

Dear Working Interest Owner,

Cimarex Energy Co. hereby proposes to drill the Mescalero Ridge 21-28 Fed Com 2H, 3H, 4H, 5H, 6H wells at a legal location in Section 21, Township 19 South, Range 34 East, NMPM, Lea County, NM.

<u>Mescalero Ridge 21-28 Fed Com 2H</u> - The intended surface hole location for the well is 544' FNL and 2020' FEL of Section 21, Township 19 South, Range 34 East, and the intended bottom hole location is 100' FSL and 1980' FEL of Section 28, Township 19 South, Range 34 East. The well is proposed to be drilled vertically to the 3rd Bone Spring interval and laterally within the formation to the referenced bottom hole location. Total vertical depth of the well is proposed to be approximately 10,750'.

<u>Mescalero Ridge 21-28 Fed Com 3H</u> - The intended surface hole location for the well is 484' FNL and 2100' FEL of Section 21, Township 19 South, Range 34 East, and the intended bottom hole location is 100' FSL and 1980' FEL of Section 28, Township 19 South, Range 34 East. The well is proposed to be drilled vertically to the 1st Bone Spring interval and laterally within the formation to the referenced bottom hole location. Total vertical depth of the well is proposed to be approximately 9,696'.

<u>Mescalero Ridge 21-28 Fed Com 4H</u> - The intended surface hole location for the well is 484' FNL and 2080' FEL of Section 21, Township 19 South, Range 34 East, and the intended bottom hole location is 100' FSL and 660' FEL of Section 28, Township 19 South, Range 34 East. The well is proposed to be drilled vertically to the 1st Bone Spring interval and laterally within the formation to the referenced bottom hole location. Total vertical depth of the well is proposed to be approximately 9,696'.

<u>Mescalero Ridge 21-28 Fed Com 5H</u> - The intended surface hole location for the well is 424' FNL and 1980' FEL of Section 21, Township 19 South, Range 34 East, and the intended bottom hole location is 100' FSL and 1980' FEL of Section 28, Township 19 South, Range 34 East. The well is proposed to be drilled vertically to the 2nd Bone Spring interval and laterally within the formation to the referenced bottom hole location. Total vertical depth of the well is proposed to be approximately 10,300'.

ехнівіт **А-3** <u>Mescalero Ridge 21-28 Fed Com 6H</u> - The intended surface hole location for the well is 424' FNL and 2000' FEL of Section 21, Township 19 South, Range 34 East, and the intended bottom hole location is 100' FSL and 660' FEL of Section 28, Township 19 South, Range 34 East. The well is proposed to be drilled vertically to the 2nd Bone Spring interval and laterally within the formation to the referenced bottom hole location. Total vertical depth of the well is proposed to be approximately 10,300'.

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

Enclosed, in duplicate, is (i) our detailed AFE reflecting estimated costs associated with this proposal, and; (ii) our proposed form of Operating Agreement to govern operations of the Mescalero Ridge 21-28 Fed Com wells. If you intend to participate, please approve and return one (1) original of the enclosed AFE, one (1) original of the signature page to the Operating Agreement, along with the contact information to receive your well data, to the undersigned within thirty (30) days of receipt of this proposal. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance to Cimarex prior to commencement of drilling operations; otherwise, you will be covered by insurance procured by Cimarex and will be responsible for your share of the cost.

Cimarex will file for force pooling for the Mescalero Ridge 21-28 Fed Com 2H-6H Wells thirty (30) days after the receipt of this proposal.

If you elect not to participate, please so indicate on the attached election form and return it to the attention of the undersigned at the letterhead address. Failure to elect whether or not to participate within 30 days of your receipt of this proposal will, as provided in the Operating Agreement, will be considered an election not to participate.

Please call the undersigned at (432) 571-7883 with any questions or comments.

Respectfully,

John Coffman Landman John.coffman@coterra.com

ELECTION TO PARTICIPATE Mescalero Ridge 21-28 Federal Com 2H

- Alpha Energy Partners LLC elects **TO** participate in the proposed Mescalero Ridge 21-28 Fed Com 2H well.
 - Alpha Energy Partners LLC elects **NOT** to participate in the proposed Mescalero Ridge 21-28 Fed Com 2H well.

Dated this _____ day of _____ , 2022.

Signature: _____

Title:

If your election above is TO participate in the proposed Mescalero Ridge 21-28 Fed Com 2H well, then:

- Alpha Energy Partners LLC elects **TO** be covered by well control insurance procured by Cimarex Energy Co.
 - Alpha Energy Partners LLC elects **NOT** to be covered by well control insurance procured by Cimarex Energy Co. and agrees to provide Cimarex Energy Co. with a certificate of insurance prior to commencement of drilling operations **or** be deemed to have elected to be covered by well control insurance procured by Cimarex Energy Co.

ELECTION TO PARTICIPATE Mescalero Ridge 21-28 Federal Com 3H

- Alpha Energy Partners LLC elects **TO** participate in the proposed Mescalero Ridge 21-28 Fed Com 3H well.
 - Alpha Energy Partners LLC elects **NOT** to participate in the proposed Mescalero Ridge 21-28 Fed Com 3H well.

Dated this _____ day of _____ , 2022.

Signature: _____

Title:

If your election above is TO participate in the proposed Mescalero Ridge 21-28 Fed Com 3H well, then:

- Alpha Energy Partners LLC elects **TO** be covered by well control insurance procured by Cimarex Energy Co.
 - Alpha Energy Partners LLC elects **NOT** to be covered by well control insurance procured by Cimarex Energy Co. and agrees to provide Cimarex Energy Co. with a certificate of insurance prior to commencement of drilling operations **or** be deemed to have elected to be covered by well control insurance procured by Cimarex Energy Co.

ELECTION TO PARTICIPATE Mescalero Ridge 21-28 Federal Com 4H

- Alpha Energy Partners LLC elects **TO** participate in the proposed Mescalero Ridge 21-28 Fed Com 4H well.
 - Alpha Energy Partners LLC elects **NOT** to participate in the proposed Mescalero Ridge 21-28 Fed Com 4H well.

Dated this _____ day of ______, 2022.

Signature: _____

Title:

If your election above is TO participate in the proposed Mescalero Ridge 21-28 Fed Com 4H well, then:

- Alpha Energy Partners LLC elects **TO** be covered by well control insurance procured by Cimarex Energy Co.
 - Alpha Energy Partners LLC elects **NOT** to be covered by well control insurance procured by Cimarex Energy Co. and agrees to provide Cimarex Energy Co. with a certificate of insurance prior to commencement of drilling operations **or** be deemed to have elected to be covered by well control insurance procured by Cimarex Energy Co.

ELECTION TO PARTICIPATE Mescalero Ridge 21-28 Federal Com 5H

- Alpha Energy Partners LLC elects **TO** participate in the proposed Mescalero Ridge 21-28 Fed Com 5H well.
 - Alpha Energy Partners LLC elects **NOT** to participate in the proposed Mescalero Ridge 21-28 Fed Com 5H well.

Dated this _____ day of _____ , 2022.

Signature: _____

Title:

If your election above is TO participate in the proposed Mescalero Ridge 21-28 Fed Com 5H well, then:

- Alpha Energy Partners LLC elects **TO** be covered by well control insurance procured by Cimarex Energy Co.
 - Alpha Energy Partners LLC elects **NOT** to be covered by well control insurance procured by Cimarex Energy Co. and agrees to provide Cimarex Energy Co. with a certificate of insurance prior to commencement of drilling operations **or** be deemed to have elected to be covered by well control insurance procured by Cimarex Energy Co.

ELECTION TO PARTICIPATE Mescalero Ridge 21-28 Federal Com 6H

- Alpha Energy Partners LLC elects **TO** participate in the proposed Mescalero Ridge 21-28 Fed Com 6H well.
 - Alpha Energy Partners LLC elects **NOT** to participate in the proposed Mescalero Ridge 21-28 Fed Com 6H well.

Dated this _____ day of _____ , 2022.

Signature: _____

Title:

If your election above is TO participate in the proposed Mescalero Ridge 21-28 Fed Com 6H well, then:

- Alpha Energy Partners LLC elects **TO** be covered by well control insurance procured by Cimarex Energy Co.
 - Alpha Energy Partners LLC elects **NOT** to be covered by well control insurance procured by Cimarex Energy Co. and agrees to provide Cimarex Energy Co. with a certificate of insurance prior to commencement of drilling operations **or** be deemed to have elected to be covered by well control insurance procured by Cimarex Energy Co.

				4/27/2022
	Name	Prospect	Property Number	AFE
Permian Basin MESC 4H	CALERO RIDGE 21-28 FED COM	Quail Ridge Prospect	309617-240.01	26725002

County, State	Location		Estimated Spud	Estimated Completion
Lea, NM	E/2 of Sections 21 and 28, Township	19 South, Range 34 East	2/9/2025	
X New	Formation	Well Type	Ttl Measured Depth	Ttl Vetical Depth
Supplement	Bone Spring 1 /Sd/	DEV	19,500	9,700
Revision				

Drill and complete well Purpose

Description

> Drilling Drill and complete a horizontal test. Drill to 1790 Set Surface casing. Drill to Drill to 5327', set surface casing. Drill to 9190' (KOP). Drill curve at 12°/100' initial build rate to +/- 75 degrees and set casing at +/- 9815' MD. Finish curve at +/- 4°/100' to +/- 9700' TVD and drill a +/- 9910' long lateral in the 1st Bone Spring Sand. Run and cement production liner. Stage frac. Drill out plugs. Run production packer, tubing and GLVs.

Intangible	Dry Hole	After Casing Point	Completed Well Cost
Drilling Costs	\$2,154,000		\$2,154,000
Completion Costs		\$5,289,348	\$5,289,348
Total Intangible Cost	\$2,154,000	\$5,289,348	\$7,443,348
Tangible	Dry Hole	After Casing Point	Completed Well Cost
Well Equipment	\$750,000	\$569,000	\$1,319,000
Lease Equipment		\$686,029	\$686,029
Total Tangible Cost	\$750,000	\$1,255,029	\$2,005,029
Total Well Cost	\$2,904,000	\$6,544,377	\$9,448,377

Comments On Well Costs

1. All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

Well Control Insurance

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

I elect to purchase my own well control insurance policy.

Marketing Election

Cimarex sells its gas under arm's-length contracts with third party purchasers. Such contracts may include fees. In addition, penalties may be incurred for insufficient volumes delivered over time. Should you choose to market your share of gas with Cimarex, you will be subject to all of the terms of such contracts. Upon written request to Cimarex's Marketing Department, we will share with you the terms and conditions pursuant to which gas will be sold. Failure to make an election below shall be deemed an election to market your gas with Cimarex under the terms and conditions set forth above.

I elect to take my gas in kind.

I elect to market my gas with Cimarex pursuant to the terms and conditions of its contract.

Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

Nonoperator Approval								
Company	Approved By (Print Name)	Approved By (Signature)	Date					
NOTICE TO NONOPERATC	R: Costs shown on this form are estimates only. By execu	I iting this AFE, the consenting party agrees to pay its proportionate						
share of actual costs incurred. Overhead will be charged in accordance with the Joint Operating Agreement.								

4/27/2022

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COM 4											
		Drilling		Drilling		o/Stim		ion Equip	Post Cor		Total
Description	Codes	Amount	Codes	Amount	Codes	Amount	Codes	Amount	Codes	Amount	Cost
Roads & Location	DIDC.100	100,000			STIM.100	10,000	CON.100	18,239	PCOM.100	10,000	138,239
Damages	DIDC.105	15,000			CTU 4 055		CON.105	3,149	00014055		18,149
Mud/Fluids Disposal	DIDC.255	125,000			STIM.255	52,000			PCOM.255	0	177,000
Day Rate	DIDC.115	435,000	DICC.120	73,000							508,000
Misc Preparation	DIDC.120	20,000									20,000
Bits	DIDC.125	62,000	DICC.125	0	STIM.125	0			PCOM.125	0	62,000
Fuel	DIDC.135	89,000	DICC.130	0					PCOM.130	0	89,000
Water for Drilling Rig (Not Frac Water)	DIDC.140	25,000	DICC.135	0	STIM.135	20,000			PCOM.135	0	45,000
Mud & Additives	DIDC.145	150,000									150,000
SWD PIPED TO 3RD PARTY SWD WELL									PCOM.257	77,377	77,377
Surface Rentals	DIDC.150	101,000	DICC.140	0	STIM.140	126,000	CON.140	4,200	PCOM.140	0	231,200
Downhole Rentals	DIDC.155	89,000			STIM.145	35,000			PCOM.145	0	124,000
Flowback Labor					STIM.141	0			PCOM.141	121,000	121,000
Automation Labor							CON.150	75,190	PCOM.150	5,000	80,190
Mud Logging	DIDC.170	22,000						,		5,000	22,000
IPC & EXTERNAL PAINTING	515 6.110	22,000					CON.165	21,258			21,258
Cementing & Float Equipment	DIDC.185	100.000	DICC.155	62,000			CON.105	21,230			
5 11		100,000		63,000	CTINA 1CO	4.000			DCOM 100	0	163,000
Tubular Inspections	DIDC.190	50,000	DICC.160	10,000	STIM.160	4,000			PCOM.160	0	64,000
Casing Crews	DIDC.195	15,000	DICC.165	15,000	STIM.165	0					30,000
Mechanical Labor	DIDC.200	28,000	DICC.170	10,000	STIM.170	0	CON.170	201,164	PCOM.170	15,000	254,164
Trucking/Transportation	DIDC.205	18,000	DICC.175	8,000	STIM.175	4,000	CON.175	26,245	PCOM.175	2,000	58,245
Supervision	DIDC.210	76,000	DICC.180	10,000	STIM.180	43,000	CON.180	32,018	PCOM.180	0	161,018
Trailer House/Camp/Catering	DIDC.280	42,000	DICC.255	5,000	STIM.280	22,000					69,000
Other Misc Expenses	DIDC.220	5,000	DICC.190	0	STIM.190	74,000	CON.190	29,919	PCOM.190	0	108,919
Overhead	DIDC.225	10,000	DICC.195	5,000							15,000
MOB/DEMOB	DIDC.240	60,000		.,							60,000
Directional Drilling Services	DIDC.245	294,000									294,000
Solids Control	DIDC.260	36,000									36,000
	DIDC.265		DICC.240	5 000	STIM.240	56,000			PCOM.240	0	
Well Control Equip (Snubbing Services)	DIDC.205	80,000	DICC.240	5,000		56,000				0	141,000
Completion Rig					STIM.115	21,000			PCOM.115	0	21,000
Coil Tubing Services					STIM.260	161,000			PCOM.260	0	161,000
Completion Logging/Perforating/Wireline					STIM.200	253,000			PCOM.200	0	253,000
Composite Plugs					STIM.390	40,000			PCOM.390	0	40,000
Stimulation Pumping/Chemicals/Additives/Sand					STIM.210	2,680,000			PCOM.210	0	2,680,000
Stimulation Water/Water Transfer/Water Storage					STIM.395	150,000					150,000
Cimarex Owned Frac/Rental Equipment					STIM.305	60,000			PCOM.305	0	60,000
Legal/Regulatory/Curative	DIDC.300	10,000					CON.300	0			10,000
Well Control Insurance	DIDC.285	7,000									7,000
Major Construction Overhead							CON.305	27,426			27,426
FL/GL - ON PAD LABOR							CON.495	44,484			44,484
FL/GL - Labor							CON.500	88,181			88,181
FL/GL - Supervision							CON.505	19,683			
Survey							CON.515				19,683
								8,004			8,004
Aid In Construct/3rd Party Connect							CON.701	104,059			104,059
Contingency	DIDC.435	90,000	DICC.220	10,000	STIM.220	191,000	CON.220	111,671	PCOM.220	0	402,671
Contingency							CON.221	28,081			28,081
Total Intangible Cost		2,154,000		214,000		4,002,000		842,971		230,377	7,443,348
Conductor Pipe	DWEB.130	8,000									8,000
Water String	DWEB.135	74,000									74,000
Surface Casing	DWEB.140	252,000									252,000
Intermediate Casing 1	DWEB.145	378,000									378,000
Production Casing or Liner		5.0,000	DWEA.100	165,000							165,000
Tubing				105,000	STIMT.105	80,000			PCOMT.105	0	80,000
Wellhead, Tree, Chokes	DWEB.115	20.000	DWEA.120	10.000	STIMT.105				PCOMT.103	-	
		38,000		18,000	3111011.120	38,000			rcolvi1.120	15,000	109,000
Liner Hanger, Isolation Packer	DWEB.100	0	DWEA.125	57,000							57,000
Packer, Nipples					STIMT.400	28,000			PCOMT.400	15,000	43,000
SHORT ORDERS							CONT.380	15,616			15,616
PUMPS							CONT.385	22,308			22,308
WALKOVERS							CONT.390	13,122			13,122
Downhole Lift Equipment					STIMT.410	80,000			PCOMT.410	50,000	130,000
Surface Equipment									PCOMT.420	15,000	15,000
Well Automation Materials									PCOMT.455	8,000	8,000
N/C Lease Equipment							CONT.400	200,113		.,	200,113
Battery Equipment							CONT.410	89,756			89,756
Secondary Containments							CONT.415	32,805			32,805
Facility Electrical							CONT.415				
								89,493			89,493
Meters and Metering Equipment							CONT.445	20,208			20,208
Facility Line Pipe							CONT.450	25,195			25,195
Lease Automation Materials							CONT.455	88,575			88,575
FL/GL - Materials							CONT.550	17,715			17,715
FL/GL - Line Pipe							CONT.555	71,123			71,123
Total Tangible Cos		750,000		240,000		226,000		686,029		103,000	2,005,029
Total Estimated Cost		2,904,000		454,000		4,228,000		1,529,000		333,377	9,448,377

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		BCP - Drilling			ACP - Drilling			Comp/Stim	
Description	Codes	Der Drinnig	Amount	Codes	Act Drining	Amount	Codes	compount	Amount
Roads & Location	DIDC.100		100,000				STIM.100	CON.100	10,000
Damages	DIDC.105		15,000						
Mud/Fluids Disposal	DIDC.255		125,000				STIM.255		52,000
Day Rate	DIDC.115	DICC.120	435,000	DICC.120		73,000			
Misc Preparation	DIDC.120		20,000						
Bits	DIDC.125	DICC.125	62,000	DICC.125	STIM.125	0	STIM.125		0
Fuel	DIDC.135	DICC.130	89,000	DICC.130		0			
Water for Drilling Rig (Not Frac Water)	DIDC.140	DICC.135	25,000	DICC.135	STIM.135	0	STIM.135		20,000
Mud & Additives	DIDC.145		150,000						
SWD PIPED TO 3RD PARTY SWD WELL			100,000						
Surface Rentals	DIDC.150	DICC.140	101,000	DICC.140	STIM.140	0	STIM.140	CON.140	126,000
Downhole Rentals	DIDC.155		89,000			Ū	STIM.145		35,000
Flowback Labor			05,000				STIM.141		0
Automation Labor							0		0
Mud Logging	DIDC.170		22,000						
IPC & EXTERNAL PAINTING	DIDC.170		22,000						
	DIDC.185	DICC.155	100.000	DICC.155		62,000			
Cementing & Float Equipment			100,000		CTIN 4 100	63,000	CTIN 4 1 CO		1.000
Tubular Inspections	DIDC.190	DICC.160	50,000		STIM.160	10,000	STIM.160		4,000
Casing Crews		DICC.165	15,000	DICC.165		15,000	STIM.165	6011476	0
Mechanical Labor		DICC.170	28,000	DICC.170	STIM.170	10,000	STIM.170	CON.170	0
Trucking/Transportation			18,000		STIM.175	8,000	STIM.175	CON.175	4,000
Supervision	DIDC.210	DICC.180	76,000	DICC.180	STIM.180	10,000	STIM.180	CON.180	43,000
Trailer House/Camp/Catering	DIDC.280	DICC.255	42,000	DICC.255	STIM.280	5,000	STIM.280		22,000
Other Misc Expenses	DIDC.220	DICC.190	5,000	DICC.190	STIM.190	0	STIM.190	CON.190	74,000
Overhead	DIDC.225	DICC.195	10,000	DICC.195		5,000			
MOB/DEMOB	DIDC.240		60,000			3,110			
Directional Drilling Services	DIDC.245		294,000						
Solids Control	DIDC.260		36,000						
Well Control Equip (Snubbing Services)		DICC.240	80,000	DICC.240	STIM 240	5,000	STIM.240		56,000
	DIDC.205	DICC.240	80,000	DICC.240	511111.240	5,000	STIM.240		
Completion Rig	_								21,000
Coil Tubing Services							STIM.260		161,000
Completion Logging/Perforating/Wireline							STIM.200		253,000
Composite Plugs							STIM.390		40,000
Stimulation							STIM.210		2,680,000
Stimulation Water/Water Transfer/Water							STIM.395		150,000
Cimarex Owned Frac/Rental Equipment							STIM.305		60,000
Legal/Regulatory/Curative	DIDC.300		10,000						
Well Control Insurance	DIDC.285		7,000						
Major Construction Overhead									
FL/GL - ON PAD LABOR									
FL/GL - Labor									
FL/GL - Supervision									
Survey									
,									
Aid In Construct/3rd Party Connect	DIDC 435	DICC 220		DICC 220	CTIN 4 220	10.000	CTIN 4 220	CON 220	101.000
Contingency	DIDC.435	DICC.220	90,000	DICC.220	STIM.220	10,000	STIM.220	CON.220	191,000
Contingency									
Total Intangible Co			2,154,000			214,000			4,002,000
Conductor Pipe	DWEB.130		8,000						
Water String	DWEB.135		74,000						
Surface Casing	DWEB.140		252,000						
Intermediate Casing 1	DWEB.145		378,000						
Production Casing or Liner				DWEA.100		165,000			
Tubing							STIMT.105		80,000
Wellhead, Tree, Chokes	DWEB.115	DWEA.120	38 000	DWEA.120	STIMT.120	18,000	STIMT.120		38,000
Liner Hanger, Isolation Packer		DWEA.125		DWEA.125		57,000			55,000
Packer, Nipples			0			57,000	STIMT.400		28,000
SHORT ORDERS							51101.400		28,000
PUMPS									
WALKOVERS									
Downhole Lift Equipment							STIMT.410		80,000
Surface Equipment									
Well Automation Materials									
N/C Lease Equipment									
Battery Equipment									
Secondary Containments									
Facility Electrical									
Meters and Metering Equipment									
Facility Line Pipe									
Lease Automation Materials									
FL/GL - Materials									
d h d h h h h h h h h h h h h h h h h h									
FL/GL - Line Pipe									
Total Tangible Co	-		750,000 2,904,000			240,000 454,000			226,000 4,228,000

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Description Roads & Location Damages Mud/Fluids Disposal Day Rate	Codes CON.100	Production Equip	ount	Codes	Post Completion	Amount	Total
Roads & Location Damages Mud/Fluids Disposal		Am	OUNT			Amount	
Damages Mud/Fluids Disposal	0011.100	10	3,239	PCOM.100		10,000	Cost 138,239
Mud/Fluids Disposal	CON.105		8,149	1 COM. 100		10,000	130,239
	CONTROS		0,149	PCOM.255		0	177,000
Day Nate				1 COM.255		0	508,000
Misc Preparation			-				
Bits				PCOM.125		0	20,000
			-	PCOM.123		0	62,000
Fuel						0	89,000
Water for Drilling Rig (Not Frac Water)			_	PCOM.135		0	45,000
Mud & Additives				00014057			150,000
SWD PIPED TO 3RD PARTY SWD WELL	6011440			PCOM.257	2730 BWPD rate for 30 days, 1364 BWPD rate	77,377	77,377
Surface Rentals	CON.140	2	,200	PCOM.140		0	231,200
Downhole Rentals				PCOM.145		0	124,000
Flowback Labor				PCOM.141	\$2200/day for 30 days Oil Patch, \$1500/day	121,000	121,000
Automation Labor	CON.150	75	5,190	PCOM.150	miscellaneous automation costs	5,000	80,190
Mud Logging			-				22,000
IPC & EXTERNAL PAINTING	CON.165	21	,258				21,258
Cementing & Float Equipment							163,000
Tubular Inspections				PCOM.160		0	64,000
Casing Crews							30,000
Mechanical Labor	CON.170	201	,164	PCOM.170	Miscellaneous welding and roustabout labor	15,000	254,164
Trucking/Transportation	CON.175	26	6,245	PCOM.175	hot shot	2,000	58,245
Supervision	CON.180		2,018	PCOM.180		0	161,018
Trailer House/Camp/Catering							69,000
Other Misc Expenses	CON.190	20	,919	PCOM.190		0	108,919
Overhead			,,515			0	15,000
MOB/DEMOB							60,000
Directional Drilling Services							294,000
Solids Control							
			-	DCOM 240		0	36,000
Well Control Equip (Snubbing Services)				PCOM.240		0	141,000
Completion Rig				PCOM.115		0	21,000
Coil Tubing Services				PCOM.260		0	161,000
Completion Logging/Perforating/Wireline				PCOM.200		0	253,000
Composite Plugs				PCOM.390		0	40,000
Stimulation Pumping/Chemicals/Additives/Sand				PCOM.210		0	2,680,000
Stimulation Water/Water Transfer/Water Storage							150,000
Cimarex Owned Frac/Rental Equipment				PCOM.305		0	60,000
Legal/Regulatory/Curative	CON.300		0				10,000
Well Control Insurance							7,000
Major Construction Overhead	CON.305	27	,426				27,426
FL/GL - ON PAD LABOR	CON.495		,484				44,484
FL/GL - Labor	CON.500		3,181				88,181
FL/GL - Supervision	CON.505		9,683				19,683
Survey	CON.515		3,004			_	8,004
Aid In Construct/3rd Party Connect	CON.701		,059				104,059
Contingency	CON.220		_	PCOM.220		0	
			,671	PCOIVI.220		0	402,671
Contingency	CON.221		8,081			000 077	28,081
Total Intangible Cost		84	2,971			230,377	7,443,348
Conductor Pipe							8,000
Water String							74,000
Surface Casing							252,000
Intermediate Casing 1							378,000
Production Casing or Liner							165,000
Tubing				PCOMT.105		0	80,000
Wellhead, Tree, Chokes				PCOMT.120	Connecting flowline after first lift install	15,000	109,000
Liner Hanger, Isolation Packer							57,000
Packer, Nipples				PCOMT.400		15,000	43,000
SHORT ORDERS	CONT.380	1	6,616				15,616
PUMPS	CONT.385		2,308				22,308
WALKOVERS	CONT.390		3,122				13,122
Downhole Lift Equipment		1.	,,,,	PCOMT.410		50,000	130,000
Surface Equipment					Miscellaneous parts and fittings based off		
					miscenarieous parts and numus based on	15,000	15,000
Well Automation Materials	CONIT 400		112	PCOMT.455		8,000	8,000
N/C Lease Equipment	CONT.400),113				200,113
Battery Equipment	CONT.410		9,756				89,756
Secondary Containments	CONT.415		2,805				32,805
Facility Electrical	CONT.425		,493				89,493
Meters and Metering Equipment	CONT.445	20	,208				20,208
Facility Line Pipe	CONT.450	25	5,195				25,195
Lease Automation Materials	CONT.455		8,575				88,575
FL/GL - Materials	CONT.550		,715				17,715
FL/GL - Line Pipe	CONT.555		,123				71,123
Total Tangible Cos			5,029			103,000	2,005,029
Total Estimated Cost		1,529				333,377	9,448,377

Expenditure	Dhilling	AFE # 20725004
		Date Prepared
		4/27/2022

Exploration Region	Well Name	Prospect	Property Number	AFE
Permian Basin	MESCALERO RIDGE 21-28 FED COM 6H	Quail Ridge Prospect	309617-242.01	26725004
County, State	Location		Estimated Spud	Estimated Completion
.ea, NM	E/2 of Sections 21 and 28, Township 1	9 South, Range 34 East	2/9/2025	
X New	Formation	Well Type	Ttl Measured Depth	Ttl Vetical Depth
Supplement Revision	Bone Spring 2 /Sd/	DEV	20,100	10,300

Drill and complete well Purpose

Description

Company Entity

Cimarex Energy Co (001)

Drilling Drill and complete a horizontal test. Drill to 1790 Set Surface casing. Drill to Drill to 5327', set surface casing. Drill to 9790' (KOP). Drill curve at 12°/100' initial build rate to +/- 75 degrees and set casing at +/- 10415' MD. Finish curve at +/- 4°/100' to +/- 10300' TVD and drill a +/- 9910' long lateral in the 2nd BSS. Run and cement production liner. Stage frac.Drill out plugs. Run production packer, tubing and GLVs.

Total Well Cost	\$2,972,000	\$6,542,377	\$9,514,377
Total Tangible Cost	\$771,000	\$1,253,029	\$2,024,029
Lease Equipment		\$686,029	\$686,029
Well Equipment	\$771,000	\$567,000	\$1,338,000
Tangible	Dry Hole	After Casing Point	Completed Well Cost
Total Intangible Cost	\$2,201,000	\$5,289,348	\$7,490,348
Completion Costs		\$5,289,348	\$5,289,348
Drilling Costs	\$2,201,000		\$2,201,000
Intangible	Dry Hole	After Casing Point	Completed Well Cost

Comments On Well Costs

1. All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

Well Control Insurance

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

I elect to purchase my own well control insurance policy.

Marketing Election

Cimarex sells its gas under arm's-length contracts with third party purchasers. Such contracts may include fees. In addition, penalties may be incurred for insufficient volumes delivered over time. Should you choose to market your share of gas with Cimarex, you will be subject to all of the terms of such contracts. Upon written request to Cimarex's Marketing Department, we will share with you the terms and conditions pursuant to which gas will be sold. Failure to make an election below shall be deemed an election to market your gas with Cimarex under the terms and conditions set forth above.

I elect to take my gas in kind.

I elect to market my gas with Cimarex pursuant to the terms and conditions of its contract.

Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

Nonoperator Approval								
Company	Approved By (Print Name)	Approved By (Signature)	Date					
NOTICE TO NONOPERATOR: (Costs shown on this form are estimates only. By execu	tina this AFE, the consenting party garees to pay its proportionate						
NOTICE TO NONOPERATOR: Costs shown on this form are estimates only. By executing this AFE, the consenting party agrees to pay its proportionate share of actual costs incurred. Overhead will be charged in accordance with the Joint Operating Agreement.								

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Page 229 of 292 AFE # 26725004

binner		BCP -	Drilling	ACP	- Drilling	Com	o/Stim	Product	ion Equip	Post Com	npletion	Total
bange bank <			Amount	Codes	Amount		Amount		Amount		Amount	Cos
NAAPPLADDECAS120,000NO	Roads & Location	DIDC.100	100,000			STIM.100	10,000	CON.100	18,239	PCOM.100	10,000	138,23
Day has basesDesca343.00104.00343.00104.00 <td>Damages</td> <td>DIDC.105</td> <td>15,000</td> <td></td> <td></td> <td></td> <td></td> <td>CON.105</td> <td>3,149</td> <td></td> <td></td> <td>18,14</td>	Damages	DIDC.105	15,000					CON.105	3,149			18,14
bit bit< bit< bit< bit	Mud/Fluids Disposal	DIDC.255	125,000			STIM.255	52,000			PCOM.255	0	177,00
Matche MagnetionUnicle BookDeck BookDeck Book BookDeck Book B	Day Rate	DIDC.115		DICC.120	73.000							508,00
mai mai <td></td> <td>DIDC.120</td> <td></td> <td></td> <td>10,000</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>20,00</td>		DIDC.120			10,000							20,00
minem				DICC 125	0	STIM 125	0			PCOM 125	0	62,00
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Mach A Askang and your of the second												89,00
Non-PAID 300 PAIP 300 VILL Image				DICC.135	0	STIM.135	20,000			PCOM.135	0	45,00
jamephotomake		DIDC.145	150,000									150,00
Downletwine baseds kier According Label Manuality Label <b< td=""><td>SWD PIPED TO 3RD PARTY SWD WELL</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>PCOM.257</td><td>77,377</td><td>77,37</td></b<>	SWD PIPED TO 3RD PARTY SWD WELL									PCOM.257	77,377	77,37
Diselect Likeling None None <td>Surface Rentals</td> <td>DIDC.150</td> <td>101,000</td> <td>DICC.140</td> <td>0</td> <td>STIM.140</td> <td>126,000</td> <td>CON.140</td> <td>4,200</td> <td>PCOM.140</td> <td>0</td> <td>231,20</td>	Surface Rentals	DIDC.150	101,000	DICC.140	0	STIM.140	126,000	CON.140	4,200	PCOM.140	0	231,20
Albane basisAlbane basisDescriptionDescrip	Downhole Rentals	DIDC.155	89,000			STIM.145	35,000			PCOM.145	0	124,00
Admain label Born	Flowback Labor					STIM.141	0			PCOM.141	121.000	121,00
Mail Logging Carry Latter Alter A	Automation Labor							CON.150	75 190	PCOM.150		80,19
Pic Defining ADMANNOPic Defining ADMANNO <th< td=""><td></td><td>DIDC 170</td><td>22,000</td><td></td><td></td><td></td><td></td><td></td><td>13,130</td><td></td><td>5,000</td><td>22,000</td></th<>		DIDC 170	22,000						13,130		5,000	22,000
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IndexIDEC30	Casing Crews	DIDC.195	15,000	DICC.165	15,000	STIM.165	0					30,000
Taching/magnetimeDDC20SUR00DEC175B0.00SUR175AUCON175CON175G2.00PCMM3G2.00Table Mockamp/CaleingDDC20SUR00DCC35SUR00SUR180G2.01G2	Mechanical Labor	DIDC.200	28,000	DICC.170	10,000	STIM.170	0	CON.170	201,164	PCOM.170	15,000	254,164
Supervisor Immer Manual Market Supervisor Immer Market	Trucking/Transportation	DIDC.205		DICC.175		STIM.175	4,000	CON.175		PCOM.175		58,245
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Weil consisting spaciesDDC 2680,000FIX.20STM.11520,000FIX.11520,000FIX.116PCM.320FIX.000Can basis spaceCan basis spaceCan basis spaceCan basis spaceSTM.200STM.200Can basis spacePCM.320GACan basis spaceCan plants fig.1000FIX.000Can basis spaceCan basis spaceCan basis spaceSTM.200Can basis spacePCM.320GAPCM.320GACan plants fig.1000Can basis spaceCan basis spaceCan basis spaceCan basis spaceCan basis spacePCM.320GAPCM.320GACASimulation Matrix fig.1000Can basis spaceCan basis space </td <td>Solids Control</td> <td>DIDC.260</td> <td>36,000</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>36,000</td>	Solids Control	DIDC.260	36,000									36,000
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Simulation Water Yander funder with weight weigh	Composite Plugs										0	40,000
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upgal/Regulatory/Curative Well control insurance DDC.283D10.2	Stimulation Water/Water Transfer/Water Storage					STIM.395	150,000					150,000
Well Control InsuranceDIDC 285T,700I.C	Cimarex Owned Frac/Rental Equipment					STIM.305	60,000			PCOM.305	0	60,000
Well control mounded Major construction overhead RGA on NAD LAGORDIC.283T,O,ONo.0ICO<	Legal/Regulatory/Curative	DIDC.300	10,000					CON.300	0			10,000
Major Construction OverheadIndI	Well Control Insurance	DIDC.285										7,000
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Total Intangible Cod2,2,01,0002,2,01,0002,2,01,0002,2,01,0004,002,0008,402,9718,20,3777,7,7Conductor PipeDWEB.1308,000KK <td>Contingency</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>CON.221</td> <td>28.081</td> <td></td> <td></td> <td>28,081</td>	Contingency							CON.221	28.081			28,081
Conductor Pipe DWEB 130 B,000 DUT,000			2 201 000		214 000		4 002 000				230 377	7,490,348
Water StringDWEB.133TALON TAUNAPARLANTAUNAPARLANPARL	÷				214,000		4,002,000		042,571		230,311	8,000
Surface Casing DWEB.140 252,000 Intermediate Casing 1 DWEB.145 399,000 Intermediate Casing 1 DWEB.145 399,000 DWEB.145 399,000 DWEB.100 STIMT.100 B60,00 CM Intermediate Casing 1 PCOMT.105 Medicate Casing 1 Production Casing or Liner DWEB.115 38,000 DWEA.120 18,000 STIMT.120 38,000 Lee PCOMT.105 D Wellhead, Tree, Chokes DWEB.100 OWEB.100 DWEB.100 DWEB.100 DWEA.120 18,000 STIMT.120 38,000 CONT.380 15,616 D <td></td>												
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Wellhead, Tree, ChokesDWEB.10DWEB.100DWEA.120TRUNCSTIMT.120B38,000FLMPCOMT.120TLT,000Packer, NipplesDWEB.100ODWEA.125ST/MT.40028,000CTCPCOMT.400TLT,000SHORT ORDERSII	Tubing					STIMT.105	86,000			PCOMT.105	0	86,000
Liner Hanger, Isolation PackerDWE B.100DWE B.100DWE A.125ST,000Internal of the stand of	Wellhead, Tree, Chokes	DWEB.115	38.000	DWEA.120	18.000	STIMT.120				PCOMT.120	15.000	109,000
Packer, NipplesImage: Nime of the second							/ 0 0 0				2,230	57,000
SHORT ORDERSImage: short of and	-		0		57,000	STIMT 400	20 000			PCOMT 400	15 000	43,000
PUMPSCONT.38522,308AAAAWALKOVERSGGGGGGONT.38522,308GGGDownhole Lift EquipmentGGGSTIMT.41080,000GPCOMT.41050,000GGSurface EquipmentGGGGGGGONT.485APCOMT.42015,000GGWell Automation MaterialsGG						311111.400	20,000	CONT 200	45 646		15,000	
WALKOVERSImage: statistic stati												15,616
Downhole Lift EquipmentImage: star star star star star star star star												22,308
Surface Equipment Image: Surface Equipme								CONT.390	13,122			13,122
Well Automation MaterialsImage: Second arrow of the second ar	Downhole Lift Equipment					STIMT.410	80,000			PCOMT.410	50,000	130,000
Well Automation MaterialsImage: second s	Surface Equipment									PCOMT.420	15,000	15,000
N/C Lease EquipmentImage: second	Well Automation Materials									PCOMT.455		8,000
Battery EquipmentImage: Secondary ContainmentsImage: Secondary Containment	N/C Lease Equipment							CONT.400	200 113			200,113
Secondary ContainmentsCONT.41532,805CONT.42522,815CONT.42522,815CONT.42522,815CONT.42522,815CONT.42522,815CONT.42522,815CONT.42522,815CONT.42522,815CONT.42522,815CONT.42522,815CONT.42522,815CONT.42522,815CONT.42522,815CONT.42522,815CONT.425 <t< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>89,756</td></t<>												89,756
Facility Electrical Image: Contract of the sector of t												
Meters and Metering Equipment CONT.445 20,208 CONT.445 20,208 CONT.455 25,195 CONT.455 25,195 CONT.455 25,195 CONT.455 25,195 CONT.455 26,575 CONT.455 <td></td> <td>32,80</td>												32,80
Facility Line PipeCONT.45025,195CONT.45025,195Lease Automation MaterialsCONT.450CONT.45088,575CONT.450RUFL/GL - MaterialsCONT.55017,715CONT.55017,715CONT.550CO												89,49
Lease Automation Materials CONT.455 88,575 FL/GL - Materials CONT.550 17,715 FL/GL - Line Pipe CONT.555 71,123	Meters and Metering Equipment							CONT.445	20,208			20,20
Lease Automation Materials CONT.455 88,575 6 FL/GL - Materials CONT.550 17,715 7 FL/GL - Line Pipe CONT.555 71,123 6	Facility Line Pipe							CONT.450	25,195			25,19
FL/GL - Materials CONT.550 17,715 FL/GL - Line Pipe CONT.555 71,123	Lease Automation Materials							CONT.455				88,57
FL/GL - Line Pipe CONT.555 71,123												17,71
Total rangible cos //T 000 232 000 232 000 686 029 103 000 2			772.55		000.000		000.000	CON1.333			402.055	71,123
			771,000		232,000		232,000		686,029	Ļ	103,000	2,024,02 9,514,37

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						Comp (Stim			
Description	Codes	BCP - Drilling	Amount	Codes	ACP - Drilling	Amount	Codes	Comp/Stim	Amount
Roads & Location	DIDC.100		100,000	codes		7 thound	STIM.100	CON.100	10,000
Damages	DIDC.105		15,000						10,000
Mud/Fluids Disposal	DIDC.255		125,000				STIM.255		52,000
Day Rate	DIDC.115	DICC.120	435,000	DICC.120		73,000			,
Misc Preparation	DIDC.120		20,000			,			
Bits	DIDC.125	DICC.125	62,000	DICC.125	STIM.125	0	STIM.125		0
Fuel		DICC.130	89,000	DICC.130		0			Ū
Water for Drilling Rig (Not Frac Water)		DICC.135	25,000		STIM.135	0	STIM.135		20,000
Mud & Additives SWD PIPED TO 3RD PARTY SWD WELL	DIDC.145		150,000			0			20,000
Surface Rentals	DIDC.150	DICC.140	101,000	DICC.140	STIM.140	0	STIM.140	CON.140	126,000
Downhole Rentals	DIDC.155		89,000			0	STIM.145		35,000
Flowback Labor			05,000				STIM.141		0
Automation Labor									0
Mud Logging	DIDC.170		22,000						
IPC & EXTERNAL PAINTING			22,000						
Cementing & Float Equipment	DIDC 185	DICC.155	100,000	DICC.155		63,000			
Tubular Inspections		DICC.160	50,000	DICC.160	STIM.160	10,000	STIM.160		4,000
Casing Crews		DICC.165	15,000		STIM.165	15,000	STIM.165		4,000
Mechanical Labor		DICC.103	28,000		STIM.170	10,000	STIM.105	CON.170	0
Trucking/Transportation		DICC.175	18,000		STIM.175	8,000	STIM.170	CON.175	4,000
Supervision		DICC.175 DICC.180		DICC.175	STIM. 175 STIM. 180		STIM.175 STIM.180	CON.175 CON.180	
		DICC. 180 DICC. 255	76,000		STIM. 180 STIM.280	10,000	STIM. 180 STIM. 280	CON.100	43,000
Trailer House/Camp/Catering			42,000		STIM.280 STIM.190	5,000		CON 190	22,000
Other Misc Expenses	DIDC.220	DICC.190	5,000	DICC.190	51 IIVI. 190	0	STIM.190	CON.190	74,000
Overhead	DIDC.225	DICC.195	10,000	DICC.195		5,000			
MOB/DEMOB	DIDC.240		110,000						
Directional Drilling Services	DIDC.245		289,000						
Solids Control	DIDC.260		36,000						
Well Control Equip (Snubbing Services)	DIDC.265	DICC.240	80,000	DICC.240	STIM.240	5,000	STIM.240		56,000
Completion Rig							STIM.115		21,000
Coil Tubing Services							STIM.260		161,000
Completion Logging/Perforating/Wireline							STIM.200		253,000
Composite Plugs							STIM.390		40,000
Stimulation							STIM.210		2,680,000
Stimulation Water/Water Transfer/Water							STIM.395		150,000
Cimarex Owned Frac/Rental Equipment							STIM.305		60,000
Legal/Regulatory/Curative	DIDC.300		10,000						
Well Control Insurance	DIDC.285		7,000						
Major Construction Overhead									
FL/GL - ON PAD LABOR									
FL/GL - Labor									
FL/GL - Supervision									
Survey									
Aid In Construct/3rd Party Connect									
Contingency	DIDC.435	DICC.220	92,000	DICC.220	STIM.220	10,000	STIM.220	CON.220	191,000
Contingency									
Total Intangible Cos	1		2,201,000			214,000			4,002,000
Conductor Pipe	DWEB.130		8,000			,			
Water String	DWEB.135		74,000						
Surface Casing	DWEB.140		252,000						
Intermediate Casing 1	DWEB.145		399,000						
Production Casing or Liner			555,000	DWEA.100		157,000			
Tubing						,000	STIMT.105		86,000
Wellhead, Tree, Chokes	DWEB.115	DWEA.120	38.000	DWEA.120	STIMT.120	18,000	STIMT.120		38,000
Liner Hanger, Isolation Packer		DWEA.125		DWEA.125		57,000			50,000
Packer, Nipples	2.025.100		0			57,000	STIMT.400		28,000
SHORT ORDERS							311011.400		20,000
PUMPS									
WALKOVERS									
							STIMT.410		80,000
Downhole Lift Equipment							3111/11.410		80,000
Surface Equipment									
Well Automation Materials									
N/C Lease Equipment									
Battery Equipment									
Secondary Containments									
Facility Electrical									
Meters and Metering Equipment									
Facility Line Pipe									
Lease Automation Materials									
FL/GL - Materials									
FL/GL - Line Pipe									
Total Tangible Cos	5		771,000			232,000			232,000
Total Estimated Cost	t		2,972,000			446,000			4,234,000

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COM 6						
		Production Equip		Post Completion		Total
Description	Codes	Amou			Amount	Cos
Roads & Location	CON.100	18,23	9 PCOM.100		10,000	138,23
Damages	CON.105	3,14	.9			18,14
/lud/Fluids Disposal			PCOM.255		0	177,000
Day Rate						508,000
Misc Preparation						20,000
Bits			PCOM.125		0	62,000
Fuel			PCOM.130		0	89,000
Water for Drilling Rig (Not Frac Water)			PCOM.135		0	45,000
Mud & Additives					0	150,000
SWD PIPED TO 3RD PARTY SWD WELL			PCOM.257	2730 BWPD rate for 30 days, 1364 BWPD rate	77 277	
	CON 140	1.20		2750 BWFD Tate for 50 days, 1504 BWFD Tate	77,377	77,377
Surface Rentals	CON.140	4,20			0	231,200
Downhole Rentals			PCOM.145		0	124,000
Flowback Labor			PCOM.141	\$2200/day for 30 days Oil Patch, \$1500/day	121,000	121,000
Automation Labor	CON.150	75,19	0 PCOM.150	miscellaneous automation costs	5,000	80,190
Mud Logging						22,000
IPC & EXTERNAL PAINTING	CON.165	21,2	8			21,258
Cementing & Float Equipment						163,000
Tubular Inspections			PCOM.160		0	64,000
Casing Crews					0	30,000
Mechanical Labor	CON.170	2014	A DCOM 170	Miscellaneous wolding and roustabout labor	15 000	
		201,10	_	Miscellaneous welding and roustabout labor	15,000	254,164
Trucking/Transportation	CON.175	26,24		hot shot	2,000	58,245
Supervision	CON.180	32,01	8 PCOM.180		0	161,018
Trailer House/Camp/Catering						69,000
Other Misc Expenses	CON.190	29,9	9 PCOM.190		0	108,919
Overhead						15,000
MOB/DEMOB						110,000
Directional Drilling Services						289,000
Solids Control						36,000
Well Control Equip (Snubbing Services)			PCOM.240		0	141,000
			PCOM.240			
Completion Rig					0	21,000
Coil Tubing Services			PCOM.260		0	161,000
Completion Logging/Perforating/Wireline			PCOM.200		0	253,000
Composite Plugs			PCOM.390		0	40,000
Stimulation Pumping/Chemicals/Additives/Sand			PCOM.210		0	2,680,000
Stimulation Water/Water Transfer/Water Storage						150,000
Cimarex Owned Frac/Rental Equipment			PCOM.305		0	60,000
Legal/Regulatory/Curative	CON.300		0		0	10,000
Well Control Insurance			0			7,000
Major Construction Overhead	CON.305	27.47				
		27,42				27,426
FL/GL - ON PAD LABOR	CON.495	44,48				44,484
FL/GL - Labor	CON.500	88,18	_			88,181
FL/GL - Supervision	CON.505	19,68	3			19,683
Survey	CON.515	8,00	4			8,004
Aid In Construct/3rd Party Connect	CON.701	104,05	9			104,059
Contingency	CON.220	111,65	1 PCOM.220		0	404,671
Contingency	CON.221	28,08			-	28,08
Total Intangible Cost		842,9			230,377	7,490,348
Conductor Pipe		042,5			230,311	8,000
Water String						74,000
Surface Casing						252,000
Intermediate Casing 1						399,000
Production Casing or Liner						157,000
Tubing			PCOMT.105		0	86,000
Wellhead, Tree, Chokes			PCOMT.120	Connecting flowline after first lift install	15,000	109,000
Liner Hanger, Isolation Packer						57,000
Packer, Nipples			PCOMT.400		15,000	43,000
SHORT ORDERS	CONT.380	15,6			13,000	15,616
PUMPS	CONT.385					
		22,30				22,308
WALKOVERS	CONT.390	13,12				13,122
Downhole Lift Equipment			PCOMT.410		50,000	130,000
Surface Equipment				Miscellaneous parts and fittings based off	15,000	15,000
Well Automation Materials			PCOMT.455		8,000	8,000
N/C Lease Equipment	CONT.400	200,1	3			200,113
Battery Equipment	CONT.410	89,75				89,756
Secondary Containments	CONT.415	32,80				32,805
Facility Electrical	CONT.425	89,49				89,493
Meters and Metering Equipment	CONT.445					
		20,20				20,208
Facility Line Pipe	CONT.450	25,19				25,195
Lease Automation Materials	CONT.455	88,5				88,575
FL/GL - Materials	CONT.550	17,7				17,715
FL/GL - Line Pipe	CONT.555	71,12	.3			71,123
Total Tangible Cos		686,02	29		103,000	2,024,029
		1,529,00	~			

A.A.P.L. FORM 610 - 1989

MODEL FORM OPERATING AGREEMENT

OPERATING AGREEMENT

DATED

<u>February 11</u>, <u>2022</u>,

OPERATOR Cimarex Energy Co. of Colorado

CONTRACT AREA E/2 Sec 21 & 28, Township 19 South, Range 34 East

INITIAL WELL: MESCALERO RIDGE 21-28 FEDERAL COM 2H

COUNTY OR PARISH OF Lea , STATE OF New Mexico

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A.A.P.L. NO. 610 - 1989

COPAS 2005 Accounting Procedure Recommended by COPAS

Exhibit " C " ACCOUNTING PROCEDURE JOINT OPERATIONS

Attached to and made part of that certain Operating Agreement dated February 11, 2022, between Cimarex Energy Co, of Colorado, as Operator on behalf of Magnum Hunter Production, Inc., a wholly owned subsidiary of Cimarex Energy Co, and Chevron U.S.A. Inc., et al., as Non-

I. GENERAL PROVISIONS

IF THE PARTIES FAIL TO SELECT EITHER ONE OF COMPETING "ALTERNATIVE" PROVISIONS, OR SELECT ALL THE COMPETING "ALTERNATIVE" PROVISIONS, ALTERNATIVE 1 IN EACH SUCH INSTANCE SHALL BE DEEMED TO HAVE BEEN ADOPTED BY THE PARTIES AS A RESULT OF ANY SUCH OMISSION OR DUPLICATE NOTATION.

IN THE EVENT THAT ANY "OPTIONAL" PROVISION OF THIS ACCOUNTING PROCEDURE IS NOT ADOPTED BY THE PARTIES TO THE AGREEMENT BY A TYPED, PRINTED OR HANDWRITTEN INDICATION, SUCH PROVISION SHALL NOT FORM A PART OF THIS ACCOUNTING PROCEDURE, AND NO INFERENCE SHALL BE MADE CONCERNING THE INTENT OF THE PARTIES IN SUCH EVENT.

1. **DEFINITIONS**

All terms used in this Accounting Procedure shall have the following meaning, unless otherwise expressly defined in the Agreement:

"Affiliate" means for a person, another person that controls, is controlled by, or is under common control with that person. In this definition, (a) control means the ownership by one person, directly or indirectly, of more than fifty percent (50%) of the voting securities of a corporation or, for other persons, the equivalent ownership interest (such as partnership interests), and (b) "person" means an individual, corporation, partnership, trust, estate, unincorporated organization, association, or other legal entity.

"Agreement" means the operating agreement, farmout agreement, or other contract between the Parties to which this Accounting Procedure is attached.

"Controllable Material" means Material that, at the time of acquisition or disposition by the Joint Account, as applicable, is so classified in the Material Classification Manual most recently recommended by the Council of Petroleum Accountants Societies (COPAS).

"Equalized Freight" means the procedure of charging transportation cost to the Joint Account based upon the distance from the nearest Railway Receiving Point to the property.

"Excluded Amount" means a specified excluded trucking amount most recently recommended by COPAS.

"Field Office" means a structure, or portion of a structure, whether a temporary or permanent installation, the primary function of which is to directly serve daily operation and maintenance activities of the Joint Property and which serves as a staging area for directly chargeable field personnel.

"First Level Supervision" means those employees whose primary function in Joint Operations is the direct oversight of the Operator's field employees and/or contract labor directly employed On-site in a field operating capacity. First Level Supervision functions may include, but are not limited to:

- Responsibility for field employees and contract labor engaged in activities that can include field operations, maintenance, construction, well remedial work, equipment movement and drilling
- · Responsibility for day-to-day direct oversight of rig operations
- · Responsibility for day-to-day direct oversight of construction operations
- Coordination of job priorities and approval of work procedures
- Responsibility for optimal resource utilization (equipment, Materials, personnel)
- · Responsibility for meeting production and field operating expense targets
- Representation of the Parties in local matters involving community, vendors, regulatory agents and landowners, as an incidental part of the supervisor's operating responsibilities
- Responsibility for all emergency responses with field staff
- Responsibility for implementing safety and environmental practices
- Responsibility for field adherence to company policy
- · Responsibility for employment decisions and performance appraisals for field personnel
- Oversight of sub-groups for field functions such as electrical, safety, environmental, telecommunications, which may have group or team leaders.

"Joint Account" means the account showing the charges paid and credits received in the conduct of the Joint Operations that are to be shared by the Parties, but does not include proceeds attributable to hydrocarbons and by-products produced under the Agreement.

"Joint Operations" means all operations necessary or proper for the exploration, appraisal, development, production, protection, maintenance, repair, abandonment, and restoration of the Joint Property.

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COPAS 2005 Accounting Procedure Recommended by COPAS, Inc.

- human resources
- management
- supervision not directly charged under Section II.2 (Labor)
- legal services not directly chargeable under Section II.9 (Legal Expense)
- taxation, other than those costs identified as directly chargeable under Section II.10 (Taxes and Permits)
- preparation and monitoring of permits and certifications; preparing regulatory reports; appearances before or meetings with
 governmental agencies or other authorities having jurisdiction over the Joint Property, other than On-site inspections; reviewing,
 interpreting, or submitting comments on or lobbying with respect to Laws or proposed Laws.

Overhead charges shall include the salaries or wages plus applicable payroll burdens, benefits, and Personal Expenses of personnel performing overhead functions, as well as office and other related expenses of overhead functions.

1. OVERHEAD—DRILLING AND PRODUCING OPERATIONS

As compensation for costs incurred but not chargeable under Section II (Direct Charges) and not covered by other provisions of this Section III, the Operator shall charge on either:

- (Alternative 1) Fixed Rate Basis, Section III.1.B.
- (Alternative 2) Percentage Basis, Section III.1.C.

A. TECHNICAL SERVICES

- (i) Except as otherwise provided in Section II.13 (Ecological Environmental, and Safety) and Section III.2 (Overhead Major Construction and Catastrophe), or by approval of the Parties pursuant to Section L6.A (General Matters), the salaries, wages, related payroll burdens and benefits, and Personal Expenses for On-site Technical Services, including third party Technical Services:
 - ✓ (Alternative 1 Direct) shall be charged <u>direct</u> to the Joint Account.
 - (Alternative 2 Overhead) shall be covered by the <u>overhead</u> rates.
- (ii) Except as otherwise provided in Section 11.13 (Ecological, Environmental, and Safety) and Section 11.2 (Overhead Major Construction and Catastrophe), or by approval of the Parties pursuant to Section I.6.A (General Matters), the salaries, wages, related payroll burdens and benefits, and Personal Expenses for Off-site Technical Services, including third party Technical Services:
 - (Alternative 1 All Overhead) shall be covered by the <u>overhead</u> rates.
 - (Alternative 2 All Direct) shall be charged <u>direct</u> to the Joint Account.
 - (Alternative 3 Drilling Direct) shall be charged <u>direct</u> to the Joint Account, <u>only</u> to the extent such Technical Services are directly attributable to drilling, redrilling, deepening, or sidetracking operations, through completion, temporary abandonment, or abandonment if a dry hole. Off-site Technical Services for all other operations, including workover, recompletion, abandonment of producing wells, and the construction or expansion of fixed assets not covered by Section 111.2 (Overhead Major Construction and Catastrophe) shall be covered by the overhead rates.

Notwithstanding anything to the contrary in this Section III, Technical Services provided by Operator's Affiliates are subject to limitations set forth in Section II.7 (*Affiliates*). Charges for Technical personnel performing non-technical work shall not be governed by this Section III.1.A, but instead governed by other provisions of this Accounting Procedure relating to the type of work being performed.

B. OVERHEAD-FIXED RATE BASIS

(1) The Operator shall charge the Joint Account at the following rates per well per month:

Drilling Well Rate per month \$______ (prorated for less than a full month)

Producing Well Rate per month \$ 800.00

- (2) Application of Overhead—Drilling Well Rate shall be as follows:
 - (a) Charges for onshore drilling wells shall begin on the spud date and terminate on the date the drilling and/or completion equipment used on the well is released, whichever occurs later. Charges for offshore and inland waters drilling wells shall begin on the date the drilling or completion equipment arrives on location and terminate on the date the drilling or completion equipment moves off location, or is released, whichever occurs first. No charge shall be made during suspension of drilling and/or completion operations for fifteen (15) or more consecutive calendar days.

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Case No. 22754, 22755, and 22756, Mescalero Ridge 21-28 Fed Com 2H, 3H, 4H, 5H and 6H

E2 on Section 21-2

February 14, 2022- Well Proposals sent to all parties, follow up emails and phone calls with working interest owners after receipt of the well proposal.

Month of **March**- Continue negotiations on OA. Receive election to participate from Nadel and Gussman and Alpha Energy Partners.

April 4, 2022- Continued phone calls and emails to finalize negotiated terms in the OA; Chevron and majority of interests signed up.

April 11, 2022-present- Communicating with final 2 working interest owners to finalize terms under the OA.

TAB 3

Case No. 22756

- Affidavit of Staci Mueller, Geologist Exhibit B:
- Exhibit B-1:Structure MapExhibit B-2:Stratigraphic Cross Section
- Exhibit B-3: Gross Isochore
- Gun Barrel View Exhibit B-4:
- Trajectory Cross-section Exhibit B-5:

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

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

Case Nos. 22754-56

EXHIBIT

B

AFFIDAVIT OF STACI MUELLER

I, STACI MUELLER, being duly sworn on oath, state the following:

1. I am over the age of 18, and I have personal knowledge of the matters stated herein.

2. I am employed as a petroleum geologist for Cimarex Energy Co. ("Cimarex"), and I am familiar with the subject application and the geology involved.

3. This affidavit is submitted in connection with the filing by Cimarex of the abovereferenced compulsory pooling application pursuant to 19.15.4.12.A(1) NMAC.

4. I have testified previously by affidavit before the Oil Conservation Division ("Division") as an expert petroleum geologist; my credentials have been made a matter of record, and I have been qualified as an expert by the Division.

- a. 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.
- b. I have worked on New Mexico Oil and Gas matters since July 2018.

5. Exhibit B-1 is a structure map of the top of the 3rd Bone Spring Sand formation with contour interval of 20'. The unit being pooled is outlined by a white rectangle. The

structure map shows that there is a regional down-dip to the south. I do not observe any faulting, pinchouts, or other geologic impediments to developing this targeted interval.

6. Exhibit B-2 is a stratigraphic cross-section flattened on the top of the 3rd Bone Spring Carbonate formation. The first and third well in the cross section contains a Gamma Ray and Porosity log, and the middle well contains Gamma Ray, Resistivity, and Neutron/Density Porosity logs. The well logs are oriented north to south, and are meant to illustrate the continuity of the targeted formation. The well logs on the cross-section are representative of this formation in this area. The landing zone is highlighted by arrows.

7. Additional exhibits for the benefit of the Division's review include **Exhibit B-3**, a gross isopach of the 3rd Bone Spring Sand formation, illustrating in the subject unit the thickness of the formation is between ~270-300ft. **Exhibit B-4** is a gun barrel representation of the unit. It illustrates what Cimarex has concluded to be optimal spacing and configuration for the development of the Bone Spring formation in this area. **Exhibit B-5** is a trajectory cross section-oriented N-S and highlights the reservoir being targeted as being correlative & continuous.

- 8. I conclude from the attached exhibits that:
 - a. The horizontal spacing and proration unit is justified from a geologic standpoint.
 - b. There are no structural impediments or faulting that will interfere with horizontal development.
 - c. Each quarter-quarter section in the unit will contribute more or less equally to production.

9. The preferred well orientation in this area is North-South so that the wells run subperpendicular to the inferred orientation of the maximum horizontal stress.

10. The Exhibits to this Affidavit were prepared by me or compiled from Cimarex's company business records under my direct supervision.

11. The granting of this Application is in the interests of conservation, the prevention of waste and the drilling of unnecessary wells, and the protection of correlative rights.

12. The foregoing is correct and complete to the best of my knowledge and belief.

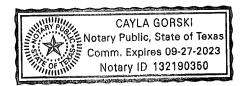
[Signature page follows]

FURTHER AFFIANT SAYETH NAUGHT

le la

Staci Mueller

Subscribed to and sworn before me this $2^{\underline{PP}}$ day of May, 2022.



gle Hent

Notary Public

3rd Bone Spring Sand Structure

COTERRA

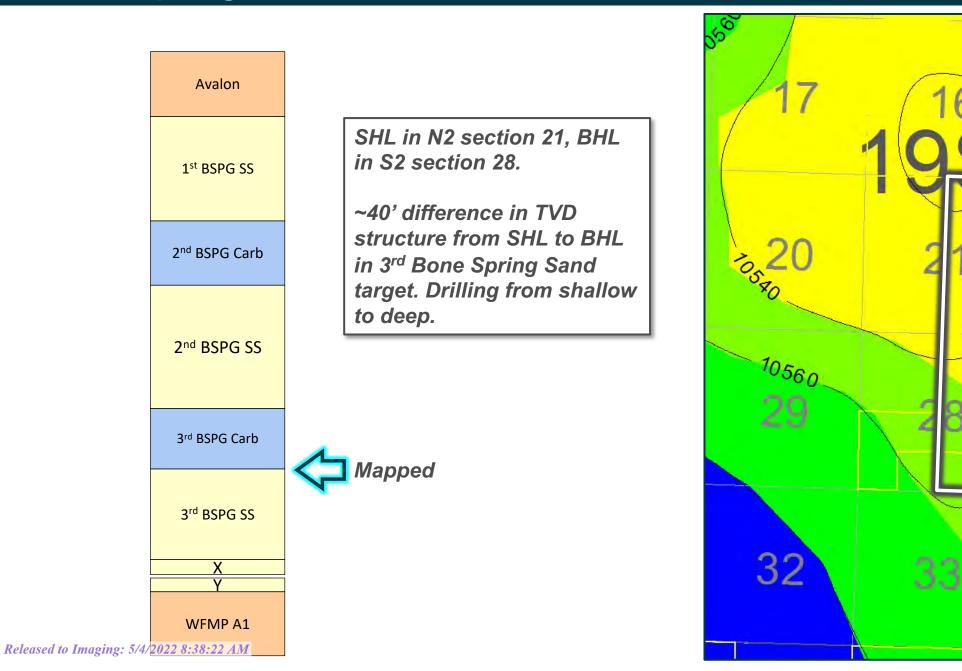
d BSPG SS

Structure

€

EXHIBIT

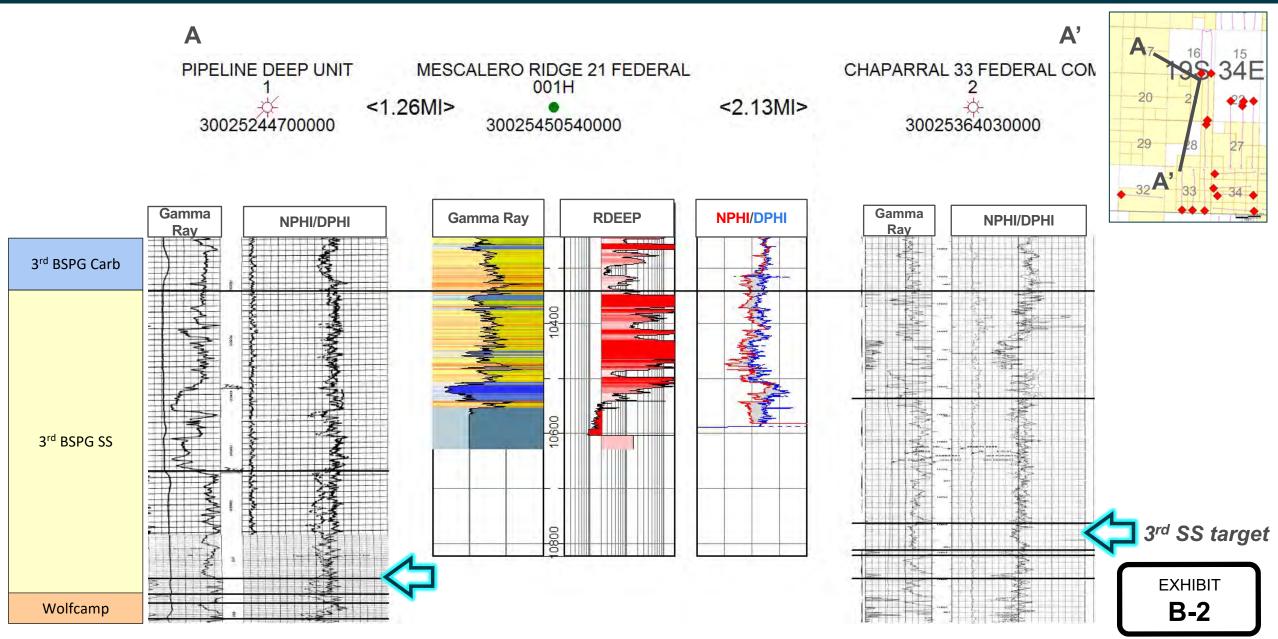
B-1





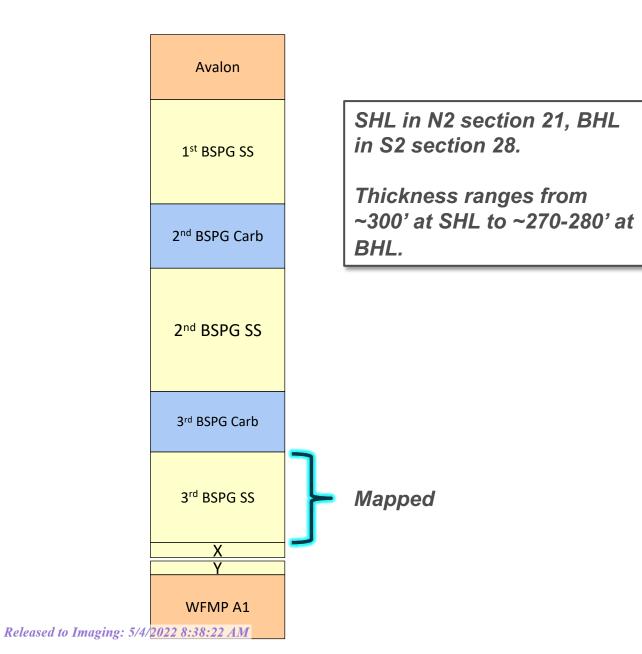
Stratigraphic Cross Section

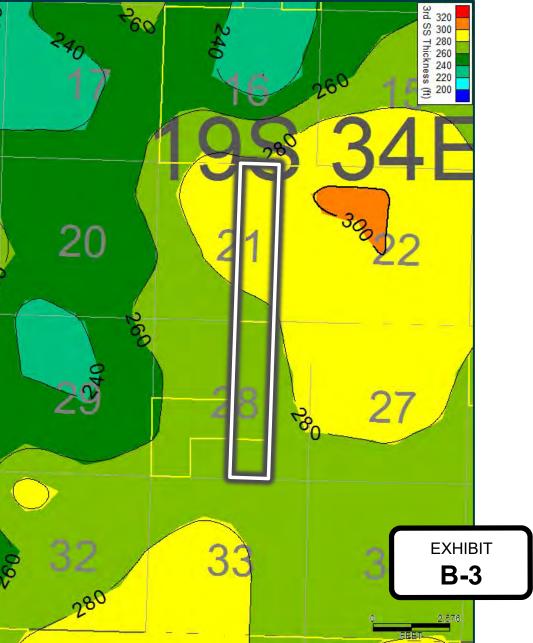




3rd Bone Spring Sand Thickness

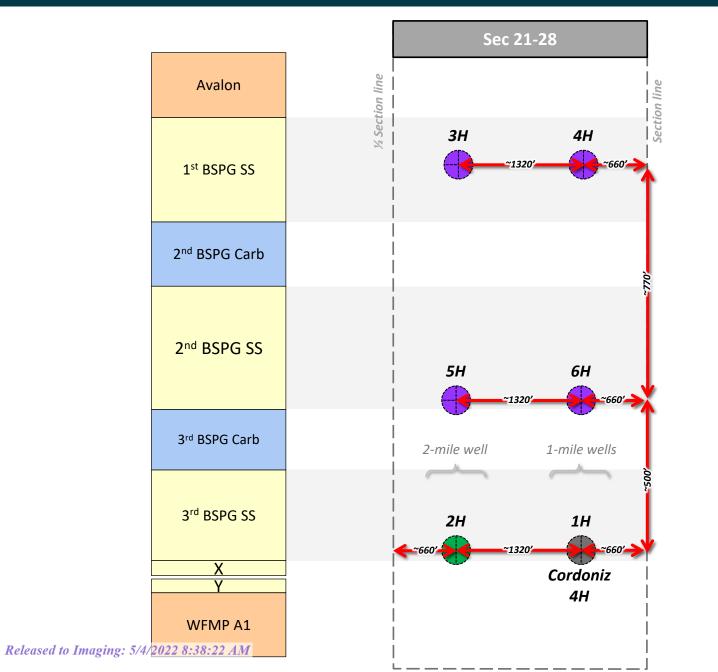
COTERRA

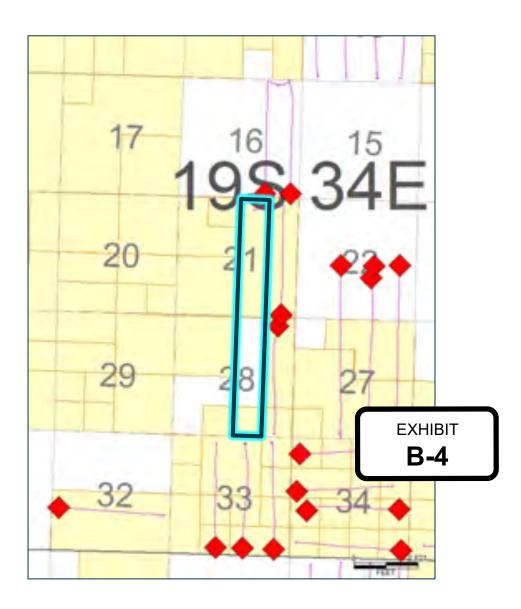




Gun Barrel View

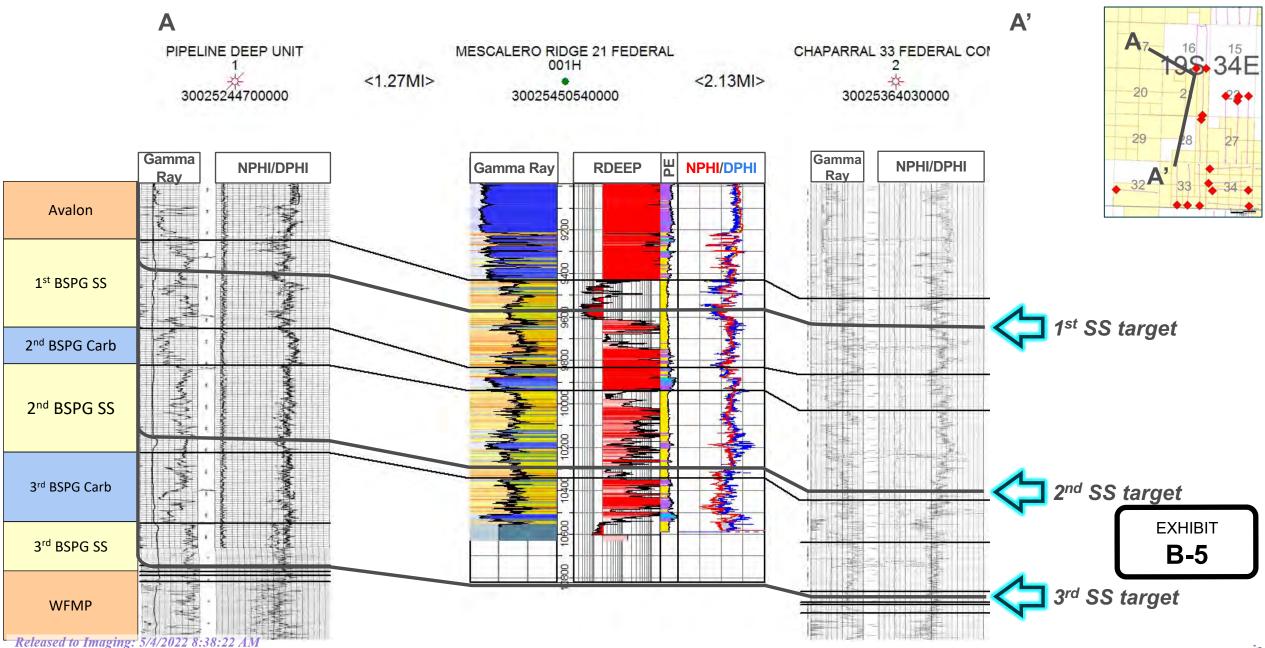






Cross Section

COTERRA



TAB 4

Case No. 22756

- Affidavits of Notice, Darin C. Savage Exhibit C:
- Exhibit C-1: Notice Letters (WI & ORRI) Exhibit C-2: Mailing List Exhibit C-3: Affidavit of Publication

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

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

Case No.22756

AFFIDAVIT OF NOTICE

STATE OF NEW MEXICO)) ss. COUNTY OF SANTA FE)

I, Darin C. Savage, attorney and authorized representative of Cimarex Energy Co. ("Cimarex"), the Applicant herein, being first duly sworn, upon oath, states the following:

1. Notice of the application and hearing in the above-reference case was timely sent by certified mail, return receipt requested, through the United States Postal Service on April 14, 2022, to all uncommitted interest owners sought to be pooled in this proceeding. See Exhibit C-2, attached hereto. Copies of notice letters and evidence of mailing to parties are attached hereto as Exhibits C-1 and C-2.

2. Cimarex submitted its publication notice to the Hobbs News-Sun, a newspaper of general circulation in Eddy County, New Mexico, in an appropriate time for successful publication. However, due to an excessive volume of publication notices submitted during this cycle, Cimarex was one of several parties that had their notice published a day late. Therefore, notice was published in the Hobbs News-Sun on April 22, 2022, as reflected in the Affidavit of Publication attached hereto as Exhibit C-3. Pursuant to the OCD's letter, "Clarification of Notices for OCD Hearing Guidelines and Compulsory Pooling Applications," dated effective January 23,

ехнівіт **С** 2020, Cimarex will submit a "Motion for Continuing Publication Notice" requesting a bifurcation of the publication notice from the other matters to be heard on May 5, 2022, so the matter of publication notice can be satisfied at the May 19, 2022, Docket.

3. Cimarex has conducted a good faith, diligent effort to find the names and correct addresses for the interest owners entitled to receive notice of the application filed herein.

Signature page follows

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Darin C. Savage

SUBSCRIBED AND SWORN to before me this 3 day of May, 2022, by Darin C. Savage.

Notary Public

My Commission Expires:

STATE OF NEW MEXICO NOTARY PUBLIC MARSHA DALTON COUCH COMMISSION #1077509 COMMISSION EXPIRES 02/10/2026 **Received by OCD: 5/3/2022 6:55:26 PM**



ABADIE I SCHILL PC

Colorado New Mexico Louisiana Texas Kansas Utah Nebraska Wyoming Montana California Oklahoma North Dakota



April 14, 2022

VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of Cimarex Energy Co., for a horizontal spacing unit and compulsory pooling, Lea County, New Mexico <u>Mescalero Ridge 21-28 Federal Com 2H Well</u> (Case No. 22754) <u>Mescalero Ridge 21-28 Fed Com 3H Well</u> (Case No. 22755) <u>Mescalero Ridge 21-28 Fed Com 4H Well</u> (Case No. 22756) <u>Mescalero Ridge 21-28 Fed Com 5H Well</u> (Case No. 22755) Mescalero Ridge 21-28 Fed Com 6H Well (Case No. 22756)

Case Nos. 22754, 22755 & 22756:

Dear Interest Owners:

This letter is to advise you that Cimarex Energy Co. ("Cimarex") has filed the enclosed applications, Case Nos. 22754, 22755 & 22756, with the New Mexico Oil Conservation Division for the compulsory pooling of units in the Bone Spring formation.

In Case No. 22754, Cimarex seeks to pool the 3rd Bone Spring (10,527 ft to bottom of the Bone Spring) covering the W/2 E/2 of Sections 21 and 28, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico, a standard unit encompassing 320 acres, more or less, dedicated to the above-referenced 2H Well (Case No. 22754). Please note the depth severance in Paragraph 5 of the attached application.

In Case No. 22755, Cimarex seeks to pool the 1st and 2nd Bone Spring (from top of the Bone Spring to 10,527 ft) covering the W/2 E/2 of Sections 21 and 28, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico, a standard unit encompassing 320 acres, more or less, dedicated to the above-referenced 3H and 5H Wells (Case No. 22755). Please note the depth severance in Paragraph 6 of the attached application.

EXHIBIT

C-1

In Case No. 22756, Cimarex seeks to pool the 1^{st} and 2^{nd} Bone Spring (from top of the Bone Spring to 10,527 ft) covering the E/2 E/2 of Sections 21 and 28, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico, a standard unit encompassing 320 acres, more or less, dedicated to the above-referenced 4H and 6H Wells (Case No. 22756). Please note the depth severance in Paragraph 7 and overlapping units in Paragraph 8 of the attached application.

A hearing has been requested before a Division Examiner on May 5, 2022, and the status of the hearing can be monitored through the Division's website. Division hearings will commence at 8:15 a.m., traditionally in Porter Hall at the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. However, under the COVID-19 Public Health Emergency, the hearing will be conducted remotely online. For information about remote access and the status of the case, you can visit the Division's website at: <u>https://www.emnrd.nm.gov/ocd/hearing-info/</u> or call (505) 476-3441.

You are being notified as an interest owner and are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B NMAC to file a Prehearing Statement at least four business days in advance of a scheduled hearing, but in no event later than 5 p.m. mountain time on the Thursday preceding the scheduled hearing date. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: The names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter, please contact John Coffman at (432) 571-7883 or at john.coffman@coterra.com.

Sincerely,

Darin C. Savage

Attorney for Cimarex Energy Co.

Received by OCD: 5/3/2022 6:55:26 PM



Page 252 of 292

ABADIE I SCHILL PC

Colorado New Mexico Louisiana Texas Kansas Utah Nebraska Wyoming Montana California Oklahoma North Dakota

April 14, 2022

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You are being notified as an overriding royalty interest owner and are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B NMAC to file a Prehearing Statement at least four business days in advance of a scheduled hearing, but in no event later than 5 p.m. mountain time on the Thursday preceding the scheduled hearing date. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: The names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter, please contact John Coffman at (432) 571-7883 or at john.coffman@coterra.com.

Sincerely,

Darin C. Savage

Attorney for Cimarex Energy Co.

Received by OCD: 5/3/2022 6:55:26 PM



ABADIE I SCHILL PC

Colorado New Mexico Louisiana Texas Kansas Utah Nebraska Wyoming Montana California Oklahoma North Dakota



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a b a d i e s c h i l l . c o m 214 McKenzie Street, Santa Fe, New Mexico, 87501 O : 970.385.4401 • F : 970.385.4901 In Case No. 22756, Cimarex seeks to pool the 1^{st} and 2^{nd} Bone Spring (from top of the Bone Spring to 10,527 ft) covering the E/2 E/2 of Sections 21 and 28, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico, a standard unit encompassing 320 acres, more or less, dedicated to the above-referenced 4H and 6H Wells (Case No. 22756). Please note the depth severance in Paragraph 7 and overlapping units in Paragraph 8 of the attached application.

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You are being notified as an owner of Record Title, not a Working Interest owner with operating rights, and are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

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Attorney for Cimarex Energy Co.

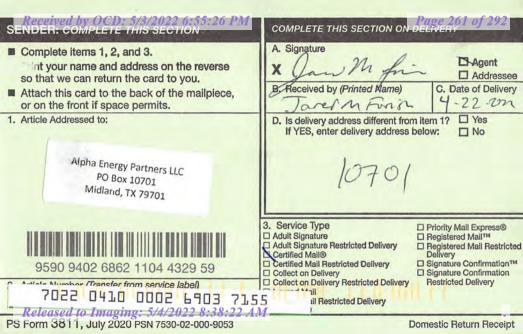
<u>Interest</u>	Name	Address	City	<u>State</u>	<u>Zip</u>	Date Mailed	<u>Status</u>	Date Delivered	Green Card Returned?
WI	Cimarex Energy Co.	600 N. Marienfeld St., Ste 600	Midland	ТΧ	79701				
WI	Chevron	1400 Smith Street	Houston	ТΧ	77002	4.14.22	In Transit per USPS.com	-	-
WI	TLW Investments LLC	PO Box 301535	Dallas	TX	75303	4.14.22	Delivered	4.19.22	YES
WI	Matador Resources Company	5400 LBJ Freeway, Suite 1500	Dallas	ТΧ	75240	4.14.22	Delivered	4.18.22	YES
WI	Nadel and Gussman Capitan LLC	15 E. 5th St. Suite 3300	Tulsa	OK	74103	4.14.22	Delivered	N/A	YES
WI	XTO Holdings LLC, Attn: Bryan Cifuentes	22777 Springwoods Village Pkwy	Spring	ТΧ	77389	4.14.22	Delivered	4.19.22	YES
WI	Alpha Energy Partners LLC	PO Box 10701	Midland	TX	79701	4.14.22	Delivered	4.22.22	YES
RI	United States of America BLM	414 W. Taylor St.	Hobbs	NM	88240	4.14.22	Delivered	4.25.22	YES
RT	Burlington Resources Oil & Gas Co LP	PO Box 51810	Midland	ΤХ	79710	4.14.22	In Transit per USPS.com	-	-
RT	BXP Operating LLC	11757 Katy Fwy Suite 475	Houston	тх	77079	4.14.22	Delivered per USPS.com	4.19.22	NO
RT	BXP Partners V LP	3890 W Northwest Hwy Suite 670	Dallas	ТХ	75220	4.14.22	Delivered per o'br bicom	N/A	YES
RT	EOG Resources Inc	1111 Bagby St Lobby 2	Houston	TX	77002	4.14.22	Delivered	Illegible	YES
RT	Merit Energy Partners D-III	13727 Noel Rd Suite 1200	Dallas	ТХ	75240	4.14.22	In Transit per USPS.com	megiote	1115
RT	Merit Energy Partners III LP	13727 Noel Rd Suite 1200	Dallas	TX	75240	4.14.22	Delivered	4.19.22	YES
								4.19.22	
RT	Merit Management Partners I LP	13727 Noel Rd Suite 500	Dallas	ТХ	75240	4.14.22	Delivered		YES
RT	Pernoc Oil Corp	1515 W Calle Sur St Suite 174	Hobbs	NM	88240	4.14.22	Delivered	4.18.22	YES
RT	Chevron USA Inc	6301 Deauville	Midland	TX	79706	4.14.22	Delivered	4.19.22	YES
RT	Stivason Celia	9500 Harritt Rd	Lakeside	CA	92040	4.14.22	In Transit per USPS.com		-
RT	Balog Family Trust	PO Box 111890	Anchorage	AK	99511				
RT	Jack V Walker Revocable Trust (THE)	PO Box 102256	Anchorage	AK	99511	4.14.22	Delivered	4.18.22	YES
RT	Titzel Shannon	1800 Rogers Park Ct	Anchorage	AK	99508				
RT	Chargoil & Gas Co LLC	PO Box 29450	Santa Fe	NM	87592				
RT	Lenox Mineral Title Holdings Inc	1707 1/2 Post Oak Blvd #171	Houston	тх	77056	4.14.22	Delivered	4.22.22	YES
RT	Shogoil & Gas Co II Inc	PO Box 29450	Santa Fe	NM	87592	4.14.22	Delivered	N/A	YES
ORRI	Atlas Investment Corporation	210 W. Park Ave., #660	OKC	OK	73102	4.14.22	Returned Undeliverable	19/24	11.5
-					99511			-	- WEG
ORRI	Balog Family Trust dated August 15, 2002	P.O. Box 111890	Anchorage	AK		4.14.22	Delivered	N/A	YES
ORRI	Bank of America, N.A., Sole Trustee of the Selma E. Andrews Trust for benefit of Peggy Barrett	P.O. Box 830308	Dallas	TX	75283	4.14.22	Delivered	4.18.22	YES
ORRI	Bank of America, N.A., Sole Trustee of the Selma E. Andrews Trust for benefit of Selma E. Andrews Perpetual Charitable Trust	P.O. Box 830308	Dallas	TX	75283	4.14.22	Delivered	4.18.22	YES
ORRI	Billy Wayne Gorman and Romayne Hope Gorman, General Partners of the Billy Wayne Gorman Family Investment Limited Partnership	11141 Blue Stem Backroad	OKC	OK	73162	4.14.22	In Transit per USPS.com	-	-
ORRI	Braille Institute of America, Inc. c/o NCNB Texas	P.O. Box 830308	Dallas	TX	75283	4.14.22	Delivered	4.18.22	YES
ORRI	Cargoil and Gas Company, LLC	P.O. Box 29450	Santa Fe	NM	87592	4.14.22	Undeliverable per USPS.com		11.5
ORRI	Celia Stivason	32066 Hwy 94		CA	91906	4.14.22	In Transit per USPS.com	-	-
-		1400 Smith Street	Campo		77002	4.14.22	In Transit per USPS.com	-	-
ORRI	Chevron USA Inc.		Houston	TX-	11002				
ORRI	Dennis Eimers	P.O. Box 50637	Midland	TX	79710	4.14.22	Delivered	4.27.22	YES
ORRI	First National Bank of Roswell, N.A., Trustee under the Last Will and Testament of Foster Morrell dated August 5, 1971	111 East 5th St.	Roswell	NM	88201	4.14.22	In Transit per USPS.com	-	-
ORRI	FOKL LLC	P.O. Box 1533	OKC	OK	73101	4.14.22	Delivered	4.20.22	YES
ORRI	Hillman Royalties, LP	1415 S. Voss, #110-105	Houston	TX	77057	4.14.22	Delivered	N/A	YES; Unsigned
ORRI	Jack V. Walker Revocable Trust dated May 21, 1981; Valorie Faye Walker, Successor Trustee	P.O. Box 1216	Albuquerque	NM	87183	4.14.22	Delivered	4.22.22	YES
ORRI	Jerry Barnes	P.O. Box 768	Chillicothe	MO	64601	4.14.22	In Transit per USPS.com	-	-
ORRI	Joseph M. Green and Erma Dean Green, Trustees of the Green Family Trust under instrument dated April 3, 1992	3795 Vancouver Dr.	Dallas	TX	75229	4.14.22	Returned Undeliverable		
ORRI	Kathleen Earnest Rios and Robert E. Rios, Co-Trustees of the Robert P. Earnest and Anna Dokus Earnest Trust aka Trust "B"	2401 N. Beazos Ave.	Hobbs	NM	88240	4.14.22	In Transit per USPS.com	-	-
ORRI	LJA Charitable Investments LLC	1717 West Loop South, Suite 1800	Houston	TX	77027	4.14.22	Delivered	4.18.22	YES
ORRI	Magnum Hunter Production, Inc.	600 N. Marienfield St., #600	Midland	TX	79701	4.14.22	Delivered	4.18.22	YES
			Midland		79701			4.18.22	
ORRI	Marshall & Winston, Inc.	P.O. Box 50880		TX		4.14.22	Delivered	4.19.22	YES
ORRI	Matador Resources Company	5400 LBJ Freeway, Suite 1500	Dallas	TX	75240				
ORRI	McElroy Minerals, LLC c/o Catherine Cecile Darch	4210 S. Bellaire Circle	Englewood	CO	80113	4.14.22	Delivered	4.18.22	YES
ORRI	Richard H. Coats	P.O. Box 2412	Midland	TX	79702	4.14.22	Delivered	N/A	YES
ORRI	Rockwell Energy Resources, LLC	P.O. Box 54584	OKC	OK	73154	4.14.22	Delivered	4.26.22	YES
ORRI	Shannon Titzel	1800 Rogers Park Ct.	Anchorage	AK	99508	4.14.22	Delivered	4.19.22	YES
ORRI	Shogoil and Gas Company II, LLC	P.O. Box 209	Hay Springs	NE	69347	4.14.22	Delivered	N/A	YES
ORRI	Steven R. Garrity	P.O. Box 20500	OKC	OK	73156	4.14.22	In Transit per USPS.com	-	-
ORRI	The First National Bank of Roswell, N.A., Trustee of the Edna E. Morrell	111 East 5th St.	Roswell	NM	88201	4.14.22	In Transit per USPS.com	-	-
ORRI	Living Trust Unknown Trustee of the Robert Welch Gillespie and Katherine Deuel Gillespie Revocable Trust u/a/d 3/11/92	1250 E. Walnut Street, #220	Pasadena	СА	91106	4.14.22	Delivered	4.18.22	YES
ORRI	Van P. Welch, Jr.	2259-C Via Puerta	Laguna Hills	CA	92653	4.14.22	In Transit per USPS.com	-	t
ORRI	Wallace H. Scott, III	2901 Oakhurst Ave.	Austin	TX	78703	4.14.22	Delivered	4.19.22	YES
-	Wayne Newkumet	500 W. Texas Ave, #1410	Midland	TX	79701		In Transit per USPS.com		
OKKI	wayne wewkulliet	500 W. ICAB AVC, #1410	minidid	1A	/9/01	4.14.22	in fraisit per USPS.com	r –	<u>I</u>

ORRI	William Winfield Scott	3000 Willowood Circle	Austin	TX	78703	4.14.22	Undeliverable per USPS.com	-	-
ORRI	Wing Resources III, LLC	2100 McKinney Ave., #1540	Dallas	TX	75201	4.14.22	Delivered	4.18.22	YES





		D 200 0202
SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON I	Page 260 of 292
 Complete items 1, 2, and 3. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 	A. Signature X Reality fait B. Fleceived by (Printed Name)	C. Date of Delivery
1. Article Addressed to: Richard H: Couts P.O. Box 2412 Midland, TX 79702	D. Is delivery address different from If YES, enter delivery address b	
9590 9402 6862 1104 4332 91 2. Article Number (Transfer from condice to 1) 7022 0410 0001 8377 0640 Released to Imaging: 5/4/2022 8:38:22 A	3. Service Type Adult Signature Adult Signature Restricted Delivery Certified Mail® Certified Mail Restricted Delivery Collect on Delivery set on Delivery Restricted Delivery red Mail red Mail Restricted Delivery (over \$500)	 □ Priority Mail Express® □ Registered Mail™ □ Registered Mail Restricted Delivery □ Signature Confirmation™ □ Signature Confirmation Restricted Delivery
PS Form 3811, July 2020 PSN 7530-02-000-9053	D	omestic Return Receipt

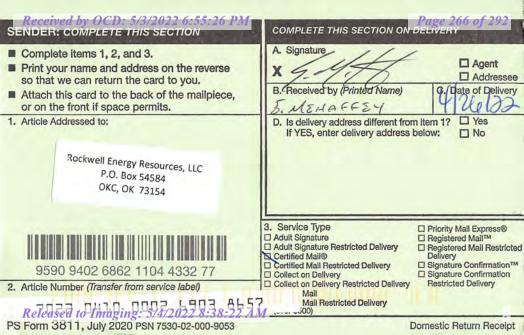


SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION	ON DELIVERY
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United States of America BLM 414 W. Taylor St. Hobbs, NM 88240		
9590 9402 6862 1104 4328 2. Article Number (Transfer from service label) 7022 0410 0002 E	Collect on Delivery Restricted Delivery	Delivery □ Signature Confirmation [™] □ Signature Confirmation
PS Form 3811, July 2020 PSN 7530-02-00	0.9053	Domestic Return Receipt

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON	Page 263 of 292 DELIVERY
 Complete items 1, 2, and 3. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 	A. Signature X P. Crandal B. Received by (Printed Name) P. Crandal	C, Date of Delivery
1. Article Addressed to:	D. Is delivery address different from If YES, enter delivery address	
Nadel and Gussman Capitan LLC 15 E. 5th St. Suite 3300 Tulsa, OK 74103		
9590 9402 6862 1104 4329 73 2. Article Number (<i>Transfer from service label</i>)	Service Type Adult Signature Adult Signature Restricted Delivery Certified Mail® Certified Mail Restricted Delivery Collect on Delivery Collect on Delivery	 Priority Mail Express® Registered Mail™ Registered Mail Restricted Delivery Signature Confirmation™ Signature Confirmation Restricted Delivery
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1	Shogoil and Gas Company II, LLC P.O. Box 209 Hay Springs, NE 69347	If YES, enter delivery address I	below: 🔲 No
2 Article	590 9402 6862 1104 4331 85 Number (Transfer from service label) 022 0410 0002 5903 8555 pased to Imaging: 5/4/2022 8:38:27 47	3. Service Type Adult Signature Adult Signature Restricted Delivery Certified Mail® Certified Mail® Restricted Delivery Collect on Delivery Collect on Delivery Restricted Delivery Mail Restricted Delivery Mail Restricted Delivery 500)	 □ Priority Mail Express® □ Registered Mail™ □ Registered Mail Restricted Delivery □ Signature Confirmation™ □ Signature Confirmation Restricted Delivery
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1. Article Addressed to:	D. Is delivery address different from If YES, enter delivery address b	
BOA Selma Andrews Trust fbo Perpetual Charitable Trust P.O. Box 830308 Dallas, TX 75283		
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1. Article Addressed to: Balog Family Trust dated August 15, 2002 P.O. Box 111890 Anchorage, AK 99511	D. Is delivery address different from If YES, enter delivery address b	
9590 9402 6862 1104 4330 93	3. Service Type Adult Signature Adult Signature Restricted Delivery Certified Mail® Certified Mail® Certified Mail® Collect on Delivery Collect on Delivery Insured Meil Restricted Delivery	 □ Priority Mail Express® □ Registered Mail™ □ Registered Mail Restricted Delivery □ Signature Confirmation™ □ Signature Confirmation Restricted Delivery
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1. Article Addressed to: Braille Institute of America, Inc P.O. Box 830308 Dallas, TX 75283	D. Is delivery address different from it If YES, enter delivery address bel	
9590 9402 6862 1104 4331 30 2. Article Number (Transfer from service label) 7022 0410 0002 6903 65 Released to Imaging: 3/4/2022 8:38:22 4/	Adult Signature Adult Signature Restricted Delivery Certified Mail® Certified Mail Restricted Delivery Collect on Delivery Collect on Delivery	Priority Mail Express® Registered Mail™ Registered Mail Restricted Delivery Signature Confirmation™ Signature Confirmation Restricted Delivery
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Chevron USA Inc 6301 Deauville Midland, TX 79706	
9590 9402 6862 1104 4328 12 2. Article Number (Transfer from service label)	3. Service Type □ Priority Mail Express® □ Adult Signature □ Registered Mail™ □ Adult Signature Restricted Delivery □ Registered Mail™ □ Certified Mail® □ Belivery □ Collect on Delivery □ Signature Confirmation™ □ Collect on Delivery □ Signature Confirmation™ □ Collect on Delivery □ Signature Confirmation™
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1. Article /	Addressed to: McElroy Minerals, LLC 4210 S. Bellaire Circle Englewood, CO 80113	D. Is delivery address different from If YES, enter delivery address b	
2. Article 1	90 9402 6862 1104 4333 07 Number (Transfer from service label) 2 □41.0 □001, A377 □L57 Ised to Imaging: 5/4/2022 8:38:22 A	3. Service Type Adult Signature Adult Signature Restricted Delivery Certified Mail@ Certified Mail@ Collect on Delivery Collect on Delivery Collect on Delivery Restricted Delivery Mail ad Mail Restricted Delivery \$500)	 □ Priority Mall Express® □ Registered Mail™ □ Registered Mall Restricted Delivery □ Signature Confirmation™ □ Signature Confirmation Restricted Delivery
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 Complete items 1, 2, and 3. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 	A. Signature X B. Received by (Printed Name)	Agent Addressee C. Date of Delivery
1. Article Addressed to: Matador Resources Company 5400 LBJ Freeway, Suite 1500 Dallas, TX 75240	D. Is delivery address different from If YES, enter delivery address b	
9590 9402 6862 1104 4329 80 2. Article Number (Transfer from service lebel) 7022 0410 0002 6903 0212 Released to Imaging: 5/4/2022 8:38:22 AM	Service Type Adult Signature Adult Signature Restricted Delivery Certified Mail® Cert	 □ Priority Mail Express® □ Registered Mail™ □ Registered Mail Restricted Delivery □ Signature Confirmation™ □ Signature Confirmation Restricted Delivery
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 Complete items 1, 2, and 3. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 	A. Signature X L Juldo B. Received by (Pfinted Name) I Amt A LIALdo	□ Agent □ Addressee C. Date of Delivery ↓ · [8 · 2022
1. Article Addressed to: Magnum Hunter Production, Inc. 600 N. Marienfield St., #600 Midland, TX 79701	D. Is delivery address different from If YES, enter delivery address	
9590 9402 6862 1104 4330 00 2. Article Number (Transfer from service label) 7021, 0950 0000 6988 8 Released to Imaging: 5/4/2022 8:38:22 4	Service Type Adult Signature Adult Signature Restricted Delivery Certified Mail® Certified Mail® Collect on Delivery Collect on Delivery Restricted Delivery Collect on Delivery Restricted Delivery Correspond Tover \$200	 □ Priority Mail Express® □ Registered Mail™ □ Registered Mail Restricted Delivery □ Signature Confirmation™ □ Signature Confirmation Restricted Delivery
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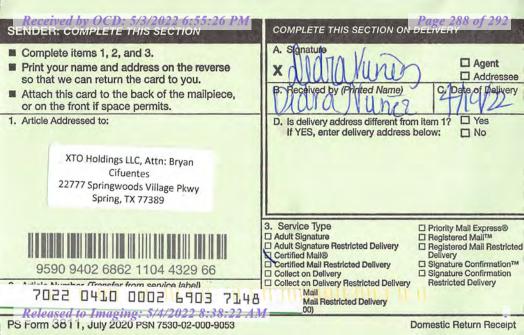
SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON	Page 283 of 292 DELIVERY
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1. Article Addressed to: Pernoc Oil Corp 1515 W Calle Sur St Suite 174	D. Is delivery address different from If YES, enter delivery address t	
Hobbs, NM 88240 9590 9402 6862 1104 4329 04 Article Mumber (Transfer from service label) 7022 0410 0002 6503 72 Released to Imaging, 5/4/2022 838-22	3. Service Type Adult Signature Restricted Delivery Certified Mail® Certified Mail® Collect on Delivery Collect on Delivery Restricted Delivery Collect on Delivery Restricted Delivery Collect on Delivery	 □ Priority Mall Express® □ Registered Mail™ □ Registered Mail Restricted Delivery □ Signature Confirmation™ □ Signature Confirmation Restricted Delivery
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Shogoil & Gas Co II Inc PO Box 29450 Santa Fe, NM 87592	
9590 9402 6862 1104 4329 42 2. Article Number (Transfer from service label)	3. Service Type □ Priority Mall Express® □ Adult Signature □ Registered Mall™ □ Adult Signature Restricted Delivery □ Registered Mall™ □ Certified Mail® □ Signature Confirmation™ □ Collect on Delivery □ Signature Confirmation™ □ Collect on Delivery □ Signature Confirmation™ □ Collect on Delivery □ Signature Confirmation™
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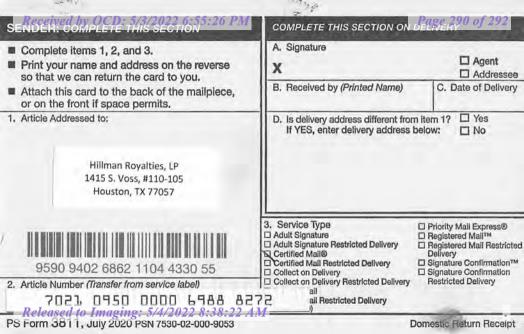














Affidavit of Publication

STATE OF NEW MEXICO COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

> Beginning with the issue dated April 22, 2022 and ending with the issue dated April 22, 2022.

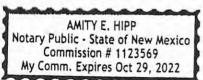
Russol (

Publisher

Sworn and subscribed to before me this 22nd day of April 2022.

Circulation Clerk

My commission expires October 29, 2022 (Seal)



This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said LEGAL NOTICE April 22, 2022

CASE No. 22756: Notice to all affected parties and persons having any right, title, interest or claim to this case, including overriding royalty interest owners, as well as the known and unknown heirs, devisees, assigns and successors of ALPHA ENERGY PARTNERS LLC, CHEVRON USA INC., MATADOR RESOURCES COMPANY, NADEL AND GUSSMAN CAPITAN LLC, XTO HOLDINGS LLC, TLW INVESTMENTS LLC, CHEVRON USA INC., MATADOR RESOURCES COMPANY, NADEL AND GUSSMAN CAPITAN LLC, XTO HOLDINGS LLC, TLW INVESTMENTS LLC, STIAVSON CELIA, BALOG FAMILY TRUST, JACK V. WALKER REVOCABLE TRUST (ITE), TITZEL SHANNON, CHARGOIL & GAS CO LLC, LENOX MINERAL TITLE HOLDINGS LIC, SHOGOIL & GAS CO IIIC, JOSEPH M. GREEN AND ERMA DEAN GREEN, BILLY WAYNE GORMAN AND ROMAYNE HOPE GORMAN, RICHARD H. COATS, UNKNOWN TRUSTEE OF THE ROBERT WELCH GILLESPIE AND KATHERINE DEUEL GILLESPIE REVOCABLE TRUST, VAN P. WELCH, JR., ROCKWELL ENERGY RESOURCES, LLC. BANK OF AMERICA, NA., SOLE TRUST, BRAILE INSTITUTE OF AMERICA, INC., MARANAL CHARITABLE TRUST, BRAILE INSTITUTE OF AMERICA, INC., MARANAL CHARITABLE TRUST, BRAILE INSTITUTS TAKATHENE EARNEST RIOS AND ROBERT E. RIOS, CO-TRUSTEES OF THE ROBERT P. EARNEST RIOS AND ROBERT E. RIOS, CO-TRUSTEES OF THE ROBERT P. WALLACE H. SCOTT, III, WILLIAM WINFIELD SCOTT, MCELROY MINERALS, LLC, MATADOR RESOURCES COMPANY ATLAS INVESTMENT CORPORATION, JERRY BARNES, DENNIS ELMERS, WAYNE NEWKUMET, STEVE R. GARRITY, HILLMAN ROYALTIES, LP., and FOKL LLC, of CIMARES, SARIA FG. NEW MEXICO, THE STUGS AND ROBERT P. SOLING EXAMINE T. STEVE R. GARRITY, HILLMAN ROYALTIES, LP., and FOKL LLC, of CIMARES, SARIA FG. NEW MEXICO, THE STUGS AND HERMICH IN THE STIME TO CORPORATION, JERRY BARNES, DENNIS ELMERS, WAYNE NEWKUMET, STEVE R. GARRITY, HILLMAN ROYALTIES, LP., and FOKL LLC, of CIMARES, SARIA FG. NEW MEXICO, THE STUGS AND ROBERT P. SOLING EXAMINE STIMENT (ORPORATION, JERRY BARKS, ORNA, MAYNE NEWKUMET, STEVE R. GARRITY, HILMAN ROYALTIES, LP., and FOKL LLC, of CIMAREX, SARIA FG. NEW MEXICO, THE STUGS AND ROBERT P. SOLING EXAMINES STIMENT (ORPORATION, JERRY B CASE No. 22756: Notice to all affected parties and persons having any right, title, interest or claim to this case, including overriding royalty (Unit P) of Section 28. The locations are standard; the completed intervals and first take and last take points for the wells proposed in the unit meet the Division's statewide setback requirements for horizontal oil wells. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the well and unit; a depth severance in the Bone Spring formation; and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located 24 miles southwest from Hohbs. New Maxico. Hobbs, New Mexico. #37590

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KAIYA TOOP ABADIE SCHILL 555 RIVERGATE LANE 84-180 DURANGO, CO 81301

EXHIBIT