

CASE NO. 23085

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

CIMAREX ENERGY CO.'S EXHIBIT LIST

- A. Landman's Affidavit
- A-1. Notice of Overlapping Well Units
- B. Geologist's Affidavit
- C. Application and Proposed Notice
- D. Affidavit of Mailing
- E. Publication Notice
- F. Pooling Checklist
- G. Pre-hearing Statement

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

APPLICATIONS OF CIMAREX ENERGY CO. OF
COLORADO FOR A HORIZONTAL SPACING UNIT
AND COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO

Case No. 23085

SELF-AFFIRMED STATEMENT OF RILEY MORRIS

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 2010 from Texas Tech University with a bachelor's degree in Business Administration with an emphasis on Energy Commerce. I have worked at Cimarex for approximately 4 years, and I have been working in New Mexico for 4 years. My credentials as a petroleum landman have been accepted by the New Mexico Oil Conservation Division ("Division") 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 applications pursuant to 19.15.4.12.A(1).
5. Cimarex seeks an order pooling all uncommitted working interest owners in the Bone Spring formation (Carlsbad; Bone Spring, South; Pool Code: 9670) underlying a standard 320-

EXHIBIT

A


acre, more or less, horizontal spacing and proration unit comprised of the E/2 W/2 of Sections 29 and 32, Township 25 South, Range 27 East, NMPM, Eddy County, New Mexico.

6. Under Case No. 22772, Cimarex seeks to dedicate the **Southern Hills 32-29 State Fed Com 2H Well** (API 30-01549515) as an initial well, horizontally drilled from a surface location in SE/4 SW/4 (Unit N) of Section 32 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 29; approximate TVD of 7,900'; approximate TMD of 17,900'; FTP in Section 32: 100' FSL, 2,112' FWL; LTP in Section 29: 100' FNL, 2,112' FWL.

7. Cimarex has a horizontal well, the Cottonwood Hills 32 State Com 3H (API No. 30-015-41603), in the E/2 W/2 of Section 32, in the Bone Spring formation. COG Operating, LLC has a horizontal well, the Populus Federal 3H (API No. 30-015-43256), in the E/2 W/2 of Section 29, in the Bone Spring formation. The proposed HSU will overlap these 160-acre units in the E/2 W/2 of Sections 32 and 29, respectively, and Cimarex respectfully requests approval, to the extent necessary, for the overlapping units.

8. The proposed C-102 for each well is attached as **Exhibit A-1**.

9. A general location plat and a plat outlining the units being pooled is attached hereto as **Exhibit A-2**, which show the location of the proposed well within the unit. The location of each well is orthodox, and it meets the Division's offset requirements.

10. 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, 

11. Cimarex proposes to pool the depths below the stratigraphic equivalent of 7,745 feet subsurface, being the top of the Harkey formation as seen in the Schlumberger Platform Express Three Detector Litho-Density Compensated Neutron Log in COG Operating LLC's Jack Federal

(Pilot Hole) Well No. 1H (API No. 30-015-38643), to the base of the Bone Spring formation. The Pilot Hole is located in Lot 1 of Section 31, Township 25 South, Range 27 East, N.M.P.M.

12. I provided the law firm of James Bruce a list of names and addresses for the uncommitted working interest owners shown on **Exhibit A-2**. In compiling these addresses, I conducted a diligent search of the public records in Eddy 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. All working interest owners were locatable and noticed; there were zero unlocatable parties who were overriding interest owners. Cimarex published notice in the Carlsbad Current Argus, a newspaper of general circulation in Eddy County, New Mexico, to account for any unlocatable parties and cover any contingencies regarding notice.

13. 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.

14. 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.

15. The interest owners being pooled have been contacted regarding the proposed wells, and some of the working interest owners have voluntarily committed their interests in the wells.

16. **Exhibit A-3** is a sample proposal letter and the AFEs for each proposed well. 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.

17. Cimarex requests overhead and administrative rates of \$8,000/month for drilling each well and \$800/month for producing each well. 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.

18. Cimarex requests the maximum cost, plus 200% risk charge be assessed against non-consenting working interest owners to the extent needed.

19. Cimarex requests that it be designated operator of the units and wells.

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

21. 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.

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

[Signature page follows]

I understand that this Self-Affirmed Statement will be used as written testimony in these cases. I affirm that my testimony in paragraphs 1 through 21 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

Date: 9/27/22

Riley Morris

Riley Morris

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code		³ Pool Name	
⁴ Property Code		⁵ Property Name SO. HILLS 32-29 STATE FED COM			⁶ Well Number 2H
⁷ OGRID No.		⁸ Operator Name CIMAREX ENERGY CO.			⁹ Elevation 3244.2'

¹⁰ Surface Location

UL or lot no. N	Section 32	Township 25S	Range 27E	Lot Idn	Feet from the 820	North/South line SOUTH	Feet from the 1558	East/West line WEST	County EDDY
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no. C	Section 29	Township 25S	Range 27E	Lot Idn	Feet from the 100	North/South line NORTH	Feet from the 2112	East/West line WEST	County EDDY
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¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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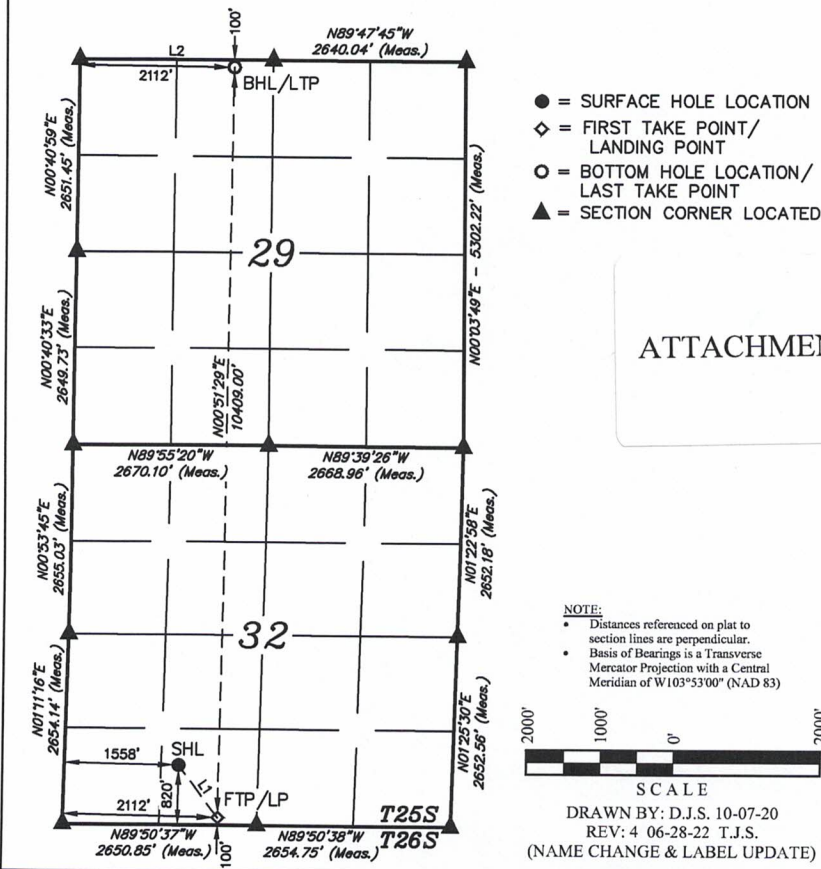
No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

NAD 83 (SURFACE HOLE LOCATION) LATITUDE = 32°04'52.56" (32.081267°) LONGITUDE = 104°12'57.23" (104.215896°)	NAD 83 (FTP/LP) LATITUDE = 32°04'45.44" (32.079288°) LONGITUDE = 104°12'50.94" (104.214149°)	NAD 83 (BHL/LTP) LATITUDE = 32°06'28.41" (32.107893°) LONGITUDE = 104°12'49.50" (104.213749°)
NAD 27 (SURFACE HOLE LOCATION) LATITUDE = 32°04'52.12" (32.081145°) LONGITUDE = 104°12'55.44" (104.215401°)	NAD 27 (FTP/LP) LATITUDE = 32°04'45.00" (32.079166°) LONGITUDE = 104°12'49.16" (104.213654°)	NAD 27 (BHL/LTP) LATITUDE = 32°06'27.98" (32.107772°) LONGITUDE = 104°12'47.71" (104.213253°)
STATE PLANE NAD 83 (N.M. EAST) N: 393321.73' E: 577709.56'	STATE PLANE NAD 83 (N.M. EAST) N: 392602.47' E: 578251.44'	STATE PLANE NAD 83 (N.M. EAST) N: 403008.43' E: 578363.84'
STATE PLANE NAD 27 (N.M. EAST) N: 393264.65' E: 536526.10'	STATE PLANE NAD 27 (N.M. EAST) N: 392545.39' E: 537067.95'	STATE PLANE NAD 27 (N.M. EAST) N: 402951.16' E: 537180.52'

LINE TABLE		
LINE	DIRECTION	LENGTH
L1	S36°45'17"E	900.75'
L2	N89°48'34"W	2642.05'

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 owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____
Printed Name _____
E-mail Address _____



ATTACHMENT 1

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.

August 31, 2020

Date of Survey
Signature and Seal of Professional Surveyor:
PAUL BUCHELE
NEW MEXICO
23192
06-28-22
PROFESSIONAL SURVEYOR

Certificate Number: _____



SOUTHERN HILLS 32-29

25S 27E

67.775% WI
55.553333% NRI

ATTACHMENT 2

26S 27E

CIMAREX

SOUTHERN HILLS OWNERSHIP
Eddy County, NM

Scale: 1" = 1000'
Date: 9/29/2022
Author: jcm

File: S:\GIS\Projects\BSPG\Map_Southern Hills 2 Mile BSPG.aprx
Project: S:\GIS\Projects\BSPG\Map_Southern Hills 2 Mile BSPG.aprx

Southern Hills - 2 Mile BSPG

XEC Leasehold

Owner	Address	Total Unit WI	Total Unit NRI	Total Unit ORRI/RI
Cimarex Energy Co.	600 N. Marienfeld St., Ste. 600 Midland, TX 79701	0.67775000	0.55553333	0.00000000
ABO Petroleum, Inc.	P.O. Box 900 Artesia, NM 88211	0.11110000	0.09721250	0.00000000
Chevron USA Inc.	1400 Smith Street Houston, TX 77002	0.10000000	0.08333333	0.00000000
Oxy Y-1 Company	5 Greenway Plaza, Ste. 110 Houston, TX 77046	0.11115000	0.09725625	0.00000000

Timeline of Contact with Working Interest Owners

So. Hills 32-29 State Fed Com 1H thru 4H

Landman: Riley Morris

ABO:

Abo has executed the proposed JOA and sent in their elections to participate in all proposed operations.

Oxy:

Well proposals for all four (4) wells sent on September 3, 2021. Update to 2H well plan via Update Letter sent on November 1, 2021. Initial contact with Oxy Landman, Courtney Carr, occurred on September 14, 2021. Oxy requested well plan information and received the information requested on October 20, 2021. Throughout the process of moving forward with a hearing to pool, we communicated regarding the terms and provisions of the proposed JOA. Requests for revisions sent over by Ms. Carr on October 21, 2021. Cimarex's comments to proposed revisions sent back to Ms. Carr on November 3, 2021. Ms. Carr advised on November 29, 2021 that she was waiting for feedback from her Legal Department on revisions in Article XVI. E., F. and H. This concluded the communication between Ms. Carr and myself.

Chevron:

Well proposals for all four (4) wells sent on September 3, 2021. Update to 2H well plan via Update Letter sent on November 1, 2021. No contact has occurred via email other than ongoing discussions between Cimarex and Chevron concerning an acreage trade in this general area.

ATTACHMENT

3

Cimarex Energy Co.
600 N. Marienfeld St.
Suite 600
Midland, TX 79701
Main: 432.571.7800



November 1, 2021

Chevron U.S.A. Inc.
1400 Smith Street
Houston, TX 77002

**Re: UPDATE LETTER
Proposal to Drill
Southern Hills 32-29 State Fed Com 1H
Southern Hills 32-29 State Fed Com 2H
W2 Section 32 and 29, Township 25 South, Range 27 East
Eddy County, NM**

Dear Working Interest Owner,

By letter dated September 3, 2021 Cimarex Energy Co. proposed to drill the Southern Hills 32-29 State Fed Com 1H and Southern Hills 32-29-20 State Fed Com 2H (the "Proposal to Drill"). Please let this Update Letter serve as an update of the well name of the Southern Hills 32-29-20 State Fed Com 2H to the Southern Hills 32-29 State Fed Com 2H along with the bottom hole location and AFE total for the subject well. Please note that this update is for advisory purposes only and all other information contained herein is identical to the original Proposal to Drill.

Cimarex Energy Co. hereby proposes to drill the Southern Hills 32-29 State Fed Com 1H & Southern Hills 32-29 State Fed Com 2H wells at a legal location in Section 32, Township 25 South, Range 27 East, NMPM, Eddy County, New Mexico.

Southern Hills 32-29 State Fed Com 1H - The intended surface hole location for the well is 813'FSL & 1,540'FWL of Section 32, Township 25 South, Range 27 East, and the intended bottom hole location 100'FNL & 330'FWL of Section 29, Township 25 South, Range 27 East. The well is proposed to be drilled vertically to the Harkey formation and laterally in a northerly direction within the formation to the referenced bottom hole location. Total vertical depth of the well is proposed to be approximately 7,900'.

Southern Hills 32-29 State Fed Com 2H - The intended surface hole location for the well is 820'FSL & 1,558'FWL of Section 32, Township 25 South, Range 27 East, and the intended bottom hole location 100'FNL & 2,112'FWL of Section 29, Township 25 South, Range 27 East. The well is proposed to be drilled vertically to the Harkey formation and laterally in a northerly direction within the formation to the referenced bottom hole location. Total vertical depth of the well is proposed to be approximately 7,900'.

Cimarex Energy Co. is proposing these wells under the terms of a new Operating Agreement, which is included for your review and approval. It has the following general provisions:

ATTACHMENT 4

- 100%/300% Non-Consenting Penalty;
- \$8000 Drilling and \$800 Producing Rate; and
- Cimarex Energy Co. named as Operator.

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 Southern Hills 32-29 State 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, 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.

If we do not reach an agreement within 30 days of the date of this letter, Cimarex may apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest in to a horizontal spacing unit for the proposed well.

Please call the undersigned with any questions or comments.

Respectfully,



Riley C. Morris
Sr. Landman
432.620.1966
rmorris@cimarex.com

**ELECTION TO PARTICIPATE
Southern Hills 32-29 State Fed Com 1H**

_____ Chevron U.S.A. Inc. elects **TO** participate in the proposed Southern Hills 32-29 State Fed Com 1H well.

_____ Chevron U.S.A. Inc. elects **NOT** to participate in the proposed Southern Hills 32-29 State Fed Com 1H well.

Dated this ____ day of _____, 2021.

Signature: _____

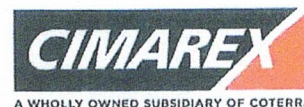
Title: _____

If your election above is TO participate in the proposed Southern Hills 32-29 State Fed Com 1H well, then:

_____ Chevron U.S.A. Inc. elects **TO** be covered by well control insurance procured by Cimarex Energy Co.

_____ Chevron U.S.A. Inc. 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.

Cimarex Energy Co.
Permian Business Unit
600 N. Marienfeld Street
Suite 600
Midland, Texas 79701
MAIN 432.571.7800



September 7, 2022

Chevron U.S.A. Inc.
Attn: Land Department
1400 Smith Street
Houston, TX 77002

**Re: Updated AFE's
Southern Hills 32-29 State Fed 1H and 2H
W/2 of Sections 32 and 29, Township 25 South, Range 27 East
Eddy County, NM**

Dear Working Interest Owner,

By letter dated September 3, 2021 Cimarex Energy Co. proposed to drill the Southern Hills 32-29 State Fed Com 1H and 2H wells. The AFE's associated with these wells have been updated to reflect current cost for the drilling and completion of the wells.

Please call the undersigned with any questions or comments.

A handwritten signature in blue ink that reads "Riley C. Morris". The signature is stylized and written in a cursive-like font.

Riley C. Morris
Sr. Landman
432.620.1966
rmorris@cimarex.com

Cimarex Energy Co
600 N MARIENFELD ST STE 600
MIDLAND TX 79701-4405

\$5.68 US POSTAGE
FIRST-CLASS
Sep 07 2022
Mailed from ZIP 79701
3 oz First-Class Mail Flats Rate
11923275



062S0012913542

USPS CERTIFIED MAIL



9407 1118 9876 5819 8631 62

Chevron USA Inc
Land Department
1400 SMITH ST
HOUSTON TX 77002-7327





Authorization For Expenditure Drilling

AFE # 26822008

Company Entity

Date Prepared
9/8/2022

Exploration Region	Well Name	Prospect	Property Number	AFE
Permian Basin	SO HILLS 32-29 STATE FED COM 1H	Carlsbad Bone Spring Prospect	300001-188.01	26822008
County, State	Location	Estimated Spud	Estimated Completion	
Eddy, NM	W2W2 SECTIONS 32, 29 AND 20, TOWNSHIP 25 SOUTH, RANGE 27 EAST, EDDY COUNTY, NM	4/14/2022		
X New Supplement Revision	Formation	Well Type	Ttl Measured Depth	Ttl Vertical Depth
	Harkey	DEV	17,900	7,900

Purpose Drill and complete well

Description

Drilling Drill and complete a horizontal test. Drill to 440 Set Surface casing. Drill to Drill to 2635', set surface casing. Drill to 9490' (KOP). Drill curve at 12°/100' initial build rate to +/- 75 degrees and set casing at +/- 10115' MD. Finish curve at +/- 4°/100' to +/- 10000' TVD and drill a +/- 9470' long lateral in the Harkey formation. 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	\$2,443,000		\$2,443,000
Completion Costs		\$6,992,255	\$6,992,255
Total Intangible Cost	\$2,443,000	\$6,992,255	\$9,435,255
Tangible	Dry Hole	After Casing Point	Completed Well Cost
Well Equipment	\$697,000	\$583,000	\$1,280,000
Lease Equipment		\$913,441	\$913,441
Total Tangible Cost	\$697,000	\$1,496,441	\$2,193,441
Total Well Cost	\$3,140,000	\$8,488,696	\$11,628,696

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.

9/8/2022

COTERRA Authorization For Expenditure - SO HILLS 32-29 STATE FED
COM 1H

AFE # 26822008

Description	BCP - Drilling		ACP - Drilling		Comp/Stim		Production Equip		Post Completion		Total Cost
	Codes	Amount	Codes	Amount	Codes	Amount	Codes	Amount	Codes	Amount	
Roads & Location	DIDC.100	125,000			STIM.100	10,000	CON.100	63,750	PCOM.100	7,000	205,750
Damages	DIDC.105	30,000					CON.105	0			30,000
Mud/Fluids Disposal	DIDC.255	125,000			STIM.255	53,000			PCOM.255	0	178,000
Day Rate	DIDC.115	525,000	DICC.120	90,000							615,000
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	42,000	DICC.130	0					PCOM.130	0	42,000
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	285,000									285,000
SWD PIPED TO 3RD PARTY SWD WELL									PCOM.257	88,800	88,800
Surface Rentals	DIDC.150	92,000	DICC.140	0	STIM.140	132,000	CON.140	7,500	PCOM.140	45,850	277,350
Downhole Rentals	DIDC.155	81,000			STIM.145	35,000			PCOM.145	0	116,000
Flowback Labor					STIM.141	0			PCOM.141	30,000	30,000
Automation Labor							CON.150	75,000	PCOM.150	9,500	84,500
Mud Logging	DIDC.170	21,000									21,000
IPC & EXTERNAL PAINTING							CON.165	16,250			16,250
Cementing & Float Equipment	DIDC.185	130,000	DICC.155	55,000							185,000
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	267,500	PCOM.170	0	305,500
Trucking/Transportation	DIDC.205	18,000	DICC.175	8,000	STIM.175	4,000	CON.175	37,500	PCOM.175	0	67,500
Supervision	DIDC.210	70,000	DICC.180	9,000	STIM.180	45,000	CON.180	20,000	PCOM.180	3,000	147,000
Trailer House/Camp/Catering	DIDC.280	38,000	DICC.255	5,000	STIM.280	23,000					66,000
Other Misc Expenses	DIDC.220	5,000	DICC.190	0	STIM.190	79,000	CON.190	30,000	PCOM.190	0	114,000
Overhead	DIDC.225	10,000	DICC.195	5,000							15,000
MOB/DEMOB	DIDC.240	110,000									110,000
Directional Drilling Services	DIDC.245	300,000									300,000
Solids Control	DIDC.260	44,000									44,000
Well Control Equip (Snubbing Services)	DIDC.265	74,000	DICC.240	5,000	STIM.240	59,000			PCOM.240	0	138,000
Completion Rig					STIM.115	21,000			PCOM.115	0	21,000
Coil Tubing Services					STIM.260	164,000			PCOM.260	0	164,000
Completion Logging/Perforating/Wireline					STIM.200	261,000			PCOM.200	0	261,000
Composite Plugs					STIM.390	41,000			PCOM.390	0	41,000
Stimulation Pumping/Chemicals/Additives/Sand					STIM.210	3,821,000			PCOM.210	10,000	3,831,000
Stimulation Water/Water Transfer/Water Storage					STIM.395	235,000					235,000
Cimarex Owned Frac/Rental Equipment					STIM.305	60,000			PCOM.305	72,500	132,500
Legal/Regulatory/Curative	DIDC.300	10,000					CON.300	0			10,000
Well Control Insurance	DIDC.285	6,000									6,000
Major Construction Overhead							CON.305	35,919			35,919
FL/GL - ON PAD LABOR							CON.455	120,000			120,000
FL/GL - Labor							CON.500	200,000			200,000
FL/GL - Supervision							CON.505	12,500			12,500
Survey							CON.515	2,500			2,500
Aid In Construct/3rd Party Connect							CON.701	150,000			150,000
Contingency	DIDC.435	102,000	DICC.220	11,000	STIM.220	253,000	CON.220	144,186	PCOM.220	0	510,186
Total Intangible Cost		2,443,000		223,000		5,320,000		1,182,605		266,650	9,435,255
Conductor Pipe	DWEB.130	8,000									8,000
Water String	DWEB.135	38,000									38,000
Surface Casing	DWEB.140	105,000									105,000
Intermediate Casing 1	DWEB.145	508,000									508,000
Production Casing or Liner Tubing			DWEA.100	253,000							253,000
Wellhead, Tree, Chokes	DWEB.115	38,000	DWEA.120	18,000	STIMT.105	101,000			PCOMT.105	0	101,000
Liner Hanger, Isolation Packer	DWEB.100	0	DWEA.125	55,000	STIMT.120	38,000			PCOMT.120	10,000	104,000
Packer, Nipples					STIMT.400	28,000			PCOMT.400	0	28,000
SHORT ORDERS							CON.380	10,000			10,000
PUMPS							CON.385	26,547			26,547
WALKOVERS							CON.390	7,500			7,500
Downhole Lift Equipment					STIMT.410	80,000			PCOMT.410	0	80,000
N/C Lease Equipment							CON.400	92,594			92,594
Tanks, Tanks Steps, Stairs							CON.405	120,500			120,500
Battery Equipment							CON.410	249,175			249,175
Secondary Containments							CON.415	42,750			42,750
Overhead Power Distribution							CON.420	50,000			50,000
Facility Electrical							CON.425	82,500			82,500
Telecommunication Equipment							CON.426	1,875			1,875
Meters and Metering Equipment							CON.445	25,000			25,000
Facility Line Pipe							CON.450	115,000			115,000
Lease Automation Materials							CON.455	90,000			90,000
Total Tangible Cos		697,000		326,000		247,000		913,441		10,000	2,193,441
Total Estimated Cost		3,140,000		549,000		5,567,000		2,096,046		276,650	11,628,696

COTERRA Authorization For Expenditure - SO HILLS 32-29 STATE FED
COM 1H

AFE # 26822008

Description	BCP - Drilling			ACP - Drilling			Comp/Stim		Amount
	Codes		Amount	Codes		Amount	Codes		
Roads & Location	DIDC.100		125,000				STIM.100	CON.100	10,000
Damages	DIDC.105		30,000						
Mud/Fluids Disposal	DIDC.255		125,000				STIM.255		53,000
Day Rate	DIDC.115	DICC.120	525,000	DICC.120		90,000			
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	42,000	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		285,000						
SWD PIPED TO 3RD PARTY SWD WELL									
Surface Rentals	DIDC.150	DICC.140	92,000	DICC.140	STIM.140	0	STIM.140	CON.140	132,000
Downhole Rentals	DIDC.155		81,000				STIM.145		35,000
Flowback Labor							STIM.141		0
Automation Labor									
Mud Logging	DIDC.170		21,000						
IPC & EXTERNAL PAINTING									
Cementing & Float Equipment	DIDC.185	DICC.155	130,000	DICC.155		55,000			
Tubular Inspections	DIDC.190	DICC.160	50,000	DICC.160	STIM.160	10,000	STIM.160		4,000
Casing Crews	DIDC.195	DICC.165	15,000	DICC.165	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	70,000	DICC.180	STIM.180	9,000	STIM.180	CON.180	45,000
Trailer House/Camp/Catering	DIDC.280	DICC.255	38,000	DICC.255	STIM.280	5,000	STIM.280		23,000
Other Misc Expenses	DIDC.220	DICC.190	5,000	DICC.190	STIM.190	0	STIM.190	CON.190	79,000
Overhead	DIDC.225	DICC.195	10,000	DICC.195		5,000			
MOB/DEMOB	DIDC.240		110,000						
Directional Drilling Services	DIDC.245		300,000						
Solids Control	DIDC.260		44,000						
Well Control Equip (Snubbing Services)	DIDC.265	DICC.240	74,000	DICC.240	STIM.240	5,000	STIM.240		59,000
Completion Rig							STIM.115		21,000
Coil Tubing Services							STIM.260		164,000
Completion Logging/Perforating/Wireline							STIM.200		261,000
Composite Plugs							STIM.390		41,000
Stimulation							STIM.210		3,821,000
Stimulation Water/Water Transfer/Water							STIM.395		235,000
Cinatrex Owned Frac/Rental Equipment							STIM.305		60,000
Legal/Regulatory/Curative	DIDC.300		10,000						
Well Control Insurance	DIDC.285		6,000						
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	102,000	DICC.220	STIM.220	11,000	STIM.220	CON.220	253,000
Total Intangible Cost			2,443,000			223,000			5,320,000
Conductor Pipe	DWEB.130		8,000						
Water String	DWEB.135		38,000						
Surface Casing	DWEB.140		105,000						
Intermediate Casing 1	DWEB.145		508,000						
Production Casing or Liner Tubing				DWEA.100		253,000			
Wellhead, Tree, Chokes	DWEB.115	DWEA.120	38,000	DWEA.120	STIMT.120	18,000	STIMT.120		101,000
Liner Hanger, Isolation Packer	DWEB.100	DWEA.125	0	DWEA.125		55,000			38,000
Packer, Nipples							STIMT.400		28,000
SHORT ORDERS									
PUMPS									
WALKOVERS									
Downhole Lift Equipment							STIMT.410		80,000
N/C Lease Equipment									
Tanks, Tanks Steps, Stairs									
Battery Equipment									
Secondary Containments									
Overhead Power Distribution									
Facility Electrical									
Telecommunication Equipment									
Meters and Metering Equipment									
Facility Line Pipe									
Lease Automation Materials									
Total Tangible Cor			697,000			326,000			247,000
Total Estimated Cost			3,140,000			549,000			5,567,000

COTERRA Authorization For Expenditure - SO HILLS 32-29 STATE FED
COM 1H

AFE # 26822008

Description	Codes	Production Equip		Post Completion		Total	
		Amount	Codes	Amount	Cost	Amount	Cost
Roads & Location	CON.100	63,750	PCOM.100	Road Repair	7,000	205,750	
Damages	CON.105	0				30,000	
Mud/Fluids Disposal			PCOM.255		0	178,000	
Day Rate						615,000	
Misc Preparation						20,000	
Bits			PCOM.125		0	62,000	
Fuel			PCOM.130		0	42,000	
Water for Drilling Rig (Not Frac Water)			PCOM.135		0	45,000	
Mud & Additives						285,000	
SWD PIPED TO 3RD PARTY SWD WELL			PCOM.257	2000 BWPD for 2 months to BBR @ \$0.74/bbl	88,800	88,800	
Surface Rentals	CON.140	7,500	PCOM.140	15 days of FB and related rentals	45,850	277,350	
Downhole Rentals			PCOM.145		0	116,000	
Flowback Labor			PCOM.141	\$2,000/d for 15 days	30,000	30,000	
Automation Labor	CON.150	75,000	PCOM.150	Sand Separator Hookup	9,500	84,500	
Mud Logging						21,000	
IPC & EXTERNAL PAINTING	CON.165	16,250				16,250	
Cementing & Float Equipment						185,000	
Tubular Inspections			PCOM.160		0	64,000	
Casing Crews						30,000	
Mechanical Labor	CON.170	267,500	PCOM.170		0	305,500	
Trucking/Transportation	CON.175	37,500	PCOM.175		0	67,500	
Supervision	CON.180	20,000	PCOM.180	\$3k for Revo choke management and data	3,000	147,000	
Trailer House/Camp/Catering						66,000	
Other Misc Expenses	CON.190	30,000	PCOM.190		0	114,000	
Overhead						15,000	
MOB/DEMOB						110,000	
Directional Drilling Services						300,000	
Solids Control						44,000	
Well Control Equip (Snubbing Services)			PCOM.240		0	138,000	
Completion Rig			PCOM.115		0	21,000	
Coil Tubing Services			PCOM.260		0	164,000	
Completion Logging/Perforating/Wireline			PCOM.200		0	261,000	
Composite Plugs			PCOM.390		0	41,000	
Stimulation Pumping/Chemicals/Additives/Sand			PCOM.210	Initial Chem Install	10,000	3,831,000	
Stimulation Water/Water Transfer/Water Storage						235,000	
Cimarex Owned Frac/Rental Equipment			PCOM.305	XEC Owned Spherical Plus Iron	72,500	132,500	
Legal/Regulatory/Curative	CON.300	0				10,000	
Well Control Insurance						6,000	
Major Construction Overhead	CON.305	35,919				35,919	
FL/GL - ON PAD LABOR	CON.495	120,000				120,000	
FL/GL - Labor	CON.500	200,000				200,000	
FL/GL - Supervision	CON.505	12,500				12,500	
Survey	CON.515	2,500				2,500	
Aid In Construct/3rd Party Connect	CON.701	150,000				150,000	
Contingency	CON.220	144,186	PCOM.220		0	510,186	
Total Intangible Cost		1,182,605			266,650	9,435,255	
Conductor Pipe						8,000	
Water String						38,000	
Surface Casing						105,000	
Intermediate Casing 1						508,000	
Production Casing or Liner						253,000	
Tubing			PCOMT.105		0	101,000	
Wellhead, Tree, Chokes			PCOMT.120	Welded Hairpin	10,000	104,000	
Liner Hanger, Isolation Packer						55,000	
Packer, Nipples			PCOMT.400		0	28,000	
SHORT ORDERS	CONT.380	10,000				10,000	
PUMPS	CONT.385	26,547				26,547	
WALKOVERS	CONT.390	7,500				7,500	
Downhole Lift Equipment			PCOMT.410		0	80,000	
N/C Lease Equipment	CONT.400	92,594				92,594	
Tanks, Tanks Steps, Stairs	CONT.405	120,500				120,500	
Battery Equipment	CONT.410	249,175				249,175	
Secondary Containments	CONT.415	42,750				42,750	
Overhead Power Distribution	CONT.420	50,000				50,000	
Facility Electrical	CONT.425	82,500				82,500	
Telecommunication Equipment	CONT.426	1,875				1,875	
Meters and Metering Equipment	CONT.445	25,000				25,000	
Facility Line Pipe	CONT.450	115,000				115,000	
Lease Automation Materials	CONT.455	90,000				90,000	
Total Tangible Cost		913,441			10,000	2,193,441	
Total Estimated Cost		2,096,046			276,650	11,628,696	



Authorization For Expenditure Drilling

AFE # 26822009

Company Entity

Date Prepared

9/8/2022

Exploration Region	Well Name	Prospect	Property Number	AFE
Permian Basin	SO HILLS 32-29 STATE FED COM 2H	Carlsbad Bone Spring Prospect	300001-189.01	26822009
County, State	Location		Estimated Spud	Estimated Completion
Eddy, NM	E2W2 SECTIONS 32, 29 AND 20, TOWNSHIP 25 SOUTH, RANGE 27 EAST, EDDY COUNTY, NM		4/27/2022	
X New Supplement Revision	Formation	Well Type	Ttl Measured Depth	Ttl Vertical Depth
	Harkey	DEV	19,960	7,900

Purpose Drill and complete well

Description

Drilling Drill and complete a horizontal test. Drill to 440 Set Surface casing. Drill to Drill to 2635', set surface casing. Drill to 9490' (KOP). Drill curve at 12°/100' initial build rate to +/- 75 degrees and set casing at +/- 10115' MD. Finish curve at +/- 4°/100' to +/- 10000' TVD and drill a +/- 9470' long lateral in the Wolfcamp A formation. 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	\$2,443,000		\$2,443,000
Completion Costs		\$6,992,255	\$6,992,255
Total Intangible Cost	\$2,443,000	\$6,992,255	\$9,435,255
Tangible	Dry Hole	After Casing Point	Completed Well Cost
Well Equipment	\$697,000	\$583,000	\$1,280,000
Lease Equipment		\$913,441	\$913,441
Total Tangible Cost	\$697,000	\$1,496,441	\$2,193,441
Total Well Cost	\$3,140,000	\$8,488,696	\$11,628,696

Comments On Well Costs

- 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
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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.

9/8/2022

COTERRA Authorization For Expenditure - SO HILLS 32-29 STATE FED
COM 2H

AFE # 26822009

Description	BCP - Drilling		ACP - Drilling		Comp/Stim		Production Equip		Post Completion		Total Cost
	Codes	Amount	Codes	Amount	Codes	Amount	Codes	Amount	Codes	Amount	
Roads & Location	DIDC.100	125,000			STIM.100	10,000	CON.100	63,750	PCOM.100	7,000	205,750
Damages	DIDC.105	30,000					CON.105	0			30,000
Mud/Fluids Disposal	DIDC.255	125,000			STIM.255	53,000			PCOM.255	0	178,000
Day Rate	DIDC.115	525,000	DICC.120	90,000							615,000
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	42,000	DICC.130	0					PCOM.130	0	42,000
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	285,000									285,000
SWD PIPED TO 3RD PARTY SWD WELL									PCOM.257	88,800	88,800
Surface Rentals	DIDC.150	92,000	DICC.140	0	STIM.140	132,000	CON.140	7,500	PCOM.140	45,050	277,350
Downhole Rentals	DIDC.155	81,000			STIM.145	35,000			PCOM.145	0	116,000
Flowback Labor					STIM.141	0			PCOM.141	30,000	30,000
Automation Labor							CON.150	75,000	PCOM.150	9,500	84,500
Mud Logging	DIDC.170	21,000									21,000
IPC & EXTERNAL PAINTING							CON.165	16,250			16,250
Cementing & Float Equipment	DIDC.185	130,000	DICC.155	55,000							185,000
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	267,500	PCOM.170	0	305,500
Trucking/Transportation	DIDC.205	18,000	DICC.175	8,000	STIM.175	4,000	CON.175	37,500	PCOM.175	0	67,500
Supervision	DIDC.210	70,000	DICC.180	9,000	STIM.180	45,000	CON.180	20,000	PCOM.180	3,000	147,000
Trailer House/Camp/Catering	DIDC.280	38,000	DICC.255	5,000	STIM.280	23,000					66,000
Other Misc Expenses	DIDC.220	5,000	DICC.190	0	STIM.190	79,000	CON.190	30,000	PCOM.190	0	114,000
Overhead	DIDC.225	10,000	DICC.195	5,000							15,000
MOB/DEM MOB	DIDC.240	110,000									110,000
Directional Drilling Services	DIDC.245	300,000									300,000
Solids Control	DIDC.260	44,000									44,000
Well Control Equip (Snubbing Services)	DIDC.265	74,000	DICC.240	5,000	STIM.240	59,000			PCOM.240	0	138,000
Completion Rig					STIM.115	21,000			PCOM.115	0	21,000
Coil Tubing Services					STIM.260	164,000			PCOM.260	0	164,000
Completion Logging/Perforating/Wireline					STIM.200	261,000			PCOM.200	0	261,000
Composite Plugs					STIM.390	41,000			PCOM.390	0	41,000
Stimulation Pumping/Chemicals/Additives/Sand					STIM.210	3,821,000			PCOM.210	10,000	3,831,000
Stimulation Water/Water Transfer/Water Storage					STIM.395	235,000					235,000
Cimarex Owned Frac/Rental Equipment					STIM.305	60,000			PCOM.305	72,500	132,500
Legal/Regulatory/Curaive	DIDC.300	10,000					CON.300	0			10,000
Well Control Insurance	DIDC.285	6,000									6,000
Major Construction Overhead							CON.305	35,919			35,919
FL/GL - ON PAD LABOR							CON.495	120,000			120,000
FL/GL - Labor							CON.500	200,000			200,000
FL/GL - Supervision							CON.505	12,500			12,500
Survey							CON.515	2,500			2,500
Aid in Construct/3rd Party Connect							CON.701	150,000			150,000
Contingency	DIDC.435	102,000	DICC.220	11,000	STIM.220	253,000	CON.220	144,186	PCOM.220	0	510,186
Total Intangible Cost		2,443,000		223,000		5,320,000		1,182,605		266,650	9,435,255
Conductor Pipe	DWEB.130	8,000									8,000
Water String	DWEB.135	38,000									38,000
Surface Casing	DWEB.140	105,000									105,000
Intermediate Casing 1	DWEB.145	508,000									508,000
Production Casing or Liner			DWEA.100	253,000							253,000
Tubing					STIMT.105	101,000			PCOMT.105	0	101,000
Wellhead, Tree, Chokes	DWEB.115	38,000	DWEA.120	18,000	STIMT.120	38,000			PCOMT.120	10,000	104,000
Liner Hanger, Isolation Packer	DWEB.100	0	DWEA.125	55,000							55,000
Packer, Nipples					STIMT.400	28,000			PCOMT.400	0	28,000
SHORT ORDERS							CON.390	10,000			10,000
PUMPS							CON.385	26,547			26,547
WALKOVERS							CON.390	7,500			7,500
Downhole Lift Equipment					STIMT.410	80,000			PCOMT.410	0	80,000
M/C Lease Equipment							CON.400	92,594			92,594
Tanks, Tanks Steps, Stairs							CON.405	120,500			120,500
Battery Equipment							CON.410	249,175			249,175
Secondary Containments							CON.415	42,750			42,750
Overhead Power Distribution							CON.420	50,000			50,000
Facility Electrical							CON.425	82,500			82,500
Telecommunication Equipment							CON.426	1,875			1,875
Meters and Metering Equipment							CON.445	25,000			25,000
Facility Line Pipe							CON.450	115,000			115,000
Lease Automation Materials							CON.455	90,000			90,000
Total Tangible Cos		697,000		326,000		247,000		913,441		10,000	2,193,441
Total Estimated Cost		3,140,000		549,000		5,567,000		2,096,046		276,650	11,628,696

COTERRA Authorization For Expenditure - SO HILLS 32-29 STATE FED
COM 2H

AFE # 26822009

Description	BCP - Drilling			ACP - Drilling			Comp/Stim		Amount
	Codes		Amount	Codes		Amount	Codes		
Roads & Location	DIDC.100		125,000				STIM.100	CON.100	10,000
Damages	DIDC.105		30,000						
Mud/Fluids Disposal	DIDC.255		125,000				STIM.255		53,000
Day Rate	DIDC.115	DICC.120	525,000	DICC.120		90,000			
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	42,000	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		285,000						
SWD PIPED TO 3RD PARTY SWD WELL									
Surface Rentals	DIDC.150	DICC.140	92,000	DICC.140	STIM.140	0	STIM.140	CON.140	132,000
Downhole Rentals	DIDC.155		81,000				STIM.145		35,000
Flowback Labor							STIM.141		0
Automation Labor									
Mud Logging	DIDC.170		21,000						
IPC & EXTERNAL PAINTING									
Cementing & Float Equipment	DIDC.185	DICC.155	130,000	DICC.155		55,000			
Tubular Inspections	DIDC.190	DICC.160	50,000	DICC.160	STIM.160	10,000	STIM.160		4,000
Casing Crews	DIDC.195	DICC.165	15,000	DICC.165	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	70,000	DICC.180	STIM.180	9,000	STIM.180	CON.180	45,000
Trailer House/Camp/Catering	DIDC.280	DICC.255	38,000	DICC.255	STIM.280	5,000	STIM.280		23,000
Other Misc Expenses	DIDC.220	DICC.190	5,000	DICC.190	STIM.190	0	STIM.190	CON.190	79,000
Overhead	DIDC.225	DICC.195	10,000	DICC.195		5,000			
MOB/DEMOCB	DIDC.240		110,000						
Directional Drilling Services	DIDC.245		300,000						
Solids Control	DIDC.260		44,000						
Well Control Equip (Snubbing Services)	DIDC.265	DICC.240	74,000	DICC.240	STIM.240	5,000	STIM.240		59,000
Completion Rig							STIM.115		21,000
Coil Tubing Services							STIM.260		164,000
Completion Logging/Perforating/Wireline							STIM.200		261,000
Composite Plugs							STIM.390		41,000
Stimulation							STIM.210		3,021,000
Stimulation Water/Water Transfer/Water							STIM.395		235,000
Cimarex Owned Frac/Rental Equipment							STIM.305		60,000
Legal/Regulatory/Curative	DIDC.300		10,000						
Well Control Insurance	DIDC.285		6,000						
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	102,000	DICC.220	STIM.220	11,000	STIM.220	CON.220	253,000
Total Intangible Cost			2,443,000			223,000			5,320,000
Conductor Pipe	DWEB.130		8,000						
Water String	DWEB.135		38,000						
Surface Casing	DWEB.140		105,000						
Intermediate Casing 1	DWEB.145		508,000						
Production Casing or Liner				DWEA.100		253,000			
Tubing							STIMT.105		101,000
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	0	DWEA.125		55,000			
Packer, Nipples							STIMT.400		28,000
SHORT ORDERS									
PUMPS									
WALKOVERS									
Downhole Lift Equipment							STIMT.410		80,000
N/C Lease Equipment									
Tanks, Tanks Steps, Stairs									
Battery Equipment									
Secondary Containments									
Overhead Power Distribution									
Facility Electrical									
Telecommunication Equipment									
Meters and Metering Equipment									
Facility Line Pipe									
Lease Automation Materials									
Total Tangible Cos			697,000			326,000			247,000
Total Estimated Cost			3,140,000			549,000			5,567,000

COTERRA Authorization For Expenditure - SO HILLS 32-29 STATE FED
COM 2H

AFE # 26822009

Description	Codes	Production Equip		Post Completion		Total	
		Amount	Codes	Amount	Codes	Amount	Cost
Roads & Location	CON.100	63,750	PCOM.100	Road Repair		7,000	205,750
Damages	CON.105	0					30,000
Mud/Fluids Disposal			PCOM.255			0	178,000
Day Rate							615,000
Misc Preparation			PCOM.125			0	20,000
Bits			PCOM.130			0	62,000
Fuel			PCOM.135			0	42,000
Water for Drilling Rig (Not Frac Water)							45,000
Mud & Additives							285,000
SWD PIPED TO 3RD PARTY SWD WELL			PCOM.257	2000 BWPD for 2 months to BBR @ \$0.74/ubl		88,800	88,800
Surface Rentals	CON.140	7,500	PCOM.140	15 days of FB and related rentals		45,850	277,350
Downhole Rentals			PCOM.145			0	116,000
Flowback Labor			PCOM.141	\$2,000/d for 15 days		30,000	30,000
Automation Labor	CON.150	75,000	PCOM.150	Sand Separator Hookup		9,500	84,500
Mud Logging							21,000
IPC & EXTERNAL PAINTING	CON.165	16,250					16,250
Cementing & Float Equipment							185,000
Tubular Inspections			PCOM.160			0	64,000
Casing Crews							30,000
Mechanical Labor	CON.170	267,500	PCOM.170			0	305,500
Trucking/Transportation	CON.175	37,500	PCOM.175			0	67,500
Supervision	CON.180	20,000	PCOM.180	\$3k for Revo choke management and data		3,000	147,000
Trailer House/Camp/Catering							66,000
Other Misc Expenses	CON.190	30,000	PCOM.190			0	114,000
Overhead							15,000
MOB/DEMOb							110,000
Directional Drilling Services							300,000
Solids Control							44,000
Well Control Equip (Snubbing Services)			PCOM.240			0	138,000
Completion Rig			PCOM.115			0	21,000
Coil Tubing Services			PCOM.260			0	164,000
Completion Logging/Perforating/Wireline			PCOM.200			0	261,000
Composite Plugs			PCOM.390			0	41,000
Stimulation Pumping/Chemicals/Additives/Sand			PCOM.210	Initial Chem Install		10,000	3,831,000
Stimulation Water/Water Transfer/Water Storage							235,000
Cinmarex Owned Frac/Rental Equipment			PCOM.305	XEC Owned Spherical Plus Iron		72,500	132,500
Legal/Regulatory/Curative	CON.300	0					10,000
Well Control Insurance							6,000
Major Construction Overhead	CON.305	35,919					35,919
FL/GL - ON PAD LABOR	CON.495	120,000					120,000
FL/GL - Labor	CON.500	200,000					200,000
FL/GL - Supervision	CON.505	12,500					12,500
Survey	CON.515	2,500					2,500
Aid In Construct/3rd Party Connect	CON.701	150,000					150,000
Contingency	CON.220	144,186	PCOM.220			0	510,186
Total Intangible Cost						266,650	9,435,255
Conductor Pipe							8,000
Water String							38,000
Surface Casing							105,000
Intermediate Casing 1							508,000
Production Casing or Liner							253,000
Tubing			PCOMT.105			0	101,000
Wellhead, Tree, Chokes			PCOMT.120	Welded Hairpin		10,000	104,000
Liner Hanger, Isolation Packer							55,000
Packer, Nipples			PCOMT.400			0	28,000
SHORT ORDERS	CONT.380	10,000					10,000
PUMPS	CONT.385	26,547					26,547
WALKOVERS	CONT.390	7,500					7,500
Downhole Lift Equipment			PCOMT.410			0	80,000
N/C Lease Equipment	CONT.400	92,594					92,594
Tanks, Tanks Steps, Stairs	CONT.405	120,500					120,500
Battery Equipment	CONT.410	249,175					249,175
Secondary Containments	CONT.415	42,750					42,750
Overhead Power Distribution	CONT.420	50,000					50,000
Facility Electrical	CONT.425	82,500					82,500
Telecommunication Equipment	CONT.426	1,875					1,875
Meters and Metering Equipment	CONT.445	25,000					25,000
Facility Line Pipe	CONT.450	115,000					115,000
Lease Automation Materials	CONT.455	90,000					90,000
Total Tangible Cos		913,441				10,000	2,193,441
Total Estimated Cost		2,096,046				276,650	11,628,696

Cimarex Energy Co.
Permian Business Unit
600 N. Marienfeld Street
Suite 600
Midland, Texas 79701
MAIN 432.571.7800



June 9, 2022

Chevron U.S.A. Inc.
1400 Smith Street
Houston, TX 77002
Attn: Land Department

Certified Mail – Return Receipt Requested

To: Working Interest Owners in the Bone Spring formation
E/2W/2 §29 and the E/2W/2 §32-25S-27E, NMPM
Eddy County New Mexico

Re: Overlapping spacing units

Ladies and Gentlemen:

As you know, Cimarex Energy Co. (“Cimarex”) has proposed the drilling of the So. Hills 32-29 State Fed Com Well No. 2H on the above-described lands to a depth sufficient to test the Third Bone Spring formation. The E/2W/2 §29-25S-27E, NMPM is in the well unit for the Populous Fed Well No. 3H (operated by COG Operating LLC), which has been drilled and completed in the Bone Spring Sand. In addition, the E/2W/2 §32-25S-27E, NMPM is in the well unit for the Cottonwood Hills St. Com Well No. 3H (operated by Cimarex), which has been drilled and completed in the Bone Spring Sand.

Cimarex provides this notice pursuant to NMAC 19.15.16.15.B(9)(b). Because of the different sands being tested by the Southern Hills well compared to the existing wells, and the geological barrier between the two zones, Cimarex expects no effects on the existing wells from the drilling and completion of the Southern Hills well. In addition, distribution of production proceeds to the interest owners in the existing wells will not change upon the drilling of the Southern Hills well. However the Oil Conservation Division Rule cited above requires Cimarex to notify you of the overlapping well units. If you have any objection to Cimarex filing an Application for Permit to Drill the Southern Hills well, you must deliver a written statement of such objection to Cimarex within 20 days of the date of this letter.

Please contact me if you have any questions.

Respectfully,

Riley C. Morris

Riley C. Morris
Sr. Landman
432.620.1966
Riley.Morris@Coterra.com

EXHIBIT

A.1

Application of Cimarex Energy Co. for compulsory pooling and approval of overlapping well units, Eddy County, New Mexico. Cimarex Energy Co. seeks an order pooling all uncommitted mineral interests in the Bone Spring formation underlying a horizontal spacing unit comprised of the E/2W/2 of Section 29 and the E/2W/2 of Section 32, Township 25 South, Range 27 East, NMPM. The unit will be dedicated to the So. Hills State Fed. Com. Well No. 2H, with a first take point in the SE/4SW/4 of Section 32 and a last take point in the NE/4NW/4 of Section 29. Also to be considered will be the cost of drilling, completing, and equipping the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling, completing, and equipping the well. Applicant also requests approval of the proposed well unit overlapping the well units for the following wells:

<u>Well Name</u>	<u>Well Unit</u>	<u>Operator</u>
Populus Fed. Well No. 3H	E/2W/2 §29	COG Operating LLC
Cottonwood Hills 32 St. Com. Well No. 3H	E/2W/2 §32	Cimarex Energy Co.

The unit is located approximately 3 miles south of Carlsbad, New Mexico.

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

APPLICATIONS OF CIMAREX ENERGY CO. OF
COLORADO FOR A HORIZONTAL SPACING UNIT
AND COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO

Case No. 23084 and 23085

SELF-AFFIRMED STATEMENT OF HOLDEN ALLEN

I, HOLDEN ALLEN, being duly sworn, states 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 applications and the geology involved.
3. This affidavit is submitted in connection with the filing by Cimarex of the above-referenced compulsory pooling applications pursuant to 19.15.4.12.A(1) NMAC.
4. I have not previously testified by affidavit before the Oil Conservation Division ("Division").
5. I attended the University of Texas of the Permian Basin where I received a MS in Geology in 2015 and BS in Geology in 2013. I have over ten years of Permian Basin experience as a Petroleum Geoscientist having drilled hundreds of unconventional horizontal wells for multiple oil and gas operators, most recently being employed by Cimarex Energy Co. ("Cimarex") for two months working Eddy County, New Mexico and Culberson, County Texas. I have not previously testified before the New Mexico Oil Conservation Commission ("Commission"), and I am attaching a two-page resume of my credentials for the Commission's review that will show my experience as a Geoscientist.

EXHIBIT

B

6. **Exhibit B-1** is a wine rack representation of the unit. It illustrates what Cimarex has concluded to be optimal spacing and configuration for the Bone Spring development.

7. **Exhibit B-2** is a structure map of the top of 3rd Bone Spring Sand formation with a contour interval of 1000' on the larger map (left) and a contour interval of 100' in the zoomed in map (right). The unit in question is outlined by the white rectangle. The structure map show that there is a regional down-dip to the East with no observations of any faulting, pinchouts, or other geologic impediments to developing the targeted interval.

8. **Exhibit B-3** is a gross isopach of the Bone Spring Harkey interval with a contour interval of 50 feet. The Bone Spring Harkey interval is the thickest 1-2 miles North of the proposed development area with the thickness in the unit ranging from 500 – 600 feet. Annotated are the Cottonberry 20 Fed Harkey Sand well and the DaVinci 7-18 Fed 30H which are two units previously executed by Cimarex.

9. **Exhibit B-4** shows a map of the Net Bone Spring Harkey Sand with a 20 Ohm cut off which is considered the reservoir interval for the currently proposed So. Hills 32-29 State Fed Com unit with offset producing wells in this interval. Also shown are the two previously tested wells that Cimarex drilled, the Cottonberry 20 Fed 5H and the DaVinci 7-18 Fed 30H.

10. **Exhibit B-5** is a stratigraphic cross-section flattened on the base of the 3rd Bone Spring Sand. Each well in the cross-section contains a gamma ray and resistivity. The cross-section demonstrates relative continuity of the target zone. The well logs on the cross-section give a representative sample of the Bone Spring Sandstone target. The landing zone is highlighted in red.

11. 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. The target zone is continuous and of relatively uniform thickness across the well unit.
- d. Each quarter-quarter section in the unit will contribute more or less equally to production.

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

13. The Exhibits to this Affidavit were prepared by me or compiled from Cimarex Energy Co. business records under my direct supervision.


14. 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.

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

[Signature page follows]

I understand that this Self-Affirmed Statement will be used as written testimony in these cases. I affirm that my testimony in paragraphs 1 through 15 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

Date: 9/29/2022


Holden Allen

HOLDEN ALLEN

5015 Los Alamos Dr.
Midland, TX 79705
Phone: (432) 664-7542
E-mail: holden.allen@yahoo.com

EDUCATION

University of Texas of the Permian Basin – Master of Science in Geology 2015

University of Texas of the Permian Basin – Bachelor of Science in Geology 2013
Minor: Business Management

PROFESSIONAL EXPERIENCE

COTERRA ENERGY, Midland TX

Geologist

July 2022 – *present*

- Perform regional geological risk and resource analyses across a variety of play types
- Integrate geologic, geophysical, petrophysical, and production data to identify opportunities
- Map and communicate resources potential through different geological products
- Work alongside reservoir engineers to assess economics of prospects
- Involvement in DMG SWD planning and risk mitigation
- Work closely with other geologist, engineers, drillers, and field staff to ensure the safe and efficient execution of the well plans to optimize the success of the drilling program
- Help to plan horizontal wells and guide geosteering staff on proper well placement

ENDEAVOR ENERGY RESOURCES LP, Midland, TX

Feb. 2017 – July 2022

Geologist

- Manage and oversee all geologic workflows for up to nine horizontal rigs throughout Endeavor's acreage position
- Lead well planning, execution, and post-well evaluations in Endeavor's southern asset through collaboration within a multi-discipline team that includes Land, D&C, Regulatory, Surface Land, Geology, and Facilities to deliver the rig program
- Collaborate with the drilling department on all aspects of drilling development and exploitation wells, supporting with geological prognoses, logging program recommendations, core analysis programs, and geosteering
- Develop detailed subsurface evaluations by collecting, integrating, and evaluating subsurface map, cross sections, petrophysics, production data, and other pertinent data to qualify risks and opportunities
- Active involvement in SWD planning and risk mitigation. Responsible for pre- and post-operations related to Ellenburger and San Andres saltwater disposal wells i.e., permitting, subsurface mapping, drilling, log analysis, seismicity, and completions
- Involved in data acquisition, interpretation, and application, including developing recommendations and justification for data acquisition
- Developed geological dashboards in Spotfire to be used in pre- and post-horizontal well reviews

- Participate in a geomechanics wellbore stability analysis examining flows and losses, pore pressure gradients, and mud weights to optimize intermediate drilling efficiencies and performance
- History of working as part of a large multi-functional team inclusive of office and field-based stakeholders
- Manage third party vendor operations i.e., contract negotiations, scheduling, KPI reviews
- Experience with cuttings data i.e., XRD/XRF, Rock Eval, Mass Spec
- Serve as a mentor to junior staff

ENGINEERED PIPELINE SYSTEMS, INC.

Feb. 2016 – Feb. 2017

Business Development / Geologist

- Managed and grew the company’s profits through attracting new customers and increasing the expenditure of existing customers
- Responsible for maintaining existing client relationships by providing exceptional customer service and meeting all client’s needs appropriate to their respective business plans
- Supported all client exploration and D&C endeavors related to oil, gas, water handling, and pipeline projects by providing detailed geologic analyses leveraging all data sets
- Contributed geologic content to aid in wellbore placement, drilling, logging, and completions to optimize production or injection

ENERGEN RESOURCES

April 2014 – Jan. 2016

Geologist

- Managed all aspects of the vertical well operations for the Midland Basin targeting both conventional and unconventional plays via seismic interpretation and mapping
- Supported and advised fellow geologists in all aspects of horizontal drilling operations
- Supervised the planning, drilling, and completion of all Ellenburger saltwater disposal wells
- Served as geologic team lead for AFE costs, logging operations, and completion recommendations
- Supported activities in various Central Basin Platform and Eastern Shelf legacy fields involving shallow San Andres zones undergoing both CO2 and waterfloods

TECHNICAL SKILLS

- | | |
|--------------|---------------------------------|
| • Petra | • StarSteer and SES Geosteering |
| • Geographix | • Pason DataHub |
| • Kingdom | • IHS Enerdeq |
| • Spotfire | • Microsoft Teams/Office |
| • Enverus | |

Southern Hills Wine Rack WIP (Sec 32)

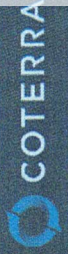
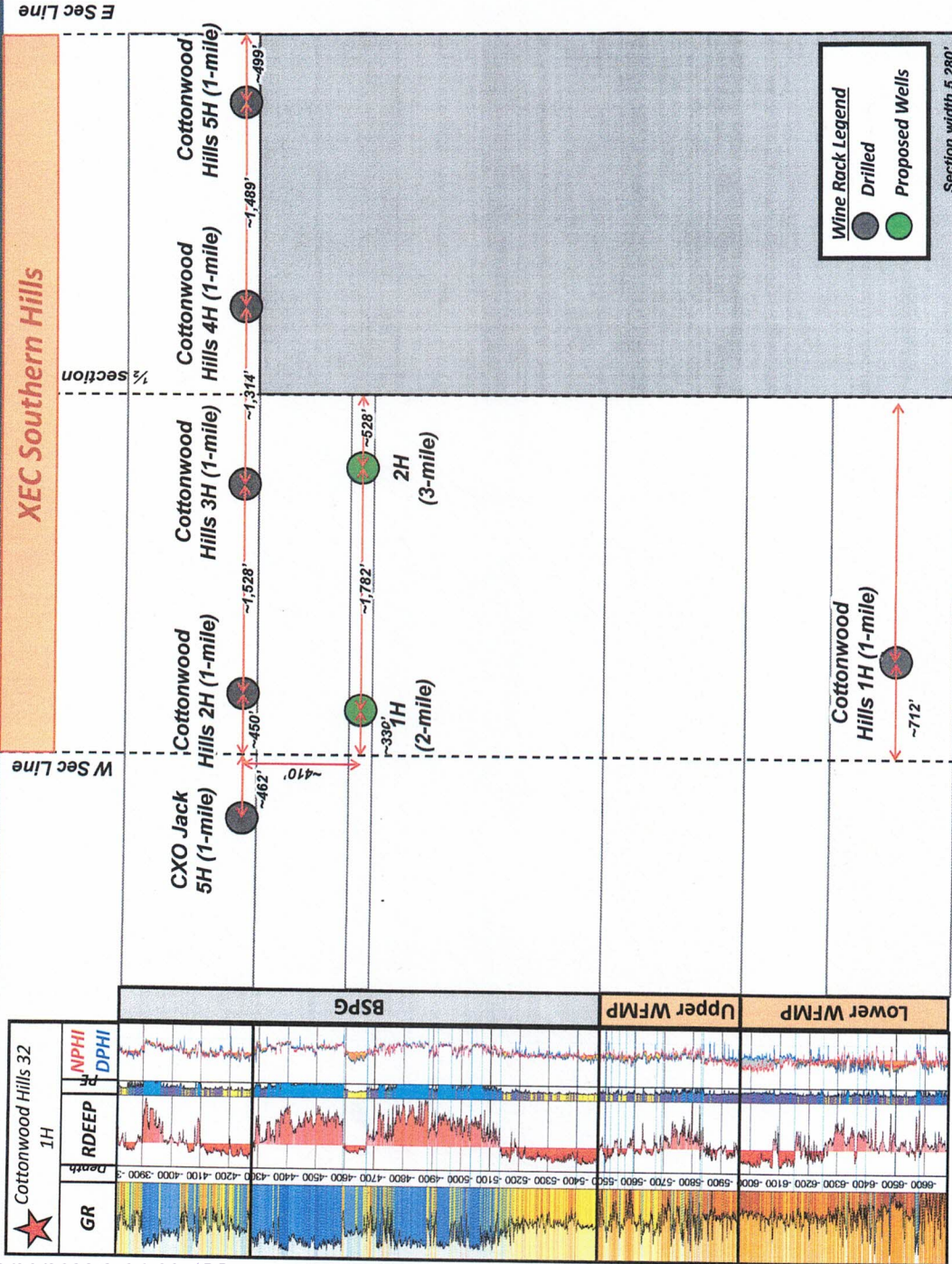


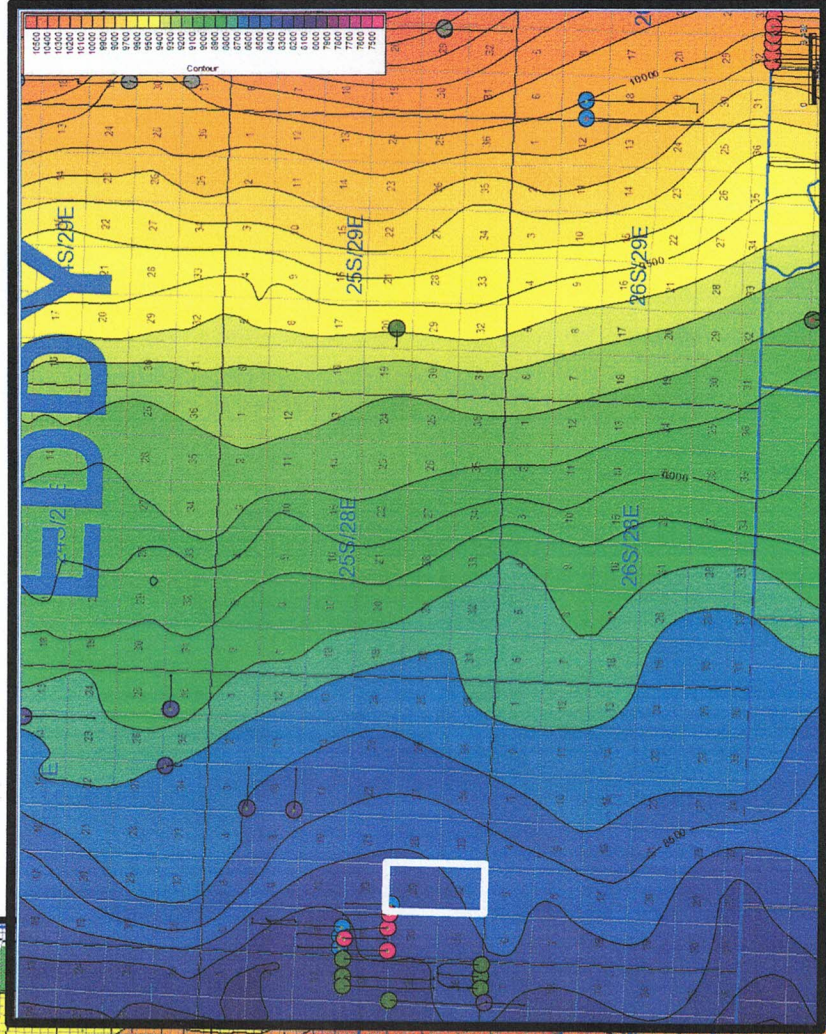
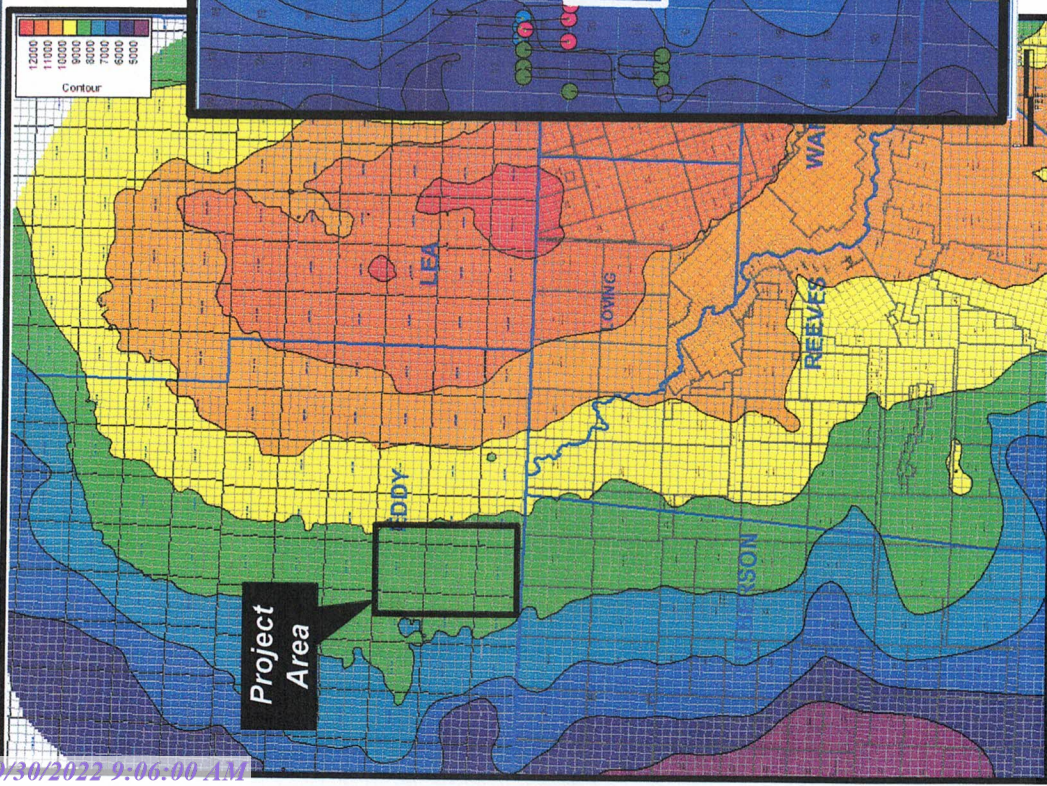
Exhibit B-1



Bone Spring Structure Map



Exhibit B-2



Operator at Spud

- EOG
- XEC
- OXY
- COG
- WPX
- OTHER

Bone Spring Harkey Gross Isopach



Operator at Spud

- EOG
- XEC
- OXY
- COG
- WPX
- OTHER

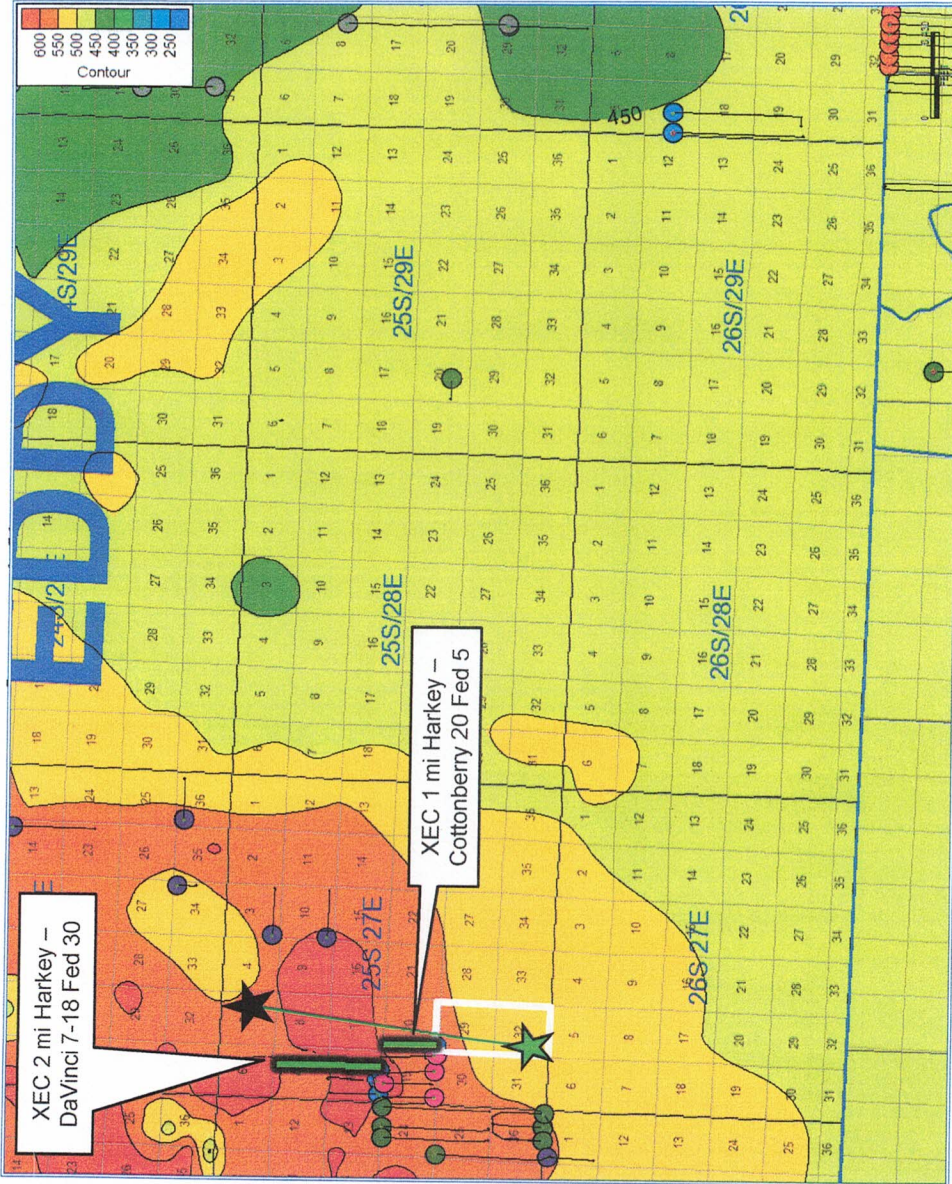
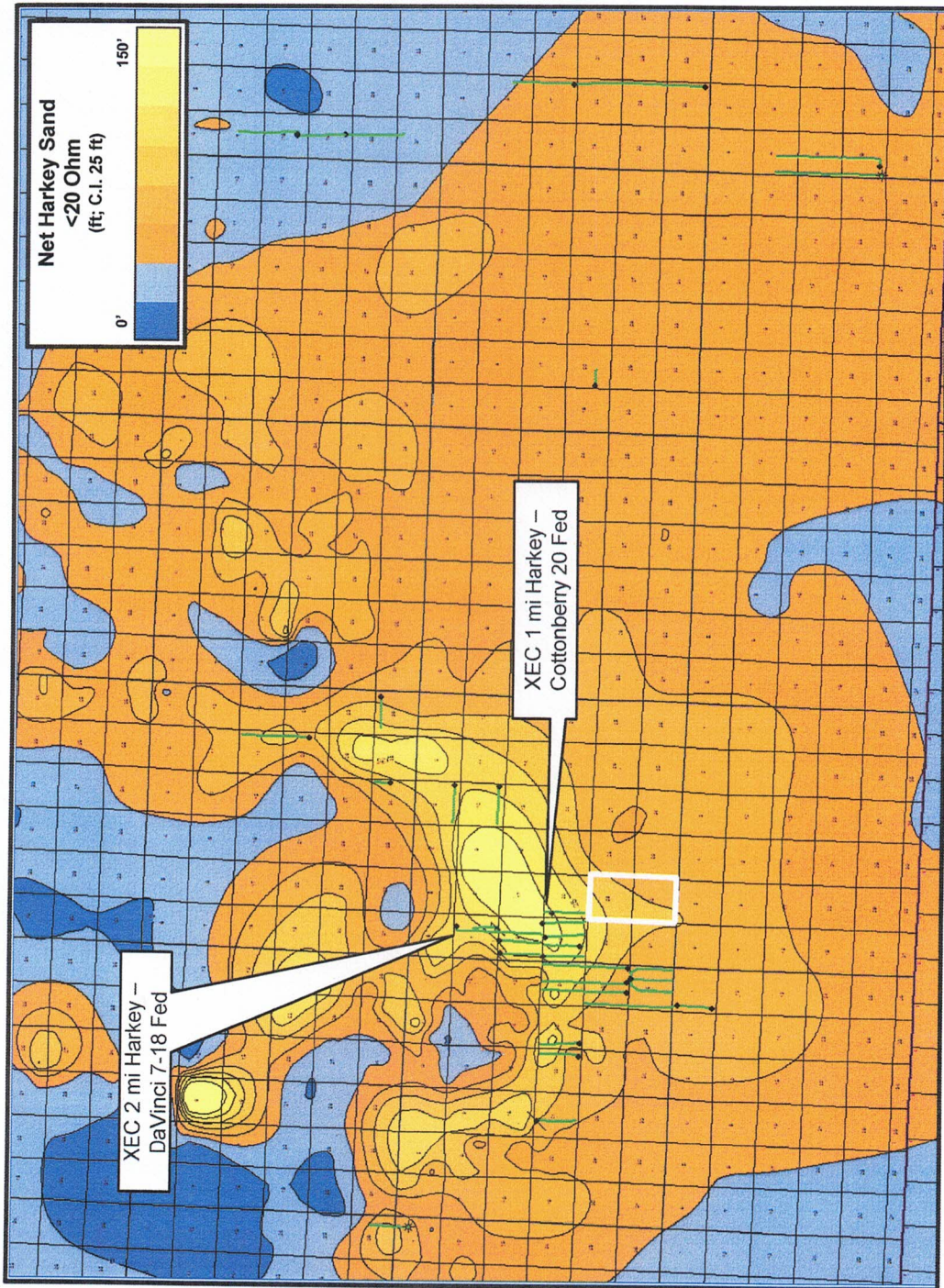


Exhibit B-3

Net Bone Spring Harkey Sand with all Harkey Producers



Exhibit B-4



Southern Hills Cross-Section

COTERRA

Exhibit B-5



Cottonwood Hills 32 State Com 1H

T25S R27E S32

CIMAREX ENERGY CO

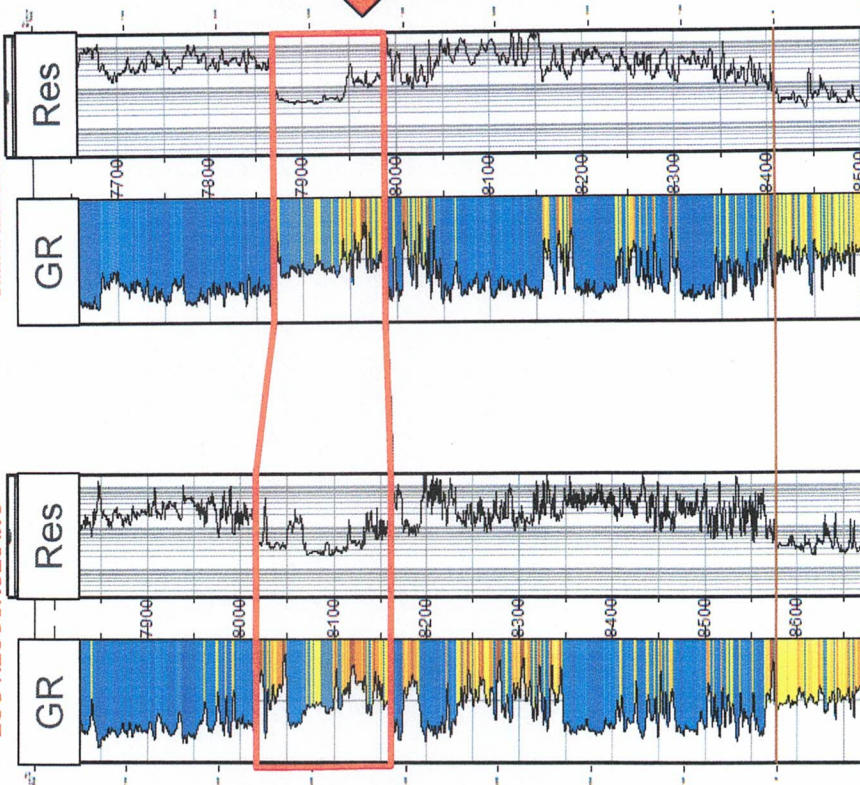
<S. 29MI>



Magellan Federal Unit 1

T25S R27E S5

EOG RESOURCES INC



BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF CIMAREX ENERGY
CO. FOR COMPULSORY POOLING AND
APPROVAL OF OVERLAPPING WELL
UNITS, EDDY COUNTY, NEW MEXICO.**

Case No. 23085

APPLICATION

Cimarex Energy Co. applies for an order pooling all uncommitted mineral interest owners in the Bone Spring formation, limited to depths described in Paragraph 2 below, underlying a horizontal spacing unit comprised of the E/2W/2 of Section 29 and the E/2W/2 of Section 32, Township 25 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and for approval of overlapping well units, and in support thereof, states:

1. Applicant is an interest owner in the E/2W/2 of Section 29 and the E/2W/2 of Section 32, and has the right to drill a well on the proposed well unit.
2. Applicant proposes to drill the Southern Hills 32-29 State Fed. Com. Well No. 2H, with a first take point in the SE/4SW/4 of Section 32 and a last take point in the NE/4NW/4 of Section 29, to a depth sufficient to test the Bone Spring formation, limited to depths below the stratigraphic equivalent of 7,745 feet subsurface, being the top of the Harkey formation as seen in the Schlumberger Platform Express Three Detector Litho-Density Compensated Neutron Log in COG Operating LLC's Jack Federal (Pilot Hole) Well No. 1H (API No. 30-015-38643), to the base of the Bone Spring formation. The Pilot Hole is located in Lot 1 of Section 31, Township 25 South, Range 27 East, N.M.P.M. The E/2W/2 of Section 29 and the E/2W/2 of Section 32 will be dedicated to the well.

EXHIBIT

C

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E/2W/2 of Section 29 and the E/2W/2 of Section 32 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all uncommitted mineral interest owners in the Bone Spring formation, as to the depths stated above, underlying the E/2W/2 of Section 29 and the E/2W/2 of Section 32, pursuant to NMSA 1978 §70-2-17.

5. The proposed well unit overlaps the following existing, producing well units:

<u>Well Name</u>	<u>Well Unit</u>	<u>Operator</u>
Populus Fed. Well No. 3H	E/2W/2 §29	COG Operating LLC
Cottonwood Hills 32 St. Com. Well No. 3H	E/2W/2 §32	Cimarex Energy Co.

6. The pooling of all uncommitted mineral interest owners in the Bone Spring formation underlying the E/2W/2 of Section 29 and the E/2W/2 of Section 32, as to the depths stated above, and approval of the overlapping well units, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

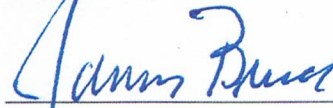
WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

A. Pooling all uncommitted mineral interest owners in the Bone Spring formation underlying the E/2W/2 of Section 29 and the E/2W/2 of Section 32, limited to depths below the stratigraphic equivalent of 7,745 feet subsurface, being the top of the Harkey formation as seen in the Schlumberger Platform Express Three Detector Litho-Density

Compensated Neutron Log in COG Operating LLC's Jack Federal (Pilot Hole) Well No. 1H (API No. 30-015-38643), to the base of the Bone Spring formation;

- B. Designating applicant as operator of the well;
- C. Approving of the overlapping well units;
- D. Considering the cost of drilling, completing, and equipping the well, and allocating the cost among the well's working interest owners;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- F. Setting a 200% charge for the risk involved in drilling, completing, and equipping the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Cimarex Energy Co.

Application of Cimarex Energy Co. for compulsory pooling and approval of overlapping well units, Eddy County, New Mexico. Cimarex Energy Co. seeks an order pooling all uncommitted mineral interests in the Bone Spring formation underlying a horizontal spacing unit comprised of the E/2W/2 of Section 29 and the E/2W/2 of Section 32, Township 25 South, Range 27 East, NMPM. The unit will be dedicated to the So. Hills State Fed. Com. Well No. 2H, with a first take point in the SE/4SW/4 of Section 32 and a last take point in the NE/4NW/4 of Section 29. Also to be considered will be the cost of drilling, completing, and equipping the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling, completing, and equipping the well. Applicant also requests approval of the proposed well unit overlapping the well units for the following wells:

<u>Well Name</u>	<u>Well Unit</u>	<u>Operator</u>
Populus Fed. Well No. 3H	E/2W/2 §29	COG Operating LLC
Cottonwood Hills 32 St. Com. Well No. 3H	E/2W/2 §32	Cimarex Energy Co.

The unit is located approximately 3 miles south of Carlsbad, New Mexico.

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruc@aol.com

September 15, 2022

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

To: Persons on Exhibit A

Ladies and gentlemen:

Enclosed are copies of two applications for compulsory pooling, *etc.*, filed with the New Mexico Oil Conservation Division by Cimarex Energy Co. (“Cimarex”), requesting the following:

Case No. 23084: Cimarex seeks an order pooling all uncommitted mineral interests in the Bone Spring formation underlying a horizontal spacing unit comprised of the W/2W/2 of Section 29 and the W/2W/2 of Section 32, Township 25 South, Range 27 East, NMPM. The unit will be dedicated to the Southern Hills State Fed. Com. Well No. 1H. Applicant also requests approval of the proposed well unit overlapping the well units for the following wells:

<u>Well Name</u>	<u>Well Unit</u>	<u>Operator</u>
Populus Fed. Well No. 4H	W/2W/2 §29	COG Operating LLC
Cottonwood Hills 32 St. Com. Well No. 2H	W/2W/2 §32	Cimarex Energy Co.

Case No. 23085: Cimarex seeks an order pooling all uncommitted mineral interests in the Bone Spring formation underlying a horizontal spacing unit comprised of the E/2W/2 of Section 29 and the E/2W/2 of Section 32, Township 25 South, Range 27 East, NMPM. The unit will be dedicated to the Southern Hills State Fed. Com. Well No. 2H. Applicant also requests approval of the proposed well unit overlapping the well units for the following wells:

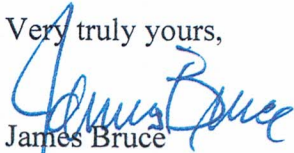
<u>Well Name</u>	<u>Well Unit</u>	<u>Operator</u>
Populus Fed. Well No. 3H	E/2W/2 §29	COG Operating LLC
Cottonwood Hills 32 St. Com. Well No. 3H	E/2W/2 §32	Cimarex Energy Co.

The applications are depth limited, as described therein.

These matters are scheduled for hearing at 8:15 a.m. on Thursday, October 6, 2022. Due to current circumstances, state buildings are closed to the public and the hearing will be conducted remotely. To determine the location of the hearing or to participate in an electronic hearing, go to emnrd.state.nm.us/OCD/hearings or see the instructions posted on the Division's website, <http://emnrd.state.nm.us/OCD/announcements.html>. You are not required to attend this hearing, but as an owner of an interest who may be affected by the applications, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from contesting these matters at a later date.

A party appearing in a Division case is required by Division Rules to file a Pre-Hearing Statement five business days before the hearing. This statement may be filed online with the Division at ocd.hearings@state.nm.us, and should include: The name of the party and his or her attorney; a concise statement of the case; the name(s) of the witness(es) the party will call to testify at the hearing; the approximate time the party will need to present his or her case; and identification of any procedural matters that need to be resolved prior to the hearing. The Pre-Hearing Statement must also be provided to the undersigned.

Very truly yours,

A handwritten signature in blue ink that reads "James Bruce". The signature is written in a cursive style with a large initial "J".

James Bruce

Attorney for Cimarex Energy Co.

EXHIBIT A

Abo Petroleum, LLC
P.O. Box 900
Artesia, NM 88211

Chevron U.S.A. Inc.
6301 Deauville Boulevard
Midland, TX 79706

Attention: Permitting Team

COG Operating LLC
One Concho Center
600 West Illinois Avenue
Midland, TX 79701

OXY Y-1 Company
Suite 110
5 Greenway Plaza
Houston, TX 77046

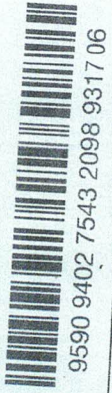
MRC Permian Co.
MRC Permian LKE, LLC
Suite 1500
5400 LBJ Freeway
Dallas, TX 75240

Attention: Kyle Perkins

SENDER: COMPLETE THIS SECTION

- 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.

Chevron U.S.A. Inc.
6301 Deauville Boulevard
Midland, TX 79706



2. Article (attach to mailpiece or transfer from service label)
7022 1670 0002 1183 7786

PS Form 3811, July 2020 PSN 7530-02-000-9053

COMPLETE THIS SECTION ON DELIVERY

A. Signature *[Signature]* Agent Addressee

B. Received by (Printed Name) *C. Meekins* C. Date of Delivery *9/21/22*

D. Is delivery address different from item 1? Yes No
If YES, enter delivery address below:

3. Service Type

- Adult Signature
- Adult Signature Restricted Delivery
- Certified Mail®
- Certified Mail Restricted Delivery
- Collect on Delivery
- Collect on Delivery Restricted Delivery
- Insured Mail
- Registered Mail™
- Registered Mail Restricted Delivery
- Signature Confirmation™
- Signature Confirmation Restricted Delivery
- Priority Mail Express®

Postmark Here

Domestic Return Receipt

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
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For delivery information, visit our website at www.usps.com.

OFFICIAL USE

Certified Mail Fee \$

Extra Services & Fees (check box, add fee as appropriate)

- Return Receipt (hardcopy) \$
- Return Receipt (electronic) \$
- Certified Mail Restricted Delivery \$
- Adult Signature Required \$
- Adult Signature Restricted Delivery \$

Postage \$

Total Postage and Fees \$

Sent To *Chevron U.S.A. Inc.*
6301 Deauville Boulevard
Midland, TX 79706

Street and Apt. No., or PO *6301 Deauville Boulevard*
City, State, ZIP+4® *Midland, TX 79706*

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

9822 8877 2000 0297 2202

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
Domestic Mail Only

For delivery information, visit our website at www.usps.com.

OFFICIAL USE

Certified Mail Fee \$

Extra Services & Fees (check box, add fee as appropriate)

- Return Receipt (hardcopy) \$
- Return Receipt (electronic) \$
- Certified Mail Restricted Delivery \$
- Adult Signature Required \$
- Adult Signature Restricted Delivery \$

Postage \$

Total Postage and Fees \$

Sent To *OXY Y-1 Company*
Suite 110
5 Greenway Plaza
Houston, TX 77046

Street and Apt. No., or PO *5 Greenway Plaza*
City, State, ZIP+4® *Houston, TX 77046*

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

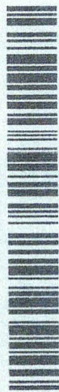
2922 8877 2000 0297 2202

SENDER: COMPLETE THIS SECTION

- 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.

1. Article Addressed to:

COG Operating LLC
 One Concho Center
 600 West Illinois Avenue
 Midland, TX 79701



9590 9402 7543 2098 9316 90

COMPLETE THIS SECTION ON DELIVERY

A. Signature

MJ
 Received by (Printed Name)
Manny Aranda

Agent
 Addressee

C. Date of Delivery

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type

- Adult Signature
- Adult Signature Restricted Delivery
- Certified Mail®
- Certified Mail Restricted Delivery
- Collect on Delivery
- Certified Mail Restricted Delivery
- Priority Mail Express®
- Registered Mail™
- Registered Mail Restricted Delivery
- Signature Confirmation™
- Signature Confirmation Restricted Delivery

2. Article Number: 7022 1670 0002 1183 7779 (over \$500)

3. Delivery Point: CX S.H. 33

Domestic Return Receipt

PS Form 3811, July 2020 PSN 7530-02-000-9053

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
Handwritten initials
 Domestic Mail Only

For delivery information, visit our website at www.usps.com®.

OFFICIAL USE

Certified Mail Fee

Extra Services & Fees (check box, add fee as appropriate)	
<input type="checkbox"/> Return Receipt (hardcopy)	\$
<input type="checkbox"/> Return Receipt (electronic)	\$
<input type="checkbox"/> Certified Mail Restricted Delivery	\$
<input type="checkbox"/> Adult Signature Required	\$
<input type="checkbox"/> Adult Signature Restricted Delivery	\$
Postage	\$

Postmark Here

Total Postage and Fees

Sent To
 COG Operating LLC
 One Concho Center
 600 West Illinois Avenue
 Midland, TX 79701

City, State, ZIP+4®

PS Form 3800, April 2015 PSN 7530-02-000-9047

See Reverse for Instructions

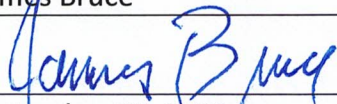
COMPULSORY POOLING APPLICATION CHECKLIST**ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS**

Case:	23085
Date:	October 6, 2022
Applicant	Cimarex Energy Co.
Designated Operator & OGRID (affiliation if applicable)	Cimarex Energy Co./OGRID No.215099
Applicant's Counsel:	James Bruce
Case Title:	Application of Cimarex Energy Co. for Compulsory Pooling, Eddy County, New Mexico
Entries of Appearance/Intervenors:	Chevron U.S.A. Inc./Holland & Hart LLP MRC Permian Company/Kyle Perkins
Well Family	Southern Hills wells
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	The Bone Spring formation, limited to depths below the stratigraphic equivalent of 7,745 feet subsurface, being the top of the Harkey formation as seen in the Schlumberger Platform Express Three Detector Litho-Density Compensated Neutron Log in COG Operating LLC's Jack Federal (Pilot Hole) Well No. 1H (API No. 30-015-38643), to the base of the Bone Spring formation. The Pilot Hole is located in Lot 1 of Section 31, Township 25 South, Range 27 East, N.M.P.M.
Pool Name and Pool Code:	Carlsbad; Bone Spring, South /Pool Code 9670
Well Location Setback Rules:	Statewide rules and current horizontal well rules
Spacing Unit Size:	Quarter-quarter sections/40 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320 acres
Building Blocks:	40 acres
Orientation:	South - North
Description: TRS/County	E/2W/2 §29 and E/2W/2 §32-25S-27E, NMPM, Eddy County
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	
Applicant's Ownership in Each Tract	Exhibit A-2
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Southern Hills 32-29 State Fed. Com. Well No. 2H API No. 30-015-Pending SHL: 820 FSL & 1558 FWL §32 BHL: 100 FNL & 2112 FWL §29 FTP: 100 FSL & 2112 FEL §32

EXHIBIT

F

	LTP: 100 FNL & 2112 FWL §29 Bone Spring/TVD 7900 feet/MD 19960 feet
Horizontal Well First and Last Take Points	See above
Completion Target (Formation, TVD and MD)	See above
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	Exhibit A, page 3
Requested Risk Charge	Cost + 200%/Exhibit A, page 4
Notice of Hearing	
Proposed Notice of Hearing	Exhibit C
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit D
Proof of Published Notice of Hearing (10 days before hearing)	
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A-2
Tract List (including lease numbers and owners)	Exhibits A-2
Pooled Parties (including ownership type)	Exhibit A-2
Unlocatable Parties to be Pooled	Yes. See Exhibits A-2 and D
Ownership Depth Severance (including percentage above & below)	None
Joinder	
Sample Copy of Proposal Letter	Exhibit A-3
List of Interest Owners (<i>i.e.</i> 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
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibits A-1 and B-1
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-4
Well Orientation (with rationale)	Standup/Exhibit B
Target Formation	Bone Spring
HSU Cross Section	Exhibit B-5
Depth Severance Discussion	Not Applicable
Forms, Figures and Tables	
C-102	Exhibit A-1

Tracts	Exhibit A-2
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-2
General Location Map (including basin)	Exhibit A-2
Well Bore Location Map	Exhibits A-1 and B-4
Structure Contour Map - Subsea Depth	Exhibit B-1
Cross Section Location Map (including wells)	Exhibit B-5
Cross Section (including Landing Zone)	Exhibit B-5
Additional Information	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	James Bruce
Signed Name (Attorney or Party Representative):	
Date:	September 29, 2022

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

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:

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

Case Nos. 23084- 23085

PRE-HEARING STATEMENT

This amended pre-hearing statement is submitted by Cimarex Energy Co. ("Cimarex") as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Cimarex Energy Co.
Suite 600
600 North Marienfeld
Midland, Texas 79701

Attention: Riley Morris

APPLICANT'S ATTORNEY

James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

OPPONENTS

Chevron U.S.A Inc.

OPPONENTS' ATTORNEY

Holland & Hart LLP

STATEMENT OF THE CASE

APPLICANT

Case 23084: Cimarex Energy Co. seeks an order pooling all uncommitted mineral interests in the Bone Spring formation underlying a horizontal spacing unit comprised of the W/2W/2 of Section 29 and the W/2W/2 of Section 32, Township 25 South, Range 27 East, NMPM, limited to depths below the stratigraphic equivalent of 7,745 feet subsurface, being the top of the Harkey formation as seen in the Schlumberger Platform Express Three Detector Litho-Density Compensated Neutron Log in COG Operating LLC's Jack Federal (Pilot Hole) Well No. 1H (API No. 30-015-38643), to the base of the Bone Spring formation. The Pilot Hole is located in Lot 1 of Section 31, Township 25 South, Range 27 East, N.M.P.M. The unit will be dedicated to the Southern Hills State Fed. Com. Well No. 1H, with a first take point in the SW/4SW/4 of Section 32 and a last take point in the NW/4NW/4 of Section 29. Also to be considered will be the cost of drilling, completing, and equipping the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of

EXHIBIT

the well, and a 200% charge for the risk involved in drilling, completing, and equipping the well. Applicant also requests approval of the proposed well unit overlapping the well units for the following wells:

<u>Well Name</u>	<u>Well Unit</u>	<u>Operator</u>
Populus Fed. Well No. 4H	W/2W/2 §29	COG Operating LLC
Cottonwood Hills 32 St. Com. Well No. 2H	W/2W/2 §32	Cimarex Energy Co.

Case 23085: Cimarex Energy Co. seeks an order pooling all uncommitted mineral interests in the Bone Spring formation, underlying a horizontal spacing unit comprised of the E/2W/2 of Section 29 and the E/2W/2 of Section 32, Township 25 South, Range 27 East, NMPM, limited to depths below the stratigraphic equivalent of 7,745 feet subsurface, being the top of the Harkey formation as seen in the Schlumberger Platform Express Three Detector Litho-Density Compensated Neutron Log in COG Operating LLC’s Jack Federal (Pilot Hole) Well No. 1H (API No. 30-015-38643), to the base of the Bone Spring formation. The Pilot Hole is located in Lot 1 of Section 31, Township 25 South, Range 27 East, N.M.P.M. The unit will be dedicated to the Southern Hills State Fed. Com. Well No. 2H, with a first take point in the SE/4SW/4 of Section 32 and a last take point in the NE/4NW/4 of Section 29. Also to be considered will be the cost of drilling, completing, and equipping the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling, completing, and equipping the well. Applicant also requests approval of the proposed well unit overlapping the well units for the following wells:

<u>Well Name</u>	<u>Well Unit</u>	<u>Operator</u>
Populus Fed. Well No. 3H	E/2W/2 §29	COG Operating LLC
Cottonwood Hills 32 St. Com. Well No. 3H	E/2W/2 §32	Cimarex Energy Co.

Also to be considered will be the cost of drilling, completing, and equipping the wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a 200% charge for the risk involved in drilling, completing, and equipping the wells.

OPPONENTS

PROPOSED EVIDENCE

APPLICANT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Riley Morris (landman)	15 min.	Approx. 5
Holden Allen (geologist)	15 min.	Approx. 5

OPPONENTS

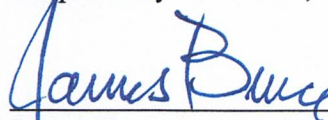
WITNESSES

EST. TIME

EXHIBITS

PROCEDURAL MATTERS

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Cimarex Energy Co.


CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 29th day of September, 2022 by e-mail:

Michael Feldewert
mfeldewert@hollandhart.com

Adam Rankin
agrarkin@hollandhart.com

Julia Broggi
jbroggi@hollandhart.com


James Bruce