

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

**APPLICATIONS OF MEWBOURNE OIL
COMPANY FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

Case Nos. 23708 & 23709

AMENDED PREHEARING STATEMENT

Coterra Energy Inc., and its subsidiaries including Cimarex Energy Co. and subsidiary Magnum Hunter Production, Inc. (“referred to herein as “Cimarex”), through its undersigned attorneys, hereby files this Amended Pre-hearing Statement with the Oil Conservation Division (“Division”), pursuant to the Division’s rules and to include Cimarex’s position that it does not oppose the orders sought by Mewbourne Oil Company (“Mewbourne”) if, and to the extent that, Cimarex’s concerns are addressed by inclusion of the Special Provision attached hereto as Exhibit A-1.

APPEARANCES

ATTORNEY

APPLICANT

Mewbourne Oil Company

James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504

INTERESTED PARTIES

Coterra Energy, Inc., and its
Subsidiaries Cimarex Energy, Co.
And Magnum Hunter Production, Inc.
(referred to herein as “Cimarex”)

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Unrepresented by counsel
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CIMAREX’S STATEMENT OF THE CASE

Case No. 23708: Mewbourne seeks an order pooling all uncommitted mineral interest owners in the Wolfcamp formation underlying a horizontal spacing unit comprised of the N/2 of Section 9 and the N2/ of Section 8, Township 2 South, Range 27 East, NMPM. The unit will be dedicated to: (a) the Sandlot 9/8 WOAD Fee Well No. 1H, with a first take point in the NE/4NE/4 of Section 9 and a last take point in the NW/4NW/4 of Section 8; and (b) the Sandlot 9/8 WOHE Fee Well No. 1H, with a first take point in the SE/4NE/4 of Section 9 and a last take point in the SW/4NW/4 of Section 8.

Case No. 23709: Mewbourne seeks an order pooling all uncommitted mineral interest owners in the Wolfcamp formation underlying a horizontal spacing unit comprised of the S/2 of Section 9 and the S/2 of Section 8, Township 2 South, Range 27 East, NMPM. The unit will be dedicated to: (a) the Sandlot 9/8 WOIL Fee Well No. 1H. with a first take point in the NE/SE/4 of Section 9 and a last take point in the NW/4SW/4 of Section ;8 and (b) the Sandlot. 9/8 WOPM Fee Well No. 1H, with a first take point in the SE/4SE/4 of Section 9 and a last take point in the SW/4SW/4 of Section 8.

Also, to be considered will be the cost of drilling, completing, testing, 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, testing, and equipping the wells.

APPLICANT’S PROPOSED EVIDENCE

WITNESS	ESTIMATED TIME	EXHIBITS
Landman: Carson Cullen	Approx. 10 min	Approx. 8
Geologist: Tyler Hill	Approx. 10 min	Approx. 6

CIMAREX’S EXHIBIT A-1

Cimarex submits its Exhibit A-1, attached hereto, in Case Nos. 23708 and 23809, to be considered by the Division as a Special Provision to the Pooling Orders that will be issued in said cases.

FACTS AND ISSUES IN DISPUTE

Cimarex and Mewbourne are in dispute regarding ownership of working interest with respect to that certain “Term Assignment of Oil & Gas Lease and Contractual Rights and Reservation of Overriding Royalty,” dated and effective June 18, 2019, between Magnum Hunter Production, Inc., as Assignor, and Mewbourne Oil Company, as Assignee (“Term Assignment”). Exhibit A-1 attached hereto addresses this matter.

FACTS NOT IN DISPUTE

Cimarex does not dispute the fact that Mewbourne has a right to pool Working Interest (“WI”) owned by Cimarex as lessee from leases in the proposed units that are not a part of and not associated with the Term Assignment. The Special Provision applies to the Term Assignment and to the leases in the proposed unit that are a part of and referenced in the Term Assignment.

PROCEDURAL MATTERS AND MOTION TO INCLUDE CIMAREX’S EXHIBIT A-1 INTO THE POOLING ORDERS AS A SPECIAL PROVISION

Cimarex respectfully moves the Division to consider and include Cimarex’s Exhibit A-1, attached hereto, into the Compulsory Pooling Checklists as a Special Provision in order to be incorporated in the Pooling Orders issued to Mewbourne by the Division in Case Nos. 23708 and 23709. Cimarex respectfully submits that the admission of its Exhibit A-1 as a Special Provision to the Pooling Orders is necessary to protect Cimarex’s correlative rights and interests, and Exhibit A-1 does not affect the representations of ownership made to the Division by Mewbourne Oil Company in these hearings.

If Cimarex concerns are addressed by the inclusion of the Special Provision (Exhibit A-1), or some acceptable version of Exhibit A-1, in the orders Mewbourne seeks, then Cimarex does not oppose the issuance of the orders.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage

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**Attorneys for Coterra Energy, Inc., and
Subsidiaries Cimarex Energy Co., and Magnum
Hunter Production, Inc.**

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was filed with the New Mexico Oil Conservation Division and was served on counsel of record or pro se parties of record if unrepresented by counsel via electronic mail on November 1, 2023:

James Bruce – jamesbruc@aol.com
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/s/ Darin C. Savage

Darin C. Savage

Exhibit A-1: Special Provision Regarding that certain “Term Assignment of Oil & Gas Lease and Contractual Rights and Reservation of Overriding Royalty,” dated and effective June 18, 2019, between Magnum Hunter Production, Inc., as Assignor, and Mewbourne Oil Company, as Assignee (referred to herein as “Term Assignment”).

This Special Provision, agreed to by Mewbourne Oil Company (“MOC”) and Magnum Hunter Production, Inc., (“MHPI”) (collectively “Parties”), is made a part of and incorporated by reference into the Orders issued by the Oil Conservation Division (“OCD”) for Case Nos. 23708 and 23709, as a Special Provision to the OCD’s Compulsory Pooling Checklist for said Cases. MOC and MHPI recognize the authority of the OCD to determine which interests should be pooled in a compulsory pooling case pursuant to the New Mexico Oil and Gas Act (“Act”), the critical interest to be pooled being the working interest which gives the owner a right to participate in a well and unit. At the time of the hearing for Case Nos. 23708 and 23709, MOC claims that it owns the working interest based on said Term Assignment. MHPI disputes this claim asserting that the Term Assignment has terminated by its own terms. The Parties recognize that the OCD does not have jurisdiction to adjudicate or resolve title issues; however, pursuant to the OCD’s authority to acknowledge MOC’s assertion of ownership in a hearing but only for the purpose of adjudicating the compulsory pooling process,¹ MOC pools only the working interest it owns, derives, or has received from the Term Assignment and no other working interest related to the lands described in and covered by the Term Assignment or its termination. Any working interest that MHPI owns, derives, receives, or has received from the termination of the Term Assignment remains unpooled. At any point in time, if it is determined (by a ruling of a state or federal court, or other governmental body with authority to adjudicate title, or by agreement of the Parties themselves) that MHPI is the owner of working interest derived or received from the termination of the Term Assignment, then MHPI agrees to subject the working interest it owns from the termination of the Term Assignment to a subsequent compulsory pooling by MOC, or its successor in interest or assigns, at which time based on MHPI’s ownership, MOC, its successors or assigns, will recognize MHPI’s right to elect to participate under the pooling order and will make available to MHPI its option to elect to participate in the wells and units to which the working interest from termination of the Term Assignment applies.

¹ The OCD can proceed with administrative approval of an application based on a good faith claim of ownership made by the applicant. *See, e.g.*, Order No. No. R-12108, ¶ 23(a); the Oil Conservation Commission has no jurisdiction to determine title to an interest in real property, but it has the authority to make threshold decisions regarding ownership for purposes of determining rights under the pooling statutes. *See* Order No. R-12376-C, ¶¶19(a) & (b).

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State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
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QUESTIONS

Action 281878

QUESTIONS

Operator: CIMAREX ENERGY CO. 6001 Deauville Blvd Midland, TX 79706	OGRID: 215099
	Action Number: 281878
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

Testimony	
<i>Please assist us by provide the following information about your testimony.</i>	
Number of witnesses	2
Testimony time (in minutes)	20