

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

**APPLICATIONS OF COG OPERATING LLC  
FOR COMPULSORY POOLING AND APPROVAL  
OF NON-STANDARD SPACING UNIT,  
LEA COUNTY, NEW MEXICO.**

**CASE NOS. 24320-24321**

**EXPEDITED REQUEST FOR STATUS CONFERENCE  
AND/OR EXPEDITED MOTION TO VACATE**

Cimarex Energy Co. (“Cimarex”) respectfully submits this Expedited Request for Status Conference and/or Expedited Motion to Vacate the contested hearing currently set for June 6th for COG Operating LLC’s (“COG”) cases 24320-24321. Cimarex requests either that the Division set these cases for a status conference on May 16, to allow Cimarex to establish that vacating the June 6<sup>th</sup> hearing is warranted, or, the Division vacate the June 6 hearing and set these cases for a status conference on June 27, which will allow the parties additional time to negotiate and will allow Cimarex adequate time to prepare and submit dispositive motions, if necessary.

As grounds for this request, Cimarex states as follows:

1. COG filed the applications in Case Nos. 24320-24321 on March 6, 2024.
2. COG’s applications in Case Nos. 24320-24321 pertain to COG’s proposed Macho Nacho wells, which are proposed to traverse Sections 6 and 7, Township 24 South, Range 33 East, Lea County, New Mexico.
3. Cimarex is the designated Operator<sup>1</sup> of Section 6 under the October 1, 1996 Joint Operating Agreement, covering all of Section 6, Township 24 South, Range 33 East. *See* Affidavit of Cayla Gorski attached as Exhibit A, ¶¶ 4-7, and Attachment 1 thereto. COG is the Non-Operator

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<sup>1</sup> Through various transfers, Cimarex is the successor in interest to Parker & Parsley Development, L.P.

and the JOA is binding on COG. *See* Gorski Aff. ¶ 5; *see also* Excerpts of Assignment from Tap Rock to COG, Schedule B-3 and B-4 (identifying JOA as a contract being assigned to COG and identifying Cimarex as the Section 6 wells “Operator”), attached as Exhibit B. Cimarex has proposed and drilled five wells on Section 6 under the JOA. *See* Gorski Aff. ¶ 8.

4. In January 2024, Cimarex initiated trade discussions with COG by emailing an initial trade concept to COG. *See* January 26, 2024 email attached as Exhibit C, partially redacted to protect ownership details. Cimarex’s offer related to Section 6, at issue in the Macho Nacho cases, and Section 5, at issue in COG’s Eata Fajita cases (Case Nos. 24372-24373). In other words, Cimarex’s offer addressed the acreage at issue in both sets of COG cases (Macho Nacho and Eata Fajita). As a reminder, Cimarex owns 100% of the W/2 of Section 5 and is the Operator of the W/2 of Section 5, and intends to drill more wells on its acreage.

5. COG did not respond to that initial trade discussion for several months. Instead, perhaps to seek leverage for a trade, COG responded by submitting proposals for its Macho Nacho wells<sup>2</sup> to Cimarex in February 2024.

6. Cimarex responded to COG’s proposals by email dated March 15, 2024, attached as Exhibit D. In that response, Cimarex told COG that Cimarex intends to develop Section 6 pursuant to the JOA to which COG was a party and had been granted exclusive operating rights and that it also intended to develop the W/2 of Section 5 where it owns 100% of the working interest.

7. Cimarex also pointed out to COG that COG had prematurely filed its Macho Nacho applications, because COG did not wait the requisite 30 days between sending proposal letters and

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<sup>2</sup> COG also proposed its Eata Fajita wells at the same time.

filing pooling applications. COG never substantively responded to Cimarex's email regarding Cimarex's intent to develop Section 6.

8. On April 4, 2024, the Division held a status conference in COG's Macho Nacho cases. At that time, the parties agreed to a June 6 hearing date. Following that status conference, Cimarex identified deficiencies in COG's applications, which included that COG had improperly secured permits to drill its proposed Eata Fajita wells in violation of Division rule 19.15.14.8.B NMAC which prohibits an operator from filing an application for permit to drill until the operator has either "received the consent of at least one working interest owner or owner of an unleased mineral interest owner at the proposed bottom hole" or "obtained a compulsory pooling order from the division."

9. On May 2, 2024, the Division held a status conference in COG's Eata Fajita cases, which propose wells across Sections 5 and 8, Township 24 South, Range 33 East. Counsel for Cimarex noted Cimarex would be filing a motion to rescind COG's improperly filed Applications for Permits to Drill the Eata Fajita wells.

10. At that status conference, Cimarex's counsel informed the Division of the potential need to file dispositive motions regarding the invalidity of the Macho Nacho applications and Applications for Permits to Drill and, as such, the June 6<sup>th</sup> hearing date is premature.

11. In order to prevent briefing on the Eata Fajita APDs, COG voluntarily withdrew its improperly filed APDs.<sup>3</sup>

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<sup>3</sup> COG improperly obtained APDs in a previous case. See Order R-21198 ¶¶ 16-17 (quoting Rule 19.15.16.15.A.1 and noting that "[a]t the time COG applied for APDs covering the S/2 of Section 6, owned 100% by Mewbourne, COG had neither the owner's consent nor a compulsory pooling order").

12. The Division instructed the parties to inform the Division whether the parties had a decision on whether the June 6<sup>th</sup> hearing should proceed. The Division instructed the parties to provide that information by May 16, 2024.

13. It was only after that status conference that COG responded substantively to Cimarex's initial trade concept. *See Gorski Aff.* ¶11.

14. Given the passage of time since its original proposal, Cimarex informed COG that Cimarex needed to review the January trade proposal and would be back in touch with COG. *See Gorski Aff.* ¶12.

15. Cimarex is preparing a revised trade proposal and intends to email it to COG on or before Friday, May 17, 2024. *See Gorski Aff.* ¶ 14.

16. The revised trade proposal covers the acreage at issue in COG's Macho Nacho and Eata Fajita cases.

17. If negotiations between the parties are successful, a contested hearing would not be necessary in either the Macho Nacho or the Eata Fajita cases.

18. The Division has routinely set contested hearings months in the future or vacated prehearing orders to allow the parties to engage in negotiations.

19. Doing so here is warranted both under this past practice but also because allowing time for the parties to have additional discussions could eliminate the need for the contested hearings and could eliminate the need for motion practice.

20. In addition, vacating the June 6<sup>th</sup> hearing and allowing more time is warranted in light of Cimarex's significant correlative rights and working interest ownership in Sections 5 and 6 and Cimarex's rights as operator under the JOA.

21. Cimarex proposes the Division set these cases for a status conference on June 27, 2024. Doing so would allow time for the parties to continue negotiations, and would also allow time for Cimarex to assess whether further motion practice is warranted, which fruitful trade discussions would also obviate.

22. In sum, a June 6 contested hearing is premature because Cimarex is proposing a trade offer to COG, which needs to be evaluated, and because if the trade is not acceptable to COG, Cimarex will file motions to dismiss COG's applications, which will need to be decided prior to any contested hearings.

23. Counsel for COG was contacted and COG opposes this Motion.

For the foregoing reasons, Cimarex requests either that the Division set these cases for a status conference on May 16, 2024, to allow Cimarex to present this information to the Division at a status conference, or, the Division vacate the June 6 hearing and set these cases, along with the Eata Fajita cases, for a status conference on June 27.

Respectfully submitted,

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


By: Deana M. Bennett

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**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing was served on counsel of record by electronic mail on May 15, 2024:

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By:   
Deana M. Bennett

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**AFFIDAVIT OF CAYLA GORSKI**

Cayla Gorski being duly sworn, deposes and states as follows:

1. I am over the age of twenty-one (21) years of age and I am fully competent to make this Affidavit.
2. I am employed as a landman with Coterra Energy Inc. (“Coterra”) and Cimarex Energy Co. (“Cimarex”) is a subsidiary of Coterra.
3. This Affidavit is based upon my personal knowledge and my review of records available to me as they are kept in the ordinary course of business.
4. Parker & Parsley Development L.P. was the Operator under the October 1, 1996, Joint Operating Agreement (the “JOA”), covering all of Section 6, Township 24 South, Range 33 East (and additional lands that are no longer covered). *See* Excerpts of October 1, 1996 JOA attached as Attachment 1.
5. Through various transfers, Cimarex is now the designated Operator under the JOA.
6. Through various transfers, COG Operating LLC and ConocoPhillips Company (collectively “COG”) are now the successors in interest to the designated Non-Operator under the JOA.
7. As designated Operator under the JOA, Cimarex is entitled to and has proposed and drilled wells pursuant to the JOA.
8. Cimarex has proposed and drilled the following wells:

Exhibit A

<b>Well Name:</b>	<b>API:</b>	<b>Original Operator:</b>	<b>Legal Description:</b>	<b>Current Status:</b>	<b>Agrmt. Proposed Under:</b>
TRES EQUIS STATE 2	30-025-40183	[215099] CIMAREX ENERGY CO.	Section 6, T24S/R33E	Active	Proposed pursuant to 1996 OA
TRES EQUIS STATE 3H	30-025-40320	[215099] CIMAREX ENERGY CO.	Section 6, T24S/R33E	Active	Proposed pursuant to 1996 OA
TRES EQUIS STATE 4H	30-025-40341	[215099] CIMAREX ENERGY CO.	Section 6, T24S/R33E	Active	Proposed pursuant to 1996 OA
TRES EQUIS STATE 5	30-025-40449	[215099] CIMAREX ENERGY CO.	Section 6, T24S/R33E	Active	Proposed pursuant to 1996 OA
TRES EQUIS STATE 6H	30-025-43506	[215099] CIMAREX ENERGY CO.	Section 6, T24S/R33E	Active	Proposed pursuant to 1996 OA

9. Cimarex has definite plans to drill additional wells in Section 6, under the JOA.

10. Cimarex has informed COG of Cimarex's plan to drill additional wells in Section 6. As Operator under the JOA, Cimarex does not need to force pool COG or any other working interest owners.

11. In January, Cimarex proposed an initial trade concept to COG. COG acknowledged receipt of the email, but did not engage in actual trade discussions until May 2, 2024, after the status conference.

12. On May 2, 2024, I told Michael Potts, a landman at COG, that given the passage of time, Cimarex needed to reevaluate the January trade concept.

13. On May 7, 2024, Michael Potts followed up to discuss the withdrawal of COG's Eata Fajita State Com 605H, 606H, 607H, and 608H permits, and to get a status update regarding our trade reevaluation. I stated that we were still evaluating, and would endeavor to get back to COG within two weeks.

14. After evaluating, Cimarex is preparing a revised trade proposal to send to COG, and intends to send it on or before Friday, May 17, 2024.

15. If negotiations between Cimarex and COG are successful, that would eliminate the need for a contested hearing.

16. I attest that the foregoing is true and correct.

*[Signature page follows]*

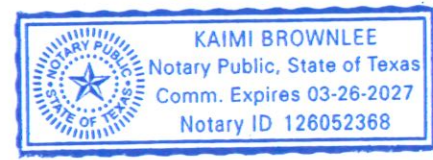


Cayla Gorski  
Cayla Gorski

SUBSCRIBED AND SWORN to before me this 15th day of May 2024 by Cayla Gorski on behalf of Cimarex Energy Co.

Kimi Brownlee  
Notary Public

My commission expires: 3/26/2027



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A.A.P.L. FORM 610-1982  
MODEL FORM OPERATING AGREEMENT

OPERATING AGREEMENT

DATED

October 1, 19 96

OPERATOR Gray Minerals  
PARKER & PARSLEY DEVELOPMENT L.P.

CONTRACT AREA All of Sections 6 and 7, T-24-S, R-33-E and all  
of Section 31, T-23-S, R-33-E

COUNTY OR PARISH OF Lea STATE OF New Mexico

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AMERICAN ASSOCIATION OF PETROLEUM  
LANDMEN, 4100 FOSSIL CREEK BLVD.  
FORT WORTH, TEXAS 76137, APPROVED FORM  
A.A.P.L. NO. 610 . 1982 REVISED

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A.A.P.L. FORM 610 • MODEL FORM OPERATING AGREEMENT • 1982

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A.A.P.L. FORM 610 - MODEL FORM OPERATING AGREEMENT - 1982

OPERATING AGREEMENT

THIS AGREEMENT, entered into by and between Parker & Parsley Development L.P. hereinafter designated and referred to as "Operator", and the signatory party or parties other than Operator, sometimes hereinafter referred to individually herein as "Non-Operator", and collectively as "Non-Operators".

WITNESSETH:

WHEREAS, the parties to this agreement are owners of oil and gas leases and/or oil and gas interests in the land identified in Exhibit "A", and the parties hereto have reached an agreement to explore and develop these leases and/or oil and gas interests for the production of oil and gas to the extent and as hereinafter provided.

NOW, THEREFORE, it is agreed as follows:

ARTICLE I. DEFINITIONS

- A. As used in this agreement, the following words and terms shall have the meanings here ascribed to them:
- A. The term "oil and gas" shall mean oil, gas, casinghead gas, gas condensate, and all other liquid or gaseous hydrocarbons and other marketable substances produced therefrom, unless an intent to limit the inclusiveness of this term is specifically stated.
- B. The terms "oil and gas lease", "lease" and "leasehold" shall mean the oil and gas leases covering tracts of land lying within the Contract Area which are owned by the parties to this agreement.
- C. The term "oil and gas interests" shall mean unleased fee and mineral interests in tracts of land lying within the Contract Area which are owned by parties to this agreement.
- D. The term "Contract Area" shall mean all of the lands, oil and gas leasehold interests and oil and gas interests intended to be developed and operated for oil and gas purposes under this agreement. Such lands, oil and gas leasehold interests and oil and gas interests are described in Exhibit "A".
- E. The term "drilling unit" shall mean the area fixed for the drilling of one well by order or rule of any state or federal body having authority. If a drilling unit is not fixed by any such rule or order, a drilling unit shall be the drilling unit as established by the pattern of drilling in the Contract Area or as fixed by express agreement of the Drilling Parties.
- F. The term "drillate" shall mean the oil and gas lease or interest on which a proposed well is to be located.
- G. The terms "Drilling Party" and "Consenting Party" shall mean a party who agrees to join in and pay its share of the cost of any operation conducted under the provisions of this agreement.
- H. The terms "Non-Drilling Party" and "Non-Consenting Party" shall mean a party who elects not to participate in a proposed operation.

Unless the context otherwise clearly indicates, words used in the singular include the plural, the plural includes the singular, and the neuter gender includes the masculine and the feminine.

ARTICLE II. EXHIBITS

- The following exhibits, as indicated below and attached hereto, are incorporated in and made a part hereof:
  - A. Exhibit "A", shall include the following information:
    - (1) Identification of lands subject to this agreement,
    - (2) Restrictions, if any, as to depths, formations, or substances,
    - (3) Percentages or fractional interests of parties to this agreement,
    - (4) Oil and gas leases and/or oil and gas interests subject to this agreement,
    - (5) Addresses of parties for notice purposes.
  - ~~B. Exhibit "B", Form of Lease.~~
  - C. Exhibit "C", Accounting Procedure.
  - D. Exhibit "D", Insurance.
  - E. Exhibit "E", Gas Balancing Agreement.
  - F. Exhibit "F", Non-Discrimination and Certification of Non-Segregated Facilities.
  - ~~G. Exhibit "G", Tax Partnership.~~

If any provision of any exhibit, except Exhibits "E" and "F" is inconsistent with any provision contained in the body of this agreement, the provisions in the body of this agreement shall prevail.



ARTICLE XVI.  
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered an original for all purposes.

IN WITNESS WHEREOF, this agreement shall be effective as of 1st day of October 19 96.

OPERATOR

PARKER & PARSLEY DEVELOPMENT L.P.  
By: Parker & Parsley Petroleum USA,  
Inc., General Partner

By: [Signature] <sup>SCD PA</sup>  
Buddy J. Knight, Vice President

NON-OPERATORS

ENSERCH EXPLORATION, INC.

By: [Signature]  
JEFFREY R. CAMP  
REGIONAL DIRECTOR

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LEA COUNTY, NM  
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02/17/2023 09:42 AM  
BY CARRIE SANDOVAL

**ASSIGNMENT AND CONVEYANCE**

This Assignment and Conveyance (“Assignment”) is dated February 16, 2023 (“Execution Date”), and is between Tap Rock Resources II LLC, a Delaware limited liability company, Tap Rock Minerals II, LLC, a Delaware limited liability company (collectively, “Tap Rock”) and COG Operating LLC, a Delaware limited liability company and ConocoPhillips Company, a Delaware corporation (collectively, “Assignee”). The mailing address for Assignee is 600 W. Illinois Avenue, Midland, TX 79701.

For valuable consideration, Tap Rock and Assignee agree as follows:

1. **Assignment, Sale, and Conveyance.** Subject to the terms of this Assignment and the Exchange Agreement, Tap Rock hereby assigns, sells, and conveys the Property to Assignee (in the proportions of an undivided 93% to COG Operating LLC and an undivided 7% to ConocoPhillips Company), **TO HAVE AND TO HOLD** the Property unto Assignee, in the proportions described herein, its successors and assigns, forever, Tap Rock warrants and agrees to defend title to the Leases against all Third-Party Claims arising by, through and under Tap Rock, but not otherwise. To the extent transferable, this Assignment is made with full substitution and subrogation of Assignee in and to all covenants, representations, and warranties which Tap Rock has or may have against its predecessors in title (excluding any Affiliate of Tap Rock).
2. **Disclaimers.** Except as set out in Article 1 (Assignment Sale and Conveyance):
  - 2.1 **DISCLAIMER OF TITLE WARRANTY.** This Assignment is subject to all Permitted Liens and is made without any warranty as to title or covenant against encumbrances (whether express, statutory, or implied, under any Law or in equity). Nothing in the exhibits, schedules, or in the Assignment is a Statement by Tap Rock about Tap Rock’s ownership interest in the Property. Tap Rock disclaims any Statement about any Person’s failure to maintain any portion of any portion of any Lease included in the Property in effect at any time.
  - 2.2 **DISCLAIMER OF MERCHANTABILITY.** Tap Rock disclaims any Statement about the **condition or merchantability of the Property.**
  - 2.3 **DISCLAIMER OF FITNESS FOR PARTICULAR PURPOSE.** Tap Rock disclaims any Statement about the **fitness of the Property for a particular purpose.**
  - 2.4 **ASSIGNEE’S DISCLAIMER OF RELIANCE.** Except for any Representation made by Tap Rock, in accepting this Assignment, Assignee disclaims that it is relying on or has relied on any Statement that may have been made by any Person.



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BY CARRIE SANDOVAL

3. **AS IS, WHERE IS.** Each Party acknowledges that it has been given the opportunity to inspect the Property. Assignee unconditionally and irrevocably accepts the Property **AS IS, WHERE IS**, and **WITH ALL FAULTS**, and in its present condition and state of repair, except as set out in Article 1 (Assignment Sale and Conveyance).
4. **Hazards.** Assignee acknowledges that (i) Tap Rock has informed Assignee that any portion of the Property may have levels of NORM above background levels and may contain asbestos and lead, (ii) health hazards may exist as to Ownership because of those NORM levels and the existence of asbestos and lead, and (iii) each Person in Assignee Group may need to follow safety procedures when handling any portion of the Property.
5. **Assumed and Retained Obligations.** By accepting this Assignment, Assignee (i) assumes responsibility for and shall perform the Assumed Obligations and (ii) acknowledges that it is bound by the Leases, Surface Interests, and Contracts. Tap Rock shall perform all Tap Rock Retained Obligations.
6. **Governing Agreement.** This Assignment is delivered under, and Assignee accepts this Assignment subject to the Exchange Agreement. Except for Article 5 (Dispute Resolution) of the Exchange Agreement, the terms of the Exchange Agreement are incorporated by reference into this Assignment to the extent provided for in the Exchange Agreement. If any provision of this Assignment conflicts with any provision of the Exchange Agreement, the Exchange Agreement will prevail. Nothing in Section 7 (Dispute Resolution), conflicts with the Exchange Agreement nor will be considered to waive either Party's rights under Article 5 (Dispute Resolution) of the Exchange Agreement. Except as set out in the Exchange Agreement, all provisions of the Exchange Agreement will survive the delivery of this Assignment and will not be merged into or superseded by this Assignment.
7. **Dispute Resolution.**
  - 7.1 **Governing Law.** This Assignment will be construed, interpreted, governed, and enforced exclusively under the Law of the state in which the applicable portion of the Property is located, without giving effect to any conflict-of-law rule or principle that might direct the application of any Law of another jurisdiction.
  - 7.2 **Arbitration.** Except for any Property Dispute, if one or both Parties believe that any Claim related to this Assignment is not resolvable between the Parties, that Claim will be exclusively resolved under Article 5 (Dispute Resolution) of the Exchange Agreement and the term *Agreement Dispute* (as defined in the Exchange Agreement) will be considered modified accordingly for purposes of that Claim.
  - 7.3 **WAIVER OF JURY TRIAL.** As to any Property Dispute, each Party waives all rights to trial by jury in any Claim related to this Assignment.

LEA COUNTY, NM  
KEITH MANES, COUNTY CLERK  
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BY CARRIE SANDOVAL

**8. Miscellaneous.**

**8.1 Definitions and Interpretation.** Capitalized terms not defined in the Appendix have the meanings given to those terms in the Exchange Agreement.

**8.2 Attachments.** The Appendix and the following schedules are attached and made a part of this Assignment for all purposes:

Property Schedule

- Schedule B-1 Leases
- Schedule B-2 Surface Interests
- Schedule B-3 **Contracts**
- Schedule B-4 Wells
- Schedule B-5 Imbalances

**8.3 Interpretation.** Section 9.2 (Interpretation) of the Exchange Agreement applies to the interpretation of this Assignment. Without limiting the preceding sentence, no portion of the Excluded Property is included in the Property or in any individual component of the Property.

**8.4 Fully Integrated Agreement.** Except any other written agreement that the Parties may execute concurrently with or after the execution of this Assignment, this Assignment and the Exchange Agreement constitute the fully integrated agreement between the Parties as to the assignment, sale, and conveyance of the Property to Assignee, and supersede all written or oral, in each case, negotiations, discussions, arrangements, agreements, and understandings between the Parties as to the assignment, conveyance, and sale of the Property to Assignee.

**8.5 Amendment.** The Parties may only amend this Assignment in writing, and that writing must be identified as an amendment to this Assignment and must be executed by each Party's authorized representative.

**8.6 Third-Party Beneficiaries.** Except for any Indemnified Person under Article 4 (Remedies) of the Exchange Agreement, nothing in this Assignment confers on any Person any Remedies under this Assignment or constitutes any Person a Third-Party beneficiary of this Assignment.

**8.7 Severability.** If any Arbitrator or Governmental Authority finds any provision of this Assignment to be unenforceable, that provision will be modified as necessary to make it enforceable. If that provision cannot be modified to make it enforceable, it will be considered deleted and the remainder of this Assignment will continue in force.

**8.8 Subrogation of Warranties.** To the extent transferable, Tap Rock gives and grants to Assignee, its successors and assigns, full power and right of substitution and subrogation in and to all covenants made and warranties (including warranties of title) given with respect to any portion of the Property by any



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preceding owner, vendor, or other Person, excluding Tap Rock or any of its Affiliates.

- 8.9 Covenants Running with the Land.** The provisions of this Assignment, and any covenants to be performed by Assignee after the Execution Date under the Exchange Agreement, are covenants running with the land and bind and inure to the benefit and burden of Tap Rock and Assignee, and their respective successors and assignees. If Assignee assigns any portion of the Property, Assignee shall notify Tap Rock of that assignment as set out in Section 9.5 (Communications) of the Exchange Agreement.
- 8.10 Counterparts.** The Parties may execute this Assignment in counterparts, each of which will constitute an original but all of which will constitute one assignment.

*[Remainder of this page is left blank, signatures follow.]*

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Tap Rock and Assignee are executing this Assignment on the Execution Date.

**COG Operating LLC**

**Tap Rock Resources II LLC**

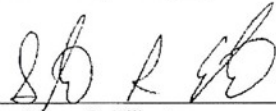


By: Steven R. Ellington  
Its: Attorney-in-fact

By: Ryan London  
Its: Chief Executive Officer

**ConocoPhillips Company**

**Tap Rock Minerals II, LLC**



By: Steven R. Ellington  
Its: Attorney-in-fact

By: Ryan London  
Its: Chief Executive Officer

Signature Page to Assignment and Conveyance

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Tap Rock and Assignee are executing this Assignment on the Execution Date.

**COG Operating LLC**

\_\_\_\_\_  
By: Steven R. Ellington  
Its: Attorney-in-fact


**Tap Rock Resources II LLC**

  
\_\_\_\_\_  
By: Ryan London  
Its: Chief Executive Officer

**ConocoPhillips Company**

\_\_\_\_\_  
By: Steven R. Ellington  
Its: Attorney-in-fact

**Tap Rock Minerals II, LLC**

  
\_\_\_\_\_  
By: Ryan London  
Its: Chief Executive Officer

Signature Page to Assignment and Conveyance

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**APPENDIX**

Assignment and Conveyance  
Execution Date February 16, 2023  
Tap Rock Resources II LLC, Tap Rock Minerals II, LLC, and COG Operating LLC, et al.

**DEFINITIONS**

**Components of Property**

“**Contract**” means any contract described in Schedule B-3 (Contracts), to the extent that such contract is applicable to any Lease, Unit, Well, or Surface Interest.

“**Equipment**” means any facilities, flow lines, pipelines, gathering systems, compressors, well pads, tank batteries, air emissions capture and control equipment, machinery, appurtenances, communications equipment (including cellular towers and supervisory control and data acquisition systems), improvements, pits, fixtures, tools, abandoned property, junk, and all other personal property and all other personal property located on any Lease, Surface Interest, Unit, or Well on the Execution Date.

“**Imbalance**” any imbalance related to Hydrocarbons attributable to the Property, calculated as of the Effective Time, occurring when (i) any co-owner has taken a share of total production that is disproportionate to its ownership interest in that production (including associated make-up or cash settlement rights) or (ii) Tap Rock or any of its Affiliates delivers a different volume of Hydrocarbons attributable to the Property than it sold to a Third Party.

“**Lease**” means, except for the Excluded Property, any oil, gas, or mineral lease described in Schedule B-1 (Leases), but only to the extent that lease covers and includes the lands and depths described in Schedule B-1 (Leases).

“**Permit**” means, except for Excluded Property, any transferable permit issued by any Governmental Authority and held by Tap Rock, that in Tap Rock’s reasonable opinion is necessary for Ownership.

“**Property**” means, except for the Excluded Property, all of Tap Rock’s right, title, and interest in and to (including all privileges and Obligations appurtenant to) all of the following:

- (a) Leases,
- (b) Surface Interests;
- (c) Contracts;
- (d) Wells;
- (e) Units;
- (f) Permits; and
- (g) Imbalances.

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“**Record**” means, except for any Excluded Property and any record that is generally available to the public, any electronic record in Tap Rock’s possession to the extent that record is attributable to any portion of the Assigned Property.

“**Surface Interest**” means, except for the Excluded Property, any easement, right-of-way, license, access permit, water right, surface lease, surface use agreement, or similar right, Obligation, or interest, in each case, to the extent applicable to or used in connection with Ownership, including those set out in Schedule B-2 (Surface Interests).

“**Unit**” means any unit, pooled, or communitized area that includes any portion of a Lease.

“**Well**” means any oil, gas, or condensate well, water source well, water injection well, or water disposal well set out in Schedule B-4 (Wells).

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SCHEDULE B-3

Assignment and Conveyance

Execution Date February 16, 2023

Tap Rock Resources II LLC, Tap Rock Minerals II, LLC, and COG Operating LLC, et al.

CONTRACTS

Tap Rock Contracts:

Joint Operating Agreement dated October 1, 1996, by and between Parker & Parsley Development L.P., as Operator, and Enserch Exploration, Inc., as Non-Operator covering All of Section 6, Township 24 South, Range 33 East, Lea County, New Mexico, containing 640 acres, more or less

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**SCHEDULE B-4**  
Assignment and Conveyance  
Execution Date February 15, 2023  
Tap Rock Resources II LLC, Tap Rock Minerals II, LLC, and COG Operating LLC, et al.

WELLS

Tap Rock Wells:									
Well Name	API	Operator	Legal Description	Section	Township	Range	State	V/H	
Tres Equis State #4	30-025-40341	Cimarex Energy Co.	E/2E/2	6	24S	33E	New Mexico	H	
Tres Equis State #6H	30-025-43506	Cimarex Energy Co.	W/2E/2	6	24S	33E	New Mexico	H	
Tres Equis State #5H	30-025-40449	Cimarex Energy Co.	W/2E/2	6	24S	33E	New Mexico	H	
Tres Equis State #2	30-025-40183	Cimarex Energy Co.	E/2W/2	6	24S	33E	New Mexico	H	
Tres Equis State #3H	30-025-40320	Cimarex Energy Co.	W/2W/2	6	24S	33E	New Mexico	H	



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**From:** Cayla Gorski <Cayla.Gorski@coterra.com>  
**Sent:** Friday, January 26, 2024 12:08 PM  
**To:** 'michael.potts@conocophillips.com'  
**Cc:** 'Kristen.J.Seams@conocophillips.com'; 'Rafael.E.PazLopez@conocophillips.com'  
**Subject:** Cimarex/COPC Trade Concept- Secs. 5, 6, & 7, T24S/R33E, Lea Co., NM  
**Attachments:** Tres Equis Lease Diagram- Trade Acreage.pdf; Tres Equis- Trade Calculations.pdf

Hi Michael,

I wanted to reach out in regards to a proposed acreage trade involving our Tres Equis acreage and your Macho Nacho/Eata Fajita acreage. We've been looking at possible options to get out of each other's way, that would benefit both parties as to both operatorship and extending laterals. To that end, we've come up with the proposal below (subject to management approval) that gives y'all 100% in the E/2 of Secs. 6 & 7, and 100% in the W/2 of Sec. 5 (to presumably be 100% in all of Secs. 5 & 8). Note, we would exclude the Avalon in Secs. 5, 6, & 7, and all existing wellbores. Please review with your team, and let us know if you are interested. I made everything equivalent using NRA, so that each of us deliver the max NRI on each tract (calculations are attached- please confirm NRIs).

Thank you,  
Cayla Gorski



**Cayla Gorski** | Landman- Permian Exploration

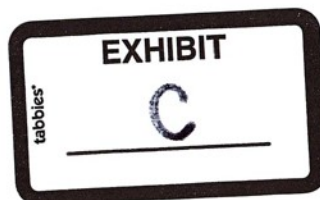
T: 432.571.7874 | [Cayla.Gorski@coterra.com](mailto:Cayla.Gorski@coterra.com) | [www.coterra.com](http://www.coterra.com)

Coterra Energy Inc. | 6001 Deauville Blvd., Suite 300N | Midland, TX 79706 **(We've moved! Please note our new address.)**

*Cimarex Energy Co. | Cimarex Energy Co. of Colorado | Magnum Hunter Production, Inc.*

*Prize Energy Resources, Inc. | Resolute Natural Resources Company, LLC | Resolute Natural Resources Southwest, LLC*

Coterra Energy Inc. is the result of the merger of Cimarex Energy Co. and Cabot Oil & Gas Corporation on October 1, 2021.





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**From:** Cayla Gorski <Cayla.Gorski@coterra.com>  
**Sent:** Friday, March 15, 2024 9:33 AM  
**To:** Potts, Michael  
**Subject:** Macho Nacho State Com 601H - 608H and Eata Fajita State Com 601H - 608H

Hello Michael,

We are in receipt of COG Production LLC's and COG Operating LLC's (collectively "COG") proposed Macho Nacho State Com 601H – 608H ("Macho Nacho") and Eata Fajita State Com 601H – 608H ("Eata Fajita") wells.

As you are aware, Cimarex Energy Co. ("Cimarex") owns 100% of the working interest in and to the W/2 of Section 5, T24S/R33E, and 50% of the working interest across all of Section 6, T24S/R33E. Cimarex is also the successor Operator pursuant to that certain Operating Agreement dated October 1, 1996, by and between Parker & Parsley Development L.P. and Enserch Exploration, Inc., covering a contracted contract area of all of Section 6, Township 24 South, Range 33 East, N.M.P.M., Lea County, NM (the "JOA").

Cimarex opposes COG's proposed Macho Nacho and Eata Fajita developments, and will be proposing, and subsequently drilling wells on both the W/2 of Section 5, as sole working interest owner, and all of Section 6, pursuant to the JOA under which COG/Conoco has now succeeded as Non-Operators. More specifically, in the coming weeks, Cimarex will be proposing, pursuant to the JOA, four U-turn wells targeting both the Bone Spring and Wolfcamp formations across Section 6, T24S/R33E, Lea Co., NM, to be drilled later this year, in which COG/Conoco can either choose to participate or be subject to the non-consent penalties contained therein.

We also learned that COG recently filed pooling applications for the Macho Nacho wells in violation of the Division precedent requiring applicants to negotiate in good faith to seek voluntary pooling at least 30 days before filing a compulsory pooling application. COG did not mail the misaddressed proposals until February 8<sup>th</sup>, nor the correctly addressed proposals until February 12<sup>th</sup>, so those applications were prematurely filed.

I hope with this information COG will reconsider its proposed Macho Nacho and Eata Fajita wells. If COG decides to move forward, despite Cimarex's ownership and COG/Conoco's obligations under the JOA, Cimarex will pursue administrative or other remedies to enforce its rights. We are hopeful that we do not have to resort to those options, and that we will be able to work this out together.

Please let me know as soon as possible if you will be dropping both the Macho Nacho and Eata Fajita proposals, given Cimarex's plans to self-develop the W/2 of Section 5, T24S/R33E, and develop Section 6, T24S/R33E under a JOA to which COG/Conoco has succeeded.

I look forward to hearing from you soon.

Best,  
Cayla Gorski



**Cayla Gorski** | Landman- Permian Exploration

T: 432.571.7874 | [Cayla.Gorski@coterra.com](mailto:Cayla.Gorski@coterra.com) | [www.coterra.com](http://www.coterra.com)

Coterra Energy Inc. | 6001 Deauville Blvd., Suite 300N | Midland, TX 79706 ([We've moved! Please note our new address.](#))

*Cimarex Energy Co. | Cimarex Energy Co. of Colorado | Magnum Hunter Production, Inc.*

*Prize Energy Resources, Inc. | Resolute Natural Resources Company, LLC | Resolute Natural Resources Southwest, LLC*

Coterra Energy Inc. is the result of the merger of Cimarex Energy Co. and Coterra Oil & Gas Corporation on October 1, 2021.

