

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

IN RE CIMAREX ENERGY COMPANY

NMOCD-ACO-2021-002

AGREED COMPLIANCE ORDER

Pursuant to the New Mexico Oil and Gas Act ("Act"), NMSA 1978, Section 70-2-1, *et seq.*, and 19.15.5.10(C) NMAC, the Director of the Oil Conservation Division ("OCD") and Cimarex Energy Company (OGRID #215099) ("Operator") enter into this Agreed Compliance Order ("Order").

1. OCD is charged with the administration and enforcement of the Act and implementing rules and has jurisdiction to regulate Operator's wells and facilities in the state of New Mexico.
2. Operator is the operator of record for the wells and facilities identified in Exhibit A ("Wells").
3. The Well(s) are subject to the rules governing venting and flaring in Subsection A of Section 8 of 19.15.27 NMAC – *Venting and Flaring of Natural Gas*.
4. The Wells produce natural gas but are not connected to a natural gas gathering system.
5. Because the Wells are not connected to a natural gas gathering system, Operator must vent or flare the natural gas.
6. Operator's venting or flaring of natural gas from the Wells is not subject to any exception in Subsections B, C, or D of Section 8 of 19.15.27 NMAC.
7. The venting or flaring of natural gas from the Wells violates 19.15.27 NMAC.

8. Pursuant to OCD's May 14, 2021 Notice, Operator requested an Agreed Compliance Order and submitted Exhibit A on or before July 9, 2021.

9. To resolve the violation of 19.15.27 NMAC described in paragraph 7, Operator agrees to the following conditions:

a. Operator shall take all reasonable actions to reduce or eliminate venting and flaring of natural gas from the Wells.

b. Operator shall measure or estimate and record the monthly volume of natural gas vented or flared from the Wells.

c. Operator shall provide the records of monthly volumes of natural gas vented or flared from the Wells to OCD no later than five (5) business days after receipt of the request.

d. Operator shall not vent or flare natural gas from the Wells in an amount that exceeds the volume stated in Exhibit A.

e. After the effective date of this Order, Operator shall not vent or flare natural gas from the Wells except as authorized by this Order and Subsections B, C and D of Section 8 of 19.15.27 NMAC.

f. Operator shall comply with all other applicable requirements of 19.15.27 NMAC.

10. This Order expires on January 9, 2022. OCD in its sole discretion may extend this Order to no later than March 31, 2022 upon a showing of good cause.

11. OCD may deny an Application to Drill if Operator fails to comply with this Order.

12. If Operator complies with this Order, OCD will not bring an enforcement action for venting or flaring of natural gas from the Wells that occurred before the Wells were connected to a natural gas gathering system, provided however that nothing in this Order shall prevent OCD

from bringing an enforcement action for other venting or flaring of natural gas from the Wells that allegedly violated or continues to violate 19.15.27 NMAC.

13. If Operator fails to comply with any condition of this Order, Operator shall pay a stipulated penalty of \$500.00 for each day of noncompliance with each condition at each Well until it demonstrates compliance to OCD's satisfaction retroactive to the effective date of this Order.

14. Operator shall pay a stipulated penalty no later than thirty (30) days after receipt of written demand by OCD.

15. If Operator fails to pay the stipulated penalty, it shall pay interest on the civil or stipulated penalty or unpaid portion thereof until paid in full at a rate of 8.75 percent.

16. Operator consents to the relief specified in this Order and waives the right of review of this Order by the Oil Conservation Commission or any district court.

17. The persons executing this Order represent that they have the requisite authority to bind their respective parties, and such representation shall be legally sufficient evidence of their actual or apparent authority.

18. This Order may be executed in counterpart.

OIL CONSERVATION DIVISION



Adrienne Sandoval
Director

Date: 9/09/2021

CIMAREX ENERGY COMPANY



Michael DeShazer
Vice President of Permian Business Unit

Date: 8/17/2021

Exhibit "A"

REQUEST FOR AGREED COMPLIANCE ORDER FOR VENTING OR FLARING OF NATURAL GAS FROM WELLS OR FACILITIES NOT CONNECTED TO NATURAL GAS GATHERING SYSTEM									
Operator Information		Pursuant to OGD's [Date] Notice, Operator requests an Agreed Compliance Order for venting or flaring from wells or facilities not connected to a natural gas gathering system.							
Operator/Owner:	Cimarex Energy Co	215099	I certify that, after reasonable inquiry, the statements in this Request for Agreed Compliance Order for Venting or Flaring Natural from Wells or facilities not Connected to Natural Gas Gathering System are true and correct to the best of my knowledge and acknowledge that a false statement may be subject to civil and criminal penalties under the Oil and Gas Act.						
Office/Title:	<u>John B. Burt</u>	<u>1-8-2021</u>							
Office/Title:									
Signed Name:	<u>John B. Burt</u>		Date:						
Printed Name:	T. Eric Austin								
Title:	Regional Sales Manager								
Well or Facility Information	Indicate if the venting or flaring is located at a Well or Facility								
	Name of well or facility	Facility # (If applicable)	API# (If applicable)	Location (ULTR)	Lat (deg. degrees)	Long (deg. degrees)	Estimated connection date for 100% takeaway capacity	Distance to contracted or anticipated Natural Gas Gathering System (in miles)	