

ID NO. 211094

NSL - 2156

Revised March 23, 2017

RECEIVED:	REVIEWER:	TYPE:	APP NO: pLEL2311749582
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Geological & Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505

**ADMINISTRATIVE APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Applicant: Cimarex Energy Co. **OGRID Number:** 215099
Well Name: Tar Heel 19-18-7 Federal Com Wells **API:** Various
Pool: WC-015G-03 S262925D; Bone Spring **Pool Code:** 98211

SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW

1) TYPE OF APPLICATION: Check those which apply for [A]

A. Location - Spacing Unit - Simultaneous Dedication

☐ NSL

☐ NSP (PROJECT AREA)

☒ NSP (PRORATION UNIT)

☐ SD

B. Check one only for [I] or [II]

[I] Commingling - Storage - Measurement

☐ DHC

☐ CTB

☐ PLC

☐ PC

☐ OLS

☐ OLM

[II] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

☐ WFX

☐ PMX

☐ SWD

☐ IPI

☐ EOR

☐ PPR

2) NOTIFICATION REQUIRED TO: Check those which apply.

A. ☒ Offset operators or lease holders

B. ☐ Royalty, overriding royalty owners, revenue owners

C. ☐ Application requires published notice

D. ☐ Notification and/or concurrent approval by SLO

E. ☒ Notification and/or concurrent approval by BLM

F. ☐ Surface owner

G. ☐ For all of the above, proof of notification or publication is attached, and/or,

H. ☐ No notice required

FOR OCD ONLY

☐

Notice Complete

☐

Application
Content
Complete

3) CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Deana M. Bennett

Print or Type Name

Deana M. Bennett

Signature

04/26/2023

Date

505-400-4497

Phone Number

deana.bennett@modrall.com

e-mail Address



MODRALL SPERLING
L A W Y E R S

VIA ELECTRONIC FILING

April 26, 2023

Acting Director Dylan M. Fuge and OCD Engineering Bureau
Oil Conservation Division
Energy, Minerals and Natural Resources Department
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Earl E. DeBrine
505.848.1810
edebrine@modrall.com

Deana M. Bennett
505.848.1834
Deana.bennett@modrall.com

Re: Application of Cimarex Energy Co. for administrative approval of a 800-acre, more or less, non-standard spacing unit in the Bone Spring Formation comprised of the SW/4 of Section 7, the W/2 of Section 18, and the W/2 of Section 19, Township 26 South, Range 30 East, Eddy County New Mexico.

Dear Director Fuge/OCD Engineering Bureau:

Pursuant to Rule 19.15.16.15(B)(5) NMAC, Cimarex Energy Co. ("Cimarex"), OGRID Number 215099, is seeking administrative approval of an 801.73-acre, more or less, non-standard spacing unit ("NSU") for its Tar Heel 19-18-7 Fed Com wells listed below (the "Wells"). Cimarex is requesting this NSU to match the corresponding proposed Communitization Agreement for the acreage underlying the SW/4 of Section 7, the W/2 of Section 18, and the W/2 of Section 19, Township 26 South, Range 30 East, Eddy County New Mexico. The only pool within the Bone Spring formation underlying the proposed non-standard spacing unit is WC-015 G-03 S262925D; Bone Spring (Code 98211), which follows the statewide spacing rules. Within the proposed non-standard spacing unit, Cimarex intends to drill the following Wells within the Bone Spring formation:

<u>Well Name</u>	<u>API</u>
Tar Heel 19-18-7 Fed Com 5H	PENDING
Tar Heel 19-18-7 Fed Com 6H	PENDING
Tar Heel 19-18-7 Fed Com 21H	PENDING
Tar Heel 19-18-7 Fed Com 23H	PENDING
Tar Heel 19-18-7 Fed Com 24H	PENDING

C-102s for each well are attached hereto as **Exhibit A**. Each well will comply with the statewide setback requirements for the non-standard spacing unit.

Modrall Sperling
Roehl Harris & Sisk P.A.

500 Fourth Street NW
Suite 1000
Albuquerque,
New Mexico 87102

PO Box 2168
Albuquerque,
New Mexico 87103-2168

Tel: 505.848.1800
www.modrall.com

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In addition, the NSU will include two existing Bone Spring wells, which are the Tar Heel 19-18-7 Fed Com 20H (30-015-46567) and the Tar Heel 19-18-7 Fed Com 1H (30-015-46560) wells (also included with Exhibit A).

Cimarex's drilling program for this area will develop the Bone Spring formation underlying each of the 40-acre tracts comprising the proposed non-standard spacing unit area. Cimarex seeks administrative approval of this non-standard spacing unit to match the pending Communitization Agreement to provide for efficient development and to minimize surface disturbance by consolidating facilities and commingling production from existing and future wells in the proposed non-standard spacing unit. Accordingly, approval of this administrative application will allow for full development of the communitized acreage, promote efficiently located surface facilities, reduce surface disturbance, consolidate roads, tanks and pipelines; and promote effective well spacing.

A tract map is attached hereto as **Exhibit B**. Also included in Exhibit B is a map comparing and contrasting the standard versus non-standard unit scenario, a tract map showing the approximate Well locations, and a list of the Wells.

Exhibit C is a letter from reservoir engineer explaining the need for a non-standard unit and the benefits associated with a non-standard, as opposed to standard, unit. Exhibit C includes three attachments that compare and contrast the standard versus non-standard unit scenario.

Cimarex is providing notice to all affected parties in the tracts that adjoin the proposed non-standard spacing unit, and the New Mexico State Land Office and the Bureau of Land Management. A chart identifying the offset affected parties, as well as proof of mailing notice of the application (including a copy of the application) to affected persons entitled to notice is attached hereto as **Exhibit D**. Also included in Exhibit D is a map identifying the affected tracts and ownership for notice purposes.

Your attention to this matter is appreciated.

Sincerely,



Earl E. DeBrine

Deana M. Bennett

*Attorneys for Cimarex
Energy Co.*

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

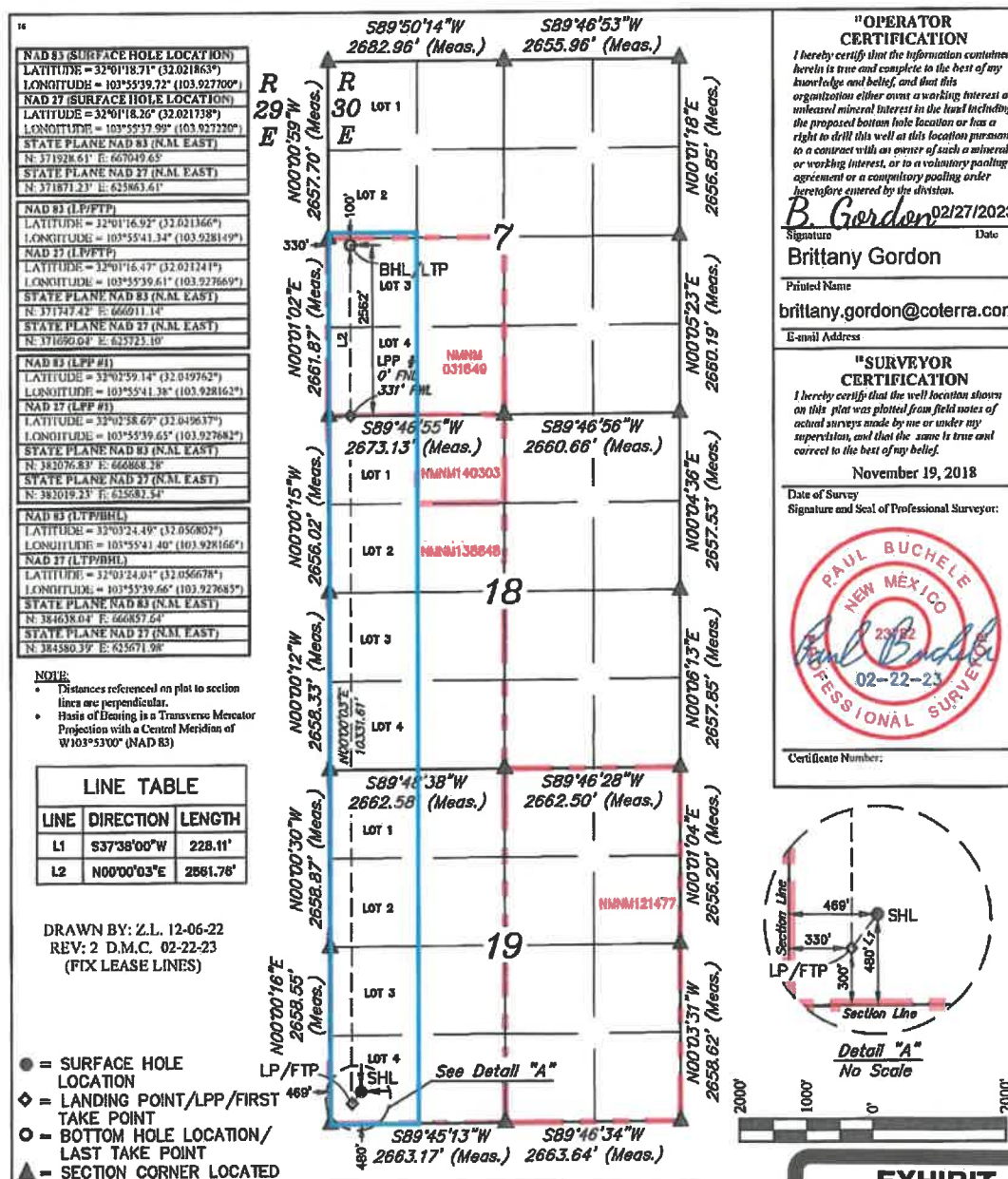
Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code 98211		3 Pool Name WC-015-G-03 S2629225D; BONE SPRING	
4 Property Code		5 Property Name TAR HEEL 19-18-7 FED COM		6 Well Number 5H	
7 OGRD No. 215099		8 Operator Name CIMAREX ENERGY CO.		9 Elevation 3018.6'	
10 Surface Location					
UL or lot no. 4	Section 19	Township 26S	Range 30E	Lot Idn	Feet from the 480
				North/South line SOUTH	Feet from the 469
				East/West line WEST	County EDDY
11 Bottom Hole Location If Different From Surface					
UL or lot no. 3	Section 7	Township 26S	Range 30E	Lot Idn	Feet from the 2562
				North/South line SOUTH	Feet from the 330
				East/West line WEST	County EDDY
12 Dedicated Acres 401.71		13 Joint or Infill		14 Consolidation Code	
				15 Order No.	

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.



EXHIBIT

A

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 Rimosa Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
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WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number	2 Pool Code	3 Pool Name
	98211	WC-015-G-03 S2629225D: BONE SPRING
4 Property Code	5 Property Name	6 Well Number
	TAR HEEL 19-18-7 FED COM	6H
7 OGRID No.	8 Operator Name	9 Elevation
215089	CIMAREX ENERGY CO.	3018.3'

***Surface Location**

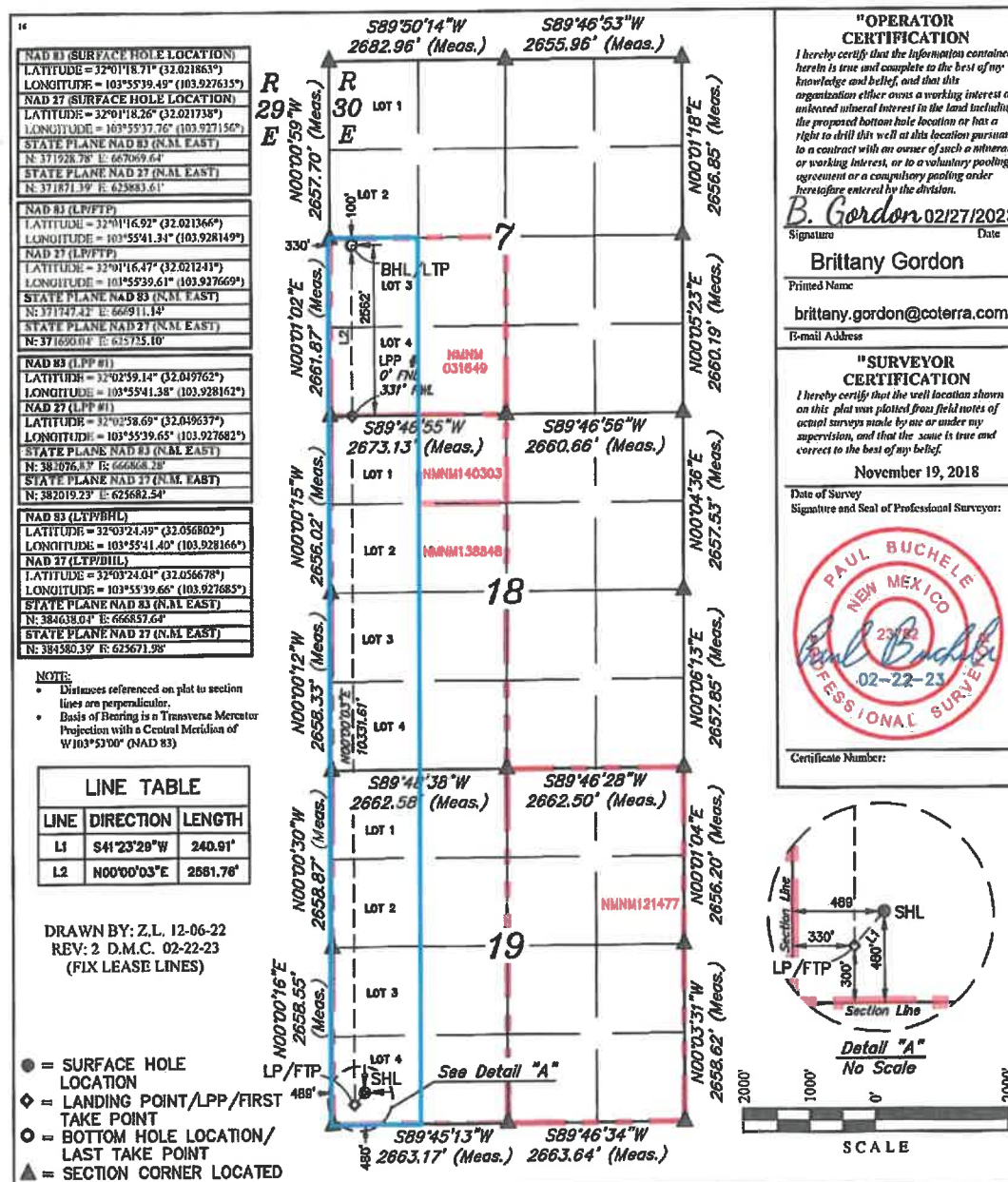
TL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
4	19	26S	30E		480	SOUTH	489	WEST	EDDY

"Bottom Hole Location If Different From Surface

TL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
3	7	26S	30E		2562	SOUTH	330	WEST	EDDY

11 Dedicated Acres 401.71 12 Lot or Infill 13 Consolidation Code 14 Order No.

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WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code 98211	³ Pool Name WC-015 G-03 S262925D: Bone Spring
⁴ Property Code	⁵ Property Name TAR HEEL 19-18-7 FEDERAL	⁶ Well Number 21H
⁷ OGRIB No. 215099	⁸ Operator Name CIMAREX ENERGY CO.	⁹ Elevation 3024.1'

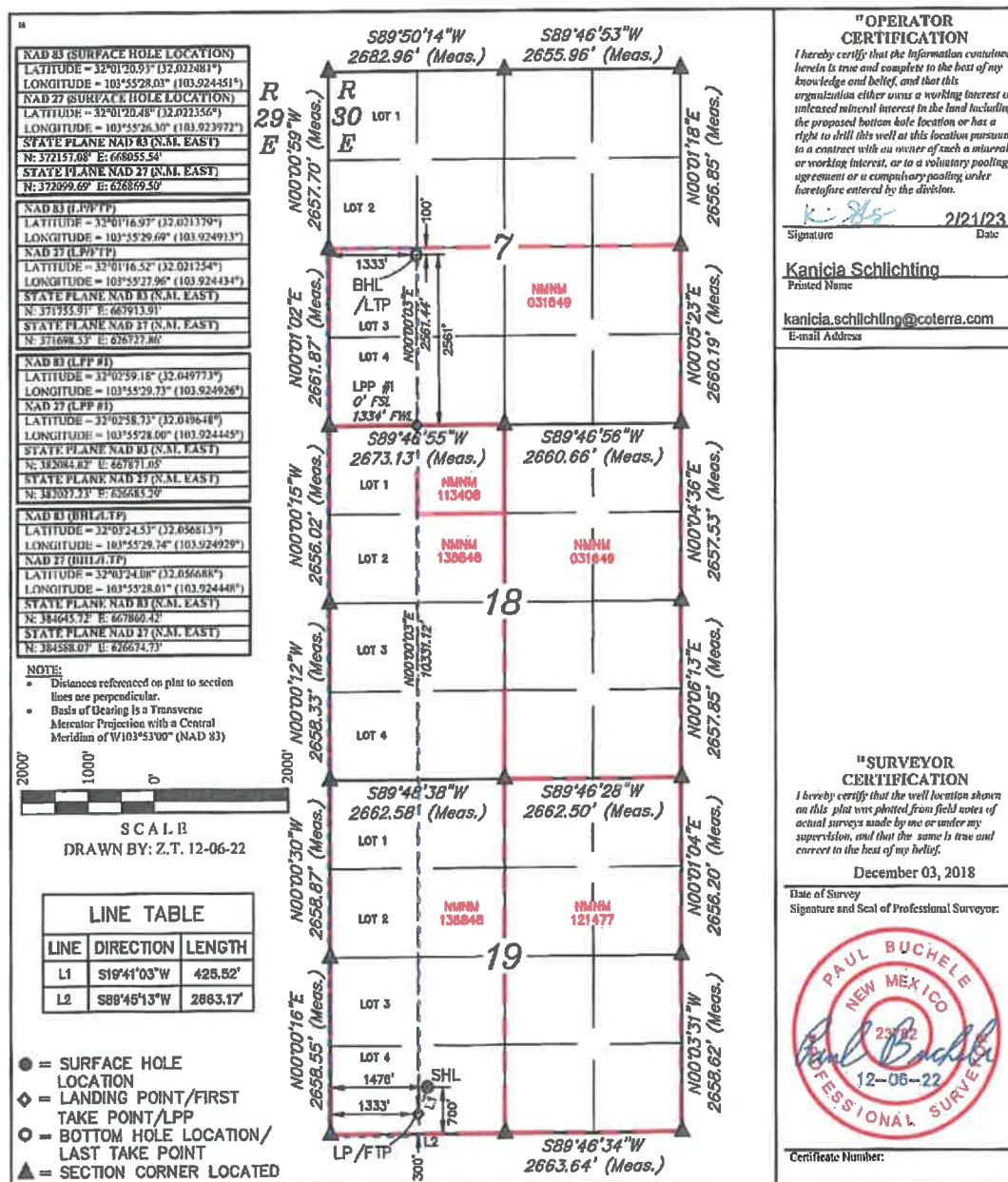
¹⁰ Surface Location

UL or lot no. N	Section 19	Township 26S	Range 30E	Lot Idn	Feet from the 700	North/South line SOUTH	Feet from the 1476	East/West line WEST	County EDDY
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no. 3	Section 7	Township 26S	Range 30E	Lot Idn	Feet from the 2561	North/South line SOUTH	Feet from the 1333	East/West line WEST	County EDDY
¹² Dedicated Acres 401.71	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.						

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District III
1000 Rio Umas Road, Aztec, NM 87410
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District IV
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WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code	³ Pool Name
	98211	WC-015 G-03 S262925D: Bone Spring
⁴ Property Code	⁵ Property Name	⁶ Well Number
	TAR HEEL 19-18-7 FEDERAL	23H
⁷ OGRID No.	⁸ Operator Name	⁹ Elevation
215099	CIMAREX ENERGY CO.	3026.3'

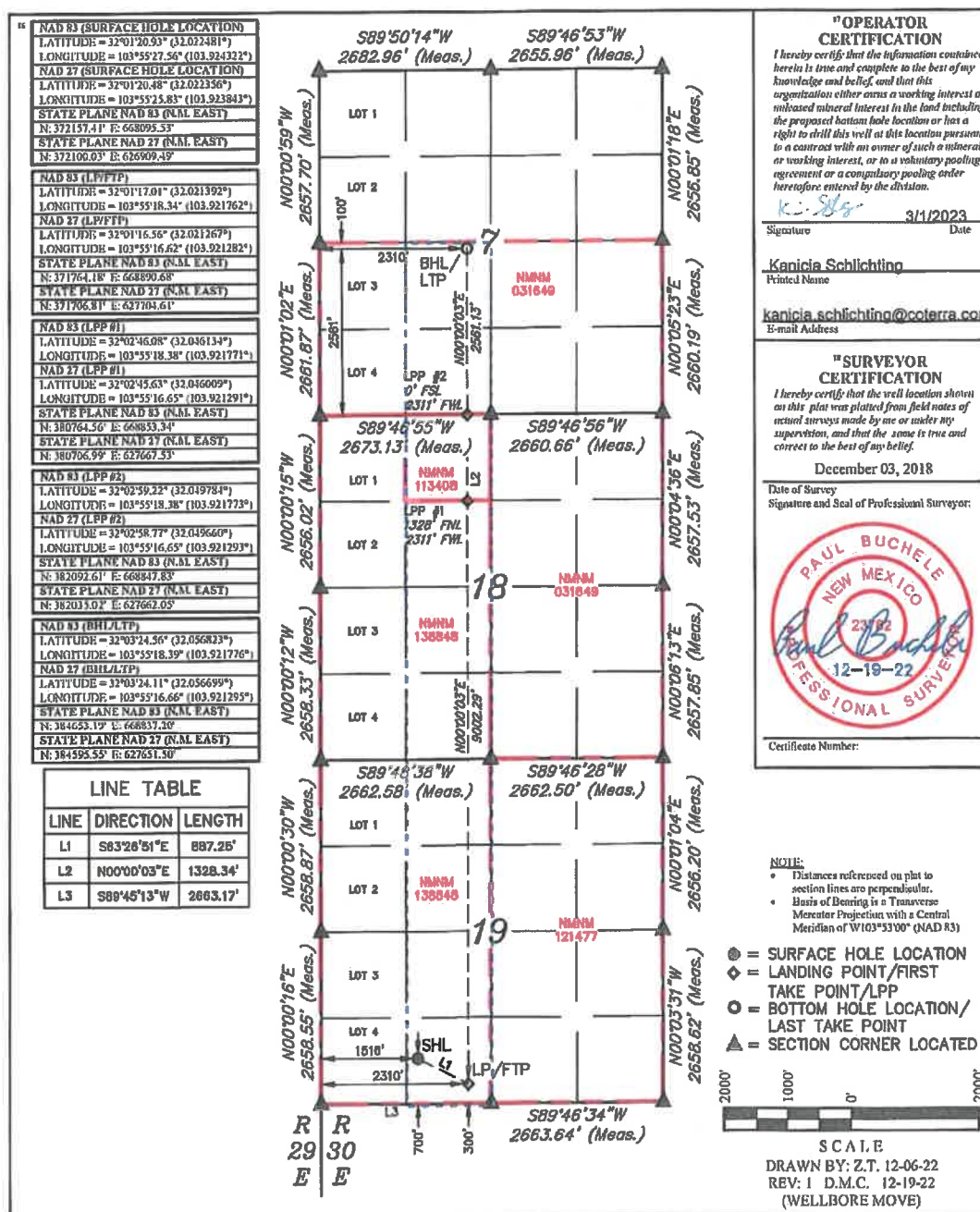
"Surface Location

UL or lot no.	Section	Township	Range	Lot	Feet from the	North/South line	Feet from the	East/West line	County
N	19	26S	30E		700	SOUTH	1516	WEST	EDDY

"Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot	Feet from the	North/South line	Feet from the	East/West line	County
3	7	26S	30E		2561	SOUTH	2310	WEST	EDDY
¹⁰ Dedicated Acres	¹¹ Joint or Infill	¹² Consolidation Code	¹³ Order No.						
400									

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811 S. First St., Artesia, NM 88210
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District III
1000 Rio Huerfano Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

District IV
1230 S. St. Francis Dr., Santa Fe, NM 87505
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WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code	³ Pool Name
	98211	WC-015 G-03 S262925D: Bone Spring
⁴ Property Code	⁵ Property Name	⁶ Well Number
	TAR HEEL 19-18-7 FEDERAL	24H
⁷ OGRID No.	⁸ Operator Name	⁹ Elevation
215099	CIMAREX ENERGY CO.	3027.2'

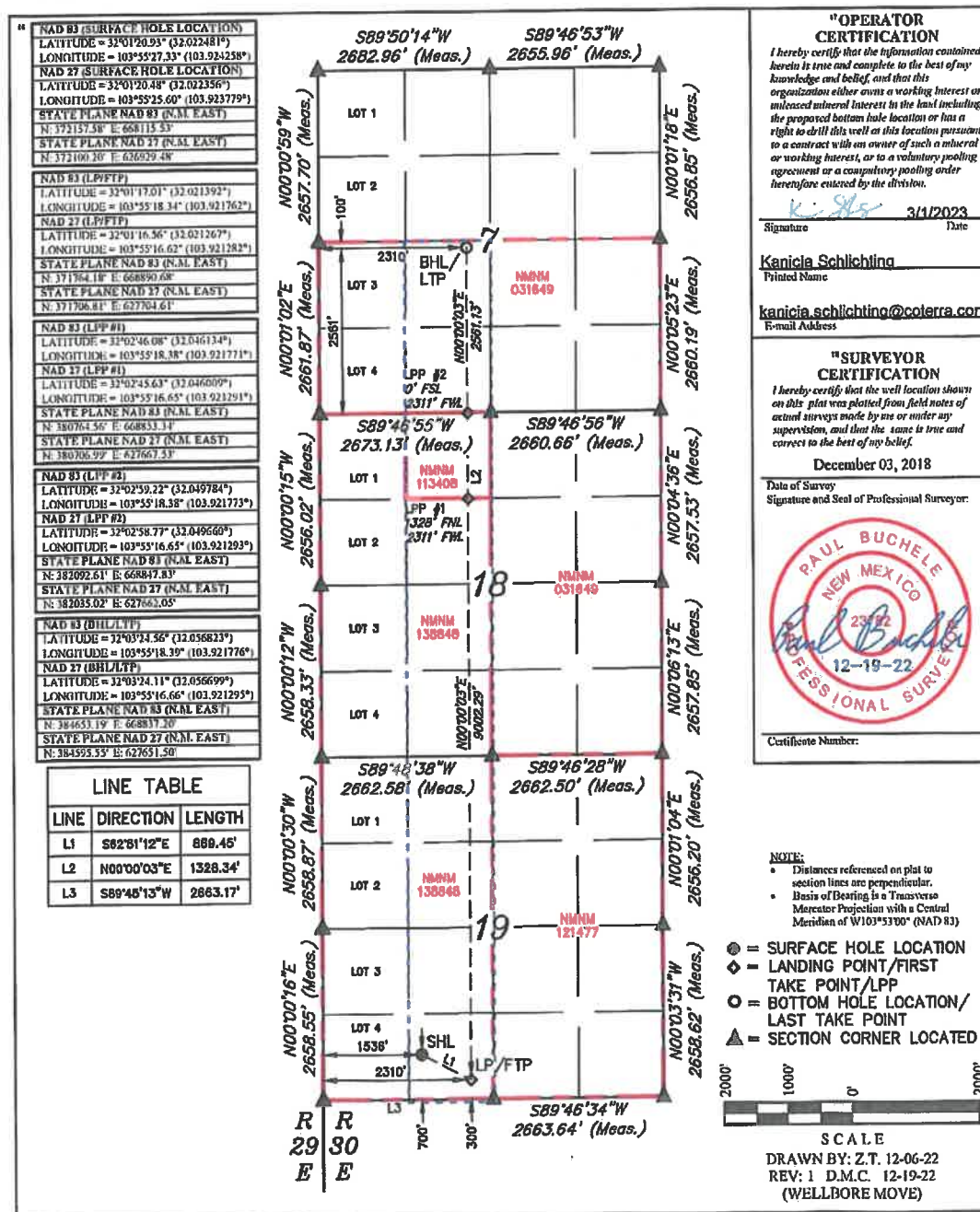
"Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	19	26S	30E		700	SOUTH	1536	WEST	EDDY

"Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
3	7	26S	30E		2561	SOUTH	2310	WEST	EDDY
¹⁰ Dedicated Acres	¹¹ Joint or Infill	¹² Consolidation Code	¹³ Order No.						
400									

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WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-46567	² Pool Code 98211	³ Pool Name WC-015 G-03 S262925D; Bone Spring
⁴ Property Code 326774	⁵ Property Name Tar Heel 19-18-7 Federal Com	⁶ Well Number 20H
⁷ OGRID No. 215099	⁸ Operator Name CIMAREX ENERGY CO.	⁹ Elevation 3022.7'

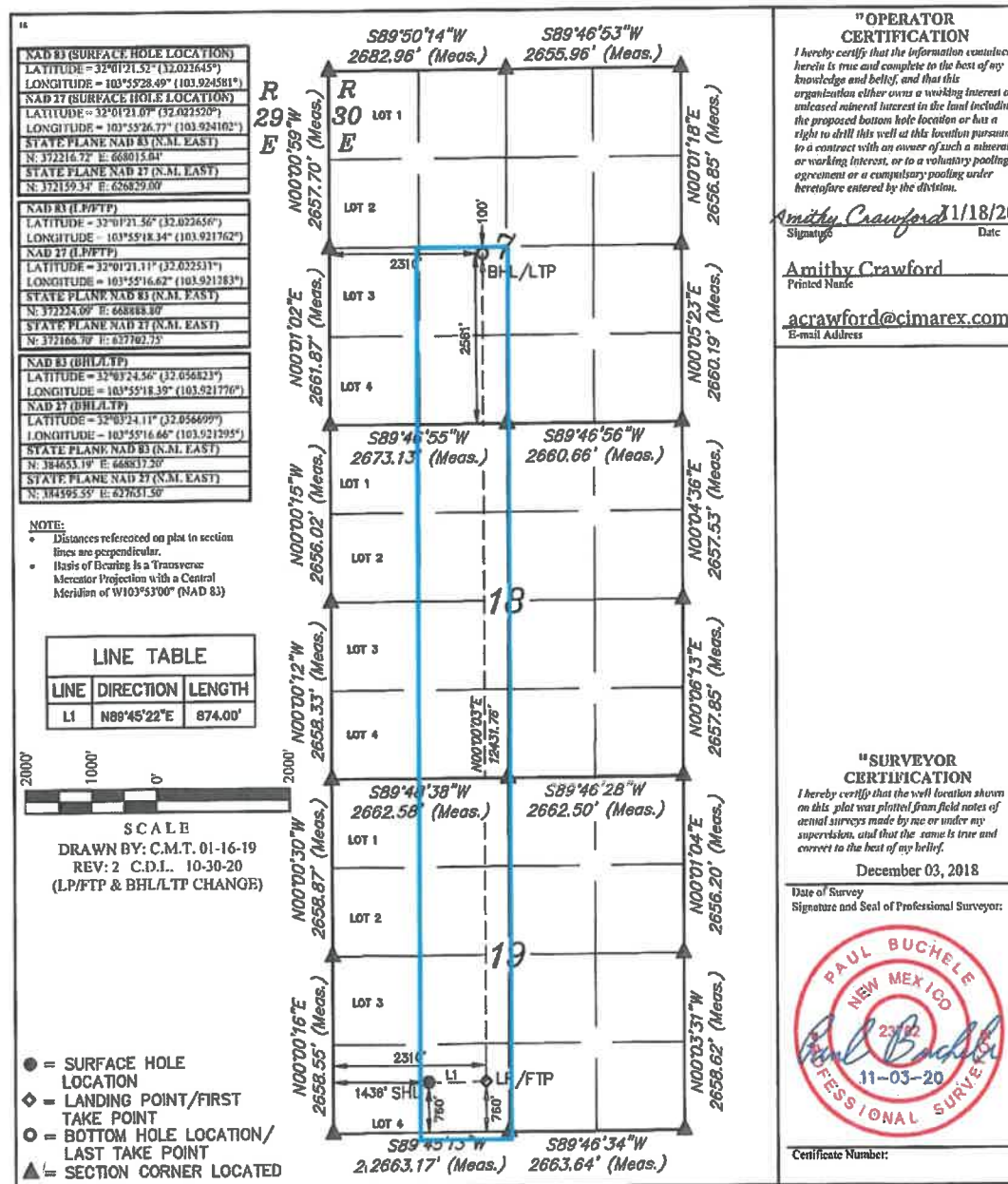
¹⁰ Surface Location

U/L or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	19	26S	30E		760	SOUTH	1436	WEST	EDDY

¹¹ Bottom Hole Location If Different From Surface

U/L or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	7	26S	30E		2561	SOUTH	2310	WEST	EDDY
¹² Dedicated Acres 400	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.						

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.



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WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-46560	² Pool Code 98211	³ Pool Name WC-015 G-03 S262925D; Bone Spring
⁴ Property Code 326774	⁵ Property Name Tar Heel 19-18-7 Federal Com	⁶ Well Number 1H
⁷ OGUID No. 215099	⁸ Operator Name CIMAREX ENERGY CO.	⁹ Elevation 3016.5'

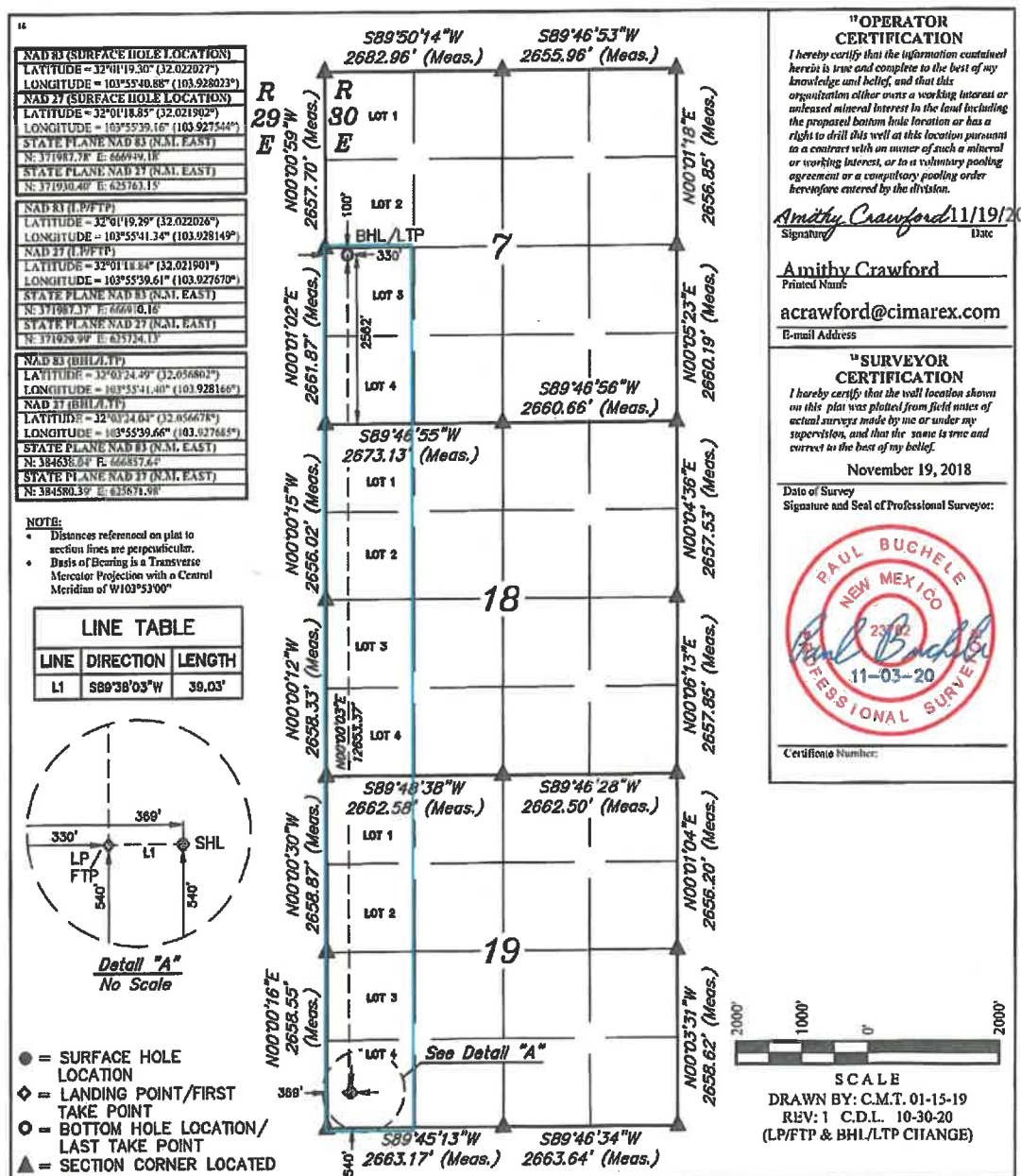
"Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
LOT 4	19	26S	30E		540	SOUTH	369	WEST	EDDY

"Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
LOT 3	7	26S	30E		2562	SOUTH	330	WEST	EDDY
¹⁰ Dedicated Acres 401.73	¹¹ Joint or Infill	¹² Consolidation Code	¹³ Order No.						

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.



Offset Owners

XTO Energy Inc.
22777 Springwoods Village Pkwy
Spring, TX 77389

Mewbourne Oil Company
500 W. Texas, Suite 1020
Midland, TX 79701

EOG Resources Inc.
5509 Champions Drive
Midland, TX 79706



Tarheel Bone Spring Fed Com Area
801.73 acres

SW4 Section 7
(160.81 acres)

W2 Section 18
(320.84 acres)

W2 Section 19
(320.08 acres)



Tract 1: NMNM031649 (Fed);
Lot 3 (40.44), Lot 4 (40.37) E2SW4,
Section 7, 26S-30E, Eddy County,
NM.

Tract 2: NMNM138848 (Fed);
Section 18: Lot 1 (40.31), Lot 2
(40.24), Lot 3 (40.18), Lot 4
(40.11), SENW, E2SW4
Section 19: Lot 1 (40.07), Lot 2
(40.03), Lot 3 (40.01), Lot 4
(39.97), E2W2, 26S-30E, Eddy
County, NM.

Tract 3: NMNM140303 (Fed);
Section 18: NENW, 26S-30E, Eddy
County, NM

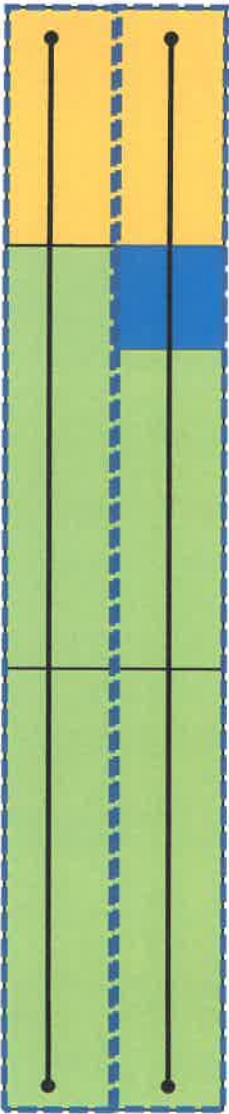
Tarheel Bone Spring Fed Com Area
801.73 acres

- Tract 1: NMNM031649 (Fed);
Lot 3 (40.44), Lot 4 (40.37) E2SW4, Section 7, 26S-30E, Eddy County, NM.
- Tract 2: NMNM138848 (Fed);
Section 18: Lot 1 (40.31), Lot 2 (40.24), Lot 3 (40.18),
Lot 4 (40.11), SENW, E2SW4
Section 19: Lot 1 (40.07), Lot 2 (40.03), Lot 3 (40.01),
Lot 4 (39.97), E2W2, 26S-30E, Eddy County, NM.
- Tract 3: NMNM140303 (Fed);
Section 18: NENW, 26S-30E, Eddy County, NM

SW4 Section 7
(160.81 acres)

W2 Section 18
(320.84 acres)

W2 Section 19
(320.08 acres)



Standard Spacing Unit

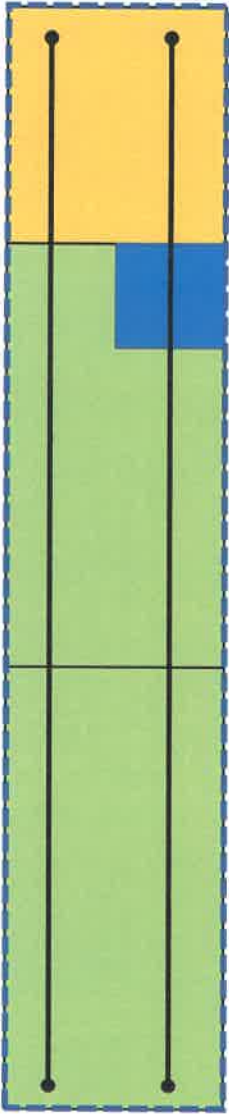
Tarheel Bone Spring Fed Com Area
801.73 acres

- Tract 1: NMNM031649 (Fed);
Lot 3 (40.44), Lot 4 (40.37) E2SW4, Section 7, 26S-30E, Eddy County, NM.
- Tract 2: NMNM138848 (Fed);
Section 18: Lot 1 (40.31), Lot 2 (40.24), Lot 3 (40.18), Lot 4 (40.11), SENW, E2SW4
Section 19: Lot 1 (40.07), Lot 2 (40.03), Lot 3 (40.01), Lot 4 (39.97), E2W2, 26S-30E, Eddy County, NM.
- Tract 3: NMNM140303 (Fed);
Section 18: NENW, 26S-30E, Eddy County, NM

SW4 Section 7
(160.81 acres)

W2 Section 18
(320.84 acres)

W2 Section 19
(320.08 acres)



Non- Standard Spacing Unit

Tarheel Bone Spring Fed Com Area
801.73 acres

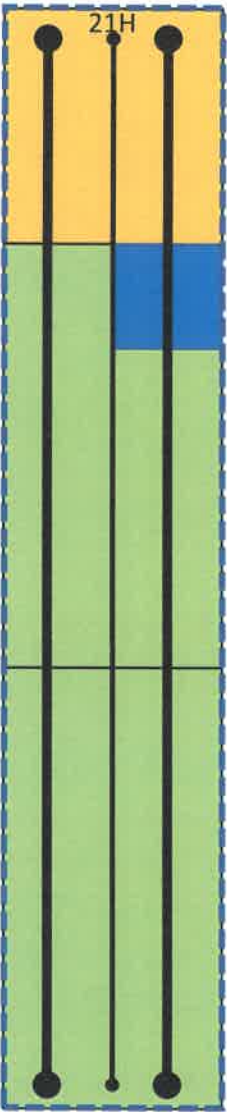
- Tract 1: NMNM031649 (Fed);
Lot 3 (40.44), Lot 4 (40.37) E2SW4, Section 7, 26S-30E, Eddy County, NM.
- Tract 2: NMNM138848 (Fed);
Section 18: Lot 1 (40.31), Lot 2 (40.24), Lot 3 (40.18),
Lot 4 (40.11), SENW, E2SW4
Section 19: Lot 1 (40.07), Lot 2 (40.03), Lot 3 (40.01),
Lot 4 (39.97), E2W2, 26S-30E, Eddy County, NM.
- Tract 3: NMNM140303 (Fed);
Section 18: NENW, 26S-30E, Eddy County, NM

SW4 Section 7
(160.81 acres)

W2 Section 18
(320.84 acres)

W2 Section 19
(320.08 acres)

5H/6H



23H/24H

Planned Bone Spring Wells



Thicker wellbores indicate 2
stacked laterals at different
depths within the Bone
Spring

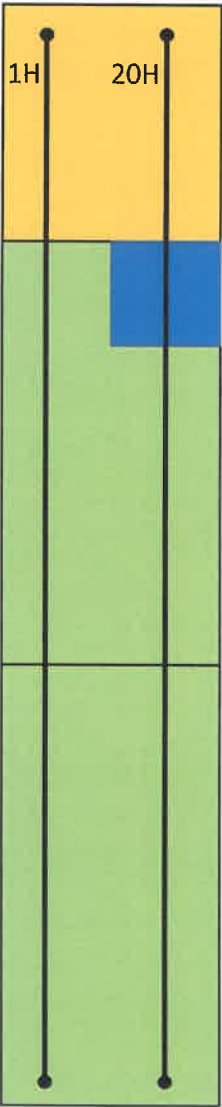
Tarheel Bone Spring Fed Com Area
801.73 acres

- Tract 1: NMNM031649 (Fed);
Lot 3 (40.44), Lot 4 (40.37) E2SW4, Section 7, 26S-30E, Eddy County, NM.
- Tract 2: NMNM138848 (Fed);
Section 18: Lot 1 (40.31), Lot 2 (40.24), Lot 3 (40.18),
Lot 4 (40.11), SENW, E2SW4
Section 19: Lot 1 (40.07), Lot 2 (40.03), Lot 3 (40.01),
Lot 4 (39.97), E2W2, 26S-30E, Eddy County, NM.
- Tract 3: NMNM140303 (Fed);
Section 18: NENW, 26S-30E, Eddy County, NM

SW4 Section 7
(160.81 acres)

W2 Section 18
(320.84 acres)

W2 Section 19
(320.08 acres)



Current Bone Spring Wells

Well List with Pool Code

Bone Spring:

Pool Code: [93211] WC-015 G-03 S262925D; Bone Spring

Tar Heel 19-18-7 Fed Com 20H	(30-015-46567)	Existing Well
Tar Heel 19-18-7 Fed Com 1H	(30-015-46560)	Existing Well
Tar Heel 19-18-7 Fed Com 5H	PENDING	Planned Well
Tar Heel 19-18-7 Fed Com 6H	PENDING	Planned Well
Tar Heel 19-18-7 Fed Com 21H	PENDING	Planned Well
Tar Heel 19-18-7 Fed Com 23H	PENDING	Planned Well
Tar Heel 19-18-7 Fed Com 24H	PENDING	Planned Well



April 13, 2023

VIA E-FILING

Acting Director Dylan M. Fuge and OCD Engineering Bureau
Oil Conservation Division
Energy, Minerals and Natural Resources Department
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Application of Cimarex Energy Co. for administrative approval of a 800-acre, more or less, non-standard spacing unit in the Bone Spring Formation comprised of the SW/4 of Section 7, the W/2 of Section 18, and the W/2 of Section 19, Township 26 South, Range 30 East, Eddy County New Mexico.

Dear Director Fuge/OCD Engineering Bureau:

Cimarex Energy Co., OGRID Number 215099, respectfully requests administrative approval of a 801.73-acre, more or less, non-standard spacing unit ("NSU") in the Bone Spring Formation comprised of the SW/4 of Section 7, the W/2 of Section 18, and the W/2 of Section 19, Township 26 South, Range 30 East, Eddy County New Mexico. The NSU would be dedicated to the following wells (the "Wells"):

<u>Well Name</u>	<u>API Number</u>
Tar Heel 19-18-7 Fed Com 5H	PENDING
Tar Heel 19-18-7 Fed Com 6H	PENDING
Tar Heel 19-18-7 Fed Com 21H	PENDING
Tar Heel 19-18-7 Fed Com 23H	PENDING
Tar Heel 19-18-7 Fed Com 24H	PENDING

In addition, the NSU will include two existing Bone Spring wells, which are the Tar Heel 19-18-7 Fed Com 20H (30-015-46567) and the Tar Heel 19-18-7 Fed Com 1H (30-015-46560) wells.

The Wells will develop the Bone Spring formation, and the only pool within the Bone Spring formation underlying the proposed NSU is WC-015 G-03 S262925D; Bone Spring (Code 93211), which follows the statewide spacing rules. If Cimarex were to follow the state-wide rules, Cimarex would have to have two (2) 400-acre units to have standard units. In Cimarex' opinion, a single non-standard unit is preferable to allow for more efficient development of the acreage by increasing ultimate recovery and preventing waste of natural resources. In addition, a single 800-acre unit is optimal given that Cimarex owns 100% of the working interests in the proposed unit.

Approval will allow Cimarex to use existing surface facilities, which will in turn reduce surface disturbance by consolidating roads, tanks, and pipelines. Cimarex already has existing flowlines, an



existing central tank battery, an existing road, and existing third-party takeaway facilities on this acreage. If Cimarex's NSU application is approved, the Wells would be able to utilize this existing infrastructure, eliminating any need for any further surface disturbances. In addition, approval of Cimarex's application promotes effective well spacing and will allow Cimarex to commingle production.

Conversely, if Cimarex's NSU application is not approved, Cimarex will need to construct additional flowlines, roads, an additional CTB, and will need additional third party takeaway facilities. I have included as Exhibits C-1 and C-2 slides showing that no additional facilities are needed for a non-standard unit (C-1) and the additional required infrastructure needed if Cimarex has to develop the Wells using standard spacing (C-2).

Exhibit C-3 compares and contrasts, in table format, the reduced surface acreage and the cost savings that will occur if the NSU is approved. Developing the acreage as a single, non-standard unit will result in less surface disturbance than if Cimarex has to develop the acreage using standard units. If Cimarex's NSU application is approved, that would eliminate the need to build an additional central tank battery, which effectively cuts permitted fugitive VOC emissions, spill risk, and flares. In addition, total capital costs would be significantly reduced because no additional infrastructure is required to operate the single, non-standard unit.

In my opinion, approval of the NSU is in the best interest of conservation, prevention of waste, and protection of correlative rights.

Thank you for your consideration. Should you have any questions please contact me at Brett.Stewart@coterra.com or (432) 571-7889.

Sincerely,

A handwritten signature in blue ink that reads "Brett Stewart". The signature is written in a cursive, flowing style.

Brett Stewart
Reservoir Engineer
Cimarex Energy Co.

Surface Disturbance – Non-Standard Spacing Unit

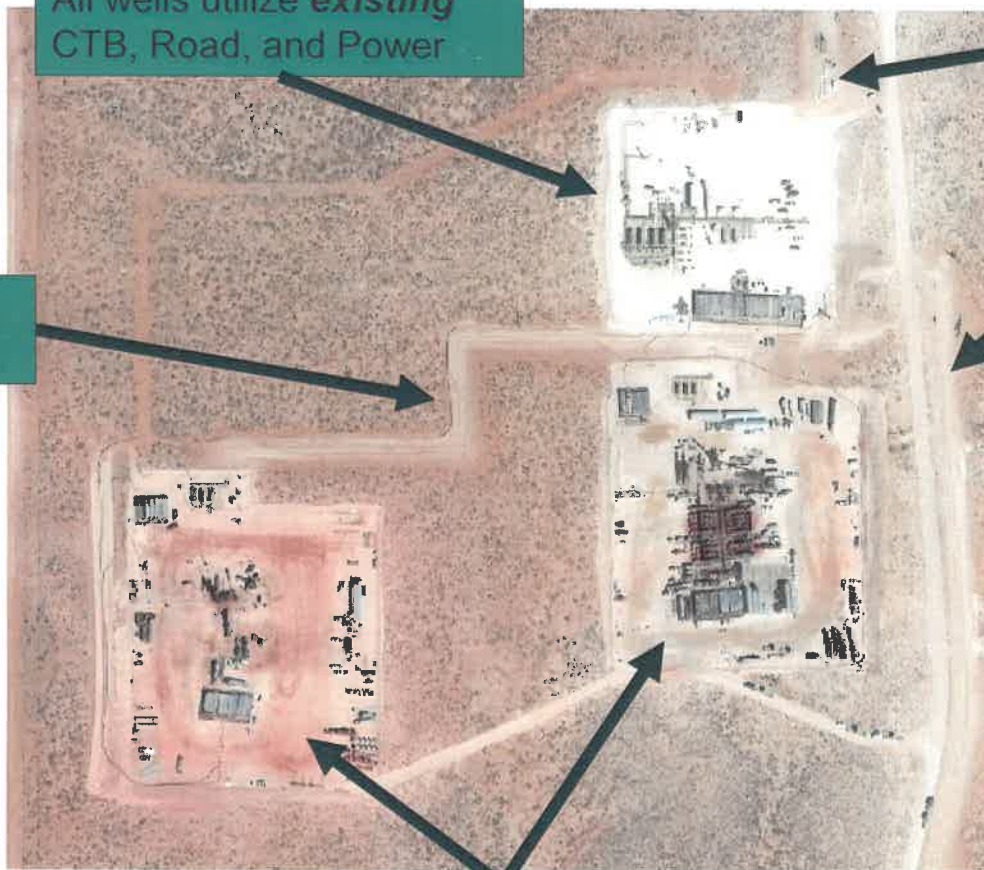


All existing infrastructure;
No new surface disturbance
required

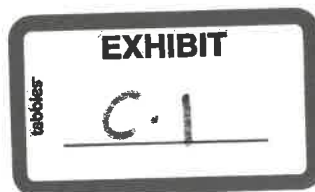
All wells utilize *existing*
CTB, Road, and Power

All wells utilize *existing*
3rd Party Takeaway

All wells utilize *existing*
bulk flowlines



All new wells to be added to
existing drill pads



Surface Disturbance – Standard Spacing Unit

New Surface
Disturbance

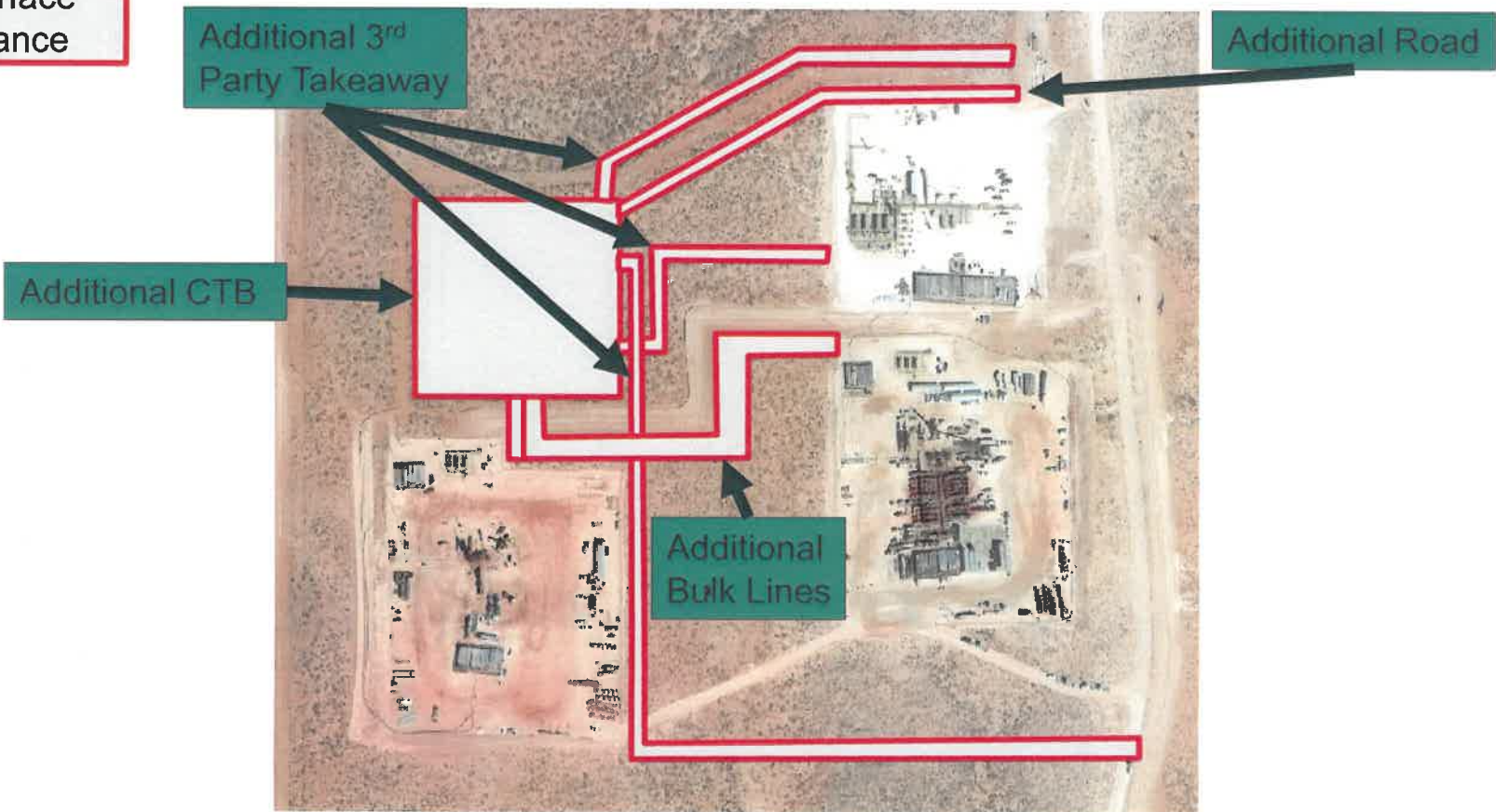


EXHIBIT
C-2

Environmental and Capital Savings



Scenario	Design Basis per CTB (BOPD)	CTB/Equipment Cost (\$M)	Pipeline Cost (\$M)	Total Capital (\$M)	CTB and Pipeline Disturbance (Acres)
Standard Spacing Unit	16,000	\$9,550	\$750	\$10,300	11
Non-Standard Spacing Unit	16,000	\$3,400	-	\$3,400	-
Savings	-	\$6,150	\$750	\$6,900	11

- Approval of a non-standard unit will allow consolidation of all production into a single facility and will eliminate the need to build an additional central tank battery and flowlines. Elimination of the additional central tank battery effectively cuts permitted fugitive VOC emissions, spill risk, and flares in half.





April 26, 2023

Deana M. Bennett
505.848.1834
dmb@modrall.com

VIA CERTIFIED MAIL

TO AFFECTED PARTIES

Re: Application of Cimarex Energy Co. for administrative approval of a 800-acre, more or less, non-standard spacing unit in the Bone Spring Formation comprised of the SW/4 of Section 7, the W/2 of Section 18, and the W/2 of Section 19, Township 26 South, Range 30 East, Eddy County New Mexico.

Dear Sir or Madam:

Enclosed is a copy of the above referenced application filed with the New Mexico Conservation Division on this date. Any objections that you have to this application must be filed in writing with the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico 87505, within twenty (20) days from the date the Division receives the above referenced application. If no objection is received within this twenty-day period, the application may be approved administratively by the Division.

If you have any questions concerning this application, please contact:

Brett Stewart
Reservoir Engineer
Cimarex Energy Co.
Brett.Stewart@coterra.com
(432) 571-7889

Sincerely,

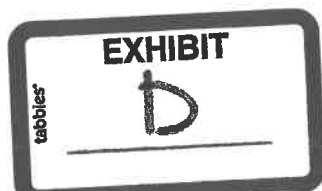
Deana M. Bennett
Attorney for Cimarex Energy Co.

Modrall Sperling
Roehl Harris & Sisk P.A.

500 Fourth Street NW
Suite 1000
Albuquerque,
New Mexico 87102

PO Box 2168
Albuquerque,
New Mexico 87103-2168

Tel: 505.848.1800
www.modrall.com



Offset Owners

XTO Energy Inc.
22777 Springwoods Village Pkwy
Spring, TX 77389

Mewbourne Oil Company
500 W. Texas, Suite 1020
Midland, TX 79701

EOG Resources Inc.
5509 Champions Drive
Midland, TX 79706



Offsetting Sections	Operator	Date Notice Letter Sent
N/2 Section 7, T26S-R30E	XTO Energy, Inc.	4/26/2023
Sections 12, 13, and 24, T26S-R29E	Mewbourne Oil Company	4/26/2023
Section 25, T26S-R29E	XTO Energy, Inc.	4/26/2023
Section 30, T26S-R30E	XTO Energy, Inc.	4/26/2023
E/2 Section 19, T26S-R30E	XTO Energy, Inc.	4/26/2023
E/2 Section 18, T26S-R30E	EOG Resources Inc.	4/26/2023
SE/4 Section 7, T26S-R30E	EOG Resources Inc.	4/26/2023

Other Notice Parties:

Other Notice Parties	Date Notice Letter Sent
Bureau of Land Management	4/26/2023

Released to Imaging: 5/26/2023 4:16:23 PM

Karlene Schuman
Modrall Sperling Roehl Harris & Sisk P.A.
500 Fourth Street, Suite 1000
Albuquerque NM 87102

PS Form 3877
Type of Mailing: CERTIFIED MAIL
04/26/2023

Firm Mailing Book ID: 245296

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
1	9314 8699 0430 0107 3087 13	XTO Energy Inc. 22777 Springwoods Village Pkwy Spring TX 77389	\$2.46	\$4.15	\$2.10	\$0.00	82762.0128. Notice
2	9314 8699 0430 0107 3087 51	Mewbourne Oil Company 500 W. Texas, Suite 1020 Midland TX 79701	\$2.46	\$4.15	\$2.10	\$0.00	82762.0128. Notice
3	9314 8699 0430 0107 3087 68	EOG Resources Inc. 5509 Champions Drive Midland TX 79706	\$2.46	\$4.15	\$2.10	\$0.00	82762.0128. Notice
4	9314 8699 0430 0107 3087 82	United States of America Bureau of Land Management 301 Dinosaur Trl Santa Fe NM 87508	\$2.46	\$4.15	\$2.10	\$0.00	82762.0128. Notice
Totals:			\$9.84	\$16.60	\$8.40	\$0.00	
Grand Total:						\$34.84	

List Number of Pieces Listed by Sender	Total Number of Pieces Received at Post Office	Postmaster: Name of receiving employee	Dated:
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4

Received by OCD: 4/26/2023 2:48:34 PM

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 Pecos 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 98211	³ Pool Name WC-015-G-03 S2629225D; BONE SPRING
⁴ Property Code	⁵ Property Name TARHEEL 19-18-7 FED COM	⁶ Well Number 5H
⁷ GRID No. 215099	⁸ Operator Name CIMAREX ENERGY CO.	⁹ Elevation 3018.6'

"Surface Location

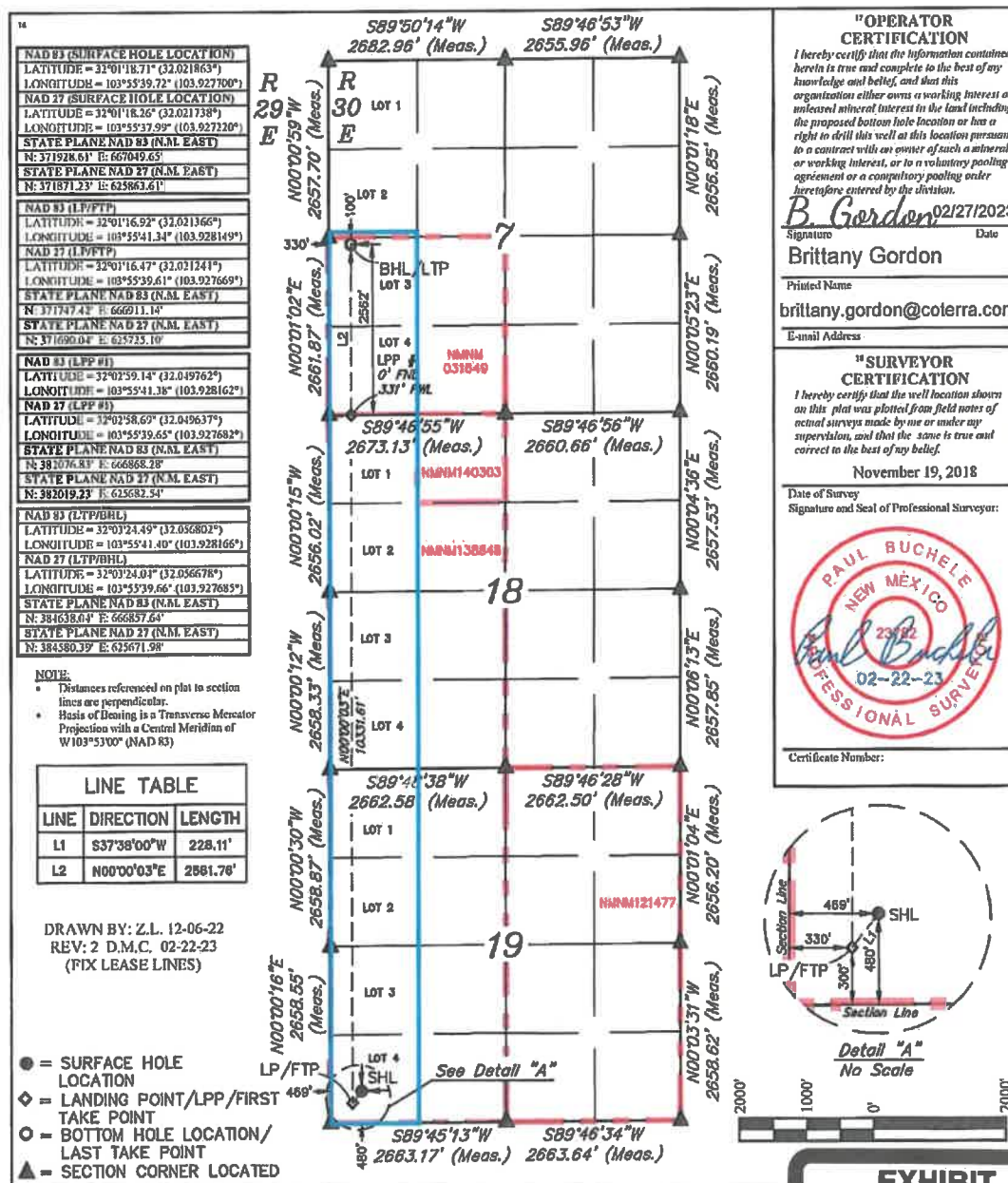
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
4	19	26S	30E		480	SOUTH	469	WEST	EDDY

"Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
3	7	26S	30E		2562	SOUTH	330	WEST	EDDY

¹¹ Dedicated Acres 401.71	¹² Joint or Infill	¹³ Consolidation Code	¹⁴ Order No.
---	-------------------------------	----------------------------------	-------------------------

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.



EXHIBIT

A

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (505) 393-6161 Fax: (505) 393-0720
District II
811 S. First St., Artesia, NM 88210
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WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number	2 Pool Code 98211	3 Pool Name WC-015-G-03 S2629225D: BONE SPRING
4 Property Code	5 Property Name TAR HEEL 19-18-7 FED COM	6 Well Number 6H
7 OGRID No. 215099	8 Operator Name CIMAREX ENERGY CO.	9 Elevation 3018.3'

"Surface Location

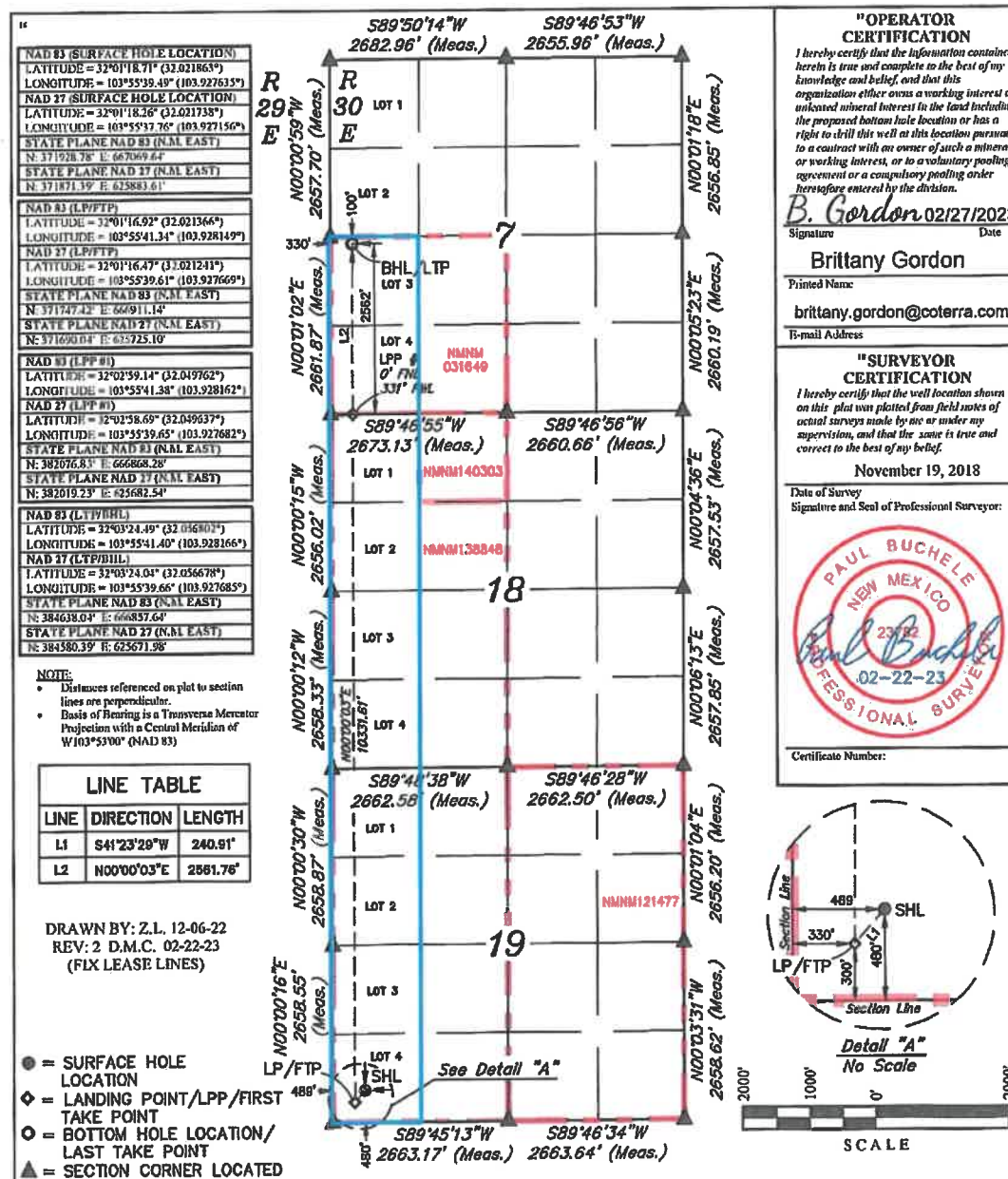
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
4	19	26S	30E		480	SOUTH	489	WEST	EDDY

"Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
3	7	26S	30E		2562	SOUTH	330	WEST	EDDY

11 Dedicated Acres	12 Joint or Infill	13 Consolidation Code	14 Order No.
401.71			

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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code 98211	³ Pool Name WC-015 G-03 S262925D; Bone Spring
⁴ Property Code	⁵ Property Name TAR HEEL 19-18-7 FEDERAL	⁶ Well Number 21H
⁷ GRID No. 215099	⁸ Operator Name CIMAREX ENERGY CO.	⁹ Elevation 3024.1'

¹⁰ Surface Location

UL or lot no. N	Section 19	Township 26S	Range 30E	Lot Idn	Feet from the 700	North/South line SOUTH	Feet from the 1476	East/West line WEST	County EDDY
--------------------	---------------	-----------------	--------------	---------	----------------------	---------------------------	-----------------------	------------------------	----------------

¹¹ Bottom Hole Location If Different From Surface

UL or lot no. 3	Section 7	Township 26S	Range 30E	Lot Idn	Feet from the 2561	North/South line SOUTH	Feet from the 1333	East/West line WEST	County EDDY
¹² Dedicated Acres 401.71		¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No.			

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.

¹⁶ KAD B3 (SURFACE HOLE LOCATION) LATITUDE = 32°01'20.03" (32.022481°) LONGITUDE = 103°55'28.03" (103.924451°) KAD B3 (SURFACE HOLE LOCATION) LATITUDE = 32°01'20.48" (32.022356°) LONGITUDE = 103°55'26.30" (103.923972°) STATE PLANE NAD 83 (N.M. EAST) N: 372157.08' E: 668055.54' STATE PLANE NAD 27 (N.M. EAST) N: 372099.69' E: 626869.50' KAD B3 (L.P.P.) LATITUDE = 32°01'16.97" (32.021179°) LONGITUDE = 103°55'29.69" (103.924913°) KAD B3 (L.P.P.) LATITUDE = 32°01'16.52" (32.021254°) LONGITUDE = 103°55'27.96" (103.924434°) STATE PLANE NAD 83 (N.M. EAST) N: 371735.91' E: 667913.91' STATE PLANE NAD 27 (N.M. EAST) N: 371698.33' E: 626727.96' KAD B3 (L.P.P.) LATITUDE = 32°01'59.18" (32.049773°) LONGITUDE = 103°55'29.73" (103.924926°) KAD B3 (L.P.P.) LATITUDE = 32°02'58.73" (32.049648°) LONGITUDE = 103°55'28.00" (103.924445°) STATE PLANE NAD 83 (N.M. EAST) N: 382084.83' E: 667871.05' STATE PLANE NAD 27 (N.M. EAST) N: 382027.73' E: 626685.29' KAD B3 (B.H.L.T.P.) LATITUDE = 32°01'34.33" (32.028681°) LONGITUDE = 103°55'29.74" (103.924929°) KAD B3 (B.H.L.T.P.) LATITUDE = 32°01'34.08" (32.028668°) LONGITUDE = 103°55'28.01" (103.924448°) STATE PLANE NAD 83 (N.M. EAST) N: 384645.72' E: 667860.42' STATE PLANE NAD 27 (N.M. EAST) N: 384588.07' E: 626674.73' NOTE: • Distances referenced on plat to section lines are perpendicular. • Basis of Bearing is a Transverse Mercator Projection with a Central Meridian of W103°53'00" (NAD 83) SCALE DRAWN BY: Z.T. 12-06-22 <table border="1"> <thead> <tr> <th colspan="3">LINE TABLE</th> </tr> <tr> <th>LINE</th> <th>DIRECTION</th> <th>LENGTH</th> </tr> </thead> <tbody> <tr> <td>L1</td> <td>S19°41'03"W</td> <td>425.82'</td> </tr> <tr> <td>L2</td> <td>S89°46'13"W</td> <td>2683.17'</td> </tr> </tbody> </table> ● = SURFACE HOLE LOCATION ◆ = LANDING POINT/FIRST TAKE POINT/LPP ○ = BOTTOM HOLE LOCATION/LAST TAKE POINT ▲ = SECTION CORNER LOCATED	LINE TABLE			LINE	DIRECTION	LENGTH	L1	S19°41'03"W	425.82'	L2	S89°46'13"W	2683.17'	589°50'14"W 2682.96' (Meas.) 589°46'53"W 2655.96' (Meas.) LOT 1 1333' BHL /LTP LOT 2 100' LOT 3 1334' FWL LOT 4 1334' FWL 589°46'55"W 2673.13' (Meas.) 589°46'56"W 2660.66' (Meas.) LOT 1 1334' FWL LOT 2 1334' FWL LOT 3 1334' FWL LOT 4 1334' FWL 589°48'38"W 2662.58' (Meas.) 589°46'28"W 2662.50' (Meas.) LOT 1 1334' FWL LOT 2 1334' FWL LOT 3 1334' FWL LOT 4 1334' FWL 589°46'34"W 2663.64' (Meas.) 2000' 1000' 0' SCALE	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 under heretofore entered by the division. Signature: <i>K. Schlichting</i> Date: 2/21/23 Printed Name: Kanicia Schlichting E-mail Address: kanicia.schlichting@coterra.com ¹⁸ SURVEYOR CERTIFICATION 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. December 03, 2018 Date of Survey Signature and Seal of Professional Surveyor: PAUL BUCHELE NEW MEXICO 23/02 12-06-22 PROFESSIONAL SURVEYOR Certificate Number:
LINE TABLE														
LINE	DIRECTION	LENGTH												
L1	S19°41'03"W	425.82'												
L2	S89°46'13"W	2683.17'												

District I
1625 N. French Dr., Hobbs, NM 88240
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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
	98211	WC-015 G-03 S262925D; Bone Spring
⁴ Property Code	⁵ Property Name	⁶ Well Number
	TAR HEEL 19-18-7 FEDERAL	23H
⁷ OGRID No.	⁸ Operator Name	⁹ Elevation
215099	CIMAREX ENERGY CO.	3026.3'

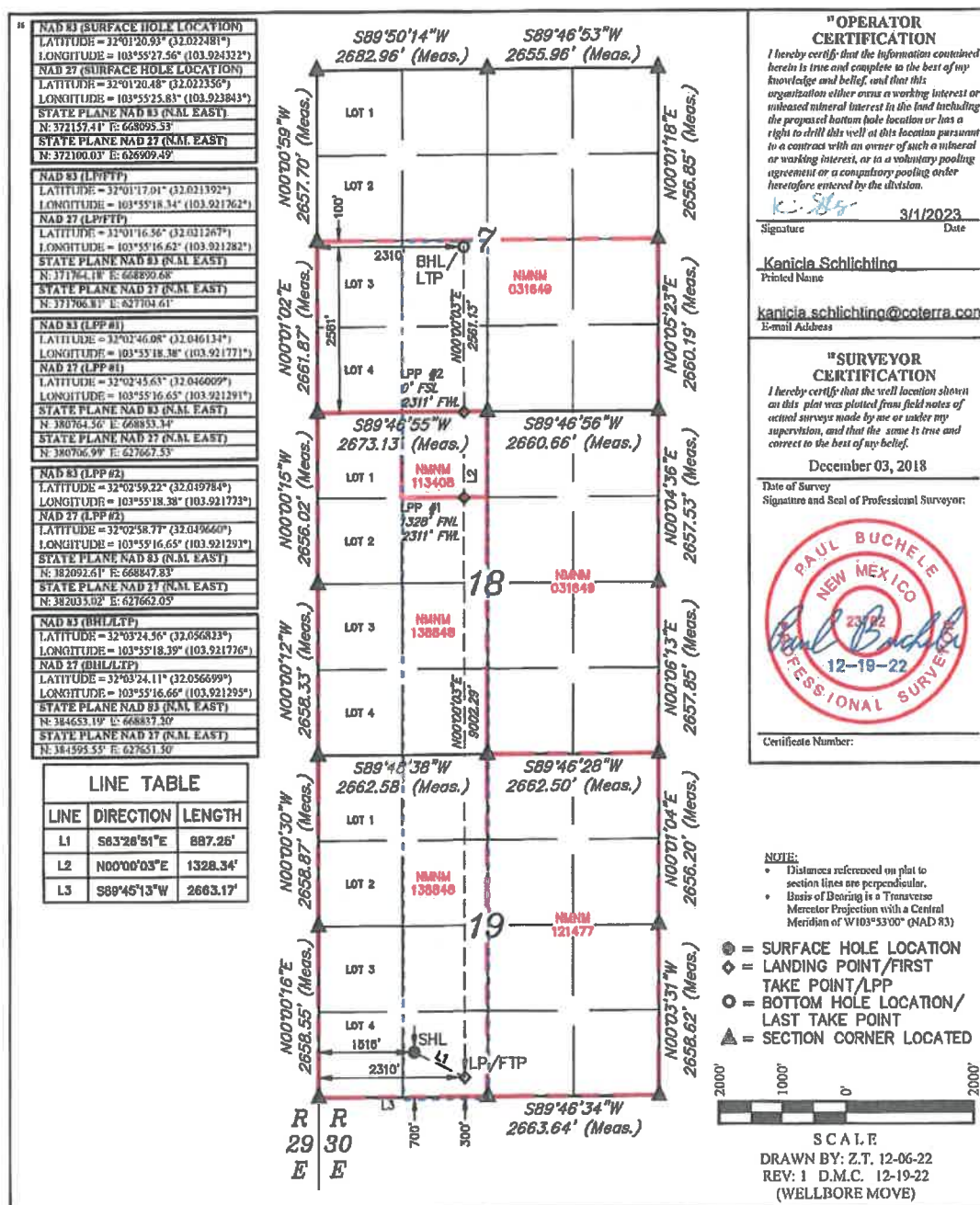
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	19	26S	30E		700	SOUTH	1516	WEST	EDDY

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
3	7	26S	30E		2561	SOUTH	2310	WEST	EDDY
¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.						
400									

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.



☐ AMENDED REPORT

2000' 1000' 0'

SCALE

DRAWN BY: Z.T. 12-06-22
REV: 1 D.M.C. 12-19-22
(WELLBORE MOVE)

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
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Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
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☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-46567	² Pool Code 98211	³ Pool Name WC-015 G-03 S262925D; Bone Spring
⁴ Property Code 326774	⁵ Property Name Tar Heel 19-18-7 Federal Com	⁶ Well Number 20H
⁷ OGRD No. 215099	⁸ Operator Name CIMAREX ENERGY CO.	⁹ Elevation 3022.7'

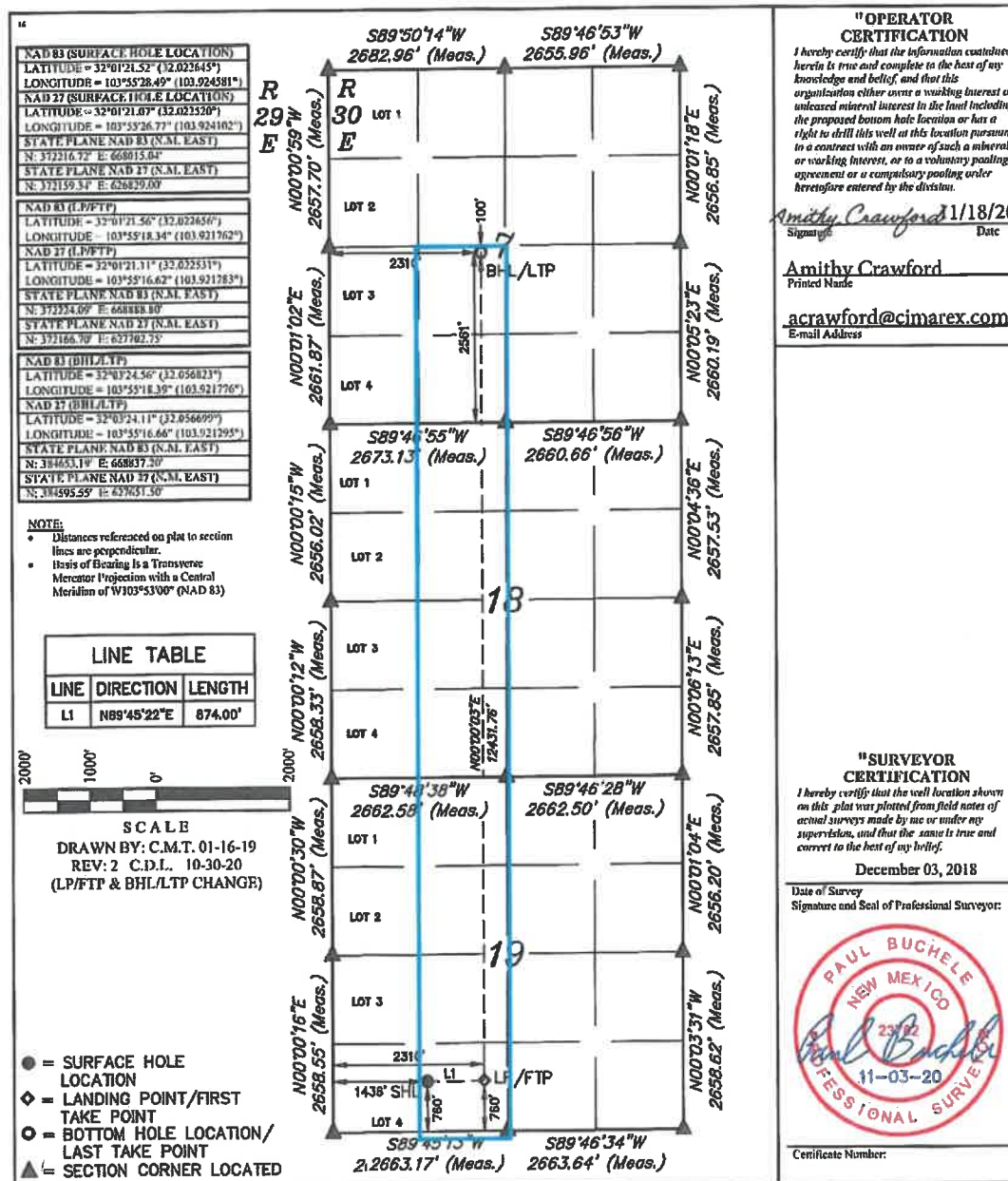
"Surface Location

TL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	19	26S	30E		760	SOUTH	1436	WEST	EDDY

"Bottom Hole Location If Different From Surface

TL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	7	26S	30E		2561	SOUTH	2310	WEST	EDDY
¹⁰ Dedicated Acres 400	¹¹ Joint or Infill	¹² Consolidation Code	¹³ Order No.						

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



District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (505) 293-6161 Fax: (505) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (505) 748-1283 Fax: (505) 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 30-015-46560	² Pool Code 98211	³ Pool Name WC-015 G-03 S262925D; Bone Spring
⁴ Property Code 326774	⁵ Property Name Tar Heel 19-18-7 Federal Com	⁶ Well Number 1H
⁷ OGUID No. 215099	⁸ Operator Name CIMAREX ENERGY CO.	⁹ Elevation 3016.5'

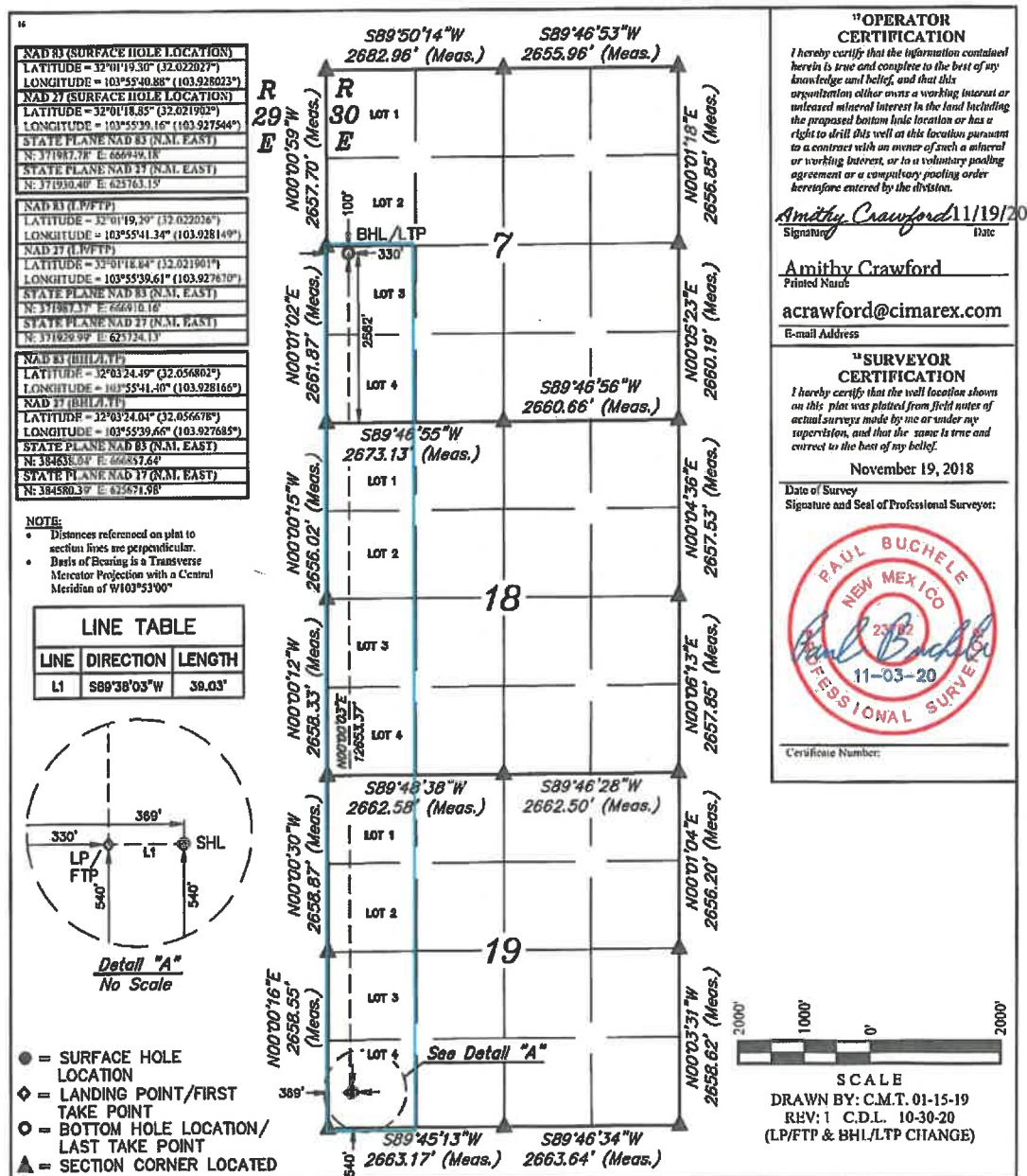
"Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
LOT 4	19	26S	30E		540	SOUTH	369	WEST	EDDY

"Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
LOT 3	7	26S	30E		2562	SOUTH	330	WEST	EDDY
¹⁰ Dedicated Acres 401.73	¹¹ Joint or Infill	¹² Consolidation Code	¹³ Order No.						

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.





April 26, 2023

Deana M. Bennett
505.848.1834
dmb@modrall.com

VIA CERTIFIED MAIL

TO AFFECTED PARTIES

Re: Application of Cimarex Energy Co. for administrative approval of a 800-acre, more or less, non-standard spacing unit in the Bone Spring Formation comprised of the SW/4 of Section 7, the W/2 of Section 18, and the W/2 of Section 19, Township 26 South, Range 30 East, Eddy County New Mexico.

Dear Sir or Madam:

Enclosed is a copy of the above referenced application filed with the New Mexico Conservation Division on this date. Any objections that you have to this application must be filed in writing with the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico 87505, within twenty (20) days from the date the Division receives the above referenced application. If no objection is received within this twenty-day period, the application may be approved administratively by the Division.

If you have any questions concerning this application, please contact:

Brett Stewart
Reservoir Engineer
Cimarex Energy Co.
Brett.Stewart@coterra.com
(432) 571-7889

Sincerely,



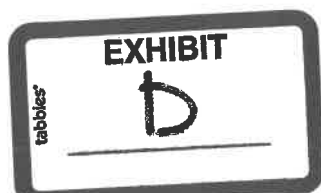
Deana M. Bennett
Attorney for Cimarex Energy Co.

Modrall Sperling
Roehl Harris & Sisk P.A.

500 Fourth Street NW
Suite 1000
Albuquerque,
New Mexico 87102

PO Box 2168
Albuquerque,
New Mexico 87103-2168

Tel: 505.848.1800
www.modrall.com





Offset Owners
 XTO Energy Inc.
 22777 Springwoods Village Pkwy
 Spring, TX 77389

Mewbourne Oil Company
 500 W. Texas, Suite 1020
 Midland, TX 79701

EOG Resources Inc.
 5509 Champions Drive
 Midland, TX 79706

Offsetting Sections	Operator	Date Notice Letter Sent
N/2 Section 7, T26S-R30E	XTO Energy, Inc.	4/26/2023
Sections 12, 13, and 24, T26S-R29E	Mewbourne Oil Company	4/26/2023
Section 25, T26S-R29E	XTO Energy, Inc.	4/26/2023
Section 30, T26S-R30E	XTO Energy, Inc.	4/26/2023
E/2 Section 19, T26S-R30E	XTO Energy, Inc.	4/26/2023
E/2 Section 18, T26S-R30E	EOG Resources Inc.	4/26/2023
SE/4 Section 7, T26S-R30E	EOG Resources Inc.	4/26/2023

Other Notice Parties:

Other Notice Parties	Date Notice Letter Sent
Bureau of Land Management	4/26/2023

PS Form 3877

Karlene Schuman
Modrall Sperling Roehl Harris & Sisk P.A.
500 Fourth Street, Suite 1000
Albuquerque NM 87102

Type of Mailing: CERTIFIED MAIL
04/26/2023

Firm Mailing Book ID: 245296

Line	USPS Article Number	Name, Street, City, State, Zip	Postage	Service Fee	RR Fee	Rest.Del.Fee	Reference Contents
1	9314 8699 0430 0107 3087 13	XTO Energy Inc. 22777 Springwoods Village Pkwy Spring TX 77389	\$2.46	\$4.15	\$2.10	\$0.00	82762.0128. Notice
2	9314 8699 0430 0107 3087 51	Mewbourne Oil Company 500 W. Texas, Suite 1020 Midland TX 79701	\$2.46	\$4.15	\$2.10	\$0.00	82762.0128. Notice
3	9314 8699 0430 0107 3087 68	EOG Resources Inc. 5509 Champions Drive Midland TX 79706	\$2.46	\$4.15	\$2.10	\$0.00	82762.0128. Notice
4	9314 8699 0430 0107 3087 82	United States of America Bureau of Land Management 301 Dinosaur Trl Santa Fe NM 87508	\$2.46	\$4.15	\$2.10	\$0.00	82762.0128. Notice
Totals:			\$9.84	\$16.60	\$8.40	\$0.00	
Grand Total:						\$34.84	

List Number of Pieces
Listed by Sender

Total Number of Pieces
Received at Post Office

Postmaster:
Name of receiving employee

Dated:



April 26, 2023

Deana M. Bennett
505.848.1834
dmb@modrall.com

VIA CERTIFIED MAIL

TO AFFECTED PARTIES

Re: Application of Cimarex Energy Co. for administrative approval of a 800-acre, more or less, non-standard spacing unit in the Bone Spring Formation comprised of the SW/4 of Section 7, the W/2 of Section 18, and the W/2 of Section 19, Township 26 South, Range 30 East, Eddy County New Mexico.

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Reservoir Engineer
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Brett.Stewart@coterra.com
(432) 571-7889

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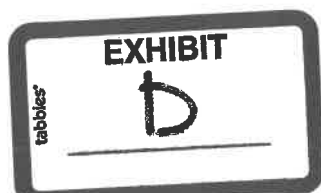
Deana M. Bennett
Attorney for Cimarex Energy Co.

Modrall Sperling
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E/2 Section 18, T26S-R30E	EOG Resources Inc.	4/26/2023
SE/4 Section 7, T26S-R30E	EOG Resources Inc.	4/26/2023

Other Notice Parties:

Other Notice Parties	Date Notice Letter Sent
Bureau of Land Management	4/26/2023

PS Form 3877

Karlene Schuman
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Totals:			\$9.84	\$16.60	\$8.40	\$0.00	
Grand Total:						\$34.84	

List Number of Pieces
Listed by Sender

Postmaster:
Name of receiving employee

Dated:



April 13, 2023

VIA E-FILING

Acting Director Dylan M. Fuge and OCD Engineering Bureau
Oil Conservation Division
Energy, Minerals and Natural Resources Department
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Application of Cimarex Energy Co. for administrative approval of a 800-acre, more or less, non-standard spacing unit in the Bone Spring Formation comprised of the SW/4 of Section 7, the W/2 of Section 18, and the W/2 of Section 19, Township 26 South, Range 30 East, Eddy County New Mexico.

Dear Director Fuge/OCD Engineering Bureau:

Cimarex Energy Co., OGRID Number 215099, respectfully requests administrative approval of a 801.73-acre, more or less, non-standard spacing unit ("NSU") in the Bone Spring Formation comprised of the SW/4 of Section 7, the W/2 of Section 18, and the W/2 of Section 19, Township 26 South, Range 30 East, Eddy County New Mexico. The NSU would be dedicated to the following wells (the "Wells"):

<u>Well Name</u>	<u>API Number</u>
Tar Heel 19-18-7 Fed Com 5H	PENDING
Tar Heel 19-18-7 Fed Com 6H	PENDING
Tar Heel 19-18-7 Fed Com 21H	PENDING
Tar Heel 19-18-7 Fed Com 23H	PENDING
Tar Heel 19-18-7 Fed Com 24H	PENDING

In addition, the NSU will include two existing Bone Spring wells, which are the Tar Heel 19-18-7 Fed Com 20H (30-015-46567) and the Tar Heel 19-18-7 Fed Com 1H (30-015-46560) wells.

The Wells will develop the Bone Spring formation, and the only pool within the Bone Spring formation underlying the proposed NSU is WC-015 G-03 S262925D; Bone Spring (Code 93211), which follows the statewide spacing rules. If Cimarex were to follow the state-wide rules, Cimarex would have to have two (2) 400-acre units to have standard units. In Cimarex' opinion, a single non-standard unit is preferable to allow for more efficient development of the acreage by increasing ultimate recovery and preventing waste of natural resources. In addition, a single 800-acre unit is optimal given that Cimarex owns 100% of the working interests in the proposed unit.

Approval will allow Cimarex to use existing surface facilities, which will in turn reduce surface disturbance by consolidating roads, tanks, and pipelines. Cimarex already has existing flowlines, an



existing central tank battery, an existing road, and existing third-party takeaway facilities on this acreage. If Cimarex's NSU application is approved, the Wells would be able to utilize this existing infrastructure, eliminating any need for any further surface disturbances. In addition, approval of Cimarex's application promotes effective well spacing and will allow Cimarex to commingle production.

Conversely, if Cimarex's NSU application is not approved, Cimarex will need to construct additional flowlines, roads, an additional CTB, and will need additional third party takeaway facilities. I have included as Exhibits C-1 and C-2 slides showing that no additional facilities are needed for a non-standard unit (C-1) and the additional required infrastructure needed if Cimarex has to develop the Wells using standard spacing (C-2).

Exhibit C-3 compares and contrasts, in table format, the reduced surface acreage and the cost savings that will occur if the NSU is approved. Developing the acreage as a single, non-standard unit will result in less surface disturbance than if Cimarex has to develop the acreage using standard units. If Cimarex's NSU application is approved, that would eliminate the need to build an additional central tank battery, which effectively cuts permitted fugitive VOC emissions, spill risk, and flares. In addition, total capital costs would be significantly reduced because no additional infrastructure is required to operate the single, non-standard unit.

In my opinion, approval of the NSU is in the best interest of conservation, prevention of waste, and protection of correlative rights.

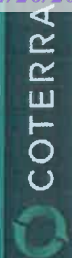
Thank you for your consideration. Should you have any questions please contact me at Brett.Stewart@coterra.com or (432) 571-7889.

Sincerely,



Brett Stewart
Reservoir Engineer
Cimarex Energy Co.

Surface Disturbance – Non-Standard Spacing Unit



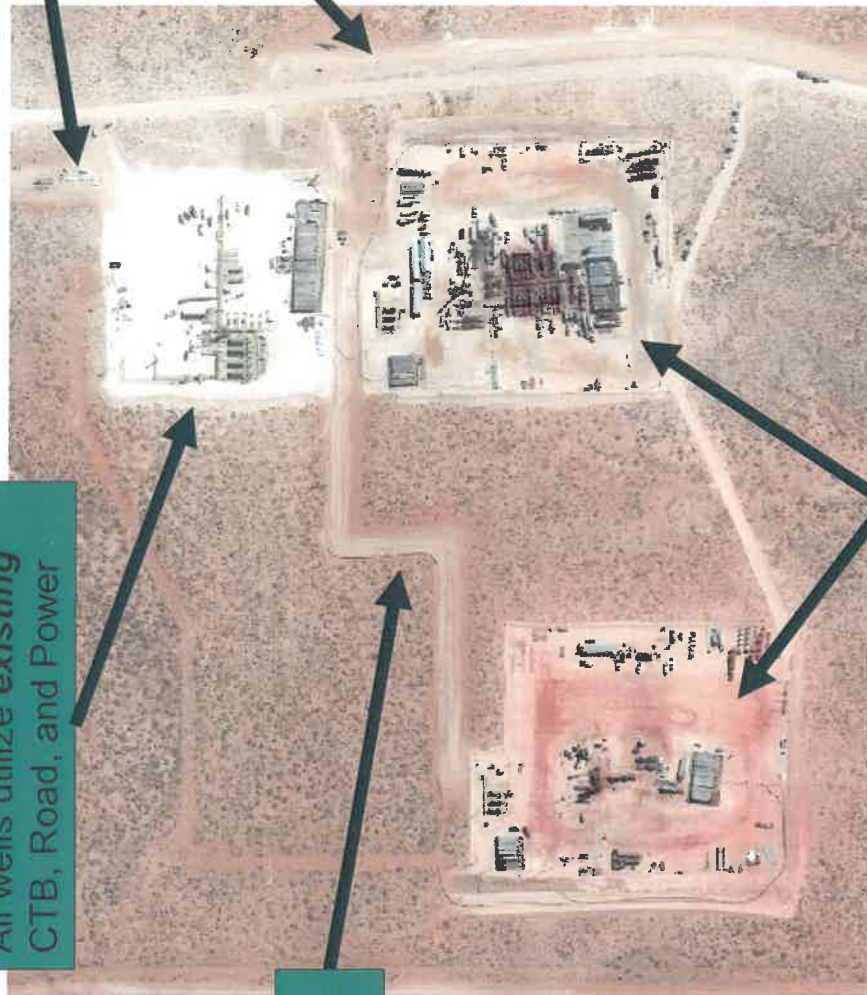
All existing infrastructure;
No new surface disturbance
required

All wells utilize existing
CTB, Road, and Power

All wells utilize existing
3rd Party Takeaway

All wells utilize existing
bulk flowlines

All new wells to be added to
existing drill pads



EXHIBIT

C.1

Surface Disturbance – Standard Spacing Unit

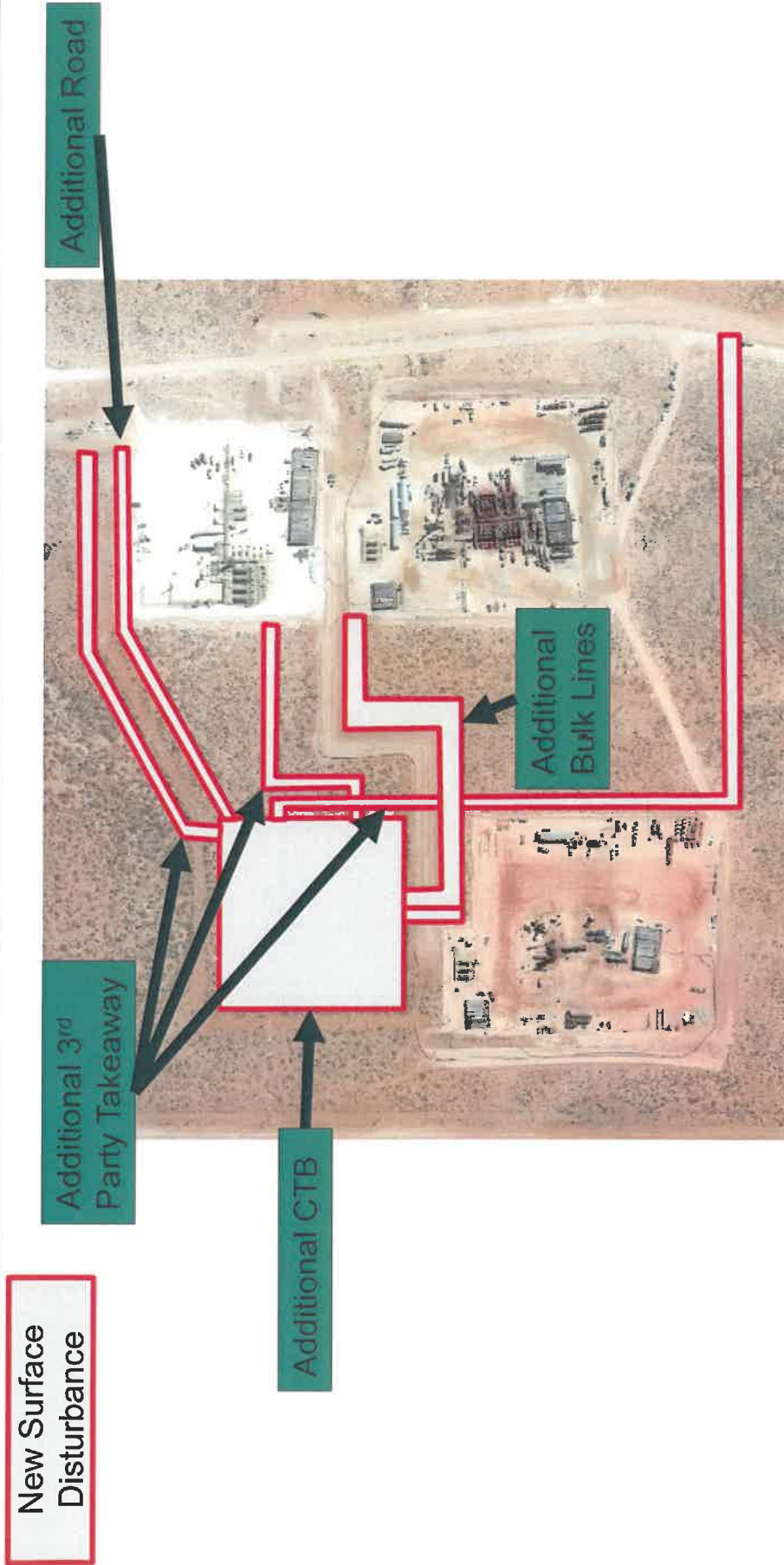
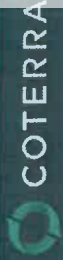
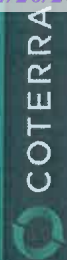


EXHIBIT
C.2

Environmental and Capital Savings



Scenario	Design Basis per CTB (BOPD)	CTB/Equipment Cost (\$M)	Pipeline Cost (\$M)	Total Capital (\$M)	CTB and Pipeline Disturbance (Acres)
Standard Spacing Unit	16,000	\$9,550	\$750	\$10,300	11
Non-Standard Spacing Unit	16,000	\$3,400	-	\$3,400	-
Savings	-	\$6,150	\$750	\$6,900	11

- Approval of a non-standard unit will allow consolidation of all production into a single facility and will eliminate the need to build an additional central tank battery and flowlines. Elimination of the additional central tank battery effectively cuts permitted fugitive VOC emissions, spill risk, and flares in half.



XTO Energy Inc.
22777 Springwoods Village Pkwy
Spring, TX 77389

Mewbourne Oil Company
500 W. Texas, Suite 1020
Midland, TX 79701

EOG Resources Inc.
5509 Champions Drive
Midland, TX 79706



Tarheel Bone Spring Fed Com Area
801.73 acres

SW4 Section 7
(160.81 acres)

W2 Section 18
(320.84 acres)

W2 Section 19
(320.08 acres)



Tract 1: NMNM031649 (Fed);
Lot 3 (40.44), Lot 4 (40.37) E2SW4,
Section 7, 26S-30E, Eddy County,
NM.

Tract 2: NMNM138848 (Fed);
Section 18: Lot 1 (40.31), Lot 2
(40.24), Lot 3 (40.18), Lot 4
(40.11), SENW, E2SW4
Section 19: Lot 1 (40.07), Lot 2
(40.03), Lot 3 (40.01), Lot 4
(39.97), E2W2, 26S-30E, Eddy
County, NM.

Tract 3: NMNM140303 (Fed);
Section 18: NENW, 26S-30E, Eddy
County, NM

Tarheel Bone Spring Fed Com Area
801.73 acres

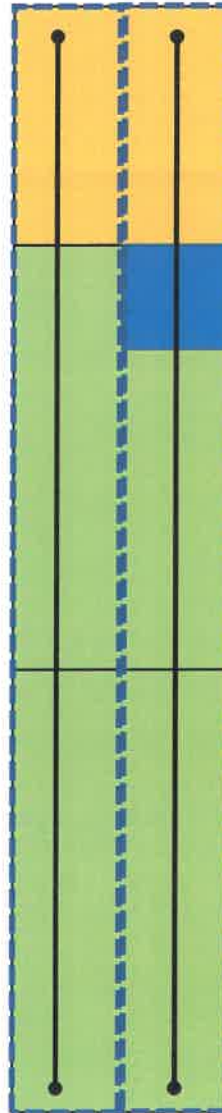
SW4 Section 7
(160.81 acres)

Standard Spacing Unit

-  Tract 1: NMNM031649 (Fed);
Lot 3 (40.44), Lot 4 (40.37) E2SW4, Section 7, 26S-30E, Eddy County, NM.
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Section 18: NENW, 26S-30E, Eddy County, NM

W2 Section 18
(320.84 acres)

W2 Section 19
(320.08 acres)



Tarheel Bone Spring Fed Com Area
801.73 acres

SW4 Section 7
(160.81 acres)

Tract 1: NMNM031649 (Fed);
Lot 3 (40.44), Lot 4 (40.37) E2SW4, Section 7, 26S-30E, Eddy County, NM.

Tract 2: NMNM138848 (Fed);
Section 18: Lot 1 (40.31), Lot 2 (40.24), Lot 3 (40.18),
Lot 4 (40.11), SENW, E2SW4
Section 19: Lot 1 (40.07), Lot 2 (40.03), Lot 3 (40.01),
Lot 4 (39.97), E2W2, 26S-30E, Eddy County, NM.

Tract 3: NMNM140303 (Fed);
Section 18: NENW, 26S-30E, Eddy County, NM

W2 Section 18
(320.84 acres)

W2 Section 19
(320.08 acres)



Non- Standard Spacing Unit

Tarheel Bone Spring Fed Com Area 801.73 acres

-  Tract 1: NMNM031649 (Fed);
 Lot 3 (40.44), Lot 4 (40.37) E2SW4, Section 7, 26S-30E, Eddy County, NM.
-  Tract 2: NMNM138848 (Fed);
 Section 18: Lot 1 (40.31), Lot 2 (40.24), Lot 3 (40.18),
 Lot 4 (40.11), SENW, E2SW4
 Section 19: Lot 1 (40.07), Lot 2 (40.03), Lot 3 (40.01),
 Lot 4 (39.97), E2W2, 26S-30E, Eddy County, NM.
-  Tract 3: NMNM140303 (Fed);
 Section 18: NENW, 26S-30E, Eddy County, NM

SW4 Section 7
(160.81 acres)

W2 Section 18
(320.84 acres)

W2 Section 19
(320.08 acres)

5H/6H



23H/24H

Planned Bone Spring Wells



Thicker wellbores indicate 2 stacked laterals at different depths within the Bone Spring

Tarheel Bone Spring Fed Com Area 801.73 acres

Tract 1: NMNM031649 (Fed);
Lot 3 (40.44), Lot 4 (40.37) E2SW4, Section 7, 26S-30E, Eddy County, NM.

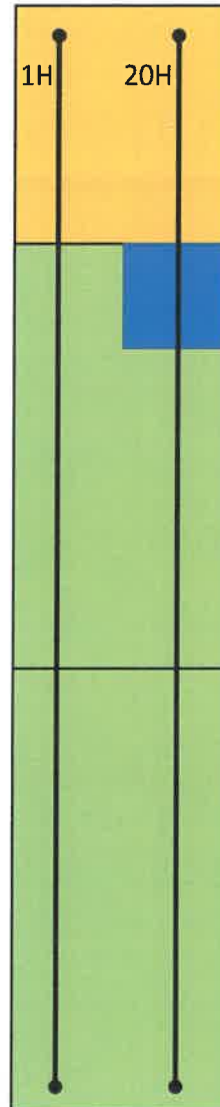
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Section 18: NENW, 26S-30E, Eddy County, NM

SW4 Section 7
(160.81 acres)

W2 Section 18
(320.84 acres)

W2 Section 19
(320.08 acres)



Current Bone Spring Wells

Well List with Pool Code

Bone Spring:

Pool Code: [93211] WC-015 G-03 S262925D; Bone Spring

Tar Heel 19-18-7 Fed Com 20H	(30-015-46567)	Existing Well
Tar Heel 19-18-7 Fed Com 1H	(30-015-46560)	Existing Well
Tar Heel 19-18-7 Fed Com 5H	PENDING	Planned Well
Tar Heel 19-18-7 Fed Com 6H	PENDING	Planned Well
Tar Heel 19-18-7 Fed Com 21H	PENDING	Planned Well
Tar Heel 19-18-7 Fed Com 23H	PENDING	Planned Well
Tar Heel 19-18-7 Fed Com 24H	PENDING	Planned Well

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
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811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720
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Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 211094

CONDITIONS

Operator: CIMAREX ENERGY CO. 6001 Deauville Blvd Midland, TX 79706	OGRID: 215099
	Action Number: 211094
	Action Type: [UF-NSP] Non-Standard Proration (NSP)

CONDITIONS

Created By	Condition	Condition Date
Ilowe	None	4/26/2023