

**BEFORE THE OIL CONSERVATION DIVISION  
EXAMINER HEARING JANUARY 6, 2022**

**APPLICATIONS OF CIMAREX ENERGY CO.,  
FOR HORIZONTAL SPACING UNITS  
AND COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO**

**Case No. 22452:**

**Parkway 15-14 South State Com 1H Well**

**Case No. 22453:**

**Parkway 15-14 South State Com 2H Well**

**Cimarex Energy Co.**

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## **TAB 1**

Reference for Case No. 22452

Application Case No. 22452 – Parkway 15-14 South State Com 1H Well

NMOCD Checklist Case No. 22452

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

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

Case No. 22452

**APPLICATION**

Cimarex Energy Co. (“Cimarex”), OGRID No. 215099, through its undersigned attorneys, hereby files this Application with the Oil Conservation Division (“Division”) pursuant to the provisions of NMSA 1978, Section 70-2-17, seeking an order (1) establishing a standard 320-acre, more or less, spacing and proration unit comprised of the N/2 S/2 of Sections 15 and 14, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying said unit.

In support of its Application, Cimarex states the following:

1. Cimarex is a working interest owner in the proposed horizontal spacing and proration unit (“HSU”) and has a right to drill a well thereon.
2. Cimarex proposes and dedicates an initial well to the HSU, the **Parkway 15-14 South State Com 1H**, to be drilled to a depth sufficient to test the Bone Spring formation.
3. Cimarex proposes the **Parkway 15-14 South State Com 1H**, an oil well, to be horizontally drilled from a surface location in the NW/4 SW/4 (Unit L) of Section 15 to a bottom hole location in the NE/4 SE/4 (Unit I) of Section 14.
4. The proposed well is orthodox in its location, and the take points and completed interval comply with setback requirements under the statewide rules.

5. This HSU, which runs west to east, traversing Sections 15 and 14, overlaps one quarter-quarter section in seven (7) standup units in the same Bone Spring formation [Pool Code 60660] containing the following wells owned and operated by Cimarex: (1) The Parkway State Com 004H Well (API No. 30-015-37504), a unit covering the W/2 E/2 of Section 15; (2) the Parkway State Com 003H Well (API No. 30-015-37376), a unit covering the W/2 W/2 of Section 15; (3) the Parkway State Com 005Y Well (API No. 30-015-38499), a unit covering the E/2 W/2 of Section 15; (4) the Parkway State Com 006H Well (API No. 30-015-37970), a unit covering the E/2 E/2 of Section 15; (5) the State “14” Com 003H Well (API No. 30-015-37719), a unit covering the E/2 W/2 of Section 14; (6) the State 14 Com 002H (API No. 30-015-31791), a unit covering the SW/4 NW/4 and W/2 SW/4 of Section 14; and (7) the State 14 A Com 002H Well (API No. 30-015-34604), a unit covering the W/2 SE/4 of Section 14. Therefore, Cimarex seeks approval from the Division for the part of the unit of the existing wells that the proposed HSU overlaps, pursuant to NMAC 19.15.16.15B(9).

6. Cimarex has sought in good faith, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the well or in the commitment of their interests to the well for development within the proposed HSU.

7. The pooling of all interests in the Bone Spring formation within the proposed HSU, and establishing the spacing unit, will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.

8. In order to provide for its just and fair share of the oil and gas underlying the subject lands, Cimarex requests that all uncommitted interests in this HSU be pooled and that Cimarex be designated the operator of the proposed horizontal well and HSU.

WHEREFORE, Cimarex requests that this Application be set for hearing on January 6, 2022, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

A. Approving the establishment of a standard 320-acre, more or less, spacing and proration unit comprised of the N/2 S/2 of Sections 15 and 14, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico;

B. Pooling all uncommitted mineral interests in the Bone Spring formation underlying the proposed HSU.

C. Approving the **Parkway 15-14 South State Com 1H** as the well for the HSU.

D. Designating Cimarex as operator of this HSU and the horizontal well to be drilled thereon;

E. Authorizing Cimarex to recover its costs of drilling, equipping, and completing the well;

F. Approving overlapping units containing the following wells as above-described in Paragraph 5, to wit: Parkway State Com 004H Well (API No. 30-015-37504); Parkway State Com 003H Well (API No. 30-015-37376); Parkway State Com 005Y Well (API No. 30-015-38499); Parkway State Com 006H Well (API No. 30-015-37970); the State "14" Com 003H Well (API No. 30-015-37719); State 14 Com 002H (API No. 30-015-31791); and State 14 A Com 002H Well (API No. 30-015-34604).

G. Approving actual operating charges and costs of supervision, to the maximum extent allowable, while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

H. Setting a 200% charge for the risk assumed by Cimarex in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage

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Darin C. Savage

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**Attorneys for Cimarex Energy Co.**

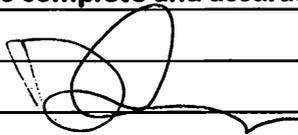
***Application of Cimarex Energy Co. for a Horizontal Spacing Unit and Compulsory Pooling, Eddy County, New Mexico.*** Applicant in the above-styled cause seeks an order from the Division: (1) establishing a standard 320-acre, more or less, spacing and proration unit comprised of the N/2 S/2 of Sections 15 and 14, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation, designated as an oil pool, underlying the unit. The proposed oil well to be dedicated to the horizontal spacing unit is the **Parkway 15-14 South State Com 1H**, to be horizontally drilled from a surface location in the NW/4 SW/4 (Unit L) of Section 15 to a bottom hole location in the NE/4 SE/4 (Unit I) of Section 14. The well will be orthodox, and the take points and completed interval will comply with the setback requirements under the statewide Rules; also to be considered will be approval of overlapping units containing wells owned and operated by Cimarex, to wit: Parkway State Com 004H Well (API No. 30-015-37504); Parkway State Com 003H Well (API No. 30-015-37376); Parkway State Com 005Y Well (API No. 30-015-38499); Parkway State Com 006H Well (API No. 30-015-37970); the State "14" Com 003H Well (API No. 30-015-37719); State 14 Com 002H (API No. 30-015-31791); and State 14 A Com 002H Well (API No. 30-015-34604); the cost of drilling and completing the well and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the well and unit; and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 13 miles northeast from Carlsbad.

# COMPULSORY POOLING APPLICATION CHECKLIST

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

Case: 22452	APPLICANT'S RESPONSE
Date	January 4, 2022
Applicant	Cimarex Energy Co.
Designated Operator & OGRID (affiliation if applicable)	215099
Applicant's Counsel:	Darin C. Savage - Abadie & Schill, PC
Case Title:	Application of Cimarex Energy Co. for a Horizontal Spacing Unit and Compulsory Pooling, Eddy County, New Mexico
Entries of Appearance/Intervenors:	N/a
Well Family	Parkway 15-14
<b>Formation/Pool</b>	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Exhibits A and B-2; TVD 8,840' approx.
Pool Name and Pool Code:	Turkey Track; Bone Spring [60660]
Well Location Setback Rules:	NMAC statewide rules apply
Spacing Unit Size:	320 acres, more or less
<b>Spacing Unit</b>	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320 acres, more or less
Building Blocks:	quarter quarter sections (40 ac tracts)
Orientation:	west to east
Description: TRS/County	N/2 S/2 of Sections 15 and 14, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
<b>Other Situations</b>	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	No
Applicant's Ownership in Each Tract	See Landman Exhibit A-2
<b>Well(s)</b>	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	

Well #1	Parkway 15-14 South State Com 1H (API No. 30-015-pending), SHL: Unit L, 1,420' FSL, 390' FWL, Section 15, T19S-R29E, NMPM; BHL: Unit I, 1,878' FSL, 100' FEL Section 14, T19S-R29E, NMPM, laydown, standard location
Horizontal Well First and Last Take Points	Parkway 15-14 South State Com 1H: FTP 1,878' FSL, 100' FWL, Section 15; LTP 1,878' FSL, 100' FEL, Section 14
Completion Target (Formation, TVD and MD)	Parkway 15-14 South State Com 1H: TVD approx. 8,840', TMD approx. 19,335'; Bone Spring Formation, See Exhibit B-2
<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	\$8,000, Exhibits A and A-3
Production Supervision/Month \$	\$800, Exhibit A and A-3
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%, Exhibit A, N/a
<b>Notice of Hearing</b>	
Proposed Notice of Hearing	Exhibit C, C-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C-2
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-3
<b>Ownership Determination</b>	
Land Ownership Schematic of the Spacing Unit	Exhibit A-2
Tract List (including lease numbers and owners)	Exhibit A-2
Pooled Parties (including ownership type)	Exhibit A-2
Unlocatable Parties to be Pooled	Exhibit A
Ownership Depth Severance (including percentage above & below)	N/a
<b>Joinder</b>	
Sample Copy of Proposal Letter	Exhibit A-3
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-2
Chronology of Contact with Non-Joined Working Interests	Exhibit A-4
Overhead Rates In Proposal Letter	Exhibit A-3
Cost Estimate to Drill and Complete	Exhibit A-3
Cost Estimate to Equip Well	Exhibit A-3
Cost Estimate for Production Facilities	Exhibit A-3

<b>Geology</b>	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-1
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-4
Well Orientation (with rationale)	Exhibit B, B-1
Target Formation	Exhibit B, B-2
HSU Cross Section	Exhibit B-2, B-4, B-5
Depth Severance Discussion	Exhibit B, N/a
<b>Forms, Figures and Tables</b>	
C-102	Exhibit A-1
Tracts	Exhibit A-1, A-2, B-1
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-2
General Location Map (including basin)	Exhibit A-2
Well Bore Location Map	Exhibit B-1, B-4
Structure Contour Map - Subsea Depth	Exhibit B-1
Cross Section Location Map (including wells)	Exhibit B-2, B-5
Cross Section (including Landing Zone)	Exhibit B-2, B-4, B-5
<b>Additional Information</b>	
Special Provisions/Stipulations	This unit, which runs west to east, traversing Sections 15 and 14, overlaps one quarter-quarter section in a number of standup units in the same Bone Spring formation [Pool Code 60660] owned and operated by Cimarex. Therefore, Cimarex seeks approval from the Division for the partial overlap, pursuant to NMAC 19.15.16.15B(9).
<b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b>	
Printed Name (Attorney or Party Representative):	Darin C. Savage 
Signed Name (Attorney or Party Representative):	
Date: 1/4/2022	

## **TAB 2**

Exhibit A: Affidavit of Riley Morris, Landman  
Exhibit A-1: C-102 Forms  
Exhibit A-2: Ownership and Sectional Map  
Exhibit A-3: Well Proposal Letters and AFEs  
Exhibit A-4: Chronology of Contact

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

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

Case No. 22452

**AFFIDAVIT OF RILEY MORRIS**

STATE OF TEXAS            )  
  ) ss.  
COUNTY OF MIDLAND    )

I, being duly sworn on oath, state the following:

1. I am over the age of eighteen years and have the capacity to execute this Affidavit, which is based on my personal knowledge.

2. I am employed as a Landman with Cimarex Energy Co. (“Cimarex”), and I am familiar with the subject application and the lands involved.

3. I graduated in 2010 from Texas Tech University with a bachelor’s degree in Business Administration with an emphasis on Energy Commerce. I have worked at Cimarex for approximately 3 years, and I have been working in New Mexico for 3 years. My credentials as a petroleum landman have been accepted by the New Mexico Oil Conservation Division (“Division”) and made a matter of record.

4. This affidavit is submitted in connection with the filing by Cimarex in the above-referenced spacing and compulsory pooling application pursuant to 19.15.4.12.A(1).

5. Cimarex seeks an order pooling all uncommitted mineral interest in the Bone Spring formation ([Turkey Track; Bone Spring]; Pool Code: 60660) underlying a standard 320-

**EXHIBIT  
A**

acre, more or less, horizontal spacing and proration unit comprised of the N/2 S/2 of Sections 15 and 14, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico.

6. Under Case No. 22452, Cimarex seeks to dedicate the **Parkway 15-14 South State Com 1H** (API 30-015-pending) as an initial oil well, horizontally drilled from a surface location in the NW/4 SW/4 (Unit L) of Section 15 to a bottom hole location in the NE/4 SE/4 (Unit I) of Section 14; approximate TVD of 8,840'; approximate TMD of 19,335'; FTP in Section 15: 1,878' FSL, 100' FWL; LTP in Section 14: 1,878' FSL, 100' FEL.

7. This HSU, which runs west to east, traversing Sections 15 and 14, overlaps one quarter-quarter section in seven (7) standup units in the same Bone Spring formation [Pool Code 60660] containing the following wells owned and operated by Cimarex: (1) The Parkway State Com 004H Well (API No. 30-015-37504), a unit covering the W/2 E/2 of Section 15; (2) the Parkway State Com 003H Well (API No. 30-015-37376), a unit covering the W/2 W/2 of Section 15; (3) the Parkway State Com 005Y Well (API No. 30-015-38499), a unit covering the E/2 W/2 of Section 15; (4) the Parkway State Com 006H Well (API No. 30-015-37970), a unit covering the E/2 E/2 of Section 15; (5) the State "14" Com 003H Well (API No. 30-015-37719), a unit covering the E/2 W/2 of Section 14; (6) the State 14 Com 002H (API No. 30-015-31791), a unit covering the SW/4 NW/4 and W/2 SW/4 of Section 14; and (7) the State 14 A Com 002H Well (API No. 30-015-34604), a unit covering the W/2 SE/4 of Section 14. Therefore, Cimarex seeks approval from the Division for the part of the unit of the existing wells that the proposed HSU overlaps, pursuant to NMAC 19.15.16.15B(9). Because of the nature of the contractual rights in the two sections, the working interest owners in the overlapping units are the same and therefore have been notified.

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

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

10. The parties being pooled, the nature of their interests, and their last known addresses are listed on **Exhibit A-2** attached hereto. Because all the working interest owners have entered into voluntary agreements with Cimarex, **Exhibit A-2** only includes information regarding overriding royalty interest owners.

11. There are no depth severances in the Bone Spring formation in this acreage.

12. I provided the law firm of Abadie & Schill P.C. a list of names and addresses for the uncommitted interest owners shown on **Exhibit A-2**. In compiling these addresses, I conducted a diligent search of the public records in Eddy County, New Mexico, where the well is located, and of phone directories and did computer searches to locate the contact information for parties entitled to notification. All interest owners and overriding royalty interest owners were locatable and received notice. Cimarex published notice in the Carlsbad Current Argus, a newspaper of general circulation in Eddy County, New Mexico, to account for any unlocatable parties and cover any contingencies regarding notice.

13. The interest owners being pooled have been contacted regarding the proposed well, and all the working interest owners have voluntarily committed their interests in the well and signed a mutually agreeable Joint Operating Agreement. **Exhibit A-4** provides a chronology and history of contacts with the working interest owners that led to successful, voluntary joinder of the working interests. Consequently, this pooling application has been submitted for approval in order to account for the overriding royalty interest owners.

14. **Exhibit A-3** is a sample proposal letter and the AFEs for the proposed well, that was sent to working interest owners. The estimated cost of the well set forth in the AFE is fair, reasonable, and comparable to the costs of other wells of similar depths and lengths drilled in this area of New Mexico. All the working interest owners have agreed to the well proposal and AFE and have joined with Cimarex in a voluntary agreement.

15. Since Cimarex is pooling only overriding royalty interests, which are passive, non-participatory interests, the overhead rates and risk charges are not applicable.

16. Cimarex requests that it be designated operator of the unit and well.

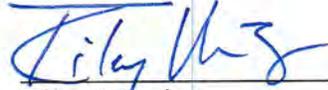
17. The Exhibits to this Affidavit were prepared by me or compiled from Cimarex's company business records under my direct supervision.

18. The granting of this Application is in the best interests of conservation, the prevention of waste, and the protection of correlative rights, and will avoid the drilling of unnecessary wells.

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

*[Signature page follows]*

FURTHER AFFIANT SAYETH NAUGHT

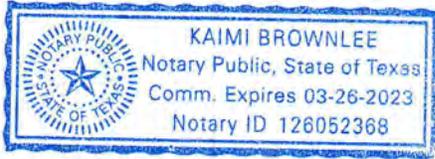


Riley Morris

Subscribed to and sworn before me this 28 day of December 2021.



Notary Public



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

<sup>1</sup> API Number 30-015-	<sup>2</sup> Pool Code 60660	<sup>3</sup> Pool Name Turkey Track; Bone Spring
<sup>4</sup> Property Code	<sup>5</sup> Property Name PARKWAY 15-14 SOUTH STATE COM	
<sup>7</sup> OGRID No. 162683	<sup>8</sup> Operator Name CIMAREX ENERGY CO. OF COLORADO	<sup>6</sup> Well Number 1H
		<sup>9</sup> Elevation 3338.5'

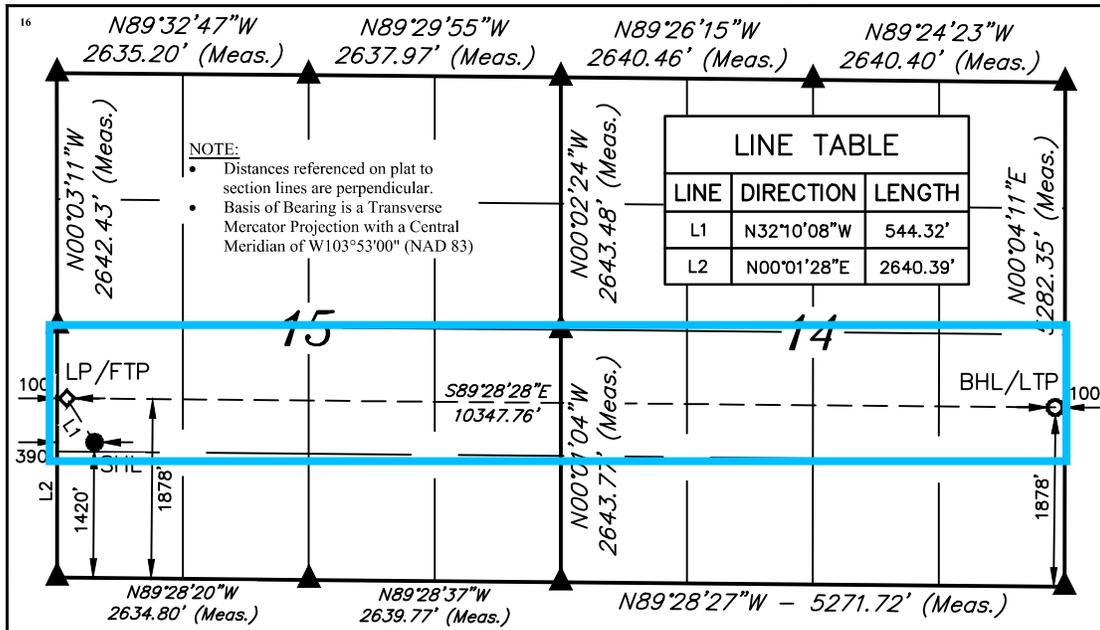
<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	15	19S	29E		1420	SOUTH	390	WEST	EDDY

<sup>11</sup> 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
I	14	19S	29E		1878	SOUTH	100	EAST	EDDY
<sup>12</sup> Dedicated Acres 320		<sup>13</sup> Joint or Infill		<sup>14</sup> Consolidation Code		<sup>15</sup> 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.



**<sup>17</sup> OPERATOR CERTIFICATION**  
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

*Fatima Vasquez* 12/2/2021  
Signature Date

Fatima Vasquez  
Printed Name

fvasquez@cimarex.com  
E-mail Address

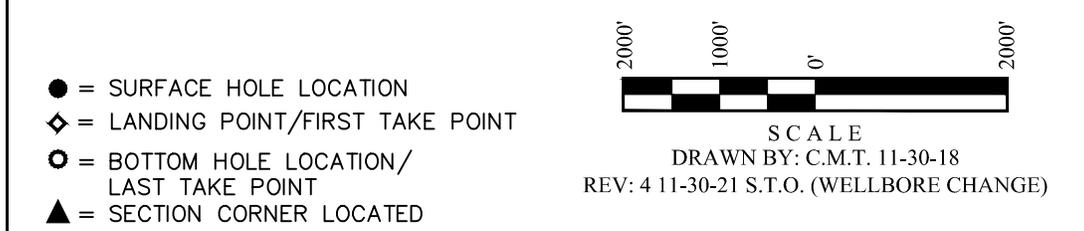
**<sup>18</sup> SURVEYOR CERTIFICATION**  
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

November 21, 2018  
Date of Survey

Signature and Seal of Professional Surveyor:



<b>NAD 83 (SURFACE HOLE LOCATION)</b> LATITUDE = 32°39'26.76" (32.657434°) LONGITUDE = 104°04'11.73" (104.069925°)	<b>NAD 83 (LP/FTP)</b> LATITUDE = 32°39'31.32" (32.658699°) LONGITUDE = 104°04'15.13" (104.070869°)	<b>NAD 83 (BHL/LTP)</b> LATITUDE = 32°39'30.54" (32.658484°) LONGITUDE = 104°02'14.11" (104.037254°)
<b>NAD 27 (SURFACE HOLE LOCATION)</b> LATITUDE = 32°39'26.34" (32.657316°) LONGITUDE = 104°04'09.91" (104.069419°)	<b>NAD 27 (LP/FTP)</b> LATITUDE = 32°39'30.89" (32.658581°) LONGITUDE = 104°04'13.31" (104.070363°)	<b>NAD 27 (BHL/LTP)</b> LATITUDE = 32°39'30.12" (32.658365°) LONGITUDE = 104°02'12.29" (104.036748°)
<b>STATE PLANE NAD 83 (N.M. EAST)</b> N: 603006.00' E: 622403.02'	<b>STATE PLANE NAD 83 (N.M. EAST)</b> N: 603465.42' E: 622111.33'	<b>STATE PLANE NAD 83 (N.M. EAST)</b> N: 603414.37' E: 632456.71'
<b>STATE PLANE NAD 27 (N.M. EAST)</b> N: 602943.71' E: 581223.26'	<b>STATE PLANE NAD 27 (N.M. EAST)</b> N: 603403.12' E: 580931.58'	<b>STATE PLANE NAD 27 (N.M. EAST)</b> N: 603352.00' E: 591276.96'

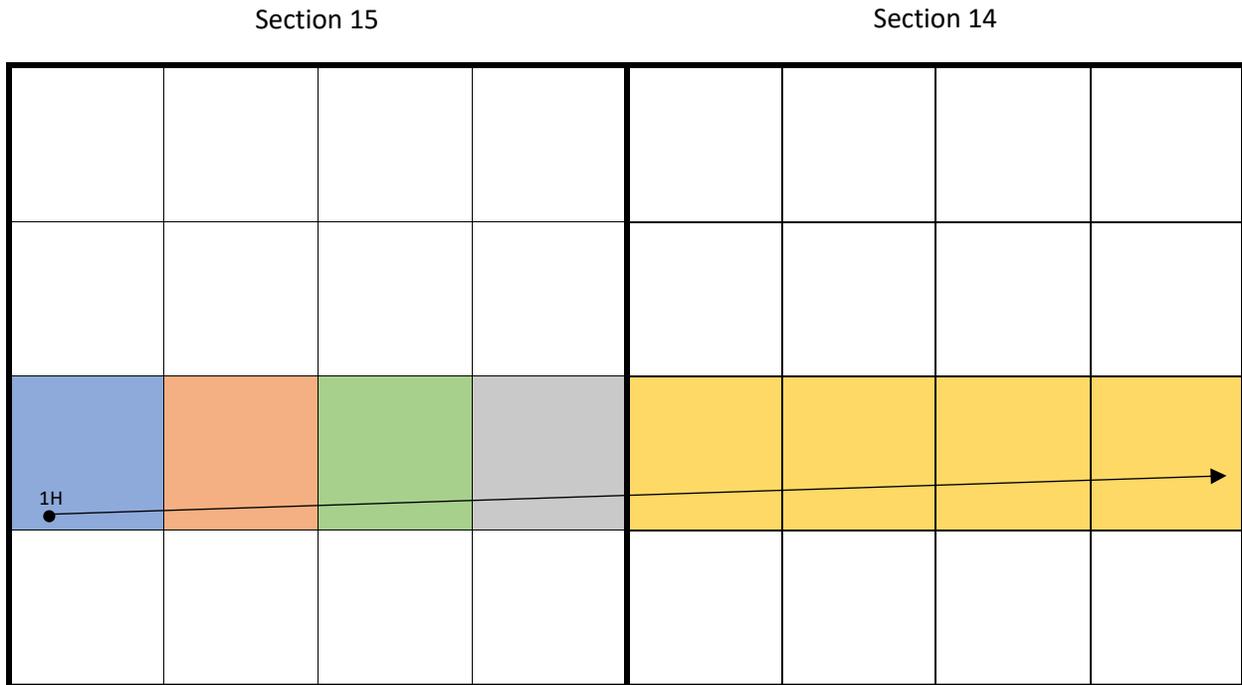


Certificate Number:

EXHIBIT  
A-1

### Exhibit A-2: Ownership and Sectional Map

Case No. 22452, Parkway 15-14 South State Com 1H  
N/2 S/2 of Sections 15 and 14, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico  
Permian Basin, Sub-basin: Delaware Basin



- |   |  |   |  |   |   |
|---|--|---|--|---|---|
|  | <b>Tract 1 – 40 acres</b><br>(NW/4 SW/4 Sec. 15)<br><b>Lease 1513</b>    |  | <b>Tract 3 – 40 acres</b><br>(NW/4 SE/4 of Sec. 15)<br><b>Lease 4425</b> |  | <b>Tract 5 – 160 acres</b><br>(N/2 S/2 of Sec. 14)<br><b>Lease 4587</b> |
|  | <b>Tract 2 – 40 acres</b><br>(NE/4 SW/4 of Sec. 15)<br><b>Lease 4425</b> |  | <b>Tract 4 – 40 acres</b><br>(NE/4 SE/4 of Sec. 15)<br><b>Lease 4893</b> |   |   |

Parkway 15-14 South State Com 1H  
SHL: Sec. 15-T19S-R29E 1,420' FSL & 390' FWL  
BHL: Sec. 14-T19S-R29E 1,878' FSL & 100' FEL

EXHIBIT  
**A-2**

**Exhibit A-2: Ownership and Sectional Map**

Ownership Breakdown Bone Spring Formation

Case No. 22452, Parkway 15-14 South State Com 1H

N/2 S/2 of Sections 15 and 14, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico

TRACTS 1, 2, 3, 4, and 5 OWNERSHIP (encompassing the N/2 S/2 of Section 15-T19S-R29E; and the N/2 S/2 of Section 14-T19S-R29E, being 320 acres, based on the distribution of contractual rights within the unit).

<b>Tract 1 WI</b>	<b>NW/4 SW/4 Sec. 15, Township 19 South, Range 29 East</b>	<b>Status</b>
3.761341%	Cimarex Energy Co. 600 N. Marienfeld St. Ste. 600 Midland, TX 79701	Committed
8.694556%	COG Operating LLC 600 W. Illinois Ave. Midland, TX 79701	Committed
12.701613%	Dugan Production Company PO Box 420 Farmington, NM 87499	Committed
12.5%	Hunt Oil Company 1900 N Akard St Dallas, TX 75201	Committed
62.342490%	Magnum Hunter Production, Inc. 600 N. Marienfeld St. Ste. 600 Midland, TX 79701	Committed

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100.00%	Total Committed Interest	100.00%	Total Uncommitted Interest	00.00%
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<b>Tract 1 ORRI</b>	<b>NW/4 SW/4 Sec. 15, Township 19 South, Range 29 East</b>
0.00013671%	Wallace H. Scott III 2901 Oakhurst Ave. Austin, TX 78703
0.00013671%	William Winfield Scott 3000 Willowood Circle Austin, TX 78703
0.00013675%	McElroy Minerals, LLC c/e Catherine Cecile Darch 4210 S. Bellaire Circle Englewood, CO 80113

<b>Tract 2 WI</b>	<b>NE/4 SW/4 Sec. 15, Township 19 South, Range 29 East</b>	<b>Status</b>
3.761341%	Cimarex Energy Co. 600 N. Marienfeld St. Ste. 600 Midland, TX 79701	Committed
8.694556%	COG Operating LLC 600 W. Illinois Ave. Midland, TX 79701	Committed
12.701613%	Dugan Production Company PO Box 420 Farmington, NM 87499	Committed
12.5%	Hunt Oil Company 1900 N Akard St Dallas, TX 75201	Committed
62.342490%	Magnum Hunter Production, Inc. 600 N. Marienfeld St. Ste. 600 Midland, TX 79701	Committed

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100.00%	Total	100.00%	Total	00.00%
	Committed		Uncommitted	
	Interest		Interest	

<b>Tract 3 WI</b>	<b>NW/4 SE/4 Sec. 15, Township 19 South, Range 29 East</b>	<b>Status</b>
3.761341%	Cimarex Energy Co. 600 N. Marienfeld St. Ste. 600 Midland, TX 79701	Committed
8.694556%	COG Operating LLC 600 W. Illinois Ave. Midland, TX 79701	Committed
12.701613%	Dugan Production Company PO Box 420 Farmington, NM 87499	Committed
12.5%	Hunt Oil Company 1900 N Akard St Dallas, TX 75201	Committed
62.342490%	Magnum Hunter Production, Inc. 600 N. Marienfeld St. Ste. 600 Midland, TX 79701	Committed

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100.00%	Total	100.00%	Total	00.00%
	Committed		Uncommitted	
	Interest		Interest	

<b>Tract 4 WI</b>	<b>NE/4 SE/4 Sec. 15, Township 19 South, Range 29 East</b>	<b>Status</b>
3.761341%	Cimarex Energy Co. 600 N. Marienfeld St. Ste. 600 Midland, TX 79701	Committed
8.694556%	COG Operating LLC 600 W. Illinois Ave. Midland, TX 79701	Committed
12.701613%	Dugan Production Company PO Box 420 Farmington, NM 87499	Committed
12.5%	Hunt Oil Company 1900 N Akard St Dallas, TX 75201	Committed
62.342490%	Magnum Hunter Production, Inc. 600 N. Marienfeld St. Ste. 600 Midland, TX 79701	Committed

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100.00%	Total	100.00%	Total	00.00%
	Committed		Uncommitted	
	Interest		Interest	

<b>Tract 4 ORRI</b>	<b>NE/4 SE/4 Sec. 15, Township 19 South, Range 29 East</b>
0.00061523%	Cornerstone Family Trust; John Kyle Thomas, Trustee PO Box 558 Peyton, CO 80831
0.00117188%	Summit Overseas Exploration, Inc. PO Box 271127 Littleton, CO 80127

<b>Tract 5 WI</b>	<b>N/2 S/2 Sec. 14, Township 19 South, Range 29 East</b>	<b>Status</b>
3.761341%	Cimarex Energy Co. 600 N. Marienfeld St. Ste. 600 Midland, TX 79701	Committed
8.694556%	COG Operating LLC 600 W. Illinois Ave. Midland, TX 79701	Committed
12.701613%	Dugan Production Company PO Box 420 Farmington, NM 87499	Committed

12.5%	Hunt Oil Company 1900 N Akard St Dallas, TX 75201	Committed
62.342490%	Magnum Hunter Production, Inc. 600 N. Marienfeld St. Ste. 600 Midland, TX 79701	Committed

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100.00%	Total	100.00%	Total	00.00%
	Committed		Uncommitted	
	Interest		Interest	

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Unit Recapitulation	N/2 S/2 Sections 15 and 14, Township 19 South, Range 29 East	Status
3.761341%	Cimarex Energy Co. 600 N. Marienfeld St. Ste. 600 Midland, TX 79701	Committed
8.694556%	COG Operating LLC 600 W. Illinois Ave. Midland, TX 79701	Committed
12.701613%	Dugan Production Company PO Box 420 Farmington, NM 87499	Committed
12.5%	Hunt Oil Company 1900 N Akard St Dallas, TX 75201	Committed
62.342490%	Magnum Hunter Production, Inc. 600 N. Marienfeld St. Ste. 600 Midland, TX 79701	Committed

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100.00%	Total	100.00%	Total Uncommitted Interest	0.00%
	Committed			
	Interest			

Unit Recapitulation	N/2 S/2 Sections 15 and 14, Township 19 South, Range 29 East
0.00013671%	Wallace H. Scott III 2901 Oakhurst Ave. Austin, TX 78703
0.00013671%	William Winfield Scott

3000 Willowood Circle  
Austin, TX 78703

0.00013675% McElroy Minerals, LLC c/e Catherine Cecile Darch  
4210 S. Bellaire Circle  
Englewood, CO 80113

0.00061523% Cornerstone Family Trust; John Kyle Thomas, Trustee  
PO Box 558  
Peyton, CO 80831

0.00117188% Summit Overseas Exploration, Inc.  
PO Box 271127  
Littleton, CO 80127

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



November 18, 2021

COG Operating LLC  
600 W. Illinois Avenue  
Midland, Texas 79701  
Attn: Outside Operated Properties

**Re: Proposal to Drill  
Parkway 15-14 South State Com 1H & 2H  
Sections 15 & 14, Township 19 South, Range 29 East  
Eddy County, New Mexico**

Dear Working Interest Owner,

Pursuant to that certain Operating Agreement dated June 10, 2021, Cimarex Energy Co., hereby proposes to drill the Parkway 15-14 South State Com 1H and Parkway 15-14 South State Com 2H Wells at a legal location in Section 15, Township 19 South, Range 29 East, Eddy County, New Mexico.

**Parkway 15-14 South State Com 1H** - The intended surface hole location for the well is 1420' FSL and 390' FWL of Section 15, Township 19 South, Range 29 East, and the intended bottom hole location is 1839' FSL and 100' FEL of Section 14, Township 19 South, Range 29 East. The well is proposed to be drilled vertically to a depth of approximately 8,840' to the Bone Spring formation and laterally within the formation to the referenced bottom hole location.

**Parkway 15-14 South State Com 2H** - The intended surface hole location for the well is 1400' FSL and 390' FWL of Section 15, Township 19 South, Range 29 East, and the intended bottom hole location is 684' FSL and 100' FEL of Section 14, Township 19 South, Range 29 East. The well is proposed to be drilled vertically to a depth of approximately 8,840' to the Bone Spring formation and laterally within the formation to the referenced bottom hole location.

It should be understood that compliance with topography or cultural or environmental concerns, among others, might require modification of Cimarex's intended procedure. Cimarex will advise you of any such modifications.

Enclosed, in duplicate, is our detailed AFE reflecting estimated costs associated with this proposal. If you intend to participate, please approve and return one (1) original of the enclosed AFE, as well as the Election Form attached to this proposal, to the undersigned within 30 days of receipt of this proposal. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance to Cimarex prior to commencement of drilling operations; otherwise, you will be covered by insurance procured by Cimarex and will be responsible for your share of the cost.

EXHIBIT  
A-3

If you elect not to participate, please so indicate on the attached election form and return it to the attention of the undersigned at the letterhead address. Failure to elect whether or not to participate within 30 days of your receipt of this proposal will, as provided in the Operating Agreement, will be considered an election not to participate.

Please call the undersigned with any questions or comments.

Respectfully,

A handwritten signature in blue ink that reads "Riley C. Morris". The signature is stylized with a large initial "R" and a flourish at the end.

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

**ELECTION TO PARTICIPATE  
Parkway 15-14 South State Com 1H**

\_\_\_\_\_ COG Operating LLC elect **TO** participate in the proposed Parkway 15-14 South State Com 1H

\_\_\_\_\_ COG Operating LLC elects **NOT** to participate in the proposed Parkway 15-14 South State Com 1H

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

If your election above is TO participate in the proposed Parkway 15-14 South State Com 1H well, then:

\_\_\_\_\_ COG Operating LLC elects **TO** be covered by well control insurance procured by Cimarex Energy Co.

\_\_\_\_\_ COG Operating LLC elects **NOT** to be covered by well control insurance procured by Cimarex Energy Co. and agrees to provide Cimarex Energy Co. with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex Energy Co.



Authorization For Expenditure Drilling

AFE # 26619025

Company Entity

Date Prepared  
11/18/2021

Exploration Region	Well Name	Prospect	Property Number	AFE
Permian Basin	PARKWAY 15-14 SOUTH STATE COM 1H	New Mexico Bone Spring Pros (Eddy)	309775-296.01	26619025
County, State	Location	Estimated Spud	Estimated Completion	
Eddy, NM	N/2 S/2 of Section 15 and 14, T19S, R29E, Eddy County, New Mexico	9/25/2019	9/29/2019	
<input checked="" type="checkbox"/> New Supplement Revision	Formation	Well Type	Ttl Measured Depth	Ttl Vertical Depth
	Bone Spring 3 /Sd/	DEV	19,200	8,840

Purpose Drill and complete well

Description

Drilling Drill and complete a horizontal test. Drill to 400 set surface casing. Drill to 3460' set intermediate casing. Drill to 8363' (KOP). Drill curve at 12°/100' initial build rate to +/- 90 degrees and 8840' TVD and drill a +/- 9650' long lateral in the bone spring formation. Run and cement production casing. Stage frac in stages. Drill out plugs.

Intangible	Dry Hole	After Casing Point	Completed Well Cost
Drilling Costs	\$2,528,000		\$2,528,000
Completion Costs		\$4,417,745	\$4,417,745
<b>Total Intangible Cost</b>	<b>\$2,528,000</b>	<b>\$4,417,745</b>	<b>\$6,945,745</b>
Tangible	Dry Hole	After Casing Point	Completed Well Cost
Well Equipment	\$151,000	\$721,000	\$872,000
Lease Equipment		\$691,255	\$691,255
<b>Total Tangible Cost</b>	<b>\$151,000</b>	<b>\$1,412,255</b>	<b>\$1,563,255</b>
<b>Total Well Cost</b>	<b>\$2,679,000</b>	<b>\$5,830,000</b>	<b>\$8,509,000</b>

Comments On Well Costs

1. All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

Well Control Insurance

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

I elect to purchase my own well control insurance policy.

Marketing Election

Cimarex sells its gas under arm's-length contracts with third party purchasers. Such contracts may include fees. In addition, penalties may be incurred for insufficient volumes delivered over time. Should you choose to market your share of gas with Cimarex, you will be subject to all of the terms of such contracts. Upon written request to Cimarex's Marketing Department, we will share with you the terms and conditions pursuant to which gas will be sold. Failure to make an election below shall be deemed an election to market your gas with Cimarex under the terms and conditions set forth above.

I elect to take my gas in kind.

I elect to market my gas with Cimarex pursuant to the terms and conditions of its contract.

Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

Nonoperator Approval

Company	Approved By (Print Name)	Approved By (Signature)	Date

NOTICE TO NONOPERATOR: Costs shown on this form are estimates only. By executing this AFE, the consenting party agrees to pay its proportionate share of actual costs incurred. Overhead will be charged in accordance with the Joint Operating Agreement.

11/18/2021



Authorization For Expenditure - PARKWAY 15-14 SOUTH STATE  
COM 1H

AFE # 26619025

Description	BCP - Drilling		ACP - Drilling		Comp/Stim		Production Equip.		Post Completion		Total Cost
	Codes	Amount	Codes	Amount	Codes	Amount	Codes	Amount	Codes	Amount	
Roads & Location	DIDC.100	140,000			STIM.100	5,000	CON.100	21,544	PCOM.100	7,000	173,544
Damages	DIDC.105	10,000					CON.105	0			10,000
Mud/Fluids Disposal	DIDC.255	180,000			STIM.255	53,000			PCOM.255	120,000	353,000
Day Rate	DIDC.115	488,000	DICC.120	88,000							576,000
Misc Preparation	DIDC.120	35,000									35,000
Bits	DIDC.125	75,000	DICC.125	0	STIM.125	0			PCOM.125	0	75,000
Fuel	DIDC.135	92,000	DICC.130	0					PCOM.130	0	92,000
Water for Drilling Rig (Not Frac Water)	DIDC.140	5,000	DICC.135	0	STIM.135	24,000			PCOM.135	0	29,000
Mud & Additives	DIDC.145	300,000									300,000
Surface Rentals	DIDC.150	98,000	DICC.140	0	STIM.140	126,000	CON.140	3,940	PCOM.140	73,000	300,940
Downhole Rentals	DIDC.155	116,000			STIM.145	35,000			PCOM.145	0	151,000
Automation Labor							CON.150	63,647	PCOM.150	7,000	70,647
Mud Logging	DIDC.170	25,000									25,000
IPC & EXTERNAL PAINTING							CON.165	23,884			23,884
Cementing & Float Equipment	DIDC.185	95,000	DICC.155	150,000							245,000
Tubular Inspections	DIDC.190	25,000	DICC.160	5,000	STIM.160	2,000			PCOM.160	0	32,000
Casing Crews	DIDC.195	12,000	DICC.165	20,000	STIM.165	0					32,000
Mechanical Labor	DIDC.200	20,000	DICC.170	5,000	STIM.170	0	CON.170	195,127	PCOM.170	0	220,127
Trucking/Transportation	DIDC.205	15,000	DICC.175	15,000	STIM.175	7,000	CON.175	24,622	PCOM.175	0	61,622
Supervision	DIDC.210	98,000	DICC.180	14,000	STIM.180	43,000	CON.180	30,038	PCOM.180	0	185,038
Trailer House/Camp/Catering	DIDC.280	42,000	DICC.255	5,000	STIM.280	46,000					93,000
Other Misc Expenses	DIDC.220	3,000	DICC.190	0	STIM.190	68,000	CON.190	25,114	PCOM.190	0	96,114
Overhead	DIDC.225	10,000	DICC.195	5,000							15,000
MOB/DEMOB	DIDC.240	150,000									150,000
Directional Drilling Services	DIDC.245	214,000									214,000
Solids Control	DIDC.260	66,000									66,000
Well Control Equip (Snubbing Services)	DIDC.265	77,000	DICC.240	0	STIM.240	56,000			PCOM.240	0	133,000
Completion Rig					STIM.115	21,000			PCOM.115	0	21,000
Coil Tubing Services					STIM.260	164,000			PCOM.260	0	164,000
Completion Logging/Perforating/Wireline					STIM.200	212,000			PCOM.200	0	212,000
Composite Plugs					STIM.390	41,000			PCOM.390	0	41,000
Stimulation Pumping/Chemicals/Additives/Sand					STIM.210	1,824,000			PCOM.210	10,000	1,834,000
Stimulation Water/Water Transfer/Water Storage					STIM.395	316,000					316,000
Legal/Regulatory/Curative	DIDC.300	10,000					CON.300	0			10,000
Well Control Insurance	DIDC.285	7,000									7,000
Major Construction Overhead							CON.305	26,961			26,961
FL/GL - ON PAD LABOR							CON.495	34,470			34,470
FL/GL - Labor							CON.500	82,729			82,729
FL/GL - Supervision							CON.505	18,466			18,466
Survey							CON.515	7,509			7,509
Contingency	DIDC.435	120,000	DICC.220	15,000	STIM.220	152,000	CON.220	102,303	PCOM.220	0	389,303
Contingency							CON.221	23,390			23,390
<b>Total Intangible Cost</b>		<b>2,528,000</b>		<b>322,000</b>		<b>3,195,000</b>		<b>683,745</b>		<b>217,000</b>	<b>6,945,745</b>
Surface Casing	DWEB.140	17,000									17,000
Intermediate Casing 1	DWEB.145	114,000									114,000
Production Casing or Liner			DWEA.100	499,000							499,000
Tubing					STIMT.105	42,000			PCOMT.105	0	42,000
Wellhead, Tree, Chokes	DWEB.115	20,000	DWEA.120	20,000	STIMT.120	25,000			PCOMT.120	0	65,000
Packer, Nipples					STIMT.400	15,000			PCOMT.400	0	15,000
SHORT ORDERS							CONT.380	14,650			14,650
PUMPS							CONT.385	20,929			20,929
WALKOVERS							CONT.390	12,310			12,310
Downhole Lift Equipment					STIMT.410	70,000			PCOMT.410	0	70,000
Surface Equipment									PCOMT.420	50,000	50,000
N/C Lease Equipment							CONT.400	180,601			180,601
Tanks, Tanks Steps, Stairs							CONT.405	10,341			10,341
Battery Equipment							CONT.410	90,485			90,485
Secondary Containments							CONT.415	31,515			31,515
Overhead Power Distribution							CONT.420	37,425			37,425
Facility Electrical							CONT.425	83,960			83,960
Meters and Metering Equipment							CONT.445	18,958			18,958
Facility Line Pipe							CONT.450	23,637			23,637
Lease Automation Materials							CONT.455	83,098			83,098
FL/GL - Materials							CONT.550	16,620			16,620
FL/GL - Line Pipe							CONT.555	66,726			66,726
<b>Total Tangible Cost</b>		<b>151,000</b>		<b>519,000</b>		<b>152,000</b>		<b>691,255</b>		<b>50,000</b>	<b>1,563,255</b>
<b>Total Estimated Cost</b>		<b>2,679,000</b>		<b>841,000</b>		<b>3,347,000</b>		<b>1,375,000</b>		<b>267,000</b>	<b>8,509,000</b>



Authorization For Expenditure - PARKWAY 15-14 SOUTH STATE  
COM 1H

AFE # 26619025

Description	BCP - Drilling		Amount	ACP - Drilling		Amount	Comp/Stim		Amount
	Codes			Codes			Codes		
Roads & Location	DIDC.100		140,000				STIM.100	CON.100	5,000
Damages	DIDC.105		10,000						
Mud/Fluids Disposal	DIDC.255		180,000				STIM.255		53,000
Day Rate	DIDC.115	DICC.120	488,000	DICC.120		88,000			
Misc Preparation	DIDC.120		35,000						
Bits	DIDC.125	DICC.125	75,000	DICC.125	STIM.125	0	STIM.125		0
Fuel	DIDC.135	DICC.130	92,000	DICC.130		0			
Water for Drilling Rig (Not Frac Water)	DIDC.140	DICC.135	5,000	DICC.135	STIM.135	0	STIM.135		24,000
Mud & Additives	DIDC.145		300,000						
Surface Rentals	DIDC.150	DICC.140	98,000	DICC.140	STIM.140	0	STIM.140	CON.140	126,000
Downhole Rentals	DIDC.155		116,000				STIM.145		35,000
Automation Labor									
Mud Logging	DIDC.170		25,000						
IPC & EXTERNAL PAINTING									
Cementing & Float Equipment	DIDC.185	DICC.155	95,000	DICC.155		150,000			
Tubular Inspections	DIDC.190	DICC.160	25,000	DICC.160	STIM.160	5,000	STIM.160		2,000
Casing Crews	DIDC.195	DICC.165	12,000	DICC.165	STIM.165	20,000	STIM.165		0
Mechanical Labor	DIDC.200	DICC.170	20,000	DICC.170	STIM.170	5,000	STIM.170	CON.170	0
Trucking/Transportation	DIDC.205	DICC.175	15,000	DICC.175	STIM.175	15,000	STIM.175	CON.175	7,000
Supervision	DIDC.210	DICC.180	98,000	DICC.180	STIM.180	14,000	STIM.180	CON.180	43,000
Trailer House/Camp/Catering	DIDC.280	DICC.255	42,000	DICC.255	STIM.280	5,000	STIM.280		46,000
Other Misc Expenses	DIDC.220	DICC.190	3,000	DICC.190	STIM.190	0	STIM.190	CON.190	68,000
Overhead	DIDC.225	DICC.195	10,000	DICC.195		5,000			
MOB/DEMOB	DIDC.240		150,000						
Directional Drilling Services	DIDC.245		214,000						
Solids Control	DIDC.260		66,000						
Well Control Equip (Snubbing Services)	DIDC.265	DICC.240	77,000	DICC.240	STIM.240	0	STIM.240		56,000
Completion Rig							STIM.115		21,000
Coil Tubing Services							STIM.260		164,000
Completion Logging/Perforating/Wireline							STIM.200		212,000
Composite Plugs							STIM.390		41,000
Stimulation							STIM.210		1,824,000
Stimulation Water/Water Transfer/Water							STIM.395		316,000
Legal/Regulatory/Curative	DIDC.300		10,000						
Well Control Insurance	DIDC.285		7,000						
Major Construction Overhead									
FL/GL - ON PAD LABOR									
FL/GL - Labor									
FL/GL - Supervision									
Survey									
Contingency	DIDC.435	DICC.220	120,000	DICC.220	STIM.220	15,000	STIM.220	CON.220	152,000
Contingency									
<b>Total Intangible Cost</b>			<b>2,528,000</b>			<b>322,000</b>			<b>3,195,000</b>
Surface Casing	DWEB.140		17,000						
Intermediate Casing 1	DWEB.145		114,000						
Production Casing or Liner				DWEA.100		499,000			
Tubing							STIMT.105		42,000
Wellhead, Tree, Chokes	DWEB.115	DWEA.120	20,000	DWEA.120	STIMT.120	20,000	STIMT.120		25,000
Packer, Nipples							STIMT.400		15,000
SHORT ORDERS									
PUMPS									
WALKOVERS									
Downhole Lift Equipment							STIMT.410		70,000
Surface Equipment									
N/C Lease Equipment									
Tanks, Tanks Steps, Stairs									
Battery Equipment									
Secondary Containments									
Overhead Power Distribution									
Facility Electrical									
Meters and Metering Equipment									
Facility Line Pipe									
Lease Automation Materials									
FL/GL - Materials									
FL/GL - Line Pipe									
<b>Total Tangible Cost</b>			<b>151,000</b>			<b>519,000</b>			<b>152,000</b>
<b>Total Estimated Cost</b>			<b>2,679,000</b>			<b>841,000</b>			<b>3,347,000</b>



Authorization For Expenditure - PARKWAY 15-14 SOUTH STATE  
COM 1H

AFE # 26619025

Description	Production Equip		Post Completion		Total	
	Codes	Amount	Codes	Amount	Cost	
Roads & Location	CON.100	21,544	PCOM.100	Roads/loc	7,000	173,544
Damages	CON.105	0				10,000
Mud/Fluids Disposal			PCOM.255	avg 2500 bpd first 60 days @ \$0.80/bbl to	120,000	353,000
Day Rate						576,000
Misc Preparation						35,000
Bits			PCOM.125		0	75,000
Fuel			PCOM.130		0	92,000
Water for Drilling Rig (Not Frac Water)			PCOM.135		0	29,000
Mud & Additives						300,000
Surface Rentals	CON.140	3,940	PCOM.140	Flowback equip 45 days, Fb hand 15 days	73,000	300,940
Downhole Rentals			PCOM.145		0	151,000
Automation Labor	CON.150	63,647	PCOM.150	ESP hookup	7,000	70,647
Mud Logging						25,000
IPC & EXTERNAL PAINTING	CON.165	23,884				23,884
Cementing & Float Equipment						245,000
Tubular Inspections			PCOM.160		0	32,000
Casing Crews						32,000
Mechanical Labor	CON.170	195,127	PCOM.170		0	220,127
Trucking/Transportation	CON.175	24,622	PCOM.175		0	61,622
Supervision	CON.180	30,038	PCOM.180		0	185,038
Trailer House/Camp/Catering						93,000
Other Misc Expenses	CON.190	25,114	PCOM.190		0	96,114
Overhead						15,000
MOB/DEMOB						150,000
Directional Drilling Services						214,000
Solids Control						66,000
Well Control Equip (Snubbing Services)			PCOM.240		0	133,000
Completion Rig			PCOM.115		0	21,000
Coil Tubing Services			PCOM.260		0	164,000
Completion Logging/Perforating/Wireline			PCOM.200		0	212,000
Composite Plugs			PCOM.390		0	41,000
Stimulation Pumping/Chemicals/Additives/Sand			PCOM.210	Defoamer - surface	10,000	1,834,000
Stimulation Water/Water Transfer/Water Storage						316,000
Legal/Regulatory/Curative	CON.300	0				10,000
Well Control Insurance						7,000
Major Construction Overhead	CON.305	26,961				26,961
FL/GL - ON PAD LABOR	CON.495	34,470				34,470
FL/GL - Labor	CON.500	82,729				82,729
FL/GL - Supervision	CON.505	18,466				18,466
Survey	CON.515	7,509				7,509
Contingency	CON.220	102,303	PCOM.220		0	389,303
Contingency	CON.221	23,390				23,390
<b>Total Intangible Cost</b>		<b>683,745</b>			<b>217,000</b>	<b>6,945,745</b>
Surface Casing						17,000
Intermediate Casing 1						114,000
Production Casing or Liner						499,000
Tubing			PCOMT.105		0	42,000
Wellhead, Tree, Chokes			PCOMT.120		0	65,000
Packer, Nipples			PCOMT.400		0	15,000
SHORT ORDERS	CONT.380	14,650				14,650
PUMPS	CONT.385	20,929				20,929
WALKOVERS	CONT.390	12,310				12,310
Downhole Lift Equipment			PCOMT.410		0	70,000
Surface Equipment			PCOMT.420	XEC owned spherical sep	50,000	50,000
N/C Lease Equipment	CONT.400	180,601				180,601
Tanks, Tanks Steps, Stairs	CONT.405	10,341				10,341
Battery Equipment	CONT.410	90,485				90,485
Secondary Containments	CONT.415	31,515				31,515
Overhead Power Distribution	CONT.420	37,425				37,425
Facility Electrical	CONT.425	83,960				83,960
Meters and Metering Equipment	CONT.445	18,958				18,958
Facility Line Pipe	CONT.450	23,637				23,637
Lease Automation Materials	CONT.455	83,098				83,098
FL/GL - Materials	CONT.550	16,620				16,620
FL/GL - Line Pipe	CONT.555	66,726				66,726
<b>Total Tangible Cos</b>		<b>691,255</b>			<b>50,000</b>	<b>1,563,255</b>
<b>Total Estimated Cost</b>		<b>1,375,000</b>			<b>267,000</b>	<b>8,509,000</b>

A.A.P.L. FORM 610 - 1989

MODEL FORM OPERATING AGREEMENT

OPERATING AGREEMENT

DATED

June 10 , 2021 ,  
year

OPERATOR Cimarex Energy Co.

CONTRACT AREA All of Sections 14 & 15, Township 19 South, Range 29 East, N.M.P.M.,

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

COUNTY OR PARISH OF Eddy , STATE OF New Mexico

PARKWAY 15-14 STATE COM WELLS

COPYRIGHT 1989 - ALL RIGHTS RESERVED  
AMERICAN ASSOCIATION OF PETROLEUM  
LANDMEN, 4100 FOSSIL CREEK BLVD.  
FORT WORTH, TEXAS, 76137, APPROVED FORM.

A.A.P.L. NO. 610 - 1989

- human resources
- management
- supervision not directly charged under Section II.2 (*Labor*)
- legal services not directly chargeable under Section II.9 (*Legal Expense*)
- taxation, other than those costs identified as directly chargeable under Section II.10 (*Taxes and Permits*)
- preparation and monitoring of permits and certifications; preparing regulatory reports; appearances before or meetings with governmental agencies or other authorities having jurisdiction over the Joint Property, other than On-site inspections; reviewing, interpreting, or submitting comments on or lobbying with respect to Laws or proposed Laws.

Overhead charges shall include the salaries or wages plus applicable payroll burdens, benefits, and Personal Expenses of personnel performing overhead functions, as well as office and other related expenses of overhead functions.

## 1. OVERHEAD—DRILLING AND PRODUCING OPERATIONS

As compensation for costs incurred but not chargeable under Section II (*Direct Charges*) and not covered by other provisions of this Section III, the Operator shall charge on either:

- (Alternative 1) Fixed Rate Basis, Section III.1.B.
- (Alternative 2) Percentage Basis, Section III.1.C.

### A. TECHNICAL SERVICES

- (i) Except as otherwise provided in Section II.13 (*Ecological Environmental, and Safety*) and Section III.2 (*Overhead – Major Construction and Catastrophe*), or by approval of the Parties pursuant to Section I.6.A (*General Matters*), the salaries, wages, related payroll burdens and benefits, and Personal Expenses for **On-site** Technical Services, including third party Technical Services:

- (Alternative 1 – Direct) shall be charged direct to the Joint Account.
- (Alternative 2 – Overhead) shall be covered by the overhead rates.

- (ii) Except as otherwise provided in Section II.13 (*Ecological, Environmental, and Safety*) and Section III.2 (*Overhead – Major Construction and Catastrophe*), or by approval of the Parties pursuant to Section I.6.A (*General Matters*), the salaries, wages, related payroll burdens and benefits, and Personal Expenses for **Off-site** Technical Services, including third party Technical Services:

- (Alternative 1 – All Overhead) shall be covered by the overhead rates.
- (Alternative 2 – All Direct) shall be charged direct to the Joint Account.
- (Alternative 3 – Drilling Direct) shall be charged direct to the Joint Account, only to the extent such Technical Services are directly attributable to drilling, re-drilling, deepening, or sidetracking operations, through completion, temporary abandonment, or abandonment if a dry hole. Off-site Technical Services for all other operations, including workover, recompletion, abandonment of producing wells, and the construction or expansion of fixed assets not covered by Section III.2 (*Overhead - Major Construction and Catastrophe*) shall be covered by the overhead rates.

Notwithstanding anything to the contrary in this Section III, Technical Services provided by Operator's Affiliates are subject to limitations set forth in Section II.7 (*Affiliates*). Charges for Technical personnel performing non-technical work shall not be governed by this Section III.1.A, but instead governed by other provisions of this Accounting Procedure relating to the type of work being performed.

### B. OVERHEAD—FIXED RATE BASIS

- (1) The Operator shall charge the Joint Account at the following rates per well per month:

Drilling Well Rate per month \$ 8,000.00 (prorated for less than a full month)

Producing Well Rate per month \$ 800.00

- (2) Application of Overhead—Drilling Well Rate shall be as follows:

- (a) Charges for onshore drilling wells shall begin on the spud date and terminate on the date the drilling and/or completion equipment used on the well is released, whichever occurs later. Charges for offshore and inland waters drilling wells shall begin on the date the drilling or completion equipment arrives on location and terminate on the date the drilling or completion equipment moves off location, or is released, whichever occurs first. No charge shall be made during suspension of drilling and/or completion operations for fifteen (15) or more consecutive calendar days.

**Exhibit A-4: Chronology of Contact**

Case No. 22452, Parkway 15-14 South State Com 1H  
N/2 S/2 of Sections 15 and 14, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico

**November 18, 2021:** Well proposal sent on 11/18/2021, follow up emails and phone calls with the working interest owners after receipt of well proposal. Majority of working interest owners entered into a voluntary agreement.

**December 13, 2021:** Continued phone calls and emails with remaining working interest owner. By 12/13/21, or shortly thereafter, Cimarex successfully reached voluntary agreement with all working interest owners.

**December 20, 2021:** Cimarex reviewed status of ORRI owners and decided to move forward with the hearing to address pooling of remaining ORRI owners.

EXHIBIT  
**A-4**

## **TAB 3**

Exhibit B: Affidavit of Lucas Haas, Geologist  
Exhibit B-1: Structure Map  
Exhibit B-2: Stratigraphic Cross Section  
Exhibit B-3: Gross Isochore  
Exhibit B-4: Gun Barrel View  
Exhibit B-5: Trajectory Cross-section

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

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

Case No. 22452

**AFFIDAVIT OF LUCAS HAAS**

I, Lucas Haas, being duly sworn on oath, state the following:

1. I am over the age of 18, and I have personal knowledge of the matters stated herein.
2. I am employed as a petroleum geologist for Cimarex Energy Co. (“Cimarex”), and I am familiar with the subject application and the geology involved.
3. This affidavit is submitted in connection with the filing by Cimarex of the above-referenced compulsory pooling application pursuant to 19.15.4.12.A(1) NMAC.
4. I have testified previously before the Oil Conservation Division (“Division”) as an expert petroleum geologist; my credentials have been made a matter of record, and I have been qualified as an expert by the Division.
  - a. I have a Bachelor of Science Degree in Geology from Binghamton University and a Master of Science Degree in Geology from the University of Colorado.
  - b. I have worked on and been involved with New Mexico oil and gas matters since January 2019.

EXHIBIT  
**B**

5. **Exhibit B-1** is a structure map of the base of the 3<sup>rd</sup> Bone Spring Sandstone formation with contour interval of 50 feet. The unit being the N/2 of the S/2 of the Sections as included in the outline of the red triangle. The structure map shows that there is a regional down-dip to the Southeast. I do not observe any faulting, pinchouts, or other geologic impediments to developing this targeted interval.

6. **Exhibit B-2** is a stratigraphic cross-section flattened on the Base of the 3<sup>rd</sup> Bone Spring Sandstone. The well in the cross-section contains a gamma ray, resistivity, and porosity log. The cross-section demonstrates continuity of the target zone. The well logs on the cross-section give a representative sample of the 3<sup>rd</sup> Bone Spring Sandstone formation. The landing zone is highlighted by light brown shading.

7. Additional exhibits for the benefit of the Division's review include **Exhibit B-3**, a gross isopach (thickness) map of the 3<sup>rd</sup> Bone Spring Sandstone, as well as **Exhibits B-4 and B-5**. **Exhibit B-4** is a gun barrel representation of the unit, and **Exhibit B-5** is a structural cross section built along the wellbore trajectories. Exhibits B-1 through B-5 are the same for Cimarex's applications in both Case Nos. 22452 and 22453.

8. I conclude from the attached exhibits that:
- a. The horizontal spacing and proration unit is justified from a geologic standpoint.
  - b. There are no structural impediments or faulting that will interfere with horizontal development.
  - c. Each quarter-quarter section in the unit will contribute more or less equally to production.

9. The preferred well orientation in this area is West-East so that the well runs sub-perpendicular to the inferred orientation of the maximum horizontal stress.

10. The proposed Parkway units will run West to East and will cross one quarter-quarter section in seven (7) stand-up units that Cimarex owns in sections 15 and 14 that involve the same pool (pool code: 60660). The new lay-down units will target different (deeper) depths and sub-formations in the pool, specifically the 3<sup>rd</sup> Bone Spring Sandstone formation, and therefore Cimarex has determined that the proposed lay-down units are needed from a geological standpoint to ensure optimal development.

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

12. The granting of this Application is in the interests of conservation, the prevention of waste and the drilling of unnecessary wells, and the protection of correlative rights.

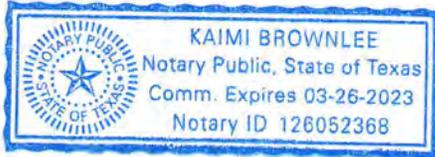
13. The foregoing is correct and complete to the best of my knowledge and belief.

*[Signature page follows]*

FURTHER AFFIANT SAYETH NAUGHT

  
\_\_\_\_\_  
Lucas Haas

Subscribed to and sworn before me this 29 day of December 2021.

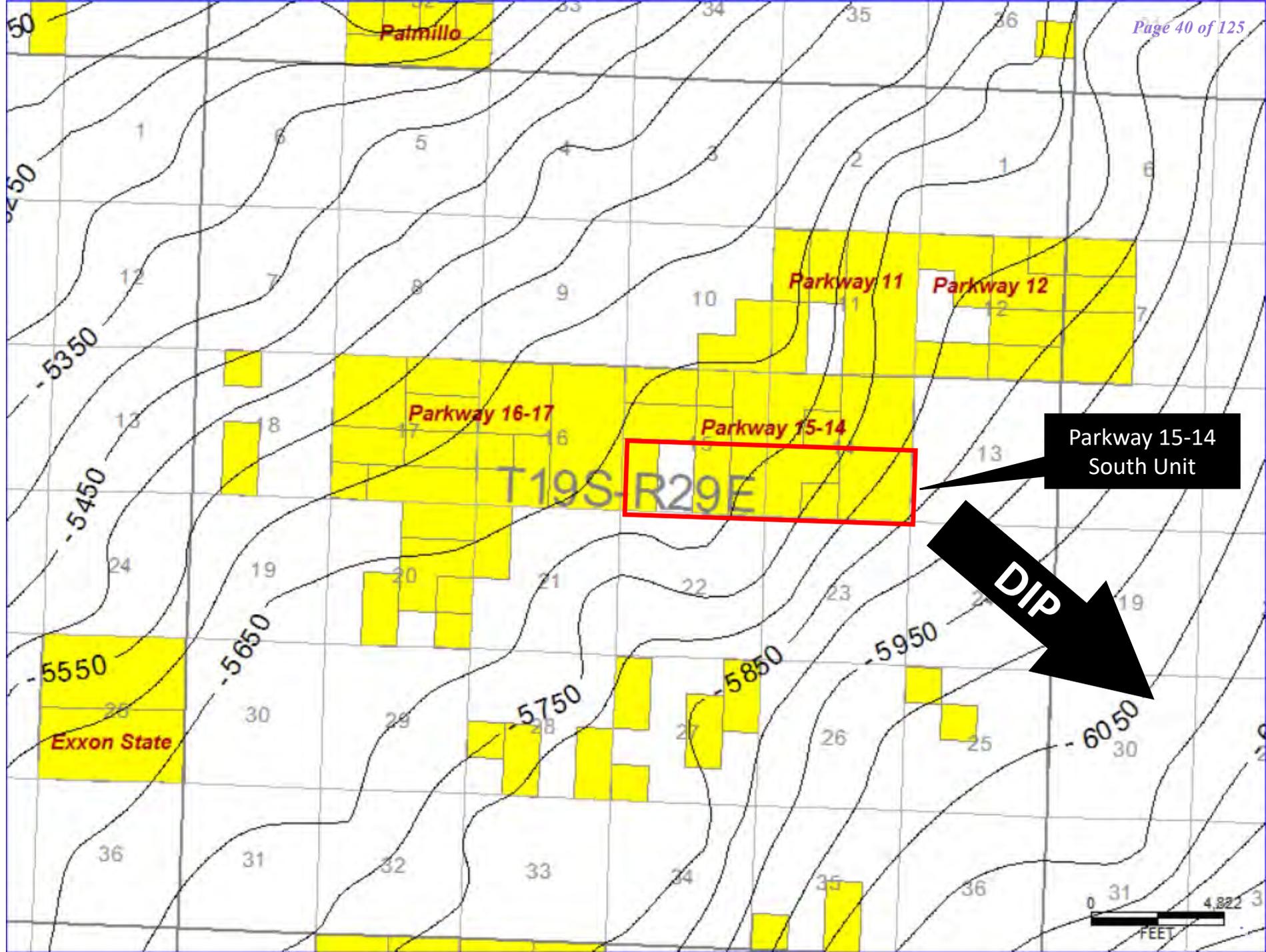


  
\_\_\_\_\_  
Notary Public

# Parkway. Base 3<sup>rd</sup> Bone Spring Sandstone Structure Map

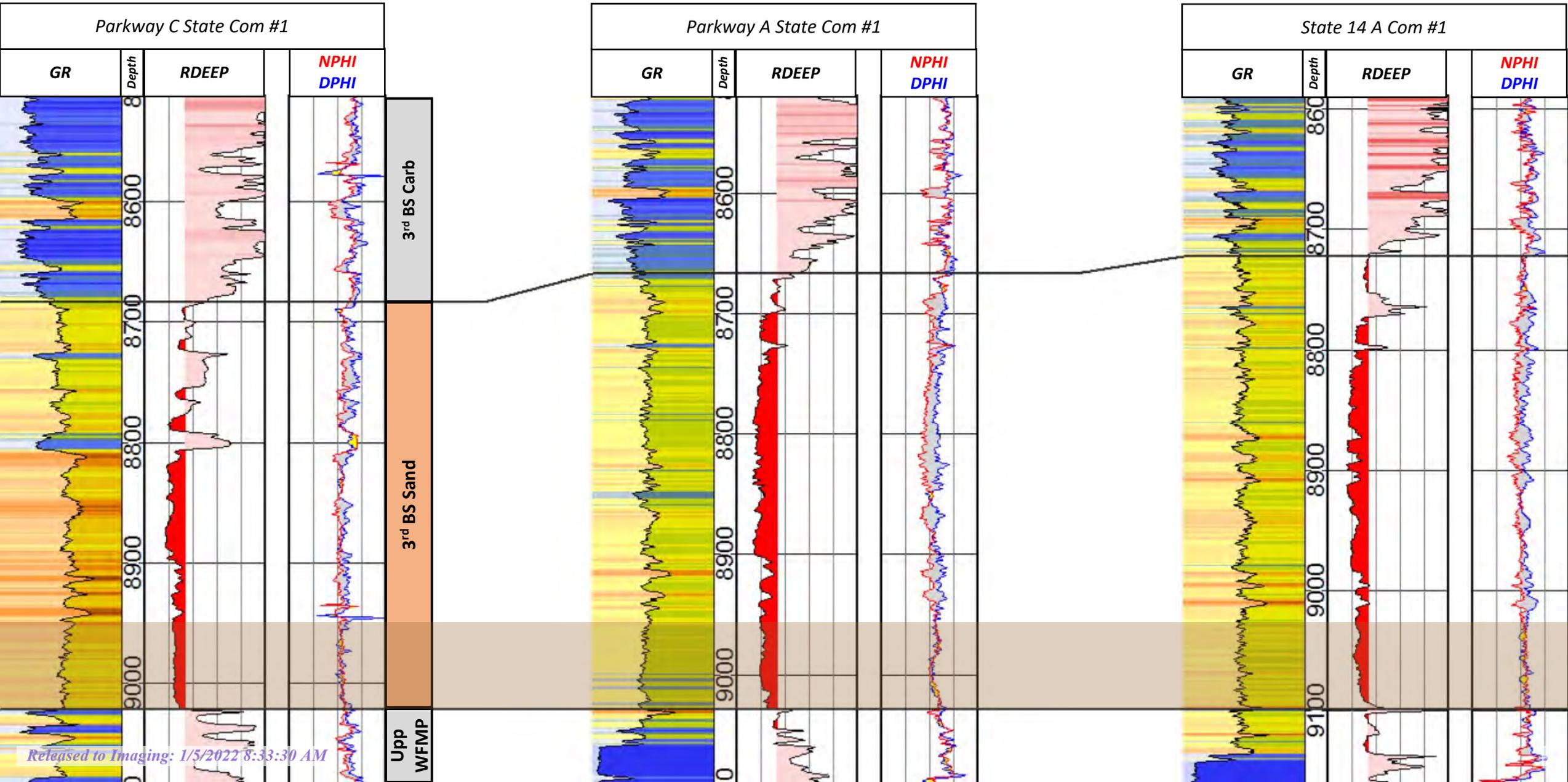
- Base of target reservoir structure map in sub-sea true vertical depth (SSTVD)
- 50' contour interval
- Dip is to the Southeast

**EXHIBIT B-1**



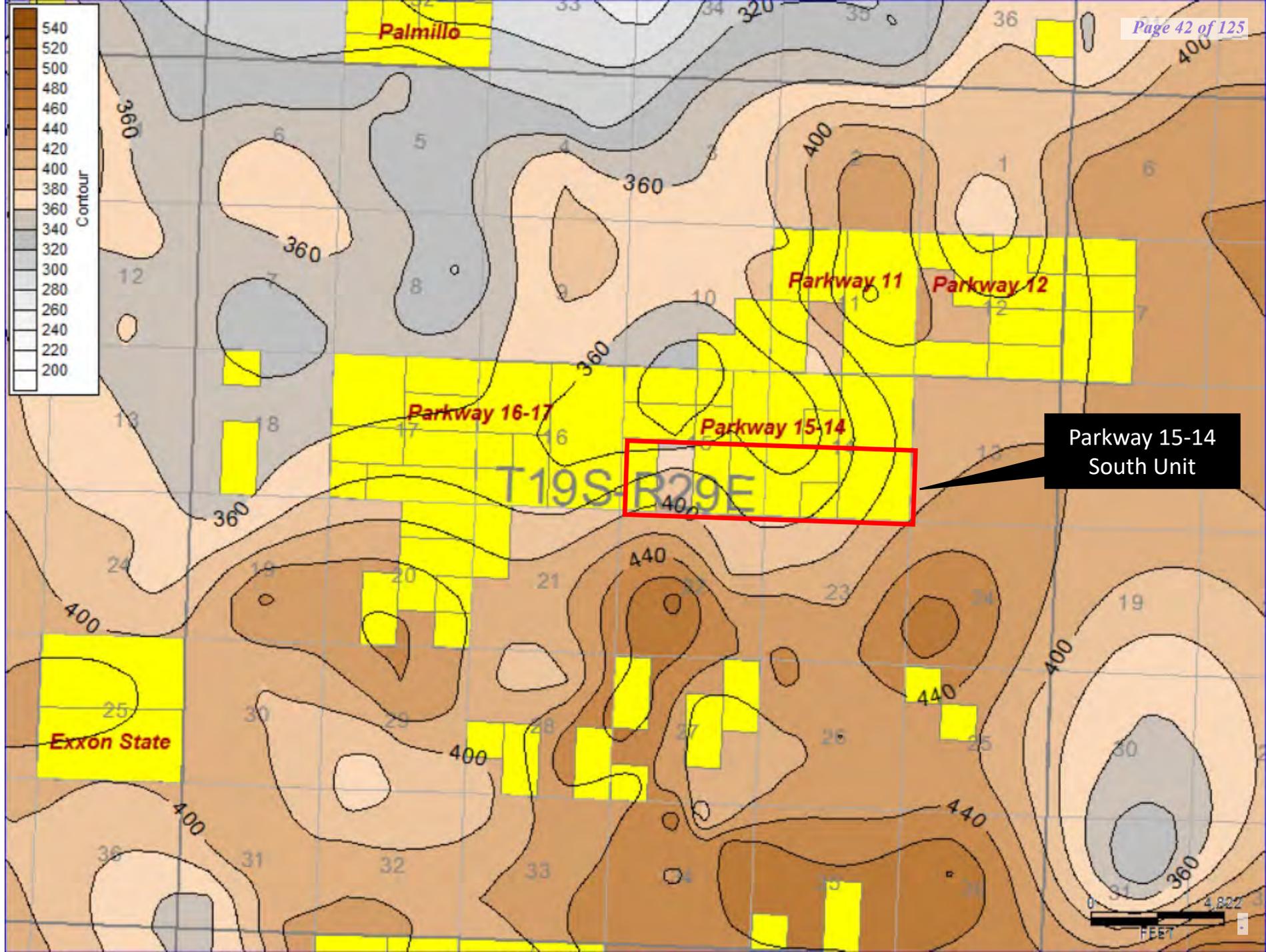
# Parkway Stratigraphic Cross Section (flattened on Base 3<sup>rd</sup> Sand)

**EXHIBIT B-2**



# Parkway. Base 3<sup>rd</sup> Bone Spring Gross Thickness Map

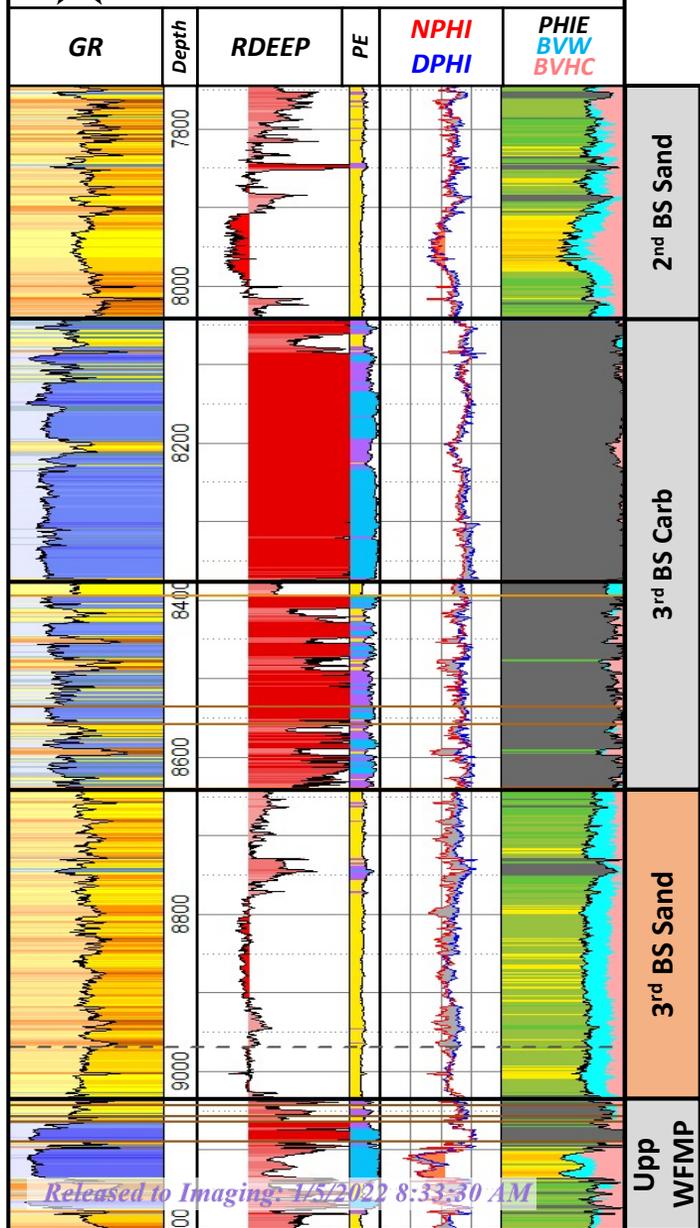
- Gross thickness map indicates that the 3<sup>rd</sup> Bone Spring is consistent across the unit
- The formation thickens to the south



## EXHIBIT B-3

# Parkway Wine Rack (Gunbarrel View)

 DVN Parkway West Unit 22



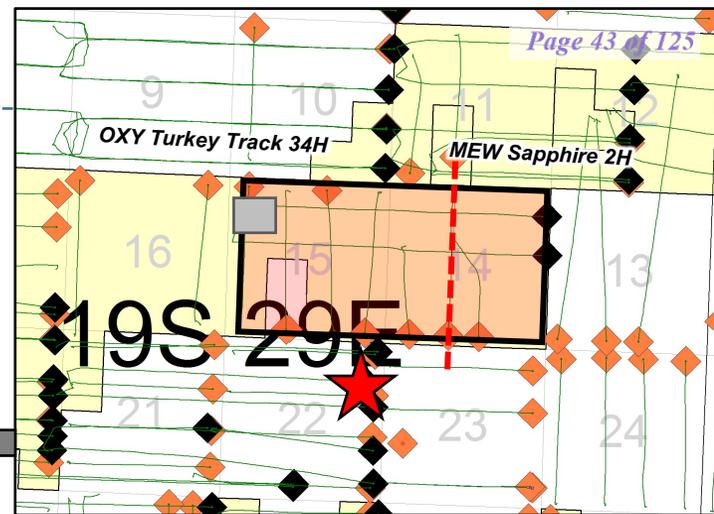
Released to Imaging: 1/5/2022 8:33:30 AM

North Sec Line

1/2 section

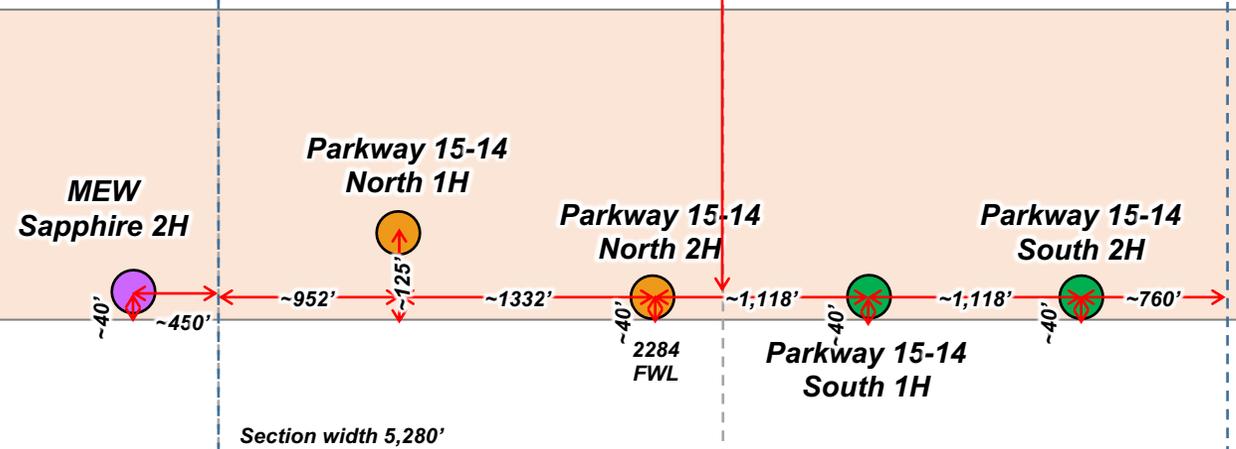
-  3<sup>rd</sup> Sand
-  2<sup>nd</sup> Sand

2<sup>nd</sup> sands laterals here are perpendicular to winerack orientation, and thus cannot be represented appropriately



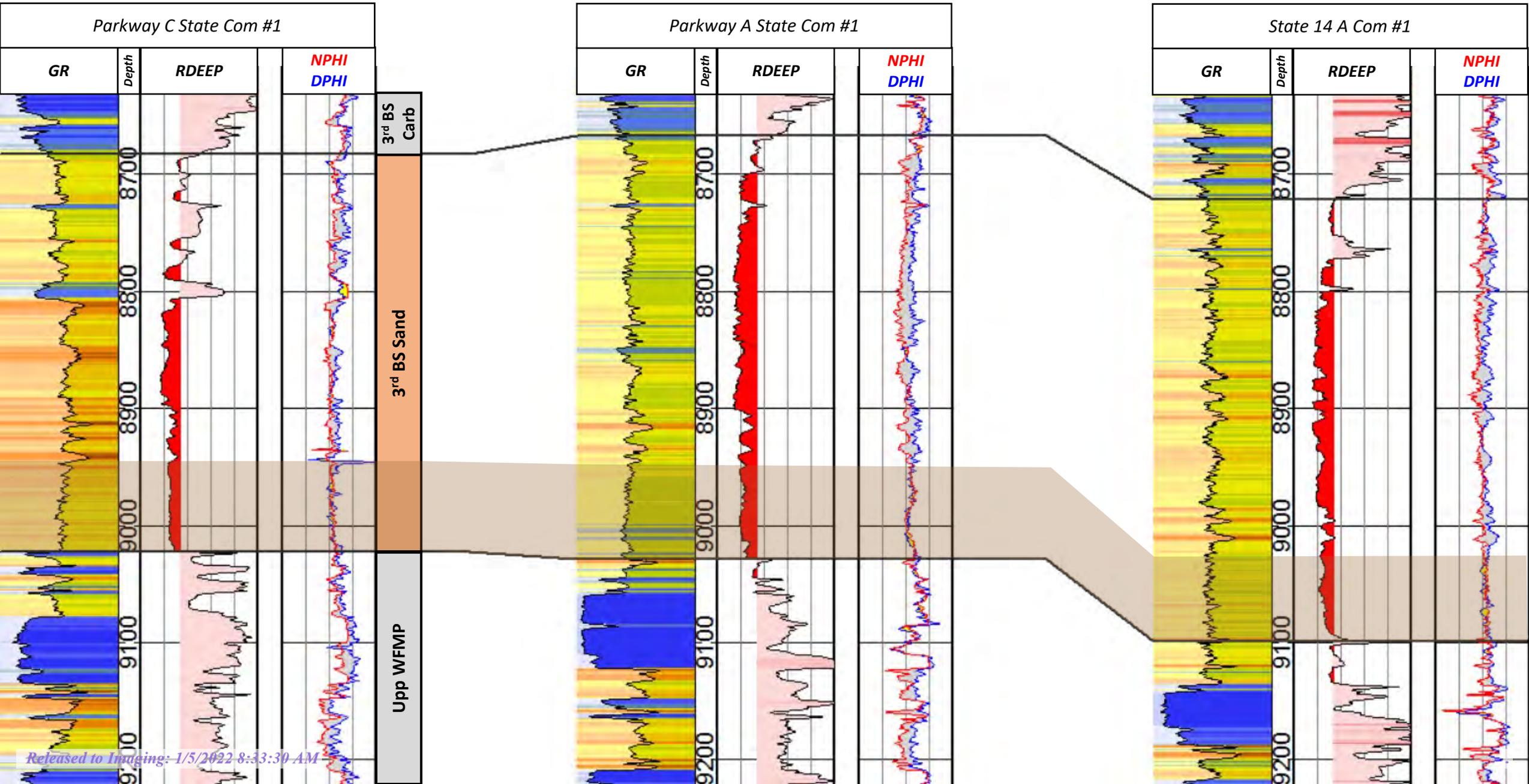
**Wine Rack Legend – Compl. Date**

-  12/2017 or older
-  7/2019
-  2/2021
-  FUTURE WELLS



**EXHIBIT B-4**

# Parkway Structural Cross Section



## **TAB 4**

Exhibit C: Affidavit of Notice, Darin C. Savage  
Exhibit C-1: Notice Letters (WI & ORRI)  
Exhibit C-2: Mailing List  
Exhibit C-3: Affidavit of Publication





For the Pursuit of Energy

ABADIE | SCHILL PC

Colorado	New Mexico
Louisiana	Texas
Kansas	Utah
Nebraska	Wyoming
Montana	California
Oklahoma	North Dakota

December 9, 2021

VIA CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of Cimarex Energy Co., for horizontal spacing and compulsory pooling, Eddy County, New Mexico  
Parkway 15-14 South State Com 1H Well (Case No. 22452)

Re: Application of Cimarex Energy Co., for horizontal spacing and compulsory pooling, Eddy County, New Mexico  
Parkway 15-14 South State Com 2H Well (Case No. 22453)

Case Nos. 22452 and 22453:

Dear Interest Owners:

This letter is to advise you that Cimarex Energy Co. (“Cimarex”) has filed the enclosed applications, Case Nos. 22452 and 22453, with the New Mexico Oil Conservation Division for the compulsory pooling of units in the Bone Spring formation.

In Case No. 22452, Cimarex seeks to pool the N/2 S/2 of Sections 15 and 14, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico, a standard unit encompassing 320 acres, more or less, dedicated to the above-referenced well (Case No. 22452).

In Case No. 22453, Cimarex seeks to pool the S/2 S/2 of Sections 15 and 14, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico, a standard unit encompassing 320 acres, more or less, dedicated to the above-referenced well (Case No. 22453).

A hearing has been requested before a Division Examiner on January 6, 2022, and the status of the hearing can be monitored through the Division’s website. Division hearings

[abadieschill.com](http://abadieschill.com)

214 McKenzie Street, Santa Fe, New Mexico, 87501

O : 970.385.4401 • F : 970.385.4901

EXHIBIT  
C-1

will commence at 8:15 a.m., traditionally in Porter Hall at the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. However, under the COVID-19 Public Health Emergency, the hearing will be conducted remotely online. For information about remote access and the status of the case, you can visit the Division's website at: <https://www.emnrd.nm.gov/ocd/hearing-info/> or call (505) 476-3441.

You are being notified as an interest owner and are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B NMAC to file a Pre-hearing Statement at least four business days in advance of a scheduled hearing, but in no event later than 5 p.m. mountain time on the Thursday preceding the scheduled hearing date. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: The names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter, please contact Riley Morris at (432) 620-1966 or at [rmorris@cimarex.com](mailto:rmorris@cimarex.com).

Sincerely,



---

Darin C. Savage

Attorney for Cimarex Energy Co.



For the Pursuit of Energy

ABADIE | SCHILL PC

Colorado	New Mexico
Louisiana	Texas
Kansas	Utah
Nebraska	Wyoming
Montana	California
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You are being notified as an overriding royalty interest owner and are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B NMAC to file a Pre-hearing Statement at least four business days in advance of a scheduled hearing, but in no event later than 5 p.m. mountain time on the Thursday preceding the scheduled hearing date. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: The names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter, please contact Riley Morris at (432) 620-1966 or at [rmorris@cimarex.com](mailto:rmorris@cimarex.com).

Sincerely,



---

Darin C. Savage

Attorney for Cimarex Energy Co.

Exhibit C-2: Mailing Report - Interest Owners

Interest	Owner	Address	CITY	State	ZIP	USPS #	Date Mailed	Status	Date Delivered	Green Card Returned?	
	1H, 2H	Cimarex Energy Co.	APPLICANT								
WI	1H	COG Operating LLC	600 W. Illinois Ave.	Midland	TX	79701	70210950000069888531	12/9/21	Delivered	12/16/21	YES
WI	1H, 2H	Dugan Production Company	709 E Murray Dr.	Farmington	NM	87401	70210950000069888548	12/9/21	Delivered	12/16/21	YES
WI	1H, 2H	Dugan Production Company	PO Box 420	Farmington	NM	87499	70210950000069888555	12/9/21	Delivered	12/10/21	YES
WI	1H, 2H	Hunt Oil Company	1900 N Akard St	Dallas	TX	75201	70210950000069888562	12/9/21	Delivered	12/14/21	YES
WI	1H, 2H	Magnum Hunter Production, Inc.	600 N. Marienfeld St., Ste. 600	Midland	TX	79701	70210950000069888579	12/9/21	Delivered	12/15/21	YES
RI	1H, 2H	State of New Mexico	310 Old Santa Fe Trail	Santa Fe	NM	87501	70210950000069888586	12/9/21	Delivered	N/A	YES
ORRI	1H, 2H	Wallace H. Scott III	2901 Oakhurst Ave.	Austin	TX	78703	70210950000069888470	12/9/21	Delivered	12/15/21	YES
ORRI	1H, 2H	William Winfield Scott	3000 Willowood Circle	Austin	TX	78703	70210950000069888487	12/9/21	Delivered	N/A	YES
ORRI	1H, 2H	McElroy Minerals, LLC c/e Catherine Cecile Darch	4210 S. Bellaire Circle	Englewood	CO	80113	70210950000069888494	12/9/21	Delivered	12/13/21	YES
ORRI	1H, 2H	Cornerstone Family Trust; John Kyle Thomas, Trustee	10864 McKissick Rd	Peyton	CO	80831	70210950000069888500	12/9/21	Delivered	12/17/21	YES
ORRI	1H, 2H	Cornerstone Family Trust; John Kyle Thomas, Trustee	PO Box 558	Peyton	CO	80831	70210950000069888517	12/9/21	Delivered	12/17/21	YES
ORRI	1H, 2H	Summit Overseas Exploration, Inc.	P.O. Box 271127	Littleton	CO	80127	70210950000069888524	12/9/21	Delivered	12/16/21	YES

EXHIBIT  
C-2

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

State of New Mexico  
310 Old Santa Fe Trail  
Santa Fe, NM 87501



9590 9402 6862 1104 4334 13

2. Article Number (Transfer from service label)

7021 0950 0000 6988 8586

Released to Imaging: 1/5/2022 8:33:30 AM

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

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

 Agent Addressee

B. Received by (Printed Name)

C. Date of Delivery

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

3. Service Type

- Adult Signature
- Adult Signature Restricted Delivery
- Certified Mail®
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- Collect on Delivery
- Collect on Delivery Restricted Delivery

 Priority Mail Express® Registered Mail™ Registered Mail Restricted Delivery Signature Confirmation™ Signature Confirmation Restricted Delivery

Mail

Mail Restricted Delivery

(over \$500)

Domestic Return Receipt

SENDER: COMPLETE THIS SECTION

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- Print your name and address on the reverse so that we can return the card to you.
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1. Article Addressed to:

Dugan Production Company  
 PO Box 420  
 Farmington NM 87499



9590 9402 6862 1104 4334 20

2. Article Number (Transfer from service label)

7021 0950 0000 6988 8555

Released to Imaging: 1/5/2022 8:33:30 AM

A. Signature

X *[Handwritten Signature]*

- Agent
- Addressee

B. Received by (Printed Name)  
*[Handwritten Name]*

C. Date of Delivery  
*[Handwritten Date]*

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

3. Service Type

- Adult Signature
- Adult Signature Restricted Delivery
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- Certified Mail Restricted Delivery
- Collect on Delivery
- Collect on Delivery Restricted Delivery

- Priority Mail Express®
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- Print your name and address on the reverse so that we can return the card to you.
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1. Article Addressed to:

Dugan Production Company  
 709 E. Murray Dr.  
 Farmington NM 87401



9590 9402 6862 1104 4334 44

2. Article Number (Transfer from service label)

7021 0950 0000 6988 8548

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A. Signature

X

B. Received by (Printed Name)

David A. Salas

Agent

Addressee

C. Date of Delivery

D. Is delivery address different from item 1? If YES, enter delivery address below:

Yes

No



3. Service Type

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- Adult Signature Restricted Delivery
- Certified Mail®
- Certified Mail Restricted Delivery
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1. Article Addressed to:

Wallace H. Scott III  
2901 Oakhurst Dr.  
Austin, TX 78703



9590 9402 6862 1104 4333 45

2. Article Number (Transfer from service label)

7021 0950 0000 6988 8470

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B. Received by (Printed Name)

C. Date of Delivery

10/4/21

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

3. Service Type

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- Collect on Delivery
- Collect on Delivery Restricted Delivery

- Priority Mail Express®
- Registered Mail™
- Registered Mail Restricted Delivery
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Mail  
Mail Restricted Delivery  
0)

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- Print your name and address on the reverse so that we can return the card to you.
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1. Article Addressed to:

William Winfield Scott  
3000 Willowood Circle  
Austin, TX 78703



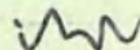
9590 9402 6862 1104 4333 52

2. Article Number (Transfer from service label)

7021 0950 0000 6988 8487

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X 

- Agent
- Addressee

B. Received by (Printed Name)

C. Date of Delivery

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

3. Service Type

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

Registered Mail  
Registered Mail Restricted Delivery  
(\$500)

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- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
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1. Article Addressed to:

McElroy Minerals, LLC c/e  
Catherine Cecile Darch  
4210 S. Bellaire Circle  
Englewood, CO 80113



9590 9402 6862 1104 4333 69

2. Article Number (Transfer from service label)

7021 0950 0000 6988 8494

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A. Signature

X

 Agent Addressee

B. Received by (Printed Name)

C. Date of Delivery

1-13-21

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

3. Service Type

- Adult Signature
- Adult Signature Restricted Delivery
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1. Article Addressed to:

Cornerstone Family Trust; John Kyle  
 Thomas, Trustee  
 10864 McKissick Rd.  
 Peyton, CO 80831



9590 9402 6862 1104 4333 76

2. Article Number (Transfer from service label)

7021 0950 0000 6988 8500

A. Signature

X

*[Handwritten Signature]*

- Agent
- Addressee

B. Received by (Printed Name)

*John Thomas*

C. Date of Delivery

*12/17/2021*

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

3. Service Type

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- Adult Signature Restricted Delivery
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- Collect on Delivery
- Collect on Delivery Restricted Delivery
- Insured Mail
- Insured Mail Restricted Delivery

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- Registered Mail Restricted Delivery
- Signature Confirmation™
- Signature Confirmation Restricted Delivery

Insured Mail Restricted Delivery

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- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Hunt Oil Company  
 1900 N. Akard St.  
 Dallas, TX 75201



9590 9402 6862 1104 4334 37

2. Article Number (Transfer from service label)

7021 0950 0000 6988 8562

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

*[Handwritten Signature]*

Agent

Addressee

B. Received by (Printed Name)

C. Date of Delivery

12-14-21

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

*Covid-19*

3. Service Type

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Mail Restricted Delivery

(over 500)

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- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

COG Oil & Gas LP  
 600 W. Illinois Ave.  
 Midland, TX 79701



9590 9402 6862 1104 4334 51

2. Article Number (Transfer from service label)

7021 0950 0000 6988 8537

A. Signature

X *[Handwritten Signature]*

- Agent
- Addressee

B. Received by (Printed Name)

*Stephanie Cedillo*

C. Date of Delivery

*12-10-21*

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

3. Service Type

- Adult Signature
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- Collect on Delivery
- Collect on Delivery Restricted Delivery
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- Registered Mail Restricted Delivery
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- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Cornerstone Family Trust; John Kyle  
Thomas, Trustee  
PO Box 558  
Peyton, CO 80831



9590 9402 6862 1104 4333 83

2. Article Number (Transfer from service label)

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 Agent Addressee

B. Received by (Printed Name)

John Thomas

C. Date of Delivery

12/17/2021

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

3. Service Type

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1 Mail

1 Mail Restricted Delivery  
500)

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- Print your name and address on the reverse so that we can return the card to you.
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1. Article Addressed to:

Summit Overseas Exploration Inc.  
 PO Box 271127  
 Littleton, CO 80127



9590 9402 6862 1104 4333 90

2. Article Number (Transfer from service label)

7021 0950 0000 1900 0520

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A. Signature

X

Agent

Addressee

B. Received by (Printed Name)

G. AUC

C. Date of Delivery

12-16-21

D. Is delivery address different from item 1?  Yes

If YES, enter delivery address below:

Yes

No



3. Service Type

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- Collect on Delivery
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- Print your name and address on the reverse so that we can return the card to you.
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1. Article Addressed to:

Magnum Hunter Production Inc.  
600 N. Marienfeld St., Ste. 600  
Midland, TX 79701



9590 9402 6862 1104 4334 06

2. Article Number (Transfer from service label)

7021 0950 0000 6988 8579

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

*P. L. Waldor*

Agent

Addressee

B. Received by (Printed Name)

*Pamela Waldor*

C. Date of Delivery

*12-15-2021*

D. Is delivery address different from item 1?  
If YES, enter delivery address below:

Yes

No

3. Service Type

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# Carlsbad Current Argus

## Affidavit of Publication

Ad # 0005042952

This is not an invoice

ABADIE SCHILL P.C.  
555 RIVERGATE # B 4-180

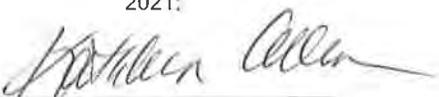
DURANGO, CO 81301-7485

I, a legal clerk of the **Carlsbad Current Argus**, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof in editions dated as follows:

12/17/2021

  
Legal Clerk

Subscribed and sworn before me this December 17, 2021:



State of WI, County of Brown  
NOTARY PUBLIC

1-7-25

My commission expires

CASE No. 22452: Notice to all affected parties and persons having any right, title, interest or claim to this case, including overriding royalty interest owners, as well as the known and unknown heirs, devisees, assigns and successors of COG OPERATING LLC, DUGAN PRODUCTION COMPANY, HUNT OIL COMPANY, MAGNUM HUNTER PRODUCTION, INC., WALLACE H. SCOTT III, WILLIAM WINFIELD SCOTT, MCELROY MINERALS, LLC C/E CATHERINE CECILE DARCH, JOHN KYLE TRUSTEE OF THE CORNERSTONE FAMILY TRUST, and SUMMIT OVERSEAS EXPLORATION, INC., of Cimarex Energy Co.'s application for approval of a spacing unit and compulsory pooling, Eddy County, New Mexico. The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division Examiner will conduct a public hearing at 8:15 a.m. on January 6, 2022, at 1220 S. St. Francis, Santa Fe, New Mexico, 87505. However, under the current COVID-19 Public Health Emergency policies, the hearing will be conducted remotely online. For information about remote access and the status of the case, you can visit the Division's website at: <https://www.emnrd.nm.gov/ocd/hearing-info/> or call (505) 476-3441. Cimarex Energy Co., whose operational office is at 600 N. Marienfeld St. Suite 600, Midland, Texas, 79701 (HQ at 1700 Lincoln St. Suite 3700, Denver, Colorado 80203), seeks an order from the Division: (1) establishing a standard 320-acre, more or less, horizontal spacing and proration unit comprised of the N/2 S/2 of Sections 15 and 14, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying said unit. Said horizontal spacing unit is to be dedicated to the Parkway 15-14 South State Com 1H Well, an oil well, to be horizontally drilled from a surface location in the NW/4 SW/4 (Unit I) of Section 15 to a bottom hole location in the NE/4 SE/4 (Unit I) of Section 14. The location is standard; the completed interval and first take and last take points for the well proposed in the unit meet the Division's statewide setback requirements for horizontal oil wells. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the well and unit; and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located 13 miles northeast from Carlsbad, New Mexico.

#5042952, Current Arqus, December 17, 2021

KATHLEEN ALLEN  
Notary Public  
State of Wisconsin

Ad # 0005042952  
PO #:  
# of Affidavits 1

This is not an invoice

EXHIBIT  
C-3

## **TAB 1**

Reference for Case No. 22453

Application Case No. 22453 – Parkway 15-14 South State Com 2H Well

NMOCD Checklist Case No. 22453

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

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

Case No. 22453

**APPLICATION**

Cimarex Energy Co. (“Cimarex”), OGRID No. 215099, through its undersigned attorneys, hereby files this Application with the Oil Conservation Division (“Division”) pursuant to the provisions of NMSA 1978, Section 70-2-17, seeking an order (1) establishing a standard 320-acre, more or less, spacing and proration unit comprised of the S/2 S/2 of Sections 15 and 14, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying said unit.

In support of its Application, Cimarex states the following:

1. Cimarex is a working interest owner in the proposed horizontal spacing and proration unit (“HSU”) and has a right to drill a well thereon.
2. Cimarex proposes and dedicates an initial well to the HSU, the **Parkway 15-14 South State Com 2H**, to be drilled to a depth sufficient to test the Bone Spring formation.
3. Cimarex proposes the **Parkway 15-14 South State Com 2H**, an oil well, to be horizontally drilled from a surface location in the NW/4 SW/4 (Unit L) of Section 15 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 14.
4. The proposed well is orthodox in its location, and the take points and completed interval comply with setback requirements under the statewide rules.

5. This HSU, which runs west to east, traversing Sections 15 and 14, overlaps one quarter-quarter section in seven (7) standup units in the same Bone Spring formation [Pool Code 60660] containing the following wells owned and operated by Cimarex: (1) The Parkway State Com 004H Well (API No. 30-015-37504), a unit covering the W/2 E/2 of Section 15; (2) the Parkway State Com 003H Well (API No. 30-015-37376), a unit covering the W/2 W/2 of Section 15; (3) the Parkway State Com 005Y Well (API No. 30-015-38499), a unit covering the E/2 W/2 of Section 15; (4) the Parkway State Com 006H Well (API No. 30-015-37970), a unit covering the E/2 E/2 of Section 15; (5) the State “14” Com 003H Well (API No. 30-015-37719), a unit covering the E/2 W/2 of Section 14; (6) the State 14 Com 002H (API No. 30-015-31791), a unit covering the SW/4 NW/4 and W/2 SW/4 of Section 14; and (7) the State 14 A Com 002H Well (API No. 30-015-34604), a unit covering the W/2 SE/4 of Section 14. Therefore, Cimarex seeks approval from the Division for the part of the unit of the existing wells that the proposed HSU overlaps, pursuant to NMAC 19.15.16.15B(9).

6. Cimarex has sought in good faith, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the well or in the commitment of their interests to the well for development within the proposed HSU.

7. The pooling of all interests in the Bone Spring formation within the proposed HSU, and establishing the spacing unit, will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.

8. In order to provide for its just and fair share of the oil and gas underlying the subject lands, Cimarex requests that all uncommitted interests in this HSU be pooled and that Cimarex be designated the operator of the proposed horizontal well and HSU.

WHEREFORE, Cimarex requests that this Application be set for hearing on January 6, 2022, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

A. Approving the establishment of a standard 320-acre, more or less, spacing and proration unit comprised of the S/2 S/2 of Sections 15 and 14, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico;

B. Pooling all uncommitted mineral interests in the Bone Spring formation underlying the proposed HSU.

C. Approving the **Parkway 15-14 South State Com 2H** as the well for the HSU.

D. Designating Cimarex as operator of this HSU and the horizontal well to be drilled thereon;

E. Authorizing Cimarex to recover its costs of drilling, equipping, and completing the well;

F. Approving overlapping units containing the following wells as above-described in Paragraph 5, to wit: Parkway State Com 004H Well (API No. 30-015-37504); Parkway State Com 003H Well (API No. 30-015-37376); Parkway State Com 005Y Well (API No. 30-015-38499); Parkway State Com 006H Well (API No. 30-015-37970); the State "14" Com 003H Well (API No. 30-015-37719); State 14 Com 002H (API No. 30-015-31791); and State 14 A Com 002H Well (API No. 30-015-34604).

G. Approving actual operating charges and costs of supervision, to the maximum extent allowable, while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

H. Setting a 200% charge for the risk assumed by Cimarex in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage

---

Darin C. Savage

William E. Zimsky  
Paula M. Vance  
Andrew D. Schill  
214 McKenzie Street  
Santa Fe, New Mexico 87501  
Telephone: 970.385.4401  
Facsimile: 970.385.4901  
darin@abadieschill.com  
bill@abadieschill.com  
paula@abadieschill.com  
andrew@abadieschill.com

**Attorneys for Cimarex Energy Co.**

***Application of Cimarex Energy Co. for a Horizontal Spacing Unit and Compulsory Pooling, Eddy County, New Mexico.*** Applicant in the above-styled cause seeks an order from the Division: (1) establishing a standard 320-acre, more or less, spacing and proration unit comprised of the S/2 S/2 of Sections 15 and 14, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico, and (2) pooling all mineral interests in the Bone Spring formation, designated as an oil pool, underlying the unit. The proposed oil well to be dedicated to the horizontal spacing unit is the **Parkway 15-14 South State Com 2H**, to be horizontally drilled from a surface location in the NW/4 SW/4 (Unit L) of Section 15 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 14. The well will be orthodox, and the take points and completed interval will comply with the setback requirements under the statewide Rules; also to be considered will be approval of overlapping units containing wells owned and operated by Cimarex, to wit: Parkway State Com 004H Well (API No. 30-015-37504); Parkway State Com 003H Well (API No. 30-015-37376); Parkway State Com 005Y Well (API No. 30-015-38499); Parkway State Com 006H Well (API No. 30-015-37970); the State "14" Com 003H Well (API No. 30-015-37719); State 14 Com 002H (API No. 30-015-31791); and State 14 A Com 002H Well (API No. 30-015-34604); the cost of drilling and completing the well and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the well and unit; and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 13 miles northeast from Carlsbad.

# COMPULSORY POOLING APPLICATION CHECKLIST

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

Case: 22453	APPLICANT'S RESPONSE
Date	January 4, 2022
Applicant	Cimarex Energy Co.
Designated Operator & OGRID (affiliation if applicable)	215099
Applicant's Counsel:	Darin C. Savage - Abadie & Schill, PC
Case Title:	Application of Cimarex Energy Co. for a Horizontal Spacing Unit and Compulsory Pooling, Eddy County, New Mexico
Entries of Appearance/Intervenors:	N/a
Well Family	Parkway 15-14
<b>Formation/Pool</b>	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Exhibits A and B-2; TVD 8,840' approx.
Pool Name and Pool Code:	Turkey Track; Bone Spring [60660]
Well Location Setback Rules:	NMAC statewide rules apply
Spacing Unit Size:	320 acres, more or less
<b>Spacing Unit</b>	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320 acres, more or less
Building Blocks:	quarter quarter sections (40 ac tracts)
Orientation:	west to east
Description: TRS/County	S/2 S/2 of Sections 15 and 14, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
<b>Other Situations</b>	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	No
Applicant's Ownership in Each Tract	See Landman Exhibit A-2
<b>Well(s)</b>	

Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	
Well #1	Parkway 15-14 South State Com 2H (API No. 30-015-pending), SHL: Unit L, 1,400' FSL, 390' FWL, Section 15, T19S-R29E, NMPPM; BHL: Unit P, 330' FSL, 100' FEL Section 14, T19S-R29E, NMPPM, laydown, standard location
Horizontal Well First and Last Take Points	Parkway 15-14 South State Com 2H: FTP 760' FSL, 100' FWL, Section 15; LTP 330' FSL, 100' FEL, Section 14
Completion Target (Formation, TVD and MD)	Parkway 15-14 South State Com 2H: TVD approx. 8,840', TMD approx. 19,344'; Bone Spring Formation, See Exhibit B-2
<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	\$8,000, Exhibits A and A-3
Production Supervision/Month \$	\$800, Exhibit A and A-3
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%, Exhibit A, N/a
<b>Notice of Hearing</b>	
Proposed Notice of Hearing	Exhibit C, C-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C-2
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-3
<b>Ownership Determination</b>	
Land Ownership Schematic of the Spacing Unit	Exhibit A-2
Tract List (including lease numbers and owners)	Exhibit A-2
Pooled Parties (including ownership type)	Exhibit A-2
Unlocatable Parties to be Pooled	Exhibit A
Ownership Depth Severance (including percentage above & below)	N/a
<b>Joinder</b>	
Sample Copy of Proposal Letter	Exhibit A-3
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-2
Chronology of Contact with Non-Joined Working Interests	Exhibit A-4
Overhead Rates In Proposal Letter	Exhibit A-3
Cost Estimate to Drill and Complete	Exhibit A-3

Cost Estimate to Equip Well	Exhibit A-3
Cost Estimate for Production Facilities	Exhibit A-3
<b>Geology</b>	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-1
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-4
Well Orientation (with rationale)	Exhibit B, B-1
Target Formation	Exhibit B, B-2
HSU Cross Section	Exhibit B-2, B-4, B-5
Depth Severance Discussion	Exhibit B
<b>Forms, Figures and Tables</b>	
C-102	Exhibit A-1
Tracts	Exhibit A-1, A-2, B-1
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-2
General Location Map (including basin)	Exhibit A-2
Well Bore Location Map	Exhibit B-1, B-4
Structure Contour Map - Subsea Depth	Exhibit B-1
Cross Section Location Map (including wells)	Exhibit B-2, B-5
Cross Section (including Landing Zone)	Exhibit B-2, B-4, B-5
<b>Additional Information</b>	
Special Provisions/Stipulations	This unit, which runs west to east, traversing Sections 15 and 14, overlaps one quarter-quarter section in a number of standup units in the same Bone Spring formation [Pool Code 60660] owned and operated by Cimarex. Therefore, Cimarex seeks approval from the Division for the partial overlap, pursuant to NMAC 19.15.16.15B(9).
<b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b>	
Printed Name (Attorney or Party Representative):	Darin C. Savage 
Signed Name (Attorney or Party Representative):	
Date:	1/4/2022

## **TAB 2**

Exhibit A: Affidavit of Riley Morris, Landman  
Exhibit A-1: C-102 Forms  
Exhibit A-2: Ownership and Sectional Map  
Exhibit A-3: Well Proposal Letters and AFEs  
Exhibit A-4: Chronology of Contact

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

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

Case No. 22453

**AFFIDAVIT OF RILEY MORRIS**

STATE OF TEXAS            )  
  ) ss.  
COUNTY OF MIDLAND    )

I, being duly sworn on oath, state the following:

1. I am over the age of eighteen years and have the capacity to execute this Affidavit, which is based on my personal knowledge.

2. I am employed as a Landman with Cimarex Energy Co. (“Cimarex”), and I am familiar with the subject application and the lands involved.

3. I graduated in 2010 from Texas Tech University with a bachelor’s degree in Business Administration with an emphasis on Energy Commerce. I have worked at Cimarex for approximately 3 years, and I have been working in New Mexico for 3 years. My credentials as a petroleum landman have been accepted by the New Mexico Oil Conservation Division (“Division”) and made a matter of record.

4. This affidavit is submitted in connection with the filing by Cimarex in the above-referenced spacing and compulsory pooling application pursuant to 19.15.4.12.A(1).

5. Cimarex seeks an order pooling all uncommitted mineral interest in the Bone Spring formation ([Turkey Track; Bone Spring]; Pool Code: 60660) underlying a standard 320-

acre, more or less, horizontal spacing and proration unit comprised of the S/2 S/2 of Sections 15 and 14, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico.

6. Under Case No. 22453, Cimarex seeks to dedicate the **Parkway 15-14 South State Com 2H** (API 30-015-pending) as an initial oil well, horizontally drilled from a surface location in the NW/4 SW/4 (Unit L) of Section 15 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 14; approximate TVD of 8,840'; approximate TMD of 19,344'; FTP in Section 15: 760' FSL, 100' FWL; LTP in Section 14: 760' FSL, 100' FEL.

7. This HSU, which runs west to east, traversing Sections 15 and 14, overlaps one quarter-quarter section in seven (7) standup units in the same Bone Spring formation [Pool Code 60660] containing the following wells owned and operated by Cimarex: (1) The Parkway State Com 004H Well (API No. 30-015-37504), a unit covering the W/2 E/2 of Section 15; (2) the Parkway State Com 003H Well (API No. 30-015-37376), a unit covering the W/2 W/2 of Section 15; (3) the Parkway State Com 005Y Well (API No. 30-015-38499), a unit covering the E/2 W/2 of Section 15; (4) the Parkway State Com 006H Well (API No. 30-015-37970), a unit covering the E/2 E/2 of Section 15; (5) the State "14" Com 003H Well (API No. 30-015-37719), a unit covering the E/2 W/2 of Section 14; (6) the State 14 Com 002H (API No. 30-015-31791), a unit covering the SW/4 NW/4 and W/2 SW/4 of Section 14; and (7) the State 14 A Com 002H Well (API No. 30-015-34604), a unit covering the W/2 SE/4 of Section 14. Therefore, Cimarex seeks approval from the Division for the part of the unit of the existing wells that the proposed HSU overlaps, pursuant to NMAC 19.15.16.15B(9). Because of the nature of the contractual rights in the two sections, the working interest owners in the overlapping units are the same and therefore have been notified.

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

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

10. The parties being pooled, the nature of their interests, and their last known addresses are listed on **Exhibit A-2** attached hereto. Because all the working interest owners have entered into voluntary agreements with Cimarex, **Exhibit A-2** only includes information regarding overriding royalty interest owners.

11. There are no depth severances in the Bone Spring formation in this acreage.

12. I provided the law firm of Abadie & Schill P.C. a list of names and addresses for the uncommitted interest owners shown on **Exhibit A-2**. In compiling these addresses, I conducted a diligent search of the public records in Eddy County, New Mexico, where the well is located, and of phone directories and did computer searches to locate the contact information for parties entitled to notification. All interest owners and overriding royalty interest owners were locatable and received notice. Cimarex published notice in the Carlsbad Current Argus, a newspaper of general circulation in Eddy County, New Mexico, to account for any unlocatable parties and cover any contingencies regarding notice.

13. The interest owners being pooled have been contacted regarding the proposed well, and all the working interest owners have voluntarily committed their interests in the well and signed a mutually agreeable Joint Operating Agreement. **Exhibit A-4** provides a chronology and history of contacts with the working interest owners that led to successful, voluntary joinder of the working interests. Consequently, this pooling application has been submitted for approval in order to account for the overriding royalty interest owners.

14. **Exhibit A-3** is a sample proposal letter and the AFEs for the proposed well, that was sent to working interest owners. The estimated cost of the well set forth in the AFE is fair, reasonable, and comparable to the costs of other wells of similar depths and lengths drilled in this area of New Mexico. All the working interest owners have agreed to the well proposal and AFE and have joined with Cimarex in a voluntary agreement.

15. Since Cimarex is pooling only overriding royalty interests, which are passive, non-participatory interests, the overhead rates and risk charges are not applicable.

16. Cimarex requests that it be designated operator of the unit and well.

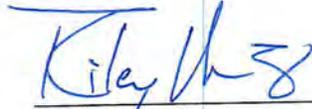
17. The Exhibits to this Affidavit were prepared by me or compiled from Cimarex's company business records under my direct supervision.

18. The granting of this Application is in the best interests of conservation, the prevention of waste, and the protection of correlative rights, and will avoid the drilling of unnecessary wells.

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

*[Signature page follows]*

FURTHER AFFIANT SAYETH NAUGHT

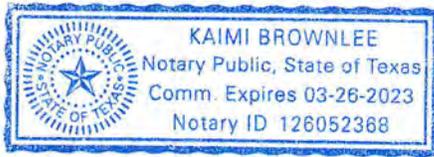


Riley Morris

Subscribed to and sworn before me this 28 day of December 2021.



Notary Public



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

30-015- <sup>1</sup> API Number		60660 <sup>2</sup> Pool Code		Turkey Track; Bone Spring <sup>3</sup> Pool Name	
<sup>4</sup> Property Code		<sup>5</sup> Property Name			<sup>6</sup> Well Number
		PARKWAY 15-14 SOUTH STATE COM			2H
<sup>7</sup> OGRID No. 162683		<sup>8</sup> Operator Name			<sup>9</sup> Elevation
		CIMAREX ENERGY CO. OF COLORADO			3339.0'

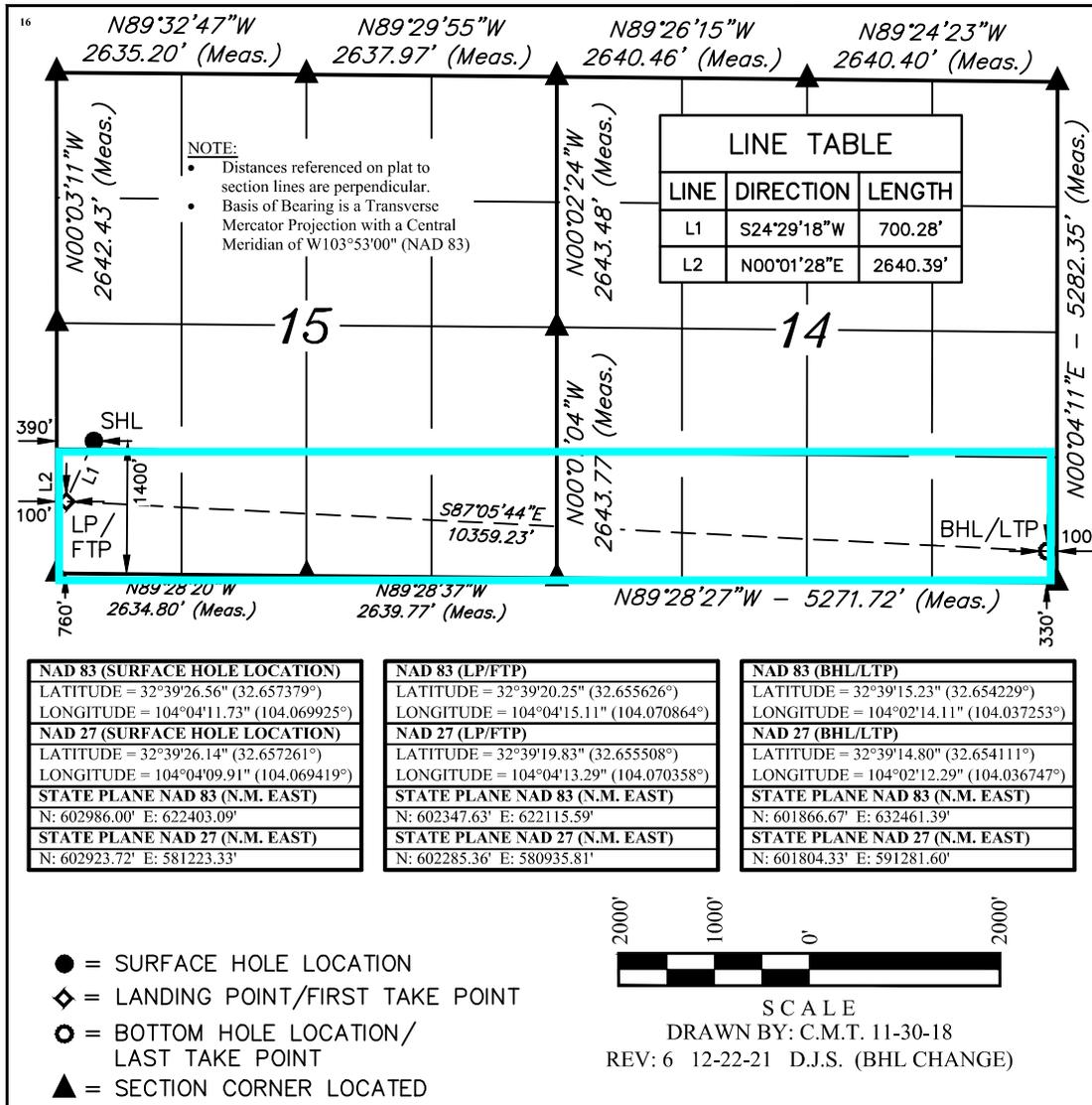
<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	15	19S	29E		1400	SOUTH	390	WEST	EDDY

<sup>11</sup> 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
P	14	19S	29E		330	SOUTH	100	EAST	EDDY
<sup>12</sup> Dedicated Acres 320		<sup>13</sup> Joint or Infill		<sup>14</sup> Consolidation Code		<sup>15</sup> 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.



**<sup>17</sup> OPERATOR CERTIFICATION**  
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Fatima Vasquez 12/22/2021  
Signature Date

Fatima Vasquez  
Printed Name

fvasquez@cimarex.com  
E-mail Address

**<sup>18</sup> 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.

November 21, 2018  
Date of Survey

Signature and Seal of Professional Surveyor:

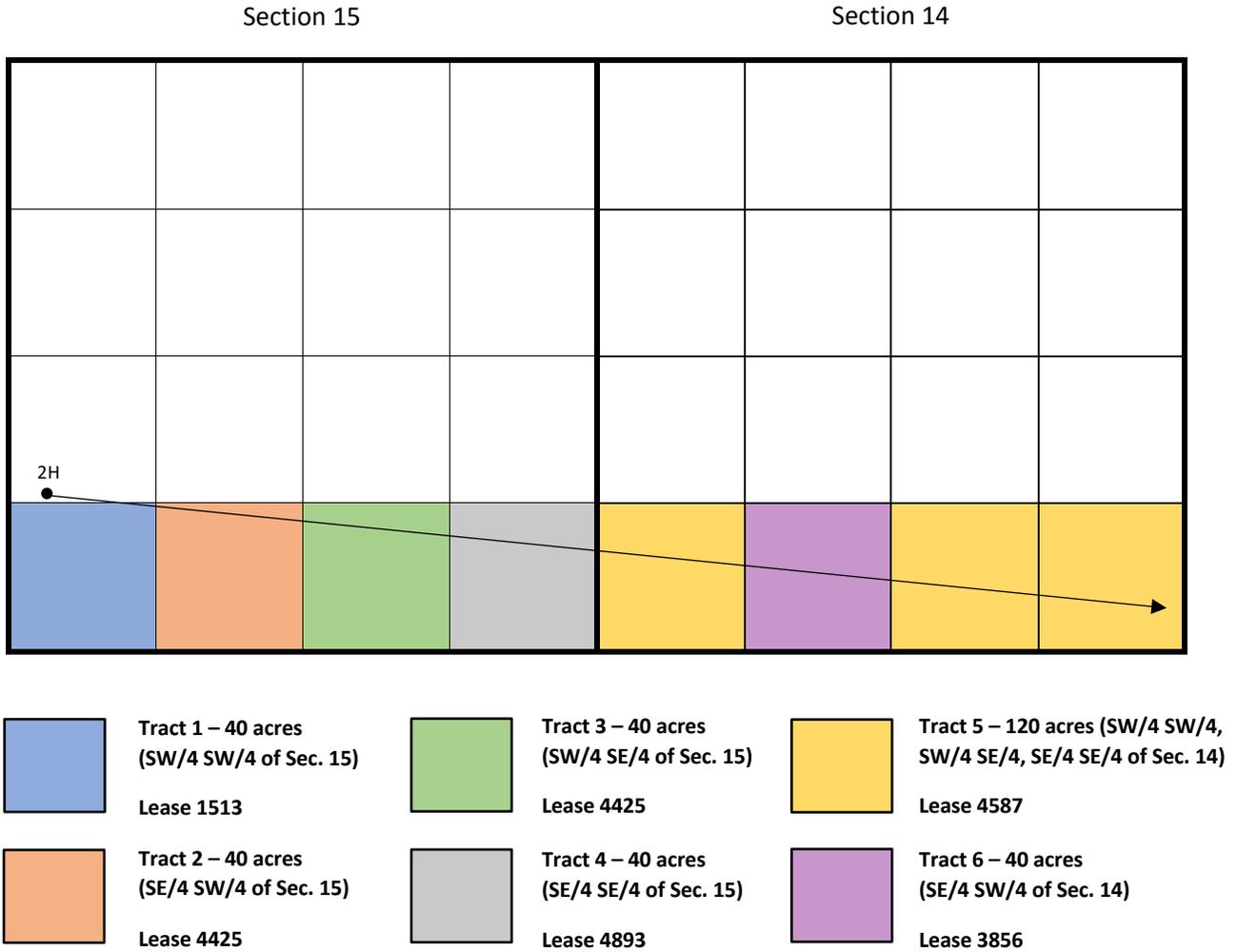


Certificate Number:

EXHIBIT  
A-1

### Exhibit A-2: Ownership and Sectional Map

Case No. 22453, Parkway 15-14 South State Com 2H  
S/2 S/2 of Sections 15 and 14, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico  
Permian Basin, Sub-basin: Delaware Basin



Parkway 15-14 South State Com 2H  
SHL: Sec. 15-T19S-R29E 1,400' FSL & 390' FWL  
BHL: Sec. 14-T19S-R29E 330' FSL & 100' FEL

**Exhibit A-2: Ownership and Sectional Map**

Ownership Breakdown Bone Spring Formation

Case No. 22453, Parkway 15-14 South State Com 2H

S/2 S/2 of Sections 15 and 14, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico

TRACTS 1, 2, 3, 4, 5, and 6 OWNERSHIP (encompassing the S/2 S/2 of Section 15-T19S-R29E; and the S/2 S/2 of Section 14-T19S-R29E, being 320 acres, based on the distribution of contractual rights within the unit).

<b>Tract 1 WI</b>	<b>SW/4 SW/4 Sec. 15, Township 19 South, Range 29 East</b>	<b>Status</b>
3.761341%	Cimarex Energy Co. 600 N. Marienfeld St. Ste. 600 Midland, TX 79701	Committed
8.694556%	COG Operating LLC 600 W. Illinois Ave. Midland, TX 79701	Committed
12.701613%	Dugan Production Company PO Box 420 Farmington, NM 87499	Committed
12.5%	Hunt Oil Company 1900 N Akard St Dallas, TX 75201	Committed
62.342490%	Magnum Hunter Production, Inc. 600 N. Marienfeld St. Ste. 600 Midland, TX 79701	Committed
100.00%	Total Committed Interest	100.00% Total Uncommitted Interest
		00.00%

**Tract 1 ORRI SW/4 SW/4 Sec. 15, Township 19 South, Range 29 East**

0.00013671%	Wallace H. Scott III 2901 Oakhurst Ave. Austin, TX 78703
0.00013671%	William Winfield Scott 3000 Willowood Circle Austin, TX 78703
0.00013675%	McElroy Minerals, LLC c/e Catherine Cecile Darch 4210 S. Bellaire Circle Englewood, CO 80113

<b>Tract 2 WI</b>	<b>SE/4 SW/4 Sec. 15, Township 19 South, Range 29 East</b>	<b>Status</b>
3.761341%	Cimarex Energy Co. 600 N. Marienfeld St. Ste. 600 Midland, TX 79701	Committed
8.694556%	COG Operating LLC 600 W. Illinois Ave. Midland, TX 79701	Committed
12.701613%	Dugan Production Company PO Box 420 Farmington, NM 87499	Committed
12.5%	Hunt Oil Company 1900 N Akard St Dallas, TX 75201	Committed
62.342490%	Magnum Hunter Production, Inc. 600 N. Marienfeld St. Ste. 600 Midland, TX 79701	Committed

---

100.00%	Total	100.00%	Total	00.00%
	Committed		Uncommitted	
	Interest		Interest	

<b>Tract 3 WI</b>	<b>SW/4 SE/4 Sec. 15, Township 19 South, Range 29 East</b>	<b>Status</b>
3.761341%	Cimarex Energy Co. 600 N. Marienfeld St. Ste. 600 Midland, TX 79701	Committed
8.694556%	COG Operating LLC 600 W. Illinois Ave. Midland, TX 79701	Committed
12.701613%	Dugan Production Company PO Box 420 Farmington, NM 87499	Committed
12.5%	Hunt Oil Company 1900 N Akard St Dallas, TX 75201	Committed
62.342490%	Magnum Hunter Production, Inc. 600 N. Marienfeld St. Ste. 600 Midland, TX 79701	Committed

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100.00%	Total	100.00%	Total	00.00%
	Committed		Uncommitted	
	Interest		Interest	

<b>Tract 4 WI</b>	<b>SE/4 SE/4 Sec. 15, Township 19 South, Range 29 East</b>	<b>Status</b>
3.761341%	Cimarex Energy Co. 600 N. Marienfeld St. Ste. 600 Midland, TX 79701	Committed
8.694556%	COG Operating LLC 600 W. Illinois Ave. Midland, TX 79701	Committed
12.701613%	Dugan Production Company PO Box 420 Farmington, NM 87499	Committed
12.5%	Hunt Oil Company 1900 N Akard St Dallas, TX 75201	Committed
62.342490%	Magnum Hunter Production, Inc. 600 N. Marienfeld St. Ste. 600 Midland, TX 79701	Committed

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100.00%	Total	100.00%	Total	00.00%
	Committed		Uncommitted	
	Interest		Interest	

<b>Tract 4 ORRI</b>	<b>SE/4 SE/4 Sec. 15, Township 19 South, Range 29 East</b>
0.00061523%	Cornerstone Family Trust; John Kyle Thomas, Trustee PO Box 558 Peyton, CO 80831
0.00117188%	Summit Overseas Exploration, Inc. PO Box 271127 Littleton, CO 80127

<b>Tract 5 WI</b>	<b>SW/4 SW/4, SW/4 SE/4, SE/4 SE/4 Sec. 14, Township 19 South, Range 29 East</b>	<b>Status</b>
3.761341%	Cimarex Energy Co. 600 N. Marienfeld St. Ste. 600 Midland, TX 79701	Committed
8.694556%	COG Operating LLC 600 W. Illinois Ave. Midland, TX 79701	Committed
12.701613%	Dugan Production Company PO Box 420 Farmington, NM 87499	Committed

12.5%	Hunt Oil Company 1900 N Akard St Dallas, TX 75201	Committed
62.342490%	Magnum Hunter Production, Inc. 600 N. Marienfeld St. Ste. 600 Midland, TX 79701	Committed

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100.00%	Total	100.00%	Total	00.00%
	Committed		Uncommitted	
	Interest		Interest	

<b>Tract 6 WI</b>	<b>SE/4 SW/4 Sec. 14, Township 19 South, Range 29 East</b>	<b>Status</b>
3.761341%	Cimarex Energy Co. 600 N. Marienfeld St. Ste. 600 Midland, TX 79701	Committed
8.694556%	COG Operating LLC 600 W. Illinois Ave. Midland, TX 79701	Committed
12.701613%	Dugan Production Company PO Box 420 Farmington, NM 87499	Committed
12.5%	Hunt Oil Company 1900 N Akard St Dallas, TX 75201	Committed
62.342490%	Magnum Hunter Production, Inc. 600 N. Marienfeld St. Ste. 600 Midland, TX 79701	Committed

---

100.00%	Total	100.00%	Total	00.00%
	Committed		Uncommitted	
	Interest		Interest	

---

<b>Unit Recapitulation WI</b>	<b>S/2 S/2 Sections 15 and 14, Township 19 South, Range 29 East</b>	<b>Status</b>
3.761341%	Cimarex Energy Co. 600 N. Marienfeld St. Ste. 600 Midland, TX 79701	Committed
8.694556%	COG Operating LLC 600 W. Illinois Ave. Midland, TX 79701	Committed

12.701613%	Dugan Production Company PO Box 420 Farmington, NM 87499	Committed
12.5%	Hunt Oil Company 1900 N Akard St Dallas, TX 75201	Committed
62.342490%	Magnum Hunter Production, Inc. 600 N. Marienfeld St. Ste. 600 Midland, TX 79701	Committed

---

100.00%	Total Committed Interest	100.00%	Total Uncommitted Interest	0.00%
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**Unit Recapitulation ORRI**      **S/2 S/2 Sections 15 and 14, Township 19 South, Range 29 East**

0.00013671%	Wallace H. Scott III 2901 Oakhurst Ave. Austin, TX 78703
0.00013671%	William Winfield Scott 3000 Willowood Circle Austin, TX 78703
0.00013675%	McElroy Minerals, LLC c/e Catherine Cecile Darch 4210 S. Bellaire Circle Englewood, CO 80113
0.00061523%	Cornerstone Family Trust; John Kyle Thomas, Trustee PO Box 558 Peyton, CO 80831
0.00117188%	Summit Overseas Exploration, Inc. PO Box 271127 Littleton, CO 80127

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



November 18, 2021

COG Operating LLC  
600 W. Illinois Avenue  
Midland, Texas 79701  
Attn: Outside Operated Properties

**Re: Proposal to Drill  
Parkway 15-14 South State Com 1H & 2H  
Sections 15 & 14, Township 19 South, Range 29 East  
Eddy County, New Mexico**

Dear Working Interest Owner,

Pursuant to that certain Operating Agreement dated June 10, 2021, Cimarex Energy Co., hereby proposes to drill the Parkway 15-14 South State Com 1H and Parkway 15-14 South State Com 2H Wells at a legal location in Section 15, Township 19 South, Range 29 East, Eddy County, New Mexico.

**Parkway 15-14 South State Com 1H** - The intended surface hole location for the well is 1420' FSL and 390' FWL of Section 15, Township 19 South, Range 29 East, and the intended bottom hole location is 1839' FSL and 100' FEL of Section 14, Township 19 South, Range 29 East. The well is proposed to be drilled vertically to a depth of approximately 8,840' to the Bone Spring formation and laterally within the formation to the referenced bottom hole location.

**Parkway 15-14 South State Com 2H** - The intended surface hole location for the well is 1400' FSL and 390' FWL of Section 15, Township 19 South, Range 29 East, and the intended bottom hole location is 684' FSL and 100' FEL of Section 14, Township 19 South, Range 29 East. The well is proposed to be drilled vertically to a depth of approximately 8,840' to the Bone Spring formation and laterally within the formation to the referenced bottom hole location.

It should be understood that compliance with topography or cultural or environmental concerns, among others, might require modification of Cimarex's intended procedure. Cimarex will advise you of any such modifications.

Enclosed, in duplicate, is our detailed AFE reflecting estimated costs associated with this proposal. If you intend to participate, please approve and return one (1) original of the enclosed AFE, as well as the Election Form attached to this proposal, to the undersigned within 30 days of receipt of this proposal. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance to Cimarex prior to commencement of drilling operations; otherwise, you will be covered by insurance procured by Cimarex and will be responsible for your share of the cost.

EXHIBIT  
A-3

If you elect not to participate, please so indicate on the attached election form and return it to the attention of the undersigned at the letterhead address. Failure to elect whether or not to participate within 30 days of your receipt of this proposal will, as provided in the Operating Agreement, will be considered an election not to participate.

Please call the undersigned with any questions or comments.

Respectfully,

A handwritten signature in blue ink that reads "Riley C. Morris". The signature is stylized with a large initial "R" and a flourish at the end.

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

**ELECTION TO PARTICIPATE**  
**Parkway 15-14 South State Com 2H**

\_\_\_\_\_ COG Operating LLC elect **TO** participate in the proposed Parkway 15-14 South State Com 2H

\_\_\_\_\_ COG Operating LLC elects **NOT** to participate in the proposed Parkway 15-14 South State Com 2H

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

If your election above is TO participate in the proposed Parkway 15-14 South State Com 2H well, then:

\_\_\_\_\_ COG Operating LLC elects **TO** be covered by well control insurance procured by Cimarex Energy Co.

\_\_\_\_\_ COG Operating LLC elects **NOT** to be covered by well control insurance procured by Cimarex Energy Co. and agrees to provide Cimarex Energy Co. with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex Energy Co.



Authorization For Expenditure Drilling

AFE # 26619026

Company Entity

Date Prepared  
11/18/2021

Exploration Region	Well Name	Prospect	Property Number	AFE
Permian Basin	PARKWAY 15-14 SOUTH STATE COM 2H	New Mexico Bone Spring Pros (Eddy)	309775-297.01	26619026

County, State	Location	Estimated Spud	Estimated Completion
Eddy, NM	S/2 S/2 of Sections 15 and 14, T29S, R29E, Eddy County, NM	5/7/2019	8/25/2021

<input checked="" type="checkbox"/> New	Formation	Well Type	Ttl Measured Depth	Ttl Vertical Depth
<input type="checkbox"/> Supplement	Bone Spring 3 /Sd/	DEV	19,200	8,840
<input type="checkbox"/> Revision				

Purpose Drill and complete well

Description

Drilling Drill and complete a horizontal test. Drill to 400 set surface casing. Drill to Drill to 3460' set intermediate casing. Drill to 8363' (KOP). Drill curve at 12°/100' initial build rate to +/- 90 degrees and 8840' TVD and drill a +/- 9650' long lateral in the bone spring formation. Run and cement production casing. Stage frac in stages. Drill out plugs.

Intangible	Dry Hole	After Casing Point	Completed Well Cost
Drilling Costs	\$2,528,000		\$2,528,000
Completion Costs		\$4,416,745	\$4,416,745
<b>Total Intangible Cost</b>	<b>\$2,528,000</b>	<b>\$4,416,745</b>	<b>\$6,944,745</b>

Tangible	Dry Hole	After Casing Point	Completed Well Cost
Well Equipment	\$151,000	\$721,000	\$872,000
Lease Equipment		\$691,255	\$691,255
<b>Total Tangible Cost</b>	<b>\$151,000</b>	<b>\$1,412,255</b>	<b>\$1,563,255</b>

<b>Total Well Cost</b>	<b>\$2,679,000</b>	<b>\$5,829,000</b>	<b>\$8,508,000</b>
------------------------	--------------------	--------------------	--------------------

Comments On Well Costs

1. All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

Well Control Insurance

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

I elect to purchase my own well control insurance policy.

Marketing Election

Cimarex sells its gas under arm's-length contracts with third party purchasers. Such contracts may include fees. In addition, penalties may be incurred for insufficient volumes delivered over time. Should you choose to market your share of gas with Cimarex, you will be subject to all of the terms of such contracts. Upon written request to Cimarex's Marketing Department, we will share with you the terms and conditions pursuant to which gas will be sold. Failure to make an election below shall be deemed an election to market your gas with Cimarex under the terms and conditions set forth above.

I elect to take my gas in kind.

I elect to market my gas with Cimarex pursuant to the terms and conditions of its contract.

Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

Nonoperator Approval

Company	Approved By (Print Name)	Approved By (Signature)	Date

NOTICE TO NONOPERATOR: Costs shown on this form are estimates only. By executing this AFE, the consenting party agrees to pay its proportionate share of actual costs incurred. Overhead will be charged in accordance with the Joint Operating Agreement.

11/18/2021



Authorization For Expenditure - PARKWAY 15-14 SOUTH STATE  
COM 2H

AFE # 26619026

Description	BCP - Drilling		ACP - Drilling		Comp/Stim		Production Equip		Post Completion		Total
	Codes	Amount	Codes	Amount	Codes	Amount	Codes	Amount	Codes	Amount	Cost
Roads & Location	DIDC.100	140,000			STIM.100	5,000	CON.100	21,544	PCOM.100	7,000	173,544
Damages	DIDC.105	10,000					CON.105	0			10,000
Mud/Fluids Disposal	DIDC.255	180,000			STIM.255	53,000			PCOM.255	120,000	353,000
Day Rate	DIDC.115	488,000	DICC.120	88,000							576,000
Misc Preparation	DIDC.120	35,000									35,000
Bits	DIDC.125	75,000	DICC.125	0	STIM.125	0			PCOM.125	0	75,000
Fuel	DIDC.135	92,000	DICC.130	0					PCOM.130	0	92,000
Water for Drilling Rig (Not Frac Water)	DIDC.140	5,000	DICC.135	0	STIM.135	20,000			PCOM.135	0	25,000
Mud & Additives	DIDC.145	300,000									300,000
Surface Rentals	DIDC.150	98,000	DICC.140	0	STIM.140	126,000	CON.140	3,940	PCOM.140	73,000	300,940
Downhole Rentals	DIDC.155	116,000			STIM.145	35,000			PCOM.145	0	151,000
Automation Labor							CON.150	63,647	PCOM.150	7,000	70,647
Mud Logging	DIDC.170	25,000									25,000
IPC & EXTERNAL PAINTING							CON.165	23,884			23,884
Cementing & Float Equipment	DIDC.185	95,000	DICC.155	150,000							245,000
Tubular Inspections	DIDC.190	25,000	DICC.160	5,000	STIM.160	2,000			PCOM.160	0	32,000
Casing Crews	DIDC.195	12,000	DICC.165	20,000	STIM.165	0					32,000
Mechanical Labor	DIDC.200	20,000	DICC.170	5,000	STIM.170	0	CON.170	195,127	PCOM.170	0	220,127
Trucking/Transportation	DIDC.205	15,000	DICC.175	15,000	STIM.175	7,000	CON.175	24,622	PCOM.175	0	61,622
Supervision	DIDC.210	98,000	DICC.180	14,000	STIM.180	43,000	CON.180	30,038	PCOM.180	0	185,038
Trailer House/Camp/Catering	DIDC.280	42,000	DICC.255	5,000	STIM.280	46,000					93,000
Other Misc Expenses	DIDC.220	3,000	DICC.190	0	STIM.190	68,000	CON.190	25,114	PCOM.190	0	96,114
Overhead	DIDC.225	10,000	DICC.195	5,000							15,000
MOB/DEMOB	DIDC.240	150,000									150,000
Directional Drilling Services	DIDC.245	214,000									214,000
Solids Control	DIDC.260	66,000									66,000
Well Control Equip (Snubbing Services)	DIDC.265	77,000	DICC.240	0	STIM.240	56,000			PCOM.240	0	133,000
Completion Rig					STIM.115	21,000			PCOM.115	0	21,000
Coil Tubing Services					STIM.260	164,000			PCOM.260	0	164,000
Completion Logging/Perforating/Wireline					STIM.200	215,000			PCOM.200	0	215,000
Composite Plugs					STIM.390	41,000			PCOM.390	0	41,000
Stimulation Pumping/Chemicals/Additives/Sand					STIM.210	1,824,000			PCOM.210	10,000	1,834,000
Stimulation Water/Water Transfer/Water Storage					STIM.395	316,000					316,000
Legal/Regulatory/Curative	DIDC.300	10,000					CON.300	0			10,000
Well Control Insurance	DIDC.285	7,000									7,000
Major Construction Overhead							CON.305	26,961			26,961
FL/GL - ON PAD LABOR							CON.495	34,470			34,470
FL/GL - Labor							CON.500	82,729			82,729
FL/GL - Supervision							CON.505	18,466			18,466
Survey							CON.515	7,509			7,509
Contingency	DIDC.435	120,000	DICC.220	15,000	STIM.220	152,000	CON.220	102,303	PCOM.220	0	389,303
Contingency							CON.221	23,390			23,390
<b>Total Intangible Cost</b>		<b>2,528,000</b>		<b>322,000</b>		<b>3,194,000</b>		<b>683,745</b>		<b>217,000</b>	<b>6,944,745</b>
Surface Casing	DWEB.140	17,000									17,000
Intermediate Casing 1	DWEB.145	114,000									114,000
Production Casing or Liner			DWEA.100	499,000							499,000
Tubing					STIMT.105	42,000			PCOMT.105	0	42,000
Wellhead, Tree, Chokes	DWEB.115	20,000	DWEA.120	20,000	STIMT.120	25,000			PCOMT.120	0	65,000
Packer, Nipples					STIMT.400	15,000			PCOMT.400	0	15,000
SHORT ORDERS							CONT.380	14,650			14,650
PUMPS							CONT.385	20,929			20,929
WALKOVERS							CONT.390	12,310			12,310
Downhole Lift Equipment					STIMT.410	70,000			PCOMT.410	0	70,000
Surface Equipment									PCOMT.420	50,000	50,000
N/C Lease Equipment							CONT.400	180,601			180,601
Tanks, Tanks Steps, Stairs							CONT.405	10,341			10,341
Battery Equipment							CONT.410	90,485			90,485
Secondary Containments							CONT.415	31,515			31,515
Overhead Power Distribution							CONT.420	37,425			37,425
Facility Electrical							CONT.425	83,960			83,960
Meters and Metering Equipment							CONT.445	18,958			18,958
Facility Line Pipe							CONT.450	23,637			23,637
Lease Automation Materials							CONT.455	83,098			83,098
FL/GL - Materials							CONT.550	16,620			16,620
FL/GL - Line Pipe							CONT.555	66,726			66,726
<b>Total Tangible Cos</b>		<b>151,000</b>		<b>519,000</b>		<b>152,000</b>		<b>691,255</b>		<b>50,000</b>	<b>1,563,255</b>
<b>Total Estimated Cost</b>		<b>2,679,000</b>		<b>841,000</b>		<b>3,346,000</b>		<b>1,375,000</b>		<b>267,000</b>	<b>8,508,000</b>



Authorization For Expenditure - PARKWAY 15-14 SOUTH STATE  
COM 2H

AFE # 26619026

Description	BCP - Drilling			ACP - Drilling			Comp/Stim		
	Codes		Amount	Codes		Amount	Codes		Amount
Roads & Location	DIDC.100		140,000				STIM.100	CON.100	5,000
Damages	DIDC.105		10,000						
Mud/Fluids Disposal	DIDC.255		180,000				STIM.255		53,000
Day Rate	DIDC.115	DICC.120	488,000	DICC.120		88,000			
Misc Preparation	DIDC.120		35,000						
Bits	DIDC.125	DICC.125	75,000	DICC.125	STIM.125	0	STIM.125		0
Fuel	DIDC.135	DICC.130	92,000	DICC.130		0			
Water for Drilling Rig (Not Frac Water)	DIDC.140	DICC.135	5,000	DICC.135	STIM.135	0	STIM.135		20,000
Mud & Additives	DIDC.145		300,000						
Surface Rentals	DIDC.150	DICC.140	98,000	DICC.140	STIM.140	0	STIM.140	CON.140	126,000
Downhole Rentals	DIDC.155		116,000				STIM.145		35,000
Automation Labor									
Mud Logging	DIDC.170		25,000						
IPC & EXTERNAL PAINTING									
Cementing & Float Equipment	DIDC.185	DICC.155	95,000	DICC.155		150,000			
Tubular Inspections	DIDC.190	DICC.160	25,000	DICC.160	STIM.160	5,000	STIM.160		2,000
Casing Crews	DIDC.195	DICC.165	12,000	DICC.165	STIM.165	20,000	STIM.165		0
Mechanical Labor	DIDC.200	DICC.170	20,000	DICC.170	STIM.170	5,000	STIM.170	CON.170	0
Trucking/Transportation	DIDC.205	DICC.175	15,000	DICC.175	STIM.175	15,000	STIM.175	CON.175	7,000
Supervision	DIDC.210	DICC.180	98,000	DICC.180	STIM.180	14,000	STIM.180	CON.180	43,000
Trailer House/Camp/Catering	DIDC.280	DICC.255	42,000	DICC.255	STIM.280	5,000	STIM.280		46,000
Other Misc Expenses	DIDC.220	DICC.190	3,000	DICC.190	STIM.190	0	STIM.190	CON.190	68,000
Overhead	DIDC.225	DICC.195	10,000	DICC.195		5,000			
MOB/DEMOB	DIDC.240		150,000						
Directional Drilling Services	DIDC.245		214,000						
Solids Control	DIDC.260		66,000						
Well Control Equip (Snubbing Services)	DIDC.265	DICC.240	77,000	DICC.240	STIM.240	0	STIM.240		56,000
Completion Rig							STIM.115		21,000
Coil Tubing Services							STIM.260		164,000
Completion Logging/Perforating/Wireline							STIM.200		215,000
Composite Plugs							STIM.390		41,000
Stimulation							STIM.210		1,824,000
Stimulation Water/Water Transfer/Water							STIM.395		316,000
Legal/Regulatory/Curative	DIDC.300		10,000						
Well Control Insurance	DIDC.285		7,000						
Major Construction Overhead									
FL/GL - ON PAD LABOR									
FL/GL - Labor									
FL/GL - Supervision									
Survey									
Contingency	DIDC.435	DICC.220	120,000	DICC.220	STIM.220	15,000	STIM.220	CON.220	152,000
Contingency									
<b>Total Intangible Cost</b>			<b>2,528,000</b>			<b>322,000</b>			<b>3,194,000</b>
Surface Casing	DWEB.140		17,000						
Intermediate Casing 1	DWEB.145		114,000						
Production Casing or Liner				DWEA.100		499,000			
Tubing							STIMT.105		42,000
Wellhead, Tree, Chokes	DWEB.115	DWEA.120	20,000	DWEA.120	STIMT.120	20,000	STIMT.120		25,000
Packer, Nipples							STIMT.400		15,000
SHORT ORDERS									
PUMPS									
WALKOVERS									
Downhole Lift Equipment							STIMT.410		70,000
Surface Equipment									
N/C Lease Equipment									
Tanks, Tanks Steps, Stairs									
Battery Equipment									
Secondary Containments									
Overhead Power Distribution									
Facility Electrical									
Meters and Metering Equipment									
Facility Line Pipe									
Lease Automation Materials									
FL/GL - Materials									
FL/GL - Line Pipe									
<b>Total Tangible Cos</b>			<b>151,000</b>			<b>519,000</b>			<b>152,000</b>
<b>Total Estimated Cost</b>			<b>2,679,000</b>			<b>841,000</b>			<b>3,346,000</b>



Authorization For Expenditure - PARKWAY 15-14 SOUTH STATE  
COM 2H

AFE # 26619026

Description	Production Equip			Post Completion			Total
	Codes	Amount		Codes	Amount	Cost	
Roads & Location	CON.100	21,544		PCOM.100	Roads/loc	7,000	173,544
Damages	CON.105	0					10,000
Mud/Fluids Disposal				PCOM.255	avg 2500 bpd first 60 days @ \$0.80/bbl to	120,000	353,000
Day Rate							576,000
Misc Preparation							35,000
Bits				PCOM.125		0	75,000
Fuel				PCOM.130		0	92,000
Water for Drilling Rig (Not Frac Water)				PCOM.135		0	25,000
Mud & Additives							300,000
Surface Rentals	CON.140	3,940		PCOM.140	Flowback equip 45 days, Fb hand 15 days	73,000	300,940
Downhole Rentals				PCOM.145		0	151,000
Automation Labor	CON.150	63,647		PCOM.150	ESP hookup	7,000	70,647
Mud Logging							25,000
IPC & EXTERNAL PAINTING	CON.165	23,884					23,884
Cementing & Float Equipment							245,000
Tubular Inspections				PCOM.160		0	32,000
Casing Crews							32,000
Mechanical Labor	CON.170	195,127		PCOM.170		0	220,127
Trucking/Transportation	CON.175	24,622		PCOM.175		0	61,622
Supervision	CON.180	30,038		PCOM.180		0	185,038
Trailer House/Camp/Catering							93,000
Other Misc Expenses	CON.190	25,114		PCOM.190		0	96,114
Overhead							15,000
MOB/DEMOB							150,000
Directional Drilling Services							214,000
Solids Control							66,000
Well Control Equip (Snubbing Services)				PCOM.240		0	133,000
Completion Rig				PCOM.115		0	21,000
Coil Tubing Services				PCOM.260		0	164,000
Completion Logging/Perforating/Wireline				PCOM.200		0	215,000
Composite Plugs				PCOM.390		0	41,000
Stimulation Pumping/Chemicals/Additives/Sand				PCOM.210	Defoamer - surface	10,000	1,834,000
Stimulation Water/Water Transfer/Water Storage							316,000
Legal/Regulatory/Curative	CON.300	0					10,000
Well Control Insurance							7,000
Major Construction Overhead	CON.305	26,961					26,961
FL/GL - ON PAD LABOR	CON.495	34,470					34,470
FL/GL - Labor	CON.500	82,729					82,729
FL/GL - Supervision	CON.505	18,466					18,466
Survey	CON.515	7,509					7,509
Contingency	CON.220	102,303		PCOM.220		0	389,303
Contingency	CON.221	23,390					23,390
<b>Total Intangible Cost</b>		<b>683,745</b>				<b>217,000</b>	<b>6,944,745</b>
Surface Casing							17,000
Intermediate Casing 1							114,000
Production Casing or Liner							499,000
Tubing				PCOMT.105		0	42,000
Wellhead, Tree, Chokes				PCOMT.120		0	65,000
Packer, Nipples				PCOMT.400		0	15,000
SHORT ORDERS	CONT.380	14,650					14,650
PUMPS	CONT.385	20,929					20,929
WALKOVERS	CONT.390	12,310					12,310
Downhole Lift Equipment				PCOMT.410		0	70,000
Surface Equipment				PCOMT.420	XEC owned spherical sep	50,000	50,000
N/C Lease Equipment	CONT.400	180,601					180,601
Tanks, Tanks Steps, Stairs	CONT.405	10,341					10,341
Battery Equipment	CONT.410	90,485					90,485
Secondary Containments	CONT.415	31,515					31,515
Overhead Power Distribution	CONT.420	37,425					37,425
Facility Electrical	CONT.425	83,960					83,960
Meters and Metering Equipment	CONT.445	18,958					18,958
Facility Line Pipe	CONT.450	23,637					23,637
Lease Automation Materials	CONT.455	83,098					83,098
FL/GL - Materials	CONT.550	16,620					16,620
FL/GL - Line Pipe	CONT.555	66,726					66,726
<b>Total Tangible Cost</b>		<b>691,255</b>				<b>50,000</b>	<b>1,563,255</b>
<b>Total Estimated Cost</b>		<b>1,375,000</b>				<b>267,000</b>	<b>8,508,000</b>

A.A.P.L. FORM 610 - 1989

MODEL FORM OPERATING AGREEMENT

OPERATING AGREEMENT

DATED

June 10 , 2021 ,  
year

OPERATOR Cimarex Energy Co.

CONTRACT AREA All of Sections 14 & 15, Township 19 South, Range 29 East, N.M.P.M.,

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

COUNTY OR PARISH OF Eddy , STATE OF New Mexico

PARKWAY 15-14 STATE COM WELLS

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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 - 1989

- human resources
- management
- supervision not directly charged under Section II.2 (*Labor*)
- legal services not directly chargeable under Section II.9 (*Legal Expense*)
- taxation, other than those costs identified as directly chargeable under Section II.10 (*Taxes and Permits*)
- preparation and monitoring of permits and certifications; preparing regulatory reports; appearances before or meetings with governmental agencies or other authorities having jurisdiction over the Joint Property, other than On-site inspections; reviewing, interpreting, or submitting comments on or lobbying with respect to Laws or proposed Laws.

Overhead charges shall include the salaries or wages plus applicable payroll burdens, benefits, and Personal Expenses of personnel performing overhead functions, as well as office and other related expenses of overhead functions.

## 1. OVERHEAD—DRILLING AND PRODUCING OPERATIONS

As compensation for costs incurred but not chargeable under Section II (*Direct Charges*) and not covered by other provisions of this Section III, the Operator shall charge on either:

- (Alternative 1) Fixed Rate Basis, Section III.1.B.
- (Alternative 2) Percentage Basis, Section III.1.C.

### A. TECHNICAL SERVICES

- (i) Except as otherwise provided in Section II.13 (*Ecological Environmental, and Safety*) and Section III.2 (*Overhead – Major Construction and Catastrophe*), or by approval of the Parties pursuant to Section I.6.A (*General Matters*), the salaries, wages, related payroll burdens and benefits, and Personal Expenses for **On-site** Technical Services, including third party Technical Services:

- (Alternative 1 – Direct) shall be charged direct to the Joint Account.
- (Alternative 2 – Overhead) shall be covered by the overhead rates.

- (ii) Except as otherwise provided in Section II.13 (*Ecological, Environmental, and Safety*) and Section III.2 (*Overhead – Major Construction and Catastrophe*), or by approval of the Parties pursuant to Section I.6.A (*General Matters*), the salaries, wages, related payroll burdens and benefits, and Personal Expenses for **Off-site** Technical Services, including third party Technical Services:

- (Alternative 1 – All Overhead) shall be covered by the overhead rates.
- (Alternative 2 – All Direct) shall be charged direct to the Joint Account.
- (Alternative 3 – Drilling Direct) shall be charged direct to the Joint Account, only to the extent such Technical Services are directly attributable to drilling, re-drilling, deepening, or sidetracking operations, through completion, temporary abandonment, or abandonment if a dry hole. Off-site Technical Services for all other operations, including workover, recompletion, abandonment of producing wells, and the construction or expansion of fixed assets not covered by Section III.2 (*Overhead - Major Construction and Catastrophe*) shall be covered by the overhead rates.

Notwithstanding anything to the contrary in this Section III, Technical Services provided by Operator's Affiliates are subject to limitations set forth in Section II.7 (*Affiliates*). Charges for Technical personnel performing non-technical work shall not be governed by this Section III.1.A, but instead governed by other provisions of this Accounting Procedure relating to the type of work being performed.

### B. OVERHEAD—FIXED RATE BASIS

- (1) The Operator shall charge the Joint Account at the following rates per well per month:

Drilling Well Rate per month \$ 8,000.00 (prorated for less than a full month)

Producing Well Rate per month \$ 800.00

- (2) Application of Overhead—Drilling Well Rate shall be as follows:

- (a) Charges for onshore drilling wells shall begin on the spud date and terminate on the date the drilling and/or completion equipment used on the well is released, whichever occurs later. Charges for offshore and inland waters drilling wells shall begin on the date the drilling or completion equipment arrives on location and terminate on the date the drilling or completion equipment moves off location, or is released, whichever occurs first. No charge shall be made during suspension of drilling and/or completion operations for fifteen (15) or more consecutive calendar days.

**Exhibit A-4: Chronology of Contact**

Case No. 22452, Parkway 15-14 South State Com 2H  
S/2 S/2 of Sections 15 and 14, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico

**November 18, 2021:** Well proposal sent on 11/18/2021, follow up emails and phone calls with the working interest owners after receipt of well proposal. Majority of working interest owners entered into a voluntary agreement.

**December 13, 2021:** Continued phone calls and emails with remaining working interest owner. By 12/13/21, or shortly thereafter, Cimarex successfully reached voluntary agreement with all working interest owners.

**December 20, 2021:** Cimarex reviewed status of ORRI owners and decided to move forward with the hearing to address pooling of remaining ORRI owners.

## **TAB 3**

Exhibit B: Affidavit of Lucas Haas, Geologist  
Exhibit B-1: Structure Map  
Exhibit B-2: Stratigraphic Cross Section  
Exhibit B-3: Gross Isochore  
Exhibit B-4: Gun Barrel View  
Exhibit B-5: Trajectory Cross-section

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

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

Case No. 22453

**AFFIDAVIT OF LUCAS HAAS**

I, Lucas Haas, being duly sworn on oath, state the following:

1. I am over the age of 18, and I have personal knowledge of the matters stated herein.
2. I am employed as a petroleum geologist for Cimarex Energy Co. (“Cimarex”), and I am familiar with the subject application and the geology involved.
3. This affidavit is submitted in connection with the filing by Cimarex of the above-referenced compulsory pooling application pursuant to 19.15.4.12.A(1) NMAC.
4. I have testified previously before the Oil Conservation Division (“Division”) as an expert petroleum geologist; my credentials have been made a matter of record, and I have been qualified as an expert by the Division.
  - a. I have a Bachelor of Science Degree in Geology from Binghamton University and a Master of Science Degree in Geology from the University of Colorado.
  - b. I have worked on and been involved with New Mexico oil and gas matters since January 2019.

EXHIBIT  
**B**

5. **Exhibit B-1** is a structure map of the base of the 3<sup>rd</sup> Bone Spring Sandstone formation with contour interval of 50 feet. The unit being the S/2 of the S/2 of the Sections as included in the outline of the red triangle. The structure map shows that there is a regional down-dip to the Southeast. I do not observe any faulting, pinchouts, or other geologic impediments to developing this targeted interval.

6. **Exhibit B-2** is a stratigraphic cross-section flattened on the Base of the 3<sup>rd</sup> Bone Spring Sandstone. The well in the cross-section contains a gamma ray, resistivity, and porosity log. The cross-section demonstrates continuity of the target zone. The well logs on the cross-section give a representative sample of the 3<sup>rd</sup> Bone Spring Sandstone formation. The landing zone is highlighted by light brown shading.

7. Additional exhibits for the benefit of the Division's review include **Exhibit B-3**, a gross isopach (thickness) map of the 3<sup>rd</sup> Bone Spring Sandstone, as well as **Exhibits B-4 and B-5**. **Exhibit B-4** is a gun barrel representation of the unit, and **Exhibit B-5** is a structural cross section built along the wellbore trajectories. Exhibits B-1 through B-5 are the same for Cimarex's applications in both Case Nos. 22452 and 22453.

8. I conclude from the attached exhibits that:
- a. The horizontal spacing and proration unit is justified from a geologic standpoint.
  - b. There are no structural impediments or faulting that will interfere with horizontal development.
  - c. Each quarter-quarter section in the unit will contribute more or less equally to production.

9. The preferred well orientation in this area is West-East so that the well runs sub-perpendicular to the inferred orientation of the maximum horizontal stress.

10. The proposed Parkway units will run West to East and will cross one quarter-quarter section in seven (7) stand-up units that Cimarex owns in sections 15 and 14 that involve the same pool (pool code: 60660). The new lay-down units will target different (deeper) depths and sub-formations in the pool, specifically the 3<sup>rd</sup> Bone Spring Sandstone formation, and therefore Cimarex has determined that the proposed lay-down units are needed from a geological standpoint to ensure optimal development.

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

12. The granting of this Application is in the interests of conservation, the prevention of waste and the drilling of unnecessary wells, and the protection of correlative rights.

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

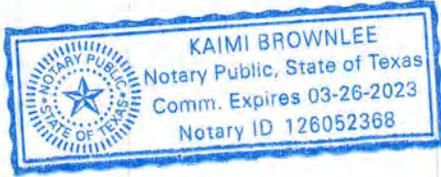
*[Signature page follows]*

FURTHER AFFIANT SAYETH NAUGHT



Lucas Haas

Subscribed to and sworn before me this 29 day of December 2021.

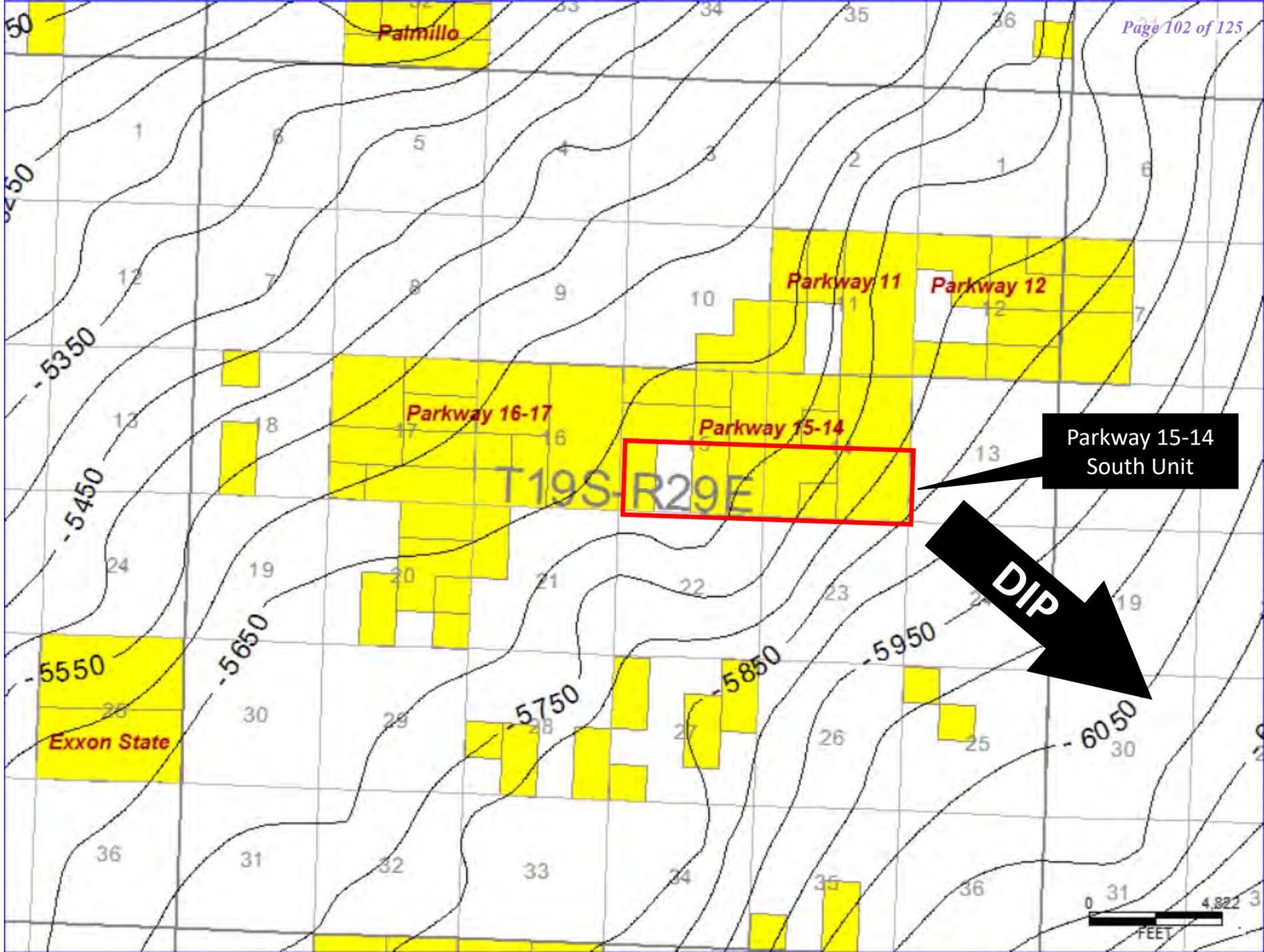


Notary Public

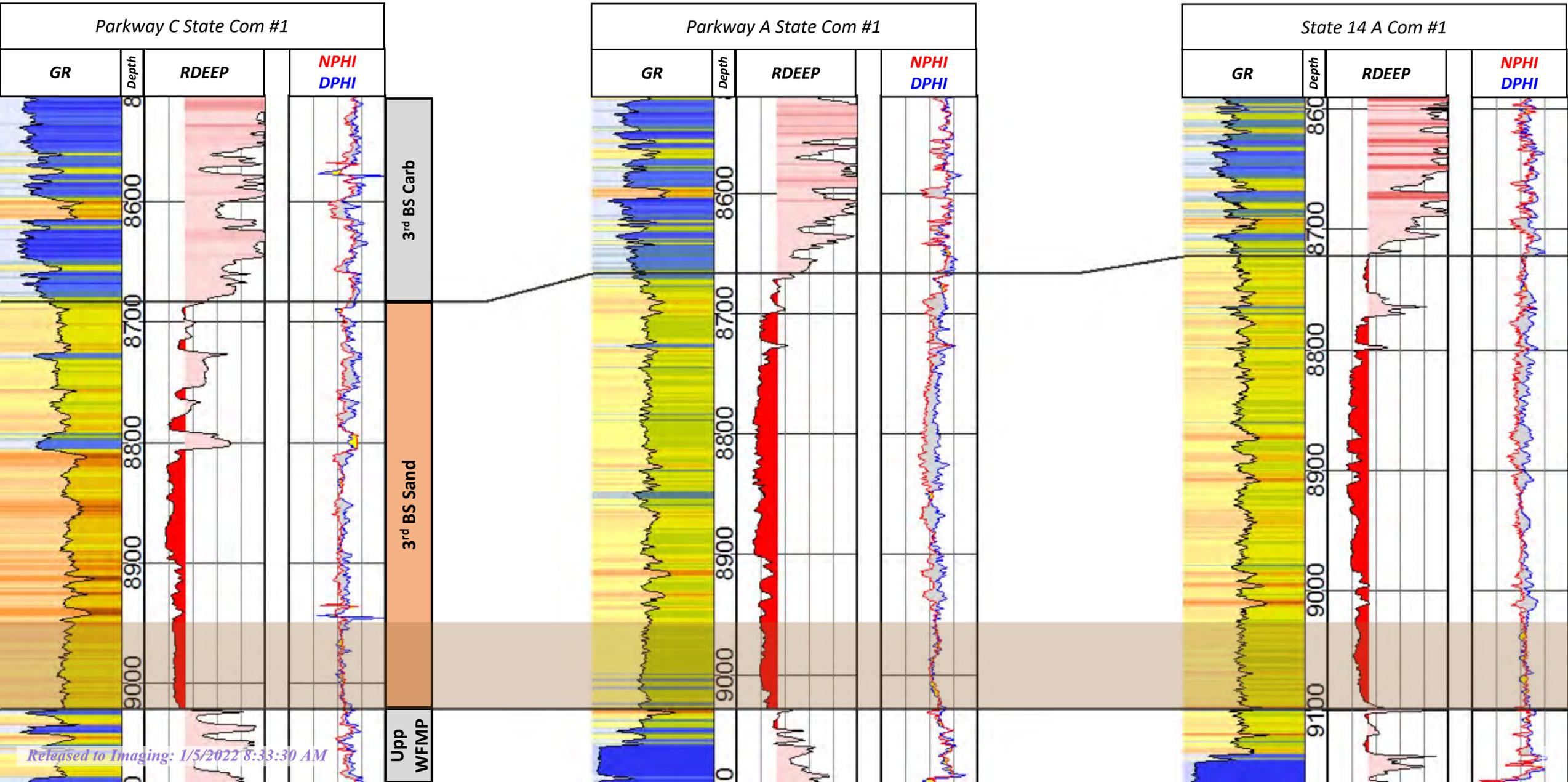
# Parkway. Base 3<sup>rd</sup> Bone Spring Sandstone Structure Map

- Base of target reservoir structure map in sub-sea true vertical depth (SSTVD)
- 50' contour interval
- Dip is to the Southeast

**EXHIBIT B-1**

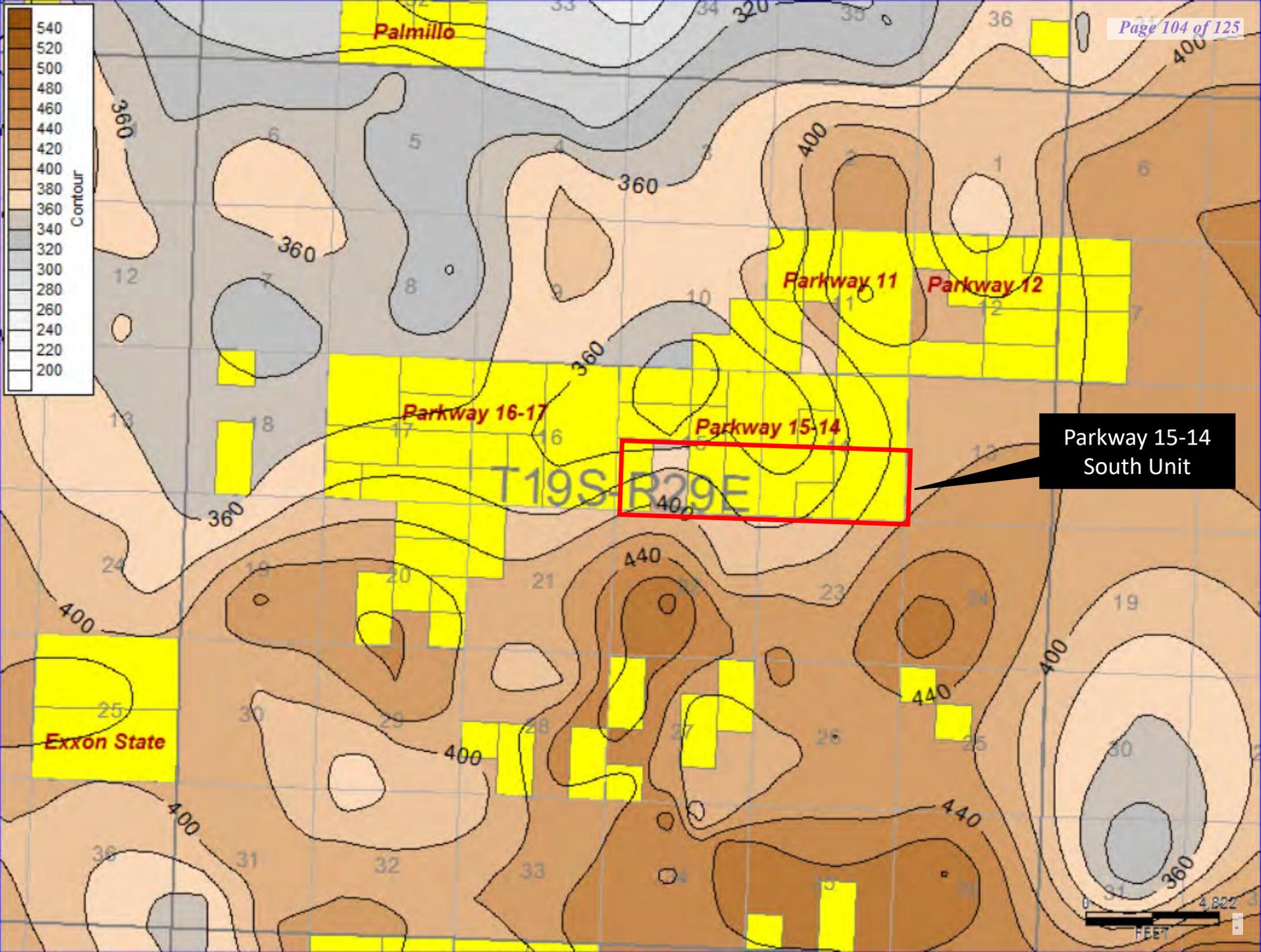


# Parkway Stratigraphic Cross Section (flattened on Base 3<sup>rd</sup> Sand)



# Parkway. Base 3<sup>rd</sup> Bone Spring Gross Thickness Map

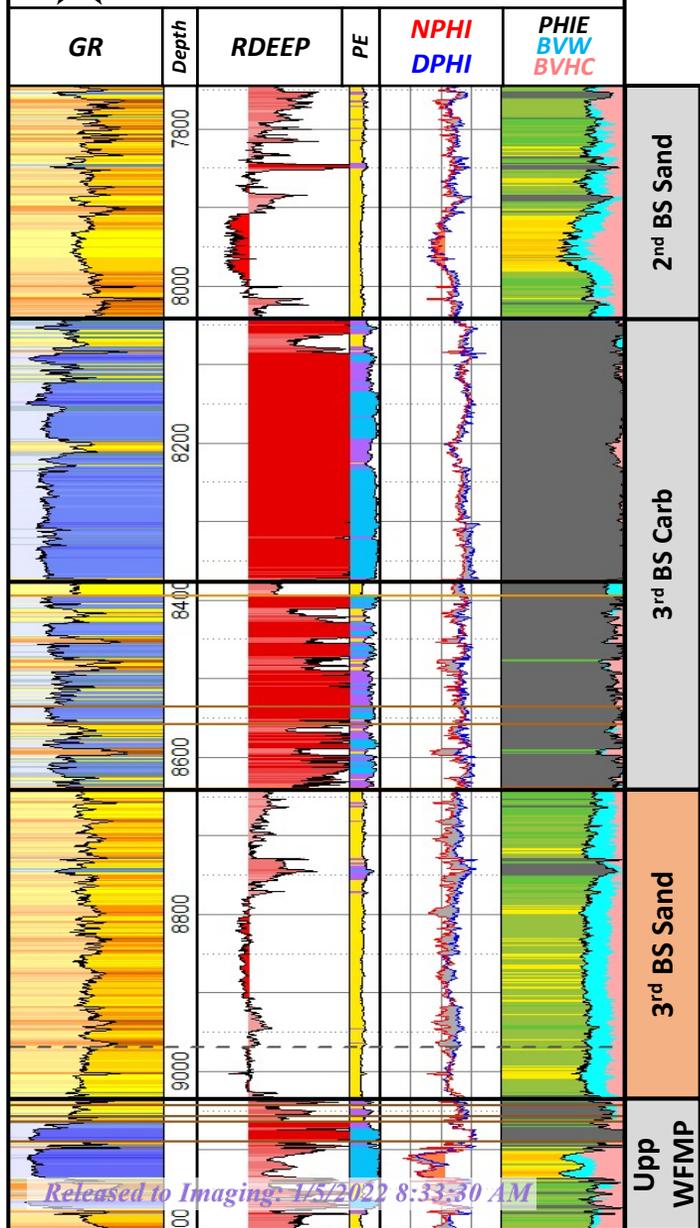
- Gross thickness map indicates that the 3<sup>rd</sup> Bone Spring is consistent across the unit
- The formation thickens to the south



## EXHIBIT B-3

# Parkway Wine Rack (Gunbarrel View)

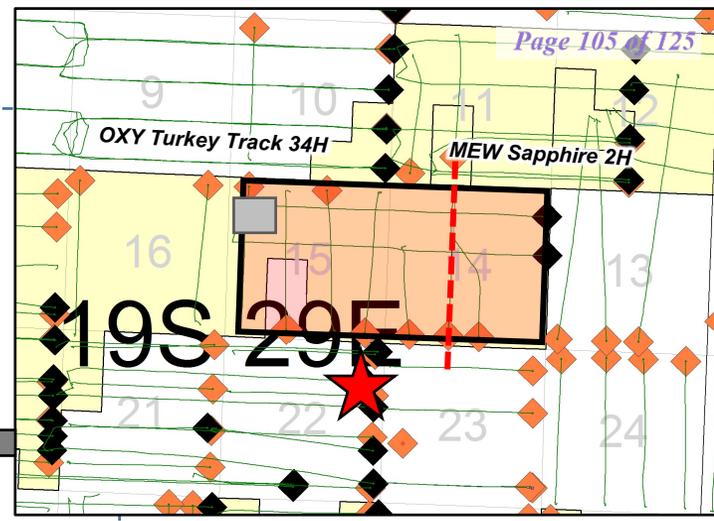
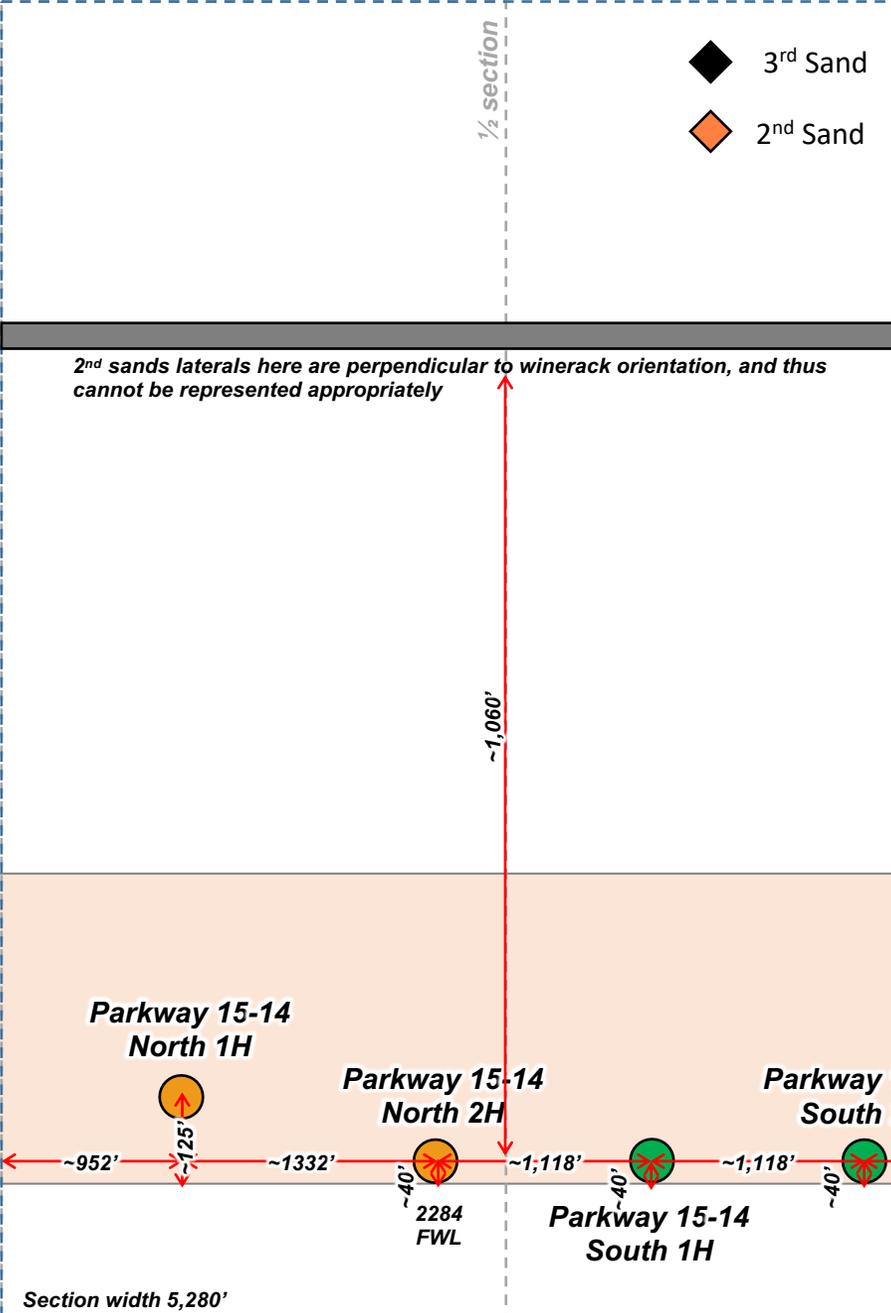
 DVN Parkway West Unit 22



North Sec Line

1/2 section

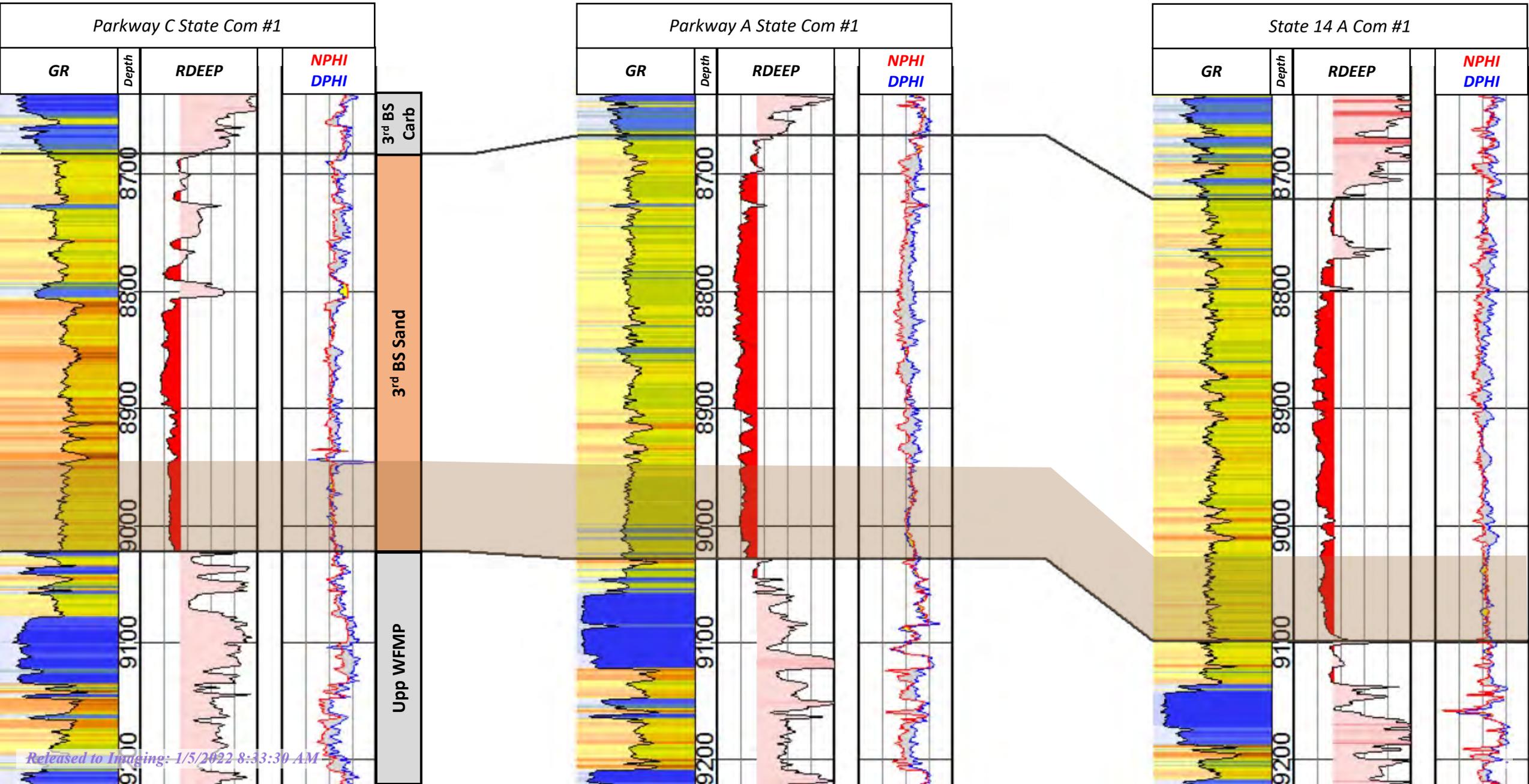
-  3<sup>rd</sup> Sand
-  2<sup>nd</sup> Sand



**Wine Rack Legend – Compl. Date**

-  12/2017 or older
-  7/2019
-  2/2021
-  FUTURE WELLS

# Parkway Structural Cross Section



## **TAB 4**

Exhibit C: Affidavit of Notice, Darin C. Savage  
Exhibit C-1: Notice Letters (WI & ORRI)  
Exhibit C-2: Mailing List  
Exhibit C-3: Affidavit of Publication





For the Pursuit of Energy

ABADIE | SCHILL PC

Colorado	New Mexico
Louisiana	Texas
Kansas	Utah
Nebraska	Wyoming
Montana	California
Oklahoma	North Dakota

December 9, 2021

VIA CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of Cimarex Energy Co., for horizontal spacing and compulsory pooling, Eddy County, New Mexico  
Parkway 15-14 South State Com 1H Well (Case No. 22452)

Re: Application of Cimarex Energy Co., for horizontal spacing and compulsory pooling, Eddy County, New Mexico  
Parkway 15-14 South State Com 2H Well (Case No. 22453)

Case Nos. 22452 and 22453:

Dear Interest Owners:

This letter is to advise you that Cimarex Energy Co. (“Cimarex”) has filed the enclosed applications, Case Nos. 22452 and 22453, with the New Mexico Oil Conservation Division for the compulsory pooling of units in the Bone Spring formation.

In Case No. 22452, Cimarex seeks to pool the N/2 S/2 of Sections 15 and 14, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico, a standard unit encompassing 320 acres, more or less, dedicated to the above-referenced well (Case No. 22452).

In Case No. 22453, Cimarex seeks to pool the S/2 S/2 of Sections 15 and 14, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico, a standard unit encompassing 320 acres, more or less, dedicated to the above-referenced well (Case No. 22453).

A hearing has been requested before a Division Examiner on January 6, 2022, and the status of the hearing can be monitored through the Division’s website. Division hearings

[abadieschill.com](http://abadieschill.com)

214 McKenzie Street, Santa Fe, New Mexico, 87501

O : 970.385.4401 • F : 970.385.4901



will commence at 8:15 a.m., traditionally in Porter Hall at the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. However, under the COVID-19 Public Health Emergency, the hearing will be conducted remotely online. For information about remote access and the status of the case, you can visit the Division's website at: <https://www.emnrd.nm.gov/ocd/hearing-info/> or call (505) 476-3441.

You are being notified as an interest owner and are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B NMAC to file a Pre-hearing Statement at least four business days in advance of a scheduled hearing, but in no event later than 5 p.m. mountain time on the Thursday preceding the scheduled hearing date. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: The names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter, please contact Riley Morris at (432) 620-1966 or at [rmorris@cimarex.com](mailto:rmorris@cimarex.com).

Sincerely,



---

Darin C. Savage

Attorney for Cimarex Energy Co.



For the Pursuit of Energy

ABADIE | SCHILL PC

Colorado	New Mexico
Louisiana	Texas
Kansas	Utah
Nebraska	Wyoming
Montana	California
Oklahoma	North Dakota

December 9, 2021

VIA CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

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[abadieschill.com](http://abadieschill.com)

214 McKenzie Street, Santa Fe, New Mexico, 87501

O : 970.385.4401 • F : 970.385.4901

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You are being notified as an overriding royalty interest owner and are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B NMAC to file a Pre-hearing Statement at least four business days in advance of a scheduled hearing, but in no event later than 5 p.m. mountain time on the Thursday preceding the scheduled hearing date. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: The names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter, please contact Riley Morris at (432) 620-1966 or at [rmorris@cimarex.com](mailto:rmorris@cimarex.com).

Sincerely,



---

Darin C. Savage

Attorney for Cimarex Energy Co.

Exhibit C-2: Mailing Report - Interest Owners

Interest	Owner	Address	CITY	State	ZIP	USPS #	Date Mailed	Status	Date Delivered	Green Card Returned?	
	1H, 2H	Cimarex Energy Co.	APPLICANT								
WI	1H	COG Operating LLC	600 W. Illinois Ave.	Midland	TX	79701	70210950000069888531	12/9/21	Delivered	12/16/21	YES
WI	1H, 2H	Dugan Production Company	709 E Murray Dr.	Farmington	NM	87401	70210950000069888548	12/9/21	Delivered	12/16/21	YES
WI	1H, 2H	Dugan Production Company	PO Box 420	Farmington	NM	87499	70210950000069888555	12/9/21	Delivered	12/10/21	YES
WI	1H, 2H	Hunt Oil Company	1900 N Akard St	Dallas	TX	75201	70210950000069888562	12/9/21	Delivered	12/14/21	YES
WI	1H, 2H	Magnum Hunter Production, Inc.	600 N. Marienfeld St., Ste. 600	Midland	TX	79701	70210950000069888579	12/9/21	Delivered	12/15/21	YES
RI	1H, 2H	State of New Mexico	310 Old Santa Fe Trail	Santa Fe	NM	87501	70210950000069888586	12/9/21	Delivered	N/A	YES
ORRI	1H, 2H	Wallace H. Scott III	2901 Oakhurst Ave.	Austin	TX	78703	70210950000069888470	12/9/21	Delivered	12/15/21	YES
ORRI	1H, 2H	William Winfield Scott	3000 Willowood Circle	Austin	TX	78703	70210950000069888487	12/9/21	Delivered	N/A	YES
ORRI	1H, 2H	McElroy Minerals, LLC c/e Catherine Cecile Darch	4210 S. Bellaire Circle	Englewood	CO	80113	70210950000069888494	12/9/21	Delivered	12/13/21	YES
ORRI	1H, 2H	Cornerstone Family Trust; John Kyle Thomas, Trustee	10864 McKissick Rd	Peyton	CO	80831	70210950000069888500	12/9/21	Delivered	12/17/21	YES
ORRI	1H, 2H	Cornerstone Family Trust; John Kyle Thomas, Trustee	PO Box 558	Peyton	CO	80831	70210950000069888517	12/9/21	Delivered	12/17/21	YES
ORRI	1H, 2H	Summit Overseas Exploration, Inc.	P.O. Box 271127	Littleton	CO	80127	70210950000069888524	12/9/21	Delivered	12/16/21	YES

EXHIBIT  
C-2

SENDER: COMPLETE THIS SECTION

COMPLETE THIS SECTION ON DELIVERY

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

State of New Mexico  
 310 Old Santa Fe Trail  
 Santa Fe, NM 87501



9590 9402 6862 1104 4334 13

2. Article Number (Transfer from service label)

7021 0950 0000 6988 8586

A. Signature

X

B. Received by (Printed Name)

Agent

Addressee

C. Date of Delivery

D. Is delivery address different from item 1?  
If YES, enter delivery address below:

Yes

No

3. Service Type

- Adult Signature
- Adult Signature Restricted Delivery
- Certified Mail®
- Certified Mail Restricted Delivery
- Collect on Delivery
- Collect on Delivery Restricted Delivery

Priority Mail Express®

Registered Mail™

Registered Mail Restricted Delivery

Signature Confirmation™

Signature Confirmation Restricted Delivery

Mail  
Mail Restricted Delivery

(over \$500)

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Dugan Production Company  
PO Box 420  
Farmington NM 87499



9590 9402 6862 1104 4334 20

2. Article Number (Transfer from service label)

7021 0950 0000 6988 8555

Released to Imaging: 1/5/2022 8:33:30 AM

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

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

 Agent Addressee

B. Received by (Printed Name)

C. Date of Delivery

12/10

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

3. Service Type

- Adult Signature
- Adult Signature Restricted Delivery
- Certified Mail®
- Certified Mail Restricted Delivery
- Collect on Delivery
- Collect on Delivery Restricted Delivery

- Priority Mail Express®
- Registered Mail™
- Registered Mail Restricted Delivery
- Signature Confirmation™
- Signature Confirmation Restricted Delivery

tail  
tail Restricted Delivery

Domestic Return Receipt

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Dugan Production Company  
 709 E. Murray Dr.  
 Farmington NM 87401



9590 9402 6862 1104 4334 44

2. Article Number (Transfer from service label)

7021 0950 0000 6988 8548

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

B. Received by (Printed Name)

David A. Salas

Agent

Addressee

C. Date of Delivery

D. Is delivery address different from item 1? If YES, enter delivery address below:

Yes

No



3. Service Type

- Adult Signature
- Adult Signature Restricted Delivery
- Certified Mail®
- Certified Mail Restricted Delivery
- Collect on Delivery
- Collect on Delivery Restricted Delivery

- Priority Mail Express®
- Registered Mail™
- Registered Mail Restricted Delivery
- Signature Confirmation™
- Signature Confirmation Restricted Delivery

Mail Restricted Delivery (0)

SENDER: COMPLETE THIS SECTION

COMPLETE THIS SECTION ON DELIVERY

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Wallace H. Scott III  
 2901 Oakhurst Dr.  
 Austin, TX 78703



9590 9402 6862 1104 4333 45

2. Article Number (Transfer from service label)

7021 0950 0000 6988 8470

Released to Imaging: 1/5/2022 8:33:30 AM

A. Signature

X

*[Handwritten Signature]*

Agent

Addressee

B. Received by (Printed Name)

*[Handwritten Name]*

C. Date of Delivery

*[Handwritten Date: 10/4/21]*

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

3. Service Type

- Adult Signature
- Adult Signature Restricted Delivery
- Certified Mail®
- Certified Mail Restricted Delivery
- Collect on Delivery
- Collect on Delivery Restricted Delivery

- Priority Mail Express®
- Registered Mail™
- Registered Mail Restricted Delivery
- Signature Confirmation™
- Signature Confirmation Restricted Delivery

Mail  
 Mail Restricted Delivery  
 0)

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

William Winfield Scott  
3000 Willowood Circle  
Austin, TX 78703



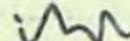
9590 9402 6862 1104 4333 52

2. Article Number (Transfer from service label)

7021 0950 0000 6988 8487

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X 

Agent

Addressee

B. Received by (Printed Name)

C. Date of Delivery

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

3. Service Type

- Adult Signature
- Adult Signature Restricted Delivery
- Certified Mail®
- Certified Mail Restricted Delivery
- Collect on Delivery
- Collect on Delivery Restricted Delivery

- Priority Mail Express®
- Registered Mail™
- Registered Mail Restricted Delivery
- Signature Confirmation™
- Signature Confirmation Restricted Delivery

Registered Mail  
Registered Mail Restricted Delivery  
(\$500)

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

McElroy Minerals, LLC c/e  
Catherine Cecile Darch  
4210 S. Bellaire Circle  
Englewood, CO 80113



9590 9402 6862 1104 4333 69

2. Article Number (Transfer from service label)

7021 0950 0000 6988 8494

Released to Imaging: 1/5/2022 8:33:30 AM

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

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

 Agent Addressee

B. Received by (Printed Name)

C. Date of Delivery

1-13-21

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

3. Service Type

- Adult Signature
- Adult Signature Restricted Delivery
- Certified Mail®
- Certified Mail Restricted Delivery
- Collect on Delivery
- Collect on Delivery Restricted Delivery
- Insured Mail
- Registered Mail

 Priority Mail Express® Registered Mail™ Registered Mail Restricted Delivery Signature Confirmation™ Signature Confirmation Restricted Delivery

Mail Restricted Delivery  
(0)

Domestic Return Receipt

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Cornerstone Family Trust; John Kyle  
Thomas, Trustee  
10864 McKissick Rd.  
Peyton, CO 80831



9590 9402 6862 1104 4333 76

2. Article Number (Transfer from service label)

7021 0950 0000 6988 8500

Released to Imaging: 1/5/2022 8:33:30 AM

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

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

 Agent  
 Addressee

B. Received by (Printed Name)

John Thomas

C. Date of Delivery

12/17/2021

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

3. Service Type

- Adult Signature
- Adult Signature Restricted Delivery
- Certified Mail®
- Certified Mail Restricted Delivery
- Collect on Delivery
- Collect on Delivery Restricted Delivery
- Insured Mail
- Insured Mail Restricted Delivery

- Priority Mail Express®
- Registered Mail™
- Registered Mail Restricted Delivery
- Signature Confirmation™
- Signature Confirmation Restricted Delivery

 0) Restricted Delivery  
 0)

Domestic Return Receipt

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Hunt Oil Company  
 1900 N. Akard St.  
 Dallas, TX 75201



9590 9402 6862 1104 4334 37

2. Article Number (Transfer from service label)

7021 0950 0000 6988 8562

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

*[Handwritten Signature]*

Agent

Addressee

B. Received by (Printed Name)

C. Date of Delivery

12-14-21

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

Covid-19

3. Service Type

- Adult Signature
- Adult Signature Restricted Delivery
- Certified Mail®
- Certified Mail Restricted Delivery
- Collect on Delivery
- Collect on Delivery Restricted Delivery

- Priority Mail Express®
- Registered Mail™
- Registered Mail Restricted Delivery
- Signature Confirmation™
- Signature Confirmation Restricted Delivery

Mail Restricted Delivery

(over 500)

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Cornerstone Family Trust; John Kyle  
 Thomas, Trustee  
 PO Box 558  
 Peyton, CO 80831



9590 9402 6862 1104 4333 83

2. Article Number (Transfer from service label)

7021 0950 0000 6988 8517

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

*[Handwritten Signature]*

- Agent
- Addressee

B. Received by (Printed Name)

*John Thomas*

C. Date of Delivery

*12/17/2021*

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

3. Service Type

- Adult Signature
- Adult Signature Restricted Delivery
- Certified Mail®
- Certified Mail Restricted Delivery
- Collect on Delivery
- Collect on Delivery Restricted Delivery

- Priority Mail Express®
- Registered Mail™
- Registered Mail Restricted Delivery
- Signature Confirmation™
- Signature Confirmation Restricted Delivery

1 Mail  
 1 Mail Restricted Delivery  
 500)

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Summit Overseas Exploration Inc.  
 PO Box 271127  
 Littleton, CO 80127



9590 9402 6862 1104 4333 90

2. Article Number (Transfer from service label)

7021 0950 0000 1900 0520

Released to Imaging: 1/5/2022 8:33:30 AM

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

*[Handwritten Signature]*

Agent

Addressee

B. Received by (Printed Name)

*[Handwritten Name]*

C. Date of Delivery

*[Handwritten Date]*

D. Is delivery address different from item 1?  Yes

If YES, enter delivery address below:

No



3. Service Type

- Adult Signature
- Adult Signature Restricted Delivery
- Certified Mail®
- Certified Mail Restricted Delivery
- Collect on Delivery
- Collect on Delivery Restricted Delivery
- Insured Mail

- Priority Mail Express®
- Registered Mail™
- Registered Mail Restricted Delivery
- Signature Confirmation™
- Signature Confirmation Restricted Delivery

Mail Restricted Delivery

0)

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Magnum Hunter Production Inc.  
600 N. Marienfeld St., Ste. 600  
Midland, TX 79701



9590 9402 6862 1104 4334 06

2. Article Number (Transfer from service label)

7021 0950 0000 6988 8579

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

*P. L. Waldor*

Agent

Addressee

B. Received by (Printed Name)

*Pamela Waldor*

C. Date of Delivery

*12-15-2021*

D. Is delivery address different from item 1?  
If YES, enter delivery address below:

Yes

No

3. Service Type

- Adult Signature
- Adult Signature Restricted Delivery
- Certified Mail®
- Certified Mail Restricted Delivery
- Collect on Delivery
- Collect on Delivery Restricted Delivery

Priority Mail Express®

Registered Mail™

Registered Mail Restricted Delivery

Signature Confirmation™

Signature Confirmation Restricted Delivery

Collect on Delivery Restricted Delivery

(over \$500)

# Carlsbad Current Argus.

## Affidavit of Publication

Ad # 0005042963

This is not an invoice

**ABADIE SCHILL P.C.**  
555 RIVERGATE # B 4-180

**DURANGO, CO 81301-7485**

I, a legal clerk of the **Carlsbad Current Argus**, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof in editions dated as follows:

12/17/2021

  
Legal Clerk

Subscribed and sworn before me this December 17, 2021:



State of WI, County of Brown  
NOTARY PUBLIC

1-7-28

My commission expires

CASE No. 22453: Notice to all affected parties and persons having any right, title, interest or claim to this case, including overriding royalty interest owners, as well as the known and unknown heirs, devisees, assigns and successors of DUGAN PRODUCTION COMPANY, HUNT OIL COMPANY, MAGNUM HUNTER PRODUCTION, INC., WALLACE H. SCOTT III, WILLIAM WINFIELD SCOTT, MCELROY MINERALS, LLC C/E CATHERINE CECILE DARCH, JOHN KYLE TRUSTEE OF THE CORNERSTONE FAMILY TRUST, and SUMMIT OVERSEAS EXPLORATION, INC., of Cimarex Energy Co.'s application for approval of a spacing unit and compulsory pooling, Eddy County, New Mexico, The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division Examiner will conduct a public hearing at 8:15 a.m. on January 6, 2022, at 1220 S. St. Francis, Santa Fe, New Mexico, 87505. However, under the current COVID-19 Public Health Emergency policies, the hearing will be conducted remotely online. For information about remote access and the status of the case, you can visit the Division's website at: <https://www.emnrd.nm.gov/ocd/hearing-info/> or call (505) 476-3441. Cimarex Energy Co., whose operational office is at 600 N. Marienfeld St. Suite 600, Midland, Texas, 79701 (HQ at 1700 Lincoln St. Suite 3700, Denver, Colorado 80203), seeks an order from the Division: (1) establishing a standard 320-acre, more or less, horizontal spacing and proration unit comprised of the S/2 S/2 of Sections 15 and 14, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico, and (2) pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying said unit. Said horizontal spacing unit is to be dedicated to the Parkway 15-14 South State Com 2H Well, an oil well, to be horizontally drilled from a surface location in the NW/4 SW/4 (Unit L) of Section 15 to a bottom hole location in the SE/4 SE/4 (Unit P) of Section 14. The location is standard; the completed interval and first take and last take points for the well proposed in the unit meet the Division's statewide setback requirements for horizontal oil wells. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the well and unit; and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located 13 miles northeast from Carlsbad, New Mexico.

#5042963, Current Arqus, December 17, 2021

KATHLEEN ALLEN  
Notary Public  
State of Wisconsin

Ad # 0005042963

PO #:

# of Affidavits 1

This is not an invoice

EXHIBIT  
C-3