

**CASE NO. 22771**

**APPLICATION OF CIMAREX ENERGY CO. FOR COMPULSORY POOLING  
EDDY COUNTY, NEW MEXICO**

**CIMAREX ENERGY CO.'S EXHIBIT LIST**

- A. Landman's Affidavit
- B. Geologist's Affidavit
- C. Application and Proposed Notice
- D. Affidavit of Mailing
- E. Pooling Checklist
- F. Pre-hearing Statement

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

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

Case No. 22771

**SELF-AFFIRMED STATEMENT OF RILEY MORRIS**

STATE OF TEXAS            )  
                                      ) ss.  
COUNTY OF MIDLAND    )

EXHIBIT

*A*

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 of the above-referenced spacing and compulsory pooling applications pursuant to 19.15.4.12.A(1).

5. Cimarex seeks an order pooling all uncommitted mineral interest in the Bone Spring formation (Carlsbad; Bone Spring, South; Pool Code: 9670) underlying a standard 320-

acre, more or less, horizontal spacing and proration unit comprised of the W/2 W/2 of Sections 29 and 32, Township 25 South, Range 27 East, NMPM, Eddy County, New Mexico.

6. Under Case No. 22771, Cimarex seeks to dedicate the **Southern Hills 32-29 State Fed Com 1H Well** (API 30-015-49513) as an initial well, horizontally drilled from a surface location in SE/4 SW/4 (Unit N) of Section 32 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 29; approximate TVD of 7,900'; approximate TMD of 17,900'; FTP in Section 32: 100' FSL, 330' FWL; LTP in Section 29: 100' FNL, 330' FWL.

7. Cimarex has a horizontal well, the Cottonwood Hills 32 State Com 2H (API No. 30-015-40184), in the W/2 W/2 of Section 32, in the Bone Spring formation. COG Operating, LLC has a horizontal well, the Populus Federal 2H (API No. 30-015-44103), in the W/2 W/2 of Section 29, in the Bone Spring formation. The proposed HSU will overlap these 160-acre units in the W/2 W/2 of Sections 32 and 29, respectively, and Cimarex respectfully requests approval, to the extent necessary, for the overlapping units.

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

9. A general location plat and a plat outlining the units being pooled is attached hereto as **Exhibit A-2**, which show the location of the proposed well within the unit. The location of each well is orthodox, and it 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. **Exhibit A-2** includes information regarding working interest owners.

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

12. I provided the law firm of James Bruce a list of names and addresses for the uncommitted ORRI 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 wells are located, and of phone directories and did computer searches to locate the contact information for parties entitled to notification. All working interest owners were locatable and noticed.

13. Cimarex has made a good faith effort to negotiate with the interest owners, 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 its development within the proposed horizontal spacing unit. **Exhibit A-3** provides a chronology and history of contacts with the owners.

14. The interest owners being pooled have been contacted regarding the proposed wells but have failed or refused to voluntarily commit their interest in the wells. However, Cimarex has been in ongoing discussions with some of the interest owners to voluntarily enter into a Joint Operating Agreement. If a mutually agreeable Joint Operating Agreement is reached between Cimarex and another interest owner or owners, Cimarex requests that the voluntary agreement become operative and supersede the Division's order for said parties, except to the extent the Division deems it necessary to maintain spacing criteria for the purpose of conservation, the prevention of waste, and protection of correlative rights.

15. The interest owners being pooled have been contacted regarding the proposed wells, and the working interest owners have voluntarily committed their interests in the wells. This pooling application has been submitted for approval in order to account for the overriding royalty interest owners.

16. **Exhibit A-4** is a sample proposal letter and the AFEs for each proposed well. The estimated cost of the wells set forth in the AFEs is fair, reasonable, and comparable to the costs of other wells of similar depths and lengths drilled in this area of New Mexico.



17. Cimarex requests overhead and administrative rates of \$8,000/month for drilling each well and \$800/month for producing each well. These rates are fair and comparable to the rates charged by other operators for wells of this type in this area of southeastern New Mexico. Cimarex requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.

18. Cimarex requests the maximum cost, plus 200% risk charge be assessed against non-consenting working interest owners to the extent needed.

19. Cimarex requests that it be designated operator of the units and wells.

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

21. 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.

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

*[Signature page follows]*

I understand that this Self-Affirmed Statement will be used as written testimony in these cases. I affirm that my testimony in paragraphs 1 through 21 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

Date: 6/29/22

A handwritten signature in blue ink, appearing to read "Riley Morris", written over a horizontal line.

Riley Morris

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

ATTACHED REPORT

ATTACHMENT

WELL LOCATION AND ACREAGE DEDICATION

<sup>1</sup> API Number	<sup>2</sup> Pool Code	
<sup>4</sup> Property Code	<sup>5</sup> Property Name SO. HILLS 32-29 STATE FED COM	<sup>6</sup> Well Number 1H
<sup>7</sup> OGRID No.	<sup>8</sup> Operator Name CIMAREX ENERGY CO.	<sup>9</sup> Elevation 3243.4'

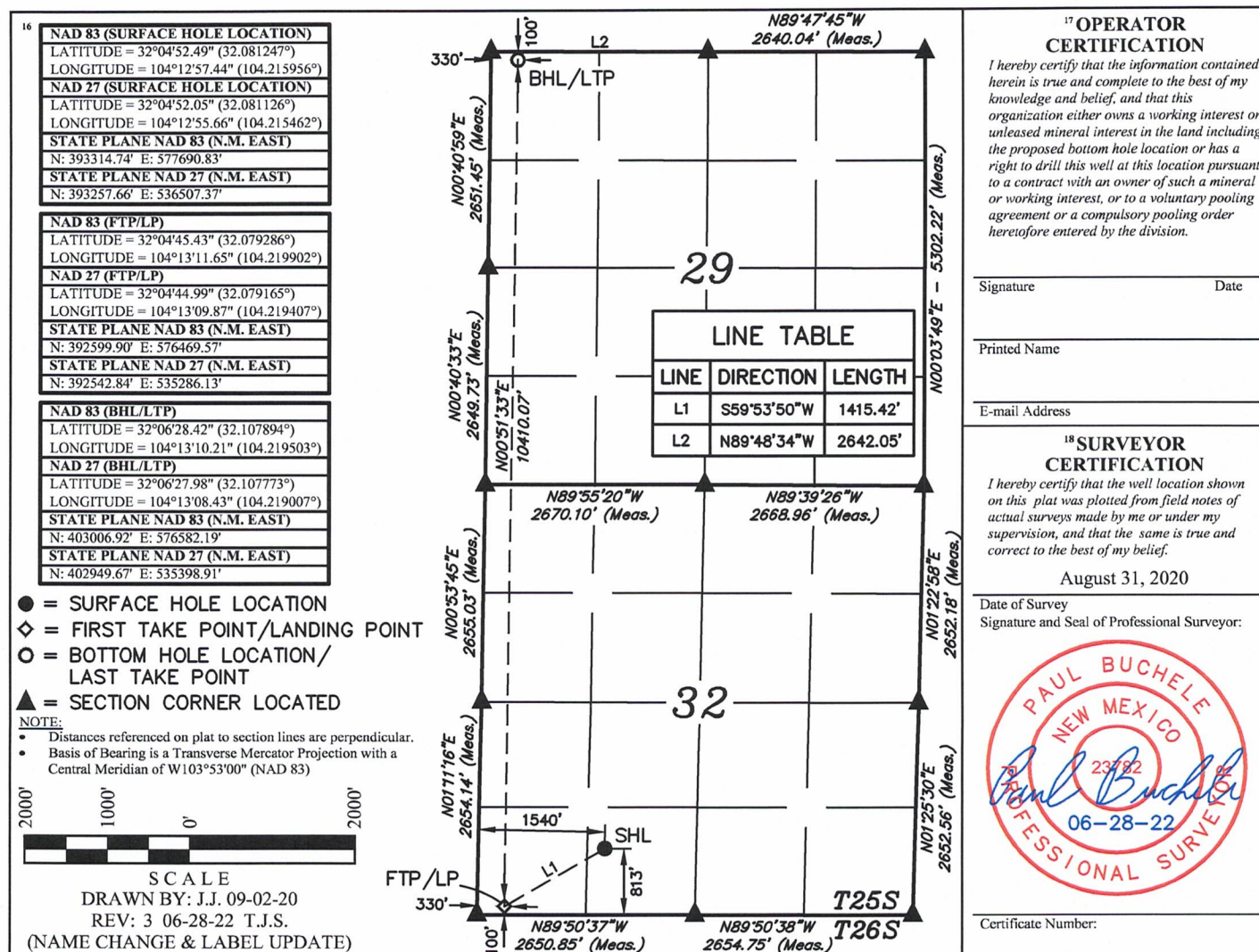
<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	32	25S	27E		813	SOUTH	1540	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
D	29	25S	27E		100	NORTH	330	WEST	EDDY
<sup>12</sup> Dedicated Acres	<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.







ATTACHMENT 2

**CIMAREX**

**SOUTHERN HILLS OWNERSHIP**  
Eddy County, NM

Scale: 1" = 10.00' CRS: NAD 1983 StatePlane New Mexico East  
Date: 2/3/2022 Author: jlow

Southern Hills - 2 Mile BSPG

XEC Leasehold

Owner	Address	Total Unit WI	Total Unit NRI	Total Unit ORRI/RI
Cimarex Energy Co.	600 N. Marienfeld St., Ste. 600 Midland, TX 79701	0.67775000	0.55553333	0.00000000
ABO Petroleum, Inc.	P.O. Box 900 Artesia, NM 88211	0.11110000	0.09721250	0.00000000
Chevron USA Inc.	1400 Smith Street Houston, TX 77002	0.10000000	0.08333333	0.00000000
Oxy Y-1 Company	5 Greenway Plaza, Ste. 110 Houston, TX 77046	0.11115000	0.09725625	0.00000000

Timeline of Contact with Working Interest Owners

So. Hills 32-29 State Fed Com 1H thru 4H

Landman: Riley Morris

ABO:

Abo has executed the proposed JOA and sent in their elections to participate in all proposed operations.

Oxy:

Well proposals for all four (4) wells sent on September 3, 2021. Update to 2H well plan via Update Letter sent on November 1, 2021. Initial contact with Oxy Landman, Courtney Carr, occurred on September 14, 2021. Oxy requested well plan information and received the information requested on October 20, 2021. Throughout the process of moving forward with a hearing to pool, we communicated regarding the terms and provisions of the proposed JOA. Requests for revisions sent over by Ms. Carr on October 21, 2021. Cimarex's comments to proposed revisions sent back to Ms. Carr on November 3, 2021. Ms. Carr advised on November 29, 2021 that she was waiting for feedback from her Legal Department on revisions in Article XVI. E., F. and H. This concluded the communication between Ms. Carr and myself.

Chevron:

Well proposals for all four (4) wells sent on September 3, 2021. Update to 2H well plan via Update Letter sent on November 1, 2021. No contact has occurred via email other than ongoing discussions between Cimarex and Chevron concerning an acreage trade in this general area.

ATTACHMENT

3



Cimarex Energy Co.  
600 N. Marienfeld St.  
Suite 600  
Midland, TX 79701  
Main: 432.571.7800



September 3, 2021

Chevron U.S.A. Inc.  
1400 Smith Street  
Houston, TX 77002

Re:      **Proposal to Drill**  
         **Southern Hills 32-29 State Fed Com 1H**  
         **Southern Hills 32-29-20 State Fed Com 2H**  
         **W2 Section 32 and 29, Township 25 South, Range 27 East**  
         **Eddy County, NM**

Dear Working Interest Owner,

Cimarex Energy Co. hereby proposes to drill the Southern Hills 32-29 State Fed Com 1H & Southern Hills 32-29-20 State Fed Com 2H wells at a legal location in Section 32, Township 25 South, Range 27 East, NMPM, Eddy County, New Mexico.

**Southern Hills 32-29 State Fed Com 1H** - The intended surface hole location for the well is 813'FSL & 1,540'FWL of Section 32, Township 25 South, Range 27 East, and the intended bottom hole location 100'FNL & 330'FWL of Section 29, Township 25 South, Range 27 East. The well is proposed to be drilled vertically to the Harkey formation and laterally in a northerly direction within the formation to the referenced bottom hole location. Total vertical depth of the well is proposed to be approximately 7,900'.

**Southern Hills 32-29-20 State Fed Com 2H** - The intended surface hole location for the well is 820'FSL & 1,558'FWL of Section 32, Township 25 South, Range 27 East, and the intended bottom hole location 100'FNL & 2,112'FWL of Section 20, Township 25 South, Range 27 East. The well is proposed to be drilled vertically to the Harkey formation and laterally in a northerly direction within the formation to the referenced bottom hole location. Total vertical depth of the well is proposed to be approximately 7,900'.

Cimarex Energy Co. is proposing these wells under the terms of a new Operating Agreement, which is included for your review and approval. It has the following general provisions:

- 100%/300% Non-Consenting Penalty;
- \$8000 Drilling and \$800 Producing Rate; and
- Cimarex Energy Co. named as Operator.

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.

ATTACHMENT

A handwritten signature in blue ink, consisting of a stylized 'H' with a vertical line extending upwards from the top right of the 'H'.

Enclosed, in duplicate, is (i) our detailed AFE reflecting estimated costs associated with this proposal, and; (ii) our proposed form of Operating Agreement to govern operations of the Southern Hills 32-29 State Fed Com wells. If you intend to participate, please approve and return one (1) original of the enclosed AFE, one (1) original of the signature page to the Operating Agreement, to the undersigned within thirty (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.

If we do not reach an agreement within 30 days of the date of this letter, Cimarex may apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest in to a horizontal spacing unit for the proposed well.

Please call the undersigned with any questions or comments.

Respectfully,

A handwritten signature in blue ink, appearing to read "Riley C. Morris".

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

**ELECTION TO PARTICIPATE  
Southern Hills 32-29 State Fed Com 1H**

\_\_\_\_\_ Chevron U.S.A. Inc. elects **TO** participate in the proposed Southern Hills 32-29 State Fed Com 1H well.

\_\_\_\_\_ Chevron U.S.A. Inc. elects **NOT** to participate in the proposed Southern Hills 32-29 State Fed Com 1H well.

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

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

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

If your election above is TO participate in the proposed Southern Hills 32-29 State Fed Com 1H well, then:

\_\_\_\_\_ Chevron U.S.A. Inc. elects **TO** be covered by well control insurance procured by Cimarex Energy Co.

\_\_\_\_\_ Chevron U.S.A. Inc. 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 # 26822008

Company Entity

Date Prepared  
9/3/2021

Exploration Region	Well Name	Prospect	Property Number	AFE
Permian Basin	SO HILLS 32-29 STATE FED COM 1H	Carlsbad Bone Spring Prospect	300001-188.01	26822008
County, State	Location	Estimated Spud	Estimated Completion	
Eddy, NM	W2W2 SECTIONS 32, 29 AND 20, TOWNSHIP 25 SOUTH, RANGE 27 EAST, EDDY COUNTY, NM	4/14/2022		
X New Supplement Revision	Formation	Well Type	Ttl Measured Depth	Ttl Vertical Depth
	Harkey	DEV	17,900	7,900

Purpose Drill and complete well

## Description

Drilling Drill and complete a horizontal test. Drill to 440 Set Surface casing. Drill to Drill to 2635', set surface casing. Drill to 9490' (KOP). Drill curve at 12"/100' initial build rate to +/- 75 degrees and set casing at +/- 10115' MD. Finish curve at +/- 4"/100' to +/- 10000' TVD and drill a +/- 9470' long lateral in the Harkey formation. Run and cement production liner. Stage frac. Drill out plugs. Run production packer, tubing and GLVs.

Intangible	Dry Hole	After Casing Point	Completed Well Cost
Drilling Costs	\$2,096,000		\$2,096,000
Completion Costs		\$4,649,800	\$4,649,800
Total Intangible Cost	\$2,096,000	\$4,649,800	\$6,745,800
Tangible	Dry Hole	After Casing Point	Completed Well Cost
Well Equipment	\$402,000	\$408,000	\$810,000
Lease Equipment		\$1,138,125	\$1,138,125
Total Tangible Cost	\$402,000	\$1,546,125	\$1,948,125
Total Well Cost	\$2,498,000	\$6,195,925	\$8,693,925

## 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.

9/3/2021



# Authorization For Expenditure - SO HILLS 32-29 STATE FED COM 1H

AFE # 26822008

Description	BCP - Drilling		ACP - Drilling		Comp/Stim		Production Equip		Post Completion		Total	
	Codes	Amount	Codes	Amount	Codes	Amount	Codes	Amount	Codes	Amount	Cost	Cost
Roads & Location	DIDC.100	125,000			STIM.100	10,000	CON.100	50,500	PCOM.100	7,000		192,500
Damages	DIDC.105	30,000					CON.105	3,000				33,000
Mud/Fluids Disposal	DIDC.255	125,000			STIM.255	53,000			PCOM.255	0		178,000
Day Rate	DIDC.115	350,000	DICC.120	60,000								410,000
Misc Preparation	DIDC.120	20,000										20,000
Bits	DIDC.125	62,000	DICC.125	0	STIM.125	0			PCOM.125	0		62,000
Fuel	DIDC.135	42,000	DICC.130	0					PCOM.130	0		42,000
Water for Drilling Rig (Not Frac Water)	DIDC.140	25,000	DICC.135	0	STIM.135	20,000			PCOM.135	0		45,000
Mud & Additives	DIDC.145	150,000										150,000
SWD PIPED TO 3RD PARTY SWD WELL									PCOM.257	88,800		88,800
Surface Rentals	DIDC.150	92,000	DICC.140	0	STIM.140	132,000	CON.140	2,875	PCOM.140	60,000		286,875
Flowback Labor					STIM.141	0			PCOM.141	30,000		30,000
Downhole Rentals	DIDC.155	81,000			STIM.145	35,000			PCOM.145	0		116,000
Automation Labor							CON.150	59,375	PCOM.150	9,500		68,875
Mud Logging	DIDC.170	21,000										21,000
IPC & EXTERNAL PAINTING							CON.165	21,375				21,375
Cementing & Float Equipment	DIDC.185	110,000	DICC.155	55,000								165,000
Tubular Inspections	DIDC.190	50,000	DICC.160	10,000	STIM.160	4,000			PCOM.160	0		64,000
Casing Crews	DIDC.195	15,000	DICC.165	15,000	STIM.165	0						30,000
Mechanical Labor	DIDC.200	28,000	DICC.170	10,000	STIM.170	0	CON.170	270,375	PCOM.170	0		308,375
Trucking/Transportation	DIDC.205	18,000	DICC.175	8,000	STIM.175	4,000	CON.175	29,875	PCOM.175	0		59,875
Supervision	DIDC.210	70,000	DICC.180	9,000	STIM.180	45,000	CON.180	29,625	PCOM.180	0		153,625
Trailer House/Camp/Catering	DIDC.280	38,000	DICC.255	5,000	STIM.280	23,000						66,000
Other Misc Expenses	DIDC.220	5,000	DICC.190	0	STIM.190	58,000	CON.190	37,750	PCOM.190	0		100,750
Overhead	DIDC.225	10,000	DICC.195	5,000								15,000
MOB/DEMOB	DIDC.240	110,000										110,000
Directional Drilling Services	DIDC.245	297,000										297,000
Solids Control	DIDC.260	44,000										44,000
Well Control Equip (Snubbing Services)	DIDC.265	74,000	DICC.240	5,000	STIM.240	59,000			PCOM.240	0		138,000
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	235,000			PCOM.200	0		235,000
Composite Plugs					STIM.390	41,000			PCOM.390	0		41,000
Stimulation Pumping/Chemicals/Additives/Sand					STIM.210	2,014,000			PCOM.210	10,000		2,024,000
Stimulation Water/Water Transfer/Water Storage					STIM.395	278,000						278,000
Cimarex Owned Frac/Rental Equipment					STIM.305	60,000			PCOM.305	72,500		132,500
Legal/Regulatory/Curative	DIDC.300	10,000					CON.300	0				10,000
Well Control Insurance	DIDC.285	7,000										7,000
FL/GL - ON PAD LABOR							CON.495	19,500				19,500
FL/GL - Labor							CON.500	39,125				39,125
FL/GL - Supervision							CON.505	23,625				23,625
Survey							CON.515	2,750				2,750
Contingency	DIDC.435	87,000	DICC.220	9,000	STIM.220	163,000	CON.220	159,750	PCOM.220	0		418,750
Contingency							CON.221	12,500				12,500
<b>Total Intangible Cost</b>		<b>2,096,000</b>		<b>191,000</b>		<b>3,419,000</b>		<b>762,000</b>		<b>277,800</b>		<b>6,745,800</b>
Conductor Pipe	DWEB.130	8,000										8,000
Water String	DWEB.135	15,000										15,000
Surface Casing	DWEB.140	71,000										71,000
Intermediate Casing 1	DWEB.145	270,000										270,000
Production Casing or Liner			DWEA.100	127,000								127,000
Tubing					STIMT.105	52,000			PCOMT.105	0		52,000
Wellhead, Tree, Chokes	DWEB.115	38,000	DWEA.120	18,000	STIMT.120	38,000			PCOMT.120	10,000		104,000
Liner Hanger, Isolation Packer	DWEB.100	0	DWEA.125	55,000								55,000
Packer, Nipples					STIMT.400	28,000			PCOMT.400	0		28,000
PUMPS							CON.385	27,625				27,625
WALKOVERS							CON.390	15,000				15,000
Downhole Lift Equipment					STIMT.410	80,000			PCOMT.410	0		80,000
N/C Lease Equipment							CON.400	217,750				217,750
Tanks, Tanks Steps, Stairs							CON.405	103,000				103,000
Battery Equipment							CON.410	355,375				355,375
Secondary Containments							CON.415	51,875				51,875
Overhead Power Distribution							CON.420	85,625				85,625
Facility Electrical							CON.425	78,125				78,125
Telecommunication Equipment							CON.426	1,250				1,250
Meters and Metering Equipment							CON.445	37,125				37,125
Facility Line Pipe							CON.450	45,500				45,500
Lease Automation Materials							CON.455	78,125				78,125
FL/GL - Materials							CON.550	8,625				8,625
FL/GL - Line Pipe							CON.555	33,125				33,125
<b>Total Tangible Cost</b>		<b>402,000</b>		<b>200,000</b>		<b>198,000</b>		<b>1,138,125</b>		<b>10,000</b>		<b>1,948,125</b>
<b>Total Estimated Cost</b>		<b>2,498,000</b>		<b>391,000</b>		<b>3,617,000</b>		<b>1,900,125</b>		<b>287,800</b>		<b>8,693,925</b>



Authorization For Expenditure - SO HILLS 32-29 STATE FED  
COM 1H

AFE # 26822008

Description	BCP - Drilling		ACP - Drilling		Comp/Stim	
	Codes	Amount	Codes	Amount	Codes	Amount
Roads & Location	DIDC.100	125,000			STIM.100 CON.100	10,000
Damages	DIDC.105	30,000				
Mud/Fluids Disposal	DIDC.255	125,000			STIM.255	53,000
Day Rate	DIDC.115 DICC.120	350,000	DICC.120	60,000		
Misc Preparation	DIDC.120	20,000				
Bits	DIDC.125 DICC.125	62,000	DICC.125 STIM.125	0	STIM.125	0
Fuel	DIDC.135 DICC.130	42,000	DICC.130	0		
Water for Drilling Rig (Not Frac Water)	DIDC.140 DICC.135	25,000	DICC.135 STIM.135	0	STIM.135	20,000
Mud & Additives	DIDC.145	150,000				
SWD PIPED TO 3RD PARTY SWD WELL						
Surface Rentals	DIDC.150 DICC.140	92,000	DICC.140 STIM.140	0	STIM.140 CON.140	132,000
Flowback Labor					STIM.141	0
Downhole Rentals	DIDC.155	81,000			STIM.145	35,000
Automation Labor						
Mud Logging	DIDC.170	21,000				
IPC & EXTERNAL PAINTING						
Cementing & Float Equipment	DIDC.185 DICC.155	110,000	DICC.155	55,000		
Tubular Inspections	DIDC.190 DICC.160	50,000	DICC.160 STIM.160	10,000	STIM.160	4,000
Casing Crews	DIDC.195 DICC.165	15,000	DICC.165 STIM.165	15,000	STIM.165	0
Mechanical Labor	DIDC.200 DICC.170	28,000	DICC.170 STIM.170	10,000	STIM.170 CON.170	0
Trucking/Transportation	DIDC.205 DICC.175	18,000	DICC.175 STIM.175	8,000	STIM.175 CON.175	4,000
Supervision	DIDC.210 DICC.180	70,000	DICC.180 STIM.180	9,000	STIM.180 CON.180	45,000
Trailer House/Camp/Catering	DIDC.280 DICC.255	38,000	DICC.255 STIM.280	5,000	STIM.280	23,000
Other Misc Expenses	DIDC.220 DICC.190	5,000	DICC.190 STIM.190	0	STIM.190 CON.190	58,000
Overhead	DIDC.225 DICC.195	10,000	DICC.195	5,000		
MOB/DEMOB	DIDC.240	110,000				
Directional Drilling Services	DIDC.245	297,000				
Solids Control	DIDC.260	44,000				
Well Control Equip (Snubbing Services)	DIDC.265 DICC.240	74,000	DICC.240 STIM.240	5,000	STIM.240	59,000
Completion Rig					STIM.115	21,000
Coil Tubing Services					STIM.260	164,000
Completion Logging/Perforating/Wireline					STIM.200	235,000
Composite Plugs					STIM.390	41,000
Stimulation					STIM.210	2,014,000
Stimulation Water/Water Transfer/Water					STIM.395	278,000
Cimarex Owned Frac/Rental Equipment					STIM.305	60,000
Legal/Regulatory/Curative	DIDC.300	10,000				
Well Control Insurance	DIDC.285	7,000				
FL/GL - ON PAD LABOR						
FL/GL - Labor						
FL/GL - Supervision						
Survey						
Contingency	DIDC.435 DICC.220	87,000	DICC.220 STIM.220	9,000	STIM.220 CON.220	163,000
Contingency						
Total Intangible Cost		2,096,000		191,000		3,419,000
Conductor Pipe	DWEB.130	8,000				
Water String	DWEB.135	15,000				
Surface Casing	DWEB.140	71,000				
Intermediate Casing 1	DWEB.145	270,000				
Production Casing or Liner			DWEA.100	127,000		
Tubing					STIMT.105	52,000
Wellhead, Tree, Chokes	DWEB.115 DWEA.120	38,000	DWEA.120 STIMT.120	18,000	STIMT.120	38,000
Liner Hanger, Isolation Packer	DWEB.100 DWEA.125	0	DWEA.125	55,000		
Packer, Nipples					STIMT.400	28,000
PUMPS						
WALKOVERS						
Downhole Lift Equipment					STIMT.410	80,000
N/C Lease Equipment						
Tanks, Tanks Steps, Stairs						
Battery Equipment						
Secondary Containments						
Overhead Power Distribution						
Facility Electrical						
Telecommunication Equipment						
Meters and Metering Equipment						
Facility Line Pipe						
Lease Automation Materials						
FL/GL - Materials						
FL/GL - Line Pipe						
Total Tangible Cost		402,000		200,000		198,000
Total Estimated Cost		2,498,000		391,000		3,617,000





# Authorization For Expenditure - SO HILLS 32-29 STATE FED COM 1H

AFE # 26822008

Description	Codes	Production Equip		Post Completion		Total	
		Amount	Codes	Amount	Cost	Amount	Cost
Roads & Location	CON.100	50,500	PCOM.100 Road Repair	7,000		192,500	
Damages	CON.105	3,000					33,000
Mud/Fluids Disposal			PCOM.255	0			178,000
Day Rate							410,000
Misc Preparation							20,000
Bits			PCOM.125	0			62,000
Fuel			PCOM.130	0			42,000
Water for Drilling Rig (Not Frac Water)			PCOM.135	0			45,000
Mud & Additives							150,000
SWD PIPED TO 3RD PARTY SWD WELL			PCOM.257 2000 BWPD for 2 months to BBR @ \$0.74/bbl	88,800			88,800
Surface Rentals	CON.140	2,875	PCOM.140 \$1,500/d for 40 days	60,000			286,875
Flowback Labor			PCOM.141 \$2,000/d for 15 days	30,000			30,000
Downhole Rentals			PCOM.145	0			116,000
Automation Labor	CON.150	59,375	PCOM.150 Sand Separator Hookup	9,500			68,875
Mud Logging							21,000
IPC & EXTERNAL PAINTING	CON.165	21,375					21,375
Cementing & Float Equipment							165,000
Tubular Inspections			PCOM.160	0			64,000
Casing Crews							30,000
Mechanical Labor	CON.170	270,375	PCOM.170	0			308,375
Trucking/Transportation	CON.175	29,875	PCOM.175	0			59,875
Supervision	CON.180	29,625	PCOM.180	0			153,625
Trailer House/Camp/Catering							66,000
Other Misc Expenses	CON.190	37,750	PCOM.190	0			100,750
Overhead							15,000
MOB/DEMOB							110,000
Directional Drilling Services							297,000
Solids Control							44,000
Well Control Equip (Snubbing Services)			PCOM.240	0			138,000
Completion Rig			PCOM.115	0			21,000
Coil Tubing Services			PCOM.260	0			164,000
Completion Logging/Perforating/Wireline			PCOM.200	0			235,000
Composite Plugs			PCOM.390	0			41,000
Stimulation Pumping/Chemicals/Additives/Sand			PCOM.210 Initial Chem Install	10,000			2,024,000
Stimulation Water/Water Transfer/Water Storage							278,000
Cimarex Owned Frac/Rental Equipment			PCOM.305 XEC Owned Spherical Plus Iron	72,500			132,500
Legal/Regulatory/Curative	CON.300	0					10,000
Well Control Insurance							7,000
FL/GL - ON PAD LABOR	CON.495	19,500					19,500
FL/GL - Labor	CON.500	39,125					39,125
FL/GL - Supervision	CON.505	23,625					23,625
Survey	CON.515	2,750					2,750
Contingency	CON.220	159,750	PCOM.220	0			418,750
Contingency	CON.221	12,500					12,500
<b>Total Intangible Cos</b>		<b>762,000</b>		<b>277,800</b>		<b>6,745,800</b>	
Conductor Pipe							8,000
Water String							15,000
Surface Casing							71,000
Intermediate Casing 1							270,000
Production Casing or Liner							127,000
Tubing			PCOMT.105	0			52,000
Wellhead, Tree, Chokes			PCOMT.120 Welded Hairpin	10,000			104,000
Liner Hanger, Isolation Packer							55,000
Packer, Nipples			PCOMT.400	0			28,000
PUMPS	CON.385	27,625					27,625
WALKOVERS	CON.390	15,000					15,000
Downhole Lift Equipment			PCOMT.410	0			80,000
N/C Lease Equipment	CON.400	217,750					217,750
Tanks, Tanks Steps, Stairs	CON.405	103,000					103,000
Battery Equipment	CON.410	355,375					355,375
Secondary Containments	CON.415	51,875					51,875
Overhead Power Distribution	CON.420	85,625					85,625
Facility Electrical	CON.425	78,125					78,125
Telecommunication Equipment	CON.426	1,250					1,250
Meters and Metering Equipment	CON.445	37,125					37,125
Facility Line Pipe	CON.450	45,500					45,500
Lease Automation Materials	CON.455	78,125					78,125
FL/GL - Materials	CON.550	8,625					8,625
FL/GL - Line Pipe	CON.555	33,125					33,125
<b>Total Tangible Cos</b>		<b>1,138,125</b>		<b>10,000</b>		<b>1,948,125</b>	
<b>Total Estimated Cost</b>		<b>1,900,125</b>		<b>287,800</b>		<b>8,693,925</b>	

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

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

Case No. 22771 and 22772

**SELF-AFFIRMED STATEMENT OF MEERA RAMOUTAR**

I, MEERA RAMOUTAR, being duly sworn, states 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 applications and the geology involved.
3. This affidavit is submitted in connection with the filing by Cimarex of the above-referenced compulsory pooling applications pursuant to 19.15.4.12.A(1) NMAC.
4. I have testified previously by affidavit 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.
5. **Exhibit B-1** is a structure map of top Bone Spring Carbonate Formation with contour interval of 20 feet. The unit being pooled is outlined by a green rectangle. The structure map shows that there is a regional down-dip to the east. 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 Bone Spring Sand. Each 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-

EXHIBIT

*B*

section give a representative sample of the Bone Spring Sandstone target. 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 of the overall Bone Spring Carbonate interval, 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 the Bone Spring Sandstone application in both Case Nos. 22771 and 22772.

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. The target zone is continuous and of relatively uniform thickness across the well unit.
- d. Each quarter-quarter section in the unit will contribute more or less equally to production.

9. The preferred well orientation in this area is North-South so that the wells run sub-perpendicular to the inferred orientation of the maximum horizontal stress.

10. The Exhibits to this Affidavit were prepared by me or compiled from Cimarex Energy Co. business records under my direct supervision.

11. 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.

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

*[Signature page follows]*



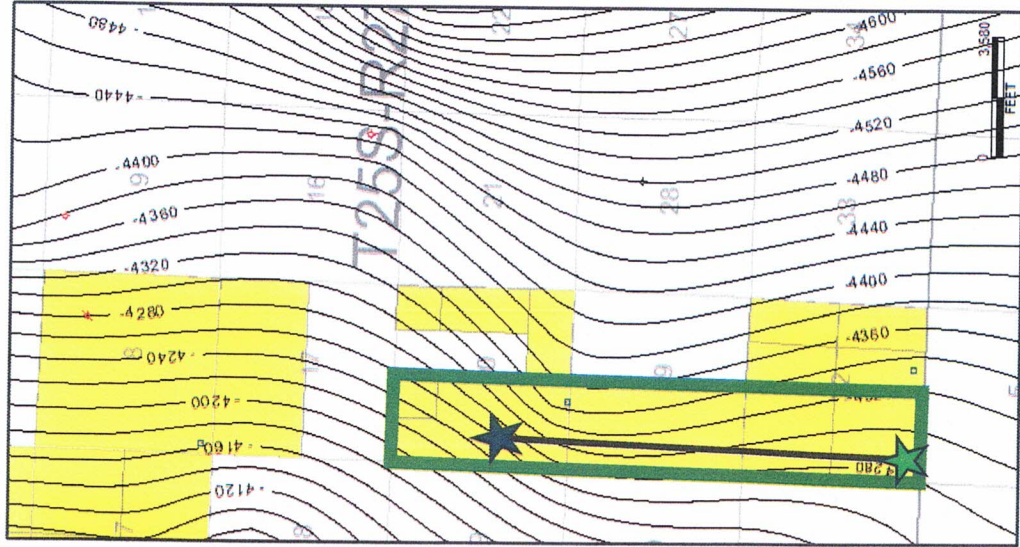
I understand that this Self-Affirmed Statement will be used as written testimony in these cases. I affirm that my testimony in paragraphs 1 through 12 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

Date: 06/29/2022

A handwritten signature in black ink, appearing to be 'Meera Ramoutar', written over a horizontal line.

Meera Ramoutar

# Bone Spring Interval Top Structure Map

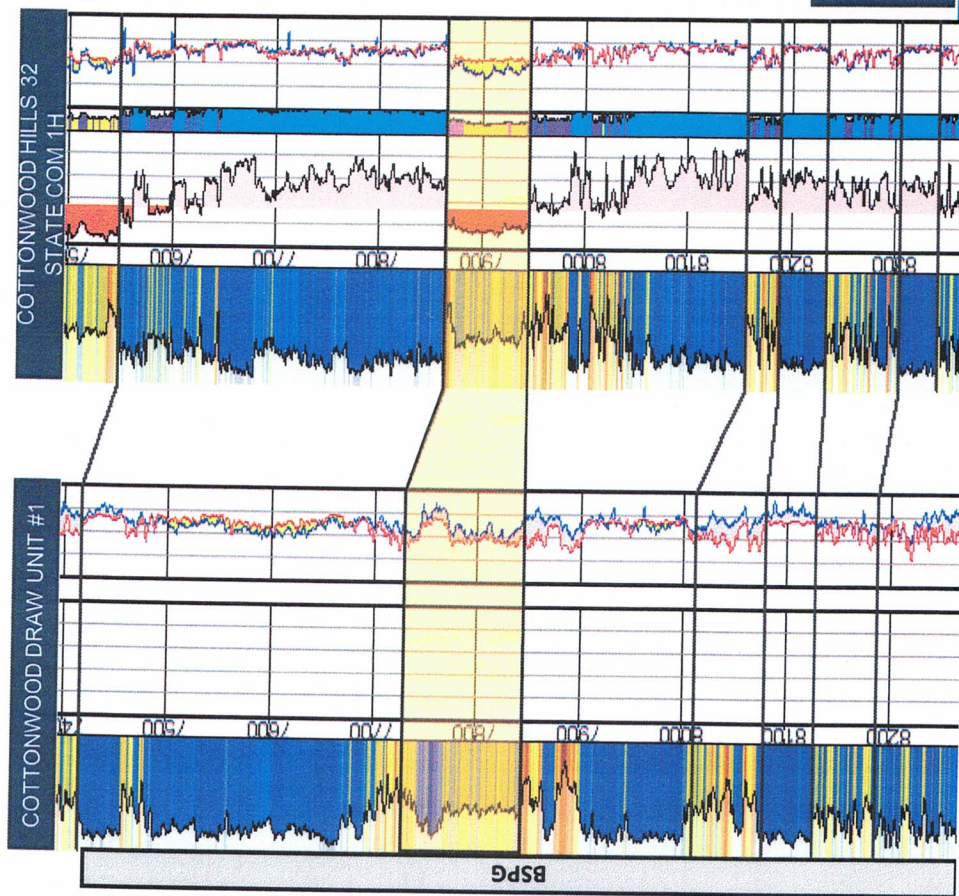


C.I. = 60'

B-1

# SOUTHERN HILLS CROSS SECTION

COTERRA

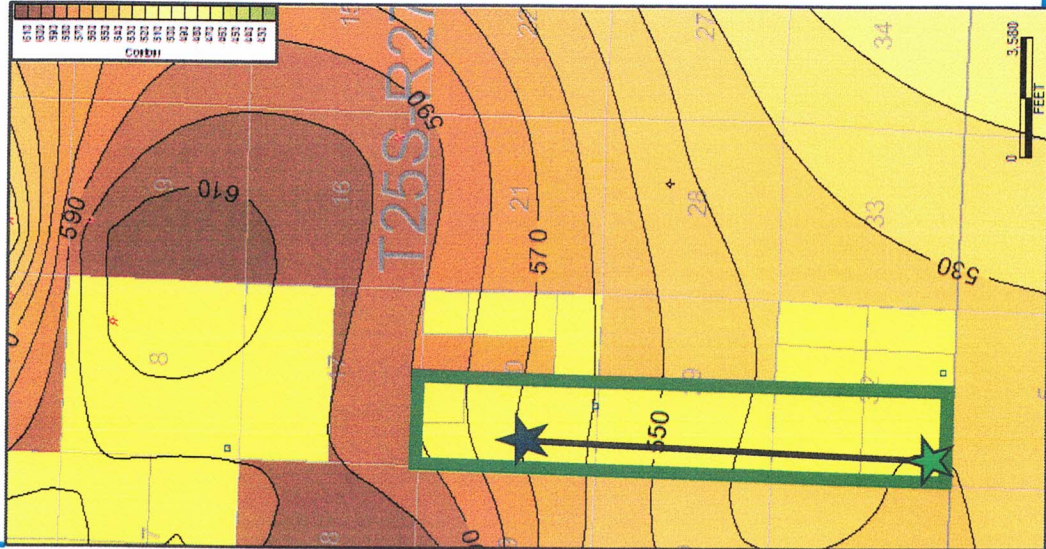


Bone Spring target

B-2



# Bone Spring Interval Gross Isopach Map

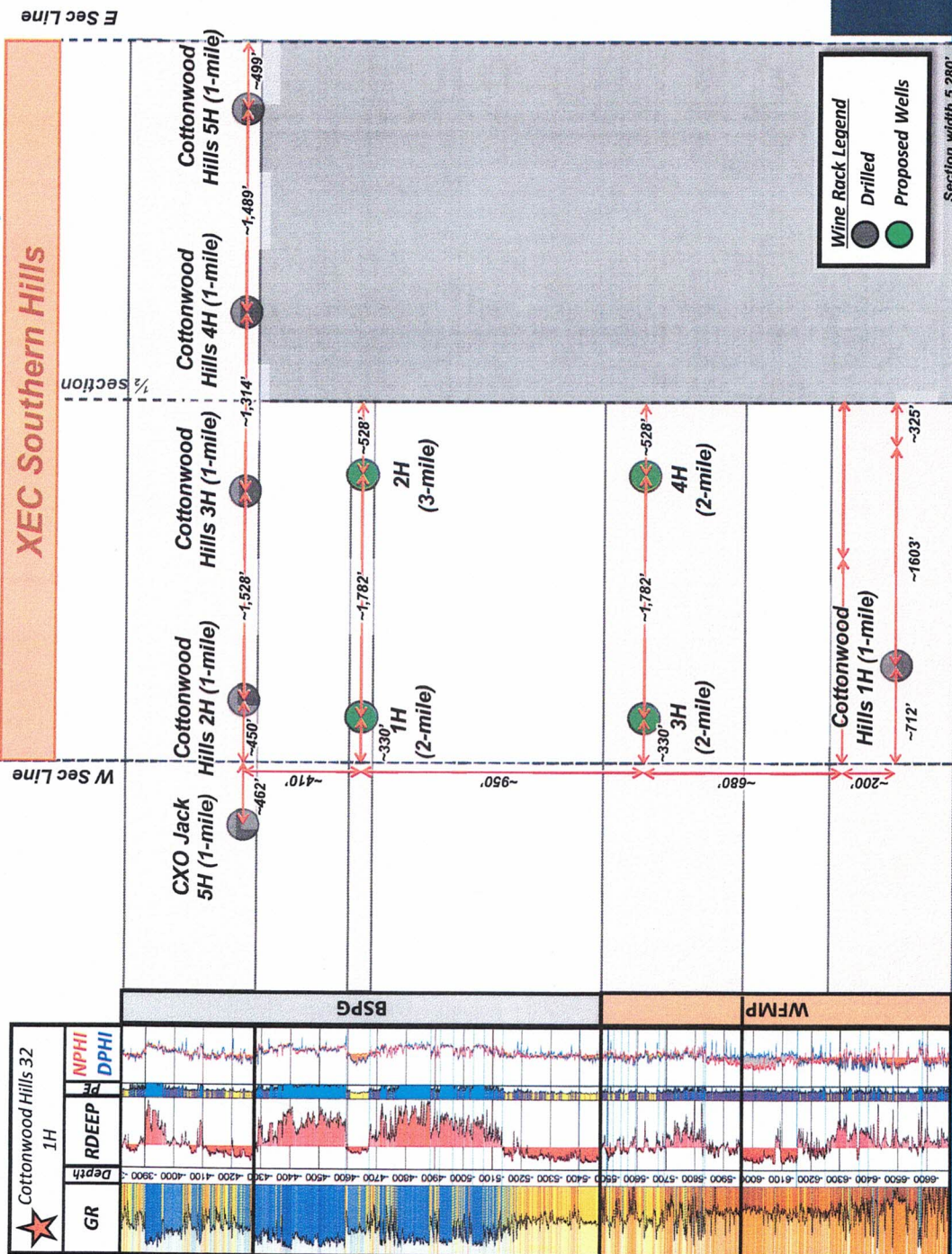


C.I. = 10'

B-3

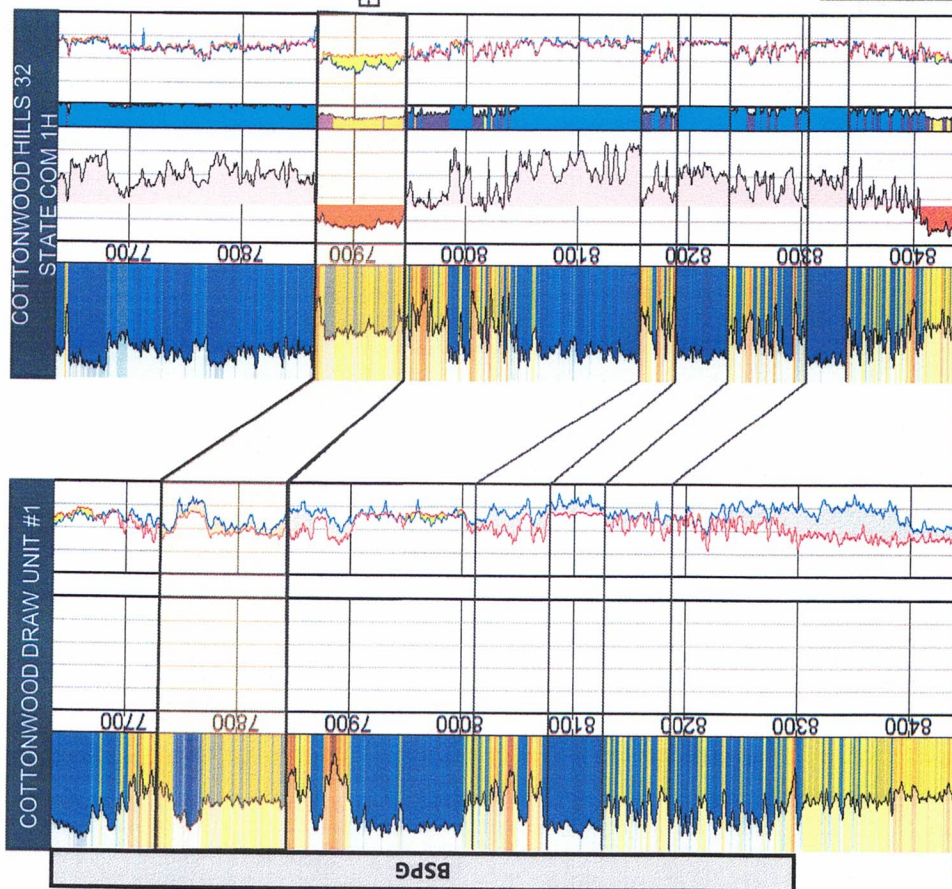


# Southern Hills Wine Rack WIP (Sec 32)

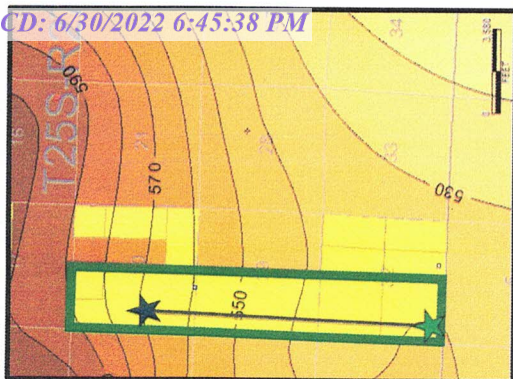


B-4

# SOUTHERN HILLS CROSS SECTION



Bone Spring target



B-5





# Southern Hills Bone Spring



**BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION**

**APPLICATION OF CIMAREX ENERGY  
CO. FOR COMPULSORY POOLING AND  
APPROVAL OF OVERLAPPING WELL  
UNITS, EDDY COUNTY, NEW MEXICO.**

Case No. 22771

**APPLICATION**

Cimarex Energy Co. applies for an order pooling all uncommitted mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the W/2W/2 of Section 29 and the W/2W/2 of Section 32, Township 25 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and for approval of overlapping well units, and in support thereof, states:

1. Applicant is an interest owner in the W/2W/2 of Section 29 and the W/2W/2 of Section 32, and has the right to drill a well on the proposed well unit.
2. Applicant proposes to drill the Southern Hills 32-29 State Fed. Com. Well No. 1H, with a first take point in the SW/4SW/4 of Section 32 and a last take point in the NW/4NW/4 of Section 29, to a depth sufficient to test the Bone Spring formation. The W/2W/2 of Section 29 and the W/2W/2 of Section 32 will be dedicated to the well.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W/2W/2 of Section 29 and the W/2W/2 of Section 32 for the purposes set forth herein.
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all uncommitted mineral interest owners in the Bone

EXHIBIT C



Spring formation underlying the W/2W/2 of Section 29 and the W/2W/2 of Section 32, pursuant to NMSA 1978 §70-2-17.

5. The proposed well unit overlaps the following existing, producing well units:

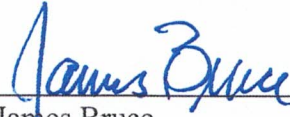
<u>Well Name</u>	<u>Well Unit</u>	<u>Operator</u>
Populus Fed. Well No. 4H	W/2W/2 §29	COG Operating LLC
Cottonwood Hills 32 St. Com. Well No. 2H	W/2W/2 §32	Cimarex Energy Co.

6. The pooling of all uncommitted mineral interest owners in the Bone Spring formation underlying the W/2W/2 of Section 29 and the W/2W/2 of Section 32, and approval of the overlapping well units, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

**WHEREFORE**, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all uncommitted mineral interest owners in the Bone Spring formation underlying the W/2W/2 of Section 29 and the W/2W/2 of Section 32;
- B. Designating applicant as operator of the well;
- C. Approving of the overlapping well units;
- D. Considering the cost of drilling, completing, and equipping the well, and allocating the cost among the well's working interest owners;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- F. Setting a 200% charge for the risk involved in drilling, completing, and equipping the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "James Bruce", is written over a horizontal line.

James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Cimarex Energy Co.

***Application of Cimarex Energy Co. for compulsory pooling and approval of overlapping well units, Eddy County, New Mexico.*** Cimarex Energy Co. seeks an order pooling all uncommitted mineral interests in the Bone Spring formation underlying a horizontal spacing unit comprised of the W/2W/2 of Section 29 and the W/2W/2 of Section 32, Township 25 South, Range 27 East, NMPM. The unit will be dedicated to the Southern Hills State Fed. Com. Well No. 1H, with a first take point in the SW/4SW/4 of Section 32 and a last take point in the NW/4NW/4 of Section 29. Also to be considered will be the cost of drilling, completing, and equipping the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling, completing, and equipping the well. Applicant also requests approval of the proposed well unit overlapping the well units for the following wells:

<u>Well Name</u>	<u>Well Unit</u>	<u>Operator</u>
Populus Fed. Well No. 4H	W/2W/2 §29	COG Operating LLC
Cottonwood Hills 32 St. Com. Well No. 2H	W/2W/2 §32	Cimarex Energy Co.

The unit is located approximately 3 miles south of Carlsbad, New Mexico.



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

**APPLICATIONS OF CIMAREX ENERGY  
CO. FOR COMPULSORY POOLING, EDDY  
COUNTY, NEW MEXICO.**

**Case Nos. 22771 - 22773**

**SELF-AFFIRMED STATEMENT**

COUNTY OF SANTA FE    )  
  ) ss.  
STATE OF NEW MEXICO    )

James Bruce deposes and states:

1. I am over the age of 18, and have personal knowledge of the matters stated herein.
2. I am an attorney for Cimarex Energy Co.
3. Cimarex Energy Co. has conducted a good faith effort to locate the names and addresses of all interest owners in the proposed well units.
4. Notice of the pooling applications were provided to the interest owners, at their last known addresses, by certified mail. Copies of the notice letter and certified return receipts are submitted as Attachment A.
5. Applicant has complied with the notice provisions of Division Rules.
6. I understand that this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 5 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

Date: \_\_\_\_\_

6/30/22

James Bruce

James Bruce

EXHIBIT

D

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213  
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)  
(505) 660-6612 (Cell)  
(505) 982-2151 (Fax)

[jamesbruc@aol.com](mailto:jamesbruc@aol.com)

ATTACHMENT

A

June 16, 2022

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

To: Persons on Exhibit A

Ladies and gentlemen:

Enclosed are copies of three applications for compulsory pooling, *etc.*, filed with the New Mexico Oil Conservation Division by Cimarex Energy Co. ("Cimarex"), requesting the following:

Case No. 22771: Cimarex seeks an order pooling all uncommitted mineral interests in the Bone Spring formation underlying a horizontal spacing unit comprised of the W/2W/2 of Section 29 and the W/2W/2 of Section 32, Township 25 South, Range 27 East, NMPM. The unit will be dedicated to the Southern Hills State Fed. Com. Well No. 1H. Applicant also requests approval of the proposed well unit overlapping the well units for the following wells:

<u>Well Name</u>	<u>Well Unit</u>	<u>Operator</u>
Populus Fed. Well No. 4H	W/2W/2 §29	COG Operating LLC
Cottonwood Hills 32 St. Com. Well No. 2H	W/2W/2 §32	Cimarex Energy Co.

Case No. 22772: Cimarex seeks an order pooling all uncommitted mineral interests in the Bone Spring formation underlying a horizontal spacing unit comprised of the E/2W/2 of Section 29 and the E/2W/2 of Section 32, Township 25 South, Range 27 East, NMPM. The unit will be dedicated to the Southern Hills State Fed. Com. Well No. 2H. Applicant also requests approval of the proposed well unit overlapping the well units for the following wells:

<u>Well Name</u>	<u>Well Unit</u>	<u>Operator</u>
Populus Fed. Well No. 3H	E/2W/2 §29	COG Operating LLC
Cottonwood Hills 32 St. Com. Well No. 3H	E/2W/2 §32	Cimarex Energy Co.

Case No. 22773: Cimarex seeks an order pooling all uncommitted mineral interests in the Wolfcamp formation underlying a horizontal spacing unit comprised of the W/2 of


Section 29 and the W/2 of Section 32, Township 25 South, Range 27 East, NMPM. The unit will be dedicated to (a) the Southern Hills 32-29 State Fed. Com. Well No. 3H, with a first take point in the SW/4SW/4 of Section 32 and a last take point in the NW/4NW/4 of Section 29, and (b) the Southern Hills 32-29 State Fed. Com. Well No. 4H, with a first take point in the SE/4SW/4 of Section 32 and a last take point in the NE/4NW/4 of Section 29. Applicant also requests approval of the proposed well unit overlapping the well unit for the following well:

<u>Well Name</u>	<u>Well Unit</u>	<u>Operator</u>
Cottonwood Hills 32 St. Com. Well No. 2H	W/2 §32	Cimarex Energy Co.

These matters are scheduled for hearing at 8:15 a.m. on Thursday, July 7, 2022. During the COVID-19 Public Health Emergency, state buildings are closed to the public and the hearing will be conducted remotely. To determine the location of the hearing or to participate in an electronic hearing, go to [emnrd.state.nm.us/OCD/hearings](http://emnrd.state.nm.us/OCD/hearings) or see the instructions posted on the Division's website, <http://emnrd.state.nm.us/OCD/announcements.html>. You are not required to attend this hearing, but as an owner of an interest who may be affected by the applications, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from contesting these matters at a later date.

A party appearing in a Division case is required by Division Rules to file a Pre-Hearing Statement five business days before the hearing. This statement may be filed online with the Division at [ocd.hearings@state.nm.us](mailto:ocd.hearings@state.nm.us), and should include: The name of the party and his or her attorney; a concise statement of the case; the name(s) of the witness(es) the party will call to testify at the hearing; the approximate time the party will need to present his or her case; and identification of any procedural matters that need to be resolved prior to the hearing. The Pre-Hearing Statement must also be provided to the undersigned.

Very truly yours,



James Bruce

Attorney for Cimarex Energy Co.

cc: Oil, Gas and Minerals Division  
Commissioner of Public Lands  
P.O. Box 1148  
Santa Fe, NM 87504

EXHIBIT A

Abo Petroleum, LLC  
P.O. Box 900  
Artesia, NM 88211

Chevron U.S.A. Inc.  
6301 Deauville Boulevard  
Midland, TX 79706

Attention: Permitting Team

COG Operating LLC  
One Concho Center  
600 West Illinois Avenue  
Midland, TX 79701

OXY Y-1 Company  
Suite 110  
5 Greenway Plaza  
Houston, TX 77046

MRC Permian Co.  
MRC Permian LKE, LLC  
Suite 1500  
5400 LBJ Freeway  
Dallas, TX 75240

Attention: Kyle Perkins



7021 0950 0002 0364 6636

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Extra Services &amp; Fees (check box, add fee as appropriate)

☐ Return Receipt (hardcopy) \$  
☐ Return Receipt (electronic) \$  
☐ Certified Mail Restricted Delivery \$  
☐ Adult Signature Required \$  
☐ Adult Signature Restricted Delivery \$
Postmark  
Here

Postage

Total Postage and Fees

 Sent To Oil, Gas and Minerals Division  
 Commissioner of Public Lands  
 P.O. Box 1148  
 Street and Apt. No., or PO Santa Fe, NM 87504

City, State, ZIP+4®

PS Form 3800, April 2015 PSN 7530-02-000-9047

See Reverse for Instructions

7021 0950 0002 0364 6591

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Extra Services &amp; Fees (check box, add fee as appropriate)

☐ Return Receipt (hardcopy) \$  
☐ Return Receipt (electronic) \$  
☐ Certified Mail Restricted Delivery \$  
☐ Adult Signature Required \$  
☐ Adult Signature Restricted Delivery \$
Postmark  
Here

Postage

Total Postage and Fees

 Sent To OXY Y-1 Company  
 Suite 110  
 Street and Apt. No., or PO 5 Greenway Plaza  
 Houston, TX 77046

City, State, ZIP+4®

PS Form 3800, April 2015 PSN 7530-02-000-9047

See Reverse for Instructions

7021 0950 0002 0364 6584

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Certified Mail Fee

Extra Services &amp; Fees (check box, add fee as appropriate)

☐ Return Receipt (hardcopy) \$  
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 MRC Permian LKE, LLC  
 Suite 1500  
 Street and Apt. No., or PO Bo 5400 LBJ Freeway  
 Dallas, TX 75240

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 Sent To COG Operating LLC  
 One Concho Center  
 Street and Apt. No., or PO Bo 600 West Illinois Avenue  
 Midland, TX 79701

City, State, ZIP+4®

PS Form 3800, April 2015 PSN 7530-02-000-9047

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 6301 Deauville Boulevard  
 Street and Apt. No., or PO Midland, TX 79706

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☐ Certified Mail Restricted Delivery \$  
☐ Adult Signature Required \$  
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 Sent To Abo Petroleum, LLC  
 P.O. Box 900  
 Street and Apt. No., or PO Artesia, NM 88211

City, State, ZIP+4®

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

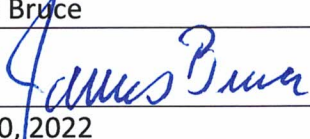
<b>Case:</b>	<b>22771</b>
<b>Date:</b>	<b>July 7, 2022</b>
Applicant	Cimarex Energy Co.
Designated Operator & OGRID (affiliation if applicable)	Cimarex Energy Co./OGRID No.215099
Applicant's Counsel:	James Bruce
Case Title:	Application of Cimarex Energy Co. for Compulsory Pooling, Eddy County, New Mexico
Entries of Appearance/Intervenors:	Chevron U.S.A. Inc./Holland & Hart LLP MRC Permian Company/Kyle Perkins
Well Family	Southern Hills wells
<b>Formation/Pool</b>	
Formation Name(s) or Vertical Extent:	Bone Spring Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Entire Bone Spring formation
Pool Name and Pool Code:	Carlsbad; Bone Spring, South /Pool Code 9670
Well Location Setback Rules:	Statewide rules and current horizontal well rules
Spacing Unit Size:	Quarter-quarter sections/40 acres
<b>Spacing Unit</b>	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320 acres
Building Blocks:	
Orientation:	South - North
Description: TRS/County	W/2W/2 §29 and W/2W/2 §32-25S-27E, NMPPM, Eddy County
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	
Applicant's Ownership in Each Tract	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)	Southern Hills 32-29 State Fed. Com. Well No. 1H API No. 30-015-Pending SHL: 813 FSL & 1540 FWL §32 BHL: 100 FNL & 330 FWL §29 FTP: 100 FSL & 330 FWL §32 LTP: 100 FNL & 330 FWL §29 Bone Spring/TVD 7900 feet/MD 17900 feet

EXHIBIT

E

Horizontal Well First and Last Take Points	See above
Completion Target (Formation, TVD and MD)	See above
<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	\$8000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	Exhibit A, page 3
Requested Risk Charge	Cost + 200%/Exhibit A, page 4
<b>Notice of Hearing</b>	
Proposed Notice of Hearing	Exhibit C
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit D
Proof of Published Notice of Hearing (10 days before hearing)	
<b>Ownership Determination</b>	
Land Ownership Schematic of the Spacing Unit	Exhibit A-2
Tract List (including lease numbers and owners)	Exhibits A-2
Pooled Parties (including ownership type)	Exhibit A-2
Unlocatable Parties to be Pooled	Yes. See Exhibits A-2 and D
Ownership Depth Severance (including percentage above & below)	None
<b>Joinder</b>	
Sample Copy of Proposal Letter	Exhibit A-3
List of Interest Owners ( <i>i.e.</i> 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
<b>Geology</b>	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibits A-1 and B-1
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-4
Well Orientation (with rationale)	Standup/Exhibit B
Target Formation	Bone Spring
HSU Cross Section	Exhibit B-5
Depth Severance Discussion	Not Applicable
<b>Forms, Figures and Tables</b>	
C-102	Exhibit A-1



Tracts	Exhibit A-2
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-2
General Location Map (including basin)	Exhibit A-2
Well Bore Location Map	Exhibits A-1 and B-4
Structure Contour Map - Subsea Depth	Exhibit B-1
Cross Section Location Map (including wells)	Exhibit B-5
Cross Section (including Landing Zone)	Exhibit B-5
<b>Additional Information</b>	
<b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b>	
<b>Printed Name</b> (Attorney or Party Representative):	James Bruce
<b>Signed Name</b> (Attorney or Party Representative):	
<b>Date:</b>	June 30, 2022



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

**IN THE MATTER OF THE HEARING CALLED  
BY THE OIL CONSERVATION DIVISION FOR  
THE PURPOSE OF CONSIDERING:**

**APPLICATIONS OF CIMAREX ENERGY CO. FOR  
COMPULSORY POOLING, EDDY COUNTY, NEW  
MEXICO.**

**Case Nos. 22771- 22773**

**PRE-HEARING STATEMENT**

This amended pre-hearing statement is submitted by Cimarex Energy Co. ("Cimarex") as required by the Oil Conservation Division.

**APPEARANCES**

**APPLICANT**

Cimarex Energy Co.  
Suite 600  
600 North Marienfeld  
Midland, Texas 79701

Attention: Riley Morris

**APPLICANT'S ATTORNEY**

James Bruce  
P.O. Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

**OPPONENTS**

Chevron U.S.A Inc.

MRC Permian Company

**OPPONENTS' ATTORNEY**

Holland & Hart LLP

Kyle Perkins

**STATEMENT OF THE CASE**

**APPLICANT**

Case 22771: Cimarex seeks an order pooling all uncommitted mineral interests in the Bone Spring formation underlying a horizontal spacing unit comprised of the W/2W/2 of Section 29 and the W/2W/2 of Section 32, Township 25 South, Range 27 East, NMPM. The unit will be dedicated to the Southern Hills State Fed. Com. Well No. 1H, with a first take point in the SW/4SW/4 of Section 32 and a last take point in the NW/4NW/4 of Section 29. Cimarex also requests approval of the proposed well unit overlapping the well units for the following wells:

EXHIBIT

*F*

<u>Well Name</u>	<u>Well Unit</u>	<u>Operator</u>
Populus Fed. Well No. 4H	W/2W/2 §29	COG Operating LLC
Cottonwood Hills 32 St. Com. Well No. 2H	W/2W/2 §32	Cimarex Energy Co.

Case 22772: Cimarex Energy Co. seeks an order pooling all uncommitted mineral interests in the Bone Spring formation underlying a horizontal spacing unit comprised of the E/2W/2 of Section 29 and the E/2W/2 of Section 32, Township 25 South, Range 27 East, NMPM. The unit will be dedicated to the Southern Hills State Fed. Com. Well No. 2H, with a first take point in the SE/4SW/4 of Section 32 and a last take point in the NE/4NW/4 of Section 29. Cimarex also requests approval of the proposed well unit overlapping the well units for the following wells:

<u>Well Name</u>	<u>Well Unit</u>	<u>Operator</u>
Populus Fed. Well No. 3H	E/2W/2 §29	COG Operating LLC
Cottonwood Hills 32 St. Com. Well No. 3H	E/2W/2 §32	Cimarex Energy Co.

Case 22773: Cimarex Energy Co. seeks an order pooling all uncommitted mineral interests in the Wolfcamp formation underlying a horizontal spacing unit comprised of the W/2 of Section 29 and the W/2 of Section 32, Township 25 South, Range 27 East, NMPM. The unit will be dedicated to (a) the Southern Hills 32-29 State Fed. Com. Well No. 3H, with a first take point in the SW/4SW/4 of Section 32 and a last take point in the NW/4NW/4 of Section 29, and (b) the Southern Hills 32-29 State Fed. Com. Well No. 4H, with a first take point in the SE/4SW/4 of Section 32 and a last take point in the NE/4NW/4 of Section 29. Cimarex also requests approval of the proposed well unit overlapping the well unit for the following well:

<u>Well Name</u>	<u>Well Unit</u>	<u>Operator</u>
Cottonwood Hills 32 St. Com. Well No. 2H	W/2 §32	Cimarex Energy Co.

Also to be considered will be the cost of drilling, completing, and equipping the wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a 200% charge for the risk involved in drilling, completing, and equipping the wells.

## OPPONENTS

## **PROPOSED EVIDENCE**

### APPLICANT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Riley Morris (landman)	25 min.	Approx. 5
Meera Ramoutar (geologist)	15 min.	Approx. 5

OPPONENTS


WITNESSES

EST. TIME

EXHIBITS

**PROCEDURAL MATTERS**

Respectfully submitted,



James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Cimarex Energy Co.

**CERTIFICATE OF SERVICE**


I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 30<sup>th</sup> day of June, 2022 by e-mail:

Michael Feldewert  
[mfeldewert@hollandhart.com](mailto:mfeldewert@hollandhart.com)

Adam Rankin  
[agrarkin@hollandhart.com](mailto:agrarkin@hollandhart.com)

Julia Broggi  
[jbroggi@hollandhart.com](mailto:jbroggi@hollandhart.com)

Kyle Perkins  
[kperkins@matadorresources.com](mailto:kperkins@matadorresources.com)

  
James Bruce