

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

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

Case Nos. 23448 – 23455

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

Case Nos. 23594 – 23601

**APPLICATIONS OF READ & STEVENS, INC.
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

Case Nos. 23508 – 23523

**MOTION TO STRIKE READ & STEVENS’
SUPPLEMENTAL EXHIBIT C-12**

Cimarex Energy Co., (“Cimarex”), through its undersigned attorneys, submits to the New Mexico Oil Conservation Division (“Division”) its Motion to Strike Read & Stevens’ Supplemental Exhibit C-12 (“Motion”), the Supplemental Exhibit C-12 (“Suppl. Ex. C-12”) having been filed in the above-referenced cases by Read & Stevens, Inc. (“Read & Stevens”). Cimarex respectfully asks that the Division Strike Suppl Ex. C-12 from the record. In support of its request, Cimarex states the following:

1. At the original contested hearing between Cimarex and Read & Stevens, which also included Permian Resources Operating, LLC (“PR”), for the above-referenced cases, Read & Stevens presented to the Division under oath its official exhibits showing Marks Oil Inc. (“Marks Oil”) and Wilbanks Reserve Corporation (“Wilbanks”) as neutral in their ownership of minerals and supporting neither party. *See* Read & Stevens/PR’s Exhibit I, p. 2, attached hereto as Exhibit 1 (Read & Stevens/PR listing and highlighting Wilbanks and Marks Oil as neutral owners).

2. Long-standing policy of the Division is to evaluate “*the mineral interest ownership held by each party at the time the application was heard*.” See, e.g., Order No. R-21834; Order No. R-21416-A; Order No. R-20223 (all orders consistently stating that the mineral ownership held by each party in a contested hearing is to be evaluated “at the time the application was heard”) (emphasis added). Therefore, Division policy prohibits the admission of Read & Steven’s Supp. Ex. C-12 into the record since it does not fall within the scope of the Division’s procedural consideration and review of the cases.

3. The reasons and basis for the Division’s policy are self-evident. Adjudicative hearings are structured to uphold fundamental fairness and due process, which provide parties the opportunity to examine witnesses present at the hearing who have submitted exhibits under oath. Admission of Supp. Ex. C-12 not only undermines Cimarex’s right to due process but directly transgresses established Division policy.

4. Thus, Cimarex respectfully submits that Read & Stevens’ Supp. Ex. C-12 should be stricken from the record as requested herein.

ABADIE | SCHILL PC

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was filed with the New Mexico Oil Conservation Division and was served on counsel of record via electronic mail on October 7, 2023:

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/s/ Darin C. Savage

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Joker & Bane – Contractual vs. Leasehold Interest Summary

Joker = 1280.20 Gross Acres, Bane = 1282.20 Gross Acres

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1280.20 + 1282.20 = 2562.40 Gross Total as shown below

Leasehold vs. Contractual Basis - Does it Change Correlative Rights Issues? <u>(No)</u>									
Owner	Joker & Bane - Leasehold Interest				Joker & Bane - Contractual Interest				Status
	Bone Spring	Wolfcamp	Delta	Formation Favor	Bone Spring	Wolfcamp	Delta	Formation Favor?	
MRC Permian*	14.40	43.23	-28.82	Wolfcamp	14.40	43.23	-28.82	Wolfcamp	Neutral
HOG Partnership LP*	142.30	166.30	-24.00	Wolfcamp	136.76	158.91	-22.15	Wolfcamp	Neutral
Northern Oil & Gas*	9.94	29.84	-19.89	Wolfcamp	9.94	29.84	-19.89	Wolfcamp	PR Plan Support
Javelina Partners*	200.95	182.95	18.00	Bone Spring	191.12	174.51	16.62	Bone Spring	Cimarex Support
Zorro Partners, Ltd.*	133.40	133.40	0.00	N/A	129.64	129.64	0.00	N/A	Cimarex Support
Delmar Hudson Trust*	85.91	85.91	0.00	N/A	84.97	84.97	0.00	N/A	Term Assigned to Cimarex
First Century	133.55	180.34	-46.79	Wolfcamp	123.98	170.78	-46.79	Wolfcamp	PR Owned
Read & Stevens	607.51	672.79	-65.28	Wolfcamp	590.22	655.50	-65.28	Wolfcamp	PR Owned
CBR Oil Prop*	5.34	16.01	-10.67	Wolfcamp	5.34	16.01	-10.67	Wolfcamp	PR Support
Ard Oil*	69.58	69.58	0.00	N/A	66.76	66.76	0.00	N/A	PR Support
Josephine Hudson Trust*	25.74	25.74	0.00	N/A	24.80	24.80	0.00	N/A	Neutral
Magnum Hunter*	513.07	287.00	226.07	Bone Spring	541.45	315.38	226.07	Bone Spring	Cimarex Owned
CLM Production Co*	0.00	1.60	-1.60	Wolfcamp	0.00	1.60	-1.60	Wolfcamp	PR Support
Highland (Texas) Energy*	4.80	1.60	3.20	Bone Spring	4.80	1.60	3.20	Bone Spring	Neutral
Diamond Star Prod.*	1.60	1.60	0.00	N/A	1.60	1.60	0.00	N/A	PR Support
Carolyn Beall*	1.60	1.60	0.00	N/A	1.60	1.60	0.00	N/A	PR Support
Tierra Encantada*	1.60	1.60	0.00	N/A	1.60	1.60	0.00	N/A	PR Support
David Luna*	1.60	1.60	0.00	N/A	1.60	1.60	0.00	N/A	Neutral
Warren Associates*	0.00	1.60	-1.60	Wolfcamp	0.00	1.60	-1.60	Wolfcamp	PR Support
Cimarex Energy*	147.23	181.23	-34.00	Wolfcamp	148.73	182.73	-34.00	Wolfcamp	Cimarex Owned
Moore & Shelton*	61.32	61.32	0.00	N/A	58.00	58.00	0.00	N/A	Cimarex Support
Lindys Living Trust*	139.15	139.15	0.00	N/A	133.52	133.52	0.00	N/A	Term Assigned to Jav/Zorro
Challenger Crude*	51.36	51.36	0.00	N/A	51.36	51.36	0.00	N/A	Neutral
Avalon Energy Corp	10.00	0.00	10.00	Bone Spring	10.00	0.00	10.00	Bone Spring	PR Owned
Marks Oil*	10.46	20.06	-9.60	Wolfcamp	10.46	20.06	-9.60	Wolfcamp	Neutral
Prime Rock*	30.00	0.00	30.00	Bone Spring	30.00	0.00	30.00	Bone Spring	Neutral
Wilbanks Reserve*	55.56	106.56	-51.00	Wolfcamp	55.56	106.56	-51.00	Wolfcamp	Neutral
Buccholz (Union Hill)*	16.00	16.00	0.00	N/A	41.35	41.35	0.00	N/A	Neutral
Chase Oil Co*	33.43	33.43	0.00	N/A	33.43	33.43	0.00	N/A	PR Support
Foran Oil Co	49.00	49.00	0.00	N/A	53.85	53.85	0.00	N/A	Neutral
William A. Hudson II	6.00	0.00	6.00	Bone Spring	5.54	0.00	5.54	Bone Spring	Assigned to Zorro
Totals:	2562.40	2562.40		0.00	2562.40	2562.40			

	Total Bone Spring Net Acres	Bone Spring W1% (Full 4 Sections)	Total Wolfcamp Net Acres	Wolfcamp W1% (Full 4 Sections)
Total PR Owned:	751.06	29.31%	853.13	33.29%
PR Supporters:	124.69	4.87%	158.45	6.18%
Total PR Support:	875.74	34.18%	1011.59	39.48%
Total Cimarex Owned:	746.21	29.12%	554.14	21.63%
Cimarex Supporters:	540.83	21.11%	516.83	20.17%
Total Cimarex Support:	1287.03	50.23%	1070.97	41.80%

Exhibit 1

*All ownership information obtained from 2023 title opinions and reports

*Please note ownership differences between Bone Spring and Wolfcamp formations

*Cimarex Ownership & Supporting Parties ownership heavily weighted towards Bone Spring formation (exposing the clear incentive/motivation to intentionally drain Wolfcamp with no account for owners as Cimarex's stated & filed plans have shown)