Received by OCD: 6/7/2024 2:

d by OCD: 6/7/2024 2:01:04	4 PM	P
ID NO. 352142	NSP - 2215	Revised March 23, 2017
RECEIVED: 06/07/24	REVIEWER: TYPE:	APP NO: pLEL2416965905
12	NEW MEXICO OIL CONSERVATION - Geological & Engineering Bure 220 South St. Francis Drive, Santa Fe,	
	ADMINISTRATIVE APPLICATION C IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FO EGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION	OR EXCEPTIONS TO DIVISION RULES AND
		OGRID Number: 215099
ell Name: Red Tank 10-3 Fe		OGRID Number: 215099 API: Various Pool Code: 98286
Vell Name: <u>Red Tank 10-3 Fe</u> Dool: <u>WC-025 G-08 S223227D</u> SUBMIT ACCURATE AN	D COMPLETE INFORMATION REQUIRED TO INDICATED BELOW	API: Various Pool Code: 98286
	D COMPLETE INFORMATION REQUIRED TO INDICATED BELOW N: Check those which apply for [A] cing Unit – Simultaneous Dedication	API: <u>Various</u> Pool Code: <u>98286</u> O PROCESS THE TYPE OF APPLICATION

PPR

FOR OCD ONLY

Notice Complete

Application

Content

Complete

EOR

2) NOTIFICATION REQUIRED TO: Check those which apply.

ΠPMX

- A. Offset operators or lease holders
- B. Royalty, overriding royalty owners, revenue owners
- C. Application requires published notice
- D. Notification and/or concurrent approval by SLO
- E. 🔲 Notification and/or concurrent approval by BLM
- F. Surface owner
- G. For all of the above, proof of notification or publication is attached, and/or,

SWD ||P|

H. ☐ No notice required

WFX

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

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

Deana III. Dennett	Deana	M.	Bennett
--------------------	-------	----	---------

Print or Type Name

06/07/2024 Date

505-848-1834

Phone Number

deana.bennett@modrall.com e-mail Address

Signature





VIA ELECTRONIC FILING

June 7, 2024

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

RE: Application of Cimarex Energy Co. for administrative approval of a 640-acre, more or less, non-standard spacing unit in the Wolfcamp Formation comprised of the W/2 of Sections 3 and 10, Township 23 South, Range 32 East, Lea County, New Mexico.

Dear Director Fuge/OCD Engineering Bureau:

Cimarex Energy Co., OGRID Number 215099, respectfully requests administrative approval of a 640-acre, more or less, non-standard unit ("NSU") comprised of the W/2 of Sections 3 and 10, Township 23 South, Range 32 East, Lea County, New Mexico. Cimarex owns 100% of the working interest in Sections 3 and 10.

Cimarex is requesting this NSU to match a Communitization Agreement for the acreage underlying the W/2 of Sections 3 and 10, Township 23 South, Range 32 East, Lea County, New Mexico The wells target the Wolfcamp formation and the only pool within the Wolfcamp formation underlying the proposed non-standard spacing unit is WC-025 G-08 S223227D; UPR Wolfcamp Pool (Code 98286), which follows the statewide spacing rules.

The Wells are:

Well Name Red Tank 10-3 Fed Com 401H Red Tank 10-3 Fed Com 402H <u>API</u> (Pending) (Pending)

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

Cimarex's drilling program for this area will develop the Wolfcamp formation underlying each of the 40-acre tracts comprising the proposed non-

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

Modrall Sperling Roehl Harris & Sisk P.A.

500 Fourth Street NW Suite 1000 Albuquerque, New Mexico 87102

PO Box 2168 Albuquerque, New Mexico 87103-2168

Tel: 505.848.1800 www.modrall.com

Page 2

standard spacing unit area. Cimarex seeks administrative approval of this nonstandard spacing unit to match the Communitization Agreement, to provide for efficient development, and to minimize surface disturbance by consolidating facilities and commingling production from existing and future wells in the proposed non-standard spacing unit. Approval of this administrative application will allow for full development of the communitized acreage, promote efficiently located surface facilities, reduce surface disturbance, consolidate roads, tanks and pipelines; and promote effective well spacing.

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

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

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

Your attention to this matter is appreciated.

Sincerely,

Deena M. Bennett

Deana M. Bennett Attorney for Cimarex Energy Co.

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

District II 811 S. First St., Artesia, NM 88210 Phone: (575) 748-1283 Fax: (575) 748-9720

District III 1000 Rio Brazos Road, Aztec, NM 87410

Phone: (505) 334-6178 Fax: (505) 334-6170

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

AMENDED REPORT



State of New Mexico

Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

Released to Imaging: 8/15/2024 3:20:27 PM

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

District II District II 811 S. First SL, Artesia, NM 88210 Phone: (575) 748-1283 Fax: (575) 748-9720

Phone: (5/5) /48-1283 Fax: (5/5) /48-9/20 <u>District III</u> 1000 Rio Brazos Road, Aztec, NM 87410 Phone: (505) 334-6178 Fax: (505) 334-6170

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



Released to Imaging: 8/15/2024 3:20:27 PM

Proposed Non-Standard Horizontal Spacing Unit Sections 3 and 10, Township 23 South, Range 32 East: W/2

639.02 Acres

Exhibit "B1"

RED TANK 10-3 T23S/R32E, LEA CO., NM







Tract 1: NMNM 126969 Federal 279.02 Acres



VC-619-0 State 40.00 Acres

Tra
NM
Fed
320

ct 3: INM 085939 leral 320.00 Acres

Standard Spacing Unit v. Non-Standard Spacing Unit

RED TANK 10-3 T23S/R32E, LEA CO., NM



Non-Standard

L4 (39.48)	L3 (39.54)	L2 (39.58)	L1 (39.64)
E	F	G	Н
L	к	J	1
M	N	0	Р
D	C	В	A
E	F	G	Н
L	к	J	1
M	N	0	P
C	TB		



Exhibit "B2"

Wolfcamp Development

					NK EA C	10-3 0., NM
SECTION 3	(39.	L4 48)	(39	L3 .54)	L2 (39.58)	L1 (39.64)
SECT		E		F	G	Н
		L		К	J	I
		Μ		N	0	Р
		D		С	В	A
N 10		E		F	G	Н
SECTION 10		L		K	J	I
		Μ		N	0	Р



<u>Tract 1</u>: NMNM 126969 Federal 279.02 Acres



<u>Tract 2</u>: VC-619-0 State 40.00 Acres

	1	
	-	-
		N
		1
		T

<u>Tract 3</u>: NMNM 085939 Federal 320.00 Acres

Planned Wolfcamp Development (2024)

> Existing Wolfcamp Wells

> > Exhibit "B3"

Well List with Pool Code

WC-025 G-08 S223227D; UPPER WOLFCAMP (Pool Code: 98286)

Well:	API:	Status:
Red Tank 10-3 Federal Com 401H	Pending	Upcoming; Not Yet Drilled
Red Tank 10-3 Federal Com 402H	Pending	Upcoming; Not Yet Drilled

Exhibit "B4"

Cimarex Energy Co. 6001 Deauville Blvd Suite 300 N Midland, TX 79706 MAIN 432.571.7800



Cimarex Energy Co. is a subsidiary of Coterra Energy Inc.

June 5, 2024

VIA E-FILING

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

RE: Application of Cimarex Energy Co. for administrative approval of a 639.02-acre, more or less, non-standard spacing unit in the Wolfcamp Formation comprised of the W/2 of Sections 3 and 10, Township 23 South, Range 32 East, Lea County, New Mexico.

Dear Director Fuge/OCD Engineering Bureau

Cimarex Energy Co., OGRID Number 215099, respectfully requests administrative approval of a 639.02-acre, more or less, non-standard unit ("NSU") comprised of the W/2 of Sections 3 and 10, Township 23 South, Range 32 East, Lea County, New Mexico. The Wells target the Wolfcamp formation and the only pool within the Wolfcamp formation underlying the proposed non-standard spacing unit is <u>WC-025 G-08 S223227D</u>; <u>UPPER WOLFCAMP</u> (Pool Code: <u>98286</u>), which follows the statewide spacing rules.

The NSU would be dedicated to the following wells (the "Wells"):

Well Name Red Tank 10-3 Fed Com 401H Red Tank 10-3 Fed Com 402H API Number (Pending) (Pending

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

If Cimarex were to follow the state-wide rules, Cimarex would have to have two units to have standard units. The two standard units would be a W/2 W/2 unit and an E/2 W/2 unit. In this NSU application, Cimarex seeks a single 639.02-acre unit.

Cimarex seeks administrative approval of this non-standard spacing unit to provide for efficient development, and to minimize surface disturbance by consolidating facilities and commingling production from wells in the proposed non-standard spacing unit. Accordingly, approval of this



administrative application will allow for full development of the communitized acreage, promote efficiently located surface facilities, reduce surface disturbance, consolidate roads, tanks and pipelines; and promote effective well spacing. In addition, approval of Cimarex's application promotes effective well spacing and will allow Cimarex to commingle production.

Conversely, if Cimarex's NSU application is not approved, Cimarex will need to construct additional flowlines with an additional CTB, and will need additional third-party takeaway connections. I have included as Exhibits C-1 and C-2, slides showing the limited facilities that are needed for a non-standard unit (C-1) and the additional required infrastructure needed if Cimarex has to develop the Wells using standard spacing (C-2).

Exhibit C-3 compares and contrasts, in table format, the reduced surface acreage and the cost savings that will occur if the NSU is approved. Developing the acreage as a single, non-standard unit will result in 3.0 acres less surface disturbance than if Cimarex must develop the acreage using standard units. If Cimarex's NSU application is approved, that would eliminate the need to build an additional central tank battery, which effectively cuts permitted fugitive VOC emissions, spill risk, and flares in half. In addition, total capital costs would be significantly reduced by \$1,700,000.00, because less infrastructure would be required to operate the single, non-standard unit.

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

Thank you for your consideration. Should you have any questions please contact me at <u>Eddie.Behm@coterra.com</u> or (432) 571-7865.

Sincerely,

Jolie ken

Eddie Behm III Senior Reservoir Engineer *Cimarex Energy Co. Coterra Energy Inc.*





Received by OCD: 6/7/2024 2:01:04 PM

Page 13 of 19

t C-3 Environmental and Capital Savings	<i>nd Capital</i> _{Design}	Savings CTB Capital	CTB (Acres)	Received by OCD: 072024 2:01:
Standard Spacing Unit	Basis per CTB (BOPD) 20,000	(\$M) \$10,400	6.4	<i>04 PM</i>

3.4

\$8,700

20,000

Non-Standard

Spacing Unit

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

9



I



June 7, 2024

Deana M. Bennett 505.848.1834 dmb@modrall.com

VIA CERTIFIED MAIL

TO AFFECTED PARTIES

RE: Application of Cimarex Energy Co. for administrative approval of a 640-acre, more or less, non-standard spacing unit in the Wolfcamp Formation comprised of the W/2 of Sections 3 and 10, Township 23 South, Range 32 East, Lea County, New Mexico.

Dear Sir or Madam:

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

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

Eddie Behm Reservoir Engineer Cimarex Energy Co. Eddie.Behm@coterra.com (432) 571-7865

Sincerely,

/s/ Deana M. Bennett Deana M. Bennett Attorney for Cimarex Energy Co.

> Modrall Sperling Roehl Harris & Sisk P.A.

500 Fourth Street NW Suite 1000 Albuquerque, New Mexico 87102

PO Box 2168 Albuquerque, New Mexico 87103-2168

Tel: 505.848.1800 www.modrall.com





Section 3 Operator:OAT OSATILE. (10070)T23S/R32EE/2 Section 3 Operator:Marathon Oil Permian LLC (372098)Section 4 Operator:Devon Energy Production Company, LP (6137)Section 9 Operator:Devon Energy Production Company, LP (6137)E/2 Section 10 Operator:Marathon Oil Permian LLC (273827)Section 15 Operator:Devon Energy Production Company, LP (6137)Marathon Oil Permian LLC (372098)Section 16 Operator:Devon Energy Production Company, LP (6137)

Exhibit "D1"

Offset Ownership – Notice Table

Offsetting Section:	Operator:	Working Interest Owner(s) – N/A if Cimarex is NOT Operator:	Address(es):	Notice Sent:
Section 33, T22S/R32E	OXY USA Inc. (16696)	N/A	OXY USA Inc. P.O. Box 4294 Houston, TX 77210	6/7/2024
Section 34, T22S/R32E	OXY USA Inc. (16696)	N/A	OXY USA Inc. P.O. Box 4294 Houston, TX 77210	6/7/2024
E/2 Section 3, T23S/R32E	Marathon Oil Permian LLC (372098)	N/A	Marathon Oil Permian LLC 990 Town & Country Blvd. Houston, TX 77024	6/7/2024
Section 4, T23S/R32E	Devon Energy Production Company, L.P. (6137)	N/A	Devon Energy Production Company, L.P. 333 West Sheridan Ave. Oklahoma City, OK 73102	6/7/2024
Section 9, T23S/R32E	Devon Energy Production Company, L.P. (6137)	N/A	Devon Energy Production Company, L.P. 333 West Sheridan Ave. Oklahoma City, OK 73102	6/7/2024
E/2 Section 10, T23S/R32E	Marathon Oil Permian LLC (372098)	N/A	Marathon Oil Permian LLC 990 Town & Country Blvd. Houston, TX 77024	6/7/2024
Section 15,	Devon Energy Production Company, L.P. (6137)	N/A	Devon Energy Production Company, L.P. 333 West Sheridan Ave. Oklahoma City, OK 73102	6/7/2024
T23S/R32E	Marathon Oil Permian LLC (372098)	19/A	Marathon Oil Permian LLC 990 Town & Country Blvd. Houston, TX 77024	6/7/2024
Section 16, T23S/R32E	Devon Energy Production Company, L.P. (6137)	N/A	Devon Energy Production Company, L.P. 333 West Sheridan Ave. Oklahoma City, OK 73102	6/7/2024

Government Agency(ies) Receiving Notice:

Offsetting Mineral Ownership:	Address(es):	Notice Sent:
Federal (Sections 3, 4, 9, 10, 15, 33, and 34)	Bureau of Land Management 301 Dinosaur Trail Santa Fe, NM 87508	6/6/2024
State (Sections 3, 4, & 16)	New Mexico State Land Office P.O. Box 1148, Santa Fe, NM 87504	6/6/2024

Firm Mailing Book ID: 267291 Reference	Contents	11522.0003. Notice	11522.0003. Notice	11522.0003. Notice	11522.0003. Notice	11522.0003. Notice			
Firm Maili	Rest.Del.Fee	\$0.00	\$0.00	\$0.00	00.0\$	\$0.00	\$0.00	\$42.95	
	RR Fee	\$2.32	\$2.32	\$2.32	\$2.32	\$2.32	\$11.60	Grand Total:	
	Service Fee RR Fee	\$4.40	\$4.40	\$4.40	\$4.40	\$4.40	\$22.00	Grand	
PS Form 3877 Type of Mailing: CERTIFIED MAIL 06/07/2024	Postage	\$1.87	\$1.87	\$1.87	\$1.87	\$1.87	\$9.35		
PS Form 3877 1ailing: CERTIF 06/07/2024							Totals:		ed:
Type of M	Name, Street, City, State, Zip	Oxy USA Inc. PO Box 4294 Houston TX 77210	Marathon Oil Permian LLC 990 Town & Country Blvd. Houston TX 77024	Devon Energy Production Company L.P. 333 West Sheridan Ave. Oklahoma City OK 73102	Bureau of Land Management 301 Dinosaur Trail Santa Fe NM 87508	State of New Mexico Land Office PO Box 1148 Santa Fe NM 87504			es Postmaster: Dated: :e Name of receiving employee
Karlene Schuman Modrall Sperling Rochl Harris & Sisk P.A. 500 Fourth Street, Suite 1000 Albuquerque NM 87102	USPS Article Number N	9314 8699 0430 0122 0773 73 C P H	9314 8699 0430 0122 0773 80 M 9 H	9314 8699 0430 0122 0773 97 D 3 C	9314 8699 0430 0122 0774 03 B 3 S	9314 8699 0430 0122 0774 10 S P S			ces Total Number of Pieces Received at Post Office
Karlene Schuman Modrall Sperling Rochl Harr 500 Fourth Street, Suite 1000 Albuquerque NM 87102	Line	6 1 5/2024	еб г <i>3:20:2</i>	ς.	4 93	5 93			List Number of Pieces Listed by Sender

Received by OCD: 6/7/2024 2:01:04 PM

Page 18 of 19 Bage Bage CertifiedPro.no 2024 Walz CertifiedPro.no 2025

•

ŝ

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 Rd., Aztec, NM 87410 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV 1220 S. St Francis Dr., Santa Fe, NM 87505 Phone: (505) 476-3470 Fax: (505) 476-3462

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

CONDITIONS

Operator:	OGRID:		
CIMAREX ENERGY CO.	215099		
6001 Deauville Blvd	Action Number:		
Midland, TX 79706	352142		
	Action Type:		
	[UF-NSP] Non-Standard Proration (NSP)		

CONDITIONS

Created By		Condition Date
llowe	None	6/11/2024

Page 19 of 19

Action 352142