

**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING MAY 5, 2022**

**APPLICATION OF CIMAREX ENERGY CO.,
TO REOPEN CASE NO. 22453 FOR A HORIZONTAL
SPACING UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

Case No. 22752:

Parkway 15-14 South State Com 2H Well

**APPLICATION OF CIMAREX ENERGY CO.,
TO REOPEN CASE NO. 22452 FOR A HORIZONTAL
SPACING UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

Case No. 22753:

Parkway 15-14 South State Com 1H Well

**Cimarex Energy Co.
TABLE OF CONTENTS**

TAB 1 22752	Reference for Case No. 22752 Application Case No. 22752 – Reopen Case No. 22453 Application Case No. 22453 - Parkway 15-14 South State Com 2H Well Oil Conservation Division Order No. R-22003 NMOCD Checklist Case No. 22453
TAB 2 22752	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
TAB 3 22752	Exhibit B: Affidavit of Notice, Darin C. Savage Exhibit B-1: Notice Letters Exhibit B-2: Mailing List Exhibit B-3: Affidavit of Publication
TAB 1 22753	Reference for Case No. 22753 Application Case No. 22753 – Reopen Case No. 22452 Application Case No. 22452 - Parkway 15-14 South State Com 1H Well Oil Conservation Division Order No. R-22002 NMOCD Checklist Case No. 22452
TAB 2 22753	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
TAB 3 22753	Exhibit B: Affidavit of Notice, Darin C. Savage Exhibit B-1: Notice Letters Exhibit B-2: Mailing List Exhibit B-3: Affidavit of Publication

TAB 1

Case No. 22752

Reference for Case No. 22752

Application Case No. 22752 – Reopen Case No. 22453

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

Oil Conservation Division Order No. R-22003

NMOCD Checklist Case No. 22453

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

**APPLICATION OF CIMAREX ENERGY CO.,
TO REOPEN CASE NO. 22453 FOR A HORIZONTAL
SPACING UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

Case No. 22752
Reopen 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 to reopen Case No. 22453 to provide Cimarex the opportunity to pool all working interest owners, including an additional owner recently discovered, in the Bone Spring formation underlying the 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 established by Division Order No. R-22003.

In support of its Application, Cimarex states the following:

1. Cimarex is a working interest owner in the above-referenced 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 Well**, to be drilled to a depth sufficient to test the Bone Spring formation.
3. Cimarex proposes 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.

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 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 May 5, 2022, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

- A. Pooling all mineral interests in the Bone Spring formation underlying the proposed HSU;
- B. Approving the **Parkway 15-14 South State Com 2H Well** as the well for the HSU;
- C. Designating Cimarex as operator of this HSU and the horizontal well to be drilled thereon;
- D. Authorizing Cimarex to recover its costs of drilling, equipping, and completing the well;
- E. 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).
- F. 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

G. 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
Luke Kittinger
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
luke@abadieschill.com
andrew@abadieschill.com

Attorneys for Cimarex Energy Co.

Application of Cimarex Energy Co. to Reopen Case No. 22453 for a Horizontal Spacing Unit and Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division pooling all mineral interests in the Bone Spring formation, designated as an oil pool, underlying the 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 established by Division Order No. R-22003. The proposed oil well to be dedicated to the horizontal spacing unit is the **Parkway 15-14 South State Com 2H 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 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.

**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.

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

**IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
CIMAREX ENERGY COMPANY**

**CASE NO. 22453
ORDER NO. R-22003**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on January 6, 2022, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. Cimarex Energy Company (“Operator”) submitted an application (“Application”) to compulsory pool the uncommitted oil and gas interests within the spacing unit (“Unit”) described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A (“Well(s)”) to the Unit.
3. Operator does not propose any supervision and risk charges for the Well(s) described in Exhibit A, because the uncommitted oil and gas interests the Operator is seeking to be pool by this Application do not include any working interests.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.

10. Operator has the right to drill the Well(s) to a common source of supply at the depth(s) and location(s) in the Unit described in Exhibit A.
11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.
21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
22. Because the interests to be pooled by this Order do not include any working interests, there is no necessity to provide in this Order for allocation of costs, risk charges, or overhead charges.
23. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*

CASE NO. 22453
ORDER NO. R-22003

Page 2 of 6

24. The Unit shall terminate if (a) the owners of all Uncommitted Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
25. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



ADRIENNE SANDOVAL
DIRECTOR
AES/jag

Date: 1/26/2022

CASE NO. 22453
ORDER NO. R-22003

Page 3 of 6

Exhibit A

Received by OCD: 1/4/2022 5:34:14 PM

Page 71 of 125

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
Formation/Pool	
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
Spacing Unit	
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
Other Situations	
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
Well(s)	

Released to Imaging: 1/5/2022 8:34:11 AM

CASE NO. 22453
ORDER NO. R-22003

Page 4 of 6

Received by OCD: 1/4/2022 5:34:14 PM

Page 72 of 125

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, NMPM; BHL: Unit P, 330' FSL, 100' FEL Section 14, T19S-R29E, NMPM, 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
AFE Capex and Operating Costs	
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
Notice of Hearing	
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
Ownership Determination	
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
Joinder	
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

Released to Imaging: 1/5/2022 8:34:11 AM

CASE NO. 22453
ORDER NO. R-22003

Page 5 of 6

Received by OCD: 1/4/2022 5:34:14 PM

Page 73 of 125

Cost Estimate to Equip Well	Exhibit A-3
Cost Estimate for Production Facilities	Exhibit A-3
Geology	
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
Forms, Figures and Tables	
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
Additional Information	
	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).
Special Provisions/Stipulations	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Darin C. Savage 
Signed Name (Attorney or Party Representative):	
Date: 1/4/2022	

Released to Imaging: 1/5/2022 8:34:11 AM

CASE NO. 22453
ORDER NO. R-22003

Page 6 of 6

TAB 2

Case No. 22752

Exhibit A: Affidavits 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 Contacts with Uncommitted Owners

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

**APPLICATION OF CIMAREX ENERGY CO.,
TO REOPEN CASE NO. 22452 FOR A HORIZONTAL
SPACING UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

**Case No. 22753;
Reopen Case No. 22452
Order No. R-22002**

**APPLICATION OF CIMAREX ENERGY CO.,
TO REOPEN CASE NO. 22453 FOR A HORIZONTAL
SPACING UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

**Case No. 22752;
Reopen Case No. 22453
Order No. R-22003**

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

**EXHIBIT
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 interests, those pooled by the previous hearing and two additional owners recently discovered, in the Bone Spring formation in the following standard spacing units underlying the S/2 of Sections 15 and 14, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico.

- a. Under Case No. 22753, 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 established by Division Order No. R-22002, dedicated to the proposed **Parkway 15-14 South State Com 1H Well**.
- b. Under Case No. 22752, 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 established by Division Order No. R-22003, dedicated to the proposed **Parkway 15-14 South State Com 2H Well**.

6. The **Parkway 15-14 South State Com 1H Well**, an oil well assigned to the Turkey Track; Bone Spring Pool (Pool Code: 60660), will 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.; 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. The **Parkway 15-14 South State Com 2H Well**, an oil well assigned to the Turkey Track; Bone Spring Pool (Pool Code: 60660), will 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; 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.

8. These Units, which run north to south, traversing Sections 15 and 14, overlap 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 Units overlap, pursuant to NMAC 19.15.16.15B(9). Because of the nature of the contractual rights in the section, the working interest owners in the overlapping units are the same and therefore have been notified.

9. The proposed C-102s for the wells are attached as **Exhibit A-1**.

10. 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 wells within the units. The location of the wells are orthodox and meet the Division's offset requirements.

11. The identities of the two additional working interest owners that Cimarex is seeking to pool along with their ownership interest in both proposed units is identified in **Exhibit A-2**

attached hereto. All other working interest owners are party to a Joint Operating Agreement and have voluntarily agreed to adjust their interests to account for these additional owners.

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

13. I provided the law firm of Abadie & Schill P.C. a list of names and addresses for the additional 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 wells are 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.

14. The interest owners being pooled have been contacted regarding the proposed well. **Exhibit A-4** provides a chronology and history of contacts with both working interest owners.

15. **Exhibit A-3** is a sample proposal letter and the AFEs for the proposed wells, that were sent to working interest owners. The estimated cost of the wells 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.

16. In my opinion, Cimarex has made good faith efforts to contact and reach agreements with the two additional working interest owners it is seeking to pool. If Cimarex reaches an agreement with either of the proposed pooled parties before the Division enters an order, I will let the Division know that Cimarex is no longer seeking to pool those parties.

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

18. Cimarex requests overhead and administrative rates of \$7,000/month for drilling each well and \$700/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.

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

20. Cimarex requests that it be designated operator of the unit and wells.

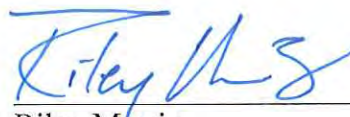
21. The Exhibits to this Affidavit were prepared by me or compiled from Cimarex's company business records under my direct supervision.

22. 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.

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

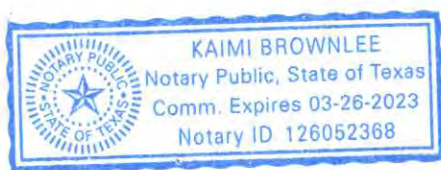
[Signature page follows]

FURTHER AFFIANT SAYETH NAUGHT



Riley Morris

Subscribed to and sworn before me this 27th day of April 2022.





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

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

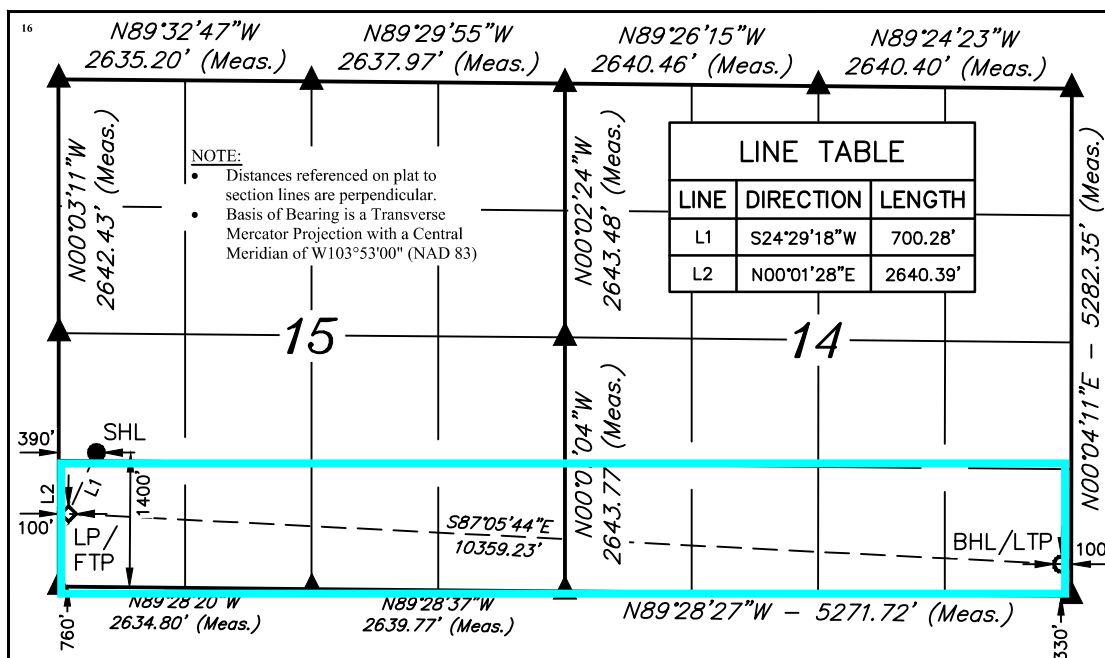
¹⁰ Surface Location

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

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	14	19S	29E		330	SOUTH	100	EAST	EDDY
¹² Dedicated Acres 320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.						

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



¹⁷ OPERATOR
CERTIFICATION

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

Fatima Vasquez 12/22/2021
Signature Date

Fatima Vasquez

Printed Name

fvasquez@cimarex.com

E-mail Address

¹⁸ SURVEYOR
CERTIFICATION

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

November 21, 2018

Date of Survey

Signature and Seal of Professional Surveyor:

NAD 83 (SURFACE HOLE LOCATION)
LATITUDE = 32°39'26.56" (32.657379°)
LONGITUDE = 104°04'11.73" (104.069925°)
NAD 27 (SURFACE HOLE LOCATION)
LATITUDE = 32°39'26.14" (32.657261°)
LONGITUDE = 104°04'09.91" (104.069419°)
STATE PLANE NAD 83 (N.M. EAST)
N: 602986.00' E: 622403.09'
STATE PLANE NAD 27 (N.M. EAST)
N: 602923.72' E: 581223.33'

NAD 83 (LP/FTP)
LATITUDE = 32°39'20.25" (32.655626°)
LONGITUDE = 104°04'15.11" (104.070864°)
NAD 27 (LP/FTP)
LATITUDE = 32°39'19.83" (32.655508°)
LONGITUDE = 104°04'13.29" (104.070358°)
STATE PLANE NAD 83 (N.M. EAST)
N: 602347.63' E: 622115.59'
STATE PLANE NAD 27 (N.M. EAST)
N: 602285.36' E: 580935.81'

NAD 83 (BHL/LTP)
LATITUDE = 32°39'15.23" (32.654229°)
LONGITUDE = 104°02'14.11" (104.037253°)
NAD 27 (BHL/LTP)
LATITUDE = 32°39'14.80" (32.654111°)
LONGITUDE = 104°02'12.29" (104.036747°)
STATE PLANE NAD 83 (N.M. EAST)
N: 601866.67' E: 632461.39'
STATE PLANE NAD 27 (N.M. EAST)
N: 601804.33' E: 591281.60'

- = SURFACE HOLE LOCATION
- ◆ = LANDING POINT/FIRST TAKE POINT
- = BOTTOM HOLE LOCATION/
LAST TAKE POINT
- ▲ = SECTION CORNER LOCATED



SCALE
DRAWN BY: C.M.T. 11-30-18
REV: 6 12-22-21 D.J.S. (BHL CHANGE)



Certificate Number:

EXHIBIT
A-1

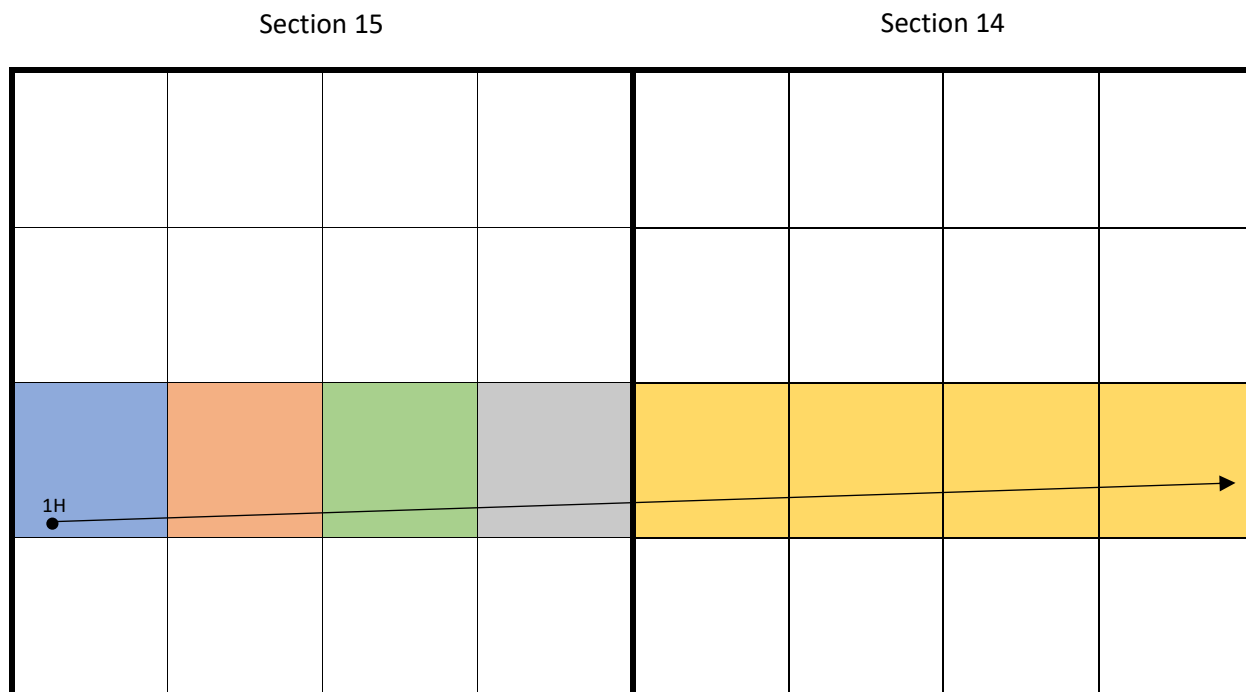
Cimarex Energy Co.
Summary of Interests: Case Nos. 22752 & 22753

Cimarex Energy Company (& Magnum Hunter Production, Inc)		
Working Interest		65.63%
Voluntary Joinder		25%
Previously Compulsory Pool Interest Total:		8.59375%
Interest Currently being Compulsory Pooled Total:		0.78125%
Interest Owner:	Description:	Interest:
Hollis Galesi	Uncommitted Working Interst Owner	0.390625%
Jesse Galesi Trust	Uncommitted Working Interst Owner	0.390625%
Total		100%

EXHIBIT
A-2

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



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

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

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



March 3, 2022

Hollis Galesi
P.O. Box 272248
Boca Raton, FL 33427

Re: Proposal to Drill – Compulsory Pooling Order #R-22003
Parkway 15-14 South State Com 2H
S/2S/2 Sections 15 and 14, Township 19 South, Range 29 East
Eddy County, New Mexico

Dear Working Interest Owner,

Cimarex Energy Co. hereby proposes to drill the Parkway 15-14 South State Com 2H well according to Case No. 22453, Order No. R-22003, at a legal location in Section 15, Township 19 South, Range 29 East, Eddy County, New Mexico.

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 330' 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. Total measured depth of the well is proposed to be approximately 19,344' feet from surface to terminus.

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 (i) our detailed AFE reflecting estimated costs associated with this proposal, and; (ii) a copy of Compulsory Pooling Order #R-22003. If you intend to participate, please approve and return (1) original of the enclosed AFE and payment of your share of the estimated drilling and completion well costs as further described in Paragraph (11) on Page (4) of Order #R-22003, along with the contact information to receive your well data, 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 costs.

EXHIBIT
A-3

Please call the undersigned at (432) 620-1966 with any questions or comments.

Respectfully,

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

Riley Morris
Landman

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

_____ Hollis Galesi elect **TO** participate in the proposed Parkway 15-14 South State Com 2H

_____ Hollis Galesi elects **NOT** to participate in the proposed Parkway 15-14 South State Com 2H

Dated this _____ day of _____, 2022.

Signature: _____

Title: _____

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

_____ Hollis Galesi elects **TO** be covered by well control insurance procured by Cimarex Energy Co.

_____ Hollis Galesi 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.

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



March 3, 2022

U.S. Trust Company of Florida Savings Bank
Attn: Jesse Gerard Galesi
47 N. Washington Street
Belchertown, MA 01007

Re: Proposal to Drill – Compulsory Pooling Order #R-22003
Parkway 15-14 South State Com 2H
S/2S/2 Sections 15 and 14, Township 19 South, Range 29 East
Eddy County, New Mexico

Dear Working Interest Owner,

Cimarex Energy Co. hereby proposes to drill the Parkway 15-14 South State Com 2H well according to Case No. 22453, Order No. R-22003, at a legal location in Section 15, Township 19 South, Range 29 East, Eddy County, New Mexico.

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 330' 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. Total measured depth of the well is proposed to be approximately 19,344' feet from surface to terminus.

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 (i) our detailed AFE reflecting estimated costs associated with this proposal, and; (ii) a copy of Compulsory Pooling Order #R-22003. If you intend to participate, please approve and return (1) original of the enclosed AFE and payment of your share of the estimated drilling and completion well costs as further described in Paragraph (11) on Page (4) of Order #R-22003, along with the contact information to receive your well data, 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 costs.

Please call the undersigned at (432) 620-1966 with any questions or comments.

Respectfully,

A handwritten signature in blue ink, appearing to read "Riley Morris", with a stylized flourish at the end.

Riley Morris
Landman

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

_____ Jesse Galesi elect **TO** participate in the proposed Parkway 15-14 South State Com 2H

_____ Jesse Galesi elects **NOT** to participate in the proposed Parkway 15-14 South State Com 2H

Dated this ____ day of _____, 2022.

Signature: _____

Title: _____

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

_____ Jesse Galesi elects **TO** be covered by well control insurance procured by Cimarex Energy Co.

_____ Jesse Galesi 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
3/3/2022

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	3/31/2022	1/1/2023	
☒ 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		\$4,319,333	\$4,319,333
Total Intangible Cost	\$2,528,000	\$4,319,333	\$6,847,333

Tangible	Dry Hole	After Casing Point	Completed Well Cost
Well Equipment	\$151,000	\$726,000	\$877,000
Lease Equipment		\$435,666	\$435,666
Total Tangible Cost	\$151,000	\$1,161,666	\$1,312,666

Total Well Cost	\$2,679,000	\$5,480,999	\$8,159,999
------------------------	--------------------	--------------------	--------------------

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.

3/3/2022


 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	Cost
Roads & Location	DIDC.100	140,000			STIM.100	5,000	CON.100	11,583	PCOM.100	7,000		163,583
Damages	DIDC.105	10,000					CON.105	2,000				12,000
Mud/Fluids Disposal	DIDC.255	180,000			STIM.255	53,000			PCOM.255	0		233,000
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
SWD PIPED TO 3RD PARTY SWD WELL									PCOM.257	120,000		120,000
Surface Rentals	DIDC.150	98,000	DICC.140	0	STIM.140	126,000	CON.140	2,667	PCOM.140	60,000		286,667
Downhole Rentals	DIDC.155	116,000			STIM.145	35,000			PCOM.145	0		151,000
Flowback Labor					STIM.141	0			PCOM.141	30,000		30,000
Automation Labor							CON.150	47,750	PCOM.150	6,000		53,750
Mud Logging	DIDC.170	25,000										25,000
IPC & EXTERNAL PAINTING							CON.165	13,500				13,500
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	127,750	PCOM.170	35,000		187,750
Trucking/Transportation	DIDC.205	15,000	DICC.175	15,000	STIM.175	7,000	CON.175	16,667	PCOM.175	0		53,667
Supervision	DIDC.210	98,000	DICC.180	14,000	STIM.180	43,000	CON.180	20,333	PCOM.180	0		175,333
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	19,000	PCOM.190	0		90,000
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	17,417				17,417
FL/GL - ON PAD LABOR							CON.495	28,250				28,250
FL/GL - Labor							CON.500	56,000				56,000
FL/GL - Supervision							CON.505	12,500				12,500
Survey							CON.515	5,083				5,083
Aid In Construct/3rd Party Connect							CON.701	66,083				66,083
Contingency	DIDC.435	120,000	DICC.220	15,000	STIM.220	152,000	CON.220	70,917	PCOM.220	0		357,917
Contingency							CON.221	17,833				17,833
Total Intangible Cost:		2,528,000		322,000		3,194,000		535,333		268,000		6,847,333
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							CON.380	9,917				9,917
PUMPS							CON.385	14,167				14,167
WALKOVERS							CON.390	8,333				8,333
Downhole Lift Equipment					STIMT.410	70,000			PCOMT.410	0		70,000
Well Automation Materials									PCOMT.455	55,000		55,000
N/C Lease Equipment							CON.400	127,083				127,083
Battery Equipment							CON.410	57,000				57,000
Secondary Containments							CON.415	20,833				20,833
Facility Electrical							CON.425	56,833				56,833
Meters and Metering Equipment							CON.445	12,833				12,833
Facility Line Pipe							CON.450	16,000				16,000
Lease Automation Materials							CON.455	56,250				56,250
FL/GL - Materials							CON.550	11,250				11,250
FL/GL - Line Pipe							CON.555	45,167				45,167
Total Tangible Cost:		151,000		519,000		152,000		435,666		55,000		1,312,666
Total Estimated Cost		2,679,000		841,000		3,346,000		970,999		323,000		8,159,999


 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				
SWD PIPED TO 3RD PARTY SWD WELL						
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
Flowback Labor					STIM.141	0
Automation Labor						
Mud Logging	DIDC.170	25,000				
IPC & EXTERNAL PAINTING						
Centering & 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						
Aid In Construct/3rd Party Connect						
Contingency	DIDC.435 DICC.220	120,000	DICC.220 STIM.220	15,000	STIM.220 CON.220	152,000
Contingency						
Total Intangible Cost		2,528,000		322,000		3,194,000
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
Well Automation Materials						
N/C Lease Equipment						
Battery Equipment						
Secondary Containments						
Facility Electrical						
Meters and Metering Equipment						
Facility Line Pipe						
Lease Automation Materials						
FL/GL - Materials						
FL/GL - Line Pipe						
Total Tangible Cost		151,000		519,000		152,000
Total Estimated Cost		2,679,000		841,000		3,346,000



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	11,583	PCOM.100	Road Repair	7,000		163,583	
Damages	CON.105	2,000					12,000	
Mud/Fluids Disposal			PCOM.255		0		233,000	
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	
SWD PIPED TO 3RD PARTY SWD WELL			PCOM.257	avg 2500 bpd first 60 days @ \$0.80/bbl to	120,000		120,000	
Surface Rentals	CON.140	2,667	PCOM.140	Flowback equipment (45 days)	60,000		286,667	
Downhole Rentals			PCOM.145		0		151,000	
Flowback Labor			PCOM.141	Flowback hands (15 days)	30,000		30,000	
Automation Labor	CON.150	47,750	PCOM.150	Flowback automation	6,000		53,750	
Mud Logging							25,000	
IPC & EXTERNAL PAINTING	CON.165	13,500					13,500	
Cementing & Float Equipment							245,000	
Tubular Inspections			PCOM.160		0		32,000	
Casing Crews							32,000	
Mechanical Labor	CON.170	127,750	PCOM.170	Flowback hookup + electrical labor for ESP	35,000		187,750	
Trucking/Transportation	CON.175	16,667	PCOM.175		0		53,667	
Supervision	CON.180	20,333	PCOM.180		0		175,333	
Trailer House/Camp/Catering							93,000	
Other Misc Expenses	CON.190	19,000	PCOM.190		0		90,000	
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							316,000	
Legal/Regulatory/Curative	CON.300	0					10,000	
Well Control Insurance							7,000	
Major Construction Overhead	CON.305	17,417					17,417	
FL/GL - ON PAD LABOR	CON.495	28,250					28,250	
FL/GL - Labor	CON.500	56,000					56,000	
FL/GL - Supervision	CON.505	12,500					12,500	
Survey	CON.515	5,083					5,083	
Aid In Construct/3rd Party Connect	CON.701	66,083					66,083	
Contingency	CON.220	70,917	PCOM.220		0		357,917	
Contingency	CON.221	17,833					17,833	
Total Intangible Cost:		535,333				268,000	6,847,333	
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	9,917					9,917	
PUMPS	CONT.385	14,167					14,167	
WALKOVERS	CONT.390	8,333					8,333	
Downhole Lift Equipment			PCOMT.410		0		70,000	
Well Automation Materials			PCOMT.455	XEC Spherical	55,000		55,000	
N/C Lease Equipment	CONT.400	127,083					127,083	
Battery Equipment	CONT.410	57,000					57,000	
Secondary Containments	CONT.415	20,833					20,833	
Facility Electrical	CONT.425	56,833					56,833	
Meters and Metering Equipment	CONT.445	12,833					12,833	
Facility Line Pipe	CONT.450	16,000					16,000	
Lease Automation Materials	CONT.455	56,250					56,250	
FL/GL - Materials	CONT.550	11,250					11,250	
FL/GL - Line Pipe	CONT.555	45,167					45,167	
Total Tangible Cost:		435,666				55,000	1,312,666	
Total Estimated Cost		970,999				323,000	8,159,999	

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

**IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
CIMAREX ENERGY COMPANY**

**CASE NO. 22453
ORDER NO. R-22003**

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on January 6, 2022, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. Cimarex Energy Company ("Operator") submitted an application ("Application") to compulsory pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.
3. Operator does not propose any supervision and risk charges for the Well(s) described in Exhibit A, because the uncommitted oil and gas interests the Operator is seeking to be pool by this Application do not include any working interests.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.

10. Operator has the right to drill the Well(s) to a common source of supply at the depth(s) and location(s) in the Unit described in Exhibit A.
11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.
21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
22. Because the interests to be pooled by this Order do not include any working interests, there is no necessity to provide in this Order for allocation of costs, risk charges, or overhead charges.
23. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*

CASE NO. 22453
ORDER NO. R-22003

Page 2 of 6

24. The Unit shall terminate if (a) the owners of all Uncommitted Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
25. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



ADRIENNE SANDOVAL
DIRECTOR
AES/jag

Date: 1/26/2022

CASE NO. 22453
ORDER NO. R-22003

Page 3 of 6

Exhibit A

Received by OCD: 1/4/2022 5:34:14 PM

Page 71 of 125

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
Formation/Pool	
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
Spacing Unit	
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
Other Situations	
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
Well(s)	

Released to Imaging: 1/5/2022 8:34:11 AM

CASE NO. 22453
ORDER NO. R-22003

Page 4 of 6

Received by OCD: 1/4/2022 5:34:14 PM

Page 72 of 125

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, NMPM; BHL: Unit P, 330' FSL, 100' FEL Section 14, T19S-R29E, NMPM, 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
AFE Capex and Operating Costs	
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
Notice of Hearing	
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
Ownership Determination	
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
Joinder	
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

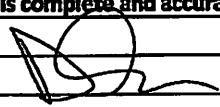
Released to Imaging: 1/5/2022 8:34:11 AM

CASE NO. 22453
ORDER NO. R-22003

Page 5 of 6

Received by OCD: 1/4/2022 5:34:14 PM

Page 73 of 125

Cost Estimate to Equip Well	Exhibit A-3
Cost Estimate for Production Facilities	Exhibit A-3
Geology	
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
Forms, Figures and Tables	
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
Additional Information	
	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).
Special Provisions/Stipulations	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Darin C. Savage 
Signed Name (Attorney or Party Representative):	
Date:	1/4/2022

Released to Imaging: 1/5/2022 8:34:11 AM

CASE NO. 22453
ORDER NO. R-22003

Page 6 of 6

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

MODEL FORM OPERATING AGREEMENT

OPERATING AGREEMENT

DATED

November 15 , 2018 ,
year

OPERATOR Cimarex Energy Co.

CONTRACT AREA All of Section 14 and 15, Township 19 South, Range 29 East

COUNTY OR PARISH OF Eddy , STATE OF NM

INITIAL WELL: PARKWAY 15-14 NORTH STATE COM 1H

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

Exhibit “ C ”

ACCOUNTING PROCEDURE

JOINT OPERATIONS

Attached to and made part of that certain Operating Agreement dated November 15, 2018 by and between Cimarex Energy Co., as Operator, and Hunt Oil Company, et al, as Non-Operator(s).

I. GENERAL PROVISIONS

IF THE PARTIES FAIL TO SELECT EITHER ONE OF COMPETING “ALTERNATIVE” PROVISIONS, OR SELECT ALL THE COMPETING “ALTERNATIVE” PROVISIONS, ALTERNATIVE 1 IN EACH SUCH INSTANCE SHALL BE DEEMED TO HAVE BEEN ADOPTED BY THE PARTIES AS A RESULT OF ANY SUCH OMISSION OR DUPLICATE NOTATION.

IN THE EVENT THAT ANY “OPTIONAL” PROVISION OF THIS ACCOUNTING PROCEDURE IS NOT ADOPTED BY THE PARTIES TO THE AGREEMENT BY A TYPED, PRINTED OR HANDWRITTEN INDICATION, SUCH PROVISION SHALL NOT FORM A PART OF THIS ACCOUNTING PROCEDURE, AND NO INFERENCE SHALL BE MADE CONCERNING THE INTENT OF THE PARTIES IN SUCH EVENT.

1. DEFINITIONS

All terms used in this Accounting Procedure shall have the following meaning, unless otherwise expressly defined in the Agreement:

“Affiliate” means for a person, another person that controls, is controlled by, or is under common control with that person. In this definition, (a) control means the ownership by one person, directly or indirectly, of more than fifty percent (50%) of the voting securities of a corporation or, for other persons, the equivalent ownership interest (such as partnership interests), and (b) “person” means an individual, corporation, partnership, trust, estate, unincorporated organization, association, or other legal entity.

“Agreement” means the operating agreement, farmout agreement, or other contract between the Parties to which this Accounting Procedure is attached.

“Controllable Material” means Material that, at the time of acquisition or disposition by the Joint Account, as applicable, is so classified in the Material Classification Manual most recently recommended by the Council of Petroleum Accountants Societies (COPAS).

“Equalized Freight” means the procedure of charging transportation cost to the Joint Account based upon the distance from the nearest Railway Receiving Point to the property.

“Excluded Amount” means a specified excluded trucking amount most recently recommended by COPAS.

“Field Office” means a structure, or portion of a structure, whether a temporary or permanent installation, the primary function of which is to directly serve daily operation and maintenance activities of the Joint Property and which serves as a staging area for directly chargeable field personnel.

“First Level Supervision” means those employees whose primary function in Joint Operations is the direct oversight of the Operator’s field employees and/or contract labor directly employed On-site in a field operating capacity. First Level Supervision functions may include, but are not limited to:

- Responsibility for field employees and contract labor engaged in activities that can include field operations, maintenance, construction, well remedial work, equipment movement and drilling
- Responsibility for day-to-day direct oversight of rig operations
- Responsibility for day-to-day direct oversight of construction operations
- Coordination of job priorities and approval of work procedures
- Responsibility for optimal resource utilization (equipment, Materials, personnel)
- Responsibility for meeting production and field operating expense targets
- Representation of the Parties in local matters involving community, vendors, regulatory agents and landowners, as an incidental part of the supervisor’s operating responsibilities
- Responsibility for all emergency responses with field staff
- Responsibility for implementing safety and environmental practices
- Responsibility for field adherence to company policy
- Responsibility for employment decisions and performance appraisals for field personnel
- Oversight of sub-groups for field functions such as electrical, safety, environmental, telecommunications, which may have group or team leaders.

“Joint Account” means the account showing the charges paid and credits received in the conduct of the Joint Operations that are to be shared by the Parties, but does not include proceeds attributable to hydrocarbons and by-products produced under the Agreement.

“Joint Operations” means all operations necessary or proper for the exploration, appraisal, development, production, protection, maintenance, repair, abandonment, and restoration of the Joint Property.

- 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 \$ 7,000.00 (prorated for less than a full month)

Producing Well Rate per month \$ 700.00
- (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.

Timeline of Contact with additional Working Interest Owners

Parkway 15-14 South State Com 1H & 2H

Case No. 22753 (Reopen Case No. 22452) & Case No. 22752 (Reopen Case No. 22453)

Landman: Riley Morris

Well proposals sent to Hollis Galesi and Jesse Galesi on **March 3, 2022**.

Exchanged emails and voicemails with Mark Castellano, son of Hollis Galesi, on **April 6, 2022** and **April 7, 2022**. We were not able to speak directly after attempts from both sides.

Exchanged voicemails with Marissa Castellano, daughter of Hollis Galesi from **April 29, 2022** to **May 2, 2022**. We were not able to speak directly after attempts from both sides.

EXHIBIT
A-4

TAB 3

Case No. 22752

Exhibit B: Affidavits of Notice, Darin C. Savage
Exhibit B-1: Notice Letters
Exhibit B-2: Mailing List
Exhibit B-3: Affidavit of Publication

**APPLICATION OF CIMAREX ENERGY CO.,
TO REOPEN CASE NO. 22452 FOR A HORIZONTAL
SPACING UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

**APPLICATION OF CIMAREX ENERGY CO.,
TO REOPEN CASE NO. 22453 FOR A HORIZONTAL
SPACING UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

Case No. 22752;
Reopen Case No. 22453
Order No. R-22003

[illegible]

I, Darin C. Savage, attorney and authorized representative of Cimarex Energy Co. (“Cimarex”), the Applicant herein, being first duly sworn, upon oath, states the following:

1. Notice of the application and hearing in the above-reference case was timely sent by certified mail, return receipt requested, through the United States Postal Service on April 14, 2022, to the additional interest owners sought to be pooled in this proceeding, namely Hollis Galesi and the U.S. Trust Company of Florida Savings Bank, as Trustee for the Jesse Galesi. See Exhibit C-2, attached hereto. Copies of notice letters and evidence of mailing to parties are attached hereto as Exhibits C-1 and C-2.

EXHIBIT
B

2. Notice letters were delivered to Hollis Galesi on April 18, 2022, and to the U.S. Trust Company of Florida Savings Bank, as Trustee for the Jesse Galesi Trust on April 19, 2022, thereby satisfying notice. As a precaution, notice was served by publication on April 20, 2022, in the Carlsbad Argus Newspaper, a newspaper of general circulation in Eddy County, New Mexico, to account for any contingencies regarding notice.



Darin C. Savage

SUBSCRIBED AND SWORN to before me this 3 day of May, 2022, by Darin C. Savage.



Notary Public

My Commission Expires:

02/10/26

STATE OF NEW MEXICO NOTARY PUBLIC MARSHA DALTON COUCH COMMISSION #1077509 COMMISSION EXPIRES 02/10/2026



For the Pursuit of Energy

ABADIE | SCHILL PC

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

April 14, 2022

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of Cimarex Energy Co., to reopen Case No. 22452 for a horizontal spacing unit and compulsory pooling, Eddy County, New Mexico
Parkway 15-14 South State Com 1H Well (Case No. 22753)

Re: Application of Cimarex Energy Co., to reopen Case No. 22453 for horizontal spacing and compulsory pooling, Eddy County, New Mexico
Parkway 15-14 South State Com 2H Well (Case No. 22752)

Case Nos. 22752 and 22753:

Dear Interest Owners:

This letter is to advise you that Cimarex Energy Co. ("Cimarex") has filed the enclosed applications, Case Nos. 22752 and 22753, with the New Mexico Oil Conservation Division for the compulsory pooling of units in the Bone Spring formation.

In Case No. 22753, Cimarex seeks to reopen Case No. 22452 to pool all mineral interest owners in the Bone Spring formation underlying 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. 22753).

In Case No. 22752, Cimarex seeks to reopen Case No. 22453 to pool all mineral interest owners in the Bone Spring formation underlying 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. 22752).

abadieschill.com

214 McKenzie Street, Santa Fe, New Mexico, 87501

O : 970.385.4401 • F : 970.385.4901

**EXHIBIT
B-1**

A hearing has been requested before a Division Examiner on May 5, 2022, and the status of the hearing can be monitored through the Division's website. Division hearings 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 riley.morris@coterra.com.

Sincerely,

A handwritten signature in black ink, appearing to read 'Darin C. Savage', written over a horizontal line.

Darin C. Savage

Attorney for Cimarex Energy Co.

	Interest	Owner	Address	CITY	State	ZIP	Date Mailed	Status	Date Delivered	Green Card Returned?	Notes:
WI	1H, 2H	Hollis Galesi	30 Galesi Dr Suite 104	Wayne	NJ	07470	4/14/22	Delivered	4.18.22	YES	
	1H, 2H	Hollis Galesi	PO Box 272248	Boca Raton	FL	33427	4/14/22	Delivered	4.29.22	NO	
WI	1H, 2H	U.S. Trust Company of Florida Savings Bank, Attn: Jesse Gerard Galesi	47 N Washington Street	Belchertown	MA	01007	4/14/22	Delivered	4.19.22	YES	
	1H, 2H	U.S. Trust Company of Florida Savings Bank, Attn: Jesse Gerard Galesi	11538 Chiquita St.	Studio City	CA	91604	4/14/22	Delivered	4.18.22	YES	Signed by a Mrs. Wilk, who called to tell us Jesse Gerard is not at this address...

EXHIBIT
B-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:

U.S. Trust Co. of Florida Savings
Bank, Attn: Jesse Gerard Galesi
47 N Washington St.
Belchertown, MA 01007



9590 9402 6862 1104 4333 38

2. Article Number (Transfer from service label)

7022 0410 0001 8377 0688

Released to Imaging: 5/4/2022 8:40:21 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)

MARY GALESI

C. Date of Delivery

4/19

D. Is delivery address different from item 1? ☐ YesIf 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

/ail

/ail 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:

Hollis Galesi
30 Galesi Dr. Suite 104
Wayne, NJ 07470



9590 9402 6862 1104 4333 14

2. Article Number (Transfer from service label)

7022 0410 0001 8377 0664

Released to Imaging: 5/4/2022 8:40:21 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

4/18/22

D. Is delivery address different from item 1? ☐ YesIf 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

00)

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:

U.S. Trust Co. of Florida Savings
Bank, Attn: Jesse Gerard Galesi
11538 Chiquita St.
Studio City, CA 91604



9590 9402 6862 1104 4342 29

2. Article Number (Transfer from service label)

7022 0410 0001 8377 0695

Released to Imaging: 5/4/2022 8:40:21 AM

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

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X EO 426

☒ Agent☐ Addressee

B. Received by (Printed Name)

C-19

C. Date of Delivery

4-18-22

D. Is delivery address different from item 1? ☐ YesIf 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

Restricted Delivery

Domestic Return Receipt

Carlsbad Current Argus.

PART OF THE USA TODAY NETWORK

Affidavit of Publication

Ad # 0005223398

This is not an invoice

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

DURANGO, CO 81301-7485

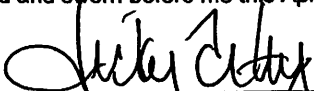
I, a legal clerk of the Carlsbad Current Argus, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements 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:

04/20/2022



Legal Clerk

Subscribed and sworn before me this April 20, 2022:



State of WI, County of Brown
NOTARY PUBLIC

My commission expires

VICKY FELTY
Notary Public
State of Wisconsin

Ad # 0005223398
PO #: 5223398
of Affidavits 1

This is not an invoice

CASE No. 22752 (Reopen 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 JESSE GALESI; HOLLIS GALESI; and U.S. TRUST COMPANY OF FLORIDA SAVINGS BANK TRUSTEE OF THE JESSE GALESI TRUST, 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 May 5, 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.w.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 to reopen Case No. 22453 to provide Cimarex the opportunity to pool all working interest owners, including an additional owner recently discovered, in the Bone Spring formation underlying the 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 established by Division Order No. R-22003. 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. #5223398, Current Argus, April 20, 2022

EXHIBIT
B-3

TAB 1

Case No. 22753

Reference for Case No. 22753

Application Case No. 22753 – Reopen Case No. 22452

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

Oil Conservation Division Order No. R-22002

NMOCD Checklist Case No. 22452

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

**APPLICATION OF CIMAREX ENERGY CO.,
TO REOPEN CASE NO. 22452 FOR A HORIZONTAL
SPACING UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

Case No. 22753
Reopen 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 to reopen Case No. 22452 to provide Cimarex the opportunity to pool all working interest owners, including an additional owner recently discovered, in the Bone Spring formation underlying the 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 established by Division Order No. R-22002.

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 Well**, to be drilled to a depth sufficient to test the Bone Spring formation.
3. Cimarex proposes 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 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 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 May 5, 2022, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

- A. Pooling all mineral interests in the Bone Spring formation underlying the proposed HSU;
- B. Approving the **Parkway 15-14 South State Com 1H Well** as the well for the HSU;
- C. Designating Cimarex as operator of this HSU and the horizontal well to be drilled thereon;
- D. Authorizing Cimarex to recover its costs of drilling, equipping, and completing the well;
- E. 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).
- F. 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

G. 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
Luke Kittinger
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
luke@abadieschill.com
andrew@abadieschill.com

Attorneys for Cimarex Energy Co.

Application of Cimarex Energy Co. to Reopen Case No. 22452 for a Horizontal Spacing Unit and Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division pooling all mineral interests in the Bone Spring formation, designated as an oil pool, underlying the 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 established by Division Order No. R-22002. The proposed oil well to be dedicated to the horizontal spacing unit is the **Parkway 15-14 South State Com 1H 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. 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.

**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

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 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.

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

**IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
CIMAREX ENERGY COMPANY**

**CASE NO. 22452
ORDER NO. R-22002**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on January 6, 2022, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. Cimarex Energy Company (“Operator”) submitted an application (“Application”) to compulsory pool the uncommitted oil and gas interests within the spacing unit (“Unit”) described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A (“Well(s)”) to the Unit.
3. Operator does not propose any supervision and risk charges for the Well(s) described in Exhibit A, because the uncommitted oil and gas interests the Operator is seeking to be pool by this Application do not include any working interests.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.

10. Operator has the right to drill the Well(s) to a common source of supply at the depth(s) and location(s) in the Unit described in Exhibit A.
11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.
21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
22. Because the interests to be pooled by this Order do not include any working interests, there is no necessity to provide in this Order for allocation of costs, risk charges, or overhead charges.
23. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*

CASE NO. 22452
ORDER NO. R-22002

Page 2 of 6

24. The Unit shall terminate if (a) the owners of all Uncommitted Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
25. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



ADRIENNE SANDOVAL
DIRECTOR
AES/jag

Date: 1/26/2022

CASE NO. 22452
ORDER NO. R-22002

Page 3 of 6

Exhibit A

Received by OCD: 1/4/2022 5:33:06 PM

Page 9 of 125

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
Formation/Pool	
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
Spacing Unit	
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
Other Situations	
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
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	

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

CASE NO. 22452
ORDER NO. R-22002

Page 4 of 6

Received by OCD: 1/4/2022 5:33:06 PM

Page 10 of 125

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
AFE Capex and Operating Costs	
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
Notice of Hearing	
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
Ownership Determination	
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
Joinder	
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

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

CASE NO. 22452
ORDER NO. R-22002

Page 5 of 6

Received by OCD: 1/4/2022 5:33:06 PM

Page 11 of 125

Geology	
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
Forms, Figures and Tables	
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
Additional Information	
	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).
Special Provisions/Stipulations	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Darin C. Savage 
Signed Name (Attorney or Party Representative):	
Date: 1/4/2022	

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

CASE NO. 22452
ORDER NO. R-22002

Page 6 of 6

TAB 2

Case No. 22753

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 Contacts with Uncommitted Owners

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

**APPLICATION OF CIMAREX ENERGY CO.,
TO REOPEN CASE NO. 22452 FOR A HORIZONTAL
SPACING UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

**Case No. 22753;
Reopen Case No. 22452
Order No. R-22002**

**APPLICATION OF CIMAREX ENERGY CO.,
TO REOPEN CASE NO. 22453 FOR A HORIZONTAL
SPACING UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

**Case No. 22752;
Reopen Case No. 22453
Order No. R-22003**

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

**EXHIBIT
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 interests, those pooled by the previous hearing and two additional owners recently discovered, in the Bone Spring formation in the following standard spacing units underlying the S/2 of Sections 15 and 14, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico.

- a. Under Case No. 22753, 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 established by Division Order No. R-22002, dedicated to the proposed **Parkway 15-14 South State Com 1H Well**.
- b. Under Case No. 22752, 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 established by Division Order No. R-22003, dedicated to the proposed **Parkway 15-14 South State Com 2H Well**.

6. The **Parkway 15-14 South State Com 1H Well**, an oil well assigned to the Turkey Track; Bone Spring Pool (Pool Code: 60660), will 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.; 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. The **Parkway 15-14 South State Com 2H Well**, an oil well assigned to the Turkey Track; Bone Spring Pool (Pool Code: 60660), will 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; 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.

8. These Units, which run north to south, traversing Sections 15 and 14, overlap 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 Units overlap, pursuant to NMAC 19.15.16.15B(9). Because of the nature of the contractual rights in the section, the working interest owners in the overlapping units are the same and therefore have been notified.

9. The proposed C-102s for the wells are attached as **Exhibit A-1**.

10. 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 wells within the units. The location of the wells are orthodox and meet the Division's offset requirements.

11. The identities of the two additional working interest owners that Cimarex is seeking to pool along with their ownership interest in both proposed units is identified in **Exhibit A-2**

attached hereto. All other working interest owners are party to a Joint Operating Agreement and have voluntarily agreed to adjust their interests to account for these additional owners.

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

13. I provided the law firm of Abadie & Schill P.C. a list of names and addresses for the additional 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 wells are 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.

14. The interest owners being pooled have been contacted regarding the proposed well. **Exhibit A-4** provides a chronology and history of contacts with both working interest owners.

15. **Exhibit A-3** is a sample proposal letter and the AFEs for the proposed wells, that were sent to working interest owners. The estimated cost of the wells 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.

16. In my opinion, Cimarex has made good faith efforts to contact and reach agreements with the two additional working interest owners it is seeking to pool. If Cimarex reaches an agreement with either of the proposed pooled parties before the Division enters an order, I will let the Division know that Cimarex is no longer seeking to pool those parties.

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

18. Cimarex requests overhead and administrative rates of \$7,000/month for drilling each well and \$700/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.

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

20. Cimarex requests that it be designated operator of the unit and wells.

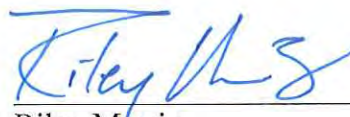
21. The Exhibits to this Affidavit were prepared by me or compiled from Cimarex's company business records under my direct supervision.

22. 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.

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

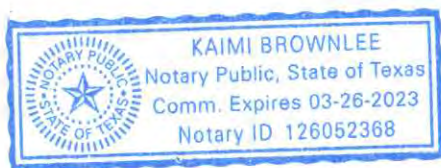
[Signature page follows]

FURTHER AFFIANT SAYETH NAUGHT



Riley Morris

Subscribed to and sworn before me this 27th day of April 2022.





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

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

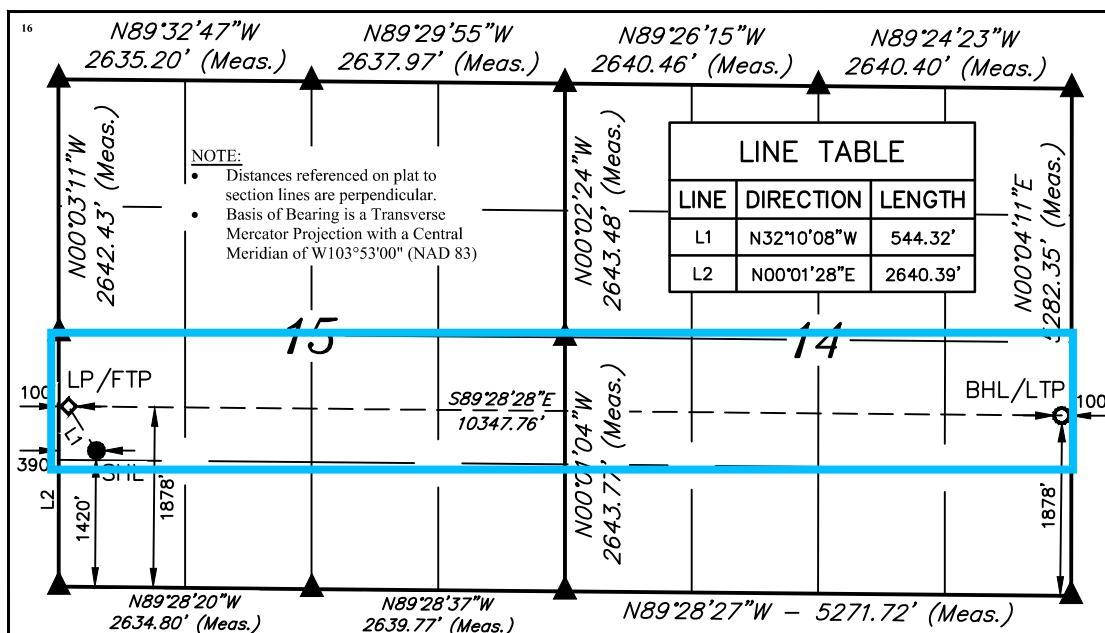
¹⁰ Surface Location

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

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	14	19S	29E		1878	SOUTH	100	EAST	EDDY
¹² Dedicated Acres 320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.						

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



¹⁷ OPERATOR
CERTIFICATION

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

Fatima Vasquez 12/2/2021
Signature Date

Fatima Vasquez
Printed Name

fvasquez@cimarex.com
E-mail Address

¹⁸ SURVEYOR
CERTIFICATION

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

November 21, 2018

Date of Survey
Signature and Seal of Professional Surveyor:



Certificate Number:

NAD 83 (SURFACE HOLE LOCATION)
LATITUDE = 32°39'26.76" (32.657434°)
LONGITUDE = 104°04'11.73" (104.069925°)
NAD 27 (SURFACE HOLE LOCATION)
LATITUDE = 32°39'26.34" (32.657316°)
LONGITUDE = 104°04'09.91" (104.069419°)
STATE PLANE NAD 83 (N.M. EAST)
N: 603006.00' E: 622403.02'
STATE PLANE NAD 27 (N.M. EAST)
N: 602943.71' E: 581223.26'

NAD 83 (LP/FTP)
LATITUDE = 32°39'31.32" (32.658699°)
LONGITUDE = 104°04'15.13" (104.070869°)
NAD 27 (LP/FTP)
LATITUDE = 32°39'30.89" (32.658581°)
LONGITUDE = 104°04'13.31" (104.070363°)
STATE PLANE NAD 83 (N.M. EAST)
N: 603465.42' E: 622111.33'
STATE PLANE NAD 27 (N.M. EAST)
N: 603403.12' E: 580931.58'

NAD 83 (BHL/LTP)
LATITUDE = 32°39'30.54" (32.658484°)
LONGITUDE = 104°02'14.11" (104.037254°)
NAD 27 (BHL/LTP)
LATITUDE = 32°39'30.12" (32.658365°)
LONGITUDE = 104°02'12.29" (104.036748°)
STATE PLANE NAD 83 (N.M. EAST)
N: 603414.37' E: 632456.71'
STATE PLANE NAD 27 (N.M. EAST)
N: 603352.00' E: 591276.96'

- = SURFACE HOLE LOCATION
- ◆ = LANDING POINT/FIRST TAKE POINT
- = BOTTOM HOLE LOCATION/ LAST TAKE POINT
- ▲ = SECTION CORNER LOCATED



SCALE

DRAWN BY: C.M.T. 11-30-18

REV: 4 11-30-21 S.T.O. (WELLBORE CHANGE)

EXHIBIT
A-1

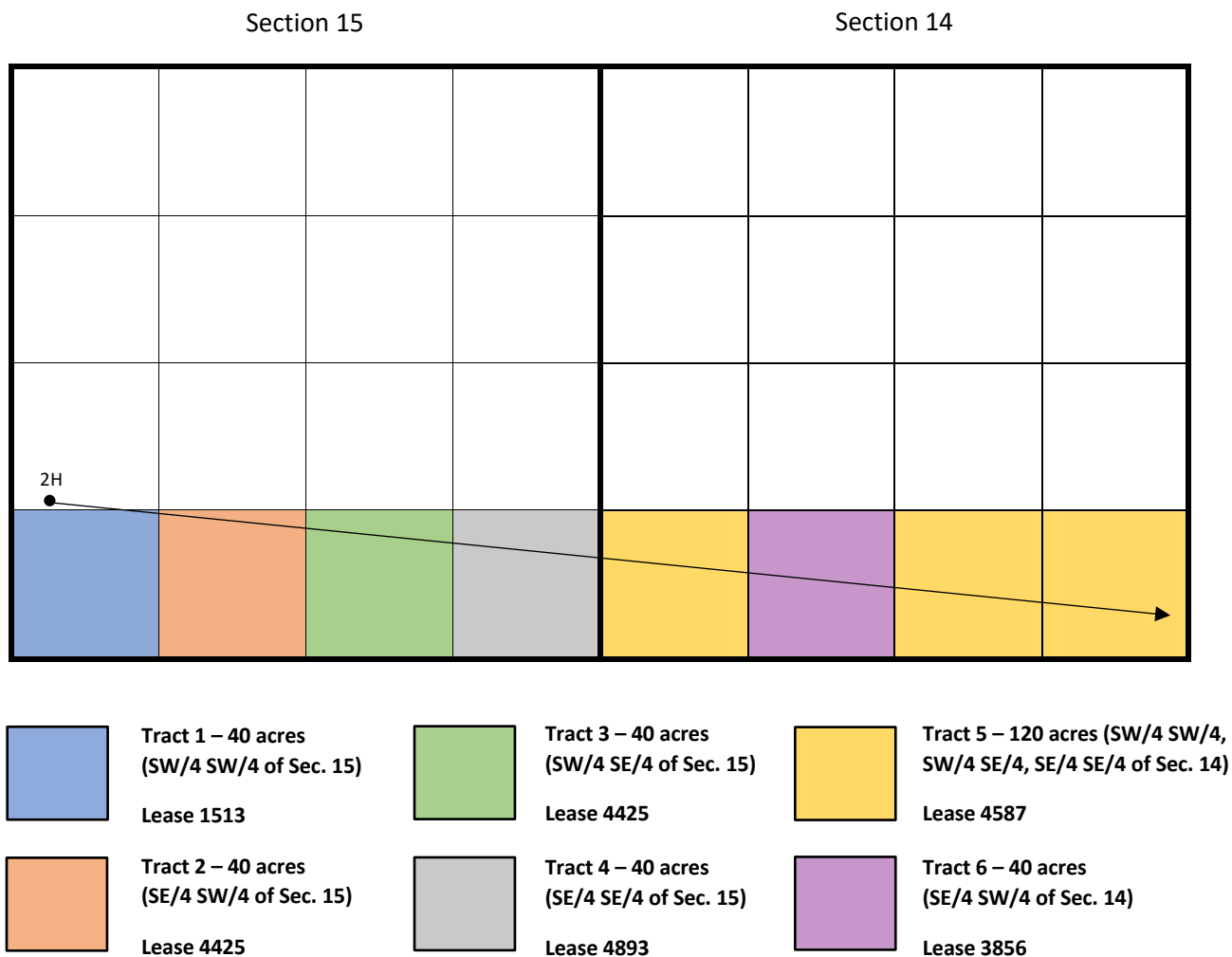
Cimarex Energy Co.
Summary of Interests: Case Nos. 22752 & 22753

Cimarex Energy Company (& Magnum Hunter Production, Inc)		
Working Interest		65.63%
Voluntary Joinder		25%
Previously Compulsory Pool Interest Total:		8.59375%
Interest Currently being Compulsory Pooled Total:		0.78125%
Interest Owner:	Description:	Interest:
Hollis Galesi	Uncommitted Working Interst Owner	0.390625%
Jesse Galesi Trust	Uncommitted Working Interst Owner	0.390625%
Total		100%

EXHIBIT
A-2

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

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



March 3, 2022

Hollis Galesi
P.O. Box 272248
Boca Raton, FL 33427

Re: Proposal to Drill – Compulsory Pooling Order #R-22002
Parkway 15-14 South State Com 1H
N/2S/2 Sections 15 and 14, Township 19 South, Range 29 East
Eddy County, New Mexico

Dear Working Interest Owner,

Cimarex Energy Co. hereby proposes to drill the Parkway 15-14 South State Com 1H well according to Case No. 22452, Order No. R-22002, at a legal location in Section 15, Township 19 South, Range 29 East, Eddy County, New Mexico.

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 1878' 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. Total measured depth of the well is proposed to be approximately 19,335' feet from surface to terminus.

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 (i) our detailed AFE reflecting estimated costs associated with this proposal, and; (ii) a copy of Compulsory Pooling Order #R-22002. If you intend to participate, please approve and return (1) original of the enclosed AFE and payment of your share of the estimated drilling and completion well costs as further described in Paragraph (11) on Page (4) of Order #R-22002, along with the contact information to receive your well data, 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 costs.

EXHIBIT
A-3

Please call the undersigned at (432) 620-1966 with any questions or comments.

Respectfully,

A handwritten signature in blue ink, appearing to read "Riley Morris". The signature is stylized with a large, looped "R" and a cursive "M".

Riley Morris
Landman

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

_____ Hollis Galesi elect **TO** participate in the proposed Parkway 15-14 South State Com 1H

_____ Hollis Galesi elects **NOT** to participate in the proposed Parkway 15-14 South State Com 1H

Dated this _____ day of _____, 2022.

Signature: _____

Title: _____

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

_____ Hollis Galesi elects **TO** be covered by well control insurance procured by Cimarex Energy Co.

_____ Hollis Galesi 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.

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



March 3, 2022

U.S. Trust Company of Florida Savings Bank
Attn: Jesse Gerard Galesi
47 N. Washington Street
Belchertown, MA 01007

Re: Proposal to Drill – Compulsory Pooling Order #R-22002
Parkway 15-14 South State Com 1H
N/2S/2 Sections 15 and 14, Township 19 South, Range 29 East
Eddy County, New Mexico

Dear Working Interest Owner,

Cimarex Energy Co. hereby proposes to drill the Parkway 15-14 South State Com 1H well according to Case No. 22452, Order No. R-22002, at a legal location in Section 15, Township 19 South, Range 29 East, Eddy County, New Mexico.

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 1878' 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. Total measured depth of the well is proposed to be approximately 19,335' feet from surface to terminus.

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 (i) our detailed AFE reflecting estimated costs associated with this proposal, and; (ii) a copy of Compulsory Pooling Order #R-22002. If you intend to participate, please approve and return (1) original of the enclosed AFE and payment of your share of the estimated drilling and completion well costs as further described in Paragraph (11) on Page (4) of Order #R-22002, along with the contact information to receive your well data, 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 costs.

Please call the undersigned at (432) 620-1966 with any questions or comments.

Respectfully,

A handwritten signature in blue ink, appearing to read "Riley Morris". The signature is stylized with a large, sweeping "R" and a cursive "M".

Riley Morris
Landman

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

_____ Jesse Galesi elect **TO** participate in the proposed Parkway 15-14 South State Com 1H

_____ Jesse Galesi elects **NOT** to participate in the proposed Parkway 15-14 South State Com 1H

Dated this _____ day of _____, 2022.

Signature: _____

Title: _____

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

_____ Jesse Galesi elects **TO** be covered by well control insurance procured by Cimarex Energy Co.

_____ Jesse Galesi 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

3/3/2022

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	3/9/2022	1/1/2023	
☒ 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		\$4,320,333	\$4,320,333
Total Intangible Cost	\$2,528,000	\$4,320,333	\$6,848,333
Tangible	Dry Hole	After Casing Point	Completed Well Cost
Well Equipment	\$151,000	\$726,000	\$877,000
Lease Equipment		\$435,666	\$435,666
Total Tangible Cost	\$151,000	\$1,161,666	\$1,312,666
Total Well Cost	\$2,679,000	\$5,481,999	\$8,160,999

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.

3/3/2022



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

AFE # 26619025

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	11,583	PCOM.100	7,000	163,583
Damages	DIDC.105	10,000					CON.105	2,000			12,000
Mud/Fluids Disposal	DIDC.255	180,000			STIM.255	53,000			PCOM.255	0	233,000
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
SWD PIPED TO 3RD PARTY SWD WELL									PCOM.257	120,000	120,000
Surface Rentals	DIDC.150	98,000	DICC.140	0	STIM.140	126,000	CON.140	2,667	PCOM.140	60,000	286,667
Downhole Rentals	DIDC.155	116,000			STIM.145	35,000			PCOM.145	0	151,000
Flowback Labor					STIM.141	0			PCOM.141	30,000	30,000
Automation Labor							CON.150	47,750	PCOM.150	6,000	53,750
Mud Logging	DIDC.170	25,000									25,000
IPC & EXTERNAL PAINTING							CON.165	13,500			13,500
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	127,750	PCOM.170	35,000	187,750
Trucking/Transportation	DIDC.205	15,000	DICC.175	15,000	STIM.175	7,000	CON.175	16,667	PCOM.175	0	53,667
Supervision	DIDC.210	98,000	DICC.180	14,000	STIM.180	43,000	CON.180	20,333	PCOM.180	0	175,333
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	19,000	PCOM.190	0	90,000
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	17,417			17,417
FL/GL - ON PAD LABOR							CON.495	28,250			28,250
FL/GL - Labor							CON.500	56,000			56,000
FL/GL - Supervision							CON.505	12,500			12,500
Survey							CON.515	5,083			5,083
Aid In Construct/3rd Party Connect							CON.701	66,083			66,083
Contingency	DIDC.435	120,000	DICC.220	15,000	STIM.220	152,000	CON.220	70,917	PCOM.220	0	357,917
Contingency							CON.221	17,833			17,833
Total Intangible Cost		2,528,000		322,000		3,195,000		535,333		268,000	6,848,333
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							CON.380	9,917			9,917
PUMPS							CON.385	14,167			14,167
WALKOVERS							CON.390	8,333			8,333
Downhole Lift Equipment					STIMT.410	70,000			PCOMT.410	0	70,000
Well Automation Materials									PCOMT.455	55,000	55,000
N/C Lease Equipment							CON.400	127,083			127,083
Battery Equipment							CON.410	57,000			57,000
Secondary Containments							CON.415	20,833			20,833
Facility Electrical							CON.425	56,833			56,833
Meters and Metering Equipment							CON.445	12,833			12,833
Facility Line Pipe							CON.450	16,000			16,000
Lease Automation Materials							CON.455	56,250			56,250
FL/GL - Materials							CON.550	11,250			11,250
FL/GL - Line Pipe							CON.555	45,167			45,167
Total Tangible Cost		151,000		519,000		152,000		435,666		55,000	1,312,666
Total Estimated Cost		2,679,000		841,000		3,347,000		970,999		323,000	8,160,999


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

AFE # 26619025

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	24,000
Mud & Additives	DIDC.145	300,000				
SWD PIPED TO 3RD PARTY SWD WELL						
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
Flowback Labor					STIM.141	0
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						
Aid In Construct/3rd Party Connect						
Contingency	DIDC.435 DICC.220	120,000	DICC.220 STIM.220	15,000	STIM.220 CON.220	152,000
Contingency						
Total Intangible Cost		2,528,000		322,000		3,195,000
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
Well Automation Materials						
N/C Lease Equipment						
Battery Equipment						
Secondary Containments						
Facility Electrical						
Meters and Metering Equipment						
Facility Line Pipe						
Lease Automation Materials						
FL/GL - Materials						
FL/GL - Line Pipe						
Total Tangible Cost		151,000		519,000		152,000
Total Estimated Cost		2,679,000		841,000		3,347,000



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	11,583	PCOM.100	Road Repair	7,000		163,583
Damages	CON.105	2,000					12,000
Mud/Fluids Disposal			PCOM.255		0		233,000
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
SWD PIPED TO 3RD PARTY SWD WELL			PCOM.257	avg 2500 bpd first 60 days @ \$0.80/bbl to	120,000		120,000
Surface Rentals	CON.140	2,667	PCOM.140	Flowback equipment (45 days)	60,000		286,667
Downhole Rentals			PCOM.145		0		151,000
Flowback Labor			PCOM.141	Flowback hands (15 days)	30,000		30,000
Automation Labor	CON.150	47,750	PCOM.150	Flowback automation	6,000		53,750
Mud Logging							25,000
IPC & EXTERNAL PAINTING	CON.165	13,500					13,500
Cementing & Float Equipment							245,000
Tubular Inspections			PCOM.160		0		32,000
Casing Crews							32,000
Mechanical Labor	CON.170	127,750	PCOM.170	Flowback hookup + electrical labor for ESP	35,000		187,750
Trucking/Transportation	CON.175	16,667	PCOM.175		0		53,667
Supervision	CON.180	20,333	PCOM.180		0		175,333
Trailer House/Camp/Catering							93,000
Other Misc Expenses	CON.190	19,000	PCOM.190		0		90,000
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							316,000
Legal/Regulatory/Curative	CON.300	0					10,000
Well Control Insurance							7,000
Major Construction Overhead	CON.305	17,417					17,417
FL/GL - ON PAD LABOR	CON.495	28,250					28,250
FL/GL - Labor	CON.500	56,000					56,000
FL/GL - Supervision	CON.505	12,500					12,500
Survey	CON.515	5,083					5,083
Aid In Construct/3rd Party Connect	CON.701	66,083					66,083
Contingency	CON.220	70,917	PCOM.220		0		357,917
Contingency	CON.221	17,833					17,833
Total Intangible Cost:		535,333			268,000		6,848,333
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	9,917					9,917
PUMPS	CONT.385	14,167					14,167
WALKOVERS	CONT.390	8,333					8,333
Downhole Lift Equipment			PCOMT.410		0		70,000
Well Automation Materials			PCOMT.455	XEC Spherical	55,000		55,000
N/C Lease Equipment	CONT.400	127,083					127,083
Battery Equipment	CONT.410	57,000					57,000
Secondary Containments	CONT.415	20,833					20,833
Facility Electrical	CONT.425	56,833					56,833
Meters and Metering Equipment	CONT.445	12,833					12,833
Facility Line Pipe	CONT.450	16,000					16,000
Lease Automation Materials	CONT.455	56,250					56,250
FL/GL - Materials	CONT.550	11,250					11,250
FL/GL - Line Pipe	CONT.555	45,167					45,167
Total Tangible Cost:		435,666			55,000		1,312,666
Total Estimated Cost:		970,999			323,000		8,160,999

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

**IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
CIMAREX ENERGY COMPANY**

**CASE NO. 22452
ORDER NO. R-22002**

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on January 6, 2022, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. Cimarex Energy Company ("Operator") submitted an application ("Application") to compulsory pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.
3. Operator does not propose any supervision and risk charges for the Well(s) described in Exhibit A, because the uncommitted oil and gas interests the Operator is seeking to be pool by this Application do not include any working interests.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.

10. Operator has the right to drill the Well(s) to a common source of supply at the depth(s) and location(s) in the Unit described in Exhibit A.
11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.
21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
22. Because the interests to be pooled by this Order do not include any working interests, there is no necessity to provide in this Order for allocation of costs, risk charges, or overhead charges.
23. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*

CASE NO. 22452
ORDER NO. R-22002

Page 2 of 6

24. The Unit shall terminate if (a) the owners of all Uncommitted Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
25. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



ADRIENNE SANDOVAL
DIRECTOR
AES/jag

Date: 1/26/2022

CASE NO. 22452
ORDER NO. R-22002

Page 3 of 6

Exhibit A

Received by OCD: 1/4/2022 5:33:06 PM

Page 9 of 125

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	Climarex Energy Co.
Designated Operator & OGRID (affiliation if applicable)	215099
Applicant's Counsel:	Darin C. Savage - Abadie & Schill, PC
Case Title:	Application of Climarex 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
Formation/Pool	
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
Spacing Unit	
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
Other Situations	
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
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	

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

CASE NO. 22452
ORDER NO. R-22002

Page 4 of 6

Received by OCD: 1/4/2022 5:33:06 PM

Page 10 of 125

Well #1	Parkway 15-14 South State Com 1H (API No. 30-015-pending), SHL: Unit 1, 1,420' FSL, 390' FWL, Section 15, T19S-R29E, NMPM; BHL: Unit 1, 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
AFE Capex and Operating Costs	
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
Notice of Hearing	
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
Ownership Determination	
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
Joinder	
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

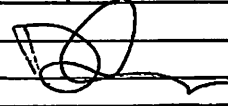
Released to Imaging: 1/5/2022 8:33:30 AM

CASE NO. 22452
ORDER NO. R-22002

Page 5 of 6

Received by OCD: 1/4/2022 5:33:06 PM

Page 11 of 125

Geology	
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
Forms, Figures and Tables	
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
Additional Information	
	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).
Special Provisions/Stipulations	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Darin C. Savage 
Signed Name (Attorney or Party Representative):	
Date:	1/4/2022

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

CASE NO. 22452
ORDER NO. R-22002

Page 6 of 6

Timeline of Contact with additional Working Interest Owners

Parkway 15-14 South State Com 1H & 2H

Case No. 22753 (Reopen Case No. 22452) & Case No. 22752 (Reopen Case No. 22453)

Landman: Riley Morris

Well proposals sent to Hollis Galesi and Jesse Galesi on **March 3, 2022**.

Exchanged emails and voicemails with Mark Castellano, son of Hollis Galesi, on **April 6, 2022** and **April 7, 2022**. We were not able to speak directly after attempts from both sides.

Exchanged voicemails with Marissa Castellano, daughter of Hollis Galesi from **April 29, 2022** to **May 2, 2022**. We were not able to speak directly after attempts from both sides.

EXHIBIT
A-4

TAB 3

Case No. 22753

Exhibit B: Affidavits of Notice, Darin C. Savage
Exhibit B-1: Notice Letters
Exhibit B-2: Mailing List
Exhibit B-3: Affidavit of Publication

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

**APPLICATION OF CIMAREX ENERGY CO.,
TO REOPEN CASE NO. 22452 FOR A HORIZONTAL
SPACING UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

Case No. 22753;
Reopen Case No. 22452
Order No. R-22002

**APPLICATION OF CIMAREX ENERGY CO.,
TO REOPEN CASE NO. 22453 FOR A HORIZONTAL
SPACING UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

Case No. 22752;
Reopen Case No. 22453
Order No. R-22003

AFFIDAVIT OF NOTICE

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

I, Darin C. Savage, attorney and authorized representative of Cimarex Energy Co. ("Cimarex"), the Applicant herein, being first duly sworn, upon oath, states the following:

1. Notice of the application and hearing in the above-reference case was timely sent by certified mail, return receipt requested, through the United States Postal Service on April 14, 2022, to the additional interest owners sought to be pooled in this proceeding, namely Hollis Galesi and the U.S. Trust Company of Florida Savings Bank, as Trustee for the Jesse Galesi. See Exhibit C-2, attached hereto. Copies of notice letters and evidence of mailing to parties are attached hereto as Exhibits C-1 and C-2.

**EXHIBIT
B**

2. Notice letters were delivered to Hollis Galesi on April 18, 2022, and to the U.S. Trust Company of Florida Savings Bank, as Trustee for the Jesse Galesi Trust on April 19, 2022, thereby satisfying notice. As a precaution, notice was served by publication on April 20, 2022, in the Carlsbad Argus Newspaper, a newspaper of general circulation in Eddy County, New Mexico, to account for any contingencies regarding notice.



Darin C. Savage

SUBSCRIBED AND SWORN to before me this 3 day of May, 2022, by Darin C. Savage.



Notary Public

My Commission Expires:

02/10/26

STATE OF NEW MEXICO NOTARY PUBLIC MARSHA DALTON COUCH COMMISSION #1077509 COMMISSION EXPIRES 02/10/2026



For the Pursuit of Energy

ABADIE | SCHILL PC

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

April 14, 2022

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of Cimarex Energy Co., to reopen Case No. 22452 for a horizontal spacing unit and compulsory pooling, Eddy County, New Mexico
Parkway 15-14 South State Com 1H Well (Case No. 22753)

Re: Application of Cimarex Energy Co., to reopen Case No. 22453 for horizontal spacing and compulsory pooling, Eddy County, New Mexico
Parkway 15-14 South State Com 2H Well (Case No. 22752)

Case Nos. 22752 and 22753:

Dear Interest Owners:

This letter is to advise you that Cimarex Energy Co. ("Cimarex") has filed the enclosed applications, Case Nos. 22752 and 22753, with the New Mexico Oil Conservation Division for the compulsory pooling of units in the Bone Spring formation.

In Case No. 22753, Cimarex seeks to reopen Case No. 22452 to pool all mineral interest owners in the Bone Spring formation underlying 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. 22753).

In Case No. 22752, Cimarex seeks to reopen Case No. 22453 to pool all mineral interest owners in the Bone Spring formation underlying 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. 22752).

abadieschill.com

214 McKenzie Street, Santa Fe, New Mexico, 87501

O : 970.385.4401 • F : 970.385.4901

EXHIBIT
B-1

A hearing has been requested before a Division Examiner on May 5, 2022, and the status of the hearing can be monitored through the Division's website. Division hearings 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 riley.morris@coterra.com.

Sincerely,

A handwritten signature in black ink, appearing to read 'Darin C. Savage', written over a horizontal line.

Darin C. Savage

Attorney for Cimarex Energy Co.

	Interest	Owner	Address	CITY	State	ZIP	Date Mailed	Status	Date Delivered	Green Card Returned?	Notes:
WI	1H, 2H	Hollis Galesi	30 Galesi Dr Suite 104	Wayne	NJ	07470	4/14/22	Delivered	4.18.22	YES	
	1H, 2H	Hollis Galesi	PO Box 272248	Boca Raton	FL	33427	4/14/22	Delivered	4.29.22	NO	
WI	1H, 2H	U.S. Trust Company of Florida Savings Bank, Attn: Jesse Gerard Galesi	47 N Washington Street	Belchertown	MA	01007	4/14/22	Delivered	4.19.22	YES	
	1H, 2H	U.S. Trust Company of Florida Savings Bank, Attn: Jesse Gerard Galesi	11538 Chiquita St.	Studio City	CA	91604	4/14/22	Delivered	4.18.22	YES	Signed by a Mrs. Wilk, who called to tell us Jesse Gerard is not at this address...

EXHIBIT
B-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:

U.S. Trust Co. of Florida Savings
Bank, Attn: Jesse Gerard Galesi
47 N Washington St.
Belchertown, MA 01007



9590 9402 6862 1104 4333 38

2. Article Number (Transfer from service label)

7022 0410 0001 8377 0688

Released to Imaging: 5/4/2022 8:40:21 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)

MARY GALESI

C. Date of Delivery

4/19

D. Is delivery address different from item 1? ☐ YesIf 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

/ail

/ail 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:

Hollis Galesi
30 Galesi Dr. Suite 104
Wayne, NJ 07470



9590 9402 6862 1104 4333 14

2. Article Number (Transfer from service label)

7022 0410 0001 8377 0664

Released to Imaging: 5/4/2022 8:40:21 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? ☐ 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

00)

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:

U.S. Trust Co. of Florida Savings
Bank, Attn: Jesse Gerard Galesi
11538 Chiquita St.
Studio City, CA 91604



9590 9402 6862 1104 4342 29

2. Article Number (Transfer from service label)

7022 0410 0001 8377 0695

Released to Imaging: 5/4/2022 8:40:21 AM

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X EO 426

☒ Agent
☐ Addressee

B. Received by (Printed Name)

C-19

C. Date of Delivery

4-18-22

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

Restricted Delivery

Carlsbad Current Argus.

PART OF THE USA TODAY NETWORK

Affidavit of Publication

Ad # 0005223391

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:

04/20/2022

D. Roberts

Legal Clerk

Subscribed and sworn before me this April 20, 2022:

Vicky Felty
State of WI, County of Brown
NOTARY PUBLIC

My commission expires

VICKY FELTY
Notary Public
State of Wisconsin

Ad # 0005223391
PO #: 5223391
of Affidavits 1

This is not an invoice

CASE No. 22753 (Reopen 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 JESSE GALESI; HOLLIS GALESI; and U.S. TRUST COMPANY OF FLORIDA SAVINGS BANK TRUSTEE OF THE JESSE GALESI TRUST, 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 May 5, 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.w.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 to reopen Case No. 22452 to provide Cimarex the opportunity to pool all working interest owners, including an additional owner recently discovered, in the Bone Spring formation underlying the 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 established by Division Order No. R-22002. 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 L) 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. #5223391, Current Argus, April 20, 2022

EXHIBIT
B-3