

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

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

CASE NO. 20305

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

CASE NO. 20306

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

CASE NO. 20307

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

CASE NO. 20308

Examiner Docket: June 20, 2019

CIMAREX'S EXHIBITS

Dos Equis 12-13 Fed Com 8H, 47H, 73H, and 86H



Earl E. DeBrine, Jr.
Lance D. Hough

 **MODRALL SPERLING**

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DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
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CIMAREX'S EXHIBITS

Dos Equis 12-13 Fed Com 8H, 47H, 73H, and 86H

Exhibit A	Affidavit of Cody Elliot
A-0	Locator Map
A-1.8H	Application - Dos Equis 13 Fed Com 8H
A-2.8H	C102
A-3.8H	Tract Exhibit Pooling
A-4	Well Proposal
A-5.8H	AFE's
A-1.47H	Application - Dos Equis 13 Fed Com 47H
A-2.47H	C102
A-3.47H	Tract Exhibit Pooling
A-4.	Well Proposal
A-5.47H	AFE's
A-1.73H	Application - Dos Equis 13 Fed Com 73H
A-2.73H	C102
A-3.73H	Tract Exhibit Pooling
A-4	Well Proposal
A-5.73H	AFE's
A-1.86H	Application - Dos Equis 13 Fed Com 86H
A-2.86H	C102
A-3.86H	Tract Exhibit Pooling
A-4	Well Proposal
A-5.86H	AFE's

Earl E. DeBrine, Jr.
Lance D. Hough



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Exhibit B Affidavit of Lauren Copley

B-1.8H-86H Structure Map - Dos Equis 13 Fed Com 8H, 47H, 73H, 86H

B-2.8H-86H Net Porosity Map

B-3.8H-86H Proposed Development Map

B-4.8H-86H Stratigraphic Cross-Section

B-5.8H-86H Avalon Development Diagram

B-0 Welbore Diagrams - Dos Equis 13 Fed Com 8H, 47H, 73H, 86H

Exhibit C Affidavit of Lance D. Hough

Certified Mail Log / Notice February 15, 2019 - Dos Equis 13 Fed Com 8H, 47H,
73H, 86H

Certified Mail Log / Report June 19, 2019

Affidavit of Publication February 21, 2019

Earl E. DeBrine, Jr.
Lance D. Hough



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AFFIDAVIT OF CODY ELLIOTT

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

Cody Elliott, being duly sworn, deposes and states:

1. I am a landman for Cimarex Energy Co. ("Cimarex"), over the age of 18 and have personal knowledge of the matters stated herein. I have previously been qualified to testify by the New Mexico Oil Conservation Division as an expert in petroleum land matters and my credentials were accepted as a matter of record by the Division.

2. I am familiar with the applications filed by Cimarex in the above-referenced cases and the land matters involved in each case. Pursuant to NMAC 19.15.4.12.A(1), the following information is submitted in support of the above-referenced compulsory pooling applications filed by Cimarex.

3. Each of these cases each involve a request for an order from the Division for compulsory pooling of interest owners who have refused to voluntarily pool their interests for the proposed Wolfcamp horizontal spacing units described below, and in wells to be drilled in the horizontal spacing unit.

4. Prior to filing each application, Cimarex made a good faith effort to obtain voluntary joinder of the working interest owners in the proposed well. I identified all of the working interest and overriding royalty interest owners from a title opinion. To locate owners, I conducted a diligent search of the public records in the county where the well is located and conducted phone directory and computer internet searches to locate contact information for parties entitled to notification, and mailed all working interest owners well proposals, including an Authorization for Expenditure and a form of Operating Agreement to any owner who requested one.

5. No opposition is expected. Prior to filing its applications Cimarex contacted the interest owners being pooled regarding the proposed wells; the pooled interest owners have failed or refused to voluntarily commit their interests in the wells. Cimarex provided all of the working interest owners and any unleased mineral owners and overriding royalty owners with notice of these applications, published notice of the hearing on the applications in a newspaper of general circulation in Lea County and none have entered an appearance in opposition to Cimarex' applications.

6. A locator map outlining all of the Wolfcamp horizontal spacing units being pooled that is the subject of these applications is attached to my Affidavit as **Exhibit A.0**.

7. Below is a description of the facts supporting each of the compulsory pooling applications in the above-referenced cases.

8. **Case No. 20305**

- a. In its Application, Cimarex seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the W/2 W/2 of Section 12 and 13, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Dos Equis 12-13 Federal Com 8H** well, to be horizontally drilled. The Application is attached hereto as **Exhibit A.1.8H**.
- b. Attached as **Exhibit A.2.8H** is the proposed C-102 for the well. The well will develop the WC-025 G-08 S243213C;Wolfcamp Pool (Code 98309), which is an oil pool.
- c. The producing interval for the wells will be orthodox and will comply with the Division's set back requirements as the first and last take points will be no closer than 100' from the spacing unit boundary, and the completed lateral will be no closer than 330' from the spacing unit boundary.
- d. A lease tract map outlining the unit to be pooled is attached hereto as **Exhibit A.3.8H** The working interest owners being pooled and the percent of their interests is also included as part of this Exhibit. Cimarex own a working interest in the proposed unit and has a right to drill a well thereon.
- e. There are no depth severances within the proposed Wolfcamp spacing unit.
- f. **Exhibit A.4** is a sample well proposal letter sent to each of the interest owners seeking their voluntary participation in the well.
- g. **Exhibit A.5.8H** is the Authorization for Expenditure for the proposed well. The estimated cost of the well set forth therein of \$12,862,728 is fair and reasonable, and is comparable to the costs of other wells of similar depth, length and completion method being drilled in this area of New Mexico.

9. **Case No. 20306**

- a. In its Application, Cimarex seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the E/2 W/2 of Section 12 and 13, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Dos Equis 12-13 Federal Com 47H** well, to be horizontally drilled. The Application is attached hereto as **Exhibit A.1.47H**.
- b. Attached as **Exhibit A.2.47H** is the proposed C-102 for the well. The well will develop the WC-025 G-08 S243213C;Wolfcamp Pool (Code 98309), which is an oil pool.

- c. The producing interval for the wells will be orthodox and will comply with the Division's set back requirements as the first and last take points will be no closer than 100' from the spacing unit boundary, and the completed lateral will be no closer than 330' from the spacing unit boundary.
- d. A lease tract map outlining the unit to be pooled is attached hereto as **Exhibit A.3.47H**. The working interest owners being pooled and the percent of their interests is also included as part of this Exhibit. Cimarex owns a working interest in the proposed unit and has a right to drill a well thereon.
- e. There are no depth severances within the proposed Wolfcamp spacing unit.
- f. **Exhibit A.4** is a sample well proposal letter sent to each of the interest owners seeking their voluntary participation in the well.
- g. **Exhibit A.5.47H** is the Authorization for Expenditure for the proposed well. The estimated cost of the well set forth therein of \$12,862,728 is fair and reasonable, and is comparable to the costs of other wells of similar depth, length and completion method being drilled in this area of New Mexico.

10. **Case No. 20307**

- a. In its Application, Cimarex seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the W/2 E/2 of Section 12 and 13, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Dos Equis 12-13 Federal Com 73H** well, to be horizontally drilled. The Application is attached hereto as **Exhibit A.1.73H**.
- b. Attached as **Exhibit A.2.73H** is the proposed C-102 for the well. The well will develop the WC-025 G-08 S243213C; Wolfcamp Pool (Code 98309), which is an oil pool.
- c. The producing interval for the wells will be orthodox and will comply with the Division's set back requirements as the first and last take points will be no closer than 100' from the spacing unit boundary, and the completed lateral will be no closer than 330' from the spacing unit boundary.
- d. A lease tract map outlining the unit to be pooled is attached hereto as **Exhibit A.3.73H**. The working interest owners being pooled and the percent of their interests is also included as part of this Exhibit. Cimarex owns a working interest in the proposed unit and has a right to drill a well thereon.
- e. There are no depth severances within the proposed Wolfcamp spacing unit.

- f. **Exhibit A.4** is a sample well proposal letter sent to each of the interest owners seeking their voluntary participation in the well.
- g. **Exhibit A.5.73H** is the Authorization for Expenditure for the proposed well. The estimated cost of the well set forth therein of \$12,862,728 is fair and reasonable, and is comparable to the costs of other wells of similar depth, length and completion method being drilled in this area of New Mexico.

11. **Case No. 20308**

- a. In its Application, Cimarex seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the E/2 E/2 of Section 12 and 13, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Dos Equis 12-13 Federal Com 86H** well, to be horizontally drilled. The Application is attached hereto as **Exhibit A.1.86H**.
- b. Attached as **Exhibit A.2.86H** is the proposed C-102 for the well. The well will develop the WC-025 G-08 S243213C; Wolfcamp Pool (Code 98309), which is an oil pool.
- c. The producing interval for the wells will be orthodox and will comply with the Division's set back requirements as the first and last take points will be no closer than 100' from the spacing unit boundary, and the completed lateral will be no closer than 330' from the spacing unit boundary.
- d. A lease tract map outlining the unit to be pooled is attached hereto as **Exhibit A.3.86H**. The working interest owners being pooled and the percent of their interests is also included as part of this Exhibit. Cimarex owns a working interest in the proposed unit and has a right to drill a well thereon.
- e. There are no depth severances within the proposed Wolfcamp spacing unit.
- f. **Exhibit A.4** is a sample well proposal letter sent to each of the interest owners seeking their voluntary participation in the well.
- g. **Exhibit A.5.86H** is the Authorization for Expenditure for the proposed well. The estimated cost of the well set forth therein of \$12,862,728 is fair and reasonable, and is comparable to the costs of other wells of similar depth, length and completion method being drilled in this area of New Mexico.

12. Cimarex requests overhead and administrative rates of \$7,000/month during drilling and \$700/month while producing. 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 and consistent

with the rates awarded by the Division in recent compulsory pooling orders. Cimarex requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.

13. Cimarex requests that it be allowed to recover its costs for drilling, completing and equipping each of these wells and a 200% risk charge be assessed against non-consenting pooled working interest owners.

14. Cimarex requests that it be designated operator of the wells.

15. Cimarex requests that it be allowed a period of one (1) year between when the wells are drilled and when the first well is completed under the order.


16. The parties Cimarex is seeking to pool were notified of this hearing.

17. Cimarex requests that overriding royalty interest owners be pooled.

18. Based upon my knowledge of the land matters involved in this case, my education, training and experience, it is my expert opinion that the granting of Cimarex's applications in these cases is in the interests of conservation and the prevention of waste.

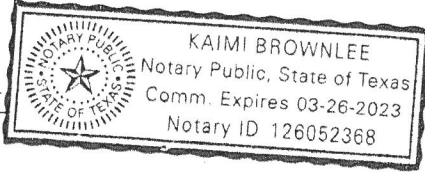
19. The exhibits attached to my Affidavit were prepared by me or compiled from company business records.


20. I attest that the information provided herein is true, correct and complete to the best of my knowledge and belief.


Cody Elliott

SUBSCRIBED AND SWORN to before me this 19th day of June 2019 by Cody Elliott.

SEAL




Notary Public
My commission expires: 3/26/2023

W3447508.DOCX

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

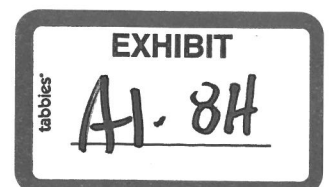
**APPLICATION OF CIMAREX
ENERGY CO. FOR COMPULSORY
POOLING, LEA COUNTY,
NEW MEXICO**

CASE NO. _____

APPLICATION

Cimarex Energy Co. ("Cimarex"), OGRID Number 215099, through its undersigned attorneys, hereby makes an application to the Oil Conservation Division pursuant to the provisions of NMSA (1978), Section 70-2-17, for an order pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the W/2 W/2 of Sections 12 and 13, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico. In support of this application, Cimarex states as follows:

1. Cimarex is an interest owner in the subject lands and has a right to drill wells thereon.
2. Cimarex seeks to dedicate the W/2 W/2 of Sections 12 and 13, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico to form a 320-acre, more or less, spacing unit.
3. Cimarex plans to drill the **Dos Equis 12-13 Federal Com 8H** well to a depth sufficient to test the Wolfcamp formation. The Dos Equis 12-13 Com 8H well is a horizontal well with a surface location 330' FNL and 350' FWL of Section 12 Township 24 South, Range 32 East, Lea County, and the intended bottom hole location is 100' FSL and 330' FWL of Section 13, Township 24 South, Range 32 East, Lea County.
4. This well will be located within the Wildcat Wolfcamp pool and will comply with the Division's setback requirements.



5. Cimarex sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Wolfcamp formation underlying the proposed spacing unit to participate in the drilling of the well or to otherwise commit their interests to the well.

6. The creation of a horizontal spacing unit and the pooling of all interests in the Wolfcamp formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

WHEREFORE, this case is set for hearing before an Examiner of the Oil Conservation Division on March 7, 2019, Cimarex requests that, after notice and hearing as required by law, the Division enter its order:

A. Pooling all mineral interests in the Wolfcamp formation underlying a horizontal spacing unit within the W/2 W/2 of Sections 12 and 13, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico;

B. Designating Cimarex as operator of this unit and the well to be drilled thereon;

C. Authorizing Cimarex to recover its costs of drilling, equipping and completing this well;

D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure;

E. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted this 25th day of January, 2019.

MODRALL, SPERLING, ROEHL, HARRIS
& SISK, P.A.

By: 

Earl E. DeBrine

Zoe E. Lees

Post Office Box 2168

500 Fourth Street NW, Suite 1000

Albuquerque, New Mexico 87103-2168

Telephone: 505.848.1800

edebrine@modrall.com

zel@modrall.com

Attorneys for Applicant

CASE NO. ____: Application of Cimarex Energy Co. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the W/2 W/2 of Sections 12 and 13, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Dos Equis 12-13 Federal Com 8H** well, to be horizontally drilled. The producing area for this well will be orthodox. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Cimarex as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 26 miles southwest of Hobbs, New Mexico.

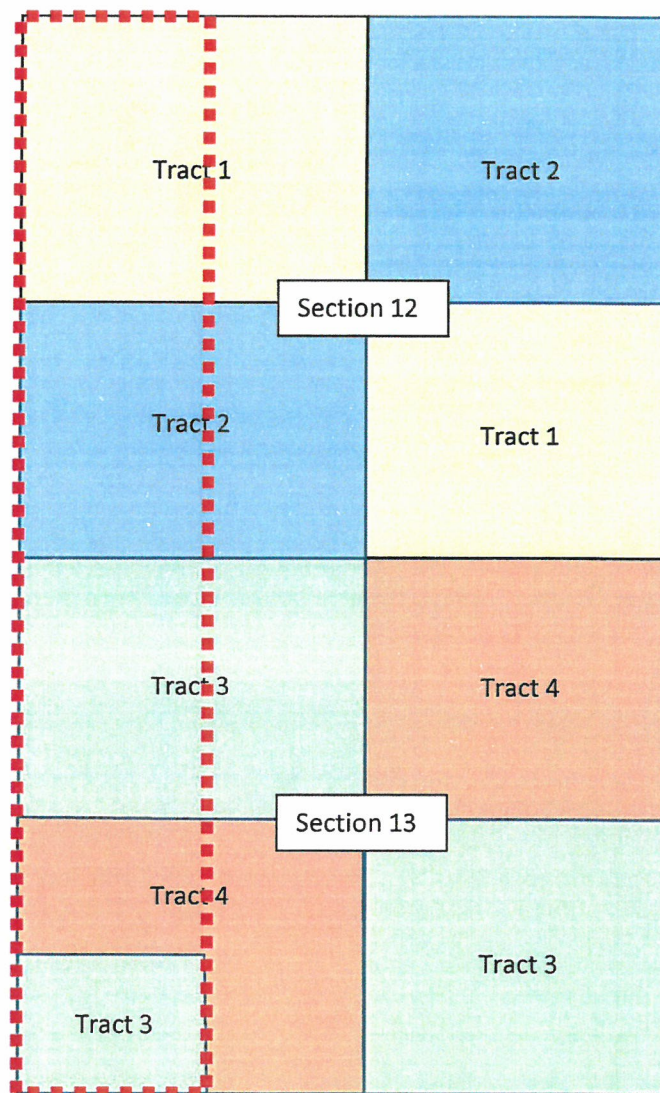
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EXHIBIT
A2-8H

Dos Equis 12-13 Fed Com 8H

W/2 W/2 of Sections 12 & 13-24S-32E, Lea County, NM

Owner	Tract	Net	Working Interest Percentage	Force Pool Interest
MHPI	1	40	12.50%	no-participating
Chevron U.S.A. Inc.	1	40	12.50%	no-participating
Cimarex	2	70	21.88%	no-operator
COPC	2	10	3.13%	Yes
Devon	3	120	37.50%	Yes
Cimarex	4	40	12.50%	no-operator





December 19, 2018

Devon Energy Production Co., LP
333 W. Sheridan Ave
Oklahoma City, OK 73102

**Re: Proposal to Drill
 Dos Equis 12-13 Fed Com Wells
 Sections 12 & 13, Township 24 South, Range 32 East
 Lea County, NM**

Dear Working Interest Owner,

Cimarex Energy Co. hereby proposes to drill the Dos Equis 12-13 Fed Com 1H, 8H, 3H, 47H, 5H, 73H, 6H & 86H wells at a legal location in Section 12, Township 24 South, Range 32 East, NMPM, Lea Co., NM.

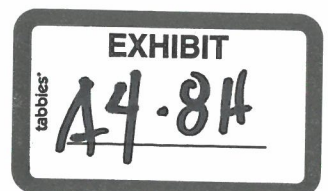
Dos Equis 12-13 Fed Com 1H - The intended surface hole location for the well is 330' FNL and 370' FWL of Section 12, Township 24 South, Range 32 East, and the intended bottom hole location is 100' FSL and 330' FWL of Section 13, Township 24 South, Range 32 East. The well is proposed to be drilled vertically to a depth of approximately 9,600' to the Avalon formation and laterally in a southerly direction within the formation to the referenced bottom hole location.

Dos Equis 12-13 Fed Com 8H - The intended surface hole location for the well is 330' FNL and 350' FWL of Section 12, Township 24 South, Range 32 East, and the intended bottom hole location is 100' FSL and 330' FWL of Section 13, Township 24 South, Range 32 East. The well is proposed to be drilled vertically to a depth of approximately 12,300' to the Wolfcamp formation and laterally in a southerly direction within the formation to the referenced bottom hole location.

Dos Equis 12-13 Fed Com 3H - The intended surface hole location for the well is 255' FNL and 1,620' FWL of Section 12, Township 24 South, Range 32 East, and the intended bottom hole location is 100' FSL and 1,980' FWL of Section 13, Township 24 South, Range 32 East. The well is proposed to be drilled vertically to a depth of approximately 9,600' to the Avalon formation and laterally in a southerly direction within the formation to the referenced bottom hole location.

Dos Equis 12-13 Fed Com 47H - The intended surface hole location for the well is 255' FNL and 1,600' FWL of Section 12, Township 24 South, Range 32 East, and the intended bottom hole location is 100' FSL and 1,980' FWL of Section 13, Township 24 South, Range 32 East. The well is proposed to be drilled vertically to a depth of approximately 12,300' to the Wolfcamp formation and laterally in a southerly direction within the formation to the referenced bottom hole location.

Dos Equis 12-13 Fed Com 5H - The intended surface hole location for the well is 360' FNL and 2,330' FEL of Section 12, Township 24 South, Range 32 East, and the intended bottom hole location is 100' FSL and 1,980' FEL of Section 13, Township 24 South, Range 32 East. The well is proposed to be drilled vertically to a depth of approximately 9,600' to the Avalon formation and laterally in a southerly direction within the formation to the referenced bottom hole location.



Dos Equis 12-13 Fed Com 73H - The intended surface hole location for the well is 360' FNL and 2,310' FEL of Section 12, Township 24 South, Range 32 East, and the intended bottom hole location is 100' FSL and 1,980' FEL of Section 13, Township 24 South, Range 32 East. The well is proposed to be drilled vertically to a depth of approximately 12,300' to the Wolfcamp formation and laterally in a southerly direction within the formation to the referenced bottom hole location.

Dos Equis 12-13 Fed Com 6H - The intended surface hole location for the well is 360' FNL and 1,410' FEL of Section 12, Township 24 South, Range 32 East, and the intended bottom hole location is 100' FSL and 330' FEL of Section 13, Township 24 South, Range 32 East. The well is proposed to be drilled vertically to a depth of approximately 9,600' to the Avalon formation and laterally in a southerly direction within the formation to the referenced bottom hole location.

Dos Equis 12-13 Fed Com 86H - The intended surface hole location for the well is 360' FNL and 1,390' FEL of Section 12, Township 24 South, Range 32 East, and the intended bottom hole location is 100' FSL and 330' FEL of Section 13, Township 24 South, Range 32 East. The well is proposed to be drilled vertically to a depth of approximately 12,300' to the Wolfcamp formation and laterally in a southerly direction within the formation to the referenced bottom hole location.

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

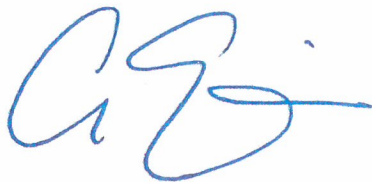
Enclosed, in duplicate, is (i) our detailed AFE reflecting estimated costs associated with this proposal, and; (ii) our proposed form of Operating Agreement to govern operations of the Dos Equis 12-13 Fed Com 1H well. If you intend to participate, please approve and return one (1) original of the enclosed AFE, one (1) original of the signature page to the Operating Agreement, 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 cost.

In the event you would prefer to lease your interest in lieu of participating in the proposed operation(s), we would be happy to make you a competitive offer to lease.

Please call the undersigned with any questions or comments.

Respectfully,

Cody Elliott
432.571.7806



ELECTION TO PARTICIPATE
Dos Equis 12-13 Fed Com 1H

_____ Devon Energy Production Co., LP elects **TO** participate in the proposed Dos Equis 12-13 Fed Com 1H

_____ Devon Energy Production Co., LP elects **NOT** to participate in the proposed Dos Equis 12-13 Fed Com 1H

Dated this _____ day of _____, 2018.

Signature: _____

Title: _____

If your election above is TO participate in the proposed Dos Equis 12-13 Fed Com 1H well, then:

_____ Devon Energy Production Co., LP elects **TO** be covered by well control insurance procured by Cimarex Energy Co.

_____ Devon Energy Production Co., LP 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.

ELECTION TO PARTICIPATE
Dos Equis 12-13 Fed Com 3H

_____ Devon Energy Production Co., LP elects **TO** participate in the proposed Dos Equis 12-13 Fed Com 3H

_____ Devon Energy Production Co., LP elects **NOT** to participate in the proposed Dos Equis 12-13 Fed Com 3H

Dated this _____ day of _____, 2018.

Signature: _____

Title: _____

If your election above is TO participate in the proposed Dos Equis 12-13 Fed Com 3H well, then:

_____ Devon Energy Production Co., LP elects **TO** be covered by well control insurance procured by Cimarex Energy Co.

_____ Devon Energy Production Co., LP 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.

**ELECTION TO PARTICIPATE
Dos Equis 12-13 Fed Com 5H**

_____ Devon Energy Production Co., LP elects **TO** participate in the proposed Dos Equis 12-13 Fed Com 5H

_____ Devon Energy Production Co., LP elects **NOT** to participate in the proposed Dos Equis 12-13 Fed Com 5H

Dated this _____ day of _____, 2018.

Signature: _____

Title: _____

If your election above is TO participate in the proposed Dos Equis 12-13 Fed Com 5H well, then:

_____ Devon Energy Production Co., LP elects **TO** be covered by well control insurance procured by Cimarex Energy Co.

_____ Devon Energy Production Co., LP 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.

**ELECTION TO PARTICIPATE
Dos Equis 12-13 Fed Com 6H**

_____ Devon Energy Production Co., LP elects **TO** participate in the proposed Dos Equis 12-13 Fed Com 6H

_____ Devon Energy Production Co., LP elects **NOT** to participate in the proposed Dos Equis 12-13 Fed Com 6H

Dated this _____ day of _____, 2018.

Signature: _____

Title: _____

If your election above is **TO** participate in the proposed Dos Equis 12-13 Fed Com 6H well, then:

_____ Devon Energy Production Co., LP elects **TO** be covered by well control insurance procured by Cimarex Energy Co.

_____ Devon Energy Production Co., LP 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.

ELECTION TO PARTICIPATE
Dos Equis 12-13 Fed Com 8H

_____ Devon Energy Production Co., LP elects **TO** participate in the proposed Dos Equis 12-13 Fed Com 8H

_____ Devon Energy Production Co., LP elects **NOT** to participate in the proposed Dos Equis 12-13 Fed Com 8H

Dated this _____ day of _____, 2018.

Signature: _____

Title: _____

If your election above is TO participate in the proposed Dos Equis 12-13 Fed Com 8H well, then:

_____ Devon Energy Production Co., LP elects **TO** be covered by well control insurance procured by Cimarex Energy Co.

_____ Devon Energy Production Co., LP 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.

ELECTION TO PARTICIPATE
Dos Equis 12-13 Fed Com 47H

_____ Devon Energy Production Co., LP elects **TO** participate in the proposed Dos Equis 12-13 Fed Com 47H

_____ Devon Energy Production Co., LP elects **NOT** to participate in the proposed Dos Equis 12-13 Fed Com 47H

Dated this _____ day of _____, 2018.

Signature: _____

Title: _____

If your election above is TO participate in the proposed Dos Equis 12-13 Fed Com 47H well, then:

_____ Devon Energy Production Co., LP elects **TO** be covered by well control insurance procured by Cimarex Energy Co.

_____ Devon Energy Production Co., LP 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.

**ELECTION TO PARTICIPATE
Dos Equis 12-13 Fed Com 73H**

_____ Devon Energy Production Co., LP elects **TO** participate in the proposed Dos Equis 12-13 Fed Com 73H

_____ Devon Energy Production Co., LP elects **NOT** to participate in the proposed Dos Equis 12-13 Fed Com 73H

Dated this _____ day of _____, 2018.

Signature: _____

Title: _____

If your election above is TO participate in the proposed Dos Equis 12-13 Fed Com 73H well, then:

_____ Devon Energy Production Co., LP elects **TO** be covered by well control insurance procured by Cimarex Energy Co.

_____ Devon Energy Production Co., LP 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.

**ELECTION TO PARTICIPATE
Dos Equis 12-13 Fed Com 86H**

_____ Devon Energy Production Co., LP elects **TO** participate in the proposed Dos Equis 12-13 Fed Com 86H

_____ Devon Energy Production Co., LP elects **NOT** to participate in the proposed Dos Equis 12-13 Fed Com 86H

Dated this _____ day of _____, 2018.

Signature: _____

Title: _____

If your election above is TO participate in the proposed Dos Equis 12-13 Fed Com 86H well, then:

_____ Devon Energy Production Co., LP elects **TO** be covered by well control insurance procured by Cimarex Energy Co.

_____ Devon Energy Production Co., LP 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

Company Entity	Date Prepared
Cimarex Energy Co	December 18, 2018

Region	Well Name	Prospect or Field Name	Property Number	Drilling AFE No.
PERMIAN	Dos Equis 12-13 Fed Com 8H			

Location	County	State	Type Well
W/2 W/2 of Sections 12 and 13-T245-R32E	Lea	NM	Oil X Expl x Gas Prod

Estimate Type	Est. Start Date	Est. Comp Date	Formation	Ttl Measured Depth
Original Estimate				21,951'
Revised Estimate			WOLFCAMP A	Ttl Vertical Depth
Supplemental Estimate				12,300'

Project Description
Drill and complete a horizontal test. Drill to 1200', set water string casing. Drill to 11774' (KOP). Drill curve at 12°/100' initial build rate to +/- 75 degrees and set casing at +/- 12399' MD. Finish curve at +/- 3°/100' to +/- 12300' TVD and drill a +/- 9050' long lateral in the Wolfcamp formation. Run and cement production liner. Stage frac. Drill out plugs. Run production packer, tubing and GLVs.

Intangibles	Dry Hole Cost	After Casing Point	Completed Well Cost
Drilling Costs	\$3,508,000		\$3,508,000
Completion Costs		\$7,319,199	\$7,319,199
Total Intangible Costs	\$3,508,000	\$7,319,199	\$10,827,199

Tangibles			
Well Equipment	\$451,000	\$786,000	\$1,237,000
Lease Equipment		\$798,529	\$798,529
Total Tangible Well Cost	\$451,000	\$1,584,529	\$2,035,529

Plug and Abandon Cost	\$0	\$0	\$0
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Total Well Cost	\$3,959,000	\$8,903,728	\$12,862,728
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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.
<input type="checkbox"/> I elect to purchase my own well control insurance policy.
Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

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.
<input type="checkbox"/> I elect to take my gas in kind.
<input type="checkbox"/> I elect to market my gas with Cimarex pursuant to the terms and conditions of its contract.

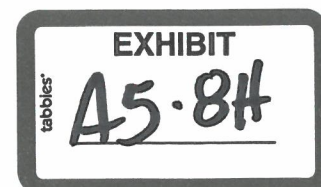
Comments on AFE
The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees 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.

Cimarex Energy Co. Approval

Prepared by	Drilling and Completion Manager	Regional Manager

Joint Interest Approval

Company	By	Date





Project Cost Estimate

Well Name: Dos Equis 12-13 Fed Com BH

	BCP - Drilling (Dry Hole Cost)			ACP - Drilling			Completion / Stimulation			Production Equipment / Construction			Post Completion	Total Well Cost
Intangibles	Codes			Codes			Codes			Codes			Codes	
Roads & Location Preparation / Restoration	BHCC 100	\$100,000					STRA 100	\$3,000		CONL 100	\$19,875	PCOM 100	\$40,000	\$162,875
Damages	BHCC 105	\$10,000								CONL 105	\$8,850			\$18,850
Mud / Fluids Disposal Charges	BHCC 255	\$160,000					STRA 255	\$53,000				PCOM 215	\$255,500	\$468,500
Day Rate	BHCC 115	\$750,000	BHCC 120	\$100,000										\$850,000
Misc Preparation Cost (mouse hole, rat hole, pods, pile clusters, misc.)	BHCC 120	\$50,000												\$50,000
Bits	BHCC 125	\$150,000	BHCC 125	\$0	STRA 125	\$0						PCOM 125	\$0	\$150,000
Fuel	BHCC 135	\$117,000	BHCC 130	\$0	STRA 130	\$0						PCOM 130	\$0	\$117,000
Water for Drilling Rig / Completion Fluids (Not Frac Water)	BHCC 140	\$5,000	BHCC 135	\$0	STRA 135	\$24,000						PCOM 135	\$0	\$29,000
Mud & Additives	BHCC 145	\$178,000	BHCC 140	\$0	STRA 140	\$189,000	CONL 140	\$1,900	PCOM 140	\$170,000				\$330,000
Surface Rentals	BHCC 150	\$310,000	BHCC 145	\$0	STRA 145	\$0						PCOM 145	\$0	\$477,900
Downhole Rentals	BHCC 155	\$178,000			STRA 155	\$0						PCOM 155	\$0	\$178,000
Formation Evaluation (DST, Coring including evaluation, G&G Services)	BHCC 160	\$0			STRA 160	\$0								\$0
Mud Logging	BHCC 170	\$36,000												\$36,000
Open Hole Logging	BHCC 180	\$0												\$0
Cementing & Float Equipment	BHCC 185	\$150,000	BHCC 155	\$100,000										\$250,000
Tubular Inspections	BHCC 190	\$50,000	BHCC 160	\$8,000	STRA 160	\$4,000						PCOM 160	\$0	\$62,000
Casing Crews	BHCC 195	\$22,000	BHCC 165	\$15,000	STRA 165	\$0								\$37,000
Extra Labor, Welding, Etc.	BHCC 200	\$20,000	BHCC 170	\$3,000	STRA 170	\$0	CONL 170	\$181,375	PCOM 170	\$62,800				\$267,175
Land Transportation (Trucking for tangibles)	BHCC 205	\$40,000	BHCC 175	\$8,000	STRA 175	\$4,000	CONL 175	\$13,125	PCOM 175	\$4,000				\$59,125
Supervision	BHCC 210	\$140,000	BHCC 180	\$16,000	STRA 180	\$74,000	CONL 180	\$7,625	PCOM 180	\$0				\$237,625
Trailer House / Camp / Catering	BHCC 220	\$39,000	BHCC 255	\$4,000	STRA 260	\$107,000								\$180,000
Other Misc Expenses	BHCC 220	\$5,000	BHCC 190	\$0	STRA 190	\$100,000	CONL 190	\$7,500	PCOM 190	\$0				\$112,500
Overhead	BHCC 225	\$5,000	BHCC 195	\$5,000										\$10,000
Remedial Cementing	BHCC 231	\$0			STRA 215	\$0						PCOM 215	\$0	\$0
MOB/DEMOP	BHCC 240	\$150,000												\$150,000
Directional Drilling Services	BHCC 245	\$434,000												\$434,000
Crane for Construction	BHCC 250	\$0							CONL 230					\$0
Solids Control	BHCC 260	\$99,000												\$99,000
Well Control Equip (Snubbing Svcs.)	BHCC 265	\$116,000	BHCC 240	\$0	STRA 240	\$161,000						PCOM 240	\$0	\$277,000
Fishing & Sidetrack Operations	BHCC 270	\$0	BHCC 245	\$0	STRA 245	\$0						PCOM 245	\$0	\$0
Completion Rig					STRA 115	\$23,000						PCOM 115	\$0	\$23,000
Coil Tubing					STRA 260	\$368,000						PCOM 260	\$0	\$368,000
Completion Logging, Perforating, WL Units, Wt Surveys					STRA 300	\$436,000						PCOM 300	\$0	\$436,000
Composite Plugs					STRA 990	\$108,000						PCOM 990	\$0	\$108,000
Stimulation Pumping Charges, Chemicals, Additives, Sand					STRA 210	\$3,182,000						PCOM 210	\$0	\$3,182,000
Stimulation Water / Water Transfer / Water Storage					STRA 395	\$964,000								\$964,000
Cimarex Owned Frac / Rental Equipment					STRA 305	\$0								\$0
Legal / Regulatory / Curative	BHCC 300	\$10,000					CONL 300	\$781						\$10,781
Well Control Insurance	BHCC 385	\$8,000												\$8,000
Contingency	BHCC 414	\$167,000	BHCC 230	\$13,000	STRA 220	\$288,000	CONL 220	\$115,092	PCOM 220	\$39,420				\$614,512
Construction For Flow Lines							CONL 310	\$111,347						\$111,347
Construction For Sales P/L							CONL 265	\$0						\$0
Total Intangible Cost		\$3,508,000		\$272,000		\$6,014,000		\$467,479		\$565,720				\$10,827,199
Tangible - Well Equipment														
Casing	Size	Feet	\$ / Foot											
Drive Pipe	0	0	\$0.00	BHWR 150	\$0									\$0
Conductor Pipe	0	0	\$0.00	BHWR 130	\$0									\$0
Water String	11 3/8"	0	\$47.00	BHWR 135	\$0									\$0
Surface Casing	10 3/4"	1200	\$35.00	BHWR 140	\$42,000									\$42,000
Intermediate Casing 1	7 5/8"	12500	\$30.00	BHWR 145	\$379,000									\$379,000
Intermediate Casing 2	0	0	\$0.00	BHWR 155	\$0									\$0
Drilling Liner	0	0	\$0.00	BHWR 160	\$0									\$0
Production Casing or Liner	5.5" x 5"	21951	\$23.00			DWLA 100	\$505,000							\$505,000
Production Tie-Back	0	0	\$0.00			DWLA 105	\$0	STMT 101	\$0					\$0
Tubing	2 7/8"	11870	\$7.00			STMT 105	\$83,000					PCOMT 105	\$0	\$83,000
Wellhead, Tree, Chokes				BHWR 115	\$30,000	DWLA 120	\$30,000	STMT 110	\$60,000					\$120,000
Liner Hanger, Isolation Packer				BHWR 180	\$0	DWLA 125	\$0							\$0
Packer, Nipples						STMT 120	\$28,000					PCOMT 120	\$0	\$28,000
Pumping Unit, Engine						STMT 125	\$0					PCOMT 125	\$0	\$0
Downhole Lift Equipment (BHP, Rods, Anchors, ESP, GVLs, PC Pump)						STMT 130	\$80,000					PCOMT 130	\$0	\$80,000
Tangible - Lease Equipment														
N/C Lease Equipment								CONL 400	\$133,250					\$133,250
Tanks, Tanks Steps, Stairs								CONL 405	\$96,353					\$96,353
Battery (Heater Treater, Separator, Gas Treating Equipment)								CONL 410	\$278,009					\$278,009
Secondary Containment								CONL 415	\$26,053					\$26,053
Overhead Power Distribution (electric line to facility)								CONL 420	\$15,625					\$15,625
Facility Electrical & Automation								CONL 425	\$82,813					\$82,813
SWD Connection								CONL 430	\$5,145					\$5,145
Flow Lines (Line Pipe from wellhead to central facility)								CONL 435	\$21,563					\$21,563
Pipeline to Sales								CONL 440	\$106,635					\$106,635
Meters and Metering Equipment								CONL 445	\$13,013					\$13,013
Total Tangibles					\$451,000	\$535,000	\$251,000		\$798,529		\$0			\$2,035,529
P&A Costs														
	BHCC 295	\$0	BHCC 295	\$0										\$0
Total Cost		\$3,959,000		\$807,000		\$6,265,000		\$1,266,008		\$565,720				\$12,862,728



Authorization For Expenditure

Company Entity	Date Prepared
Cimarex Energy Co	December 18, 2018

Region	Well Name	Prospect or Field Name	Property Number	Drilling AFE No.
PERMIAN	Dos Equis 12-13 Fed Com 8H			

Location	County	State	Type Well
W/2 W/2 of Sections 12 and 13-T245-R32E	Lea	NM	Oil <input checked="" type="checkbox"/> Expl <input checked="" type="checkbox"/> Gas <input type="checkbox"/> Prod <input type="checkbox"/>

Estimate Type	Est. Start Date	Est. Comp Date	Formation	Ttl Measured Depth
Original Estimate	x			21,951'
Revised Estimate			WOLFCAMP A	Ttl Vertical Depth
Supplemental Estimate				12,300'

Project Description
Drill and complete a horizontal test. Drill to 1200', set water string casing. Drill to 11774' (KOP). Drill curve at 12°/100' initial build rate to +/- 75 degrees and set casing at +/- 12399' MD. Finish curve at +/- 3°/100' to +/- 12300' TVD and drill a +/- 9050' long lateral in the Wolfcamp formation. Run and cement production liner. Stage frac. Drill out plugs. Run production packer, tubing and GLVs.

Intangibles	Dry Hole Cost	After Casing Point	Completed Well Cost
Drilling Costs	\$3,508,000		\$3,508,000
Completion Costs		\$7,319,199	\$7,319,199
Total Intangible Costs	\$3,508,000	\$7,319,199	\$10,827,199

Tangibles			
Well Equipment	\$451,000	\$786,000	\$1,237,000
Lease Equipment		\$798,529	\$798,529
Total Tangible Well Cost	\$451,000	\$1,584,529	\$2,035,529

Plug and Abandon Cost	\$0	\$0	\$0
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Total Well Cost	\$3,959,000	\$8,903,728	\$12,862,728
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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.
<input type="checkbox"/> I elect to purchase my own well control insurance policy.
Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

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.
<input type="checkbox"/> I elect to take my gas in kind.
<input type="checkbox"/> 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.

Cimarex Energy Co. Approval

Prepared by	Drilling and Completion Manager	Regional Manager

Joint Interest Approval

Company	By	Date



Intangibles	BCP Drilling (by hole cost)		ACIP Drilling		Completion/ Stimulation		Production Equipment / Construction		Post Completion		Total Well Cost
	BCP1	BCP2	ACIP1	ACIP2	CCP1	CCP2	PCP1	PCP2	PCP3	PCP4	
Roads & Location Preparation / Restoration	BDC-100	\$100,000			STRA-100	\$3,000	CCP1-100	\$19,875	PCP1-100	\$40,000	\$162,875
Damages	BDC-105	\$10,000					CCP1-105	\$8,850			\$18,850
Mud / Fluids Disposal Charges	BDC-255	\$160,000			STRA-255	\$53,000			PCP1-255	\$295,500	\$468,500
Day Rate	BDC-115	\$750,000									\$750,000
Mud Preparation Cost (mud/hole, rat hole, pads, pile clusters, misc.)	BDC-120	\$50,000									\$50,000
Water	BDC-125	\$150,000			STRA-125	\$0			PCP1-125	\$0	\$150,000
Per Gallon	BDC-135	\$117,000			BDC-130	\$0			PCP1-130	\$0	\$117,000
Per Day	BDC-140	\$5,000			STRA-135	\$24,000			PCP1-135	\$0	\$29,000
Mud & Additives	BDC-145	\$350,000									\$350,000
Surface Rentals	BDC-150	\$117,000			STRA-140	\$180,000			PCP1-140	\$170,000	\$477,000
Downhole Rentals	BDC-155	\$178,000			STRA-145	\$0			PCP1-145	\$0	\$178,000
Formation Evaluation (DST, Coring including evaluation, G&G Services)	BDC-160	\$0			STRA-150	\$0					\$0
Mud Logging	BDC-170	\$36,000									\$36,000
Open Hole Logging	BDC-180	\$0									\$0
Cementing & Plugs Equipment	BDC-185	\$192,000			STRA-155	\$100,000					\$292,000
Tubular Inspections	BDC-190	\$50,000			STRA-160	\$6,000			PCP1-160	\$0	\$56,000
Casing Crows	BDC-195	\$22,000			STRA-165	\$0					\$22,000
Extra Labor, Welding, Etc.	BDC-200	\$20,000			STRA-170	\$0			PCP1-170	\$62,000	\$262,000
Land Transportation (Trucking for tonpiles)	BDC-205	\$30,000			STRA-175	\$4,000			PCP1-175	\$13,125	\$59,125
Supervision	BDC-210	\$140,000			STRA-180	\$74,000			PCP1-180	\$7,625	\$221,625
Trailer House / Camp / Catering	BDC-215	\$39,000			STRA-185	\$37,000			PCP1-185	\$0	\$76,000
Other Misc Expenses	BDC-220	\$5,000			STRA-190	\$100,000			PCP1-190	\$7,500	\$112,500
Overhead	BDC-225	\$5,000			STRA-195	\$0			PCP1-195	\$0	\$5,000
Remedial Cementing	BDC-230	\$0			STRA-200	\$0			PCP1-200	\$0	\$0
Directional Drilling Services	BDC-235	\$150,000							PCP1-215	\$0	\$150,000
Grave for Construction	BDC-240	\$834,000							PCP1-230	\$0	\$834,000
Solids Control	BDC-245	\$99,000									\$99,000
Well Control Equip (Snubbing Suck)	BDC-250	\$116,000			STRA-240	\$161,000			PCP1-240	\$0	\$277,000
Fishing & Sidetrack Operations	BDC-255	\$0			STRA-245	\$0			PCP1-245	\$0	\$0
Completion Rig	BDC-260	\$0			STRA-250	\$21,000			PCP1-250	\$0	\$21,000
Coil Tubing	BDC-265	\$0			STRA-255	\$436,000			PCP1-255	\$0	\$436,000
Completion Logging, Perforating, WI Tests, WI Surveys	BDC-270	\$0			STRA-260	\$108,000			PCP1-260	\$0	\$108,000
Composite Plugs	BDC-275	\$0			STRA-265	\$3,182,000			PCP1-265	\$0	\$3,182,000
Stimulation Pumping Charges, Chemicals, Additives, Sand	BDC-280	\$0			STRA-270	\$964,000			PCP1-270	\$0	\$964,000
Stimulation Water / Water Transfer / Water Storage	BDC-285	\$10,000			STRA-275	\$0			PCP1-275	\$0	\$10,0

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

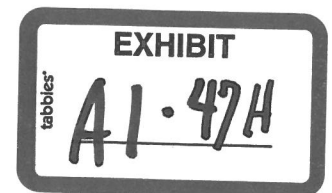
**APPLICATION OF CIMAREX
ENERGY CO. FOR COMPULSORY
POOLING, LEA COUNTY,
NEW MEXICO**

CASE NO. _____

APPLICATION

Cimarex Energy Co. ("Cimarex"), OGRID Number 215099, through its undersigned attorneys, hereby makes an application to the Oil Conservation Division pursuant to the provisions of NMSA (1978), Section 70-2-17, for an order pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the E/2 W/2 of Sections 12 and 13, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico. In support of this application, Cimarex states as follows:

1. Cimarex is an interest owner in the subject lands and has a right to drill wells thereon.
2. Cimarex seeks to dedicate the E/2 W/2 of Sections 12 and 13, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico to form a 320-acre, more or less, spacing unit.
3. Cimarex plans to drill the **Dos Equis 12-13 Federal Com 47H** well to a depth sufficient to test the Wolfcamp formation. The Dos Equis 12-13 Com 47H well is a horizontal well with a surface location 255' FNL and 1600' FWL of Section 12 Township 24 South, Range 32 East, Lea County, and the intended bottom hole location is 100' FSL and 1980' FWL of Section 13, Township 24 South, Range 32 East, Lea County.
4. This well will be located within the Wildcat Wolfcamp pool and will comply with the Division's setback requirements.



5. Cimarex sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Wolfcamp formation underlying the proposed spacing unit to participate in the drilling of the well or to otherwise commit their interests to the well.

6. The creation of a horizontal spacing unit and the pooling of all interests in the Wolfcamp formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

WHEREFORE, this case is set for hearing before an Examiner of the Oil Conservation Division on March 7, 2019, Cimarex requests that, after notice and hearing as required by law, the Division enter its order:

A. Pooling all mineral interests in the Wolfcamp formation underlying a horizontal spacing unit within the E/2 W/2 of Sections 12 and 13, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico;

B. Designating Cimarex as operator of this unit and the well to be drilled thereon;

C. Authorizing Cimarex to recover its costs of drilling, equipping and completing this well;

D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure;

E. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted this 25th day of January, 2019.

MODRALL, SPERLING, ROEHL, HARRIS
& SISK, P.A.

By: 

Earl E. DeBrine

Zoe E. Lees

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zel@modrall.com

Attorneys for Applicant

CASE NO. ____: Application of Cimarex Energy Co. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the E/2 W/2 of Sections 12 and 13, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Dos Equis 12-13 Federal Com 47H** well, to be horizontally drilled. The producing area for this well will be orthodox. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Cimarex as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 26 miles southwest of Hobbs, New Mexico.

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025		² Pool Code	³ Pool Name Wildcat Wolfcamp	
⁴ Property Code	⁵ Property Name DOS EQUIS 12-13 FEDERAL COM			⁶ Well Number 47H
⁷ OGRID No. 215099	⁸ Operator Name CIMAREX ENERGY CO.			⁹ Elevation 3608.0'

"Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	12	24S	32E		255	NORTH	1600	WEST	LEA

"Bottom Hole Location If Different From Surface									
U/L or lot no. N	Section 13	Township 24S	Range 32E	Lot Idn	Feet from the 100	North/South line SOUTH	Feet from the 1980	East/West line WEST	County LEA
"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.

NAD 83 (SURFACE HOLE LOCATION)
LATITUDE = 32°14'19.07" (32.238754°)
LONGITUDE = 103°37'53.91" (103.631642°)
NAD 27 (SURFACE HOLE LOCATION)
LATITUDE = 32°14'19.07" (32.238630°)
LONGITUDE = 103°37'52.18" (103.631162°)
STATE PLANE NAD 83 (N.M. EAST)
N=451300.50' E=758290.16'
STATE PLANE NAD 27 (N.M. EAST)
N=451241.93' E=757106.19'
NAD 83 (BHL/LTP)
LATITUDE = 32°12'38.49" (32.210692°)
LONGITUDE = 103°37'49.58" (103.630439°)
NAD 27 (BHL/LTP)
LATITUDE = 32°12'38.05" (32.210569°)
LONGITUDE = 103°37'47.86" (103.629596°)
STATE PLANE NAD 83 (N.M. EAST)
N=441094.80' E=758228.94'
STATE PLANE NAD 27 (N.M. EAST)
N=441036.08' E=757344.51'

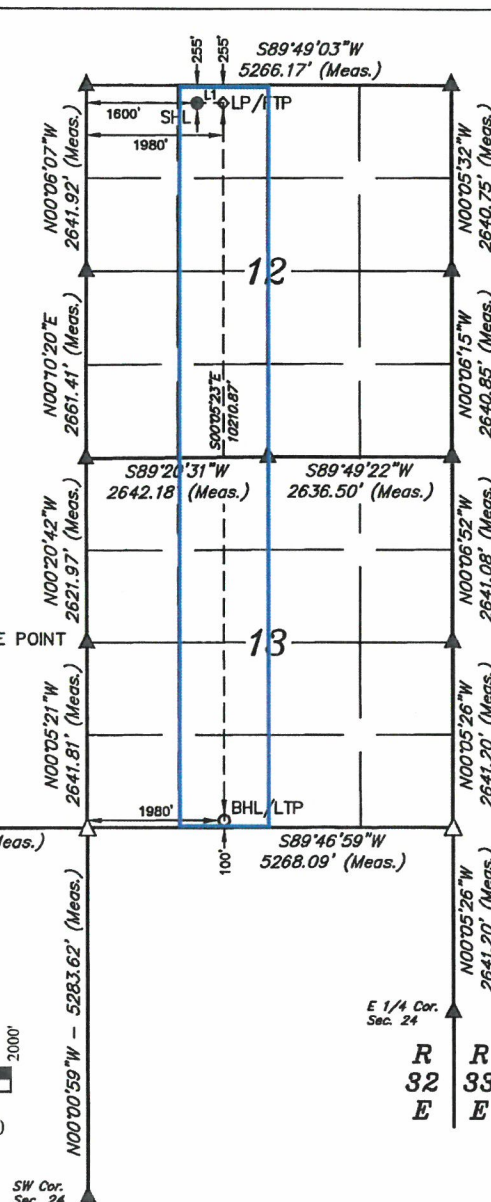
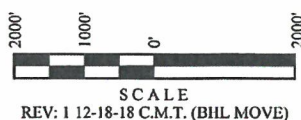
LINE TABLE		
LINE	DIRECTION	LENGTH
L1	N89°49'03"E	380.11'

- = SURFACE HOLE LOCATION
- ◆ = LANDING POINT/FIRST TAKE
- = BOTTOM HOLE LOCATION/
LAST TAKE POINT
- ▲ = SECTION CORNER LOCATED
- △ = SECTION CORNER
RE-ESTABLISHED.
(Not Set on Ground.)

SW Cor.
Sec. 14

NOTE:

- Distances referenced on plat to section lines are perpendicular.
- Basis of Bearing is a Transverse Mercator Projection with a Central Meridian of W103°53'00"



¹⁷ OPERATOR CERTIFICATION

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 of a voluntary pooling or consent or a compulsory pooling order heretofore entered by the division.

Signature [Signature] Date 12/20/18

Aricka Easterling

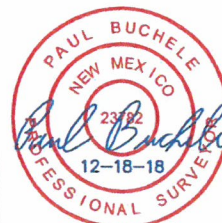
aeasterling@cimarex.com
E-mail Address

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.

April 23, 2018

Date of Survey _____
Signature and Seal of Professional Surveyor: _____



Certificate Number: _____

EXHIBIT

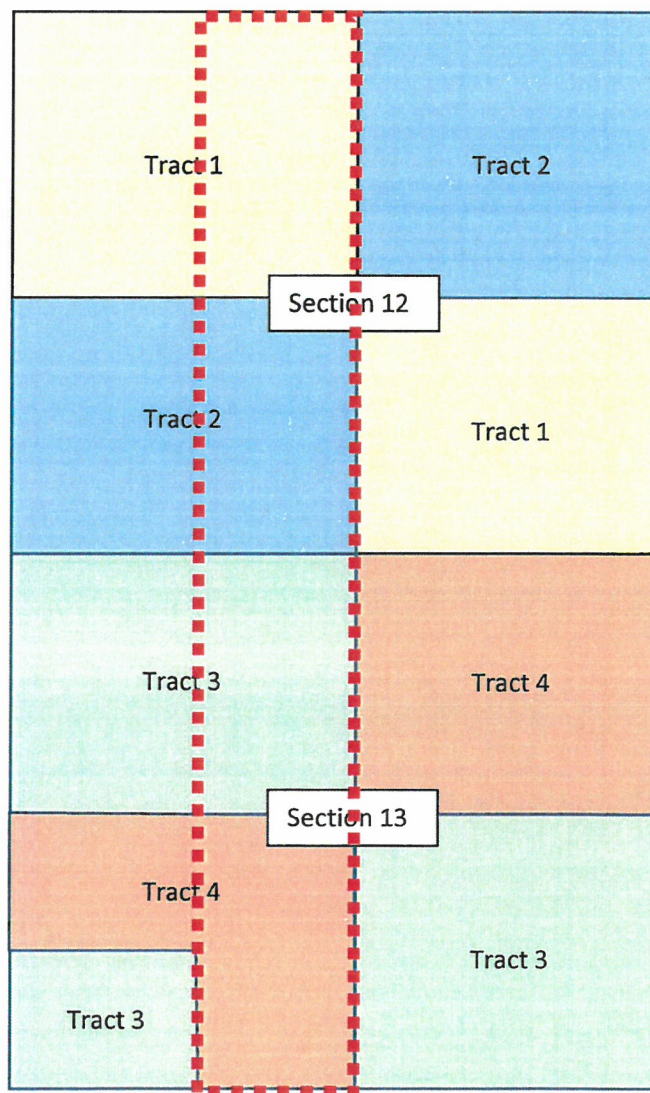
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A2.47H

Dos Equis 12-13 Fed Com 47H

E/2 W/2 of Sections 12 & 13-24S-32E, Lea County, NM

Owner	Tract	Net	Working Interest Percentage	Force Pool Interest
MHPI	1	40	12.50%	no-participating
Chevron U.S.A. Inc.	1	40	12.50%	no-participating
Cimarex	2	70	21.88%	no-operator
COPC	2	10	3.13%	Yes
Devon	3	80	25.00%	Yes
Cimarex	4	80	25.00%	no-operator





December 19, 2018

Devon Energy Production Co., LP
333 W. Sheridan Ave
Oklahoma City, OK 73102

**Re: Proposal to Drill
 Dos Equis 12-13 Fed Com Wells
 Sections 12 & 13, Township 24 South, Range 32 East
 Lea County, NM**

Dear Working Interest Owner,

Cimarex Energy Co. hereby proposes to drill the Dos Equis 12-13 Fed Com 1H, 8H, 3H, 47H, 5H, 73H, 6H & 86H wells at a legal location in Section 12, Township 24 South, Range 32 East, NMPM, Lea Co., NM.

Dos Equis 12-13 Fed Com 1H - The intended surface hole location for the well is 330' FNL and 370' FWL of Section 12, Township 24 South, Range 32 East, and the intended bottom hole location is 100' FSL and 330' FWL of Section 13, Township 24 South, Range 32 East. The well is proposed to be drilled vertically to a depth of approximately 9,600' to the Avalon formation and laterally in a southerly direction within the formation to the referenced bottom hole location.

Dos Equis 12-13 Fed Com 8H - The intended surface hole location for the well is 330' FNL and 350' FWL of Section 12, Township 24 South, Range 32 East, and the intended bottom hole location is 100' FSL and 330' FWL of Section 13, Township 24 South, Range 32 East. The well is proposed to be drilled vertically to a depth of approximately 12,300' to the Wolfcamp formation and laterally in a southerly direction within the formation to the referenced bottom hole location.

Dos Equis 12-13 Fed Com 3H - The intended surface hole location for the well is 255' FNL and 1,620' FWL of Section 12, Township 24 South, Range 32 East, and the intended bottom hole location is 100' FSL and 1,980' FWL of Section 13, Township 24 South, Range 32 East. The well is proposed to be drilled vertically to a depth of approximately 9,600' to the Avalon formation and laterally in a southerly direction within the formation to the referenced bottom hole location.

Dos Equis 12-13 Fed Com 47H - The intended surface hole location for the well is 255' FNL and 1,600' FWL of Section 12, Township 24 South, Range 32 East, and the intended bottom hole location is 100' FSL and 1,980' FWL of Section 13, Township 24 South, Range 32 East. The well is proposed to be drilled vertically to a depth of approximately 12,300' to the Wolfcamp formation and laterally in a southerly direction within the formation to the referenced bottom hole location.

Dos Equis 12-13 Fed Com 5H - The intended surface hole location for the well is 360' FNL and 2,330' FEL of Section 12, Township 24 South, Range 32 East, and the intended bottom hole location is 100' FSL and 1,980' FEL of Section 13, Township 24 South, Range 32 East. The well is proposed to be drilled vertically to a depth of approximately 9,600' to the Avalon formation and laterally in a southerly direction within the formation to the referenced bottom hole location.



Dos Equis 12-13 Fed Com 73H - The intended surface hole location for the well is 360' FNL and 2,310' FEL of Section 12, Township 24 South, Range 32 East, and the intended bottom hole location is 100' FSL and 1,980' FEL of Section 13, Township 24 South, Range 32 East. The well is proposed to be drilled vertically to a depth of approximately 12,300' to the Wolfcamp formation and laterally in a southerly direction within the formation to the referenced bottom hole location.

Dos Equis 12-13 Fed Com 6H - The intended surface hole location for the well is 360' FNL and 1,410' FEL of Section 12, Township 24 South, Range 32 East, and the intended bottom hole location is 100' FSL and 330' FEL of Section 13, Township 24 South, Range 32 East. The well is proposed to be drilled vertically to a depth of approximately 9,600' to the Avalon formation and laterally in a southerly direction within the formation to the referenced bottom hole location.

Dos Equis 12-13 Fed Com 86H - The intended surface hole location for the well is 360' FNL and 1,390' FEL of Section 12, Township 24 South, Range 32 East, and the intended bottom hole location is 100' FSL and 330' FEL of Section 13, Township 24 South, Range 32 East. The well is proposed to be drilled vertically to a depth of approximately 12,300' to the Wolfcamp formation and laterally in a southerly direction within the formation to the referenced bottom hole location.

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

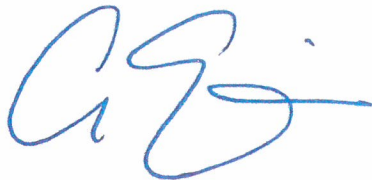
Enclosed, in duplicate, is (i) our detailed AFE reflecting estimated costs associated with this proposal, and; (ii) our proposed form of Operating Agreement to govern operations of the Dos Equis 12-13 Fed Com 1H well. If you intend to participate, please approve and return one (1) original of the enclosed AFE, one (1) original of the signature page to the Operating Agreement, 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 cost.

In the event you would prefer to lease your interest in lieu of participating in the proposed operation(s), we would be happy to make you a competitive offer to lease.

Please call the undersigned with any questions or comments.

Respectfully,

Cody Elliott
432.571.7806



ELECTION TO PARTICIPATE
Dos Equis 12-13 Fed Com 1H

_____ Devon Energy Production Co., LP elects **TO** participate in the proposed Dos Equis 12-13 Fed Com 1H

_____ Devon Energy Production Co., LP elects **NOT** to participate in the proposed Dos Equis 12-13 Fed Com 1H

Dated this _____ day of _____, 2018.

Signature: _____

Title: _____

If your election above is TO participate in the proposed Dos Equis 12-13 Fed Com 1H well, then:

_____ Devon Energy Production Co., LP elects **TO** be covered by well control insurance procured by Cimarex Energy Co.

_____ Devon Energy Production Co., LP 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.

ELECTION TO PARTICIPATE
Dos Equis 12-13 Fed Com 3H

_____ Devon Energy Production Co., LP elects **TO** participate in the proposed Dos Equis 12-13 Fed Com 3H

_____ Devon Energy Production Co., LP elects **NOT** to participate in the proposed Dos Equis 12-13 Fed Com 3H

Dated this _____ day of _____, 2018.

Signature: _____

Title: _____

If your election above is TO participate in the proposed Dos Equis 12-13 Fed Com 3H well, then:

_____ Devon Energy Production Co., LP elects **TO** be covered by well control insurance procured by Cimarex Energy Co.

_____ Devon Energy Production Co., LP 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.

**ELECTION TO PARTICIPATE
Dos Equis 12-13 Fed Com 5H**

_____ Devon Energy Production Co., LP elects **TO** participate in the proposed Dos Equis 12-13 Fed Com 5H

_____ Devon Energy Production Co., LP elects **NOT** to participate in the proposed Dos Equis 12-13 Fed Com 5H

Dated this ____ day of _____, 2018.

Signature: _____

Title: _____

If your election above is TO participate in the proposed Dos Equis 12-13 Fed Com 5H well, then:

_____ Devon Energy Production Co., LP elects **TO** be covered by well control insurance procured by Cimarex Energy Co.

_____ Devon Energy Production Co., LP 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.

**ELECTION TO PARTICIPATE
Dos Equis 12-13 Fed Com 6H**

_____ Devon Energy Production Co., LP elects **TO** participate in the proposed Dos Equis 12-13 Fed Com 6H

_____ Devon Energy Production Co., LP elects **NOT** to participate in the proposed Dos Equis 12-13 Fed Com 6H

Dated this ____ day of _____, 2018.

Signature: _____

Title: _____

If your election above is **TO** participate in the proposed Dos Equis 12-13 Fed Com 6H well, then:

_____ Devon Energy Production Co., LP elects **TO** be covered by well control insurance procured by Cimarex Energy Co.

_____ Devon Energy Production Co., LP 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.

ELECTION TO PARTICIPATE
Dos Equis 12-13 Fed Com 8H

_____ Devon Energy Production Co., LP elects **TO** participate in the proposed Dos Equis 12-13 Fed Com 8H

_____ Devon Energy Production Co., LP elects **NOT** to participate in the proposed Dos Equis 12-13 Fed Com 8H

Dated this _____ day of _____, 2018.

Signature: _____

Title: _____

If your election above is TO participate in the proposed Dos Equis 12-13 Fed Com 8H well, then:

_____ Devon Energy Production Co., LP elects **TO** be covered by well control insurance procured by Cimarex Energy Co.

_____ Devon Energy Production Co., LP 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.

**ELECTION TO PARTICIPATE
Dos Equis 12-13 Fed Com 47H**

_____ Devon Energy Production Co., LP elects **TO** participate in the proposed Dos Equis 12-13 Fed Com 47H

_____ Devon Energy Production Co., LP elects **NOT** to participate in the proposed Dos Equis 12-13 Fed Com 47H

Dated this _____ day of _____, 2018.

Signature: _____

Title: _____

If your election above is TO participate in the proposed Dos Equis 12-13 Fed Com 47H well, then:

_____ Devon Energy Production Co., LP elects **TO** be covered by well control insurance procured by Cimarex Energy Co.

_____ Devon Energy Production Co., LP 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.

**ELECTION TO PARTICIPATE
Dos Equis 12-13 Fed Com 73H**

_____ Devon Energy Production Co., LP elects **TO** participate in the proposed Dos Equis 12-13 Fed Com 73H

_____ Devon Energy Production Co., LP elects **NOT** to participate in the proposed Dos Equis 12-13 Fed Com 73H

Dated this _____ day of _____, 2018.

Signature: _____

Title: _____

If your election above is **TO** participate in the proposed Dos Equis 12-13 Fed Com 73H well, then:

_____ Devon Energy Production Co., LP elects **TO** be covered by well control insurance procured by Cimarex Energy Co.

_____ Devon Energy Production Co., LP 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.

**ELECTION TO PARTICIPATE
Dos Equis 12-13 Fed Com 86H**

_____ Devon Energy Production Co., LP elects **TO** participate in the proposed Dos Equis 12-13 Fed Com 86H

_____ Devon Energy Production Co., LP elects **NOT** to participate in the proposed Dos Equis 12-13 Fed Com 86H

Dated this ____ day of _____, 2018.

Signature: _____

Title: _____

If your election above is TO participate in the proposed Dos Equis 12-13 Fed Com 86H well, then:

_____ Devon Energy Production Co., LP elects **TO** be covered by well control insurance procured by Cimarex Energy Co.

_____ Devon Energy Production Co., LP 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

Company Entity	Date Prepared
Cimarex Energy Co	December 18, 2018

Region	Well Name	Prospect or Field Name	Property Number	Drilling AFE No.
PERMIAN	Dos Equis 12-13 Fed Com 47H			

Estimate Type	County	State	Type Well
E/2 W/2 of Sections 12 and 13-T245-R32E	Lea	NM	Oil X Gas Expl Prod

Estimate Type	Est. Start Date	Est. Comp Date	Formation	Ttl Measured Depth
Original Estimate	X			21,951'
Revised Estimate			WOLFCAMP A	Ttl Vertical Depth
Supplemental Estimate				12,300'

Project Description
Drill and complete a horizontal test. Drill to 1200', set water string casing. Drill to 11774' (KOP). Drill curve at 12"/100' initial build rate to +/- 75 degrees and set casing at +/- 12399' MD. Finish curve at +/- 3"/100' to +/- 12300' TVD and drill a +/- 9050' long lateral in the Wolfcamp formation. Run and cement production liner. Stage frac. Drill out plugs. Run production packer, tubing and GLVs.

Intangibles	Dry Hole Cost	After Casing Point	Completed Well Cost
Drilling Costs	\$3,508,000		\$3,508,000
Completion Costs		\$7,319,199	\$7,319,199
Total Intangible Costs	\$3,508,000	\$7,319,199	\$10,827,199

Tangibles			
Well Equipment	\$451,000	\$786,000	\$1,237,000
Lease Equipment		\$798,529	\$798,529
Total Tangible Well Cost	\$451,000	\$1,584,529	\$2,035,529

Plug and Abandon Cost	\$0	\$0	\$0
-----------------------	-----	-----	-----

Total Well Cost	\$3,959,000	\$8,903,728	\$12,862,728
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Comments on Well Costs
1. All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

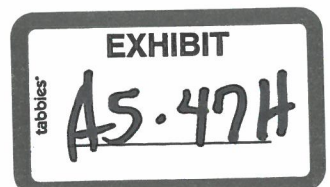
Well Control Insurance
Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect 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.
<input type="checkbox"/> I elect to purchase my own well control insurance policy.
Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

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.
<input type="checkbox"/> I elect to take my gas in kind.
<input type="checkbox"/> 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.

Cimarex Energy Co. Approval		
Prepared by	Drilling and Completion Manager	Regional Manager

Joint Interest Approval		
Company	By	Date





Project Cost Estimate

Well Name: Dos Equis 12-13 Fed Com 47H

Intangibles	Code	BCP - Drilling (Dry Hole Cost)	Code	ACP - Drilling	Code	Completion / Stimulation	Code	Production Equipment / Construction	Code	Post Completion	Total Well Cost
Ready & Location Preparation / Restoration	BDC 100	\$100,000			STRA 100	\$3,000	CON 100	\$19,875	PCOM 100	\$40,000	\$162,875
Damages	BDC 105	\$10,000			STRA 105	\$8,859	CON 105		PCOM 105		\$18,859
Mud / Fluids Disposal Charges	BDC 105	\$160,000			STRA 105	\$53,000			PCOM 105	\$255,500	\$468,500
Day Rate	BDC 115	\$750,000	DEC 120	\$100,000					PCOM 115		\$850,000
Misc Preparation Cost (mouse hole, rat hole, pads, pile clusters, misc.)	BDC 120	\$50,000							PCOM 120		\$50,000
Bits	BDC 125	\$150,000	DEC 125	\$0	STRA 125	\$0			PCOM 125	\$0	\$150,000
Fuel	BDC 135	\$117,000	DEC 130	\$0	STRA 130	\$24,000			PCOM 130	\$0	\$141,000
Water for Drilling Rig / Completion Fluids (Not Frac Water)	BDC 140	\$5,000	DEC 140	\$0	STRA 140	\$0			PCOM 140	\$0	\$5,000
Mud & Additives	BDC 145	\$350,000							PCOM 145	\$0	\$350,000
Surface Rentals	BDC 150	\$117,000	DEC 140	\$0	STRA 140	\$189,000	CON 140	\$1,900	PCOM 140	\$170,000	\$477,900
Downhole Rentals	BDC 155	\$178,000			STRA 145	\$0			PCOM 145	\$0	\$178,000
Formation Evaluation (DST, Coning including evaluation, G&G Services)	BDC 160	\$0			STRA 150	\$0			PCOM 160	\$0	\$0
Mud Logging	BDC 170	\$36,000							PCOM 170	\$0	\$36,000
Open Hole Logging	BDC 180	\$0							PCOM 180	\$0	\$0
Cementing & Float Equipment	BDC 185	\$195,000	DEC 185	\$109,000					PCOM 185	\$0	\$290,000
Tubular Inspections	BDC 190	\$50,000	DEC 190	\$0	STRA 190	\$4,000			PCOM 190	\$0	\$54,000
Casing Cams	BDC 195	\$20,000	DEC 195	\$15,000	STRA 195	\$0			PCOM 195	\$0	\$35,000
Extra Labor, Welding, Etc.	BDC 200	\$20,000	DEC 190	\$3,000	STRA 190	\$0	CON 190	\$181,375	PCOM 190	\$62,800	\$267,175
Land Transportation (Trucking for tonables)	BDC 205	\$30,000	DEC 195	\$8,000	STRA 195	\$4,000	CON 195	\$13,125	PCOM 195	\$4,000	\$59,125
Supervision	BDC 210	\$140,000	DEC 180	\$16,000	STRA 180	\$74,000	CON 180	\$7,625	PCOM 180	\$0	\$237,625
Trailer House / Camp / Catering	BDC 210	\$30,000	DEC 205	\$4,000	STRA 200	\$37,000			PCOM 210	\$0	\$80,000
Other Misc Expenses	BDC 210	\$5,000	DEC 190	\$0	STRA 190	\$100,000	CON 190	\$7,500	PCOM 190	\$0	\$112,500
Overhead	BDC 215	\$5,000	DEC 195	\$5,000					PCOM 215	\$0	\$10,000
Remedial Cementing	BDC 215	\$0			STRA 215	\$0			PCOM 215	\$0	\$0
MOB/DEMIG	BDC 240	\$150,000							PCOM 240	\$0	\$150,000
Overhead Drilling Services	BDC 245	\$434,000							PCOM 245	\$0	\$434,000
Crane for Construction	BDC 245	\$0					CON 240			\$0	\$0
Solids Control	BDC 240	\$99,000							PCOM 240	\$0	\$99,000
Well Control Equip (Snubbing Svcs.)	BDC 245	\$116,000	DEC 240	\$0	STRA 240	\$161,000			PCOM 240	\$0	\$277,000
Fishing & Sidetrack Operations	BDC 250	\$0	DEC 245	\$0	STRA 245	\$0			PCOM 245	\$0	\$0
Completion Rig					STRA 115	\$21,000			PCOM 115	\$0	\$21,000
Coil Tubing					STRA 200	\$368,000			PCOM 200	\$0	\$368,000
Completion Logging, Perforating, WI Units, WI Surveys					STRA 200	\$436,000			PCOM 200	\$0	\$436,000
Composite Plugs					STRA 190	\$108,000			PCOM 190	\$0	\$108,000
Stimulation Pumping Charges, Chemicals, Additives, Sand					STRA 210	\$3,182,000			PCOM 210	\$0	\$3,182,000
Stimulation Water / Water Transfer / Water Storage					STRA 195	\$864,000			PCOM 195	\$0	\$864,000
Cummins Owned Trac / Rental Equipment					STRA 105	\$0			PCOM 105	\$0	\$0
Legal / Regulatory / Curative	BDC 300	\$10,000					CON 300	\$781		\$10,781	\$10,781
Well Control Insurance	BDC 305	\$8,000							PCOM 305	\$0	\$8,000
Contingency	BDC 405	\$167,000	DEC 200	\$13,000	STRA 200	\$286,000	CON 200	\$115,092	PCOM 200	\$33,420	\$644,512
Construction For Flow Lines							CON 310	\$113,347		\$113,347	\$113,347
Construction For Sales P/L							CON 205	\$0		\$0	\$0
Total Intangible Cost		\$3,508,000		\$272,000		\$6,014,000		\$467,479		\$565,720	\$10,827,199
Tangibles/Well Equipment											
Casing	Size	Feet	S / Foot								
Drive Pipe	0	0	\$0.00	BWER 150	\$0						\$0
Conductor Pipe	0	0	\$0.00	BWER 130	\$0						\$0
Water String	11 3/8"	0	\$42.00	BWER 135	\$0						\$0
Surface Casing	10 1/4"	1700	\$35.00	BWER 140	\$42,000						\$42,000
Intermediate Casing 1	7 5/8"	12500	\$30.00	BWER 145	\$375,000						\$375,000
Intermediate Casing 2	0	0	\$0.00	BWER 155	\$0						\$0
Drilling Liner	0	0	\$0.00	BWER 160	\$0						\$0
Production Casing or Liner	5 1/2" x 5"	21951	\$23.00	BWER 160	\$505,000						\$505,000
Production Tie-Back	0	0	\$0.00	BWER 160	\$0	STMT 301	\$0				\$0
Tubing	2 7/8"	11870	\$7.00			STMT 305	\$83,000		PCOM 305	\$0	\$83,000
Wellhead, Tree, Chokes				BWER 115	\$30,000	BWER 120	\$60,000				\$120,000
Liner Hanger, Isolation Packer				BWER 200	\$0	BWER 125	\$0				\$0
Packer, Nipples						STMT 400	\$28,000		PCOM 400	\$0	\$28,000
Pumping Unit, Engine						STMT 405	\$0		PCOM 405	\$0	\$0
Downhole LIFT Equipment (BHP, Rods, Anchors, ESP, GV's, PC Pump)						STMT 410	\$80,000		PCOM 410	\$0	\$80,000
Trenching/Leak Equipment								CON 400	\$133,250		\$133,250
N/C Lease Equipment								CON 405	\$96,353		\$96,353
Tanks, Tanks Steps, Stairs								CON 410	\$278,050		\$278,050
Battery (Heater Treater, Separator, Gas Treating Equipment)								CON 415	\$26,053		\$26,053
Secondary Containment								CON 420	\$15,625		\$15,625
Overhead Power Distribution (electric line to facility)								CON 425	\$82,813		\$82,813
Facility Electrical & Automation								CON 430	\$5,145		\$5,145
SWD Connection								CON 435	\$21,563		\$21,563
Flow Lines (Line Pipe from wellhead to central facility)								CON 440	\$108,635		\$108,635
Pipeline to Sales								CON 445	\$33,013		\$33,013
Meters and Metering Equipment											\$0
Total Tangibles				\$451,000	\$535,000	\$261,000		\$798,529		\$0	\$2,035,529
P&A Costs				BDC 205	\$0	DEC 205	\$0				\$0
Total Cost				\$3,959,000	\$807,000	\$6,265,000		\$1,266,008		\$565,720	\$12,862,728



Authorization For Expenditure

Company Entity	Date Prepared
Cimarex Energy Co	December 18, 2018

Region	Well Name	Prospect or Field Name	Property Number	Drilling AFE No.
PERMIAN	Dos Equis 12-13 Fed Com 47H			

Estimate Type	County	State	Type Well
E/Z W/2 of Sections 12 and 13-T24S-R32E	Lea	NM	Oil X Gas

Estimate Type	Est. Start Date	Est. Comp. Date	Formation	Ttl. Measured Depth
Original Estimate	x			21,951'
Revised Estimate			WOLFCAMP A	Ttl. Vertical Depth
Supplemental Estimate				12,300'

Project Description
Drill and complete a horizontal test. Drill to 1200', set water string casing. Drill to 11774' (KOP). Drill curve at 12°/100' initial build rate to +/- 75 degrees and set casing at +/- 12399' MD. Finish curve at +/- 3°/100' to +/- 12300' TVD and drill a +/- 9050' long lateral in the Wolfcamp formation. Run and cement production liner. Stage frac. Drill out plugs. Run production packer, tubing and GLVs.

Intangibles	Dry Hole Cost	After Casing Point	Completed Well Cost
Drilling Costs	\$3,508,000		\$3,508,000
Completion Costs		\$7,319,199	\$7,319,199
Total Intangible Costs	\$3,508,000	\$7,319,199	\$10,827,199

Tangibles			
Well Equipment	\$451,000	\$786,000	\$1,237,000
Lease Equipment		\$798,529	\$798,529
Total Tangible Well Cost	\$451,000	\$1,584,529	\$2,035,529

Plug and Abandon Cost	\$0	\$0	\$0
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Total Well Cost	\$3,959,000	\$8,903,728	\$12,862,728
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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.
<input type="checkbox"/> I elect to purchase my own well control insurance policy.
Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

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.
<input type="checkbox"/> I elect to take my gas in kind.
<input type="checkbox"/> 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.

Cimarex Energy Co. Approval

Prepared by	Drilling and Completion Manager	Regional Manager

Joint Interest Approval

Company	By	Date



		Core 1		Core 2		Core 3		Core 4		Core 5		Core 6		Core 7		Core 8		Core 9		Core 10		Core 11		Core 12		Core 13		Core 14		Core 15		Core 16		Core 17		Core 18		Core 19		Core 20		Core 21		Core 22		Core 23		Core 24		Core 25		Core 26		Core 27		Core 28		Core 29		Core 30		Core 31		Core 32		Core 33		Core 34		Core 35		Core 36		Core 37		Core 38		Core 39		Core 40		Core 41		Core 42		Core 43		Core 44		Core 45		Core 46		Core 47		Core 48		Core 49		Core 50		Core 51		Core 52		Core 53		Core 54		Core 55		Core 56		Core 57		Core 58		Core 59		Core 60		Core 61		Core 62		Core 63		Core 64		Core 65		Core 66		Core 67		Core 68		Core 69		Core 70		Core 71		Core 72		Core 73		Core 74		Core 75		Core 76		Core 77		Core 78		Core 79		Core 80		Core 81		Core 82		Core 83		Core 84		Core 85		Core 86		Core 87		Core 88		Core 89		Core 90		Core 91		Core 92		Core 93		Core 94		Core 95		Core 96		Core 97		Core 98		Core 99		Core 100		Core 101		Core 102		Core 103		Core 104		Core 105		Core 106		Core 107		Core 108		Core 109		Core 110		Core 111		Core 112		Core 113		Core 114		Core 115		Core 116		Core 117		Core 118		Core 119		Core 120		Core 121		Core 122		Core 123		Core 124		Core 125		Core 126		Core 127		Core 128		Core 129		Core 130		Core 131		Core 132		Core 133		Core 134		Core 135		Core 136		Core 137		Core 138		Core 139		Core 140		Core 141		Core 142		Core 143		Core 144		Core 145		Core 146		Core 147		Core 148		Core 149		Core 150		Core 151		Core 152		Core 153		Core 154		Core 155		Core 156		Core 157		Core 158		Core 159		Core 160		Core 161		Core 162		Core 163		Core 164		Core 165		Core 166		Core 167		Core 168		Core 169		Core 170		Core 171		Core 172		Core 173		Core 174		Core 175		Core 176		Core 177		Core 178		Core 179		Core 180		Core 181		Core 182		Core 183		Core 184		Core 185		Core 186		Core 187		Core 188		Core 189		Core 190		Core 191		Core 192		Core 193		Core 194		Core 195		Core 196		Core 197		Core 198		Core 199		Core 200		Core 201		Core 202		Core 203		Core 204		Core 205		Core 206		Core 207		Core 208		Core 209		Core 210		Core 211		Core 212		Core 213		Core 214		Core 215		Core 216		Core 217		Core 218		Core 219		Core 220		Core 221		Core 222		Core 223		Core 224		Core 225		Core 226		Core 227		Core 228		Core 229		Core 230		Core 231		Core 232		Core 233		Core 234		Core 235		Core 236		Core 237		Core 238		Core 239		Core 240		Core 241		Core 242		Core 243		Core 244		Core 245		Core 246		Core 247		Core 248		Core 249		Core 250		Core 251		Core 252		Core 253		Core 254		Core 255		Core 256		Core 257		Core 258		Core 259		Core 260		Core 261		Core 262		Core 263		Core 264		Core 265		Core 266		Core 267		Core 268		Core 269		Core 270		Core 271		Core 272		Core 273		Core 274		Core 275		Core 276		Core 277		Core 278		Core 279		Core 280		Core 281		Core 282		Core 283		Core 284		Core 285		Core 286		Core 287		Core 288		Core 289		Core 290		Core 291		Core 292		Core 293		Core 294		Core 295		Core 296		Core 297		Core 298		Core 299	
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**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

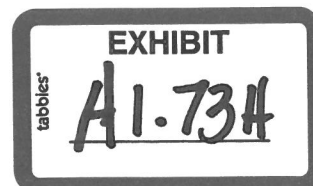
**APPLICATION OF CIMAREX
ENERGY CO. FOR COMPULSORY
POOLING, LEA COUNTY,
NEW MEXICO**

CASE NO. _____

APPLICATION

Cimarex Energy Co. ("Cimarex"), OGRID Number 215099, through its undersigned attorneys, hereby makes an application to the Oil Conservation Division pursuant to the provisions of NMSA (1978), Section 70-2-17, for an order pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the W/2 E/2 of Sections 12 and 13, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico. In support of this application, Cimarex states as follows:

1. Cimarex is an interest owner in the subject lands and has a right to drill wells thereon.
2. Cimarex seeks to dedicate the W/2 E/2 of Sections 12 and 13, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico to form a 320-acre, more or less, spacing unit.
3. Cimarex plans to drill the **Dos Equis 12-13 Federal Com 73H** well to a depth sufficient to test the Wolfcamp formation. The Dos Equis 12-13 Com 73H well is a horizontal well with a surface location 360' FNL and 2350' FEL of Section 12 Township 24 South, Range 32 East, Lea County, and the intended bottom hole location is 100' FSL and 1980' FEL of Section 13, Township 24 South, Range 32 East, Lea County.
4. This well will be located within the Wildcat Wolfcamp pool and will comply with the Division's setback requirements.



5. Cimarex sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Wolfcamp formation underlying the proposed spacing unit to participate in the drilling of the well or to otherwise commit their interests to the well.

6. The creation of a horizontal spacing unit and the pooling of all interests in the Wolfcamp formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

WHEREFORE, this case is set for hearing before an Examiner of the Oil Conservation Division on March 7, 2019, Cimarex requests that, after notice and hearing as required by law, the Division enter its order:

A. Pooling all mineral interests in the Wolfcamp formation underlying a horizontal spacing unit within the W/2 E/2 of Sections 12 and 13, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico;

B. Designating Cimarex as operator of this unit and the well to be drilled thereon;

C. Authorizing Cimarex to recover its costs of drilling, equipping and completing this well;

D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure;

E. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted this 25th day of January, 2019.

MODRALL, SPERLING, ROEHL, HARRIS
& SISK, P.A.

By: 

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Attorneys for Applicant

CASE NO. ____: Application of Cimarex Energy Co. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the W/2 E/2 of Sections 12 and 13, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the **Dos Equis 12-13 Federal Com 73H** well, to be horizontally drilled. The producing area for this well will be orthodox. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Cimarex as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 26 miles southwest of Hobbs, New Mexico.

EXHIBIT
tabbles® A2.73H

Dos Equis 12-13 Fed Com 73H

W/2 E/2 of Sections 12 & 13-24S-32E, Lea County, NM

Owner	Tract	Net	Working Interest Percentage	Force Pool Interest
MHPI	1	40	12.50%	no-participating
Chevron U.S.A. Inc.	1	40	12.50%	no-participating
Cimarex	2	70	21.88%	no-operator
COPC	2	10	3.13%	Yes
Devon	3	80	25.00%	Yes
Cimarex	4	80	25.00%	no-operator

