



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



October 1, 2009

Mr. James Bruce
P.O. Box 1056
Santa Fe, NM 87504

Administrative Order NSL-6093

**Re: Cimarex Energy Co. of Colorado
West Shugart 31 Federal Com. Well No. 1
API No. 30-015-31647
Unit K, Section 31-18S-31E
Eddy County**

Dear Mr. Bruce:

Reference is made to the following:

(a) your application (administrative application reference No. pWVJ09-26630265) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of Cimarex Energy Co. of Colorado [OGRID 162683] (Cimarex) on September 23, 2009, and

(b) the Division's records pertinent to this request.

Cimarex has requested to drill the above-referenced well as a horizontal well in the Bone Spring formation, at a location that will be unorthodox under Division Rule 16.14.B(2). The proposed surface location, point of penetration and terminus of the well are as follows:

Surface Location: 1780 feet from the South line and 1650 feet from the West line
(Unit K) of Section 31, Township 18S, Range 31E, NMPM,
Eddy County, New Mexico

Point of Penetration: same as surface location

Terminus 352 feet from the South line and 837 feet from the East line
(Unit P) of said section

The E/2 SW/4 and S/2 SE/4 of Section 31 will be dedicated to the proposed well to form a project area comprising four standard 40-acre, more or less, spacing units in the undesignated



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North Shugart-Bone Spring Pool (56405). This pool is governed by statewide Rule 15.9.A, which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is unorthodox because a portion of the producing interval will be closer to the outer boundary of the project area than permitted by Rules 16.7.G and 16.14.B(2), and therefore outside the producing area.

Your application has been duly filed under the provisions of Division Rules 15.13 and 4.12.A(2).

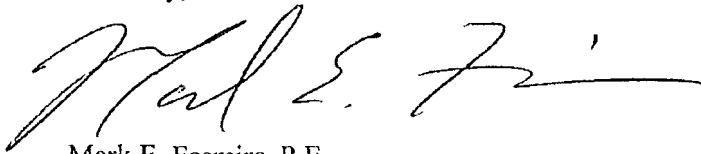
It is our understanding that you are seeking this location for engineering reasons, in order to maximize drainage of the formation within the project area. It is further understood notice of this application to offsetting operators or owners is not required due to common ownership.

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark E. Fesmire', with a stylized flourish at the end.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Artesia
United States Bureau of Land Management - Carlsbad

DISTRICT I
1626 N. French Dr., Hobbs, NM 88240

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised October 12, 2005

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-015-31647	Pool Cod 56405	Pool Name Hackberry Shugart, Bone Spring, North
Property Code 300582	Property Name WEST SHUGART "31" FEDERAL COM	Well Number 1
GRID No. 162683	Operator Name CIMAREX ENERGY CO. OF COLORADO	Elevation 3532'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	31	18 S	31 E		1780	SOUTH	1650	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	31	18 S	31 E		352	SOUTH	837	EAST	EDDY

Dedicated Acres 200	Joint or Infill	Consolidation Code P	Order No. NSL Pending NSL-6D93
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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

	<p>OPERATOR CERTIFICATION</p> <p>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 pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><u>Zeno Farris</u> 8/10/2009 Signature Date</p> <p>Zeno Farris Printed Name</p> <p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>Date Surveyed: 8/10/2009 Signature & Seal of Professional Surveyor: Gary L. Jones 7977 Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS</p>
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REFERENCE SHEET FOR
UNDESIGNATED WELLS

	Fm	Pm	N	Pc

paragraph

1. Date:	8/16/2010
2. Type of Well:	
Oil:	XX
Gas:	
3. County:	EDDY

4. Operator	>> CIMAREX ENERGY CO OF COLORADO			API NUMBER	30 - 015 - 31647
5. Address of Operator	>> 5215 N O'CONNOR BLVD, STE 1500 >> IRVING TX 75039				
6. Lease name or Unit Agreement Name	>> WEST SHUGART 31 FEDERAL COM			7. Well Number	# - 1
8. Well Location	Unit Letter K/P Section 1870/352 feet from the S line and 1650/837 feet from the W/E line Section 31 Township 18S Range 31E				
9. Completion Date	7/3/2009	11. Perfs	Top	Bottom	TD
			8519	11751	11751
10. Name of Producing Formation(s)	BONE SPRING		12. Open Hole Casing shoe	Bottom:	PBTD
					11751
13. C-123 Filed	Date	15. Name of Pool Requested or temporary Wildcat designation	Pool ID num		
Y	N	XX	HACKBERRY;BONE SPRING, NORTH		97056
16. Remarks	EXTEND				

TO BE COMPLETED BY DISTRICT GEOLOGIST					
17. Action taken	18. Pool Name				Pool ID num
EXTEND	HACKBERRY;BONE SPRING, NORTH				97056
<div style="display: flex; justify-content: space-around;"> <div> <p>T 18 S, R 31 E</p> <p>SEC 31: S/2</p> </div> <div> <p>T 18 S, R 31 E</p> <p>SEC 6: NE/4</p> <p>SEC 7: SE/4</p> <p>SEC 8: S/2</p> </div> </div>					

19. Advertised for HEARING	20. Case Number
21. Name of pool for which was advertised.	Pool ID num
HACKBERRY;BONE SPRING, NORTH	97056
22. Placed in Pool	23. By order number
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