

DATE IN 7/27/16	SUSPENSE	ENGINEER LRL	LOGGED IN 7/28/16	TYPE NSL	PLEL 1621032059 APP NO
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

Engineering Bureau

1220 South St. Francis Drive, Santa Fe, NM 87505



8/17/16

NSL-7450

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]

[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]

[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]

[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]

[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]

[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication

☒ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement

☐ DHC ☐ CTB ☒ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

☐ WFX ☐ PMX ☒ SWD ☐ IPI ☒ EOR ☐ PPR

[D] Other: Specify _____

Cimarex Energy Co of Colorado
162683

Well: Gadwall 18 Fed Com #5H

Pool: Cottonwood Draw; Bone Spring (O)-97494

API: 3001543488

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply

[A] ☒ Working, Royalty or Overriding Royalty Interest Owners

[B] ☐ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

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

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

Terri Stathem
Print or Type Name

Signature

Regulatory
Title

7/26/16
Date

tstathem@cimarex.com
e-mail Address

RECEIVED OGD
2016 JUL 27 PM 3:19

Lowe, Leonard, EMNRD

From: Terri Stathem <TStathem@cimarex.com>
Sent: Tuesday, August 30, 2016 3:53 PM
To: Lowe, Leonard, EMNRD
Subject: Gadwall 18 Federal #5H - NSL Explanation

Leonard,

Cimarex Energy respectfully request an administrative approval of the submitted non-standard location for the Gadwall 18 Federal #5H because the top perforation was designed based on the desired formation top TVD. Normally this position in the well is a standard location inside the hard line. However, because this well was drilled set back from the hard line with a build and turn profile in the curve, this placed the desired top perf in a non-standard location. The top perf should have been corrected to a standard location prior to the completion of the well, however it was not. This was not intentional; it was simply an oversight.

Please let me know if you need additional information.

Thanks you,

Terri Stathem

Manager – Regulatory Compliance
202 S. Cheyenne Ave, Suite 1000
Tulsa, OK 74103-3001

Office: 918-585-1100
Direct: 432-620-1936
Cell: 918-633-9702
Fax: 918-749-8059





Cimarex Energy Co.

202 S. Cheyenne Ave. ♦ Suite 1000 ♦ Tulsa, OK 74103 ♦ (432) 620-1938 ♦ Fax (432) 620-1940

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July 26, 2016

David Catanach
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Application of Cimarex Energy Co. of Colorado for administrative approval of an unorthodox location for its Gadwall 18 Federal Com #5H well (API No. 30-3015-43488), located in Section 18, Township 25 South, Range 27 East, N.M.P.M., Eddy County, New Mexico.

Dear Mr. Catanach:

Cimarex Energy Co. of Colorado ("Cimarex") (OGRID No. 162683) is seeking administrative approval under Division Rules 19.15.15.13(C) and 19.15.16.15(B)(2) NMAC for an unorthodox well location for its Gadwall 18 Federal Com #5H (API No. 30-015-43488) well, which is a horizontal well located in Section 18, Township 25 South, Range 27 East, N.M.P.M., Eddy County, New Mexico.

Attached as **Exhibit A** is the C-102 for the Gadwall 18 Federal Com #5H well. The Gadwall 18 Federal Com #5H well has been drilled to test the Bone Springs formation (Cottonwood Draw; Bone Spring (O) - 97494) and is located as follows:

Gadwall 18 Federal Com #5H

- Surface Location: 247 feet from the North line and 2634 feet from the West line of Section 18;
- Bottom Hole Location: 330 feet from the South line and 1983 feet from the West line of Section 18;
- Beginning of Producing Interval: 298 feet from the North line and 2256 feet from the West line of Section 18; and
- End of Producing Interval: 357 feet from the South line and 1982 feet from the West line of Section 18.

The location of the Gadwall 18 Federal Com #5H well is governed by statewide Rule 19.15.15.9(A) NMAC, which provides for 40-acre spacing units for wells located at least 330 feet from the unit's outer boundary, and Rule 19.15.16.15(B)(2), which requires every point of the completed interval in a horizontal well to "meet the minimum setback requirement from the outer boundaries of the project area." Cimarex is filing this application for an un-orthodox well location because the completed interval of the well encroaches towards unit N and O in Section 7.

Attached as **Exhibit B**, is a diagram which shows the subject spacing unit for this well and all adjoining spacing units or leases. The non-standard portion of the well is encroaching on unit N and O in Section 7. Cimarex attests that it is the operator of the offset spacing and proration units in Section 7 and that the mineral interest ownership is not common. As a result, affected persons including working interest owners are entitled to notice of the non-standard location application under 19.15.15.13(C).

Attached as **Exhibit C**, is the list of persons who are entitled to notice of the non-standard location under Subsection A of 19.15.4.12 NMCA. Copies of this application, including all attachments, have been mailed to each affected person and offset operator via certified mail-return receipt requested, pursuant to Rule 19.15.4.12A(2)(a). Each person entitled to notice has been informed that if it has an objection to this application, the objection must be filed in writing with the Division's Santa Fe office within twenty (20) days from the date this notice was mailed.

Please contact me if you have any questions or concerns at 432-620-1936. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Terri Stathem", with a large, stylized initial "T" and a cursive surname.

Terri Stathem
Manager Regulatory Compliance
432-620-1936

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 APT. Number 30-015-43488		2 Pool Code 97494		3 Pool Name Cottonwood Draw; B.S.	
4 Property Code 34114		5 Property Name GADWALL 18 FEDERAL COM			6 Well Number 5H
7 OGRID No. 162683		8 Operator Name CIMAREX ENERGY CO. OF COLORADO			9 Elevation 3203.6'

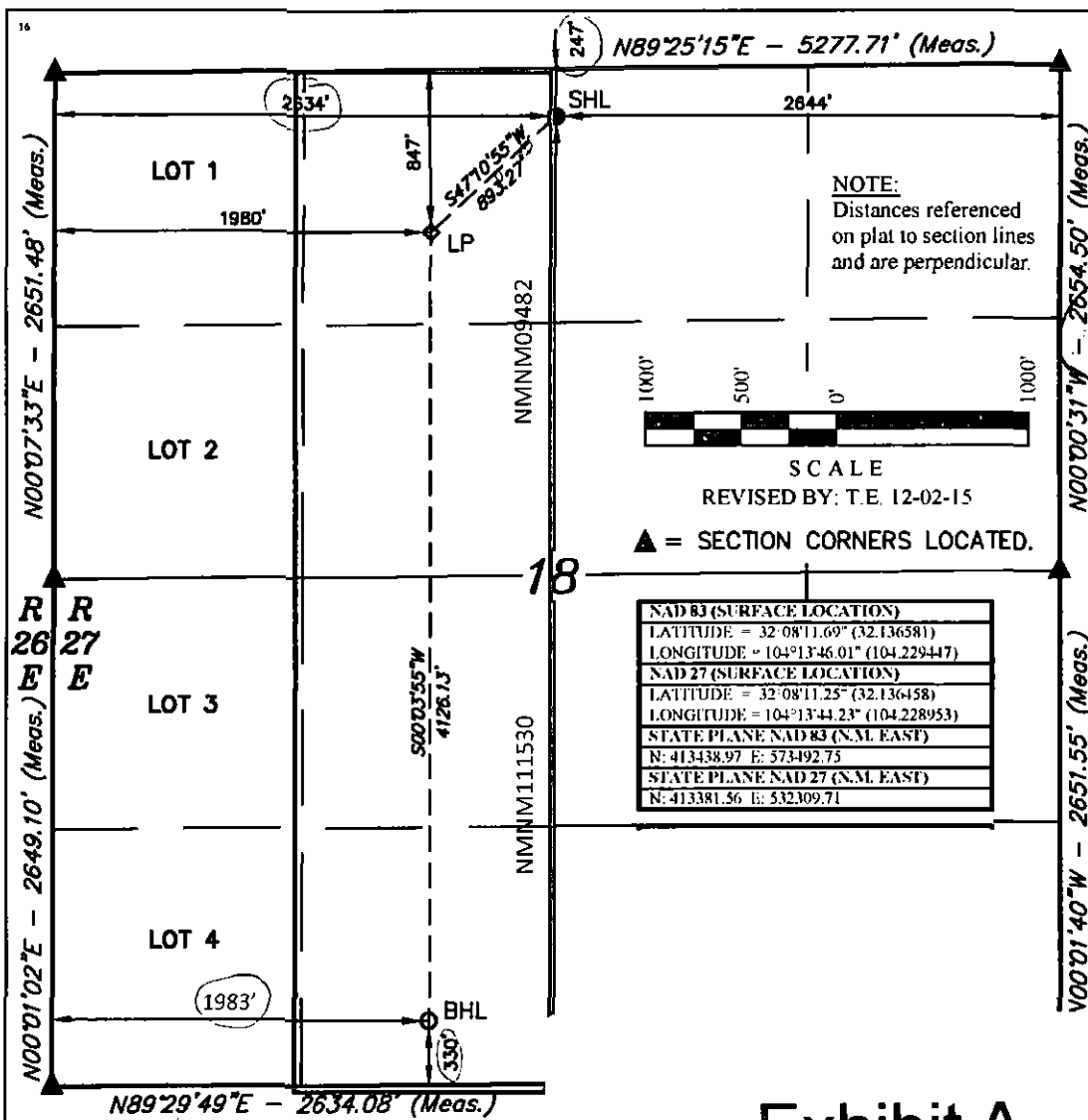
10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	18	25S	27E		247	NORTH	2634	WEST	EDDY

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	18	25S	27E		330	SOUTH	1983	WEST	EDDY
12 Dedicated Acres 160		13 Joint or Infill		14 Consolidation Code		15 Order No. NSL Pending			

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.



16
17 OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature: *Terri Stathem* Date: 12/26/15

Printed Name: Terri Stathem
E-mail Address: tstathem@cimarex.com

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.

December 02, 2015
Date of Survey:
Signature and Seal of Professional Surveyor:



Number:

Exhibit A

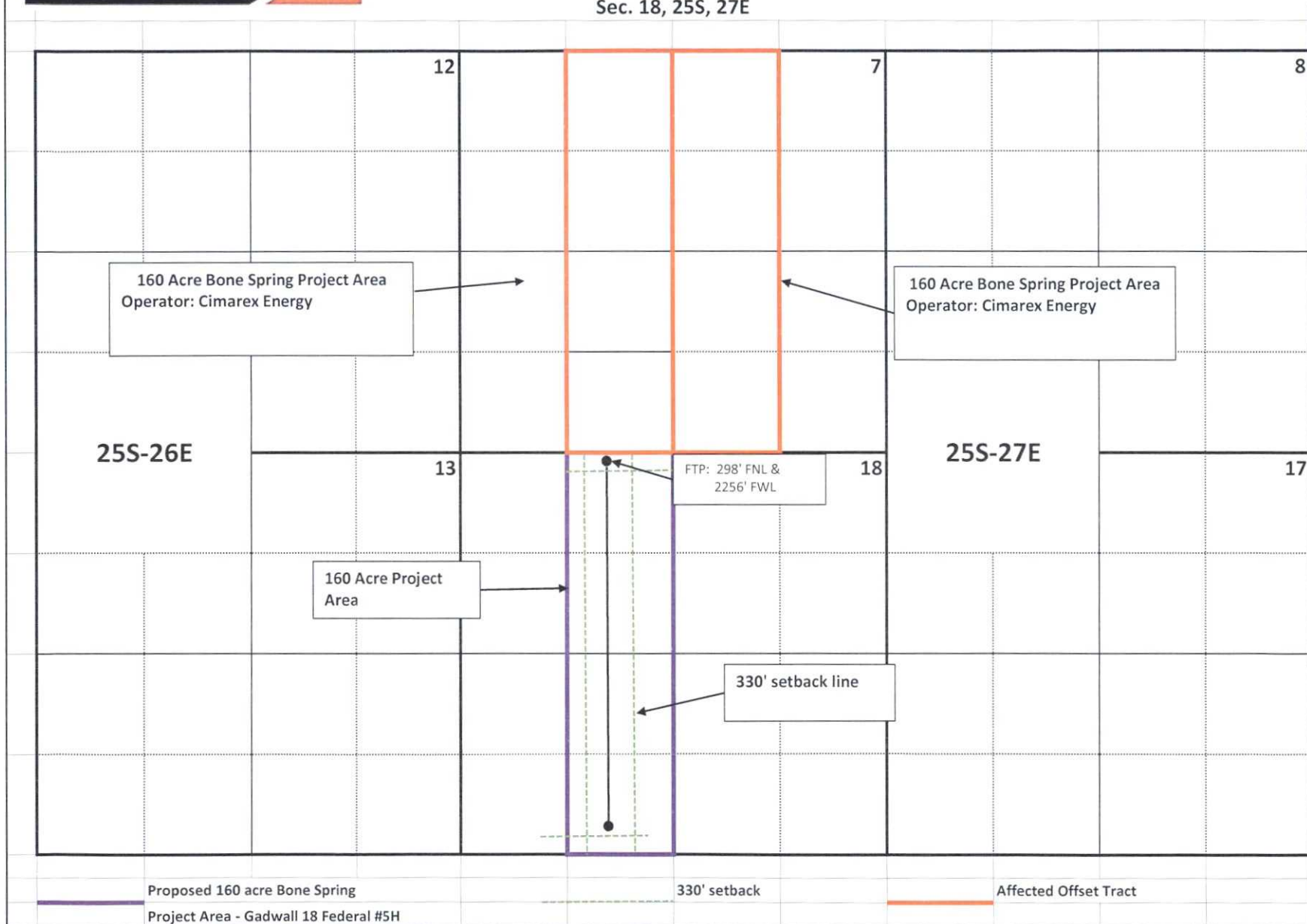
Exhibit B



Gadwall 18 Federal Com #5H

30015-43488

Sec. 18, 25S, 27E





Cimarex Energy Co.

202 S. Cheyenne Ave. ♦ Suite 1000 ♦ Tulsa, OK 74103 ♦ (432) 620-1938 ♦ Fax (432) 620-1940

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EXHIBIT C:

Notification List for the Application of Cimarex Energy Co. of Colorado for administrative approval of an unorthodox well location for its Gadwall 18 Federal Com #5H, API 30-015-43488 drilled from a surface location of 247 feet from the North line and 2634 feet from the West line, to a bottom hole location 330 feet from the South line and 1983 feet from the West line of Section 18, Township 25 South, Range 27 East, N.M.P.M., Eddy County, New Mexico.

Chevron USA Inc.

Attn: Amber Delach

1400 Smith Street

Houston, Tx 77002

Exhibit C



Cimarex Energy Co.

202 S. Cheyenne Ave. ♦ Suite 1000 ♦ Tulsa, OK 74103 ♦ (432) 620-1938 ♦ Fax (432) 620-1940

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July 26, 2016

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO AFFECTED PARTIES

Re: Application of Cimarex Energy Co. of Colorado for administrative approval of an unorthodox well location for its Gadwall 18 Federal Com #5H, API 30-015-43488 drilled from a surface location of 247 feet from the North line and 2634 feet from the West line, to a bottom hole location 330 feet from the South line and 1983 feet from the West line of Section 18, Township 25 South, Range 27 East, N.M.P.M., Eddy County, New Mexico.

Ladies and Gentlemen:

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

If you have any questions concerning this application, please contact me at 432-620-1936.

Sincerely,

A handwritten signature in black ink, appearing to read "Terri Stathem", is written over a circular stamp. The signature is fluid and cursive.

Terri Stathem

Manager, Regulatory Compliance

Lowe, Leonard, EMNRD

From: Lowe, Leonard, EMNRD
Sent: Thursday, September 1, 2016 11:14 AM
To: 'Terri Stathem'
Cc: Bayliss, Randolph, EMNRD; Sharp, Karen, EMNRD; McMillan, Michael, EMNRD; Goetze, Phillip, EMNRD; Jones, William V, EMNRD; 'lisa@rwbyram.com'; 'jglover@blm.gov'; 'scaffey@blm.gov'; 'rjsanche@blm.gov'; 'jstovall@blm.gov'
Subject: APPROVED: NSL-7450, Gadwall 18 Federal Com Well No. 5H_Sec. 18 25S 27E
Importance: High

Terri Stathem,

The following permit has been issued and will soon be available on the Division's web site:
<http://ocdimage.emnrd.state.nm.us/imaging/WellFileCriteria.aspx>

NSL-7450

Cimarex Energy Co. of Colorado

API: 30-015-43488

WELL: Gadwall 18 Federal Com Well No. 5H, Eddy County

Leonard Lowe

Engineering Bureau

Oil Conservation Division

Energy Minerals and Natural Resources Department

1220 South St. Frances

Santa Fe, New Mexico 87004

Office: 505-476-3492

Fax: 505-476-3462

E-mail: leonard.lowe@state.nm.us

Website: <http://www.emnrd.state.nm.us/ocd/>