

RECEIVED: <u>10/6/17</u>	REVIEWER: <u>LRL</u>	TYPE: <u>NSL</u>	APP NO: <u>PLEL 1726947651</u>
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Geological & Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505

**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

Applicant: Cimarex Energy Co**OGRID Number:** 251099**Well Name:** Hallertau 5 Federal 5-26S-32E #9H**API:** 30-025-43303**Pool:** WC-025 G-08 S263205N; Upper WC**Pool Code:** 98065

SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW

NSL-7603**1) TYPE OF APPLICATION:** Check those which apply for [A]

A. Location - Spacing Unit - Simultaneous Dedication

☒ NSL☐ NSP (PROJECT AREA)☐ NSP (PRORATION UNIT)☐ SD

B. Check one only for [I] or [II]

[I] Commingling - Storage - Measurement

☐ DHC☐ CTB☐ PLC☐ PC☐ OLS☐ OLM

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

☐ WFX☐ PMX☐ SWD☐ IPI☐ EOR☐ PPR**2) NOTIFICATION REQUIRED TO:** Check those which apply.A. ☒ Offset operators or lease holdersB. ☐ Royalty, overriding royalty owners, revenue ownersC. ☐ Application requires published noticeD. ☐ Notification and/or concurrent approval by SLOE. ☐ Notification and/or concurrent approval by BLMF. ☐ Surface ownerG. ☐ For all of the above, proof of notification or publication is attached, and/or,H. ☐ No notice required**FOR OCD ONLY**☐ Notice Complete☐ Application
Content
Complete

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

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

Zoe E. Lees

09/26/2017

Date

Print or Type Name

505-848-1859

Phone Number

Signature

zoeelees@gmail.com

e-mail Address



MODRALL SPERLING
LAWYERS

October 6, 2017

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

Jennifer L. Bradfute
505.848.1845
Fax: 505.848.1882
jlb@modrall.com

Re: Application of Cimarex Energy Co. of Colorado for administrative approval of unorthodox well location for its Hallertau 5 Federal 5-26S-32E #9H well located in the W/2 of the W/2 of Section 5, Township 26 South, Range 32 East, N.M.P.M., Lea County, New Mexico (the "Well").

Dear Mr. Catanach:

Cimarex Energy Co. of Colorado ("Cimarex") (OGRID No. ²¹⁵⁰⁹⁹~~162683~~) administrative approval of an unorthodox well location ("NSL") for Hallertau 5 Federal 5-26S-32E #9H well (API No. 30-025-43303) to be completed within the WC-025 G-08 S263205N; Upper WC (Pool Code 98065) underlying the W/2 of the W/2 of Section 5, Township 26S, Range 32E, N.M.P.M., Lea County, New Mexico. A C-102 for the Well is attached as Exhibit A. This is a horizontal Well that will be drilled as follows:

Hallertau 5 Federal 5-26S-32E #9H

- Surface Hole Location: 318 feet from the South line and 1762 feet from the West line of Section 5, Township 26 South, Range 32 East;
- First Perforation Point: 718 feet from the South line and 1260 feet from the West line of Section 5, Township 26 South, Range 32 East;
- Last Perforation Point and Bottom Hole Location: 330 feet from the North line and 1260 feet from West line of Section 5, Township 26 South, Range 32 East.

Cimarex is requesting this NSL in order to efficiently produce its interests in Section 5, and has included as Exhibit B a letter from an engineer explaining why this application is needed. This Well will produce from the WC-025 G-08 S263205N; Upper WC (Pool Code 98065). There are no special pool rules for this pool, and thus the setback requirements under Rule 19.15.15.9 of 330'

Modrall Sperling
Roehl Harris & Sisk
P.A.

Bank of America
Centre
500 Fourth Street
NW
Suite 1000
Albuquerque,
New Mexico 87102

PO Box 2148
Albuquerque,
New Mexico
87103-2168

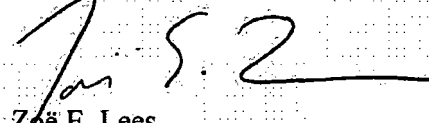
Tel: 505.848.1800

apply. The completed interval for the proposed Well is closer than 330' from the boundary of the project area. The unorthodox location will encroach towards the E/2 of the W/2 of Section 5, Township 26 South, Range 32 East, and the SE/4 of the SW/4 Section 32, Township 25 South, Range 32 East. A map showing the surrounding ownership and the project area for the proposed well in relation to adjoining spacing units is attached as Exhibit C.

A list of the parties affected by the encroachment is attached as Exhibit D. We have obtained a waiver from COG Operating LLC, which we have included with this application. We have also sent COG Operating LLC and EOG Y Resources, Inc. notice of this application. In addition, a copy of this application has also been provided to the New Mexico State Land Office.

Your attention to this matter is appreciated.

Sincerely,



Zoë E. Lees
*Attorney for Cimarex Energy Co.
of Colorado*

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

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

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

☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-43303	² Pool Code 98065	³ Pool Name WC-025 G-08 S263205N: Upper WC
⁴ Property Code 38778	⁵ Property Name HALLERTAU 5 FEDERAL	⁶ Well Number #911
⁷ OGRID No. 162683	⁸ Operator Name CIMAREX ENERGY CO. OF COLORADO	⁹ Elevation 3272.5

215099

"Surface Location

UL or lot no. N	Section 5	Township 26S	Range 32E	Lot Idn	Feet from the 318	North/South line SOUTH	Feet from the 1762	East/West line WEST	County LEA
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"Bottom Hole Location If Different From Surface

UL or lot no. D	Section 5	Township 26S	Range 32E	Lot Idn	Feet from the 330	North/South line NORTH	Feet from the 1260	East/West line WEST	County LEA
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¹⁰ Dedicated Acres 160	¹¹ Joint or Infill	¹² Consolidation Code	¹³ Order No.
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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.

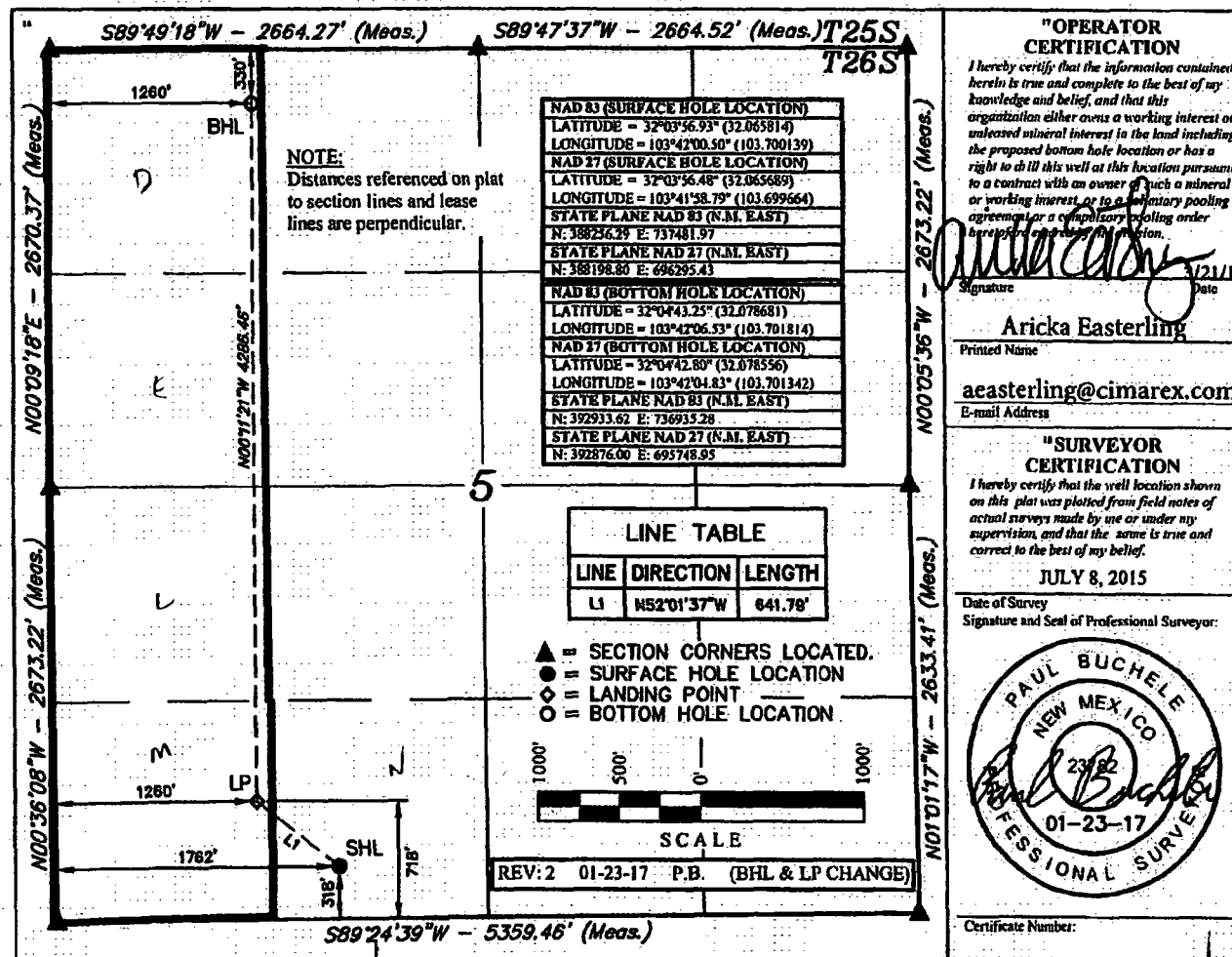
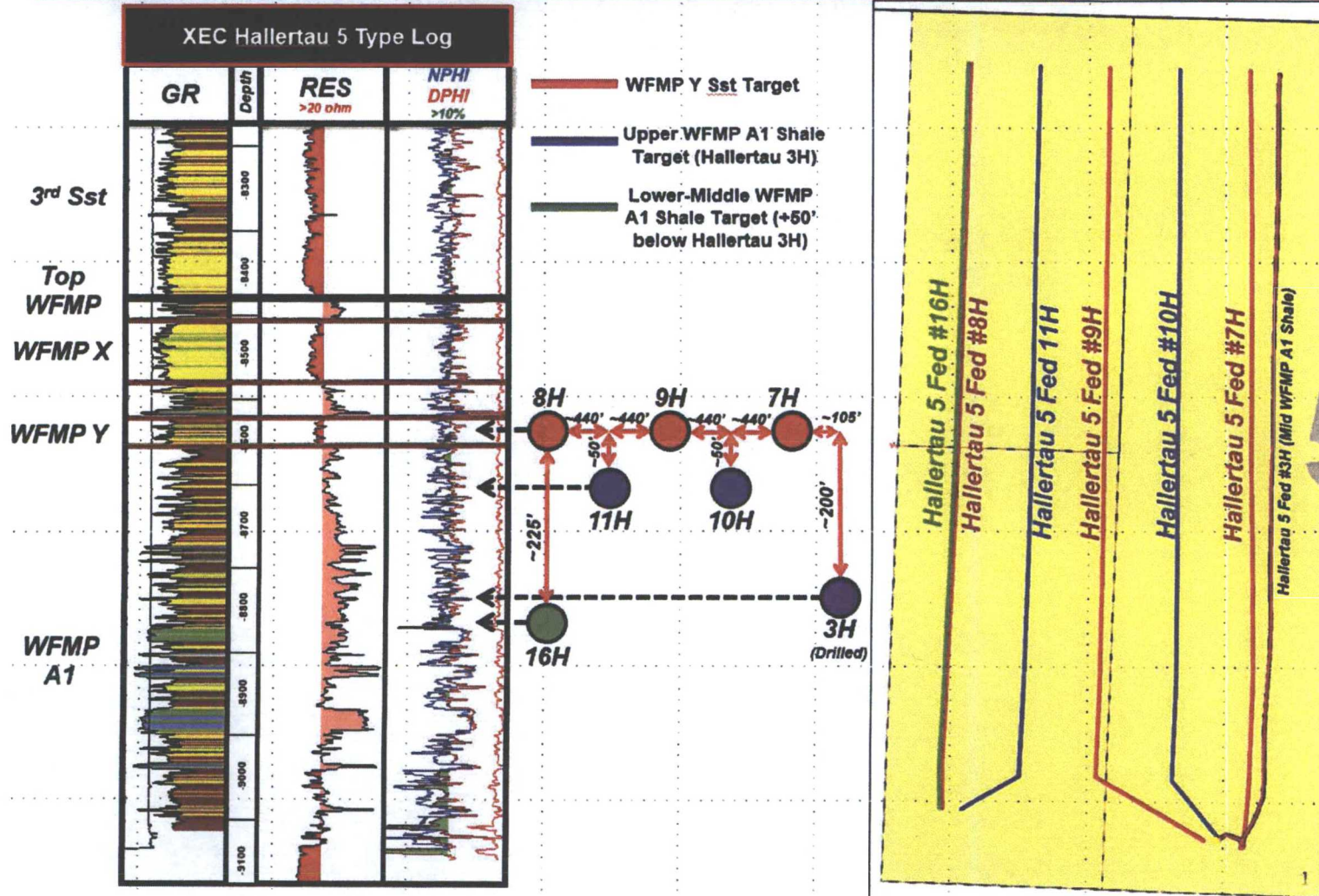


Exhibit A

Exhibit A

Proposed XEC Hallertau 5 - Wolfcamp





Cimarex Energy Co.

202 S. Cheyenne Ave, Ste 1000; Tulsa, OK 74103 ♦ (432) 620-1936

• A NYSE Listed Company • "XEC"

September 14, 2017

Mr. Michael McMillian
New Mexico Oil Conservation Division
1220 South Francis Drive
Santa Fe, NM 87505

Re: Non-Standard Location Application
Hallertau 5 Federal #9H – 30-025-43303
Lea County, NM

Dear Mr. McMillian:

Cimarex Energy Co. respectfully requests administrative approval of the non-standard location application for the Hallertau 5 Federal #9H well.

Cimarex proposes to drill the Hallertau 5 Federal #9H well as part of a six well development in the Upper Wolfcamp. Cimarex will drill these six wells from two drilling pads and have one central tank battery in order to prevent surface disturbance. The proposed well will be centered between two newly drilled horizontal Upper Wolfcamp wells, the Hallertau 5 Fed 11H (to the West) and the Hallertau 5 Fed 10H (to the East), please see attached Exhibit A for additional information.

Cimarex expects to maximize the recoverable reserves by developing the entire West half of section 5 in the Upper Wolfcamp all at once. The best location for the Hallertau 5 Federal 9H is 60' off the West half West half quarter quarter line which allows Cimarex to properly space our Upper Wolfcamp wells in order to maximize our recoverable reserves. Please see attached C102 for location and horizontal path of the referenced well.

The beneficial knowledge gained from the successful development of our Hallertau spacing pilot will help to determine maximum reserve recovery and possible drilling locations for additional Wolfcamp development in this and other sections of our lease hold.

Thank you for your consideration. Should you have any questions please contact me at 432-620-7800.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul M. Rydberg".

Exhibit B

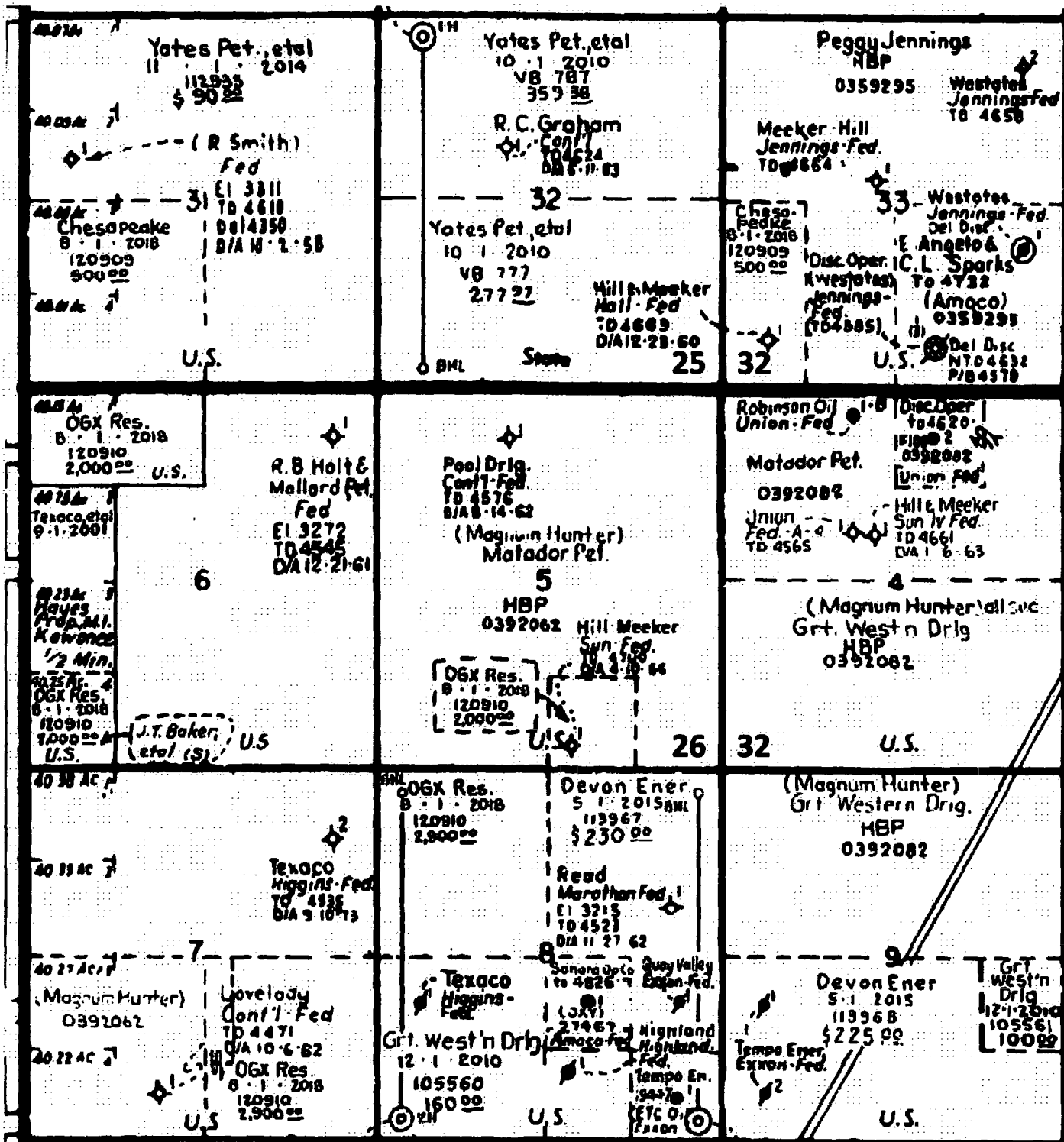


Exhibit C

EXHIBIT D

Section 5, Township 26 South, Range 32 East:

COG Operating, LLC—COG owns 6.25% of the working interests in this section.
One Concho Center
600 W. Illinois Ave.
Midland, TX 79701

Cimarex owns 93.75% of the working interests in this section.

SE/4 of the SW/4 of Section 32, Township 25 South, Range 32 East:

EOG Y Resources, Inc.
105 S 4th Street
Artesia, NM 88210

EOG Y Resources is the lessee of record.



MODRALL SPERLING

L A W Y E R S

October 6, 2017

VIA CERTIFIED MAIL

RETURN RECEIPT REQUESTED

TO AFFECTED PARTIES

Re: Application of Cimarex Energy Co. of Colorado for administrative approval of unorthodox well location for its Hallertau 5 Federal 5-26S-32E #9H well located in the W/2 of the W/2 of Section 5, Township 26 South, Range 32 East, N.M.P.M., Lea County, New Mexico (the "Well").

Ladies and Gentlemen:

Enclosed in the 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 may be administratively approved by the Division.

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

Terri Stathem
Cimarex Energy Co. of Colorado
202 S. Cheyenne Ave, Suite 100
Tulsa, OK 74103-3001
Phone No.: (432) 620-1936

If you have no objection to this application, please sign the waiver as indicated below and return the original. Your assistance and cooperation in this matter are appreciated.

Sincerely,

Zoë E. Lees
*Attorney for Cimarex Energy Co.
of Colorado*

Zoë E. Lees
505.848.1859
Fax: 505.848.9710
zel@modrall.com

Modrall Sperling
Roehl Harris & Sisk P.A.

500 Fourth Street NW
Suite 1000
Albuquerque,
New Mexico 87102

PO Box 2168
Albuquerque,
New Mexico 87103-2168

Tel: 505.848.1800
www.modrall.com

WAIVER

_____ hereby waives objection to the above referenced Application for an Unorthodox Location for Hallertau 5 Federal 5-26S-32E #9H well located in the W/2 of the W/2 of Section 5, Township 26 South, Range 32 East, N.M.P.M., Lea County, New Mexico.

Dated: _____

Signature

Lowe, Leonard, EMNRD

From: Zoe Lees <zel@modrall.com>
Sent: Friday, October 6, 2017 1:37 PM
To: Lowe, Leonard, EMNRD
Cc: Jennifer L. Bradfute
Subject: NSL Application for Cimarex
Attachments: NSL Application Hallertau 5 Fed: 5-26S-32E #9H Well (W3058426x7A92D).pdf

Good Afternoon Leonard,

Attached please the resubmitted NSL application for Cimarex Energy Co's Hallertau 5 Federal #9H well. Please let me or Jennifer Bradfute know if you have any questions.

Thank you,
Zoe



Zoë E. Lees

Attorney at Law

Modrall Sperling | www.modrall.com

P.O. Box 2168 | Albuquerque, NM 87103-2168

500 4th St. NW, Ste. 1000 | Albuquerque, NM 87102

D: 505.848.1859 | O: 505.848.1800 | F: 505.848.9710

This e-mail may be a confidential attorney-client communication. If you received it in error, please delete it without forwarding it to others and notify the sender of the error.

Lowe, Leonard, EMNRD

From: Zoe Lees <zel@modrall.com>
Sent: Thursday, October 26, 2017 1:10 PM
To: Lowe, Leonard, EMNRD
Cc: Jennifer L. Bradfute
Subject: Hallertau 5 Federal #9H NSL App

Good Afternoon Leonard,

Thank you for your call earlier today. After looking at the e-permitting under the API number for the above referenced well, I would like to clarify that it is Cimarex Energy Co. that is requesting this NSL application.

Thank you,
Zoe



Zoë E. Lees
Attorney at Law
Modrall Sperling | www.modrall.com
P.O. Box 2168 | Albuquerque, NM 87103-2168
500 4th St. NW, Ste. 1000 | Albuquerque, NM 87102
D: 505.848.1859 | O: 505.848.1800 | F: 505.848.9710

From: Zoe Lees
Sent: Friday, October 6, 2017 1:35 PM
To: Leonard.Lowe@state.nm.us
Cc: Jennifer L. Bradfute
Subject: NSL Application for Cimarex

Good Afternoon Leonard,

Attached please the resubmitted NSL application for Cimarex Energy Co's Hallertau 5 Federal #9H well. Please let me or Jennifer Bradfute know if you have any questions.

Thank you,
Zoe



Zoë E. Lees
Attorney at Law
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500 4th St. NW, Ste. 1000 | Albuquerque, NM 87102
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Lowe, Leonard, EMNRD

From: Lowe, Leonard, EMNRD
Sent: Friday, October 27, 2017 8:57 AM
To: 'Zoe Lees'; 'Jennifer L. Bradfute'
Cc: Brown, Maxey G, EMNRD; Kautz, Paul, EMNRD; Sharp, Karen, EMNRD; Jones, William V, EMNRD; Goetze, Phillip, EMNRD; McMillan, Michael, EMNRD; 'lisa@rwbyram.com'; 'jglover@blm.gov'; 'scaffey@blm.gov'; 'jstovall@blm.gov'
Subject: APPROVED NSL-7603_Cimarex Energy Co_Hallertau 5 Federal 5-26S-32E Well No. 9H_SEC 5 26S 32E

Importance: High

Ms. Zoe E. Lees

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

NSL-7603

Cimarex Energy Co.

WELL: Hallertau 5 Federal 5-26S-32E Well No. 9H, [API #: 30-025-43303]

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

Cell: 505-930-6717

Fax: 505-476-3462

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

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