.0GGED IN 8/9/06

MPE NSL

APP NO. pTDS0622153548

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -





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] Location - Spacing Unit - Simultaneous Dedication [A] ✓ NSL □ NSP □ SD Check One Only for [B] or [C] [B] Commingling - Storage - Measurement DHC CTB PLC PC OLS OLM Injection - Disposal - Pressure Increase - Enhanced Oil Recovery [C] ☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR [D]Other: Specify [2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply Working, Royalty or Overriding Royalty Interest Owners [A] Offset Operators, Leaseholders or Surface Owner [B] [C]Application is One Which Requires Published Legal Notice Notification and/or Concurrent Approval by BLM or SLO [D] 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. **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. JAMES BRUNGE: Statement must be completed by an individual with managerial and/or supervisory capacity. P.O. BOX 1056 Attorney for Applicant Sidnature Title jamesbruc@aol.com

e-mail Address

JAMES BRUCE ATTORNEY AT LAW

POST OFFICE BOX 1056 SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213 SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone) (505) 660-6612 (Cell) (505) 982-2151 (Fax)

jamesbruc@aol.com

August 9, 2006

Hand delivered

Michael E. Stogner Oil Conservation Division 1220 South St. Francis Drive Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Pursuant to Division Rule 104.F(2), Cimarex Energy Co. of Colorado applies for approval of an unorthodox oil well location for the following well:

Well:

Pipeline Deep Fed. Com. Well No. 1

Location:

660 feet FSL & 1650 feet FWL

Well Unit:

S½SW¼ §5-19S-34E, Eddy County, New Mexico

(80.00 acres)

The well was drilled to a depth sufficient to test the Morrow formation, and will be re-completed in the Bone Spring formation (EK-Bone Spring Pool). Under Order No. R-4981, the pool is spaced on 80 acres, with wells to be located within 150 feet of the center of a quarter-quarter section. A Form C-102 is attached as Exhibit A.

The location was originally chosen for the Morrow formation, and was standard in that zone. In addition, there are sand dunes in this area, and there is sand dune lizard habitat. As a result, the Bureau of Land Management ("BLM") requires operators to minimize surface disturbance. Attached as Exhibit B is applicant's recent development plan for this area (covering four sections of land), which was submitted to the BLM. Using the existing wellbore minimizes surface disturbance for roads, pipelines, *etc.*, and minimizes effects on sand dunes and wildlife habitat

The well is internal to the well unit. (The SW¼SW¼ is subject to Federal Lease NM 6868, and the SE¼SW¼ is subject to Federal Lease NM 4314.) Therefore, there are no adversely affected parties, and no offset interest owners have been notified of the application.

ry truly yours,

James Bruce

attorney for Cimarex Energy Co. of Colorado

District I

1625 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 & Natural Resources Department

OIL CONSERVATION DIVISION

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

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT											
¹ A	PI Numbe	r		² Pool Code	Pool Code Pool Name E-K; Bone Spring						
⁴ Property Code				Property Name 6 Well Number 6 Well Number							
Property Code				Pipeline Deep Federal Com 5					001		
OGRID No.				* Operator Name					⁹ Elevation		
162683				Cimarex Energy Co. of Colorado					3	811' RKB	
	4			¹⁰ Surface Location							
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet f	rom the	East/West line	County	
N	5	19S	34E		660	South	1650		West	Lea	
¹¹ Bottom Hole Location If Different From Surface											
UL or lot no.	Section	Township		Lot Idn	Feet from the	North/South line		Feet from the East/W		County	
12 Dedicated Acres	15 Joint	or Infill	14 Consolidatio	n Code 15 Or	der No.	<u> </u>					
80	1	V		1							
No allowable v division.	vill be as	signed to	this comple	etion until a	all interests have	e been consolidate	ed or a		dard unit has been		
									PERATOR CERTIFICATION at the Information contained herein is true and complete to the		
							best of my knowledge and belief, and that this organization either owns a working				
				1				interest or unleased mineral interest in the land including the proposed bottom hole			
						11		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, ar to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.			
								ingreement in t	t campaison y pooning critics hereis	уоге списоси бу те инжил.	
			V. d					Zeno Fari, August 4, 2006			
								Signature		Date	
							Zen		Zeno Farris		
								Printed Name			
								18SUR	VEYOR CERT	IIFICATION	
								li .		ell location shown on this plat was	
								plotted from	n field notes of actual surv	eys made by me or under	
								my supervis	sion, and that the same is	true and correct to the best	
							i	of my beliej	r.	1	
								of my belief. 8-4-06 Zano Fanny			
7 T - 42 S		***************	Address Back Adds					Date of Surv			
				Name and Associated Sciences				Signature an	ad Seal of Professional Surve	eyor:	
165	0,	•		Harver To ben							
			660'								
				entrances.			j	Certificate No	umber		
The second respective species	7.74 gr		AND SERVICE STREET, CO. T. S. SAND			1					

EXHIBIT A



07/29/06

BUREAU OF LAND MANAGEMENT CARLSBAD FIELD OFFICE 620 EAST GREENE STREET CARLSBAD, NEW MEXICO 88220-6292

ATT: Mr. TY ALLEN

Re: P.O.D. for CIMAREX
PIPELINE "B" FEDERAL WELLS
SECTIONS 5,6,7,18 T195-R34E

Dear Mr. Allen:

The enclosed topographic plats shows the proposed development plan for Cimarex Pipeline "B" Federal wells to be drilled in the above referenced sections. A corridor for the flowlines, powerlines, proposed roads are to follow the existing roads where this is possible in this way the damage to the surface and wildlife in the area will be kept to a minimum.

Joe T. Janica

Agent for

CIMAREX ENERGY CO. OF COLORADO







