

DATE IN 8/10/06	SUSPENSE 8-30-06	ENGINEER MIKE STOGNER	LOGGED IN 8/10/06	TYPE NSL	APP NO. PTDSD622259445
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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



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 _____

[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.

JAMES BRUCE
P.O. BOX 1056
SANTA FE, NM 87504
 Print or Type Name

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

Signature

Attorney for Applicant

Title

jamesbruc@aol.com

e-mail Address

Date

2006 AUG 10 PM 4 13

8/10/06

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 10, 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:

<u>Well:</u>	Pipeline "B-5" Fed. Well No. 2	30-025-38044
<u>Location:</u>	1650 feet FSL & 1980 feet FWL	
<u>Well Unit:</u>	N $\frac{1}{2}$ SW $\frac{1}{4}$ §5-19S-34E, Eddy County, New Mexico (80.00 acres)	

The well will be drilled to a depth sufficient to test 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.

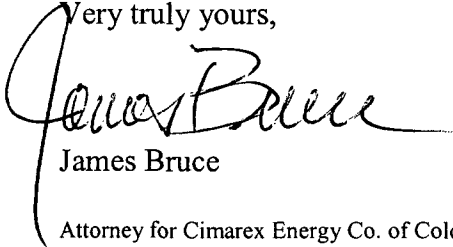
The location is unorthodox for topographic reasons. There are sand dunes in this area, and there is sand dune lizard habitat. As a result, the Bureau of Land Management ("BLM") requires operators to minimize surface disturbance. Attached as Exhibit B is applicant's proposed development plan for this area (covering four sections of land), which was submitted to the BLM. The proposed location minimizes surface disturbance for roads, pipelines, *etc.*, and minimizes effects on sand dunes and wildlife habitat. See also Exhibit C, which indicates the presence of a sand dune requiring the well to be moved south.

The SW $\frac{1}{4}$ SW $\frac{1}{4}$ is subject to Federal Lease NM 6868, and the N $\frac{1}{2}$ SW $\frac{1}{4}$ and SE $\frac{1}{4}$ SW $\frac{1}{4}$ are subject to Federal Lease NM 4314. The leases have common ownership except for one overriding royalty owner in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 5. That owner is as follows:

Quintesa Royalty LP
Suite 500
508 West Wall
Midland, Texas 79701

Notice of this application has been given to this interest owner as indicated on Exhibit D. Please note that applicant is re-completing a Bone Spring well in the S½SW¼ of Section 5 (the Pipeline 5 Fed. Com. Well No. 1), so the offset acreage will also have production from this zone.

Very truly yours,

A handwritten signature in black ink, appearing to read "James Bruce". The signature is written in a cursive style with a large initial "J".

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 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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code	Pool Name E-K; Bone Spring
Property Code	Property Name PIPELINE "B-5" FEDERAL		Well Number 2
OGRID No. 162683	Operator Name CIMAREX ENERGY CO. OF COLORADO		Elevation 3821'

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	5	19 S	34 E		1650	SOUTH	1980	WEST	LEA

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
Dedicated Acres 80		Joint or Infill N	Consolidation Code		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

		<p>Lat - N32°41'11.5"</p> <p>Long - W103°35'04.6"</p> <p>NMSPCE- N 614302.236</p> <p>E 771691.343</p> <p>(NAD-83)</p>	<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> 8-3-06</p> <p>Signature Date</p> <p>Zeno Farris</p> <p>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 <u>August 23, 2006</u></p> <p>Signature of <u>[Signature]</u> Professional Surveyor</p> <p>No. <u>7977</u></p> <p>Certificate No. <u>July 1 Jones</u> 7977</p> <p>BASIN SURVEYS</p>

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 T19S-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.

A handwritten signature in cursive script, reading "Joe T. Janica", is positioned above the typed name.

Joe T. Janica
Agent for
CIMAREX ENERGY CO. OF COLORADO

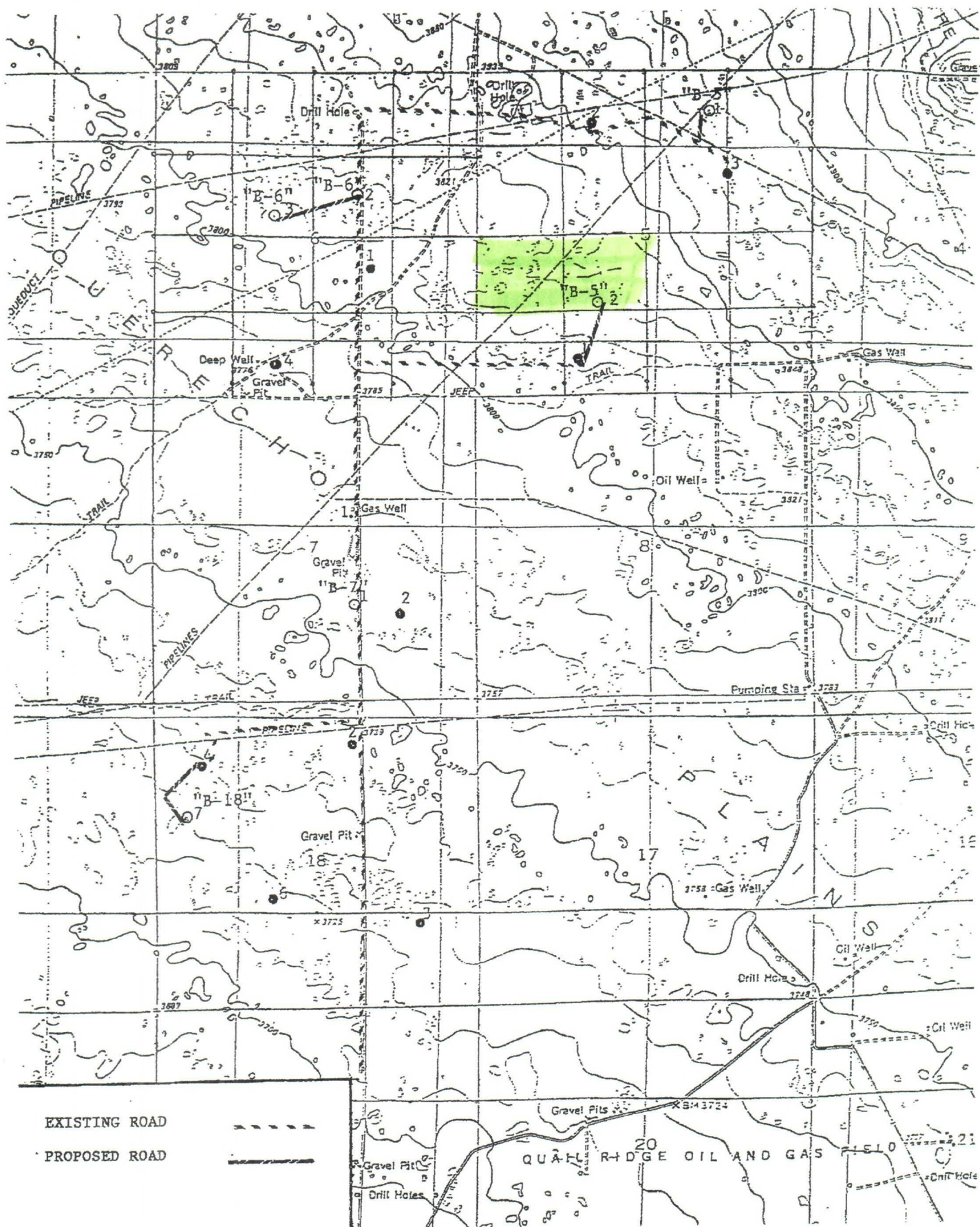
505-391-8503

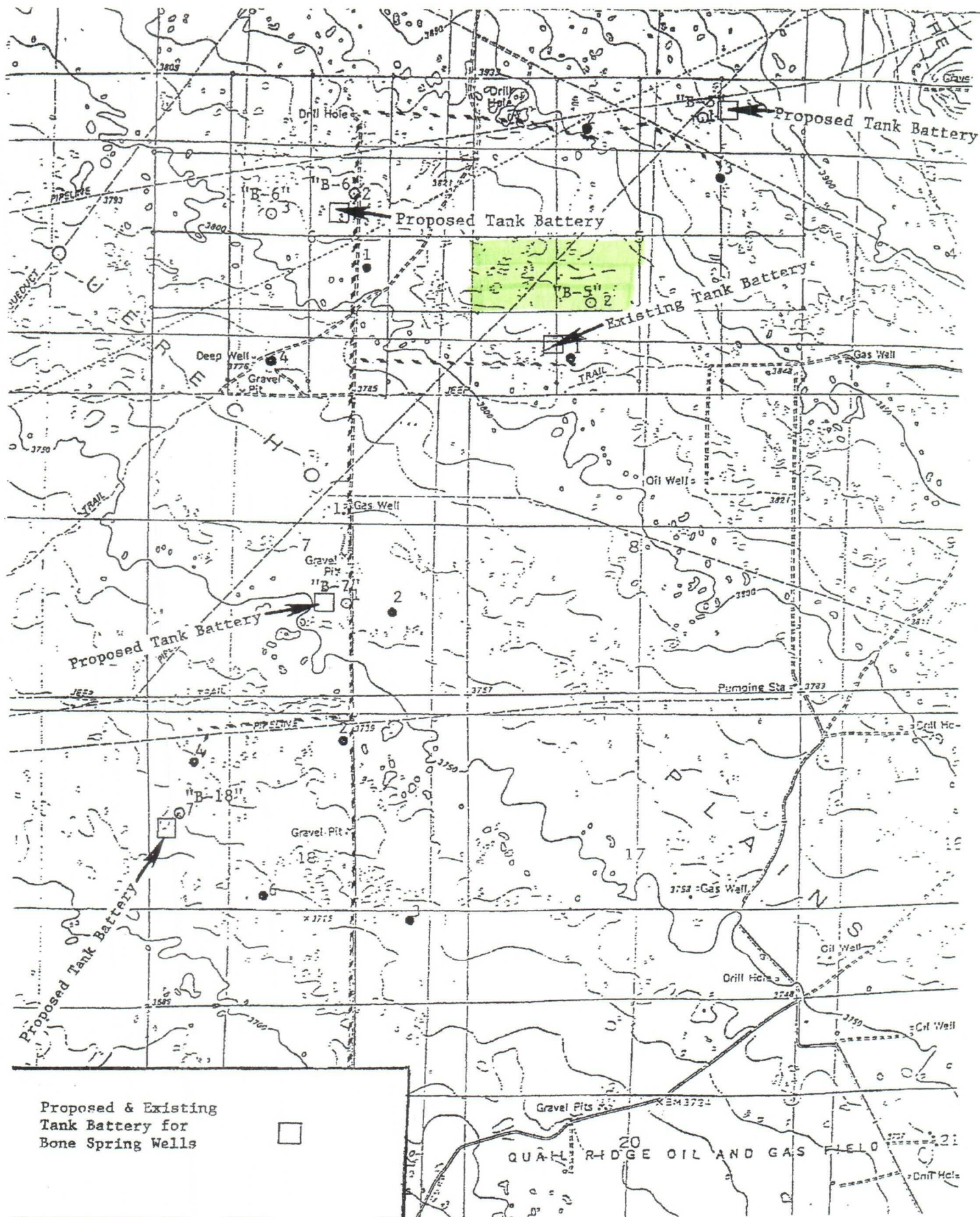
• Fax 505-391-8603

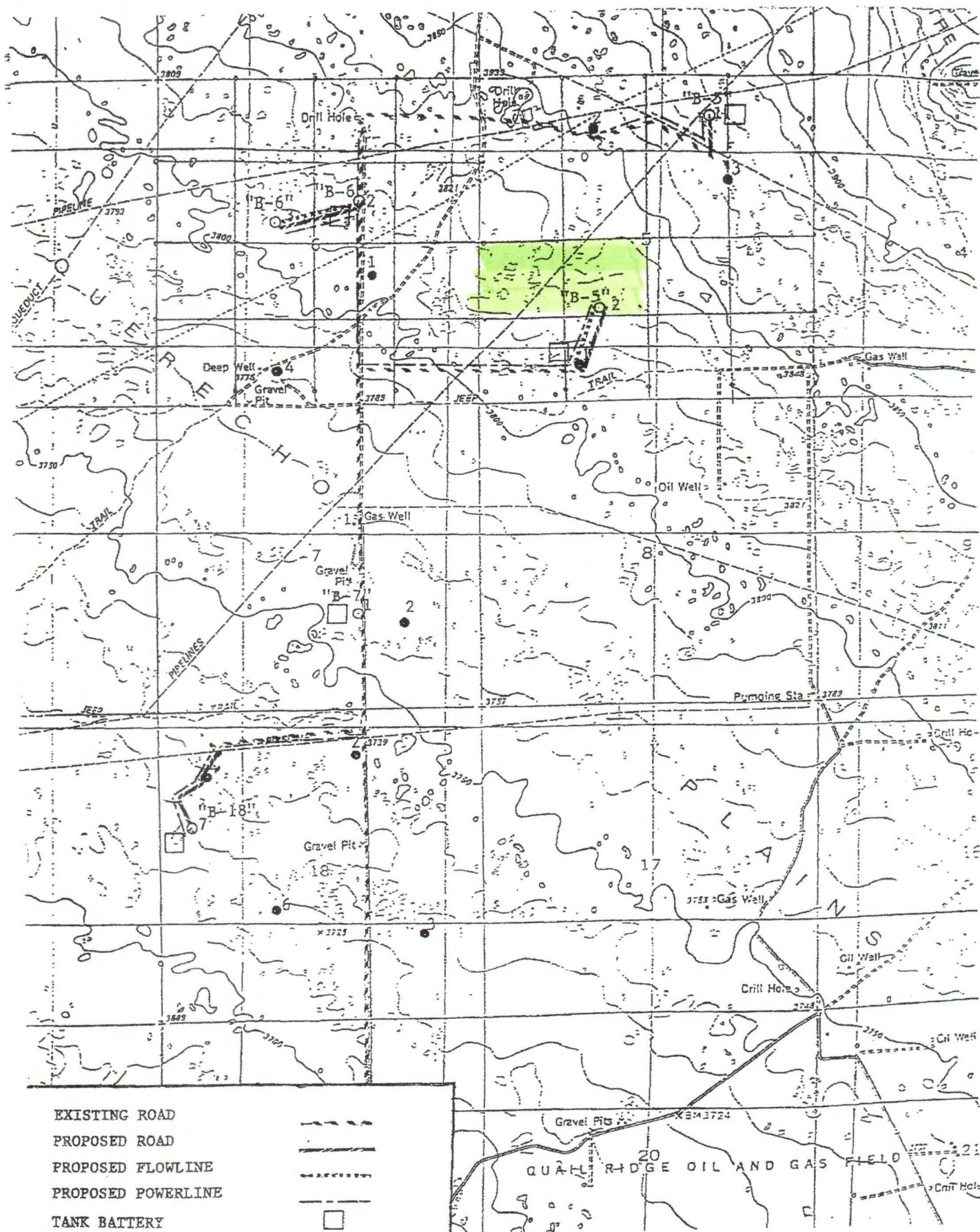
• P.O. BOX 2188 •

Hobbs, New Mexico 88241

EXHIBIT B







SECTION 5, TOWNSHIP 19 SOUTH, RANGE 34 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.

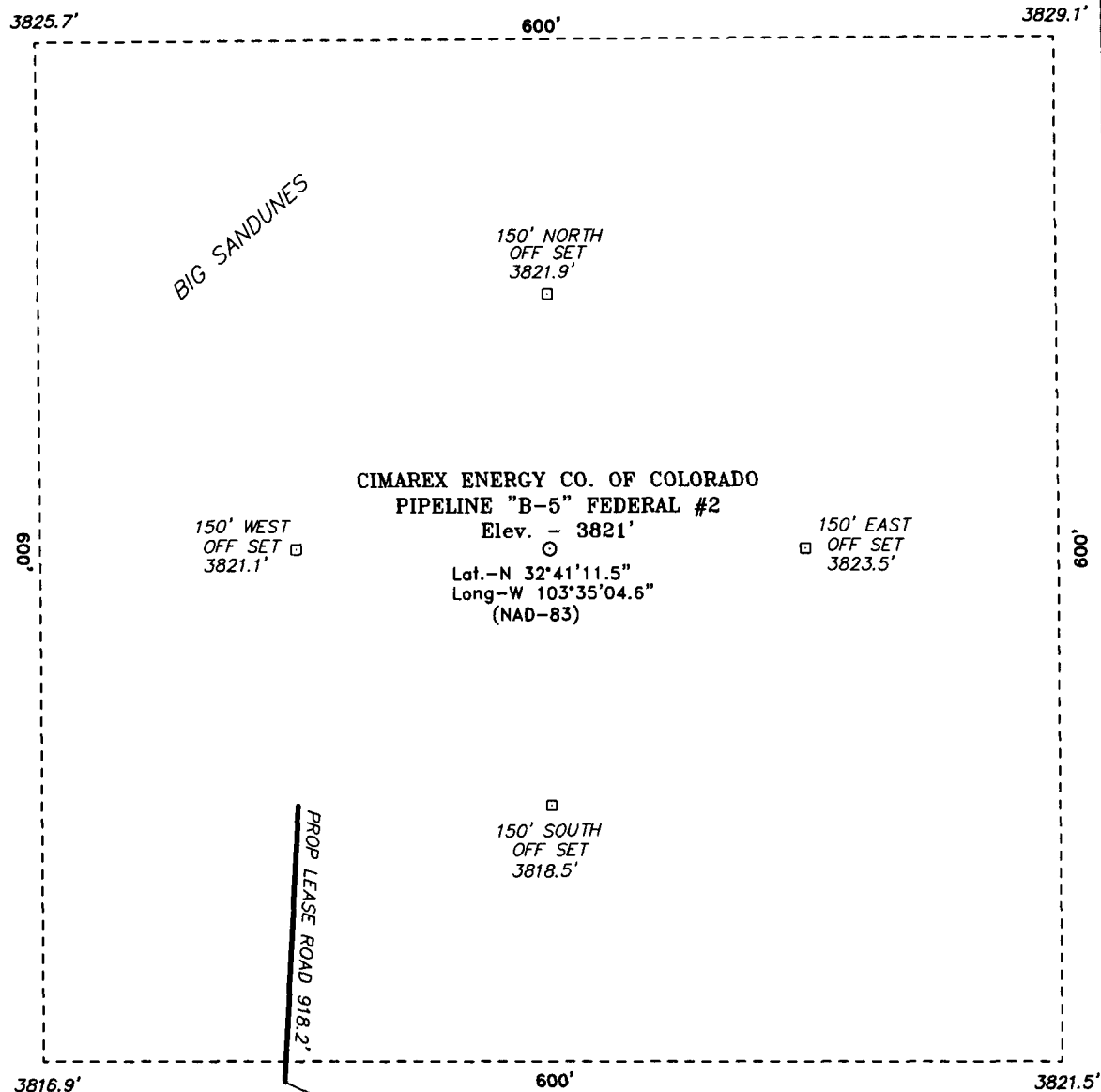
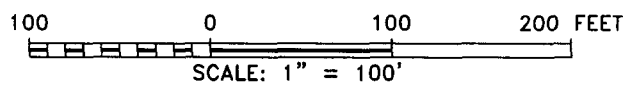


EXHIBIT C



Directions to Location:

FROM THE JUNCTION OF STATE HWY 62-180 AND CO. RD. H55 (SMITH RANCH), PROCEED NORTHWEST 2.1 MILES TO LEASE ROAD, ON LEASE ROAD GO EAST 2.1 MILE TO LEASE ROAD, THENCE NORTH 3.1 MILE TO LEASE ROAD, THENCE EAST 0.3 MILE TO PROPOSED LEASE ROAD AT THE PIPELINE DEEP FEDERAL "5" COM #1.

CIMAREX ENERGY CO. OF COLORADO

REF: PIPELINE "B-5" FEDERAL #2 / WELL PAD TOPO

THE PIPELINE "B-5" FEDERAL No. 2 LOCATED 1650' FROM
THE SOUTH LINE AND 1980' FROM THE WEST LINE OF
SECTION 5, TOWNSHIP 19 SOUTH, RANGE 34 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

BASIN SURVEYS P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: 6643 Drawn By: J. M. SMALL

Date: 06-26-2006 Disk: 6643W

Survey Date: 06-23-2006 Sheet 1 of 1 Sheets

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)

jamesbruce@aol.com

August 10, 2006

Certified Mail – Return Receipt Requested

Quintesa Royalty LP
Suite 500
508 West Wall
Midland, Texas 79701

Ladies and gentlemen:

Cimarex Energy Co. of Colorado has filed an application with the New Mexico Oil Conservation Division seeking an unorthodox oil well location in the Bone Spring formation in the N½SW¼ of Section 5, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico. A copy of the application is enclosed. If you object to the application, you must notify the Division in writing no later than 20 days from the date of this letter (the Division's address is 1220 South St. Francis Drive, Santa Fe, New Mexico 87505). Failure to object will preclude you from contesting this matter at a latter date.

Very truly yours,

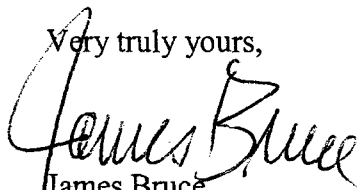

James Bruce
Attorney for Cimarex Energy Co. of Colorado

EXHIBIT D