

DATE <u>4/15/10</u>	SUSPENSE	ENGINEER <u>DB</u>	LOGGED <u>4/15/10</u>	TYPE <u>NSL</u>	APPRO. <u>PW 101035885</u>
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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



Cimrex
W. Shugart 31
Fed Com #3

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 _____

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[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.

James Bruce
 P.O. Box 1056
 Santa Fe, New Mexico 87504

Signature

Attorney for Applicant

Title

Date

jamesbruc@aol.com

e-mail Address

4/14/10

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

April 14, 2010

Mark E. Fesmire, P.E.
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Mr. Fesmire:

Pursuant to Division Rule NMAC 19.15.15.13, Cimarex Energy Co. of Colorado applies for approval of an unorthodox oil well location for the following horizontal well:

<u>Well name:</u>	West Shugart "31" Fed. Com. Well No. 3
<u>Surface location:</u>	280 feet FNL & 660 feet FWL (this is also the penetration point in the Bone Spring)
<u>Bottom hole location:</u>	990 feet FNL & 330 feet FEL
<u>Well unit (project area):</u>	N½N½ of Section 31, Township 18 South, Range 31 East, N.M.P.M., Eddy County, New Mexico

The well is in the Undesignated North Shugart-Bone Spring Pool, which is an oil pool. Under Oil Conservation Division regulations, wells in the pool are spaced on 40 acres, with wells to be no closer than 330 feet to a quarter-quarter section line. A Form C-102 is attached as **Exhibit A**.

The location is due to topographic reasons. There are pipelines in the quarter-quarter section which interfere with an orthodox location. **Exhibit B**. Applicant could move the surface location further east, but that would minimize the length of the horizontal wellbore and affect well economics. **In addition, although the penetration point is unorthodox, the producing interval in the Bone Spring is completely orthodox.**

The affected offset acreage is the NE¼NE¼ of Section 36, Township 18 South, Range 30 East, N.M.P.M. **Exhibit C**. The working interest owner of that acreage is Occidental Permian Limited Partnership, which has been given notice of this application. **Exhibit D**.

Please call me if you have any questions concerning this application.

Very truly yours,


James Bruce

Attorney for Cimarex Energy Co. of Colorado

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 30-015-37350	Pool Code 56405	Pool Name under Shugart; Bone Spring, N
Property Code	Property Name WEST SHUGART "31" FEDERAL COM	Well Number 3
OGRID No. 162683	Operator Name CIMAREX ENERGY CO. OF COLORADO	Elevation 3555'

Surface Location

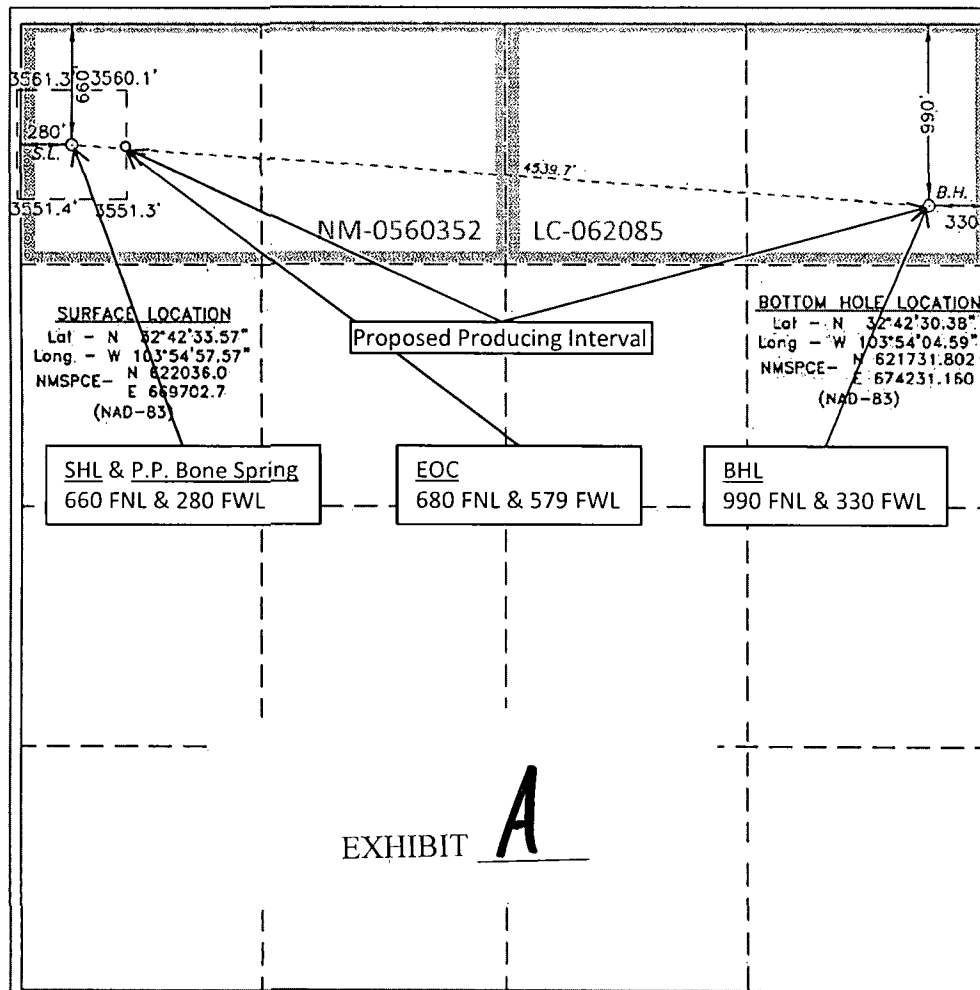
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	31	18 S	31 E		660	NORTH	280	WEST	EDDY

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
A	31	18 S	31 E		990	NORTH	330	EAST	EDDY

Dedicated Acres 160	Joint or Infill	Consolidation Code	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



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 released 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.

10/12/2009

Signature _____ Date _____

Zeno Farris

Printed Name _____

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.

Date Surveyed _____
Signature & Seal of Professional Surveyor

7977

Certificate No. Gary L. Jones 7977

BASIN SURVEYS

SECTION 31, TOWNSHIP 18 SOUTH, RANGE 31 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.

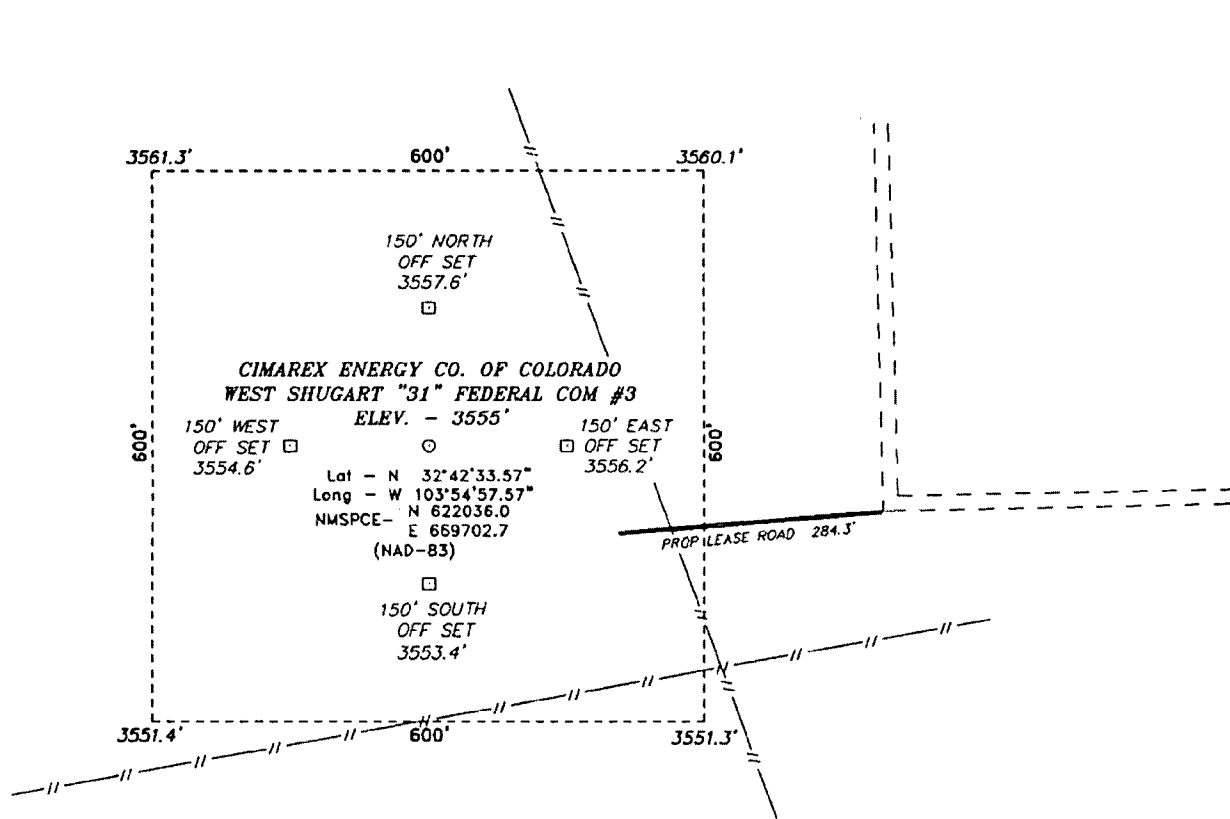
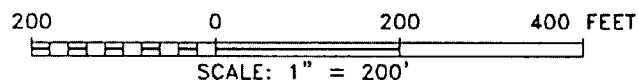


EXHIBIT **B**



Directions to Location:

FROM THE JUNCTION OF SHUGART AND GRUBBS, GO
WEST ON GRUBBS FOR 1.9 MILES TO LEASE ROAD,
ON LEASE ROAD GO SOUTH 0.2 MILES TO PROPOSED
LEASE ROAD.

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

W.O. Number: 21662 Drawn By: J. SMALL

Date: 09-02-2009 Disk: JMS 21662

CIMAREX ENERGY CO. OF COLORADO

REF: WEST SHUGART "31" FEDERAL COM #3 / WELL PAD TOPO

THE WEST SHUGART "31" FEDERAL COM #3 LOCATED 660'

FROM THE NORTH LINE AND 280' FROM THE WEST LINE OF

SECTION 31, TOWNSHIP 18 SOUTH, RANGE 31 EAST,

N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 08-27-2009 Sheet 1 of 1 Sheets

No Bone Spring Wells

West Shugart 31 Fed Com 3

EXHIBIT

C

Application for Unorthodox Well Location
West Shugart 31 Federal Com No. 3
Cimarex Energy Co. of Colorado
31-185-31E
SHL 660 FNL & 280 FWL
BHL 990 FNL & 330 FEL
Shugart; Bone Spring, N (N2N2 160 acres)
Eddy County, NM

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

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

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(505) 982-2151 (Fax)

jamesbruc@aol.com

April 14, 2010

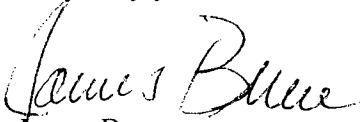
Certified Mail - Return Receipt Requested

Occidental Permian Limited Partnership
Suite 110
5 Greenway Plaza
Houston, Texas 77046

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 N½N½ of Section 31, Township 18 South, Range 31 East, N.M.P.M., Eddy County, New Mexico. A copy of the application is enclosed. You offset the well. 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 later date.

Very truly yours,


James Bruce

Attorney for Cimarex Energy Co. of Colorado

EXHIBIT D