



**MONTGOMERY
& ANDREWS**
LAW FIRM

J. SCOTT HALL

Cell: (505) 670-7362

Email: shall@montand.com

Reply To: Santa Fe Office

www.montand.com

RECEIVED

2010 JAN 13 PM 1 29

January 12, 2010

Mark E. Fesmire, Director
NM Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Case 14439

Re: Application of Cimarex Energy Co. of Colorado
Administrative Approval of Unorthodox Well Location
Poseidon "3" Fed. Well No. 3.
250' FSL & 1330' FWL
Sec. 3, T17S R30E NMPM
Eddy County, New Mexico

Dear Mr. Fesmire:

This firm represents COG Operating LLC, ("COG"). COG is an offset operator whose interests will be adversely affected by the proposed unorthodox location for the referenced well and therefore objects. Pursuant to the provisions of 19.15.15.13 E, COG respectfully requests that the application be dismissed or set for examiner hearing.

Very truly yours,

J. Scott Hall

JSH:kw

cc: James Bruce, Esq.
00152465

REPLY TO:

325 Paseo de Peralta
Santa Fe, New Mexico 87501
Telephone (505) 982-3873 • Fax (505) 982-4289

Post Office Box 2307
Santa Fe, New Mexico 87504-2307

6301 Indian School Road NE, Suite 400
Albuquerque, New Mexico 87110
Telephone (505) 884-4200 • Fax (505) 888-8929

Post Office Box 36210
Albuquerque, New Mexico 87176-6210

DATE IN <u>1-8-10</u>	SUSPENSE	ENGINEER <u>Brooks</u>	LOGGED IN <u>1-8-10</u>	TYPE <u>NSL</u>	PTG <u>W</u> APP NO. <u>1000858881</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



Cimarex
Case 14439

ADMINISTRATIVE APPLICATION CHECKLIST *Poseidon "3" Fed #3*

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]

30-45-36823

[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

James Bruce

Attorney for Applicant

Title

Date

1/8/10

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

January 8, 2010

30-015-36823

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>	Poseidon "3" Fed. Well No. 3
<u>Location:</u>	250 feet FSL & 1330 feet FWL
<u>Well unit (project area):</u>	SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 3, Township 17 South, Range 30 East, N.M.P.M., Eddy County, New Mexico

The well is in the Loco Hills Glorieta-Yeso 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 unorthodox location is based on engineering and topographic reasons. Operators have found that one Glorieta-Yeso well will not adequately drain a well unit, so they often drill 2 or more wells in a well unit, locating the wells at the corners of the quarter-quarter sections. This minimizes any potential interference between wells, and places wells at proper locations for potential waterflood operations. Applicant desired to place the proposed well at an orthodox location in the southwest portion of the well unit, but the Bureau of Land Management required the location be moved to avoid sand dunes.

The well unit SW $\frac{1}{4}$ of Section 3 is covered by Federal Lease LC 060524, **Exhibit B**, so the interest owners in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 3 were not notified of this application. The offset operator in the Glorieta-Yeso formation in the N $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 10 is COG Operating LLC, **Exhibit C**, which has been sent notice of this application. **Exhibit D**.

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

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, prominent "J" and "B".

James Bruce

Attorney for Cimarex Energy Co. of Colorado

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
1301 E. 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	Pool Code 96718	Pool Name Loco Hills; Glorieta-Yeso
Property Code	Property Name POSEIDON "3" FEDERAL	Well Number 3
OGND No. 162683	Operator Name CIMAREX ENERGY CO. OF COLORADO	Elevation 3709'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	3	17 S	30 E		250	SOUTH	1330	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

Dedicated Acres 40	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

<p>EXHIBIT A</p> <p>Poseidon 3 Fed 1 (Proposed) 311 FSL & 104 FWL</p> <p>SURFACE LOCATION Lat - N 32°51'25.08" Long - W 103°57'50.50" NMSPC- N 875895.7 E 854740.4 (NAD-83)</p> <p>Poseidon 3 Fed 9 (Proposed) 990 FSL & 990 FWL</p> <p>LC-065024 060524</p> <p>Poseidon 3 Fed 11 (Proposed) 840 FSL & 2310 FWL</p> <p>Poseidon 3 Fed 3 (Proposed) 250 FSL & 1330 FWL</p> <p>3700.3' 3702.3' 3703.0' 3717.3' 1330'</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>Signature _____ Date 1/7/2010</p> <p>Printed Name Zeno Farris</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>DECEMBER 22, 2009</p> <p>Date Surveyed</p> <p>Signature of Professional Surveyor</p> <p>Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS</p>
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**DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(MASS) Serial Register Page**

RunDate/Time: 01/07/10 03:31 PM

Page 1 of 2

01 02-25-1920;041STAT0437;30USC226
Case Type 310771: O&G EXCHANGE LEASE - PD
Commodity 459: OIL & GAS L
Case Disposition: AUTHORIZED

Total Acres
240.000

Serial Number
NMLC-- 0 060524

Name & Address			Serial Number: NMLC-- 0 060524	
			Int Rel	% Interest
CBS PTNRS LTD	PO BOX 2236	MIDLAND TX 79702	OPERATING RIGHTS	0.000000000
CONOCOPHILLIPS CO	PO BOX 7500	BARTLESVILLE OK 74005	LESSEE	100.000000000
SEELY OIL CO	815 W 10TH ST	FORT WORTH TX 76102	OPERATING RIGHTS	0.000000000
SHIFFLETT OPER CO	214 WEST TEXAS #900	MIDLAND TX 79701	OPERATING RIGHTS	0.000000000
SOUTHWEST ROYALTIES INC	#6 DESTA DR #2100	MIDLAND TX 79705	OPERATING RIGHTS	0.000000000
SQUARE LAKE PTRNS	BOX 3531	MIDLAND TX 79702	OPERATING RIGHTS	0.000000000
XERIC OIL & GAS CORP	PO BOX 352	MIDLAND TX 797020352	OPERATING RIGHTS	0.000000000

Serial Number: NMLC-- 0 060524						
Mer Twp	Rng	Sec	Sr	Suff	Subdivision	
					District/Resource Area	County
						Mgmt Agency
23	0170S	0300E	003		ALIC	SW;
					CARLSBAD FO	EDDY
						BUREAU OF LAND MGMT
23	0170S	0300E	009		ALIC	W2NW;
					CARLSBAD FO	EDDY
						BUREAU OF LAND MGMT

Relinquished/Withdrawn Lands					Serial Number: NMLC-- 0 060524	
23 0170S 0300E 703	FF	SE SEGR;	CARLSBAD FO	EDDY	BUREAU OF LAND	
23 0170S 0300E 710	FF	SE SEGR;	CARLSBAD FO	EDDY	BUREAU OF LAND	

Serial Number: NMLC-- 0 060524						
Pending Office						
Act Date	Code	Action	Action Remarks			
09/21/1942	124	APLN RECD				
10/01/1942	237	LEASE ISSUED				
10/01/1942	496	FUND CODE	05;145003			
10/01/1942	533	RLTY STEP 12.5-32%				
10/01/1942	868	EFFECTIVE DATE				
10/07/1952	650	HELD BY PROD - ACTUAL				
10/07/1952	658	MEMO OF 1ST PROD-ACTUAL				
11/19/1956	102	NOTICE SENT-PROD STATUS				
03/05/1959	700	LEASE SEGREGATED	INTO NMNM074937;			
03/06/1959	232	LEASE COMMITTED TO UNIT	SQUARE LAKE DEEP			
01/26/1984	817	MERGER RECOGNIZED	GEN AMER/PHILLIPS OIL			
08/05/1985	932	TRF OPER RGTS FILED				
09/16/1985	817	MERGER RECOGNIZED	PHILLIPS OIL/PETRO			
07/03/1986	932	TRF OPER RGTS FILED				
09/23/1986	933	TRF OPER RGTS APPROVED	EFF 08/01/86;			
09/23/1986	933	TRF OPER RGTS APPROVED	EFF 09/01/85;			
05/01/1987	963	CASE MICROFILMED	CNUM 101,483 DS			
04/01/1988	909	BOND ACCEPTED	EFF 04/01/88;ES0128			
08/31/1988	974	AUTOMATED RECORD VERIF	AT/JR			
08/27/1990	932	TRF OPER RGTS FILED	PHILLIPS/SW RLTY			
09/27/1990	933	TRF OPER RGTS APPROVED	EFF 09/01/90;			
09/27/1990	974	AUTOMATED RECORD VERIF	GLC/MT			
11/07/1991	909	BOND ACCEPTED	EFF 10/28/91;NM1936			
01/01/1993	621	RLTY RED-STRIPPER WELL	1.3%;/1/			
04/05/1993	625	RLTY REDUCTION APPV	/1/			
05/19/1993	974	AUTOMATED RECORD VERIF	JS			
01/27/1994	974	AUTOMATED RECORD VERIF	VHG			
02/10/1994	974	AUTOMATED RECORD VERIF	KRP			

EXHIBIT **B**

NO WARRANTY IS MADE BY BLM
FOR USE OF THE DATA FOR
PURPOSES NOT INTENDED BY BLM

**DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(MASS) Serial Register Page**

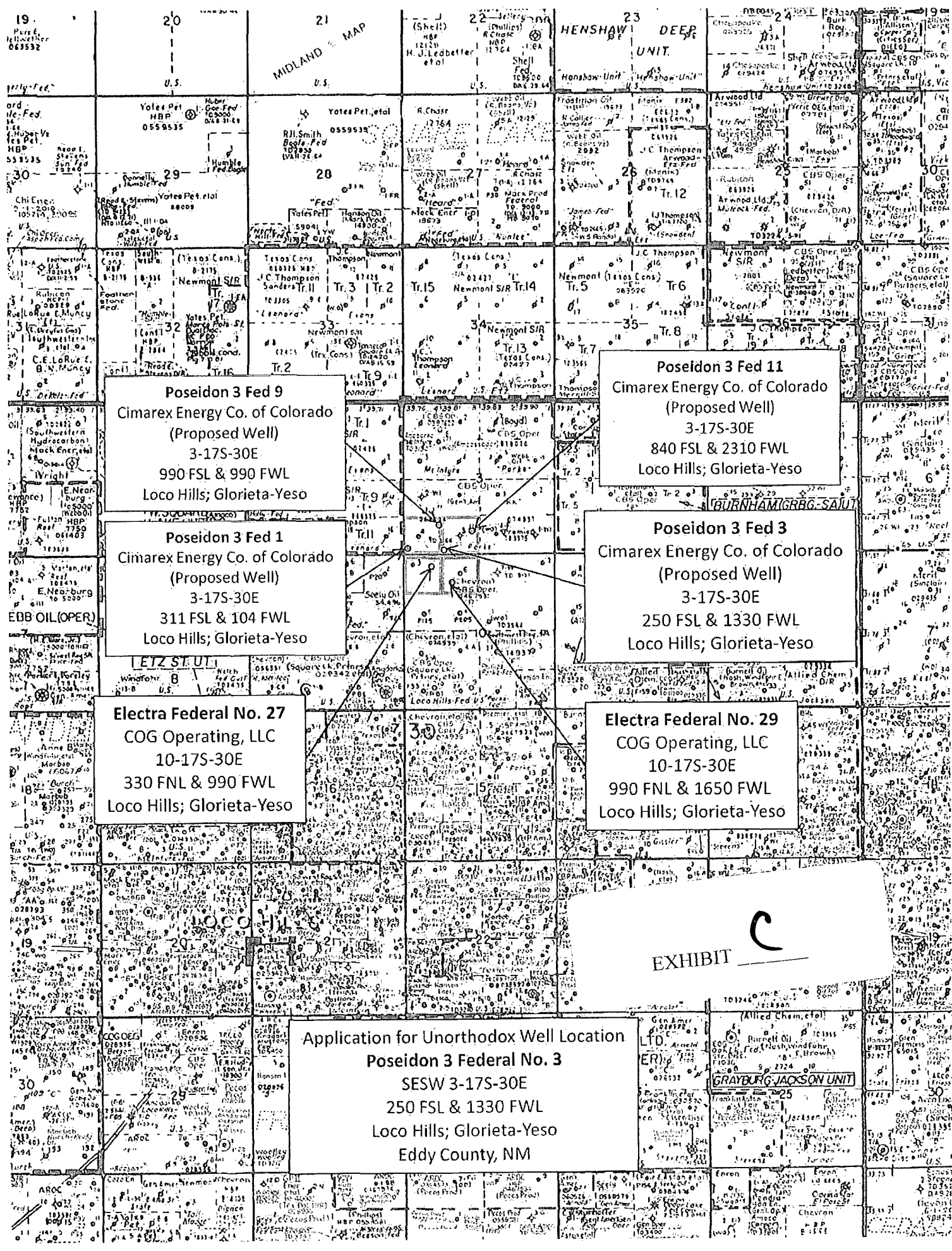
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Page 2 of 2

10/23/1995	932	TRF OPER RGTS FILED	ANADARKO/XERIC O&G	
12/13/1995	933	TRF OPER RGTS APPROVED	EFF 11/01/95;	
12/13/1995	974	AUTOMATED RECORD VERIF	ANN	
09/23/1996	899	TRF OF ORR FILED		
08/21/1997	932	TRF OPER RGTS FILED	XERIC/SQUARE LAKE	
09/10/1997	932	TRF OPER RGTS FILED	EFF 09/01/97;	
09/10/1997	974	AUTOMATED RECORD VERIF	ANN	
09/14/1998	084	RENTAL RECEIVED BY MMS	\$240.00;21/0000000063	
12/10/1998	909	BOND ACCEPTED	EFF 09/28/98;NM2683	
12/15/1998	932	TRF OPER RGTS FILED	SW ROY/SHIFFLETT	
01/08/1999	933	TRF OPER RGTS APPROVED	EFF 01/01/99;	
01/08/1999	974	AUTOMATED RECORD VERIF	ANN	
08/23/1999	084	RENTAL RECEIVED BY MMS	\$240.00;21/0000000076	
09/28/2000	084	RENTAL RECEIVED BY MMS	\$240.00;21/93	
02/08/2001	932	TRF OPER RGTS FILED	RIP OIL/SEELY OIL	
03/16/2001	933	TRF OPER RGTS APPROVED	EFF 03/01/01;	
03/16/2001	974	AUTOMATED RECORD VERIF	JLV	
09/04/2001	084	RENTAL RECEIVED BY MMS	\$240.00;21/107	
11/18/2002	932	TRF OPER RGTS FILED	SQUARE LAKE/CBS	
01/16/2003	817	MERGER RECOGNIZED	CONOCO/CONOCOPHILLIPS	
03/24/2003	932	TRF OPER RGTS FILED	WELLER ENE/CBS PTNRS	
05/30/2003	933	TRF OPER RGTS APPROVED	EFF 12/01/02;	
05/30/2003	974	AUTOMATED RECORD VERIF	MV	
06/06/2003	933	TRF OPER RGTS APPROVED	EFF 04/01/03;	
06/06/2003	974	AUTOMATED RECORD VERIF	LR	
05/01/2004	621	RLTY RED-STRIPPER WELL	1.3%;/2/	
12/01/2004	625	RLTY REDUCTION APPV	/2/	
12/10/2004	974	AUTOMATED RECORD VERIF	BCO	
07/01/2005	621	RLTY RED-STRIPPER WELL	1.3%;/3/	
09/22/2006	625	RLTY REDUCTION APPV	/3/	
11/15/2006	974	AUTOMATED RECORD VERIF	ANN	
10/01/2009	932	TRF OPER RGTS FILED	CONOCOPHI/MAGNUM HU;1	FLUIDS TEAM
12/04/2009	932	TRF OPER RGTS FILED	CONOCOPHI/MAGNUM HU;1	FLUIDS TEAM

Line Nr Remarks Serial Number: NMLC-- 0 060524

0002	05/30/2003 - BONDED LESSEE
0004	PHILLIPS PETROLEUM CO ES0048/NW
0005	BONDED OPERATORS - PER AFMSS
0006	06/06/2003 - GP II ENERGY INC - NM1913 - S/W;
0007	SEELY OIL CO - NM1816 - S/W;
0008	BONDED LESSEE - PER ABSS
0009	06/06/2003 - CONOCOPHILLIPS CO - ES0085 - N/W;



Poseidon 3 Fed 9
Cimarex Energy Co. of Colorado
(Proposed Well)
3-17S-30E
990 FSL & 990 FWL
Loco Hills; Glorieta-Yeso

Poseidon 3 Fed 1
Cimarex Energy Co. of Colorado
(Proposed Well)
3-17S-30E
311 FSL & 104 FWL
Loco Hills; Glorieta-Yeso

Electra Federal No. 27
COG Operating, LLC
10-17S-30E
330 FNL & 990 FWL
Loco Hills; Glorieta-Yeso

Poseidon 3 Fed 11
Cimarex Energy Co. of Colorado
(Proposed Well)
3-17S-30E
840 FSL & 2310 FWL
Loco Hills; Glorieta-Yeso

Poseidon 3 Fed 3
Cimarex Energy Co. of Colorado
(Proposed Well)
3-17S-30E
250 FSL & 1330 FWL
Loco Hills; Glorieta-Yeso

Electra Federal No. 29
COG Operating, LLC
10-17S-30E
990 FNL & 1650 FWL
Loco Hills; Glorieta-Yeso

Application for Unorthodox Well Location
Poseidon 3 Federal No. 3
SESW 3-17S-30E
250 FSL & 1330 FWL
Loco Hills; Glorieta-Yeso
Eddy County, NM

EXHIBIT

C

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

January 8, 2010

Certified Mail - Return Receipt Requested

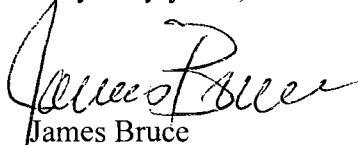
Read & Stevens, Inc.
P.O. Box 1518
Roswell, New Mexico 88202

Attention: Robert Watson

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 SE¼SW¼ of Section 3, Township 17 South, Range 30 East, N.M.P.M., Eddy 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 later date.

Very truly yours,



James Bruce

Attorney for Cimarex Energy Co. of Colorado

EXHIBIT

D

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Monday, January 11, 2010 11:46 AM
To: 'jamesbruc@aol.com'
Subject: Cimarex Energy Co. of Colorado - Poseidon 3 Federal Well #3; NSL Application

Dear Jim

The initial paragraph of your letter application regarding this proposed well refers to "the following horizontal well," and identifies a 40-acre "Well unit (project area)." However, nothing else in the application (including the C-102, which does not identify a bottom-hole location) seems consistent with this being a horizontal well.

If this is indeed intended to be a horizontal well, please provide the location of the "point of penetration" and "terminus." Otherwise, I will process it as an application for approval of a vertical well at the stated surface location.

Sincerely,

David

Brooks, David K., EMNRD

From: jamesbruc@aol.com
Sent: Monday, January 11, 2010 11:57 AM
To: Brooks, David K., EMNRD
Subject: Re: Cimarex Energy Co. of Colorado - Poseidon 3 Federal Well #3; NSL Application
Attachments: cimarex-adapp-uol-poseidon.docx

David: I cribbed it from another application. Here is a corrected application, which I will also send to the offset. It is a vertical well.

Jim

-----Original Message-----

From: Brooks, David K., EMNRD <david.brooks@state.nm.us>
To: jamesbruc@aol.com
Sent: Mon, Jan 11, 2010 11:46 am
Subject: Cimarex Energy Co. of Colorado - Poseidon 3 Federal Well #3; NSL Application

Dear Jim

The initial paragraph of your letter application regarding this proposed well refers to "the following horizontal well," and identifies a 40-acre "Well unit (project area)." However, nothing else in the application (including the C-102, which does not identify a bottom-hole location) seems consistent with this being a horizontal well.

If this is indeed intended to be a horizontal well, please provide the location of the "point of penetration" and "terminus." Otherwise, I will process it as an application for approval of a vertical well at the stated surface location.

Sincerely,

David

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