

ABOVE THIS LINE FOR DIVISION USE ONLY

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



564

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]

2007 APR 25 PM 2 01

[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.

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

James Bruce Attorney for Applicant
 Signature Title Date 4/25/07

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

April 25, 2007

Hand delivered

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

Dear Mr. Fesmire:

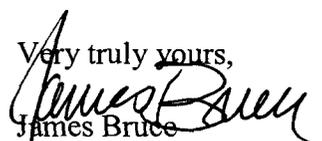
Pursuant to Division Rule 104.F(2), Cimarex Energy Co. applies for approval of an unorthodox oil well location for the following well:

<u>Well:</u>	Indiana Avenue 13B-32-21-10 Well No. 1
<u>Location:</u>	479 feet FSL & 1172 feet FWL
<u>Well Unit:</u>	SW $\frac{1}{4}$ SW $\frac{1}{4}$ §32-32 ²¹ N-10W, San Juan County, New Mexico

The well will be drilled to a depth sufficient to test the Entrada formation, which is an oil bearing zone. The Entrada formation is spaced on statewide rules, with wells to be located no closer than 330 feet to a quarter-quarter section line. A Form C-102 for the well is attached as Exhibit A.

The location is based on geologic reasons. A geological discussion, with appropriate maps, is attached as Exhibit B.

The S $\frac{1}{2}$ of Section 32 is subject to State Lease V-7948 (see Exhibit C), which has common ownership. Therefore, there is no adversely affected offset, and notice of this application has not been given to anyone.

Very truly yours,

James Bruce

Attorney for Cimarex Energy Co.

District I
1625 N. French Dr. Hobbs, NM 88240
District II
1301 W. Grand Ave. Artesia, NM 88210
District III
10 Rio Brazos Rd. Aztec, NM 87410
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Mining Resources Department
OIL CONSERVATION DIVISION
2040 South Pacheco
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

APA Number		Pool Code		Pool Name	
Property Code	Property Name			Well Number	
	Indiana Ave 13B-32-21-10			1	
OGRID No.	Operator Name			Elevation	
	CIMAREX ENERGY CO.			6208	

Surface Location

UL or Lot	Sec.	Twp.	Rge.	Lot Id.	Feet from >	North/South	Feet from >	East/West	County
M	32	21 N.	10 W.		479'	South	172	West	San Juan

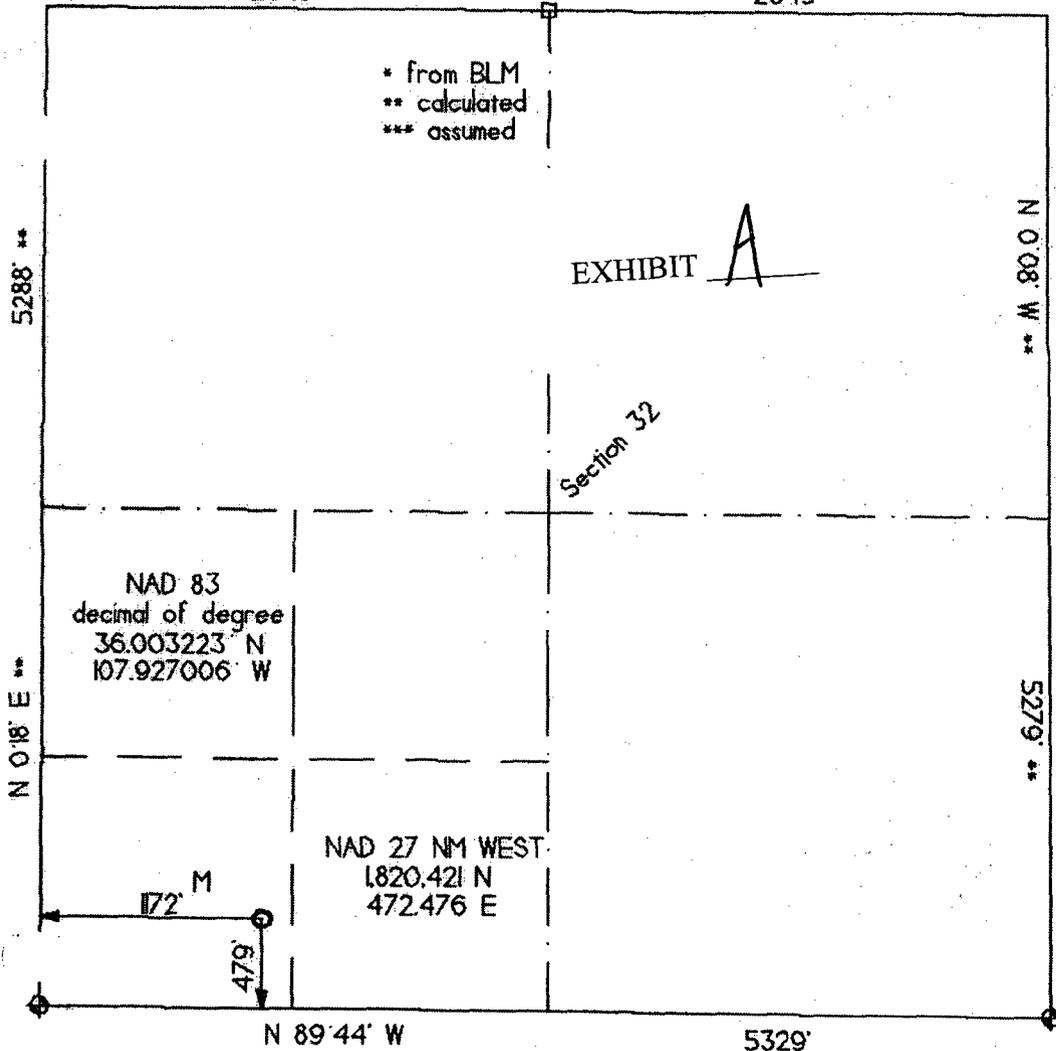
Bottom Hole Location If Different From Surface

UL or Lot	Sec.	Twp.	Rge.	Lot Id.	Feet from >	North/South	Feet from >	East/West	County

Dedicated Acres	Joint or Infill	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.

2645' * N 89°38'W * 2645' *



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 unleased mineral interest in the land including the bottom hole 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, or to a voluntary pool agreement or a compulsory pooling order heretofore entered by the division.

Date _____

Signature _____

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 of survey rev: 03 02 '07

Signature and Seal of Professional Surveyor

GERALD G. HOODLESTON
NEW MEXICO
6844
REGISTERED LAND SURVEYOR

Certificate Number 6844

The following discussion is in reference to the Top Entrada structure map concerning the Indiana Ave Entrada prospect, and the position of the Indiana 13B-32-21-10 offset development well.

As shown on the Entrada map, the initial test well, Indiana Ave 13A-32-21-10; will be optimally located at the highest position on the Entrada Dune prospect. To locate a second development well, and still maintain as high a position as possible in relationship to the mapped Entrada Dune, the Indiana 13B well was positioned at its current location, and only give up only 10 feet of structural elevation. The well would then remain in a "flattish" portion near the top of the Entrada dune. As the map also demonstrates, to move this well any further in any other direction, the result would be to rapidly fall off the top of the structural feature; and therefore result in a much reduced potential hydrocarbon pay interval in which to complete and produce the well. Such a condition would and could remarkably reduce the ultimate reserves of Oil the well would produce, and significantly impact the economic viability of the well.

EXHIBIT B

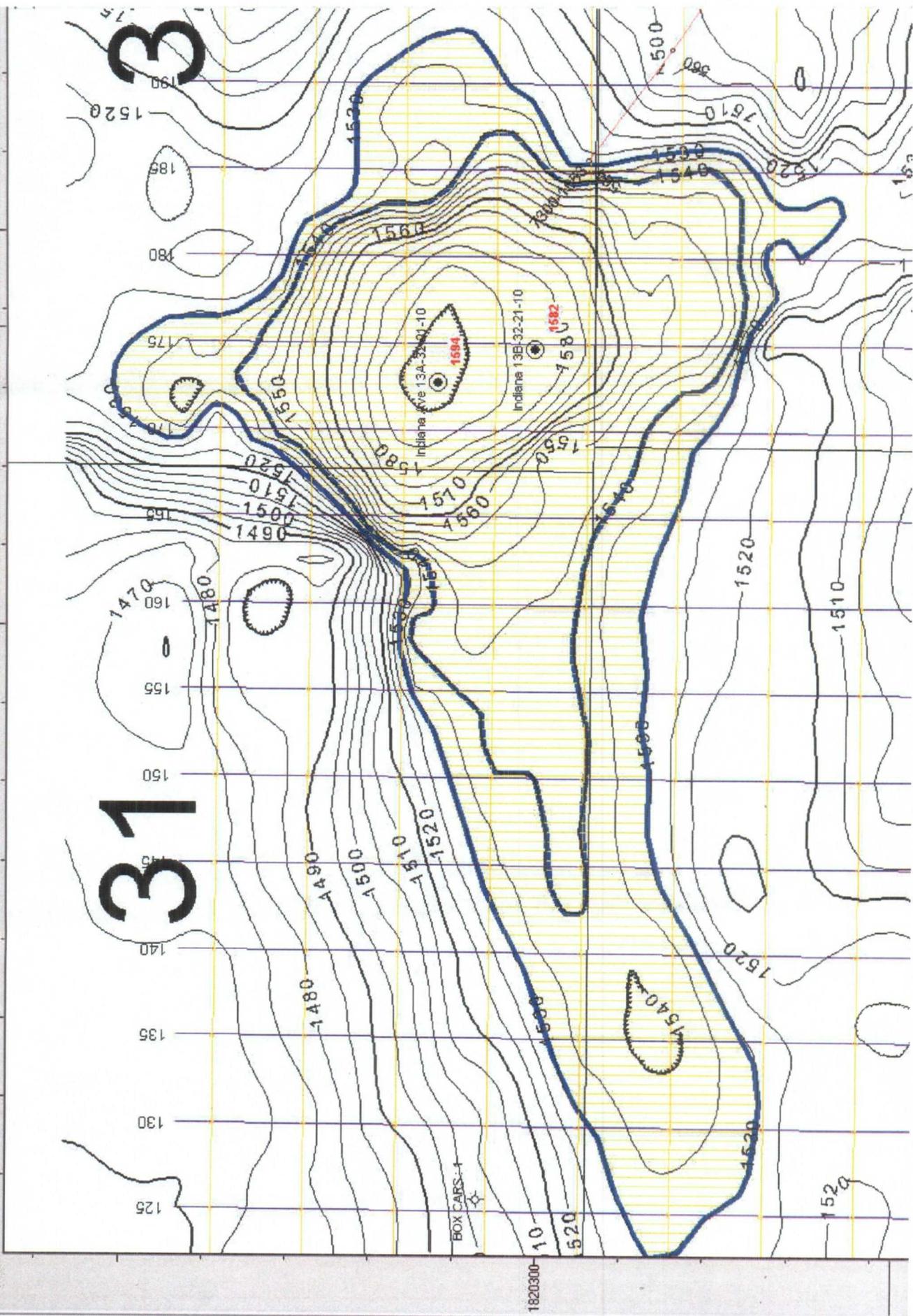
Created with HyperSnap-DX 4
To avoid this stamp, buy a license at
<http://www.hyperionics.com>

Fadaja 3D Area Top

Horizon: Fadaja 3D Top Todilto Pk (Iethridge) (DarkGreen), Data Type: migration (Active Contour: Fadaja 3D Area Top Entrada 55 (6000 - 2 27 07 depth map 6000 datum) 5 (Iethridge) (Black), Data

XY: Feet

470300



8 Records found.

Lease Number:

V0-7948-0000

Company name: CIMAREX ENERGY CO.
 Company ID: 215099
 Assigned from: N/A
 Total acres: 320.00
 Prod stat: N/A

Lease term:

Lease term: FIVE(5) YEAR TERM, 1/6th ROYALTY
 Issue date: 1/1/2007
 Termination date: Active
 Termination reason: N/A
 Current term: Primary Term

Billing information:

Bill to: CIMAREX ENERGY CO.
 Rent per acre: 1.00
 Billing frequency: Annual
 Minimum annual rent: 320.00
 Last bill date: 1/1/2007
 Next bill date: 1/1/2008
 Escalation: 0

Land information:

Section	Township	Range	Unit Letter	Lot	Tract	Acreage
32	21N	10W	I			40.00
			J			40.00
			K			40.00
			L			40.00
			M			40.00
			N			40.00
			O			40.00
			P			40.00

EXHIBIT C