

DATE IN <u>11/23/09</u>	SUSPENSE	ENGINEER <u>Brooks</u>	LOGGED IN <u>11/23/09</u>	TYPE <u>NSL</u>	PTGW APP NO <u>0932755012</u>
-------------------------	----------	------------------------	---------------------------	-----------------	----------------------------------

ABOVE THIS LINE FOR DIVISION USE ONLY

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



Cimavex

Eddy  
6125

**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]

Cotton Wood Draw "22"  
Fed Com. #5

- [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

2009 NOV 23 P 1:37  
 RECEIVED OOD

[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  
 Signature

Attorney for Applicant  
 Title  
11/23/09  
 Date  
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](mailto:jamesbruc@aol.com)

November 23, 2009

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>	Cottonwood Draw "22" Fed. Well No. 5
<u>Surface location:</u>	530 feet FNL & 210 feet FEL (this is also the penetration point in the Bone Spring formation)
<u>Bottom hole location:</u>	330 feet FSL & 660 feet FEL
<u>Well unit (project area):</u>	E½E½ of Section 22, Township 25 South, Range 26 East, N.M.P.M., Eddy County, New Mexico

The well will test the Bone Spring formation (Wildcat Bone Spring). Under the Division's statewide rules, spacing is 40 acres, with wells to be at least 330 feet from a quarter-quarter section line. A Form C-102 is attached as **Exhibit A**.

The location is based on both topographical and geologic reasons. The well is located just off the well pad for applicant's Cottonwood "22" Fed. Well No. 3, a horizontal Delaware test with a surface location 530 feet FNL & 210 feet FEL of Section 22. **Exhibit B**. Applicant desired to place the well's surface location west of the Cottonwood "22" Fed. Well No. 3. However, due to its closeness to South Hackberry Draw (**Exhibit C**), the BLM wouldn't allow that location because there was too much relief, requiring an excessive amount of cut and fill. Moving the surface location to the south would shorten the lateral portion of the wellbore.

The proposed well is applicant's first Bone Spring test in the area, and the well was spotted in NE¼ of Section 22 for optimum geology: The only Bone Spring data is to the north and east of

the proposed well, so they do not want to locate the initial portion of the wellbore in the SE¼SE¼ of Section 22.

Attached as **Exhibit D** is a land plat and lease information from the BLM's records. The proposed well is unorthodox only in the E½NE¼ of Section 22. Therefore, the affected offset acreage is the W½NW¼ of Section 23, covered by Federal Lease NM 94076. The interest owners in each well unit, as to the Bone Spring formation, are the United States (RI), Chevron U.S.A. Inc. (ORRI), and Cimarex Energy Co. (WI). However, Chevron's overriding royalty is greater in the W½NW¼ of Section 23 than in the E½E½ of Section 22. Therefore, notice of this application has been sent to Chevron **Exhibit E**.

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  
1025 N. Fourth St., Santa Fe, NM 87503

DISTRICT II  
1201 W. Grand Avenue, Alameda, NM 87012

DISTRICT III  
1020 Rio Grande Blvd., Artes, NM 87410

DISTRICT IV  
1001 E. St. Francis Blvd., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised October 15, 2008

Submit one copy to appropriate District Office

**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

AMENDED REPORT

API Number	Well Code	Well Name
Property Code	Property Name	Well Number
OCRID No.	Operator Name	Elevation
162683	COTTONWOOD DRAW "22" FEDERAL COM	5
	CIMAREX ENERGY CO. OF COLORADO	3332'

Surface Location

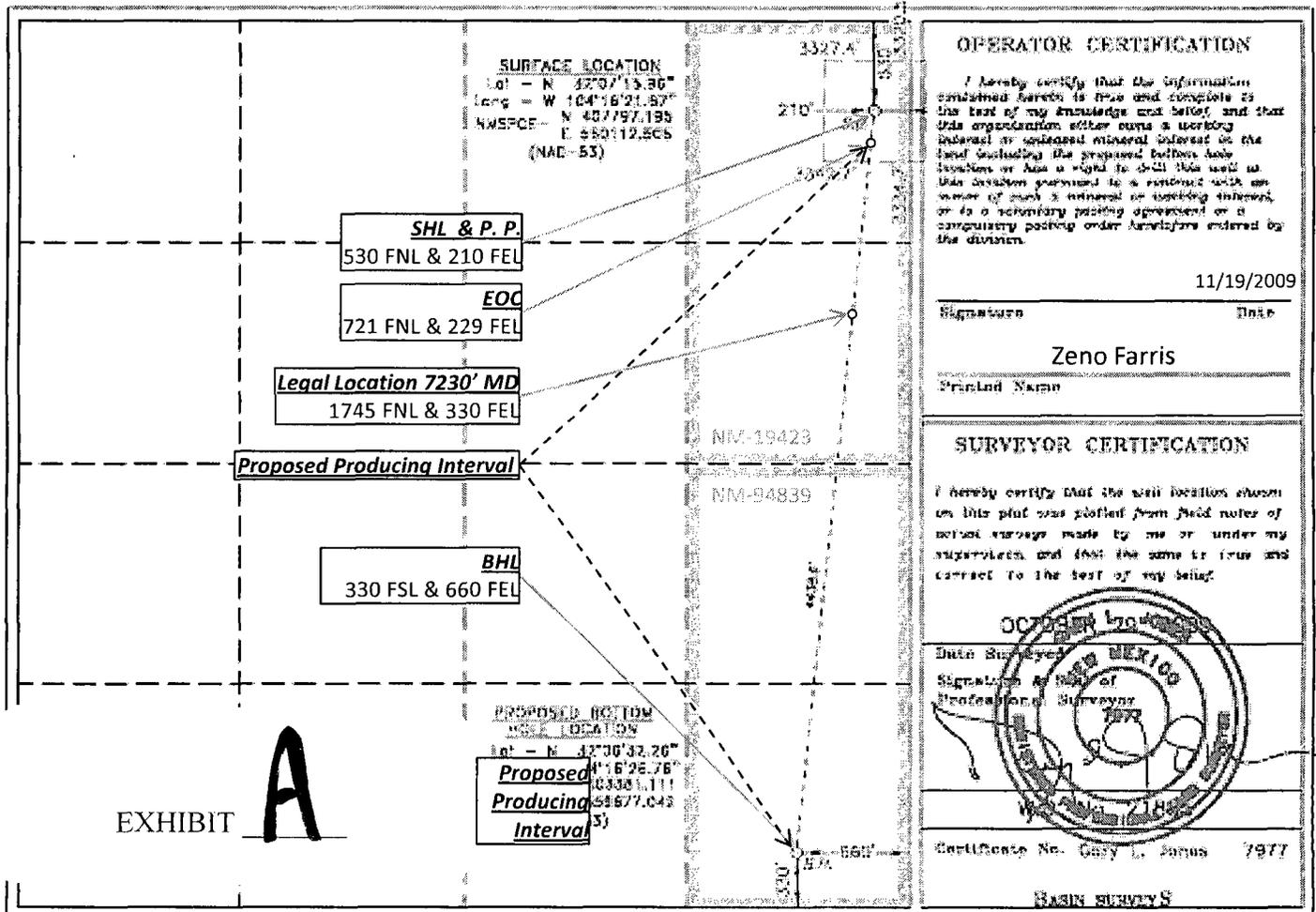
UL or lot No.	Section	Township	Range	Lot No.	Feet from the	North/South line	Feet from the	East/West line	County
A	22	25 S	26 E		530	NORTH	210	EAST	EDDY

Bottom Hole Location if Different From Surface

UL or lot No.	Section	Township	Range	Lot No.	Feet from the	North/South line	Feet from the	East/West line	County
P	22	25 S	26 E		330	SOUTH	660	EAST	EDDY

Indicated Acres	Joint or Leases	Consolidation Code	Order No.
160			

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



SECTION 22, TOWNSHIP 25 SOUTH, RANGE 26 EAST, N.M.P.M.,  
 EDDY COUNTY, NEW MEXICO.

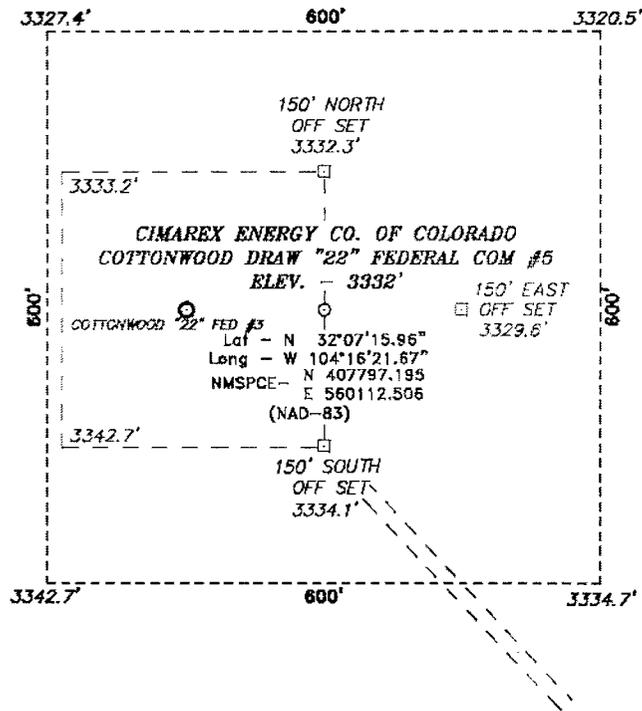
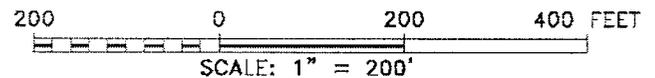


EXHIBIT **B**



Directions to Location:

FROM THE JUNCTION OF MEANS AND PRICKLY PEAR, GO EASTERLY 4.7 MILES PRICKLY PEAR TO LEASE ROAD, ON LEASE ROAD GO EAST 0.6 MILES TO LEASE ROAD, ON LEASE ROAD GO NORTHWEST 0.1 MILES TO WELL PAD, CONTINUE NORTHWEST 0.2 MILES TO #3 LOCATION AND PROPOSED LOCATION.

**CIMAREX ENERGY CO. OF COLORADO**

REF: COTTONWOOD DRAW "22" FEDERAL COM #5 / WELL PAD TOPO

THE COTTONWOOD DRAW "22" FEDERAL COM #5 LOCATED 530'

FROM THE NORTH LINE AND 210' FROM THE EAST LINE OF

SECTION 22, TOWNSHIP 25 SOUTH, RANGE 26 EAST,

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

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

W.O. Number: 21885

Drawn By: J. SMALL

Date: 10-30-2009

Disk: JMS 21885

Survey Date: 10-29-2009

Sheet 1 of 1 Sheets

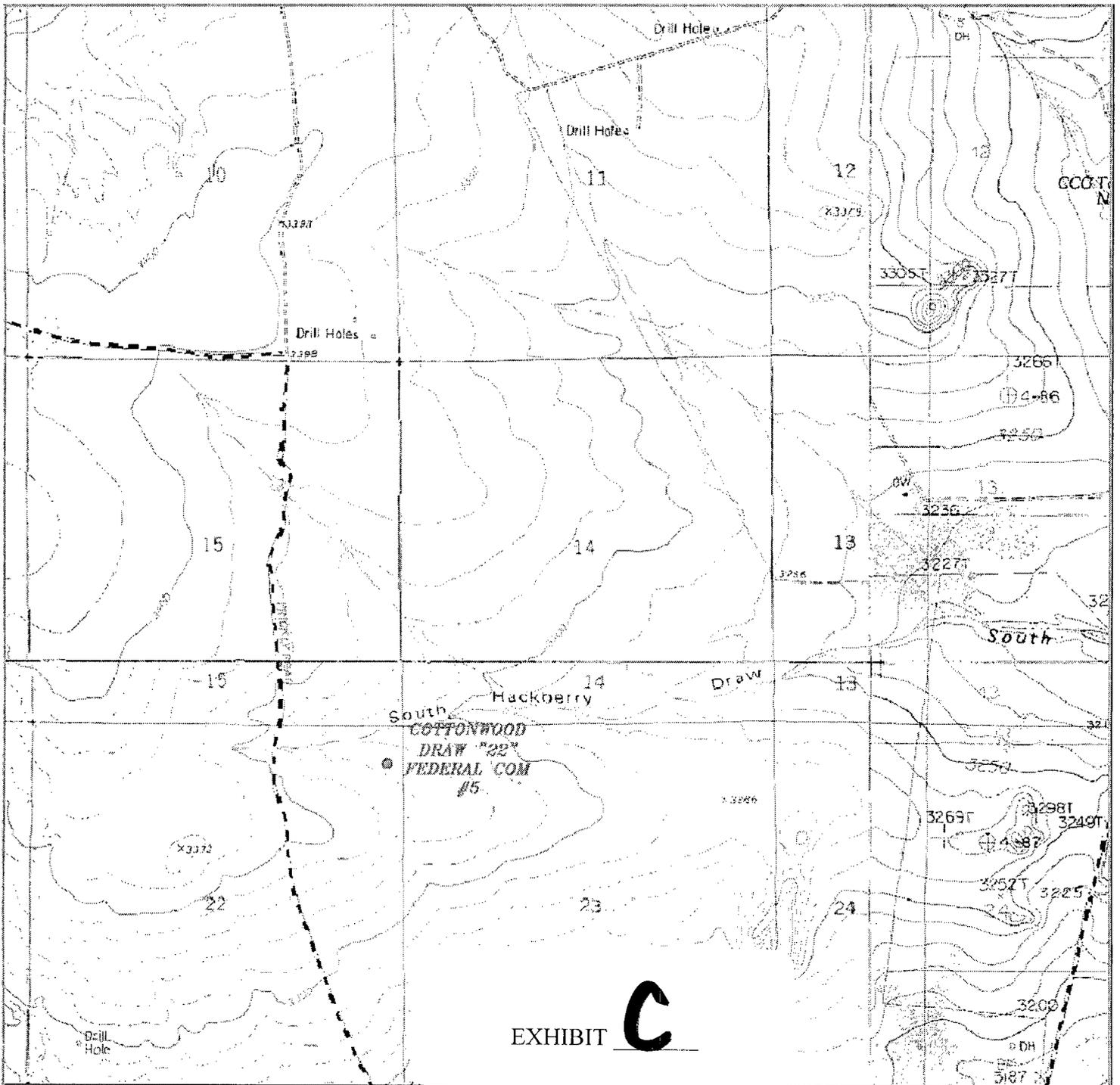


EXHIBIT **C**

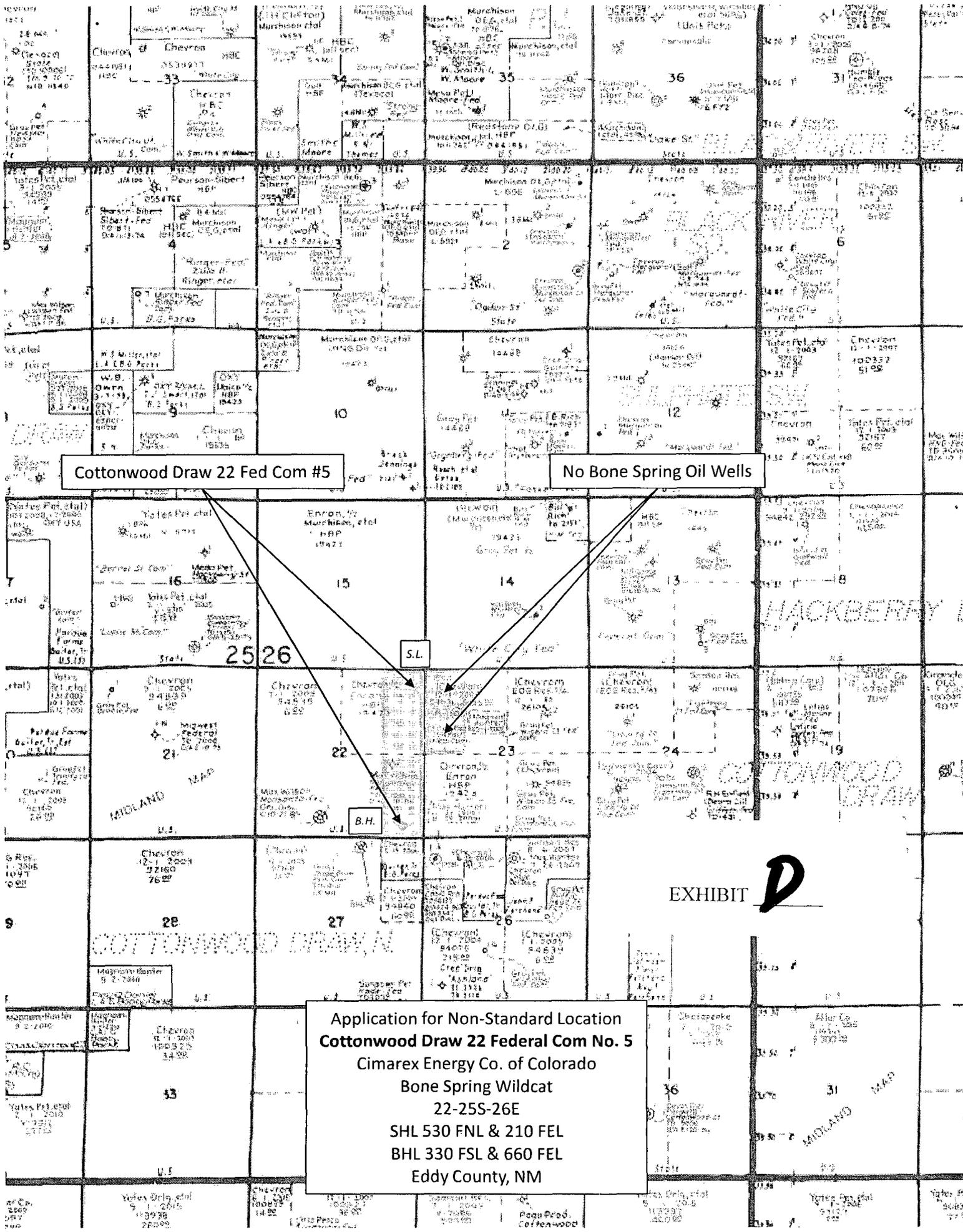
COTTONWOOD DRAW "22" FEDERAL COM #5  
 Located 530' FNL and 210' FEL  
 Section 22, Township 25 South, Range 26 East,  
 N.M.P.M., Eddy County, New Mexico.

**Basin surveys**  
 focused on excellence  
 in the oilfield

P.O. Box 1786  
 1120 N. West County Rd.  
 Hobbs, New Mexico 88241  
 (575) 393-7316 - Office  
 (575) 392-2208 - Fax  
 basin-surveys.com

W.C. Number:	JMS 21695
Survey Date:	10-29-2009
Scale:	1" = 2000'
Date:	10-30-2009

**CIMAREX  
 ENERGY CO.  
 OF COLORADO**



Cottonwood Draw 22 Fed Com #5

No Bone Spring Oil Wells

MIDLAND MAP

HACKBERRY

COTTONWOOD DRAW

COTTONWOOD DRAW

EXHIBIT **D**

Application for Non-Standard Location  
**Cottonwood Draw 22 Federal Com No. 5**  
 Cimarex Energy Co. of Colorado  
 Bone Spring Wildcat  
 22-25S-26E  
 SHL 530 FNL & 210 FEL  
 BHL 330 FSL & 660 FEL  
 Eddy County, NM

MIDLAND

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

RunDate/Time: 11/23/09 10:37 AM

Page 1 of 1

**01 12-22-1987;101STAT1330;30USC181 ET SE**  
**Case Type 312021: O&G LSE COMP PD -1987**  
**Commodity 459: OIL & GAS L**  
**Case Disposition: AUTHORIZED**

**Total Acres**  
**360.000**

**Serial Number**  
**NMNM-- - 094076**

Serial Number: NMNM-- - 094076

**Name & Address**

**Int Rel % Interest**

CHEVRON USA PROD CO	PO BOX 1635	HOUSTON TX 772511635	LESSEE	100.00000000
---------------------	-------------	----------------------	--------	--------------

Serial Number: NMNM-- - 094076

Mer Twp	Rng	Sec	STyp	SNr SUFF	Subdivision	District/Resource Area	County	Mgmt Agency
23 0250S	0260E	023	ALIQ		NW;	CARLSBAD FO	EDDY	BUREAU OF LAND MGMT
23 0250S	0260E	026	ALIQ		SWNW,SW;	CARLSBAD FO	EDDY	BUREAU OF LAND MGMT

Serial Number: NMNM-- - 094076  
Pending Office

Act Date	Code	Action	Action Remarks
10/18/1994	387	CASE ESTABLISHED	9410020
10/19/1994	191	SALE HELD	
10/19/1994	267	BID RECEIVED	\$77400.00;
10/19/1994	392	MONIES RECEIVED	\$77400.00;
11/09/1994	237	LEASE ISSUED	
11/09/1994	974	AUTOMATED RECORD VERIF	GSB
12/01/1994	084	RENTAL RECEIVED BY MMS	\$540.00;21/MULTIPLE
12/01/1994	496	FUND CODE	05;145003
12/01/1994	530	RLTY RATE - 12 1/2%	
12/01/1994	868	EFFECTIVE DATE	
12/02/1994	963	CASE MICROFILMED	PAR
12/10/1994	600	RECORDS NOTED	
11/13/1995	084	RENTAL RECEIVED BY MMS	\$540.00;21/0000000055
11/12/1996	084	RENTAL RECEIVED BY MMS	\$540.00;21/0000000076
11/10/1997	084	RENTAL RECEIVED BY MMS	\$540.00;21/0000450096
11/10/1998	084	RENTAL RECEIVED BY MMS	\$540.00;21/0000450115
11/12/1999	084	RENTAL RECEIVED BY MMS	\$720.00;21/450136
11/13/2000	084	RENTAL RECEIVED BY MMS	\$720.00;21/181
10/01/2004	246	LEASE COMMITTED TO CA	NMNM112734;
10/01/2004	660	MEMO OF 1ST PROD-ALLOC	/1/
12/07/2004	791	TERMINAT'N NOTICE ISSUED	CLASS I;
12/10/2004	284	REINSTATEMENT FILED	CLASS I;
01/27/2005	651	HELD BY PROD - ALLOCATED	NMNM112734;
06/03/2005	643	PRODUCTION DETERMINATION	/1/NMNM112734
06/07/2005	235	EXTENDED	THRU 11/30/06;
06/07/2005	974	AUTOMATED RECORD VERIF	GSB
06/21/2005	282	REINSTATEMENT APPROVED	CLASS I EFF 12/01/04;

**Line Nr**      **Remarks**

Serial Number: NMNM-- - 094076

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

RunDate/Time: 11/23/09 10:30 AM

Page 1 of 4

**01 02-25-1920;041STAT0437;30USC181ETSEQ**  
**Case Type 311211: O&G LSE SIMO PUBLIC LAND**  
**Commodity 459: OIL & GAS L**  
**Case Disposition: AUTHORIZED**

**Total Acres**  
**2,560.000**

**Serial Number**  
**NMNM-- - 019423**

Serial Number: NMNM-- - 019423

Name & Address				Int Rel	% Interest
CHEVRON USA	10 DESTA DR #79705	MIDLAND TX 79701	OPERATING RIGHTS		0.00000000
CHEVRON USA PROD CO	PO BOX 1635	HOUSTON TX 772511635	OPERATING RIGHTS		0.00000000
CIMAREX ENERGY CO	508 W WALL ST #600	MIDLAND TX 79701	OPERATING RIGHTS		0.00000000
CIMAREX ENERGY CO	600 N MARIENFELD ST STE 600	MIDLAND TX 797014405	OPERATING RIGHTS		0.00000000
ENSERCH EXPL INC	6688 N CENTRAL EXPY	DALLAS TX 752063922	OPERATING RIGHTS		0.00000000
EOG RESOURCES INC	333 CLAY ST #4200	HOUSTON TX 77002	LESSEE		0.00000000
MAGNUM HUNTER PRODUCTION INC	5215 N O'CONNOR BLVD #1500	IRVING TX 750393764	OPERATING RIGHTS		0.00000000
MURCHISON OIL & GAS INC	1445 ROSS AVE #5300	DALLAS TX 752022883	LESSEE		0.00000000
PENROC OIL CORP	PO BOX 2769	HOBBS NM 88241	OPERATING RIGHTS		0.00000000
POGO PRODUCING CO	PO BOX 2504	HOUSTON TX 772522504	LESSEE		0.00000000
RICH BILL	2509 WESTERN WAY	CARLSBAD NM 88220	OPERATING RIGHTS		0.00000000
RICH PATSY	5103 OLD CAVERN RD	CARLSBAD NM 88220	OPERATING RIGHTS		0.00000000
RODEN WF	PO BOX 10909	MIDLAND TX 79702	OPERATING RIGHTS		0.00000000

Serial Number: NMNM-- - 019423

Mer Twp Rng Sec	STyp SNr SUFF	Subdivision	District/Resource Area	County	Mgmt Agency
23 0250S 0260E 009	ALIQ	SENE;	CARLSBAD FO	EDDY	BUREAU OF LAND MGMT
23 0250S 0260E 010	ALIQ	E2,E2NW,SWNW,SW;	CARLSBAD FO	EDDY	BUREAU OF LAND MGMT
23 0250S 0260E 014	ALL	ALL;	CARLSBAD FO	EDDY	BUREAU OF LAND MGMT
23 0250S 0260E 015	ALL	ENTIRE SECTION	CARLSBAD FO	EDDY	BUREAU OF LAND MGMT
23 0250S 0260E 022	ALIQ	NE;	CARLSBAD FO	EDDY	BUREAU OF LAND MGMT
23 0250S 0260E 023	ALIQ	SW;	CARLSBAD FO	EDDY	BUREAU OF LAND MGMT
23 0250S 0260E 034	ALIQ	N2;	CARLSBAD FO	EDDY	BUREAU OF LAND MGMT

Serial Number: NMNM-- - 019423  
Pending Office

Act Date	Code	Action	Action Remarks
08/26/1973	387	CASE ESTABLISHED	SPAR64;
08/27/1973	888	DRAWING HELD	
10/01/1973	140	ASGN FILED	LACHANCE/CENTRAL SW
10/01/1973	140	ASGN FILED	LACHANCE/CTL SW
10/05/1973	237	LEASE ISSUED	
10/24/1973	139	ASGN APPROVED	EFF 11/01/1973;
11/01/1973	496	FUND CODE	05;145003
11/01/1973	530	RLTY RATE - 12 1/2%	
11/01/1973	868	EFFECTIVE DATE	
01/25/1974	140	ASGN FILED	CTL SW OIL/CHALFANT
01/31/1974	140	ASGN FILED	LACHANCE/CTL SW CORR
03/04/1974	139	ASGN APPROVED	01EFF 02/01/1974;
03/04/1974	139	ASGN APPROVED	EFF 02/01/1974;
05/08/1974	140	ASGN FILED	CHALFANT/HNG OIL
11/18/1974	139	ASGN APPROVED	EFF 06/01/1974;
08/18/1975	140	ASGN FILED	CTL SW OIL/CHALFANT
08/21/1975	140	ASGN FILED	CHALFANT/MESA PETRO
08/25/1975	139	ASGN APPROVED	01EFF 09/01/1975;
08/25/1975	139	ASGN APPROVED	02EFF 09/01/1975;

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

**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](mailto:jamesbruc@aol.com)

November 23, 2009

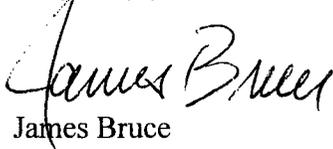
Certified Mail - Return Receipt Requested

Chevron U.S.A. Inc.  
11111 South Wilcrest  
Houston, Texas 77099

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 E½E½ of Section 22, Township 25 South, Range 26 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 E