

|           |          |          |           |      |                |
|-----------|----------|----------|-----------|------|----------------|
| 8/07/2014 | SUSPENSE | ENGINEER | LOGGED IN | NSL  | PHAM 142194454 |
| DATE IN   |          |          |           | TYPE | APP NO.        |

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.

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

David Catanach  
 Print or Type Name

David Catanach  
 Signature

Agent for Cimarex Energy Company  
 Title

8/7/14  
 Date

drcatanach@netscape.com  
 E-Mail Address

NSL 7144  
 NSP 12002  
 - Cimarex Energy CO  
 215099  
 - well  
 - Hornby 35 Federal  
 Com #124  
 30-015-42138  
 Pool  
 - WL-015 526274A  
 WOLF CAMP (GAS)  
 30-015-4213  
 98017

1625 N. French Dr., Hobbs, NM 88240  
Phone (575) 393-8161 Fax: (575) 393-0720

## DISTRICT II

611 S. First St., Artesia, NM 88210  
Phone (505) 748-1283 Fax (505) 748-9720

### DISTRICT III

1000 Rio Brason Rd., Aztec, NM 87410  
Phone (505) 834-8170 FAX (505) 834-8170

### DISTRICT IV

1220 E. St. Francis Dr., Santa Fe, NM 87505  
Phone (505) 476-3400 Fax (505) 476-3400

**State of New Mexico**  
**Energy, Minerals and Natural Resources Department**

## OIL CONSERVATION DIVISION

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

Form C-102  
Revised August 1, 2011

**Submit one copy to appropriate  
District Office**

## WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

|                        |                                           |                                        |
|------------------------|-------------------------------------------|----------------------------------------|
| API Number<br>30015-   | Pool Code<br>98017                        | Pool Name<br>WC-015 S262728A; WC (Gas) |
| Property Code<br>40444 | Property Name<br>HORNSBY "35" FEDERAL COM | Well Number<br>12H                     |
| OGRID No.<br>215099    | Operator Name<br>CIMAREX ENERGY CO.       | Elevation<br>3227'                     |

### Surface Location

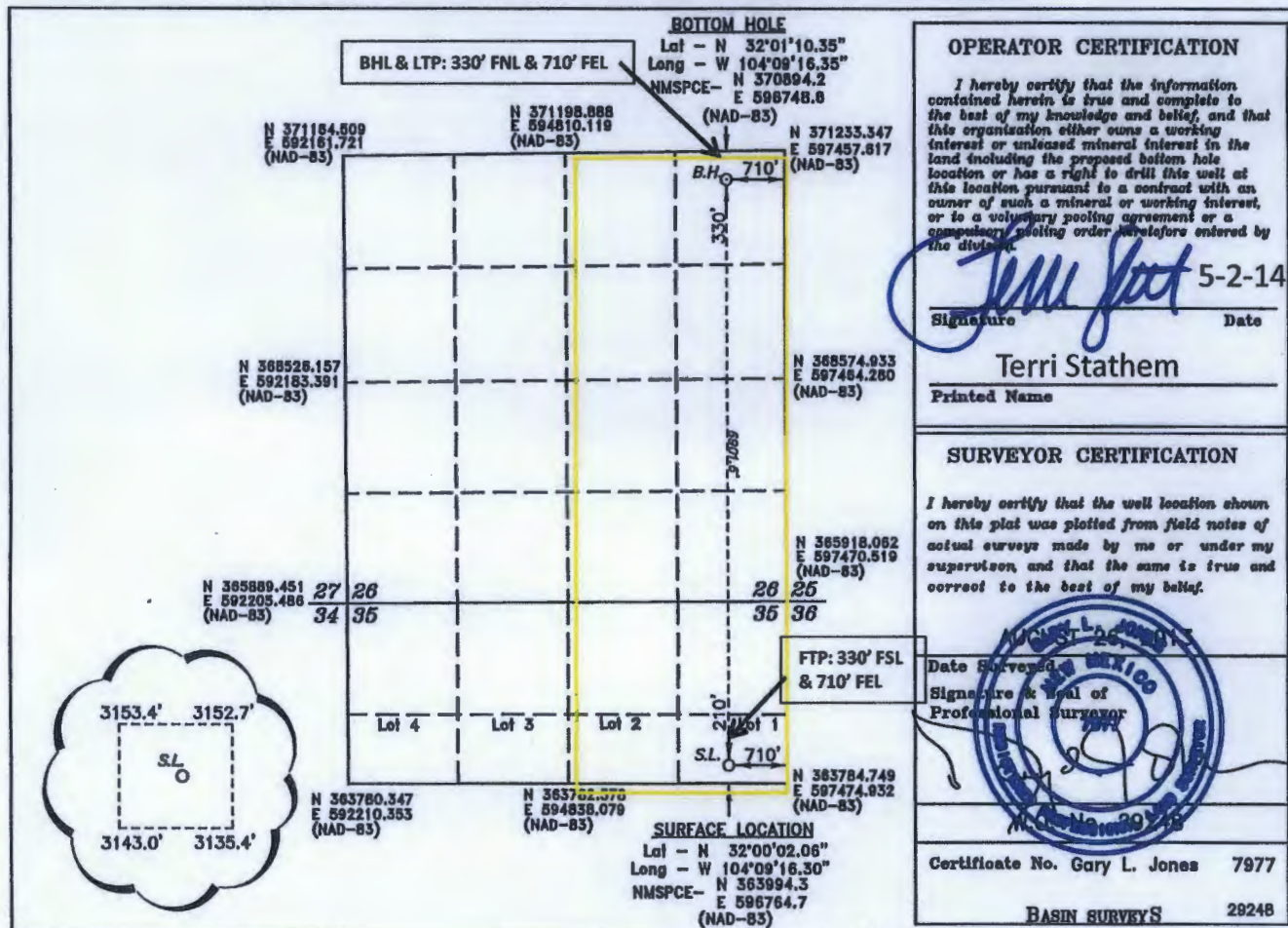
|                |         |          |       |         |               |                  |               |                |        |
|----------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| UL. or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
| LOT 1          | 35      | 26 S     | 27 E  |         | 210           | SOUTH            | 710           | EAST           | 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             | 26      | 26 S     | 27 E  |         | 330           | NORTH            | 710           | EAST           | EDDY   |

|                 |                 |                    |           |
|-----------------|-----------------|--------------------|-----------|
| Dedicated Acres | Joint or Infill | Consolidation Code | Order No. |
| 448.31          |                 |                    |           |

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



August 7, 2014

**Hand Delivered**

New Mexico Oil Conservation Division  
1220 S. St. Francis Drive  
Santa Fe, New Mexico 87505

Attention: Ms. Jami Bailey  
Division Director

Re: Application for Unorthodox Well Locations &  
Non-Standard Spacing Unit/Horizontal Project Area  
Hornsby 35 Federal Com Wells No. 7H, 9H, 10H & 12H  
E/2 of Section 26 & Units A & B & Lots 1 & 2 of Irregular Section 35  
All in Township 26 South, Range 27 East, NMPM,  
WC-015 S262728A; Wolfcamp (Gas) Pool (98017)  
Eddy County, New Mexico

Dear Ms. Bailey:

Pursuant to Division Rules 19.15.15.13 & 19.15.15.11, Cimarex Energy Company ("Cimarex") respectfully requests administrative approval:

1. For four unorthodox horizontal well locations for the Hornsby 35 Federal Com Wells No. 7H, 9H, 10H and 12H located at the surface, first take point and bottomhole locations described as follows. These wells will be drilled to test the WC-015 S262728A: Wolfcamp (Gas) Pool:

**Hornsby 35 Federal Com Well No. 7H** (API No. 30-015-42168)

Surface Location: 210' FSL & 2020' FEL (Lot 2) Section 35  
First Take Point: 330' FSL & 2020' FEL (Lot 2) Section 35  
Bottomhole Location: 330' FNL & 2020' FEL (Unit B) Section 26

**Hornsby 35 Federal Com Well No. 9H** (API No. 30-015-42137)

Surface Location: 210' FSL & 1940' FEL (Lot 2) Section 35  
First Take Point: 330' FSL & 1940' FEL (Lot 2) Section 35  
Bottomhole Location: 330' FNL & 1940' FEL (Unit B) Section 26

**Hornsby 35 Federal Com Well No. 10H** (API No. 30-015-42170)

Surface Location: 210' FSL & 790' FEL (Lot 1) Section 35  
First Take Point: 330' FSL & 790' FEL (Lot 1) Section 35  
Bottomhole Location: 330' FNL & 790' FEL (Unit A) Section 26

**Hornsby 35 Federal Com Well No. 12H** (API No. 30-015-42138)

Surface Location: 210' FSL & 710' FEL (Lot 1) Section 35

First Take Point: 330' FSL & 710' FEL (Lot 1) Section 35

Bottomhole Location: 330' FNL & 710' FEL (Unit A) Section 26

2. For a 448.31-Acre Non-Standard Spacing Unit/Horizontal Project Area comprising the E/2 of Section 26 and Units A & B and Lots 1 & 2 (NE/4 equivalent) of Irregular Section 35, both in Township 26 South, Range 27 East.

The proposed Hornsby 35 Federal Com Wells No. 7H, 9H, 10H and 12H will be drilled and completed as a horizontal wells in the WC-015 S262728A; Wolfcamp (Gas) Pool (98017).

The proposed Hornsby 35 Federal Com Wells No. 9H & 12H will test the "D" interval within the Wolfcamp formation, and the Hornsby 35 Federal Com Wells No. 7H & 10H will test the "C" interval within the Wolfcamp formation.

The WC-015 S262728A; Wolfcamp (Gas) Pool is currently governed by Division Rule 19.19.15.10 which requires standard 320-acre gas spacing and proration units with wells to be located no closer than 660 feet to the outer boundary of the quarter section in which the well is located, and no closer than 10 feet to any governmental quarter-quarter section line or subdivision inner boundary. These wells are also governed by the provisions of Order No. R-13499, which order established rules and regulations for horizontal wells.

The proposed non-standard well locations are necessary in order to maximize the recovery of oil and gas reserves from the Wolfcamp formation underling the proposed non-standard spacing unit/horizontal project area.

The attached plat shows that Section 35 is an irregular section whose southern boundary is the New Mexico/Texas State Line. This section is comprised of four standard 40-acre units (Units A, B, C & D) and four non-standard lots (Lots 1-4) that each comprise approximately 24 acres.

The concurrent development of Sections 26 and 35 in the Wolfcamp formation in the manner proposed by Cimarex represents a reasonable and effective method by which portions of Irregular Section 35 can be incorporated into horizontal Wolfcamp project areas.

In addition to the currently proposed non-standard spacing unit, Cimarex, as operator of the Wolfcamp formation in Sections 26 & 35, will concurrently propose an



additional non-standard Wolfcamp spacing unit comprising the W/2 of Section 26 and Units C & D and Lot 3 & 4 (NW/4 equivalent) of Irregular Section 35 in a separate administrative application.

**Affected Offset Acreage-Unorthodox Well Location(s):** The affected offset acreage with regards to the proposed unorthodox well locations are: i) the W/2 of Section 26 & Units C & D and Lots 3 & 4 of Irregular Section 35, which will be operated in the Wolfcamp formation by Cimarex Energy Company. **Please note that the working interest ownership between the drill tract and the offset tract comprising the W/2 of Section 26 and Units C & D and Lots 3 & 4 of Irregular Section 35 is common;** ii) W/2 of Section 23 which is currently operated in the Wolfcamp formation by Mewbourne Oil Company; iii) the W/2 E/2 of Section 23 which is currently operated in the Wolfcamp formation by Chevron U.S.A., Inc.; iv) the E/2 E/2 of Section 23 which is leased by Chevron U.S.A., Inc.; and v) the S/2 and NW/4 of Section 24, which is currently leased by Yates Petroleum Corporation. Consequently, notice of this application with regards to the proposed unorthodox locations is being provided to Mewbourne Oil Company, Chevron U.S.A., Inc. and Yates Petroleum Corporation.

**Affected Offset Acreage-Non-Standard Spacing Unit:** Division Rule 19.15.4.12(A)(3) requires that notice for non-standard proration units be provided to “owners of interest in the mineral estate to be excluded from the proration unit in the quarter-quarter section for 40-acre pools or formations, the one-half quarter section for 80-acre pools or formations, the quarter section for 160-acre pools or formations, the half section for 320-acre pools or formations or section for 640-acre pools or formations in which the non-standard unit is located”. As shown on the attached plat, and as previously stated in this application, all acreage in Section 26 and Irregular Section 35 will ultimately be included in one of two horizontal Wolfcamp Project Areas operated by Cimarex. Also shown on the attached plat are other Wolfcamp spacing units that directly offset the proposed non-standard spacing unit. Cimarex believes that since no party will be excluded from participating in Wolfcamp development in Sections 26 and Irregular Section 35, no party is affected by the proposed non-standard spacing unit, and consequently notice of this application with regards to the non-standard spacing unit is not required, and has not been provided to any party.

Attached is a Form C-102 for each of the four wells showing the proposed surface and bottomhole well locations and proposed non-standard spacing unit. Please note that there are currently no other Wolfcamp producing wells within the proposed non-standard spacing unit. Also attached is a map showing the offset spacing units affected by the unorthodox well locations and other existing or proposed Wolfcamp spacing unit and/or project areas directly offsetting the proposed non-standard spacing unit.

In summary, approval of the application will provide Cimarex the opportunity to recover additional oil and gas reserves from the WC-015 S262728A; Wolfcamp (Gas) Pool underlying the E/2 of Section 26 and Units A & B and Lots 1 & 2 (NE/4 equivalent) of Irregular Section 35 that may otherwise not be recovered, thereby preventing waste, and will not violate correlative rights.

If you should have any questions, please call me at (505) 690-9453.

Sincerely,



David Catanach, Agent  
Cimarex Energy Company  
600 North Marienfeld, Suite 600  
Midland, Texas 79701

Xc: OCD-Artesia

**Cimarex Energy Company  
Application for Non-Standard Well Locations  
& Non-Standard Spacing & Proration Unit  
Hornsby 35 Federal Com Wells No.  
7H, 9H, 10H & 12H**

Affected Offset Tract 2  
Operator: Mewbourne  
Oil Company

Affected  
Offset Tract 3  
Operator:  
Chevron USA,  
Inc.

Affected  
Offset  
Tract 4:  
Leasehold  
Owner:  
Chevron  
USA, Inc.

Affected Offset Tract 5:  
Leasehold Owner: Yates  
Petroleum Corporation

9H BHL:  
330' FNL & 1940' FEL

10H BHL:  
330' FNL & 790' FEL

7H BHL:  
330' FNL & 2020' FEL

12H BHL:  
330' FNL & 710' FEL

660' Setback Line

Affected Offset Tract 1  
Operator: Cimarex  
Energy Company

Proposed 448.31-Acre  
Non-Standard Spacing  
Unit/Project Area

Hornsby 35 Federal Com 12H  
S.L.: 210' FSL & 710' FEL

Hornsby 35 Federal Com 7H  
S.L.: 210' FSL & 2020' FEL

Hornsby 35 Federal Com 9H  
S.L.: 210' FSL & 1940' FEL

Hornsby 35 Federal Com 10H  
S.L.: 210' FSL & 790' FEL

**New Mexico**

**Texas**

**26S**

**22**

**23**

**27E**

**24**

**27**

**26**

**25**

**34**

**35**

**36**

August 7, 2014

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

TO: Mewbourne Oil Company                      Chevron U.S.A., Inc.  
500 W. Texas, Suite 1020                      P.O. Box 2100  
Midland, Texas 79701                      Houston, Texas 77252

Yates Petroleum Corporation  
105 S. Fourth Street  
Artesia, New Mexico 88210

Re: Cimarex Energy Company  
Application for Non-Standard Spacing Unit/Horizontal Project Area &  
Non-Standard Well Locations  
Hornsby 35 Federal Com Wells No. 7H, 9H, 10H & 12H  
Eddy County, New Mexico

Ladies & Gentlemen:

Enclosed please find a copy of an application for a Non-Standard Spacing Unit/Horizontal Project Area and Unorthodox Horizontal Well Locations filed with the Oil Conservation Division. Cimarex Energy Company ("Cimarex") proposes to form a 448.31-Acre Non-Standard Gas Spacing Unit/Horizontal Project Area comprising the E/2 of Section 26 and Units A & B and Lots 1 & 2 of Irregular Section 35, both in Township 26 South, Range 27 East, NMPM, Eddy County, New Mexico. This unit will be dedicated to the Hornsby 35 Federal Com Wells No. 7H, 9H, 10H and 12H, which will be drilled as a horizontal well to test the WC-015 S262728A; Wolfcamp (Gas) Pool. The wells are located at surface, first take point and bottomhole locations as described in the application.

You are being provided a copy of the application as an affected offset operator and/or leaseholder. Objections must be filed with the Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico 87505, within 20 days.

If you should have any questions, please contact me at (505) 690-9453.

Sincerely,



David Catanach-Agent  
Cimarex Energy Company  
600 N. Marienfeld, Suite 600  
Midland, Texas 79701

Enclosure



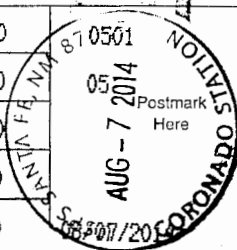
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| Restricted Delivery Fee<br>(Endorsement Required) |    | \$0.00        |
| <b>Total</b>                                      |    | <b>\$7.40</b> |



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**Chevron U.S.A., Inc.**  
**P.O. Box 2100**  
**Houston, Texas 77252**

PS Form 3800, August 2000

Instructions

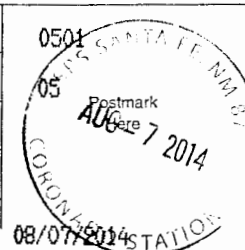
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| <b>Total P</b>                                    |    | <b>\$7.40</b> |



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 Street, P  
 or PO B  
 City, Sta

**Mewbourne Oil Company**  
**500 W. Texas, Suite 1020**  
**Midland, Texas 79701**

PS Form 3800, August 2000

Instructions

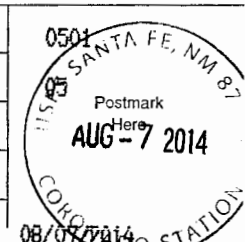
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| Restricted Delivery Fee<br>(Endorsement Required) |    | \$0.00        |
| <b>Total F</b>                                    |    | <b>\$7.40</b> |



Sent To  
 Street,  
 or PO B  
 City, St

**Yates Petroleum Corporation**  
**105 S. Fourth Street**  
**Artesia, New Mexico 88210**

PS Form 3800, August 2000

Instructions