

9/16/2014 DATE IN	SUSPENSE	ENGINEER	9/16/2014 LOGGED IN	NSP TYPE	PM1414 25936780 APP NO.
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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



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 _____

- NSP 2004
- Cimarex Energy Co
215099
WCH
- Klein 33 Federal com
30-015-42098
Pool
- WC-0156-04526 27004
Bone Springs

[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

9/15/14
Date

drcatanach@netscape.com
E-Mail Address

September 15, 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 Non-Standard Spacing Unit/
Horizontal Project Area
Klein 33 Federal Com No. 5H
Surface Location (SL): 210' FSL & 1980' FWL (Lot 3)
First Take Point (FTP): 330' FSL & 1980' FWL (Lot 3)
Both in Section 33, Township 26 South, Range 27 East, NMPM,
Bottomhole Location (BHL): 330' FNL & 1980' FWL (Unit C)
Section 28, Township 26 South, Range 27 East, NMPM,
Eddy County, New Mexico

Dear Ms. Bailey:

Pursuant to Division Rule 19.15.15.11, Cimarex Energy Company ("Cimarex") respectfully requests administrative approval for a 223.40-Acre Non-Standard Spacing Unit/Horizontal Project Area comprising the E/2 W/2 of Section 28 and Unit C and Lot 3 (E/2 NW/4 equivalent) of Irregular Section 33, both in Township 26 South, Range 27 East, NMPM, Eddy County, New Mexico.

The proposed Klein 33 Federal Com No. 5H, which will be drilled as a horizontal well at a **standard well location** to test the WC-015 G-04 S262728A; Bone Spring Pool (98018), will be dedicated to the proposed non-standard spacing unit.

The WC 015 G-04 S262728A; Bone Spring Pool is currently governed by Division Rule 19.19.15.9 which requires standard 40-acre oil spacing and proration units with wells to be located no closer than 330 feet to the outer boundary of the spacing unit, or in the case of a horizontal well, no closer than 330 feet to the outer boundary of the project area.

The attached plat shows that Section 33 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 (**Note: Lot 3 comprises 23.4-acres**).

The concurrent development of Sections 28 and 33 in the Bone Spring formation in the manner proposed by Cimarex represents a reasonable and effective method by which portions of Irregular Section 33 can be incorporated into horizontal Bone Spring project areas.

In addition to the currently proposed non-standard spacing unit, Cimarex, as operator of the Bone Spring formation in Sections 28 & 33, has or will propose three additional non-standard Bone Spring spacing units comprising: i) the W/2 W/2 of Section 28 and Unit D and Lot 4 (W/2 NW/4 equivalent) of Irregular Section 33; ii) W/2 E/2 of Section 28 and Unit B and Lot 2 (W/2 NE/4 equivalent) of Irregular Section 33 and; iii) E/2 E/2 of Section 28 and Unit A and Lot 1 (E/2 NE/4 equivalent) of Irregular Section 33. (**See Attached Plat**).

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 Irregular Section 33 will ultimately be included in one of four horizontal Bone Spring Project Areas operated by Cimarex. Since no acreage will be excluded from participating in Bone Spring development in Sections 28 and Irregular Section 33, no interest owner is affected by the proposed non-standard spacing unit, and consequently, notice of this application is not required, and has not been provided to any party.

Attached is a Form C-102 showing the proposed well and proposed non-standard spacing unit. Please note that there are currently no other Bone Spring producing wells within the proposed non-standard spacing unit. Also attached is a map that shows other existing or proposed Bone Spring Horizontal Project Areas that are located within Sections 28 and Irregular Section 33.

In summary, approval of the application will provide Cimarex the opportunity to recover additional oil and gas reserves from the WC-015 G-04 S262728A; Bone Spring Pool underlying the E/2 W/2 of Section 28 and Unit C and Lot 3 (E/2 NW/4 equivalent) of Irregular Section 33 that may otherwise not be recovered, thereby preventing waste, and will not violate correlative rights.

Cimarex Energy Company
Application for Non-Standard Spacing Unit/
Horizontal Project Area
Klein 33 Federal Com No.5H
Page 3

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

Sincerely,

A handwritten signature in black ink, appearing to read "David Catanach". The signature is fluid and cursive, with a large initial "D" and a stylized "C".

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

Xc: OCD-Artesia

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-42098	² Pool Code 98018	³ Pool Name Wildcat Bone Spring
⁴ Property Code 40358	⁵ Property Name KLEIN 33 FEDERAL.COM	⁶ Well Number 5H
⁷ OGRID No. 215099	⁸ Operator Name CIMAREX ENERGY CO.	⁹ Elevation 3186'

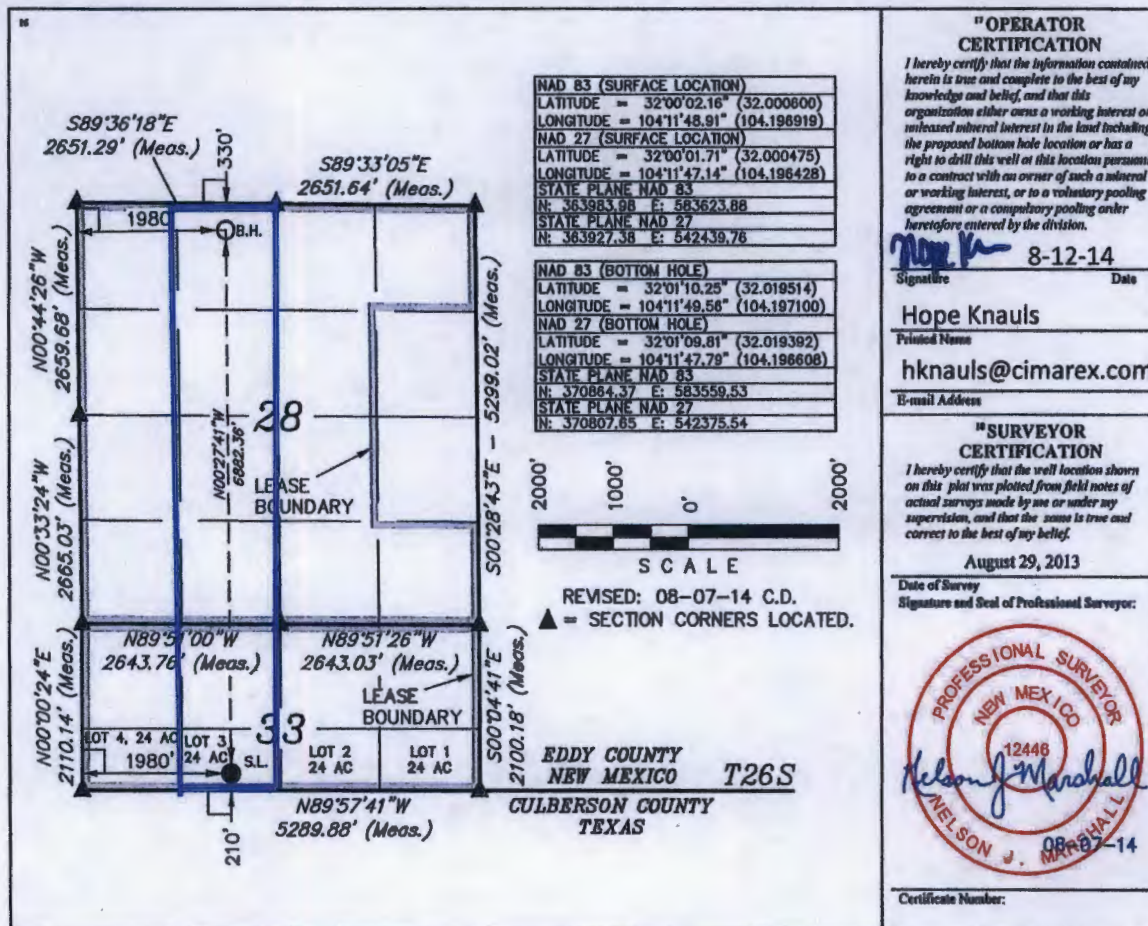
***Surface Location**

Tr. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
73	33	26S	27E		210	SOUTH	1980	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
7C	28	26S	27E		330	NORTH	1980	WEST	EDDY
¹² Production Acres 223.40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.	NSL & NSP Pending					

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.



Cimarex Energy Company
**Application for Non-Standard Spacing Unit/
Horizontal Project Area**
Klein 33 Federal Com No. 5H
WC-015 G-04 S262728A; Bone Spring Pool

26S

27E

21

22

29

No. 5H BHL:
330' FNL & 1980' FWL

28

27

330' Setback Line

Proposed 223.40-Acre
Bone Spring Horizontal
Project Area

Existing or Proposed
Bone Spring Horizontal
Project Areas
Operator: Cimarex

32

33

34

First Take Point:
330' FSL & 1980' FWL

Lot 4

Lot 3

Lot 2

Lot 1

Klein 33 Federal Com No. 5H
S.L.: 210' FSL & 1980' FWL

New Mexico

Texas