

DATE IN 9/16/2014	SUSPENSE	ENGINEER MAM	LOGGED IN 9/16/2014	TYPE NSD	APP NO. PM441425940390
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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 _____

[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

- NSP 2005
 - Cimarex Energy Co
 215099
 well
 - medic 32 Federal
 Com # 11 H
 30-015-42175
 Pool
 - WC-015G-04
 5262728A
 Bon-spring
 98018

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
Medwick 32 Federal Com No. 11H
Surface Location (SL): 210' FSL & 750' FEL (Lot 1)
First Take Point (FTP): 330' FSL & 750' FEL (Lot 1)
Both in Section 32, Township 26 South, Range 27 East, NMPM,
Bottomhole Location (BHL): 330' FNL & 750' FEL (Unit A)
Section 29, 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 223.32-Acre Non-Standard Spacing Unit/Horizontal Project Area comprising the E/2 E/2 of Section 29 and Unit A and Lot 1 (E/2 NE/4 equivalent) of Irregular Section 32, both in Township 26 South, Range 27 East, NMPM, Eddy County, New Mexico.

The proposed Medwick 32 Federal Com No. 11H, 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 32 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 1 comprises 23.32-acres**).

The concurrent development of Sections 29 and 32 in the Bone Spring formation in the manner proposed by Cimarex represents a reasonable and effective method by which portions of Irregular Section 32 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 29 & 32, has or will propose three additional non-standard Bone Spring spacing units comprising: i) the W/2 W/2 of Section 29 and Unit D and Lot 4 (W/2 NW/4 equivalent) of Irregular Section 32; ii) E/2 W/2 of Section 29 and Unit C and Lot 3 (E/2 NW/4 equivalent) of Irregular Section 32 and; iii) W/2 E/2 of Section 29 and Unit B and Lot 2 (W/2 NE/4 equivalent) of Irregular Section 32. In addition, Cimarex has or will propose additional non-standard Bone Spring spacing units in offsetting Sections 28 and 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 32 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 29 and Irregular Section 32, 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.

Please note that the working interest ownership within all of Section 29 and all of Irregular Section 32 is common by virtue of the execution of an operating agreement by all working interest owners in these sections.

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 either directly offset the proposed non-standard spacing unit, or are located within Sections 29 and Irregular Section 32.

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 E/2 of Section 29 and Unit A and Lot 1 (E/2 NE/4 equivalent) of

Irregular Section 32 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

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 30-015-42175	² Pool Code 98018	³ Pool Name Wildcat ; Bone Spring
⁴ Property Code 40451	⁵ Property Name MEDWICK 32 FEDERAL COM	⁶ Well Number 11H
⁷ OGRID No. 215099	⁸ Operator Name CIMAREX ENERGY CO.	⁹ Elevation 3183'

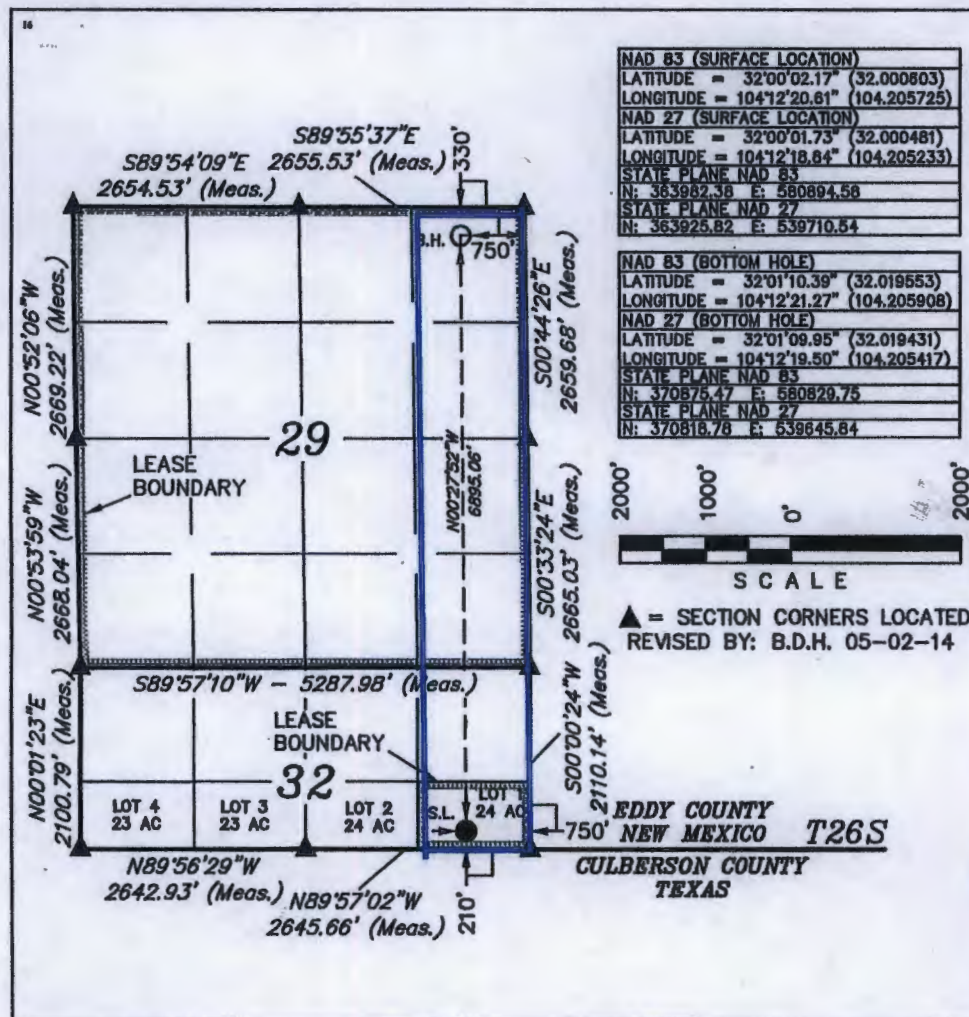
"Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	32	26S	27E		210	SOUTH	750	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	29	26S	27E		330	NORTH	750	EAST	EDDY
¹¹ Dedicated Acres 223.32	¹² Joint or Infill	¹³ Consolidation Code	¹⁴ 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.



**"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 leased mineral interest in the land including the proposed 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 pooling agreement or a compulsory pooling order heretofore entered by the division.

Hope Knauls 8/25/14
Signature Date

Hope Knauls

Printed Name

hknauls@cimarex.com

E-mail Address

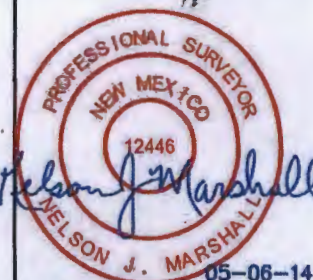
**"SURVEYOR
CERTIFICATION**

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.

August 26, 2013

Date of Survey

Signature and Seal of Professional Surveyor:



Certificate Number:

Cimarex Energy Company
**Application for Non-Standard Spacing Unit/
Horizontal Project Area**
Medwick 32 Federal Com No. 11H
WC-015 G-04 S262728A; Bone Spring Pool

27E

20

21

**11H BHL: 330' FNL
& 750' FEL**

30

29

28

26S

**Existing or Proposed Bone
Spring Horizontal Project
Areas. Operator: Cimarex**

**Proposed 223.32-Acre
Bone Spring Horizontal
Project Area**

330' Setback Line

31

32

33

**First Take Point:
330' FSL & 750' FEL**

New Mexico

Medwick 32 Federal Com No. 11H
S.L.: 210' FSL & 750' FEL

Texas

Lot 4

Lot 3

Lot 2

Lot 1