

ABOVE THIS LINE FOR DIVISION USE ONLY

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



ED OOD

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

Signature

Date

Agent for Cimarex Energy Company
 Title

drcatanach@netscape.com
 E-Mail Address

- NSL 7192
 - NSP 2011
 - Cimarex Energy Co
 215099
 WEL
 - Medwick 32
 Federal Com 124
 30-015-42150
 Pool
 - WL-065
 52627284
 WOLFcamp GAS

October 27, 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 Location &
Non-Standard Spacing Unit/Horizontal Project Area
Medwick 32 Federal Com No. 12H
E/2 of Section 29 & Units A & B & Lots 1 & 2 of Irregular Section 32
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 an unorthodox horizontal well location for the Medwick 32 Federal Com No. 12H located at the surface, first take point and bottomhole locations described as follows:

Medwick 32 Federal Com No. 12H (API No. 30-015-42150)

Surface Location: 210' FSL & 710' FEL (Lot 1) Section 32

First Take Point: 330' FSL & 710' FEL (Lot 1) Section 32

Bottomhole Location: 330' FNL & 710' FEL (Unit A) Section 29

2. For a 446.55-Acre Non-Standard Spacing Unit/Horizontal Project Area comprising the E/2 of Section 29 and Units A & B and Lots 1 & 2 (NE/4 equivalent) of Irregular Section 32, both in Township 26 South, Range 27 East.

The proposed Medwick 32 Federal Com No. 12H will be drilled and completed as a horizontal well in the WC-015 S262728A; Wolfcamp (Gas) Pool (98017).

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. This well is also governed by the provisions of Order No. R-13499, which order established rules and regulations for horizontal wells.

The proposed non-standard well location is 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 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.

The concurrent development of Sections 29 and 32 in the Wolfcamp 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 Wolfcamp project areas.

In addition to the currently proposed non-standard spacing unit, Cimarex will propose additional non-standard Wolfcamp spacing units comprising: i) the W/2 of Section 29 and Units C & D and Lot 3 & 4 (NW/4 equivalent) of Irregular Section 32; and ii) the W/2 of Section 28 and Units C & D and Lots 3 & 4 (NW/4 equivalent) of Irregular Section 33 (See Attached Plat).

Affected Offset Acreage-Unorthodox Well Location: The affected offset tracts with regards to the proposed unorthodox well location are: i) the S/2 & NE/4 of Section 20 and S/2 & NW/4 of Section 21, both in Township 26 South, Range 27 East, NMPM. There is currently no Wolfcamp development within the affected offset tracts. The leasehold owner of these affected offset tracts is Yates Petroleum Corporation. In accordance with Division rules, Yates Petroleum Corporation will be provided notice of this application.

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 29 and Irregular Section 32 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 29 and Irregular Section 32, 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 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, although Cimarex anticipates that additional Wolfcamp wells will be drilled at a later time. Also attached is a map showing the offset tracts affected by the unorthodox well location and other existing or proposed Wolfcamp spacing units/horizontal 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 29 and Units A & B and Lots 1 & 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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

NM OIL CONSERVATION
DISTRICT

SEP 08 2014

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other	2. Name of Operator CIMAREX ENERGY COMPANY OF CO Contact: HOPE KNAULS E-Mail: hknauls@cimarex.com	5. Lease Serial No. NMNM114350
3a. Address 600 NORTH MARIENFELD STREET SUITE 600 MIDLAND, TX 79701	3b. Phone No. (include area code) Ph: 918.295.1799	6. If Indian, Allottee or Tribe Name
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 32 T26S R27E Lot 1 0210FSL 0710FEL 32.000217 N Lat, 104.122014 W Lon		7. If Unit or CA/Agreement, Name and/or No.
8. Well Name and No. MEDWICK 32 FEDERAL COM 12H		9. API Well No. 30-015-42150-00-X1
10. Field and Pool, or Exploratory WILDCAT WC-D15 S262728A; WC (GAS)		11. County or Parish, and State EDDY COUNTY, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Deepen
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Fracture Treat
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Plug and Abandon
	<input type="checkbox"/> Plug Back
	<input type="checkbox"/> Production (Start/Resume)
	<input type="checkbox"/> Reclamation
	<input type="checkbox"/> Recomplete
	<input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Water Disposal
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Well Integrity
	<input checked="" type="checkbox"/> Other Change to Original APD

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleting horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleting in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

CIMAREX ENERGY CO. RESPECTFULLY REQUESTS APPROVAL TO CHANGE THE ORIGINAL APD AS FOLLOWS:

Well will be drilled as a gas well in wolfcamp.

Approved:
Pilot Hole TD: 7950'
KOP 6926'
EOC 7675'
MD 14093'
TVD 7424'

Surface-13 3/8" 48#, H-40 ST&C Casing, Setting Depth 400' MD/TVD
Intermediate-9 5/8" 36#, J-55 LT&C Casing, Setting Depth 1900' MD/TVD

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Accepted for record

105
984 NMOC



14. I hereby certify that the foregoing is true and correct.	
Electronic Submission #258716 verified by the BLM Well Information System. For CIMAREX ENERGY COMPANY OF CO, sent to the Carlsbad Committed to AFMSS for processing by ED FERNANDEZ on 08/29/2014 (14EF0099SE)	
Name (Printed/Typed) HOPE KNAULS	Title REGULATORY TECHNICIAN
Signature (Electronic Submission)	Date 08/27/2014

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By EDWARD FERNANDEZ	Title PETROLEUM ENGINEER	Date 08/29/2014
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.		Office Carlsbad

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED **

SUBJECT TO LIKE
APPROVAL BY STATE

Non-Standard Location

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 30-015-42150	² Pool Code 98017	³ Pool Name Wildcat Wolfcamp
⁴ Property Code 40451	⁵ Property Name MEDWICK 32 FEDERAL COM	⁶ Well Number 12H
⁷ OGRID No. 215099	⁸ Operator Name CIMAREX ENERGY CO.	⁹ Elevation 3183'

" Surface Location

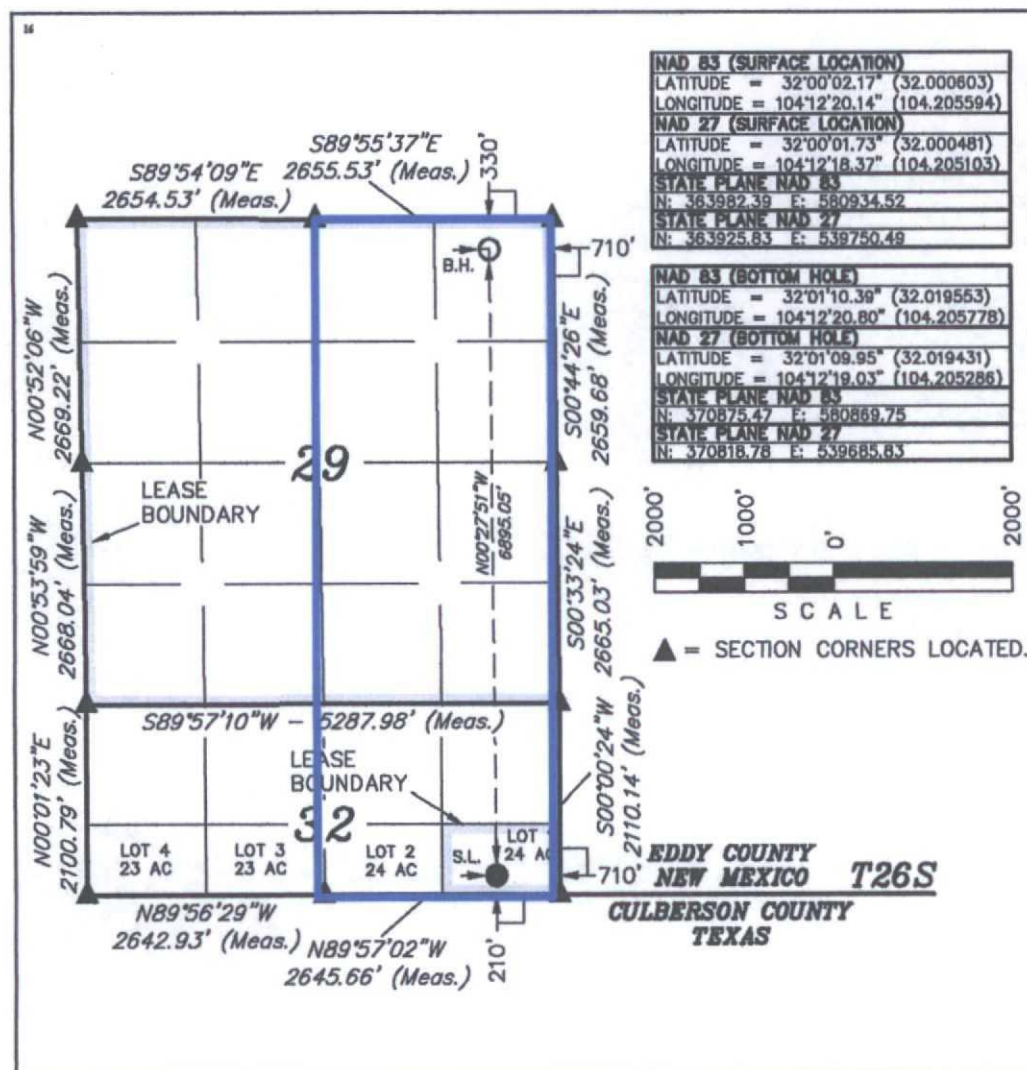
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	32	26S	27E		210	SOUTH	710	EAST	EDDY

" 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	29	26S	27E		330	NORTH	710	EAST	EDDY

¹² Dedicated Acres 446.55	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No. NSL & NSP PENDING
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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 unleased 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:

19

20

27E

21

Cimarex Energy Company
Application for Non-Standard Well Location
& Non-Standard Spacing & Proration Unit
Medwick 32 Federal Com Well No. 12H

Affected Offset Tract
Lessee: Yates Petroleum Corp.

Affected Offset Tract
Lessee: Yates Petroleum Corp.

12H BHL: 330'
FNL & 710' FEL

30

29

28

660' Setback Line

Existing or Proposed Wolfcamp
Non-Standard Spacing Units/
Horizontal Project Areas.
Operator: Cimarex

Proposed 446.55-Acre
Non-Standard Spacing
Unit/Project Area

31

32

33

FTP: 330' FSL
& 710' FEL

New Mexico

Medwick 32 Federal Com 12H
S.L.: 210' FSL & 710' FEL

Texas

26S

October 27, 2014

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: 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 Location
Medwick 32 Federal Com No. 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 Location filed with the Oil Conservation Division. Cimarex Energy Company ("Cimarex") proposes to form a 446.55-Acre Non-Standard Gas Spacing Unit/Horizontal Project Area comprising the E/2 of Section 29 and Units A & B and Lots 1 & 2 of Irregular Section 32, both in Township 26 South, Range 27 East, NMPM, Eddy County, New Mexico. This unit will be dedicated to the Medwick 32 Federal Com Well No. 12H, which will be drilled as a horizontal well to test the WC-015 S262728A; Wolfcamp (Gas) Pool. The well is 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

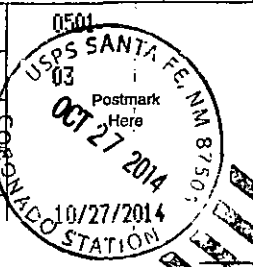
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Certified Fee	\$3.30
Return Receipt Fee (Endorsement Required)	\$2.70
Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Pr	\$7.19



Sent To **Yates Petroleum Corporation**
Street, Apt. or PO Box **105 S. Fourth Street**
City, State **Artesia, New Mexico 88210**