11/03/2014

MSL

PMAM1430741726

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -1220 South St. Francis Drive, Santa Fe, NM 87505



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		AUMINIS I KATIVE AF	PLICATION CH	EURLISI
1	THIS CHECKLIST IS M	MANDATORY FOR ALL ADMINISTRATIVE APP WHICH REQUIRE PROCESSING		
Appli	cation Acronym	ısı		
	[DHC-Dow [PC-Pc	Indard Location] [NSP-Non-Standa Inhole Commingling] [CTB-Lease Indicated the Comming of the Com	o Commingling] [PLC-Fise Storage] [OLM-Off-Fise MX-Pressure Maintenan- [IPI-Injection Pressure I	Pool/Lease Commingling] Lease Measurement] ce Expansion] ncrease]
	_	-	- -	-NSL 7200
[1]	TYPE OF AI [A]	PPLICATION - Check Those Whice Location - Spacing Unit - Simultate NSL NSP SD		- Cimanex Energy Co 215099 Well - Jamos Foderal 31
	Check [B]	k One Only for [B] or [C] Commingling - Storage - Measure DHC CTB PLC		OLM 30-025-41857
	[C]	Injection - Disposal - Pressure Inc		
	[D]	Other: Specify		Bone spring sou
[2]	NOTIFICAT [A]	TION REQUIRED TO: - Check The Working, Royalty or Overrid		Does Not Apply
	[B]	Offset Operators, Leaseholde	ers or Surface Owner	
	[C]	Application is One Which Re	equires Published Legal N	Notice
	[D]	Notification and/or Concurre U.S. Bureau of Land Management - Commis		
	[E]	For all of the above, Proof of	Notification or Publication	on is Attached, and/or,
	[F]	☐ Waivers are Attached		·
[3]		CURATE AND COMPLETE IN ATION INDICATED ABOVE.	FORMATION REQUIF	RED TO PROCESS THE TYPE
	val is <mark>accurate</mark> a	TION: I hereby certify that the info and complete to the best of my know equired information and notifications	vledge. I also understand	that no action will be taken on this
	Note	: Statement must be completed by an ind	ividual with managerial and/o	r supervisory capacity.
	d Catanach or Type Name	Signature ///3/14	Agent for Cima Title	rex Energy Company
		///3//4	drcatanach@nes	tscape.com

November 3, 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

James 29 Federal Well No. 38H

API No. (30-025-41852)

Surface Location: 330' FNL & 2310' FEL (Unit B) Bottomhole Location: 330' FSL & 2420' FEL (Unit O) All in Section 29, T-23 South, R-32 East, NMPM,

Lea County, New Mexico

Dear Ms. Bailey:

Pursuant to Division Rule 19.15.15.13, Cimarex Energy Company ("Cimarex") respectfully requests administrative approval of an unorthodox oil well location for its proposed James 29 Federal No. 38H. This well will be drilled as a horizontal development oil well in the South Sand Dunes-Bone Spring Pool (53805).

The James 29 Federal No. 38H will be dedicated to a 160-acre spacing and proration unit ("project area") comprising the W/2 E/2 of Section 29. There are currently no other Bone Spring producing wells in this project area however, Cimarex, at a later time, may also drill its proposed James Federal Well No. 21H (API No. 30-025-41362) located at a surface location 185 feet from the North line and 1980 feet from the East line, and a bottomhole location 330 feet from the South line and 1760 feet from the East line of Section 29.

The South Sand Dunes-Bone Spring Pool is currently governed by Division Rule 19.15.15.9 which requires standard 40-acre 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 proposed unorthodox well location is necessary in order to maximize the recovery of oil and gas from the Bone Spring formation underlying the proposed project area.

The affected offset tracts, as shown on the attached map, are described as follows:

<u>Tract No. 1</u>. The E/2 W/2 of Section 29. This tract is a proposed 160-acre Bone Spring horizontal project area that is to be operated by Cimarex Energy Company. This

project area is proposed to be dedicated to the Cimarex Energy Company James 29 Federal Wells No. 36H and 37H and the James Federal Well No. 20H. Please note that the working interest ownership between this affected offset tract and the proposed 160-acre project area for the James 29 Federal No. 38H is not common. Consequently, notice of this application is being provided to all working interest owners within this affected offset tract (See Notice List); and

<u>Tract No. 2</u>. The NE/4 NW/4 of Section 32, Township 23 South, Range 32 East, NMPM. There is currently no Bone Spring development on this tract. The Bone Spring leasehold owner of this tract is Devon Energy Production Company, LP. Notice of this application will also be provided to Devon Energy Production Company, LP.

Attached is a Division Form C-102 which shows the surface and bottomhole locations of the James 29 Federal No. 38H as well as the proposed 160-acre Bone Spring Project Area. Also attached is a map showing the affected offset acreage, a notice list and notice letter.

In summary, approval of the application will provide Cimarex Energy Company the opportunity to recover additional oil and gas reserves from the South Sand Dunes-Bone Spring Pool underlying the W/2 E/2 of Section 29 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 N. Marienfeld Street, Suite 600 Midland, Texas 79701

Xc: OCD-Hobbs

DISTRICT I
1023 N. French Dr., Hobbs, NU 80240
Phase (107) 302-4181 Fam (118) 303-4120
DISTRICT II
011 S. First St., Artesta, HM 80210
Phase (103) 748-1641 Fam (103) 748-0720 DISTRICT III 1000 Rio Brazos Rd., Axtec, NM 87410 Paus (606) 254-8118 Fam (608) 834-8172

DISTRICT IV 1220 B. St. Francis Dr., Santa Pe, NM 07503 Phoes (503) 678-2450 Fam (503) 678-2463

State of New Mexico Energy, Minerals and Natural Resources Department

Form C-102 Revised August 1, 2011

Submit one copy to appropriate District Office

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

D AMENDED REPORT

Phone (508) 478-2458 Fam [505) 476-3463	WELL LOCATION AND ACR	EAGE DEDICATION PLAT	AMENDED REPORT
API Number	Pool Code	Pool Name	
30-025-41852		Sand Dunes; Bone Spri	ng, South
Property Code	Property JAMES 29 F		Well Number 38
OCRID No. 215099	Operator I CIMAREX ENE		Elevation 3689

Surface Location

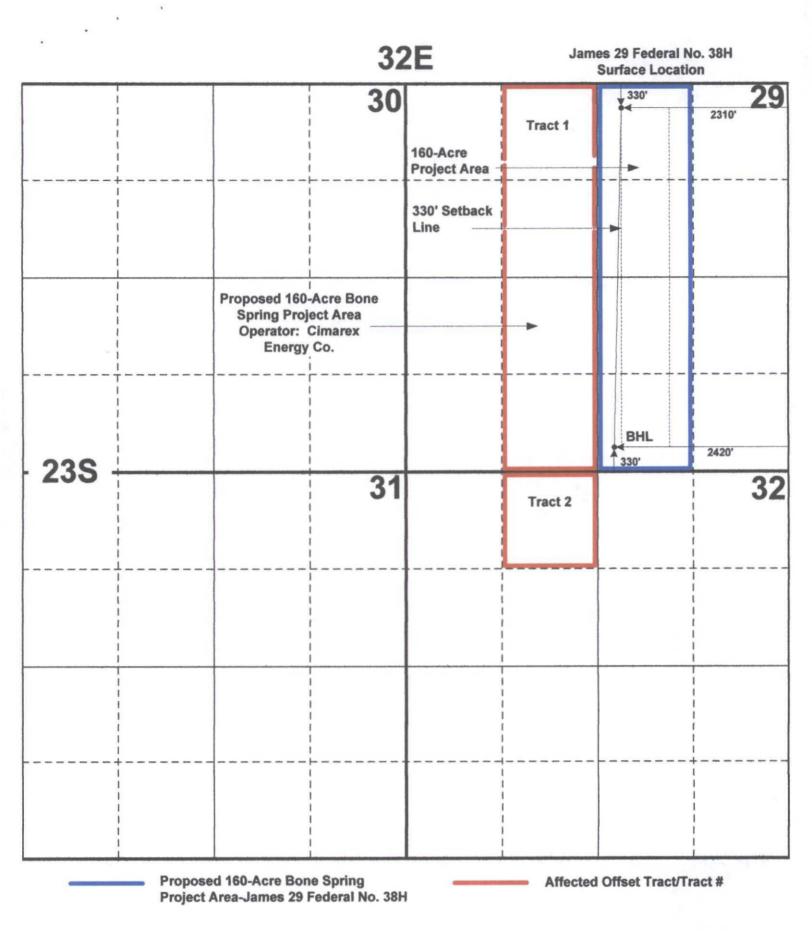
١	UL or lot No.	Section	Township	Range	lot idn	Feet from the	North/South line	Feet from the	Zaut/West line	County
	В	29	23 S	32 E		330	NORTH	2310	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section 29	Township 23 S	Range 32 E	Lot Idn	Feet from the 330	North/South Hee SOUTH	Feet from the 2420	East/Vest line EAST	County LEA
Dedicated Acres	Joint o	r Infill Co	noilabiloen	Code Or	dar No.				
160	ľ	l i							

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

		600 0' VERR 2'		
N: 467179.6 E: 735457.4 NAD83	N: 467201.9 E-738032.1 SURFACE LOCATION Lot - N 32*18*54.79" Long - W 103*41*44.23" PIMSPCE - N 465875.2 36: (NAO-83)	S.L.	N: 467228.3 E: 740727.6 NAD83	OPERATOR CERTIFICATION I hereby certify that the information contained harein is frue and complete to the best of my knowledge and belief, and that this organization either wans a working interest or unitased 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 centract with an owner of such a mineral or working interest or to a voluntary pooling agreement or a computerry pooling order heretofore entered by the division.
		NM0559539		Signature 5/20/2014 Signature Date Devsi Favela Printed Name dfavela@cimarex.com Email Address
			 	SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plot was plotted from field notes of ectual surveys made by me or under my supervison and that the same is true and correct to the heat of my boiler. Date Surveys delice Signature of open Policeshould Surveyor
N: 461896.5 E: 735489.8 NADB3	PROPOSED BOTTOM HOLE LOCATION Lol = N 32*16*09.11* Long = W 103*4*15.43* NMSPCE- H 462252.2 E 7.36340.3 (NAD-83)		2420' N: 481943D E: 740762.3 E: 740762.3	Cortinues 10: 00 ye ones 7977 0' 500' 1000' 1500' 2000' SCALE: 1' = 1000' WO Num.: 29277



Cimarex Energy Company
Application for Unorthodox Well Location
James 29 Federal No. 38H

<u>CERTIFIED MAIL</u> RETURN RECEIPT REQUESTED

TO: (SEE ATTACHED NOTICE LIST)

Re: Cimarex Energy Company

Application for Unorthodox Well Location

James 29 Federal Well No. 38H (API No. 30-025-41852)

Surface Location: 330' FNL & 2310' FEL (Unit B)

Bottomhole Location: 330' FSL & 2420' FEL (Unit O) All in Section 29, T-23 South, R-32 East, NMPM,

South Sand Dunes-Bone Spring Pool (53805)

Lea County, New Mexico

Ladies and Gentlemen:

Enclosed please find a copy of the application filed by Cimarex Energy Company ("Cimarex") for approval of an unorthodox oil well location for its proposed James 29 Federal Well No. 38H to be drilled at the surface and bottomhole locations described above. The well will test the South Sand Dunes-Bone Spring Pool and will be dedicated to a 160-acre spacing and proration unit ("project area") comprising the W/2 E/2 of Section 29, Township 23 South, Range 32 East, NMPM. The unorthodox location is necessary in order to maximize the recovery of oil and gas reserves underlying the W/2 E/2 of Section 29.

As the owner of an interest that may be affected by the proposed unorthodox oil well location, you are being provided notice as per Division rules and regulations. Objections must be filed in writing at the Division's Santa Fe office within 20 days from the date this notice was sent to you. If no objection is received within twenty days after the filing of this application and proof of notice with the Division, the application may be approved.

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

Sincerely,

David Catanach, Agent Cimarex Energy Company

600 N. Marienfeld Street, Suite 600

Midland, Texas 79701

Enclosure

Cimarex Energy Company Application for Unorthodox Well Location James 29 Federal No. 38H Notice List

Tract No. 1: E/2 W/2 of Section 29: Working Interest Owners:

Capitan Mountain Oil and Gas, LLC P.O. Box 1401 Roswell, NM 88202

Centennial LLC P.O. Box 1837 Roswell, NM 88202

Earl A. Latimer, III and Kathryn S. Latimer 1908 W. 27th St. Roswell, NM 88201

Harvard Petroleum Company, LLC H. Lee Harvard and Joanne Harvard 200 East 2nd Street Roswell, NM 88201

Jeff Harvard and Jane Harvard 200 East 2nd Street Roswell, NM 88201

Kerry D. Hunter P.O. Box 2631 Roswell, NM 88202

Patrick J.F. Gratton and Jean Gratton P.O. Box 190599 Dallas, Texas 75219-0599

William James Ball, Jr. and Nikki S. Ball P.O. Box 1401 Roswell, NM 88202

Yates Petroleum Corporation Attn: Chuck Moran 105 South Fourth Street Artesia, New Mexico 88210

Cimarex Energy Company Application for Unorthodox Well Location James 29 Federal No. 38H Notice List (Page 2)

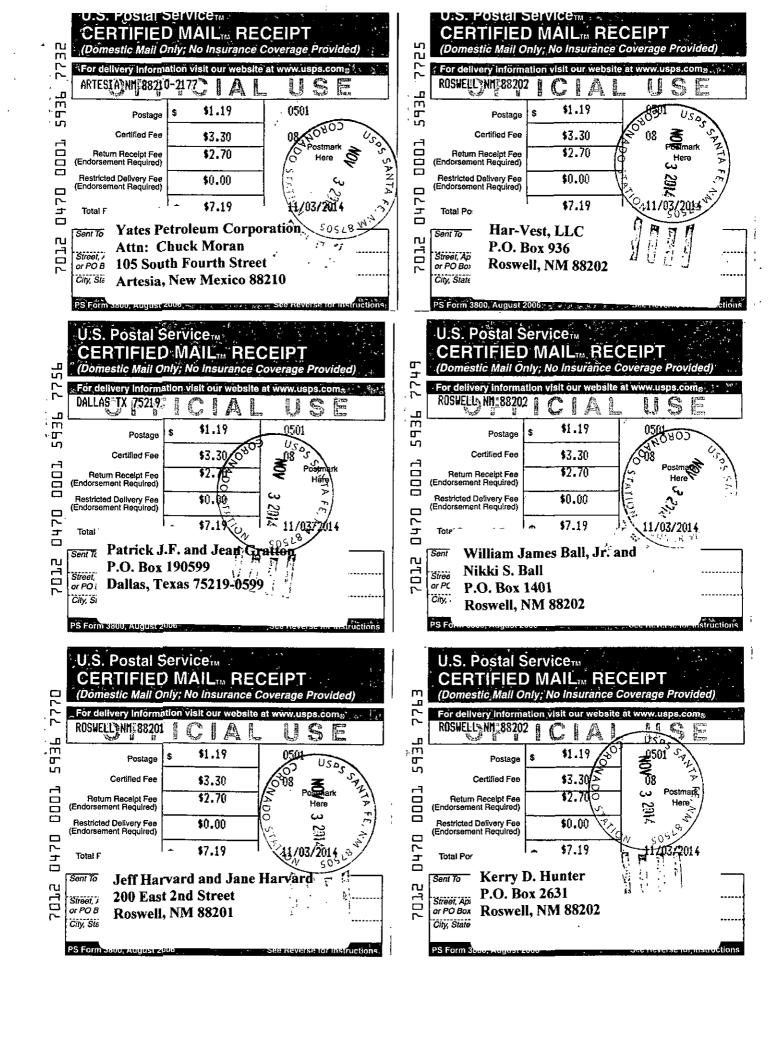
Tract No. 1 (Continued):

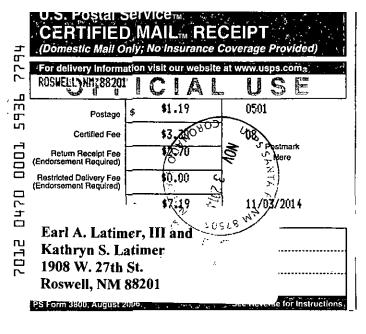
Har-Vest, LLC P.O. Box 936 Roswell, NM 88202

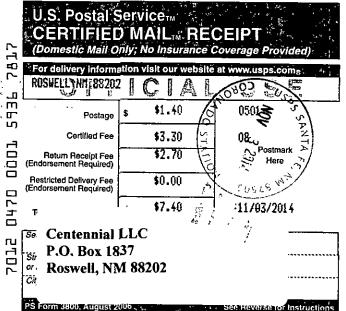
Marker Petroleum, Inc. 5727 S. Lewis Street, Suite 260 Tulsa, OK 74105

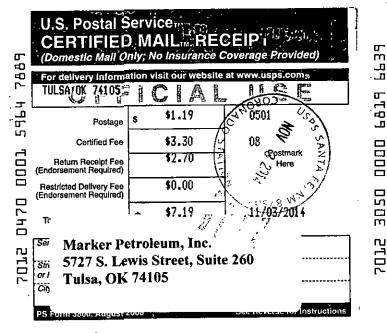
Tract No. 2: NE/4 NW/4 of Section 29; Leasehold Owner:

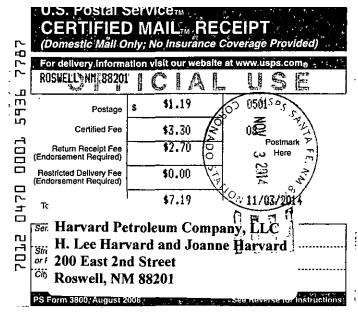
Devon Energy Production Company, LP 333 W. Sheridan Avenue Oklahoma City, OK 73102

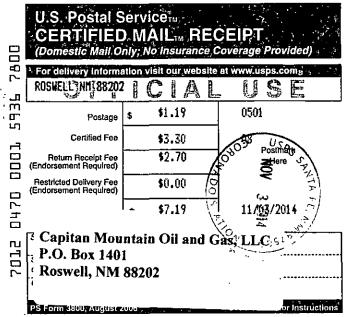


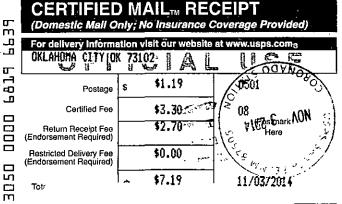












U.S. Postal Service™

Sent	Devon Energy Production Co., LP	-
Stree	333 W. Sheridan Avenue Oklahoma City, OK 73102	***********
or Pt	Oklahoma City, OK 73102	
City,	• ,	
PS Fo	IIII 3000, August 2000	structions

Form 3160-5 (August 2007)

UNITED STATES DEPARTMENT OF THE INTERIOR . BUREAU OF LAND MANAGEMENT

OCD	Hobbs

FORM APPROVED OMB NO. 1004-0135

HOBBS OCD

Expires: July 31, 2010 Lease Serial No.

	SUNDRY	NOTICES	AND REF	ORTS (ON WELLS	
Do	not use th	is form for	proposals	to drill o	r to re-enter	al

abandoned well. Use form 3160-3 (APD) for such propos

6. If,Indian, Allottee or Tribe Name

NMNM0559539

	2) io. odon proposais. NUV 01 201	
SUBMIT IN TRIPLICATE - Other instr	7. If Unit or CA/Agreement, Name and/or No.	
1. Type of Well Gas Well Other	RECEIVED	8. Well Name and No. JAMES 29 FEDERAL 38
Name of Operator Contact: CIMAREX ENERGY COMPANY OF CO Mail: hknauls	HOPE KNAULS Øcimarex.com	9. API Well No. 30-025-41852-00-X1
3a. Address 600 NORTH MARIENFELD STREET, SUITE 600 MIDLAND, TX 79701	3b. Phone No. (include area code) Ph. 918.295.1763	10. Field and Pool, or Exploratory SAND DUNES
4. Location of Well (Footage, Sec., T., R., M., or Survey Descripti	on)	11. County or Parish, and State
Sec 29 T23S R32E NWNE 330FNL 2310FEL 32.165479 N Lat, 103.414425 W Lon	/	LEA COUNTY, NM
		<u> </u>

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

TYPE OF SUBMISSION		TYPE C	F ACTION	
☑ Notice of Intent ☐ Subsequent Report ☐ Final Abandonment Notice	☐ Acidize ☐ Alter Casing ☐ Casing Repair ☐ Change Plans ☐ Convert to Injection	☐ Deepen ☐ Fracture Treat ☐ New Construction ☐ Plug and Abandon ☐ Plug Back	Production (Start/Resume) Reclamation Recomplete Temporarily Abandon Water Disposal	□ Water Shut-Off□ Well Integrity② Other

Cimarex Energy Co. respectfully requests approval for the changes below: Due to the lost circulation we are experiencing on the well at 7,365?, we are requesting to set 7" contingency string as follows:

Approved:

5-1/2" 20# L-80 LTC/BTC Stage tool and ACP at 7,000'

Proposed:

7" 32# L80 at approx. 9866? MD / 9399? TVD (at landing point)

Stage tool and ACP at approx. 7,000?

Stage 1 Lead Cement: 145 sx Tuned Light Lead at 10.8 ppg, 2.78 yield

SEE ATTACHED FOR CONDITIONS OF APPROVAL

14. I hereby certify that the	e foregoing is true and correct. Electronic Submission #274558 verifie For CIMAREX ENERGY COMP. Committed to AFMSS for processing by CHRIS	NY OF	F CO, sent to the Hobbs		
Name(Printed/Typed)	HOPE KNAULS	Title	REGULATORY TECH		
Signature	(Electronic Submission)	Date	10/29/2014	1	
	THIS SPACE FOR FEDERA	L OR	STATE OFFICE USE APPRUVEU		
Approved By		Title	Date Date		
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.			/s/ Chris Walls		
Fitle 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 the hydrautine lor agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.					

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 recomplete 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 recompletion in a new interval, a Form 31604 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.)

McMillan, Michael, EMNRD

From:	David Catanach dreatanach@netscape.com
Sent: To:	Monday, November 24, 2014 11:15 AM McMillan, Michael, EMNRD
Subject:	Re: Cimarex James Ranch 38H 30-025-41852 project area
Michael,	
·	
The surface well location for this were standard, I did not provide the	well is standard, so the FTP will be standard also. Since the surface location and FTP ne FTP for this well.
For purpose of this application, I v	vould just assume that the FTP will be the surface location.
The well path and bottomhole loca	ation make this well unorthodox.
Thonks	
Thanks,	
David	
Michael.McMillan@state.nm.us	s wrote:
From: "McMillan, Michael, EMNHI To: "Catanach, David" < drcatanac	D" < <u>Michael.McMillan@state.nm.us</u> > ch@netscape.com>
Subject: Cimarex James Ranch 3 Date: Mon, 24 Nov 2014 17:19:53	8H 30-025-41852 project area
Date. Mon, 24 Nov 2014 17:19.53	5 +0000
David:	
For the Cimarex James Ranch 38	8H 30-025-41852 I need information on the project area.
Can you tell me the penetration p	point?
Final penetration point?	
This well is past the 21 day wait,	so I am trying to get it written.
Mike	
Netscape. Just the Net You Need	1.