

CONFIRM N 3/09/2015

DATE IN 3/30/2015	SUSPENSE	ENGINEER MAM	LOGGED IN 2/02/2015	TYPE NSL	APP NO. PMAM1503331796
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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 _____

- NSL 7252
- Cimavex Energy Co
21505
Well
- James 29 Federal 364
30-025-41832
Pool
- Sand Dunes
Bone Springs, South
53805

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or X 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.

Terri Statham [Signature] Regulatory Mgr 1-29-15
Print or Type Name Signature Title Date
statham@Cimavex.com
e-mail Address



MODRALL SPERLING

L A W Y E R S

March 4, 2015

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Jennifer L. Bradfute
505.848.1845
Fax: 505.848.1882
jlb@modrall.com

TO AFFECTED PARTIES

Re: Revised Application of Cimarex Energy Co. of Colorado for administrative approval of an unorthodox well location for its James 29 Federal 36H, API 30-025-41832 drilled from a surface location of 185 feet from the North line and 1450 feet from the West line, to a bottom hole location 334 feet from the South line and 1364 feet from the West line of Section 29, Township 23 South, Range 32 East, N.M.P.M., Lea County, New Mexico.

Ladies and Gentlemen:

Enclosed in this notice is a copy of the above referenced application filed with the New Mexico Conservation Division on this date. Any objections that you have to this application must be filed in writing with the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico 87505, within twenty (20) days from the date the Division receives the above referenced application. If no objections are received within twenty days, this application may be administratively approved by the Division.

If you have any questions concerning this application, please contact:

Terri Stathem
Manager – Regulatory Compliance
Cimarex Energy Co.
202 S. Cheyenne Ave. Suite 1000
Tulsa, OK 74103-3001
Phone: 432-620-1936

Sincerely,

Jennifer L. Bradfute
Attorney for Cimarex Energy Co. of

Modrall Sperling
Roehl Harris & Sisk P.A.

Bank of America Centre
500 Fourth Street NW
Suite 1000
Albuquerque,
New Mexico 87102

PO Box 2168
Albuquerque,
New Mexico 87103-2168

Tel: 505.848.1800
www.modrall.com



MODRALL SPERLING

L A W Y E R S

March 4, 2015

Via Email

David Catanach
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Jennifer L. Bradfute
505.848.1845
Fax: 505.848.1882
jlb@modrall.com

Re: *Application of Cimarex Energy Co. of Colorado for administrative approval of an unorthodox well location for its James 29 Federal 36H, API 30-025-41832 drilled from a surface location of 185 feet from the North line and 1450 feet from the West line, to a bottom hole location 334 feet from the South line and 1364 feet from the West line of Section 29, Township 23 South, Range 32 East, N.M.P.M., Lea County, New Mexico.*

Dear Mr. Catanach:

Cimarex Energy Co. of Colorado ("Cimarex") (OGRID No. 251099) is seeking administrative approval under Division Rules 19.15.15.13(C) and 19.15.16.15(B)(2) NMAC for an unorthodox well location for its James 29 Federal 36H Well, API 30-025-41832, which is a horizontal well located in Section 29, Township 23 South, Range 32 East, N.M.P.M., Lea County, New Mexico. Cimarex is filing this application because, as discussed below, the completed interval does not comply with the 330' setback requirements. This well has been drilled to test the Bone Springs formation (South Sand Dunes Pool - 53805) and is located as follows:

- Surface Location: 185 feet from the North line and 1450 feet from the West line of Section 29;
- Bottom Hole Location: 334 feet from the South line and 1364 feet from the West line of Section 29;
- Project Area: Units C, F, K and N in Section 29, Township 23 South, Range 32 East, N.M.P.M., Lea County, New Mexico.

This location is governed by statewide Rule 19.15.15.9(A) NMAC, which provides for 40-acre spacing units, with wells located at least 330 feet from the spacing unit's outer boundary and Rule 19.15.16.15(B)(2), which requires every point of the completed interval in a horizontal well to "meet the minimum setback requirement from the outer boundaries of the project area."

Modrall Sperling
Roehl Harris & Sisk P.A.
Bank of America Centre
500 Fourth Street NW
Suite 1000
Albuquerque,
New Mexico 87102

PO Box 2168
Albuquerque,
New Mexico 87103-2168

Tel: 505.848.1800
www.modrall.com

Cimarex is filing this application because it the completed interval of the well is closer than 330' from the West line of the project area. The completed interval for the well is as follows:

- Beginning of Producing Interval: 336' feet from the North line and 1435' feet from the West line of Section 29; and
- End of Producing Interval: 360' feet from the South line and 1365 feet from the West line of Section 29.

Attached as Exhibit A is the "as drilled" C-102 for the well.

Attached as Exhibit B, is a plat which shows the subject spacing unit for this well and all adjoining spacing units or leases. The non-standard portions of the well are encroaching towards units D, E, L, and M in the W/2 W/2 of Section 29. Cimarex attests that it is the operator of the offset spacing and proration units in Section 29, and that the mineral interest ownership in the W/2 of Section 29 is common. Cimarex is the operator of unit P in Section 20, Township 23 South, Range 32 East, and is providing notices to the working interest owners in that spacing unit. Cimarex is also providing notice to the operator of Section 32, Township 23 South, Range 32 East, which is Devon Energy Prod. Co.

This well will be located in the project area for the James Federal 20H well (API 30-025-41251). Subject to the terms of the applicable joint operating agreement, the working interest owners in the project area have approved the drilling of the James 29 Federal 36H well. See 19.15.16.15(C)(2).

Exhibit C is the list of persons who are entitled to notice under Subsection A of 19.15.4.12 NMCA. Copies of this revised application, including all attachments, have been mailed to each affected person and offset operator via certified mail-return receipt requested, pursuant to Rule 19.15.4.12A(2)(a). Each person entitled to notice has been informed that if it has an objection to this application, the objection must be filed in writing with the Division's Santa Fe office within twenty (20) days from the date this notice was mailed.

Please contact me if you have any questions or concerns. Thank you. 7

Sincerely,



Jennifer L. Bradfute



EXHIBIT C:

Notification List for the Revised Application of Cimarex Energy Co. of Colorado for administrative approval of an unorthodox well location for its James 29 Federal 36H, API 30-025-41832 drilled from a surface location of 185 feet from the North line and 1450 feet from the West line, to a bottom hole location 334 feet from the South line and 1364 feet from the West line of Section 29, Township 23 South, Range 32 East, N.M.P.M., Lea County, New Mexico.

Jennifer L. Bradfute
505.848.1845
Fax: 505.848.1882
jlb@modrall.com

Devon Energy Prod. Co.
333 W. Sheridan Ave
Oklahoma City, OK 73102

Marker Petroleum, Inc.
4637 East 91st Street
Tulsa, OK 74137

Yates Petroleum Corp.
105 South Fourth St.
Artesia, NM 88210

Harvard Petroleum Co., LLC
P.O. Box 936
Roswell, NM 88202

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

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

Patrick J. F. Gratton &
Jean M. Gratton
P.O. Box 190599
Dallas, TX 75219-0599

Earl A Latimer III &
Katherine S. Latimer
1908 W. 27th St.
Roswell, NM 88201

Modrall Sperling
Roehl Harris & Sisk P.A.

Bank of America Centre
500 Fourth Street NW
Suite 1000
Albuquerque,
New Mexico 87102

PO Box 2168
Albuquerque,
New Mexico 87103-2168

Tel: 505.848.1800
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Page 2

new

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

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

Ball Oil & Gas LLC
P.O. Box 1401
Roswell, NM 88202-1401

J 4 Family LP
Attn: Jeff Harvard General Partner
P.O. Box 936
Roswell, NM 88202-0936

H. Lee & Joanne W. Harvard Trust
Attn: H. Lee Harvard & Jeffery Harvard
P.O. Box 936
Roswell, NM 88202-0936

2000

McMillan, Michael, EMNRD

From: Jennifer L. Bradfute <jlb@modrall.com>
Sent: Monday, March 09, 2015 10:04 AM
To: McMillan, Michael, EMNRD
Cc: TStathem@cimarex.com; Earl E. DeBrine
Subject: RE: NSL Application - James 29 Federal 36H

Thank you Mr. McMillan.

As we discussed, Exhibit B is the plat showing ownership in the surrounding sections. Cimarex used a plat for that Exhibit which it had previously created because the ownership in the surrounding sections had not changed.

Thank you,
Jennifer Bradfute



Jennifer L. Bradfute
Modrall Sperling | www.modrall.com
P.O. Box 2168 | Albuquerque, NM 87103-2168
500 4th St. NW, Ste. 1000 | Albuquerque, NM 87102
D: 505.848.1845 | O: 505.848.1800 | F: 505.848.1891

From: McMillan, Michael, EMNRD [<mailto:Michael.McMillan@state.nm.us>]
Sent: Monday, March 09, 2015 9:59 AM
To: Jennifer L. Bradfute
Cc: TStathem@cimarex.com; Earl E. DeBrine
Subject: RE: NSL Application - James 29 Federal 36H

Ms. Bradfute:
Your BHL in Exhibit B does not match C-102
Thank You
Michael McMillan

From: McMillan, Michael, EMNRD
Sent: Monday, March 09, 2015 9:45 AM
To: 'Jennifer L. Bradfute'
Cc: TStathem@cimarex.com; Earl E. DeBrine
Subject: RE: NSL Application - James 29 Federal 36H

Ms. Bradfute:
The C-102 for the BHL does not match your letter. The BHL in your letter say 1365 FWL, your C-102 say 1364 FWL
Thank You
Michael McMillan

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 Street, Apt. No., or PO Box No. **P.O. Box 936**
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Sent To: **POWON ENERGY PROD. CO.**
 Street, Apt. No., or PO Box No. **333 W. SHERIDAN AVE**
 City, State, ZIP+4[®] **OKLAHOMA CITY, OK 73102**

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Sent To **EARL A. LATTIMER III & LATTIMER**
Street, Apt. No., or PO Box No. **1908 W. 27th ST.**
City, State, ZIP+4 **ROSWELL, NM 88201**

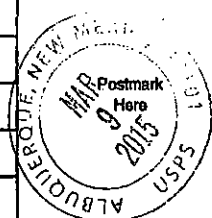
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City, State, ZIP+4 **ROSWELL, NM 88202-1401**

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Sent To **Patrick F. Gwatton & Jean M. Gwatton**
Street, Apt. No., or PO Box No. **P.O. Box 190599**
City, State, ZIP+4 **DALLAS, TX 75219-0599**

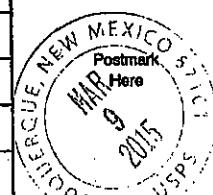
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City, State, ZIP+4 **ROSWELL, NM 88202**

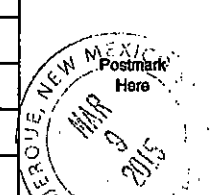
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9504 0856 0000 0090 ET02

McMillan, Michael, EMNRD

From: Hope Knauls <hknauls@cimarex.com>
Sent: Tuesday, March 24, 2015 1:53 PM
To: McMillan, Michael, EMNRD
Cc: Terri Stathem
Subject: FW: James 29 Federal 36H 3002541832

Mr. McMillan,

Cimarex has proposed an NSL for the above well. The well was drilled in the Avalon Shale, the Avalon Shale requires 870' spacing between wells for the most optimal drainage. The James 29 Federal 35H well was drilled in the W2 W2 and is located 440' of the West line. Therefore, the minimum distance from the West line for the James 39 Federal 36H BHL would be at 1320'. NMOCD rules dictate we must be 10' off the qtr/qtr line therefore we drilled to a target of 1330' FWL, our final directional plan indicated well drilled to 1364' FWL.

Thanks,

Hope Knauls

Cimarex Energy
Regulatory Tech
918-295-1799
hknauls@cimarex.com



McMillan, Michael, EMNRD

From: Terri Stathem <TStathem@cimarex.com>
Sent: Tuesday, March 31, 2015 7:58 AM
To: McMillan, Michael, EMNRD; Hope Knauls
Subject: RE: James 29 Federal 36H 3002541832

Mr. McMillan,

When we look at the optimal drainage it is from the BHL not the SHL. The BHL for the James 29 #35 is 330' FSL 440' FWL. $440 + 870 = 1310'$.

Thank you.

Terri Stathem

Manager – Regulatory Compliance
202 S. Cheyenne Ave, Suite 1000
Tulsa, OK 74103-3001

Direct 432-620-1936
Cell 918-633-9702
Fax 918-749-8059



From: McMillan, Michael, EMNRD [<mailto:Michael.McMillan@state.nm.us>]
Sent: Friday, March 27, 2015 10:42 AM
To: Hope Knauls
Cc: Terri Stathem
Subject: RE: James 29 Federal 36H 3002541832

Ms. Knauls:

When I look at the C-102 for the James Ranch 29 35H, the surface location is 330 FNL and 330 FWL. When I add 330 feet+870 feet, I get 1200 FWL, which makes the project area W/2 W/2 for the 36H, so can you explain how you got a penetration point of 1435 FWL, which makes the project area E/2 W/2 for the 36H?

Thank You

Michael A. McMillan

Engineering and Geological Services Bureau, Oil Conservation Division
1220 South St. Francis Dr., Santa Fe NM 87505
O: 505.476.3448 F. 505.476.3462

Michael.mcmillan@state.nm.us

From: Hope Knauls [<mailto:hknauls@cimarex.com>]
Sent: Tuesday, March 24, 2015 1:53 PM
To: McMillan, Michael, EMNRD
Cc: Terri Stathem
Subject: FW: James 29 Federal 36H 3002541832

Mr. McMillian,

Cimarex has proposed an NSL for the above well. The well was drilled in the Avalon Shale, the Avalon Shale requires 870' spacing between wells for the most optimal drainage. The James 29 Federal 35H well was drilled in the W2 W2 and is located 440' of the West line. Therefore, the minimum distance from the West line for the James 39 Federal 36H BHL would be at 1320'. NMOCD rules dictate we must be 10' off the qtr/qtr line therefore we drilled to a target of 1330' FWL, our final directional plan indicated well drilled to 1364' FWL.

Thanks,

Hope Knauls

Cimarex Energy
Regulatory Tech
918-295-1799
hknauls@cimarex.com

