

DATE IN 10/7/2016	SUSPENSE	ENGINEER LPL	LOGGED IN 10/07/2016	TYPE NSP	APP NO. 2964
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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-2052
 Klein 33 Federal Com #1H
 Cimarex Energy Co.
 30-015-42105

WC-015526268
 Bone Springs
 98018

[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.

Amithy Crawford
 Print or Type Name

Amithy Crawford
 Signature

Regulatory Analyst
 Title

10/7/2016
 Date

acrawford@cimarex.com
 e-mail Address



Cimarex Energy Co.

600 N. Marlenfeld ♦ Suite 600 ♦ Midland, TX 79701 ♦ (432) 620-1909 ♦ Fax (432) 620-1940

• A NYSE Listed Company • "XEC"

October 7, 2016

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

Re: Application of Cimarex Energy Co. for administrative approval of a Non-Standard Spacing Unit/Horizontal Project Area for its Klein 33 Federal Com #1H (API No. 30-015-42105)

SHL: 290' FSL & 780' FWL (Lot 4)

FTP: 396' FSL & 551' FWL (Lot 4)

Both in Sec. 33, Township 26S, Range 27E, NMPM

LTP: 362' FNL & 477' FWL (UL: D)

BHL: 330' FNL & 476' FWL (UL: D)

Both in Section 28, Township 26S, Range 27E, NMPM

Eddy County, New Mexico.

Dear Mr. Catanach:

Cimarex Energy Co. ("Cimarex") (OGRID No. 215099) is seeking administrative approval under Division Rules 19.15.15.11 NMAC for a 223.37 acre Non-Standard Spacing Unit/Horizontal Project Area for the Klein 33 Federal Com #1H well comprising of the W/2 W/2 of Section 28 and 33, T-26S, R-27E, NMPM, Eddy County, New Mexico.

The proposed Klein 33 Federal Com #1H, which has been drilled as a horizontal well at a standard well location to test the Bone Spring Pool (98018), will be dedicating to the proposed 223.37 acre non-standard proration unit due to the irregular acreage in the S/2 of Section 33, which is discussed in detail below.

The WC-015 G-04 S262728S; 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/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 (A, B, C, & D) and four non-standard lots (1, 2, 3 & 4) that each comprise of approximately 24 acres.

NSP -- Klein 33 Federal Com 1H
30015-42105
Cimarex Energy Co.
Page 2


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

Affected Offset Acreage-Non-Standards 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 the 80-acre pools or formations, the quarter section for 160-acre pools or formations, the half section for 320- acre pools for 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.

In summary, approval of the application will provide Cimarex the opportunity to recover oil and gas reserves from the Bone Spring pool underlying the proposed non-standard project area thereby preventing waste and will not violate correlative rights.

If you should have any questions, please call me at 432-620-1909.

Sincerely,


Amithy Crawford
Regulatory Analyst
Cimarex Energy Co.

District I
1625 N. Francis 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 Limas 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 30-015-42105	² Pool Code 98018	³ Pool Name WC-015 G-04 S262625B; Bone Spring
⁴ Property Code 40358	⁵ Property Name KLEIN 33 FEDERAL COM	⁶ Well Number 1H
⁷ OGRID No. 215099	⁸ Operator Name CIMAREX ENERGY CO.	⁹ Elevation 3192'

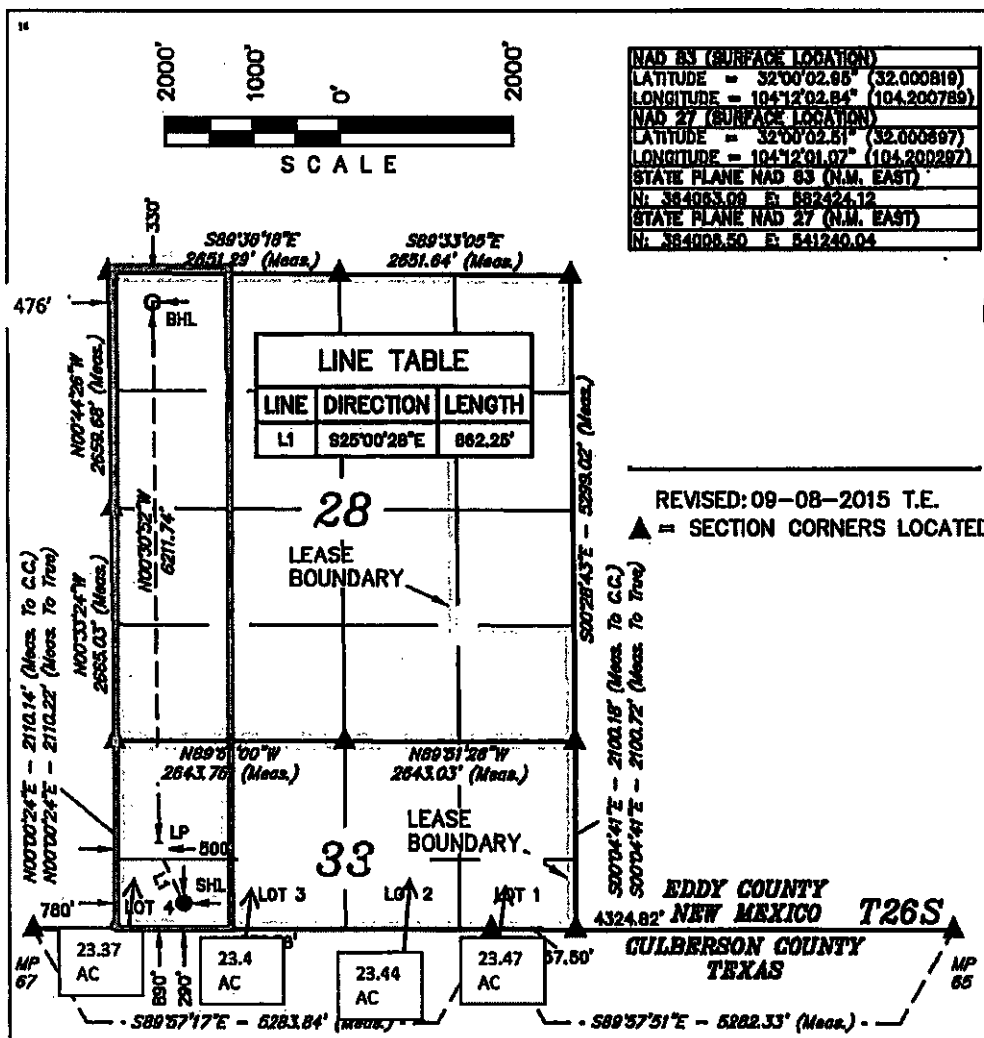
"Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
4	33	26S	27E		290	SOUTH	780	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
D	28	26S	27E		330	NORTH	476	WEST	EDDY
¹¹ Dedicated Acres 223.37	¹² Joint or Infill	¹³ Consolidation Code	¹⁴ Order No.						

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.

Signature: *Terri Stathem* Date: 6/15/16

Printed Name: Terri Stathem

tstathem@cimarex.com

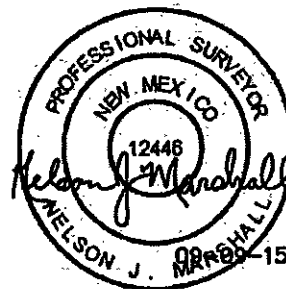
E-mail Address

"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 29, 2013

Date of Survey
Signature and Seal of Professional Surveyor:



Certificate Number:

Lowe, Leonard, EMNRD

From: Lowe, Leonard, EMNRD
Sent: Thursday, October 13, 2016 2:09 PM
To: 'acrawford@cimarex.com'
Cc: Bayliss, Randolph, EMNRD; Sharp, Karen, EMNRD; McMillan, Michael, EMNRD; Goetze, Phillip, EMNRD; Jones, William V, EMNRD; 'lisa@rwbyram.com'; 'jglover@blm.gov'; 'scaffey@blm.gov'; 'jstovall@blm.gov'; 'rjsanche@blm.gov'
Subject: NSP-2052_Klein 33 Federal Com Well No. 1H, Eddy County_33 26S 27E
Importance: High

Amithy Crawford

The following permit has been issued and will soon be available on the Division's web site: <http://ocdimage.emnrd.state.nm.us/Imaging/Default.aspx>

NSP-2052

Cimarex Energy Company

API #: 30-015-42105

WELL: Klein 33 Federal Com Well No. 1H, Eddy County

Leonard Lowe

Engineering Bureau

Oil Conservation Division

Energy Minerals and Natural Resources Department

1220 South St. Frances

Santa Fe, New Mexico 87004

Office: 505-476-3492

Fax: 505-476-3462

E-mail: leonard.lowe@state.nm.us

Website: <http://www.emnrd.state.nm.us/ocd/>