

DATE IN 8/9/06	SUSPENSE	DAVID BROOKS ENGINEER	LOGGED IN 8/9/06	TYPE NSL	APP NO. pTDSOL-22153192
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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.

JAMES BRUCE
P.O. BOX 1056
SANTA FE, NM 87504
 Print or Type Name

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Signature

Attorney for Applicant
 Title

jamesbruc@aol.com
 e-mail Address

Date

2006 AUG 9 PM 2 19

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruc@aol.com

August 9, 2006

Hand delivered

Michael E. Stogner
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Pursuant to Division Rule 104.F(2), Cimarex Energy Co. of Colorado applies for approval of an unorthodox oil well location for the following well:

<u>Well:</u>	Pipeline "B-6" Fed. Well No. 3
<u>Location:</u>	2310 feet FNL & 1980 feet FWL
<u>Well Unit:</u>	Lot 5 and SW $\frac{1}{4}$ NW $\frac{1}{4}$ §6-19S-34E, Eddy County, New Mexico (78.06 acres)

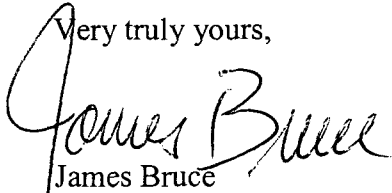
The well will be drilled to a depth sufficient to test the Bone Spring formation (EK-Bone Spring Pool). Under Order No. R-4981, the pool is spaced on 80 acres, with wells to be located within 150 feet of the center of a quarter-quarter section. A Form C-102 is attached as Exhibit A.

The location is unorthodox for topographic reasons. There are sand dunes in this area, and there is sand dune lizard habitat. As a result, the Bureau of Land Management ("BLM") requires operators to minimize surface disturbance. Attached as Exhibit B is applicant's proposed development plan for this area (covering four sections of land), which was submitted to the BLM. The proposed location minimizes surface disturbance for roads, pipelines, *etc.*, and minimizes effects on sand dunes and wildlife habitat.

Applicant also requests approval of a non-standard unit. The pool rules reflect that a standard unit is 79-81 acres, and this well unit is 78.06 acres due to a variation in the government survey.

The W½ of Section 6 (and other acreage) is subject to Federal Lease NM 4314, which has common ownership in the Bone Spring formation. Therefore, there are no adversely affected parties, and no offset interest owners have been notified of the application.

Very truly yours,

A handwritten signature in cursive script that reads "James Bruce". The signature is written in dark ink and is positioned above the printed name.

James Bruce

Attorney for Cimarex Energy Co. of Colorado

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
1801 W. Grand Avenue, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised October 12, 2005

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name E-K; Bone Spring
Property Code	Property Name PIPELINE "B-6" FEDERAL	Well Number 3
OGRID No. 162683	Operator Name CIMAREX ENERGY CO. OF COLORADO	Elevation 3804'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	6	19 S	34 E		2310	NORTH	1980	WEST	LEA

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
Dedicated Acres 80	Joint or Infill N	Consolidation Code	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

<p>lot 4</p> <p>lot 3</p> <p>lot 5 38.06 acres</p> <p>2310'</p> <p>1980'</p> <p>3805.8'</p> <p>3809.4'</p> <p>3801.4'</p> <p>3805.4'</p> <p>Lot - N32°41'26.2" Long - W103°36'05.6" NMSPCE - N 615746.846 E 766.471.104 (NAD-83)</p>	<p>OPERATOR CERTIFICATION</p> <p>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 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.</p> <p><u>Zeno Farris</u> 8-3-06 Signature Date Zeno Farris Printed Name</p>	
	<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>DATE 8-23-2006 Date Surveyed Signature of Professional Surveyor Professional Surveyor 7977 Certificate No. 7977</p> <p>BASIN SURVEYS</p>	

EXHIBIT A



07/29/06

BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE
620 EAST GREENE STREET
CARLSBAD, NEW MEXICO 88220-6292

ATT: Mr. TY ALLEN

Re: P.O.D. for CIMAREX
PIPELINE "B" FEDERAL WELLS
SECTIONS 5,6,7,18 T19S-R34E

Dear Mr. Allen:

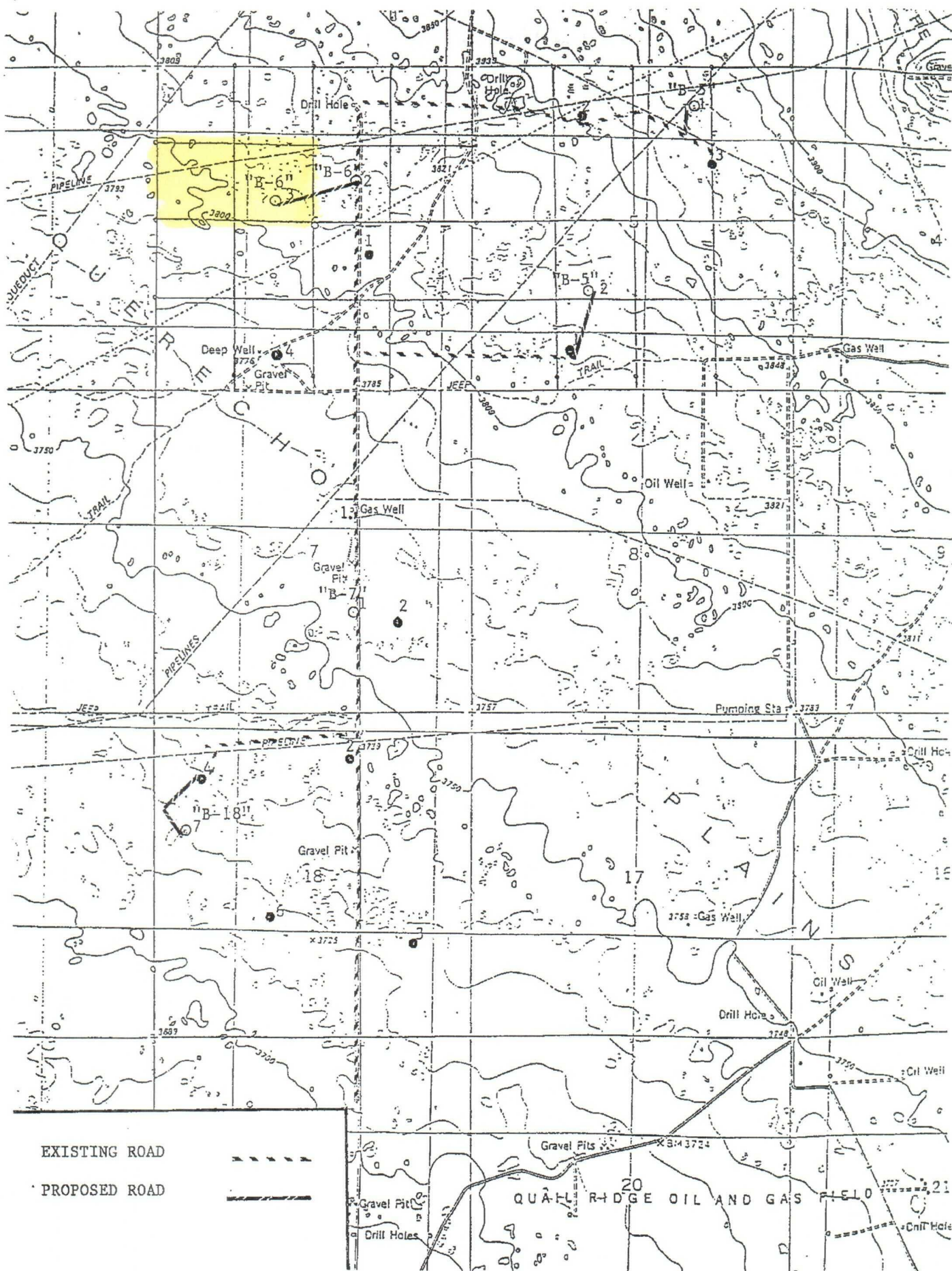
The enclosed topographic plats shows the proposed developement plan for Cimarex Pipeline "B" Federal wells to be drilled in the above referenced sections. A corridor for the flowlines, powerlines, proposed roads are to follow the existing roads where this is possible in this way the damage to the surface and wildlife in the area will be kept to a minimum.

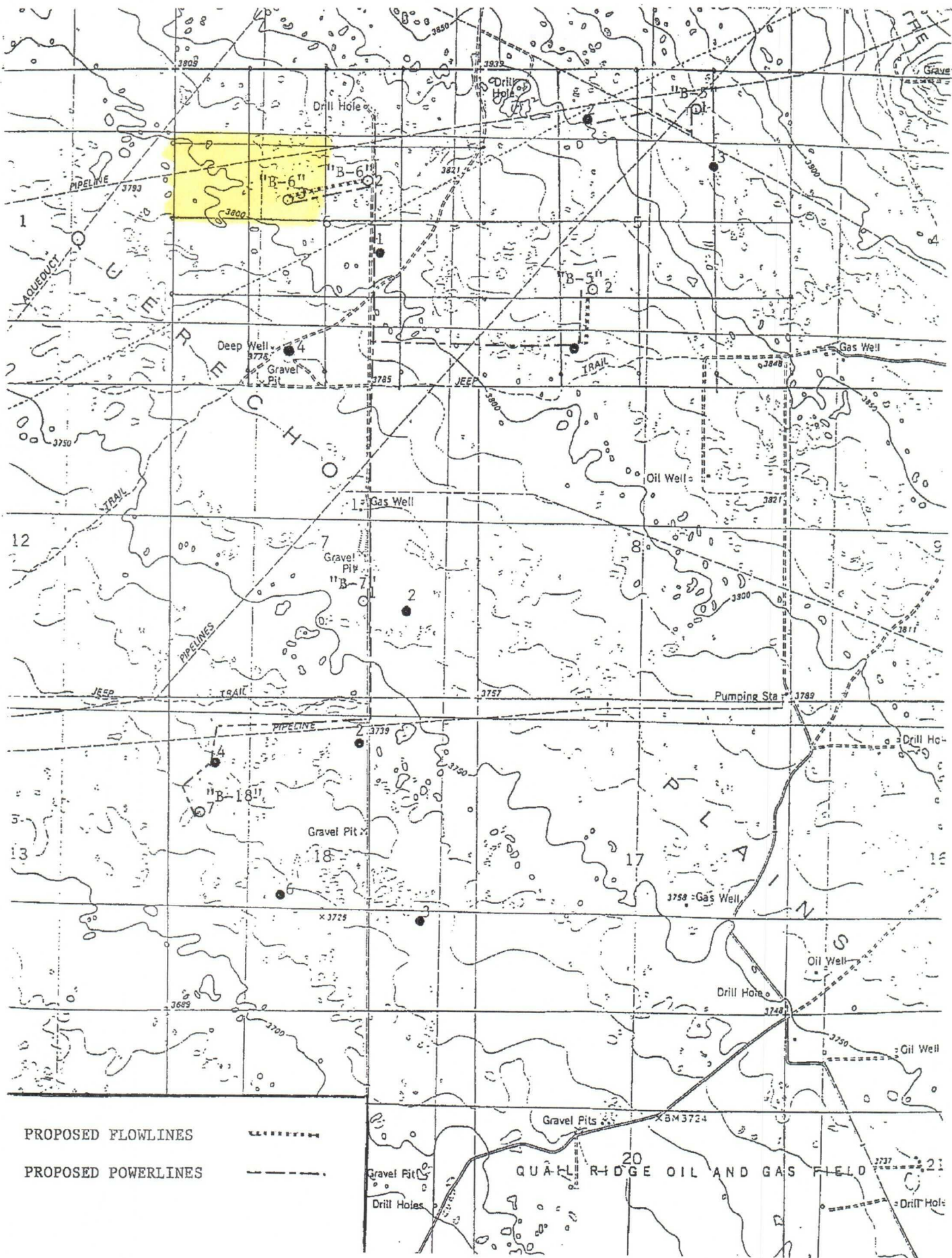
A handwritten signature in cursive script, reading "Joe T. Janica", is positioned above the typed name.

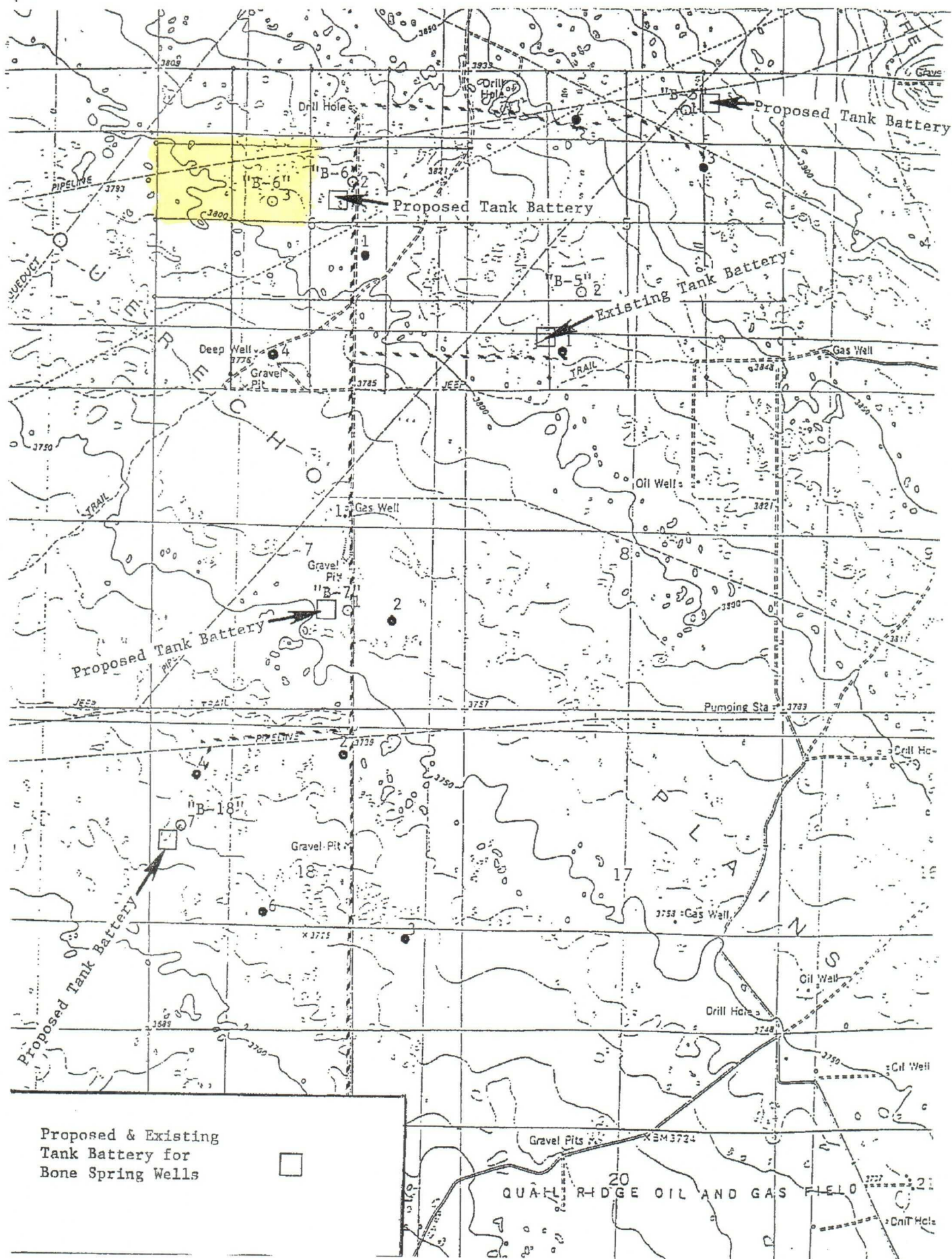
Joe T. Janica

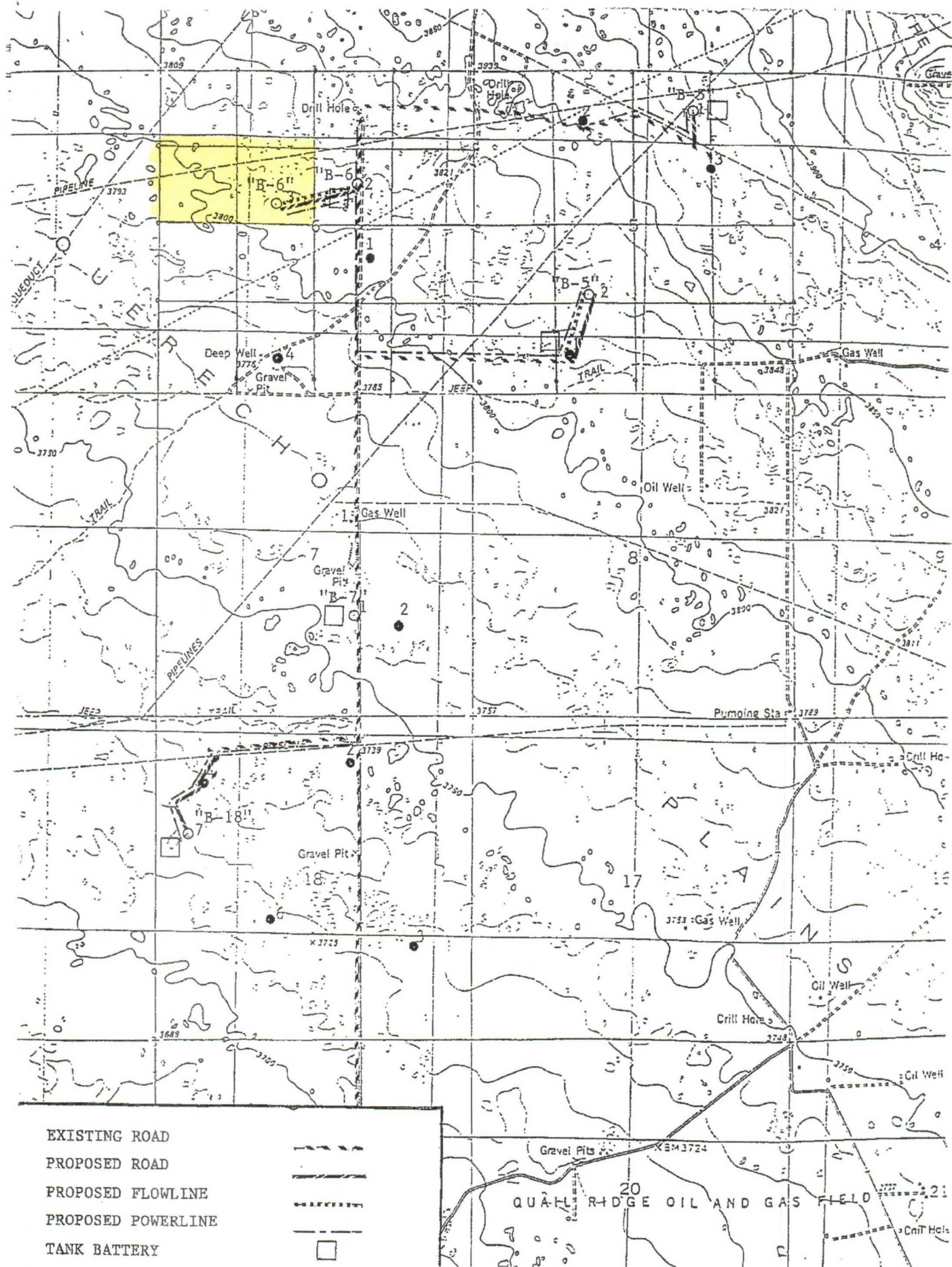
Agent for

CIMAREX ENERGY CO. OF COLORADO









JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

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(505) 982-2151 (Fax)

jamesbruce@aol.com

2006 AUG 21 PM 12 38

August 21, 2006

Michael E. Stogner
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

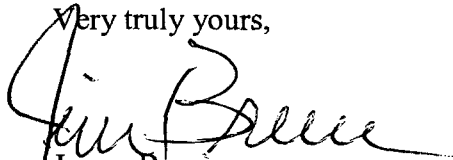
Dear Mr. Stogner:

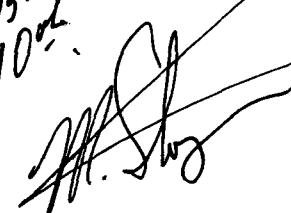
Cimarex Energy Co. of Colorado recently applied for approval of an unorthodox gas well location for the following well:

<u>Well:</u>	Pipeline "B-6" Fed. Well No. 3
<u>Location:</u>	2310 feet FNL & 1980 feet FWL
<u>Well Unit:</u>	Lot 5 and SW $\frac{1}{4}$ NW $\frac{1}{4}$ §6-19S-34E, Eddy County, New Mexico (78.06 acres)

Cimarex then found out that Nearburg Producing Company had filed an APD for a Bone Spring well with a unit comprised of Lot 3 and SW $\frac{1}{4}$ NW $\frac{1}{4}$ §6. Nearburg has now filed a Sundry Notice (copy enclosed) changing its well unit to lots 3 and 4. Therefore, Cimarex's well unit is proper.

Very truly yours,


James Bruce
Attorney for Cimarex Energy Co. of Colorado

8-21-2006
The application referenced
in this letter (PTDSD-622259445)
was assigned to David Brooks to review
by the Chief Engineer on
Aug. 10th.


Form 3160-5
(April 2004)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB NO. 1004-0137
Expires March 31, 2007

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

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

Nearburg Producing Company

3a. Address

3300 N A St., Bldg 2, Ste 120, Midland, TX 79705

3b. Phone No. (include area code)

432/686-8235

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

660 FWL and 1980 FWL, Sec 6, 19S, 34E

5. Lease Serial No.

NMNM4314

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.

Mescalero 6 Federal
#1

9. API Well No.

30-025-37570

10. Field and Pool, or Exploratory Area

E-K; Bone Springs

11. County or Parish, State

Lea NM

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

TYPE OF SUBMISSION

☒ Notice of Intent☐ Subsequent Report☐ Final Abandonment Notice

TYPE OF ACTION

☐ 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 Integrity☒ Other ChangeDedicated Acres

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 recompleat 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 recompleat 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 final site is ready for final inspection.)

NPC requests to change the dedicated acres back to the original 80 acres due to a land issue with a partner company.

See attached plat.

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Sarah Jordan

Title

Production/Regulatory Analyst

Date 8/17/06

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

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.

Office

Title 18 U.S.C. Section 1001, and Title 43 U.S.C. Section 1212, makes 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.

DISTRICT I

1628 N. FRENCH DR., ROSA, NM 85840

DISTRICT II

1201 W. GRAND AVENUE, ALBUQUERQUE, NM 87102

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico

Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102

Revised JUNE 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name <i>E-K; Bone Spring</i>
Property Code	Property Name MESCALERO 6 FEDERAL	Well Number 1
OGRID No. 015742	Operator Name NEARBURG PRODUCING COMPANY	Elevation 3817'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
3	6	19-S	34-E		660	NORTH	1980	WEST	LEA

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
Dedicated Acres 80	Joint or Infill	Consolidation Code	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

<p>LOT 4</p> <p>3818.2'</p> <p>3822.1'</p> <p>3812.7'</p> <p>3822.9'</p> <p>43.27 AC</p> <p>LOT 5</p> <p>45.30 AC</p> <p>45.16 AC</p> <p>45.03 AC</p> <p>38.06 AC</p> <p>LOT 6</p> <p>38.02 AC</p> <p>LOT 7</p> <p>37.98 AC</p> <p>1980'</p> <p>600'</p> <p>600'</p> <p>GEODETC COORDINATES NAD 27 NME</p> <p>Y=617332.8 N X=725283.8 E</p> <p>LAT.=32°41'42.03" N LONG.=103°36'03.71" W</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>[Signature]</i> Signature <i>S Jordan</i> Printed Name <i>Prod Analyst</i> Title <i>10.11.05</i> Date</p> <p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>SEPTEMBER 16, 2005</p> <p>Date Surveyed</p> <p>Signature <i>[Signature]</i> Seal Professional Surveyor</p> <p><i>[Stamp: GARY EIDSON, NEW MEXICO, 9/27/05, 05.11.1435]</i></p> <p>Certified No. <i>GARY EIDSON</i> 12641</p>
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Brooks, David K., EMNRD

From: JamesBruc@aol.com

Sent: Tuesday, August 22, 2006 7:22 AM

To: Brooks, David K., EMNRD

Subject: Re: Cimarex Energy Co. NSL application No.pTD0622153192; Pipeline B-6 Fed. We...

David: For further clarification: The well unit is the S/2NW/4, and the well is unorthodox toward the south. The S/2NW/4 and N/2SW/4 are all the same lease and same ownership (WI, RI, and ORRI).

(The N/2NW/4 has been farmed out to Nearburg, but the Cimarex well does not encroach toward them.)

Jim

8/22/2006