

PDIC 0722547701

8/1/07 DATE IN	8/2/07 SUSPENSE	DCE ENGINEER	8/13/07 LOGGED IN	NSL TYPE	GP 071165236 APP NO.
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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



5679

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.

James Bruce
 P.O. Box 1056
 Santa Fe, New Mexico 87504

Signature

Attorney for Applicant
 Title Date

jamesbruc@aol.com
 e-mail Address

RECEIVED
 2007 AUG 1 PM 3 27

8/1/07

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 1, 2007

Hand delivered

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

Re: Re-submittal of Administrative Application No. pCLP0711652736

Dear Mr. Fesmire:

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

<u>Well:</u>	Ozley 25 Fed. Well No. 1
<u>Surface Location:</u>	330 feet FSL & 150 feet FEL
<u>Well Unit:</u>	<u>Upper Penn (Cisco/Canyon) formation</u> E½ §25-24S-25E, Lea County, New Mexico Top of Cisco/Canyon: 644 feet FSL & 606 feet FEL Base of Cisco/Canyon: 892 feet FSL and 974 feet FEL

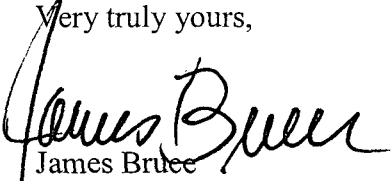
The well was drilled to and completed in the Morrow formation, and the location was orthodox in that zone. See Exhibit A. Applicant now desires to re-complete the well in the Cisco/Canyon formation (wildcat Cisco/Canyon). The formation is spaced on statewide rules, with 320 acre spacing and wells to be located no closer than 660 feet to a quarter section line and 10 feet to a quarter-quarter section line. A Form C-102 is attached as Exhibit B.

The original application requested approval of unorthodox locations in both the Wolfcamp and Cisco/Canyon formations. **Applicant now seeks approval only for the Cisco/Canyon formation.**

Attached as Exhibit C is a land plat. The offset operator to the east and southeast is Chevron U.S.A. Inc. The offset acreage to the south is leased by Magnum Hunter Production, Inc., a sister corporation of applicant. The royalty owner in that acreage is the State of New Mexico (there are no overriding royalty owners). Notice has been given to these two offsets, as shown on Exhibit D.

Please contact me if you need further information.

Very truly yours,



James Bruce

Attorney for Cimarex Energy Co. of Colorado

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

Month-Year
MAR - 5 2007
OCD - ARTESIA, NM

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
Cimarex Energy Co. of Colorado

3a. Address
PO Box 140907; Irving, TX 75014-0907

3b. Phone No. (include area code)
972-401-3111

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
SHL: 330' FSL & 150' FEL; 25-24S-25E
BHL: 892' FSL & 974' FEL; 25-24S-25E

5. Lease Serial No.

NM-96827

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

Ozley 25 Federal No. 1

9. API Well No.

30-015-34684

10. Field and Pool, or Exploratory Area

Chosa Draw; Morrow

11. County or Parish, 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"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input checked="" type="checkbox"/> Recomplete	<input type="checkbox"/> Other _____
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input checked="" type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, included estimated starting date of any proposed work and approximate duration thereof.

If the proposal is to deepen directionally or recompleate 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 recompleation 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.)

The Ozley 25 Federal No. 1 is currently producing 0 BO and 5 mcf per day from the Chosa Draw; Morrow zone. Cimarex intends to re-enter, set a CIBP @ 10500' w/ 35' cmt, and perforate and stimulate as follows:

Perf Cisco Canyon 9963'-10200.' Frac with plan devised at time of operation.

Perf Wolfcamp 9005'-9062', 9187'-9269', & 9292'-9442.' Frac with plan devised at time of operation.

Cimarex would then like to DHC the Cisco-Canyon and Wolfcamp. However, we are requesting permission to run a production log to establish each zone's production rates instead of running well tests because of the Cisco-Canyon's sensitivity to being shut-in.

Please see attached C-102s.

**SUBJECT TO LIKE
APPROVAL BY STATE**

EXHIBIT A

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Natalie Krueger

Signature

Title

Reg Analyst 1

Date

February 22, 2007

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, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)

APPROVED

FEB 28 2007

FREDERICK WRIGHT
PETROLEUM ENGINEER

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

DISTRICT II
811 South First, Artesia, NM 88210

DISTRICT III
1006 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised March 17, 1999

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

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-34684	Pool Code	Pool Name Chosa Draw; Upper Penn Wildcat
Property Code	Property Name OZLEY "25" FEDERAL	Well Number 1
OGRID No. 162683	Operator Name Cimarex Energy Co. of Colorado	Elevation 3504'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	25	24 S	25 E		330	SOUTH	150	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
P	25	24 S	25 E		892	SOUTH	974	EAST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320			NSL Pending

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

<div>EXHIBIT B</div> <div><i>base of Wolfcamp</i></div> <div>SHL 330' ESL & 150' FEL</div> <div>Penetration Point CC: 644' ESL & 606' FEL</div> <div>BHL 892' ESL & 974' FEL</div> <div>SURFACE LOC. Lat - N32°10'54.8" Long - W104°20'28.9" NMSPCE - N 429906.725 (NAD 83) E 538856.657</div>	OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i> <i>Zeno Farris</i> Signature Zeno Farris Printed Name Mgr Operations Admin Title 03-29-07 Date
	SURVEYOR CERTIFICATION <i>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.</i> DECEMBER 20, 2005 Date Surveyed
	Signature & Seal of Professional Surveyor <i>[Signature]</i> W.O. No. 6085 No. Gary L. Jones 7977
	BASIN SURVEYS

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
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(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruc@aol.com

August 1, 2007

Certified Mail – Return Receipt Requested

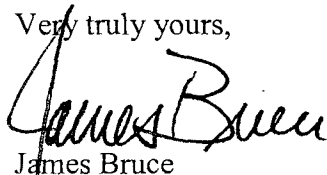
Chevron U.S.A. Inc.
15 Smith Road
Midland, Texas 79705

Oil, Gas & Minerals Division
Commissioner of Public Lands
P.O. Box 1148
Santa Fe, New Mexico 87504

Ladies and gentlemen:

Cimarex Energy Co. of Colorado has filed an application with the New Mexico Oil Conservation Division seeking an unorthodox gas well location in the E½ of Section 25, Township 24 South, Range 25 East, N.M.P.M., Eddy County, New Mexico. A copy of the application is enclosed. If you object to the application, you must notify the Division in writing no later than 20 days from the date of this letter (the Division's address is 1220 South St. Francis Drive, Santa Fe, New Mexico 87505). Failure to object will preclude you from contesting this matter at a latter date.

Very truly yours,



James Bruce

Attorney for Cimarex Energy Co. of Colorado

EXHIBIT





NEW MEXICO ENERGY, MINERALS and
NATURAL RESOURCES DEPARTMENT
RECEIVED

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

2007 AUG 1 PM 3 27

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

May 8, 2007

Cimarex Energy Co. of Colorado
c/o Mr. James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504

Re: Non-Standard Well Location
Ozley "25" Federal Well No. 1
Section 25, T-24 South, R-25 East, NMPM,
Eddy County, New Mexico

Dear Mr. Bruce:

Reference is made to your administrative application on behalf of Cimarex Energy Co. of Colorado dated April 25, 2007 (Reference No. pCLP0711652736) for a non-standard well location for the Ozley "25" Federal Well No. 1 located in Unit P of Section 25, Township 24 South, Range 25 East, NMPM, Eddy County, New Mexico.

Please be advised that by letter dated May 4, 2007, the Division has received an objection to the proposed location from the Commissioner of Public Lands for the State of New Mexico (copy enclosed). Since there is a pending objection to this application, the Division cannot process the application administratively, consequently, I am returning the application to you.

If you wish to pursue approval of this application, you may set the application for hearing before a Division examiner. You may also re-submit the application to the Division for administrative approval if the objection to the proposed location is withdrawn.

Sincerely,

David Catanach
Engineer

Xc: State Land Office-Oil & Gas Division
Attn: Mr. Jeff Albers



PATRICK H. LYONS
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760
Fax (505) 827-5766
www.nmstatelands.org

May 4, 2007

New Mexico Energy, Minerals, and Natural Resources Department
Oil Conservation Division
1220 S. Saint Francis Dr.
Santa Fe, New Mexico 87505

Attn: David Catanach

Re: Proposed Non Standard Location: Cimarex Energy Co. of Colorado
Ozley 25 Fed. Well #1
SESE, Section 25, Township 24 South, Range 25 East
Eddy County, New Mexico

Dear Mr. Catanach:

Please accept this statement as an objection to the above proposed re-completion by Cimarex Energy Co. of Colorado from the Commissioner of Public Lands.

The proposed unorthodox location, and subsequent production from the Wolfcamp formation, would not be in the best interest of the New Mexico State Land Office with respect to its acreage ownership and participation in Section 36, Township 24 South, Range 25 East.

If you have any questions or care to discuss this further, please feel free to contact me.

Sincerely,

A handwritten signature in dark ink, appearing to read "Jeff Albers", is written over a horizontal line.

Jeff Albers, Petroleum Engineer
Oil, Gas & Minerals Division
(505) 827-5759

JA/ja

XC: James Bruce, Attorney at Law
POB 1056
Santa Fe, NM 87504

-State Land Office Beneficiaries -

Carrie Tingley Hospital • Charitable Penal & Reform • Common Schools • Eastern NM University • Rio Grande Improvement • Miners' Hospital of NM • NM Boys School • NM Highlands University • NM Institute of Mining & Technology • New Mexico Military Institute • NM School for the Deaf • NM School for the Visually Handicapped • NM State Hospital • New Mexico State University • Northern NM Community College • Penitentiary of New Mexico • Public Buildings at Capital • State Park Commission • University of New Mexico • UNM Saline Lands • Water Reservoirs • Western New Mexico University



PATRICK H. LYONS
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

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P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

www.nmstatelands.org

May 4, 2007

New Mexico Energy, Minerals, and Natural Resources Department
Oil Conservation Division
1220 S. Saint Francis Dr.
Santa Fe, New Mexico 87505

Attn: David Catanach

Re: Proposed Non Standard Location: Cimarex Energy Co. of Colorado
Ozley 25 Fed. Well #1
SESE, Section 25, Township 24 South, Range 25 East
Eddy County, New Mexico

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If you have any questions or care to discuss this further, please feel free to contact me.

Sincerely,

Jeff Albers, Petroleum Engineer
Oil, Gas & Minerals Division
(505) 827-5759

JA/jal

XC: James Bruce, Attorney at Law

POB 1056

Santa Fe, NM 87504

2007 MAY 7 AM 11:55

-State Land Office Beneficiaries -

Carrie Tingley Hospital • Charitable Penal & Reform • Common Schools • Eastern NM University • Rio Grande Improvement • Miners' Hospital of NM • NM Boys School • NM Highlands University • NM Institute of Mining & Technology • New Mexico Military Institute • NM School for the Deaf • NM School for the Visually Handicapped • NM State Hospital • New Mexico State University • Northern NM Community College • Penitentiary of New Mexico • Public Buildings at Capital • State Park Commission • University of New Mexico • UNM Saline Lands • Water Reservoirs • Western New Mexico University