

7/25/08 DATE	SUSPENSE	Brooks ENGINEER	7/25/08 LOGGED IN	NSL TYPE	PKVR0820752244 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



Cimarex Energy Co. of Colorado
Muddy Waters State Com.
#1

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

7/25/09

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

July 25, 2008

Hand delivered

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

Dear Mr. Fesmire:

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

<u>Well:</u>	Muddy Waters State Com. Well No. 1
<u>Location:</u>	660 feet FSL & 2275 feet FWL
<u>Well Unit:</u>	Lots 3, 4, S $\frac{1}{2}$ NW $\frac{1}{4}$, and SW $\frac{1}{4}$ (the W $\frac{1}{2}$) §1-10S-36E, Lea County, New Mexico (320.03 acres)

The well will be drilled to a depth sufficient to test the Morrow formation (wildcat Morrow). The formation is spaced on 320 acres, with wells to be located no closer than 660 feet to a quarter section line nor closer than 10 feet to a quarter-quarter section line. A Form C-102 is for the well attached as Exhibit A.

The location is based on geological reasons. Attached as Exhibit B is a Morrow isopach, based on seismic data. The well is located in the channel where the sand thickness is at a maximum, which will increase the chances to drill a commercial well. This will prevent waste.

All of Section 1, except the SW $\frac{1}{4}$ NW $\frac{1}{4}$, is covered by State Lease V-8001. The SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 1 is covered by Federal Lease NM 118124. Exhibits C-1 and C-2. Interest ownership in the W $\frac{1}{2}$ and E $\frac{1}{2}$ of Section 1 is set forth on Exhibit D. The only interest owner conceivably affected by the location is the Land Office, whose royalty is less in the E $\frac{1}{2}$ than in the W $\frac{1}{2}$ (because it does not own the entire royalty in the W $\frac{1}{2}$). Therefore, the Land Office has been notified of the unorthodox location. Exhibit E.

Please contact me if you need any further information on this application.

Very truly yours,

A handwritten signature in cursive script, appearing to read "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
1301 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 30-025-39011		Pool Code	Pool Name Wildcat Morrow
Property Code	Property Name MUDDY WATERS STATE COM		Well Number 1
OGRID No. 215099	Operator Name CIMAREX ENERGY CO.		Elevation 3995'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	1	10 S	36 E		660	SOUTH	2275	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 320.03	Joint or Infill	Consolidation Code P	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

<div>Lot 4</div> <div>Lot 3</div> <div>Lot 2</div> <div>Lot 1</div>				<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>Signature _____ Date _____</p> <p>Printed Name _____</p>
<div>NM-118124</div> <div>VO-8001-0000</div> <div>VO-8001-0000</div> <div>2275'</div> <div>660'</div> <p>SURFACE LOCATION Lot - N33°28'14.63" Long - W103°12'39.56" NMSPCE - N 900655.8 E 883592.3 (NAD-83)</p>				

EXHIBIT **A**

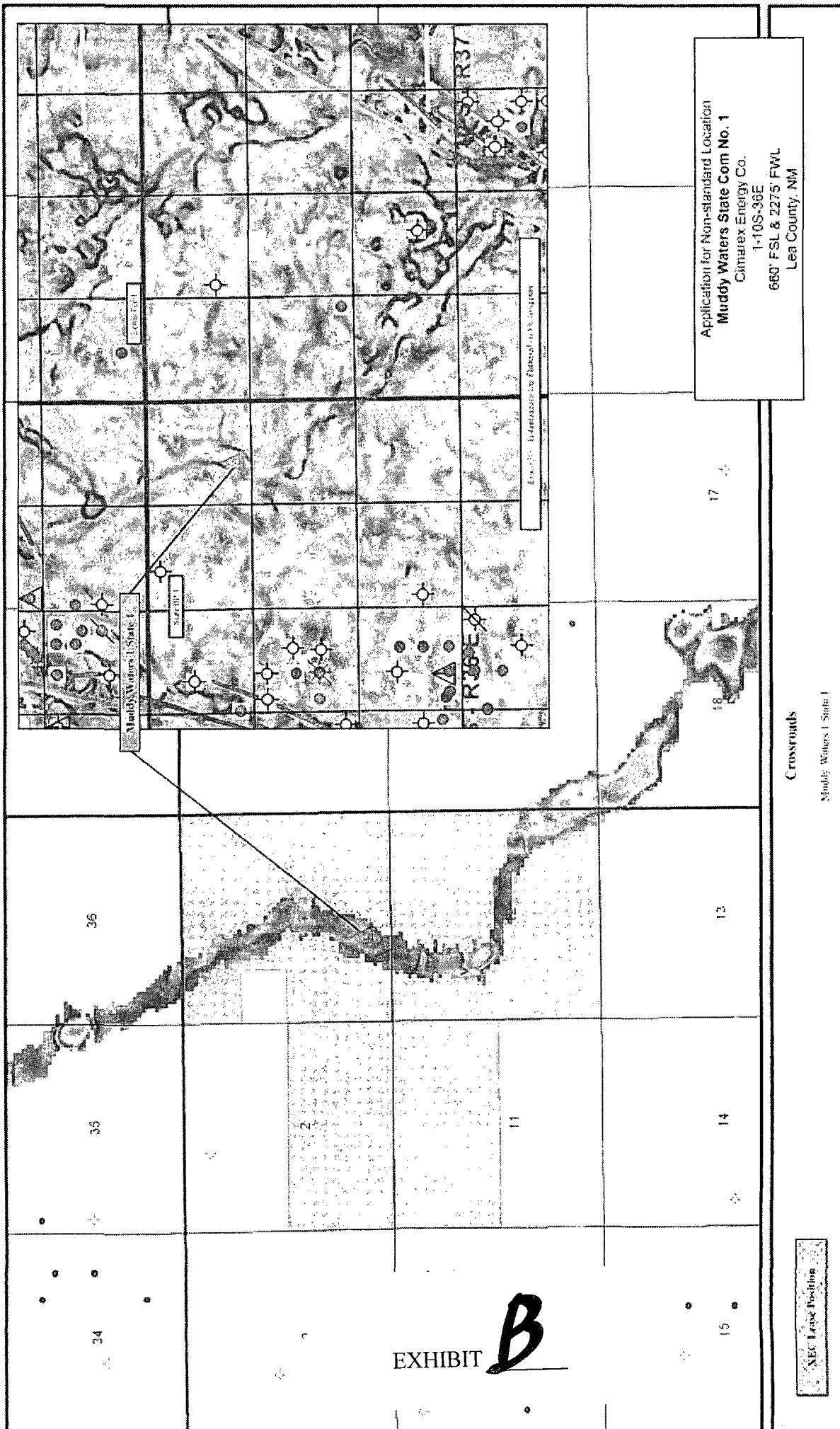


EXHIBIT **B**

15 Records found.

Lease Number:

V0-8001-0001

Company name: CIMAREX ENERGY CO.
Company ID: 252846
Assigned from: V0-8001-0000
Total acres: 600.04
Prod stat: N/A

Lease term:

Lease term: FIVE(5) YEAR TERM, 1/6th ROYALTY
Issue date: 5/1/2007
Termination date: Active
Termination reason: N/A
Current term: Primary Term

Billing information:

Bill to: CIMAREX ENERGY CO.
Rent per acre: 0.50
Billing frequency: Annual
Minimum annual rent: 300.02
Last bill date: 4/3/2008
Next bill date: 5/1/2009
Escalation: 0

Land information:

Section	Township	Range	Unit Letter	Lot	Tract	Acreage
1	10S	36E	A	1		40.00
			B	2		40.01
			C	3		40.01
			D	4		40.02
			F			40.00
			G			40.00
			H			40.00
			I			40.00
			J			40.00
			K			40.00
			L			40.00
			M			40.00
			N			40.00
			O			40.00
			P			40.00

EXHIBIT **C-1**

**DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(MASS) Serial Register Page**

RunDate/Time: 07/24/08 03:38 PM

Page 1 of 1

01 12-22-1987;101STAT1330;30USC181 ET SE
Case Type 312021: O&G LSE COMP PD -1987
Commodity 459: OIL & GAS L
Case Disposition: AUTHORIZED

Total Acres
40.000

Serial Number
NMNM-- - 118124

Serial Number: NMNM-- - 118124

Name & Address

Int Rel % Interest

RAY CHARLES D	PO BOX 51608	MIDLAND TX 79710	LESSEE	100.000000000
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Serial Number: NMNM-- - 118124

Mer Twp Rng Sec	STyp SNr Suff	Subdivision	District/Resource Area	County	Mgmt Agency
23 0100S 0360E 001	ALIQ	SWNW;	CARLSBAD FO	LEA	BUREAU OF LAND MGMT

Serial Number: NMNM-- - 118124
Pending Office

Act Date	Code	Action	Action Remarks
02/27/2007	387	CASE ESTABLISHED	200704020;
04/03/2007	299	PROTEST FILED	Forest Guardians etal
04/18/2007	143	BONUS BID PAYMENT RECD	\$80.00;
04/18/2007	191	SALE HELD	
04/18/2007	267	BID RECEIVED	\$19000.00;
04/30/2007	143	BONUS BID PAYMENT RECD	\$18920.00;
05/07/2007	298	PROTEST DISMISSED	
05/21/2007	237	LEASE ISSUED	
05/21/2007	974	AUTOMATED RECORD VERIF	LBO
06/01/2007	496	FUND CODE	05;145003
06/01/2007	530	RLTY RATE - 12 1/2%	
06/01/2007	868	EFFECTIVE DATE	
05/31/2017	763	EXPIRES	

Serial Number: NMNM-- - 118124

Line Nr	Remarks
02	STIPULATIONS ATTACHED TO LEASE:
03	NM-11-LN SPECIAL CULTURAL RESOURCE
04	SENM-S-17 SLOPES OR FRAGILE SOILS
05	SENM-S-22 PRAIRIE CHICKENS

EXHIBIT **C-2**

NO WARRANTY IS MADE BY BLM
FOR USE OF THE DATA FOR
PURPOSES NOT INTENDED BY BLM

Muddy Waters State Com No. 1
N-1-10S-36E
660 FSL & 2275 FWL
Wildcat Morrow (Gas)
Eddy County, NM



RE: NSL Application - Muddy Waters State Com No. 1 - Notification of Non-Common Owners in
1-10S-36E

<u>W2 Ownership</u>		<u>E2 Ownership</u>	
Cimarex Energy Co. PO Box 140907 Irving, TX 75014-0907	WI	Cimarex Energy Co. PO Box 140907 Irving, TX 75014-0907	WI
Charles D. Ray P.O. Box 51608 Midland, X 79710	WI	Charles D. Ray P.O. Box 51608 Midland, X 79710	WI
New Mexico State Land Office 310 Old Santa Fe Trail Santa Fe, NM 87501	RI	New Mexico State Land Office 310 Old Santa Fe Trail Santa Fe, NM 87501	RI
Minerals Management Service c/o Bureau of Land Management 620 East Greene Street Carlsbad, NM 88220	RI		

EXHIBIT

D

JAMES BRUCE
ATTORNEY AT LAW

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jamesbruc@aol.com

July 25, 2008

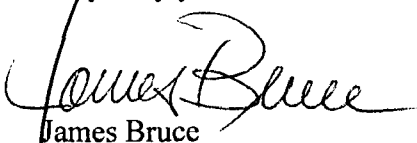
Certified Mail – Return Receipt Requested

Jeff Albers
Oil, Gas and Minerals Division
Commissioner of Public Lands
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

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 W½ of Section 1, Township 10 South, Range 36 East, N.M.P.M., Lea 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 later.

Very truly yours,



James Bruce

Attorney for Cimarex Energy Co. of Colorado

EXHIBIT

