

DATE IN 5-4-10	SUSPENSE	ENGINEER DB	LOGGED IN 5-4-10	TYPE NSL	APP NO. 1012428183
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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



Cimovex

Ozley

Deleg Fed 25 #1

ADMINISTRATIVE APPLICATION CHECKLIST

30-05-34684

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

5679-A

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

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[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

Print or Type Name

Signature

Title

Date

e-mail Address

Attorney for Applicant 5/3/10
jamesbruce@aol.com

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

May 3, 2010

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

Dear Mr. Fesmire:

Pursuant to Division Rule NMAC 19.15.15.13, Cimarex Energy Co. of Colorado applies for approval of an unorthodox gas well location in the Wolfcamp formation for the following well:

<u>Well:</u>	Ozley 25 Fed. Well No. 1
<u>Surface Location:</u>	330 feet FSL & 150 feet FEL
<u>Penetration Point in Wolfcamp:</u>	435 feet FSL & 268 feet FEL
<u>Well Unit:</u>	E½ §25-24S-25E, Lea County, New Mexico

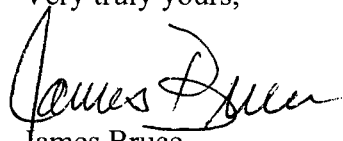
The well was directionally drilled to and completed in the Morrow formation, and the location was orthodox in that zone. Applicant then re-completed the well uphole in the Cisco/Canyon formation (wildcat Cisco/Canyon or Upper Penn), and received Division approval for that location (the top of the Cisco/Canyon is at 644 feet FSL & 606 feet FEL; the base of the Cisco/Canyon is at 892 feet FSL and 974 feet FEL). **Exhibit A.**

Applicant now proposes to re-complete the well uphole in the Wolfcamp formation (Wildcat Wolfcamp). Applicant anticipates that the formation will be a gas zone. Therefore, it 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. The unorthodox location is simply due to re-completing uphole in a directionally drilled well.

Attached as **Exhibit B** 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 C.**

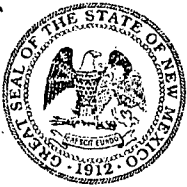
Please contact me if you need further information.

Very truly yours,



James Bruce

Attorney for Cimarex Energy Co. of Colorado



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

August 30, 2007

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

Attention: Mr. James Bruce, Attorney

Re: **Ozley 25 Federal Well No. 1**
API No. 30-015-34684
Surface Location: 330' FSL & 150' FEL, Unit P,
Bottomhole Location: 892' FSL & 974' FEL, Unit P,
Section 25, T-24 South, R-25 East, NMPM,
Eddy County, New Mexico

Administrative Order NSL-5679

Dear Mr. Bruce:

Reference is made to the following:

- (a) your application on behalf of Cimarex Energy Company of Colorado ("Cimarex" or "applicant") for a non-standard well location (*administrative application reference No. pDRC0722547701*) for the Ozley 25 Federal Well No. 1 that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on August 1, 2007; and
- (b) the Division's records pertinent to your request.

The applicant requests approval of an unorthodox gas well location for its **existing** Ozley 25 Federal Well No. 1 in the Wildcat Cisco-Canyon Pool which has been directionally drilled from an unorthodox surface location 330 feet from the South line and 150 feet from the East line (Unit P), to a standard bottomhole location 892 feet from the South line and 974 feet from the East line (Unit P) of Section 25, Township 24 South, Range 25 East, NMPM, Eddy County, New Mexico. The E/2 of Section 25 is to be dedicated to the well forming a standard 320-acre gas spacing and proration unit.

The applicant stated that the Ozley 25 Federal Well No. 1 was originally drilled to the Morrow formation, and that the applicant now proposes to re-complete the well to the Cisco/Canyon interval within the Pennsylvanian formation.

EXHIBIT A

The Ozley 25 Federal Well No. 1 is located within one mile of the White City-Pennsylvanian Gas Pool. Pursuant to special pool rules established by Division Order No. R-2429, as amended, the White City-Pennsylvanian Gas Pool is currently spaced on 640-acre spacing with wells to be located no closer than 660 feet to the outer boundary of the quarter section on which the well is located, and no closer than 10 feet to any quarter-quarter section line or subdivision inner boundary. Normally, the Ozley 25 Federal Well No. 1 would be subject to the special rules for the White City-Pennsylvanian Gas Pool, however, Rule No. (6) provides that the special pool rules shall apply only within the current pool boundaries.

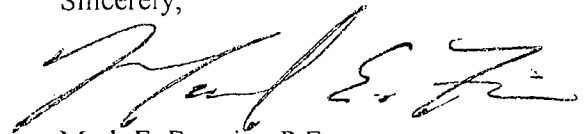
The Wildcat Cisco-Canyon Pool is governed by the provisions of Division Rule No. 19.15.3.104(C).

The applicant stated that the directionally-drilled Ozley 25 Federal Well No. 1 will penetrate the top of the Cisco/Canyon interval at an unorthodox location 644 feet from the South line and 606 feet from the East line (Unit P) of Section 25.

Notice of this application was provided to Chevron U.S.A., Inc., the affected offset operator to the east and southeast of the subject well. The applicant stated that the affected offset acreage to the south is operated by Magnum Hunter Production, Inc., a sister corporation of the applicant. No operator and/or interest owner objected to this application.

Pursuant to the authority granted under the provisions of Division Rule 19.15.3.104.F(2), the above-described unorthodox gas well location in the Wildcat Cisco-Canyon Pool is hereby approved.

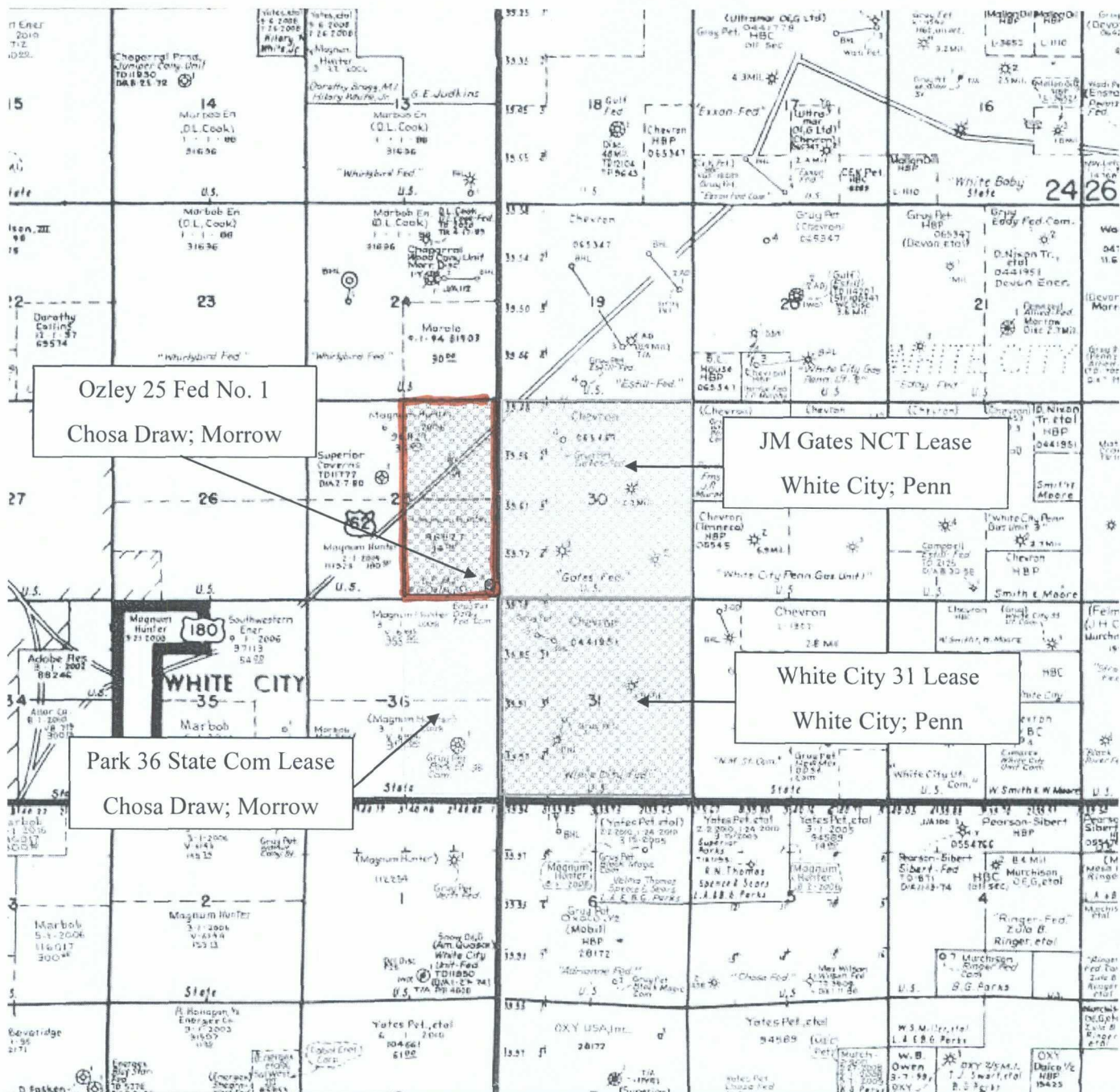
Sincerely,



Mark E. Fesmire, P.E.
Division Director

MEF/drc

cc: OCD-Artesia
State Land Office-Oil & Gas Division



Unorthodox Well Location Amendment to NSL-5679

Ozley 25 Federal No. 1

25-24S-25E

SHL 330' FSL & 150' FEL

BHL 892' FSL & 974' FEL

Eddy County, NM

EXHIBIT

B

Chosa Draw; Wolfcamp Wildcat
Penetration Point 435' FSL & 268' FEL

Cottonwood Draw; Upper Penn Wildcat
(Previously Approved under NSL-5679)
Penetration Point 644' FSL & 606' FEL

25 26

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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May 3, 2010

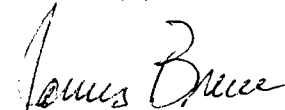
Certified Mail - Return Receipt Requested

To: Persons on Exhibit 1

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. You offset the well. 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 later date.

Very truly yours,



James Bruce

Attorney for Cimarex Energy Co. of Colorado

EXHIBIT

C

Ozley 25 Federal No. 1

25-24S-25E

Walnut Canyon; Upper Penn, Gas & Black River; Wolfcamp, NW

Eddy County, NM



RE: NSL Application - Notifications

New Mexico State Land Office

310 Old Santa Fe Trail

Santa Fe, NM 87504

Attn: Mr. Jeff Albers

Chevron U.S.A. Inc.

P.O. Box 2100

Houston, Texas 77252

EXHIBIT

1