

DATE IN 8/5/16	SUSPENSE	ENGINEER LRL	LOGGED IN 8/15/16	TYPE NSP	APP NO. PLEL1622835463
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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



Case 15561
NSP-2051

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]

CIMEREX ENERGY
CO.
[#215099]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD

API# 30-015-42180

WELL: Klein 33 Fed Com ~~7H~~ 7H

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement

- DHC CTB PLC PC OLS OLM

POOL: BONE SPRING

WC-015G-04 92626251

[#98018]

- [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.

Terri Stathem
Print or Type Name

Signature

Regulatory Manager
Title

08/05/16
Date

tstathem@cimarex.com
e-mail Address



Cimarex Energy Co.

202 S. Cheyenne Ave. ♦ Suite 1000 ♦ Tulsa, OK 74103 ♦ (432) 620-1938 ♦ Fax (432) 620-1940

• A NYSE Listed Company • "XEC"

August 5, 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 #5H (API No. 30-3015-42098) Klein 33 Federal Com #7H (API No. 30-015-42180) and Klein 33 Federal Com #8H (API No. 30-015-42181), located in Section 33, Township 26 South, Range 27 East, N.M.P.M., 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 446.84 Acre Non-Standard Spacing Unit/Horizontal Project Area comprising of E/2 W/2 and W/2 E/2 of Section 28 and Unit Letter B, C, and Lot 2 and 3 of Irregular Section 33, all in township 26 South, Range 27 East, N.M.P.M., Eddy County, New Mexico.

The Klein 33 Federal Com #5H was drilled as a horizontal standard well location in the Bone Spring Pool (98018). We propose dedicating the well to the proposed non-standard proration unit. Due to the irregular section 33 the Klein 33 Federal Com #5H well had a previously approved NSP (NSP 2004).

The proposed Klein 33 Federal Com #8H well will be drilled as a horizontal standard well location in the Bone Spring Pool (98018). We propose dedicating the well to the proposed non-standard proration unit.

The proposed Klein 33 Federal Com #7H well will be drilled as a horizontal non-standard well location in the Bone Spring Pool (98018). We propose dedicating the well to the proposed non-standard proration unit.

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 Exhibit A, B and C, plats show 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.

The current development of Sections 28 and 33 in the Bone Spring Formation in this manner proposed by Cimarex represents a reasonable and effective method to produce the Bone Spring and drain the 446.84 spacing unit. The Klein 33 Federal Com #5H well is drilled through the E2 W2, the proposed Klein 33 Federal Com #8H well will be drilled through the W2 E2 and the proposed Klein 33 Federal Com #7H will drill along the center line crossing from the W2 E2 to the E2 W2.

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.

Attached as Exhibit A, B, C are the C-102s showing the proposed wells and spacing units. Klein 33 Federal Com #7H, Exhibit B shows the non-standard proration unit for all wells. Please note there are no other Bone Springs producing wells within the non-standard proration unit.

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 432-620-1936.

Sincerely,



Terri Stathem
Regulatory Manager
Cimarex Energy Co.

Lowe, Leonard, EMNRD

From: Terri Stathem <TStathem@cimarex.com>
Sent: Friday, September 23, 2016 8:57 AM
To: Lowe, Leonard, EMNRD
Cc: Jones, William (wjones@slo.state.nm.us)
Subject: NSP application information - Klein 33 Fed

It was very good to meet you this week. I appreciate you taking the time to talk with us about our upcoming drilling projects.

I sent you the revised C102 on September 1 to correct the FTP for the #7H and 8H. The #5H did not require a change.

Klein 33 Federal 5H:

SHL: 210' FSL 1980' FWL – Sec. 33, 26S, 27E
FTP: 330' FSL 1980' FWL – Sec. 33, 26S, 27E
LTP: 345' FNL 1713' FWL – Sec. 28, 26S, 27E
BHL: 345' FNL 1713' FWL – Sec. 28, 26S, 27E

Klein 33 Federal 7H:

SHL: 290' FSL 2560' FEL – Sec. 33, 26S, 27E
FTP: 330' FSL 2660' FEL – Sec. 33, 26S, 27E
LTP: 330' FNL 2660' FEL – Sec. 28, 26S, 27E
BHL: 330' FNL 2660' FEL – Sec. 28, 26S, 27E

Klein 33 Federal 8H:

SHL: 290' FSL 2540' FEL – Sec. 33, 26S, 27E
FTP: 330' FSL 1700' FEL – Sec. 33, 26S, 27E
LTP: 330' FNL 1700' FEL – Sec. 28, 26S, 27E
BHL: 330' FNL 1700' FEL – Sec. 28, 26S, 27E

Thanks and please let me know if you have any other question. We are ready to drill these wells as soon as we have these approvals.

Thanks,

Terri Stathem

Manager – Regulatory Compliance
202 S. Cheyenne Ave, Suite 1000
Tulsa, OK 74103-3001

Office: 918-585-1100
Direct: 432-620-1936
Cell: 918-633-9702
Fax: 918-749-8059

District I
1625 N. French 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 Brazos 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 30015-42180		² Pool Code 98018		³ Pool Name Wildcat; Bone Spring	
⁴ Property Code 40358		⁵ Property Name KLEIN 33 FEDERAL COM		⁶ Well Number 7H	
⁷ OGRID No. 215099		⁸ Operator Name CIMAREX ENERGY CO.		⁹ Elevation 3197'	

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
2	33	26S	27E		290	SOUTH	2560	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
C	28	26S	27E		330	NORTH	2660	EAST	EDDY
¹¹ Dedicated Acres 446.36'		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.

SCALE
2000' 1000' 0'

Detail "A"
No Scale

LINE TABLE

LINE	DIRECTION	LENGTH
L1	S00°04'41"E	40.00'

▲ = SECTION CORNERS LOCATED.

" 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 hereinafter made by the Division.

Signature: *[Signature]* Date: 8-31-16
Printed Name: **Terri Stathem**
E-mail Address: **TStathem@cimarex.com**

" 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:
[Signature]
NELSON J. MARSHALL
12446
08-31-16

Certificate Number:

-015-42180

NSP-

OCD Permitting

Home Land Searches Land Details

Section : 33-26S-27E

Type: Normal

Total Acres: 253.68

County: Eddy (15)

D (D) Federal ¹ Federal ² (15) 40	C (C) Federal ¹ Federal ² (15) 40	B (B) Federal ¹ Federal ² (15) 40	A (A) Federal ¹ Federal ² (15) 40
E (4) Federal ¹ Federal ² (15) 23.37	F (3) Federal ¹ Federal ² (15) 23.4	G (2) Federal ¹ Federal ² (15) 23.44	H (1) Federal ¹ Federal ² (15) 23.47

126.84 Acre

Note¹ = Surface Owner Rights

Note² = Sub-Surface Mineral Rights

Land Restrictions

No land restrictions found for this section.

Handwritten calculation:

$$\begin{array}{r} 63.4 \\ + 180 \\ \hline 223.4 \end{array}$$

Return to Search

Tot = 446.84 Acre

- 015-42180

NSP

OCD Permitting

Home Land Searches Land Details

Section : 28-26S-27E

Type: Normal

Total Acres: 640

County: Eddy (15)

D (D) Federal ¹ Federal ² (15) 40	C (C) Federal ¹ Federal ² (15) 40	B (B) Federal ¹ Federal ² (15) 40	A (A) Fee ¹ Federal ² (15) 40
E (E) Federal ¹ Federal ² (15) 40	F (F) Federal ¹ Federal ² (15) 40	G (G) Federal ¹ Federal ² (15) 40	H (H) Fee ¹ Fee ² (15) 40
L (L) Federal ¹ Federal ² (15) 40	K (K) Federal ¹ Federal ² (15) 40	J (J) Federal ¹ Federal ² (15) 40	I (I) Fee ¹ Fee ² (15) 40
M (M) Federal ¹ Federal ² (15) 40	N (N) Federal ¹ Federal ² (15) 40	O (O) Federal ¹ Federal ² (15) 40	P (P) Federal ¹ Federal ² (15) 40

320 Acre

Note¹ = Surface Owner Rights

Note² = Sub-Surface Mineral Rights

Land Restrictions

No land restrictions found for this section.

[Return to Search](#)

Lowe, Leonard, EMNRD

From: Terri Stathem <TStathem@cimarex.com>
Sent: Friday, August 05, 2016 11:21 AM
To: Lowe, Leonard, EMNRD
Cc: McMillan, Michael, EMNRD
Subject: NSP - Cimarex Energy - Klein 33 Federal Com #5H, 7H, & 8H
Attachments: NSP Klein 33 Fed 5 7 8 application.pdf

Follow Up Flag: Follow up
Flag Status: Flagged

Please see attached NSP application for the Klein 33 Federal Com #5H, 7H and 8H wells as discussed yesterday.

Please let me know if you have any questions. The original documents will be mailed to you overnight mail.

Thanks,

Terri Stathem

Manager – Regulatory Compliance
202 S. Cheyenne Ave, Suite 1000
Tulsa, OK 74103-3001

Office: 918-585-1100
Direct: 432-620-1936
Cell: 918-633-9702
Fax: 918-749-8059



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Operator Copy

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

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.

5. Lease Serial No.
NMNM114350

6. If Indian, Allottee or Tribe Name

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

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well
 Oil Well Gas Well Other

8. Well Name and No.
KLEIN 33 FEDERAL COM 7H

2. Name of Operator
CIMAREX ENERGY COMPANY OF CO
Contact: ARICKA EASTERLING
E-Mail: aeasterling@cimarex.com

9. API Well No.
30-015-42180-00-X1

3a. Address
202 S CHEYENNE AVE SUITE 1000
TULSA, OK 74103.4346

3b. Phone No. (include area code)
Ph: 918-560-7060

10. Field and Pool, or Exploratory
WILDCAT

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

Sec 33 T26S R27E Lot 2 210FSL 2530FEL
32.000215 N Lat, 104.113986 W Lon

11. County or Parish, and 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 type="checkbox"/> Recomplete	<input checked="" 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 type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

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 recomplete 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 recompletion 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 permit for this well is due to expire 3/4/16. Cimarex respectfully requests a 2 year permit extension due to rig scheduling.

NM OIL CONSERVATION
ARTESIA DISTRICT

SEP 28 2016

RECEIVED

APPROVED FOR 24 MONTH PERIOD
ENDING 3-5-2018

14. I hereby certify that the foregoing is true and correct.
Electronic Submission #314562 verified by the BLM Well Information System
For CIMAREX ENERGY COMPANY OF CO, sent to the Carlsbad
Committed to AFMSS for processing by JENNIFER SANCHEZ on 11/10/2015 (16JAS09829E)

Name (Printed/Typed) ARICKA EASTERLING	Title REGULATORY ANALYST
Signature (Electronic Submission)	Date 08/28/2015

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By <i>Stephen J. Kelly</i>	Title	Date 11/20/15
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, make 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.