

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

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Deputy Cabinet Secretary

Jami Bailey, Division Director
Oil Conservation Division



July 9, 2014

Cimarex Energy Co.
Attn: Mr. David Catanach

ADMINISTRATIVE NON-STANDARD PRORATION UNIT

Administrative Order NSP-1989
Administrative Application Reference No. pMAM1414745566

Cimarex Energy Co.
OGRID 215099
Hornsby 35 Federal Com Well No. 5H
API No. 30-015-42167

Proposed Location:

	<u>Footages</u>	<u>Unit/Lot</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	210 FSL & 2180 FWL	3	35	26S	27E	Eddy
Penetration Point	330 FSL & 2180 FWL	3	35	26S	27E	Eddy
Terminus	330 FNL & 1980 FWL	C	26	26S	27E	Eddy

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
E/2 W/2 of Section 26, NE/4 NW/4 of Section 35 and Lot 3 of Section 35	224.07	Hay Hollow; Bone Spring	30215

Reference is made to your application received on May 27, 2014.

You have requested to drill this well at a non-standard oil spacing and proration unit described above in the referenced pool or formation. This proration unit is governed by statewide Rule 19.15.15.9.A NMAC, which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary, and Rule 19.15.16.14.B(2) NMAC concerning directional wells in designated project areas. This location is unorthodox because a portion of the project area is non-standard.

Units Comprising this Project Area

Unit	Acres	Pool	Code	Std or NS
E/2 W/2 of Section 26	160	Hay Hollow; Bone Spring	30215	Std
NE/4 NW/4 of Section 35	40	Hay Hollow; Bone Spring	30215	Std
Lot 3 of Section 35	24.07	Hay Hollow; Bone Spring	30215	NS

Statewide Rule 19.15.15.9.A NMAC provides for 40-acre units, which consists of the entire project area except Lot 3 of Section 35. Lot 3 of Section 35 is comprised of 24.07-acres. According to Division Rule 19.15.15.11.B(1) NMAC, an administrative approval is required for a non-standard spacing unit that is less than 70 percent of a standard spacing unit, in this case 24.07 acres.

Your application has been duly filed under the provisions of Division Rules 19.15.15.13 NMAC and 19.15.4.12.A(2) NMAC.

It is our understanding that you are seeking this location because the non-standard project area represents a reasonable and effective method by which portions of Irregular Section 35 can be incorporated into horizontal Bone Spring project area.

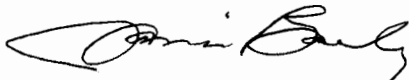
It is also understood that since no acreage is being excluded in the project area, no interest owner is affected; therefore, notification is not required.

Pursuant to the authority conferred by Division Rule 19.15.15.13 (B) NMAC, the above-described unorthodox location is hereby approved.

The above approvals are subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 19.15.5.9 NMAC.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on July 9, 2014



Jami Bailey
Director

JB/mam

cc: New Mexico Oil Conservation Division – Artesia
Bureau of Land Management - Carlsbad