ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -



		1220 South St. Francis Drive,	Santa Fe, NM 87505
		ADMINISTRATIVE AI	PPLICATION CHECKLIST : 29
Т	HIS CHECKLIST IS M		PLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS 3 AT THE DIVISION LEVEL IN SANTA FE
Applic	[DHC-Dow [PC-Po	s: ndard Location] [NSP-Non-Stand nhole Commingling] [CTB-Leas ool Commingling] [OLS - Off-Lea [WFX-Waterflood Expansion] [[SWD-Salt Water Disposal]	ard Proration Unit] [SD-Simultaneous Dedication] se Commingling] [PLC-Pool/Lease Commingling]
[1]	_	PPLICATION - Check Those Wh	NSO
[*]	[A]	Location - Spacing Unit - Simuli NSL NSP SD	taneous Dedication -Cimenex Energy Co 215099
	Check [B]	One Only for [B] or [C] Commingling - Storage - Measu DHC CTB PLC	C □ PC □ OLS □ OLM Com #3H
	[C]		ncrease - Enhanced Oil Recovery D
	[D]	Other: Specify	- Hay Hollow, Bone Spring
[2]	NOTIFICAT [A]		hose Which Apply, or ■ Does Not Apply ding Royalty Interest Owners
	[B]	Offset Operators, Leasehold	ers or Surface Owner
	[C]	☐ Application is One Which F	Requires Published Legal Notice
	[D]		ent Approval by BLM or SLO issioner of Public Lands, State Land Office
	[E]	For all of the above, Proof of	f Notification or Publication is Attached, and/or,
	[F]	☐ Waivers are Attached	
[3]		CURATE AND COMPLETE IN ATION INDICATED ABOVE.	FORMATION REQUIRED TO PROCESS THE TYPE
	val is <mark>accurate</mark> a	•	formation submitted with this application for administrative wledge. I also understand that no action will be taken on this as are submitted to the Division.
	Note:		dividual with managerial and/or supervisory capacity.
	d Catanach or Type Name	David Catanack Signature 5/27/14	Agent for Cimarex Energy Company Title
		5/27/14 Date	drcatanach@netscape.com E-Mail Address

Hand Delivered

New Mexico Oil Conservation Division 1220 S. St. Francis Drive Santa Fe, New Mexico 87505

Attention:

Ms. Jami Bailey

Division Director

Re:

Application for Non-Standard Spacing Unit/

Horizontal Project Area

Hornsby 35 Federal Com No. 5H

Surface Location (SL): 210' FSL & 2180' FWL (Lot 3) First Take Point (FTP): 330' FSL & 2180' FWL (Lot 3)

Both in Section 35, Township 26 South, Range 27 East, NMPM, **Bottomhole Location (BHL):** 330' FNL & 1980' FWL (Unit C)

Section 26, Township 26 South, Range 27 East, NMPM,

Eddy County, New Mexico

Dear Ms. Bailey:

Pursuant to Division Rule 19.15.15.11, Cimarex Energy Company ("Cimarex") respectfully requests administrative approval for a 224.07-Acre Non-Standard Spacing Unit/Horizontal Project Area comprising the E/2 W/2 of Section 26 and Unit C and Lot 3 (E/2 NW/4 equivalent) of Irregular Section 35, both in Township 26 South, Range 27 East.

The proposed Hornsby 35 Federal Com No. 5H, which will be drilled as a horizontal well at a standard well location to test the Hay Hollow-Bone Spring Pool (30215), will be dedicated to the proposed non-standard spacing unit.

The Hay Hollow-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.

The attached plat shows that Section 35 is an irregular section whose southern boundary is the New Mexico/Texas State Line. This section is comprised of four standard 40-acre units (Units A, B, C & D) and four non-standard lots (Lots 1-4) that each comprise approximately 24 acres.

The concurrent development of Sections 26 and 35 in the Bone Spring formation in the manner proposed by Cimarex represents a reasonable and effective method by

Cimarex Energy Company Application for Non-Standard Spacing Unit/ Horizontal Project Area Hornsby 35 Federal Com No. 5H Page 2

which portions of Irregular Section 35 can be incorporated into horizontal Bone Spring project areas.

In addition to the currently proposed non-standard spacing unit, Cimarex, as operator of the Bone Spring formation in Sections 26 & 35, has or will propose three additional non-standard Bone Spring spacing units comprising: i) the W/2 W/2 of Section 26 and Unit D and Lot 4 (W/2 NW/4 equivalent) of Irregular Section 35; ii) W/2 E/2 of Section 26 and Unit B and Lot 2 (W/2 NE/4 equivalent) of Irregular Section 35 and; iii) E/2 E/2 of Section 26 and Unit A and Lot 1 (E/2 NE/4 equivalent) of Irregular Section 35.

Affected Offset Acreage-Non-Standard 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 80-acre pools or formations, the quarter section for 160-acre pools or formations, the half section for 320-acre pools or 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 35 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 26 and Irregular Section 35, 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.

Please note that that the working interest ownership within all of Section 26 and all of Irregular Section 35 is common.

Attached is a Form C-102 showing the proposed well and proposed non-standard spacing unit. Please note that there are currently no other Bone Spring producing wells within the proposed non-standard spacing unit. Also attached is a map that shows other existing or proposed Bone Spring Horizontal Project Areas that either directly offset the proposed non-standard spacing unit, or are located within Sections 26 and Irregular Section 35.

In summary, approval of the application will provide Cimarex the opportunity to recover additional oil and gas reserves from the Hay Hollow-Bone Spring Pool underlying the E/2 W/2 of Section 26 and Unit C and Lot 3 (E/2 NW/4 equivalent) of Irregular Section 35 that may otherwise not be recovered, thereby preventing waste, and will not violate correlative rights.

If you should have any questions, please call me at (505) 690-9453.

Cimarex Energy Company Application for Non-Standard Spacing Unit/ Horizontal Project Area Hornsby 35 Federal Com No. 5H Page 3

Sincerely,

David Catanach, Agent Cimarex Energy Company 600 North Marienfeld, Suite 600 Midland, Texas 79701

Xc: OCD-Artesia

DISTRICT I
1025 M. French Dr., Hobbs, MM 88240
Phone (678) 903-9191 Fax: (676) 803-0720
DISTRICT II
811 S. First St., Artesia, NM 88210
Phone (678) 746-1235 Fax: (976) 746-9780

DISTRICT III
1000 Rio Brazos Rd., Astec, NM 87410
Phone (678) 924-6170

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87605
Phone (609) 476-8460 Fax: (806) 476-8462

State of New Mexico Energy, Minerals and Natural Resources Department

Form C-102 Revised August 1, 2011

Submit one copy to appropriate District Office

OIL CONSERVATION DIVISION

1220 South St. Francis Dr. Santa Fe, New Mexico 87505

AMENDED REPORT

WELL	LOCATION	AND	ACREAGE	DEDICATION	PLAT

API Number 30015-42167	Pool Code 30215	Pool Name Hay Hallow; Bone Spring		
Property Code	Property HORNSBY 35 I		Well Number 5H	
OGRID No. 215099	Operator CIMAREX EN		Blevation 3263	

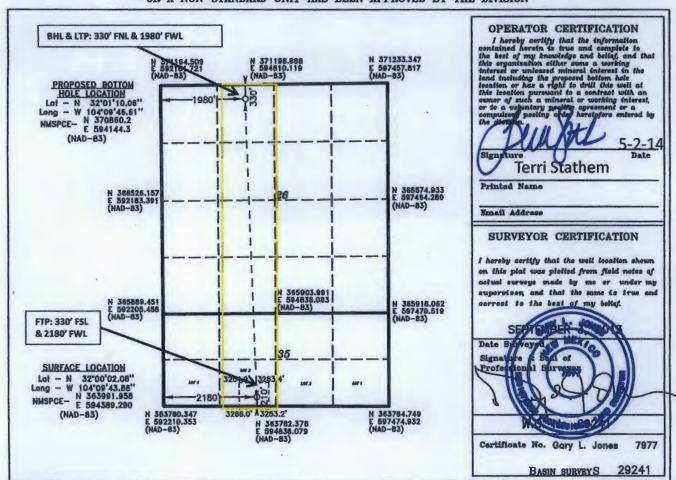
Surface Location

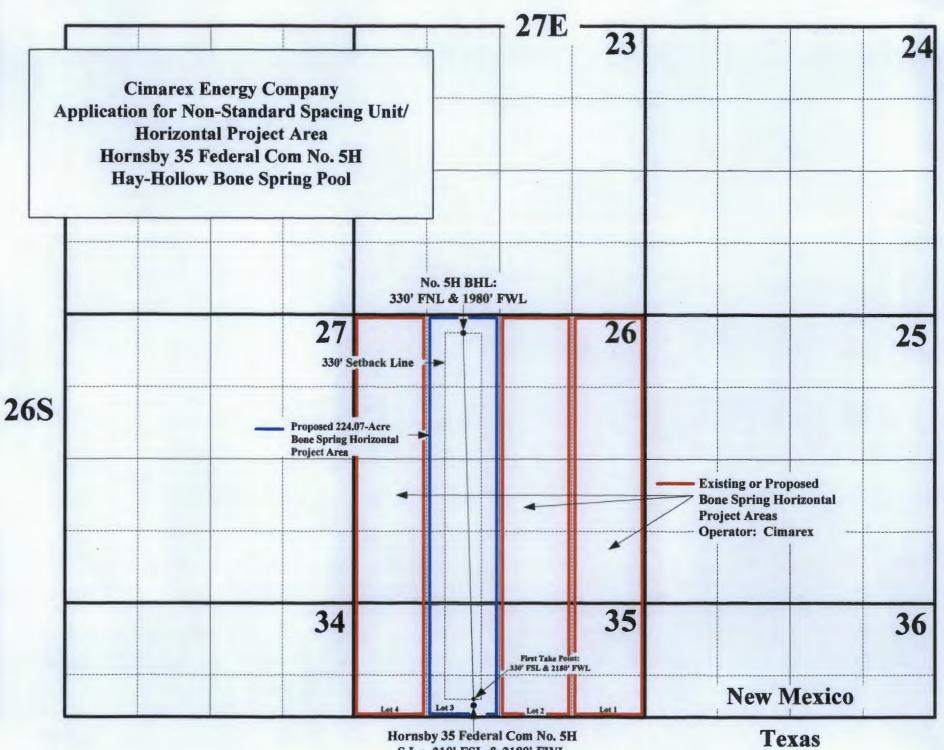
UL or let No. Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	Rast/West line	County
LOT 3 35	26 S	27 E		210	SOUTH	2180	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.		Township 26 S			Feet from the	North/South line NORTH	Feet from the	East/West line WEST	County
Dedicated Acres	s Joint o	r Infill Co	nsolidation	Code Or	der 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





S.L.: 210' FSL & 2180' FWL