

10/14/2014 DATE IN	SUSPENSE	mm ENGINEER	10/15/2014 LOGGED IN	NSL TYPE	PMA 14 28851349 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



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.

Nolan von Roeder
Print or Type Name

[Signature]
Signature

Engineer
Title

10/15/14
Date

vonroeder@cmlexp.com
e-mail Address

NSL 7173
- CML Explanation, 44
25692
- CML
- BEAMS IS State
#4
30-025-42177
Pool
- LEAHMAY, LULU CAMP
37860
- SUMMIT, PENN.
5434



October 9, 2014

P.O. Box 890
Snyder, Texas 79550-0890

Ofc: (325) 573-0750 ■ Fax: (325) 573-0749

RECEIVED
OCT 14 2014 3:07 PM

Michael McMillan
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Mr. McMillan:

Pursuant to NMAC 19.15.15.13, CML Exploration, LLC, applies for approval of an unorthodox oil well location for the following well:

<u>Well:</u>	Beams 15 State No. 4
<u>Location:</u>	2015' FNL & 1450' FEL of Sec. 15, T17S, R33E
<u>Well unit (project area):</u>	SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 15, T17S, R33E, NMPM, Lea County, New Mexico

The well will be drilled to a depth sufficient to test the Sanmal Penn Pool. The pool is spaced on statewide rules, with 40 acre spacing, and wells are to be located no closer than 330 feet to a quarter-quarter section line. Our Form C-102, showing our requested unorthodox location is attached as **Exhibit A**.

The well will penetrate the top of the Wolfcamp formation at the unorthodox location given herein above and will continue to drill down to approximately 13,000'. After logging, CML, as a prudent operator, will attempt to complete the well in the deepest hydrocarbon bearing formation encountered. If our completion efforts are not successful in the deepest zone attempted, we will attempt to complete the well in one or more of the up hole hydrocarbon bearing zones encountered. **Exhibit B**, our C-101 for this well, is enclosed for your reference.

The unorthodox location is due to geological and topographic reasons. Based on our current geological subsurface and seismic data, putting the well within the standard 330' quarter/quarter location would put the well outside the optimum location and thereby reducing the maximum potential recoverable reserves. Also located within the standard 330' quarter/quarter area for this well is a buried pipeline; from which, when we move to safe distance within the standard area puts us further from the optimal location. **Exhibit C** is enclosed for your reference, showing our requested unorthodox location, our subsurface geological interpretation, the orthodox 330' quarter/quarter area and the subject pipeline.

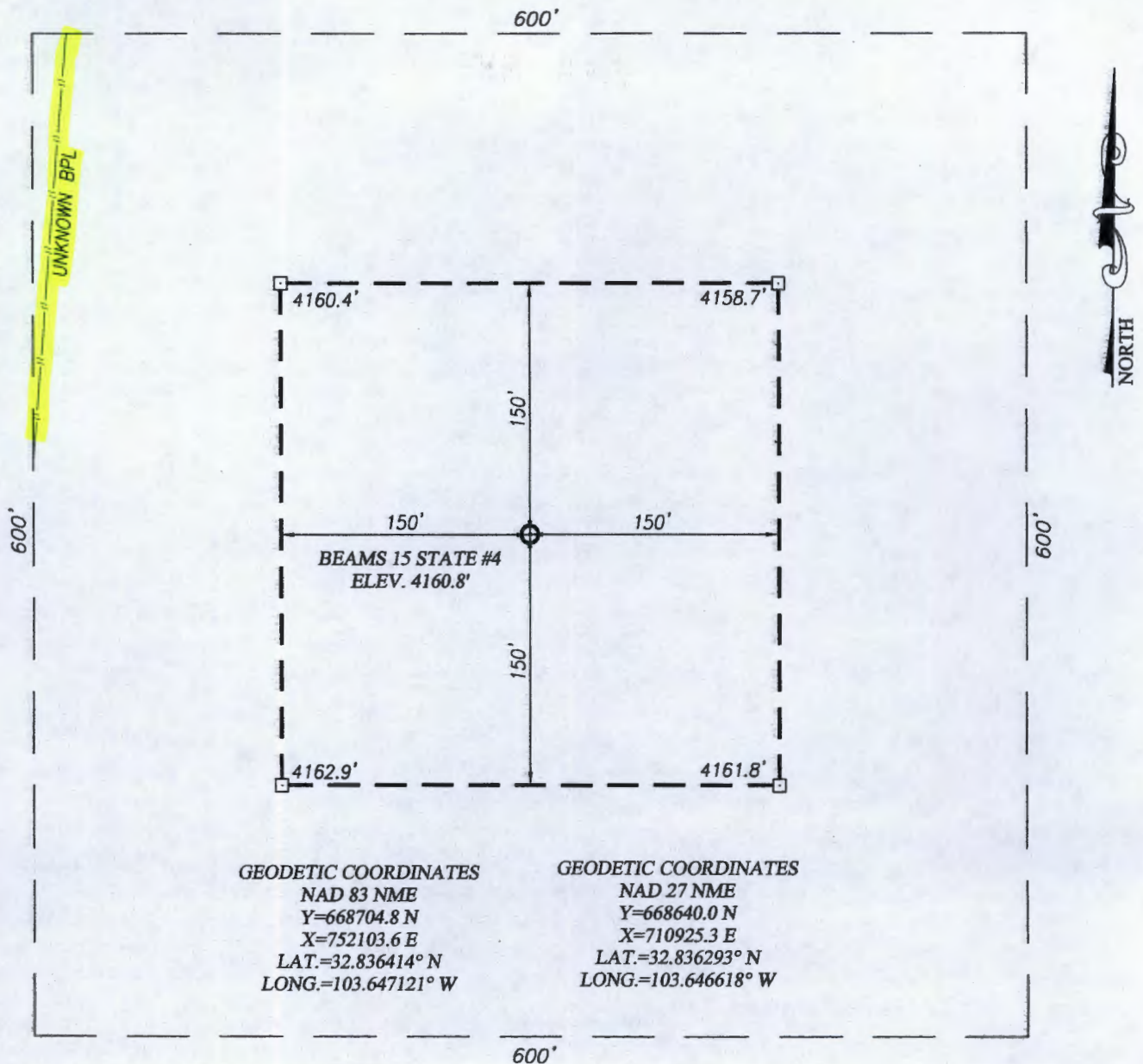
Our requested location encroaches to the East within Section 15; however, as to the pools applied for herein, CML is the operator of all the offsetting location within Section 15. CML is also the operator of all the bordering locations in the Sections adjacent to Section 15, as to the pools applied for herein. The N/2 and SW/4 of Section 15 is a single tract with common ownership. Therefore, notice of the application has not been given to anyone else.

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

Very truly yours,

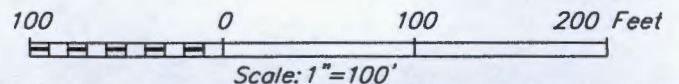
Nolan von Roeder
Petroleum Engineer

EXHIBIT A



DIRECTIONS TO LOCATION BEAMS 15 STATE #4:

FROM THE INTERSECTION OF ST. HIGHWAY 529 (ARTESIA HWY.) AND L-125 (DOGLAKE RD.) GO NORTH ON DOGLAKE RD. APPROX 0.75 MILES; TURN RIGHT ONTO L-125 (MESCALERO RD.) AND GO EASTERLY 2.7 MILES; TURN LEFT ONTO A LEASE RD AND GO NORTH ON MEANDERING LEASE ROAD APPROX. 3.1 MILES; TURN LEFT AND GO SOUTH APPROX. 0.2 MILES; TURN LEFT AND GO EAST APPROX. 0.2 MILES TO THE EXISTING CML - PADDY 15 STATE #2. THE LOCATION STAKE IS 700 FEET EAST OF THE #2 WELL HEAD.



CML EXPLORATION, LLC

BEAMS 15 STATE #4 WELL
LOCATED 2015 FEET FROM THE NORTH LINE
AND 1450 FEET FROM THE EAST LINE OF SECTION 15,
TOWNSHIP 17 SOUTH, RANGE 33 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO

PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(575) 393-3117 www.jwsc.biz

Survey Date: 9/24/14	CAD Date: 10/5/14	Drawn By: ACK
W.O. No.: 14111006	Rev: .	Rel. W.O.: Sheet 1 of 1



1004 N. Big Spring, Suite 523
Midland, Texas 79701

Ofc: (432) 685-1414 ■ Fax: (432) 685-1133

October 14, 2014

Michael McMillan
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Mr. McMillan:

Pursuant to your request and consideration of CML Exploration, LLC's, application for an unorthodox oil well location for it's:

<u>Well:</u>	Beams 15 State No. 4
<u>Location:</u>	2015' FNL & 1450' FEL of Sec. 15, T17S, R33E
<u>Well unit (project area):</u>	SW¼NE¼ of Section 15, T17S, R33E, NMPM, Lea County, New Mexico

Please be advised the County and State records show the leasehold estate and mineral ownership for the N/2 and SE/4 of Section 15, Township 17 South, Range 33 East, N.M.P.M., Lea County, New Mexico are common as to all right below the base of the San Andres Formation. Said lands are part of NM State Lease # B-2229-1. CML was assigned its interest in 1998 from Phillips (now ConocoPhillips), and we have an operating agreement with them in which CML is named the Operator. The subject unorthodox well location is located with said lease.

Please contact me if you need any further information. My email address is fitzgeraldj@cmlexp.com, and my cell phone # is 432-664-5626.

Sincerely,

Joe Fitzgerald
Land Manager

District I1625 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 Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170**District IV**1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural
Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-101
August 1, 2011

Permit 193792

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address CML EXPLORATION, LLC P.O. Box 890 Snyder, TX 79550		2. OGRID Number 256512
		3. API Number 30-025-42177
4. Property Code 38326	5. Property Name BEAMS 15 STATE	6. Well No. 004

7. Surface Location

UL - Lot G	Section 15	Township 17S	Range 33E	Lot Idn	Feet From 2105	N/S Line N	Feet From 1450	E/W Line E	County Lea
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8. Proposed Bottom Hole Location

UL - Lot G	Section 15	Township 17S	Range 33E	Lot Idn G	Feet From 2105	N/S Line N	Feet From 1450	E/W Line E	County Lea
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9. Pool Information

SANMAL;PENN	54340
LEAMEX;WOLFCAMP	37860

Additional Well Information

11. Work Type New Well	12. Well Type OIL	13. Cable/Rotary	14. Lease Type State	15. Ground Level Elevation 4161
16. Multiple Y	17. Proposed Depth 13000	18. Formation Strawn	19. Contractor	20. Spud Date 12/1/2014
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water

☒ We will be using a closed-loop system in lieu of lined pits**21. Proposed Casing and Cement Program**

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	54.5	1550	1250	0
Int1	12.25	8.625	32	4600	1500	0
Prod	7.875	5.5	17	13000	1200	4200

Casing/Cement Program: Additional Comments

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22. Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	5000	5000	Shaffer
Annular	5000	5000	Hydril

23.I hereby certify that the information given above is true and complete to the best of my knowledge and belief.
 I further certify I have complied with 19.15.14.9 (A) NMAC ☐
 and/or 19.15.14.9 (B) NMAC ☒, if applicable.

OIL CONSERVATION DIVISION

Signature:

Printed Name: Electronically filed by Judy Wilkinson	Approved By: Paul Kautz
Title: Production Assistant	Title: Geologist
Email Address: wilkinsonj@cmlexp.com	Approved Date: 10/9/2014 Expiration Date: 10/9/2016
Date: 10/9/2014 Phone: 325-573-0750	Conditions of Approval Attached

District I1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720**District II**811 S. First St., Artesia, NM 88210
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Phone:(505) 334-6178 Fax:(505) 334-6170**District IV**1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462Form C-102
August 1, 2011

Permit 193792

State of New Mexico
Energy, Minerals and Natural
Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-025-42177	2. Pool Code 54340	3. Pool Name SANMAL,PENN
4. Property Code 38326	5. Property Name BEAMS 15 STATE	6. Well No. 004
7. OGRID No. 256512	8. Operator Name CML EXPLORATION, LLC	9. Elevation 4161

10. Surface Location

UL - Lot G	Section 15	Township 17S	Range 33E	Lot Idn	Feet From 2105	N/S Line N	Feet From 1450	E/W Line E	County Lea
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11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 40.00	13. Joint or Infill		14. Consolidation Code				15. 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

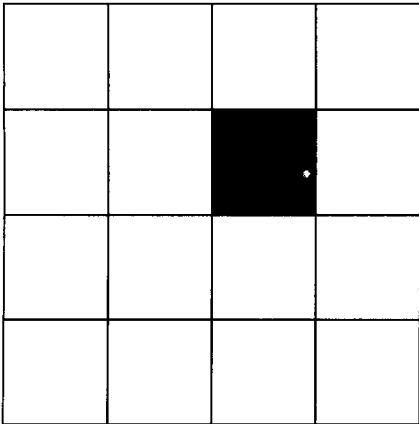
	<p style="text-align: center;">OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) 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 heretofore entered by the division.</i></p> <p>E-Signed By: Judy Wilkinson Title: Production Assistant Date: 10/9/2014</p> <hr/> <p style="text-align: center;">SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>Surveyed By: Ronald Eidson Date of Survey: 9/24/2014 Certificate Number: 3239</p>
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EXHIBIT B**District I**

1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720

District II

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**State of New Mexico
Energy, Minerals and Natural
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Santa Fe, NM 87505**

Form C-102

August 1, 2011

Permit 193792

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-025-42177	2. Pool Code 37860	3. Pool Name LEAMEX;WOLFCAMP
4. Property Code 38326	5. Property Name BEAMS 15 STATE	6. Well No. 004
7. OGRID No. 256512	8. Operator Name CML EXPLORATION, LLC	9. Elevation 4161

10. Surface Location

UL - Lot G	Section 15	Township 17S	Range 33E	Lot Idn	Feet From 2105	N/S Line N	Feet From 1450	E/W Line E	County Lea
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11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 40.00	13. Joint or Infill		14. Consolidation Code				15. 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

	OPERATOR CERTIFICATION	
	<i>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(s) 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 heretofore entered by the division.</i>	
	E-Signed By: Judy Wilkinson Title: Production Assistant Date: 10/9/2014	
	SURVEYOR CERTIFICATION	
<i>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.</i>		
Surveyed By: Ronald Eidson Date of Survey: 9/24/2014 Certificate Number: 3239		

EXHIBIT B**District I**

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1220 S. St Francis Dr.
Santa Fe, NM 87505**

Form APD Comments

Permit 193792

PERMIT COMMENTS

Operator Name and Address: CML EXPLORATION, LLC [256512] P.O. Box 890 Snyder, TX 79550	API Number: 30-025-42177
	Well: BEAMS 15 STATE #004

Created By	Comment	Comment Date
VONROEDERN	Administrative approval of this unorthodox location will be requested based on geological and seismic interpretation to maximize reservoir recovery and prevent waste. CML Exploration, LLC operates all the offset proration units in the applied for pools.	10/8/2014
VONROEDERN	CML Exploration, LLC also operates all the offset proration units in the adjacent sections. In addition, there is a buried pipeline running north to south cutting through the eastern portion of the standard spacing box that would interfere with the construction of a standard location.	10/9/2014

District I

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Form APD Conditions

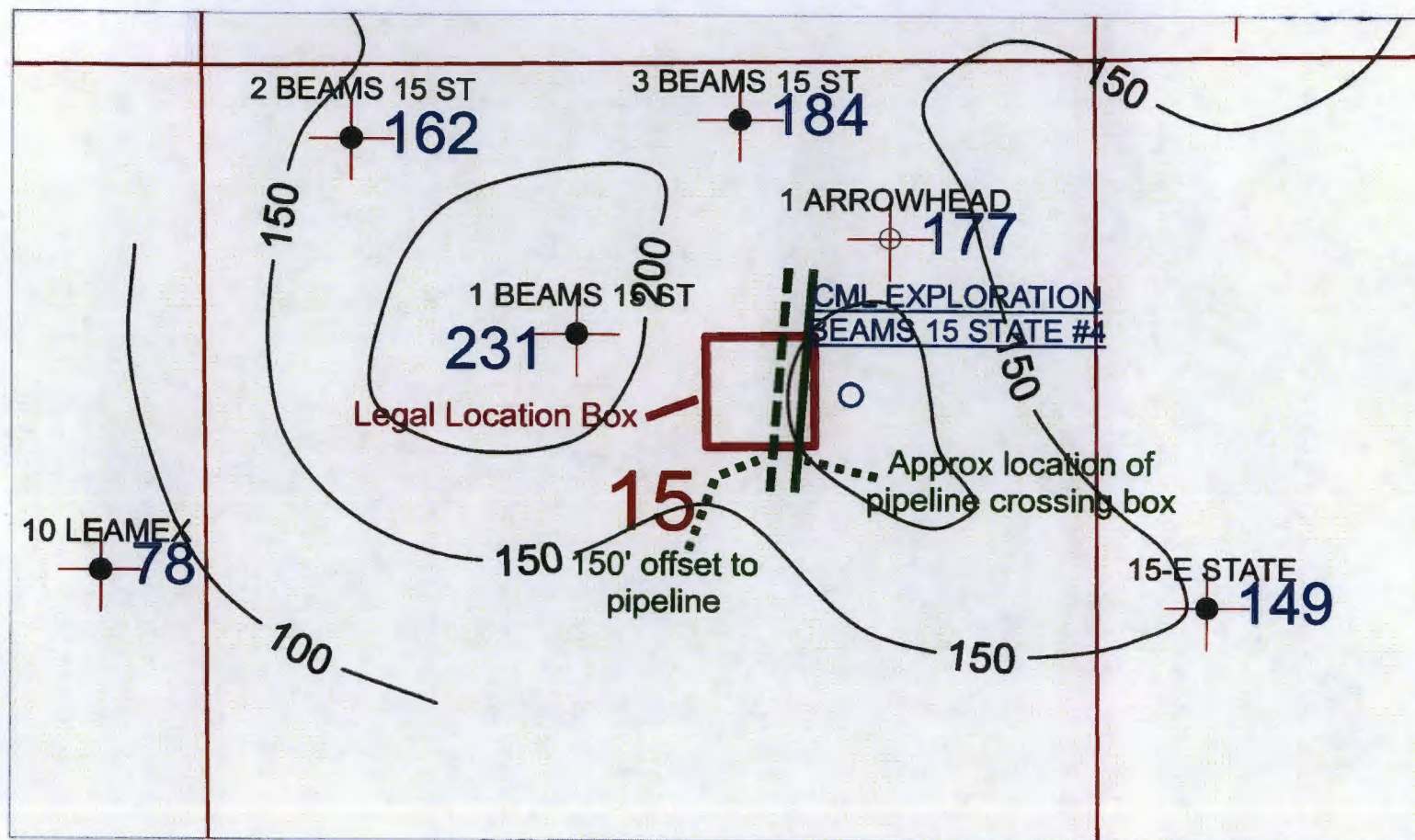
Permit 193792

PERMIT CONDITIONS OF APPROVAL

Operator Name and Address: CML EXPLORATION, LLC [256512] P.O. Box 890 Snyder, TX 79550	API Number: 30-025-42177
	Well: BEAMS 15 STATE #004

OCD Reviewer	Condition
pkautz	Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string
pkautz	If using a pit for drilling and completion operations, must have an approved pit from prior to spudding the well.
pkautz	1) SURFACE & INTERMEDIATE CASING - Cement must circulate to surface -- 2) PRODUCTION CASING - Cement must tie back into intermediate casing --
pkautz	If cement does not circulate to surface, must run temperature survey or other log to determine top of cement
pkautz	Surface casing must be set 25' below top of Rustler Anhydrite in order to seal off protectable water
pkautz	Will require a administrative order for non-standard location prior to placing the well on production.

EXHIBIT C



Isopach Cisco Interval
C.I. = 10'

1 inch = 1000 feet

CML Exploration, LLC
Beams 15 State #4
2015' FNL & 1450' FEL
15-17S-33E