

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



August 7, 2017

Cimarex Energy Company
Attn: Ms. Jennifer Bradfute

ADMINISTRATIVE NON-STANDARD LOCATION

Administrative Order NSL-7141-A
Administrative Order NSP-2069

Cimarex Energy Company
OGRID 215099
Hornsby 35 Federal Com Well No. 7H
API No. 30-015-42168

Non-Standard Location

Proposed Location:

	<u>Footages</u>	<u>Unit/Lot</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	290' FSL & 2050' FEL	G/2	35	26S	27E	Eddy
Penetration Point	330' FSL & 2590' FEL	F/3	35	26S	27E	Eddy
Final perforation/ Terminus	330' FNL & 2590' FEL	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 Lot 3, NE/4 NW/4 of Section 35	224.07	Hay Hollow; Bone Spring	30215

Reference is made to your application received on June 30, 2017.

You have requested to drill this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. This location is governed by statewide Rule 19.15.15.9.A NMAC, which provide for 40-acre units with wells to be located at least 330 feet from outer unit boundaries, and Rule 19.15.16.14.B (2) NMAC. This surface location is outside the project area, and is permitted by Rule 19.15.16.15.B (4) NMAC which allows for locations outside boundaries of the proposed project area than any location that would be a standard location under the applicable pool rules.

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 the applicant is requesting this non-standard location in order to maximize recoverable reserves by increasing the cluster of wells to drain reserves in the formation that would otherwise be stranded. Further, this well will determine maximum reserve recovery and possible drilling locations for additional infill wells.

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

This order supersedes Administrative Order NSL – 7141, issued on August 27, 2014.

The above approval is subject to your being in compliance with all other applicable Division rules.

Non-Standard Project Area

You have also requested approval of one or more non-standard proration units to be included in your proposed project area, as follows:

Proposed Project Area (224.07)

Section 26 E/2 W/2
Section 35 E/2 NW/4

Pursuant to the authority conferred by Division Rule 19.15.15.13 B (4) NMAC, the above-described non-standard project area is hereby approved.

The above approvals are subject to your being in compliance with all other applicable Division rules.

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



DAVID R. CATANACH
Director

DRC/lrl

cc: Oil Conservation Division – Artesia District Office
Bureau of Land Management – Carlsbad