

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
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David Martin
Cabinet Secretary

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Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



February 11, 2015

Cimarex Energy Co. of Colorado
Attn: Ms. Jennifer Bradfute

ADMINISTRATIVE NON-STANDARD LOCATION, AND NON-STANDARD PRORATION
UNIT

Administrative Order NSL-6378-A
Administrative Application Reference No. pMAM1435052712

Administrative Order NSP-2018
Administrative Application Reference No. pMAM1435760343

Cimarex Energy Co. of Colorado
OGRID 162683
Intrepid "3" Federal Com. Well No. 1 H
API No. 30-015-38979

Proposed Location:

	<u>Footages</u>	<u>Unit/Lot</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	250' FNL & 990' FWL	4	3	19S	30E	Eddy
Penetration Point	162' FNL & 943' FWL	4	3	19S	30E	Eddy
Terminus	660' FNL & 1650' FWL	3	4	19S	30E	Eddy

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
NW/4 NW/4 of Section 3,	40.35	Leo; Bone Spring, South	37920
N/2 NE/4 of Section 4,	80.75		
NE/4 NW/4 of Section 4	40.43		

Reference is made to your application received on November 25, 2014.

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 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 portions of the proposed completed interval are closer to 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 you are seeking this location because the well had deviated further north than was originally approved in its initial Non-Standard location application.

It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 19.15.4.12 A (2) NMAC, in all adjoining units towards which the proposed location encroaches.

This Order supersedes Division Order No. NSL-6378, issued on May 31, 2011.

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

Non-Standard Proration Unit

You have also requested approval of a non-standard proration unit to be included in your proposed project area, as follows:

Units Comprising this Project Area

<u>Unit</u>	<u>Acres</u>	<u>Pool</u>	<u>Code</u>
NW/4 NW/4 of Section 3, N/2 NE/4 of Section 4, and NE/4 NW/4 of Section 4	161.53	Leo; Bone Spring, South	37920

Your application has been duly filed under the provisions of Division Rules 19.15.15.13 NMAC and 19.15.4.12.A(3) NMAC.

You have requested an exception pursuant to Rule 19.15.16.7.M NMAC, to approve a non-standard oil spacing and proration unit comprising 161.53-acres, consisting of the entire area described above as the Subject Unit or Project Area.

We understand that you are seeking this exception in order to allow you to create a 161.53-acre non-standard proration unit, comprised of the NW/4 NW/4 of Section 3, N/2 NE/4 of Section 4, and NE/4 NW/4 of Section 4, Township 19 South, Range 30 East, NMPM, Eddy County, New Mexico.

It is our understanding that Cimarex Energy Co. of Colorado is seeking this location because the NW/4 NW/4 of Section 4 was held by Yates Petroleum Corporation who chose not to participate in the well. Further, at the time the well was drilled, the horizontal well rules were not enacted. Lastly, Yates Petroleum Corporation plans to develop NW/4 NW/4 of Section 4; thereby not stranding any acreage.

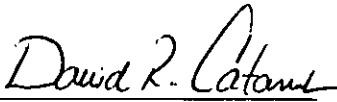
It is also understood that you have given due notice of this application to all persons to whom notice is required by Rule 19.15.4.12.A(3) NMAC.

Pursuant to the authority conferred by Division Rule 19.15.15.11.B(2), the above-described non-standard proration unit is hereby approved.

This approval is 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 February 11, 2015

A handwritten signature in cursive script, reading "David R. Catanach". The signature is written in dark ink and is positioned above a horizontal line.

David R. Catanach
Director

DRC/mam

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