

ABOVE THIS LINE FOR DIVISION USE ONLY

Suspended
04-05-2017

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]

NSL-7521
NSP-2062

- [1] TYPE OF APPLICATION - Check Those Which Apply for [A] Cimarex Energy Co. (215099)
- [A] Location - Spacing Unit - Simultaneous Dedication Medwick 32 Federal Com #7H
 NSL NSP SD 30-015-42172
 Check One Only for [B] or [C] Wildcat; Bone Spring *98018* ~~(96403)~~
- [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.

<u>Zoe Lees</u> Print or Type Name	<u><i>Zoe S. Lees</i></u> Signature	<u>Attorney</u> Title	<u>2/16/2017</u> Date
		<u>zel@modrall.com</u> e-mail Address	

District I
1625 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 Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-42172	² Pool Code	³ Pool Name Wildcat; Bone Spring
⁴ Property Code	⁵ Property Name MEDWICK 32 FEDERAL COM	
⁷ OGRID No. 215099	⁸ Operator Name CIMAREX ENERGY CO.	⁶ Well Number 7H
		⁹ Elevation 3192'

"Surface Location

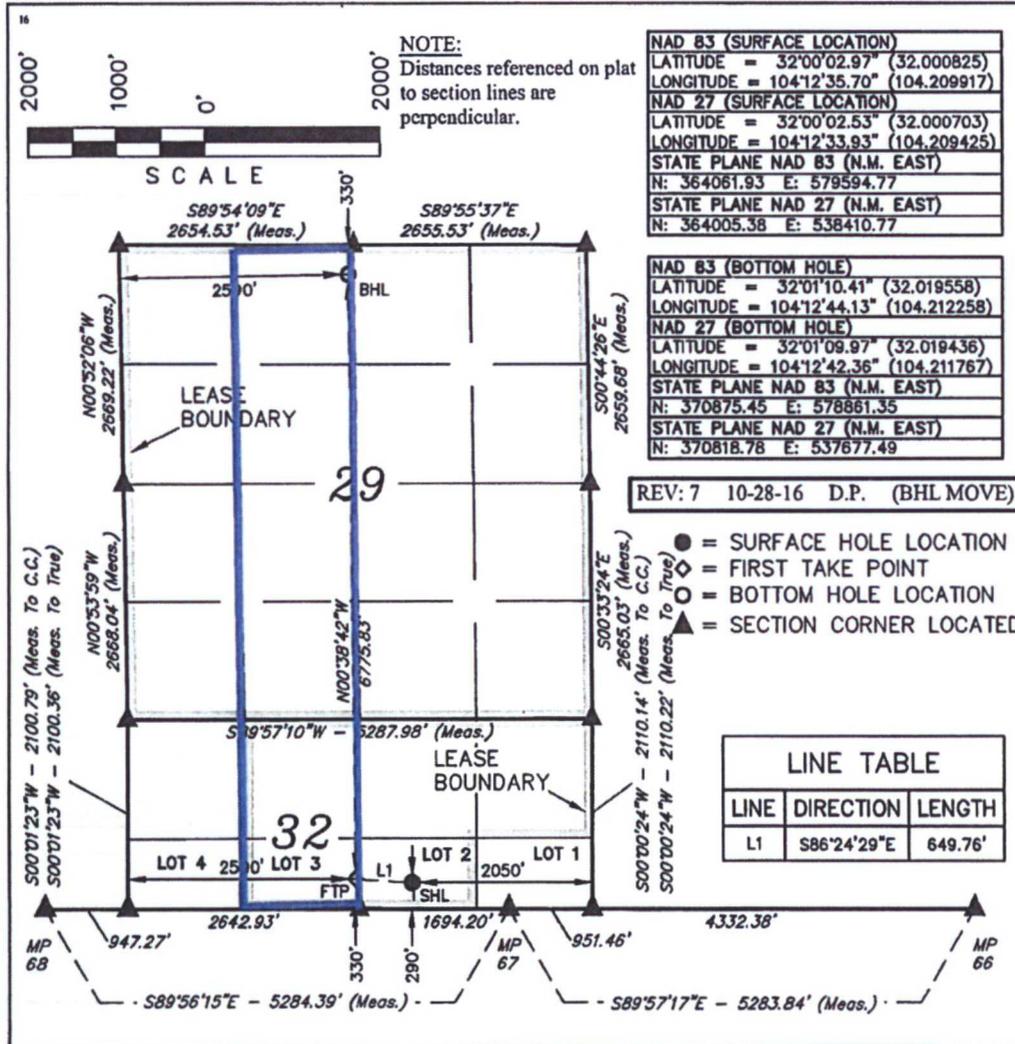
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
2	32	26S	27E		290	SOUTH	2050	EAST	EDDY

"Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	29	26S	27E		330	NORTH	2590	WEST	EDDY

¹² Dedicated Acres 223.23	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 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 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.

Aricka Easterling 11/21/16
Signature Date

Aricka Easterling
Printed Name
aeasterling@cimarex.com
E-mail Address

"SURVEYOR CERTIFICATION

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.

September 4, 2013

Date of Survey
Signature and Seal of Professional Surveyor:



Certificate Number:

Exhibit A



MODRALL SPERLING

L A W Y E R S

February 16, 2017

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Jennifer L. Bradfute
505.848.1845
Fax: 505.848.1882
jlb@modrall.com

TO AFFECTED PARTIES

Re: Application of Cimarex Energy Co. for administrative approval of an unorthodox well location for its Medwick 32 Federal Com 7H well, located in the E/2 W/2 of Section 29, and Unit C and Lot 3 of (E/2 NW/4 equivalent) of Irregular Section 32, both in Township 26 South, Range 27 East, N.M.P.M., Eddy County, New Mexico.

Ladies and Gentlemen:

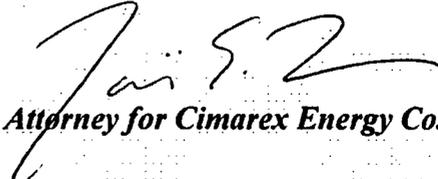
Enclosed in the notice is a copy of the above referenced application filed with the New Mexico Conservation Division on this date. Any objections that you have to this application must be filed in writing with the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico 87505, within twenty (20) days from the date the Division receives the above referenced application, or otherwise this application may be administratively approved by the Division.

If you have any questions concerning this application, please contact:

Todd Meador
Cimarex Energy Co.
600 N. Marienfeld St., Suite 600
Midland, TX 79701
Phone No.: (432) 571-7858

If you have no objection to this application, please sign the waiver as indicated below and return the original. Your assistance and cooperation in this matter are appreciated.

Sincerely,


Attorney for Cimarex Energy Co.

Modrall Spierling
Roehl Harris & Sisk
P.A.

Bank of America
Centre
500 Fourth Street
NW
Suite 1000
Albuquerque,
New Mexico 87102

PO Box 2168
Albuquerque,
New Mexico
87103-2168

WAIVER

_____ hereby waives objection to the above referenced Application of Cimarex Energy Co. for administrative approval of an unorthodox well location for its Medwick 32 Federal Com 7H well, located in the E/2 W/2 of Section 29, and Unit C and Lot 3 of (E/2 NW/4 equivalent) of Irregular Section 32, both in Township 26 South, Range 27 East, N.M.P.M., Eddy County, New Mexico..

Dated: _____

Signature



MODRALL SPERLING

LAWYERS

February 16, 2017

Via Email

Mr. David Catanach
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Jennifer L. Bradfute
505.848.1845
Fax: 505.848.1882
jlb@modrall.com

Re: Application of Cimarex Energy Co. for administrative approval of an unorthodox well location for its Medwick 32 Federal Com 7H well, located in the E/2 W/2 of Section 29, and Unit C and Lot 3 of (E/2 NW/4 equivalent) of Irregular Section 32, both in Township 26 South, Range 27 East, N.M.P.M., Eddy County, New Mexico.

Dear Mr. Catanach:

Cimarex Energy Co. ("Cimarex") (OGRID No. 251099) seeks administrative approval of an unorthodox well location ("NSL") and a 223.23 acre non-standard spacing unit/horizontal project area for its Medwick 32 Federal Com 7H well (API No. 30-015-42172) to be completed within the WC-015 G-04 S262625B, Bone Spring pool (Pool Code 98018) underlying the E/2 W/2 of Section 29, and Unit C and Lot 3 (W/2 NE/4 equivalent) of Irregular Section 32, both in Township 26 South, Range 27 East, N.M.P.M., Eddy County, New Mexico. A C-102 for the well is attached hereto as Exhibit A. This is a horizontal Well that will be drilled as follows:

- Surface Hole Location: 290 feet from the South line and 2050 feet from the East line of Section 32;
- First Perforation Point: 330 feet from the South line and 2590 feet from the West line of Section 32;
- Last Perforation Point and Bottom Hole Location: 330 feet from the North line and 2590 feet from the West line of Section 29.

Cimarex is requesting this NSL and NSP in order to efficiently produce its interests in Sections 29 and 32. The attached C-102 shows that Section 32 is an irregular section whose southern boundary is the New Mexico/Texas State Line. This section is comprised of four 40-acre units (Units A, B, C & D) and

Modrall Sperring
Roehl Harris & Sisk P.A.

Bank of America Centre
500 Fourth Street NW
Suite 1000
Albuquerque,
New Mexico 87102

PO Box 2168
Albuquerque,
New Mexico 87103-2168

Tel: 505.848.1800
www.modrall.com

four non-standard lots (Lots 1-4) that each comprise approximately of 24 acres. The method proposed by Cimarex to develop Sections 29 and 32 in the Bone Spring formation is a reasonable and effective method by which portions of Irregular Section 32 can be incorporated into horizontal project areas.

This well will produce from the WC-015 G-04 S262625B, Bone Spring pool (Pool Code 98018). There are no special pool rules for this pool, and thus the setback requirements under Rule 19.15.15.9 of 330' apply. The completed interval for the proposed well is closer than 330' from the boundary of the project area. The unorthodox location will encroach towards the W/2 E/2 of Section 29, NW/4 NE/4 of Section 32 and Lot 2 in Section 32, and towards the SW/4 SE/4 of Section 20, Township 26 South, Range 27 East. A map showing the surrounding ownership and the project area for the proposed well in relation to adjoining spacing units is attached as Exhibit B. Please note that the ownership in the W/2 E/2 of Section 29, NW/4 NE/4 of Section 32 and Lot 2 in Section 32 is common, as stated in the letter attached hereto as Exhibit C.

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 pool or formations, the one-half quarter section for 80-acre pools or formations, the quarter section for 160-acres pools or formations, the half section for 320-acres pools or formations or section for 640-acre pools or formations in which the non-standard unit is located." All acreage in Irregular Section 32 will be included in the Project Area proposed by Cimarex. Since no acreage is excluded from participating in Bone Spring development in Sections 29 and Irregular Section 32, no interest owner is affected by the proposed non-standard unit, and as a result, notice of this application is not required.

Please note that all of the working interest owners within all of Section 29 and all of Irregular Section 32 is common by virtue of the execution of an operating agreement by all working interest owners in these sections. This information was provided to the Division in a similar application filed for the Medwick 32 Federal Com. No. 11H well, which was approved by the Division.

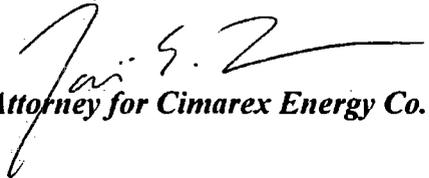
A list of the parties affected by the encroachment discussed above is attached as Exhibit D. Each of these parties has been provided notice of this application by certified mail, return receipt requested, advising them that if they have an objection to the location of this Well, it must be filed with the New Mexico Oil Conservation Division within 20 days of the mailing of this

Page 3

notice. In addition, a copy of this application has also been provided to the New Mexico State Land Office.

Your attention to this matter is appreciated.

Sincerely,


Attorney for Cimarex Energy Co.

cc: New Mexico State Land Office
Post Office Box 1148
Santa Fe, New Mexico 87504

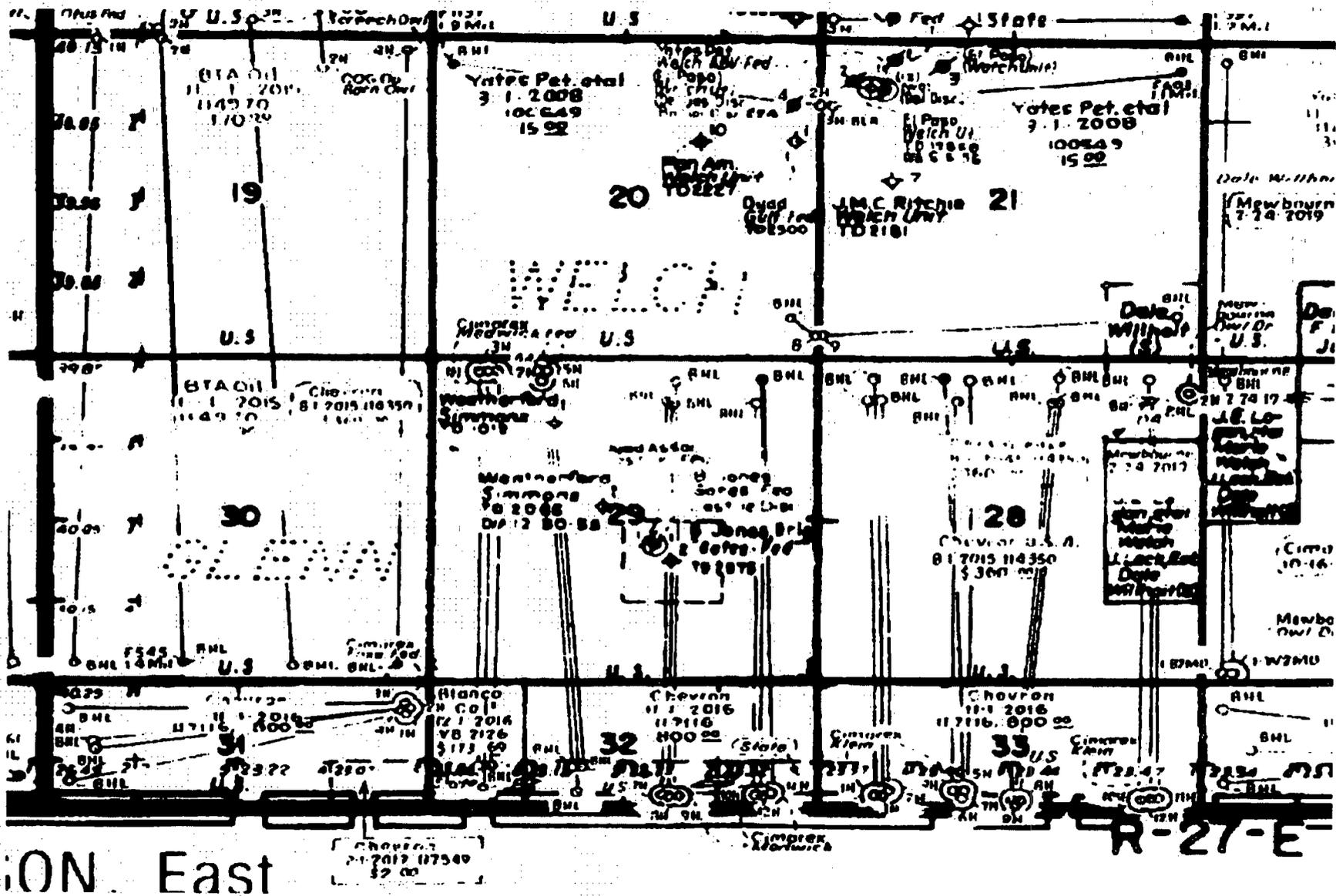


Exhibit B

Cimarex Energy Co.
600 N. Marienfeld St.
Suite 600
Midland, TX 79701
MAIN 432.571.7800



February 16, 2016

New Mexico Oil Conservation Division
Attn: Mr. Leonard Lowe
1220 S. St Francis Dr.
Santa Fe, NM 87505

**RE: Ownership in Sections 29 and 32, T26S-R27E, N.M.P.M.
Eddy County, NM
Cimarex Energy Co.'s Medwick 32 Fed Com 7H Well**

Dear Mr. Lowe:

My name is Todd Meador, and I am the Landman responsible for drilling Cimarex Energy Co.'s (Cimarex) Medwick 32 Fed Com #7H and Medwick 32 Fed Com #8H well. Cimarex is seeking approval of a non-standard location and non-standard project area for the Medwick 32 Fed Com 7H and a non-standard project area for the Medwick 32 Fed Com 8H well.

I am familiar with the ownership in Sections 29 and 32. The ownership for the proposed project area for the Medwick 32 Fed Com 7H (E2W2 Section 29 and NENW and Lot 3 Section 32) is identical in all respects to the ownership in the proposed project area for the Medwick 32 Fed Com 8H (W2E2 Section 29 and NWNE and Lot 2 Section 32).

If I can answer any additional questions for you regarding this matter, please contact me at 432.571.7858.

Sincerely,

A handwritten signature in black ink, appearing to read "Todd Meador", written over a horizontal line.

Todd Meador
Landman

Exhibit C

EXHIBIT D:

List of Affected Persons for the Application of Cimarex Energy Co. for administrative approval of an unorthodox well location for its Medwick 32 Federal Com 7H well, located in the E/2 W/2 of Section 29, and Unit C and Lot 3 of (E/2 NW/4 equivalent) of Irregular Section 32, both in Township 26 South, Range 27 East, N.M.P.M., Eddy County, New Mexico.

EOG Resources Inc.
P.O. Box 2267
Midland TX 79702

Cimarex Application Notice

Medwick 32 Federal Com 7H

Mailed February 16, 2017

Parties	Certified Nos.
Irregular Section 32, Township 26 South, Range 27 East	
EOG Resources Inc. P.O. Box 2267 Midland, TX 79702	7015 1520.0002 9719 5639

McMillan, Michael, EMNRD

From: McMillan, Michael, EMNRD
Sent: Wednesday, April 5, 2017 4:35 PM
To: Zoe Lees
Cc: Lowe, Leonard, EMNRD
Subject: Cimarex Medwick 32 Federal Com well No. 7H suspended application

Zoe:

the OCD will require a better description than efficient well spacing as a valid reason for an NSL and NSP for the Cimarex Medwick 32 Federal Com well No. 7 (API 30-015-42172). The OCD will need a reason for placing the well in the middle of the Section. This may entail engineering reasons, if so the OCD will require an engineer's statement about that. Next, the OCD will require a statement from Cimarex of how the entire Section will be developed, to ensure no stranded acreage.

Thank You

MICHAEL A. MCMILLAN

Engineering Bureau, Oil Conservation Division
1220 south St. Francis Dr., Santa Fe NM 87505
O: 505.476.3448
Michael.McMillan@state.nm.us

Cimarex Application Notice
 Medwick 32 Federal Com 711
 Mailed February 16, 2017

Parties	Certified Nos.
Irregular Section 32, Township 26 South, Range 27 East	
EOG Resources Inc. P.O. Box 2267 Midland, TX 79702	7015 1520 0002 9719 5639

4/19/2017

USPS.com® - USPS Tracking® Results

USPS Tracking® Results

[FAQs > \(http://faq.usps.com/?articleId=220900\)](http://faq.usps.com/?articleId=220900)

[Track Another Package +](#)

[Remove X](#)

Tracking Number: 70151520000297195639

Delivered

Product & Tracking Information

[See Available Actions](#)

Postal Product: Features:
Certified Mail™

DATE & TIME	STATUS OF ITEM	LOCATION
February 21, 2017, 7:18 am	Delivered, Individual Picked Up at Postal Facility	MIDLAND, TX 79702
▲ Your item was picked up at a postal facility at 7:18 am on February 21, 2017 in MIDLAND, TX 79702.		
February 20, 2017, 1:45 am	Departed USPS Facility	MIDLAND, TX 79711
February 19, 2017, 7:27 pm	In Transit to Destination	
February 18, 2017, 7:27 pm	Arrived at USPS Facility	MIDLAND, TX 79711
February 18, 2017, 4:38 am	In Transit to Destination	
February 17, 2017, 1:57 am	Departed USPS Facility	ALBUQUERQUE, NM 87101
February 16, 2017, 9:38 pm	Arrived at USPS Facility	ALBUQUERQUE, NM 87101

[See Less ^](#)

Available Actions

[See Less ^](#)

Can't find what you're looking for?

Go to our [FAQs](#) section to find answers to your tracking questions.

[FAQs \(http://faq.usps.com/?articleId=220900\)](http://faq.usps.com/?articleId=220900)

<https://tools.usps.com/go/TrackConfirmAction?Labels=70151520000297195639>



Cimarex Energy Co.
202 S. Cheyenne Ave, Ste 1000; Tulsa, OK 74103 ♦ (432) 620-1936
• A NYSE Listed Company • "XEC"

April 19, 2017

Mr. Michael McMillian
New Mexico Oil Conservation Division
1220 South Francis Drive
Santa Fe, NM 87505

Re: Non-Standard Location Application
Medwick 32 Federal Com #7H – 30015-42172
Eddy County, NM

Dear Mr. McMillian:

Cimarex Energy Co. respectfully requests administrative approval of the non-standard location application for the Medwick 32 Federal Com #7H well.

Cimarex proposes to drill five (5) Bone Spring wells on Medwick 32 Federal Com lease located in Sec. 32, 26S, 26E. The proposed well will be centered between our two horizontal 2nd Bone Spring producing wells, the Medwick 32 Federal Com #4H and Medwick 32 Federal Com #8H wells and is best located 50-55' off the center quarter quarter line. Cimarex expects to maximize the recoverable reserves by increasing the cluster count to reduce white space in the proposed well. This procedure is a change from our previous completion approach and offers an opportunity to determine how to best develop our acreage in the area.

The beneficial knowledge gained from the successful completion of the Medwick 32 Federal Com #7H well will help to determine density spacing, maximum reserve recovery and possible drilling locations for additional Bone Spring infill wells in this and other sections.

Thank you for your consideration. Should you have any questions please contact me at 432-571-7800.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Swain". The signature is fluid and cursive.

Michael Swain
Permian Region Geologic Manager
Permian Exploration

OCD Permitting

Home Land Searches Land Details

Section : 32-28S-27E

Type: Normal

Total Acres: 252.72

County: Eddy (15)

D (D) Federal ¹ State ² (15) 40	C (C) Federal ¹ Federal ² (15) 40	B (B) Federal ¹ Federal ² (15) 40	A (A) Federal ¹ Federal ² (15) 40
E (4) Federal ¹ State ² (15) 23.04	F (3) Federal ¹ Federal ² (15) 23.13	G (2) Federal ¹ Federal ² (15) 23.23	H (1) Federal ¹ State ² (15) 23.32

Note ¹ = Surface Owner Rights

Note ² = Sub-Surface Mineral Rights

Land Restrictions

No land restrictions found for this section.

[Return to Search](#)

McMillan, Michael, EMNRD

From: Terri Stathem <TStathem@cimarex.com>
Sent: Wednesday, April 19, 2017 12:01 PM
To: McMillan, Michael, EMNRD
Subject: Medwick 32 Fed Com #7H - NSP (Non-Standard Project Area)
Attachments: 201704190928.pdf; 3160-5 Medwick 32 Fed Com 7H- SHL BHL Change to APD-
Approvd.pdf

Mr. McMillian,

Cimarex proposes to drill the Medwick 32 Federal Com #7H well as indicated on the attached plat. The irregular section 32 and in order to optimize the horizontal drilling of the well the non standard project area has proven to be the most efficient way to develop the Bone Springs in the area.

Please let me know if you need additional information.

Thanks,

Terri Stathem
Manager - Regulatory Compliance
202 S. Cheyenne Ave, Suite 1000
Tulsa, OK 74103-3001

Office: 918-585-1100
Direct: 432-620-1936
Cell: 918-633-9702
Fax: 918-749-8059