

9/23/09 DATE IN	SUSPENSE	DB ENGINEER	9/23/09 LOGGED IN	NSL TYPE	PWVT0926630265 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



Cumarex
W Shugart 31 Feb Com #1
6093

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 _____

HORIZ Bone SPRING
BY
RE-ENTRY OF
OLD WELL

- [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.

James Bruce
 P.O. Box 1056
 Santa Fe, New Mexico 87504

James Bruce
 Signature

Attorney for Applicant
 Title Date

9/22/09
 jamesbruc@aol.com
 e-mail Address

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JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

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SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruc@aol.com

September 22, 2009

Mark E. Fesmire, P.E.
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Mr. Fesmire:

Pursuant to Division Rule NMAC 19.15.15.13, Cimarex Energy Co. of Colorado applies for approval of an unorthodox oil well location for the following horizontal well:

<u>Well name:</u>	West Shugart "31" Fed. Com. Well No. 1
<u>Surface location:</u>	1780 feet FSL & 1650 feet FWL (this is also the penetration point in the Bone Spring)
<u>Bottom hole location:</u>	352 feet FSL & 837 feet FEL
<u>Well unit (project area):</u>	E½SW¼ and S½SE¼ of Section 31, Township 18 South, Range 31 East, N.M.P.M., Eddy County, New Mexico

The well is in the Undesignated North Shugart-Bone Spring Pool, which is an oil pool. Under Oil Conservation Division regulations, wells in the pool are spaced on 40 acres, with wells to be no closer than 330 feet to a quarter-quarter section line. A Form C-102 is attached as **Exhibit A**.

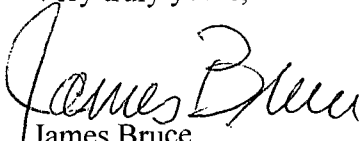
The West Shugart "31" Fed. Com. Well No. 1, located 1780 feet FSL and 1650 feet FWL of Section 31, was drilled in 2001 to test the Morrow formation. Production from the Morrow formation has ceased, and the well is being re-entered to drill a horizontal Bone Spring well. When the well was initially drilled it drifted to the southeast, and had a bottom hole location (in the Morrow) of 706 feet FSL and 1615 feet FWL. Coming uphole to the Bone Spring, the horizontal wellbore will start at approximately 1294 feet FSL and 1903 feet FWL, and will proceed east-southeast to the terminus. This places the wellbore closer than 330 feet to the NW¼SE¼ of Section 31.

The well unit is comprised of three federal leases, as shown on Exhibit A. The entire S½ of Section 31 is comprised of federal leases, so royalty ownership is common in the well unit and in

the affected acreage. The S½ of Section 31 is also covered by a JOA as to the Bone Spring formation, so working interest ownership is common in the well unit and in the affected acreage. Finally, the W½SE¼ of Section 31 is covered by Federal Lease NM 0560352. **Exhibit B.** Since the overriding royalty owners in the affected acreage (the NW¼SE¼ of Section 31) will share in production from the well, notice of this application has not been sent to any offset interest owners.

Please call me if you have any questions concerning this application.

Very truly yours,


James Bruce

Attorney for Cimarex Energy Co. of Colorado

DISTRICT I
1620 N. Francis Dr., Hobbs, NM 88240

DISTRICT II
1501 N. Grand Avenue, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1620 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

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

Form C-102
Revised October 12, 2005

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

APC Number 30-015-31647	Pool Code 56405	Pool Name Shugart; Bone Spring, North
Property Code	Property Name WEST SHUGART "31" FEDERAL COM	Well Number 1
OCRD No. 162683	Operator Name CIMAREX ENERGY CO. OF COLORADO	Elevation 3532'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	31	18 S	31 E		1780	SOUTH	1650	WEST	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
P	31	18 S	31 E		352	SOUTH	837	EAST	EDDY

Dedicated Acres 200	Joint or Infill	Consolidation Code P	Order No. NSL Pending
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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

LOT 1

LOT 2

LOT 3

LOT 4

EXHIBIT **A**

SURFACE LOCATION
Lot - N 32°42'05.61"
Long - W 103°54'41.52"
NAD83 - E 671083.105
(NAD-83)

SHL & P.P. Bone Spring
1780 FSL & 1650 FWL

EOC
1294 FSL & 1903 FWL

BHL
352 FSL & 837 FEL

Producing Interval
SHL to BHL

NM-99038

NM-0560352

NM-0560354

Project Area

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 undivided mineral interest in the land including the proposed bottom hole 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.

8/10/2009

Signature _____ Date _____

Printed Name
Zeno Farris

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.

Date Surveyed _____

Signature & Seal of Professional Surveyor

Certificate No. Gary L. Jones 7877

BASIN SURVEYS

**DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
CASE RECORDATION
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01 02-25-1920;041STAT0437;30USC226

Case Type 310781: O&G RENEWAL LEASE - PD

**Total Acres
231.320**

**Serial Number
NMNM-- 0 560352**

Commodity 459: OIL & GAS L

Case Disposition: AUTHORIZED

Serial Number: NMNM-- 0 560352

Name & Address

Int Rel % Interest

ADAMSON JAMES D	PO BOX 677	ARTESIA NM 88210	OPERATING RIGHTS	0.000000000
COREY FRED C	2602 TERRACE AVE	MIDLAND TX 79705	OPERATING RIGHTS	0.000000000
DEVON ENERGY PRODUCTION CO LP	PO BOX 108838	OKLAHOMA CITY OK 731018838	OPERATING RIGHTS	0.000000000
MAGNUM HUNTER PRODUCTION INC	5215 N O'CONNER BLVD #1500	IRVING TX 750393764	LESSEE	100.000000000
MELROSE ENERGY CO	5813 NW GRAND BLVD #B	OKLAHOMA CITY OK 73118	OPERATING RIGHTS	0.000000000
MORGAN CHUCK	5321 SHADY BEND CT	MIDLAND TX 79707	OPERATING RIGHTS	0.000000000
POOL JOHN D	PO BOX 5441	MIDLAND TX 79704	OPERATING RIGHTS	0.000000000
SDX RESOURCES INC	507 N MARIENFELD	MIDLAND TX 79705	OPERATING RIGHTS	0.000000000
SELL STEVE	PO BOX 5061	MIDLAND TX 79704	OPERATING RIGHTS	0.000000000

Serial Number: NMNM-- 0 560352

Mer Twp	Rng	Sec	SType	SNr Suff	Subdivision	District/Resource Area	County	Mgmt Agency
23 0180S	0310E	031	ALIQ		E2NW,W2SE;	CARLSBAD FO	EDDY	BUREAU OF LAND MGMT
23 0180S	0310E	031	LOT:		1-2;	CARLSBAD FO	EDDY	BUREAU OF LAND MGMT

Serial Number: NMNM-- 0 560352
Pending Office

Act Date	Code	Action	Action Remarks
12/28/1939	387	CASE ESTABLISHED	
12/29/1939	496	FUND CODE	05;145003
12/29/1939	868	EFFECTIVE DATE	
06/01/1966	209	CASE CREATED BY SEGR	OUT OF NMLC062084;
11/01/1971	242	LEASE RENEWED	THRU 10/31/1981;
02/15/1972	237	LEASE ISSUED	
11/01/1981	242	LEASE RENEWED	THRU 10/31/1991;
12/29/1981	237	LEASE ISSUED	
10/14/1982	111	RENTAL RECEIVED	\$232.00;1YR/82-83
09/08/1983	111	RENTAL RECEIVED	\$232.00;1YR/83-84
09/14/1984	111	RENTAL RECEIVED	\$232.00;1YR/84-85
10/01/1985	111	RENTAL RECEIVED	\$232.00;1YR/85-86
09/05/1986	111	RENTAL RECEIVED	\$232.00;1YR/86-87
05/01/1987	963	CASE MICROFILMED	CNUM 108,766 DS
09/04/1987	111	RENTAL RECEIVED	\$232.00;1YR/87-88
07/26/1988	974	AUTOMATED RECORD VERIF	AR/JA
09/13/1988	111	RENTAL RECEIVED	\$232.00;1YR/88-89
09/06/1989	111	RENTAL RECEIVED	\$232.00;1YR/89-90
09/07/1990	111	RENTAL RECEIVED	\$232.00;21/47
01/31/1991	932	TRF OPER RGTS FILED	UNION OIL/SW ROYALTES
03/12/1991	957	TRF OPER RGTS DENIED	UNION OIL/SW ROYALTES
03/12/1991	974	AUTOMATED RECORD VERIF	CM/CM
03/25/1991	932	TRF OPER RGTS FILED	SW RLTYs/SELL S G
03/25/1991	932	TRF OPER RGTS FILED	UNION OIL/SW RLTYs
05/23/1991	933	TRF OPER RGTS APPROVED	EFF 04/01/91;
05/23/1991	974	AUTOMATED RECORD VERIF	ST/CG
06/19/1991	933	TRF OPER RGTS APPROVED	EFF 04/01/92;
06/19/1991	974	AUTOMATED RECORD VERIF	ST/CG

EXHIBIT

B

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08/22/1991	314	RENEWAL APLN FILED	
09/05/1991	111	RENTAL RECEIVED	\$232.00;41/36
09/18/1991	974	AUTOMATED RECORD VERIF	TF/MT
11/01/1991	242	LEASE RENEWED	THRU 10/31/2011
11/01/1991	530	RLTY RATE - 12 1/2%	/A/
11/01/1991	868	EFFECTIVE DATE	LAST RENEWAL;
11/18/1991	974	AUTOMATED RECORD VERIF	TF/MT
11/29/1991	237	LEASE ISSUED	
11/29/1991	974	AUTOMATED RECORD VERIF	TF/MT
07/07/1992	974	AUTOMATED RECORD VERIF	AT/JS
10/01/1992	621	RLTY RED-STRIPPER WELL	1.3%;/1/
11/13/1992	974	AUTOMATED RECORD VERIF	ANN/VHG
03/01/1993	625	RLTY REDUCTION APPV	/1/
05/20/1993	974	AUTOMATED RECORD VERIF	JLV
06/16/1994	909	BOND ACCEPTED	EFF 05/13/94;NM2307
02/16/1996	899	TRF OF ORR FILED	
02/16/1996	932	TRF OPER RGTS FILED	SELL/SDX RESOURCES
05/09/1996	933	TRF OPER RGTS APPROVED	EFF 03/01/96;
05/09/1996	974	AUTOMATED RECORD VERIF	JLV
05/28/1996	932	TRF OPER RGTS FILED	SELL/SELL
07/01/1996	932	TRF OPER RGTS FILED	MELROSE/SELL
08/13/1996	933	TRF OPER RGTS APPROVED	EFF 06/01/96;
08/13/1996	974	AUTOMATED RECORD VERIF	ANN
10/08/1996	933	TRF OPER RGTS APPROVED	EFF 08/01/96;
10/08/1996	974	AUTOMATED RECORD VERIF	ANN
01/26/1998	140	ASGN FILED	UNION OIL/MATADOR
01/26/1998	932	TRF OPER RGTS FILED	UNION OIL/MATADOR
05/20/1998	139	ASGN APPROVED	EFF 06/01/98;
05/20/1998	933	TRF OPER RGTS APPROVED	EFF 06/01/98;
05/20/1998	974	AUTOMATED RECORD VERIF	MV/MV
11/12/1999	932	TRF OPER RGTS FILED	MELROSE/POOL & COREY
12/28/1999	933	TRF OPER RGTS APPROVED	EFF 12/01/99;
12/28/1999	974	AUTOMATED RECORD VERIF	JLV
07/01/2001	246	LEASE COMMITTED TO CA	NMNM107686;
07/01/2001	660	MEMO OF 1ST PROD-ALLOC	/2/
07/28/2001	651	HELD BY PROD - ALLOCATED	NMNM107686;
12/21/2001	246	LEASE COMMITTED TO CA	NMNM107683;
04/25/2002	932	TRF OPER RGTS FILED	MATADOR E&P COMPANY;1
06/10/2002	933	TRF OPER RGTS APPROVED	EFF 05/01/02;
06/10/2002	974	AUTOMATED RECORD VERIF	JLV
07/09/2002	643	PRODUCTION DETERMINATION	/2/ NMNM107686
09/02/2003	817	MERGER RECOGNIZED	MATADOR/TOM BROWN INC
10/15/2004	140	ASGN FILED	TOM BROWN/MAGNUM HU
10/15/2004	932	TRF OPER RGTS FILED	TOM BROWN/MAGNUM HU;1
12/06/2004	139	ASGN APPROVED	EFF 11/01/04;
12/06/2004	933	TRF OPER RGTS APPROVED	EFF 11/01/04;
12/06/2004	974	AUTOMATED RECORD VERIF	ANN
07/03/2006	899	TRF OF ORR FILED	1
07/05/2006	899	TRF OF ORR FILED	1
07/07/2006	932	TRF OPER RGTS FILED	SELL ETAL/ADAMSON J;1
08/31/2006	933	TRF OPER RGTS APPROVED	EFF 08/01/06;
08/31/2006	974	AUTOMATED RECORD VERIF	MV

Line Nr Remarks

Serial Number: NMNM-- 0 560352

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0002	/A/AC 534 RLTY RATE SLIDING SCH D EFF 12/29/1939
0003	THRU 10/31/1991.

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Brooks, David K., EMNRD

To: jamesbruc@aol.com
Subject: Cimarex - West Shugart 31 Fed. Com. #1; NSL application

Be advised that the referenced application was granted on October 1, 2009 by Order NSL-6093.

Sincerely
David K. Brooks
Legal Examiner