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|----------------------|----------|------------------------|---------------------------|-----------------|---------------------------|
| DATE IN <u>12/28</u> | SUSPENSE | ENGINEER <u>Brooks</u> | LOGGED IN <u>12-28-09</u> | TYPE <u>NSL</u> | APP NO. <u>0936236474</u> |
|----------------------|----------|------------------------|---------------------------|-----------------|---------------------------|

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



Cimarex
 215099
 162683

ADMINISTRATIVE APPLICATION CHECKLIST *Mailbox 34 Fed. Com 18*

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

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[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

12/21/09
 Attorney for Applicant
 Title Date

jamesbruce@aol.com
 e-mail Address

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

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

jamesbruc@aol.com

December 21, 2009

Hand delivered

David K. Brooks
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Mr. Brooks:

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> | Mallon "34" Fed. Com. Well No. 18 |
| <u>Surface location:</u> | 640 feet FSL & 300 feet FWL (this is also the penetration point in the Bone Spring) The beginning of the producing interval in the wellbore will be orthodox at 629 feet FSL & 491 feet FWL |
| <u>Bottom hole location:</u> | 330 feet FSL & 330 feet FEL |
| <u>Well unit (project area):</u> | S½S½ of Section 34, Township 19 South, Range 34 East, N.M.P.M., Lea County, New Mexico |

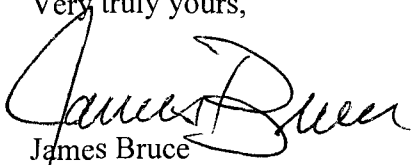
The well is in the South Quail Ridge-Bone Spring Pool, which is an oil pool. Under Oil Conservation Division regulations, wells in the pool are spaced on 40 acres, with wells to be no closer than 330 feet to a quarter-quarter section line. A Form C-102 is attached as **Exhibit A**.

Applicant intended to place the well at an orthodox surface location, but due to topographic features the BLM required the well to be moved to the above location. Applicant did not move the well to the east because that would reduce the length of the productive wellbore.

The affected offset well unit (the SE¼SE¼ of Section 33) is operated by Read & Stevens, Inc. Notice of this application has not been sent to the offset interest operator. **Exhibit B**.

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

Very truly yours,

A handwritten signature in black ink, appearing to read "James Bruce". The signature is fluid and cursive, with the first name "James" and last name "Bruce" clearly distinguishable.

James Bruce

Attorney for Cimarex Energy Co. of Colorado

DISTRICT I

1600 N. French Dr., Santa Fe, NM 87505

DISTRICT II

1301 W. Grant Avenue, Alamosa, NM 87810

DISTRICT III

1050 Rio Grande Rd., Aztec, NM 87410

DISTRICT IV

1500 N. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Issues - 4 Copies

Fee Letter - 3 Copies

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

C AMENDED REPORT

| | | | |
|----------------------------|--|-----------------------------------|---------------------------|
| API Number | Pool Code 50461 | Pool Name S Quail Ridge | Well Number BS |
| Property Code | Property Name MALLON "34" FEDERAL COM | | Well Number 18 |
| ORDER No. 162683 | Operator Name CIMAREX ENERGY CO. OF COLORADO | | Elevation 3665' |

Surface Location

| UL or lot No. | Section | Township | Range | Lot 1/4 | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| M | 34 | 19 S | 34 E | | 640 | SOUTH | 300 | WEST | LEA |

Bottom Hole Location If Different From Surface

| UL or lot No. | Section | Township | Range | Lot 1/4 | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| P | 34 | 19 S | 34 E | | 330 | SOUTH | 330 | EAST | LEA |

| Dedicated Acres | Joint or InRI | Consolidation Code | 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>EXHIBIT A</p> <p>SURFACE LOCATION Lat - N 32°35'40.43" Long - W 103°33'20.25" NMSFCE - N 586872.5 E 780804.9 (NAD-83)</p> <p>BOTTOM HOLE LOCATION Lat - N 32°36'37.45" Long - W 103°32'25.85" NMSFCE - N 586705.087 E 788455.725 (NAD-83)</p> <p>SHL & P.P. Bone Spring 640 FSL & 300 FWL</p> <p>EOC (Beg. of Prod Interval) 629 FSL & 491 FWL</p> <p>BHL 330 FSL & 330 FEL</p> | | <p>OPERATOR CERTIFICATION</p> <p>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 pursuant to a standard work order of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>SEP 24 2009</p> <p>Date Surveyed _____</p> <p>Signature & Seal of Professional Surveyor</p> <p>Certificate No. Gary L. Jones 7977</p> <p>Basin Surveys</p> |
|--|--|---|

JAMES BRUCE
ATTORNEY AT LAW

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jamesbruc@aol.com

December 21, 2009

Certified Mail - Return Receipt Requested


Read & Stevens, Inc.
P.O. Box 1518
Roswell, New Mexico 88202

Attention: Robert Watson

Ladies and gentlemen:

Cimarex Energy Co. of Colorado has filed an application with the New Mexico Oil Conservation Division seeking an unorthodox oil well location in the S½S½ of Section 34, Township 19 South, Range 34 East, N.M.P.M., Lea County, New Mexico. A copy of the application is enclosed. If you object to the application, you must notify the Division in writing no later than 20 days from the date of this letter (the Division's address is 1220 South St. Francis Drive, Santa Fe, New Mexico 87505). Failure to object will preclude you from contesting this matter at a later date.

Very truly yours,


James Bruce

Attorney for Cimarex Energy Co. of Colorado

EXHIBIT B