

DATE IN 9.6.11	SUSPENSE	ENGINEER DWJ	LOGGED IN 9.6.11	TYPE DHC	APP NO. 1124947825
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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



Cimarex

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 _____
- [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.

Zeno Farris
 Print or Type Name

Zeno Farris
 Signature

Mgr Operations Admin
 Title

08-12-10
 Date

zfarris@cimarex.com
 e-mail Address

**Confirmation
Services**

Package ID: 9171082133393916076713

Destination ZIP Code: 88220

Customer Reference:

Recipient: Bureau of Land Management

Address: 620 E. Greene St.

Carlsbad, NM 88220

1ST CL

Account #: 35644897

Serial #: 3132785

EP 01 2011 3:52P

600 N. Marienfeld St., Ste. 600
Midland, TX 79701
Main 432-471-7800
Direct 432-620-1936
Fax 432-620-1940

Cimarex Energy Co. of Colorado

August 31, 2011

New Mexico Oil Conservation Division
1220 S. St. Francis Dr.
Santa Fe, NM 87505
Attn: Mr. Will V. Jones

RE: Marquardt 12 Penn Federal No. 1
12-25S-26E
30-015-33461
C-107-A – Wolfcamp and Cisco-Canyon

Dear Mr. Jones,

Enclosed is an original Form C-107-A (Application for Downhole Commingling) for the well mentioned above.

Cimarex proposes perf and acidize the Cisco 10079-10295. Perf and acidize the Wolfcamp 9361-9650. Allocation percentages for each zone will be based on production log and furnished after production and cleanup.

It is anticipated that the reservoir pressure from these two shale zones will be compatible and the resulting volumes would not warrant a casing/tubing dual completion.

Royalty, overriding, and working interest owners are the same in each zone.

If you have any questions or need further information, please call me at 432-620-1938.

Sincerely,



Zeno Farris
Mgr Operations Administration

zfarris@cimarex.com

RECEIVED
2011 SEP 2 AM 11:13

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

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

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-33461	Pool Code 96890	Pool Name Sage Draw; Wolfcamp, East
Property Code 34059	Property Name MARQUARDT 12 PENN FEDERAL	Well Number 1
OGRID No. 162683	Operator Name	Elevation 3254'

Surface Location

UI or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	12	25 S	26 E		880	SOUTH	1760	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
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Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320			

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

<div style="border: 1px solid black; padding: 10px; margin: 10px;"> <div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> NM-14124 </div> <div style="border: 1px solid black; padding: 5px;"> <p style="text-align: center;">NAD 27 NME GEODETIC COORDINATES</p> <p style="text-align: center;">Y-414486.7-N X-527915.0-E LAT. = 32°08'22.23" N LONG. = 104°14'35.33" W</p> </div> </div>	<div style="border: 1px solid black; padding: 5px;"> <p style="text-align: center;">OPERATOR CERTIFICATION</p> <p><i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <hr/> <p>Signature _____</p> <p style="text-align: center;">Natalie Krueger</p> <hr/> <p>Printed Name _____</p> <p style="text-align: center;">Regulatory Analyst</p> <hr/> <p>Title _____</p> <p style="text-align: center;">8/31/2011</p> <hr/> <p>Date _____</p> </div>
	<div style="border: 1px solid black; padding: 5px;"> <p style="text-align: center;">SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p style="text-align: center;">JANUARY 26, 2004</p> <hr/> <p>Date Surveyed _____ LMP</p> <p>Signature & Seal of _____</p> <p style="text-align: center;">Professional Surveyor</p> <hr/> <p>Certificate No. GARY EDMON 12641</p> </div>

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

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

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-33461	Pool Code 87280	Pool Name White City; Penn, Gas
Property Code 34059	Property Name MARQUARDT 12 PENN FEDERAL	Well Number 1
OGRID No. 162683	Operator Name	Elevation 3254'

Surface Location

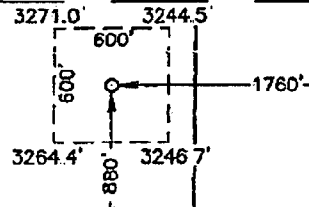
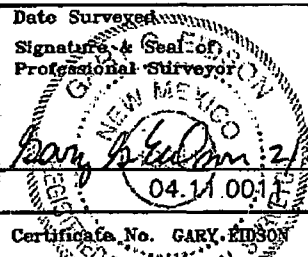
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	12	25 S	26 E		880	SOUTH	1760	EAST	EDDY

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
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Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
640			

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

<div style="border: 1px solid black; height: 400px; margin-bottom: 20px;"></div> <div style="text-align: center;"><p>NAD 27 NME GEODETIC COORDINATES</p><p>Y-414486.7-N X-527915.0-E LAT. = 32°08'22.23" N LONG. = 104°14'35.33" W</p><div style="text-align: center;"></div></div>	<div><div style="text-align: center;">OPERATOR CERTIFICATION</div><p><i>I hereby certify the information contained herein is true and complete to the best of my knowledge and belief.</i></p><div style="border-bottom: 1px solid black; margin-bottom: 5px;">Signature</div><div style="text-align: center;">Natalie Krueger</div><div style="border-bottom: 1px solid black; margin-bottom: 5px;">Printed Name</div><div style="text-align: center;">Regulatory Analyst</div><div style="border-bottom: 1px solid black; margin-bottom: 5px;">Title</div><div style="text-align: center;">8/31/2011</div><div style="border-bottom: 1px solid black; margin-bottom: 5px;">Date</div></div> <div><div style="text-align: center;">SURVEYOR CERTIFICATION</div><p><i>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.</i></p><div style="text-align: center; margin-top: 20px;">JANUARY 26, 2004</div><div style="text-align: right; margin-top: 10px;">LMP</div><div style="border-bottom: 1px solid black; margin-bottom: 5px;">Date Surveyed</div><div style="border-bottom: 1px solid black; margin-bottom: 5px;">Signature & Seal of Professional Surveyor</div><div style="text-align: center;"></div><div style="border-bottom: 1px solid black; margin-bottom: 5px;">Certificate No.</div><div style="text-align: center;">GARY EDMON</div><div style="text-align: right; margin-top: 10px;">12641</div></div>
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District I
1625 N. French Drive, Hobbs, NM 88240

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

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

APPLICATION TYPE
☒ Single Well
☐ Establish Pre-Approved Pools
EXISTING WELLBORE
☐ Yes ☒ No

APPLICATION FOR DOWNHOLE COMMINGLING

Cimarex Energy Co. of Colorado 600 N. Marienfeld St., Ste. 600; Midland, TX 79701
Operator Address

Marquardt 12 Penn Federal 001 O-12-25S-26E Eddy
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 162683 Property Code 34059 API No. 30-015-33461 Lease Type: ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Sage Draw; Wolfcamp, B (Gor)		White City; Penn (G) (Cisco)
Pool Code	96890		87280
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	9361-9650		10079-10295
Method of Production (Flowing or Artificial Lift)	Flowing		
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	Within 150% of bottom perfs		
Oil Gravity or Gas BTU (Degree API or Gas BTU)	To be supplied		To be supplied
Producing, Shut-In or New Zone	New Zone		New Zone
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: To be supplied Rates:	Date: Rates:	Date: To be supplied Rates:
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas	Oil Gas	Oil Gas

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes ☒ No ☐
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes ☐ No ☐
Are all produced fluids from all commingled zones compatible with each other? Yes ☒ No ☐
Will commingling decrease the value of production? Yes ☐ No ☒
If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes ☒ No ☐

NMOCD Reference Case No. applicable to this well: _____

Attachments:
C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
Production curve for each zone for at least one year. (If not available, attach explanation.)
For zones with no production history, estimated production rates and supporting data.
Data to support allocation method or formula.
Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

List of other orders approving downhole commingling within the proposed Pre-Approved Pools
List of all operators within the proposed Pre-Approved Pools
Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
Bottomhole pressure data.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Zeno Farris TITLE Manager Operations Administration DATE 08-12-10
TYPE OR PRINT NAME Zeno Farris TELEPHONE NO. (432)-680-1938
E-MAIL ADDRESS zfarris@cimarex.com