

Jones, William V., EMNRD

From: Jones, William V., EMNRD
Sent: Friday, March 14, 2008 9:24 AM
To: 'seay04@leaco.net'
Cc: Ezeanyim, Richard, EMNRD; Brooks, David K., EMNRD; Williams, Chris, EMNRD; Davidson, Florene, EMNRD; Mull, Donna, EMNRD
Subject: Petrohawk DHC Applications: Jalmat Gas commingled with Langlie Mattix deeper oil

Tracking:	Recipient	Read
	'seay04@leaco.net'	
	Ezeanyim, Richard, EMNRD	
	Brooks, David K., EMNRD	
	Williams, Chris, EMNRD	Read: 3/14/2008 9:48 AM
	Davidson, Florene, EMNRD	Read: 3/14/2008 9:39 AM
	Mull, Donna, EMNRD	

Hello Eddie:

This is concerning the seven applications you recently submitted on behalf of Petrohawk to downhole commingle this Jalmat gas interval (with its odd shaped spacing units) with the 40 acre oil from the Langlie Mattix Pool and the one to DHC the Jalmat Gas with the South Eunice;7Rivers Queen Pool.

I realize that almost anything has already been done at one time or another here at the OCD - but this particular commingling of Pools is (I believe) new to me, it is a big package of similar commingles, and it triggers my curiosity to see how the reservoir(s) are to be further managed by Petrohawk.

Petrohawk should have its attorney set this package of commingles to an examiner hearing in order to cover:

- 1) a summary of owners in both pools, in each well, and how correlative rights are being protected
- 2) a review of how both reservoirs are doing and how this commingling is necessary to best manage these reservoirs.

Thanks,

William V. Jones PE
 New Mexico Oil Conservation Division
 1220 South St. Francis
 Santa Fe, NM 87505
 505-476-3448

3/14/2008

DATE IN 3/5/08	SUSPENSE	ENGINEER W Jones	LOGGED IN 3/5/08	TYPE DHC	APP NO. PKUR0806559295
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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



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.

Natalie Krueger
Print or Type Name

Signature

Regulatory Analyst
Title

3/4/08
Date

nkrueger@cimarex.com
e-mail Address

RECEIVED
 2008 MAR 5 PM 4 20

5215 N. O'Connor Blvd
Suite 1500
Irving, TX 75039
972-401-3111 (phone)
972-443-6486 (fax)

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Cimarex Energy Co. of Colorado

March 4, 2008

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

RE: Esmeralda Federal 24 No. 1
24-19S-33E
Lea County, New Mexico
C-107 A - Application for Downhole Commingling
Administrative Checklist

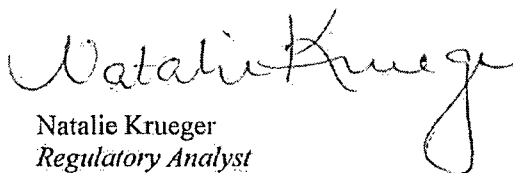
Dear Mr. Jones,

Enclosed is an Administrative Application Checklist for the C-107A I sent yesterday on the proposed DHC of the Esmeralda Federal 24 No. 1 in Lea County, NM. I apologize for the lateness and odd appearance of this checklist. I actually didn't know till today that I needed to submit one.

The fedex delivery notice that I attached is a little cryptic, so I highlighted the part that pertains to this checklist. In the future, I will send copies of C-107As Certified Mail to all affected parties.

If you have any questions or need further information, please call me at 972-443-6489.

Sincerely,


Natalie Krueger
Regulatory Analyst

zfaris@cimarex.com

.....

Natalie Krueger

From: TrackingUpdates@fedex.com
Sent: Tuesday, March 04, 2008 2:01 PM
To: Natalie Krueger
Subject: FedEx Shipment 792015631260 Delivered

This tracking update has been requested by:

Company Name: Cimarex Energy Co.

Name: Natalie Krueger

E-mail: nkrueger@cimarex.com

Message: NOT DHC, C107A, SR RE Esmer 24 1, SR Add Perfs Gryn 11 3, 31604 & SR RC Mesc 30 2 BS, 31604 Bear Bryant Sdtrk

Our records indicate that the following shipment has been delivered:

Ship (P/U) date: Mar 3, 2008
Delivery date: Mar 4, 2008 12:56 PM
Sign for by: M. POWELL
Delivered to: Receptionist/Front Desk
Service type: FedEx Priority Overnight
Packaging type: FedEx Pak
Number of pieces: 1
Weight: 1.00 lb.
Special handling/Services: Deliver Weekday
Tracking number: 792015631260

Shipper Information	Recipient Information
Natalie Krueger	Betty Hill
Cimarex Energy Co.	Bureau of Land Management
600 East Las Colineas Blvd Ste 1100	620 East Greene Street
Irving	Carlsbad
TX	NM
US	US
75039	88220

Please do not respond to this message. This email was sent from an unattended mailbox. This report was generated at approximately 2:00 PM CST on 03/04/2008.

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Your Shipment Details

From:	Natalie Krueger Cimarex Energy Co. 600 East Las Colinas Blvd Ste 1100 Irving, TX 75039 US 4694202723	Package type:	FedEx Pak
		Pickup/Drop Off:	give to scheduled courier at my location
		Weight:	1 LBS
		Dimensions:	0 x 0 x 0 in
		Declared value:	0 USD
		Shipper account number:	75233647
To:	Betty Hill Bureau of Land Management 620 East Greene Street Carlsbad, NM 88220 US 505-234-5972	Bill transportation to:	75233647
		Courtesy rate quote:*	20.939999
		Discounted variable %:	
		Cod amount	
		Special services:	
		Shipment Purpose:	
Tracking no:	792015631260	Shipment type:	Express
Ship date:	Mar 03 2008	Commercial/Residential Status:	Commercial
Service type:	Priority Overnight		

[Return to History](#)

Please note:

*The courtesy rate shown here may be different than the actual charges for your shipment. Differences may occur based on actual weight, dimensions, and other factors. Consult the applicable [FedEx Service Guide](#) or the FedEx Rate Sheets for details on how shipping charges are calculated.

FedEx will not be responsible for any claim in excess of \$100 per package, whether the result of loss, damage, delay, non-delivery, misdelivery, or misinformation, unless you declare a higher value, pay an additional charge, document your actual loss and file a timely claim. Limitations found in the current FedEx Service Guide apply. Your right to recover from FedEx for any loss, including intrinsic value of the package, loss of sales, income interest, profit, attorney's fees, costs, and other forms of damage whether direct, incidental, consequential, or special is limited to the greater of \$100 or the authorized declared value. Recovery cannot exceed actual documented loss. Maximum for items of extraordinary value is \$500, e.g., jewelry, precious metals, negotiable instruments and other items listed in our Service Guide. Written claims must be filed within strict time limits; Consult the applicable FedEx Service Guide for details.

RECEIVED

2008 MAR 4 PM 12:30

5215 N. O'Connor Blvd
Suite 1500
Irving, TX 75039
972-401-3111 (phone)
972-443-6486 (fax)

Cimarex Energy Co. of Colorado

March 3, 2008

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

RE: Esmeralda Federal 24 No. 1
24-19S-33E
Lea County, New Mexico
C-107 A – Application for Downhole Commingling

Dear Mr. Jones,

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

The Esmeralda Federal 24 No. 1 was drilled by Matador. Surface and intermediate casing were set and then, in 09-98, the well was plugged. In 02-08, Cimarex re-entered the well, logged, and set production casing to 13118.' Our geologist's analysis of the logs indicates 2 possible pay intervals: **Gem; Strawn** from 12174'-12187' and **Tonto; Wolfcamp** from 11204'-11212.'

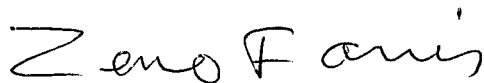
Cimarex would perf Strawn, frac Strawn, perform well test, set CBP over Strawn, perf Wolfcamp, acidize Wolfcamp, perform well test, remove CBP, and DHC. The 2 well tests will be used to establish production percentages for each zone.

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

All royalty, overriding royalty, and working interest owners are identical in the two zones, and will not be harmed by a Strawn/Wolfcamp commingling.

If you have any questions or need further information, please call me at 972-443-6489.

Sincerely,



Zeno Farris
Mgr Operations Administration

zfarris@cimarex.com

District I
1625 N. French Drive, Hobbs, NM 88240

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

District III
1000 Rio Brazos Road, Artec, 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

 X Single Well

 Establish Pre-Approved Pools

EXISTING WELLBORE

 X Yes No

APPLICATION FOR DOWNHOLE COMMINGLING

Cimarex Energy Co. of Colorado 5215 N. O'Connor Blvd., Suite 1500; Irving, TX-75039
Operator Address

Esmeralda Federal 24 001 K-24-19S-33E Lea
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 162683 Property Code _____ API No. 30-025-34484 Lease Type: X Federal _____ State _____ Fee _____

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	UNDES Tonto; Wolfcamp		UND-22 EAST Gem; Strawn
Pool Code	59500 ✓		96244 ✓
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	11204'-11212'		12174'-12187'
Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift
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)	Est 52.0°		Est 46.8°
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 X No _____
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes X No _____

Are all produced fluids from all commingled zones compatible with each other? Yes X No _____

Will commingling decrease the value of production? Yes _____ No X

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 X 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 February 26, 2008

TYPE OR PRINT NAME Zeno Farris TELEPHONE NO. (972) 443-6489

E-MAIL ADDRESS zfarris@cimarex.com

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210
DISTRICT III
1000 Rio Brazos Rd., 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-102
Revised October 12, 2005

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 96244	Pool Name <i>Emerald</i> Gem; Strawn (Oil)
Property Code	Property Name ESMERALDA FEDERAL "24"	Well Number 1
OGRID No. 162683	Operator Name CIMAREX ENERGY CO. OF COLORADO	Elevation 3654'

Surface Location

UL or lot No. K	Section 24	Township 19 S	Range 33 E	Lot Idn	Feet from the 1650	North/South line SOUTH	Feet from the 1980	East/West line WEST	County LEA
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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
Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No. DHC Pending						

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 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. <i>Zeno Farris</i> 02-26-08 Signature Date Zeno Farris Printed Name
	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. NOVEMBER 28 2007 Date Surveyed Signature & Seal of Professional Surveyor Certificate No. Gary L. Jones 7977 BASIN SURVEYS

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

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

DISTRICT III
1000 Rio Brazos Rd., 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-102
Revised October 12, 2005

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 59500	Pool Name Tonto; Wolfcamp
Property Code	Property Name ESMERALDA FEDERAL "24"	Well Number 1
OGRID No. 162683	Operator Name CIMAREX ENERGY CO. OF COLORADO	Elevation 3654'

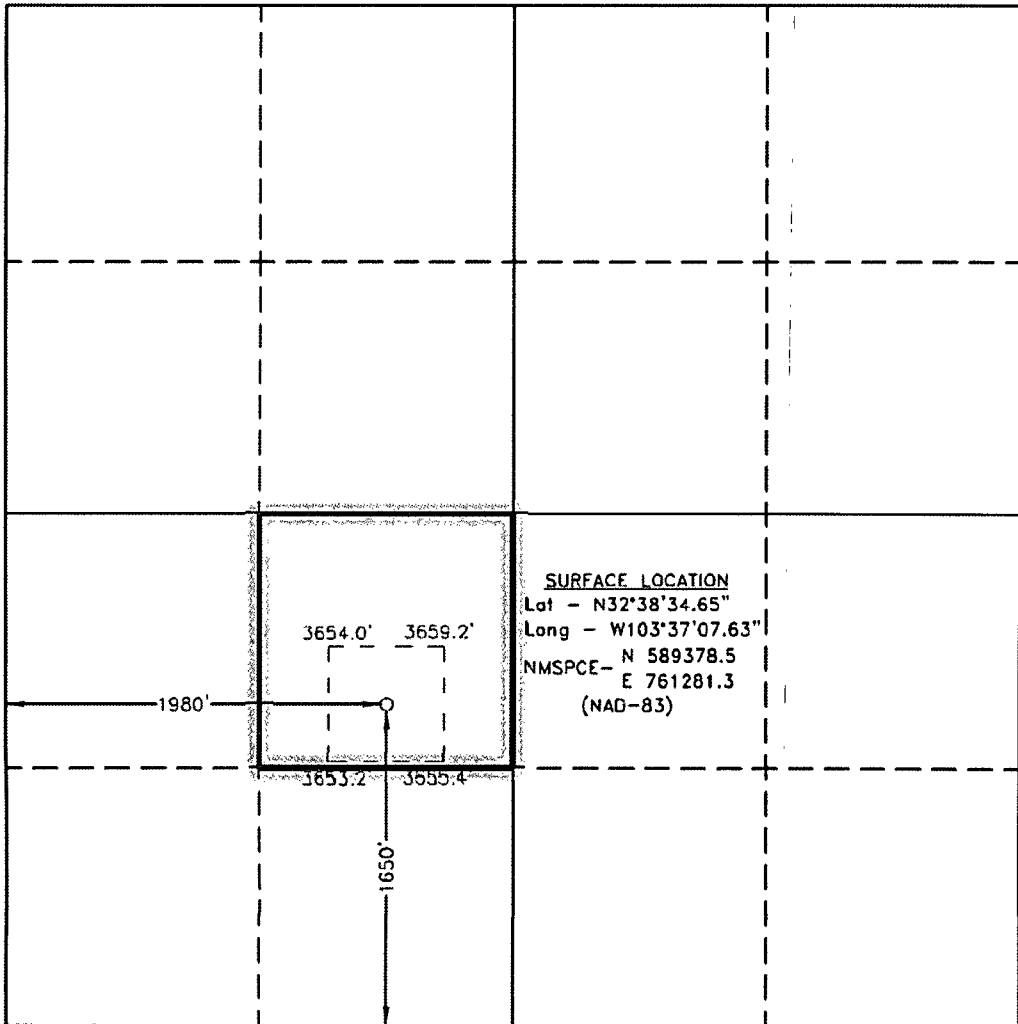
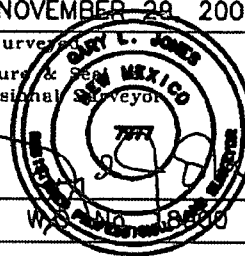
Surface Location

UL or lot No. K	Section 24	Township 19 S	Range 33 E	Lot Idn	Feet from the 1650	North/South line SOUTH	Feet from the 1980	East/West line WEST	County LEA
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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
Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No. DHC Pending						

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>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 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.</p> <p><i>Zeno Farris</i> 02-26-08 Signature Date</p> <p>Zeno Farris 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>NOVEMBER 29, 2007</p> <p>Date Surveyed Signature & Seal Professional Surveyor</p> <p></p> <p>Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS</p>