

DATE IN: 3/25/08	SUSPENSE	ENGINEER: W Jones	LOGGED IN: 3/25/08	DHC TYPE: 4003	APP NO.: PKUR0808543384
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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

Natalie Krueger
 Signature

Regulatory Analyst
 Title

3/20/08
 Date

nkrueger@cimarex.com
 e-mail Address

RECEIVED
 2008 MAR 25 AM 11:59

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

RECEIVED

Cimarex Energy Co. of Colorado

2008 MAR 21 AM 11 37

March 20, 2008

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

RE: Pennzoil 36 State Com No. 2
36-19S-33E
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 well was drilled and completed in the Morrow zone (13456-13533) by Gruy Petroleum Management Co. in 2003. In 2007, additional Morrow perfs were added (13021-13026). Later in 2007, the Morrow was plugged off and the well was recompleted to the Strawn (12170-12210). Our geologist's analysis of the logs indicates an additional pay zone, the Bone Spring (9506-10206), which could be downhole commingled with the existing Strawn perfs.

Cimarex plans to kill the well, perf Bone Spring 9506-10206, set a RBP over the Strawn and acidize the Bone Spring, swab back and acquire Bone Spring well test, then remove the RBP, install tubing and rod pump, and produce the well as a downhole commingled Gem; Strawn and Apache Ridge; Bone Spring pumping oil well. Production percentage will be established by using well tests from each zone. The Strawn well test has already been acquired and the Bone Spring well test will be acquired during the post-acid swab.

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 Bone Spring/Strawn commingling.

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

Sincerely,

Zeno Farris

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, 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 5215 N. O'Connor Blvd., Suite 1500, Irving, TX 75039
Operator Address
Pennzoil 36 State Com 002 A-36-19S-33E Lea
Lease Well No. Unit Letter-Section-Township-Range County
OGRID No. 162683 Property Code 24894 API No. 30-025-35971 Lease Type: ☐ Federal ☒ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	UNDES Apache Ridge; Bone Spring		UNDES EAST Gem; Strawn
Pool Code	2260 ✓		96244 ✓
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	9506'-10206'		12170'-12210'
Method of Production (Flowing or 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		1.207
Producing, Shut-In or New Zone	New Zone		Producing
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: 03-13-08 Rates: 20/40/3
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 0% Later	Oil Gas Later	Oil Gas To Later

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: NSL-5791

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 March 20, 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
811 South First, Artesia, NM 88210

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

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87305

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised March 17, 1999

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

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-35971	Pool Code 96244	Pool Name Gem; Strawn, East
Property Code 24894	Property Name PENNZOIL "36" STATE COM	Well Number 2
OGRID No. 162683	Operator Name CIMAREX ENERGY CO. OF COLORADO	Elevation 3617'

Surface Location

UL or lot No. A	Section 36	Township 19 S	Range 33 E	Lot Idn	Feet from the 1050	North/South line NORTH	Feet from the 1210	East/West line EAST	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
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Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No. NSL-5791
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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.: N32°37'15.9\"/>	Long.: W103°36'43.7\"/>	3616.5'	3610.7'	3616.9'	1210'	3619.4'	OPERATOR CERTIFICATION	
								I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.	
								Signature <i>Natalie Krueger</i>	
								Printed Name Natalie Krueger	
								Title Regulatory Analyst	
								Date 03-20-08	
								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 June 25, 2002	
								Signature & Seal of Professional Surveyor 	
								Certificate No. Cory L. Jones 7977	
								JLP BASIN SURVEYS	

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

DISTRICT II
811 South First, Artesia, NM 88210

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

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised March 17, 1999

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

2040 South Pacheco

Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-35971	Pool Code 2260	Pool Name Apache Ridge; Bone Spring
Property Code 24894	Property Name PENNZOIL "36" STATE COM	Well Number 2
OGRID No. 162683	Operator Name CIMAREX ENERGY CO. OF COLORADO	Elevation 3617'

Surface Location

UL or lot No. A	Section 36	Township 19 S	Range 33 E	Lot Idn	Feet from the 1050	North/South line NORTH	Feet from the 1210	East/West line EAST	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. NSL-5791						

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 the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><u>Zeno Farris</u> Signature</p> <p>Zeno Farris Printed Name</p> <p>Mgr Operations Admin Title</p> <p>03-20-08 Date</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>June 25, 2002 Date Surveyed</p> <p><u>Gary L. Jones</u> Signature & Seal of Professional Surveyor</p> <p>W.S. No. 2572 Certificate No. Gary L. Jones 7977</p> <p>JLP BASIN SURVEYS</p>			