

ABOVE THIS LINE FOR DIVISION USE ONLY

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



Cimarex
Morquart 12 Perm
Fed #2

ADMINISTRATIVE APPLICATION CHECKLIST 30-015-34329

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]**

4314

- [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.

| | | | |
|--|---------------------------------|--|-------------------------|
| <u>Zeno Farris</u> Print or Type Name | <u>Zeno Farris</u> Signature | <u>Mgr Operations Admin</u> Title | <u>08-12-10</u> Date |
| | | <u>zfarris@cimarex.com</u> e-mail Address | |

600 N. Marienfeld St
Suite 600
Midland, TX 79701
432-620-1938 (phone)
432-620-1938 (fax)

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Cimarex Energy Co. of Colorado

August 19, 2010

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. 2
12-25S-26E
30-015-34329
C-107-A – Wolfcamp and Cisco-Canyon

RECEIVED OOD
2010 AUG 20 A 11: 1

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 10032-10106'. Perf and acidize the Wolfcamp 9181-9727'. 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

.....

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

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

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1000 Rio Brazos Road, Aztec, NM 87410

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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 Operator 600 N. Marienfeld St., Ste. 600; Midland, TX 79701 Address

Marquardt 12 Penn Federal Lease 002 Well No. G-12-25S-26E Unit Letter-Section-Township-Range Eddy County

OGRID No. 162683 Property Code 34059 API No. 30-015-34329 Lease Type: Federal State Fee

| DATA ELEMENT | UPPER ZONE | INTERMEDIATE ZONE | LOWER ZONE |
|--|--------------------------------|-------------------|--------------------------------|
| Pool Name | Wolfcamp Wildcat | | White City; Penn (G) (Cisco) |
| Pool Code | | | 87280 |
| Top and Bottom of Pay Section (Perforated or Open-Hole Interval) | 9181-9727' | | 10032-10106' |
| 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

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State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|---|--|--|
| ¹ API Number 30-015-34329 | ² Pool Code 87280 | ³ Pool Name White City; Penn (Gas) |
| ⁴ Property Code 34059 | ⁵ Property Name Marquardt 12 Penn Federal | |
| ⁶ OGRID No. 162683 | ⁷ Operator Name Cimarex Energy Co. of Colorado | ⁸ Well Number 002 |
| | | ⁹ Elevation 3236' GR |

¹⁰ Surface Location

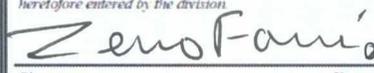
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| G | 12 | 25S | 26E | | 2310 | North | 1330 | East | Eddy |

¹¹ 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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

| | | | |
|--------------------------------------|-------------------------------|----------------------------------|-------------------------|
| ¹² Dedicated Acres 640 | ¹³ Joint or Infill | ¹⁴ Consolidation Code | ¹⁵ 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.

| | |
|--|--|
| <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 10px auto;"> <p>Marquardt 12 Penn Federal No. 2 2310 FNL & 1330 FEL</p> </div> <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 10px auto;"> <p>Marquardt 12 Penn Federal No. 1 880 FSL & 1760 FEL</p> </div> <p style="text-align: center; margin-top: 20px;">NM-14124</p> | <p>¹⁷ OPERATOR CERTIFICATION</p> <p><i>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 or has a right to drill this well at this 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></p> <p style="text-align: right;">  Signature Date 08-12-10 </p> <p style="text-align: center;">Zeno Farris</p> <p>Printed Name</p> |
| | <p>¹⁸ 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>Date of Survey</p> <p>Signature and Seal of Professional Surveyor</p> |
| | <p>Certificate Number</p> |

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Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
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Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|---|--|--|
| ¹ API Number 30-015-34329 | ² Pool Code 96890 | ³ Pool Name Sage Draw; Wolfcamp, E (G) |
| ⁴ Property Code 34059 | ⁵ Property Name Marquardt 12 Penn Federal | |
| ⁶ OGRID No. 162683 | ⁷ Operator Name Cimarex Energy Co. of Colorado | ⁸ Well Number 002 |
| ⁹ Elevation 3236' GR | | |

¹⁰ Surface Location

| 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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¹¹ 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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

| | | | |
|--------------------------------------|-------------------------------|----------------------------------|-------------------------|
| ¹² Dedicated Acres 320 | ¹³ Joint or Infill | ¹⁴ Consolidation Code | ¹⁵ 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.

| | | | | |
|----|--|---|---|--|
| 16 | <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: auto;"> Marquardt 12 Penn Federal No. 2 2310 FNL & 1330 FEL </div> | | ¹⁷ OPERATOR CERTIFICATION <i>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 or has a right to drill this well at this 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> | |
| | | | <div style="display: flex; justify-content: space-between;"> Zeno Farris 08-12-10 </div> | |
| | | | Signature _____ Date _____ Printed Name <u>Zeno Farris</u> | |
| | | | ¹⁸ SURVEYOR CERTIFICATION <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> | |
| | | Date of Survey _____ Signature and Seal of Professional Surveyor _____ | | |
| | | Certificate Number _____ | | |

NM-14124

All (White City; Penn (Gas)) and E2 (Wolfcamp Wildcat) 12-25S-26E
Marquardt 12 Penn Federal No. 2
30-015-34329
2310 FNL & 1330 FEL
Eddy County, New Mexico



RE: Notification of Application to Downhole Commingle Wolfcamp and Cisco in the Marquardt 12 Penn Federal No. 2

Federally Owned Lands

Bureau of Land Management
620 E Greene Street
Carlsbad, NM 88220

MAIL SERVICES

Package ID: 9171082103393796296942

Destination ZIP Code: 68220

Customer Reference:

Recipient:

Address:

Priority Mail
ComBas Pride

E-CERTIFIED

1ST CLASS LETTER

PBP Account #: 35644897

Serial #: 3132785

AUG 19 2010 3:50P