

4Q0GE-191220-C-107B 930

Revised March 23, 2017

RECEIVED: 12/20/19	REVIEWER:	TYPE: CTB	APP NO: pDM1936442487
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Geological & 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

Applicant: Cimarex Energy Co.	OGRID Number: 215099
Well Name: Black River 25 Federal Com #1H & 2H	API: 30-015-43373 / 30-015-43377
Pool: Purple Sage; Wolfcamp (Gas)	Pool Code: 98220

**SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION
 INDICATED BELOW**

- 1) **TYPE OF APPLICATION:** Check those which apply for [A]
- A. Location – Spacing Unit – Simultaneous Dedication
- ☐ NSL ☐ NSP (PROJECT AREA) ☐ NSP (PRORATION UNIT) ☐ SD
- B. Check one only for [I] or [II]
- [I] Commingling – Storage – Measurement
- ☐ DHC ☒ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM
- [II] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery
- ☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

2) **NOTIFICATION REQUIRED TO:** Check those which apply.

- A. ☐ Offset operators or lease holders
- B. ☒ Royalty, overriding royalty owners, revenue owners
- C. ☐ Application requires published notice
- D. ☐ Notification and/or concurrent approval by SLO
- E. ☒ Notification and/or concurrent approval by BLM
- F. ☐ Surface owner
- G. ☐ For all of the above, proof of notification or publication is attached, and/or,
- H. ☐ No notice required

FOR OCD ONLY

- ☐ Notice Complete
- ☐ Application
Content
Complete

- 3) **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.

Terri Stathem

Print or Type Name

Signature

12/18/2019

Date

432-620-1936

Phone Number

tstathem@cimarex.com

e-mail Address

Cimarex Energy Co.
600 N. Marienfeld St.
Suite 600
Midland, TX 79701
MAIN 432.571.7800



12/18/2019

Attn: Mr. Dean McClure
1220 S. St. Francis Dr.
Santa Fe, New Mexico 87505

Subject: Application to Lease Commingling at Common Central Tank Battery
Black River 25 Federal Com wells 1H & 2H
All in Sec. 24 & 25, T-24S, R-26E, Eddy County, NM
Purple Sage; Wolfcamp, Gas (98220)

Mr. McClure,

Pursuant to Division Rule 19.15.12.10, Cimarex Energy Co. respectfully requests administrative approval to Lease Commingle at a Common Central Tank Battery.

Each well is metered individually. This action will prevent waste, promote conservation and protect correlative rights. The Black River 25 Federal Com battery is located on the 3H well pad, Sec 25, T-24S, R-26E.

These wells are operated by Cimarex Energy Co. with diverse ownership. There are four federal leases, three fee leases and two proposed communitization agreements involved. Pursuant Division Rule 19.15.12.10 the interest owners that are to be notified are listed on Exhibit A and are being sent a copy of this application by certified mail, return receipt.

Also Attached:

- NMOCD Form C-107B
- NMOCD Administrative Application Checklist
- Summary Detail
- Lease plat shows boundaries, federal Lease #s, facility, wellhead and path of production
- Facility Diagram
- NMOCD form C-102 well plats for each well
- A copy of notice letter to interest owners and a copy of certified mail, return receipt request
- Copy of BLM sundry Submittal

For future addition of wells, leases, and pools to this commingling operation, notice shall be given to the interest owners in the wells, leases or pools to be added, in accordance with the Division Rule 19.15.12.10 C (4)(g) NMAC.

Thank you,

A handwritten signature in blue ink, appearing to read "Terri Stathem", is written over the printed name.

Terri Stathem
Manager Regulatory Compliance
432-620-1936
tstathem@cimarex.com

District I
1625 N. French Drive, Hobbs, NM 88240
District II
811 S. First St., 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-107-B
Revised August 1, 2011

OIL CONSERVATION DIVISION

1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original
application to the Santa Fe
office with one copy to the
appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: Cimarex Energy Co.
OPERATOR ADDRESS: 600 N. Marienfeld Street, Suite 600; Midland, Tx 79701
APPLICATION TYPE:

☐ Pool Commingling ☒ Lease Commingling ☐ Pool and Lease Commingling ☐ Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: ☐ Fee ☐ State ☒ Federal

Is this an Amendment to existing Order? ☐ Yes ☒ No If "Yes", please include the appropriate Order No. _____
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling
☒ Yes ☐ No

(A) POOL COMMINGLING

Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes

- (2) Are any wells producing at top allowables? ☐ Yes ☐ No
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☐ No.
(4) Measurement type: ☐ Metering ☐ Other (Specify)
(5) Will commingling decrease the value of production? ☐ Yes ☐ No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING

Please attach sheets with the following information

- (1) Pool Name and Code. Purple Sage; Wolfcamp (Gas) 98220
(2) Is all production from same source of supply? ☒ Yes ☐ No
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No
(4) Measurement type: ☒ Metering ☐ Other (Specify)

(C) POOL and LEASE COMMINGLING

Please attach sheets with the following information

- (1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT

Please attached sheets with the following information

- (1) Is all production from same source of supply? ☐ Yes ☐ No
(2) Include proof of notice to all interest owners.

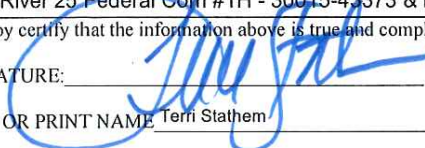
(E) ADDITIONAL INFORMATION (for all application types)

Please attach sheets with the following information

- (1) A schematic diagram of facility, including legal location. Please see attached
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.
(3) Lease Names, Lease and Well Numbers, and API Numbers.

Black River 25 Federal Com #1H - 30015-43373 & Black River 25 Federal Com #2H - 30015-43377

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

SIGNATURE:  TITLE: Manager Regulatory Compliance DATE: 12/18/19

TYPE OR PRINT NAME: Terri Stathem TELEPHONE NO.: 432-620-1936

E-MAIL ADDRESS: tsthathem@cimarex.com



Black River 25 Federal Com
WELL INFORMATION & FLOW DESCRIPTION

APPLICATION LEASE COMMINGLING AT A COMMON CENTRAL TANK BATTERY

Commingling Proposal: Commingling 2 Federal Com Agreements
 Purple Sage, Wolfcamp (Gas)
 New Com Agreements Required

Federal Lease: CA New				Anticipated Production Volumes			
Well Name	Location	API#	Pool	BOPD	Gravity	MCFPD	BTU
Black River 25 Fed Com 2H	UL: N, Sec. 25, 24S, 26E	30015-43373	Purple Sage Wolfcamp (Gas) 98220	650	48.9	1700	1.241
Federal Lease: CA New				Anticipated Production Volumes			
Well Name	Location	API#	Pool	BOPD	Gravity	MCFPD	BTU
Black River 25 Fed Com 1H	UL: N, Sec. 25, 24S, 26E	30015-43377	Purple Sage Wolfcamp (Gas) 98220	1400	48.9	3400	1.241

Attached map show the federal leases, COM agreement boundaries and well locations in Sec. 25-24S-26E

Process & Flow Descriptions:

The Central Tank Battery (CTB) is located on its own pad located in Sec. 36 & 25, 24S, 26E on Federal Lease NMNM132062. Please see attached Black River 25 Fed Site Plan.

Production from each of the referenced wells enters its own individual separator. Each separator has it own coriolis meter for oil, turbine meter for water, and orifice meter for gas.

After separation, each oil stream flows through the heater treater and then to the tanks before being measured by a LACT unit. The Lact unit will serve as the sales point.

The gas from each separator flow through its own allocation orifice meter then flows to the gas sales meter.

Allocation Method:

Oil Production: Oil will be allocated daily to the well based upon the daily Coriolis meter volume. The meter is a Micro Motion Coriolis meter (SN #X EC1). Each well will have a daily factor that is a percentage of the total coriolis volume for all referenced wells. The factor obtained from the test meter will be used to allocate the oil production volumes sold through the LACT.

Gas Production: Gas will be allocated daily to the well based upon the daily allocation gas meter volume. The meter is a orifice meter (SN XEC2). Each well will have a daily factor that is a percentage of the total allocation meter volume for all referenced wells. The factor obtained from each allocation meter will be used to allocate the gas sales volumes sold through the gas sales meter. The meters will be calibrated on a regulator basis per API, NMOCD, and BLM specifications.

Black River 25 Federal - Page 2

Additional Application Components:

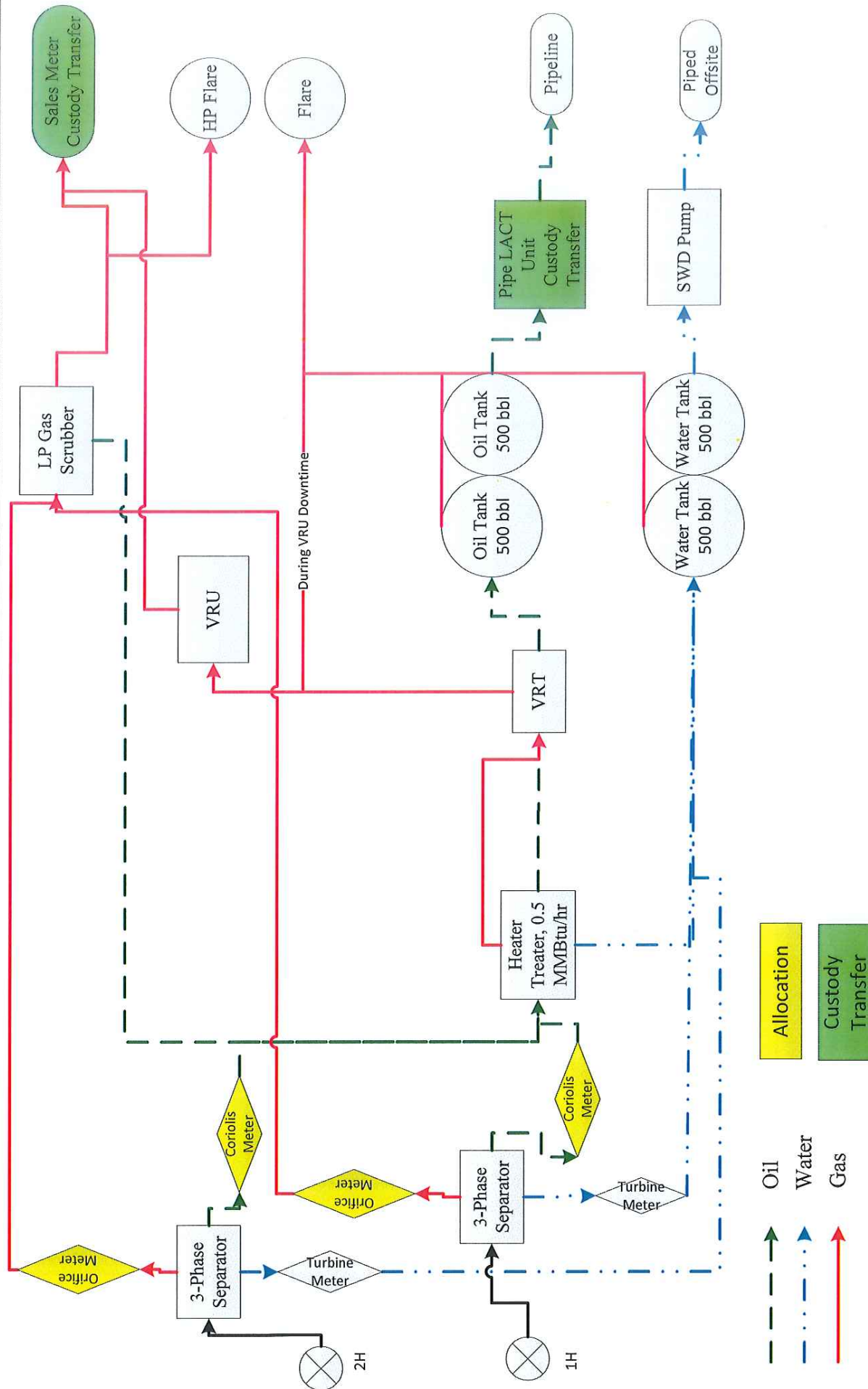
The flow of production details are outlined on the enclosed facility diagram. Also enclosed is a map detailing the lease boundaries, battery and well locations.

Texas Hornshell Area Considerations:

The Black River 25 Federal Com wells will be drilled from the same pad but into diverse mineral ownership in the same section. A central tank battery (CTB) will be constructed on the Black River 25 Fed #3H drill pad. Cimarex is requesting approval to commingle the Black River 25 Fed #1H and #2H wells. As the new CTB will be installed within the Texas hornshell CCA/A boundary and within close proximity to the Black River, surface disturbances must be kept to a minimum. Rather than installing a new tank battery for the #1 and #2 wells in the same area, constructing a single commingled CTB will allow Cimarex to minimize their impact on the landscape. A commingled CTB will also reduce the amount of surface disturbance in the area by reducing the total acres disturbed. It is imperative that minimal surface disturbance occurs in this area, as it could lead to higher rates of erosion, which in turn will have a negative effect on the federally endangered Texas hornshell mussel. Utilizing the Black River 25 Fed 3H CTB as the commingled location would be beneficial for the landscape and the Texas Hornshell Mussel.

Commingling the production is the most effective means of producing the reserves. Cimarex understand the requested approval will not constitute the granting of any right of way or construction rights not granted by the lease instrument.

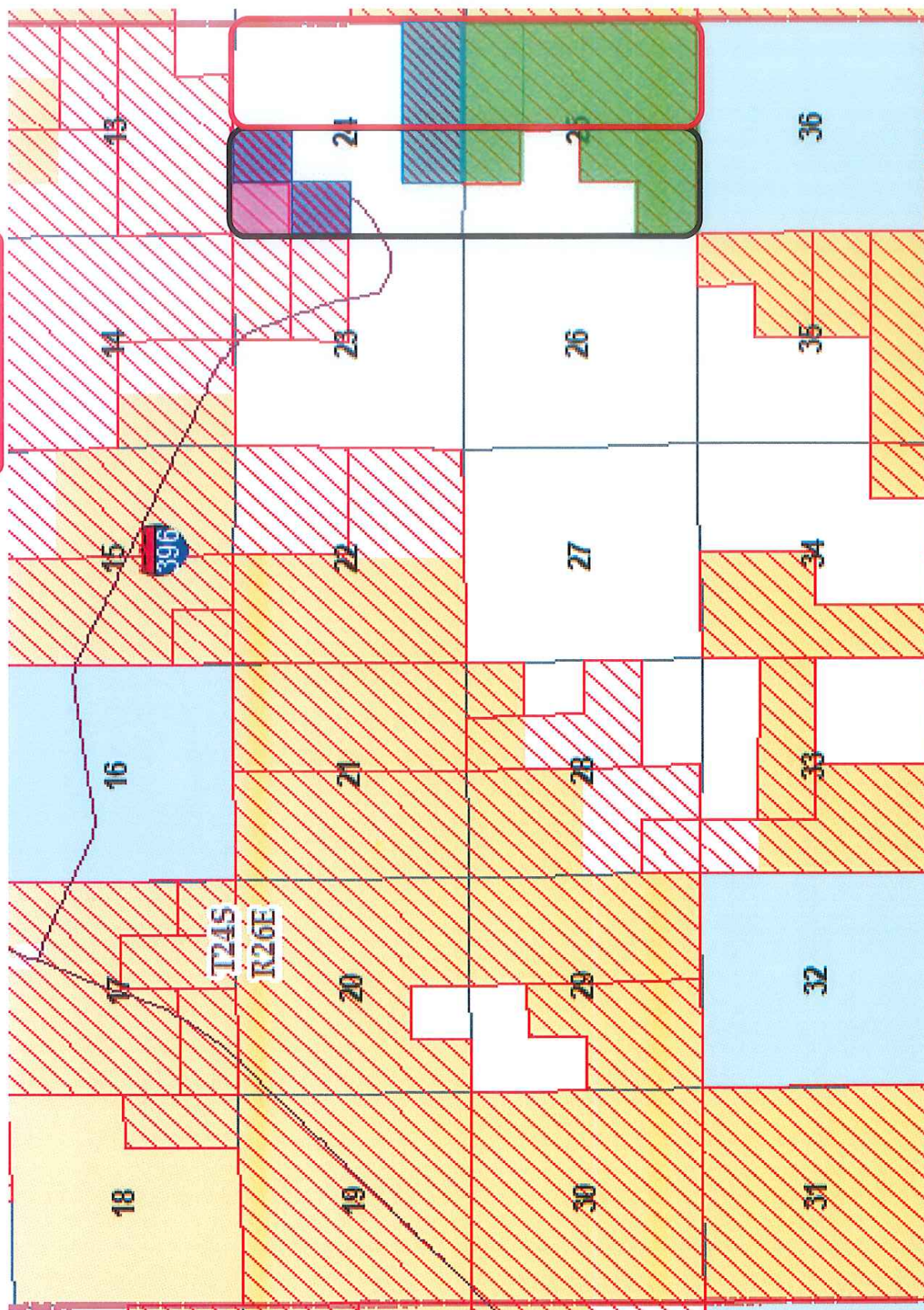
PROCESS FLOW DIAGRAM



CIMAREX

NMNM132062

Proposed 640 acre Com -
Black River 25 Federal com 2H



Cimarex Energy Co.
600 N. Marienfeld St.
Suite 600
Midland, TX 79701
MAIN 432.571.7800



Certified Mail – Return Receipt

December 18, 2019

Re: Surface Commingling Application – Lease Commingling
Black River 25 Federal Com #1H and 2H

Dear Sir/Madam:

Enclosed please find Cimarex Energy Co.'s application to commingle production at its Black River Federal Com Central Tank Battery in Eddy County, NM filed on this date with the New Mexico Oil Conservation Division (NMOCD) and the Bureau of Land Management.

Any objection or requests for a hearing regarding this application must be submitted to the NMOCD Santa Fe office within 20 days of receipt of this application.

Pursuant to Statewide Rule 19.15.12.10 (C)(4)(g) Cimarex request the option to include additional pools and/or leases with the defined parameters set forth in the order for future additions.

Please contact me at 432-620-1936 should have questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Terri Stathem", is written over the printed name.

Terri Stathem
Manager – Regulatory Compliance
432-620-1936
tstathem@cimarex.com



Black River CTB Commingle- Service List

OWNER	CERTIFIED TRACKING #
United States of America Bureau of Land Management 1474 Rodeo Rd. Santa Fe, NM 87505	9414 8108 9876 5050 3568 38
Foundation Minerals, LLC P.O. Box 50820 Midland, Texas 79710	9414 8108 9876 5050 3569 51
Mavros Minerals, LLC P.O. Box 50820 Midland, Texas 79710	9414 8108 9876 5050 3570 95
Oak Valley Mineral and Land, LP P.O. Box 50820 Midland, Texas 79710	9414 8108 9876 5050 3572 00
Black River Center for Learning, Inc 1159 Black River Village Road Carlsbad, NM 88220	9414 8108 9876 5050 3576 20
Broken Arrow Royalties, LLC PO BOX 960 Artesia NM 88211	9414 8108 9876 5050 3687 70
Susan Lorraine Smith Patterson Trust P.O. Box 311836 New Braunfels, TX 78131	9414 8108 9876 5050 3577 43
Thomas E. Moore, SSP 403 N. Marienfeld Midland, Texas 79701	9414 8108 9876 5050 3579 41
Wayne and Jo Ann Moore Charitable Foundation 403 N. Marienfeld Midland, Texas 79701	9414 8108 9876 5050 3580 30
MRC Permian Company One Lincoln Centre 5400 LBJ Freeway, Suite 1500 Dallas, TX 75240	9414 8108 9876 5050 3581 08
WPX Energy Permian, LLC 3500 One Williams Center P.O. Box 3102, 35th Floor Tulsa, OK 74172-0135	9414 8108 9876 5050 3591 29

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (505) 393-6161 Fax: (505) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (505) 748-1283 Fax: (505) 748-9720
District III
1000 Rio Brazos Road, Arice, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

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 August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-43373	² Pool Code 98220	³ Pool Name Purple Sage; Wolfcamp (Gas)
⁴ Property Code 315262	⁵ Property Name BLACK RIVER 25 FEDERAL COM	⁶ Well Number III
⁷ GRID No. 215099	⁸ Operator Name CIMAREX ENERGY CO.	⁹ Elevation 3312.9'

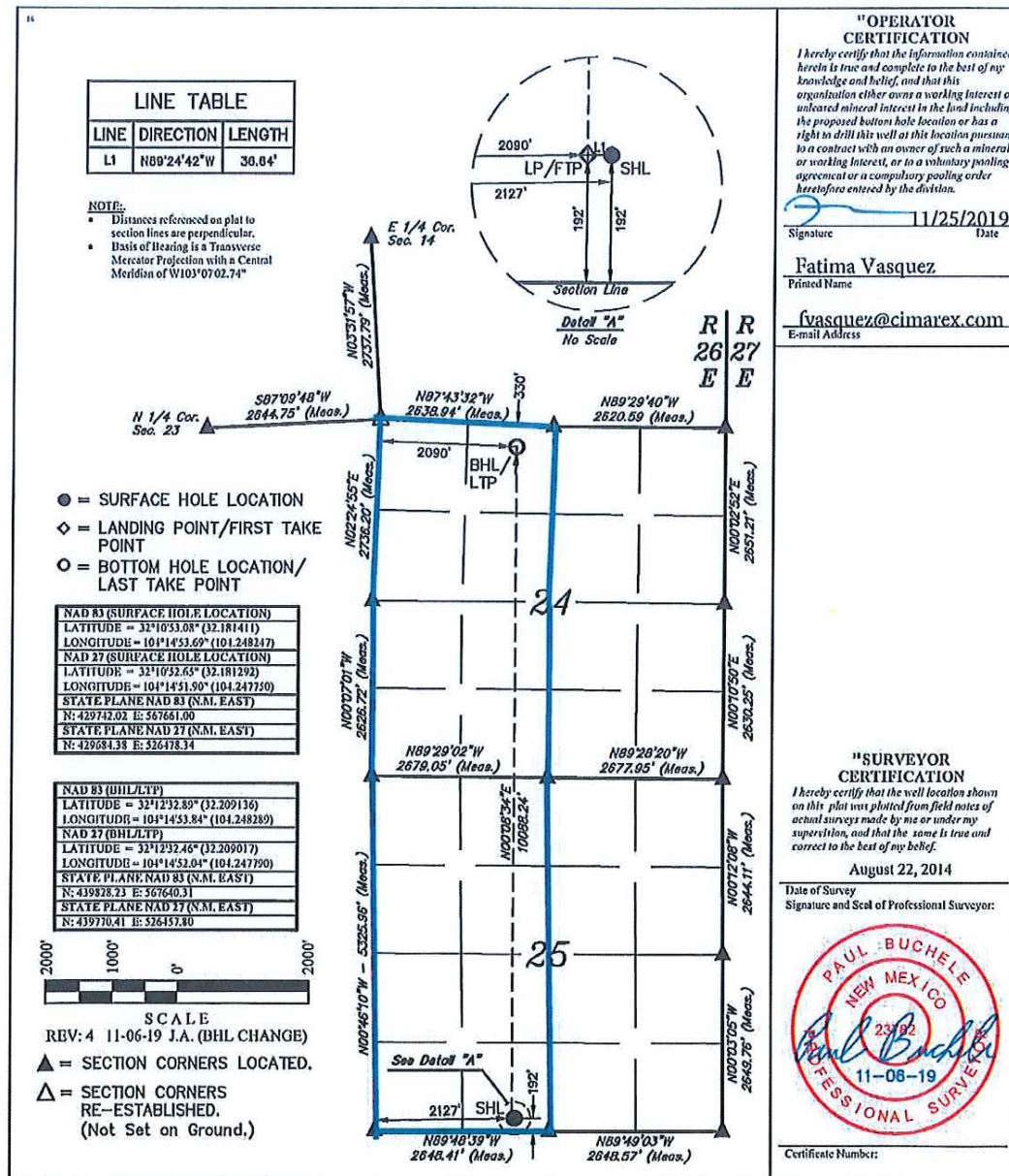
"Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	25	24 S	26 E		192	SOUTH	2127	WEST	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
C	24	24 S	26 E		330	NORTH	2090	WEST	EDDY
¹¹ Dedicated Acres 640	¹² Joint or Infill	¹³ Consolidation Code	¹⁴ 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.



District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (505) 393-6161 Fax: (505) 393-0220
District II
511 S. First St., Artesia, NM 88210
Phone: (505) 748-1283 Fax: (505) 748-9220
District III
1000 Rio Huerfano Road, Arroyo, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87503
Phone: (505) 476-3160 Fax: (505) 476-3162

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 August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

LAPI Number 30-015-43377	1 st Pool Code 98220	2 nd Pool Name Purple Sage, Wolfcamp (Gas)
3 rd Property Code 315262	4 th Property Name BLACK RIVER 25 FEDERAL COM	5 th Well Number 2H
6 th UICRID No. 215099	7 th Operator Name CIMAREX ENERGY CO.	8 th Elevation 3312.8'

"Surface Location

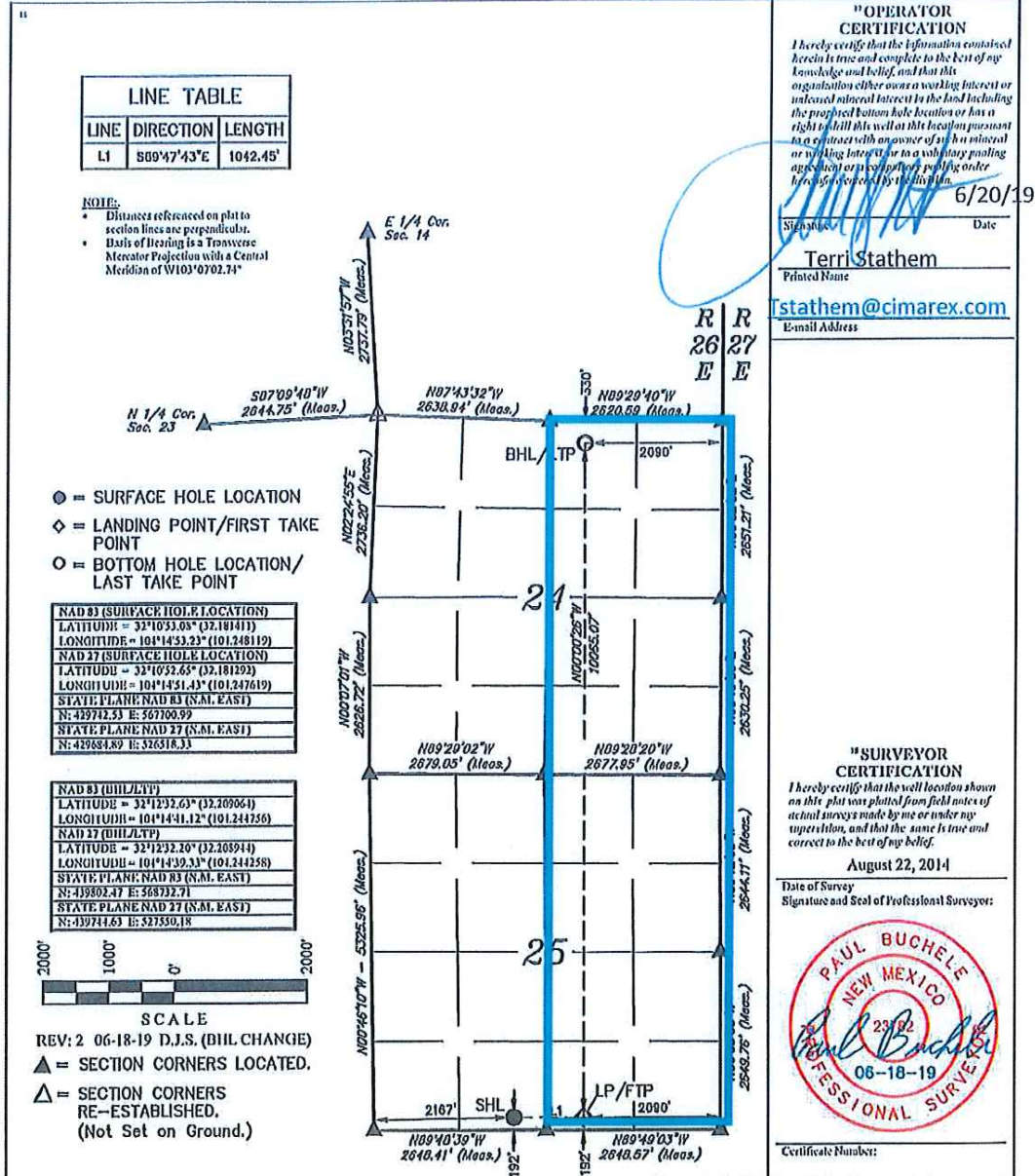
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	25	24 S	26 E	192	192	SOUTH	2167	WEST	EDDY

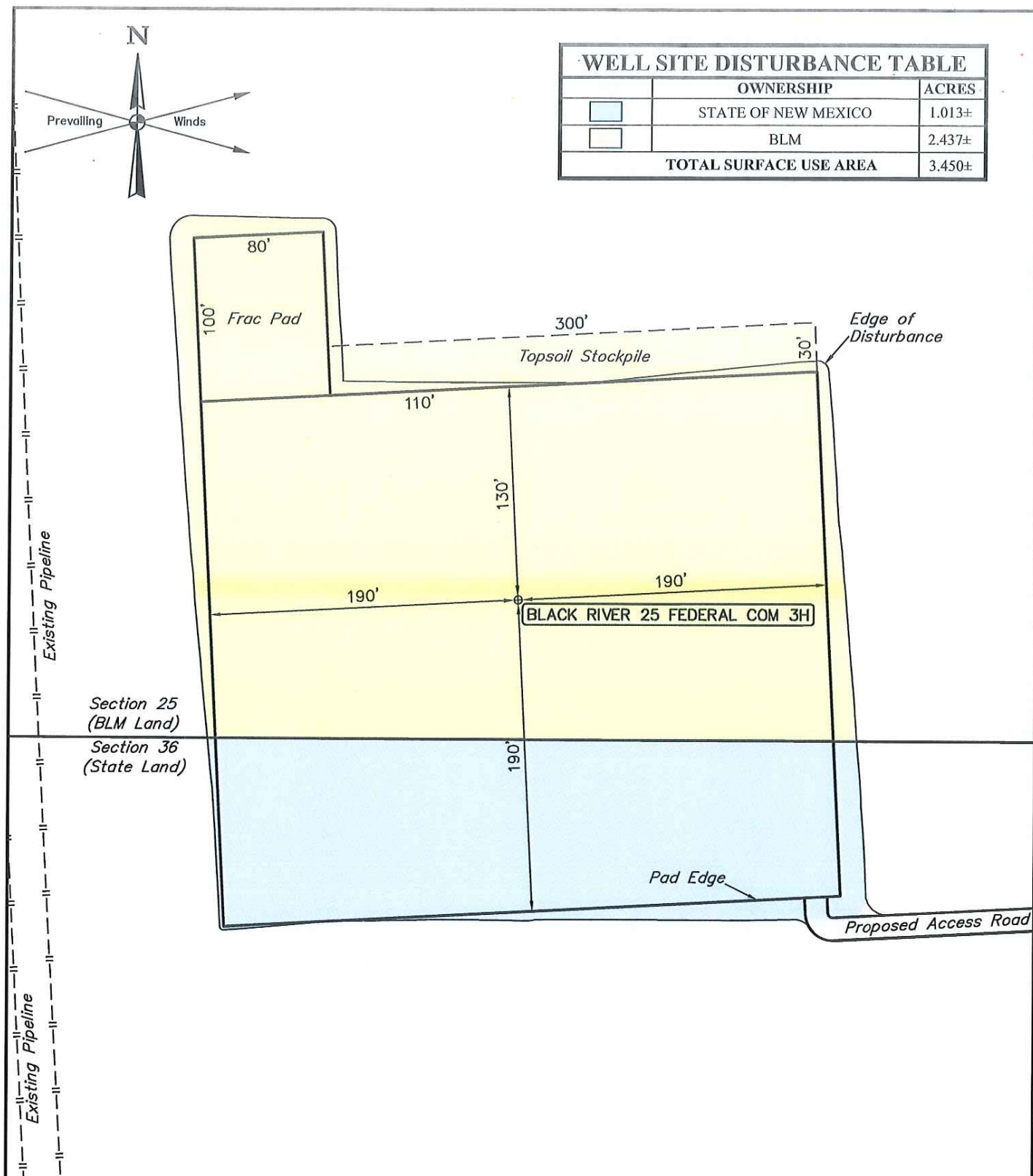
"Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	24	24 S	26 E	330	330	NORTH	2090	EAST	EDDY

9 th Dedicated Acres 640	10 th Joint or Infill	11 th Consolidation Code	12 th Order No.
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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.





CIMAREX ENERGY CO.

BLACK RIVER 25 FEDERAL COM 3H
SECTION 25, T24S, R26E, N.M.P.M.
85' FSL 1640' FEL



UELS, LLC
Corporate Office * 85 South 200 East
Vernal, UT 84078 * (435) 789-1017

SURVEYED BY	S.R.	04-12-18	SCALE
DRAWN BY	C.M.T.	11-13-18	1" = 80'
SITE PLAN			

Form 3160-5
(June 2015)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB NO. 1004-0137
Expires: January 31, 2018**SUNDRY NOTICES AND REPORTS ON WELLS**
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.*5. Lease Serial No.
NMNM132062

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.
BLACK RIVER 25 FEDERAL COM 1H9. API Well No.
30-015-4337710. Field and Pool or Exploratory Area
PURPLE SAGE WOLFCAMP GAS11. County or Parish, State
EDDY COUNTY, NM**SUBMIT IN TRIPLICATE - Other instructions on page 2**

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other2. Name of Operator
CIMAREX ENERGY COMPANYContact: TERRI STATHEM
E-Mail: tstatthem@cimarex.com3a. Address
600 N. MARIENFELD ST, STE 600
MIDLAND, TX 797013b. Phone No. (include area code)
Ph: 432-620-19364. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Sec 25 T24S R26E Mer 1PM SESW 192FSL 2127FWL**12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Hydraulic Fracturing	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Surface Commingling
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.

Cimarex Energy respectfully requests approval to commingle the Black River 25 Federal Com #1H and Black River 25 Federal Com #2H wells according to the following attached information:

1. Well Information and Flow Description
2. C107B - NMOCD Application to Commingle Diverse Ownership
3. Process flow diagram
4. Lease plat info
5. C102
6. Battery site plan
7. Owner List - Certified Mail listing

commingle consideration: Texas Hornshell Mussel

14. I hereby certify that the foregoing is true and correct.

**Electronic Submission #496720 verified by the BLM Well Information System
For CIMAREX ENERGY COMPANY, sent to the Carlsbad**

Name (Printed/Typed) TERRI STATHEM

Title MANAGER REGULATORY COMPLIANCE

Signature (Electronic Submission)

Date 12/19/2019

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

**** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ****

Additional data for EC transaction #496720 that would not fit on the form

32. Additional remarks, continued

The Black River 25 Federal Com wells will be drilled from the same pad but into diverse mineral ownership in the same section. A central tank battery (CTB) will be constructed on the Black River 25 Fed #3H drill pad. Cimarex is requesting approval to commingle the Black River 25 Fed #1H and #2H wells at the CTB. As the new CTB will be installed within the Texas hornshell CCA/A boundary and within close proximity to the Black River, surface disturbances must be kept to a minimum. Rather than installing a new tank battery for the #1 and #2 wells in the same area, constructing a single commingled CTB will allow Cimarex to minimize their impact on the landscape. A commingled CTB will also reduce the amount of surface disturbance in the area by reducing the total acres disturbed. It is imperative that minimal surface disturbance occurs in this area, as it could lead to higher rates of erosion, which in turn will have a negative effect on the federally endangered Texas hornshell mussel. Utilizing the Black River 25 Fed 3H CTB as the commingled location would be beneficial for the landscape and the Texas Hornshell Mussel.