

06/05/06 DATE IN	SUSPENSE	Will Jones ENGINEER	06/05/06 LOGGED IN	DHC 3720 TYPE	APP NO. PTD 2615658036
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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.

Print or Type Name

Signature

Title

Date

e-mail Address



**Cimarex Energy Co. of Colorado**

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

Mailing Address: P.O. Box 140907 ♦ Irving, TX 75014-0907

*A subsidiary of Cimarex Energy Co. • A NYSE Listed Company • "XEC"*

2006 JUN 5 AM 11 37

June 2, 2006

New Mexico Oil Conservation Division  
1220 South Saint Francis Drive  
Santa Fe, NM 87505  
Attn: Mr. William V. Jones

Re: Walnut Canyon State Com No. 1  
Section 2-25S-25E  
Eddy County New Mexico

Dear Mr. Jones:

Enclosed is an original of Form C-107A Application for Downhole Commingling for referenced well. We are currently in the completion phase of this newly drilled well and are swabbing and flow testing a Morrow interval at 11328' – 11340'. Our last daily rate on 5-31-06 was 85 mcfpd. To increase the economics of this well we would like to add an Upper Penn interval at 9792' – 9896' and combine the well streams.

In this regard we plan to isolate the Penn interval and test sufficiently to compile a well test. After testing we will remove all plugs and commingle the Upper Penn and Morrow. We will furnish commingling percentages when operations are complete.

All royalty, overriding royalty, and working interest owners are identical in the two zones, and will not be harmed by the commingling of Penn/Morrow production.

If you have any questions or require additional information regarding this issue, please feel free to write or call the undersigned at 972-443-6489.

Sincerely,

Zeno Farris  
Manager Operations, Administration

New Mexico Oil Conservation Division  
1301 W. Grand Ave.  
Artesia, NM 88210  
Attn: Mr. Bryan Arrant

New Mexico Oil Conservation Division  
1220 South Saint Francis Drive  
Santa Fe, NM 87505  
Attn: Mr. Jeff Albers

Cimarex Energy Co. of Colorado  
Operator

5215 N. O'Connor Blvd., Suite 1500, Irving, TX 75039  
Address

Walnut Canyon State Com  
Lease

001  
Well No.

A-2-25S-25E  
Unit Letter-Section-Township-Range

Eddy  
County

OGRID No. 162683 Property Code 35222 API No. 30-015-34423 Lease Type: ☐ Federal ☒ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	<del>Undesignated</del> Upper Penn Wildcat (Gas)		UNDES. Chosa Draw; Morrow (Gas)
Pool Code			74900
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	9792' - 9896'		11328' - 11340'
Method of Production (Flowing or Artificial Lift)	Flowing		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)	Est 1.005		Est 1.008
Producing, Shut-In or New Zone	New Zone		Flowing
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:  Rates: To be supplied after testing.	Date:  Rates:	Date: 05-31-06  Rates: 0 / 85 / 0
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?  
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?

Yes ☒ No ☐  
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 June 2, 2006

TYPE OR PRINT NAME Zeno Farris

TELEPHONE NO. (972)443-6489

E-MAIL ADDRESS zfarris@cimarex.com

**DISTRICT IV**  
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

OIL CONSERVATION DIVISION  
1220 SOUTH ST. FRANCIS DR.  
Santa Fe, New Mexico 87505

Form C-102  
Revised JUNE 10, 2003  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

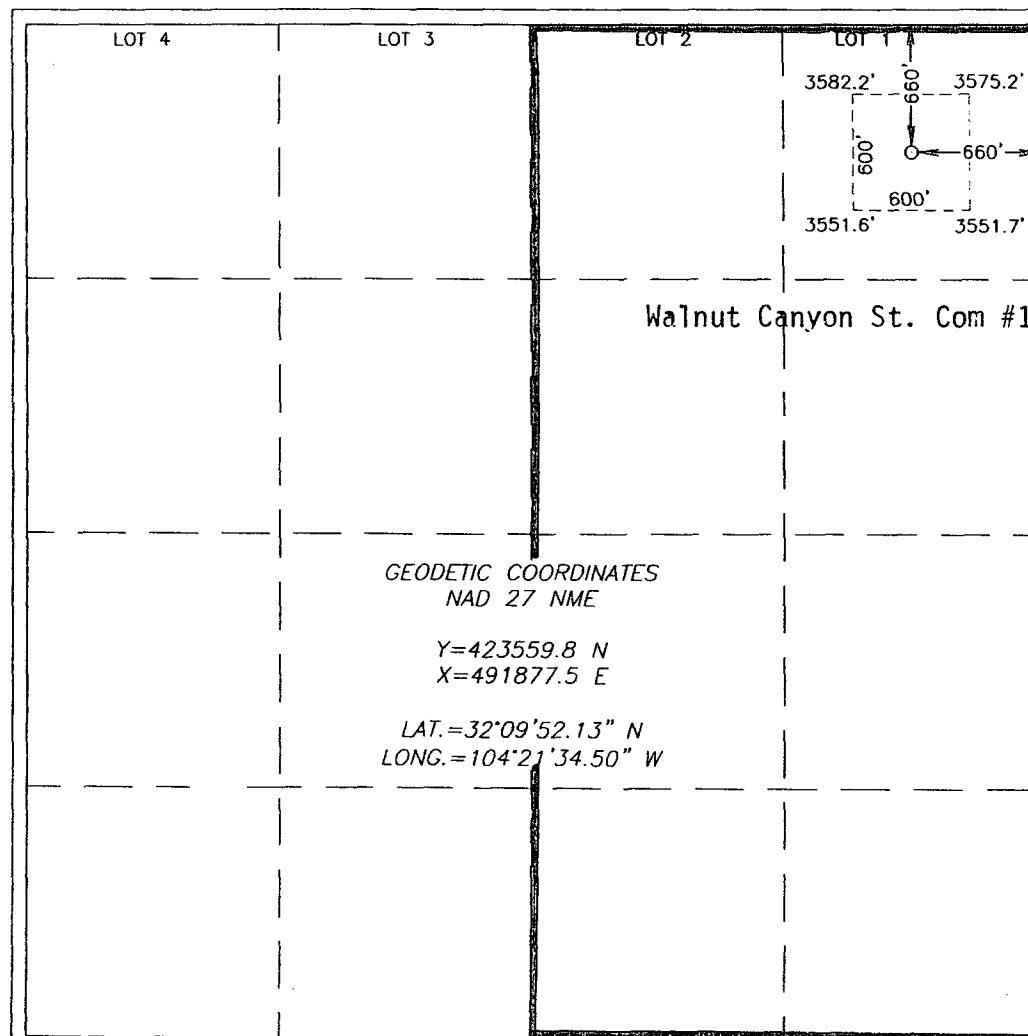
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505		Pool Code		Pool Name	
API Number 30-015-34423				Chosa Draw; Morrow (Gas)	
Property Code 35222	Property Name WALNUT CANYON STATE COM			Well Number 1	
OGRID No. 162683	Operator Name Cimarex Energy Co. of Colorado			Elevation 3554'	

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	2	25-S	25-E		660	NORTH	660	EAST	EDDY

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	N	C	

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



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

Zeno Fanni

**Signature**

Zeno Farris

Printed Name \_\_\_\_\_

Mgr Operations Admin

**Title**

June 2, 2006

Date \_\_\_\_\_

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.

OCTOBER 12, 2005

Date Surveyed REV. 11/15/05 JR

Signature & Seal of  
Professional Surveyor

Ronald E. Euston 11-15-05

Certificate No. RONALD J. EDSON 3239

## State of New Mexico

## DISTRICT I

1626 N. FRANCES DR., MOBBS, NM 88240

Energy, Minerals and Natural Resources Department

Form C-102

Revised JUNE 10, 2003

## DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

## OIL CONSERVATION DIVISION

Submit to Appropriate District Office

1220 SOUTH ST. FRANCIS DR.

State Lease - 4 Copies

Fee Lease - 3 Copies

Santa Fe, New Mexico 87505

## DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

## DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

## WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-015-34423		Pool Code	Pool Name Undesignated; Upper Penn Wildcat (Gas)
Property Code 35222	Property Name WALNUT CANYON STATE COM		Well Number 1
OCRID No. 162683	Operator Name Cimarex Energy Co. of Colorado		Elevation 3554'

## Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	2	25-S	25-E		660	NORTH	660	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
Dedicated Acres 320	Joint or Infill N	Consolidation Code C	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

LOT 4	LOT 3	LOT 2	LOT 1
Walnut Canyon St. Com #1			
<p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=423559.8 N X=491877.5 E</p> <p>LAT.=32°09'52.13" N LONG.=104°21'34.50" W</p>			

**OPERATOR CERTIFICATION**

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

*Zeno Farris*

Signature

Zeno Farris

Printed Name

Mgr Operations Admin

Title

June 2, 2006

Date

**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.

OCTOBER 12, 2005

Date Surveyed REV. 11/15/05 JR

Signature & Seal of Professional Surveyor

*Ronald J. Edson* 11-15-05

05.11.1572

Certificate No. RONALD J. EDSON 3239