

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



Administrative Order DHC-4207
Order Date: 8/10/2009

CIMAREX ENERGY CO OF COLORADO
5215 N. O'Connor Blvd, Suite 1500
Irving, TX 75039

Attention: Zeno Farris

Keely 26 Federal Well No. 2
API No: 30-015-35491
Unit O, Section 26, Township 17 South, Range 29 East, NMPM
Eddy County, New Mexico
Pool: UNDES GRAYBURG;ATOKA (GAS) Gas 77720
Names: SAND TANK;MORROW (GAS) Gas 84872

Reference is made to your recent application for an exception to Rule 12.9A. of the Division Rules and Regulations to permit the above-described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 12.11A., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion or otherwise required separation of the zones is hereby placed in abeyance.

In accordance with Division 12.11A.(6), the production attributed to any commingled pool within the well shall not exceed the allowable applicable to that pool.

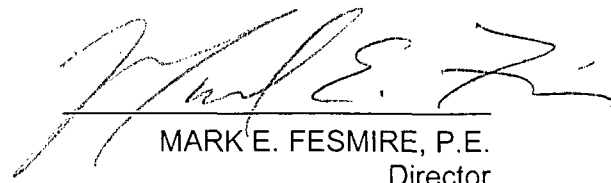
Assignment of allowable and allocation of production from the well shall be as follows:

UNDES GRAYBURG;ATOKA (GAS) POOL	Pct Gas: 85	Pct Oil: 85
SAND TANK;MORROW (GAS) POOL	Pct Gas: 15	Pct Oil: 15

REMARKS: The operator shall notify the Division's district office upon implementation of commingling operations.



Pursuant to Rule 12.11B., the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.



MARK E. FESMIRE, P.E.
Director

MEF/wvjj

cc: Oil Conservation Division – Artesia
Bureau of Land Management – Carlsbad

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

August 7, 2009

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

RE: Keely 26 Federal No. 2
30-015-35491
C107A – Application for DHC

Dear Mr. Jones,

This well was completed in the Morrow in early 07-07 and flow-tested. Then, later in 07-07, a CIBP was placed over the Morrow and Atoka was added. The well produced solely from the Atoka until 12-07, when the CIBP was drilled out and the well was DHC. This occurred without our knowledge, so that is why this DHC application was not sent in a timely manner. We apologize for that oversight.

In addition, I am sending revised copies of the 3160-4 and C-104 for both zones, since the ones filed originally had several mistakes.

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

Sincerely,

Natalie Krueger
Regulatory Analyst

C.C. Artesia OCD Office

nkrueger@cimarex.com

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