

COPY



**Cimarex Energy Co. of Colorado**

5215 North 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  
*Cimarex Energy Co. • A NYSE Listed Company • "XEC"*

August 20, 2007

AUG 24 2007  
OCD-ARTESIA

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

Re: Callaway Federal No. 4  
6-16S-28E  
30-015-34064  
Eddy County, NM

Dear Mr. Jones:

Enclosed is an original form C-107A (Application for Downhole Commingling) for the referenced well.

The Callaway Federal No. 4 is currently marginally producing from the Diamond Mound; Morrow zone, and Cimarex proposes to set a CBP w/ 2 sx sand and perforate the Atoka from 8724'-8786' in the Diamond Mound; Atoka, South (Gas) zone. Cimarex then proposes to downhole commingle the two zones.

It is anticipated that the reservoir pressure from these two zones will be compatible and the resulting volumes would not warrant a tubing-casing dual completion.

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

If anything further is needed regarding this issue, or if you have any questions, please feel free to contact me at 972-443-6489.

Yours truly,

A handwritten signature in cursive script that reads "Zeno Farris".

Zeno Farris  
Manager, Operations Administration

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

AUG 24 2007  
APPLICATION TYPE  
X Single Well  
OCD-ARTESIA  
Establish Pre-Approved Pools  
EXISTING WELLBORE  
X Yes    No

APPLICATION FOR DOWNHOLE COMMINGLING

Cimarex Energy Co. of Colorado 5215 N. O'Connor Blvd., Suite 1500; Irving, TX 75039  
Operator Address

Callaway Federal 004 I-6-16S-28E Eddy  
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 162683 Property Code API No. 30-015-34064 Lease Type: X Federal    State    Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Diamond Mound; Atoka, South (Gas)		Diamond Mound; Morrow
Pool Code	76059		76079
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	8724'-8786'		8914'-8966'
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)			
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: 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?  
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?  
Yes X No     
Yes    No   

Are all produced fluids from all commingled zones compatible with each other?  
Yes X No   

Will commingling decrease the value of production?  
Yes    No X

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 X 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 August 20, 2007

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  
1301 W. Grand Avenue, Artesia, NM 88210  
DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410  
DISTRICT IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 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

API Number 30-015-34064	Pool Code 76079	Pool Name Diamond Mound; Morrow
Property Code 300577	Property Name CALLOWAY FEDERAL	Well Number 4
OGRID No. 162683	Operator Name CIMAREX ENERGY CO. OF COLORADO	Elevation 3588'

Surface Location

UL or lot No. I	Section 6	Township 16 S	Range 28 E	Lot Idn	Feet from the 1980	North/South line SOUTH	Feet from the 1310	East/West line EAST	County 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 322.55	Joint or Infill N	Consolidation Code	Order No. DHC Pending						

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 12		LOT 12
LOT 13		LOT 13
LOT 14		LOT 14
LOT 15		LOT 15

Lat - N32°57'01.9"  
Long - W104°12'37.8"  
NMSPEC - N 709553.063  
E 579018.126  
(NAD-83)

Calloway Fed #4

3580.6' 3594.2' 1310' 3585.3' 3598.4'

1980'

NM-30395

OPERATOR CERTIFICATION

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 pursuant to a contract with an owner of such a mineral or working interest, or is a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Zeno Farris 08-21-07  
Signature Date

Zeno Farris  
Printed Name

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.

JANUARY 30, 2007

Date Surveyed  
Signature of Gary L. Jones  
Professional Surveyor

Certificate No. Gary L. Jones 7977

BASIN SURVEYS

DISTRICT I  
1625 N. French Dr., Hobbs, NM 88240  
DISTRICT II  
1301 W. Grand Avenue, Artesia, NM 86210  
DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410  
DISTRICT IV  
1220 S. St. Francis Dr., Santa Fe, NM 87506

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

API Number 30-015-34064	Pool Code 76059	Pool Name Diamond Mound; Atoka, South (Gas)
Property Code 300577	Property Name CALLOWAY FEDERAL	Well Number 4
OGRID No. 162683	Operator Name CIMAREX ENERGY CO. OF COLORADO	Elevation 3588'

Surface Location									
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	6	16 S	28 E		1980	SOUTH	1310	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 322.55		Joint or Infill N	Consolidation Code		Order No. DHC Pending				

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 12		LOT 12	
LOT 13		LOT 13	
LOT 14		LOT 15	
1/4 COR.		1/4 COR.	
Lat - N32°57'01.9" Long - W104°12'37.8" NMSPCE-N 709553.063 E 579018.126 (NAD-83)		Calloway Fed #4 3580.6' 3594.2' 1310' 3585.3' 3598.4' 1980'	
NM-30395			

**OPERATOR CERTIFICATION**

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 undivided mineral interest in the land including the proposed bottom hole 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.

Zeno Farris 08-21-07  
Signature Date

Zeno Farris  
Printed Name

**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.

JANUARY 16, 2007  
Date Surveyed

Gary L. Jones  
Signature  
Professional Surveyor

7977  
Certificate No. Gary L. Jones

BASIN SURVEYS