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|--------------------|----------|----------------|----------------------|----------|-------------------------|
| DATE IN 12/27/2013 | SUSPENSE | ENGINEER M. Am | LOGGED IN 12/27/2013 | TYPE PLC | APP NO. PMAM 1336149033 |
|--------------------|----------|----------------|----------------------|----------|-------------------------|

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.

David Catanach
 Print or Type Name

David Catanach
 Signature

Agent for Cimarex Energy Company
 Title

12/27/13
 Date

drcatanach@netscape.com
 E-Mail Address

RECEIVED
 12/27/2013
 1:35

December 27, 2013

Hand Delivered

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

Attention: Ms. Jami Bailey, CPG
Division Director

Re: Form C-107-B (Application for Lease Commingling)
Arkansas 23 Fee Lease
S/2 NW/4 of Section 23, T-19 South, R-25 East, NMPM
North Seven Rivers Glorieta-Yeso Pool (97565)
Eddy County, New Mexico

Dear Ms. Bailey:

Pursuant to Division Rule 19.15.12.10, Cimarex Energy Company ("Cimarex") respectfully requests administrative approval to surface commingle North Seven Rivers Glorieta-Yeso Pool production on its Arkansas 23 Fee Lease which comprises the S/2 NW/4 of Section 23, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico. There is currently one existing well on this lease, the Arkansas 23 Fee No. 3 (API No. 30-015-40192) located 2235 feet from the North line and 990 feet from the West line. This well is currently dedicated to a standard 40-acre spacing and proration unit comprising the SW/4 NW/4 of Section 23. Cimarex plans on drilling an additional well on the lease in the near future, the Arkansas 23 Fee No. 4 (API No. 30-015-40251) to be drilled 2310 feet from the North and West lines of Section 23. This well will be dedicated to a standard 40-acre spacing and proration unit comprising the SE/4 NW/4 of Section 23 (**See attached plat**).

The working interest ownership within the Arkansas 23 Fee Lease is common and is owned 100% by Cimarex. However, the royalty interest is not common between the two 40-acre tracts that comprise this lease. Consequently, notice of this application is being provided, by certified mail, to all interest owners within the Arkansas 23 Fee Lease in accordance with Division rules (**See attached notice list**).

✓ Due to the diverse ownership between the existing Arkansas 23 Fee No. 3 and the proposed Arkansas 23 Fee No. 4, production from each of these wells will be separately metered prior to commingling in accordance with Division rules. Production will be measured and stored at the Arkansas 23 Tank Battery located in the SE/4 NW/4 of Section 23.

Attached is a Form C-107-B, a plat showing the existing Arkansas 23 Fee No. 3 and proposed Arkansas 23 Fee No. 4. This plat also shows the lease boundary, and tank battery location. Also attached is a schematic diagram showing tank battery details.

In summary, approval of the application will provide Cimarex the opportunity to economically recover additional oil and gas reserves from the North Seven Rivers Glorieta-Yeso Pool within the S/2 NW/4 of Section 23, thereby preventing waste, and will not violate correlative rights.

If you should have any questions, please call me at (505) 690-9453.

Sincerely,



David Catanach, Agent
Cimarex Energy Company
600 North Marienfeld
Suite 600
Midland, Texas 79701

Xc: OCD-Artesia

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 Company
OPERATOR ADDRESS: 600 N. Marienfeld Street, Suite 600, Midland, Texas 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 N/A

(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 |
|--------------------------|--|---|--|---|---------|
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| | | | | | |
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- (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. North Seven Rivers Glorieta-Yeso Pool (97565)
(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.
(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.

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

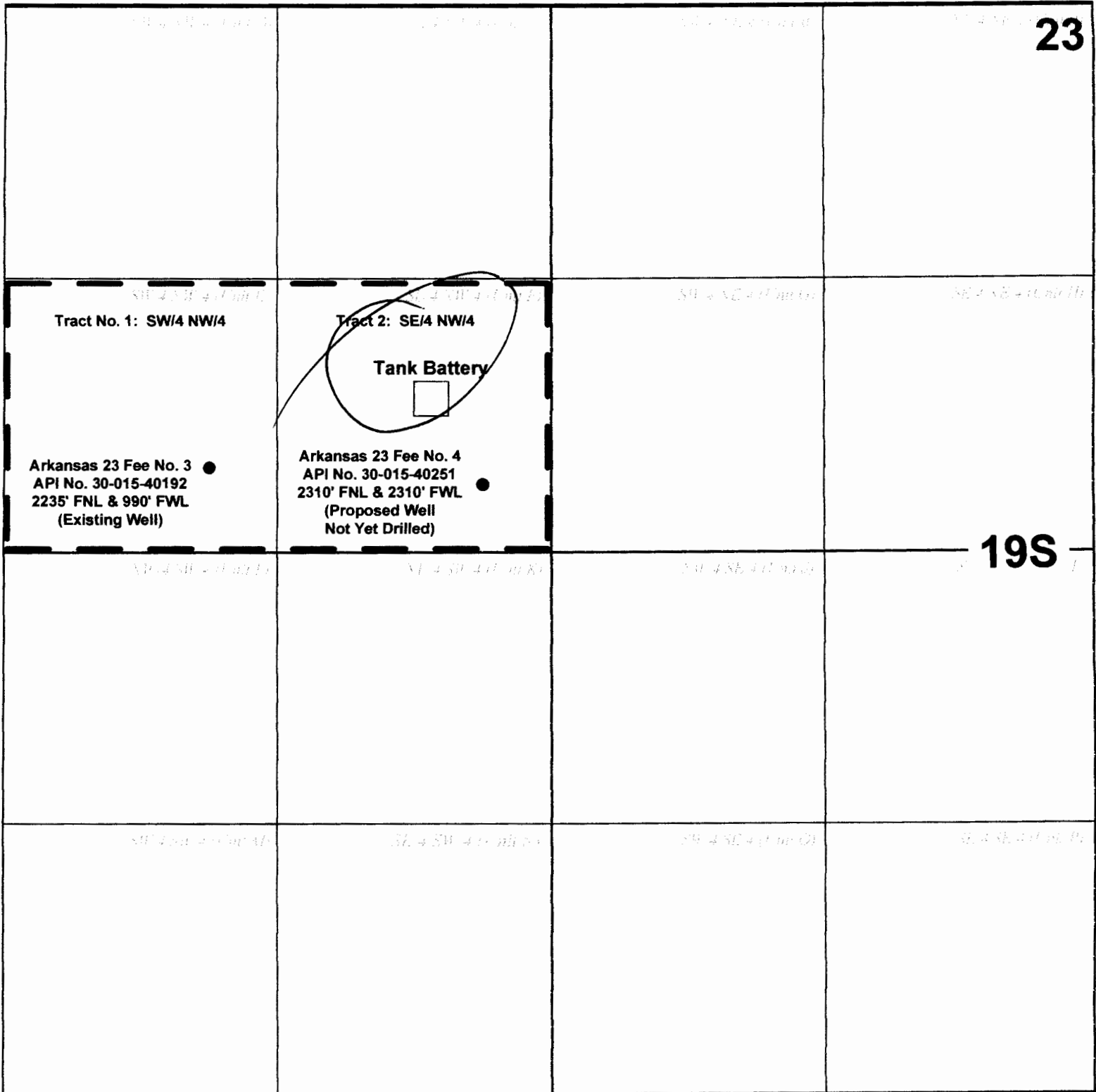
SIGNATURE: David Catanach TITLE: Agent DATE: 12/27/13

TYPE OR PRINT NAME David Catanach-Agent for Cimarex Energy Company TELEPHONE NO.: 505-690-9453

E-MAIL ADDRESS: drcatanach@netscape.com

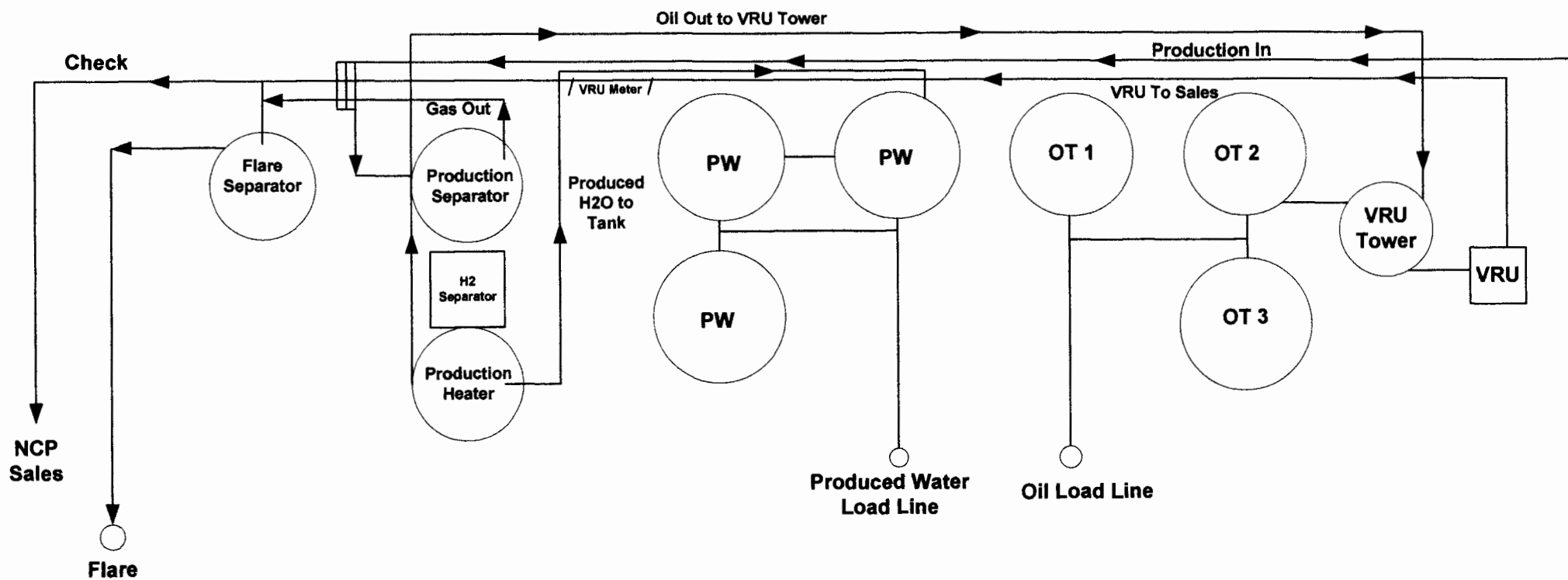
25E

23



19S

Cimarex Energy Company
Form C-107-B: Application for Lease Commingling
Arkansas 23 Fee Lease
Lease/Well/Facility Locations



Cimarex Energy Company
Application for Surface Commingling
Facility Diagram
Arkansas 23 Fee Lease

December 27, 2013

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: (See Attached Notice List)

Re: Cimarex Energy Company
Form C-107-B (Application for Surface Commingling)
Arkansas 23 Fee Lease
S/2 NW/4 of Section 23, T-19 South, R-25 East, NMPM,
Eddy County, New Mexico

Dear Sir:

Enclosed please find a copy of the Oil Conservation Division Form C-107-B filed with the Division seeking administrative approval to allow Cimarex Energy Company ("Cimarex") to surface commingle North Seven Rivers Glorieta-Yeso Pool production from the Arkansas 23 Fee Lease comprising the S/2 NW/4 of Section 23, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico. Cimarex proposes to surface commingle North Seven Rivers Glorieta-Yeso Pool production from its existing Arkansas 23 Fee Well No. 3 (API No. 30-015-40192) located in Unit E of Section 23, and its proposed Arkansas 23 Fee No. 4 (API No. 30-015-40251) located in Unit F of Section 23. Due to diverse ownership between the SW/4 NW/4 and SE/4 NW/4 of Section 23, Cimarex is seeking an exception to Division Rule 19.15.12.9. Production will be allocated by separately metering the production from each well prior to commingling.

As the owner of an interest that may be affected by the proposed surface commingling, you are being provided notice as per Division rules and regulations. Objections must be filed in writing at the Division's Santa Fe office within 20 days from the date this notice was sent to you. If no objection is received within twenty days after the filing of this application and proof of notice with the Division, the application may be approved.

If you should have any questions, please call me at (505) 690-9453.

Sincerely,



David Catanach
Agent-Cimarex Energy Company
600 North Marienfeld Street
Suite 600
Midland, Texas 79701

Cimarex Energy Company
Form C-107-B: Arkansas 23 Fee Lease
Notice List

Nearburg Producing Co., LLC
3300 North "A" Street
Building 2, Suite 120
Midland, Texas 79705

S.P. Johnson II & Barbara Jo
Johnson Trust
P.O. Box 1641
Roswell, New Mexico 88202

PJC Limited
P.O. Box 1713
Roswell, New Mexico 88202

Santo Legado, LLLP
Tulipan, LLC
P.O. Box 1020
Artesia, New Mexico 88211-1020

Spiral, Inc.
P.O. Box 1933
Roswell, New Mexico 88202-1933

Lodewick, LLC
3305 Wentwood
Dallas, Texas 75225

Hollyhock
44 Vista Montana Loop
Placitas, New Mexico 87043

Marigold, LLLP
P.O. Box 1290
Artesia, New Mexico 88211

7012 3050 0000 6820 7472

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ROSWELL, NM 88202

| | | |
|---|-----------|---------------|
| Postage | \$ | \$1.12 |
| Certified Fee | | \$3.10 |
| Return Receipt Fee (Endorsement Required) | | \$2.55 |
| Restricted Delivery Fee (Endorsement Required) | | \$0.00 |
| Total | \$ | \$6.77 |



Sent **S.P. Johnson II & Barbara Jo**
 Street **Johnson Trust**
 or PO **P.O. Box 1641**
 City, S **Roswell, New Mexico 88202**

PS Form

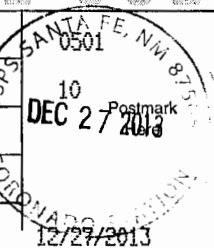
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ARTESIA, NM 88211

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| Postage | \$ | \$1.12 |
| Certified Fee | | \$3.10 |
| Return Receipt Fee (Endorsement Required) | | \$2.55 |
| Restricted Delivery Fee (Endorsement Required) | | \$0.00 |
| Total | \$ | \$6.77 |



Sent To **Santo Legado, LLLP**
 Street, **Tulipan, LLC**
 or PO **P.O. Box 1020**
 City, S **Artesia, New Mexico 88211-1020**

PS Form 3800, August 2009

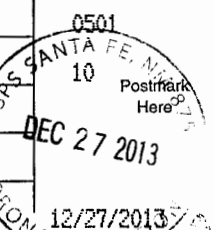
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DALLAS, TX 75225

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|---|-----------|---------------|
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| Certified Fee | | \$3.10 |
| Return Receipt Fee (Endorsement Required) | | \$2.55 |
| Restricted Delivery Fee (Endorsement Required) | | \$0.00 |
| Total | \$ | \$6.77 |



Sent To **Lodewick, LLC**
 Street, **3305 Wentwood**
 or PO **Dallas, Texas 75225**
 City, S

PS Form

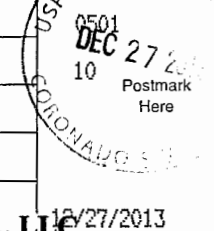
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MIDLAND, TX 79705

| | | |
|---|-----------|---------------|
| Postage | \$ | \$1.12 |
| Certified Fee | | \$3.10 |
| Return Receipt Fee (Endorsement Required) | | \$2.55 |
| Restricted Delivery Fee (Endorsement Required) | | \$0.00 |
| Total | \$ | \$6.77 |



Sent **Nearburg Producing Co., LLC**
 Street **3300 North "A" Street**
 or PO **Building 2, Suite 120**
 City, S **Midland, Texas 79705**

PS Form

Instructions

7012 3050 0000 6820 7465

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ROSWELL, NM 88202

| | | |
|---|-----------|---------------|
| Postage | \$ | \$1.12 |
| Certified Fee | | \$3.10 |
| Return Receipt Fee (Endorsement Required) | | \$2.55 |
| Restricted Delivery Fee (Endorsement Required) | | \$0.00 |
| Total | \$ | \$6.77 |



Sent To **PJC Limited**
 Street, **P.O. Box 1713**
 or PO **Roswell, New Mexico 88202**
 City, S

PS Form

Instructions

7012 3050 0000 6820 7441

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ROSWELL, NM 88202

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|---|-----------|---------------|
| Postage | \$ | \$1.12 |
| Certified Fee | | \$3.10 |
| Return Receipt Fee (Endorsement Required) | | \$2.55 |
| Restricted Delivery Fee (Endorsement Required) | | \$0.00 |
| Total | \$ | \$6.77 |



Sent **Spiral, Inc.**
 Street, **P.O. Box 1933**
 or PO **Roswell, New Mexico 88202-1933**
 City, S

PS Form

Instructions

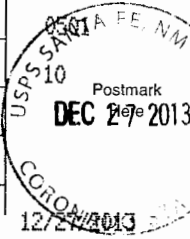
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ARTESIA NM 88211

| | | |
|---|----|--------|
| Postage | \$ | \$1.12 |
| Certified Fee | | \$3.10 |
| Return Receipt Fee (Endorsement Required) | | \$2.55 |
| Restricted Delivery Fee (Endorsement Required) | | \$0.00 |
| Total Postage & Fees | \$ | \$6.77 |



Sent To **Marigold, LLLP**
 Street, Apt. or PO Box **P.O. Box 1290**
 City, State **Artesia, New Mexico 88211**

PS Form 3849

Instructions

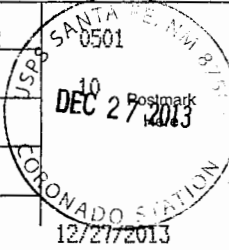
7012 3050 0000 6820 7427

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PLACITAS NM 87043

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|---|----|--------|
| Postage | \$ | \$1.12 |
| Certified Fee | | \$3.10 |
| Return Receipt Fee (Endorsement Required) | | \$2.55 |
| Restricted Delivery Fee (Endorsement Required) | | \$0.00 |
| Total Postage & Fees | \$ | \$6.77 |



Sent To **Hollyhock**
 Street, Apt. or P.O. Box **44 Vista Montana Loop**
 City, State **Placitas, New Mexico 87043**

PS Form 3849

Instructions