

|                  |          |              |                    |          |                    |
|------------------|----------|--------------|--------------------|----------|--------------------|
| DATE IN 11.15.11 | SUSPENSE | ENGINEER WVT | LOGGED IN 11.15.11 | TYPE DHC | APP NO. 1131958010 |
|------------------|----------|--------------|--------------------|----------|--------------------|

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION  
 - Engineering Bureau -  
 1220 South St. Francis Drive, Santa Fe, NM 87505



CIMAREX

**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

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[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.

|                    |           |                      |          |
|--------------------|-----------|----------------------|----------|
| Terri Stathem      |           | Regulatory Analyst   | 11/11/11 |
| Print or Type Name | Signature | Title                | Date     |
|                    |           | tstathem@cimarex.com |          |
|                    |           | e-mail Address       |          |

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

APPLICATION TYPE  
 Single Well  
 Establish Pre-Approved Pools  
EXISTING WELLBORE  
 Yes  No

**APPLICATION FOR DOWNHOLE COMMINGLING**

Cimarex Energy Co. of Colorado Operator 600 N. Marienfeld, Ste 600; Midland, Tx 79701 Address

*DAC-4486*

Smith 001 J-25-19S-33E Lea  
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 162683 Property Code 300553 API No. 30-025-27705 Lease Type: Federal State  Fee

| DATA ELEMENT  | UPPER ZONE                          | INTERMEDIATE ZONE | LOWER ZONE                      |
|---|-------------------------------------|-------------------|---------------------------------|
| Pool Name   | Apache Ridge; Bone Spring           |                   | Gem; Strawn; East               |
| Pool Code   | 2260                                |                   | 96244                           |
| Top and Bottom of Pay Section<br>(Perforated or Open-Hole Interval)   | 9476-9510'                          |                   | 12175'-12248'                   |
| Method of Production<br>(Flowing or Artificial Lift)  | Artificial Lift                     |                   |                                 |
| Bottomhole Pressure<br>(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)    |                                     |                   |                                 |
| Oil Gravity or Gas BTU<br>(Degree API or Gas BTU)   | 42.2                                |                   | 44.8                            |
| Producing, Shut-In or New Zone  | Producing                           |                   | Shut In (Under RBP)             |
| Date and Oil/Gas/Water Rates of Last Production.<br>(Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.) | Date: 10/30/2011<br>Rates: 20/100/1 | Date:<br>Rates:   | Date: 10/2008<br>Rates: 20/40/1 |
| Fixed Allocation Percentage<br>(Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)                  | Oil 50% Gas 72%                     | Oil Gas           | Oil 50% Gas 28%                 |

**ADDITIONAL DATA**

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes  No   
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? 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 *Terry Stathem* TITLE Regulatory Analyst DATE November 11, 2011

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

E-MAIL ADDRESS tstathem@cimarex.com

District I  
 1625 N. French Dr., Hobbs, NM 88249  
 District II  
 1201 W. Grand Avenue, Artesia, NM 88210  
 District III  
 1000 Rio Grande Rd., Artesia, NM 88210  
 District IV  
 1120 S. St. Francis Dr., Santa Fe, NM 87505

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 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<br><b>30-025-27705</b> |   | *Pool Code<br><b>2260</b> | *Pool Name<br><b>Apache Ridge; Bone Spring</b> |
| *Property Code                     | *Property Name<br><b>Smith</b>                          |                           | *Well Number<br><b>001</b>                     |
| *OCRID No.<br><b>162683</b>        | *Operator Name<br><b>CIMAREX ENERGY CO. OF COLORADO</b> |                           | *Elevation<br><b>3620.5' GL</b>                |

<sup>10</sup> Surface Location

| U.L. or 1/4 no. | Section | Township | Range | Lot Ida | Feet from the | North-South line | Feet from the | East-West line | County |
|-----------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| J               | 25      | 19S      | 33E   |         | 1980          | South            | 1980          | East           | Lea    |

<sup>11</sup> Bottom Hole Location If Different From Surface

| U.L. or 1/4 no. | Section | Township | Range | Lot Ida | Feet from the | North-South line | Feet from the | East-West line | County |
|-----------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
|                 |         |          |       |         |               |                  |               |                |        |

|                               |                  |                     |            |
|-------------------------------|------------------|---------------------|------------|
| *Dedicated Acres<br><b>40</b> | *Joint or Leased | *Consolidation Code | *Order No. |
|-------------------------------|------------------|---------------------|------------|

No allowance will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

|                         |   |  |
|-------------------------|---|--|
| <p><b>Fee-Owned</b></p> | <p><sup>17</sup> <b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that the operator certifies to the following: (a) ownership of mineral interest in the land including the proposed location of the well; (b) the right to drill the well; (c) the absence of any known or potential hydraulic fracture stimulation in the wellbore; (d) the absence of any pending or proposed drilling operations in the vicinity of the well; and (e) the absence of any other operations in the vicinity of the well.</p> <p>Signature: <i>Brett Jennings</i> Date: <b>01-06-08</b></p> <p>Printed Name: <b>Brett Jennings</b></p> |  |
|                         | <p><sup>18</sup> <b>SURVEYOR CERTIFICATION</b></p> <p>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.</p> <p>Date of Survey:</p> <p>Signature and Seal of Professional Surveyor:</p> <p>Certificate Number:</p>   |  |
|                         |   |  |
|                         |   |  |

District  
 1624 N. French Dr., Hobbs, NM 88241  
 District  
 1701 N. Grand Avenue, Artesia, NM 88210  
 District  
 1900 Rio Grande R.D., Lordsburg, NM 87532  
 District  
 1120 S. St. Francis Dr., Santa Fe, NM 87505

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 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<br><b>30-025-27705</b> | *Pool Code<br>96244                                     | *Pool Name<br>Gem; Strawn,; East |
| *Property Code                     | *Property Name<br><b>Smith</b>                          | *Well Number<br><b>001</b>       |
| *OCRID No.<br>162683               | *Operator Name<br><b>CIMAREX ENERGY CO. OF COLORADO</b> | *Acreage<br><b>3620.5' GL</b>    |

**10 Surface Location**

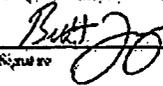
| U. or lot no. | Section | Township | Range | Lot No. | Feet from the | North-South line | Feet from the | East-West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| J             | 25      | 19S      | 33E   |         | 1980          | South            | 1980          | East           | Lea    |

**11 Bottom Hole Location if Different From Surface**

| U. or lot no. | Section | Township | Range | Lot No. | Feet from the | North-South line | Feet from the | East-West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
|               |         |          |       |         |               |                  |               |                |        |

|                              |                 |                     |            |
|------------------------------|-----------------|---------------------|------------|
| *Dedicated Acre<br><b>40</b> | *Job or Job No. | *Consolidation Code | *Order No. |
|------------------------------|-----------------|---------------------|------------|

No allowance will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

|    |  |           |       |  |
|----|--|-----------|-------|--|
| 16 |  |           |       |  |
|    |  |           |       | <p><b>17 OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information contained herein is true and correct to the best of my knowledge and belief and that the same is true and correct to the best of my belief.</p> <p style="text-align: right;"> <br/>       Signature <span style="margin-left: 100px;">Date</span><br/> <b>Brett Jennings</b> <span style="float: right;">01-06-08</span> </p> <p>Printed Name</p> |
|    |  | Fee-Owned |       | <p><b>18 SURVEYOR CERTIFICATION</b></p> <p>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.</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor</p>   |
|    |  | 1980'     | 1980' | <p>Certificate Number</p>  |



**Cimarex Energy Co. of Colorado**

600 N. Marienfeld St. ♦ Suite 600 ♦ Midland, TX 79701 ♦ (432) 620-1938 ♦ Fax (432) 620-1940  
A subsidiary of Cimarex Energy Co. • A NYSE Listed Company • "XEC"

November 14, 2011

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

Attn: Mr. Will V. Jones

Re: DHC – Smith #1  
J-25-19S-33E  
3002527705  
Lea County, NM

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Dir Sir:

Enclosed please find Form C-107A, C-102 and the Administrative Checklist for the above referenced well for your review and approval.

Should you have any questions please contact me at 432-620-1936

Sincerely,

Terri Stathem  
Regulatory Analyst  
Phone: 432-620-1936  
Fax: 432-620-1940