

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John Bemis
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



Administrative Order CTB-651
August 16, 2012

Cimarex Energy Co. of Colorado
Attention: Zeno Farris
600 N. Marienfeld St.
Midland, TX 79701

RE: Surface Commingling

It is our understanding that you propose to commingle production from diversely owned lands, limited to one common source of supply through facilities operated by the above named operator ("Applicant"). By this application you are seeking commingling approval pursuant to Division Rule 12.10.C(4) [19.15.12.10.C.(4) NMAC]. It is further understood that you have provided notice to all interest owners in accordance with Rule 12.10.C(4)(c), and no objections have been received.

Applicant is hereby authorized to [surface] commingle casing head gas production from the Triple X; Bone Spring, West Pool (96674) from the following wells and completions located within Lea County, New Mexico:

Tres Equis State Well No. 2 (API No. 30-025-40183), Horizontal Well
SHL: 330 FNL, 1980 FWL (Unit letter C), Section 6, T24S, R33E, NMPM
Oil Spacing Unit: 159.94-Acres, E/2 W/2 of Section 6

Tres Equis "5" State Well No. 1H (API No. 30-025-40532), Horizontal Well
SHL: 330 FNL, 660 FWL (Unit letter D), Section 5, T24S, R33E, NMPM
Oil Spacing Unit: 159.82-Acres, W/2 W/2 of Section 5

The casing head gas from both oil wells will be sold through a sales meter located near the well head of the Tres Equis State Well No. 2 located within Unit letter C of Section 6.

This installation shall be constructed and operated in accordance with applicable Division Rules. Casing head gas from each well shall be continuously metered prior to being commingled for sale. The allocation gas meters for each well shall be calibrated on a schedule based on throughput as per Rule 12.10.C(2) NMAC.

The operator shall notify the District office of the Division prior to implementation of commingling operations. It is the also responsibility of the operator to notify the transporter of this commingling authority.

As per Division Rule 19.15.12.10.C.(4)(h) NMAC, the operator shall not commence commingling prior to approval from the State Land Office if state lands are involved or the US BLM if tribal or federal lands are involved.

Applicant has not provided notice that it is requesting addition of future wells or additional leases or pools to this commingle as per Rule 12.10.C.(4)(g)(i) NMAC. Therefore, additional wells or pools shall not be included in this surface commingle without the operator again making application and providing notice to all owners.

Sincerely,



JAMIE BAILEY
Division Director

JB/wvjj

cc: Oil Conservation Division – Hobbs
State Land Office – Oil, Gas, and Minerals Division