

7/13/06 DATE IN	SUSPENSE	WILL JONES ENGINEER	LOGGED IN 7/13/06	TYPE DHC 3749	APP NO. PTD50619453989
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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.

Print or Type Name	Signature	Title	Date
		e-mail Address	



Cimarex Energy Co.

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"

July 12, 2006

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

Re: Caudill West 8 Fee No. 2
Section 8-15S-36E
Lea County, NM

2006 JUL 13 AM 9 58

Dear Mr. Jones:

Enclosed is an original form C-107A (Application for Downhole Commingling) for the referenced well. Cimarex recently drilled the Caudill West 8 Fee No. 2 to a depth of 12720,' logged, and ran 5-1/2" casing. Our analysis of the logs indicates 2 pay intervals: an Atoka interval from 11926' – 12218' and a Morrow interval from 12419' – 12429.' 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.

In this regard, we plan to isolate each zone during completion and test sufficiently to compile a well test. After testing, we will remove all plugs and commingle the Atoka and Morrow. The well test will be used to establish the pools with the NMOCD and as the basis for allocation between the two pools.

All royalty, overriding royalty, and working interest owners are identical in the two zones, and will not be harmed by an 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,

Zeno Farris
Manager, Operations Administration

State of New Mexico

Energy, Minerals and Natural Resources Department

DISTRICT I
1625 N. FRENCH DR., ROBBS, 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

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised JUNE 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-025-37471	Pool Code 96231	Pool Name Caudill; Atoka (Gas)
Property Code 34847	Property Name CAUDILL WEST "8" FEE	Well Number 2
OGRID No. 215099	Operator Name CIMAREX ENERGY COMPANY	Elevation 3926'

Surface Location

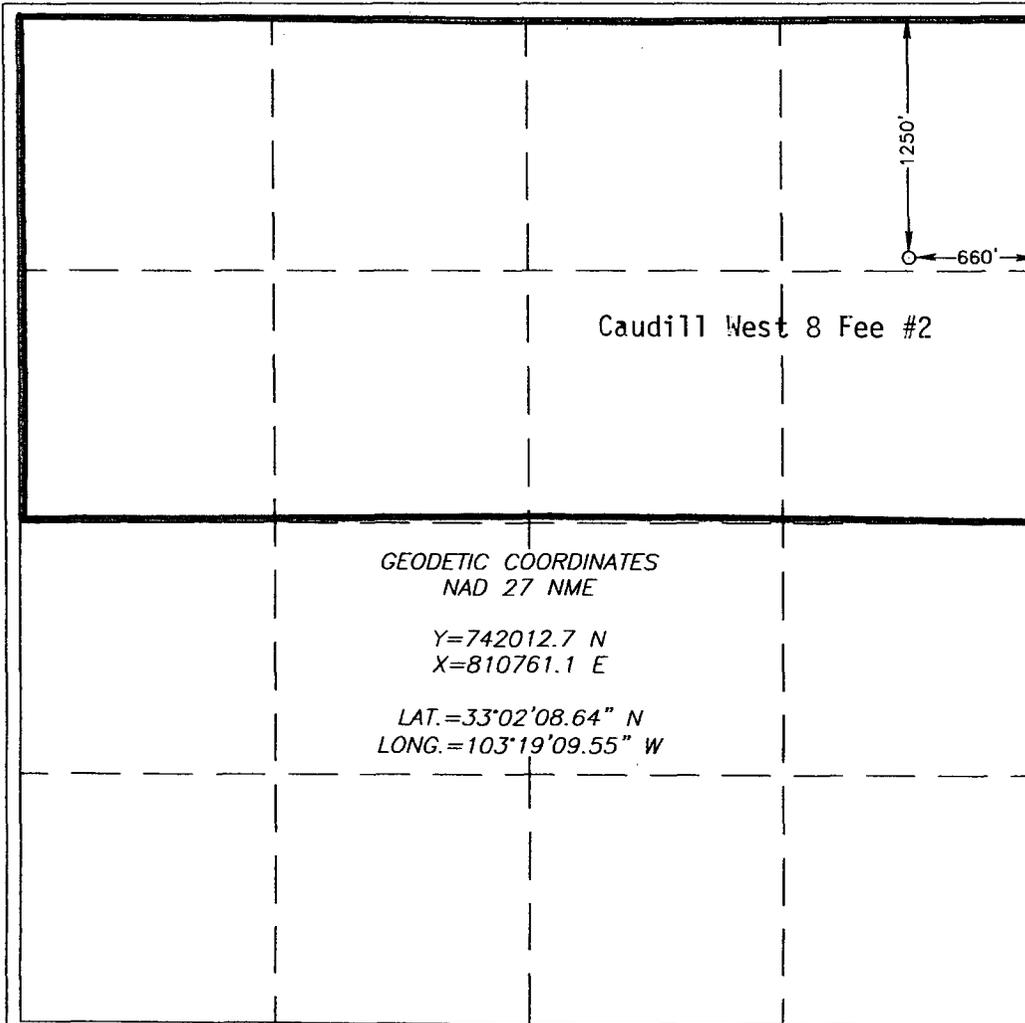
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	8	15-S	36-E		1250	NORTH	660	EAST	LEA

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 320	Joint or Infill N	Consolidation Code	Order No.
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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



OPERATOR CERTIFICATION

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

Zeno Farris
Signature

Zeno Farris
Printed Name

Mgr Operations Admin
Title

July 12, 2006
Date

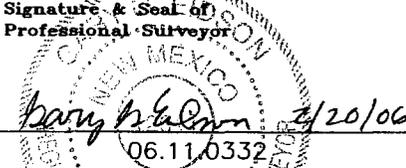
SURVEYOR CERTIFICATION

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.

FEBRUARY 14, 2006

Date Surveyed _____ JR

Signature & Seal of
Professional Surveyor



Certificate No. GARY EDSON 12841

State of New Mexico

Energy, Minerals and Natural Resources Department

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OIL CONSERVATION DIVISION
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Santa Fe, New Mexico 87505

Form C-102
Revised JUNE 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-025-37471	Pool Code 95664	Pool Name w c Austin; Morrow, SW (Gas)
Property Code 34847	Property Name CAUDILL WEST "8" FEE	Well Number 2
OGRID No. 215099	Operator Name CIMAREX ENERGY COMPANY	Elevation 3926'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	8	15-S	36-E		1250	NORTH	660	EAST	LEA

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	Joint or Infill	Consolidation Code	Order No.
320	N		

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

<p style="text-align: center;">Caudill West 8 Fee #2</p>	<p>OPERATOR CERTIFICATION</p> <p><i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p><i>Zeno Farris</i> Signature Zeno Farris Printed Name Mgr Operations Admin Title July 12, 2006 Date</p>
	<p>SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>FEBRUARY 14, 2006 Date Surveyed Signature & Seal of Professional Surveyor <i>Gary E. Eldson</i> 06.11.0332 Certificate No. GARY ELDSON 12841</p>
<p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=742012.7 N X=810761.1 E</p> <p>LAT.=33°02'08.64" N LONG.=103°19'09.55" W</p>	

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1000 Rio Brazos Road, Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87503

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. P. O. Box 140907 Irving, Tx 75014-0907
Operator Address
Caudill West 8 Fee 002 A-8-15S-36E DHC 3745 Lea
Lease Well No. Unit Letter-Section-Township-Range County
OGRID No. 215099 Property Code 34847 API No. 30-025-37471 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE <u>UNDES.</u>	INTERMEDIATE ZONE	LOWER ZONE <u>WILDCAT</u>
Pool Name	Caudill; Atoka (Gas)		Austin, Morrow, SW (Gas)
Pool Code	96231 ✓		9664 <u>96070</u>
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	11926' - 12218'		12419' - 12429'
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 11926'
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1.580 est.		1.170 est.
Producing, Shut-In or New Zone	Waiting on completion		Waiting on completion
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: after testing	Date: Rates:	Date: To be supplied Rates: after testing
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? 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 Zeno Farris TITLE Manager Operations, Administration DATE 07-12-06
TYPE OR PRINT NAME Zeno Farris TELEPHONE NO. (972) 443-6489
E-MAIL ADDRESS zfarris@cimarex.com