

12/8/06 DATE IN	SUSPENSE	JONES ENGINEER	12/8/06 LOGGED IN	DHC TYPE	PTDS0634239157 APP NO.
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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. 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"

December 7, 2006

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

Re: Crow Flats 7 Federal No. 1
Section 7-16S-28E
Eddy County, NM

Dear Mr. Jones:

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

Cimarex recently drilled and completed the Crow Flats 7 Federal No. 1. Our analysis of the logs indicated 2 pay intervals: an Atoka interval from 8800' – 8965' and a Morrow interval from 8966' to 9084'. We perforated and stimulated accordingly, with Atoka perfs from 8810' to 8864', and Morrow perfs from 8982' to 9068'. There is currently a removable bridge plug at 8950' covering the Morrow perfs.

We isolated each zone during completion to produce a well test that will be used to establish a percentage split. We plan to remove the RBP and 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 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

2006 DEC 8 AM 10 14

Cimarex Energy Co. of Colorado
Operator

5215 N. O'Connor Blvd., Suite 1500; Irving, TX 75039
Address

Crow Flats 7 Federal
Lease

001
Well No.

2-7-16S-28E
Unit Letter-Section-Township-Range

DHC-3832

Eddy
County

OGRID No. 162683 Property Code 35498 API No. 30-015-34675 Lease Type: ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	UPPER ZONE LOWER ZONE
Pool Name	High Lonesome ; Atoka (Gas)		Diamond Mound; Morrow (Gas)
Pool Code	76060		76079
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	8810' – 8864'		8982' – 9068'
Method of Production (Flowing or Artificial Lift)	Flowing with compression		Flowing with compression
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)	54.2, 1.019		1.011
Producing, Shut-In or New Zone	Producing		Shut in
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: 07-23-06 Rates: 10/613/0	Date: Rates:	Date: 06-25-06 Rates: 0/392/3
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 100% 61%	Oil Gas	Oil Gas 0% 39%

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 ☒ No ☐
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 December 1, 2006

TYPE OR PRINT NAME Zeno Farris

TELEPHONE NO. (972)443-6489

E-MAIL ADDRESS zfarris@cimarex.com

State of New Mexico

Energy, Minerals and Natural Resources Department

DISTRICT I

1825 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

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 30-015-34675	Pool Code	Pool Name Diamond Mound; Morrow (Gas)
Property Code	Property Name CROW FLATS 7 FEDERAL	Well Number 1
OGRID No. 162683	Operator Name Cimarex Energy Co. of Colorado	Elevation 3610'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
2	7	16-S	28-E		1980	NORTH	1260	WEST	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 327.28	Joint or Infill N	Consolidation Code	Order No.						

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>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Zeno Farris</i> Signature Zeno Farris Printed Name Mgr Operations Admin Title 12-04-06 Date</p> <p>SURVEYOR CERTIFICATION</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>FEBRUARY 8, 2006 Date Surveyed Signature & Seal of Professional Surveyor <i>GARY E. EDSON</i> 06-11-0263 Certificate No. GARY EDSON 12641</p>
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1625 N. FRENCH DR., HOBBS, NM 88240

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DISTRICT IV
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