

22 May 07

W. Jones

22 May 07

DHC

PLP0714238/03

3893

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1227 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS
ON OFFICE 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]

TYPE OF APPLICATION - Check Those Which Apply for [A]

[] Location - Spacing Unit - Simultaneous Dedication
[] NSL [] NSP [] SD

Check One Only for [B] or [C]

[] Commingling - Storage - Measurement
[] DHC [] CTB [] PLC [] PC [] OLS [] OLM

[] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

[] WFX [] PMX [] SWD [] IPI [] EOR [] PPR

[] Other: Specify _____

NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

[] Working, Royalty or Overriding Royalty Interest Owners

[] Offset Operators, Leaseholders or Surface Owner

[] Application is One Which Requires Published Legal Notice

[] Notification and/or Concurrent Approval by BLM or SLO

(Bureau of Land Management, U.S. Department of the Interior, State Land Office)

[] For all of the above, Proof of Notification or Publication is Attached, and/or

[] Waivers are Attached

LEAVE ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

CERTIFICATION: I hereby certify that the information submitted with this application for administrative action is complete and correct to the best of my knowledge. I understand that no action will be taken on this application if the information submitted is incomplete or incorrect.

Signature: _____ Title: _____ (Must be a manager or supervisor with managerial and/or supervisory capacity)

5215 N. O'Connor Blvd
Suite 1500
Irving, TX 75039
972-401-3111 (phone)
972-443-6486 (fax)

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Cimarex Energy Co. of Colorado

May 18, 2007

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

RE: Pipeline Deep 5 Federal No. 3
30-025-37196
Lea County, New Mexico
C-107 A – Post-DHC Lease Allocation Percentage Report

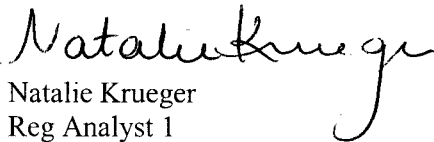
Dear Mr. Jones,

Enclosed is an original Form C-107 A (Application for Downhole Commingling) for the well mentioned above.

We have completed DHC operations and are submitting this form to report our lease allocation percentages for each zone.

If you have any questions or need further information, please call me at 972-443-6489.

Sincerely,


Natalie Krueger
Reg Analyst 1

2007 MAY 22 AM 9 48

nkrueger@cimarex.com

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

Pipeline Deep 5 Federal 003 G-5-19S-34E Lea
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 162683 Property Code API No. 30-025-37196 Lease Type: ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
	UNDES		UNDES
Pool Name	La Rica; Wolfcamp oil		E-K; Bone Spring oil
Pool Code	37316 ✓		21650 ✓
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	9692' – 9925'		11361' – 11378'
Method of Production (Flowing or Artificial Lift)			
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)	1357 BTU 50.5 Gr		1297 Btu 39.5 Gr
Producing, Shut-In or New Zone			
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: 03-19-07 SWAB TEST Rates: 10/3/10	Date: Rates:	Date: 04-20-07 SWAB TEST Rates: 65/69/99
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 13% 4%	Oil Gas	Oil Gas 87% 96%

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: DHC-3883

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 May 11, 2007

TYPE OR PRINT NAME Zeno Farris TELEPHONE NO. (972)443-6489

E-MAIL ADDRESS zfarris@cimarex.com