

Form 3160-3  
(April 2004)FORM APPROVED  
OMB No 1004-0137  
Expires March 31, 2007UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

## APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.

NM-19423

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No

8. Lease Name and Well No.

White City 14 Federal No. 13H **<3006007**

9. API Well No.

30-015- **40202**

10. Field and Pool, or Exploratory

**Sage Draw, W.C. EAST**

11. Sec, T, R, M or Blk and Survey or Area

14-25S-26E

12. County or Parish

Eddy

13. State

NM

1a. Type of Work: ☒ DRILL ☐ REENTER1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other☒ Single Zone ☐ Multiple Zone

2. Name of Operator

Cimarex Energy Co. of Colorado

3a. Address

600 N. Marienfeld St., Ste. 600; Midland, TX 79701

3b. Phone No (include area code)

432-571-7800

4. Location of Well (Report location clearly and in accordance with any State requirements. \*)

At Surface 275 FNL &amp; 700 FEL

At proposed prod Zone 660 FSL &amp; 725 FNL

**UNORTHODOX  
LOCATION**  
*Horizontal Wolfcamp Test*

14. Distance in miles and direction from nearest town or post office\*

15. Distance from proposed\*

location to nearest  
property or lease line, ft  
(Also to nearest drig. unit line if  
any)

275

16. No of acres in lease

NM-19423 - 2560 acres

17. Spacing Unit dedicated to this well

E2 320 acres

18. Distance from proposed location\*

to nearest well, drilling, completed,  
applied for, on this lease, ft

68'

19. Proposed Depth

MD 13905, TVD 9672

20. BLM/BIA Bond No. on File

NM-2575

21. Elevations (Show whether DF, KDB, RT, GL, etc.)

3271' GR

22. Approximate date work will start\*

04.15.12

23. Estimated duration

30-35 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form

1. Well plat certified by a registered surveyor

2. A Drilling Plan

3. A Surface Use Plan (if the location is on National Forest System Lands, the  
SUPO shall be filed with the appropriate Forest Service Office).4. Bond to cover the operations unless covered by an existing bond on file (see  
Item 20 above).

5. Operator Certification

6. Such other site specific information and/or plans as may be required by the  
authorized officer

25. Signature

**Zeno Farris**

Name (Printed/Typed)

Zeno Farris

Date

01.26.12

Title

Manager Operations Administration

Approved By (Signature)

**/s/ Cody Layton**

Name (Printed/Typed)

Date

**APR 18 2012**

Title

**Sr FIELD MANAGER**

Office

CARLSBAD FIELD OFFICE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to  
conduct operations thereon

Conditions of approval, if any, are attached

**APPROVAL FOR TWO YEARS**Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United  
States any false, fictitious, or fraudulent statements or representations as to any matter within its jurisdiction

\* (Instructions on page 2)

Carlsbad Controlled Water Basin

APR 23 2012

**RECEIVED**  
**NMCD-ARTESIA**  
Approval Subject to General Requirements  
& Special Stipulations Attached**SEE ATTACHED FOR  
CONDITIONS OF APPROVAL**

Operator Certification Statement  
**White City 14 Federal No. 13H**  
Cimarex Energy Co. of Colorado  
Unit A, Section 14  
T25S-R26E, Eddy County, NM

Operator's Representative

Cimarex Energy Co. of Colorado  
600 N. Marienfeld St., Ste. 600  
Midland, TX 79701  
Office Phone: (432) 571-7800  
Zeno Farris

**CERTIFICATION:** I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions which currently exist; that I have full knowledge of state and Federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements.

Executed this 26th day of January, 2012

NAME: Zeno Farris  
Zeno Farris

TITLE: Manager Operations Administration

ADDRESS: 600 N. Marienfeld St., Ste. 600  
Midland, TX 79701

TELEPHONE: (432) 620-1938

EMAIL: zfarris@cimarex.com

Field Representative: Same as above

DISTRICT I  
1425 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

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised July 16, 2010

Submit one copy to appropriate  
District Office

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number <b>30-015-70202</b>	Pool Name <b>SAGE Draw; W.C. EAST</b>
Property Code <b>300600</b>	Property Name <b>WHITE CITY "14" FEDERAL</b>
Well Number <b>13H</b>	
OGRID No. <b>162683</b>	Operator Name <b>CIMAREX ENERGY CO. OF COLORADO</b>
	Elevation <b>3271'</b>

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	14	25 S	26 E		275	NORTH	700	EAST	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
P	14	25 S	26 E		660	SOUTH	725	EAST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320			NSL Pending

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><b>SURFACE LOCATION</b> Lat - N 32°08'11.32" Long - W 104°15'26.25" NMSPC - N 413394.775 E 564874.216 (NAD-83)</p> <p><b>PROPOSED BOTTOM HOLE LOCATION</b> Lat - N 32°07'28.21" Long - W 104°15'26.31" NMSPC - N 409038.278 E 564872.257 (NAD-83)</p>	<p><b>OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Zeno Farris</i> 1/27/2012 Signature Date Zeno Farris Printed Name zfarris@cimarex.com Email Address</p> <p><b>SURVEYOR CERTIFICATION</b> 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><i>GARY L. JONES</i> Date Surveyed Signature &amp; Seal Professional Surveyor W.O. 24485 Certificate No. Gary L. Jones 7977 BASIN SURVEYS 24485</p>
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Application to Drill  
**White City 14 Federal No. 13H**  
Cimarex Energy Co. of Colorado  
Unit A, Section 14  
T25S-R26E, Eddy County, NM

In response to questions asked under Section II B of Bulletin NTL-6, the following information is provided for your consideration:

1. Location: SHL 275 FNL & 700 FEL  
BHL 660 FSL & 725 FWL
2. Elevation above sea level: 3271' GR
3. Geologic name of surface formation: Quaternary Alluvium Deposits
4. Drilling tools and associated equipment: Conventional rotary drilling rig using fluid as a circulating medium for solids removal.
5. Proposed drilling depth: MD 13905, TVD 9672
6. Estimated tops of geological markers:

Rustler	Spotty, N/A	1st Bone Spring Ss	6417
Top Salt	1124	2nd Bone Spring Ss	6916
Base Salt	1700	2nd BS Ss Lower	7631
Delaware	1910	3rd Bone Spring Ss	8265
Cherry Canyon	2872	Wolfcamp	8544
Brushy Canyon	3921	Wolfcamp E	9840
Bone Spring	5431		
Bone Spring "A" Shale	5625		
Bone Spring "C" Shale	5884		
7. Possible mineral bearing formations:

Wolfcamp	Gas
Bone Spring	Gas
Delaware	Oil
8. Proposed drilling Plan

Drill 8¾" hole to 9200 and set 7" casing from 0-9200 and cement. Then drill out of 7" shoe with 6⅝" bit to KOP.  
Drill through curve to TD 13905 MD, 9672 TVD and run 4½" liner from liner hanger at 9000 to TD and cement liner.

Application to Drill  
**White City 14 Federal No. 13H**  
 Cimarex Energy Co. of Colorado  
 Unit A, Section 14  
 T25S-R26E, Eddy County, NM

9. Mud Circulating System:

Depth			Mud Wt	Visc	Fluid Loss	Type Mud
0'	to	450	8.4 - 8.8	30-32	NC	FW spud mud. Add FW to control weight & viscosity and paper to prevent seepage.
450	to	1900	10	28-29	NC	Saturated Brine. Sweep as needed to clean hole.
1900	to	9200	9.0	28-30	NC	Cut brine. Sweep as needed to clean hole.
9200	to	13905	12.0	28-32	NC	OBM

Sufficient mud materials will be kept on location at all times in order to combat lost circulation or unexpected kicks. In order to run DSTs, open hole logs, and casing, the viscosity and water loss may have to be adjusted in order to meet these needs.

10. Casing Program:

	Hole Size	Depth		Casing OD		Weight	Collar	Grade
Surface	17½"	0	to 450	New	13¾"	48#	STC	H-40
Intermediate	12¼"	0	to 1900	New	9¾"	40#	LTC	J-55
Production	8¾"	0	to 9200	New	7"	26#	LTC	P-110
Liner	6¾"	9000	to 13905	New	4½"	11.6#	LTC	P-110

11. Cementing Program:

See COA	Surface Excess 100%	Lead: 176 sx (C) +2% S1+2%D46 YIELD 1.97 Tail: 235 sx. (C) +1% S1 YIELD 1.34. <b>TOC Surface Centralizers per Onshorder 2.III.B.1.f</b>
	Intermediate Excess 25%	Lead: 278 sx. (C) 4% D20 + .2% D46 + 1% S1. YIELD 1.96, MIX WATER 10.85, WT. 12.9 Tail: 173 sx. (C) + .1% D13. YIELD 1.33, MIX WATER 3.36, WT. 14.8 <b>TOC Surface</b>
	Production Excess 25%	Lead: 592 sx Interfill H with 0.3% HR-601, 5 lb/ sx Gilsonite, 0.125 lb/ sx Poly-E-Flake, mixed at 11.9 ppg. Yield 2.47 cf/ sx. Tail: 488 sx Super H with 0.5% Halad ® 344, 0.25% D-Air 3000, 0.4% CFR-3, 1 lb/ sx Salt, 5 lb/ sx Gilsonite, 0.125 lb/ sx Poly-E-Flake, 0.35% HR-7 mixed at 13.2 ppg. Yield 1.61 cf/ sx <b>TOC Surface</b>
	Liner Excess 25%	458 sx 50:50 Poz:H + 2%D20 + 0.2% D112 + 0.2% D65, Yield 1.24, 14.58 ppg <b>Centralizers every 3rd joint in lateral to provide adequate cement coverage every 100' unless lateral doglegs require greater spacing between centralizers.</b>

According to the State Engineer, depth to groundwater is 9. Fresh water zones will be protected by setting 13¾" casing at 450 and cementing to surface. Hydrocarbon zones will be protected by setting 9¾" casing at 1900 and 7" to 9200 and cementing to surface and cemented liner from 9000 to 13905.

<u>Collapse Factor</u>	<u>Burst Factor</u>	<u>Tension Factor</u>
1.125	1.125	1.6

Application to Drill  
White City 14 Federal No. 13H  
Cimarex Energy Co. of Colorado  
Unit A, Section 14  
T25S-R26E, Eddy County, NM

12. Pressure control Equipment:

Exhibit "E". A 13 3/8" 5000 PSI working pressure B.O.P. consisting of one set of blind rams and one set of pipe rams and a 5000# annular type preventer. A choke manifold and 120 gallon accumulator with floor and remote operating stations and auxiliary power system. Rotating head below 215.' A kelly cock will be installed and maintained in operable condition and a drill string safety valve in the open position will be available on the rig floor. Mud gas separator will be utilized if drilling in potential H2S area.

BOP unit will be hydraulically operated. BOP will be nipped up and operated at least once a day while drilling and the blind rams will be operated when out of hole during trips. No abnormal pressure or temperature is expected while drilling. From the base of the surface pipe through the running of production casing, the well will be equipped with a 5000 psi BOP system.

Before drilling out of the 13 3/8" casing pipe BOPs will be tested by an independent service company to 250 psi low and 3000 psi high. Hydril will be tested to 250 psi low and 1500 psi high. Before drilling out of the 9 5/8" casing BOPs will be tested by independent service company to 250 psi low and 5000 psi high. Hydril will be tested to 250 psi low and 2500 psi high.

Cimarex Energy Co. of Colorado (operator) requests a variance if Cactus 122 (rig name) is used to drill this well to use a co-flex line between the BOP and choke manifold.

Manufacturer: Midwest Hose & Specialty

Serial Number: 211964 See attached htdrostatic test report

Length: 35' Size: 4-1/16" Ends - flanges/clamps

WP rating: 10,000 psi Anchors required by manufacturer – Yes/No

13. Testing, Logging and Coring Program: *See COA*

A. Mud logging program: No mud logging program.

B. Electric logging program: CNL / LDT / CAL / GR, DLL / CAL / GR/ KOP to Intermediate casing.

C. No DSTs or cores are planned at this time.

14. Potential Hazards:

No abnormal pressures or temperatures are expected. In accordance with Onshore Order 6, Cimarex has encountered H<sub>2</sub>S in a one-time encounter in an Intra-salt Pocket and while drilling and completing wells in the Delaware Mountain Group. In this regard, attached is an H<sub>2</sub>S Drilling Operations Plan. The ROEs encountered do not meet the BLM's minimum requirements for the submission of a "Public Protection Plan" for the drilling and completion of this well. Adequate flare lines will be installed off the mud / gas separator where gas may be flared safely. All personnel will be familiar with all aspects of safe operation of equipment being used.

Estimated BHP                      4000 psi                      Estimated BHT                      175°

15. Road and location construction will begin after BLM approval of APD. Anticipated spud date as soon as approved.

Drilling expected to take                      25-35 days

If production casing is run an additional 30 days will be required to complete and construct surface facilities.

*See COA*

16. Other Facets of Operations:

After running casing, cased hole gamma ray neutron collar logs will be run from total depth over possible pay intervals.

Wolfcamp pay will be perforated and stimulated.

The proposed well will be tested and potentialized as                      a gas well.



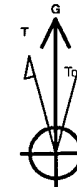
# WELL DETAILS: White City 14 Fed #13H



+N/-S 0.0 +E/-W 0.0 Northing 413394.78 Easting 564874.22 Latitude 32° 8' 11.321 N Longitude 104° 15' 26.254 W

SHL: 275' FNL / 700' FEL  
BHL: 660' FSL / 725' FEL

Project: Eddy County (NM83E)  
Site: Sec 14-T25S-R26E  
Well: White City 14 Fed #13H  
Wellbore: Wellbore #1  
Design: Design #1



Azimuths to Grid North  
True North: -0.04°  
Total Correction / Magnetic North: 7.78°  
Magnetic Field  
Strength: 48452.6nT  
Dip Angle: 59.97°  
Date: 01/17/2012  
Model: IGRF2010

## WELLBORE TARGET DETAILS

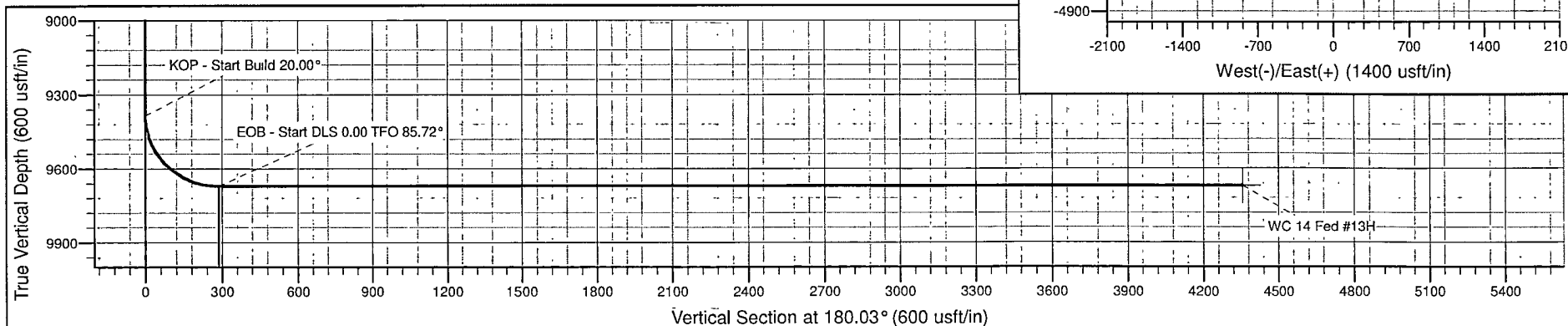
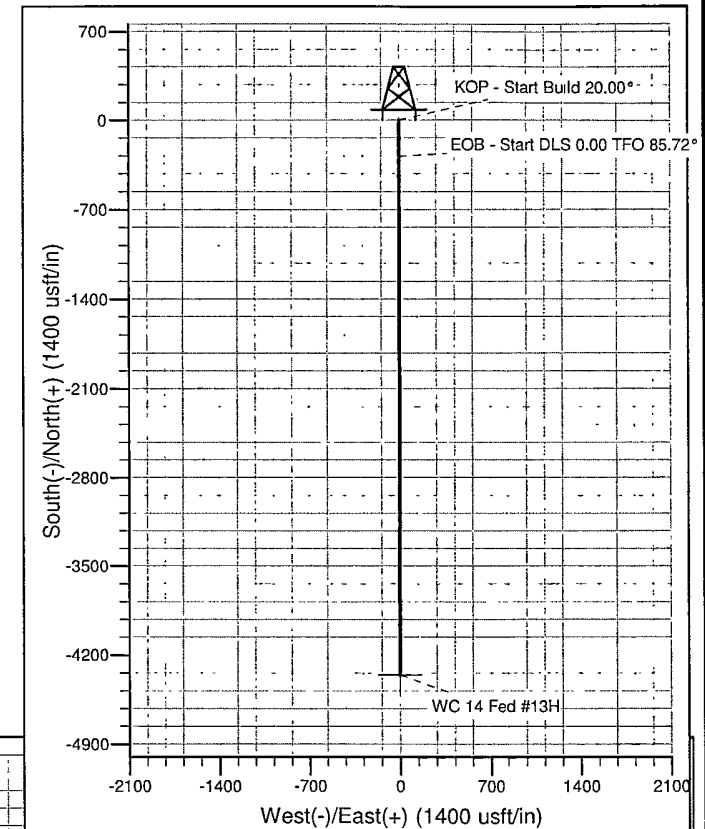
Name	TVD	+N/-S	+E/-W	Northing	Easting
WC 14 Fed #13H	9672.0	-4356.5	-2.0	409038.28	564872.26

## PLAN DETAILS

MD	Inc	Azi	TVD	+N/-S	+E/-W	Dleg	TFace	VSect	Target
0.0	0.00	0.00	0.0	0.0	0.0	0.00	0.00	0.0	
9385.5	0.00	0.00	9385.5	0.0	0.0	0.00	0.00	0.0	
9835.5	90.00	180.02	9672.0	-286.5	-0.1	20.00	180.02	286.5	
13905.5	90.00	180.03	9672.0	-4356.5	-2.0	0.00	85.72	4356.5	WC 14 Fed #13H

## ANNOTATIONS

TVD	MD	Inc	Azi	+N/-S	+E/-W	VSect	Departure	Annotation
9385.5	9385.5	0.00	0.00	0.0	0.0	0.0	0.0	KOP - Start Build 20.00°
9672.0	9835.5	90.00	180.02	-286.5	-0.1	286.5	286.5	EOB - Start DLS 0.00 TFO 85.72°
9672.0	13905.5	90.00	180.03	-4356.5	-2.0	4356.5	4356.5	TD at 13905.5'



# **Cimarex Energy Co. (Midland)**

**Eddy County (NM83E)**

**Sec 14-T25S-R26E**

**White City 14 Fed #13H**

**Wellbore #1**

**Plan: Design #1**

## **Standard Planning Report**

**17 January, 2012**



# Great White Directional Services

## Planning Report

Database:	EDM 5000.1 Single User Db	Local Co-ordinate Reference:	Well White City 14 Fed #13H
Company:	Cimarex Energy Co. (Midland)	TVD Reference:	WELL @ 0.0usft (Original Well Elev)
Project:	Eddy County (NM83E)	MD Reference:	WELL @ 0.0usft (Original Well Elev)
Site:	Sec 14-T25S-R26E	North Reference:	Grid
Well:	White City 14 Fed #13H	Survey Calculation Method:	Minimum Curvature
Wellbore:	Wellbore #1		
Design:	Design #1		

Project	Eddy County (NM83E)		
Map System:	US State Plane 1983	System Datum:	Mean Sea Level
Geo Datum:	North American Datum 1983		
Map Zone:	New Mexico Eastern Zone		

Site	Sec 14-T25S-R26E		
Site Position:	From:	Map	
Northing:	410,644.04 usft	Latitude:	32° 7' 44.123 N
Easting:	561,282.05 usft	Longitude:	104° 16' 8.052 W
Position Uncertainty:	0.0 usft	Slot Radius:	13-3/16 "
		Grid Convergence:	0.03 °

Well	White City 14 Fed #13H		
Well Position	+N/-S	2,750.7 usft	Northing:
	+E/-W	3,592.2 usft	Easting:
Position Uncertainty	0.0 usft	Wellhead Elevation:	
		Latitude:	32° 8' 11.321 N
		Longitude:	104° 15' 26.254 W
		Ground Level:	0.0 usft

Wellbore	Wellbore #1		
Magnetics	Model Name	Sample Date	Declination
			(°)
	IGRF2010	01/17/12	7.82
			Dip Angle
			(°)
			Field Strength
			(nT)
			48,453

Design	Design #1		
Audit Notes:			
Version:	Phase:	PLAN	Tie On Depth:
			0.0
Vertical Section:	Depth From (TVD)	+N/-S	+E/-W
	(usft)	(usft)	(usft)
	0.0	0.0	0.0
			Direction
			(°)
			180.03

Plan Sections										
Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)	TFO (°)	Target
0.0	0.00	0.00	0.0	0.0	0.0	0.00	0.00	0.00	0.00	
9,385.5	0.00	0.00	9,385.5	0.0	0.0	0.00	0.00	0.00	0.00	
9,835.5	90.00	180.02	9,672.0	-286.5	-0.1	20.00	20.00	0.00	180.02	
13,905.5	90.00	180.03	9,672.0	-4,356.5	-2.0	0.00	0.00	0.00	85.72 WC 14 Fed #13H	

Planned Survey										
Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)	
0.0	0.00	0.00	0.0	0.0	0.0	0.0	0.00	0.00	0.00	
9,385.5	0.00	0.00	9,385.5	0.0	0.0	0.0	0.00	0.00	0.00	
KOP - Start Build 20.00										
9,835.5	90.00	180.02	9,672.0	-286.5	-0.1	286.5	20.00	20.00	0.00	
EOB - Start DLS 0.00 TFO 85.72										
13,905.5	90.00	180.03	9,672.0	-4,356.5	-2.0	4,356.5	0.00	0.00	0.00	
TD at 13905.5 - WC 14 Fed #13H										

# Great White Directional Services

## Planning Report

Database:	EDM 5000.1 Single User Db	Local Co-ordinate Reference:	Well White City 14 Fed #13H
Company:	Cimarex Energy Co. (Midland)	TVD Reference:	WELL @ 0.0usft (Original Well Elev)
Project:	Eddy County (NM83E)	MD Reference:	WELL @ 0.0usft (Original Well Elev)
Site:	Sec 14-T25S-R26E	North Reference:	Gnd
Well:	White City 14 Fed #13H	Survey Calculation Method:	Minimum Curvature
Wellbore:	Wellbore #1		
Design:	Design #1		

Design Targets									
Target Name									
- hit/miss target	Dip Angle	Dip Dir.	TVD	+N/-S	+E/-W	Northing	Easting	Latitude	Longitude
- Shape	(°)	(°)	(usft)	(usft)	(usft)	(usft)	(usft)		
WC 14 Fed #13H	0.00	0.00	9,672.0	-4,356.5	-2.0	409,038.28	564,872.26	32° 7' 28.209 N	104° 15' 26.312 W
- plan hits target center									
- Point									

Plan Annotations				
Measured Depth	Vertical Depth	Local Coordinates		Comment
(usft)	(usft)	+N/-S (usft)	+E/-W (usft)	
9,385.5	9,385.5	0.0	0.0	KOP - Start Build 20.00
9,835.5	9,672.0	-286.5	-0.1	EOB - Start DLS 0.00 TFO 85.72
13,905.5	9,672.0	-4,356.5	-2.0	TD at 13905.5

SR & A

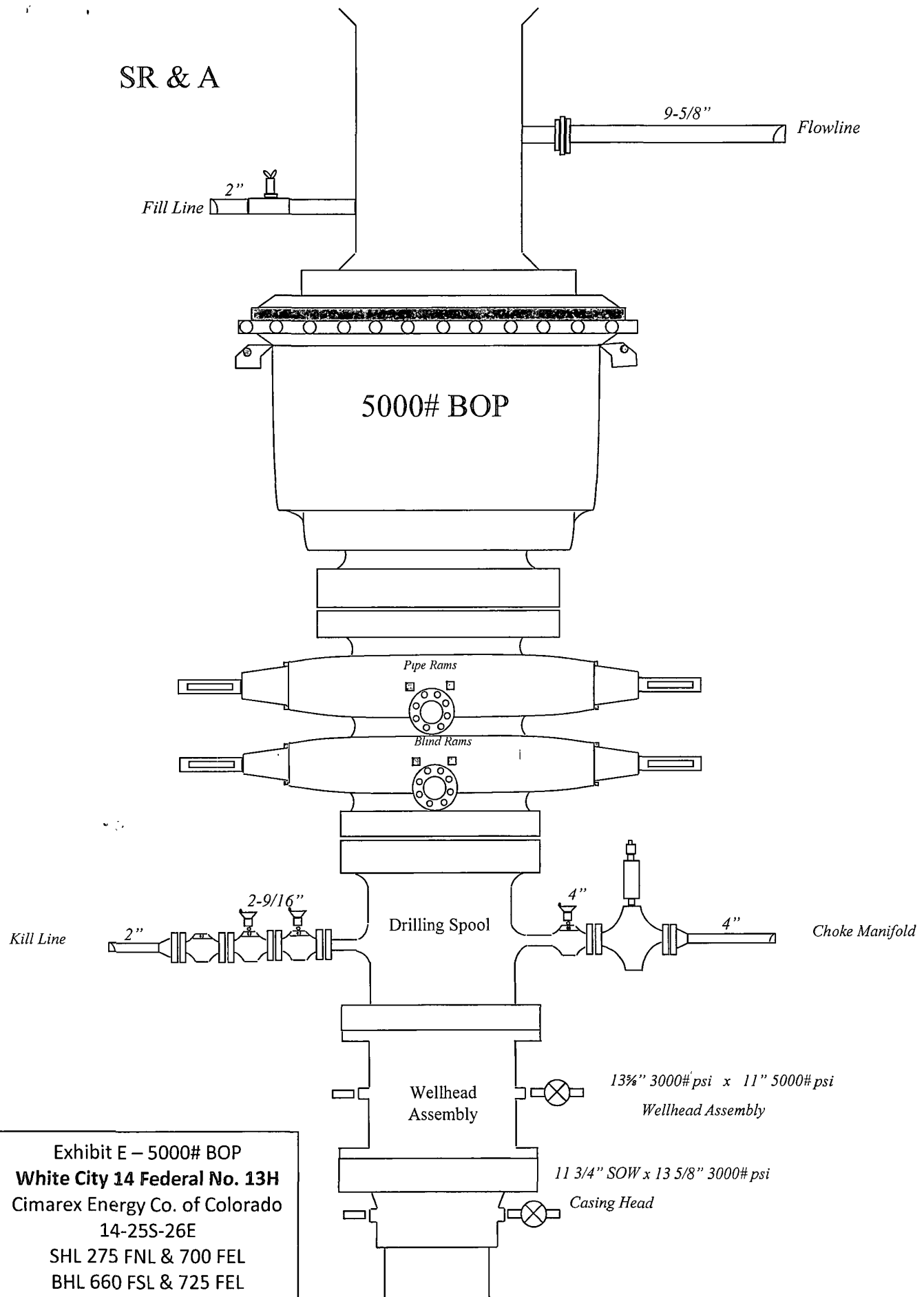


Exhibit E – 5000# BOP

**White City 14 Federal No. 13H**

Cimarex Energy Co. of Colorado

14-25S-26E

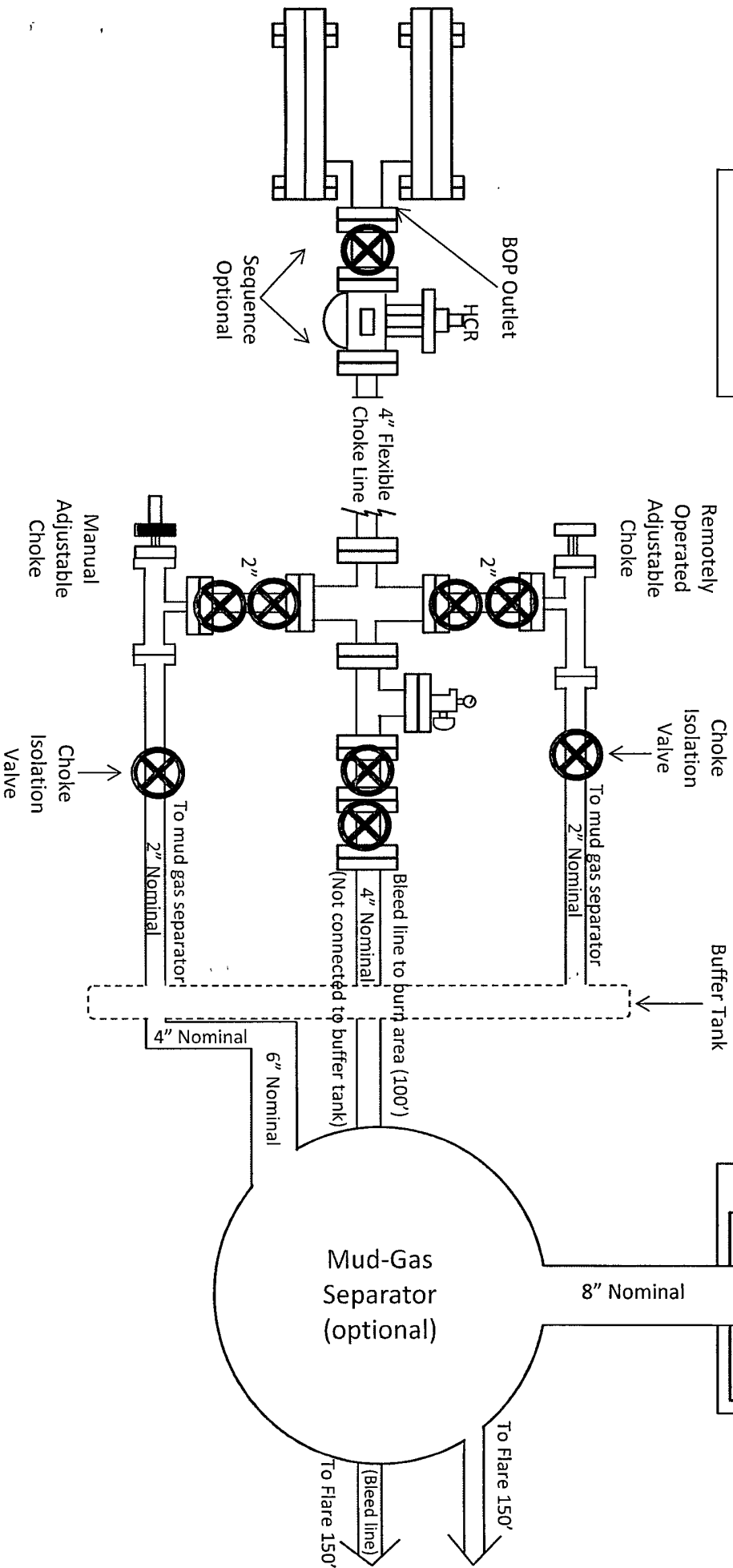
SHL 275 FNL & 700 FEL

BHL 660 FSL & 725 FEL

Eddy County, NM

Drilling Operations  
Choke Manifold  
5M Service

Exhibit E-1 – Choke Manifold Diagram  
**White City 14 Federal No. 13H**  
Cimarex Energy Co. of Colorado  
14-25S-26E  
SHL 275 FNL & 700 FEL  
BHL 660 FSL & 725 FEL  
Eddy County, NM



**M I D W E S T**  
**HOSE AND SPECIALTY INC.**

<b>INTERNAL HYDROSTATIC TEST REPORT</b>			
<b>Customer:</b> CACTUS		<b>P.O. Number:</b> Asset#M4812	
<b>HOSE SPECIFICATIONS</b>			
<b>Type:</b> CHOK LINE		<b>Length:</b> 35'	
<b>I.D.</b> 4" INCHES		<b>O.D.</b> 8" INCHES	
<b>WORKING PRESSURE</b>  10,000 PSI	<b>TEST PRESSURE</b>  15,000 PSI		<b>BURST PRESSURE</b>  PSI
<b>COUPLINGS</b>			
<b>Type of End Fitting</b> 4 1/16 10K FLANGE			
<b>Type of Coupling:</b> SWEDGED		<b>MANUFACTURED BY</b> MIDWEST HOSE & SPECIALTY	
<b>PROCEDURE</b>			
<u>Hose assembly pressure tested with water at ambient temperature.</u>			
<b>TIME HELD AT TEST PRESSURE</b>  15 MIN.		<b>ACTUAL BURST PRESSURE:</b>  0 PSI	
<b>COMMENTS:</b> s/n#O211964 Hose is covered with stainless steel armour cover and wrapped with fire resistant vermiculite coated fiberglass insulation rated for 1500 degrees complete with lifting eyes			
<b>Date:</b> 6/28/2006	<b>Tested By:</b> BOBBY FINK		<b>Approved:</b> MENDI JACKSON



Midwest Hose  
& Specialty, Inc.

## Specification Sheet Choke & Kill Hose

The Midwest Hose & Specialty Choke & Kill hose is manufactured with only premium components. The reinforcement cables, inner liner and cover are made of the highest quality material to handle the tough drilling applications of today's industry. The end connections are available with API flanges, API male threads, hubs, hammer unions or other special fittings upon request. Hose assembly is manufactured to API 7K. This assembly is wrapped with fire resistant vermiculite coated fiberglass insulation, rated at 2000 degrees with stainless steel armor cover.

<b>Working Pressure:</b>	5,000 or 10,000 psi working pressure
<b>Test Pressure:</b>	10,000 or 15,000 psi test pressure
<b>Reinforcement:</b>	Multiple steel cables
<b>Cover:</b>	Stainless Steel Armor
<b>Inner Tube:</b>	Petroleum resistant, Abrasion resistant
<b>End Fitting:</b>	API flanges, API male threads, threaded or butt weld hammer unions, unbolt and other special connections
<b>Maximum Length:</b>	110 Feet
<b>ID:</b>	2-1/2", 3", 3-1/2", 4"
<b>Operating Temperature:</b>	-22 deg F to +180 deg F (-30 deg C to +82 deg C)

Topsoil  
Stockpile

Cactus 122

Trailer

Trailer

Pipe Racks

Choke Manifold

Dog House

5'x5'x5' Cellar

Mud Tanks

Mud Gas Separator

Prevailing winds

Steel Pits

Access Road

Flare Line



Wind Direction Indicators  
(wind sock or streamers)



• H2S Monitors  
(alarms at bell nipple and shale  
shaker)



Briefing Areas



1"=50'

Exhibit D – Rig Diagram  
**White City 14 Federal No. 13H**  
Cimarex Energy Co. of Colorado  
14-25S-26E  
SHL 275 FNL & 700 FEL  
BHL 660 FSL & 725 FEL  
Eddy County, NM

Hydrogen Sulfide Drilling Operations Plan

**White City 14 Federal No. 13H**

Cimarex Energy Co. of Colorado

Unit A, Section 14

T25S-R26E, Eddy County, NM

H<sub>2</sub>S equipment will be rigged up at Surface. The plan should be implemented before drilling out from the surface.

1. Due to a one-time encounter on a previous well, an Intra-salt Pocket was charged with H<sub>2</sub>S and a burnable amount of hydrocarbons.

First Potential Problem Zone:

Initial suspected problem zone	Salt Zone @ 1,333'
Potential Open Flow Capacity	1 mcf
Expected H <sub>2</sub> S Concentration	11,000 ppm
100' ROE	6'
500' ROE	3'

Cimarex will have 24-hour H<sub>2</sub>S Safety Supervisors on location while drilling the first 2,000' on this well.

2. Second Potential Problem Zone:

Initial suspected problem zone	Delaware Mountain Group @ 1,800'
Potential Open Flow Capacity	100 mcf
Expected H <sub>2</sub> S Concentration	1,000 ppm
100' ROE	24'
500' ROE	11'

3. All Company and Contract personnel admitted on location must be trained by a qualified H<sub>2</sub>S safety instructor to the following:

- A. Characteristics of H<sub>2</sub>S
- B. Physical effects and hazards
- C. Proper use of safety equipment and life support systems.
- D. Principle and operation of H<sub>2</sub>S detectors, warning system and briefing areas.
- E. Evacuation procedure, routes and first aid.
- F. Proper use of 30 minute pressure demand air pack.

4. H<sub>2</sub>S Detection and Alarm Systems:

- A. H<sub>2</sub>S detectors and audio alarm system to be located at bell nipple, end of flow line (mud pit) and on derrick floor or doghouse.

5. Windsock and/or wind streamers:

- A. Windsock at mudpit area should be high enough to be visible.
- B. Windsock at briefing area should be high enough to be visible.

6. Condition Flags and Signs:

- A. Warning sign on access road to location.
- B. Flags to be displayed on sign at entrance to location. Green flag indicates normal safe condition. Yellow flag indicates potential pressure and danger. Red flag indicates danger (H<sub>2</sub>S present in dangerous concentration). Only emergency personnel admitted to location.



Hydrogen Sulfide Drilling Operations Plan

**White City 14 Federal No. 13H**

Cimarex Energy Co. of Colorado

Unit A, Section 14

T25S-R26E, Eddy County, NM

7. Well control equipment:

- A. See exhibit "E"

8. Communication:

- A. While working under masks chalkboards will be used for communication.
- B. Hand signals will be used where chalk board is inappropriate.
- C. Two way radio will be used to communicate off location in case of emergency help is required. In most cases cellular telephones will be available at most drilling foreman's trailer or living quarters.

9. Drillstem Testing:

No DSTs or cores are planned at this time.

10. Drilling contractor supervisor will be required to be familiar with the effects H<sub>2</sub>S has on tubular goods and other mechanical equipment.

11. If H<sub>2</sub>S is encountered, mud system will be altered if necessary to maintain control of formation. A mud gas separator will be brought into service along with H<sub>2</sub>S scavengers if necessary.

H<sub>2</sub>S Contingency Plan  
**White City 14 Federal No. 13H**  
Cimarex Energy Co. of Colorado  
Unit A, Section 14  
T25S-R26E, Eddy County, NM

**Emergency Procedures**

In the event of a release of gas containing H<sub>2</sub>S, the first responder(s) must:

- ★ Isolate the area and prevent entry by other persons into the 100 ppm ROE.
- ★ Evacuate any public places encompassed by the 100 ppm ROE.
- ★ Be equipped with H<sub>2</sub>S monitors and air packs in order to control the release.
- ★ Use the "buddy system" to ensure no injuries occur during the response.
- ★ Take precautions to avoid personal injury during this operation.
- ★ Contact operator and/or local officials to aid in operation. See list of phone numbers attached.
- ★ Have received training in the:
  - ◆ Detection of H<sub>2</sub>S, and
  - ◆ Measures for protection against the gas,
  - ◆ Equipment used for protection and emergency response.

**Ignition of Gas Source**

Should control of the well be considered lost and ignition considered, take care to protect against exposure to Sulfur Dioxide (SO<sub>2</sub>). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally, the NM State Police may become involved. NM State Police shall be the Incident Command on scene of any major release. Take care to protect downwind whenever there is an ignition of the gas.

**Characteristics of H<sub>2</sub>S and SO<sub>2</sub>**

Common Name	Chemical Formula	Specific Gravity	Threshold Limit	Hazardous Limit	Lethal Concentration
Hydrogen Sulfide	H <sub>2</sub> S	1.189 Air=1	10 ppm	100 ppm/hr	600 ppm
Sulfur Dioxide	SO <sub>2</sub>	2.21 Air=1	2 ppm	N/A	1000 ppm

**Contacting Authorities**

Cimarex Energy Co. of Colorado's personnel must liaise with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as type and volume of release, wind direction, location of release, etc. Be prepared with all information available including directions to site. The following call list of essential and potential responders has been prepared for use during a release. Cimarex Energy Co. of Colorado's response must be in coordination with the State of New Mexico's "Hazardous Materials Emergency Response Plan" (HMER).

H<sub>2</sub>S Contingency Plan Emergency Contacts

**White City 14 Federal No. 13H**

Cimarex Energy Co. of Colorado

Unit A, Section 14

T25S-R26E, Eddy County, NM

**Company Office**

Cimarex Energy Co. of Colorado	800-969-4789
Co. Office and After-Hours Menu	

**Key Personnel**

Name	Title	Office	Mobile
Doug Park	Drilling Manager	432-620-1934	972-333-1407
Dee Smith	Drilling Super	432-620-1933	972-882-1010
Jim Evans	Drilling Super	432-620-1929	972-465-0564
Roy Shirley	Field Super		432-634-2136

**Artesia**

Ambulance	911
State Police	575-746-2703
City Police	575-746-2703
Sheriff's Office	575-746-9888
<b>Fire Department</b>	<b>575-746-2701</b>
Local Emergency Planning Committee	575-746-2122
New Mexico Oil Conservation Division	575-748-1283

**Carlsbad**

Ambulance	911
State Police	575-885-3137
City Police	575-885-2111
Sheriff's Office	575-887-7551
<b>Fire Department</b>	<b>575-887-3798</b>
Local Emergency Planning Committee	575-887-6544
US Bureau of Land Management	575-887-6544

**Santa Fe**

New Mexico Emergency Response Commission (Santa Fe)	505-476-9600
New Mexico Emergency Response Commission (Santa Fe) 24 Hrs	505-827-9126
New Mexico State Emergency Operations Center	505-476-9635

**National**

National Emergency Response Center (Washington, D.C.)	800-424-8802
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**Medical**

Flight for Life - 4000 24th St.; Lubbock, TX	806-743-9911
Aerocare - R3, Box 49F; Lubbock, TX	806-747-8923
Med Flight Air Amb - 2301 Yale Blvd S.E., #D3; Albuquerque, NM	505-842-4433
SB Air Med Service - 2505 Clark Carr Loop S.E.; Albuquerque, NM	505-842-4949

**Other**

Boots & Coots IWC	800-256-9688	or	281-931-8884
Cudd Pressure Control	432-699-0139	or	432-563-3356
Halliburton	575-746-2757		
B.J. Services	575-746-3569		

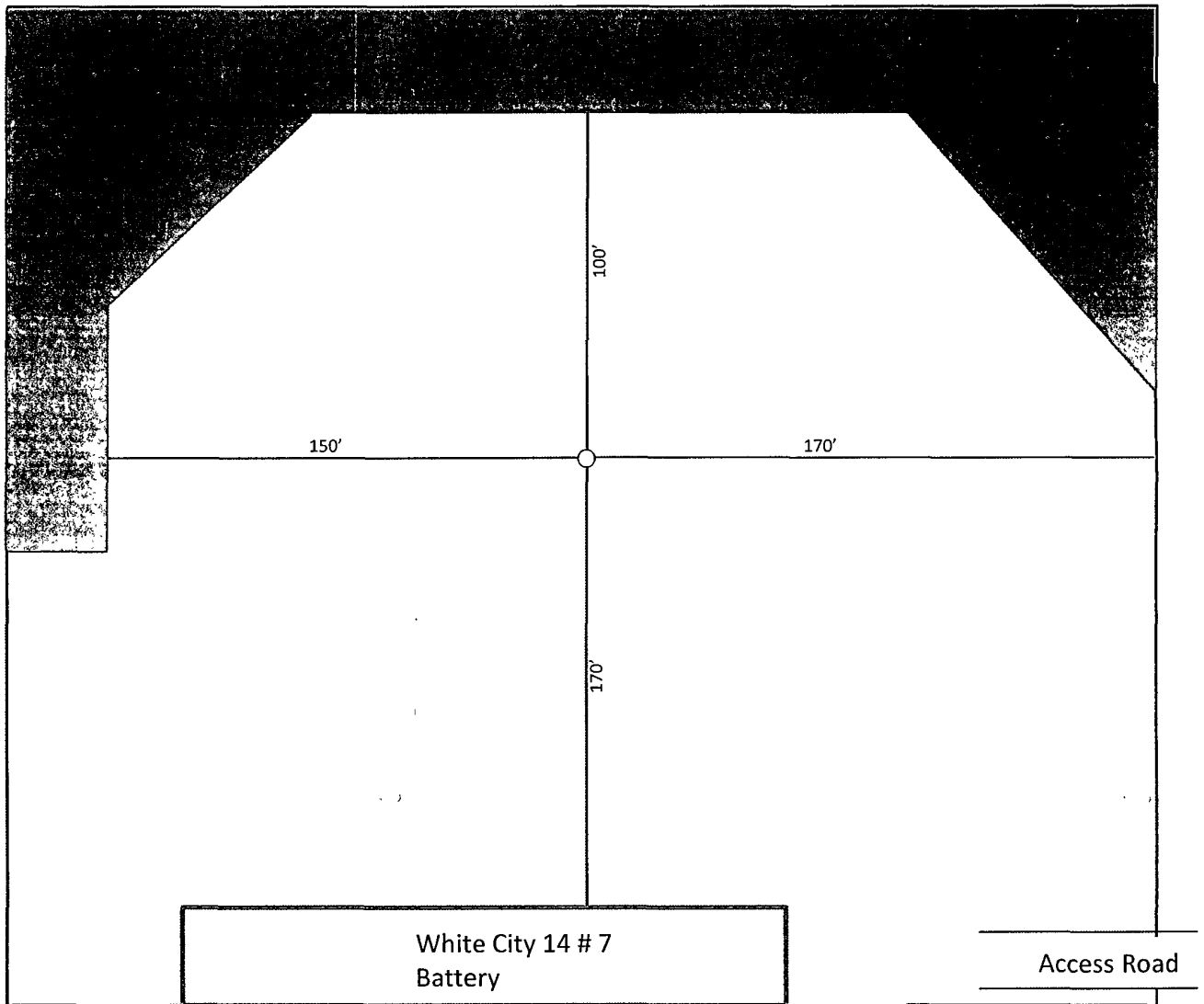
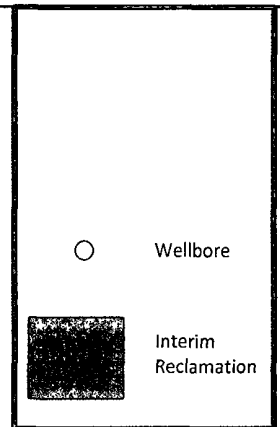


Exhibit D-1  
**White City 14 Federal No. 13H**  
Cimarex Energy Co. of Colorado  
14-25S-26E  
SHL 275 FNL & 700 FEL  
BHL 660 FSL & 725 FEL  
Eddy County, NM



1"=50'

## PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Cimarex Energy Co of Colorado
LEASE NO.:	NM19423
WELL NAME & NO.:	13H White City 14 Federal
SURFACE HOLE FOOTAGE:	275' FNL & 700' FEL
BOTTOM HOLE FOOTAGE	660' FSL & 725' FWL
LOCATION:	Section 14, T.25 S., R.26 E., NMPM
COUNTY:	Eddy County, New Mexico

### TABLE OF CONTENTS

Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.

- ☐ **General Provisions**
- ☐ **Permit Expiration**
- ☐ **Archaeology, Paleontology, and Historical Sites**
- ☐ **Noxious Weeds**
- ☒ **Special Requirements**
  - Cave/Karst
- ☐ **Construction**
  - Notification
  - Topsoil
  - Closed Loop System
  - Federal Mineral Material Pits
  - Well Pads
  - Roads
- ☐ **Road Section Diagram**
- ☒ **Drilling**
  - H<sub>2</sub>S – Onshore Order 6
  - High Cave/Karst.
  - Logging Requirements
  - Waste Material and Fluids
- ☐ **Production (Post Drilling)**
  - Well Structures & Facilities
  - Pipelines
  - Electric Lines
- ☐ **Interim Reclamation**
- ☐ **Final Abandonment & Reclamation**

## **I. GENERAL PROVISIONS.**

The approval of the Application For Permit To Drill (APD) is in compliance with all applicable laws and regulations: 43 Code of Federal Regulations 3160, the lease terms, Onshore Oil and Gas Orders, Notices To Lessees, New Mexico Oil Conservation Division (NMOCD) Rules, National Historical Preservation Act As Amended, and instructions and orders of the Authorized Officer. Any request for a variance shall be submitted to the Authorized Officer on Form 3160-5, Sundry Notices and Report on Wells.

## **II. PERMIT EXPIRATION**

If the permit terminates prior to drilling and drilling cannot be commenced within 60 days after expiration, an operator is required to submit Form 3160-5, Sundry Notices and Reports on Wells, requesting surface reclamation requirements for any surface disturbance. However, if the operator will be able to initiate drilling within 60 days after the expiration of the permit, the operator must have set the conductor pipe in order to allow for an extension of 60 days beyond the expiration date of the APD. (Filing of a Sundry Notice is required for this 60 day extension.)

## **III. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES**

Any cultural and/or paleontological resource discovered by the operator or by any person working on the operator's behalf shall immediately report such findings to the Authorized Officer. The operator is fully accountable for the actions of their contractors and subcontractors. The operator shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery shall be made by the Authorized Officer to determine the appropriate actions that shall be required to prevent the loss of significant cultural or scientific values of the discovery. The operator shall be held responsible for the cost of the proper mitigation measures that the Authorized Officer assesses after consultation with the operator on the evaluation and decisions of the discovery. Any unauthorized collection or disturbance of cultural or paleontological resources may result in a shutdown order by the Authorized Officer.

## **IV. NOXIOUS WEEDS**

The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

## **V. SPECIAL REQUIREMENT(S)**

### **Cave and Karst**

\*\* Depending on location, additional Drilling, Casing, and Cementing procedures may be required by engineering to protect critical karst groundwater recharge areas.

#### **Cave/Karst Surface Mitigation**

The following stipulations will be applied to minimize impacts during construction, drilling and production.

##### **Construction:**

In the advent that any underground voids are opened up during construction activities, construction activities will be halted and the BLM will be notified immediately.

##### **No Blasting:**

No blasting will be utilized for pad construction. The pad will be constructed and leveled by adding the necessary fill and caliche.

##### **Pad Berming:**

The pad will be bermed to prevent oil, salt, and other chemical contaminants from leaving the pad. All sides will be bermed.

##### **Tank Battery Liners and Berms:**

Tank battery locations will be lined and bermed. A 20 mil permanent liner will be installed with a 4 oz. felt backing to prevent tears or punctures. Tank battery berms must be large enough to contain 1 ½ times the content of the largest tank.

##### **Leak Detection System:**

A method of detecting leaks is required. The method could incorporate gauges to measure loss, situating valves and lines so they can be visually inspected, or installing electronic sensors to alarm when a leak is present. Leak detection plan will be submitted to BLM for approval.

##### **Automatic Shut-off Systems:**

Automatic shut off, check valves, or similar systems will be installed for pipelines and tanks to minimize the effects of catastrophic line failures used in production or drilling.

#### **Cave/Karst Subsurface Mitigation**

The following stipulations will be applied to protect cave/karst and ground water concerns:

##### **Rotary Drilling with Fresh Water:**

Fresh water will be used as a circulating medium in zones where caves or karst features are expected. SEE ALSO: Drilling COAs for this well.

**Directional Drilling:**

Kick off for directional drilling will occur at least 100 feet below the bottom of the cave occurrence zone. SEE ALSO: Drilling COAs for this well.

**Lost Circulation:**

ALL lost circulation zones from the surface to the base of the cave occurrence zone will be logged and reported in the drilling report.

Regardless of the type of drilling machinery used, if a void of four feet or more and circulation losses greater than 70 percent occur simultaneously while drilling in any cave-bearing zone, the BLM will be notified immediately by the operator. The BLM will assess the situation and work with the operator on corrective actions to resolve the problem.

**Abandonment Cementing:**

Upon well abandonment in high cave karst areas additional plugging conditions of approval may be required. The BLM will assess the situation and work with the operator to ensure proper plugging of the wellbore.

**Pressure Testing:**

Annual pressure monitoring will be performed by the operator on all casing annuli and reported in a sundry notice. If the test results indicated a casing failure has occurred, remedial action will be undertaken to correct the problem to the BLM's approval.



## **VI. CONSTRUCTION**

### **A. NOTIFICATION**

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Carlsbad Field Office at (575) 234-6235 at least 3 working days prior to commencing construction of the access road and/or well pad.

When construction operations are being conducted on this well, the operator shall have the approved APD and Conditions of Approval (COA) on the well site and they shall be made available upon request by the Authorized Officer.

### **B. TOPSOIL**

The operator shall stockpile the topsoil in a low profile manner in order to prevent wind/water erosion of the topsoil. The topsoil to be stripped is approximately 3 inches in depth. The topsoil will be used for interim and final reclamation.

### **C. CLOSED LOOP SYSTEM**

Tanks are required for drilling operations: No Pits.

The operator shall properly dispose of drilling contents at an authorized disposal site.

### **D. FEDERAL MINERAL MATERIALS PIT**

Payment shall be made to the BLM prior to removal of any federal mineral materials. Call the Carlsbad Field Office at (575) 234-5972.

### **E. WELL PAD SURFACING**

Surfacing of the well pad is not required.

If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation.

The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational needs.

### **F. ON LEASE ACCESS ROADS**

#### **Road Width**

The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed fourteen (14) feet in width. The maximum width of surface disturbance, when constructing the access road, shall not exceed twenty (20) feet.

### **Surfacing**

Surfacing material is not required on the new access road driving surface. If the operator elects to surface the new access road or pad, the surfacing material may be required to be removed at the time of reclamation.

Where possible, no improvements should be made on the unsurfaced access road other than to remove vegetation as necessary, road irregularities, safety issues, or to fill low areas that may sustain standing water.

The Authorized Officer reserves the right to require surfacing of any portion of the access road at any time deemed necessary. Surfacing may be required in the event the road deteriorates, erodes, road traffic increases, or it is determined to be beneficial for future field development. The surfacing depth and type of material will be determined at the time of notification.

### **Crowning**

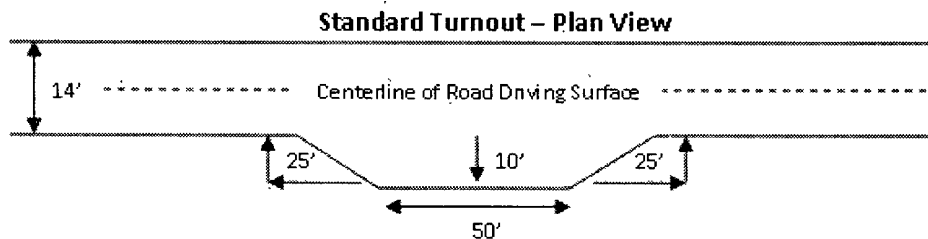
Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

### **Ditching**

Ditching shall be required on both sides of the road.

### **Turnouts**

Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall be constructed on all blind curves. Turnouts shall conform to the following diagram:

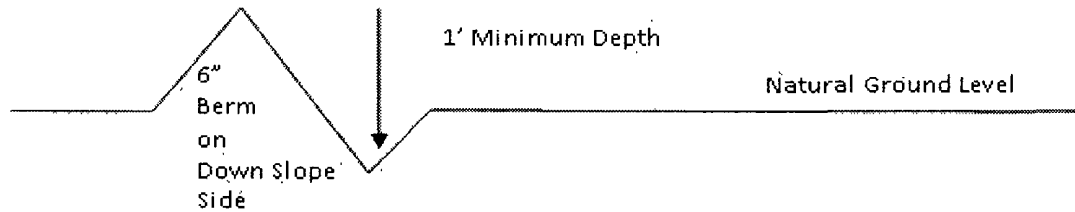


### **Drainage**

Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill out sloping and insloping, lead-off ditches, culvert installation, and low water crossings).

A typical lead-off ditch has a minimum depth of 1 foot below and a berm of 6 inches above natural ground level. The berm shall be on the down-slope side of the lead-off ditch.

### Cross Section of a Typical Lead-off Ditch



All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval are variable for lead-off ditches and shall be determined according to the formula for spacing intervals of lead-off ditches, but may be amended depending upon existing soil types and centerline road slope (in %);

### Formula for Spacing Interval of Lead-off Ditches

Example - On a 4% road slope that is 400 feet long, the water flow shall drain water into a lead-off ditch. Spacing interval shall be determined by the following formula:

$$400 \text{ foot road with } 4\% \text{ road slope: } \frac{400'}{4\%} + 100' = 200' \text{ lead-off ditch interval}$$

### Culvert Installations

Appropriately sized culvert(s) shall be installed at the deep waterway channel flow crossing.

### Cattleguards

An appropriately sized cattleguard(s) sufficient to carry out the project shall be installed and maintained at fence crossing(s).

Any existing cattleguard(s) on the access road shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for the condition of the existing cattleguard(s) that are in place and are utilized during lease operations.

A gate shall be constructed and fastened securely to H-braces.

### Fence Requirement

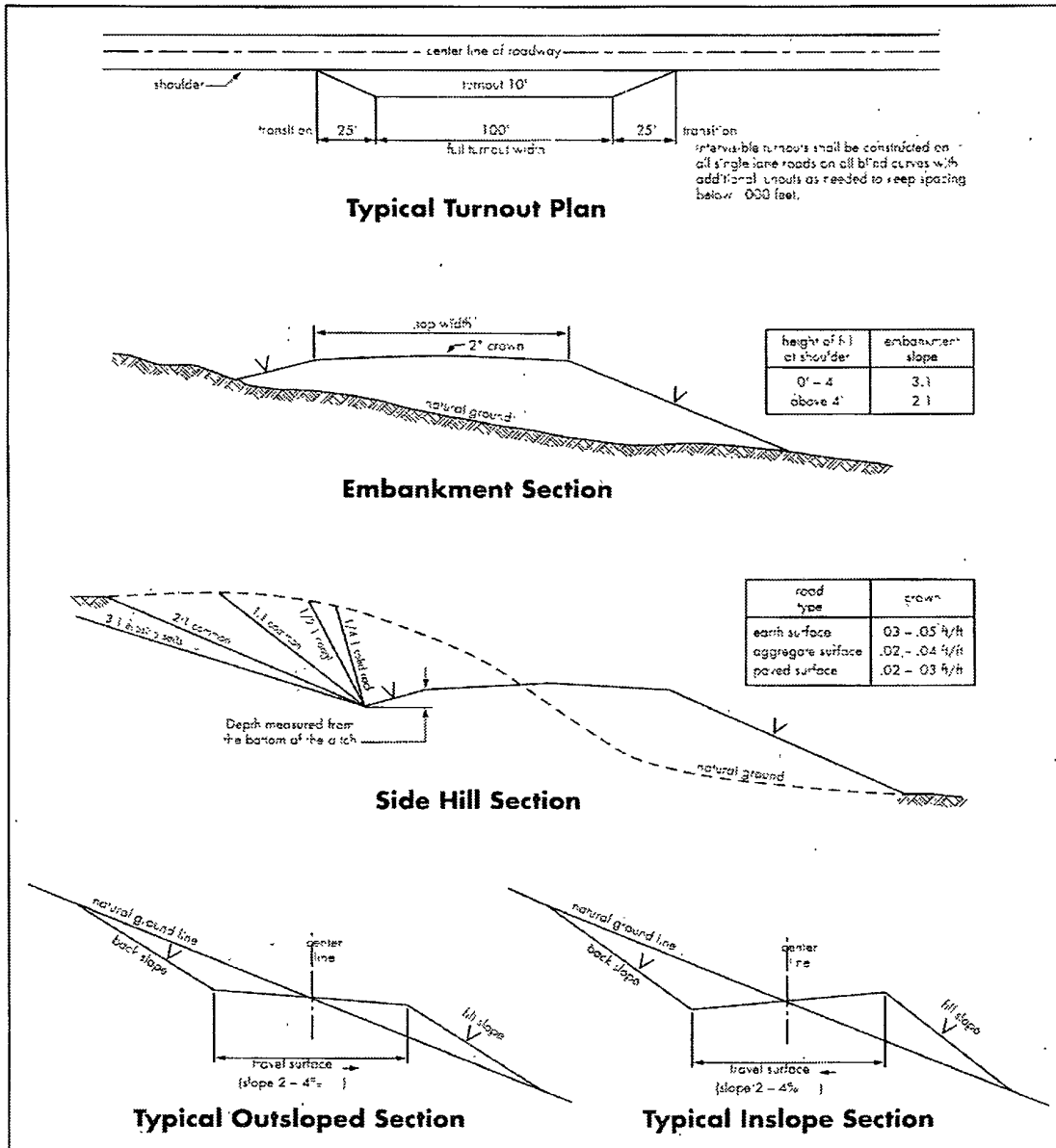
Where entry is required across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting.

The operator shall notify the private surface landowner or the grazing allotment holder prior to crossing any fence(s).

## Public Access

Public access on this road shall not be restricted by the operator without specific written approval granted by the Authorized Officer.

**Figure 1 – Cross Sections and Plans For Typical Road Sections**



## VII. DRILLING

### A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified a minimum of 4 hours in advance for a representative to witness:

- a. Spudding well
- b. Setting and/or Cementing of all casing strings
- c. BOPE tests

☒ **Eddy County**

Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220,  
(575) 361-2822

1. **A Hydrogen Sulfide (H<sub>2</sub>S) Drilling Plan should be activated prior to drilling out the surface shoe. As a result, the Hydrogen Sulfide area must meet Onshore Order 6 requirements, which includes equipment and personnel/public protection items. If Hydrogen Sulfide is encountered, please provide measured values and formations to the BLM.**
2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval. **If the drilling rig is removed without approval – an Incident of Non-Compliance will be written and will be a “Major” violation.**
3. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.
4. **The record of the drilling rate along with the GR/N well log run from TD to surface (horizontal well – vertical portion of hole) shall be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. If available, a digital copy of the logs is to be submitted in addition to the paper copies.**

### B. CASING

**Changes to the approved APD casing program need prior approval if the items substituted are of lesser grade or different casing size. The Operator can exchange the components of the proposal with that of superior strength (i.e. changing from J-55 to N-80, or from 36# to 40#).**

**Changes to the approved cement program need prior approval if the altered cement plan has less volume or strength or if the changes are substantial (i.e. Multistage tool, ECP, etc.).**

**Centralizers required on surface casing per Onshore Order 2.III.B.1.f.**

**Wait on cement (WOC) time prior to drilling out for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater for all casing strings. DURING THIS WOC TIME, NO DRILL PIPE, ETC. SHALL BE RUN IN THE HOLE. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. See individual casing strings for details regarding lead cement slurry requirements.**

**No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.**

**High cave/karst.**

**Possible lost circulation in the Delaware formation.**

**Possible abnormal pressures in the Wolfcamp formation.**

1. The 13-3/8 inch surface casing shall be set as **proposed at approximately 450 feet** and cemented to the surface.
  - a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with surface log readout will be used or a cement bond log shall be run to verify the top of the cement. Temperature survey will be run a minimum of six hours after pumping cement and ideally between 8-10 hours after completing the cement job.
  - b. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry.**
  - c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.
  - d. If cement falls back, remedial cementing will be done prior to drilling out that string.

2. The minimum required fill of cement behind the 9-5/8 inch intermediate casing is:

- ☒ Cement to surface. If cement does not circulate see B.1.a, c-d above. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to cave/karst. Additional cement may be needed as excess calculates to 21%.**

**Formation below the 9-5/8" shoe to be tested according to Onshore Order 2.III.B.1.i. Test to be done as a mud equivalency test using the mud weight necessary for the pore pressure of the formation below the shoe (not the mud weight required to prevent dissolving the salt formation) and the mud weight for the bottom of the hole. Report results to BLM office.**

3. The minimum required fill of cement behind the 7 inch production casing is:

- ☒ Cement to surface. If cement does not circulate, contact the appropriate BLM office.

**Formation below the 7" shoe to be tested according to Onshore Order 2.III.B.1.i. Test to be done as a mud equivalency test using the mud weight necessary for the pore pressure of the formation below the shoe and the mud weight for the bottom of the hole. Report results to BLM office.**

4. The minimum required fill of cement behind the 4-1/2 inch production liner is:

- ☒ Cement shall come to the top of liner. If cement does not come to the top of the liner, contact the appropriate BLM office. **Excess cement calculates to 22%.**

5. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

## **C. PRESSURE CONTROL**

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.

2. Variance approved to use flex line from BOP to choke manifold. Check condition of flexible line from BOP to choke manifold, replace if exterior is damaged or if line fails test. Line to be as straight as possible with no hard bends and is to be anchored according to Manufacturer's requirements. The flexible hose can be exchanged with a hose of equal size and equal or greater pressure rating. **Anchor requirements, specification sheet and hydrostatic pressure test certification matching the hose in service, to be onsite for review.** If the BLM inspector questions the straightness of the hose, a BLM engineer will be contacted and will review in the field or via picture supplied by inspector to determine if changes are required (operator shall expect delays if this occurs).
3. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **3000 (3M) psi.**
  - a. **For surface casing only:** If the BOP/BOPE is to be tested against casing, the wait on cement (WOC) time for that casing is to be met (see WOC statement at start of casing section). Independent service company required.
4. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the 9-5/8 inch intermediate casing shoe shall be **5000 (5M) psi. 5M system requires an HCR valve, remote kill line and annular to match. The remote kill line is to be installed prior to testing the system and tested to stack pressure.**
5. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
  - a. In a water basin, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. The casing cut-off and BOP installation can be initiated four hours after installing the slips, which will be approximately six hours after bumping the plug. For those casing strings not using slips, the minimum wait time before cut-off is eight hours after bumping the plug. BOP/BOPE testing can begin after cut-off or once cement reaches 500 psi compressive strength (including lead when specified), whichever is greater. However, if the float does not hold, cut-off cannot be initiated until cement reaches 500 psi compressive strength (including lead when specified).
  - b. The tests shall be done by an independent service company utilizing a test plug **not a cup or J-packer.**
  - c. The results of the test shall be reported to the appropriate BLM office.
  - d. All tests are required to be recorded on a calibrated test chart. **A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.**



- e. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug.
- f. BOP/BOPE must be tested by an independent service company within 500 feet of the top of the **Wolfcamp** formation if the time between the setting of the intermediate casing and reaching this depth exceeds 20 days. This test does not exclude the test prior to drilling out the casing shoe as per Onshore Order No. 2.

#### **D. DRILLING MUD**

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the **Wolfcamp** formation, and shall be used until production casing is run and cemented.

#### **E. DRILL STEM TEST**

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

#### **F. WASTE MATERIAL AND FLUIDS**

All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of drilling operations and completion operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area.

Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.

**CRW 041812**

## **VIII. PRODUCTION (POST DRILLING)**

### **A. WELL STRUCTURES & FACILITIES**

#### **Placement of Production Facilities**

Production facilities should be placed on the well pad to allow for maximum interim recontouring and revegetation of the well location.

#### **Containment Structures**

The containment structure shall be constructed to hold the capacity of the entire contents of the largest tank, plus 24 hour production, unless more stringent protective requirements are deemed necessary by the Authorized Officer.

#### **Painting Requirement**

All above-ground structures including meter housing that are not subject to safety requirements shall be painted a flat non-reflective paint color  
Shale Green, Munsell Soil Color Chart # 5Y 4/2

### **B. PIPELINES**

#### **BURIED PIPELINE STIPULATIONS**

A copy of the Grant and attachments, including conditions of approval, survey plat and/or map, will be on location during construction. BLM personnel may request to you a copy of your permit during construction to ensure compliance with all stipulations.

Holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer:

1. The Holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.
2. The Holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976 as amended, 15 USC 2601 et seq. (1982) with regards to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant. (See 40 CFR Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation, and Liability Act, section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the authorized officer concurrent with the filing of the reports to the involved Federal agency or State government.
3. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive

Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et seq. or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et seq.) on the Right-of-Way (unless the release or threatened release is wholly unrelated to the Right-of-Way holder's activity on the Right-of-Way), or resulting from the activity of the Right-of-Way holder on the Right-of-Way. This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.

4. If, during any phase of the construction, operation, maintenance, or termination of the pipeline, any oil or other pollutant should be discharged from the pipeline system, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil or other pollutant, wherever found, shall be the responsibility of holder, regardless of fault. Upon failure of holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages resulting therefrom, on the Federal lands, the Authorized Officer may take such measures as he deems necessary to control and clean up the discharge and restore the area, including where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve holder of any responsibility as provided herein.

5. All construction and maintenance activity will be confined to the authorized right-of-way.
6. The pipeline will be buried with a minimum cover of **36** inches between the top of the pipe and ground level.
7. The maximum allowable disturbance for construction in this right-of-way will be **20** feet:
  - Blading of vegetation within the right-of-way **will not** be allowed: (*Blading is defined as the complete removal of brush and ground vegetation.*)
  - Clearing of brush species within the right-of-way will be allowed: maximum width of clearing operations will not exceed 20 feet from the edge of the road. The trench and bladed area are included in this area. (*Clearing is defined as the removal of brush while leaving ground vegetation (grasses, weeds, etc.) intact. Clearing is best accomplished by holding the blade 4 to 6 inches above the ground surface.*)
  - The remaining area of the right-of-way (if any) shall only be disturbed by compressing the vegetation. (*Compressing can be caused by vehicle tires, placement of equipment, etc.*)
8. The holder shall stockpile an adequate amount of topsoil where blading is allowed. The topsoil to be stripped is approximately 4 inches in depth. The topsoil will be segregated from other spoil piles from trench construction. The topsoil will be evenly distributed over the bladed area for the preparation of seeding.
9. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence. No permanent gates will be allowed unless approved by the Authorized Officer.
10. Vegetation, soil, and rocks left as a result of construction or maintenance activity will be randomly scattered on this right-of-way and will not be left in rows, piles, or berms, unless otherwise approved by the Authorized Officer. The entire right-of-way shall be recontoured to match the surrounding landscape. The backfilled soil shall be compacted and a 6 inch berm will be left over the ditch line to allow for settling back to grade.
11. In those areas where erosion control structures are required to stabilize soil conditions, the holder will install such structures as are suitable for the specific soil conditions being encountered and which are in accordance with sound resource management practices.

12. The holder will reseed all disturbed areas. Seeding will be done according to the attached seeding requirements, using the following seed mix.

- |   |   |
|---|---|
| <input type="checkbox"/> seed mixture 1     | <input type="checkbox"/> seed mixture 3                   |
| <input type="checkbox"/> seed mixture 2     | <input checked="" type="checkbox"/> seed mixture 4 gypsum |
| <input type="checkbox"/> seed mixture 2/LPC | <input type="checkbox"/> Aplomado Falcon Mixture          |

13. All above-ground structures not subject to safety requirements shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be color which simulates "Standard Environmental Colors" – **Shale Green**, Munsell Soil Color No. 5Y 4/2.

14. The pipeline will be identified by signs at the point of origin and completion of the right-of-way and at all road crossings. At a minimum, signs will state the holder's name, BLM serial number, and the product being transported. All signs and information thereon will be posted in a permanent, conspicuous manner, and will be maintained in a legible condition for the life of the pipeline.

15. The holder shall not use the pipeline route as a road for purposes other than routine maintenance as determined necessary by the Authorized Officer in consultation with the holder before maintenance begins. The holder will take whatever steps are necessary to ensure that the pipeline route is not used as a roadway. As determined necessary during the life of the pipeline, the Authorized Officer may ask the holder to construct temporary deterrence structures.

16. Any cultural and/or paleontological resources (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf, on public or Federal land shall be immediately reported to the Authorized Officer. Holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery will be made by the Authorized Officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the Authorized Officer after consulting with the holder.

17. The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes associated roads, pipeline corridor and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

**C. ELECTRIC LINES (not applied for in APD)**

## **IX. INTERIM RECLAMATION**

During the life of the development, all disturbed areas not needed for active support of production operations should undergo interim reclamation in order to minimize the environmental impacts of development on other resources and uses.

Within six (6) months of well completion, operators should work with BLM surface management specialists (Jim Amos: 575-234-5909) to devise the best strategies to reduce the size of the location. Interim reclamation should allow for remedial well operations, as well as safe and efficient removal of oil and gas.

During reclamation, the removal of caliche is important to increasing the success of revegetating the site. Removed caliche that is free of contaminants may be used for road repairs, fire walls or for building other roads and locations. In order to operate the well or complete workover operations, it may be necessary to drive, park and operate on restored interim vegetation within the previously disturbed area. Disturbing revegetated areas for production or workover operations will be allowed. If there is significant disturbance and loss of vegetation, the area will need to be revegetated. Communicate with the appropriate BLM office for any exceptions/exemptions if needed.

All disturbed areas after they have been satisfactorily prepared need to be reseeded with the seed mixture provided below.

Upon completion of interim reclamation, the operator shall submit a Sundry Notices and Reports on Wells, Subsequent Report of Reclamation (Form 3160-5).

## **X. FINAL ABANDONMENT & RECLAMATION**

At final abandonment, well locations, production facilities, and access roads must undergo "final" reclamation so that the character and productivity of the land are restored.

Earthwork for final reclamation must be completed within six (6) months of well plugging. All pads, pits, facility locations and roads must be reclaimed to a satisfactory revegetated, safe, and stable condition, unless an agreement is made with the landowner or BLM to keep the road and/or pad intact.

After all disturbed areas have been satisfactorily prepared, these areas need to be revegetated with the seed mixture provided below. Seeding should be accomplished by drilling on the contour whenever practical or by other approved methods. Seeding may need to be repeated until revegetation is successful, as determined by the BLM.

Operators shall contact a BLM surface protection specialist prior to surface abandonment operations for site specific objectives (Jim Amos: 575-234-5909).

Seed Mixture 1, for Loamy Sites

The holder shall seed all disturbed areas with the seed mixture listed below. The seed mixture shall be planted in the amounts specified in pounds of pure live seed (PLS)\* per acre. There shall be no primary or secondary noxious weeds in the seed mixture. Seed will be tested and the viability testing of seed will be done in accordance with State law(s) and within nine (9) months prior to purchase. Commercial seed will be either certified or registered seed. The seed container will be tagged in accordance with State law(s) and available for inspection by the authorized officer.

Seed will be planted using a drill equipped with a depth regulator to ensure proper depth regulator to ensure proper depth of planting where drilling is possible. The seed mixture will be evenly and uniformly planted over the disturbed area (small/heavier seeds have a tendency to drop the bottom of the drill and are planted first). The holder shall take appropriate measures to ensure this does not occur. Where drilling is not possible, seed will be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre are to be doubled. The seeding will be repeated until a satisfactory stand is established as determined by the authorized officer. Evaluation of growth will not be made before completion of at least one full growing season after seeding.

Species to be planted in pounds of pure live seed\* per acre:

<u>Species</u>	<u>lb/acre</u>
Plains lovegrass ( <i>Eragrostis intermedia</i> )	0.5
Sand dropseed ( <i>Sporobolus cryptandrus</i> )	1.0
Sideoats grama ( <i>Bouteloua curtipendula</i> )	5.0
Plains bristlegrass ( <i>Setaria macrostachya</i> )	2.0

\*Pounds of pure live seed:

Pounds of seed x percent purity x percent germination = pounds pure live seed