ATS-14-341

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Form 3160-3 (March 2012) UNIT DEPARTMEN BUREAU OF L.	ED STATES Γ OF THE INTERIOR AND MANAGEMENT	OCD Artesia	FORM AP OMB No. 1 Expires Octo 5. Lease Serial No. SHL: NMNM926105; BHL	PROVED 1004-0137 5-531, 2014 NMNM096835
APPLICATION FOR PEF	MIT TO DRILL OR REENTE	ER	6. If Indian, Allotee or T	'nbe Name
a. Type of Work DRILL			7. If Unit or CA Agreem	ent, Name and No.
Ib. Type of Well Oil Well Gas Well	Other S	Single Zone Multiple Zone	8. Lease Name and Went	_{#4Н} <u>233Ю/</u> >
. Name of Operator Cimarex Energy Co.		4 11.21.827	9. API Well No. 30015 42	2/07
a. Address 600 N. Marienfield St. Ste. 600 Midland Tx 79071	3b. Phone No. (<i>include area</i> 432-571-7800	IUCLOI)/_ va code)	10 Field and Pool, or E	xplorator DRAW;
At Surface 330 FNL 660' FWL	ce with any State requirements.*)		11. Sec,. T. R. M. or Blk	and Survey and Area 97
At proposed prod. Zone 330' FSL 660' FWL			24, 25S, 26E	·
14. Distance in miles and direction from nearest town or post o Carlsbad, NM is 29 miles south of location.	ffice*		12. County or Parish EDDY	13. State NM
5. Distance from proposed* location to	16. No of acres in lease	17. Spacing Unit dedicated	to this well	
nearest property or lease line, ft. (Also to nearest drig, unit line if any) 330'	NMNM026105=480.00 acres NMNM096835=360.00 acres		160.00	
 Distance from proposed* location to nearest well, drilling, completed, applied for, on this lease, ft. 1320' to 3H 	19. Proposed DepthPilot Hole TD: N/A11,687 MD7,323 TVD	20. BLM/BIA Bond No. o NM2575; NMB00	0835	CEIVED
1. Elevations (Show whether DF, KDB, RT, GL, etc.)	22. Approximate date work will start*	23. Estimated duration	IVIA	1R 31 2014
3276 GR	2/3/14	3	5 days	D ARTEBIA
	24. Attachme	ents		
 he following, completed in accordance with the requirements Well plat certified by a registered surveyor A Drilling Plan A Surface Use Plan (if the location is on National Forest SUPO shall be filed with the appropriate Forest Service (of Onshore Oil and Gas Order No. 1, shal 4. Bi 5. O 0ffice). 6. S	Il be attached to this form: ond to cover the operations unless co Operator Certification ouch other site specific information an	vered by an existing bond on file d/or plans as may be required by	e (see Item 20 above).
5. Signature	Name (Printed/Typed	t) Gloria Garza	Date 12/20/	13
Regulatory Compliance				
pproved By (Signature)	Name (Printed/Typed))	Date MAR 24	2014
itle FIELD MANAGER pplication approval does not warrant or certify that the applica induct operations thereon. onditions of approval, if any, are attached.	Office CARLSE int holds legal or equitable title to those ri	3AD FIELD OFFICE ights in the subject lease which would	d entitle the applicant to	TWO YEARS
itle 18 U.S.S. Section 1001 and Title 43 U.S.C. Section 1212, tates any false, fictitious, or fraudulent statements or represent	make it a crime for any person knowing; ations as to any matter within its jurisdict	ly and willfully to make to any departition.	ment or agency of the United	1
Continued on page 2) roval Subject to General Requirements & Special Stipulations Attached	SEE ATTACH CONDITIONS	ED FOR	*(Instra rlsbad Controlle	uctions on page 2) d Water Basin

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. م Operator Certification Statement Liberty 24 Fed Com #4H Cimarex Energy Co. UL: D, Sec. 24, 25S, 26E EDDY Co., NM

<u>Operator's Representative</u> Cimarex Energy Co. of Colorado 600 N. Marienfeld St., Ste. 600 Midland, TX 79701 Office Phone: (432) 571-7800

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 20 day of _____ December____, 2013

<u>AUUU AUAU</u> Gloria Gárza NAME:

TITLE: Regulatory Compliance ADDRESS: 600 N. Marienfield St. Ste. 600 Midland Tx 79071 TELEPHONE: 432-571-7800 EMAIL: ggarza@cimarex.com Field Representative: Same as above

DISTRICT I 1625 N. French Dr., Hobbs, NM 60240 Phone (578) 593-6939 June (578) 593-6720 DISTRICT II DISTRICT II DISTRICT II DISTRICT III DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 87, Phone (665) 535-69179 June (502) 334-69170 DISTRICT IV). OIL 410	State of Energy, Minerals and N CONSERVA 1220 South Santa Fe, N	New Mexico atural Resources Departmo ATION DIVISI St. Francis Dr. ew Mexico 87505	ont St ION	Fo Revised Au Ibmit one copy to Di	orm C-102 gust 1, 2011 appropriate strict Office
1220 S. St. Francis Dr., Santa Pe, NM 67 Phone (505) 476-3460 Faz: (505) 476-3462	WELL LC	CATION AND AG	CREAGE DEDICATIO	ON PLAT	D AMENDE	D REPORT
API Number 22	1.7 GM	Pool Gode /	otton wood	ORDOW	i B.S.	
Property Code		Propert	y Name	cat bone Si	Well 1	lumber
33/01	<u>,</u>	LIBERTY 24 F	EDERAL COM			+
162683			VERGY CO.		327	76 '
— <u>———————————————————</u>	· · · · · · · · · · · · · · · · · · ·	Surface	Location			· · · · · · · · · · · · · · · · · · ·
UL or lot No. Section Tor	miship Range	Lot Idn Feet from	the North/South line	Feet from the	East/West line	County
D 24 2	25 S 26 E	330	NORTH	660	WEST	EDDY
III. or lot No. Section To-	Bottom	Hole Location If	Different From Surf	ace Feet from the	Past/Fact line	County
M 24 2	5 S 26 E	330	SOUTH	660	WEST	EDDY
Dedicated Acres Joint or Inf	fill Consolidation (Code Order No.		·	<u> </u>	
160	<u></u>					
NO ALLOWABLE WILL	BE ASSIGNED T	TO THIS COMPLETION	ON UNTIL ALL INTERI EEN APPROVED BY T	ESTS HAVE BE	EN CONSOLID	ATED
N: 408368.0		N: 408359.6	N: 408357.6			j]
E: beboul, (7) (NAD-83) 5.L. Lat 3284.5' 3281.5' NKISI NMNM026105	RFACE LOCATION - N 32'07'18.45" - W 104'15'10.12" PCE- N 408053.50 PCE- E 566264.77 (NAD-83)	E: 568229.9 (NAD-83)	E: 570657.7 (NAD-B3)	OPERATC I hereby ce- contained hereit the best of my this organization interest or unit, location or has this location pu owner of such c, or to a voluntai computery, point tha division.	IR CERTIFICA rity that the inform is true and comp knowledge and belig neither owns a won DDYsed mineral inter the proposed bottom a right to drill this reuant to a contract is mineral for working ing order heretofore	TION nation jete to f, and that king rest in the hole with an y interest, or a entered by
N: 405733.0 E: 565635.1 (NAD-83)			N:405720.7 E:570919.9 (HAD_B3)	Signature Gloria Printed Nam ggarza@ Email Addres SURVEYO I hereby certify on this plat we actual survey supervison on correct to the	Garza Garza Cimarex.co R CERTIFICA that the well local splotted from fiel made by me or t that the same is best of my belo	/20/13 Date m FION ton shown s notes of under my true and f
NMNM096835 P Laf Laf Laf Laf Laf Laf Laf Laf	ROPOSED BOITOM HOLE LOCATION - N 32'06'32.54" - W 104'15'09.48" PCE- K 403414.7 - E 566323.8 (HAD-B3)	N: 403084.3 E: 568324.6 [(NAD-83]	N: 403083. E: 570983. (NAO-83	Date PutPayer Signature of Puttesnonst	Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Survey Su	7977 29083

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Exhibit B



Exhibit C



Exhibit C



Exhibit C-1



Exhibit C-1

Application to Drill Liberty 24 Fed Com #4H Cimarex Energy Co. UL: D, Sec. 24, 25S, 26E EDDY Co., NM

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

1. Location: SHL 330 FNL 660' FWL

BHL 330' FSL 660' FWL

2. Elevation Above Sea Level: 3,276' 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: 11,687 MD 7,323 TVD Pilot Hole TD: N/A

6. Estimated Tops of Geological Markers:

Formation	Est Top	Bearing
Rustler	0	N/A
Salado (Top Salt)	1117	N/A ' '
Lamar ·	1742	N/A
Bell Canyon (Top Delaware)	. 1939	Hydrocarbons
Cherry Canyon	- 2895	Hydrocarbons
Brushy Canyon	3950	Hydrocarbons
Brushy Canyon Lower	5191	Hydrocarbons
Bone Spring	5468	Hydrocarbons
Bone Spring "A" Shale	5675	Hydrocarbons
Bone Spring "C" Shale	5916	Hydrocarbons
1st Bone Spring Ss	6435	Hydrocarbons
2nd Bone Spring Ss	6966	Hydrocarbons
2nd BS Ss Horz Target	. 7293	Hydrocarbons
3rd BS Limestone	7405	Hydrocarbons

7. Possible Mineral Bearing Formation: Shown above

7A. OSE Ground Water Estimated Depth: 10'

8. Casing Program:

Name	Casing Depth From (ft)	Casing Setting Depth (ft) MD	Casing Setting Depth (ft)TVD	Open Hole Size (inches)	Casing Size (inches)	Casing Weight (lb/ft)	Casing Grade	Thread	Cộnditon	BHP (psig)	Anticipated Mud Weight (ppg)	Collapse SF at Full Evacuation(1.125)	Collapse SF at 1/3 Evacuation(1.125)	Burst SF (1.125)	Cumulative Air Weight	Cumulative Bouyed Weight (<mark>[b</mark> s) $ frac{1}{2}$	Bouyant Tension SF (1.8)
Surface	0	400	400	17 1/2	13-3/8"	48.00	H-40	ST&C	New	172	8.3	4.29		10.02	19,200	16,767	19.20
Intermediate	- 0	. ¹⁹¹⁰	1910	12 1/4	9-5/8″	36.00	J-55	LT&C	New	993	10.0		2.03	3.54	- 68,760	58,262	7.78
Production	0	6720	6720	8 3/4	5-1/2"	17.00	L-80	LT&C	New	3144	9.0	2.00		• 2.46	124,491	107,385	3.15
Production	6720	11687	7323	8 3/4	5-1/2"	17.00	L-80	BT&C	New	3427	9.0	1.84		2.26	10,251	8,842	44.90

Note: Operator may drill a 8-1/2" OH from end of curve to TD of the well. This is to reduce the need to ream the conventionally drilled curve to run a RSS assembly into the lateral.

Application to Drill Liberty 24 Fed Com #4H Cimarex Energy Co. UL: D, Sec. 24, 25S, 26E EDDY Co., NM

8A. Casing Design and Casing Loading Assumptions:

Surface	Tension	A 1.8 design factor with effects of buoyancy: 8.30 ppg.
	Collapse	A 1.125 design factor with full internal evacuation and a collapse force equal to a 8.30 ppg mud gradient.
	Burst	A 1.125 design with a surface pressure equal to the fracture gradient at setting depth less gas gradient to surface.
Intermediate	Tension	A 1.8 design factor with effects of buoyancy: 10.00 ppg.
	Collapse	A 1.125 design factor evacuated 1/3 TVD of next casing string with a collapse force equal to a 10.00 ppg mud gradient.
	Burst	A 1.125 design with a surface pressure equal to the fracture gradient at setting depth less gas gradient to surface.
Production and\or	Tension	A 1.8 design factor with effects of buoyancy: 9.00 ppg.
Production	Collapse	A 1.125 design factor with full internal evacuation of next casing string with a collapse force equal to a 9.00 ppg mud gradient.
Completion System	Burst	A 1.125 design with a surface pressure equal to the fracture gradient at setting depth less gas gradient to surface.

9. Cementing Program:

Casing Type	Type	Sacks	Yield	Weight	Cubic Feet	Cement Blend
Surface	Lead	79	1.75	13.50	138	Class C + Bentonite + Calcium Chloride + LCM, 8.829 gps water
	Tail	195	1.34	14.80	260	Class C + LCM, 6.32 gps water
2	TOC: 0		44% Ex	cess		Centralizers per Onshore Order 2.III.B.1f
Intermediate	Lead	443	1.88	12.90	832	35:65 (poz/C) + Salt + Bentonite + LCM + retarder, 9.65 gps water
tl	Tail	112	1.34	14.80	149	Class C + retarder + LCM, 6.32 gps water
1	TOC: 0		82% Ex	cess		
Production	Lead	589	2.40	11.90	1412	35:65 (poz/H) + salt + Sodium Metasilcate + Bentonite + Fluid Loss + Dispersant + LCM + Retarder, 13.80 gps water
	Tail	1393	1.24	14.50	1727	50:50 (poz/H) + Bentonite + Salt + Fluid Loss + Dispersant + LCM + Retarder, 5.55 gps water
	TOC: 17	10	25% Exc	cess	· · · · · · · · · · · · · · · · · · ·	No centralizers planned in the lateral section. 1 every jt from EOC to KOP. 1 every 4th joint from KOP to 500' inside previous casing.

Cement volumes will be adjusted depending on hole size

9a. Proposed Drilling Plan:

Pilot Hole TD: No Pilot KOP: 6,720' EOC: 7,616'

Set Surface and Intermediate casing strings. Drill production hole to KOP. Continue drilling lateral through the curve to TD. Run prod casing & cement.

10. Pressure Control Equipment:

Exhibit "E-1". A BOP consisting of two rams with blind rams and pipe rams, and one annular preventer. Below the surface casing, a 2M system will be used. Below the intermediate casing, a 3M system will be used. See attachments for BOP and choke manifold diagrams. An accumulator that meets the requirements in Onshore Order #2 for the pressure rating of the BOP stack. A Rotating head may be installed as needed. 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.

BOP and associated equipment will be installed, used, maintained, and tested in a manner necessary to assure well control and shall be in place and operational prior to drilling the surface casing shoe. The Annular Preventer shall be functioned at least weekly. The pipe and blind rams will be operated each trip. No abnormal pressure or temperature is expected while drilling.

BOPS will be tested by an independent service company. The ram preventers, choke manifold, and safety valves will be tested as follows: On the surface casing, pressure tests will be made to 250 psi low and 2000 psi high. On the intermediate casing, pressure tests will be made to 250 psi low and 3000 psi high.

The Annular Preventer will be tested to 250 psi low and 1000 psi high on the surface casing, and 250 low and 1500 high on the intermediate casing.

Cimarex Energy Co. of Colorado requests a variance to drill this well using a co-flex line between the BOP and choke manifold. Certification for proposed co-flex hose is attached (please see Exhibit F, F-1, F-2, F-3). The hose is not required by the manufacturer to be anchored. In the event the specific hose is not available, one of equal or higher rating will be used.

Application to Drill Liberty 24 Fed Com #4H Cimarex Energy Co. UL: D, Sec. 24, 25S, 26E EDDY Co., NM

weiper,

11. Proposed Mud	Circulating System:			28,7 by boost of the second
Depth	Mud+Weight	Visc	Fluid Loss	, Type:Mud.
0' to 400'	7.80 - 8.30	28	NC	FW Spud Mud
400' to 1910'	9.50 - 10.00	30-32	NC	Brine Water
1910' to 11687'	8.50 - 9.00	30-32	NC .	FŴ/Cut Brine

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.

The Mud Monitoring System is an electronic Pason System satisfying requirements of Onshore Order 1.

12. Testing, Logging and Coring Program:

A. Mud logging program: 2 man unit from 1910 to TD B. Electric logging program: CNL / LDT / CAL / GR, DLL /GR -- Inter. Csg to TD CNL/GR -- Surf to Inter. Csg C. No DSTs or cores are planned at this time D.CBL w/ CCL from as far as gravity will let it fall to TOC

13. Potential Hazards:

No abnormal pressures or temperatures are expected. In accordance with Onshore Order 6, Cimarex does not anticipate that there will be enough H₂S from the surface to the Bone Spring formations to meet the BLM's minimum requirements for the submission of an "H₂S Drilling Operation Plan" or "Public Protection Plan" for the drilling and completion of this well. Since we have an H₂S Safety package on all wells, attached is an "H2S Drilling Operations Plan." 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.

•	TU		A THE ADDRESS OF ADDRESS ADDRESS OF ADDRESS	IN THE R.	
Estimated BHP: 3296 psi	Estimated	BHT: 139°			.
14. Construction and Drilling:					
Road and location construction will begin after BLM approval of A	APD. Anticip	pated spud date as soon as a	approved.	•	1279
Drilling expected to take: 35 days.		· ·			
If production casing is run an additional 30 days will be required t	to complete	and Construct surface facilit	ies.		and the second s
15. Other Facets of Operations:					7 10
If production casing is run an additional 30 days will be required t	co complete	and construct surface facilit	ies.		
2nd BS Ss Horz Target pay will be perforated and stimulated.				,	100

The proposed well will be tested and potentialed as Oil



	Critical Points											
Critical Point	<u>MD</u>	INCL	<u>AZIM</u>	TVD	<u>VSEC</u>	<u>N(+) / S(-)</u>	<u>E(+) / W(-)</u>	<u>DLS</u>				
SHL Cimarex Liberty 24 Federal Com #4H	0.00	0.00	179.27	0.00	0.00	0.00	0.00					
KOP - Build 10™100ft DLS	6720.00	0.00	179.27	6720.00	0.00	0.00	0.00	0.00				
Lznćing point	7615.84	89.58	179.27	7293.00	568.77	-568.72	7.25	10.00				
Cimarex Liberty 24 Federal Com #4H PBHL	11686.79	89.58	179.27	7323.00	4639.60	-4639.23	59.04	0.00				



UWI API#: Survey Name: Survey Date: Tort / AHD / DD / ERD Ratio: Coordinate Reference System: Location Lat / Long: Location Grid N/E Y/X: CRS Grid Convergence Angle:

Report Date: Client: Field:

Well:

Borehole: UWI / API#:

Structure / Slot:

Grid Scale Factor;

PATHEINDER A Schlumbergar Company

Cimarex Liberty 24 Federal Com #4H Rev0 WEB 26-Nov-13 Proposal Report 100' Interpolated (Non-Def Plan)

November 26, 2013 - 11:04 AM Cimarex NM Eddy County (NAD 83) Survey / DLS Computation: Vertical Section Azimuth: Vertical Section Origin: TBD / Cimarex Liberty 24 Federal Com #4H

Cimarex Liberty 24 Federal Com #4H

0.0428 *

0.9999098

Cimarex Liberty 24 Federal Com #4H Original Borehole Unknown / Unknown Cimarex Liberty 24 Federal Com #4H Rev0 WEB 26-Nov-13 November 26, 2013 89.581 */ 4639.603 ft / 5.822 / 0.634 NA063 New Mexico State Flame, Easterr Zone, US Feet N 32* 77 18.45306°, W 104* 15' 10.127 10° N 406053.500 nUS, E 566264.770 hUS 0 nu24*

Minimum Curvature / Lubinski 179.271 ° (Grid North) 0.000 ft, 0.000 ft Ground level TVD Reference Datum: Ground level 3276.000 ft above 3276.000 ft above 7.705 * 998.491 imgn (9.80665 Based) 48210.911 nT 59.85 * November 28, 2013 GGM 2013 TVD Reference Elevation: Seabed / Ground Elevation: Magnetic Declination: Total Gravity Field Strength: Total Magnetic Field Strength: Magnetic Dip Angle: Declination Date: Magnetic Declination Model: North Reference: Grid Convergence Used: Grid North 0.0428 °

Local Coord Referenced To: Structure Reference Point

Total Corr Mag North->Grid North: 7.6617 *

Comments	MD (ft)	inci (°)	Azim Grid (°)	TVD (ft)	VSEC (ft)	NS (ft)	EW (ft)	Northing (ftUS)	Easting (ftUS)	Latitude (N/S ° * ")	Longitude (E/W ° ' '')	Closure (ft)	Closure Azimuth (°)	DLS (*/100ft)
SHL Cimarex Liberty 24 Federal Com	0.00	0.00	179.27	0.00	0.00	0 00	0.00	408053.50	566264.77 N	32 7 18.45 V	N 104 15 10.13	0.00	0.00	N/A
#4H	100.00	0.00	179.27	100.00	0.00	0.00	0.00	408053.50	566264.77 N	32 7 18.45 V	V 104 15 10.13	0.00	0.00	0.00
	200.00 300.00	0.00	179.27 179.27	200.00 300.00	0.00 0.00	0.00 0.00	0.00	408053.50 408053.50	566264.77 N 566264.77 N	I 32 718.45 V I 32 718.45 V	V 104 15 10.13 V 104 15 10.13	0.00 0.00	0.00 0.00	0.00 0.00
	400.00	0.00	179.27	400.00	0.00	0.00	0.00	408053.50	566264.77 N	1 32 7 18.45 V	V 104 15 10.13	0.00	0.00	0.00
	500.00 600.00	0.00 0.00	179.27 179.27	500,00 600,00	0.00	0.00 0.00	0.00 0.00	408053.50 408053.50	566264.77 N 566264.77 N	32 718.45 V 32 718.45 V	V 104 15 10.13 V 104 15 10.13	0.00 0.00	0.00	0.00 0.00
	700.00 800.00	0.00 0.00	179.27 179.27	700.00 800.00	0.00	0.00 0.00	0.00 0.00	408053.50 408053.50	566264.77 N 566264.77 N	1 32 7 18.45 V 1 32 7 18.45 V	V 104 15 10.13 V 104 15 10.13	0.00 0.00	0.00	0.00
	900.00	0.00	179.27	900.00	0.00	0.00	0.00	408053.50	566264.77 N	32 7 18.45 V	V 104 15 10.13	0.00	0.00	0.00
	1000.00 1100.00	0.00	179.27 179.27	1000.00 1100.00	0.00	0.00	0.00	408053.50 408053.50	566264.77 N 566264.77 N	32 7 18.45 V	V 104 15 10.13 V 104 15 10.13	0.00	0.00	0.00
	1200.00	0.00	179.27	1200.00	0.00	0.00	0.00	408053.50	566264.77 N	32 7 18.45 V	V 104 15 10.13	0.00	0.00	0.00
	1400.00	0.00	179.27	1400.00	0.00	0.00	0.00	408053.50	566264.77 N	32 7 18.45 V	V 104 15 10.13	0.00	0.00	0.00
	1500.00	0.00	179.27	1500.00	0.00	0.00	0.00	408053,50	566264.77 N	32 7 18.45 V	V 104 15 10.13	0.00	0.00	0.00
	1700.00	0.00	179.27	1700.00	0.00	0.00	. 0.00	408053.50	566264.77 N	32 7 18.45 V	V 104 15 10.13	0.00	0.00	0.00
	1900.00	0.00	179.27	1900.00	0.00	0.00	0.00	408053.50	566264.77 N	32 7 18.45 V	V 104 15 10.13	0.00	0.00	0.00
	2000.00	0.00	179.27	2000.00	0.00	0.00	0.00	408053.50	566264.77 N	32 7 18.45 V	V 104 15 10.13	0.00	0.00	0.00
	2200.00	0.00	179.27	2100.00	0.00	0.00	0.00	408053.50	566264.77 N	32 7 18.45 V 32 7 18.45 V	V 104 15 10.13 V 104 15 10.13	0.00	0.00	0.00
	2300.00	0.00	179.27 179.27	2300.00 2400.00	0.00 0.00	0.00	0.00	408053.50 408053.50	566264.77 N 566264.77 N	32 7 18.45 V 32 7 18.45 V	V 104 15 10.13 V 104 15 10.13	0.00 0.00	0.00 0.00	0.00 0.00
	2500.00	D.00	179.27	2500.00	0.00	0.00	0.00	408053.50	566264.77 N	32 718.45 V	V 104 15 10.13	0.00	0.00	0.00
	2600.00 2700.00	0.00	179.27 179.27	2600.00 2700.00	0.00	0.00	0.00 0.00	408053.50 408053.50	566264.77 N 566264.77 N	32 7 18.45 V 32 7 18.45 V	V 104 15 10.13 V 104 15 10.13	0.00	0.00	0.00 0.00
	2800.00 2900.00	0.00	179.27 179.27	2800.00 2900.00	0.00 0.00	0.00	0.00 0.00	408053,50 408053,50	566264.77 N 566264.77 N	32 7 18.45 V 32 7 18.45 V	V 104 15 10.13 V 104 15 10.13	0.00 0.00	0.00 0.00	0.00 0.00
	3000.00	0.00	179.27	3000.00	0.00	0.00	0.00	408053.50	566264.77 N	32 7 18.45 V	V 104 15 10.13	0.00	0.00	0.00
	3100.00 3200.00	0.00	179.27 179.27	3100.00 3200.00	0.00	0.00	0.00 0.00	408053.50 408053.50	566264.77 N 566264.77 N	32 7 18.45 V 32 7 18.45 V	V 104 15 10.13 V 104 15 10.13	0.00	0.00	0.00
	3300.00 3400.00	0.00	179.27 179.27	3300.00 3400.00	0.00	0.00	0.00	408053.50 408053.50	566264.77 N 566264.77 N	32 7 18.45 V 32 7 18.45 V	V 104 15 10.13 V 104 15 10.13	0.00	0.00	0.00
	3500.00	0.00	179.27	3500.00	0.00	0.00	0.00	408053 50	566264.77 N	32 7 18 45 V	V 104 15 10 13	0.00	0.00	0.00
	3600.00	0.00	179.27	3600.00	0.00	0.00	0.00	408053,50	566264.77 N	32 7 18.45 V	V 104 15 10.13	0,00	0.00	0.00
	3800.00	0.00	179.27	3800.00	0.00	0.00	0.00	408053.50	566264.77 N	32 7 18.45 V	V 104 15 10.13	0,00	0.00	0.00
	4000.00	0.00	170.27	4000.00	0.00	0.00	0.00	409053.60	500204,77 N	20 7 18 45 V	1 104 15 10 13	0.00	0.00	0.00
	4100.00	0.00	179.27	4100.00	0.00	0.00	0.00	408053.50	566264.77 N	32 7 18.45 V	V 104 15 10.13	0.00	0.00	0.00
	4300.00	0.00	179.27	4300.00	0.00	0.00	0.00	408053.50	566264.77 N	32 7 18.45 V	V 104 15 10.13	0.00	0.00	0.00
	4400.00	0.00	179.27	4400.00	0.00	0.00	0.00	408053.50	566264.77 N	32 / 18.45 V	V 104 15 10.13	0.00	0.00	0.00
	4500.00	0.00	179.27	4500.00	0.00	0.00	0.00	408053.50 408053.50	566264.77 N 566264.77 N	32 7 18.45 V 32 7 18.45 V	V 104 15 10.13 V 104 15 10.13	0.00 0.00	0,00 0.00	0.00 0.00
	4800.00	0.00	179.27	4700.00 4800.00	0.00	0.00	0.00	408053,50 408053,50	566264.77 N 566264.77 N	32 7 18.45 V 32 7 18.45 V	V 104 15 10.13 V 104 15 10.13	0.00 0.00	0.00 0.00	0.00 0.00
	4900.00	0.00	179.27	4900.00	0,00	0.00	0.00	408053,50	566264.77 N	32 7 18.45 V	V 104 15 10.13	0.00	0.00	0.00
	5000.00 5100.00	0.00	179.27 179.27	5000.00 5100.00	0.00 0.00	0.00 0.00	0.00	408053.50 408053.50	566264.77 N 566264.77 N	32 7 18.45 V 32 7 18.45 V	v 104 15 10.13 v 104 15 10.13	0.00 0.00	0.00 0.00	0.00 0.00
	5200.00 5300.00	0.00	179.27 179.27	5200.00 5300.00	0.00 0.00	0.00 0.00	0.00	408053.50 408053.50	566264.77 N 556264.77 N	32 7 18.45 V 32 7 18.45 V	V 104 15 10.13 V 104 15 10.13	0.00	0.00 0.00	0.00 0.00
	5400.00	0.00	179.27	5400.00	0,00	0.00	0.00	408053,50	566264,77 N	32 7 18.45 V	/ 104 15 10.13	0.00	0.00	0.00
	5500.00 5600.00	0.00	179.27 179.27	5500.00 5600.00	0.00	0.00	0.00	408053.50 408053.50	566264.77 N 566264.77 N	32 7 18.45 V 32 7 18.45 V	/ 104 15 10.13 / 104 15 10.13	0.00 0.00	0.00 0.00	0.00
	5700.00 5800.00	0.00	179.27 179.27	5700.00 . 5800.00	0.00	0.00	0.00	408053.50	566264.77 N	32 7 18.45 V	/ 104 15 10.13	0.00	0.00	0.00
	5900.00	0.00	179.27	5900.00	0.00	0.00	0.00	408053.50	566264.77 N	32 7 18.45 V	/ 104 15 10.13	0.00	0.00	0.00
	6000.00	0.00	179.27	6000.00	0.00	0.00	0.00	408053,50	566264,77 N	32 7 18.45 W	/ 104 15 10.13	0.00	0.00	0.00
	6200.00	0.00	179.27	6200.00	0.00	0.00	0.00	408053.50	566264.77 N	32 7 18.45 W	104 15 10.13	0.00	0.00	0.00
	6400.00	0.00	179.27	6400.00	0.00	0.00	0.00	408053.50	566264.77 N 566264.77 N	32 7 18.45 W	/ 104 15 10.13	0.00	0.00	0.00
	6500.00	0.00	179.27	6500.00	0.00	0.00	0.00	408053.50	566264.77 N	32 7 18.45 W	/ 104 15 10.13	0.00	0.00	0.00
	6700.00	0.00	1/9.2/ 179.27	6700.00	0.00	0.00	0.00	408053,50 408053,50	566264.77 N 566264.77 N	32 7 18.45 W 32 7 18.45 W	/ 104 15 10.13 / 104 15 10.13	. 0.00 0.00	0.00 0.00	0,00 0.00
KOP - Build 10%/100ft DLS	6720.00	0.00	179.27	6720.00	0.00	0.00	0.00	408053.50	566264.77 N	32 7 18.45 W	/ 104 15 10.13	0.00	0.00	0,00
	6800.00	8.00	179.27	6799.74	5,58	-5.57	0.07	408047.93	566264,84 N	32 7 18.40 W	/ 104 15 10.13	5.58	179.27	10.00
	6900.00 7000.00	18.00 28.00	179.27 179.27	6897.05 6988.99	28.04 67.06	-28.04 -67.05	0.36 0.85	408025.47 407986.45	566265.13 N 566265.62 N	32 7 18.18 W 32 7 17.79 W	/ 104 15 10.12 / 104 15 10.12	28.04 67.06	179.27 179.27	10.00 10.00
	7100.00 7200.00	38.00 48.00	179.27 179.27	7072.75 7145.80	121.45 189.56	-121.44 -189.54	1.55	407932.07	566266,32 N 566267,18 N	32 7 17,25 W	/ 104 15 10.11	121.45	179.27 179.27	10.00
	7300.00	57.99	179.27	7205.91	269.31	-269.29	3.43	407784.23	566268.20 N	32 7 15.79 W	/ 104 15 10.09	269.31	179.27	10.00

Drilling Office 2.6.1166.0

Comments	MD (ft)	Incl (°)	Azim Grld	TVD (ft)	VSEC (ft)	NS (ft)	EW (ft)	Northing (ftUS)	Easting (ftUS)	Latitude (N/S • ' '')	Longitude (E/W * 1 **)	Closure (ft)	Closure Azimuth (*)	DLS (*/100ft)
·	7400.00	67.99	179 27	7251 27	358.30	-358 27	4.56	407695 27	566269 33 N	32 7 14 91 V	V 104 15 10 08	358 30	179.27	10.00
	7500.00	77.99	179.27	7280.48	453 80	-453.77	5.78	407599.78	566270.55 N	32 7 13.96 V	V 104 15 10.06	453,80	179.27	10.00
	7600.00	87.99	179.27	7292.66	552.93	-552.88	7.04	407500.67	566271.81 N	32 7 12.98 V	V 104 15 10.05	552.93	179.27	10.00
Landing point	7615.84	89,58	179.27	7293.00	568.77	-568.72	7.25	407484.83	566272.02 N	32 7 12.83 V	V 104 15 10.05	568.77	179.27	10.00
	7700.00	89.58	179.27	7293.62	652.92	-652.87	8.32	407400.69	566273.09 N	32 7 11.99 V	V 104 15 10.04	652.92	179.27	0.00
	7800.00	89.58	179.27	7294.37	752.92	-752.86	9.59	407300.71	566274.36 N	32 7 11.00 V	V 104 15 10.02	752.92	179.27	0.00
	7900.00	89.58	179.27	7295.11	852.92	-852.85	10.87	407200.73	566275.64 N	32 7 10.01 V	V 104 15 10.01	852.92	179.27	0.00
	8000.00	89.58	179.27	7295.85	952.91	-952.84	12.14	407100.75	566276.91 N	32 7 9.02 V	V 104 15 9.99	952.91	1/9.2/	0.00
	8100.00	89.58	179.27	7296.59	1052.91	-1052.83	13.41	407000.77	566278.18 N	32 7 8.03 V	V 104 15 9.98	1052.91	1/9.2/	0.00
	8200.00	89.58	1/9.27	7297.33	1152.91	-1152.82	14,69	406900.79	566279.46 N	32 7 7.05 V	V 104 15 9.97	1152.91	1/9,2/	0.00
	8300.00	89.58	179.27	7298.07	1252.91	-1252.80	15,96	406800.81	566280,73 N	32 7 6.06 V	V 104 15 9.95	1252.91	179.27	0.00
	8400.00	89,58	179.27	7298.81	1352.90	-1352.79	17.23	406700.83	566282.00 N	32 7 5.07 V	V 104 15 9.94	1352.90	179.27	0.00
	6500.00	89.58	179.27	7299.55	1452.90	-1452.78	18.51	406600.85	566283.28 N	32 7 4.08 V	V 104 15 9.92	1452.90	179.27	0.00
	8600.00	89.58	179.27	7300.29	1552.90	-1552.77	19.78	406500.87	566284.55 N	32 7 3.09 V	V 104 15 9,91	1552.90	179.27	0.00
	8700.00	89.58	179.27	7301.03	1652.90	-1652.76	21.05	406400.89	566285.82 N	32 7 2.10 V	V 104 15 9.90	1652.90	179.27	0.00
	8800.00	89.58	179.27	7301.77	1752.89	-1752.75	22.33	406300.91	566287.09 N	32 7 1.11 V	V 104 15 9.88	1752.89	179.27	0.00
	8900.00	89.58	179.27	7302.51	1852.89	-1852.74	23.60	406200.93	566288.37 N	32 7 0.12 V	V 104 15 9.87	1852.89	179.27	0.00
	9000.00	89.58	179.27	7303.24	1952.69	-1952.73	24,87	406100.95	566289.64 N	32 6 59.13 V	V 104 15 9.85	1952.89	179.27	0.00
	9100.00	89.58	179.27	7303.98	2052.88	-2052.72	26,14	406000.97	566290.91 N	32 6 58.14 V	V 104 15 9.84	2052.88	179.27	0.00
	9200.00	89.58	179.27	7304.72	2152.88	-2152.71	27.42	405900.99	566292,18 N	32 657,15 V	V 104 15 9.83	2152.88	179.27	0.00
	9300.00	89.58	179.27	7305.46	2252.88	-2252.70	28.69	405801.01	566293.46 N	32 6 56,16 V	V 104 15 9.81	2252.88	179.27	0.00
	9400.00	89,58	179.27	7306.20	2352.88	-2352.69	29.96	405701.03	566294.73 N	32 6 55,17 V	V 104 15 9.80	2352.88	179.27	0.00
	9500,00	89.58	179.27	7306.93	2452.87	-2452.67	31.23	405601.05	566296.00 N	32 6 54.18 V	V 104 15 9.79	2452.87	179.27	0.00
	9600.00	89.58	179.27	7307.67	2552.87	-2552.66	32.51	405501.07	566297.27 N	32 6 53.19 V	V 104 15 9.77	2552.87	1/9.2/	0.00
	9700.00	89,58	179.27	7308.41	2652.87	-2652.65	33.78	405401.09	566298.55 N	32 6 52.20 V	V 104 15 9.76	2652.87	1/9.2/	0.00
	9800.00	89.58	179.27	7309.14	2752.87	-2752.64	35.05	405301.11	566299.82 N	32 6 51.21 V	V 104 15 9.74	2752.87	179.27	0.00
	9900.00	89.58	179.27	7309.88	2852.86	-2852.63	36.32	405201.13	566301.09 N	32 6 50.23 V	V 104 15 9.73	2852.86	179.27	0.00
	10000.00	89.58	179.27	7310.62	2952.86	-2952.62	37.60	405101.15	566302.36 N	32 6 49.24 V	V 104 15 9.72	2952.86	179.27	0.00
	10100.00	89.58	179.27	7311.35	3052.86	-3052.61	38.87	405001.17	566303.63 N	32 6 48.25 V	V 104 15 9.70	3052.86	179.27	0.00
	10200.00	89.58	179.27	7312,09	3152.85	-3152.60	40.14	404901.19	566304.90 N	32 647.26 V	V 104 15 9.69	3152.85	179.27	0.00
	10300.00	89.58	179.27	7312.82	3252.85	-3252.59	41.41	404801.21	566306.18 N	32 6 45.27 V	V 104 15 9.67	3252.85	179.27	0.00
	10400.00	89.58	179.27	7313.56	3352.85	-3352.58	42.68	404701.23	566307.45 N	32 6 45.28 V	V 104 15 9.66	3352.85	179.27	0.00
	10500.00	89.58	179.27	7314.29	3452.85	-3452.57	43.95	404601.25	566308.72 N	32 544,29 V	V 104 15 9.65	3452.85	1/9.2/	0.00
	10600.00	89.58	179.27	7315.03	3552.84	-3552.56	45.22	404501.27	566309,99 N	32 643.30 V	V 104 15 9,63	3552.84	1/9.2/	0.00
	10700.00	89.58	179.27	/315.76	3652.84	-3652.54	40.50	404401.29	506311.26 N	32 642.31 V	V 104 15 9.62	3032.64	179.27	0.00
	10800.00	89.58	179.27	7316.50	3752.84	-3752.53	47.77	404301.31	566312.53 N	32 641.32 V	V 104 15 9.60	3752.84	179.27	0.00
	10900.00	89.58	179.27	7317.23	3852.84	-3852.52	49.04	404201.33	566313.80 N	32 640.33 V	V 104 15 9,59	3852.84	179.27	0.00
	11000.00	89.58	179.27	7317.97	3952.83	-3952.51	50.31	404101.35	566315.07 N	32 6 39.34 V	V 104 15 9.58	3952.83	1/9.2/	0.00
	11100.00	89.58	179.27	7318.70	4052.83	-4052.50	51.58	404001.37	566316,35 N	32 6 38.35 V	V 104 15 9.56	4052.83	1/9.2/	0.00
	11200.00	89.58	179.27	7319.43	4152.83	-4152.49	52.85	403901.39	566317,62 N	32 637,36 V	V 104 15 9.55	4152.83	179.27	0.00
	11300.00	89.58	179.27	7320,17	4252.82	-4252.48	54.12	403801.41	566318.89 N	32 6 36.37 V	V 104 15 9.53	4252.82	179.27	0.00
	11400.00	89.58	179.27	7320.90	4352.82	-4352.47	55.39	403701.43	566320.16 N	32 6 35.38 V	V 104 15 9.52	4352.82	179.27	0.00
	11500.00	89.58	179.27	7321.63	4452,82	-4452.45	56.66	403601.45	566321.43 N	32 6 34.39 V	V 104 15 9.51	4452.82	1/9.2/	0.00
Cimarex Liberty 24	11600.00	89,58	179.27	/322.36	4552,82	-4552.45	21.93	403001.47	000322.70 N	52 0 33.40 V	V 104 15 9.49	4552.82	179.27	0.00
Federal Com #4H PBHL	11686.79	89.58	179.27	7323.00	4639.60	-4639.23	59.04	403414.70	566323.80 N	32 632.55 V	V 104 15 9.48	4639.60	179.27	0.00

Survey Type:

Non-Def Plan

Survey Error Model: Survey Program:	ISCWSA Rev 0 *** 3-	ISCWSA Rev 0 *** 3-D 95.000% Confidence 2.7955 sigma .										
Description	MD From MD To (ft) (ft)		EOU Freq (ft)	Hole Size Cas (in)	ing Diameter (in)	Survey Tool Type Borehole / Surv						
	0.000	6720.000	1/100.000	30.000	30,000	SLB_MWD-POOR	Original Borehole / Cimarex Liberty 24 Federal Com #4H					
	6720.000	11686.789	1/100.000	30.000	30,000	SLB_MWD-STD	Original Borehole / Cimarex Liberty 24 Federal Com #4H					

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Exhibit F – Co-Flex Hose Liberty 24 Federal Com #4H Cimarex Energy Co. 24-25S-26E SHL 330 FNL & 660 FWL BHL 330 FSL & 660 FWL Eddy County, NM



EXIMUL	F-1 – Co-Flex Hose Hydrostatic Test Liberty 24 Federal Com #4H Cimarex Energy Co. 24-25S-26E SHL 330 FNL & 660 FWL BHL 330 FSL & 660 FWL Eddy County, NM	Www.st Hose becialty, Inc.	Onur	
		ROSTATIC TES	T REPORT	
	Customer: Oderco Inc	<u>. </u>	P.O. Number: odyd-27	í
HOSE SPECIFICATIONS				
	Type: Stainless Steel Arn Choke & Kill Hose	nor	Hose Length:	45'ft.
	I.D. 4 INC	HES O.D .	9 //	ICHES
	WORKING PRESSURE TEST PR	RESSURE	BURST PRESSURE	
	10,000 PSI	15,000 PS/]0	PSI
	COUPLINGS Stem Part No. Ferrule No.			
				_ <u></u>
	Type of Coupling: Swage-It			
PROCEDURE				
	<u>Hose assembly pressure to</u> TIME HELD AT TEST PRES	ested with water at ambien	<u>t temperature</u> . NIRST PRESSURE	
	15	MIÑ.	0	PSI
	Hose Assembly Serial Number 79793	er: Hose Serial M	Number: OKC	
Comments:				
	Date: Tested: 3/8/2011	A. Jaim Sum	Approved:	<u></u>

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Li	berty 24 Federal Com #4H Cimarex Energy Co.	
	24-25S-26E SHL 330 FNL & 660 FWL	
	Eddy County, NM Midwest Hose	, на селото на селото
	Certificate of Conformity	
	Customer: PO	
	DEM OI	DYD-271
	SPECIFICATIONS	
	Sales Order Dated: 79793 3/8/2011	
	We hereby cerify that the material supplied	
	according to the requirements of the purchase	
	order and current industry standards	
	Supplier: Midwest Hose & Specialty, Inc.	
	10640 Tanner Road	
	Houston, Texas 77041	
	Comments:	-
	Anground	
	Jonny Elarcia 31	8/2011
	· · ·	

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Midwest Hose & Specialty, Inc. Exhibit F -3– Co-Flex Hose Liberty 24 Federal Com #4H Cimarex Energy Co. 24-25S-26E SHL 330 FNL & 660 FWL BHL 330 FSL & 660 FWL Eddy County, NM

Specification Sheet Choke & Kill Hose

The Midwest Hose & Specialty Choke & Kill hose is manufactured with only premium componets. 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 vermculite coated fiberglass insulation, rated at 2000 degrees with stainless steel armor cover.

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

P.O. Box 96558 - 1421 S.E. 29th St. Oklahoma Cily, OK 73143 * (405) 670-6718 * Fax: (405) 670-6816

Hydrogen Sulfide Drilling Operations Plan Liberty 24 Federal Com 4H Cimarex Energy Co. UL: D, Sec. 24, 25S, 26E Eddy Co., NM

- 1 <u>All Company and Contract personnel admitted on location must be trained by a gualified</u> <u>H2S safety instructor to the following:</u>
 - A. Characteristics of H₂S
 - B. Physical effects and hazards
 - C. Principal and operation of H2S detectors, warning system and briefing areas.
 - D. Evacuation procedure, routes and first aid.
 - E. Proper use of safety equipment & life support systems
 - F. Essential personnel meeting Medical Evaluation criteria will receive additional training on the proper use of 30 minute pressure demand air packs.
- 2 H₂S Detection and Alarm Systems:
 - A. H2S sensors/detectors to be located on the drilling rig floor, in the base of the sub structure/cellar area, on the mud pits in the shale shaker area. Additional H2S detectors may play placed as deemed necessary.
 - B. An audio alarm system will be installed on the derrick floor and in the top doghouse.
- 3 Windsock and/or wind streamers:
 - A. Windsock at mudpit area should be high enough to be visible.
 - Windsock on the rig floor and / or top doghouse should be high enough to be visible.
- 4 Condition Flags and Signs

В.

- 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 (H₂S present in dangerous concentration). Only H2S trained and certified personnel admitted to location.
- 5 Well control equipment:
 - A. See exhibit "E-1"
- 6 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.
- 7 Drillstem Testing:

No DSTs r cores are planned at this time.

- 8 Drilling contractor supervisor will be required to be familiar with the effects H₂S has on tubular goods and other mechanical equipment.
- 9 If H₂S is encountered, mud system will be altered if necessary to maintain control of formation. A mud gas seperator will be brought into service along with H₂S scavengers if necessary.

H₂S Contingency Plan Liberty 24 Federal Com 4H Cimarex Energy Co. UL: D, Sec. 24, 255, 26E Eddy Co., NM

Emergency Procedures

In the event of a release of gas containing H₂S, 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 H₂S 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 H₂S, 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 (SO₂). 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 H₂S and SO₂

Please see attached International Chemical Safety Cards.

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).

Page 3B

H₂S Contingency Plan Emergency Contacts Liberty 24 Federal Com 4H Cimarex Energy Co. UL: D, Sec. 24, 255, 26E Eddy Co., NM

Company Office				
Cimarex Energy Co. of Colora	do	800-969-4789		
Co. Office and After-Hours M	enu			
Key Personnel		- 64		
Name	Title	Office		Mobile
Larry Seigrist	Drilling Manager	432-620-1934		580-243-8485
Doug McQuitty	Drilling Superintendent	432-620-1933		806-640-2605
Scott Lucas	Drilling Superintendent	432-620-1989		432-894-5572
Conner Cromeens	Construction Foreman			432-270-0313
Roy Shirley	Construction Superintendent			432-634-2136
	antin m mani ni faka u tamai ni Alcu il kana o kana ni mani ui mani ni facti n jicti u			
1994 A 2007 A 2018 A 1224 A 2224 A 224 A 224 A 224 A 2		anger is state in long is suit in the or down a	-	Vi a 1990 x 1990 a 1997 a 1997
Artesia Ambulance		911		···-
State Police		575-746-2703		
City Police		575-746-2703		
Sheriff's Office		575-746-9888		
Fire Denartment		575-746-2701		
ocal Emergency Planning (ommittee	575-746-2122		
New Mexico Oil Conservatio	on Division	575-748-1283		
<u>Carlsbad</u>				
Ambulance		911		
itate Police		575-885-3137		
City Police		575-885-2111		
heriff's Office		575-887-7551		
ire Department		575-887-3798		
ocal Emergency Planning C	ommittee	575-887-6544		
JS Bureau of Land Manager	nent	575-887-6544		
		•	·	
ianta Fe				
vew Mexico Emergency Res	sponse Commission (Santa Fe)	505-476-9600		
New Mexico Emergency Response Commission (Santa Fe) 24 Hrs		505-827-9126		
iew wexico State Emergen	cy Operations Center	505-476-9635		
lational				
National Emergency Response Center (Washington, D.C.)		800-424-8802		
Andian				
//euical	dubbasit TV	906 743 0011		
-light for Life - 4000 24th St.; Lubbock, TX		806-743-9911		
		505 942 4422		
Ale Mad Familia 2505 Clade Size Loop 5.5 Albuquerque, NM		505-842-4433		
3 All Med Service - 2505 Cl	ark carr Loop S.E.; Alouquerque, NM	505-842-4949		
ther				
oots & Coots IWC		800-255-9688	or	281-931-8884
udd Pressure Control		432-699-0139	or	432-563-3356
alliburton		575-746-2757		
3 (Services		575-746-3569		

Page 3C

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Ν Exhibit D – Rig Diagram Wind Direction Indicators p Liberty 24 Federal Com #4H (wind sock or streamers) Cimarex Energy Co. H2S Monitors 24-25S-26E Δ (alarms at bell nipple and shale SHL 330 FNL & 660 FWL shaker) BHL 330 FSL & 660 FWL 0 Eddy County, NM **Briefing Areas**







Exhibit G

Surface Use Plan Liberty 24 Fed Com #4H Cimarex Energy Co. UL: D, Sec. 24, 25S, 26E EDDY Co., NM

The following surface use plan of operations will be followed and carried out once the APD is approved. No other disturbance will be created other than what is submitted in this surface use plan without approval. If any other disturbance is needed after the APD is approved, a BLM approved sundry notice or right of way application will be submitted for approval prior to any new surface disturbance.

1.Existing Roads:

Area access roads and general road maps:

- Exhibit B: General Highway Map
- Exhibit C: USGS Topographic Map
- Exhibit C-1: Public Access Road Map
- Exhibit C-2: Existing and proposed access roads plat

The maximum width of the driving surface will be 14.' The road will be crowned and ditched with a 2% slope from the tip of the crown to the edge of the driving surface. The ditches will be 1' deep with 3:1 slopes. The driving surface will be made of 6" rolled and compacted caliche.

Existing access road route to the proposed project is depicted on the public access point map if applicable. Improvements to the driving surface will be done where necessary. No new surface disturbance will be done, unless otherwiswe noted in the New or Reconstructed Access Roads section of the surface use plan.

From Carlsbad go south on US 62 for 15 miles; left on county road 720 for 7 miles; right on county 748 for 7 miles; turn right onto existing for 0.57 miles; turn right onto proposed lease road for 0.39 miles to location.

If existing roads are used, the operator will improve or maintain existing roads in a condition the same as or better than before the operations began. The operator will repair pot holes, etc. All existing structures on the entire access route such as cattleguards, other range improvement projects, culverts, etc. will be properly repaired or replaced if they are damaged or have deterioated beyond practical use.

The operator will prevent and abate fugitive dust as needed, whether created by vehicular traffic, equipment operations, or other events. The operator will obtain written BLM approval prior to the application of surfactants, binding agents, or other dust suppression chemicals on the roadways.

2. New or Reconstructed Access Roads:

A new road will be constructed for this project.

Cimarex Energy plans to construct 204.8' of off-lease access road to service the well. The proposed access road does cross lease boundaries, a right of way grant will be submitted to and obtained from the BLM.

The maximum width of the driving surface will be 14': The road will be crowned and ditched with a 2% slope from the tip of the crown to the edge of the driving surface. The ditches will be 1' deep with 3:1 slopes. The driving surface will be made of 6" rolled and compacted caliche.

Proposed and existing access road route to the proposed wellsite is depicted on Exhibit C-2. Improvements to the driving surface will be done where necessary. No new surface disturbance will be done without prior approval from the BLM.

The operator will prevent and abate fugitive dust as needed, whether created by vehicular traffic, equipment operations, or other events.

3. Planned Electric Line:

Cimarex Energy plans to construct a new on lease electric line to service the well.

Cimarex Energy plans to install and overhead electric line from the proposed well to an existing overhead electric line located in NW of section 24. The proposed electric line will be 1807' in length, 5-40 poles, 480 volt, 4 wire, 3 phase. The electric line will exist off the SE-side of the well-location and travel-"West 1807' until-it-would-intercept-the existing-electric line: LA いいいいの

Route is within lease boundaries, a right of way grant will not be acquired from the BLM. Please see Exhibit G survey plat. Any changes to E-Liñe route will be submitted via sundry notice.

4. Location of Existing Well in a One-Mile Radius -Exhibit A:

- Water Wells None known
- Disposal Wells None known
- Drilling Wells None known
- Producing Wells As shown on Exhibit A
- Abandoned Wells As shownd on Exhibit A

Surface Use Plan Liberty 24 Fed Com #4H Cimarex Energy Co. UL: D, Sec. 24, 25S, 26E EDDY Co., NM

5. Location of Existing or Proposed Production Facilities:

If on completion this well is a producer, a tank battery will be used and the necessary production equipment will be installed at the wellsite. Exhibit D-1 illustrates the proposed facility/battery. Any changes to the facility will be submitted via sundry notice.

6. Location and Type of Water Supply:

Water will be purchased locally from a commercial source and trucked over the access roads.

7. Source of Construction Material:

If possible, native caliche will be obtained from the excavation of drill site. The primary way of obtaining caliche will be by "turning over" the location. This means caliche will be obtained from the actual well site. A caliche permit will be obtained from BLM prior to pushing up any caliche. 2400 cu yds is the max amount of caliche needed for pad and roads. Amount will vary for each pad. The procedure below has been approved by BLM personnel:

- The top 6 inches of topsoil is pushed off and stockpiled along the side of the location.
- An approximate 120' x 120' area is used within the proposed well site to remove caliche.
- Subsoil is removed and piled alongside the 120' by 120' area within the pad site.
- When caliche is found, material will be stockpiled within the pad site to build the location and road.
- Then subsoil is pushed back in the hole and caliche is spread accordingly across entire location and road.
- Once well is drilled, the stockpiled top soil will be used for interim reclamation and spread along areas where caliche is
 picked up and the location size is reduced. Neither caliche nor subsoil will be stockpiled outside of the well pad. Topsoil will
 be stockpiled along the edge of the pad as depicted in Exhibit D Rig Layout Diagram.

In the event that no caliche is found onsite, caliche will be hauled in from a BLM-approved caliche pit.

8. Methods of Handling Waste

- Drilling fluids, produced oil, and water from the well during drilling and completion operations will be stored safely and disposed of properly in a NMOCD approved disposal facility.
- Garbage and trash produced during drilling and completion operations will be collected in a trash container and disposed of properly at a state approved disposal facility. All trash on and around well site will be collected for disposal.
- Human waste and grey water will be properly contained and disposed of properly at a state approved disposal site.
- After drilling and completion operations, trash, chemicals, salts, frac sand and other waste will be removed and disposed of properly at a state approved disposal site.
- The well will be drilled utilizing a closed loop system. Drill cuttings will be properly disposed of into steel tanks and taken to an NMOCD approved disposal facility.

9. Ancillary Facilities:

No camps or airstrips to be constructed.

10. Well Site Layout:

- Exhibit D: Rig Layout
- - Mud pits in the closed circulation system will be steel pits and the cuttings will be stored in steel containment pits.
- Cuttings will be stored in steel pits until they are hauled to a state-approved disposal facility.
- If the well is a producer, those areas of the location not essential to production facilities will be reclaimed and seeded per BLM requirements. Exhibit D-1: Interim Reclamation Diagram.

Surface Use Plan Liberty 24 Fed Com #4H Cimarex Energy Co. UL: D, Sec. 24, 25S, 26E EDDY Co., NM

11. Plans for Restoration of Surface:

Rehabilitation of the location will start in a timely manner after all drilling operations cease. The type of reclamation will depend on whether the well is a producer or a dry hole.

In areas planned for interim and final reclamation, surfacing materials will be removed and returned to a mineral pit or recycled to repair or build roads and well pads.

Drainage systems, if any, will be reshaped to the original configuration with provisions made to alleviate erosion. These may need to be modified in certain circumstances to prevent inundation of the location's pad and surface facilities. After the area has been shaped and contoured, topsoil from the spoil pile will be placed over the disturbed area to the extent possible. Revegetation procedures will comply with BLM standards.

If the well is a dry hole, the pad and road area will be recountoured to match the existing terrain. Topsoil will be spread to the extent possible. Revegetation will comply with BLM standards.

Should the well be a producer, those areas of the location not essential to porduction facilities and operations will be reclaimed and seeded per BLM requirements. Exhibit D-1 illustrates the proposed Interim Reclamation.

12. Other Information:

- Topography consists of a sloping plane with loose tan sands. Vegetation is mainly yucca, mesquite and shin oak.
- The wellsite is on surface owned by Bureau of Land Management. The land is used mainly for farming, cattle ranching, recreational use, and oil and gas production.
- An archaeological survey will be conducted on the location and proposed roads and this report will be filed with the Bureau
 of Land Management.
- There are no known dwellings within 1¹/₂ miles of this location.

13. On Site Notes and Information:

Onsite Results: Barry Hunt w/Basin Surveys and Legion Brumley w/ BLM on site 7/30/2013. OK where staked. V-Door East. Top soil south. Frac pad Northwest corner (North) Flare pad Northeast corner. Battery south. Access road southwest corner, southwest to a pipeline and powerline to the Liberty SWD well to the south. We also are having a buried 4" flex pipeline (Gas lift/Production staked from each well to battery and a powerline staked to closest line for each well (if powerline is within 600 square surveyors will show it in the area).

PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Cimarex Energy Co of Colorado
LEASE NO.:	NM96835
WELL NAME & NO.:	4H Liberty 24 Fed Com
SURFACE HOLE FOOTAGE:	330' FNL & 660' FWL
BOTTOM HOLE FOOTAGE	330' FSL & 660' FWL
LOCATION:	Section 24, 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 **Top Soil Stockpile** Cave/Karst **Communitization Agreement** Construction Notification Topsoil **Closed Loop System** Federal Mineral Material Pits Well Pads Roads **Road Section Diagram** Drilling **Cement Requirements** H2S Requirements Medium 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)

<u>Top Soil</u>

Top soil will be moved prior to construction of the tank battery to prevent the soil from being blocked in and causing additional surface disturbance to access top soil for reclamation.

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 $1\frac{1}{2}$ times the content of the largest tank.

Communitization Agreement

A Communitization Agreement covering the acreage dedicated to this well must be filed for approval with the BLM. The effective date of the agreement shall be prior to any sales. In addition, the well sign shall include the surface and bottom hole lease numbers. If the Communitization Agreement number is known, it shall also be on the sign. If not, it shall be placed on the sign when the sign is replaced.

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) 234-5909 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 strip the top portion of the soil (root zone) from the entire well pad area and stockpile the topsoil along the edge of the well pad as depicted in the APD. The root zone is typically six (6) inches in depth. All the stockpiled topsoil will be redistributed over the interim reclamation areas. Topsoil shall not be used for berming the pad or facilities. For final reclamation, the topsoil shall be spread over the entire pad area for seeding preparation.

Other subsoil (below six inches) stockpiles must be completely segregated from the topsoil stockpile. Large rocks or subsoil clods (not evident in the surrounding terrain) must be buried within the approved area 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. EXCLOSURE FENCING (CELLARS & PITS)

Exclosure Fencing

The operator will install and maintain exclosure fencing for all open well cellars to prevent access to public, livestock, and large forms of wildlife before and after drilling operations until the pit is free of fluids and the operator initiates backfilling. (For examples of exclosure fencing design, refer to BLM's Oil and Gas Gold Book, Exclosure Fence Illustrations, Figure 1, Page 18.)

G. 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-five (25) 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 conform to Figure 1; cross section and plans for typical road construction.

Drainage

Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outsloping 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 foot road with 4% road slope: $\frac{400'}{4\%}$ + 100' = 200' lead-off ditch interval

Cattleguards

An appropriately sized cattleguard sufficient to carry out the project shall be installed and maintained at fence/road crossings. Any existing cattleguards on the access road route 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 cattleguards that are in place and are utilized during lease operations.

Fence Requirement

Where entry is granted 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 fences.

Public Access

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





VII. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified in advance for a representative to witness:

- a. Spudding well (minimum of 24 hours)
- b. Setting and/or Cementing of all casing strings (minimum of 4 hours)
- c. BOPE tests (minimum of 4 hours)

Eddy County

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

- 1. A Hydrogen Sulfide (H2S) Drilling Plan shall be activated 500 feet prior to drilling into the Delaware formation. 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 is 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. The top and bottom of Salt are to be recorded on the Completion Report.

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. IF OPERATOR DOES NOT HAVE THE WELL SPECIFIC CEMENT DETAILS ONSITE PRIOR TO PUMPING THE CEMENT FOR EACH CASING STRING, THE WOC WILL BE 30 HOURS. 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.

Medium Cave/Karst

Possibility of water flows in the Salado, Castile, and Delaware. Possibility of lost circulation in the Salado and Delaware.

- The 13-3/8 inch surface casing shall be set at approximately 400 feet and cemented to the surface. If salt is encountered, set casing at least 25 feet above the salt. Excess calculates to 20% - Additional cement may be required.
 - 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.

If 75% or greater lost circulation occurs while drilling the intermediate casing hole, the cement on the production casing must come to surface.

Centralizers approved as written.

3. The minimum required fill of cement behind the 5-1/2 inch production casing is:

Cement should tie-back at least 200 feet into previous casing string. Operator shall provide method of verification. Excess calculates to 24% - Additional cement may be required.

4. 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. These documents shall be posted in the company man's trailer and on the rig floor. 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 **2000** (**2M**) 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.

- Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the 9-5/8 intermediate casing shoe shall be 3000 (3M) psi.
- 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. The operator also has the option of utilizing an independent tester to test without a plug (i.e. against the casing) pursuant to Onshore Order 2 with the pressure not to exceed 70% of the burst rating for the casing. Any test against the casing must meet the WOC time for water basin (18 hours) or potash (24 hours) or 500 pounds compressive strength, whichever is greater, prior to initiating the test (see casing segment as lead cement may be critical item).
 - c. The test shall be run on a 5000 psi chart for a 2-3M BOP/BOP, on a 10000 psi chart for a 5M BOP/BOPE and on a 15000 psi chart for a 10M BOP/BOPE. If a linear chart is used, it shall be a one hour chart. A circular chart shall have a maximum 2 hour clock with a corresponding chart (i.e. two hour clock-two hour chart, one hour clock-one hour chart).
 - d. The results of the test shall be reported to the appropriate BLM office.
 - e. 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.
 - f. 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. This test shall be performed prior to the test at full stack pressure.

D. DRILL STEM TEST

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

E. 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 032014

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.

Exclosure Netting (Open-top Tanks)

Immediately following active drilling or completion operations, the operator will take actions necessary to prevent wildlife and livestock access, including avian wildlife, to all open-topped tanks that contain or have the potential to contain salinity sufficient to cause harm to wildlife or livestock, hydrocarbons, or Resource Conservation and Recovery Act of 1976-exempt hazardous substances. At a minimum, the operator will net, screen, or cover open-topped tanks to exclude wildlife and livestock and prevent mortality. If the operator uses netting, the operator will cover and secure the open portion of the tank to prevent wildlife entry. The operator will net, screen, or cover the tanks until the operator removes the tanks from the location or the tanks no longer contain substances that could be harmful to wildlife or livestock. Use a maximum netting mesh size of 1 ½ inches. The netting must not be in contact with fluids and must not have holes or gaps.

Chemical and Fuel Secondary Containment and Exclosure Screening

The operator will prevent all hazardous, poisonous, flammable, and toxic substances from coming into contact with soil and water. At a minimum, the operator will install and maintain an impervious secondary containment system for any tank or barrel containing hazardous, poisonous, flammable, or toxic substances sufficient to contain the contents of the tank or barrel and any drips, leaks, and anticipated precipitation. The operator will dispose of fluids within the containment system that do not meet applicable state or U. S. Environmental Protection Agency livestock water standards in accordance with state law; the operator must not drain the fluids to the soil or ground. The operator will design, construct, and maintain all secondary containment systems to prevent wildlife and livestock exposure to harmful substances. At a minimum, the operator will install effective wildlife and livestock exclosure systems such as fencing, netting, expanded metal mesh, lids, and grate covers. Use a maximum netting mesh size of 1 ½ inches.

Open-Vent Exhaust Stack Exclosures

The operator will construct, modify, equip, and maintain all open-vent exhaust stacks on production equipment to prevent birds and bats from entering, and to discourage perching, roosting, and nesting. (*Recommended exclosure structures on open-vent exhaust stacks are in the shape of a cone.*) Production equipment includes, but may not be limited to, tanks, heater-treaters, separators, dehydrators, flare stacks, in-line units, and compressor mufflers.

Containment Structures

Proposed production facilities such as storage tanks and other vessels will have a secondary containment structure that is constructed to hold the capacity of 1.5 times the

largest tank, plus freeboard to account for precipitation, unless more stringent protective requirements are deemed necessary.

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, <u>Shale Green</u> from the BLM Standard Environmental Color Chart (CC-001: June 2008).

B. PIPELINES (Not applied for in APD)

C. ELECTRIC LINES

STANDARD STIPULATIONS FOR OVERHEAD ELECTRIC DISTRIBUTION LINES

A copy of the grant and attachments, including stipulations, 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 <u>et seq</u>. (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, <u>et seq</u>. or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, <u>et seq</u>.) 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. There will be no clearing or blading of the right-of-way unless otherwise agreed to in writing by the Authorized Officer.

5. Power lines shall be constructed and designed in accordance to standards outlined in "Suggested Practices for Avian Protection on Power lines: The State of the Art in 2006" Edison Electric Institute, APLIC, and the California Energy Commission 2006. The holder shall assume the burden and expense of proving that pole designs not shown in the above publication deter raptor perching, roasting, and nesting. Such proof shall be provided by a raptor expert approved by the Authorized Officer. The BLM reserves the right to require modification or additions to all power line structures placed on this right-of-way, should they be necessary to ensure the safety of large perching birds. Such modifications and/or additions shall be made by the holder without liability or expense to the United States.

Raptor deterrence will consist of but not limited to the following: triangle perch discouragers shall be placed on each side of the cross arms and a nonconductive perching deterrence shall be placed on all vertical poles that extend past the cross arms.

6. 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 the fence. No permanent gates will be allowed unless approved by the Authorized Officer.

7. The BLM serial number assigned to this authorization shall be posted in a permanent, conspicuous manner where the power line crosses roads and at all serviced facilities. Numbers will be at least two inches high and will be affixed to the pole nearest the road crossing and at the facilities served.

8. Upon cancellation, relinquishment, or expiration of this grant, the holder shall comply with those abandonment procedures as prescribed by the Authorized Officer.

9. All surface structures (poles, lines, transformers, etc.) shall be removed within 180 days of abandonment, relinquishment, or termination of use of the serviced facility or facilities or within 180 days of abandonment, relinquishment, cancellation, or expiration of this grant, whichever comes first. This will not apply where the power line extends service to an active, adjoining facility or facilities.

10. Any cultural and/or paleontological resource (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.

11. Special Stipulations:

• The BLM, Carlsbad Field Office, will be informed immediately if any subsurface drainage channels, cave passages, or voids are penetrated during construction and no further construction will be done until clearance has been issued by the Authorized Officer. Special restoration stipulations or realignment may be required.

• For reclamation remove poles, lines, transformer, etc. and dispose of properly.

- Fill in any holes with native soil.
- To protect visual resources:
 - a. New construction will be contained within existing rights-of ways as much as possible
 - b. Vegetation will not be removed except to locate poles (no blading)
 - c. Large rocks removed while locating poles will be randomly distributed in a natural manner across the landscape and not be piled to attract attention
 - d. Surface disturbance in drainages shall be avoided
 - e. Pole height shall not exceed 40 feet above ground

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:

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

*Pounds of pure live seed:

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