

**NM OIL CONSERVATION
ARTESIA DISTRICT**

14-249

OCD Artesia OCT 10 2014

TCS
10-20-14

Form 3160-3
(March 2012)

RECEIVED

FORM APPROVED
OMB No. 1004-0137
Expires October 31, 2014

**UNORTHODOX
LOCATION**

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No. SHLABHL: NMNM019848
6. If Indian, Allottee or Tribe Name
7. If Unit or CA Agreement, Name and No. Laguna Grande Unit NM70967X
8. Lease Name and Well No. Laguna Grande Unit 7H <33808>
9. API Well No. 30015 42739
11. Sec., T., R., M. or Blk. and Survey and Area Bone Spring Water <9685>
12. County or Parish Eddy
13. State NM

1a. Type of Work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER
1b. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone
2. Name of Operator Cimarex Energy Co.
3a. Address 600 N. Marienfield St. Ste. 600 Midland TX 79071
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 180 FNL & 1650 FEL At proposed prod. Zone 330 FSL & 1850 FEL Bone Spring

14. Distance in miles and direction from nearest town or post office* Approx 5.1 miles east of Loving, NM
--

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line if any) 180	16. No of acres in lease NMNM019848=960.00 acres	17. Spacing Unit dedicated to this well 160.00
18. Distance from proposed* location to nearest well, drilling, completed, applied for, on this lease, ft. 1120	19. Proposed Depth Pilot Hole TD: N/A 13,204 MD 8,593 TVD	20. BLM/BIA Bond No. on File NM2575; NMB000835
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3007 GR	22. Approximate date work will start* 4/1/13	23. Estimated duration 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 | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan | 5. Operator Certification |
| 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). | 6. Such other site-specific information and/or plans as may be required by the authorized officer. |

25. Signature 	Name (Printed/Typed) Terri Stalhem	Date 11/26/13
Title Regulatory Compliance		
Approved By Steve Caffey	Name (Printed/Typed) Office	Date OCT - 7 2014
Title CARLSBAD FIELD OFFICE	Office FIELD MANAGER	

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.S. 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.

(Continued on page 2)

*(Instructions on page 2)

Carlsbad Controlled Water Basin

Approval Subject to General Requirements
& Special Stipulations Attached

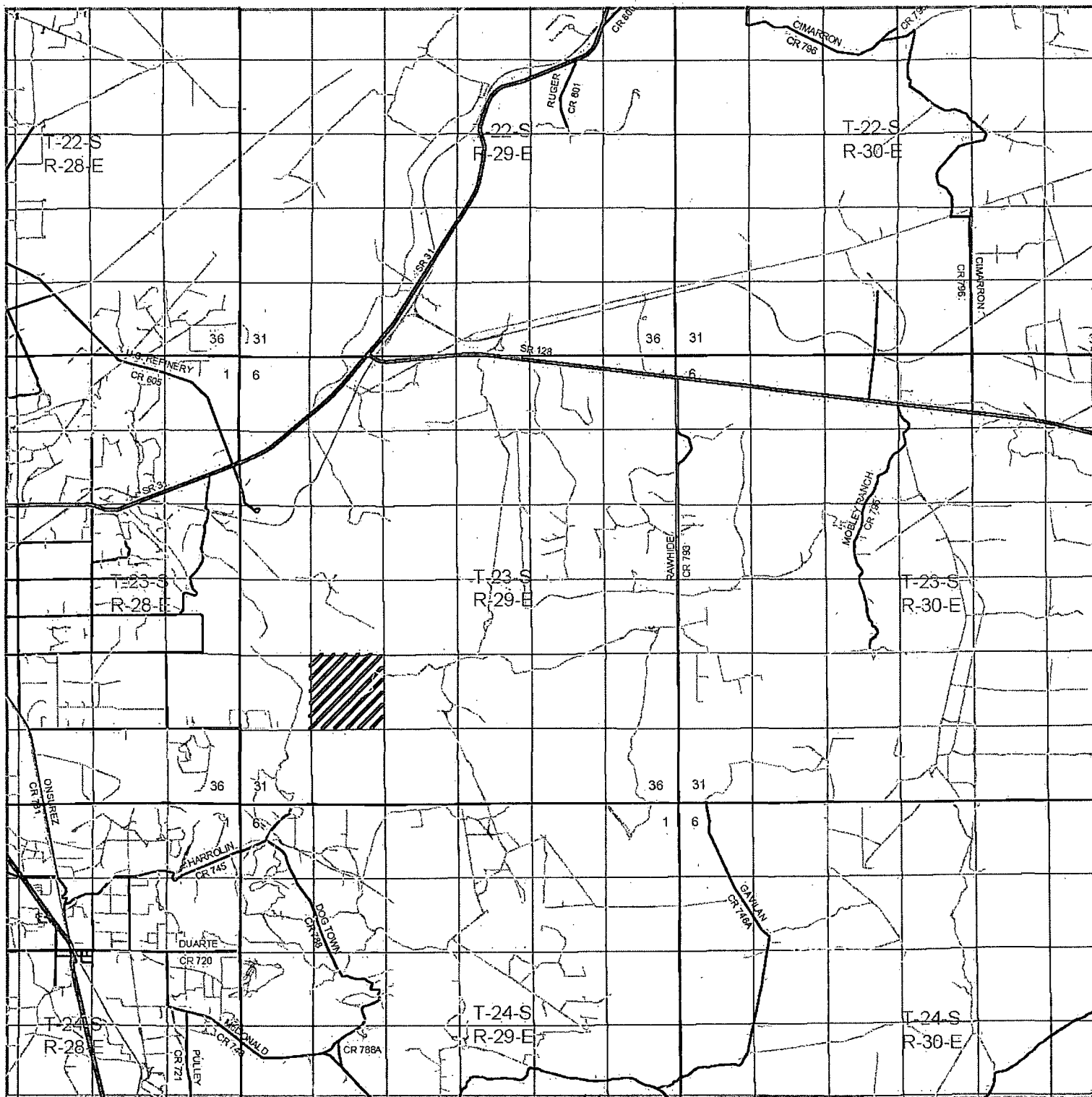
SEE ATTACHED FOR
CONDITIONS OF APPROVAL

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.

DATE July 16 1977
Date Surveyed _____
Signature [Signature]
Professional Surveyor
No. 28590
EXPIRATION 1980

Certificate No. July 1 Jones 7977

BASIN SURVEYS 28590



Unit
LAGUNA GRANDE ~~29~~ FEDERAL #7
 Located 180' FNL and 1650' FEL
 Section 29, Township 23 South, Range 29 East,
 N.M.P.M., Eddy County, New Mexico.



P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (575) 393-7316 - Office
 (575) 392-2206 - Fax
 basinsurveys.com

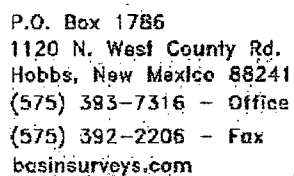
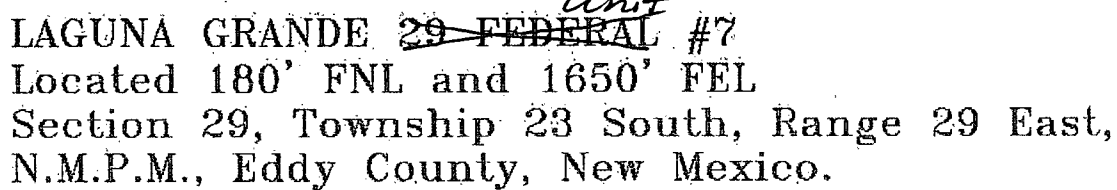
W.O. Number: DAJ 28590

Survey Date: 06-24-2013

Scale: 1" = 2 Miles

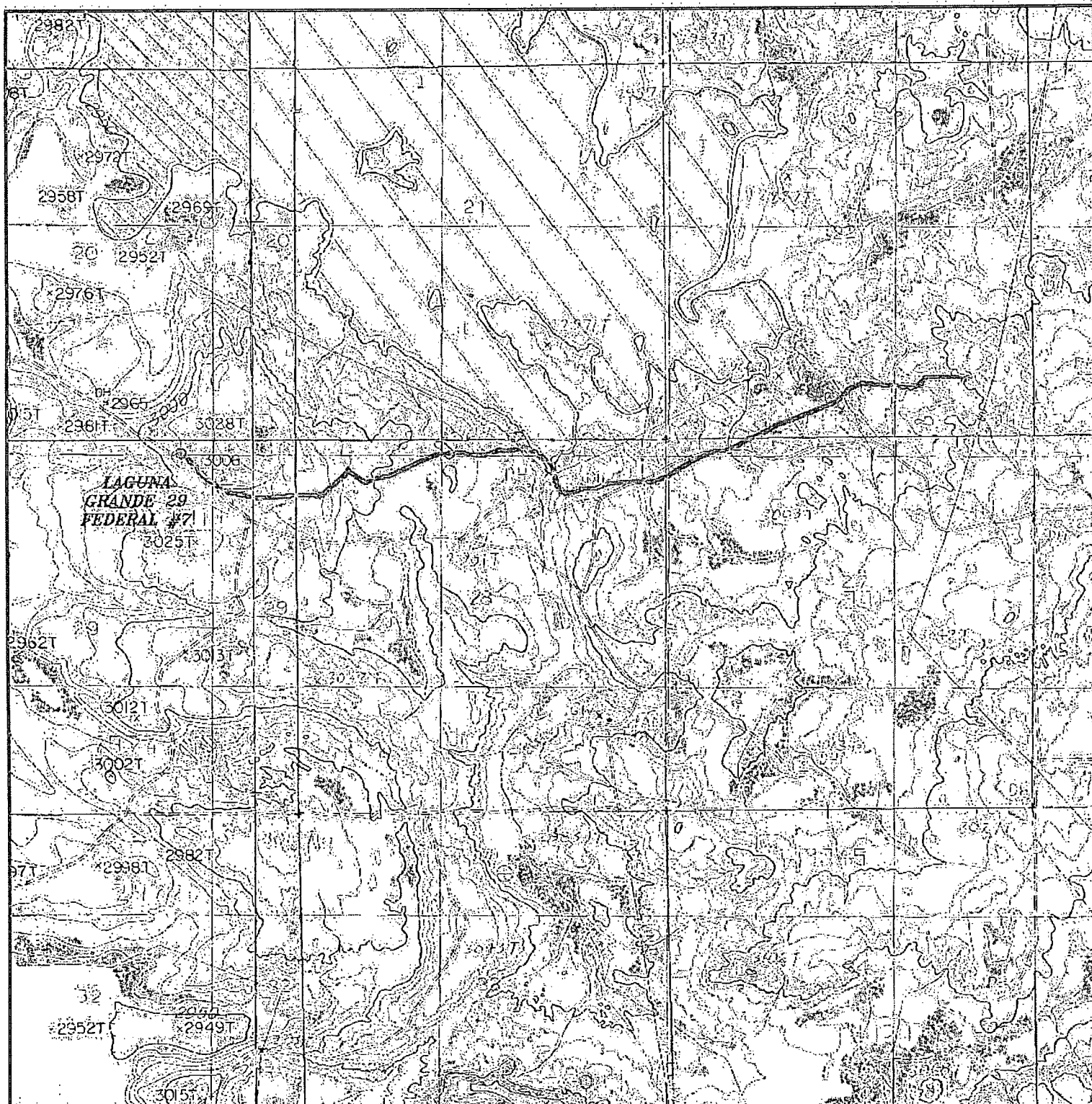
Date: 06-28-2013

**CIMAREX
 ENERGY CO.**



Date: 05-28-2013

CIMAREX
ENERGY CO.



LAGUNA GRANDE ~~29 FEDERAL #7~~ unit

Located 180' FNL and 1650' FEL

Section 29, Township 23 South, Range 29 East,
N.M.P.M., Eddy County, New Mexico.

basin
surveys
focused on excellence
in the oilfield

P.O. Box 1785
1120 N. West County Rd.
Hobbs, New Mexico 88241
(575) 393-7316 - Office
(575) 392-2206 - Fax
basinsurveys.com

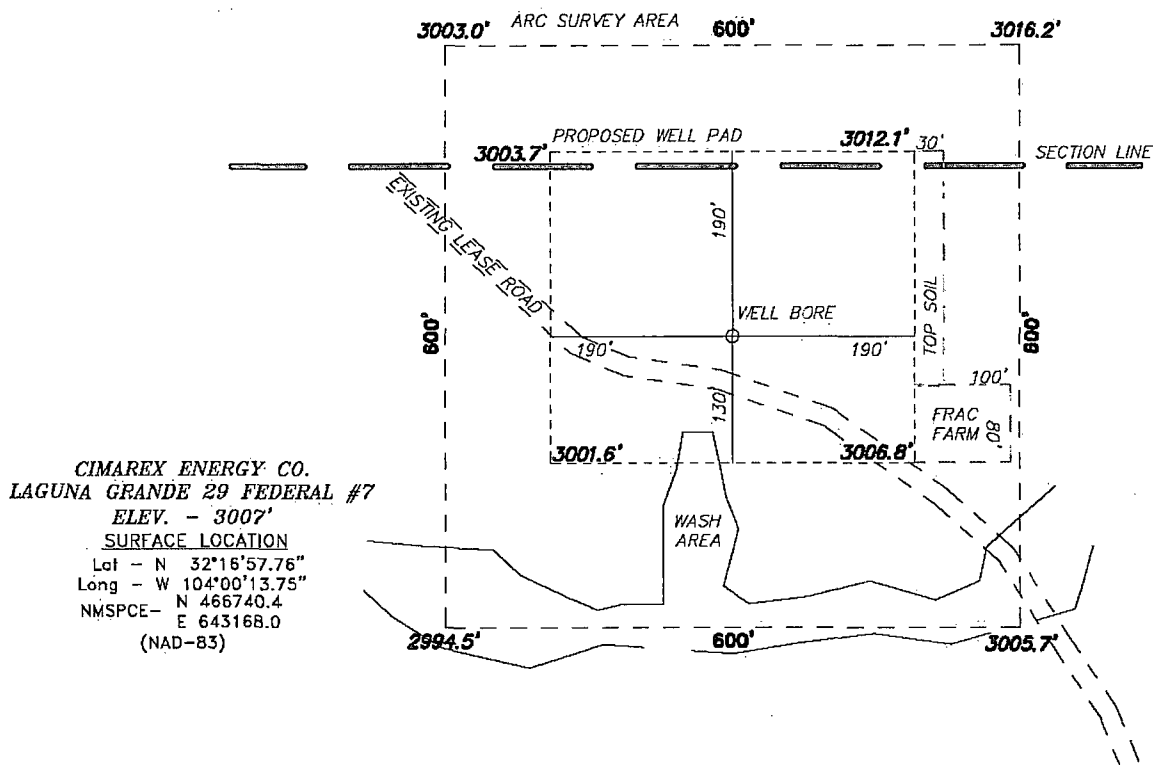
W.O. Number: DAJ 28590

Scale: 1" = 2000'

YELLOW TINT - USA LAND
BLUE TINT - STATE LAND
NATURAL COLOR - FEE LAND

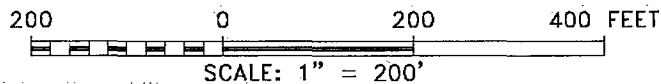
CIMAREX
ENERGY CO.

SECTION 29, TOWNSHIP 23 SOUTH, RANGE 29 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



CIMAREX ENERGY CO.
LAGUNA GRANDE 29 FEDERAL #7
ELEV. - 3007'
SURFACE LOCATION
Lat - N 32°16'57.76"
Long - W 104°00'13.75"
NMSPCE- N 466740.4
E 643168.0
(NAD-83)

WELL IS ABOUT 5.4 MILES EAST OF LOVING NEW MEXICO



Directions to Location:

FROM HIGHWAY 128 AND RAWHIDE ROAD GO SOUTH
ON RAWHIDE 4.2 MILES TURN WEST ON LEASE ROAD
GO 4.9 MILES TO PROPOSED LOCATION.

BASIN SURVEYS P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: 28590 Drawn By: **D. JONES**

Date: 06-28-2013 Disk: DAJ 28590

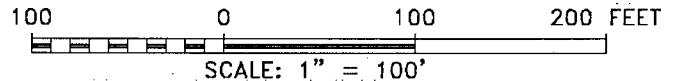
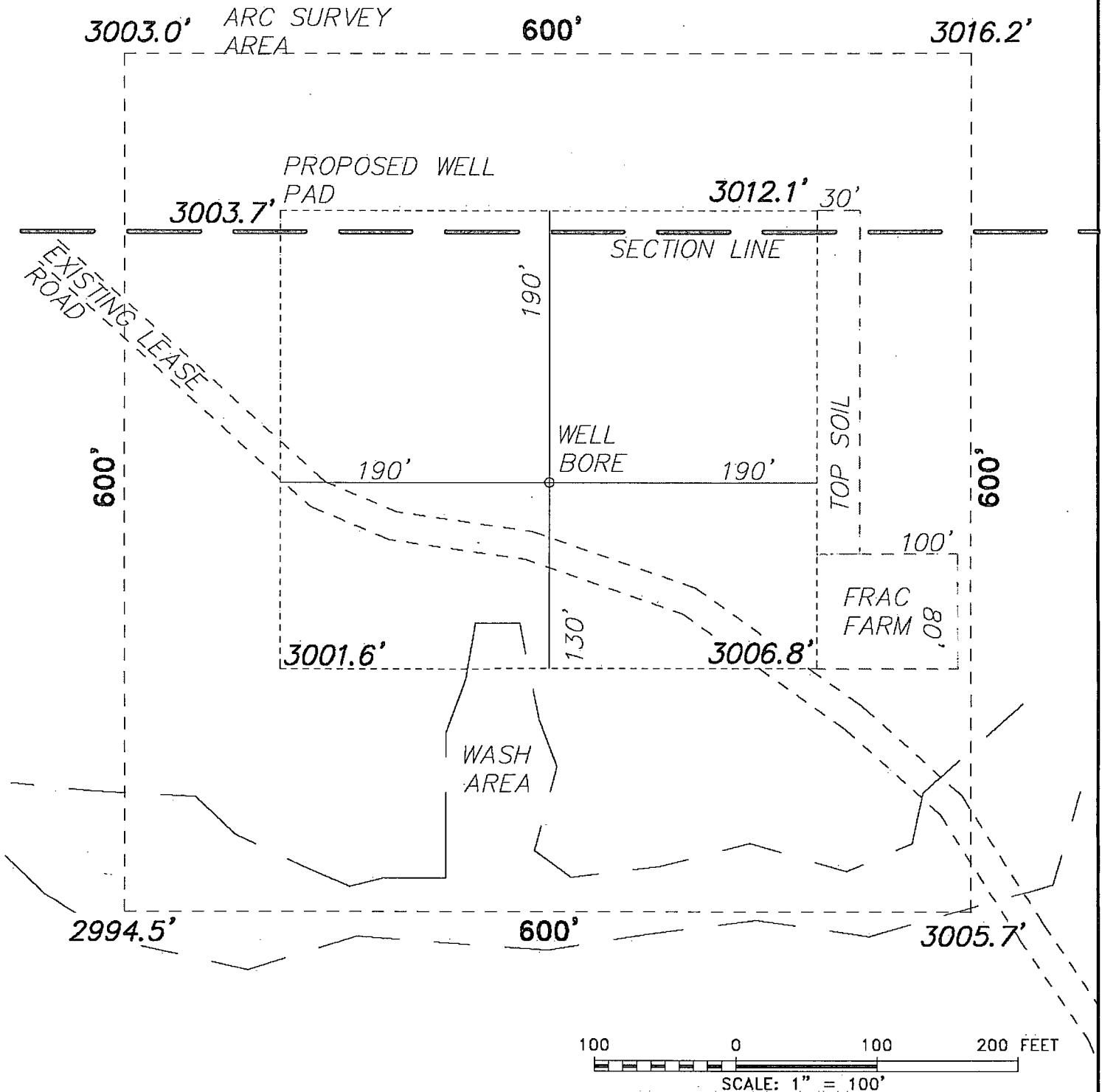
CIMAREX ENERGY CO.

REF: LAGUNA GRANDE 29 FEDERAL #7 / WELL PAD TOPO

THE LAGUNA GRANDE ~~29~~ ^{Unit} FEDERAL #7 LOCATED 180'
FROM THE NORTH LINE AND 1650' FROM THE EAST LINE OF
SECTION 29, TOWNSHIP 23 SOUTH, RANGE 29 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 06-24-2013 Sheet 1 of 1 Sheets

SECTION 29, TOWNSHIP 23 SOUTH, RANGE 29 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



Directions to Location:

FROM HIGHWAY 128 AND RAWHIDE ROAD GO SOUTH
ON RAWHIDE 4.2 MILES TURN WEST ON LEASE ROAD
GO 4.9 MILES TO PROPOSED LOCATION.

BASIN SURVEYS P.O. BOX 1786 - HOBBS, NEW MEXICO

W.O. Number: 28590 Drawn By: **J. SMALL**

Date: 06-28-2013 Disk: DAJ 28590

CIMAREX ENERGY CO.

REF: LAGUNA GRANDE 29 FEDERAL #7 / WELL PAD TOPO

THE LAGUNA GRANDE ~~29~~ FEDERAL ^{Unit} #7 LOCATED 180'
FROM THE NORTH LINE AND 1650' FROM THE EAST LINE OF
SECTION 29, TOWNSHIP 23 SOUTH, RANGE 29 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 06-24-2013 Sheet 1 of 1 Sheets

Exhibit C-1



Unit 7
LAGUNA GRANDE ~~29~~ FEDERAL #7
 Located 180' FNL and 1650' FEL
 Section 29, Township 23 South, Range 29 East,
 N.M.P.M., Eddy County, New Mexico.

basin
surveys
 focused on excellence
 in the oilfield

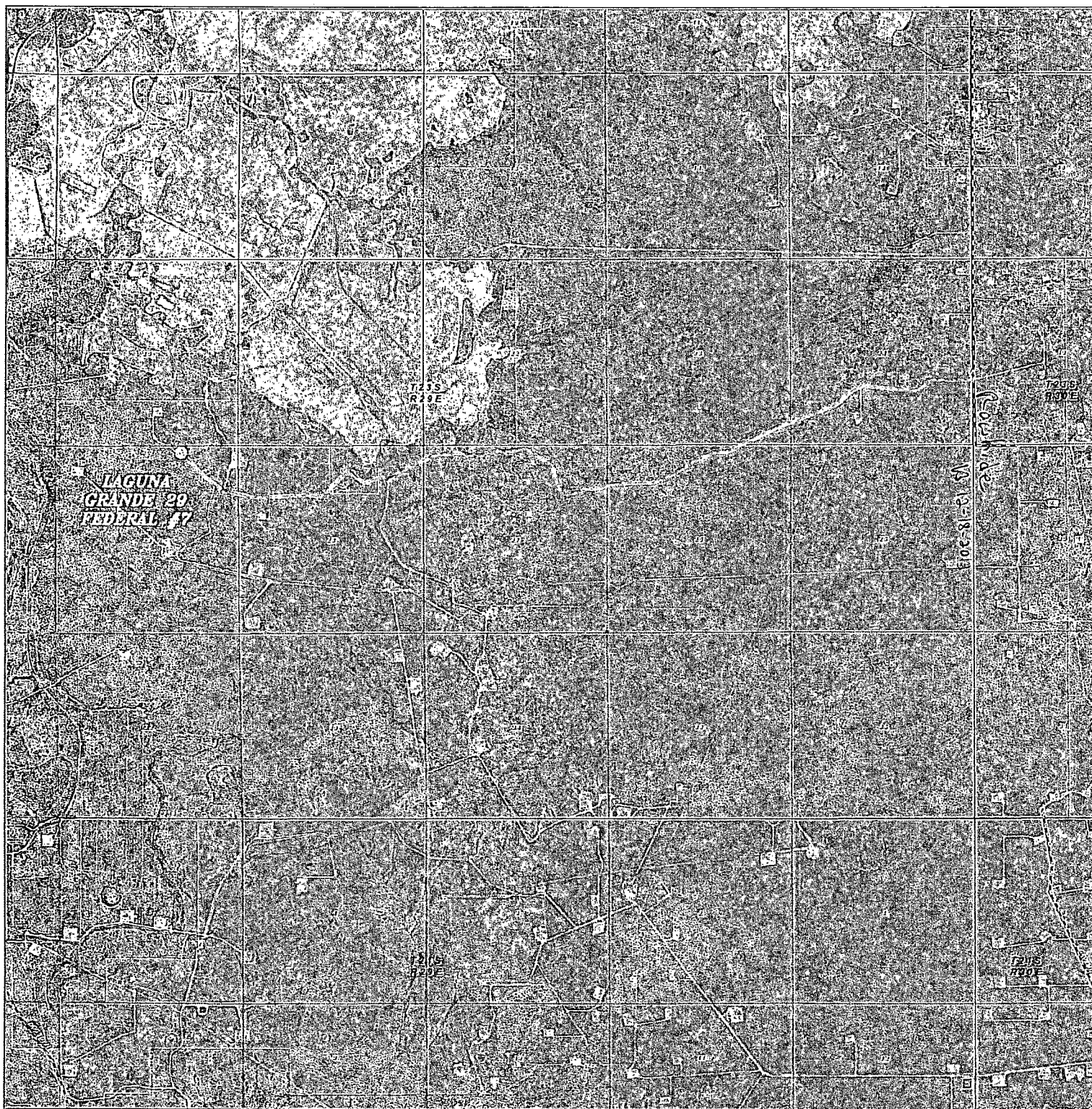
P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (575) 393-7316 - Office
 (575) 392-2206 - Fax
 basin-surveys.com

W.O. Number: DAJ 28590

Scale: 1" = 2000'

YELLOW TINT - USA LAND
 BLUE TINT - STATE LAND
 NATURAL COLOR - FEE LAND

CIMAREX
ENERGY CO.



LAGUNA GRANDE ~~29 FEDERAL~~ #7 Unit

Located 180' FNL and 1650' FEL

Section 29, Township 23 South, Range 29 East,
N.M.P.M., Eddy County, New Mexico.

basin
surveys
focused on excellence
in the oilfield

P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(575) 393-7316 - Office
(575) 392-2206 - Fax
basinsurveys.com

W.O. Number: DAJ 28590

Scale: 1" = 2000'

YELLOW TINT - USA LAND
BLUE TINT - STATE LAND
NATURAL COLOR - FEE LAND

CIMAREX
ENERGY CO.

Application to Drill *Unit*
Laguna Grande 29 Federal 7H
 Cimarex Energy Co.
 UL: B, Sec. 29, 23s, 29E
 Eddy Co., 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 180 FNL & 1650 FEL
BHL 330 FSL & 1850 FEL
2. **Elevation Above Sea Level:** 3,007' 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:** 13,204 MD 8,593 TVD Pilot Hole TD: N/A
6. **Estimated Tops of Geological Markers:**

Formation	Est Top	Bearing
Rustler		374 N/A
Top Salt		562 N/A
Base Salt		2573 N/A
Bell Canyon		2790 Hydrocarbons
Cherry Canyon		3822 Hydrocarbons
Brushy Canyon		4921 Hydrocarbons
Bone Spring		6482 N/A
Bone Spring "A" Shale		6603 Hydrocarbons
Bone Spring "B" Limestone		6946 Hydrocarbons
Bone Spring "C" Shale		7158 Hydrocarbons
1st Bone Spring Ss		7536 Hydrocarbons
2nd Bone Spring Limestone		7807 N/A
2nd Bone Spring Ss		8307 Hydrocarbons
2nd Bone Spring Ss Horz Target		8593 Hydrocarbons
3rd BS Limestone		8650 Hydrocarbons

7. **Possible Mineral Bearing Formation:** Shown above

7A. **OSE Ground Water Estimated Depth:** 30'

8. **Casing Program:**

See COF

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	Condition	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 (lbs)	Bouyant Tension SF (1.8)
Surface	0	425 175'	425	17 1/2	13-3/8"	48.00	H-40	ST&C	New	183	8.3	4.03		9.43	20,400	17,815	18.07
Intermediate	0	2760 2900'	2760	12 1/4	9-5/8"	36.00	J-55	LT&C	New	1435	10.0		1.41	2.45	99,360	84,191	5.38
Production	0	8115	8115	8 3/4	5-1/2"	17.00	L-80	LT&C	New	3797	9.0	1.66		2.04	146,081	126,009	2.68
Production	8115	13204	8593	8 3/4	5-1/2"	17.00	L-80	BT&C	New	4021	9.0	1.56		1.92	8,126	7,009	56.64

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 Production Liner	Tension	A 1.8 design factor with effects of buoyancy: 9.00 ppg.
	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.
	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	99	1.75	13.50	173	Class C + Bentonite + Calcium Chloride + LCM, 8.829 gps water
	Tail	195	1.34	14.80	260	Class C + LCM, 6.32 gps water
	TOC: 0		47% Excess			Centralizers per Onshore Order 2.III.B.1f
Intermediate	Lead	665	1.88	12.90	1250	35:65 (poz/C) + Salt + Bentonite + LCM + retarder, 9.65 gps water
	Tail	162	1.34	14.80	216	Class C + retarder + LCM, 6.32 gps water
	TOC: 0		83% Excess			
Production	Lead	660	2.40	11.90	1584	35:65 (poz/H) + salt + Sodium Metasilicate + Bentonite + Fluid Loss + Dispersant + LCM + Retarder, 13.80 gps water
	Tail	1424	1.24	14.50	1765	50:50 (poz/H) + Bentonite + Salt + Fluid Loss + Dispersant + LCM + Retarder, 5.55 gps water
	TOC: 2560		25% Excess			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: 8,115' EOC: 8,866'

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.

See COA
 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.

See COA

11. Proposed Mud Circulating System:

Depth	Mud Weight	Visc	Fluid Loss	Type Mud
0' to 425' ^{175'}	8.30	28	NC	FW Spud Mud
425' to 2760' ^{2900'}	10.00	30-32	NC	Brine Water
2760' to 13204'	9.00	30-32	NC	FW/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 2760 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.

Estimated BHP: 3867 psi

Estimated BHT: 148°

14. Construction and Drilling:

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

Drilling expected to take: 35 days.

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

15. Other Facets of Operations:

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

2nd Bone Spring Ss pay will be perforated and stimulated.

The proposed well will be tested and potentialized as **Oil**

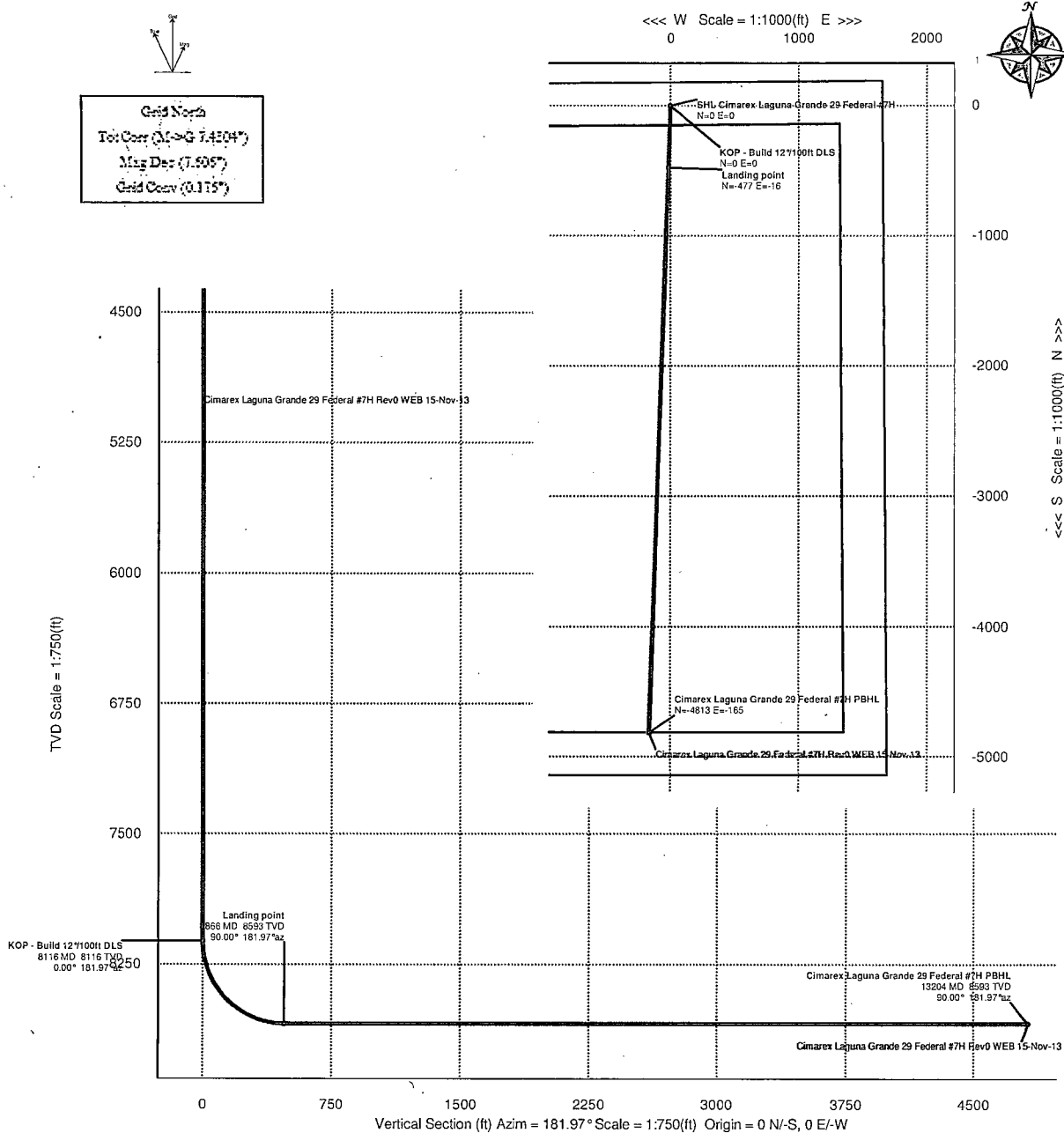


Cimarex

PATHFINDER
A Schlumberger Company

WELL	Laguna Grande 29 Federal #7H	FIELD	NM Eddy County	STRUCTURE	TBD
Magnetic Parameters	Dip: 40.802° Model: BSGM 2013 Mag Dec: 7.006°	Date: November 15, 2013 FB: 48545.607	Surface Location Lat: N 32 16 57.769 Lon: W 104 0 13.735	NAD83 New Mexico State Plane, Eastern Zone, US Foot 498748.40 BUS 443118.00 BUS Northing: 498748.40 BUS Easting: 443118.00 BUS Grid Conv: 0.176° Scale Fact: 0.9993097	Miscellaneous Blk: Cimarex Laguna Grande 29 Federal #7H Plan: Rev'd WEB 15-Nov-13 Rev Date: November 15, 2013

Grid North
To: Corr (ΔG 1.4304°)
Mag Dec (7.506°)
Grid Conv (0.175°)



Critical Points

Critical Point MD	INCL	AZIM	TVD	VSEC	N(+) / S(-)	E(+) / W(-)	DLS
SHL Cimarex Laguna Grande 29 Federal #7H	0.00	0.00	181.97	0.00	0.00	0.00	
KOP - Build 12°/100ft DLS	8115.50	0.00	181.97	8115.50	0.00	0.00	0.00
Landing point	8865.56	90.00	181.97	8593.00	477.22	-16.37	12.00
Cimarex Laguna Grande 29 Federal #7H PBHL	13203.98	90.00	181.97	8593.00	4815.93	-165.31	0.00



Unit
Cimarex Laguna Grande 29 Federal #7H Rev0 WEB 15-Nov-13 Proposal
Report 100ft Interpolated
(Non-Def Plan)



Report Date:	November 15, 2013 - 12:02 PM	Survey / DLS Computation:	Minimum Curvature / Lubinski
Client:	Cimarex	Vertical Section Azimuth:	181.967 ° (Grid North)
Field:	NM Eddy County (NAD 83)	Vertical Section Origin:	0.000 ft, 0.000 ft
Structure / Slot:	TBD / Cimarex Laguna Grande 29 Federal #7H	TVD Reference Datum:	Ground level
Well:	Cimarex Laguna Grande 29 Federal #7H	TVD Reference Elevation:	3007.000 ft above
Borehole:	Original Borehole	Seabed / Ground Elevation:	3007.000 ft above
UWI / API#:	Unknown / Unknown	Magnetic Declination:	7.606 °
Survey Name:	Cimarex Laguna Grande 29 Federal #7H Rev0 WEB 15-Nov-13	Total Gravity Field Strength:	998.5302mgn (9.80665 Based)
Survey Date:	November 15, 2013	Total Magnetic Field Strength:	48345.575 nT
Tort / AHD / DDI / ERD Ratio:	90.005 ° / 4815.928 ft / 5.824 / 0.560	Magnetic Dip Angle:	60.092 °
Coordinate Reference System:	NAD83 New Mexico State Plane, Eastern Zone, US Feet	Declination Date:	November 15, 2013
Location Lat / Long:	N 32° 16' 57.76892", W 104° 0' 13.75523"	Magnetic Declination Model:	BGGM 2013
Location Grid N/E Y/X:	N 466740.400 ftUS, E 643168.000 ftUS	North Reference:	Grid North
CRS Grid Convergence Angle:	0.1760 °	Grid Convergence Used:	0.1760 °
Grid Scale Factor:	0.99992097	Total Corr Mag North->Grid North:	7.4304 °
		Local Coord Referenced To:	Structure Reference Point

Comments	MD (ft)	Incl (°)	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 Laguna Grande 29 Federal #7H	0.00	0.00	181.97	0.00	0.00	0.00	0.00	466740.40	643168.00	N 32 16 57.77	W 104 0 13.76	0.00	0.00	N/A
	100.00	0.00	181.97	100.00	0.00	0.00	0.00	466740.40	643168.00	N 32 16 57.77	W 104 0 13.76	0.00	0.00	0.00
	200.00	0.00	181.97	200.00	0.00	0.00	0.00	466740.40	643168.00	N 32 16 57.77	W 104 0 13.76	0.00	0.00	0.00
	300.00	0.00	181.97	300.00	0.00	0.00	0.00	466740.40	643168.00	N 32 16 57.77	W 104 0 13.76	0.00	0.00	0.00
	400.00	0.00	181.97	400.00	0.00	0.00	0.00	466740.40	643168.00	N 32 16 57.77	W 104 0 13.76	0.00	0.00	0.00
	500.00	0.00	181.97	500.00	0.00	0.00	0.00	466740.40	643168.00	N 32 16 57.77	W 104 0 13.76	0.00	0.00	0.00
	600.00	0.00	181.97	600.00	0.00	0.00	0.00	466740.40	643168.00	N 32 16 57.77	W 104 0 13.76	0.00	0.00	0.00
	700.00	0.00	181.97	700.00	0.00	0.00	0.00	466740.40	643168.00	N 32 16 57.77	W 104 0 13.76	0.00	0.00	0.00
	800.00	0.00	181.97	800.00	0.00	0.00	0.00	466740.40	643168.00	N 32 16 57.77	W 104 0 13.76	0.00	0.00	0.00
	900.00	0.00	181.97	900.00	0.00	0.00	0.00	466740.40	643168.00	N 32 16 57.77	W 104 0 13.76	0.00	0.00	0.00
	1000.00	0.00	181.97	1000.00	0.00	0.00	0.00	466740.40	643168.00	N 32 16 57.77	W 104 0 13.76	0.00	0.00	0.00
	1100.00	0.00	181.97	1100.00	0.00	0.00	0.00	466740.40	643168.00	N 32 16 57.77	W 104 0 13.76	0.00	0.00	0.00
	1200.00	0.00	181.97	1200.00	0.00	0.00	0.00	466740.40	643168.00	N 32 16 57.77	W 104 0 13.76	0.00	0.00	0.00
	1300.00	0.00	181.97	1300.00	0.00	0.00	0.00	466740.40	643168.00	N 32 16 57.77	W 104 0 13.76	0.00	0.00	0.00
	1400.00	0.00	181.97	1400.00	0.00	0.00	0.00	466740.40	643168.00	N 32 16 57.77	W 104 0 13.76	0.00	0.00	0.00
	1500.00	0.00	181.97	1500.00	0.00	0.00	0.00	466740.40	643168.00	N 32 16 57.77	W 104 0 13.76	0.00	0.00	0.00
	1600.00	0.00	181.97	1600.00	0.00	0.00	0.00	466740.40	643168.00	N 32 16 57.77	W 104 0 13.76	0.00	0.00	0.00
	1700.00	0.00	181.97	1700.00	0.00	0.00	0.00	466740.40	643168.00	N 32 16 57.77	W 104 0 13.76	0.00	0.00	0.00
	1800.00	0.00	181.97	1800.00	0.00	0.00	0.00	466740.40	643168.00	N 32 16 57.77	W 104 0 13.76	0.00	0.00	0.00
	1900.00	0.00	181.97	1900.00	0.00	0.00	0.00	466740.40	643168.00	N 32 16 57.77	W 104 0 13.76	0.00	0.00	0.00
	2000.00	0.00	181.97	2000.00	0.00	0.00	0.00	466740.40	643168.00	N 32 16 57.77	W 104 0 13.76	0.00	0.00	0.00
	2100.00	0.00	181.97	2100.00	0.00	0.00	0.00	466740.40	643168.00	N 32 16 57.77	W 104 0 13.76	0.00	0.00	0.00
	2200.00	0.00	181.97	2200.00	0.00	0.00	0.00	466740.40	643168.00	N 32 16 57.77	W 104 0 13.76	0.00	0.00	0.00
	2300.00	0.00	181.97	2300.00	0.00	0.00	0.00	466740.40	643168.00	N 32 16 57.77	W 104 0 13.76	0.00	0.00	0.00
	2400.00	0.00	181.97	2400.00	0.00	0.00	0.00	466740.40	643168.00	N 32 16 57.77	W 104 0 13.76	0.00	0.00	0.00
	2500.00	0.00	181.97	2500.00	0.00	0.00	0.00	466740.40	643168.00	N 32 16 57.77	W 104 0 13.76	0.00	0.00	0.00
	2600.00	0.00	181.97	2600.00	0.00	0.00	0.00	466740.40	643168.00	N 32 16 57.77	W 104 0 13.76	0.00	0.00	0.00
	2700.00	0.00	181.97	2700.00	0.00	0.00	0.00	466740.40	643168.00	N 32 16 57.77	W 104 0 13.76	0.00	0.00	0.00

11/25/2013 10:49 AM Page 2 of 4

Comments	MD (ft)	Incl (°)	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)
KOP - Build 12"/100ft DLS	8115.50	0.00	181.97	8115.50	0.00	0.00	0.00	466740.40	643168.00	N 32 16 57.77	W 104 0 13.76	0.00	0.00	0.00
	8200.00	10.14	181.97	8199.56	7.46	-7.45	-0.26	466732.95	643167.74	N 32 16 57.70	W 104 0 13.76	7.46	181.97	12.00
	8300.00	22.14	181.97	8295.44	35.20	-35.18	-1.21	466705.22	643166.79	N 32 16 57.42	W 104 0 13.77	35.20	181.97	12.00
	8400.00	34.14	181.97	8383.46	82.28	-82.23	-2.82	466658.18	643165.18	N 32 16 56.96	W 104 0 13.79	82.28	181.97	12.00
	8500.00	46.14	181.97	8459.77	146.62	-146.53	-5.03	466593.88	643162.97	N 32 16 56.32	W 104 0 13.82	146.62	181.97	12.00
	8600.00	58.14	181.97	8521.04	225.42	-225.29	-7.73	466515.13	643160.27	N 32 16 55.54	W 104 0 13.85	225.42	181.97	12.00
	8700.00	70.13	181.97	8564.59	315.24	-315.06	-10.81	466425.37	643157.19	N 32 16 54.65	W 104 0 13.89	315.24	181.97	12.00
	8800.00	82.13	181.97	8588.51	412.15	-411.91	-14.13	466328.53	643153.87	N 32 16 53.69	W 104 0 13.93	412.15	181.97	12.00
Landing point	8865.56	90.00	181.97	8593.00	477.50	-477.22	-16.37	466263.22	643151.63	N 32 16 53.05	W 104 0 13.96	477.50	181.97	12.00
	8900.00	90.00	181.97	8593.00	511.94	-511.64	-17.55	466228.80	643150.45	N 32 16 52.71	W 104 0 13.98	511.94	181.97	0.00
	9000.00	90.00	181.97	8593.00	611.94	-611.58	-20.98	466128.86	643147.02	N 32 16 51.72	W 104 0 14.02	611.94	181.97	0.00
	9100.00	90.00	181.97	8593.00	711.94	-711.53	-24.41	466028.93	643143.59	N 32 16 50.73	W 104 0 14.07	711.94	181.97	0.00
	9200.00	90.00	181.97	8593.00	811.94	-811.47	-27.84	465929.00	643140.16	N 32 16 49.74	W 104 0 14.11	811.94	181.97	0.00
	9300.00	90.00	181.97	8593.00	911.94	-911.41	-31.27	465829.07	643136.73	N 32 16 48.75	W 104 0 14.15	911.94	181.97	0.00
	9400.00	90.00	181.97	8593.00	1011.94	-1011.35	-34.70	465729.13	643133.30	N 32 16 47.76	W 104 0 14.20	1011.94	181.97	0.00
	9500.00	90.00	181.97	8593.00	1111.94	-1111.29	-38.13	465629.20	643129.87	N 32 16 46.77	W 104 0 14.24	1111.94	181.97	0.00
	9600.00	90.00	181.97	8593.00	1211.94	-1211.23	-41.56	465529.27	643126.44	N 32 16 45.79	W 104 0 14.28	1211.94	181.97	0.00
	9700.00	90.00	181.97	8593.00	1311.94	-1311.17	-44.99	465429.33	643123.01	N 32 16 44.80	W 104 0 14.33	1311.94	181.97	0.00
	9800.00	90.00	181.97	8593.00	1411.94	-1411.11	-48.42	465329.40	643119.58	N 32 16 43.81	W 104 0 14.37	1411.94	181.97	0.00
	9900.00	90.00	181.97	8593.00	1511.94	-1511.06	-51.85	465229.47	643116.15	N 32 16 42.82	W 104 0 14.41	1511.94	181.97	0.00
	10000.00	90.00	181.97	8593.00	1611.94	-1611.00	-55.28	465129.53	643112.72	N 32 16 41.83	W 104 0 14.46	1611.94	181.97	0.00
	10100.00	90.00	181.97	8593.00	1711.94	-1710.94	-58.72	465029.60	643109.29	N 32 16 40.84	W 104 0 14.50	1711.94	181.97	0.00
	10200.00	90.00	181.97	8593.00	1811.94	-1810.88	-62.15	464929.67	643105.86	N 32 16 39.85	W 104 0 14.54	1811.94	181.97	0.00
	10300.00	90.00	181.97	8593.00	1911.94	-1910.82	-65.58	464829.74	643102.43	N 32 16 38.86	W 104 0 14.59	1911.94	181.97	0.00
	10400.00	90.00	181.97	8593.00	2011.94	-2010.76	-69.01	464729.80	643099.00	N 32 16 37.87	W 104 0 14.63	2011.94	181.97	0.00
	10500.00	90.00	181.97	8593.00	2111.94	-2110.70	-72.44	464629.87	643095.56	N 32 16 36.89	W 104 0 14.67	2111.94	181.97	0.00
	10600.00	90.00	181.97	8593.00	2211.94	-2210.64	-75.87	464529.94	643092.13	N 32 16 35.90	W 104 0 14.72	2211.94	181.97	0.00
	10700.00	90.00	181.97	8593.00	2311.94	-2310.58	-79.31	464430.00	643088.70	N 32 16 34.91	W 104 0 14.76	2311.94	181.97	0.00
	10800.00	90.00	181.97	8593.00	2411.94	-2410.53	-82.74	464330.07	643085.27	N 32 16 33.92	W 104 0 14.81	2411.94	181.97	0.00
	10900.00	90.00	181.97	8593.00	2511.94	-2510.47	-86.17	464230.14	643081.84	N 32 16 32.93	W 104 0 14.85	2511.94	181.97	0.00
	11000.00	90.00	181.97	8593.00	2611.94	-2610.41	-89.60	464130.20	643078.40	N 32 16 31.94	W 104 0 14.89	2611.94	181.97	0.00
	11100.00	90.00	181.97	8593.00	2711.94	-2710.35	-93.04	464030.27	643074.97	N 32 16 30.95	W 104 0 14.94	2711.94	181.97	0.00
	11200.00	90.00	181.97	8593.00	2811.94	-2810.29	-96.47	463930.34	643071.54	N 32 16 29.96	W 104 0 14.98	2811.94	181.97	0.00
	11300.00	90.00	181.97	8593.00	2911.94	-2910.23	-99.90	463830.41	643068.10	N 32 16 28.98	W 104 0 15.02	2911.94	181.97	0.00
	11400.00	90.00	181.97	8593.00	3011.94	-3010.17	-103.34	463730.47	643064.67	N 32 16 27.99	W 104 0 15.07	3011.94	181.97	0.00
	11500.00	90.00	181.97	8593.00	3111.94	-3110.11	-106.77	463630.54	643061.24	N 32 16 27.00	W 104 0 15.11	3111.94	181.97	0.00
	11600.00	90.00	181.97	8593.00	3211.94	-3210.05	-110.21	463530.61	643057.80	N 32 16 26.01	W 104 0 15.15	3211.94	181.97	0.00
	11700.00	90.00	181.97	8593.00	3311.94	-3309.99	-113.64	463430.67	643054.37	N 32 16 25.02	W 104 0 15.20	3311.94	181.97	0.00
	11800.00	90.00	181.97	8593.00	3411.94	-3409.94	-117.07	463330.74	643050.93	N 32 16 24.03	W 104 0 15.24	3411.94	181.97	0.00
	11900.00	90.00	181.97	8593.00	3511.94	-3509.88	-120.51	463230.81	643047.50	N 32 16 23.04	W 104 0 15.28	3511.94	181.97	0.00
	12000.00	90.00	181.97	8593.00	3611.94	-3609.82	-123.94	463130.87	643044.07	N 32 16 22.05	W 104 0 15.33	3611.94	181.97	0.00
	12100.00	90.00	181.97	8593.00	3711.94	-3709.76	-127.38	463030.94	643040.63	N 32 16 21.06	W 104 0 15.37	3711.94	181.97	0.00
	12200.00	90.00	181.97	8593.00	3811.94	-3809.70	-130.81	462931.01	643037.20	N 32 16 20.08	W 104 0 15.42	3811.94	181.97	0.00
	12300.00	90.00	181.97	8593.00	3911.94	-3909.64	-134.25	462831.08	643033.76	N 32 16 19.09	W 104 0 15.46	3911.94	181.97	0.00
	12400.00	90.00	181.97	8593.00	4011.94	-4009.58	-137.69	462731.14	643030.33	N 32 16 18.10	W 104 0 15.50	4011.94	181.97	0.00
	12500.00	90.00	181.97	8593.00	4111.94	-4109.52	-141.12	462631.21	643026.89	N 32 16 17.11	W 104 0 15.55	4111.94	181.97	0.00
	12600.00	90.00	181.97	8593.00	4211.94	-4209.46	-144.56	462531.28	643023.45	N 32 16 16.12	W 104 0 15.59	4211.94	181.97	0.00
	12700.00	90.00	181.97	8593.00	4311.94	-4309.40	-147.99	462431.34	643020.02	N 32 16 15.13	W 104 0 15.63	4311.94	181.97	0.00
	12800.00	90.00	181.97	8593.00	4411.94	-4409.35	-151.43	462331.41	643016.58	N 32 16 14.14	W 104 0 15.68	4411.94	181.97	0.00
	12900.00	90.00	181.97	8593.00	4511.94	-4509.29	-154.87	462231.48	643013.15	N 32 16 13.15	W 104 0 15.72	4511.94	181.97	0.00
	13000.00	90.00	181.97	8593.00	4611.94	-4609.23	-158.30	462131.55	643009.71	N 32 16 12.17	W 104 0 15.76	4611.94	181.97	0.00
	13100.00	90.00	181.97	8593.00	4711.94	-4709.17	-161.74	462031.61	643006.27	N 32 16 11.18	W 104 0 15.81	4711.94	181.97	0.00
	13200.00	90.00	181.97	8593.00	4811.94	-4809.11	-165.18	461931.68	643002.84	N 32 16 10.19	W 104 0 15.85	4811.94	181.97	0.00

Comments	MD (ft)	Incl (°)	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)
Cimarex Laguna Grande 29 Federal #7H PBHL	13203.98	90.00	181.97	8593.00	4815.93	-4813.09	-165.31	461927.70	643002.70	N 32 16 10.15	W 104 0 15.85	4815.93	181.97	0.00

Survey Type: Non-Def Plan

Survey Error Model: ISCWSA Rev 0 *** 3-D 95.000% Confidence 2.7955 sigma
Survey Program:

Description	MD From (ft)	MD To (ft)	EOU Freq (ft)	Hole Size (in)	Casing Diameter (in)	Survey Tool Type	Borehole / Survey
	0.000	8115.500	1/100.000	30.000	30.000	SLB_MWD-POOR	Original Borehole / Cimarex Laguna Grande 29 Federal #7H
	8115.500	13203.983	1/100.000	30.000	30.000	SLB_MWD-STD	Original Borehole / Cimarex Laguna Grande 29 Federal #7H

Drilling 12-1/4" hole
below 13 3/8" Casing

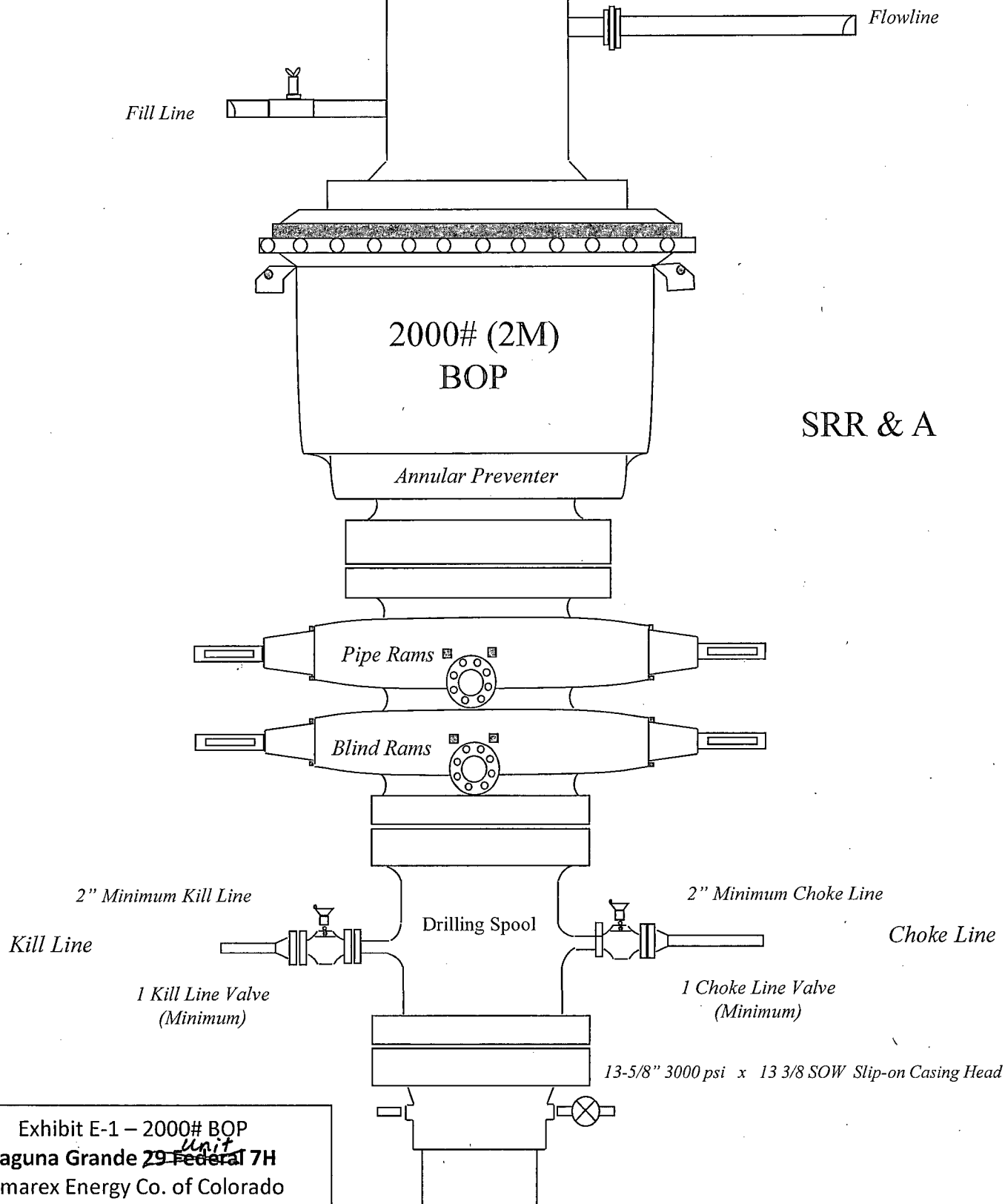


Exhibit E-1 – 2000# BOP
Laguna Grande ^{Unit} 29-Federal 7H
Cimarex Energy Co. of Colorado
Sec. 29-23S-29E
SHL 180' FNL & 1650' FWL
BHL 330' FSL & 1850' FWL
Eddy County, NM

Drilling 8-3/4" hole
below 9 5/8" Casing

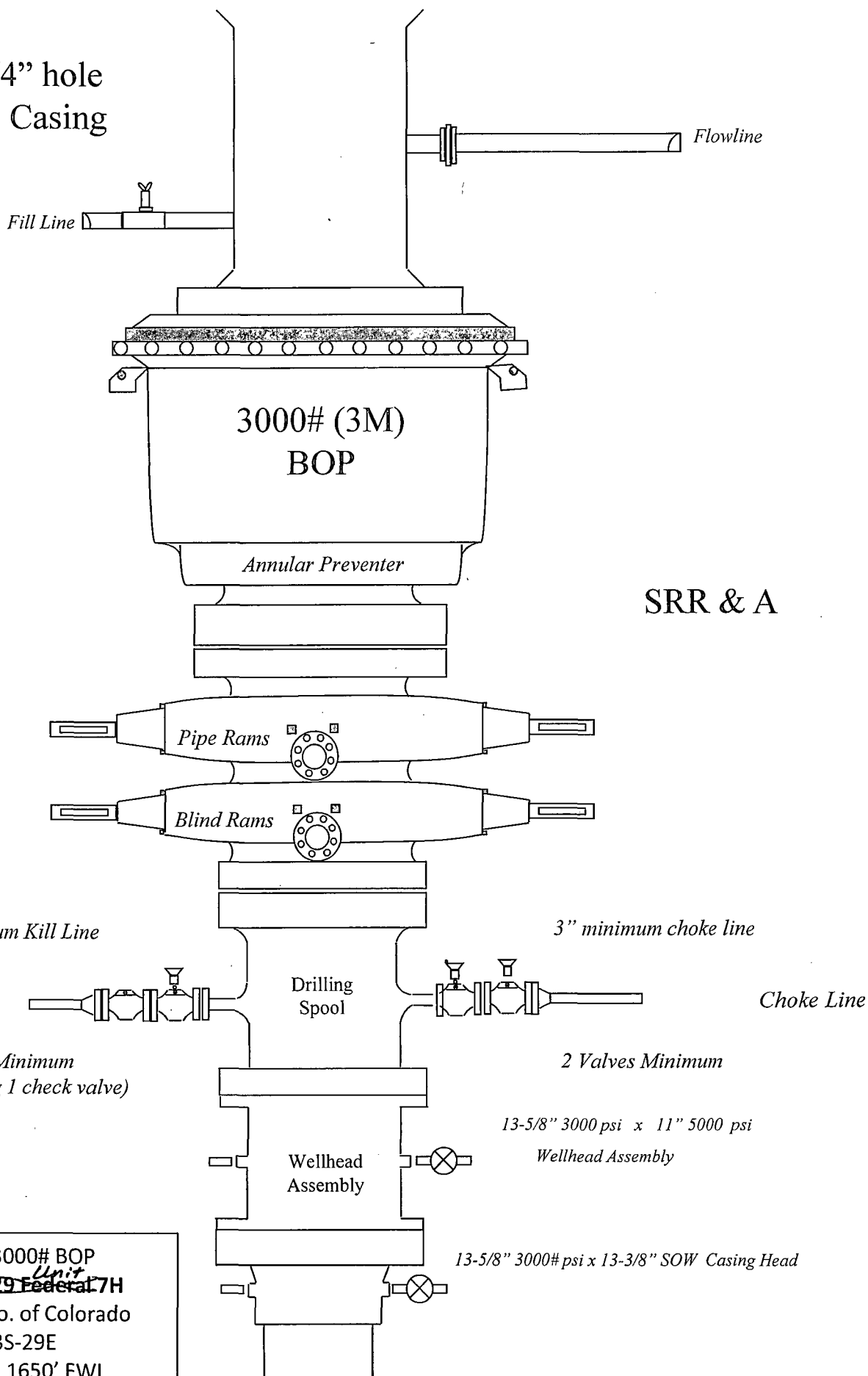
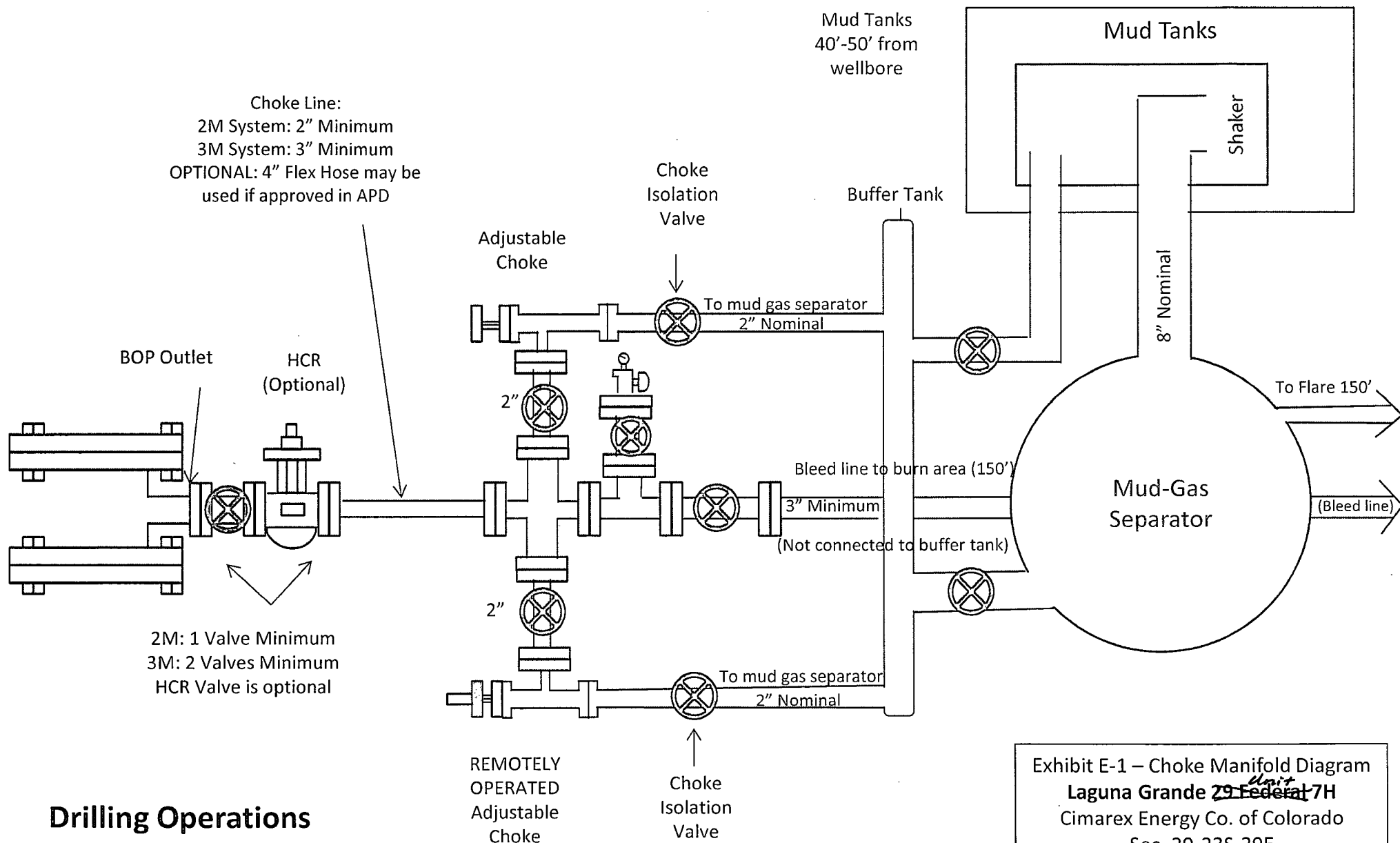


Exhibit E-1 – 3000# BOP
Laguna Grande ^{Unit} 29 Federal 7H
Cimarex Energy Co. of Colorado
Sec. 29-23S-29E
SHL 180' FNL & 1650' FWL
BHL 330' FSL & 1850' FWL
Eddy County, NM



Drilling Operations Choke Manifold 2M/3M Service

Exhibit E-1 – Choke Manifold Diagram
Laguna Grande 29 Federal 7H
 Cimarex Energy Co. of Colorado
 Sec. 29-23S-29E
 SHL 180' FNL & 1650' FWL
 BHL 330' FSL & 1850' FWL
 Eddy County, NM

Exhibit F-1 – Co-Flex Hose Hydrostatic Test

Laguna Grande ~~29 Federal~~ 7H

Cimarex Energy Co. of Colorado

Sec. 29-23S-29E

SHL 180' FNL & 1650' FWL

BHL 330' FSL & 1850' FWL

Eddy County, NM

Midwest Hose
& Specialty, Inc.

INTERNAL HYDROSTATIC TEST REPORT

Customer: Oderco Inc.		P.O. Number: odyd-271	
HOSE SPECIFICATIONS			
Type: Stainless Steel Armor Choke & Kill Hose		Hose Length: 45'ft.	
I.D. 4 INCHES		O.D. 9 INCHES	
WORKING PRESSURE 10,000 PSI	TEST PRESSURE 15,000 PSI	BURST PRESSURE 0 PSI	
COUPLINGS			
Stem Part No. OKC OKC		Ferrule No. OKC OKC	
Type of Coupling: Swage-It			
PROCEDURE			
<u>Hose assembly pressure tested with water at ambient temperature.</u>			
TIME HELD AT TEST PRESSURE 15 MIN.		ACTUAL BURST PRESSURE: 0 PSI	
Hose Assembly Serial Number: 79793		Hose Serial Number: OKC	
Comments:			
Date: 3/8/2011	Tested: A. Jaime Gomez	Approved: [Signature]	



Midwest Hose
& Specialty, Inc.

Internal Hydrostatic Test Graph

Customer: Houston

Pick Ticket #: 94260

Hose Specifications

Hose Type
C&K
I.D.
4"
Working Pressure
10000 PSI

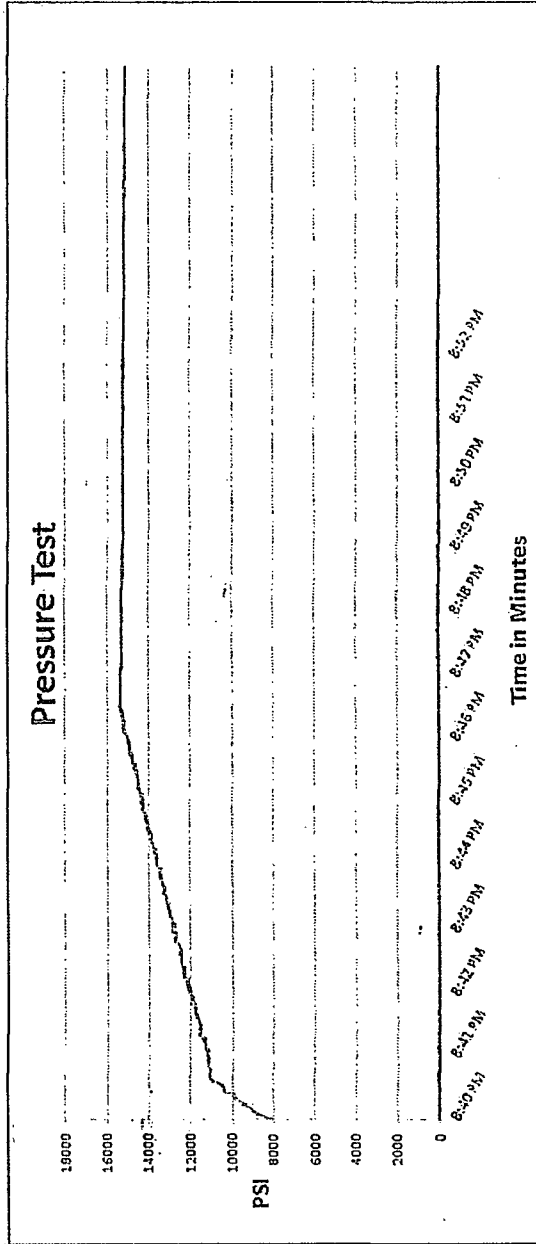
Length
45'
O.D.
6.09"
Burst Pressure
Standard Safety Multiplier Applies

Verification

Type of Fittings
4 1/16 10K
Die Size
6.38"
Hose Serial #
5544
Coupling Method
Swage
Final O.D.
6.25"
Hose Assembly Serial #
79793

Exhibit F-1 – Co-Flex Hose Hydrostatic Test
Laguna Grande ~~29 Federal~~ 7H
Cimarex Energy Co. of Colorado
Sec. 29-23S-29E
SHL 180' FNL & 1650' FWL
BHL 330' FSL & 1850' FWL
Eddy County, NM

March 3, 2011



Test Pressure
15000 PSI

Time Held at Test Pressure
11 Minutes

Actual Burst Pressure
15483 PSI

Peak Pressure
15483 PSI

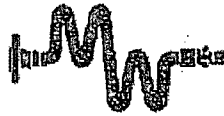
Comments: Hose assembly pressure tested with water at ambient temperature.

Tested By: Zac McConnell

Approved By: Kim Thomas

[Signature]

[Signature]



Midwest Hose
& Specialty, Inc.

Exhibit F -3- Co-Flex Hose
Laguna Grande ~~29~~ ^{Unit} Federal 7H
Cimarex Energy Co. of Colorado
Sec. 29-23S-29E
SHL 180' FNL & 1650' FWL
BHL 330' FSL & 1850' FWL
Eddy County, NM

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.

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, unbolt and other special connections
Maximum 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)

Exhibit F-2 - Co-Flex Hose
Laguna Grande 29-23S-29E
Cimarex Energy Co. of Colorado
Sec. 29-23S-29E
SHL 180' FNL & 1650' FWL
BHL 330' FSL & 1850' FWL
Eddy County, NM



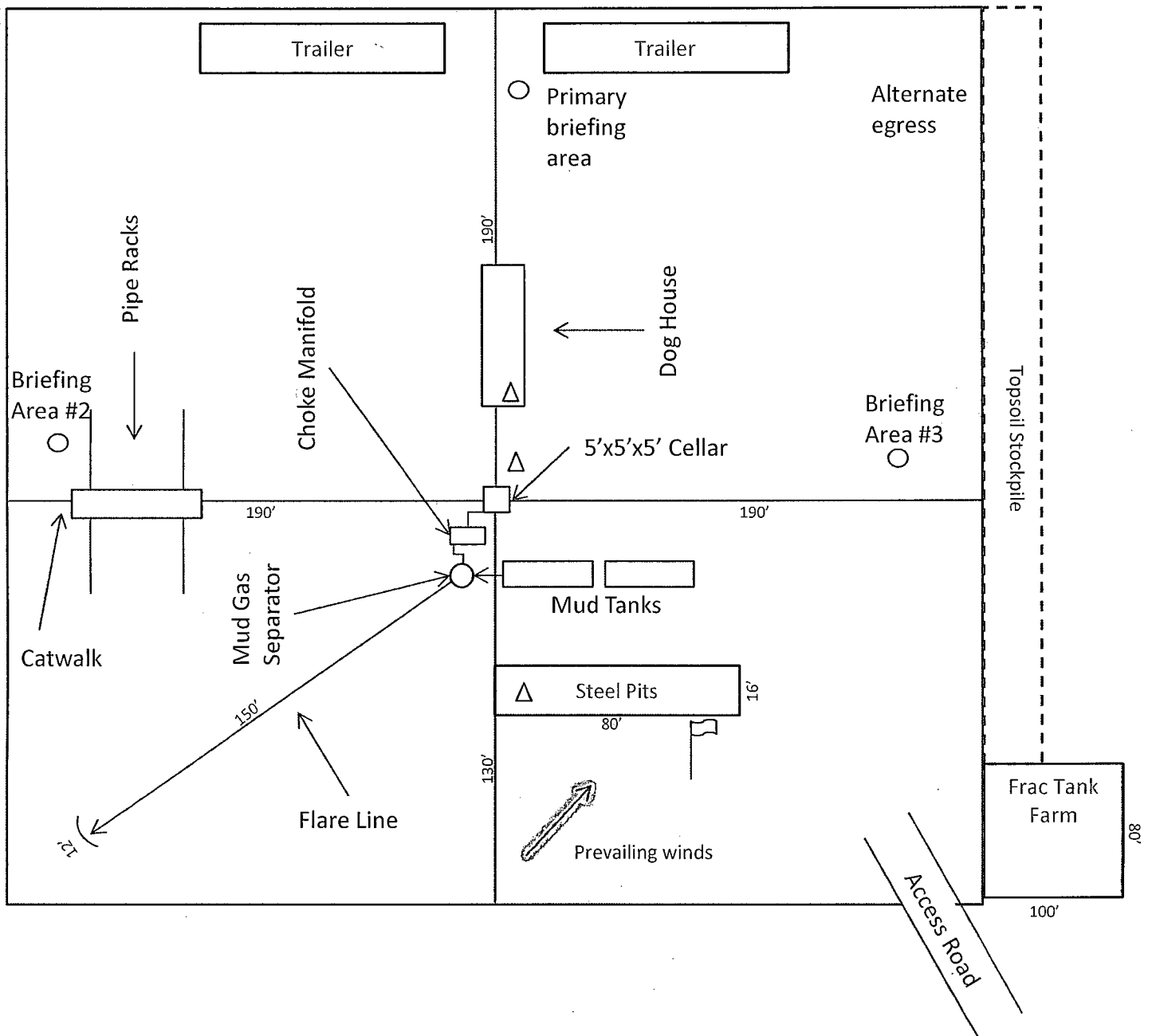
Midwest Hose & Specialty, Inc.

Certificate of Conformity

Customer:		PO
DEM		ODYD-271
SPECIFICATIONS		
Sales Order	Dated:	
79793	3/8/2011	
<p>We hereby certify that the material supplied for the referenced purchase order to be true according to the requirements of the purchase order and current industry standards</p> <p>Supplier: Midwest Hose & Specialty, Inc. 10640 Tanner Road Houston, Texas 77041</p>		
Comments:		
Approved:		Date:
<i>James Garcia</i>		3/8/2011

Exhibit F – Co-Flex Hose
Unit
Laguna Grande 29 Federal 7H
Cimarex Energy Co. of Colorado
Sec. 29-23S-29E
SHL 180' FNL & 1650' FWL
BHL 330' FSL & 1850' FWL
Eddy County, NM








-  Wind Direction Indicators (wind sock or streamers)
-  H2S Monitors (alarms at bell nipple and shale shaker)
-  Briefing Areas



Exhibit D – Rig Diagram
Laguna Grande 29-Federal 7H
 Cimarex Energy Co. of Colorado
 Sec. 29-23S-29E
 SHL 180' FNL & 1650' FWL
 BHL 330' FSL & 1850' FWL
 Eddy County, NM

- 1 All Company and Contract personnel admitted on location must be trained by a qualified H₂S safety instructor to the following:
 - 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 be 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.
 - B. Windsock on the rig floor and / or top doghouse should be high enough to be visible.
- 4 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 (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 or 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 separator will be brought into service along with H₂S scavengers if necessary.

H₂S Contingency Plan *Unit*
Laguna Grande 29-Federal 7H
Cimarex Energy Co.
UL: B, Sec. 29, 23S, 29E
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).

H₂S Contingency Plan Emergency Contacts
Laguna Grande 29 Federal 7H
 Cimarex Energy Co.
 UL: B, Sec. 29, 23S, 29E
 Eddy Co., NM

Company Office

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

Key Personnel

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

Artesia

Ambulance 911
 State Police 575-746-2703
 City Police 575-746-2703
 Sheriff's Office 575-746-9888
Fire Department 575-746-2701
 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
Fire Department 575-887-3798
 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

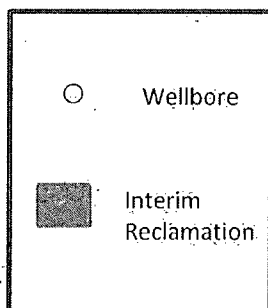
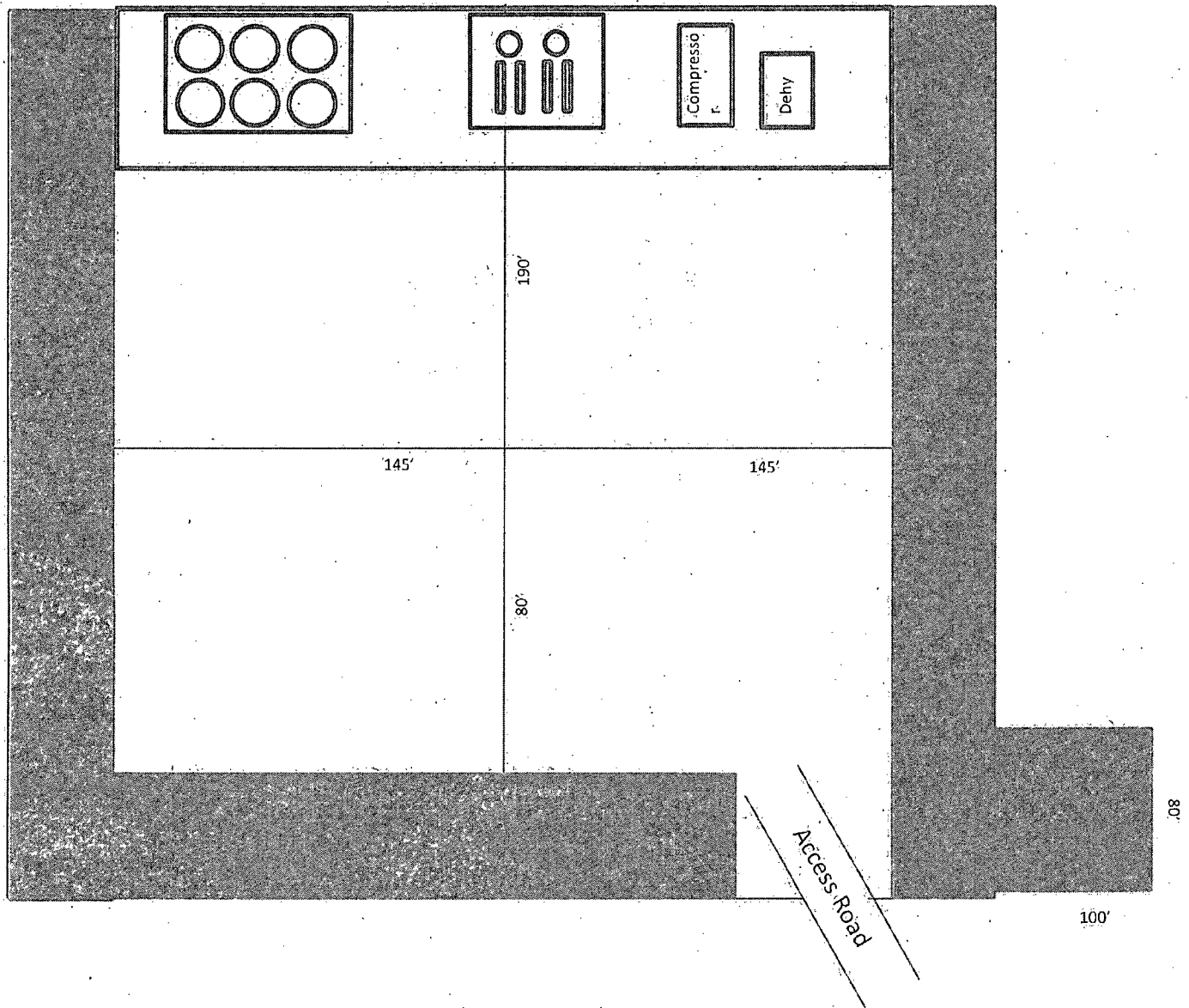
Medical

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

Battery pad – 290' X 150'



N



Exhibit D-1
 Interim Reclamation Diagram
 Laguna Grande 29 Federal 7H
 Cimarex Energy Co. of Colorado
 Sec. 29-23S-29E
 SHL 180' FNL & 1650' FWL
 BHL 330' FSL & 1850' FWL
 Eddy County, NM

Surface Use Plan
Laguna Grande Unit 7H
Cimarex Energy Co.
UL: B, Sec. 29, 23s, 29E
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 otherwise noted in the New or Reconstructed Access Roads section of the surface use plan.

From Hwy 128 and Rawhide Road, go south on Rawhide 4.2 miles, turn west on lease road, go 4.9 miles to proposed 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 cattle guards, other range improvement projects, culverts, etc. will be properly repaired or replaced if they are damaged or have deteriorated 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 of Reconstructed Access Roads:

No new access road planned.

3. Planned Electric Line:

No new electric lines are planned.

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 shown on Exhibit A

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. NM

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
- Exhibit D-2: Well Site layout plat
- 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
Laguna Grande Unit 7H
Cimarex Energy Co.
UL: B, Sec. 29, 23S, 29E
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 recontoured 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 production 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 well pad/location and proposed road have been arch cleared and the arch report has been filed with the BLM.
- There are no known dwellings within 1½ miles of this location.

13. On Site Notes and Information:

An onsite meeting was held on June 13, 2013, between Cimarex representatives and BLM representatives. Location was approved. Moved location 150' north and 200' east to move out of a drainage area and cut and fill issues. Location is in a fairly flat spot and next to a BTA Oil Producers lease road that will have to be rerouted around the pad to the north side. V-door west (short side south). Top soil west. Frac pad: SE corner (west). Interim reclamation: south, east, west. No access road required. Gas lift/production line from the #6 & #7 will follow road back to the #5 battery.

14. Surface Ownership:

The wellsite is on surface owned by BLM, . . A copy of Surface Use Agreement has been given to the surface owner. The land is used mainly for farming, cattle ranching, recreational use, and oil and gas production.

Operator Certification Statement
Laguna Grande 29-Federal 7H unit
Cimarex Energy Co.
UL: B, Sec. 29, 23s, 29E
Eddy Co., NM

Operator's Representative

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 26 day of November, 2013

NAME: Paula Brunson
Paula Brunson

TITLE: Regulatory Compliance

ADDRESS: 600 N. Marienfeld St. Ste. 600 Midland Tx 79071

TELEPHONE: 432-571-7800

EMAIL: pbrunson@cimarex.com

Field Representative: Same as above

PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Cimarex Energy Co.
LEASE NO.:	NMNM-19848
WELL NAME & NO.:	Laguna Grande 29 Federal 7H
SURFACE HOLE FOOTAGE:	0180' FNL & 1650' FEL
BOTTOM HOLE FOOTAGE:	0330' FSL & 1850' FEL
LOCATION:	Section 29, T. 23 S., R 29 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**
 - Cement Requirements
 - Medium Cave/Karst
 - Logging Requirements
 - Waste Material and Fluids
- ☐ **Production (Post Drilling)**
 - Well Structures & Facilities
- ☐ **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, siting 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) 234-5909 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

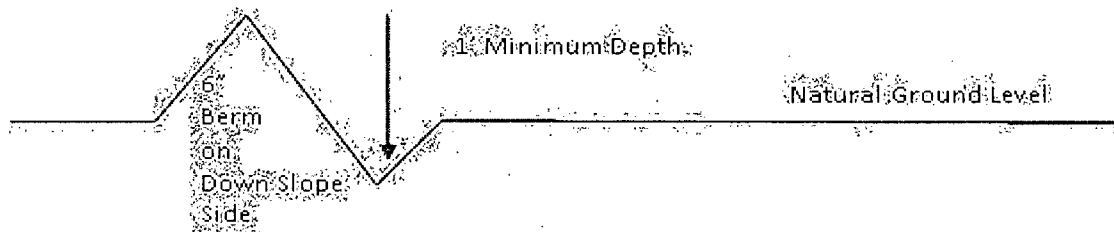
Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall conform to Figure 1; cross section and plans for typical road construction.

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:

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

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.

Construction Steps

1. Salvage topsoil
2. Construct road

3. Redistribute topsoil
4. Revegetate slopes

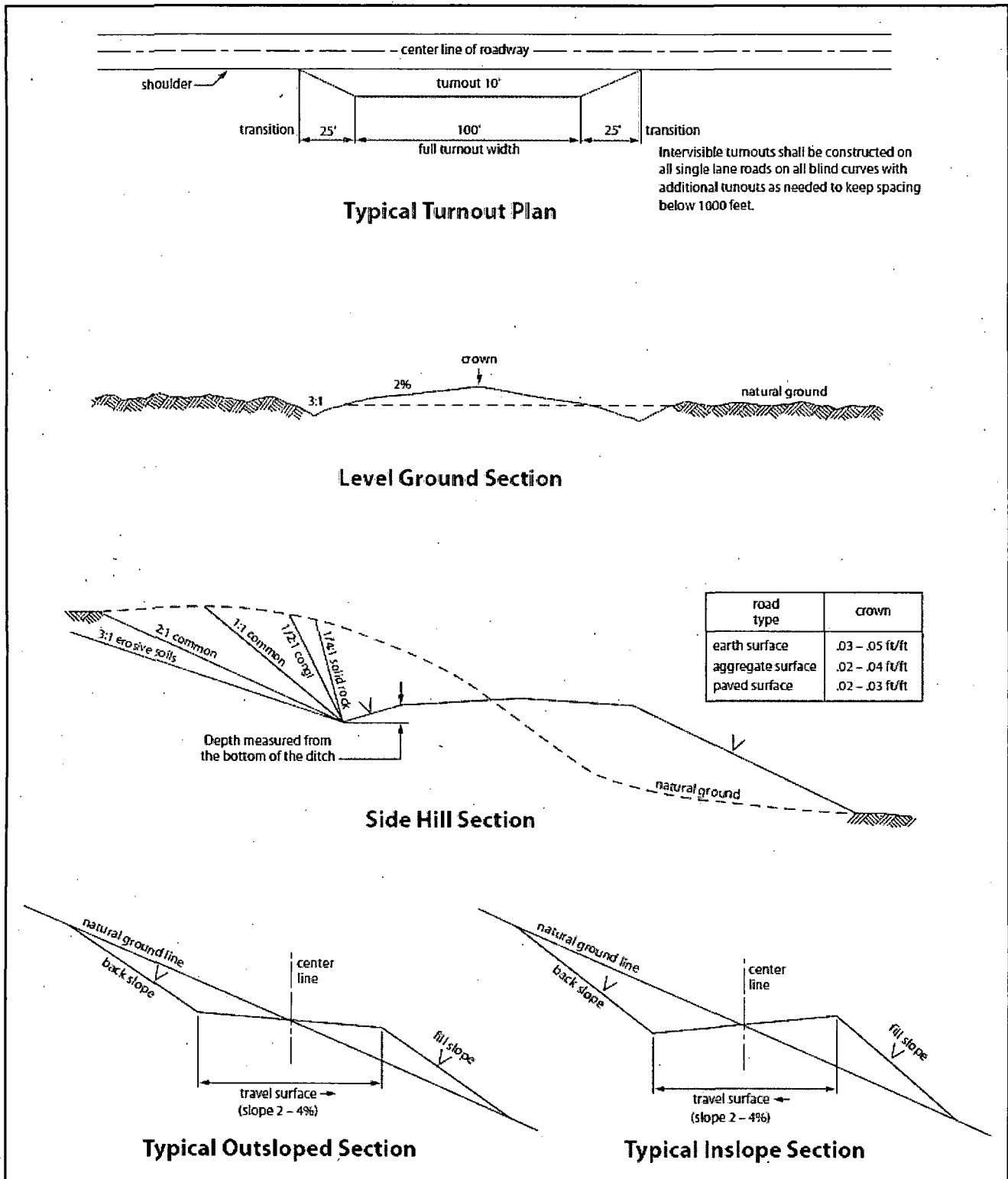


Figure 1. Cross-sections and plans for typical road sections representative of BLM resource or FS local and higher-class roads.

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. **Although Hydrogen Sulfide has not been reported in the area, it is always a potential hazard. If Hydrogen Sulfide is encountered, report measured amounts 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 Rustler top and 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 and Delaware.

Possibility of lost circulation in the Delaware.

1. The 13-3/8 inch surface casing shall be set at approximately 175 feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt) and cemented to the surface. **If salt is encountered, set casing at least 25 feet above the salt.**
 - 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, which shall be set at approximately 2900 feet, 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.
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.
4. 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.
 - 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.

JAM 011614

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

B. PIPELINES (Not applied for in APD)

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 2, for Sandy 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 of planting where drilling is possible. The seed mixture will be evenly and uniformly planted over the disturbed area (smaller/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>
Sand dropseed (<i>Sporobolus cryptandrus</i>)	1.0
Sand love grass (<i>Eragrostis trichodes</i>)	1.0
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