

If earthen pits are used in association with the drilling of this well, an OCD pit permit must be obtained prior to pit construction.

OPY

Form 3180-3
(July 1992)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

V TRIPLICATE*
(Other instructions on reverse side)

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. NM-0560378	
1b. TYPE OF WELL OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> WELL WELL OTHER ZONE <input checked="" type="checkbox"/> MULTIPLE <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME	
2. NAME OF OPERATOR Cimarex Energy Co. of Colorado		7. UNIT AGREEMENT NAME Pending	
3. ADDRESS AND TELEPHONE NO. P.O. Box 140907 Irving TX 75014 972-401-3111		8. FARM OR LEASE NAME, WELL NO. Shifting Sands 15 Federal Com No. 1	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) 2260' FNL & 2150' FWL ROSWELL CONTROLLED WATER BASIN		9. API WELL NO. 30-015- 35386	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 6 miles North and 2 miles East		10. FIELD AND POOL, OR WILDCAT Henshaw; Morrow	
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, T.O (Also to nearest drlg. unit line, if any) 2150'		11. SEC. T.R., M., BLOCK AND SURVEY OR AREA Sec 15-T16S-R30E	
16. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. NA		12. COUNTY OR PARISH Eddy	
17. NO. OF ACRES IN LEASE 560		13. STATE NM	
18. PROPOSED DEPTH 11300'		17. NO. OF ACRES ASSIGNED TO THIS WELL W/2 320	
20. ROTARY OR CABLE TOOLS Rotary		22. APPROX. DATE WORK WILL START* 12-15-06	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3782' GR			

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17-1/2"	H-40 13-3/8"	48#	450' 375' JSS	490 sx circulate
12-1/4"	J-55 9-5/8"	40#	3125'	1200 sx circulate
8-3/4"	P-110 5-1/2"	17#	11300'	1245 sx TOC 7000'

From the base of the surface pipe through the running of production casing, the well will be equipped with a 5000# psi BOP system. We are requesting a variance for the 13 3/8" surface casing and BOP testing from Onshore Order No. 2, which states all casing strings below the conductor shall be pressure tested to 0.22 psi per foot or 1500# psi, whichever is greater, but not to exceed 70% of the manufacturer's stated maximum internal yield. During the running of the surface pipe and the drilling of the intermediate hole we do not anticipate any pressures greater than 1000# psi and are requesting a variance to test the 13-3/8" casing and BOP system to 1000# psi and use rig pumps instead of an independent service company.

IN ABOVE SPACE, DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

SIGNED Zeno Farn TITLE Mgr. Ops. Admin DATE 10-02-06

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

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

CONDITIONS OF APPROVAL, IF ANY

APPROVED BY

TITLE

FIELD MANAGER

DATE

10/31/2006

*See Instructions On Reverse Side

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

APPROVAL FOR 1 YEAR

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

NSL- 5525

DISTRICT I
1626 N. French Dr., Hobbs, NM 88240

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

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

Form C-102
Revised October 12, 2005

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
		Henshaw; Morrow
Property Code	Property Name	Well Number
	SHIFTING SANDS "15" FEDERAL COM	1
OGRID No.	Operator Name	Elevation
162683	CIMAREX ENERGY CO. OF COLORADO	3782'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	15	16 S	30 E		2260	NORTH	2150	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.						
320	Y	C							

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>Shifting Sands 15 Fed Com #1</p> <p>NM-0560378</p> <p>2260'</p> <p>3798.0' 3780.4</p> <p>2150'</p> <p>3781.3' 3774.8</p> <p>2080'</p> <p>Lat - N32°55'21.4"</p> <p>Long - W103°57'41.0"</p> <p>NMSPCE - N 699583.330</p> <p>E 650463.892</p> <p>(NAD-83)</p> <p>LC-069641</p> <p>1980'</p> <p>Shifting Sands 15 Fed Com #2</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Zeno Farris 10-2-06</p> <p>Signature Date</p> <p>Zeno Farris</p> <p>Printed Name</p>
	<p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.</p> <p>SEPTEMBER 27, 2006</p> <p>Date Surveyed</p> <p>GARY L. JONES</p> <p>Signature of Surveyor</p> <p>Professional Surveyor</p> <p>7977</p> <p>206</p> <p>Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS</p>



Cimarex Energy Co. of Colorado

5215 North O'Connor Blvd. □ Suite 1500 □ Irving, TX 75039 □ (972) 401-3111 □ Fax (972) 443-6486

Mailing Address: P.O. Box 140907 □ Irving, TX 75014-0907

A wholly-owned subsidiary of Cimarex Energy Co., a NYSE Listed Company, "XEC"

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

Bureau of Land Management
620 E. Greene St.
Carlsbad, New Mexico 88220
Attn: Ms. Linda Denniston

Cimarex Energy Co. of Colorado accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on the leased land, or portion thereof, as described below:

Lease No.: NM-0560378 – NW/4
LC-069641 – SW/4
Section 15-T16S-R30E

County: Eddy County, New Mexico

Formation (S): Atoka, Morrow

Bond Coverage: Statewide BLM Bond

BLM Bond File No.: COB0000011

Authorized Signature: _____

Zeno Farris

Representing Cimarex Energy Co. of Colorado

Name: Zeno Farris

Title: Manager, Operations Administration

Date: October 2, 2006

Application to Drill

Cimarex Energy Co. of Colorado
Shifting Sands 15 Federal Com No. 1
Unit F Section 15
T16S - R30E Eddy County, NM

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

1 Location: 2260' FNL & 2150' FWL

2 Elevation above sea level: GR 3782'

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: 11300'

6 Estimated tops of geological markers:

San Andres	2950'	Atoka Clastics	10300'
Abo Shale	6425'	Morrow Clastics	10660'
Wolfcamp	7710'	Miss. Uncl.	10750'
Strawn LS	10080'		

7 Possible mineral bearing formation:

Lower Abo	Oil
Atoka	Gas
Morrow	Gas

8 Casing program:

Hole Size	Interval	Casing OD	Weight	Thread	Collar	Grade
17-1/2"	0-450'	13-3/8"	48	8-R	ST&C	H-40
12-1/4"	0-3125'	9-5/8"	40	8-R	LT&C	J-55
8-3/4"	0-11300'	5-1/2"	17	8-R	LT&C	P-110

Application to Drill

Cimarex Energy Co. of Colorado
Shifting Sands 15 Federal Com No. 1
Unit F Section 15
T16S - R30E Eddy County, NM

9 Cementing & Setting Depth:

13-3/8"	Surface	Set 450' of 13-3/8" H-40 48 # ST&C casing. Cement with 490 Sx. Of Class "C" cement + additives, circulate cement to surface.
9-5/8"	Intermediate	Set 3125' of 9-5/8" J-55 40# LT&C casing. Lead with 1000 Sx. Of Class POZ/C Cement + additives, tail with 200 Sx. Of Class "C" + additives, circulate cement to surface.
5-1/2"	Production	Set 11300' of 5-1/2" P-110 17# LT&C casing. Cement with 1245 sx Super H + additives. TOC 7000'.

10 Pressure control Equipment:

Exhibit "E". A 13 3/8" 5000 PSI working pressure B.O.P. consisting of one set of blind rams and one set of pipe rams and a 5000 # annular type preventer. A choke manifold and 120 gallon accumulator with floor and remote operating stations and auxiliary power system. Rotating head below 6000'. 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 unit will be hydraulically operated. BOP will be nipped up on the 9 5/8" casing and will be operated at least once a day while drilling and the blind rams will be operated when out of hole during trips. No abnormal pressure or temperature is expected while drilling.

11 Proposed Mud Circulating System:

Depth	Mud Wt	Viscosity	Fluid Loss	Type Mud
0 - 450'	8.4 - 8.6	30 - 32	May lose circ.	Fresh water spud mud. Add paper to control seepage and high viscosity sweeps to clean hole.
450' - 3125'	9.7 - 10.0	28 - 29	May lose circ.	Brine water. Add paper as needed to control seepage and add lime to control pH (9-10). Use high viscosity sweeps to clean hole.
3125' - 8300'	8.4 - 9.9	28 - 29	NC	Brine water. Paper for seepage. Lime for PH (9 - 9.5)
8300' - 10000'	8.45 - 8.9	28 - 29	NC	Cut brine. Caustic for pH control.
10000' - 11300'	8.9 - 9.7	29 - 45	NC	XCD Polymer mud system.

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. Mud system monitoring equipment with derrick floor indicators and visual/audio alarms shall be installed and operative prior to drilling into the Wolfcamp formation. This equipment will remain in use until production casing is run and cemented.

Application to Drill

Cimarex Energy Co. of Colorado
Shifting Sands 15 Federal Com No. 1
Unit F Section 15
T16S - R30E Eddy County, NM

12 Testing, Logging and Coring Program:

- A. Mud logging program: One-man unit from 3250' to TD
- B. Electric logging program: CNL / LDT / CAL / GR, DLL / CAL / GR
- C. No DSTs or cores are planned at this time.

13 Potential Hazards:

No abnormal pressures or temperatures are expected. The area has a potential H2S hazard. An H2S drilling plan is attached. Adequate flare lines will be installed off the mud / gas separator where gas may be flared safely. All personnel will be familiar with all aspects of safe operation of equipment being used. Estimated BHP 4000 PSI, estimated BHT 175.

14 Anticipated Starting Date and Duration of Operations:

Road and location construction will begin after BLM approval of APD. Anticipated spud date as soon as approved. Drilling expected to take 25 - 30 days. If production casing is run an additional 30 days will be required to complete and construct surface facilities.

15 Other Facets of Operations:

After running casing, cased hole gamma ray neutron collar logs will be run from total depth over possible pay intervals. The Morrow pay will be perforated and stimulated. The well will be tested and potentialized as a gas well.

Surface Use Plan

Cimarex Energy Co. of Colorado
Shifting Sands 15 Federal Com No. 1
Unit F Section 15
T16S - R30E Eddy County, NM

9 WELL SITE LAYOUT

- A. Exhibit "D" shows location and rig layout.
- B. This exhibit indicates proposed location of the 100' X 100' cuttings drying area.
- C. Mud pits in the closed circulating system will be steel pits and the cuttings drying area will be surrounded by a 2' X 2' ring levee and a 2' earthen berm. A 12 mil liner will cover the cuttings drying area and extend a minimum of 2' over the earthen berm where it will be anchored down. A pump off system will pump any accumulated fluids in the ring levee to the rig holding tanks to be cleaned and reused.
- D. After drying cuttings will be disposed of in a 50' X 50' cuttings burial cell. The bottom will be lined with a 12 mil liner. Drill cuttings will be hauled from the cuttings drying area and encapsulated in a 12 mil liner. The 12 mil liner will be folded over the cuttings and capped with a 20 mil membrane cap. The cell will be filled with 3' to 4' of top soil and leveled and contoured to conform to the original surrounding area.
- E. If the well is a producer, the cuttings burial area and those areas of the location not essential to production facilities will be reclaimed and seeded per BLM requirements.

10 PLANS FOR RESTORATION OF SURFACE

Rehabilitation of the location and cuttings burial cell 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.

However, in either event, the drill cuttings will be allowed to dry properly, and fluid removed and disposed of in accordance with Article 7.B as previously noted. The cuttings burial area will then be leveled and contoured to conform to the original and surrounding area. 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, the previously noted procedures will apply to those areas which are not required for production facilities.

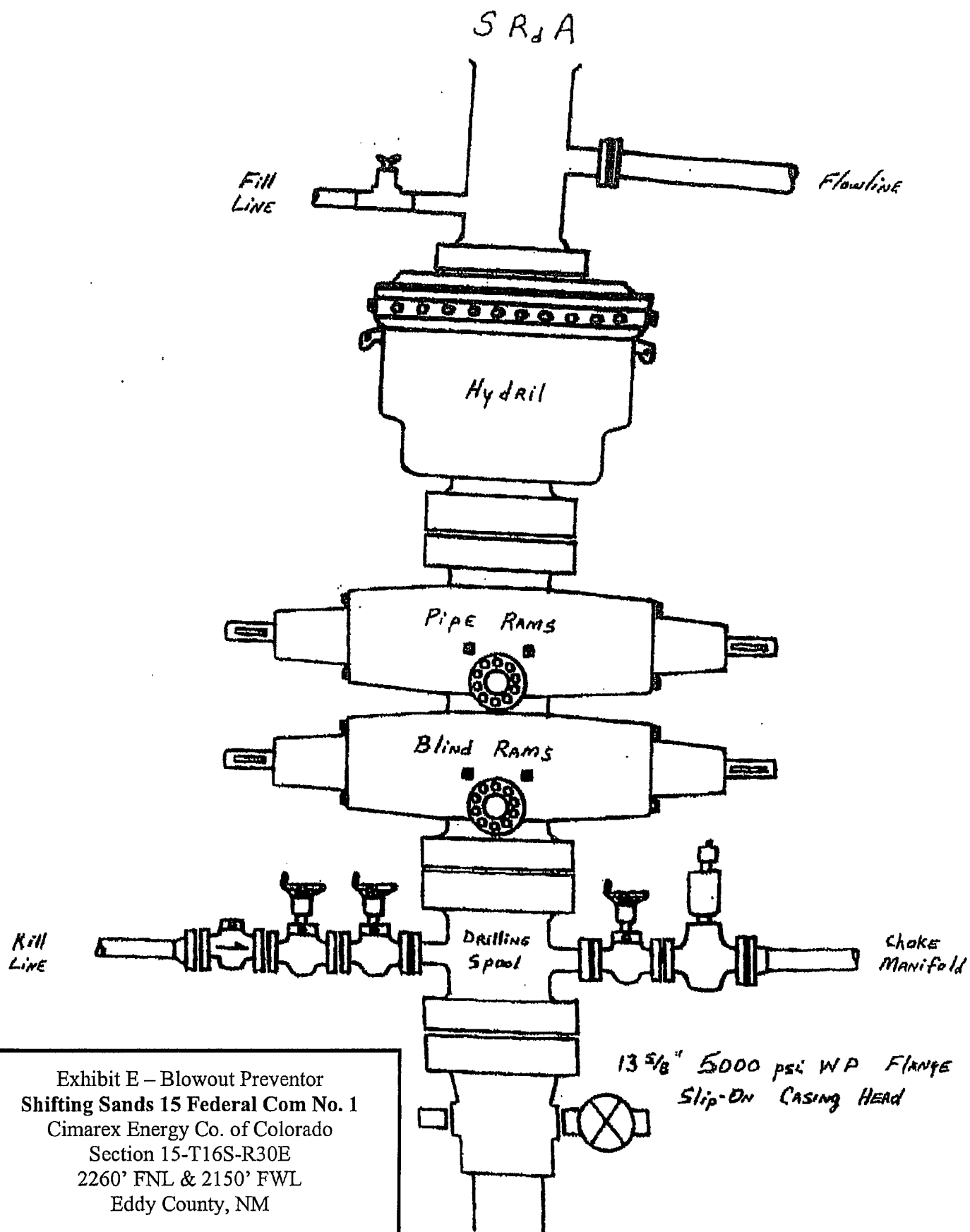


Exhibit E – Blowout Preventor
 Shifting Sands 15 Federal Com No. 1
 Cimarex Energy Co. of Colorado
 Section 15-T16S-R30E
 2260' FNL & 2150' FWL
 Eddy County, NM

DRILLING OPERATIONS
CHOKE MANIFOLD
SM SERVICE

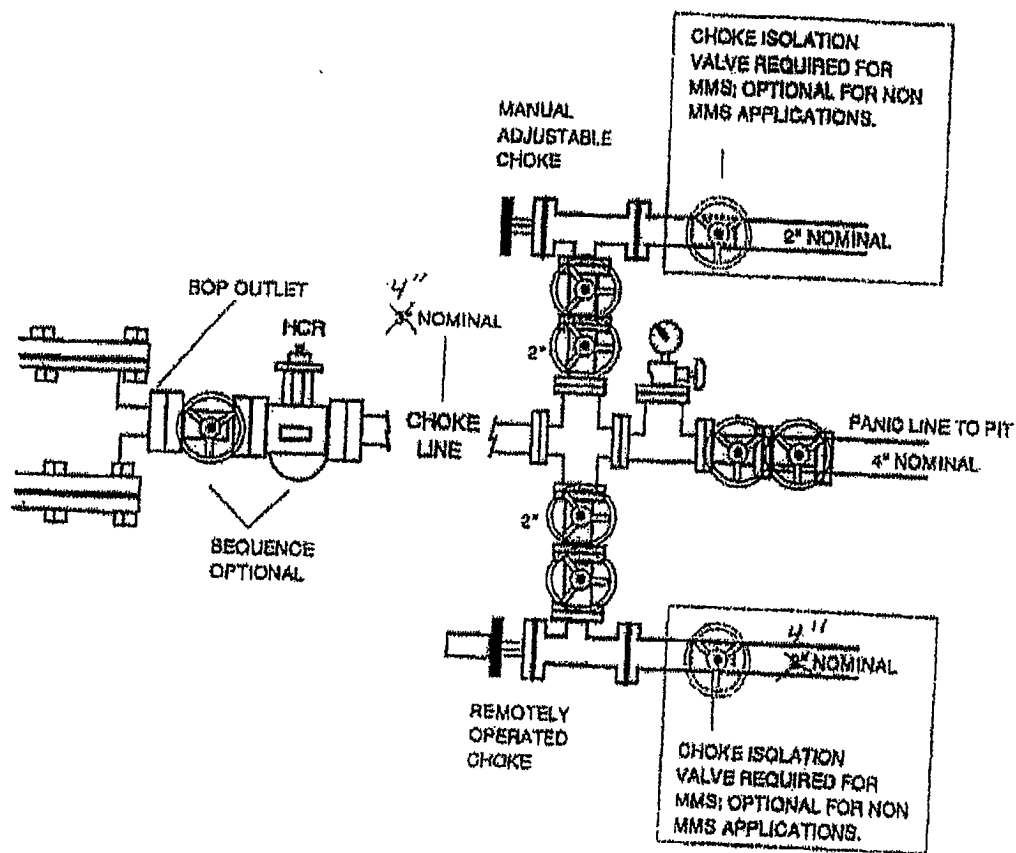


Exhibit E Cont'd – Choke Manifold
Shifting Sands 15 Federal Com No. 1
Cimarex Energy Co. of Colorado
Section 15-T16S-R30E
2260' FNL & 2150' FWL
Eddy County, NM



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Mailing Address: P.O. Box 140907 ♦ Irving, TX 75014-0907

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October 2, 2006

Oil Conservation Division
District II Office
1301 W. Grand Ave.
Artesia, New Mexico 88210
Attn: Mr. Bryan Arrant

Re: Statewide Rule 118
Hydrogen Sulfide Gas Contingency Plan
Proposed Shifting Sands 15 Federal Com No. 1 Well

Dear Mr. Arrant:

In accordance with NMAC 19.15.3.118 C. (1) governing the determination of the hydrogen sulfide concentration in gaseous mixtures in each of its operations, Cimarex Energy Co. of Colorado does not anticipate that there will be enough H₂S from the surface to the Morrow formation to meet the OCD's minimum requirements for the submission of a contingency plan for the drilling and completion of the following test(s):

Shifting Sands 15 Federal Com No. 1
2260' FNL & 2150' FWL
F-15-16S-30E
Eddy County, NM

If anything further is needed regarding this issue, or if you have any questions, please feel free to contact the undersigned at 972-443-6489.

Yours truly,

A handwritten signature in cursive script that reads "Zeno Farris".

Zeno Farris
Manager, Operations Administration