Form 3160-5
(November 1994)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

5. Lease Serial No.
SHL NM-109643 BHL State Minerals

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.
Pending

1. Type of Well
[X] Oil Well [ ] Gas Well [ ] Other

8. Well Name and No.
Gizzard 18 Federal Com No. 2

2. Name of Operator
Cimarex Energy Co. of Colorado

9. API Well No.
30-015-

3a. Address
PO Box 140907; Irving, TX 75014-0907

3b. Phone No *(include area code)*
972-401-3111

10. Field and Pool, or Exploratory Area
Abo Wildcat

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
SHL 660' FNL & 330' FEL 18-16S-29E
BHL 660' FNL & 330' FWL 18-16S-29E

11. County or Parish, State
Eddy County, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
[X] Notice of Intent	[ ] Acidize	[ ] Deepen	[ ] Production (Start/Resume)	[ ] Water Shut-Off
	[ ] Alter Casing	[ ] Fracture Treat	[ ] Reclamation	[ ] Well Integrity
[ ] Subsequent Report	[ ] Casing Repair	[ ] New Construction	[ ] Recomplete	[X] Other Change Location
	[ ] Change Plans	[ ] Plug and Abandon	[ ] Temporarily Abandon	
[ ] Final Abandonment Notice	[ ] Convert to Injection	[ ] Plug Back	[ ] Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, included estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Cimarex has changed its SHL for the proposed Gizzard 18 Federal Com No. 2 well.

Old Location	**New Location**
SHL 660' FNL & 330' FEL	SHL 330' FNL & 330' FEL
BHL 660' FNL & 330' FWL	BHL 660' FNL & 330' FWL
18-16S-29E	18-16S-29E

Please see attached revised plats and revised preliminary directional survey.

250' of on-lease access road is proposed for this new location.

14. I hereby certify that the foregoing is true and correct

Name *(Printed/Typed)*: Natalie Krueger — Title: Regulatory Analyst

Signature: Natalie Krueger — Date: May 1, 2008

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by — Title: FIELD MANAGER — Date:

Conditions of Approval, if any, are attached. Approval of this notice 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.

Office: CARLSBAD FIELD OFFICE

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

(Instructions on reverse)

DISTRICT I
1625 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
	97019	Abo Wildcat

Property Code	Property Name	Well Number
	GIZZARD "18" FEDERAL COM	2

OGRID No.	Operator Name	Elevation
162683	CIMAREX ENERGY CO. OF COLORADO	3653'

Surface Location

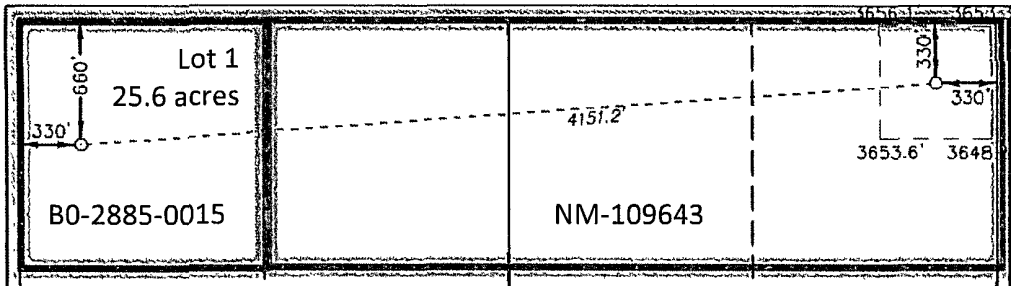
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	18	16 S	29 E		330	NORTH	330	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	18	16 S	29 E		660	NORTH	330	WEST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
145.6		P	

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



BOTTOM HOLE LOCATION
Lat - N32°55'37.75"
Long - W104°07'12.76"
NMSPCE- N 701099.013
E 606729.538
(NAD-83)

SURFACE LOCATION
Lat - N32°55'40.99"
Long - W104°06'24.19"
NMSPCE- N 701434.9
E 610868.4
(NAD-83)

OPERATOR CERTIFICATION

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.

Zeno Farris 04-24-08
Signature Date

Zeno Farris
Printed Name

SURVEYOR CERTIFICATION

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 supervison, and that the same is true and correct to the best of my belief.

APRIL 7, 2008
Date Surveyed
Signature & Seal of Professional Surveyor

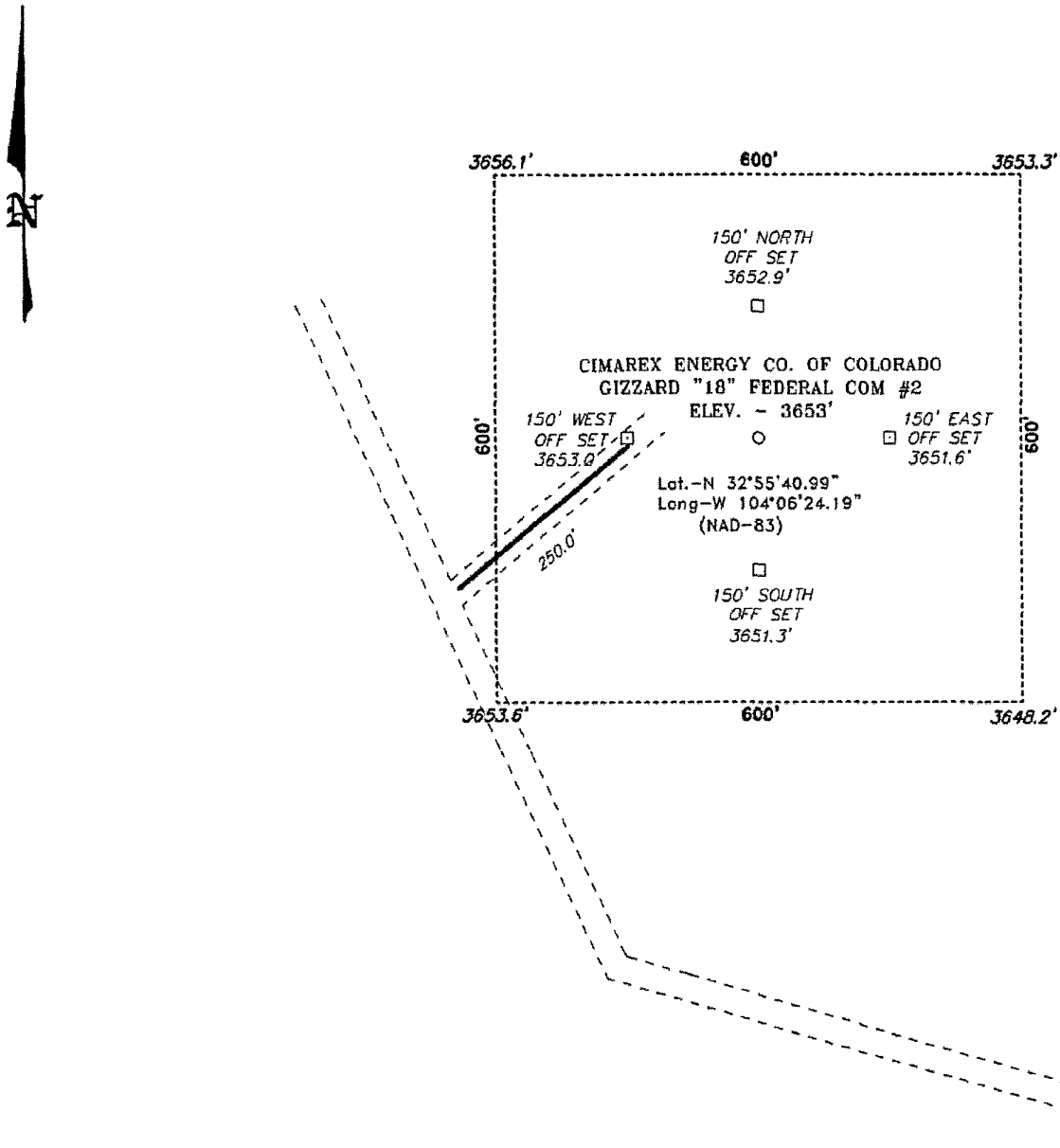
GARY L. JONES
NEW MEXICO
7977
REGISTERED PROFESSIONAL SURVEYOR

W.O.

Certificate No. Gary L. Jones 7977

BASIN SURVEYS

SECTION 18, TOWNSHIP 16 SOUTH, RANGE 29 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



200 0 200 400 FEET

SCALE: 1" = 200'

Directions to Location:

FROM JUNCTION OF US HWY 82 AND BARNIVAL DRAW ROAD, GO NORTH ON BARNIVAL DRAW FOR APPROX 7.0 MILES TO LEASE ROAD, ON LEASE ROAD GO WESTERLY 1.7 MILES TO PROPOSED LOCATION.

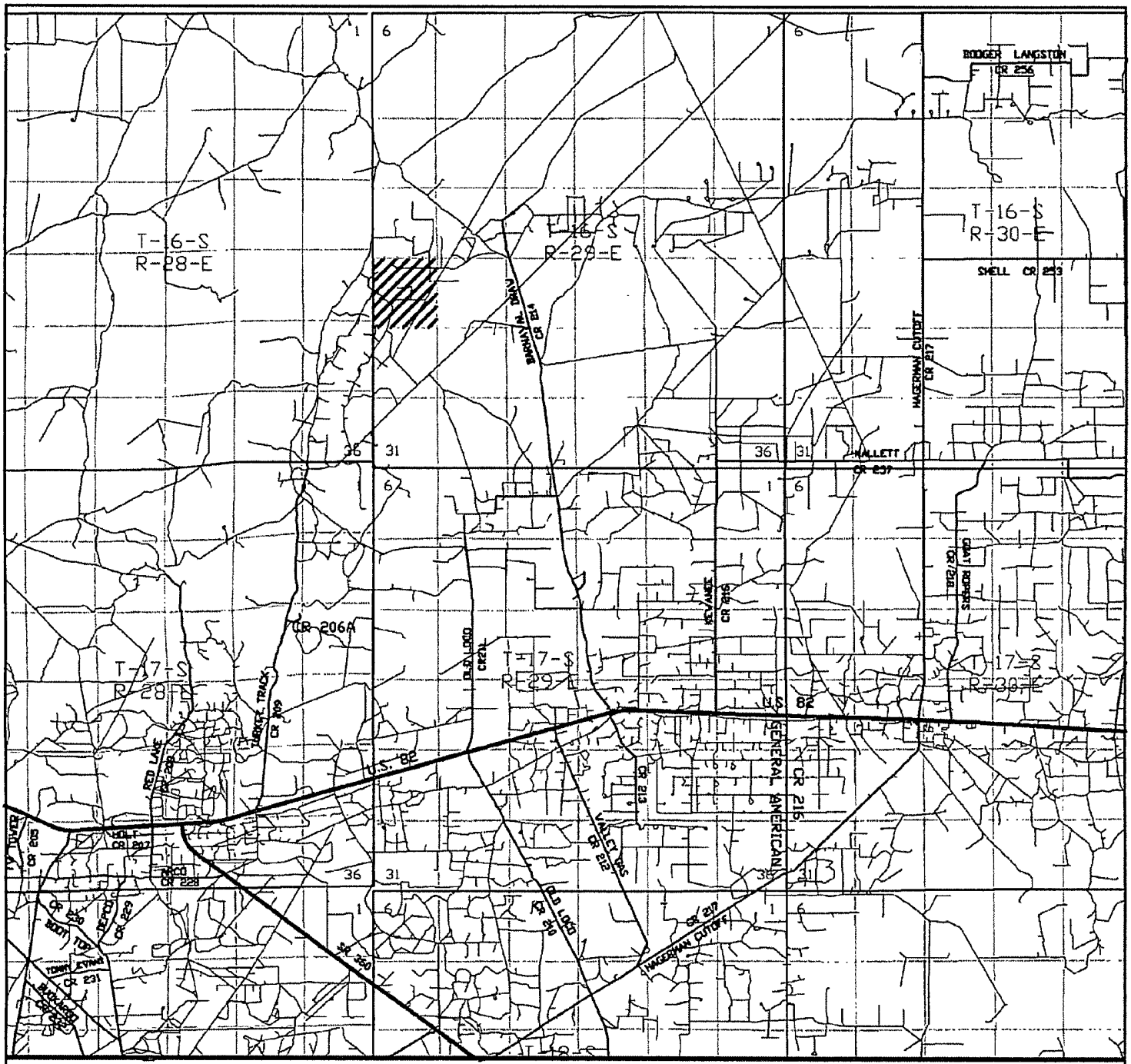
CIMAREX ENERGY CO. OF COLORADO

REF: GIZZARD "18" FEDERAL COM #2 / WELL PAD TOPO

THE GIZZARD "18" FEDERAL COM #2 LOCATED 330' FROM THE NORTH LINE AND 330' FROM THE EAST LINE OF SECTION 18, TOWNSHIP 16 SOUTH, RANGE 29 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.

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

W.O. Number: 19526	Drawn By: J. SMALL		
Date: 04-07-2008	Disk: JMS 19526W	Survey Date: 04-03-2008	Sheet 1 of 1 Sheets



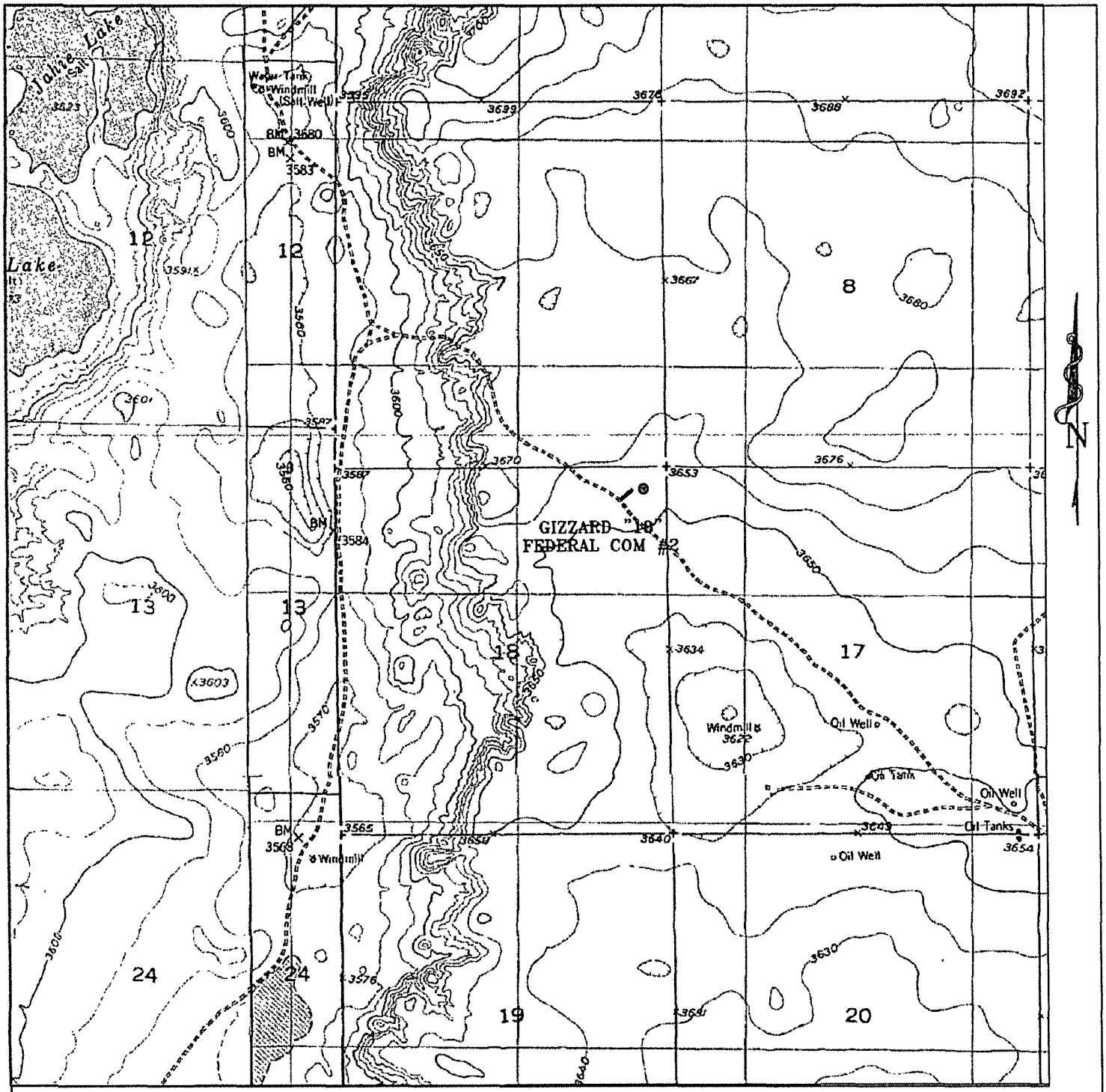
GIZZARD "18" FEDERAL COM #2
Located 330' FNL and 330' FEL
Section 18, Township 16 South, Range 29 East,
N.M.P.M., Eddy County, New Mexico.

basin surveys
focused on excellence in the oilfield

P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(505) 393-7316 - Office
(505) 392-3074 - Fax
basinsurveys.com

W.O. Number:	JMS 19118TR
Survey Date:	04-03-2008
Scale:	1" = 2 MILES
Date:	04-07-2008

CIMAREX ENERGY CO. OF COLORADO



GIZZARD "18" FEDERAL COM #2
Located 330' FNL and 330' FEL
Section 18, Township 16 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
(505) 393-7316 - Office
(505) 392-3074 - Fax
basinsurveys.com

W.O. Number:	JMS 19526T
Survey Date:	04-03-2008
Scale:	1" = 2000'
Date:	04-07-2008

CIMAREX ENERGY CO. OF COLORADO

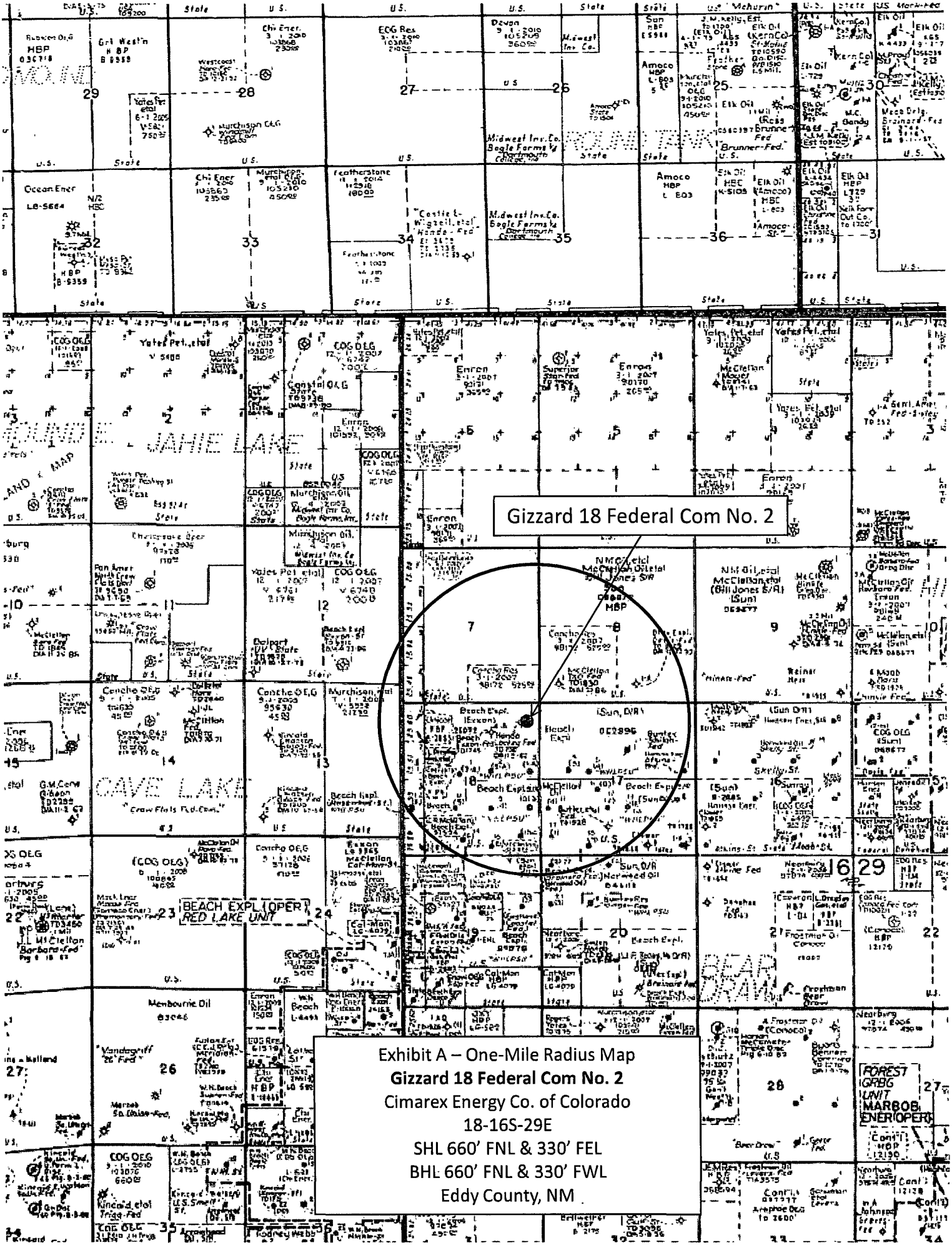


Exhibit A – One-Mile Radius Map

Gizzard 18 Federal Com No. 2

Cimarex Energy Co. of Colorado

18-16S-29E

SHL 660' FNL & 330' FEL

BHL 660' FNL & 330' FWL

Eddy County, NM

Gizzard 18 Federal Com No. 2
Cimarex Energy Co. of Colorado
Unit A, Section 18
T16S-R29E, Eddy County, NM

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

Location: SHL 330' FNL & 330' FEL
BHL 660' FNL & 330' FWL

Elevation above sea level: 3653' GR

Proposed drilling depth: Pilot Hole 7,350' MD 10,897' TVD 6,875'

Estimated tops of geological markers:

San Andres	1,820'
Abo Shale	5,340'
Lower Abo Dolomite	6,825'
Wolfcamp LS	7,000'

Proposed Mud Circulating System:

Depth			Mud Wt	Visc	Fluid Loss	Type Mud
0'	to	340'	8.4 - 8.6	28	NC	FW
340'	to	2,500'	10.0	30-32	NC	Brine water
2,500'	to	7,350'	8.4 - 9.5	30-32	NC	FW, brine
6,635'	to	MD 10,897' TVD 6,875'	9.0	28-32	May lose circ	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.

Proposed drilling Plan

Drill 8¾" hole to 7,350' (pilot hole) and cement (see page 2). Set whipstock plug @ 6,645.' Mill window from 6,630' to 6,640.' Kick off 6⅛" lateral @ 6,635.' Drill 6⅛" hole to MD 10,897' and TVD 6,875.' Install 4½" **Peak Completion Assembly**, 500' of BTC from 6,527' through the curve to 7,027'and LTC from 7,027' to 10,897. **Liner length:** 4,370.' **Lateral length:** 4,153.' Strata-Pak RSBP @ 6,527' (TOL).

Gizzard 18 Federal Com No. 2
Cimarex Energy Co. of Colorado
Unit A, Section 18
T16S-R29E, Eddy County, NM

Casing Program:

String	Hole Size	Depth			Casing OD		Weight	Thread	Collar	Grade
Surface	17½"	0	to	340'	New	13⅜"	48#	8-R	STC	H-40
Intermediate	12¼"	0	to	2,500'	New	9⅝"	40#	8-R	LTC	J-55
Pilot Hole	8¾"	0	to	7,350'	New	7"	26#	8-R	LTC	P-110
Lateral	6⅛"	6,527'	to	MD 10,897' TVD 6,875'	New	4½"	11.6#	8-R	LTC (500' BTC)	P-110

Cementing:

Surface
Lead: 110 sx Premium Plus + 1% $CaCl_2$ + 0.125# Poly-e-flake (wt 12.5, yld 1.97)
Tail: 220 sx Premium Plus + 2% $CaCl_2$ (wt 14.8, yld 1.35)
TOC Surface

Intermediate
Lead: 415 sks Interfill C + 0.125# Poly-E-Flake (wt 11.9, yld 2.45)
Tail: 215 sks Premium Plus + 1% $CaCl_2$ (wt 14.8, yld 1.34)
TOC Surface

Pilot Hole
Lead: 270 sx Interfill H + 0.1% HR-7 + 0.125# Poly-e-flake (wt 11.9, yld 2.49)
Tail: 170 sx Super H + 0.5% Halad-344 + 0.4% CFR-3 + 1# Salt + 5# Gilsonite + 0 125# Poly-e-flake + 0.35% HR-7 (wt 13.2, yld 1.61)
TOC 2300'

Lateral
No cement needed. Peak completion assembly.

Fresh water zones will be protected by setting 13⅜" casing at 340' and cementing to surface. Hydrocarbon zones will be protected by setting 9⅝" casing at 2500' and cementing to surface, and by setting 7" casing at 7350' and cementing to 2300.'

Collapse Factor	*Burst Factor*	*Tension Factor*
1.125	1.125	1.6

12 Testing, Logging and Coring Program:

A. Mud logging 2 man unit from 5000' 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. In accordance with Onshore Order 6, Cimarex does not anticipate that there will be enough H_2S from the surface to the Abo formations to meet the BLM's minimum requirements for the submission of an "H_2S Drilling Operation Plan" or "Public Protection Plan" for the drilling and completion of this well. Since we have an H_2S Safety package on all wells, attached is an "H_2S 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 **2300 psi** Estimated BHT **110°**

14 Road and location construction will begin after BLM approval of APD. Anticipated spud date as soon as approved.
Drilling expected to take 10-15 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.
Abo pay will be perforated and stimulated.
The proposed well will be tested and potentialed as **an oil well.**

Planned Wellpath Report

Preliminary

BAKER HUGHES INTEQ

REFERENCE WELLPATH IDENTIFICATION			
Operator	**Cimarex Energy Co.**	Slot	**No. 2H SHL**
Area	**Eddy County, NM**	Well	**No. 2H**
Field	**(Gizzard) Section 18, T16S, R29E**	Wellbore	**No. 2H PWB**
Facility	**Gizzard 18 FED COM No. 2H**		

REPORT SETUP INFORMATION			
Projection System	**NAD83 / TM New Mexico State Planes, Eastern Zone (3001), US feet**	Software System	**WellArchitect® 2.0**
North Reference	**Grid**	User	**Victor Hernandez**
Scale	**0.999915**	Report Generated	**4/24/2008** at **4:42:19 PM**
Convergence at slot	**0.12° East**	Database/Source file	**WA_Midland/No._2H_PWB.xml**

WELLPATH LOCATION	Local coordinates		Grid coordinates		Geographic coordinates	
	North[ft]	**East[ft]**	**Easting[USft]**	**Northing[USft]**	**Latitude**	**Longitude**
Slot Location	**0.00**	**0.00**	610868.40	701434.90	32°55'40.988"N	104°06'24.190"W
Facility Reference Pt			**610868.40**	**701434.90**	32°55'40.988"N	104°06'24.190"W
Field Reference Pt			**610868.40**	**701434.90**	32°55'40.988"N	104°06'24.190"W

WELLPATH DATUM			
Calculation method	**Minimum curvature**	Rig on No. 2H SHL (RT) to Facility Vertical Datum	**18.00ft**
Horizontal Reference Pt	**Facility Center**	Rig on No. 2H SHL (RT) to Mean Sea Level	**3671.00ft**
Vertical Reference Pt	**Rig on No. 2H SHL (RT)**	Facility Vertical Datum to Mud Line (Facility)	**0.00ft**
MD Reference Pt	**Rig on No. 2H SHL (RT)**	Section Origin	**N 0.00, E 0.00 ft**
Field Vertical Reference	**Mean Sea Level**	Section Azimuth	**265.36°**

REFERENCE WELLPATH IDENTIFICATION			
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Facility	Gizzard 18 FED COM No. 2H		

WELLPATH DATA (50 stations) † = interpolated/extrapolated station

MD [ft]	Inclination [°]	Azimuth [°]	TVD [ft]	Vert Sect [ft]	North [ft]	East [ft]	DLS [°/100ft]	Comments
0.00	0.000	265.360	0.00	0.00	0.00	0.00	0.00	
1820.00†	0.000	265.360	1820.00	0.00	0.00	0.00	0.00	SAN ANDRES
5340.00†	0.000	265.360	5340.00	0.00	0.00	0.00	0.00	ABO SHALE
6600.00	0.000	265.360	6600.00	0.00	0.00	0.00	0.00	Tie On
6635.00	0.000	265.360	6635.00	0.00	0.00	0.00	0.00	KOP
6700.00†	19.500	265.360	6698.75	10.95	-0.89	-10.92	30.00	
6800.00†	49.500	265.360	6780.23	66.95	-5.42	-66.73	30.00	
6900.00†	79.500	265.360	6822.79	156.18	-12.63	-155.67	30.00	
6915.59†	84.176	265.360	6825.00	171.60	-13.88	-171.04	30.00	LOWER ABO DOLOMITE
6932.64	89.291	265.360	6825.97	188.62	-15.26	-188.01	30.00	EOC
7000.00†	89.291	265.360	6826.80	255.98	-20.71	-255.14	0.00	
7100.00†	89.291	265.360	6828.04	355.97	-28.79	-354.81	0.00	
7200.00†	89.291	265.360	6829.28	455.97	-36.88	-454.47	0.00	
7300.00†	89.291	265.360	6830.51	555.96	-44.97	-554.14	0.00	
7400.00†	89.291	265.360	6831.75	655.95	-53.06	-653.80	0.00	
7500.00†	89.291	265.360	6832.99	755.94	-61.15	-753.47	0.00	
7600.00†	89.291	265.360	6834.22	855.93	-69.24	-853.13	0.00	
7700.00†	89.291	265.360	6835.46	955.93	-77.32	-952.79	0.00	
7800.00†	89.291	265.360	6836.70	1055.92	-85.41	-1052.46	0.00	
7900.00†	89.291	265.360	6837.93	1155.91	-93.50	-1152.12	0.00	
8000.00†	89.291	265.360	6839.17	1255.90	-101.59	-1251.79	0.00	
8100.00†	89.291	265.360	6840.41	1355.90	-109.68	-1351.45	0.00	
8200.00†	89.291	265.360	6841.64	1455.89	-117.76	-1451.12	0.00	
8300.00†	89.291	265.360	6842.88	1555.88	-125.85	-1550.78	0.00	
8400.00†	89.291	265.360	6844.12	1655.87	-133.94	-1650.45	0.00	
8500.00†	89.291	265.360	6845.35	1755.87	-142.03	-1750.11	0.00	
8600.00†	89.291	265.360	6846.59	1855.86	-150.12	-1849.78	0.00	
8700.00†	89.291	265.360	6847.83	1955.85	-158.21	-1949.44	0.00	
8800.00†	89.291	265.360	6849.06	2055.84	-166.29	-2049.11	0.00	
8900.00†	89.291	265.360	6850.30	2155.84	-174.38	-2148.77	0.00	
9000.00†	89.291	265.360	6851.54	2255.83	-182.47	-2248.44	0.00	
9100.00†	89.291	265.360	6852.77	2355.82	-190.56	-2348.10	0.00	
9200.00†	89.291	265.360	6854.01	2455.81	-198.65	-2447.77	0.00	
9300.00†	89.291	265.360	6855.25	2555.80	-206.74	-2547.43	0.00	
9400.00†	89.291	265.360	6856.48	2655.80	-214.82	-2647.09	0.00	
9500.00†	89.291	265.360	6857.72	2755.79	-222.91	-2746.76	0.00	
9600.00†	89.291	265.360	6858.96	2855.78	-231.00	-2846.42	0.00	
9700.00†	89.291	265.360	6860.19	2955.77	-239.09	-2946.09	0.00	
9800.00†	89.291	265.360	6861.43	3055.77	-247.18	-3045.75	0.00	
9900.00†	89.291	265.360	6862.67	3155.76	-255.26	-3145.42	0.00	
10000.00†	89.291	265.360	6863.91	3255.75	-263.35	-3245.08	0.00	
10100.00†	89.291	265.360	6865.14	3355.74	-271.44	-3344.75	0.00	
10200.00†	89.291	265.360	6866.38	3455.74	-279.53	-3444.41	0.00	
10300.00†	89.291	265.360	6867.62	3555.73	-287.62	-3544.08	0.00	
10400.00†	89.291	265.360	6868.85	3655.72	-295.71	-3643.74	0.00	

Planned Wellpath Report

Preliminary

CIMAREX

BAKER HUGHES INTEQ

REFERENCE WELLPATH IDENTIFICATION			
Operator	Cimarex Energy Co.	Slot	No. 2H SHL
Area	Eddy County, NM	Well	No. 2H
Field	(Gizzard) Section 18, T16S, R29E	Wellbore	No. 2H PWB
Facility	Gizzard 18 FED COM No. 2H		

WELLPATH DATA (50 stations) † = interpolated/extrapolated station

MD [ft]	Inclination [°]	Azimuth [°]	TVD [ft]	Vert Sect [ft]	North [ft]	East [ft]	DLS [°/100ft]	Comments
10500.00†	89.291	265.360	6870.09	3755.71	-303.79	-3743.41	0.00	
10600.00†	89.291	265.360	6871.33	3855.71	-311.88	-3843.07	0.00	
10700.00†	89.291	265.360	6872.56	3955.70	-319.97	-3942.74	0.00	
10800.00†	89.291	265.360	6873.80	4055.69	-328.06	-4042.40	0.00	
10897.15	89.291	265.360	6875.00[1]	4152.83	-335.92	-4139.22	0.00	No. 2H BHL

HOLE & CASING SECTIONS Ref Wellbore: No. 2H PWB Ref Wellpath: Preliminary

String/Diameter	Start MD [ft]	End MD [ft]	Interval [ft]	Start TVD [ft]	End TVD [ft]	Start N/S [ft]	Start E/W [ft]	End N/S [ft]	End E/W [ft]
17.5in Open Hole	0.00	330.00	330.00	0.00	330.00	0.00	0.00	0.00	0.00
12.25in Open Hole	330.00	2500.00	2170.00	330.00	2500.00	0.00	0.00	0.00	0.00
8.75in Open Hole	2500.00	6600.00	4100.00	2500.00	6600.00	0.00	0.00	0.00	0.00
13.375in Casing Surface	0.00	330.00	330.00	0.00	330.00	0.00	0.00	0.00	0.00
9.625in Casing Intermediate	330.00	2500.00	2170.00	330.00	2500.00	0.00	0.00	0.00	0.00
7in Casing	2500.00	6600.00	4100.00	2500.00	6600.00	0.00	0.00	0.00	0.00
6.125in Open Hole	6600.00	10897.15	4297.15	6600.00	NA	0.00	0.00	NA	NA

TARGETS

Name	MD [ft]	TVD [ft]	North [ft]	East [ft]	Grid East [srv ft]	Grid North [srv ft]	Latitude	Longitude	Shape
1) No. 2H BHL	10897.15	6875.00	-335.92	-4139.22	606729.54	701099.01	32°55'37.750"N	104°07'12.759"W	point

SURVEY PROGRAM Ref Wellbore: No. 2H PWB Ref Wellpath: Preliminary

Start MD [ft]	End MD [ft]	Positional Uncertainty Model	Log Name/Comment	Wellbore
18.00	10897.15	NaviTrak (Standard)		No. 2H PWB

BAKER HUGHES INTEQ

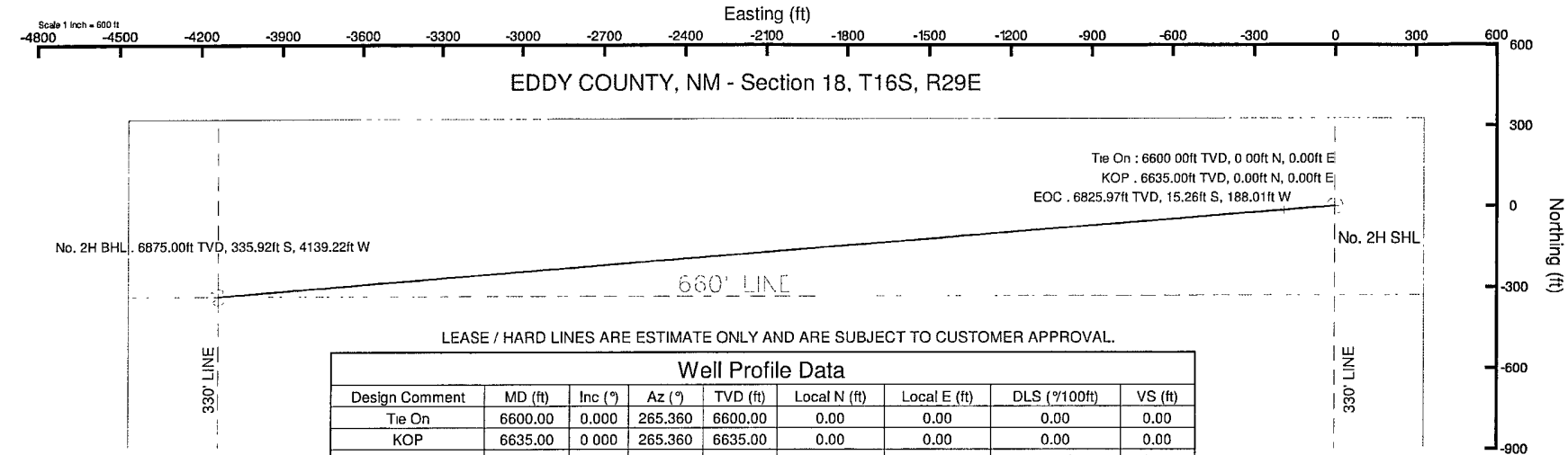
Cimarex Energy Co.

Location: Eddy County, NM
Field: (Gizzard) Section 18, T16S, R29E
Facility: Gizzard 18 FED COM No. 2H

Slot: No. 2H SHL
Well: No. 2H
Wellbore: No. 2H PWB

Plot reference wellpath is Preliminary	
True vertical depths are referenced to Rig on No 2H SHL (RT)	Grid System NAD83 / TM New Mexico State Planes Eastern Zone (3001) US feet
Measured depths are referenced to Rig on No 2H SHL (RT)	North Reference Grid north
Rig on No 2H SHL (RT) to Mean Sea Level 3671 feet	Scale True distance
Mean Sea Level to Mud line (Facility Gizzard 18 FED COM No 2H) -3653 feet	Depths are in feet
Coordinates are in feet referenced to Facility Center	Created by Victor Hernandez on 4/24/2008

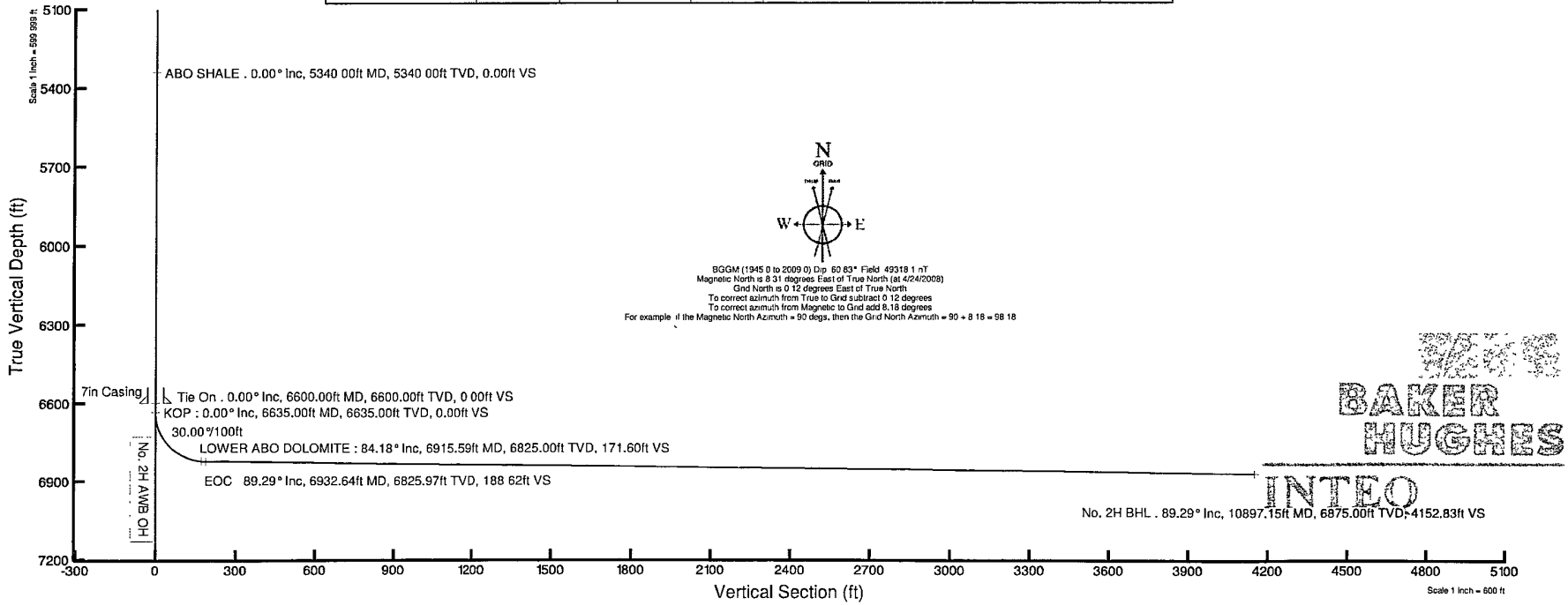
BAKER HUGHES INTEQ



LEASE / HARD LINES ARE ESTIMATE ONLY AND ARE SUBJECT TO CUSTOMER APPROVAL.

Well Profile Data

Design Comment	MD (ft)	Inc (°)	Az (°)	TVD (ft)	Local N (ft)	Local E (ft)	DLS (°/100ft)	VS (ft)
Tie On	6600.00	0.000	265.360	6600.00	0.00	0.00	0.00	0.00
KOP	6635.00	0 000	265.360	6635.00	0.00	0.00	0.00	0.00
EOC	6932.64	89.291	265.360	6825.97	-15.26	-188.01	30.00	188.62
No. 2H BHL	10897.15	89.291	265.360	6875.00	-335.92	-4139.22	0.00	4152.83



BGGM (1945 0 to 2009 0) Dip 60 83° Field 49318 1 nT
Magnetic North is 8 31 degrees East of True North (at 4/24/2008)
Grid North is 0 12 degrees East of True North
To correct azimuth from True to Grid subtract 0 12 degrees
To correct azimuth from Magnetic to Grid add 8.18 degrees
For example if the Magnetic North Azimuth = 90 degs, then the Grid North Azimuth = 90 + 8 18 = 98 18

Azimuth 265.36° with reference 0.00 N, 0.00 E

BAKER HUGHES INTEQ

PROPOSED WELLPATH REPORT (CSV version)
Prepared by Baker Hughes INTEQ
Software System. WellArchitect®2.0

REFERENCE WELLPATH IDENTIFICATION
Operator Cimarex Energy Co.
Area Eddy County, NM
Field (Gizzard) Section 18, T16S, R29E
Facility Gizzard 18 FED COM No. 2
Slot No. 2 SHL
Well No. 2
Wellbore No 2 PWB
Wellpath Preliminary
Sidetrack (none)

REPORT SETUP INFORMATION
Projection NAD83 / TM New Mexico State Planes, Eastern Zone (3001), US feet
North Refe Grid
Scale 0.999915
Converger 0.12° East
Software S WellArchitect®
User Victor Hernandez
Report Ge 4/24/2008 at 4:29:23 PM
DataBase/ WA_Midland/ev7273.xml

WELLPAT	Local Nortl [ft]	Local East [ft]	Grid East [ft]	Grid North [ft]	Latitude	Longitude
Slot Locati	0	0	610868.4	701434 9	32°55'40.9	104°06'24.190"W
Facility Rei			610868 4	701434.9	32°55'40.9	104°06'24 190"W
Field Refer			610868.4	701434.9	32°55'40.9	104°06'24.190"W

WELLPATH DATUM
Calculatior Minimum curvature
Horizontal Facility Center
Vertical Re Rig on No 2 SHL (RT)
MD Refere Rig on No. 2 SHL (RT)
Field Vertc Mean Sea Level
Rig on No. 18.00ft
Rig on No. 3671.00ft
Facility Ver 0.00ft
Section Or 0 00ft
Section Or 0.00ft
Section Az 265.36°

WELLPATH DATA Wellbore: No. 2 PWB Wellpath: Preliminary † = interpolated/extrapolated station

	MD [ft]	Inclination [°]	Azimuth [°]	TVD [ft]	Vert Sect [ft]	North [ft]	East [ft]	Grid East [srv ft]	Grid North [srv ft]	DLS [°/100ft]	Comments
	0	0	265.36	0	0	0	0	610868.4	701434.9	0	
†	1820	0	265.36	1820	0	0	0	610868.4	701434.9	0	SAN ANDRES
†	5340	0	265.36	5340	0	0	0	610868.4	701434.9	0	ABO SHALE
	6600	0	265.36	6600	0	0	0	610868.4	701434.9	0	Tie On
	6635	0	265 36	6635	0	0	0	610868.4	701434.9	0	KOP
†	6700	19.5	265.36	6698.75	10.95	-0.89	-10.92	610857.5	701434	30	
†	6800	49.5	265.36	6780.23	66.95	-5 42	-66.73	610801.7	701429 5	30	
†	6900	79 5	265.36	6822 79	156 18	-12.63	-155 67	610712.7	701422.3	30	
†	6915.59	84.176	265.36	6825	171 6	-13.88	-171.04	610697.4	701421	30	LOWER ABO DOLOMITE
	6932 64	89.291	265.36	6825.97	188.62	-15 26	-188.01	610680.4	701419.6	30	EOC
†	7000	89.291	265 36	6826.8	255.98	-20.71	-255 14	610613 3	701414.2	0	
†	7100	89.291	265.36	6828.04	355.97	-28.79	-354.81	610513.6	701406.1	0	
†	7200	89.291	265 36	6829.28	455.97	-36.88	-454.47	610414	701398	0	
†	7300	89 291	265.36	6830.51	555.96	-44.97	-554.14	610314.3	701389.9	0	
†	7400	89.291	265 36	6831.75	655.95	-53.06	-653 8	610214 7	701381.9	0	
†	7500	89.291	265.36	6832.99	755.94	-61.15	-753.47	610115	701373.8	0	
†	7600	89.291	265.36	6834.22	855.93	-69.24	-853.13	610015.3	701365.7	0	
†	7700	89.291	265.36	6835.46	955.93	-77.32	-952.79	609915.7	701357.6	0	
†	7800	89.291	265.36	6836.7	1055.92	-85.41	-1052.46	609816	701349.5	0	
†	7900	89.291	265.36	6837.93	1155.91	-93.5	-1152.12	609716.4	701341.4	0	
†	8000	89.291	265.36	6839.17	1255.9	-101.59	-1251.79	609616.7	701333 3	0	
†	8100	89.291	265.36	6840 41	1355.9	-109 68	-1351.45	609517.1	701325.2	0	
†	8200	89.291	265.36	6841.64	1455.89	-117.76	-1451.12	609417.4	701317.2	0	
†	8300	89.291	265.36	6842.88	1555.88	-125.85	-1550.78	609317.8	701309.1	0	
†	8400	89 291	265.36	6844.12	1655.87	-133.94	-1650.45	609218.1	701301	0	

†	8500	89.291	265.36	6845.35	1755.87	-142.03	-1750.11	609118.4	701292.9	0		
†	8600	89.291	265.36	6846.59	1855.86	-150.12	-1849.78	609018.8	701284.8	0		
†	8700	89 291	265.36	6847.83	1955.85	-158 21	-1949 44	608919.1	701276.7	0		
†	8800	89.291	265.36	6849.06	2055 84	-166 29	-2049.11	608819.5	701268.6	0		
†	8900	89.291	265.36	6850 3	2155.84	-174.38	-2148.77	608719.8	701260.5	0		
†	9000	89 291	265.36	6851.54	2255.83	-182.47	-2248.44	608620.2	701252.5	0		
†	9100	89.291	265.36	6852.77	2355.82	-190 56	-2348 1	608520.5	701244.4	0		
†	9200	89.291	265 36	6854.01	2455.81	-198.65	-2447.77	608420.9	701236 3	0		
†	9300	89.291	265.36	6855.25	2555.8	-206.74	-2547.43	608321.2	701228.2	0		
†	9400	89 291	265.36	6856.48	2655.8	-214.82	-2647.09	608221.5	701220.1	0		
†	9500	89.291	265.36	6857.72	2755.79	-222.91	-2746.76	608121.9	701212	0		
†	9600	89.291	265 36	6858.96	2855.78	-231	-2846 42	608022 2	701203.9	0		
†	9700	89.291	265.36	6860.19	2955.77	-239.09	-2946.09	607922.6	701195.8	0		
†	9800	89 291	265 36	6861.43	3055.77	-247.18	-3045.75	607822 9	701187.8	0		
†	9900	89.291	265.36	6862 67	3155.76	-255.26	-3145.42	607723.3	701179.7	0		
†	10000	89.291	265.36	6863.91	3255.75	-263.35	-3245.08	607623.6	701171.6	0		
†	10100	89 291	265.36	6865.14	3355.74	-271.44	-3344.75	607523.9	701163.5	0		
†	10200	89 291	265 36	6866.38	3455.74	-279.53	-3444 41	607424.3	701155 4	0		
†	10300	89.291	265.36	6867.62	3555.73	-287.62	-3544.08	607324.6	701147.3	0		
†	10400	89.291	265.36	6868.85	3655.72	-295.71	-3643.74	607225	701139.2	0		
†	10500	89.291	265.36	6870 09	3755.71	-303.79	-3743.41	607125.3	701131.1	0		
†	10600	89.291	265.36	6871.33	3855.71	-311.88	-3843.07	607025.7	701123	0		
†	10700	89.291	265.36	6872.56	3955.7	-319.97	-3942.74	606926	701115	0		
†	10800	89 291	265.36	6873 8	4055.69	-328.06	-4042.4	606826.4	701106.9	0		
	10897.15	89.291	265.36	6875	4152.83	-335.92	-4139.22	606729.5	701099	0	No. 2 BHL	1

HOLE ANI	Start MD [ft]	End MD [ft]	Interval [ft]	Start TVD [ft]	End TVD [ft]	Start N/S [ft]	End N/S [ft]	Start E/W [ft]	End E/W [ft]
17.5in Ope	0	330	330	0	330	0	0	0	0
12.25in Op	330	2500	2170	330	2500	0	0	0	0
8.75in Ope	2500	6600	4100	2500	6600	0	0	0	0
13.375in C	0	330	330	0	330	0	0	0	0
9.625in Ca	330	2500	2170	330	2500	0	0	0	0
7in Casing	2500	6600	4100	2500	6600	0	0	0	0
6.125in Op	6600	10897.15	4297.15	6600	NA	0	0	NA	NA

TARGETS

Name	MD [ft]	TVD [ft]	North [ft]	East [ft]	Grid East [srv ft]	Grid North [srv ft]	Latitude	Longitude	Shape	Comment	Design Comments
(1) No. 2 B	10897.15	6875	-335.92	-4139.22	606729.5	701099	32°55'37.7	104°07'12.	point		

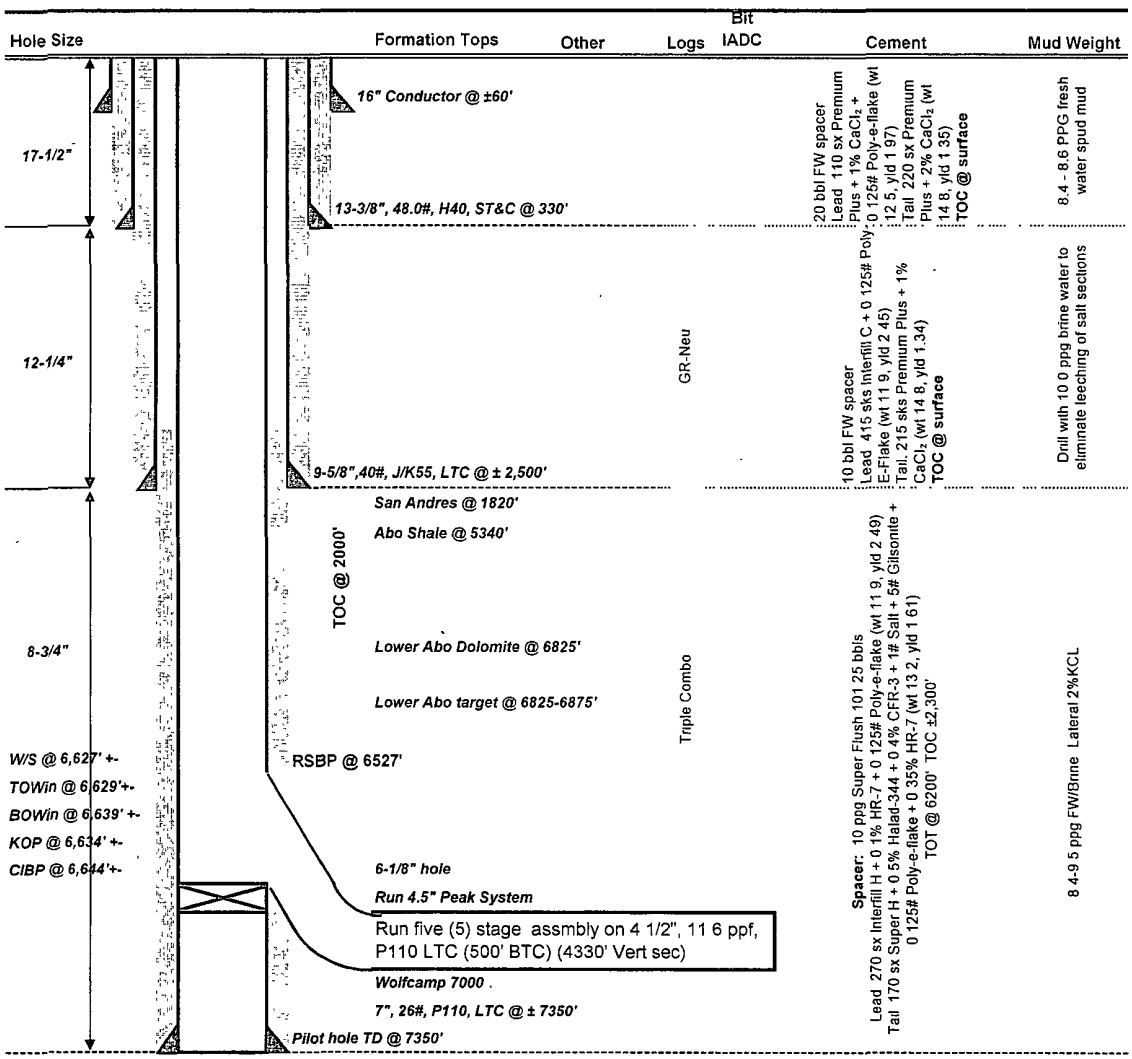
SURVEY PROGRAM Ref Wellbore: No. 2 PWB Ref Wellpath: Preliminary

Start MD [ft]	End MD [ft]	Pos Unc M	Log Name/	Wellbore
18	10897.15	NaviTrak (Standard)		No. 2 PWB

DRILLING PROGNOSIS
Cimarex Energy Company

3/18/2008

Well:	Gizzard 18 Fed Com 2	Lse Serial #:	
Location:	18-16S-29E	Field:	
County, State	Eddy County, NM	Objective:	
Surface Location:	660 FN, 330 FE	TVD/MD:	7350 / 11250
Bottomhole Loc:	660 FN, 330 FW	Cementing:	Halliburton
E-Mail:		Mud:	
Wellhead:		Motors:	
		OH Logs	Halliburton
		Rig:	Pat 74
Xmas Tree		Offset Wells:	
Tubing:	2 7/8" L80 EUE		
Superintendent:	Dee Smith		
Engineer:	Mark Audas		

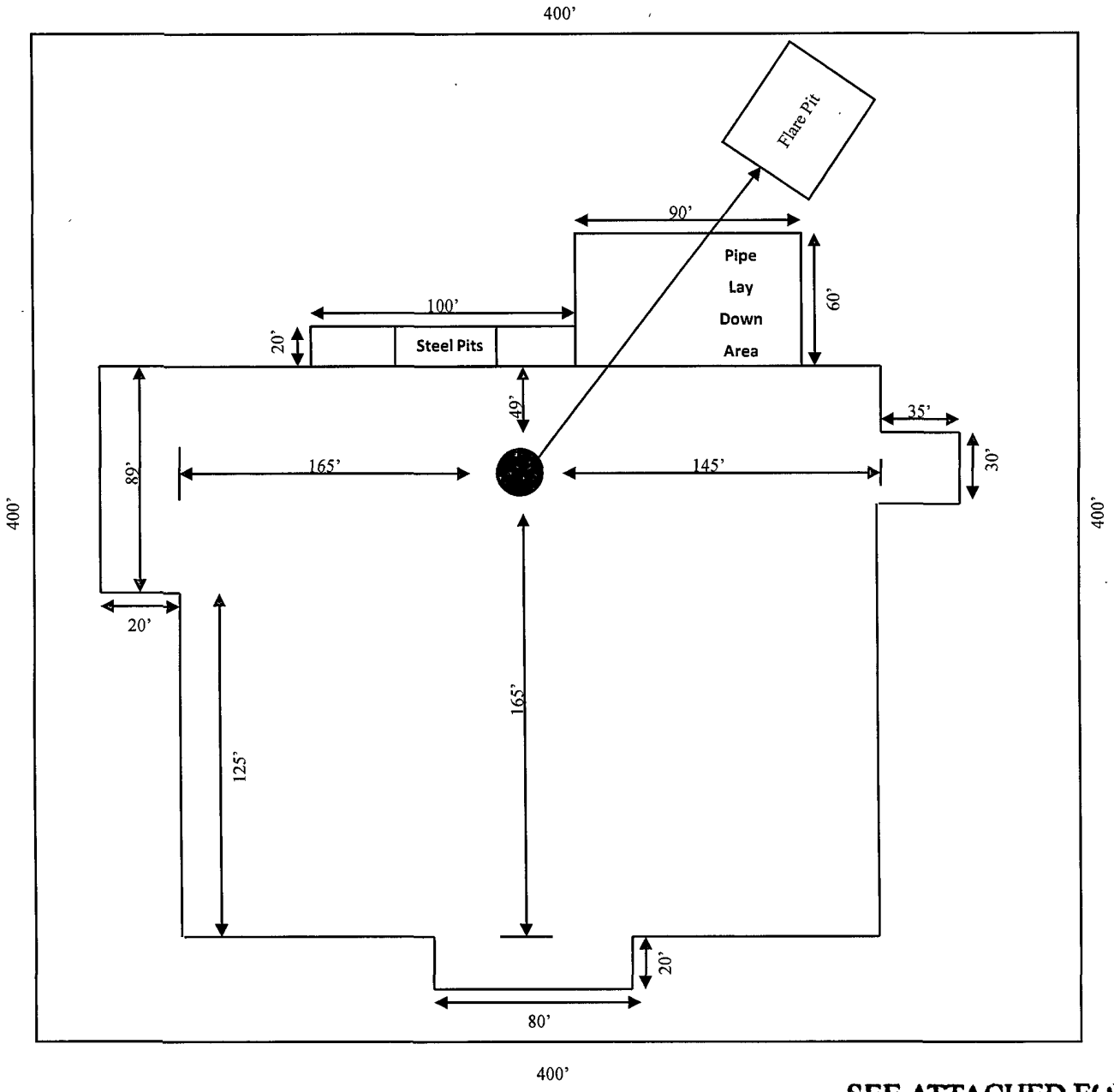


NOTES:
Install wellhead on 13-3/8" and NU BOP. Test this installation to 1000 psi w/ rig pump. Then after setting 9-5/8" in slips and installing the csg spool, NU BOP (5M) w/ rotating head and test BOP to 5M w/ test unit Test casing
Cement volumes for surface csg include a 100% excess in the open hole section If drilling conditions deem necessary, fluid caliper hole and adjust volumes.
Cement volumes for intermediate csg include a 70% excess in the open hole section If drilling conditions deem necessary, fluid caliper hole and adjust volumes.
Cement volumes for production csg include a 25% excess in the open hole section. Adjust volumes after caliper + 25% excess.

ALL INVOICES ARE TO SHOW CIMAREX ENERGY AS OPERATOR AND USE CIMAREX ACCOUNTING CODES.

Patterson Rig 74

Cimarex Energy Co. of Colorado



SEE ATTACHED FOR CONDITIONS OF APPROVAL

Exhibit D – Rig Layout
Gizzard 18 Federal Com No. 1
Gizzard 18 Federal Com No. 2
Cimarex Energy Co. of Colorado
18-16S-29E
SHL 660' FNL & 330' FEL
BHL 660' FNL & 330' FWL
Eddy County, NM

SR & A

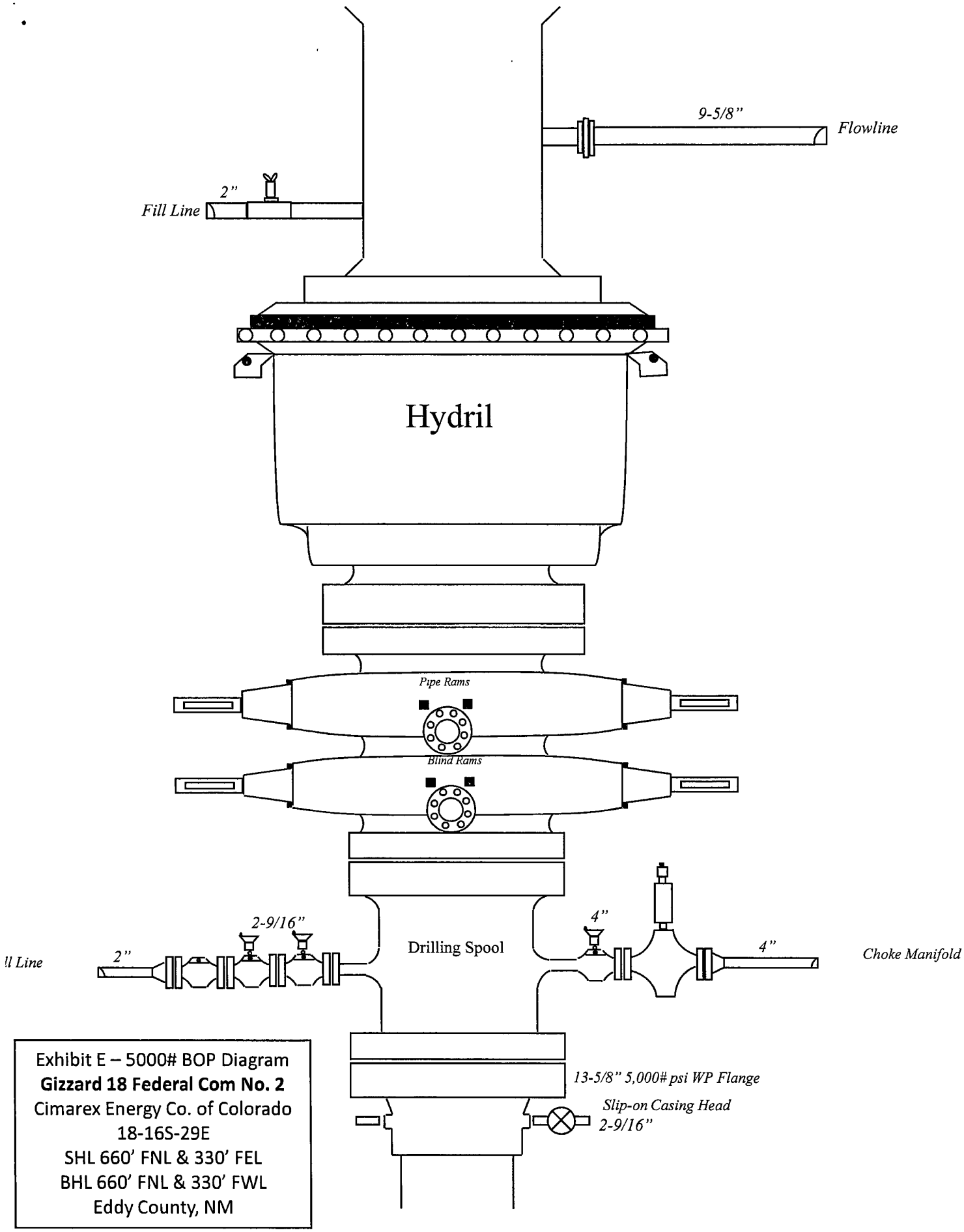


Exhibit E – 5000# BOP Diagram
Gizzard 18 Federal Com No. 2
Cimarex Energy Co. of Colorado
18-16S-29E
SHL 660' FNL & 330' FEL
BHL 660' FNL & 330' FWL
Eddy County, NM

DRILLING OPERATIONS
CHOKE MANIFOLD
5M SERVICE

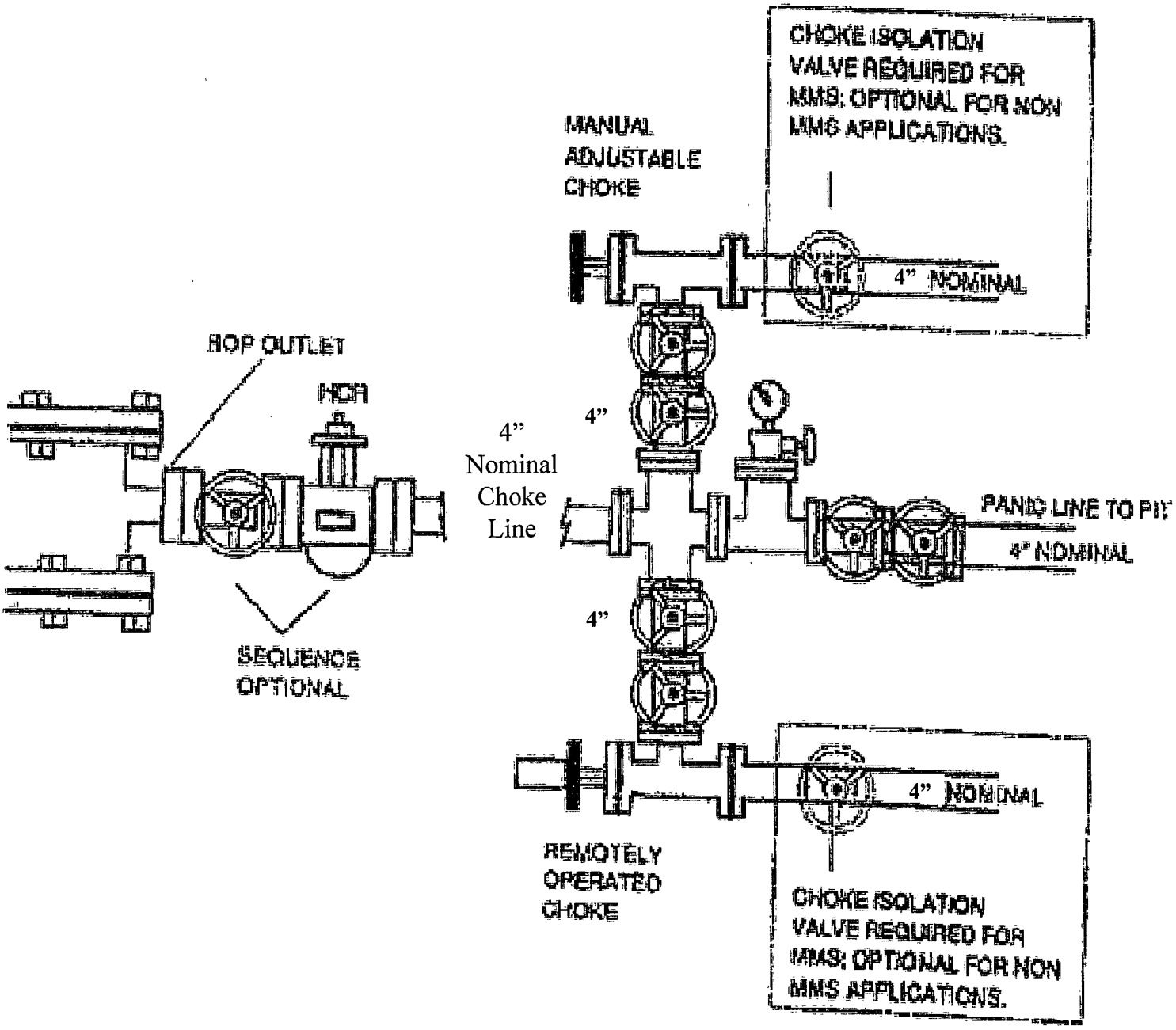


Exhibit E-1 – Choke Manifold Diagram
Gizzard 18 Federal Com No. 2
Cimarex Energy Co. of Colorado
18-16S-29E
SHL 660' FNL & 330' FEL
BHL 660' FNL & 330' FWL
Eddy County, NM

Hydrogen Sulfide Drilling Operations Plan
Cimarex Energy Co. of Colorado
Gizzard 18 Federal Com No. 2
Unit A, Section 18
T16S-R29E, Eddy County, NM

1 All Company and Contract personnel admitted on location must be trained by a qualified H_2S safety instructor to the following:
   A. Characteristics of H_2S
   B. Physical effects and hazards
   C. Proper use of safety equipment and life support systems.
   D. Principle and operation of H_2S detectors, warning system and briefing areas.
   E. Evacuation procedure, routes and first aid.
   F. Proper use of 30 minute pressure demand air pack.

2 H_2S Detection and Alarm Systems:
   A. H_2S detectors and audio alarm system to be located at bell nipple, end of flow line (mud pit) and on derrick floor or doghouse.

3 Windsock and/or wind streamers:
   A. Windsock at mudpit area should be high enough to be visible.
   B. Windsock at briefing area should be high enough to be visible.

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 (H_2S present in dangerous concentration). Only emergency personnel admitted to location.

5 Well control equipment:
   A. See exhibit "E"

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 H_2S has on tubular goods and other mechanical equipment.

9 If H_2S is encountered, mud system will be altered if necessary to maintain control of formation. A mud gas seperator will be brought into service along with H_2S scavengers if necessary.

H_2S Contingency Plan
Gizzard 18 Federal Com No. 2
Cimarex Energy Co. of Colorado
Unit A, Section 18
T16S-R29E, Eddy County, NM

Emergency Procedures

In the event of a release of gas containing H_2S, the first responder(s) must:

- ★ Isolate the area and prevent entry by other persons into the 100 ppm ROE.
- ★ Evacuate any public places encompassed by the 100 ppm ROE.
- ★ Be equipped with H_2S monitors and air packs in order to control the release.
- ★ Use the "buddy system" to ensure no injuries occur during the response.
- ★ Take precautions to avoid personal injury during this operation.
- ★ Contact operator and/or local officials to aid in operation. See list of phone numbers attached.
- ★ Have received training in the:
  - ♦ Detection of H_2S, and
  - ♦ Measures for protection against the gas,
  - ♦ Equipment used for protection and emergency response.

Ignition of Gas Source

Should control of the well be considered lost and ignition considered, take care to protect against exposure to Sulfur Dioxide (SO_2). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally, the NM State Police may become involved. NM State Police shall be the Incident Command on scene of any major release. Take care to protect downwind whenever there is an ignition of the gas.

Characteristics of H_2S and SO_2

Common Name	Chemical Formula	Specific Gravity	Threshold Limit	Hazardous Limit	Lethal Concentration
Hydrogen Sulfide	H_2S	1.189 Air=1	10 ppm	100 ppm/hr	600 ppm
Sulfur Dioxide	SO_2	2.21 Air=1	2 ppm	N/A	1000 ppm

Contacting Authorities

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

H_2S Contingency Plan Emergency Contacts
Gizzard 18 Federal Com No. 2
Cimarex Energy Co. of Colorado
Unit A, Section 18
T16S-R29E, Eddy County, NM

Company Office			
Cimarex Energy Co. of Colorado		800-969-4789	
Co. Office and After-Hours Menu			
Key Personnel			
Name	**Title**	**Office**	**Mobile**
Doug Park	Drilling Manager	972-443-6463	972-333-1407
Dee Smith	Drilling Super	972-443-6491	972-882-1010
Jim Evans	Drilling Super	972-443-6451	972-465-6564
Dorsey Rogers	Field Super		505-200-6105
Roy Shirley	Field Super		432-634-2136
Artesia			
Ambulance		911	
State Police		575-746-2703	
City Police		575-746-2703	
Sheriff's Office		575-746-9888	
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	

Surface Use Plan
Cimarex Energy Co. of Colorado
Gizzard 18 Federal Com No. 2
Unit A, Section 18
T16S-R29E, Eddy County, NM

1 Existing Roads: Area maps, Exhibit "B" is a reproduction of Eddy Co. General Highway Map. Exhibit "C" is a reproduction of a USGS Topographic Map, showing existing roads and proposed roads. All existing roads will be maintained in a condition equal to or better than current conditions. Any new roads will be constructed to BLM specifications.

A. Exhibit "A" shows the proposed well site as staked.
B. From the junction of US Hwy 82 and Barnival Draw Rd, go North on Barnival Draw for approx 7.0 miles to lease road. On lease road, go Westerly 1.7 miles to proposed location.

2 Planned Access Roads: No new access roads are proposed.

3 Location of Existing Wells in a One-Mile Radius - Exhibit A

A. Water wells - None known
B. Disposal wells - None known
C. Drilling wells - None known
D. Producing wells - As shown on Exhibit "A"
E. Abandoned wells - As shown on Exhibit "A"

4 If on completion this well is a producer, Cimarex Energy Co. of Colorado will furnish maps and/or plats showing on site facilities or off site facilities if needed. This will be accompanied by a Sundry Notice.

5 Location and Type of Water Supply:
Water will be purchased locally from a commercial source and trucked over the access roads or piped in flexible lines laid on top of the ground.

6 Source of Construction Material:
If possible, construction will be obtained from the excavation of drill site. If additional material is needed, it will be purchased from a local source and transported over the access route as shown on Exhibit "C".

7 Methods of Handling Waste Material:

A. Drill cuttings will be seperated by a series of solids removal equipment and stored in steel containment pits and then hauled to a state-approved disposal facility.
B. All trash, junk and other waste material will be contained in trash cages or bins to prevent scattering. When the job is completed all contents will be removed and disposed of in an approved sanitary land fill.
C. Salts remaining after completion of well will be picked up by supplier including broken sacks.
D. Sewage from living quarters will drain into holding tanks and be cleaned out periodically. A Porta-John will be provided for the rig crews. This equipment will be properly maintained during the drilling operations and removed upon completion of the well.
E. Drilling fluids will be contained in steel pits in a closed circulating system. Fluids will be cleaned and reused. Water produced during testing will be contained in the steel pits and disposed of at a state approved disposal facility. Any oil or condensate produced will be stored in test tanks until sold and hauled from the site.

8 Ancillary Facilities:

A. No camps or airstrips to be constructed.

9 Well Site Layout:

A. Exhibit "D" shows location and rig layout.

C. Mud pits in the closed circulating system will be steel pits and the cuttings will be stored in steel containment pits.

D. Cuttings will be stored in steel pits until they are hauled to a state-approved disposal facility.

E. If the well is a producer, 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 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.

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.

11 Other Information

A. Topography consists of a sloping plane with loose tan sands. Vegetation is mainly yucca, mesquite and shin oak.

B. The wellsite is on surface owned by Department of the Interior, Bureau of Land Management. The land is used mainly for farming, cattle ranching, recreational use, and oil and gas production.

C. An Archaeological survey has been conducted on the location and proposed roads, and this report has been filed with the Bureau of Land Management in the Carlsbad BLM office (NMCRIS No. 109316).

D. There are no know dwellings within 1½ miles of this location.

Operator Certification Statement
Cimarex Energy Co. of Colorado
Gizzard 18 Federal Com No. 2
Unit A, Section 18
T16S-R29E, Eddy County, NM

Operator's Representative
Cimarex Energy Co. of Colorado
P.O. Box 140907
Irving, TX 75014
Office Phone: (972) 443-6489
Zeno Farris

CERTIFICATION: I hereby certify that the statements and plans made in this APD are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Cimarex Energy Co. of Colorado and/or its contractors/subcontractors and is in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provision of U.S.C. 1001 for the filing of a false statement.

NAME: Zeno Farris
Zeno Farris

DATE: March 20, 2008

TITLE: Manager Operations Administration

PECOS DISTRICT
CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Cimarex Energy Co. of Colorado
LEASE NO.:	NM109643
WELL NAME & NO.:	Gizzard 18 Federal Com No 2
SURFACE HOLE FOOTAGE:	330' FNL & 330' FEL
BOTTOM HOLE FOOTAGE	660' FNL & 330' FWL (State Minerals)
LOCATION:	Section 18, T. 16 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.

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)

V-DOOR EAST.

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 (505) 234-5972 at least 3 working days prior to commencing construction of the access road and/or well pad.

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

B. TOPSOIL

The operator shall stockpile the topsoil of the well pad. The topsoil to be stripped is approximately 6 inches in depth. The topsoil shall not be used to backfill the reserve pit and will be used for interim and final reclamation.

C. RESERVE PITS

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

If the operator elects to surface the access road and/or well pad, mineral materials extracted during construction of the reserve pit may be used for surfacing the well pad and access road and other facilities on the lease.

Payment shall be made to the BLM prior to removal of any additional federal mineral materials from any site other than the reserve pit. Call the
Carlsbad Field Office at (505) 234-5972.

E. WELL PAD SURFACING

Surfacing of the well pad is not required.

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

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

F. ON LEASE ACCESS ROADS

Road Width
The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed fourteen (14) feet in width. The maximum width of surface disturbance, when constructing the access road, shall not exceed thirty (30) feet.

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

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

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

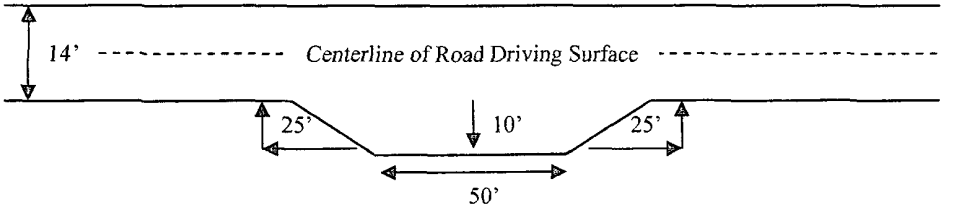
Crowning
Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

Ditching

Ditching shall be required on both sides of the road.

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

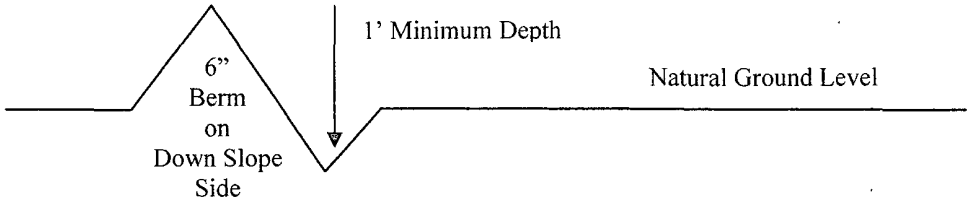
Standard Turnout – Plan View



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:

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

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

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

Any existing cattleguard(s) on the access road shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for

the condition of the existing cattleguard(s) that are in place and are utilized during lease operations.

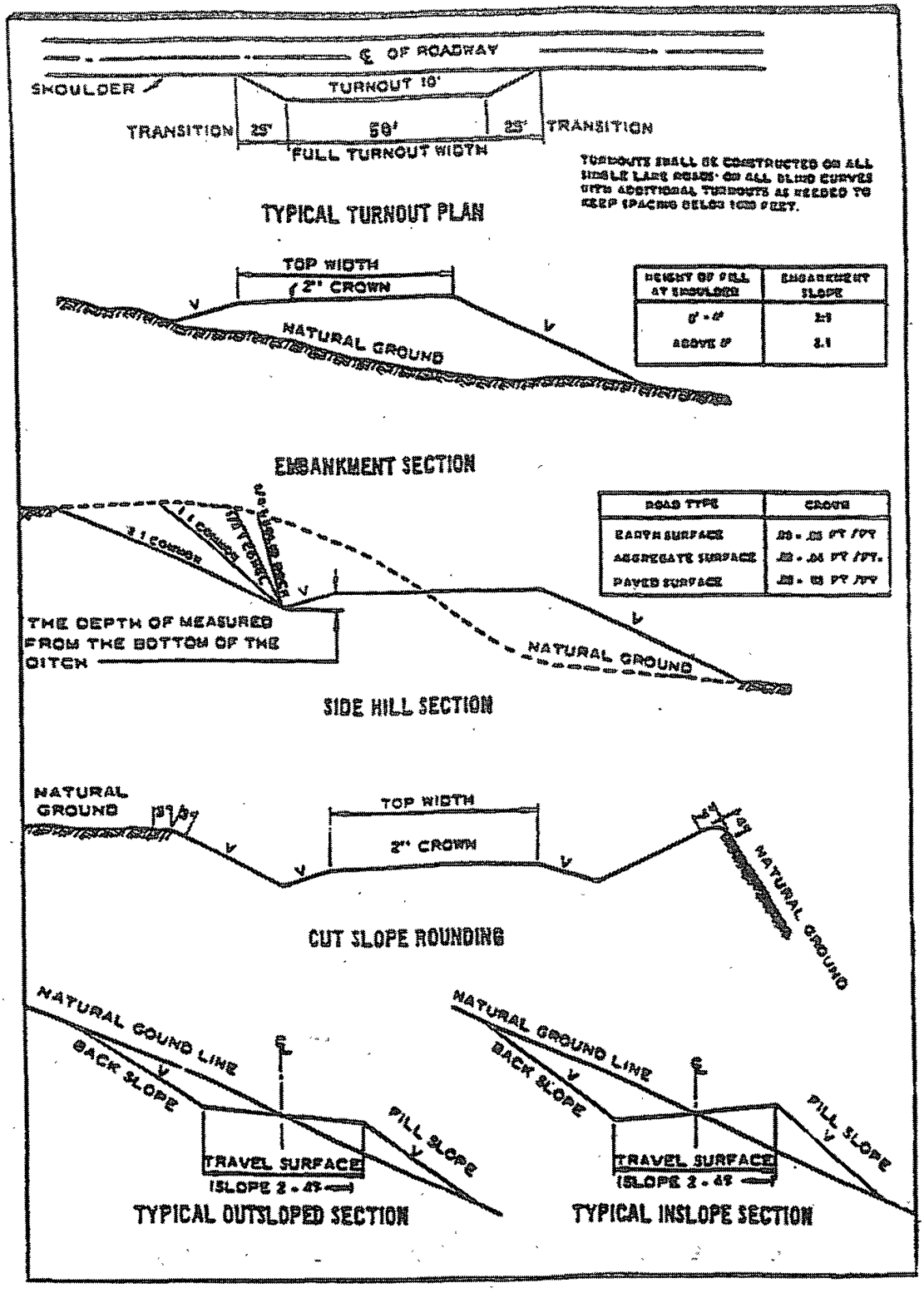
A gate shall be constructed and fastened securely to H-braces.

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

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

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

Figure 1 – Cross Sections and Plans For Typical Road Sections



VII. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

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

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

☒ **Chaves and Roosevelt Counties, T16S Eddy County**
Call the Roswell Field Office, 2909 West Second St., Roswell NM 88201.
(575) 627-0205 and (575) 361-2822.

1. **Although Hydrogen Sulfide has not been reported in this section, it is always a possible hazard. If Hydrogen Sulfide is encountered, please 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.

3. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.

B. CASING

Changes to the approved APD casing and cement program require submitting a sundry and receiving approval prior to work.

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

Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string.

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

Possible lost circulation in the Grayburg and San Andres formations.
Possible high pressure gas bursts from the Wolfcamp formation – applicable to pilot hole.

1. The **13-3/8** inch surface casing shall be set **at approximately 340 feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt)** and cemented to the surface. **If the salt is penetrated, set casing 25' 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 a surface log readout will be used or a cement bond log shall be run to verify the top of the cement.

    b. Wait on cement (WOC) time 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. (This is to include the lead cement).

    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, a remedial cementing will be done prior to drilling out that string.

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

    ☒ Cement to surface. If cement does not circulate see B.1.a-d above.

Formation below the 9-5/8" shoe to be tested according to Onshore Order 2.III.B.1.i.

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

    ☒ Cement should tie-back at least 200 feet into previous casing string. Operator shall provide method of verification.

Formation below the kick off point to be tested according to Onshore Order 2.III.B.1.i.

Tag cement at bottom of pilot hole and report on subsequent report.
NOTE: Pilot hole will require proper plug when well is plugged.

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

   ☒ Not required as operator is using Peak Iso-Pak liner. **Seal on Peak Systems Iso-Pack liner is to be tested per Onshore Oil and Gas Order 2.III.B.1.b. Please call BLM for witness of seal test.**

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

C. PRESSURE CONTROL

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

2. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.

   a. The tests shall be done by an independent service company.

   b. The results of the test shall be reported to the appropriate BLM office.

   c. 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.

   d. 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.

   e. A variance to test only the surface casing to the reduced pressure of **1000** psi with the rig pumps is approved. **The BOP will be tested to 3000 psi by an independent service company.**

D. DRILL STEM TEST

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

VIII. PRODUCTION (POST DRILLING)

A. WELL STRUCTURES & FACILITIES

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

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

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

IX. INTERIM RECLAMATION & RESERVE PIT CLOSURE

A. INTERIM RECLAMATION

If the well is a producer, interim reclamation shall be conducted on the well site in accordance with the orders of the Authorized Officer. The operator shall submit a Sundry Notices and Reports on Wells (Notice of Intent), Form 3160-5, prior to conducting 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.

The operators should work with BLM surface management specialists to devise the best strategies to reduce the size of the location. Any reductions 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 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.

Seed Mixture 1, for Loamy Sites

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

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

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

Species	lb/acre
Plains lovegrass (Eragrostis intermedia)	0.5
Sand dropseed (Sporobolus cryptandrus)	1.0
Sideoats grama (Bouteloua curtipendula)	5.0

*Pounds of pure live seed:

Pounds of seed **x** percent purity **x** percent gemination = pounds pure live seed

(Insert Seed Mixture Here)

X. FINAL ABANDONMENT & REHABILITATION REQUIREMENTS

Upon abandonment of the well and/or when the access road is no longer in service the Authorized Officer shall issue instructions and/or orders for surface reclamation and restoration of all disturbed areas.

On private surface/federal mineral estate land the reclamation procedures on the road and well pad shall be accomplished in accordance with the private surface land owner agreement.