6

Form 3160-3 (April 2004) OCD-ARTESIA

AUG 2 1 2008 OCD-ARTESIA

> FORM APPROVED OMB No 1004-0137 Expires March 31, 2007

UNITED 5	IAIES	•		5. Lease Serial No.			
DEPARTMENT OF	NM-30395						
BUREAU OF LAND	MANAGEM	ÆNT .		6. If Indian, Allotee or T	Tribe Name		
APPLICATION FOR PERMIT	R REENTER						
1a. Type of Work: DRILL Z. X R	EENTER /		7. If Unit or CA Agreen	7. If Unit or CA Agreement, Name and No.			
	- r'			Dan din a			
				Pending 8 Lease Name and Wel	1 No		— /
1b. Type of Well Oil Well (X) Gas Well Other	12	Single Zone Multipl	e Zone			<u>.</u>	3641
2. Name of Operator	-			Crow Flats 7 Federal 9. API Well No.	Colli No. 3		
•				30-015-365 G			
Cimarex Energy Co. of Colorado	21 70	No. (include area code)					
3a. Address PO Box 140907		,		10. Field and Pool, or E		n	1 15
Irving, TX 75014	972-40		_	Diamond Mound; Mo			00/
4 Location of Well (Report location clearly and in accordance	e with any Stat	e requirements.*)		11. Sec., T. R. M. or Blk. a	nd Survey or A	леа	
At Surface 663' FNL & 660' FEL							
At proposed prod Zone				7 166 200			
14. Distance in miles and direction from nearest town or post	office*			7-16S-28E 12. County or Parish	13	State	
14. Distance in times and direction from hearest town of post	office.				ļ		
Service Control of the Control of th			T	Eddy		<u>IM</u>	
15 Distance from proposed* location to nearest	16. No of	acres in lease	17. Space	ung Unit dedicated to this wel	П		
property or lease line, ft.							
(Also to nearest drig, unit line if							
any) 660'		1,474.98	<u> </u>	E2 320 a	cres		
18 Distance from proposed location*	19. Propo	sed Depth	20. BLN	MBIA Bond No on File			
to nearest well, drilling, completed,							
applied for, on this lease, ft.		9,300'		NM-2575			
N/A 21. Elevations (Show whether DF, KDB, RT, GL, etc)	22 Appro	9,300 eximate date work will start	<u> </u> *	23. Estimated duration	,		
21. Elevations (Show whether DF, KDB, K1, GL, etc.)	22. Appro	Amnate date work win start	, '	23. Estimated duration			
3,635' GR		05.01.08		25-30	days		
	24	4. Attachments					
The following, completed in accordance with the requirements of	of Onshore Oil	and Gas Order No. 1, shall	be attached	to this form:			
1 W-11 -1-44-5-3 h		1 4 Rond to cove	r the operati	ons unless covered by an exis	ting bond on	file (se	20
Well plat certified by a registered surveyor A Drilling Plan		4. Bond to cove Item 20 abov	-	ons unless covered by an exis	ing oond on	me (se	
3. A Surface Use Plan (if the location is on National Forest Sys	tem Lands, the	5 Operator Cer	tification				
SUPO shall be filed with the appropriate Forest Service Offi	ce).	6 Such other si authorized of	-	nformation and/or plans as ma	y be required	I by the	;
25 Signature	No	me (Printed/Typed)	11001	· · · ·	Date		
25. Signature					Date		
Low Farin		Zeno Farris				04.1	11.08
Title							
Manager Operations Administration	157	(D.) (D.)			T 5 .		
Approved By (Signature)	Nai	Name (Printed/Typed) /s/ Don Peterson			Date	1 8	3 200
/s/ Don Peterson					AUU		, LUUI
Title FIELD BARRAGE	Off	ice CARLSBAD FIEI	LD OFFIC	E			
CE. NEW PIT RIHE							
plicant holds	legal or equitable	e title to those rights in the sub	ect lease whi	cla would entitle the applicant to	TIMO	/E N E	_ ح

NOTE: NEW PIT RULE
19-15-17 NMAC PART 17
A form C-144 must be approved before starting drilling operations.

plicant holds legal or equitable title to those rights in the subject lease which properties that the plicant holds legal or equitable title to those rights in the subject lease which properties the plicant holds legal or equitable title to those rights in the subject lease which properties the plicant holds legal or equitable title to those rights in the subject lease which properties the plicant holds legal or equitable title to those rights in the subject lease which properties the plicant holds legal or equitable title to those rights in the subject lease which properties the plicant holds legal or equitable title to those rights in the subject lease which properties the plicant holds legal or equitable title to those rights in the subject lease which properties the place of the properties the place of the pl

12, make it a crime for any person knowingly and willfully to make to any department or agency of the United sentations as to any matter within its jurisdiction.

Roswell Controlled Water Basin

SEE ATTACHED FOR CONDITIONS OF APPROVAL

Approval Subject to General Requirements
& Special Stipulations Attached

DISTRICT I 1625 N. French Dr., Hobbs, NM 88240 DISTRICT II 1301 W. Grand Avenue, Artesia, NM 88210

1000 Rio Brazos Rd., Aztec, NM 87410

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

DISTRICT III

DISTRICT IV

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102 Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

OIL CONSERVATION DIVISION

1220 South St. Francis Dr. Santa Fc, New Mexico 87505

☐ AMENDED REPORT

Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 76079	Pool Name Diamond Mound;	Morrow		
Property, Code /	-	Property Name CROW FLATS "7" FEDERAL COM			
OGRID No. 162683	' -	tor Name CO. OF COLORADO	Elevation 3635'		

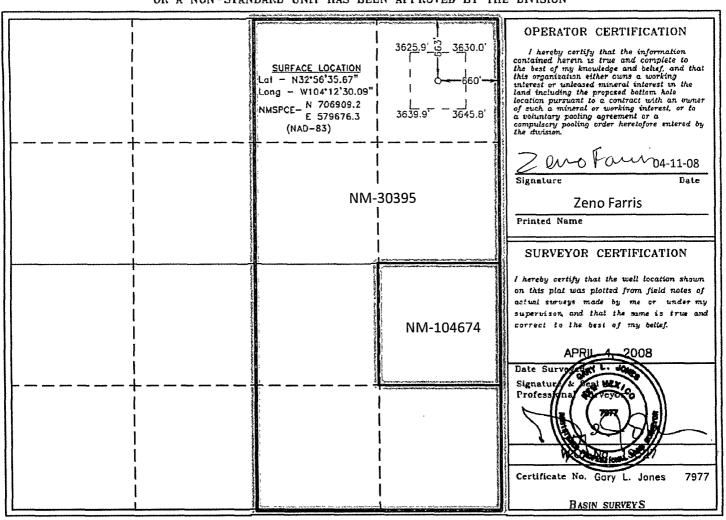
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Α	7	16 S	28 E		663	NORTH	660	EAST	EDDY

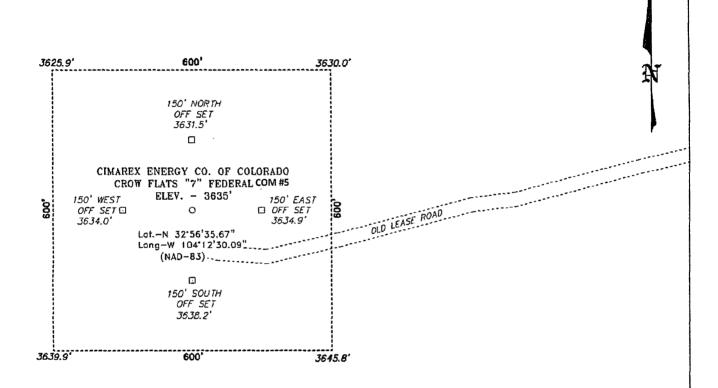
Bottom Hole Location If Different From Surface

UL or lot No.	Section To	ownship	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres	Joint or I	infill Cor	asolidation C	ode Or	ier No.				
320			Р						

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



SECTION 7, TOWNSHIP 16 SOUTH, RANGE 28 EAST, N.M.P.M., - EDDY COUNTY. NEW MEXICO.



Directions to Location:

Date: 04-07-2008

FROM THE JUNCTION OF HWY 507 AND RAT CAMP, GO 3.9 MILES TO A "Y" AT MERRIT RANCH, GO RIGHT FOR 1.4 MILES PAST OLD WINDMILL THRU CATTLE GUARD, THENCE FOLLOW OLD LEASE ROAD 0.3 MILES TO PROPOSED LOCATION.

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

J. SMALL W.O. Number: 19527 Drawn By: Disk: JMS

19527W

200 200 400 FEET SCALE: 1" = 200'

CIMAREX ENERGY CO. OF COLORADO

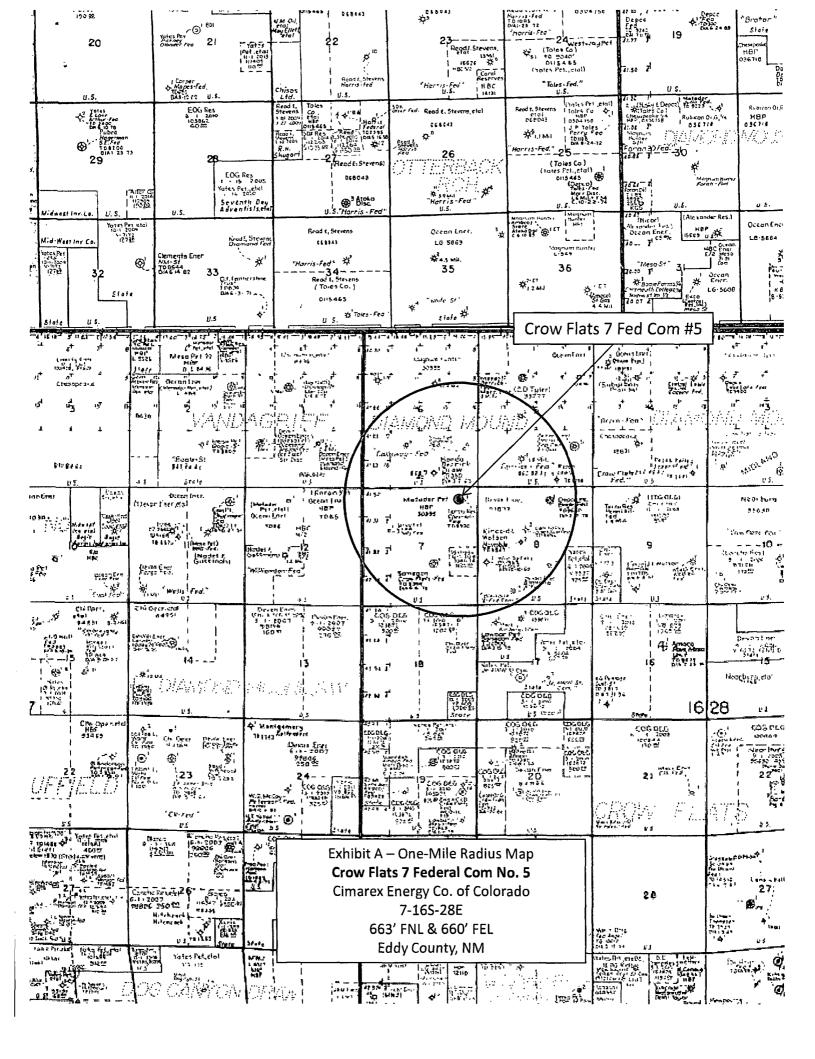
REF: CROW FLATS "7" FEDERAL COM #5 VELL PAD TOPO

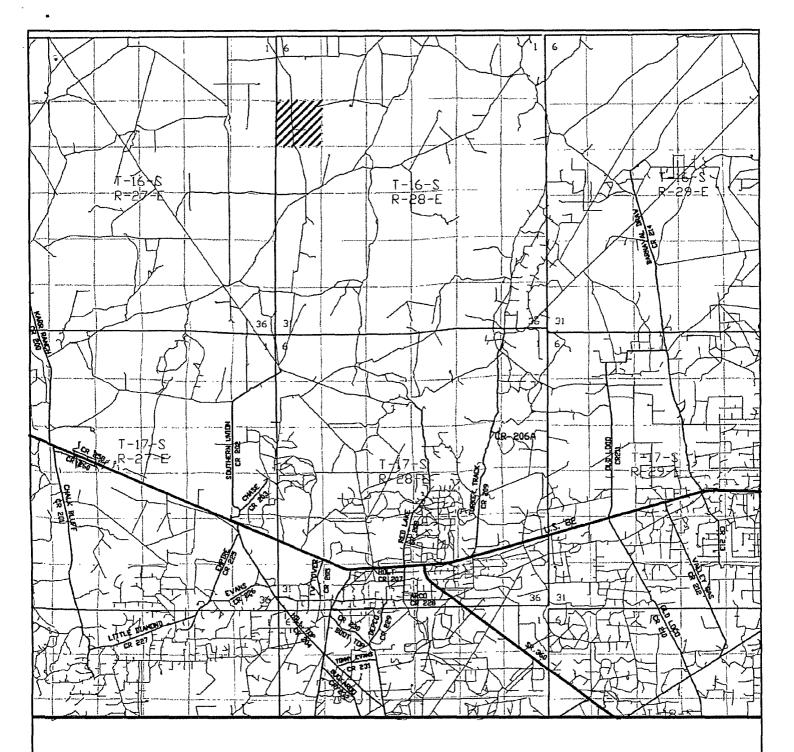
THE CROW FLATS "7" FED COM #5 LOCATED 663'

FROM THE NORTH LINE AND 660' FROM THE EAST LINE OF SECTION 7, TOWNSHIP 16 SOUTH, RANGE 28 EAST,

N.M.P.M., EDDY COUNTY, NEW MEXICO.

Sheet Sheets Survey Date: 04-04-2008





CROW FLATS "7" FEDERAL COM #5
Located 663' FNL and 660' FEL
Section 7, Township 16 South, Range 28 East,
N.M.P.M., Eddy County, New Mexico.

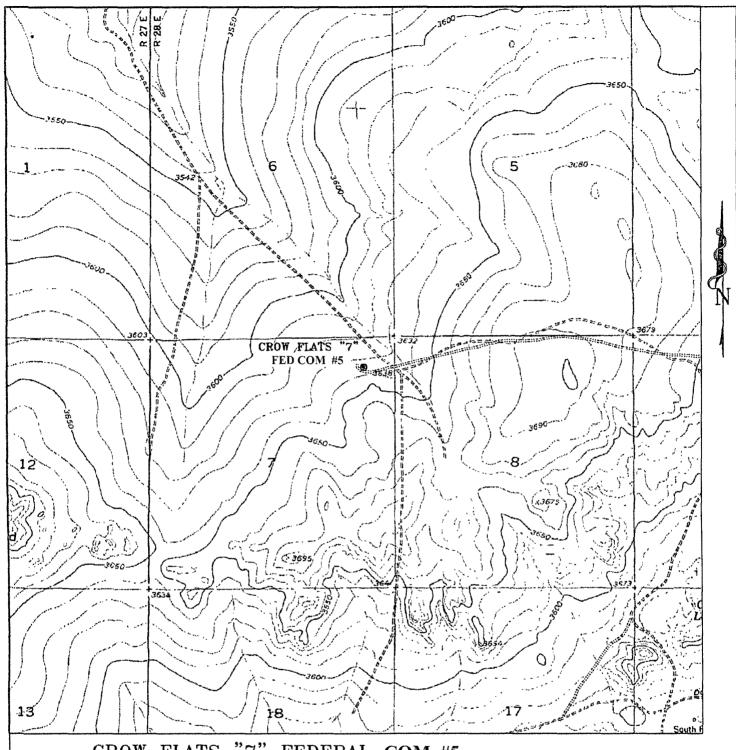


in the gilfield

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 19527TR
Survey Date: 04-04-2008
Scale: 1" = 2 MILES
Date: 04-07-2008

CIMAREX ENERGY CO. OF COLORADO



CROW FLATS "7" FEDERAL COM #5
Located 663' FNL and 660' FEL
Section 7, Township 16 South, Range 28 East,
N.M.P.M., Eddy County, New Mexico.



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

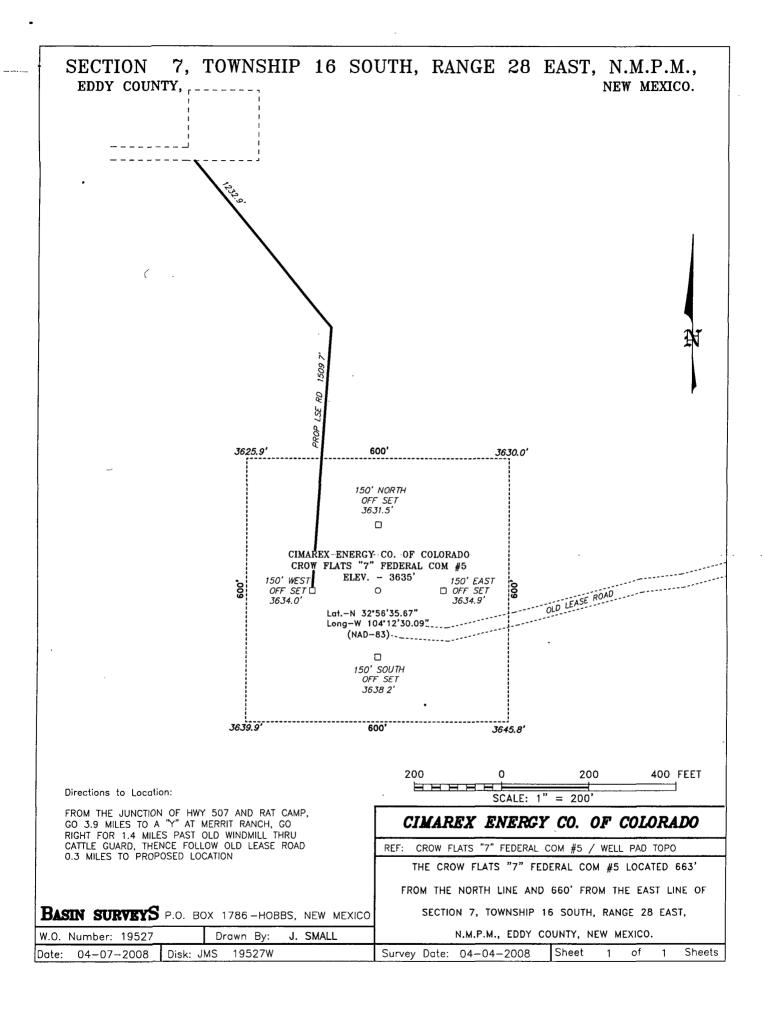
W.O. Number: JMS 19527T

Survey Date: 04-04-2008

Scale: 1" = 2000'

Date: 04-07-2008

CIMAREX ENERGY CO. OF COLORADO



Application to Drill

Crow Flats 7 Federal Com No. 5

Cimarex Energy Co. of Colorado
Unit A, Section 7

T16S-R28E, Eddy County, NM

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

1 Location:

SHL

663' FNL & 660' FEL

2 Elevation above sea level:

3,635 GR

3 Geologic name of surface formation:

Quaternery 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:

9,300'

6 Estimated tops of geological markers:

San Andres	1,750'
Abo Shale	5,230'
Wolfcamp	6,450'
Strawn LS	8,400'
Atoka Clastics	8,710'
Morrow Clastics	8,938'
Miss Unconformity	9,086'

7 Possible mineral bearing formation:

Atoka

Gas

Morrow

Gas

Mississippian

Gas

8 Proposed Mud Circulating System:

	Depth	Mud Wt Visc Fluid Loss		Type Mud		
0'	to	310'				None. Already drilled & casing set.
310'	to 1	L,725'				None. Already drilled & casing set.
1,725'	to 9	,300'	8.4 - 9.5	30-32	NC	FW, 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

Original well drilled to TD (9300') by Terra Resources, Inc. Surface casing was set @ 310' and intermediate casing was set @ 1725.' Both were cemented to surface.

Well is currently P&A with plugs @ 8750'-8850' -- 6775'-6874' -- 3400'-3500' -- 1675'-1775' with cement as shown on attached WBD.

Cimarex intends to knock out plugs and run and cement production casing as shown on Page 2, then perf and complete as a Morrow gas well.

Page 1

Application to Drill

Crow Flats 7 Federal Com No. 5

Cimarex Energy Co. of Colorado Unit A, Section 7 T16S-R28E, Eddy County, NM

Casing & Cementing Program:

String	Hole Size		Depth		Туре	Casing OD	Weight	Grade	Thread	Collar	
Surface	17½"	0	to	310'	Existing	13¾"	48#	H-40	8-R	STC	
Intermediate	11"	0	to	1,725'	Existing	8¾"	24#	J-55	8-R	(LTC)	5T
Production	7%"	0	to	9,300'	New	3½"	9.3#	P-110	8-R	EUE	

10 Cementing:

Surface

Casing set and cemented by Terra Resources, Inc. prior to P&A.

Cemented w/ 325 sx Class C + 2% CaCl₂ + 0.25# Cellophane Flakes.

Circulated to surface.

TOC Surface

Intermediate

Casing set and cemented by Terra Resources, Inc. prior to P&A.

Lead: 740 sx Class C + 8% Gel + 2# Salt

Tail: 250 sx Class C + 2% CaCl₂ + 0.25# Cellophane Flakes.

Circulated to surface.

TOC Surface

Production

/600 sx Permian Basin Super H + %5% Halad + 0.25# D-Air + 0.4% CFR-3_w/o Defoamer + 1# Salt + 5# Gilsonite + 0.12

Poly-e-flake + 0.35% HR-7 (wt 13.0, yld 1.68) / Lead 9/19

TOC 1,525'

Hydrocarbon zones will be protected by setting 3½" casing at 9,300' and cementing to 8,210.

Collapse Factor

Burst Factor

Tension Factor

1.125

1.125

1.6

11 Pressure control Equipment:

Exhibit "E". A 11" 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 nippled up on the 8%" casing and operated at least once a day while drilling and the blind rams will be operated when out of hole during trips. No abnormal pressure or temperature is expected while drilling.

Application to Drill Crow Flats 7 Federal Com No. 5 Cimarex Energy Co. of Colorado Unit A, Section 7 T16S-R28E, Eddy County, NM

12 Testing, Logging and Coring Program:

A. Mud logging program: None

B. Electric logging program: Cased Hole Neutron Log

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 H₂S from the surface to the Strawn 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 4000 psi Estimated BHT 175°

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

Drilling expected to take 10-12 days

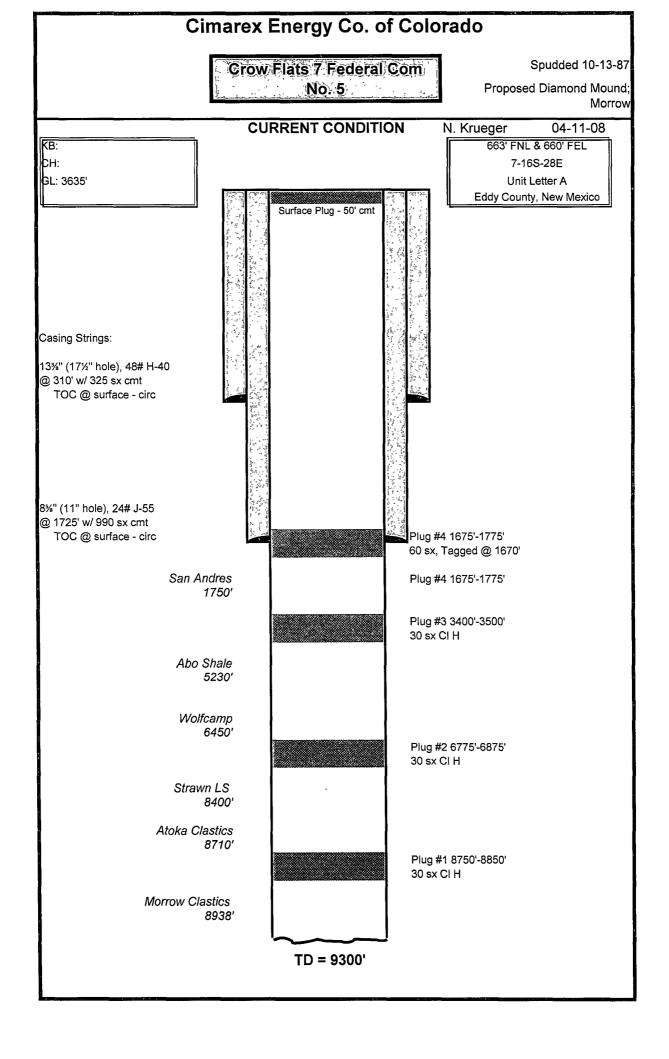
If production casing is run an additional 30 days will be required to complete and construct surface facilities.

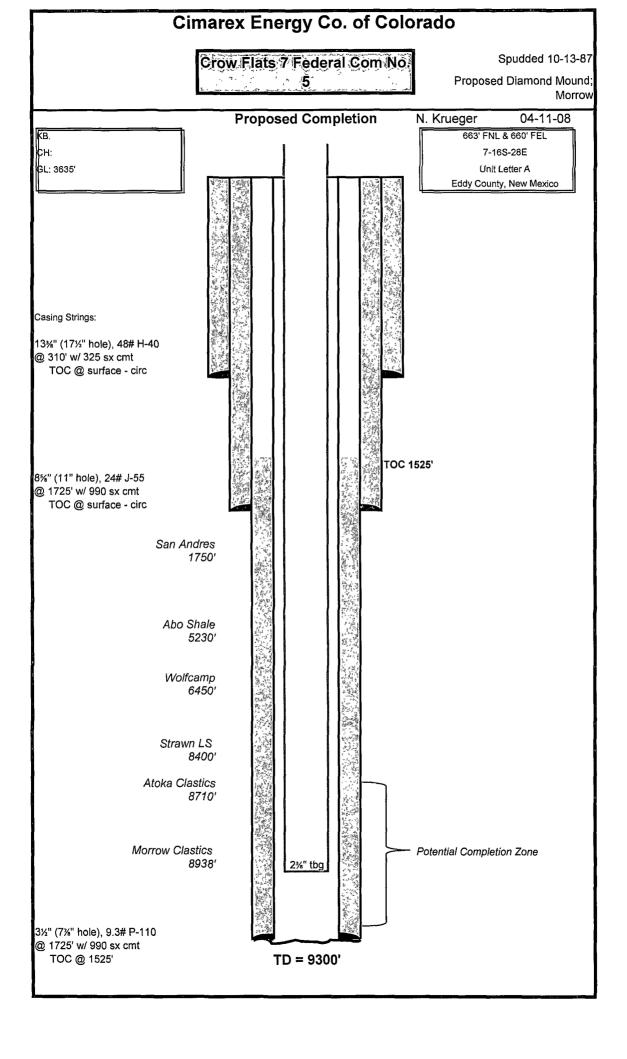
15 Other Facets of Operations:

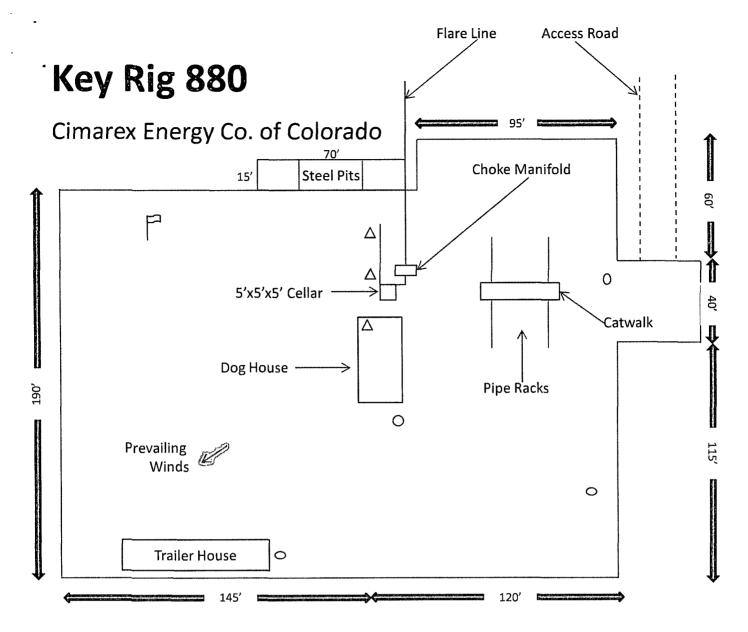
After running casing, cased hole gamma ray neutron collar logs will be run from total depth over possible pay intervals.

Morrow pay will be perforated and stimulated.

The proposed well will be tested and potentialed as a gas well





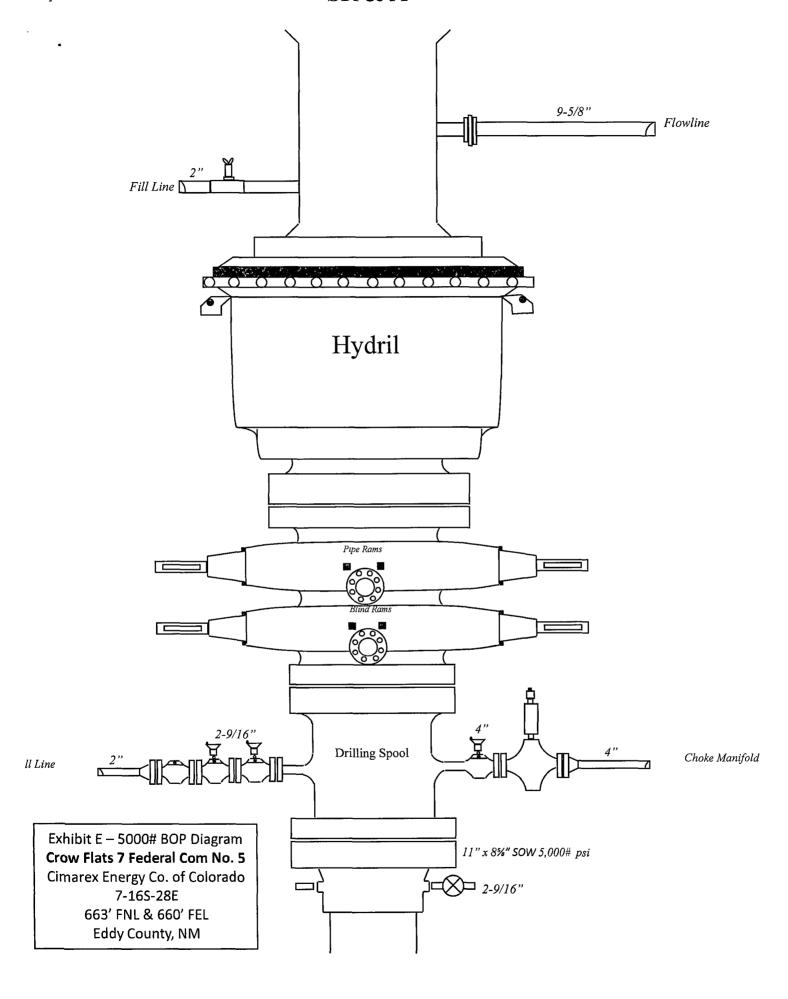


- Wind Direction Indicators (wind sock or streamers)
- A H2S Monitors (alarms at bell nipple and shale shaker)
- O Briefing Areas
- O Remote BOP Closing Unit

Exhibit D – Rig Layout

Crow Flats 7 Federal Com No. 5

Cimarex Energy Co. of Colorado
7-16S-28E
663' FNL & 660' FEL
Eddy County, NM



ORILLING OPERATIONS CHOKE MANIFOLD SM SERVICE

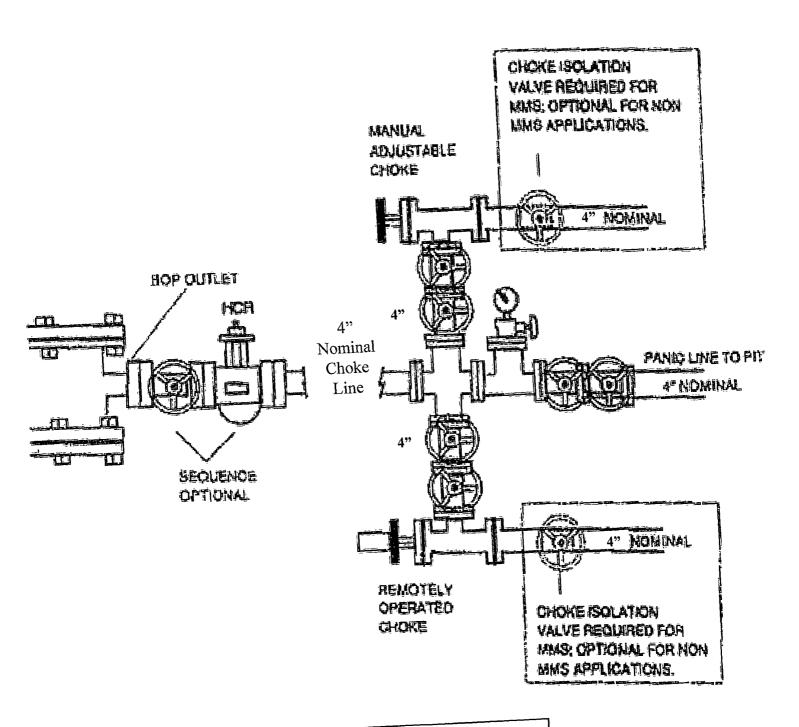


Exhibit E-1 – Choke Manifold Diagram

Crow Flats 7 Federal Com No. 5

Cimarex Energy Co. of Colorado
7-16S-28E

663' FNL & 660' FEL

Eddy County, NM

Hydrogen Sulfide Drilling Operations Plan Crow Flats 7 Federal Com No. 5 Cimarex Energy Co. of Colorado Unit A, Section 7 T16S-R28E, 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. Proper use of safety equipment and life support systems.
 - D. Principle and operation of H₂S detectors, warning system and briefing areas.
 - E. Evacuation procedure, routes and first aid.
 - F. Proper use of 30 minute pressure demand air pack.

2 H₂S Detection and Alarm Systems:

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

H₂S Contingency Plan Crow Flats 7 Federal Com No. 5 Cimarex Energy Co. of Colorado Unit A, Section 7 T16S-R28E, Eddy County, 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

Common	Chemical	Specific	Threshold	Hazardous	Lethal
Name	Formula	Gravity	Limit	Limit	Concentration
Hydrogen Sulfide	H ₂ S	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).

H₂S Contingency Plan Emergency Contacts

Crow Flats 7 Federal Com No. 5

Cimarex Energy Co. of Colorado Unit A, Section 7 T16S-R28E, Eddy County, NM

Cimarex Energy Co. of Colorac	do	800-969-4789				
Co. Office and After-Hours Me						
Kan Bawaanal						
<u>Key Personnel</u> Name	Title	Office		Mobile		
Doug Park	Drilling Manager	972-443-6463		972-333-1407		
		972-443-6491				
Dee Smith Jim Evans	Drilling Super			972-882-1010		
	Drilling Super	972-443-6451		972-465-6564		
Dorsey Rogers	Field Super			505-200-6105		
Roy Shirley	Field Super			432-634-2136		
	Manage and process the manager has based and security that supplies and standard and process and based and aller					
Artesia	MICON OS AMBICAS DE ACRONIA DE CICIONA DE SALVANA DE SALVANA DE MICONA DE SALCANE DA GALCONE DE SALVANA DE SAL	ens a single of house in profits to south in special in soluti	0 (5 SECONS	# 1869 15 1780(D) 70(m) # 18621		
Ambulance		911		<u> </u>		
State Police	Control	575-746-2703				
City Police	Will (s) 11 = 1	575-746-2703				
Sheriff's Office		575-746-9888				
Fire Department		575-746-2701				
Local Emergency Planning (Committee	575-746-2122				
New Mexico Oil Conservati		575-748-1283				
<u>Carlsbad</u>						
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		575-887-6544				
US Bureau of Land Manage	ment	575-887-6544				
<u>Santa Fe</u> New Mexico Emergency Re	esponse Commission (Santa Fe)	505-476-9600				
	esponse Commission (Santa Fe) 24 Hrs	505-827-9126				
New Mexico State Emerge		505-476-9635				
The second secon	-1 -1-2					
<u>National</u>						
National Emergency Respo	nse Center (Washington, D.C.)	800-424-8802				
l Modical						
<u>Medical</u> Flight for Life - 4000 24th S	St. Lubbock TX	806-743-9911				
Aerocare - R3, Box 49F; Lul		806-747-8923				
	Yale Blvd S.E., #D3; Albuquerque, NM	505-842-4433				
	Clark Carr Loop S.E.; Albuquerque, NM	505-842-4949				
ISS AIR IVICA SELVICE - 2505	ciarii coop S.c., Albaquerque, 14141	JUJ 042-4343		·-		
<u>Other</u>						
Boots & Coots IWC		800-256-9688	or	281-931-8884		
Cudd Pressure Control		432-699-0139	or	432-563-3356		
Halliburton		575-746-2757				

Surface Use Plan Crow Flats 7 Federal Com No. 5 Cimarex Energy Co. of Colorado

Unit A, Section 7 T16S-R28E, 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 Hwy 507 and Rat Camp, go 3.9 miles to a Y at Merrit Ranch. Go right for 1.4 miles past old windmill through cattle guard. Thence follow old lease road 0.3 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".

Surface Use Plan Crow Flats 7 Federal Com No. 5 Cimarex Energy Co. of Colorado Unit A, Section 7 T16S-R28E, Eddy County, NM

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.

Surface Use Plan

Crow Flats 7 Federal Com No. 5

Cimarex Energy Co. of Colorado

Unit A, Section 7

T16S-R28E, Eddy County, NM

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 the 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 will be conducted on the location and proposed roads, and this report will be filed with the Bureau of Land Management in the Carlsbad BLM office.
- D. There are no know dwellings within 1½ miles of this location.

Operator Certification Statement Crow Flats 7 Federal Com No. 5 Cimarex Energy Co. of Colorado Unit A, Section 7 T16S-R28E, 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:	Zenotamo
	Zeno Farris
DATE:	April 11, 2008
TITLE:	Manager Operations Administration

PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Cimarex Energy Company of Colorado
LEASE NO.:	NM-30395
WELL NAME & NO.:	Crow Flats 7 Fed. Com. #5
SURFACE HOLE FOOTAGE:	663' FNL & 660' FEL
BOTTOM HOLE FOOTAGE	
LOCATION:	Section 7, T. 16 S., R 28 E., NMPM
COUNTY:	Eddy County, New Mexico

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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.

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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)

DEEP BURY OLD SALT LEACHED RESERVE PIT AREA.

Conditions of Approval 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.

Closed Mud System Using Steel Tanks with All Fluids and Cuttings Hauled Off.
A closed mud system using steel tanks for all cuttings and fluids is required. All fluids

and cuttings will be hauled off site for disposal. No pits are allowed.

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 underliner to prevent tears or punctures. Tank battery berms must be large enough to contain 1 ½ times the content of the largest tank, plus 1 foot of freeboard.

Compressor Liners and Containment:

Gas compressors will be contained and lined in a manner that will contain all leaked condensates over an extended period of time. Containment systems should be leak proof both vertically and horizontally, and include: the ability to visually monitor any leakage; the ability to siphon out any leakage or accumulated fluids; and appropriate bird and bad protection on all leak containment areas. When compressors are replaced: contaminants should be excavated and hauled off; soils sampled to ensure the original containment was fully successful; any breach of original containment cleaned up down to clean soils; and new liners and/or containment systems installed prior to placement of the new compressor.

Leak Detection System:

A method of detecting leaks is required. The method could incorporate gauges to measure loss, situating values 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 values, 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 COA's 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 COA's 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 cavebearing 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 the well bore will be cemented completely from 100 feet below the bottom of the cave bearing zone to the surface.

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 (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

There is no measurable soil on this well pad to stockpile. No topsoil stockpile is required.

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.

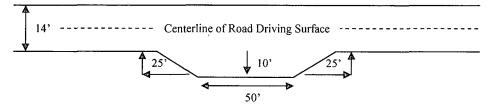
Ditching

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

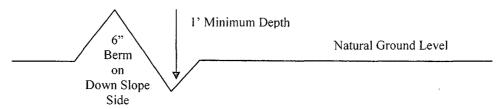


Drainage

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:

400 foot road with 4% road slope:
$$\frac{400'}{4\%}$$
 + 100' = 200' 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

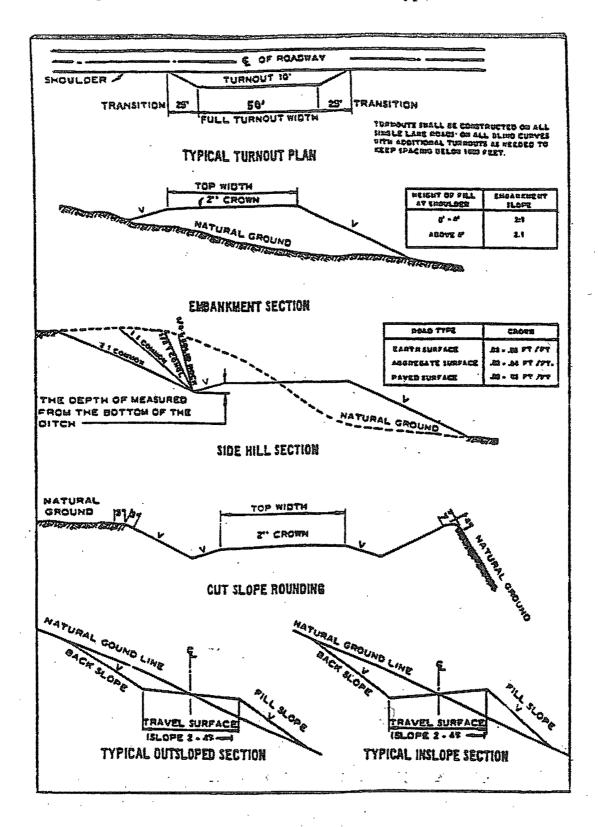
Where entry is required across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting.

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-RE-ENTRY

A. DRILLING OPERATIONS REQUIREMENTS

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

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

⊠ Eddy County

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

- 1. Although Hydrogen Sulfide has not been reported in the area, it is always a potential 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 - RE-ENTRY

Changes to the approved APD casing and cement program require submitting a sundry and receiving approval prior to work. Failure to obtain approval prior to work will result in an Incident of Non-Compliance being issued.

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

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 compression strength, whichever is greater. (This is to include the lead cement).

WOC for water basin or potash applies to entire wellbore.

A CIT is to be performed on this casing per Onshore Oil and Gas Order 2.III.B.1.h prior to drilling the shoe plug at 1675'. BLM to witness test.

High cave/karst.

Possible lost circulation in the Grayburg and San Andres formations. High pressure likely in the Wolfcamp (4200 psi) and Morrow Clastics (6700 psi).

- 1. The 13-3/8" casing exists and is set at 310' and cemented to surface.
- 2. The 8-5/8" casing exists and is set at 1725' and cemented to surface.

Formation below the 8-5/8" shoe to be tested according to Onshore Order 2.III.B.1.i. Note this should be based on minimum weight mud that would control pore pressure of formation below shoe. Note potential pressure possible in Morrow Clastics.

- 3. The minimum required fill of cement behind the 3-1/2 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. 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

e. BOP/BOPE must be tested by an independent service company within 500 feet of the top of the **Wolfcamp** formation if the time between the setting of the intermediate casing and reaching this depth exceeds 20 days. This test does not exclude the test prior to drilling out the casing shoe as per Onshore Order No. 2.

D. DRILLING MUD

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

Proposed mud weight may not be adequate for drilling through Wolfcamp and Morrow Clastics.

E. DRILL STEM TEST

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

WWI 081608

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 4, for Gypsum 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 <u>no</u> 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:

Species	<u>lb/acre</u>
Alkali Sacaton (Sporobolus airoides)	1.0
DWS⊆ Four-wing saltbush (Atriplex canescens)	5.0

⊂DWS: DeWinged Seed

Pounds of seed x percent purity x percent germination = pounds pure live seed (Insert Seed Mixture Here)

^{*}Pounds of pure live seed:

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.

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