

OCD-HOBBS

Form 3180-3

(July 1992)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE\*

FORM APPROVED

OMB NO. 1004-0136

Expires: February 28, 1995

## APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒DEEPEN ☐

1b. TYPE OF WELL

OIL ☒ GAS ☐

WELL WELL

SINGLE ☐MULTIPLE ☐

OTHER ZONE

ZONE

2. NAME OF OPERATOR

Cimacex Energy Co. of Colorado  
Gray Petroleum Management Co.

3. ADDRESS AND TELEPHONE NO.

P.O. Box 140907; Irving TX 75014; 972-401-3111

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)

660' FSL &amp; 660' FEL

5. LEASE DESIGNATION AND SERIAL NO.

NM-03622

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME, WELL NO.

Scout 18 Federal No. 6

9. API WELL NO.

30-025- 37884

10. FIELD AND POOL, OR WILDCAT

Tonto; 7 Rivers Wildcat

11. SEC. T., R., M., BLOCK AND SURVEY

OR AREA

18-19S-34E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*

33 miles West of Hobbs, NM

15. DISTANCE FROM PROPOSED\*  
LOCATION TO NEAREST  
PROPERTY OR LEASE LINE, T.O.

(Also to nearest drlg. unit line, if any) 660'

16. NO. OF ACRES IN LEASE

17. NO. OF ACRES ASSIGNED  
TO THIS WELL

40

18. DISTANCE FROM PROPOSED LOCATION\*  
TO NEAREST WELL, DRILLING COMPLETED,  
OR APPLIED FOR, ON THIS LEASE, FT.

N/A

19. PROPOSED DEPTH

5000'

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

3721' GR

22. APPROX. DATE WORK WILL START\*

05-15-06

## PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	J-55 8-5/8" ST&C	24#	425'	400 sx Prem circ surf
7-7/8"	J-55 5-1/2" ST&C	15.5#	5000'	2000sx IntC/Prem circ surf

The proposed well will be drilled to a depth of 5000' and completed as a Tonto; Seven Rivers producer.

From the base of the surface pipe through the running of production casing, the well will be equipped with a 3000 - psi BOP system.

Witness Surface Casing

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS  
ATTACHED

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

24

SIGNED

Zeno Farris

TITLE

Mgr. Ops. Admin

DATE

03-28-06

(This space for Federal or State office use)

PERMIT No.

APPROVAL DATE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.  
CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY

/s/ Tony J. Herrell

TITLE

FIELD MANAGER

DATE

MAY 19 2006

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.

APPROVAL FOR 1 YEAR

KZ

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

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

**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.**

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

Cimarex Energy Co. of Colorado

3a. Address

PO Box 140907; Irving, TX 75014-0907

3b. Phone No. (include area code)

972-401-3111

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

660' FSL & 660' FEL  
P-18-19S-34E

5. Lease Serial No.

NM-03622

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

SCOUT 18 FEDERAL #006

9. API Well No.

30-025-

10. Field and Pool, or Exploratory Area

TONTO; 7 RIVERS

11. County or Parish, State

Lea County, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>Name change</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat 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 recompleat 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.

Gruy Petroleum Management Co. has changed its name to Cimarex Energy Co. of Colorado. In this regard, effective 5-1-06, the subject lease will be operated by Cimarex Energy Co. of Colorado.

Cimarex Energy of Co. of Colorado accepts all responsibility under the terms and conditions of said lease. Bond coverage in the amount of \$25,000 is provided under BLM Bond No. NM 2575 in favor of the Bureau of Land Management, U.S. Department of Interior.

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

Name (Printed/Typed)

Zeno Farris

Signature

*Zeno Farris*

Title

Manager Operations Administration

Date

May 1, 2006

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by

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.

Title

Date

Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious, or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

## Gruy Petroleum Management Co.

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

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

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



### STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

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

Gruy Petroleum Management Co. accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on the leased land, or portion thereof, as described below:

Lease No.: NM-03622 – All Section 18-T19S-R34E

County: Lea County, New Mexico

Formation (S): Morrow

Bond Coverage: Statewide BLM Bond

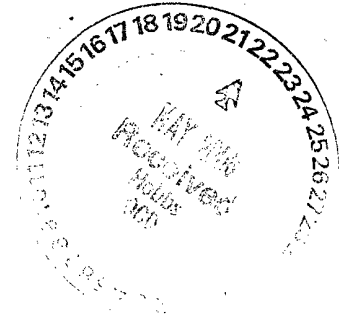
BLM Bond File No.: NM 2575

Authorized Signature: Zeno Farris  
Representing Gruy Petroleum Management Co.

Name: Zeno Farris

Title: Manager, Operations Administration

Date: March 28, 2006



## Application to Drill

Gruy Petroleum Management Co.  
Scout 18 Federal No. 6  
Unit P Section 18  
T19S R34E Lea County, NM

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

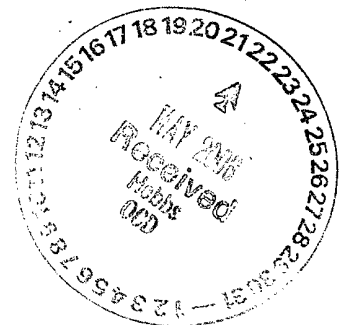
- 1 Location: 660' FSL & 660' FEL
- 2 Elevation above sea level: GR 3721'
- 3 Geologic name of surface formation: Quaternary Alluvium Deposits
- 4 Drilling tools and associated equipment: Conventional rotary drilling rig using fluid as a circulating medium for solids removal.
- 5 Proposed drilling depth: 5000'
- 6 Estimated tops of geological markers:

Rustler	1575'
Yates	3365'
7 Rivers	3890'
Queen	4395'
Capitan	5000'
- 7 Possible mineral bearing formation:

7 Rivers	Oil
Queen	Oil

- 8 Casing program:

Hole Size	Interval	Casing OD	Weight	Thread	Collar	Grade
12-1/4"	0-425'	8-5/8"	24#	8-R	ST&C	J-55
7-7/8"	0-5000'	5-1/2"	15.5#	8-R	ST&C	J-55



## Application to Drill

Gruy Petroleum Management Co.  
Scout 18 Federal No. 6  
Unit P Section 18  
T19S R34E Lea County, NM

### 9 Cementing & Setting Depth:

8-5/8"	Intermediate	Set 425' of 8-5/8" J-55 24# ST&C casing. Cement lead with 250 Sx. Of Lite Cement + additives, tail with 150 Sx. Of Class C + additives, circulate cement to surface.
5 1/2"	Production	Set 5000' of 5 1/2" J-55 17# ST&C casing. Cement with lead of 700 Sx. of Lite Cement + additives and tail of 300 Sx of Class C. Estimated top of cement surface.

### 10 Pressure control Equipment:

Exhibit "E". A series 900 3000PSI working pressure B.O.P. consisting of a double ram type preventor with a bag type annular preventor. BOP unit will be hydraulically operated. Exhibit "E-1" is a Choke manifold and closing unit. BOP will be nipped up on the 8 5/8" casing and will be operated at least once a day while drilling and the blind rams will be operated when out of hole during trips. Flo sensor, PVT, full opening stabbing valve and upper kelly cock will be utilized. No abnormal pressure or temperature is expected while drilling.

### 11 Proposed Mud Circulating System:

Depth	Mud Wt	Viscosity	Fluid Loss	Type Mud
0-425' 1614'	8.6 - 8.9	29 - 36	NC	Fresh water spud mud add paper to control seepage and high viscosity sweeps to clean hole.
425' - 5000' 1614'	10 - 10 - 3	29 - 38	NC	Brine water add paper as needed to control seepage and add lime to control pH, Use high viscosity sweeps to clean hole.

Sufficient mud materials will be kept on location at all times in order to combat lost circulation, or unexpected kicks. In order to run DSTs, open hole logs, and casing, the viscosity and water loss may have to be adjusted in order to meet these needs. Mud system monitoring equipment with derrick floor indicators and visual/audio alarms shall be installed and operative prior to drilling into the Wolfcamp formation. This equipment will remain in use until production casing is run and cemented.



## Application to Drill

Gruy Petroleum Management Co.  
Scout 18 Federal No. 6  
Unit P Section 18  
T19S R34E Lea County, NM

### 12 Testing, Logging and Coring Program:

- A. Open hole logs: Dual Laterolog, Side Wall Neutron, Density Gamma Ray
- B. Run Gamma Ray, Neutron from 475' to surface.
- C. No DSTs, cores or Mud Logger are planned at this time.

### 13 Potential Hazards:

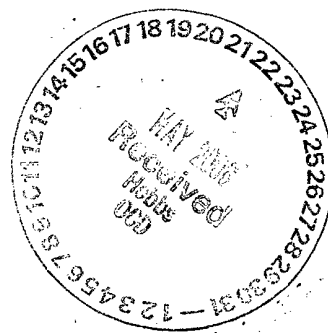
No abnormal pressures or temperatures are expected. The area has a potential H2S hazard. An H2S drilling plan is attached. Adequate flare lines will be installed off the mud / gas separator where gas may be flared safely. All personnel will be familiar with all aspects of safe operation of equipment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

### 14 Anticipated Starting Date and Duration of Operations:

Road and location construction will begin after BLM approval of APD. Anticipated spud date as soon as approved. Drilling expected to take 15-30 days. If production casing is run an additional 30 days will be required to complete and construct surface facilities.

### 15 Other Facets of Operations:

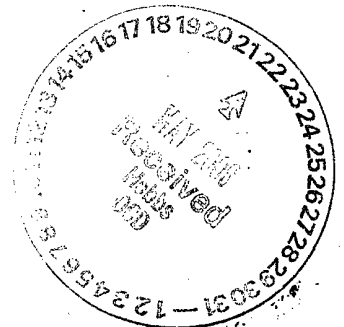
After running casing, cased hole gamma ray neutron collar logs will be run from total depth over possible pay intervals. The 7 Rivers pay will be perforated and stimulated. The well will be tested and potentialized as an oil well.



# Hydrogen Sulfide Drilling Operations Plan

Gruy Petroleum Management Co.  
Scout 18 Federal No. 6  
Unit P Section 18  
T19S R34E Lea County, NM

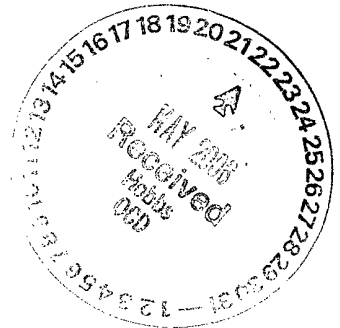
- 1 All Company and Contract personnel admitted on location must be trained by a qualified H2S safety instructor to the following:
  - A. Characteristics of H2S
  - B. Physical effects and hazards
  - C. Proper use of safety equipment and life support systems.
  - D. Principle and operation of H2S detectors, warning system and briefing
  - 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, normal safe condition. Yellow flag indicates potential pressure and danger. Red flag, 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 foremen's trailers or living quarters.
- 7 Drillstem Testing not anticipated.



## Hydrogen Sulfide Drilling Operations Plan

Gruy Petroleum Management Co.  
Scout 18 Federal No. 6  
Unit P Section 18  
T19S R34E Lea County, NM

- 8 Drilling contractor supervisor will be required to be familiar with the effects H<sub>2</sub>S has on tubular goods and other mechanical equipment.
- 9 If H<sub>2</sub>S is encountered, mud system will be altered if necessary to maintain control of formation. A mud gas separator will be brought into service along with H<sub>2</sub>S scavengers if necessary.





## BASIN SURVEYS

SECTION 18, TOWNSHIP 19 SOUTH, RANGE 34 EAST, N.M.P.M.,  
LEA COUNTY, NEW MEXICO.

PIPELINE DEEP  
UNIT #3

3719.8'

600'

3724.0'

600'

Proposed Lease Rd. 917'

150' NORTH  
OFF SET  
3724.2'

GRUY PETROLEUM MANAGEMENT CO.  
SCOUT "18" FEDERAL #6  
Elev. - 3721'

150' WEST  
OFF SET  
3721.7'

Lat. -N 32°39'17.2"  
Long -W 103°35'35.3"

150' EAST  
OFF SET  
3721.6'

150' SOUTH  
OFF SET  
3720.8'

3720.5'

600'

3719.5'

100 0 100 200 FEET  
SCALE: 1" = 100'

Directions to Location:

FROM THE JUNCTION OF US HWY 62/180 AND SMITH  
RANCH ROAD, GO NORTH FOR 2.0 MILES; THENCE  
EAST FOR 2.0 MILES; THENCE NORTH FOR 1.2 MILE;  
THENCE EAST FOR 0.2 MILE TO THE PIPELINE DEEP  
UNIT #3 AND PROPOSED LEASE ROAD.

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

W.O. Number: 6217

Drawn By: K. GOAD

Date: 02-10-2006

Disk: KJG CD#4 - 6217A.DWG

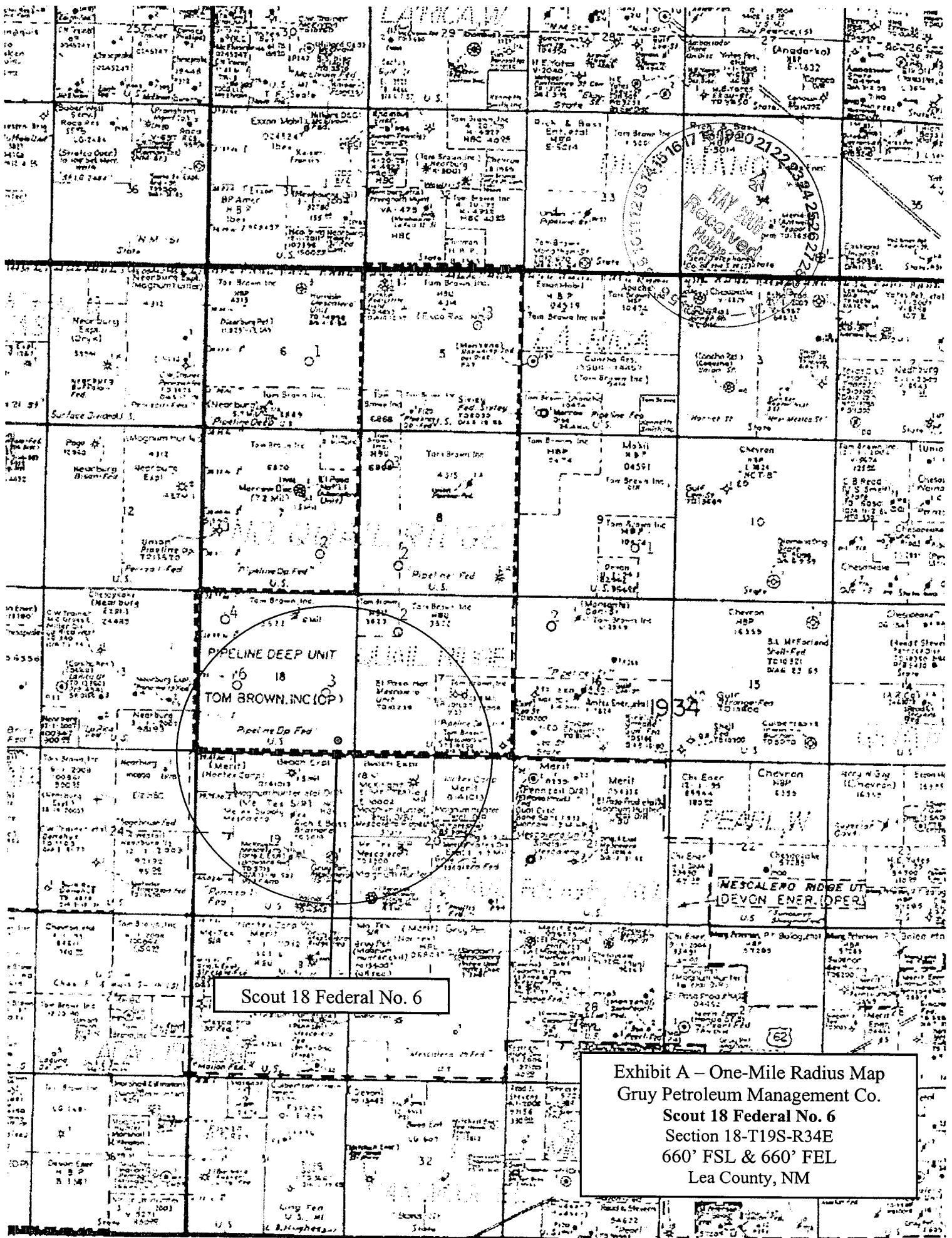
**GRUY PETROLEUM MANAGEMENT CO.**

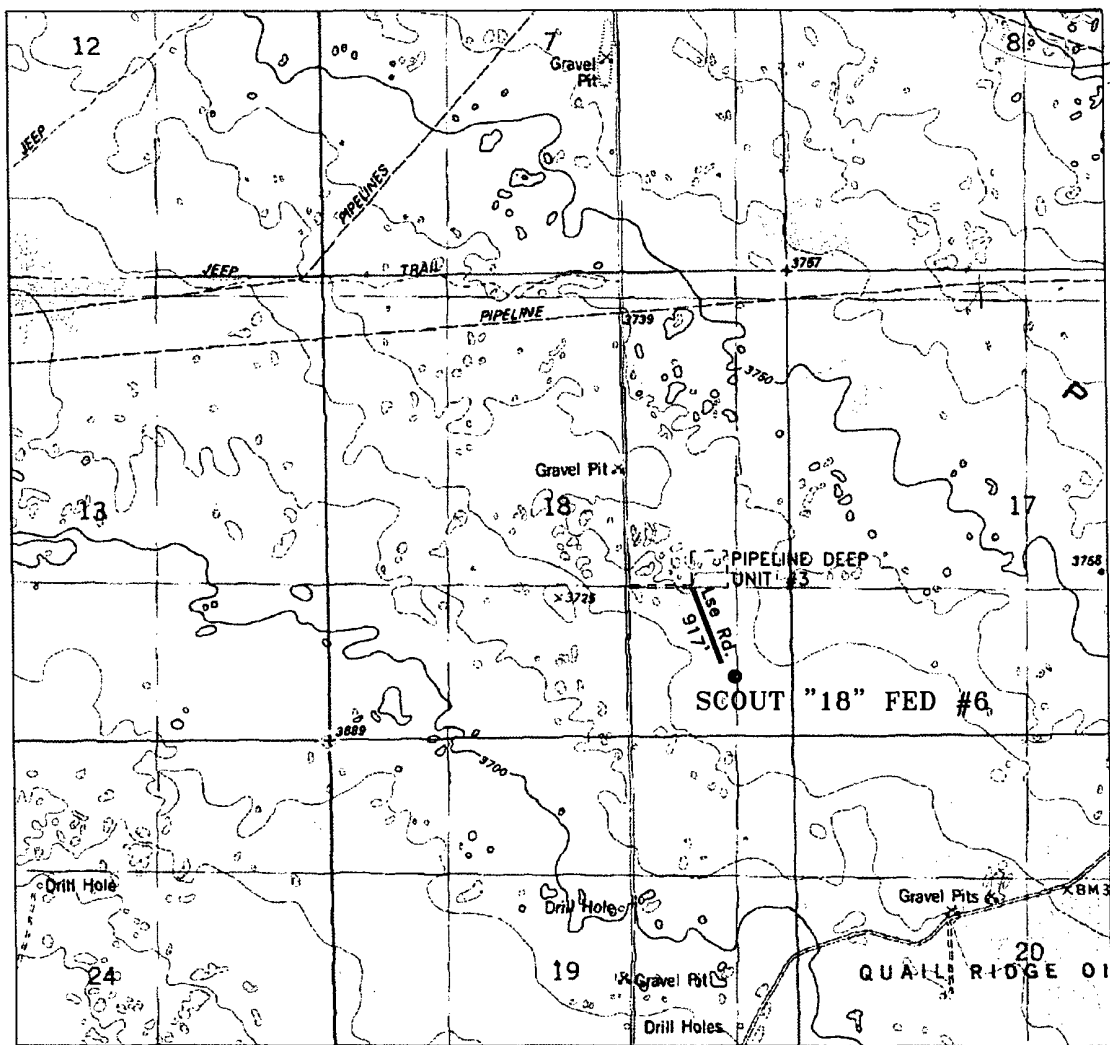
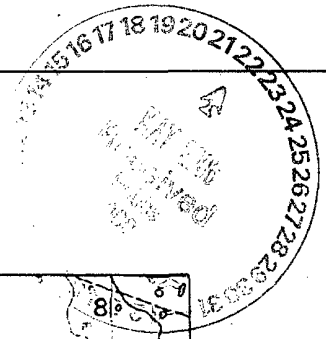
REF: SCOUT "18" FED. No. 6 / Well Pad Topo

THE SCOUT "18" FED. No. 6 LOCATED 660' FROM  
THE SOUTH LINE AND 660' FROM THE EAST LINE OF  
SECTION 18, TOWNSHIP 19 SOUTH, RANGE 34 EAST,  
N.M.P.M., LEA COUNTY, NEW MEXICO.

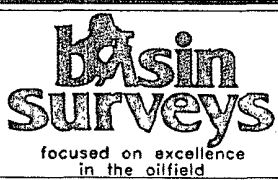
Survey Date: 02-08-2006

Sheet 1 of 1 Sheets





SCOUT "18" FEDERAL #6  
Located at 660' FSL AND 660' FEL  
Section 18, Township 19 South, Range 34 East,  
N.M.P.M., Lea County, New Mexico.

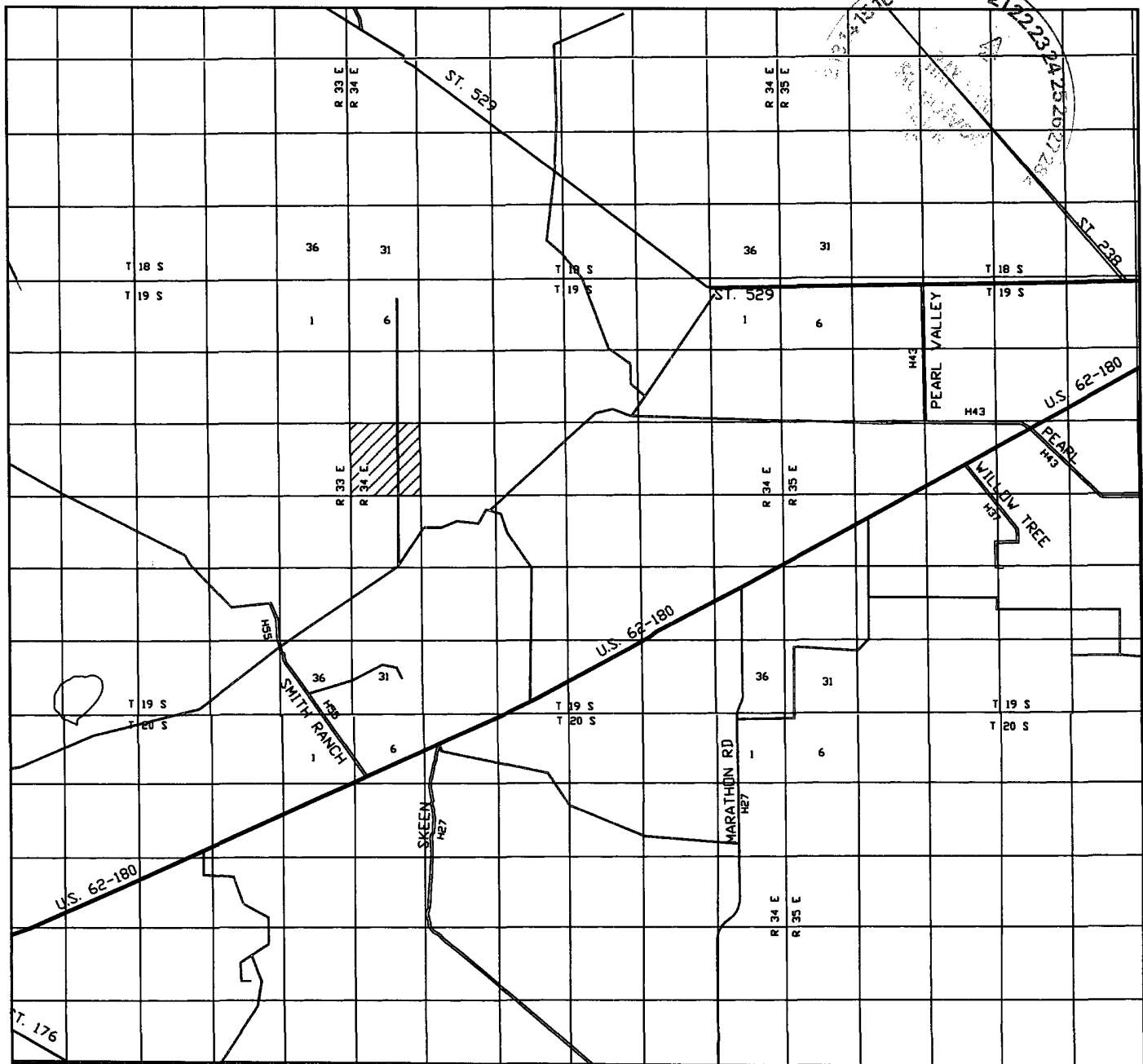


P.O. Box 1786  
1120 N. West County Rd.  
Hobbs, New Mexico 88241  
(505) 393-7316 - Office  
(505) 392-3074 - Fax  
basinsurveys.com


W.O. Number: 6217AA - KJG CD#4
Survey Date: 02-08-2006
Scale: 1" = 2000'
Date: 02-10-2006

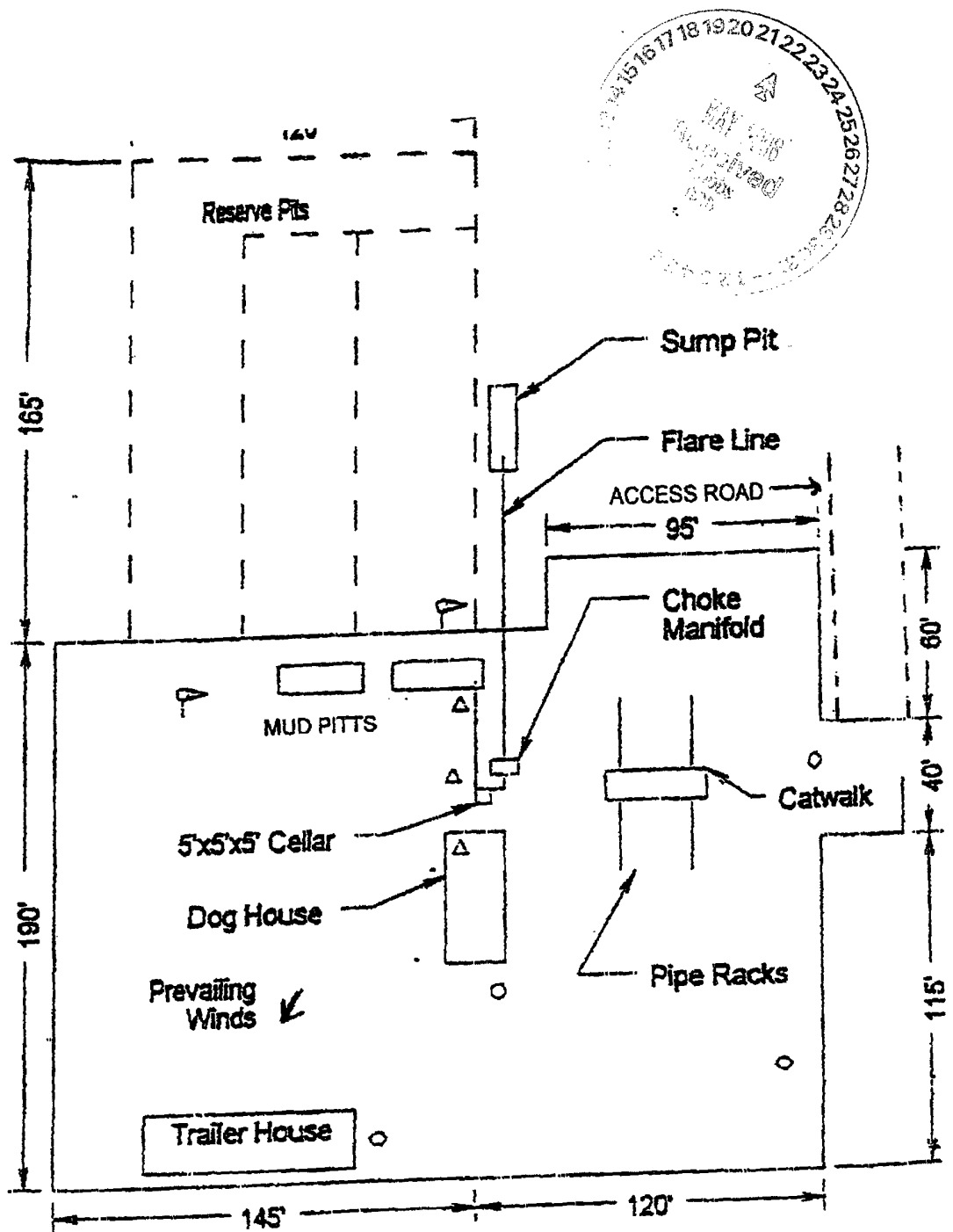
GRUY PETROLEUM  
MANAGEMENT CO.

Exhibit B



SCOUT "18" FEDERAL #6  
Located at 660' FSL AND 660' FEL  
Section 18, Township 19 South, Range 34 East,  
N.M.P.M., Lea County, New Mexico.

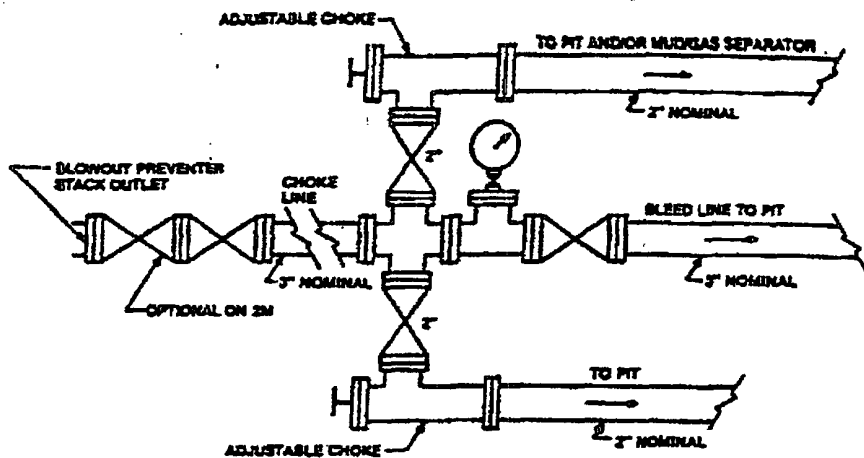
 <p style="font-size: small;">focused on excellence in the oilfield</p>	P.O. Box 1786 1120 N. West County Rd. Hobbs, New Mexico 88241 (505) 393-7316 - Office (505) 392-3074 - Fax <a href="http://basinsurveys.com">basinsurveys.com</a>	W.O. Number: 6217AA - KJG CD#4	GRUY PETROLEUM MANAGEMENT CO.
	Survey Date: 02-08-2006	Scale: 1" = 2 MILES	
	Date: 02-10-2006		
	100'		



- ☛ Wind Direction Indicators (wind sock or streamers)
- △ H<sub>2</sub>S Monitors (alarms at bell nipple and shale shaker)
- Briefing Areas
- Remote BOP Closing Unit
- Sign and Condition Flags

Exhibit D - Rig Layout Plan  
 Gruy Petroleum Management Co.  
 Scout 18 Federal No. 6  
 Section 18-T19S-R34E  
 660' FSL & 660' FEL  
 Lea County, NM





Typical choke manifold assembly for 3M WP system

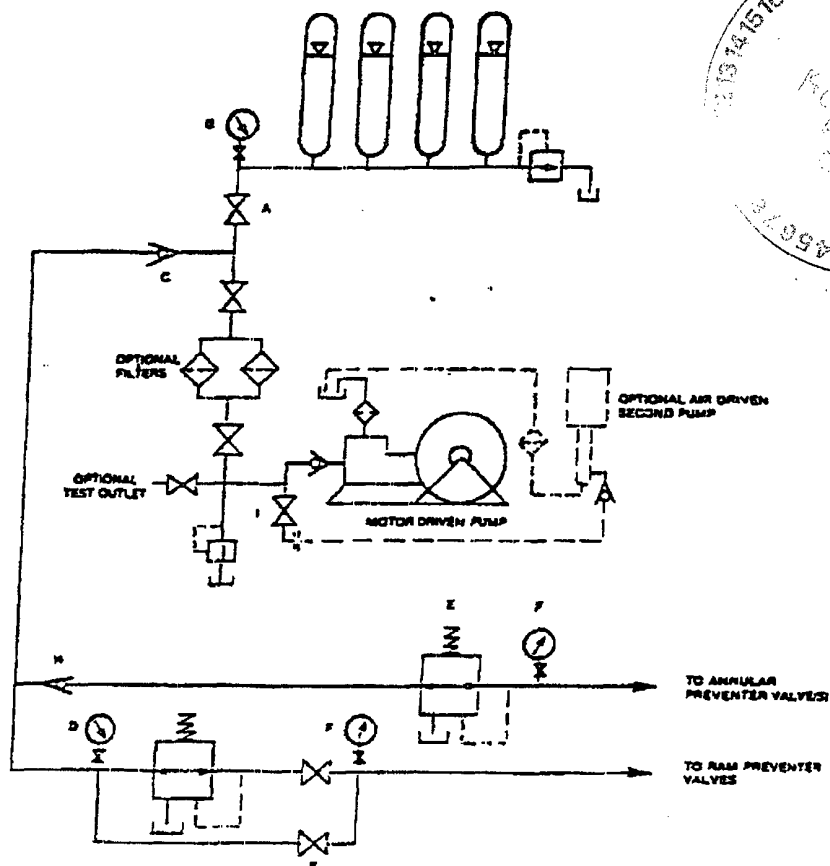


Exhibit E1 - Choke Manifold  
 Gruy Petroleum Management Co.  
 Scout 18 Federal No. 6  
 Section 18-T19S-R34E  
 660' FSL & 660' FEL  
 Lea County, NM



District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy Minerals and Natural Resources

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-144  
March 12, 2004

For drilling and production facilities, submit to  
appropriate NMOCD District Office.  
For downstream facilities, submit to Santa Fe  
office

**Pit or Below-Grade Tank Registration or Closure**

Is pit or below-grade tank covered by a "general plan"? Yes ☐ No ☒

Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

Operator: Gruy Petroleum Management Co. Telephone: 972-443-6489 e-mail address: zfarris@cimarex.com  
Address: P.O. Box 140907, Irving, Tx 75014-0907  
Facility or well name: Scout 18 Federal No. 6 API #: 30-025- 37884 U/L or Qtr/QtrP Sec 18 T 19S R 34E  
County: Lea Latitude 323917.2N Longitude 1033535.3W NAD: 1927 ☒ 1983 ☐ Surface Owner Federal ☒ State ☐ Private ☐ Indian ☐

Pit	Below-grade tank
Type: Drilling <input checked="" type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> Lined <input checked="" type="checkbox"/> Unlined <input type="checkbox"/> Liner type: Synthetic <input checked="" type="checkbox"/> Thickness 12 mil Clay <input type="checkbox"/> Volume 12000 bbl	Volume: _____ bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes <input type="checkbox"/> If not, explain why not. _____
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)	Less than 50 feet (20 points) 50 feet or more, but less than 100 feet (10 points) <u>100 feet or more</u> (0 points)
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes (20 points) <u>No</u> (0 points)
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet (20 points) 200 feet or more, but less than 1000 feet (10 points) <u>1000 feet or more</u> (0 points)
	Ranking Score (Total Points) 0

If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: onsite ☐ offsite ☐ If offsite, name of facility \_\_\_\_\_. (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface \_\_\_\_\_ ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒ a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

Date: 03-28-06  
Printed Name/Title Zeno Farris Manager Operations Administration Signature Zeno Farris

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval: 5/23/06  
Date: PETROLEUM ENGINEER  
Printed Name/Title Signature [Signature]

## Gruy Petroleum Management Co.

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

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

*A subsidiary of Cimarex Energy Co. • A NYSE Listed Company • "XEC"*



March 28, 2006

Oil Conservation Division  
District I Office  
1625 North French Drive  
Hobbs, New Mexico 88240  
Attn: Ms. Donna Mull

Re: Statewide Rule 118  
Hydrogen Sulfide Gas Contingency Plan  
Proposed Scout 18 Federal No. 6 Well

Dear Ms. Mull:

In accordance with NMAC 19.15.3.118 C. (1) governing the determination of the hydrogen sulfide concentration in gaseous mixtures in each of its operations, Gruy Petroleum Management Co. does not anticipate that there will be enough H<sub>2</sub>S from the surface to the Morrow/Atoka formations to meet the OCD's minimum requirements for the submission of a contingency plan for the drilling and completion of the following test(s):

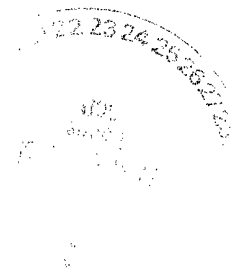
Scout 18 Federal No. 6  
P-18-19S-34E  
660' FSL & 660' FEL  
Lea Co., NM

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

Yours truly,

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

Zeno Farris  
Manager, Operations Administration



 The sender of this message has requested a read receipt. [Click here to send a receipt.](#)

**Mull, Donna, EMNRD**

**From:** Phillips, Dorothy, EMNRD  
**To:** Mull, Donna, EMNRD  
**Cc:**  
**Subject:** RE: Financial Assurance Requirement  
**Attachments:**

**Sent:** Tue 5/23/2006 11:53 AM

None appear on Jane's list and all have blankets.

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**From:** Mull, Donna, EMNRD  
**Sent:** Tuesday, May 23, 2006 9:12 AM  
**To:** Phillips, Dorothy, EMNRD  
**Cc:** Macquesten, Gail, EMNRD; Sanchez, Daniel J., EMNRD  
**Subject:** Financial Assurance Requirement

Dorothy,

Is the Financial Assurance Requirement for these Operators OK?

Latigo Petroleum Inc (227001)  
Trilogy Operating Inc (21602)  
Yates Petroleum Corp (25575)  
Lewis B Burleson Inc (03300)  
Cimarex Energy Co of Colorado (162683)

I have check these Operators and the Inactive well list.

Please let me know. Thanks and have a nice day. Donna