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N.M. Oil Cons. Division
1625 N. French Dr.
Hobbs, NM 88240

Form 3160-3
(April 2004)

JAN 13 2009

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

HOBBSON UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a Type of Work: DRILL REENTER

1b. Type of Well: Oil Well Gas Well Other Single Zone Multiple Zone

2 Name of Operator
Cimarex Energy Co. of Colorado

3a. Address
PO Box 140907
Irving, TX 75014

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

4. Location of Well (Report location clearly and in accordance with any State requirements. *)
At Surface 1980 FSL & 330 FEL
At proposed prod. Zone 1980 FSL & 330 FWL

5. Lease Serial No.
Surface - Privately Owned
Minerals - NM-0153471

6. If Indian, Allottee or Tribe Name

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

8. Lease Name and Well No.
Coral Sea 7 Federal No. 1

9. API Well No.
30-005- 29092

10. Field and Pool, or Exploratory
Abo, Wildcat

11. Sec., T. R. M. of Blk. and Survey or Area
7-15S-31E

12. County or Parish
Chaves

13. State
NM

<162683>

Unit I

Proposed Horizontal Abo Test
Unit L

Com 37531

ADD WOLF CAMP

14 Distance in miles and direction from nearest town or post office*

15 Distance from proposed* location to nearest property or lease line, ft (Also to nearest drig unit line if any) 330

16. No of acres in lease 753.62

17. Spacing Unit dedicated to this well N2S2 159.08

18 Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. NA

19. Proposed Depth Pilot Hole 9500' MD 13092' TVD 8615'

20. BLM/BIA Bond No. on File NM-2575

21. Elevations (Show whether DF, KDB, RT, GL, etc.) 4,445' GR

22. Approximate date work will start* 9/15/2008

23. Estimated duration 35-45 days

24. Attachments ROSWELL CONTROLLED WATER BASIN

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form

- Well plat certified by a registered surveyor
- A Drilling Plan
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator Certification
- Such other site specific information and/or plans as may be required by the authorized officer

25 Signature Zeno Farris Name (Printed/Typed) Zeno Farris Date 08.07.08

Title
Manager Operations Administration

Approved By (Signature) /s/ Jerry Dutchover Name (Printed/Typed) /s/ Jerry Dutchover Date 10 JAN 2009

Title Acting Assistant Field Manager, Lands And Minerals Office ROSWELL FIELD OFFICE **APPROVED FOR 2 YEARS**

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

Conditions of approval, if any, are attached.

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

* (Instructions on page 2)

DECLARED WATER BASIN

RECEIVED

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

CEMENT BEHIND THE CASING MUST BE CIRCULATED. WITNESS

Operator - Landowner Agreement

Company: Cimarex Energy Co. of Colorado
Proposed Well: Coral Sea 7 Federal No. 1
Federal Lease Number: NM-0153471

This is to advise that Cimarex Energy Co. of Colorado has an agreement with: Bill Medlin; PO Box 50; Maljamar, NM 88264 the surface owner, concerning entry and surface restoration after completion of drilling operations at the above described well.

After abandonment of the well, all pits will be filled and levelled and all equipment and trash will be removed from the well site. No other requirements were made concerning restoration of the well site.

August 7, 2008
Date

Zeno Farris
Signature Zeno Farris
Manager, Operations Administration

Application to Drill
Coral Sea 7 Federal No. 1
 Cimarex Energy Co. of Colorado
 Unit I, Section 7
 T15S R31E; Chaves 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 1980 FSL & 330 FEL
 BHL 1980 FSL & 330 FWL *Proposed Horizontal Abo Test*
- 2 Elevation above sea level: 4,445 GR
- 3 Geologic name of surface formation: Quaternary Alluvium Deposits
- 4 Drilling tools and associated equipment: Conventional rotary drilling rig using fluid as a circulating medium for solids removal.
- 5 Proposed drilling depth: Pilot Hole 9500' MD 13092' TVD 8615'
- 6 Estimated tops of geological markers:

Yates	2,312'
Queen	3,090'
SanAndres	3,940'
Abo Shale	7,340'
Lower Abo Dolomite	8,585'
Wolfcamp LS	8,675'
- 7 Possible mineral bearing formation:

Abo	Oil
Wolfcamp	Oil
Queen	Oil

8 Proposed Mud Circulating System:

Depth	Mud Wt	Visc	Fluid Loss	Type Mud
0 to 340	8.4 - 8.6	30-32	May lose circ	Fresh water spud mud
340 to 3,950	10.0	28-29	May lose circ	Brine Water
3,950 to 9,500	8.6 - 9.5	28-29	NC	Fresh water and brine, use hi-vis sweeps to keep hole clean
8,395 to 13,092	8.4 - 8.9	28	NC	2% KCl

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.

- 8a Drill 7½" pilot hole to 9500' and run and cement 7" casing as shown on next page. Set KO Plug @ 8405.' Mill window from 8390' to 8400' and kick off lateral leg @ 8395.' Drill lateral 6½" hole to 13042' MD & 8615' TVD. Run 4½" 11.6# P-110 **BTC** (Peak Systems Iso-Pak Liner) from RSB packer @ 8288' to 8694' (End of Curve) and **LTC** from 8694' to TD @ MD 13092' and TVD 8615.' No cement required for Peak Systems Liner. Lateral length 4588' and liner length 4804.'

Application to Drill
Coral Sea 7 Federal No. 1
 Cimarex Energy Co. of Colorado
 Unit I, Section 7
 T15S R31E; Chaves County, NM

9 Casing Program:

Hole Size (inches)	Depth		Casing OD (inches)		Weight (lbs)	Thread	Collar	Grade
17½	0	to 340	New	13%	48	8-R	STC	H-40
12½	0	to 3950	New	9%	40	8-R	LTC	J-55
8¾	0	to 9500	New	7	26	8-R	LTC	P-110
6¾	8288	to 8694	New	4½	12	8-R	BTC	P-110
6¾	8694	13092	New	4½	12	8-R	LTC	P-110

10 Cementing Program:

Surface Lead: 110 sx Light Premium Plus + 0.125 lb/sk Poly-E-Flake + 1% CaCl₂ (wt 14.2, yld 1.64)
Tail: 220 sx Premium Plus + 2% CaCl₂ (wt 14.8, yld 1.35)
 TOC Surface

Intermediate Lead: 450 sx Interfill C + 0.125 lb/sk Poly-E-Flake (wt 11.9, yld 2.45)
Tail: 200 sx Premium Plus + 1% CaCl₂ (wt 14.8, yld 1.33)
 TOC Surface

Production 615 sx Super H + 0.5% Halad-344 + 0.4% CFR-3 + 1lbm/sk Salt + 5 lb/sk Gilsonite + 0.125 lb/sk Poly-E-Flake + 0.35% HR-7
 (wt 13.0, yld 1.67)
TOC 3,750'

Liner *Peak Systems Iso-Pack Liner will not require cementing.*

Fresh water will be protected by setting surface casing at **340** and cementing to **Surface**
 Hydrocarbon zones will be protected by setting intermediate casing at **3950** and cementing to **Surface**
 and by setting production casing at **9500** and cementing to **3750**

Cimarex uses the following minimum safety factors:

Burst	Collapse	Tension
1.125	1.125	1.80

Application to Drill
Coral Sea 7 Federal No. 1
Cimarex Energy Co. of Colorado
Unit I, Section 7
T15S R31E; Chaves County, NM

11 Pressure control Equipment:

Exhibit "E". A 13 $\frac{3}{8}$ " 5000 PSI working pressure B.O.P. consisting of one set of blind rams and one set of pipe rams and a 5000 # annular type preventer. A choke manifold and 120 gallon accumulator with floor and remote operating stations and auxiliary power system. Rotating head below 6000'. A kelly cock will be installed and maintained in operable condition and a drill string safety valve in the open position will be available on the rig floor.

BOP unit will be hydraulically operated. BOP will be nipped up 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. From the base of the surface pipe through the running of production casing, the well will be equipped with a 5000 psi BOP system.

We are requesting a variance for testing the 13 $\frac{3}{8}$ " surface casing from Onshore Order No. 2, which states that all casing strings below the conductor shall be pressure tested to 0.22 psi per foot or 1500 psi, whichever is greater, but not to exceed 70% of the manufacturer's stated maximum internal yield. We are requesting to test the 13 $\frac{3}{8}$ " casing to 1000 psi using rig pumps. The BOP will be tested to 5000 PSI by an independent service company.

12 Testing, Logging and Coring Program:

- A. Mud logging program: 2 man unit from 3950' to TD
- B. Electric logging program: CNL / LDT / CAL / GR, DLL / CAL / GR
- C. No DSTs or cores are planned at this time.

13 Potential Hazards:

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

Estimated BHP **4000 psi** Estimated BHT **175**

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

Drilling expected to take 35-45 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 potentialized as **an oil well.**

Hydrogen Sulfide Drilling Operations Plan
Coral Sea 7 Federal No. 1
Cimarex Energy Co. of Colorado
Unit I, Section 7
T15S R31E; Chaves 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 separator will be brought into service along with H₂S scavengers if necessary.

H₂S Contingency Plan
Coral Sea 7 Federal No. 1
 Cimarex Energy Co. of Colorado
 Unit I, Section 7
 T15S R31E; Chaves 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 Name	Chemical Formula	Specific Gravity	Threshold Limit	Hazardous Limit	Lethal 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

Coral Sea 7 Federal No. 1

Cimarex Energy Co. of Colorado

Unit I, Section 7

T15S R31E; Chaves County, NM

Company Office

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

800-969-4789

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		575-200-6105
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		
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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
Coral Sea 7 Federal No. 1
Cimarex Energy Co. of Colorado
Unit I, Section 7
T15S R31E; Chaves 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 mile marker 30 of Hwy 31, go Northeast 0.9 miles on lease road to lease road. On lease road, go Northwest 0.2 miles to proposed lease road.

- 2 PLANNED ACCESS ROADS: 937.6' of on-lease access road will be built. The portion of the proposed road in 8-15S-31E is on private surface and will therefore not need a Federal or State ROW.

- 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 separated by a series of solids removal equipment and hauled to the cuttings drying area 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.

Surface Use Plan
Coral Sea 7 Federal No. 1
Cimarex Energy Co. of Colorado
Unit I, Section 7
T15S R31E; Chaves County, NM

9 Well Site Layout:

- A. Exhibit "D" shows location and rig layout.
- B. This exhibit indicates proposed location of the 100 x 100 cuttings drying area.
- C. Mud pits in the closed circulating system will be steel pits and the cuttings drying area will be surrounded by a 2' X 2' ring levee and a 2' earthen berm. A 20 mil liner will cover the cuttings drying area and extend a minimum of 2' over the earthen berm where it will be anchored down. A pump off system will pump any accumulated fluids in the ring levee to the rig holding tanks to be cleaned and reused.
- D. After drying, cuttings will be hauled off to a State-Approved disposal facility.
- E. If the well is a producer, the cuttings drying area and those areas of the location not essential to production facilities will be reclaimed and seeded per BLM requirements.

10 Plans for Restoration of Surface:

Rehabilitation of the location 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 Bill Medlin. 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 Roswell BLM office.
- D. There are no known dwellings within 1½ miles of this location.

Operator Certification Statement
Coral Sea 7 Federal No. 1
Cimarex Energy Co. of Colorado
Unit I, Section 7
T15S R31E; Chaves 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: August 7, 2008

TITLE: Manager Operations Administration

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
1201 W. Grand Avenue, Artesia, NM 88210

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

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

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
Fee Lease - 3 Copies

RECEIVED RESERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

JAN 13 2009

AMENDED REPORT

HOBBSOCD
WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-005-29092	Pool Code /	Pool Name Abc Wildcat; A90-WOLFCAMP
Property Code 37531	Property Name CORAL SEA "7" FEDERAL COM	Well Number 1
OGRID No. 162683	Operator Name CIMAREX ENERGY CO. OF COLORADO	Elevation 4445'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	7	15 S	31 E		1980	SOUTH	330	EAST	CHAVES

Bottom Hole Location If Different From Surface

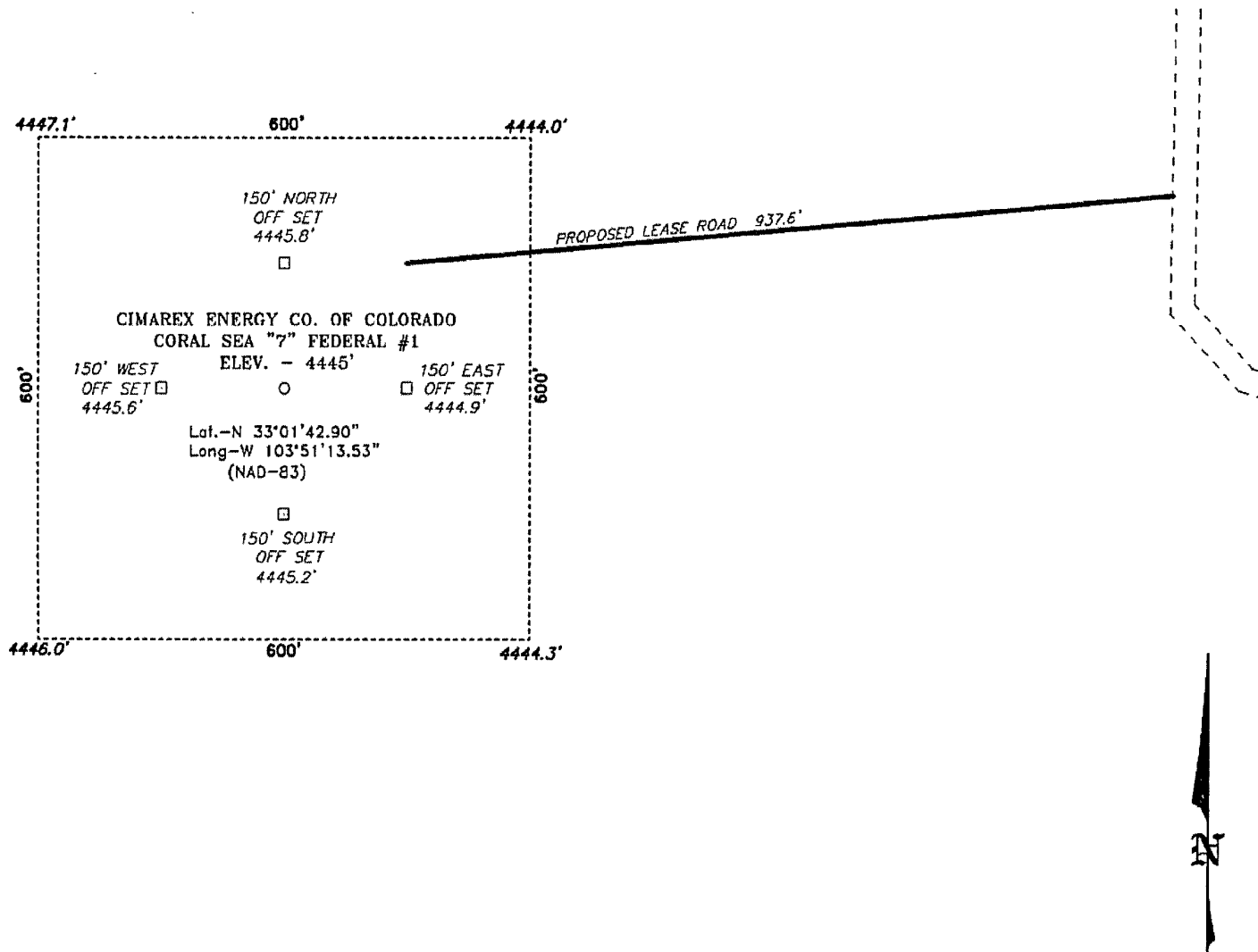
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	7	15 S	31 E		1980	SOUTH	330	WEST	CHAVES

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
159.08			

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

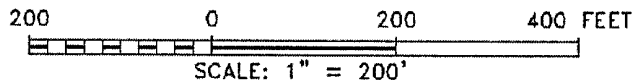
<p>BOTTOM HOLE LOCATION Lat - N33°01'42.92" Long - W103°52'07.41" NMSPC- N 738252.346 E 683730.182 (NAD-83)</p>	<p>SURFACE LOCATION Lot - N33°01'42.90" Long - W103°51'13.53" NMSPC- N 738271.1 E 688317.5 (NAD-83)</p>
<p>NM-0153471</p>	
<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Zeno Farris</i> 08-07-08 Signature Date</p> <p>Zeno Farris Printed Name</p>	
<p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>APRIL 10, 2008 Date Surveyed</p> <p>GARY L. JONES Signature & Seal of MEXICO Professional Surveyor</p> <p>W.C. No. 19438</p> <p>Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS</p>	

SECTION 7, TOWNSHIP 15 SOUTH, RANGE 31 EAST, N.M.P.M.,
 CHAVES COUNTY, NEW MEXICO.



Directions to Location:

FROM MILE MARKER 30 OF HWY 31, GO NORTHEAST
 0.9 MILES ON LEASE ROAD TO LEASE ROAD, ON
 LEASE ROAD GO NORTHWEST 0.20 MILES TO
 PROPOSED LEASE ROAD.



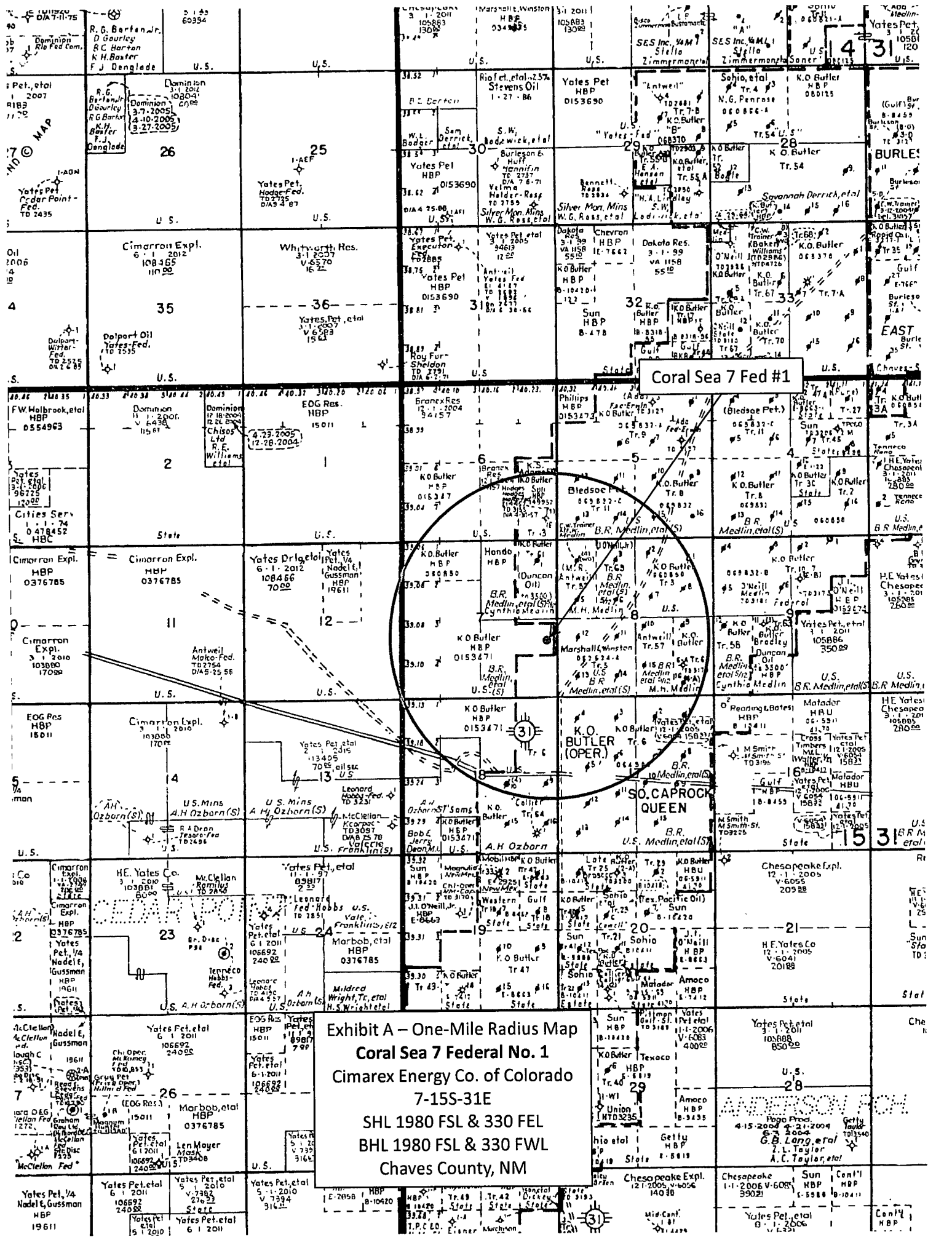
BASIN SURVEYS P.O. BOX 1786 - HOBBS, NEW MEXICO

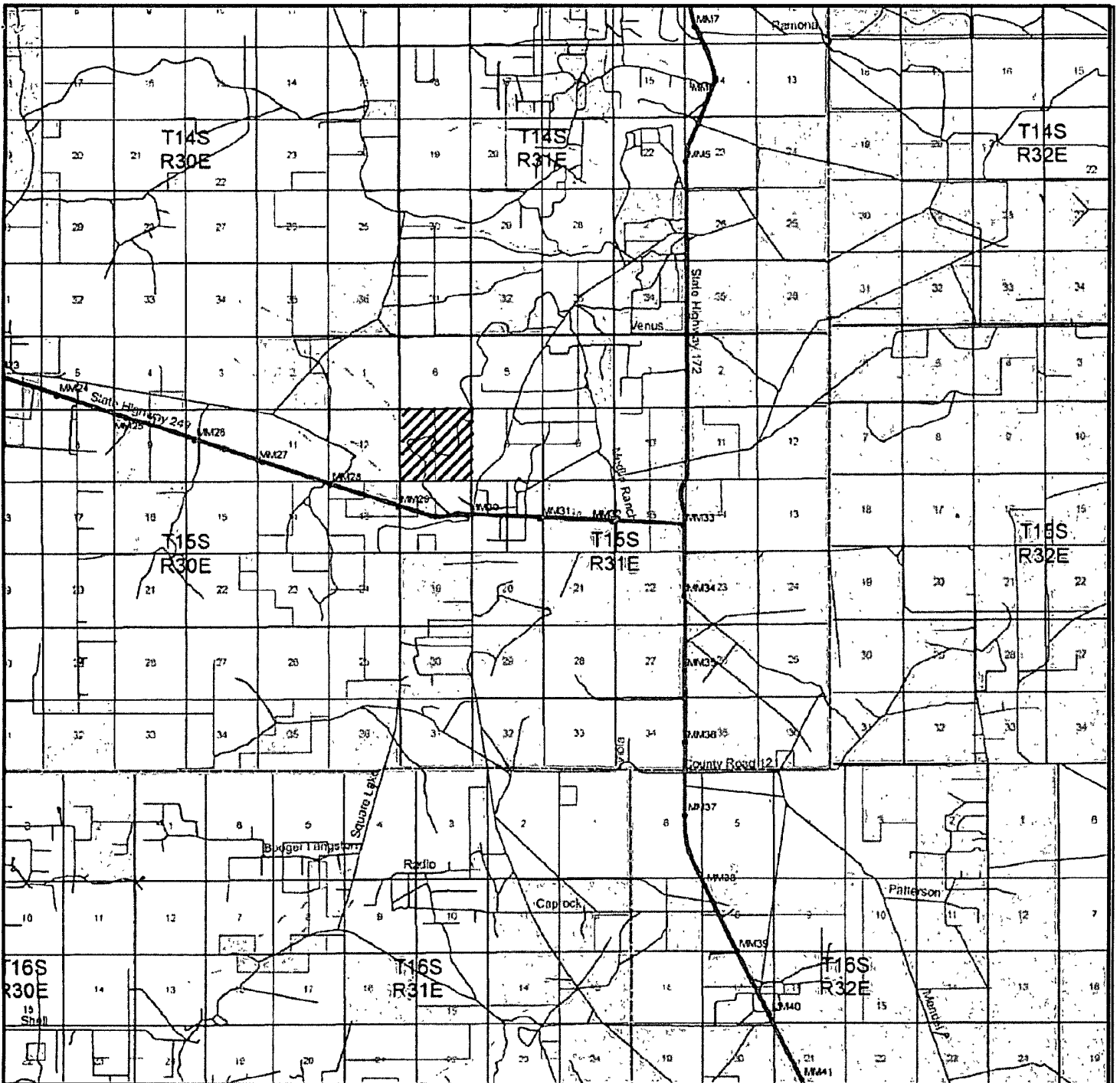
W.O. Number: 19433 Drawn By: J. SMALL

Date: 04-11-2008 Disk: JMS 19433W

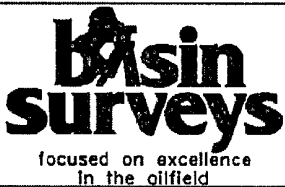
CIMAREX ENERGY CO. OF COLORADO	
REF: CORAL SEA "7" FEDERAL #1 / WELL PAD TOPO	
THE CORAL SEA "7" FEDERAL #1 LOCATED 1980'	
FROM THE SOUTH LINE AND 330' FROM THE EAST LINE OF	
SECTION 7, TOWNSHIP 15 SOUTH, RANGE 31 EAST,	
N.M.P.M., CHAVES COUNTY, NEW MEXICO.	
Survey Date: 04-10-2008	Sheet 1 of 1 Sheets

Exhibit A – One-Mile Radius Map
Coral Sea 7 Federal No. 1
Cimrex Energy Co. of Colorado
7-15S-31E
SHL 1980 FSL & 330 FEL
BHL 1980 FSL & 330 FWL
Chaves County, NM





CORAL SEA "7" FEDERAL #1
 Located 1980' FSL and 330' FEL
 Section 7, Township 15 South, Range 31 East,
 N.M.P.M., Chaves 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 19433TR

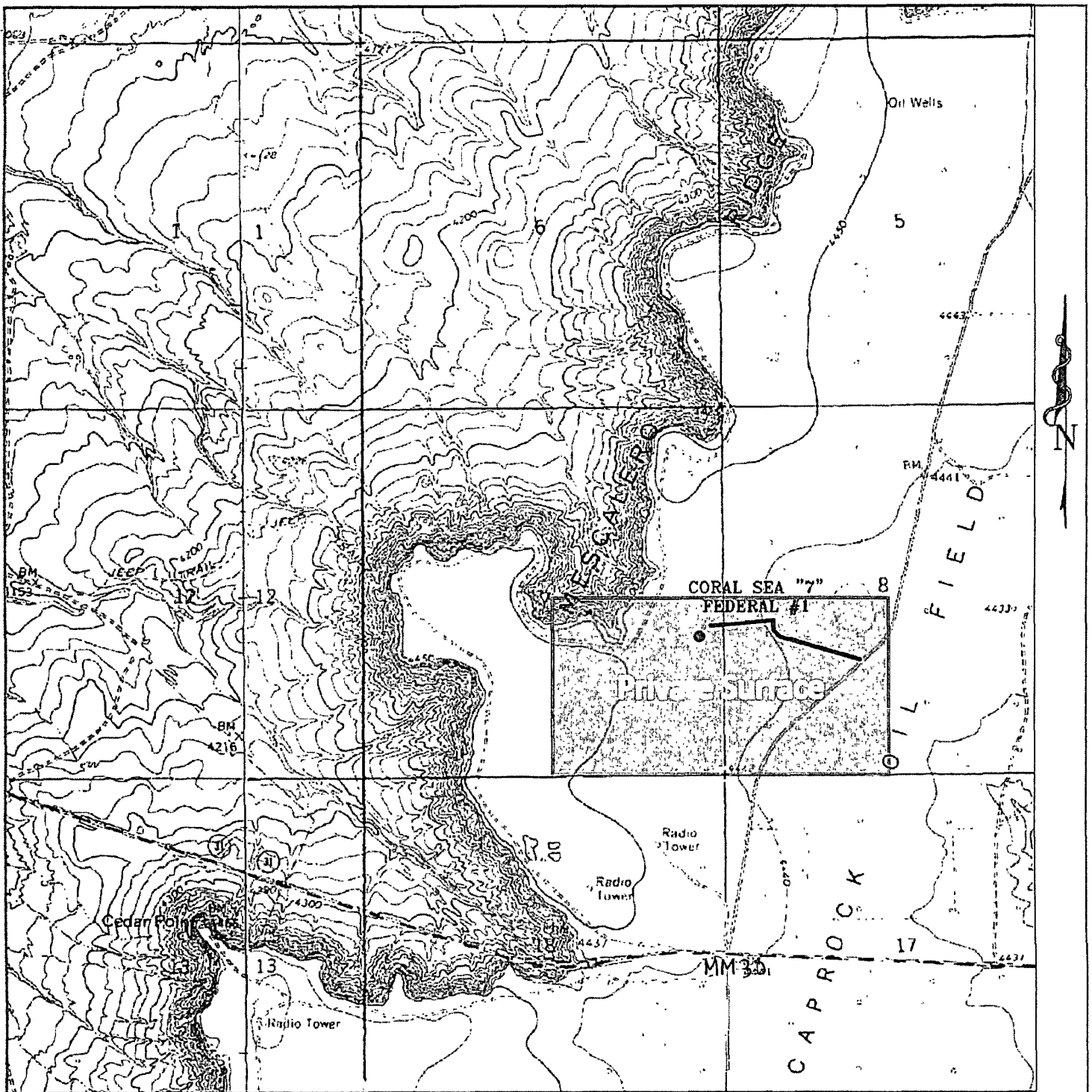
Survey Date: 04-10-2008

Scale: 1" = 2 MILES

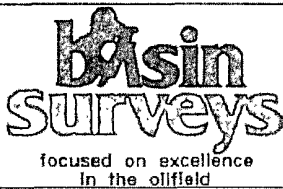
Date: 04-11-2008

CIMAREX
 ENERGY CO.
 OF COLORADO

Exhibit B



CORAL SEA "7" FEDERAL #1
 Located 1980' FSL and 333' FEL
 Section 7, Township 15 South, Range 31 East,
 N.M.P.M., Chaves 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 19433T

Survey Date: 04-10-2008

Scale: 1" = 2000'

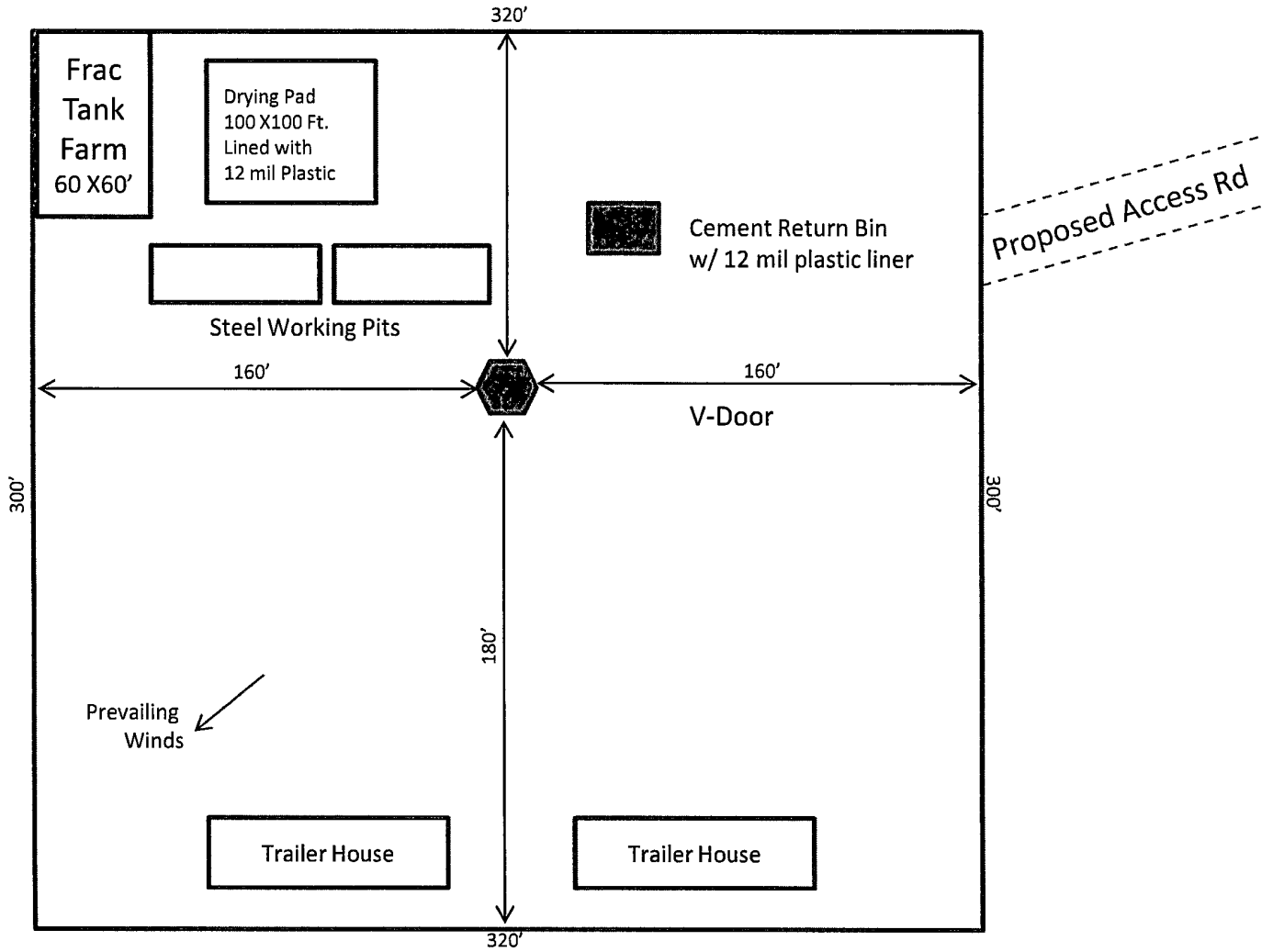
Date: 04-11-2008

**CIMAREX
 ENERGY CO.
 OF COLORADO**

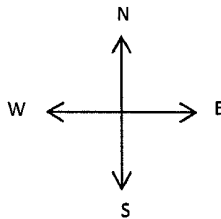
Exhibit C

Patriot Rig 4

Cimarex Energy Co. of Colorado



Rig Layout
Coral Sea 7 Federal No. 1
Cimarex Energy Co. of Colorado
7-15S-31E
SHL 1980 FSL & 330 FEL
BHL 1980 FSL & 330 FWL
Chaves County, NM



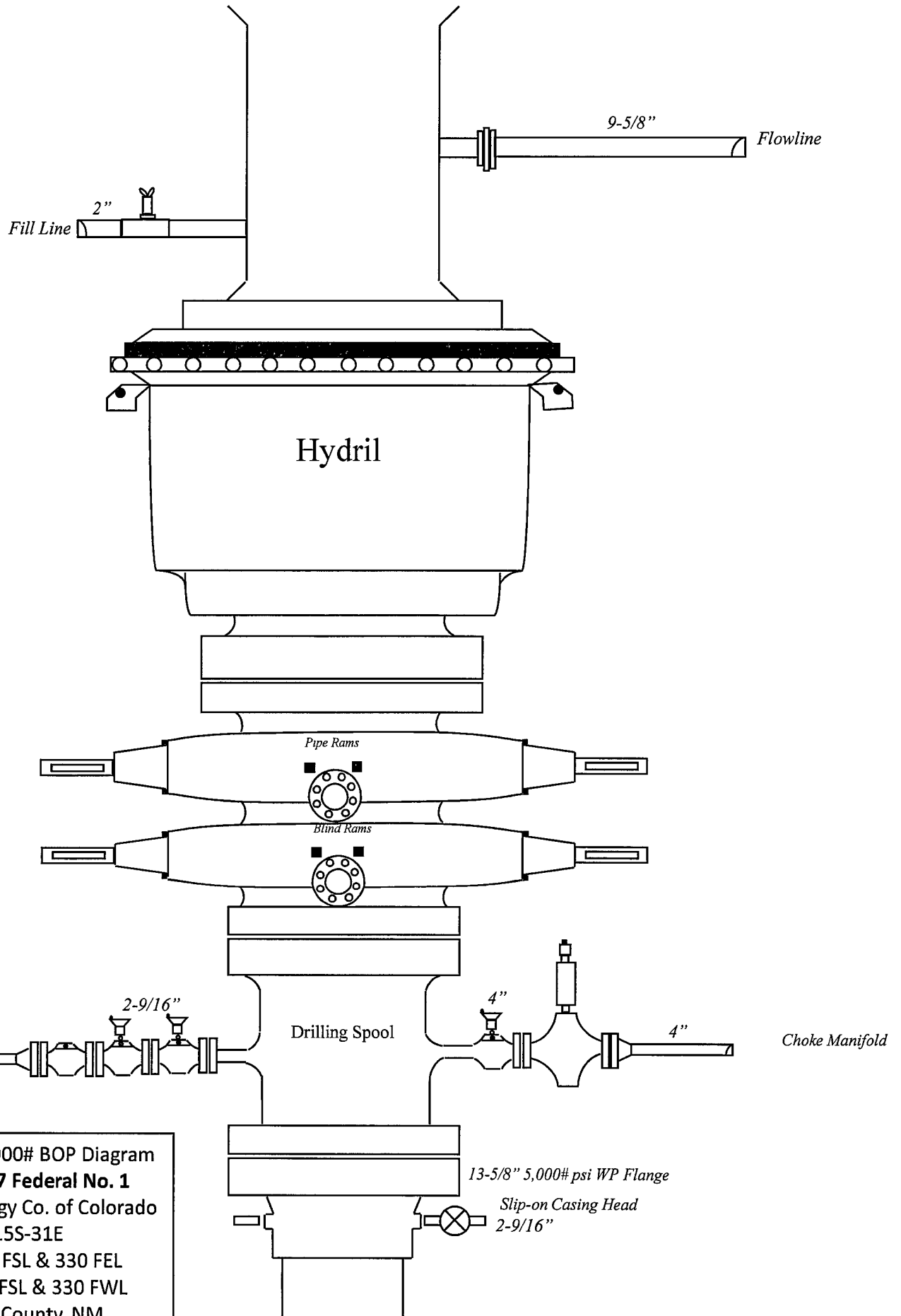


Exhibit E – 5000# BOP Diagram
Coral Sea 7 Federal No. 1
Cimarex Energy Co. of Colorado
7-15S-31E
SHL 1980 FSL & 330 FEL
BHL 1980 FSL & 330 FWL
Chaves County, NM

**DRILLING OPERATIONS
CHOKE MANIFOLD
SM SERVICE**

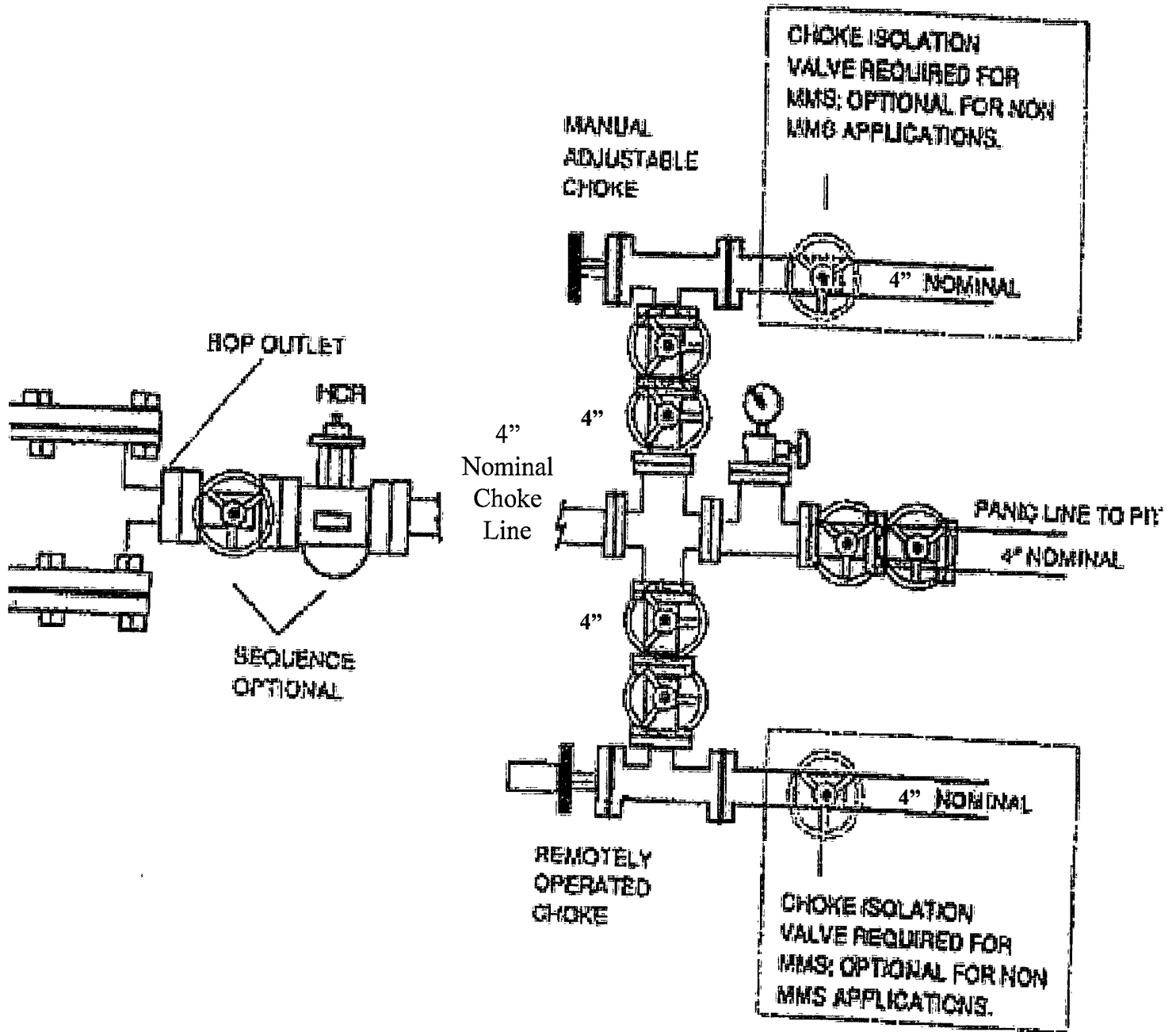


Exhibit E-1 – Choke Manifold Diagram
Coral Sea 7 Federal No. 1
 Cimarex Energy Co. of Colorado
 7-15S-31E
 SHL 1980 FSL & 330 FEL
 BHL 1980 FSL & 330 FWL
 Chaves County, NM



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INTEQ

REFERENCE WELLPATH IDENTIFICATION

Operator	Cimarex Energy Co. of Colorado	Slot	No. 1H SHL
Area	Chaves County, NM	Well	No. 1H
Field	(Coral) Sec 7, T15S, R31E	Wellbore	No. 1H PWB
Facility	Coral Sea 7 Fed No. 1H		

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	0.999934	Report Generated	5/29/2008 at 10:36:14 AM
Convergence at slot	0.26° East	Database/Source file	WA_Midland/No. 1H_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	688317.50	738271.10	33°01'42.900"N	103°51'13.527"W
Facility Reference Pt			688317.50	738271.10	33°01'42.900"N	103°51'13.527"W
Field Reference Pt			688317.50	738271.10	33°01'42.900"N	103°51'13.527"W

WELLPATH DATUM

Calculation method	Minimum curvature	Rig on No. 1H SHL (RT) to Facility Vertical Datum	18.00ft
Horizontal Reference Pt	Facility Center	Rig on No. 1H SHL (RT) to Mean Sea Level	4463.00ft
Vertical Reference Pt	Rig on No. 1H SHL (RT)	Facility Vertical Datum to Mud Line (Facility)	0.00ft
MD Reference Pt	Rig on No. 1H SHL (RT)	Section Origin	N 0.00, E 0.00 ft
Field Vertical Reference	Mean Sea Level	Section Azimuth	269.77°



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INTEQ

REFERENCE WELLPATH IDENTIFICATION			
Operator	Cimarex Energy Co. of Colorado	Slot	No. 1H SHL
Area	Chaves County, NM	Well	No. 1H
Field	(Coral) Sec 7, T15S, R31E	Wellbore	No. 1H PWB
Facility	Coral Sea 7 Fed No. 1H		

WELLPATH DATA (134 stations) † = interpolated/extrapolated station								
MD [ft]	Inclination [°]	Azimuth [°]	TVD [ft]	Vert Sect [ft]	North [ft]	East [ft]	DLS [°/100ft]	Comments
0.00	0.000	269.766	0.00	0.00	0.00	0.00	0.00	Tie On
100.00†	0.000	269.766	100.00	0.00	0.00	0.00	0.00	
200.00†	0.000	269.766	200.00	0.00	0.00	0.00	0.00	
300.00†	0.000	269.766	300.00	0.00	0.00	0.00	0.00	
400.00†	0.000	269.766	400.00	0.00	0.00	0.00	0.00	
500.00†	0.000	269.766	500.00	0.00	0.00	0.00	0.00	
600.00†	0.000	269.766	600.00	0.00	0.00	0.00	0.00	
700.00†	0.000	269.766	700.00	0.00	0.00	0.00	0.00	
800.00†	0.000	269.766	800.00	0.00	0.00	0.00	0.00	
900.00†	0.000	269.766	900.00	0.00	0.00	0.00	0.00	
1000.00†	0.000	269.766	1000.00	0.00	0.00	0.00	0.00	
1100.00†	0.000	269.766	1100.00	0.00	0.00	0.00	0.00	
1200.00†	0.000	269.766	1200.00	0.00	0.00	0.00	0.00	
1300.00†	0.000	269.766	1300.00	0.00	0.00	0.00	0.00	
1400.00†	0.000	269.766	1400.00	0.00	0.00	0.00	0.00	
1500.00†	0.000	269.766	1500.00	0.00	0.00	0.00	0.00	
1600.00†	0.000	269.766	1600.00	0.00	0.00	0.00	0.00	
1700.00†	0.000	269.766	1700.00	0.00	0.00	0.00	0.00	
1800.00†	0.000	269.766	1800.00	0.00	0.00	0.00	0.00	
1900.00†	0.000	269.766	1900.00	0.00	0.00	0.00	0.00	
2000.00†	0.000	269.766	2000.00	0.00	0.00	0.00	0.00	
2100.00†	0.000	269.766	2100.00	0.00	0.00	0.00	0.00	
2200.00†	0.000	269.766	2200.00	0.00	0.00	0.00	0.00	
2300.00†	0.000	269.766	2300.00	0.00	0.00	0.00	0.00	
2400.00†	0.000	269.766	2400.00	0.00	0.00	0.00	0.00	
2500.00†	0.000	269.766	2500.00	0.00	0.00	0.00	0.00	
2600.00†	0.000	269.766	2600.00	0.00	0.00	0.00	0.00	
2700.00†	0.000	269.766	2700.00	0.00	0.00	0.00	0.00	
2800.00†	0.000	269.766	2800.00	0.00	0.00	0.00	0.00	
2900.00†	0.000	269.766	2900.00	0.00	0.00	0.00	0.00	



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REFERENCE WELLPATH IDENTIFICATION			
Operator	Cimarex Energy Co. of Colorado	Slot	No. 1H SHL
Area	Chaves County, NM	Well	No. 1H
Field	(Coral) Sec 7, T15S, R31E	Wellbore	No. 1H PWB
Facility	Coral Sea 7 Fed No. 1H		

WELLPATH DATA (134 stations) † = interpolated/extrapolated station								
MD [ft]	Inclination [°]	Azimuth [°]	TVD [ft]	Vert Sect [ft]	North [ft]	East [ft]	DLS [°/100ft]	Comments
3000.00†	0.000	269.766	3000.00	0.00	0.00	0.00	0.00	
3100.00†	0.000	269.766	3100.00	0.00	0.00	0.00	0.00	
3200.00†	0.000	269.766	3200.00	0.00	0.00	0.00	0.00	
3300.00†	0.000	269.766	3300.00	0.00	0.00	0.00	0.00	
3400.00†	0.000	269.766	3400.00	0.00	0.00	0.00	0.00	
3500.00†	0.000	269.766	3500.00	0.00	0.00	0.00	0.00	
3600.00†	0.000	269.766	3600.00	0.00	0.00	0.00	0.00	
3700.00†	0.000	269.766	3700.00	0.00	0.00	0.00	0.00	
3800.00†	0.000	269.766	3800.00	0.00	0.00	0.00	0.00	
3900.00†	0.000	269.766	3900.00	0.00	0.00	0.00	0.00	
4000.00†	0.000	269.766	4000.00	0.00	0.00	0.00	0.00	
4100.00†	0.000	269.766	4100.00	0.00	0.00	0.00	0.00	
4200.00†	0.000	269.766	4200.00	0.00	0.00	0.00	0.00	
4300.00†	0.000	269.766	4300.00	0.00	0.00	0.00	0.00	
4400.00†	0.000	269.766	4400.00	0.00	0.00	0.00	0.00	
4500.00†	0.000	269.766	4500.00	0.00	0.00	0.00	0.00	
4600.00†	0.000	269.766	4600.00	0.00	0.00	0.00	0.00	
4700.00†	0.000	269.766	4700.00	0.00	0.00	0.00	0.00	
4800.00†	0.000	269.766	4800.00	0.00	0.00	0.00	0.00	
4900.00†	0.000	269.766	4900.00	0.00	0.00	0.00	0.00	
5000.00†	0.000	269.766	5000.00	0.00	0.00	0.00	0.00	
5100.00†	0.000	269.766	5100.00	0.00	0.00	0.00	0.00	
5200.00†	0.000	269.766	5200.00	0.00	0.00	0.00	0.00	
5300.00†	0.000	269.766	5300.00	0.00	0.00	0.00	0.00	
5400.00†	0.000	269.766	5400.00	0.00	0.00	0.00	0.00	
5500.00†	0.000	269.766	5500.00	0.00	0.00	0.00	0.00	
5600.00†	0.000	269.766	5600.00	0.00	0.00	0.00	0.00	
5700.00†	0.000	269.766	5700.00	0.00	0.00	0.00	0.00	
5800.00†	0.000	269.766	5800.00	0.00	0.00	0.00	0.00	
5900.00†	0.000	269.766	5900.00	0.00	0.00	0.00	0.00	



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INTEQ

REFERENCE WELLPATH IDENTIFICATION			
Operator	Cimarex Energy Co. of Colorado	Slot	No. 1H SHL
Area	Chaves County, NM	Well	No. 1H
Field	(Coral) Sec 7, T15S, R31E	Wellbore	No. 1H PWB
Facility	Coral Sea 7 Fed No. 1H		

WELLPATH DATA (134 stations) † = interpolated/extrapolated station								
MD [ft]	Inclination [°]	Azimuth [°]	TVD [ft]	Vert Sect [ft]	North [ft]	East [ft]	DLS [°/100ft]	Comments
6000.00†	0.000	269.766	6000.00	0.00	0.00	0.00	0.00	
6100.00†	0.000	269.766	6100.00	0.00	0.00	0.00	0.00	
6200.00†	0.000	269.766	6200.00	0.00	0.00	0.00	0.00	
6300.00†	0.000	269.766	6300.00	0.00	0.00	0.00	0.00	
6400.00†	0.000	269.766	6400.00	0.00	0.00	0.00	0.00	
6500.00†	0.000	269.766	6500.00	0.00	0.00	0.00	0.00	
6600.00†	0.000	269.766	6600.00	0.00	0.00	0.00	0.00	
6700.00†	0.000	269.766	6700.00	0.00	0.00	0.00	0.00	
6800.00†	0.000	269.766	6800.00	0.00	0.00	0.00	0.00	
6900.00†	0.000	269.766	6900.00	0.00	0.00	0.00	0.00	
7000.00†	0.000	269.766	7000.00	0.00	0.00	0.00	0.00	
7100.00†	0.000	269.766	7100.00	0.00	0.00	0.00	0.00	
7200.00†	0.000	269.766	7200.00	0.00	0.00	0.00	0.00	
7300.00†	0.000	269.766	7300.00	0.00	0.00	0.00	0.00	
7400.00†	0.000	269.766	7400.00	0.00	0.00	0.00	0.00	
7500.00†	0.000	269.766	7500.00	0.00	0.00	0.00	0.00	
7600.00†	0.000	269.766	7600.00	0.00	0.00	0.00	0.00	
7700.00†	0.000	269.766	7700.00	0.00	0.00	0.00	0.00	
7800.00†	0.000	269.766	7800.00	0.00	0.00	0.00	0.00	
7900.00†	0.000	269.766	7900.00	0.00	0.00	0.00	0.00	
8000.00†	0.000	269.766	8000.00	0.00	0.00	0.00	0.00	
8100.00†	0.000	269.766	8100.00	0.00	0.00	0.00	0.00	
8200.00†	0.000	269.766	8200.00	0.00	0.00	0.00	0.00	
8300.00†	0.000	269.766	8300.00	0.00	0.00	0.00	0.00	
8395.00	0.000	269.766	8395.00	0.00	0.00	0.00	0.00	KOP
8400.00†	1.500	269.766	8400.00	0.07	0.00	-0.07	30.00	
8500.00†	31.500	269.766	8494.79	28.14	-0.12	-28.14	30.00	
8600.00†	61.500	269.766	8562.84	99.86	-0.41	-99.85	30.00	
8693.74	89.622	269.766	8585.98	189.73	-0.78	-189.72	30.00	End Of Curve
8700.00†	89.622	269.766	8586.02	195.99	-0.80	-195.98	0.00	



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INTEQ

REFERENCE WELLPATH IDENTIFICATION			
Operator	Cimarex Energy Co. of Colorado	Slot	No. 1H SHL
Area	Chaves County, NM	Well	No. 1H
Field	(Coral) Sec 7, T15S, R31E	Wellbore	No. 1H PWB
Facility	Coral Sea 7 Fed No. 1H		

WELLPATH DATA (134 stations) † = interpolated/extrapolated station								
MD [ft]	Inclination [°]	Azimuth [°]	TVD [ft]	Vert Sect [ft]	North [ft]	East [ft]	DLS [°/100ft]	Comments
8800.00†	89.622	269.766	8586.68	295.98	-1.21	-295.98	0.00	
8900.00†	89.622	269.766	8587.34	395.98	-1.62	-395.98	0.00	
9000.00†	89.622	269.766	8588.00	495.98	-2.03	-495.98	0.00	
9100.00†	89.622	269.766	8588.66	595.98	-2.44	-595.97	0.00	
9200.00†	89.622	269.766	8589.32	695.97	-2.85	-695.97	0.00	
9300.00†	89.622	269.766	8589.98	795.97	-3.25	-795.97	0.00	
9400.00†	89.622	269.766	8590.64	895.97	-3.66	-895.96	0.00	
9500.00†	89.622	269.766	8591.30	995.97	-4.07	-995.96	0.00	
9600.00†	89.622	269.766	8591.96	1095.97	-4.48	-1095.96	0.00	
9700.00†	89.622	269.766	8592.62	1195.96	-4.89	-1195.95	0.00	
9800.00†	89.622	269.766	8593.28	1295.96	-5.30	-1295.95	0.00	
9900.00†	89.622	269.766	8593.94	1395.96	-5.71	-1395.95	0.00	
10000.00†	89.622	269.766	8594.60	1495.96	-6.12	-1495.95	0.00	
10100.00†	89.622	269.766	8595.26	1595.96	-6.52	-1595.94	0.00	
10200.00†	89.622	269.766	8595.92	1695.95	-6.93	-1695.94	0.00	
10300.00†	89.622	269.766	8596.58	1795.95	-7.34	-1795.94	0.00	
10400.00†	89.622	269.766	8597.24	1895.95	-7.75	-1895.93	0.00	
10500.00†	89.622	269.766	8597.90	1995.95	-8.16	-1995.93	0.00	
10600.00†	89.622	269.766	8598.56	2095.94	-8.57	-2095.93	0.00	
10700.00†	89.622	269.766	8599.22	2195.94	-8.98	-2195.92	0.00	
10800.00†	89.622	269.766	8599.88	2295.94	-9.39	-2295.92	0.00	
10900.00†	89.622	269.766	8600.54	2395.94	-9.80	-2395.92	0.00	
11000.00†	89.622	269.766	8601.20	2495.94	-10.20	-2495.91	0.00	
11100.00†	89.622	269.766	8601.86	2595.93	-10.61	-2595.91	0.00	
11200.00†	89.622	269.766	8602.52	2695.93	-11.02	-2695.91	0.00	
11300.00†	89.622	269.766	8603.18	2795.93	-11.43	-2795.91	0.00	
11400.00†	89.622	269.766	8603.84	2895.93	-11.84	-2895.90	0.00	
11500.00†	89.622	269.766	8604.50	2995.92	-12.25	-2995.90	0.00	
11600.00†	89.622	269.766	8605.16	3095.92	-12.66	-3095.90	0.00	
11700.00†	89.622	269.766	8605.82	3195.92	-13.07	-3195.89	0.00	



Planned Wellpath Report

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INTEQ

REFERENCE WELLPATH IDENTIFICATION			
Operator	Cimarex Energy Co. of Colorado	Slot	No. 1H SHL
Area	Chaves County, NM	Well	No. 1H
Field	(Coral) Sec 7, T15S, R31E	Wellbore	No. 1H PWB
Facility	Coral Sea 7 Fed No. 1H		

WELLPATH DATA (134 stations) † = interpolated/extrapolated station								
MD [ft]	Inclination [°]	Azimuth [°]	TVD [ft]	Vert Sect [ft]	North [ft]	East [ft]	DLS [°/100ft]	Comments
11800.00†	89.622	269.766	8606.48	3295.92	-13.47	-3295.89	0.00	
11900.00†	89.622	269.766	8607.14	3395.92	-13.88	-3395.89	0.00	
12000.00†	89.622	269.766	8607.80	3495.91	-14.29	-3495.88	0.00	
12100.00†	89.622	269.766	8608.46	3595.91	-14.70	-3595.88	0.00	
12200.00†	89.622	269.766	8609.12	3695.91	-15.11	-3695.88	0.00	
12300.00†	89.622	269.766	8609.78	3795.91	-15.52	-3795.88	0.00	
12400.00†	89.622	269.766	8610.44	3895.91	-15.93	-3895.87	0.00	
12500.00†	89.622	269.766	8611.10	3995.90	-16.34	-3995.87	0.00	
12600.00†	89.622	269.766	8611.76	4095.90	-16.74	-4095.87	0.00	
12700.00†	89.622	269.766	8612.42	4195.90	-17.15	-4195.86	0.00	
12800.00†	89.622	269.766	8613.07	4295.90	-17.56	-4295.86	0.00	
12900.00†	89.622	269.766	8613.73	4395.89	-17.97	-4395.86	0.00	
13000.00†	89.622	269.766	8614.39	4495.89	-18.38	-4495.85	0.00	
13091.78	89.622	269.766	8615.00 [†]	4587.67	-18.76	-4587.63	0.00	No. 1H BHL

TARGETS									
Name	MD [ft]	TVD [ft]	North [ft]	East [ft]	Grid East [srv ft]	Grid North [srv ft]	Latitude	Longitude	Shape
1) No. 1H BHL	13091.78	8615.00	-18.76	-4587.63	683730.18	738252.35	33°01'42.918"N	103°52'07.410"W	point

SURVEY PROGRAM Ref Wellbore: No. 1H PWB Ref Wellpath: Preliminary				
Start MD [ft]	End MD [ft]	Positional Uncertainty Model	Log Name/Comment	Wellbore
18.00	13091.78	NaviTrak (Standard)		No. 1H PWB



Cimarex Energy Co. of Colorado

Location: Chaves County, NM
 Field: (Coral) Sec 7, T15S, R31E
 Facility: Coral Sea 7 Fed No. 1H

Slot: No. 1H SHL
 Well: No. 1H
 Wellbore: No. 1H PWB



Well Profile Data

Design Comment	MD (ft)	Inc (°)	Az (°)	TVD (ft)	Local N (ft)	Local E (ft)	DLS (%/100ft)	VS (ft)
Tie On	0.00	0.000	269.766	0.00	0.00	0.00	0.00	0.00
KOP	8395.00	0.000	269.766	8395.00	0.00	0.00	0.00	0.00
End Of Curve	8693.74	89.622	269.766	8585.98	-0.78	-189.72	30.00	189.73
No. 1H BHL	13091.78	89.622	269.766	8615.00	-18.76	-4587.63	0.00	4587.67

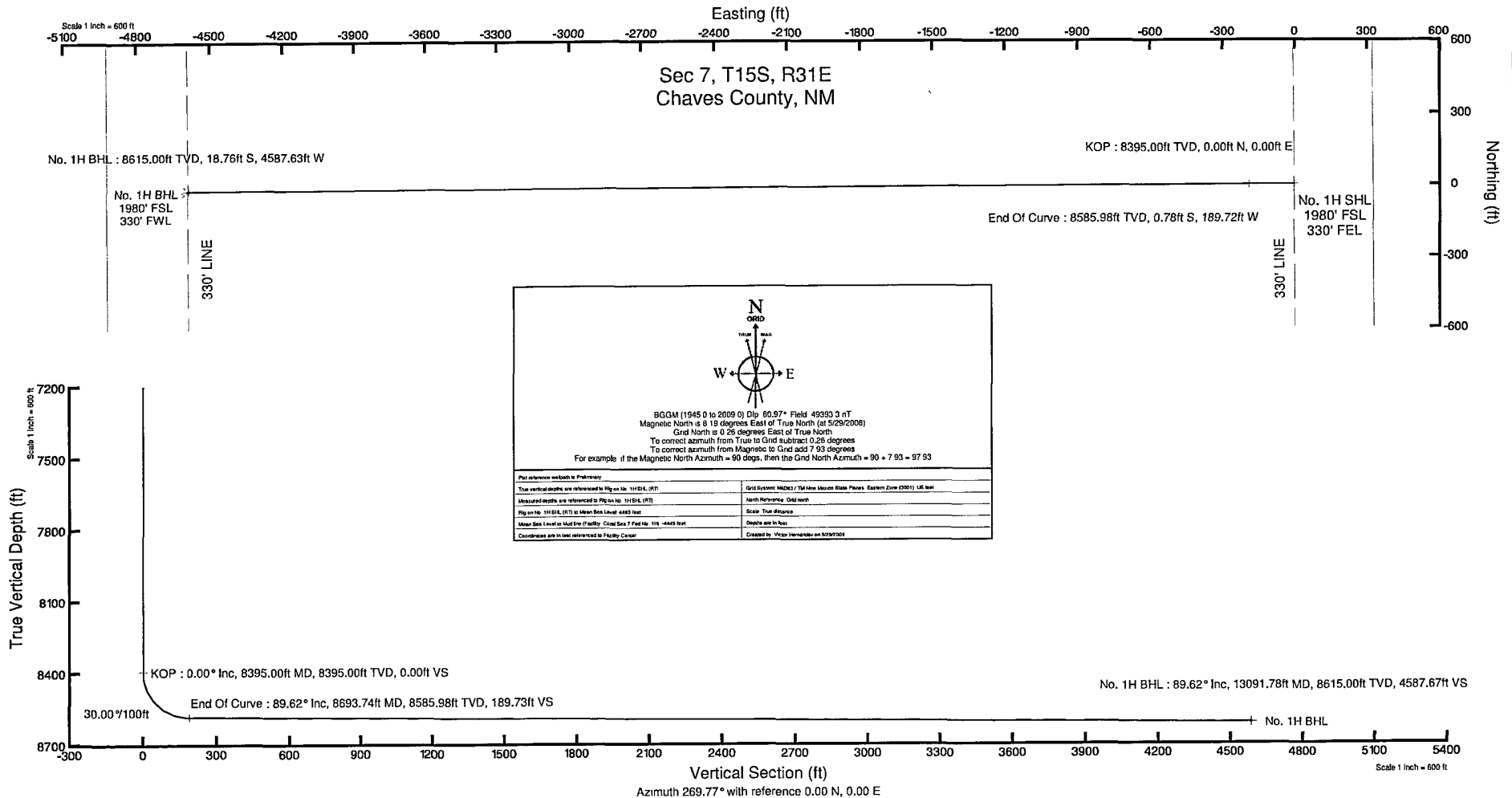


EXHIBIT A GENERAL LOCATION MAP

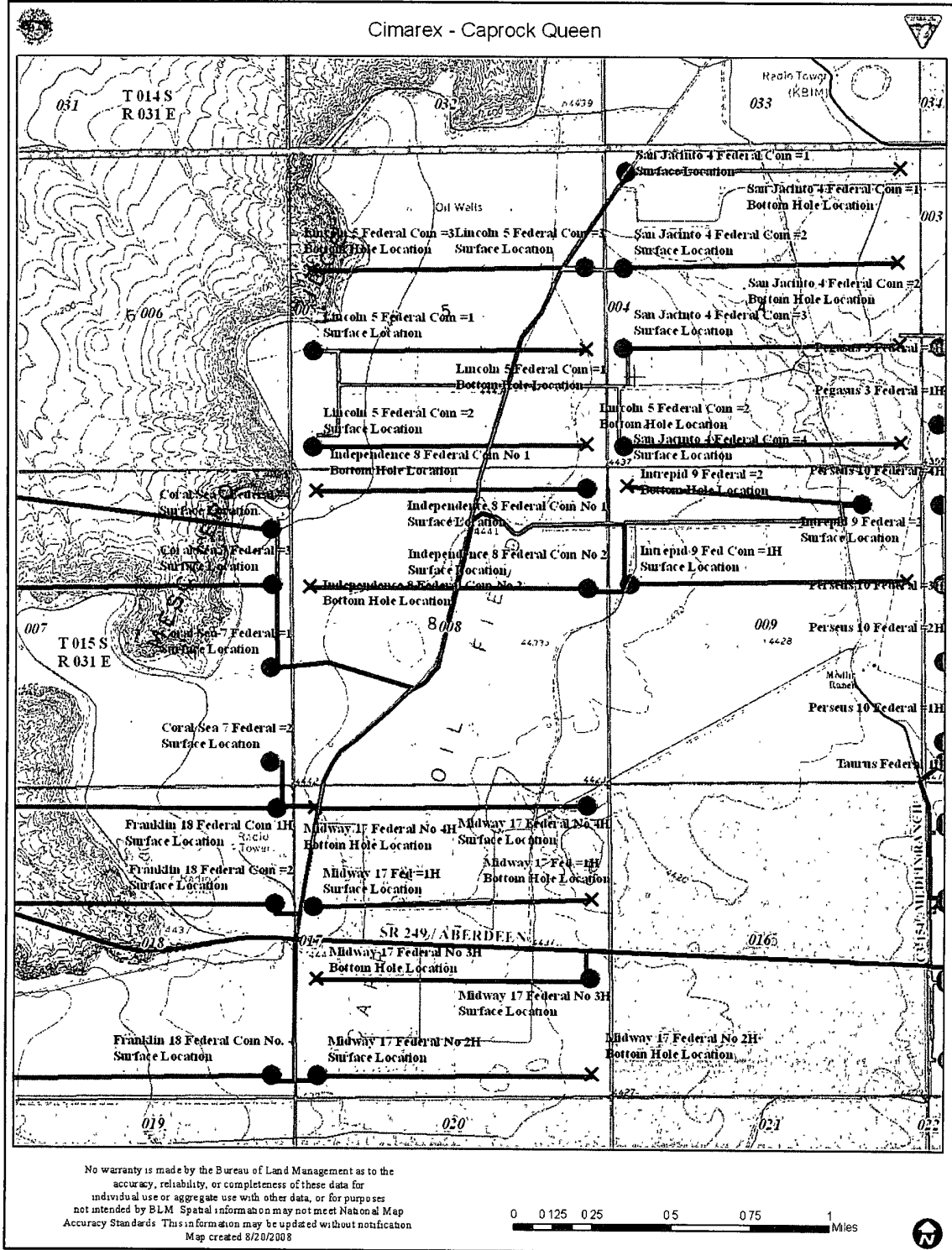


EXHIBIT B
PECOS DISTRICT - RFO
CONDITIONS OF APPROVAL

January 5, 2009

Coral Sea 7 Federal #1

Cimarex Energy Company of Colorado

Lease Number: NM-0153471

Surface: 1980' FSL & 330' FEL, Sec. 7 T15S-R31E

Bottom: 1980' FSL & 330' FWL, Sec. 7 T15S-R31E

Chaves County, New Mexico NMPM

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.

I. 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).

II. 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.

III. NOXIOUS WEEDS

The operator shall be held responsible if noxious weeds become established within the areas of operations (access road and/or well pad). 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.

IV. CONSTRUCTION

A. NOTIFICATION:

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Roswell Field Office at (505) 627-0247 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 Application for Permit to Drill and Conditions of Approval on the well site and they shall be made available upon request by the Authorized Officer.

B. TOPSOIL:

The topsoil will be stripped to approximately 6 inches in depth within the area designated for construction of the well pad. The operator shall stockpile the stripped topsoil on the side of the well pad. The topsoil will be used for interim and final reclamation of the surface disturbance created by the construction of the well pad.

C. CLOSED SYSTEMS OR STEEL TANKS: No reserve pit will be used.

Steel tanks are required for drilling operations: No Pits Allowed.

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, payment shall be made to the BLM prior to removal of any federal mineral material. Call the Roswell Field Office at (505) 627-0236.

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 need.

F. ON LEASE ACCESS ROADS:

Road Egress and Ingress

The access road shall be constructed to access the corner of the well pad.

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.

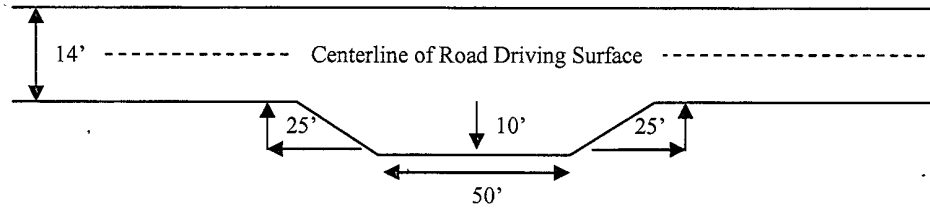
Crowning

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.

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

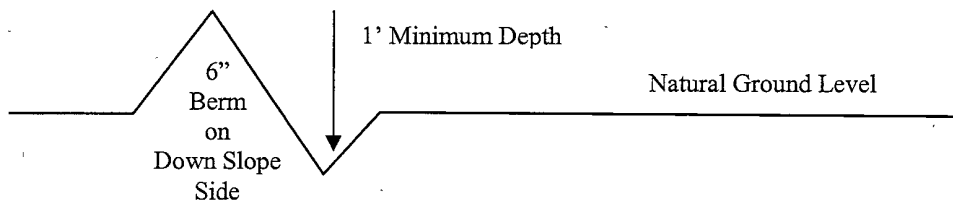


Drainage

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 Typical Lead-off Ditch



All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval are variable for lead-off ditches and shall be determined according to the formula for spacing intervals of lead-off ditches, but may be amended depending upon existing soil types and centerline road slope (in %);

Formula For Spacing Interval Of Lead-off Ditches

Example - On a 4% road slope that is 400 feet long, the water flow shall drain water into a lead-off ditch. Spacing interval shall be determined by the following formula:

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

Cattleguards

An appropriately sized cattleguard(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

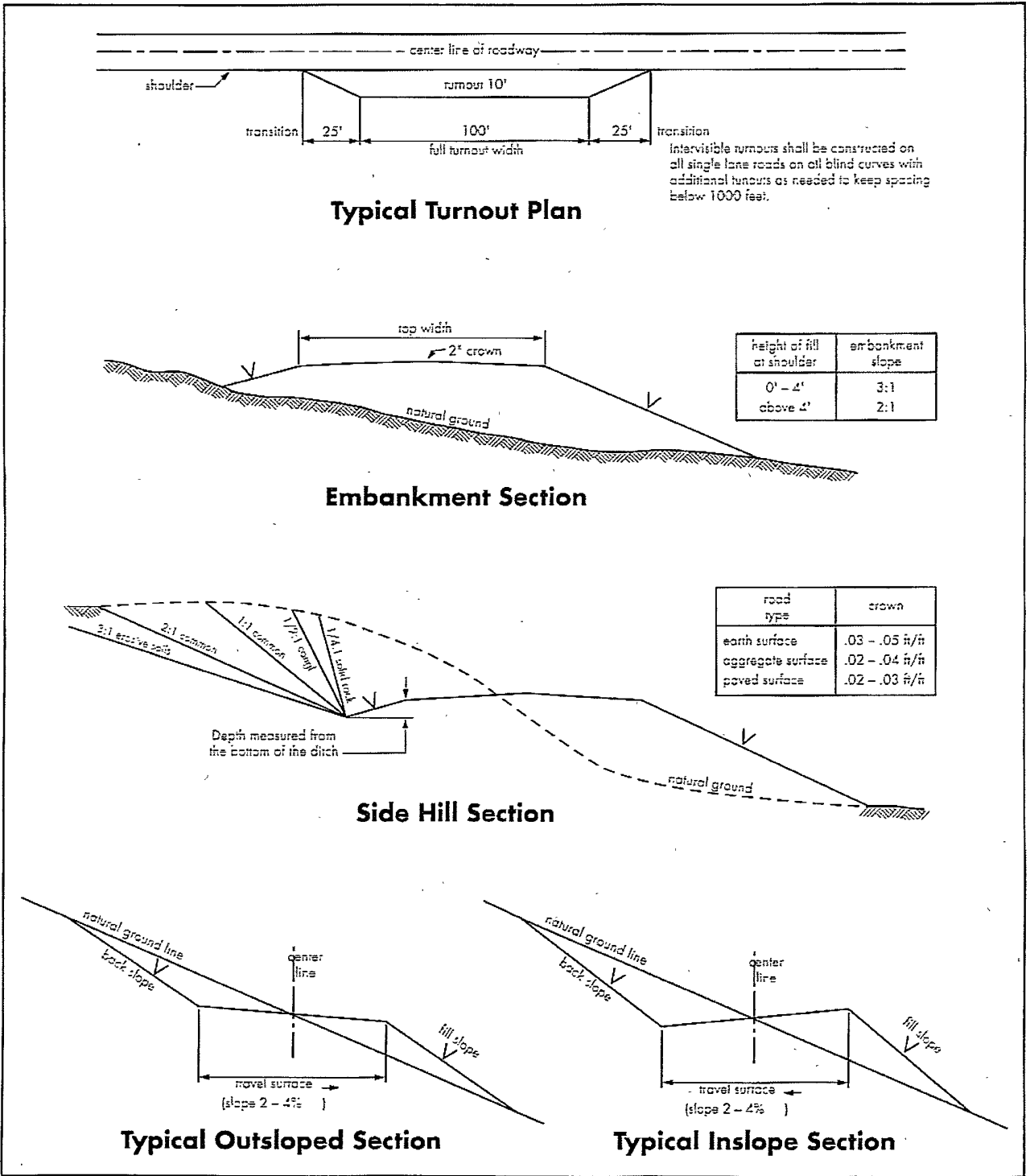
Where entry is required across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting.

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



V. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

1. Call the Roswell Field Office, 2909 West Second St., Roswell, NM 88201. During office hours call (575) 627-0205 or after office hours call (575) 910-6024. Engineer on call during office hours call (575) 627-0275 or after office hours call (575) 626-5749.

2. The Roswell Field Office is to be notified a minimum of 24 hours in advance for a representative to witness:

a. Spudding

b. Cementing casing: 13-3/8 inch 9-5/8 inch 7 inch 4-1/2 inch

c. BOPE Tests-4 Hours Minimum Call Out

3. 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.

4. Include the API No. assigned to well by NMOCD on the subsequent report of setting the first casing string.

B. CASING:

1. The 13-3/8 inch surface casing shall be set at approximately 340 feet and cemented to the surface.

a. If cement does not circulate to the surface, the Roswell Field 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 or 500 pounds compression 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 compression strength, whichever is greater.

d. If cement falls back, remedial action 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 sufficient to circulate to the surface. If cement does not circulate see B.1.a-d above.

3. The minimum required fill of cement behind the 7 inch production casing is **sufficient to tie back 500 feet above the uppermost perforation in the pay zone**. If cement does not circulate, 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.
4. There is no required fill of cement behind the 4-1/2 inch production casing since a Peak Systems Iso-Pak liner will be used for lateral and will not require cementing.
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. Before drilling below the 13-3/8 inch surface casing shoe, the blowout preventer assembly shall consist of a minimum of One Annular Preventer or Two Ram-Type Preventers and a Kelly Cock/Stabbing Valve. Before drilling below the 9-5/8 inch intermediate casing shoe, the blowout preventer assembly shall consist of a minimum of One Annular Preventer, Two Ram-Type Preventers, and a Kelly Cock/Stabbing Valve.
2. Before drilling below the 13-3/8 inch surface casing shoe, minimum working pressure of the blowout preventer and related equipment (BOPE) shall be **2000** psi. Before drilling below the 9-5/8 inch intermediate casing shoe, minimum working pressure of the blowout preventer and related equipment (BOPE) shall be **3000** psi.
3. The BOPE shall be installed before drilling below the 13-3/8 inch surface casing and the 9-5/8 inch intermediate casing and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.
 - a. The BLM Roswell Field office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - b. The tests shall be done by an independent service company.
 - c. 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.
 - d. 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 BLM Roswell Field Office at 2909 West Second Street, Roswell, New Mexico 88201.
 - e. Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
 - f. Testing must be done in a safe workman like manner. Hard line connections shall be required.

g. The requested variance to test the BOPE prior to **drilling below the 13-3/8 inch surface casing** to the reduced pressure of **1000** psi using the rig pumps is approved.

VI. PRODUCTION

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, Juniper Green (Standard Environmental Color Chart June 2008).

VRM Facility Requirement

Low-profile tanks not greater than eight-feet-high shall be used.

VII. 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.

During reclamation, the removal of caliche is important to increasing the success of revegetating the site. Removed caliche may be used in road repairs, fire walls or for building other roads and locations. In addition, 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.

The following soil or soil associations may represent these ecological sites:

Alama silt loam, dry, 0-3% Slope, Atoka, Bigetty-Pecos, Harkey fine sandy loam, Holloman, Holloman-Gypsum Land, Hollomex loam, 1-9% slope, dry, Largo loam, Milner loam, 0-2% slope, dry, Reagan loam, Reakor, Reakor-Bigetty, Reakor-Tencee, Reeves loam, 0-2% slope, dry, Russler, Shanta, Upton-Reakor.

Loamy, SD-3 Ecological Site; Loamy CP-2; Gyp Upland CP-2 (for Loamy HP-3)		
<u>Common Name and Preferred Variety</u>	<u>Scientific Name</u>	<u>Pounds of Pure Live Seed Per Acre</u>
Blue grama,	<i>(Bouteloua gracilis)</i>	4.00 LBS.
Sideoats grama,	<i>(Bouteloua curtipendula)</i>	1.0 LB.
Sand dropseed	<i>(Sporobolus cryptandrus)</i>	0.5 LB.
Vine mesquite	<i>(Panicum obtusum)</i>	1.0 LB.
Plains bristlegrass	<i>(Setaria macrostachya)</i>	1.0 LB.
Indian blanketflower	<i>(Gaillardia aristata)</i>	0.5 LB.
Desert or Scarlet	<i>(Sphaeralcea ambigua)</i>	1.0 LB.
Globemallow or	<i>(S. coccinea)</i>	
Annual sunflower	<i>(Helianthus annuus)</i>	<u>0.75 LB.</u>
TOTAL POUNDS PURE LIVE SEED (pls) PER ACRE		9.75 LBS.

Certified Weed Free Seed. If one species is not available, increase ALL others proportionately. Use No Less than 4 species, including one forb. No less than 9.75 pounds lbs per acre shall be applied.

VIII. FINAL ABANDONMENT & REHABILITATION REQUIREMENTS

1. Before starting abandonment operations the operator must submit a Notice of Intent to Abandon on Sundry Notices and Reports on Wells, Form 3160-5. If the operator proposes to modify the plans for surface reclamation approved at the APD stage, the operator must attach these modifications to the Notice of Intent to Abandon. For wells not having an approved plan for surface reclamation, operators must submit to the BLM a proposal describing the procedures to be followed for complete abandonment, including a map showing the disturbed area and roads to be reclaimed. If applicable, the private surface owner will be notified and their views will be carefully considered.
2. Earthwork for interim and final reclamation must be completed within 6 months of well completion or well plugging (weather permitting). All pads, pits, and roads must be reclaimed to a satisfactorily revegetated, safe, and stable condition, unless an agreement is made with the landowner or Surface Managing Agency to keep the road or pad in place. Upon completion of reclamation operations, the lessee or operator must notify the BLM using Form 3160-5, Final Abandonment Notice, when the location is ready for inspection. Final abandonment will not be approved until the surface reclamation work required in the Surface Use Plan of Operations or Subsequent Report of Plug and Abandon has been completed to the satisfaction of the Surface Managing Agency.

3. Upon abandonment of the well, all casing shall be cut-off at the base of the cellar or 3-feet below final restored ground level (whichever is deeper). A 4-inch pipe, 10 feet in length, shall be installed 4 feet above ground and embedded in cement. The following information shall be permanently inscribed on the dry hole marker: Well name and number, the name of the operator, the lease serial number, the surveyed location (the quarter-quarter section, section, township and range or other authorized survey designation acceptable to the authorized officer; such as metes and bounds).