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"

30-015-34716

March 6, 2006

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

Re: Statewide Rule 118
Hydrogen Sulfide Gas Contingency Plan
Proposed Freedom 25 Fee No. 1 Well

Dear Mr. Arrant:

In accordance with NMAC 19.15.3.118 C. (1) governing the determination of the hydrogen sulfide concentration in gaseous mixtures in each of its operations, Gruy Petroleum Management Co. does not anticipate that there will be enough H2S 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):

Freedom 25 Fee No. 1
Section 25-T25S-R26E
660' FNL & 990' FWL
Eddy 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,

Zeno Farris

Zeno Farris
Manager, Operations Administration

Cementing and Mud Details

Gruy Petroleum Management Co.
Freedom 25 Fee No. 1
Unit Letter D Section 25
T25S - R26E Eddy County, NM

1. Cementing & Setting Depth:
13 3/8" Surface
Set 220' of 13 3/8" H-40 48# ST&C casing. Cement with 250 Sx. Of Class "C" cement + additives, circulate cement to surface.

9 5/8" Intermediate
Set 2700' of 9 5/8" J-55 40# LT&C casing. Cement lead with 680 sx Class POZ/C Cement + additives and tail with 200 sx Class "C" + additives, circulate cement to surface.

5 1/2" Production
Set 12700' of 5 1/2" P-110 17# LT&C casing. Cement in two stages, first stage cement with 670 Sx. of Class POZ/C Cement + additives. Second stage cement with 950 Sx of Class "C". Estimated top of cement 2400'.

2. Pressure control Equipment:
A 13 3/8" 5000 PSI working pressure B.O.P. consisting of one set of blind rams and one set of pipe rams and a 5000# annular type preventor. 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 9 5/8" casing and will be operated at least once a day while drilling and the blind rams will be operated when out of hole during trips. No abnormal pressure or temperature is expected while drilling.

3. Proposed Mud Circulating System:

Depth 0-220'
Mud Wt: 8.4-8.6
Viscosity: 30-32
Fluid Loss: May lose Circ
Type: Mud Fresh water spud mud add paper to control seepage and high viscosity sweeps to clean hole.

Depth: 400'- 2700'
Mud Wt: 9.7 - 10.0
Viscosity: 28 - 29
Fluid Loss: May lose circ.
Type: Brine water. Add paper as needed to control seepage and add lime to control pH (9-10). Use high viscosity sweeps to clean hole.

Cementing and Mud Details

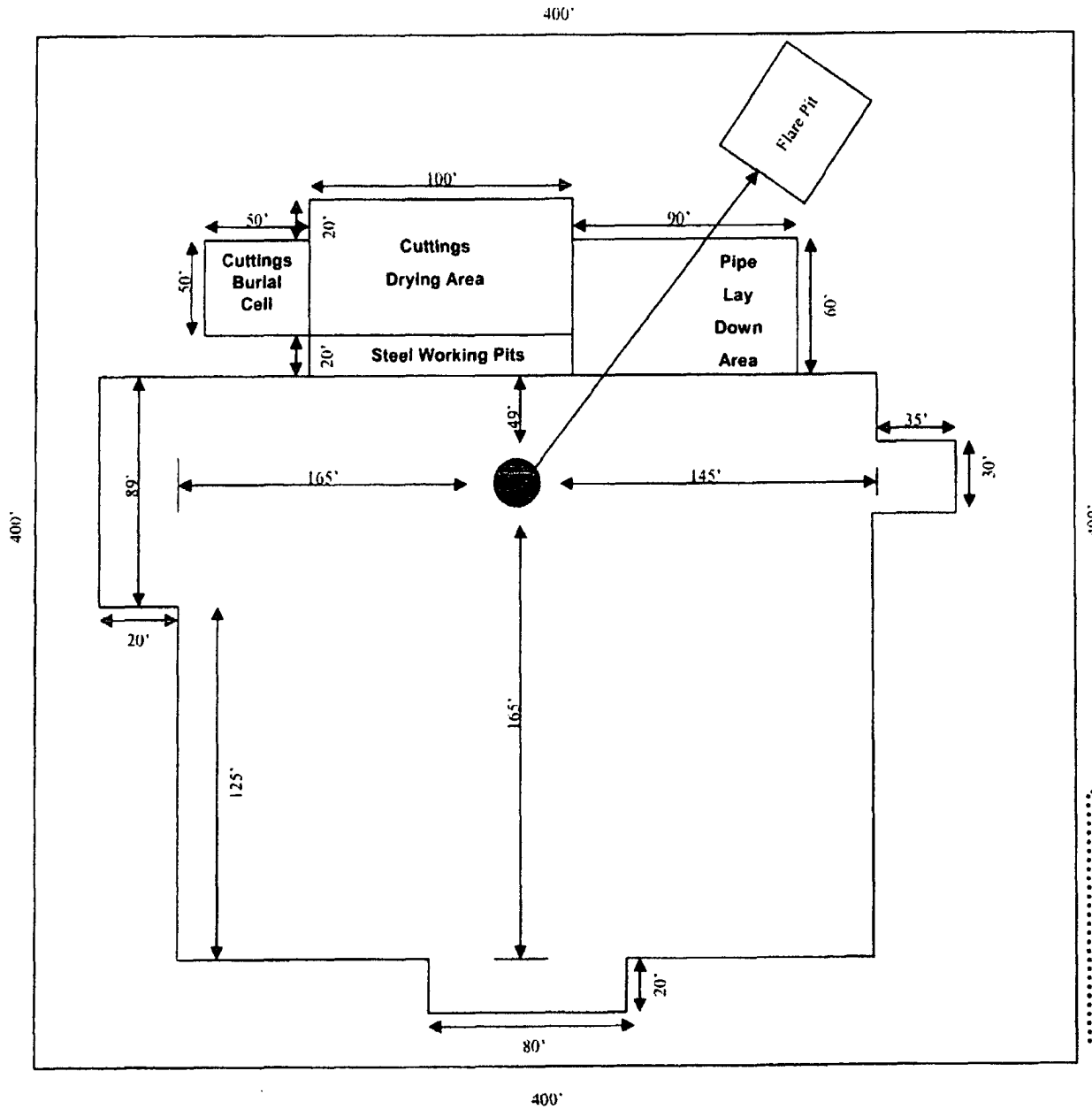
Gruy Petroleum Management Co.
Freedom 25 Fee No. 1
Unit Letter D Section 25
T25S - R26E Eddy County, NM

Depth: 2700' - 8300'
Mud Weight: 8.4 - 9.9
Viscosity: 28 - 29
Fluid Loss: NC
Type: Fresh water. Paper for seepage. Lime for pH (9 - 9.5)

Depth: 8300' - 10000'
Mud Wt: 8.45 - 8.9
Viscosity: 28 - 29
Fluid Loss: NC
Type: Cut brine. Caustic for pH control.

Depth: 10000' - 12700'
Mud Wt: 8.9 - 9.7
Viscosity: 29 - 45
Fluid Loss: NC
Type: XCD Polymer mud system.

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



Rig 80

Gruy Petroleum Management Co.

Irving, TX

Exhibit D – Rig Layout Plan

Freedom 25 Fee No. 1

Gruy Petroleum Management Co.

Section 25-T25S-R26E

660' FNL & 990' FWL

Eddy County, NM

Cuttings Burial Cell, Onsite