

OCD-ARTESIA

ATS-10-118  
EA-10-357

LM

Form 3160-3  
(April 2004)

SECRETARY'S POTASH

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

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

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. SHL NM-0560353, BHL LC-063613
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator Cimarex Energy Co. of Colorado		7. If Unit or CA Agreement, Name and No. Pending
3a. Address 600 N. Marienfeld St., Ste. 600; Midland, TX 79701	3b. Phone No. (include area code) 432-571-7800	8. Lease Name and Well No. Crescent Hale 1 Federal Com No. 2
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At Surface 1980 FNL & 330 FWL At proposed prod. Zone 1980 FNL & 1650 FEL Horizontal Bone Spring test		9. API Well No. 30-015- 37750
14. Distance in miles and direction from nearest town or post office*		10. Field and Pool, or Exploratory Indesignated Benson, Bone Spring
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig unit line if any) 330'		11. Sec., T. R. M. or Blk and Survey or Area 1-19S-30E
16. No of acres in lease NM-0560353 - 2160.32 acres LC-063613 - 280.4 acres		12. County or Parish Eddy
17. Spacing Unit dedicated to this well S2NW, SENE 120 acres		13. State NM
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. N/A		20. BLM/BIA Bond No. on File NM-2575
19. Proposed Depth Pilot Hole 8950' MD 11963' TVD 8730'		21. Estimated duration 25-30 days
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3526' GR		22. Approximate date work will start* 03.15.10
24. Attachments		

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

- |   |  |
|---|--|
| 1. Well plat certified by a registered surveyor   | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above)     |
| 2. A Drilling Plan  | 5. Operator Certification  |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature <i>Zeno Farris</i>	Name (Printed/Typed) Zeno Farris	Date 01.26.10
Title Manager Operations Administration		
Approved By (Signature) <i>/s/ Vance H. Jones</i>	Name (Printed/Typed) <i>/s/ Vance H. Jones</i>	Date MAR 2 2010
Title STATE DIRECTOR	Office NM STATE OFFICE	

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)

APPROVAL FOR TWO YEARS

SEE ATTACHED FOR  
CONDITIONS OF APPROVAL

Capitan Controlled Water Basin

Approval Subject to General Requirements  
& Special Stipulations Attached

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

DISTRICT II  
1501 W. Grand Avenue, Artesia, NM 88210

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

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

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised October 15, 2009

Submit one copy to appropriate  
District Office

**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number <b>30-015-37750</b>	Pool Code	Pool Name <b>Bone Spring</b>
Property Code <b>38064</b>	Property Name <b>CRESCENT HALE "1" FEDERAL COM</b>	Well Number <b>2</b>
OGRID No. <b>162683</b>	Operator Name <b>CIMAREX ENERGY CO. OF COLORADO</b>	Elevation <b>3526'</b>

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	1	19 S	30 E		1980	NORTH	330	WEST	EDDY

Bottom Hole Location If Different From Surface

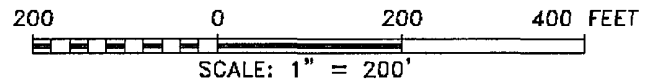
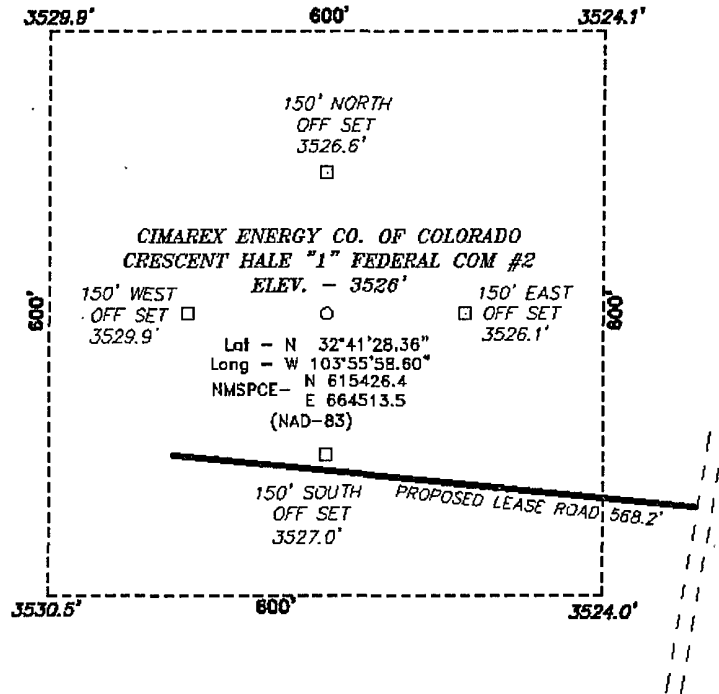
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	1	19 S	30 E		1980	NORTH	1650	EAST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
120			

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><b>SURFACE LOCATION</b> Lat - N 32°41'28.36" Long - W 103°55'58.60" NMSPCE- N 615426.4 E 664513.5 (NAD-83)</p> <p><b>PROPOSED BOTTOM HOLE LOCATION</b> Lat - N 32°41'28.28" Long - W 103°55'20.18" NMSPCE- N 615431.17 E 667796.66 (NAD-83)</p>	<p><b>OPERATOR CERTIFICATION</b></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 or has a right to drill this well at this 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> 1/26/2010 Signature Date</p> <p>Zeno Farris Printed Name</p> <p><b>SURVEYOR CERTIFICATION</b></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><i>Gary L. Jones</i> Date Surveyed Signature &amp; Seal of Professional Surveyor</p> <p>Certificate No. Gary L. Jones 7977</p> <p><b>BASIN SURVEYS</b></p>
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SECTION 1, TOWNSHIP 19 SOUTH, RANGE 30 EAST, N.M.P.M.,  
EDDY COUNTY, NEW MEXICO.



Directions to Location:

FROM THE JUNCTION OF SHUGART AND GRUBBS, GO WEST ON GRUBBS FOR 2.7 MILES TO LEASE ROAD, ON LEASE ROAD GO SOUTH 2.0 MILES TO LEASE ROAD, ON LEASE ROAD GO WESTERLY 0.25 MILE THENCE NORTHERLY 0.15 MILES TO PROPOSED LEASE ROAD.

**CIMAREX ENERGY CO. OF COLORADO**

REF: CRESCENT HALE "1" FEDERAL COM #2 / WELL PAD TOPO

THE CRESCENT HALE "1" FEDERAL COM #2 LOCATED 1980'

FROM THE NORTH LINE AND 330' FROM THE WEST LINE OF

SECTION 1, TOWNSHIP 19 SOUTH, RANGE 30 EAST,

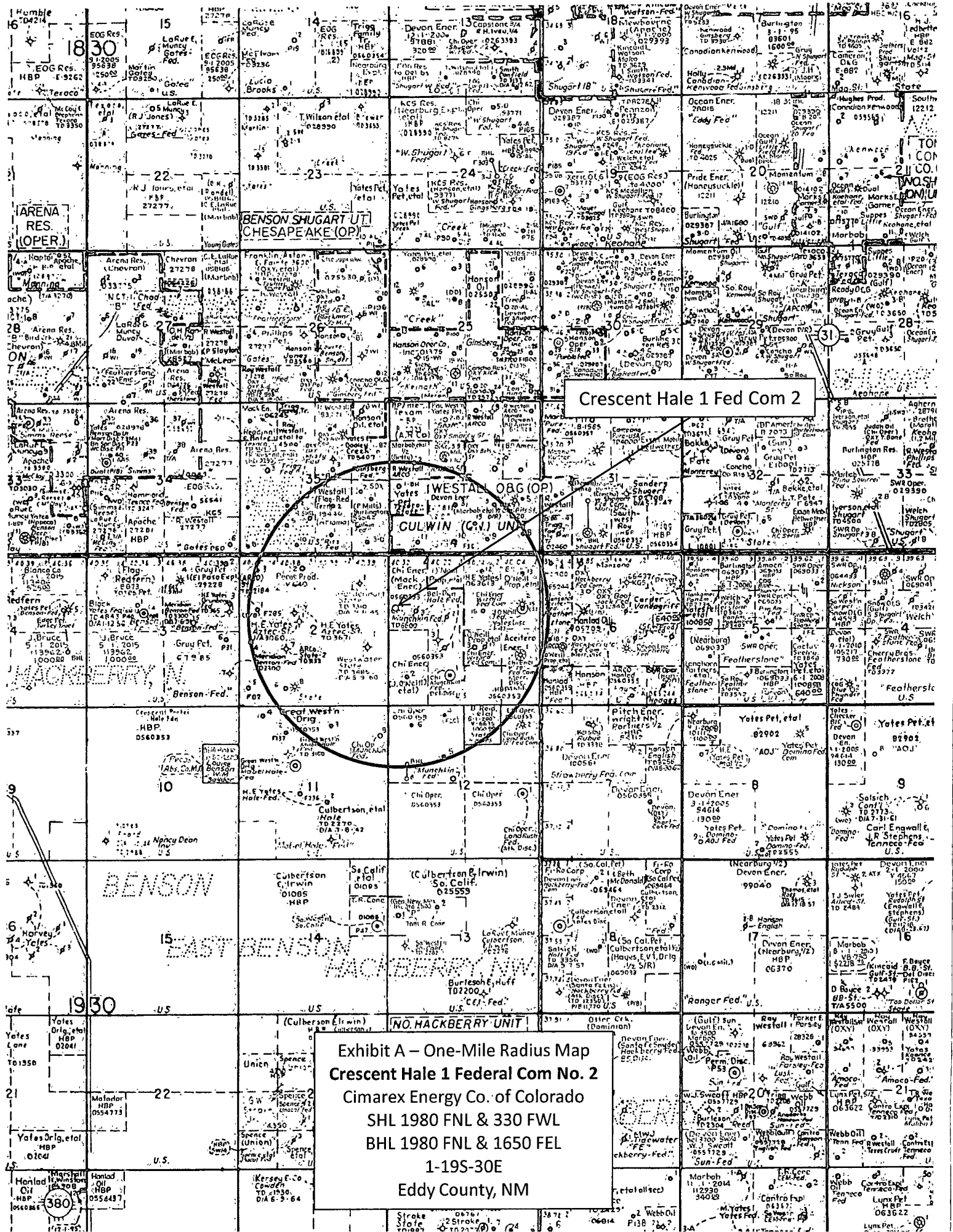
N.M.P.M., EDDY COUNTY, NEW MEXICO.

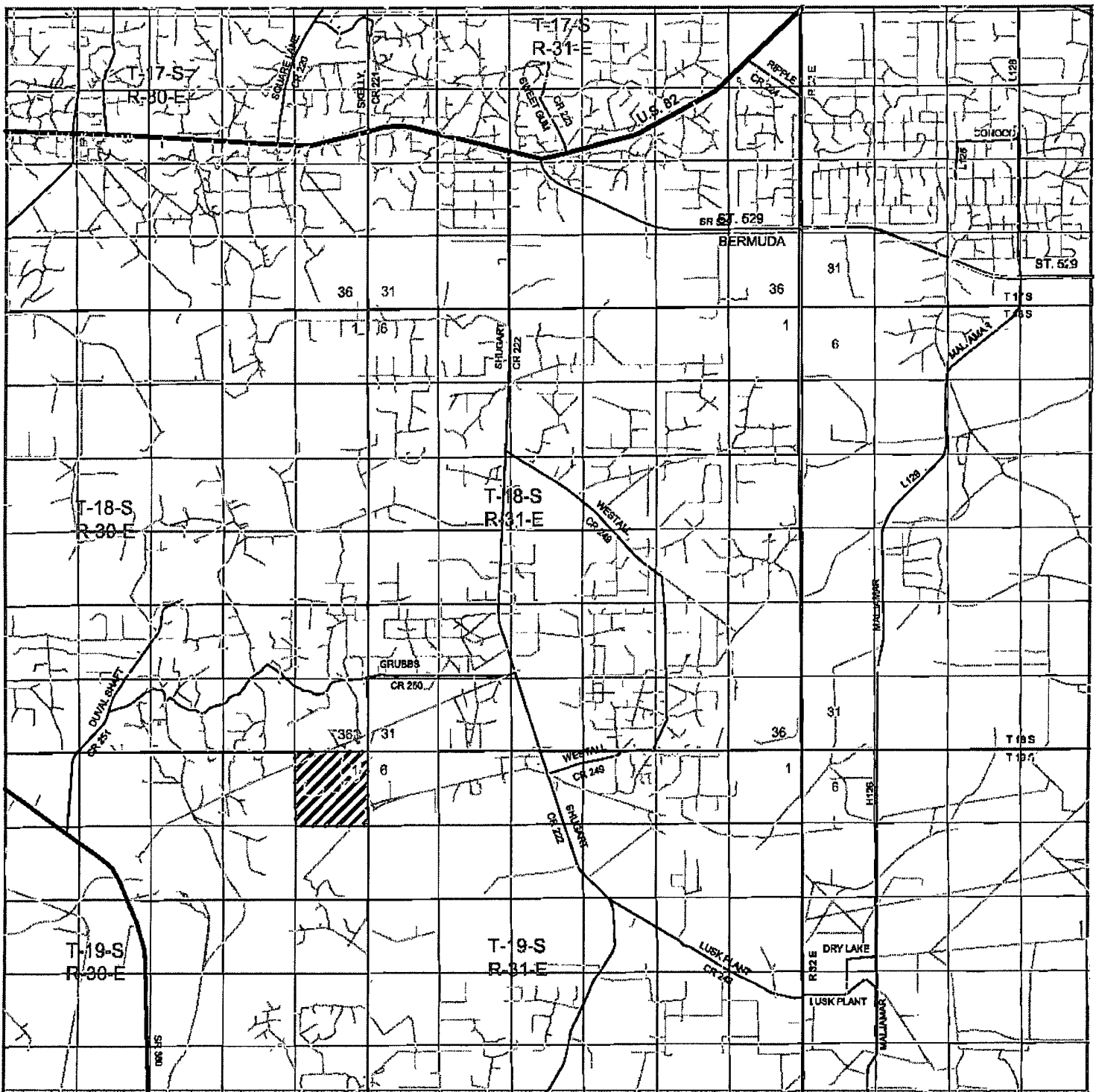
**Basin Surveys** P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: 21954 Drawn By: J. SMALL

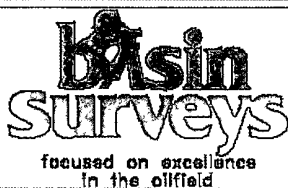
Date: 12-03-2009 Disk: JMS 21954

Survey Date: 11-30-2009 Sheet 1 of 1 Sheets





**CRESCENT HALE "1" FEDERAL COM #2**  
 Located 1980' FNL and 330' FWL  
 Section 1, Township 19 South, Range 30 East,  
 N.M.P.M., Eddy County, New Mexico.



P.O. Box 1786  
 1120 N. West County Rd.  
 Hobbs, New Mexico 88241  
 (575) 393-7316 - Office  
 (575) 392-2206 - Fax  
 basin-surveys.com

W.O. Number: JMS 21954

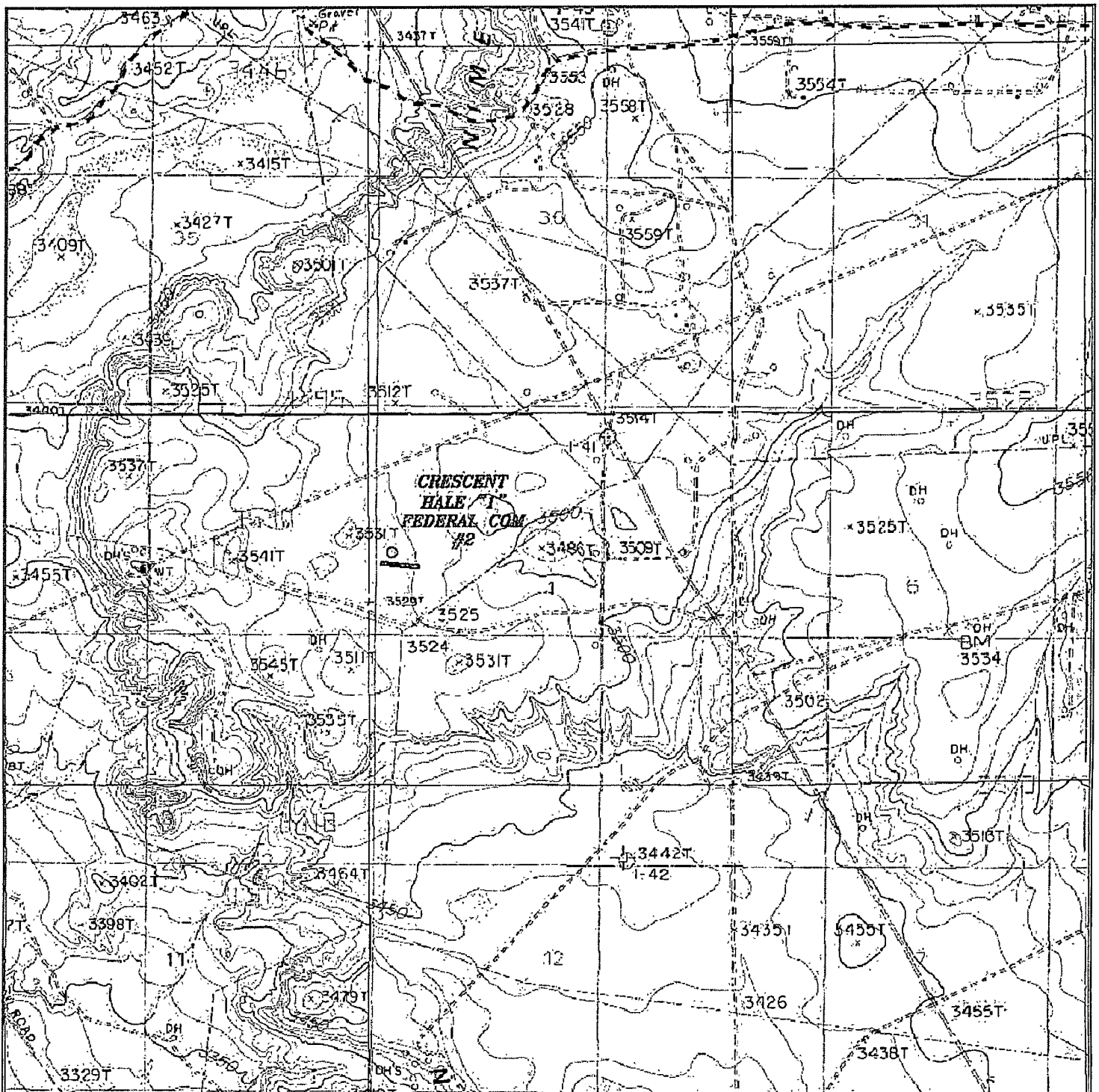
Survey Date: 11-30-2009

Scale: 1" = 2 Miles

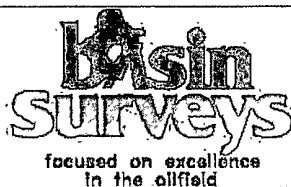
Date: 12-03-2009

**CIMAREX  
 ENERGY CO.  
 OF COLORADO**

Exhibit B



**CRESCENT HALE "1" FEDERAL COM #2**  
 Located 1980' FNL and 330' FWL  
 Section 1, Township 19 South, Range 30 East,  
 N.M.P.M., Eddy County, New Mexico.



P.O. Box 1786  
 1120 N. West County Rd.  
 Hobbs, New Mexico 88241  
 (575) 393-7316 - Office  
 (575) 392-2206 - Fax  
 basinsurveys.com

W.D. Number: JMS 21954

Survey Date: 11-30-2009

Scale: 1" = 2000'

Date: 12-03-2009

**CIMAREX  
 ENERGY CO.  
 OF COLORADO**

Application to Drill  
**Crescent Hale 1 Federal Com No. 2**  
 Cimarex Energy Co. of Colorado  
 Unit E, Section 1  
 T19S-R30E, Eddy County, NM

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

- 1 Location: SHL 1980 FNL & 330 FWL  
 BHL 1980 FNL & 1650 FEL
  
- 2 Elevation above sea level: 3,526 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 8950' MD 11963' TVD 8730'
  
- 6 Estimated tops of geological markers:

Anhydrite	464'	Cherry Canyon	4080'
Yates	2256'	Brushy Canyon	5136'
7 Rivers	2470'	Bone Spring	6175'
Queen	3082'	FBSS	7650'
Delaware Sands	3950'	SBSS	8400'
  
- 7 Possible mineral bearing formation:

Delaware	Oil
Bone Spring	Oil

8 Proposed Mud Circulating System:

SEE  
GA

Depth	Mud Wt	Visc	Fluid Loss	Type Mud
0' to 500'	8.4 - 8.6	28	NC	FW
500' to 4000'	10.0	30-32	NC	Brine water
4000' to 8950'	8.4 - 9.5	30-32	NC	FW, brine
8570' to 11963'	8.4	28-32	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.

Proposed drilling Plan

After drilling and setting surface casing, drill to vertical TD 8950' and log. Set 7" casing to 8510' and cross over to 2 7/8" 2000 psi IJ fiberglass tubing underneath to 8950' and cement in place. Drill out of the bottom of the 7" with a 6 1/8" bit and through cement and fiberglass tubing to KOP @ 8570' and kick off to drill the lateral. The fiberglass tubing effectively circulates cement to surface and plugs back the open hole.

Application to Drill  
**Crescent Hale 1 Federal Com No. 2**  
 Cimarex Energy Co. of Colorado  
 Unit E, Section 1  
 T19S-R30E, Eddy County, NM

9 Casing & Cementing Program:

see COA

String	Hole Size	Depth	<del>515</del>	Casing OD	Weight	Collar	Grade
Surface	17½"	0' to	500'	New 13⅝"	48#	STC	H-40
Intermediate	12¼"	0' to	4000'	New 9⅝"	40#	LTC	J/K-55
Production	8¾"	0' to	8510'	New 7"	26#	LTC	P-110
Production	8¾"	8510' to	8950'	New 2⅝"	2.18#	0	IJ
Lateral Pt. 1	6⅝"	8380' to	8872'	New 4½"	11.6#	BTC	P-110
Lateral Pt. 2	6⅝"	8872' to	11963'	New 4½"	11.6#	LTC	P-110

10 Cementing:

**Surface** 600 sx Premium Plus + 2% CaCl<sub>2</sub> (wt 14.8, yld 1.35)  
**TOC Surface**

**Intermediate** Lead: 215 sx Econocem + 3% Salt + 2% CaCl<sub>2</sub> + 3 lbm/sk Gilsonite (wt 11.7, yld 2.06)  
Tail: 650 sks Premium Plus + 1% CaCl<sub>2</sub> (wt 14.8, yld 1.34)  
**TOC Surface**

**Production** Lead: 360 sx EconoCem + 3% Salt + 5 lbm/sk gilsonite (wt 13.0, yld 1.71)  
Tail: 365 sx HalCem (wt 14.8, yld 1.34)  
**TOC 3800'**

**Lateral** No cement needed. Peak completion assembly.

Fresh water zones will be protected by setting 13⅝" casing at 500' and cementing to surface. Hydrocarbon zones will be protected by setting 9⅝" casing at 4000' and cementing to surface, and by setting 7" casing at 8510' and fiberglass to 8950' and cementing to 2800'.

<u>Collapse Factor</u>	<u>Burst Factor</u>	<u>Tension Factor</u>
1.125	1.125	1.6

11 Pressure control Equipment:

Exhibit "E". A 13⅝" 5000 PSI working pressure BOP tested to 3000 psi 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 as needed. 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 tested to 3000 psi.

BOPS will be tested by an independent service company to 250 psi low and 3000 psi high. Hydril will be tested to 250 psi low and 1500 psi high.



Application to Drill  
**Crescent Hale 1 Federal Com No. 2**  
Cimarex Energy Co. of Colorado  
Unit E, Section 1  
T19S-R30E, Eddy County, NM

- 12 Testing, Logging and Coring Program: *See CoA*
- A. Mud logging program: 2 man unit from 4000' to TD
  - B. Electric logging program: CNL / LDT / CAL / GR, DLL / CAL / GR
  - C. No DSTs or cores are planned at this time.

13 Potential Hazards:

No abnormal pressures or temperatures are expected. In accordance with Onshore Order 6, Cimarex does not anticipate that there will be enough H<sub>2</sub>S from the surface to the Bone Spring formations to meet the BLM's minimum requirements for the submission of an "H<sub>2</sub>S Drilling Operation Plan" or "Public Protection Plan" for the drilling and completion of this well. Since we have an H<sub>2</sub>S Safety package on all wells, attached is an "H<sub>2</sub>S Drilling Operations Plan." Adequate flare lines will be installed off the mud / gas separator where gas may be flared safely. All personnel will be familiar with all aspects of safe operation of equipment being used.

Estimated BHP      **3000 psi**      Estimated BHT      **130°**

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

Drilling expected to take      30-35 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.

Bone Spring pay will be perforated and stimulated.

The proposed well will be tested and potentialized as      **an oil well.**



# Cimarex Energy Co.

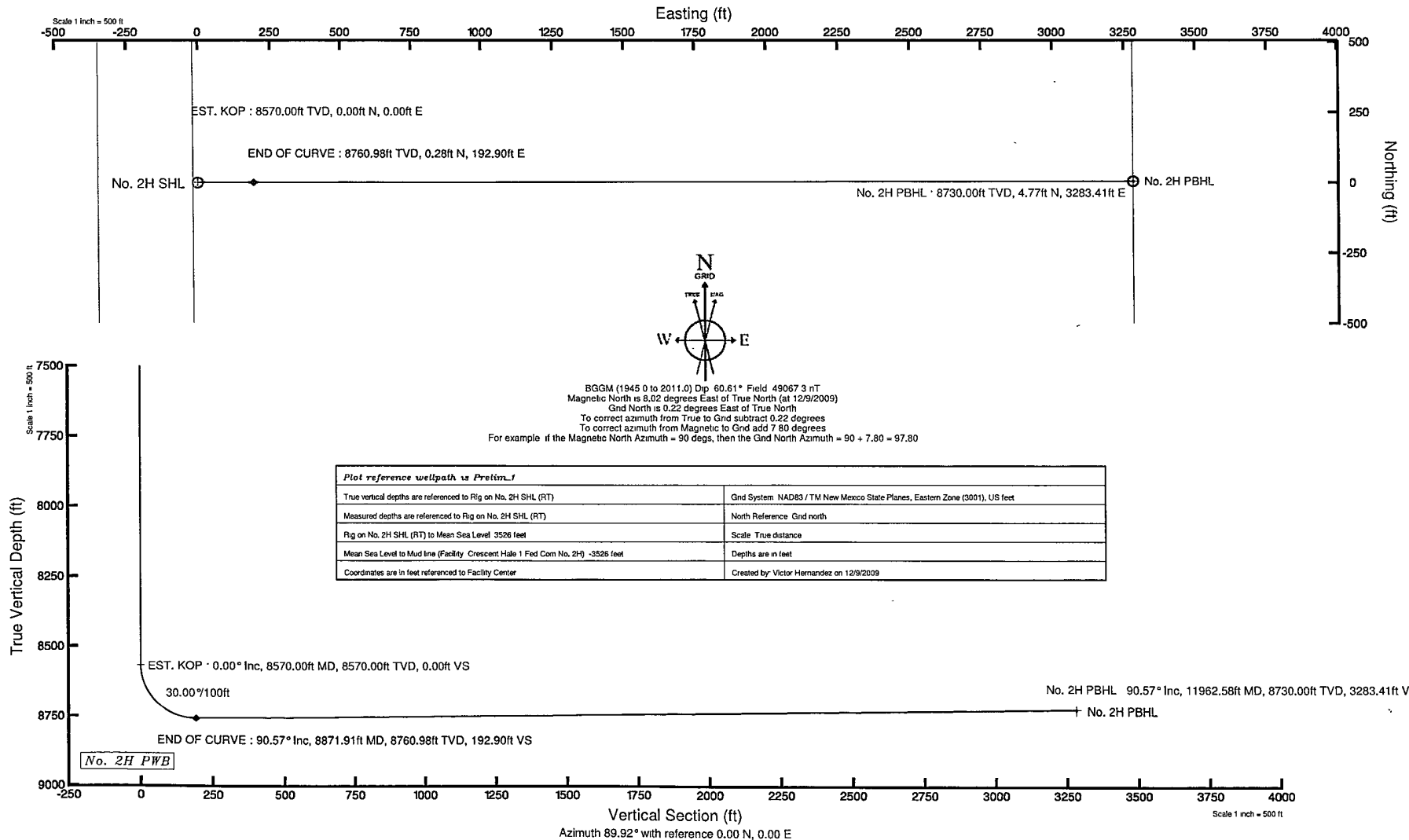
Location: Eddy County, NM  
Field: (Crescent) Sec 1, T19S, R30E  
Facility: Crescent Hale 1 Fed Com No. 2H

Slot: No. 2H SHL  
Well: No. 2H  
Wellbore: No. 2H 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	89.917	0.00	0.00	0.00	0.00	0.00
EST. KOP	8570.00	0.000	89.917	8570.00	0.00	0.00	0.00	0.00
END OF CURVE	8871.91	90.574	89.917	8760.98	0.28	192.90	30.00	192.90
No. 2H PBHL	11962.58	90.574	89.917	8730.00	4.77	3283.41	0.00	3283.41





# Planned Wellpath Report

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## REFERENCE WELLPATH IDENTIFICATION

Operator	Cimarex Energy Co.	Slot	No. 2H SHL
Area	Eddy County, NM	Well	No. 2H
Field	(Crescent) Sec 1, T19S, R30E	Wellbore	No. 2H PWB
Facility	Crescent Hale 1 Fed Com No. 2H		

## REPORT SETUP INFORMATION

Projection System	NAD83 / TM New Mexico State Planes, Eastern Zone (3001), US feet	Software System	WellArchitect® 2.0
North Reference	Grid	User	Victor Hernandez
Scale	0.999926	Report Generated	12/9/2009 at 5:20:30 PM
Convergence at slot	0.22° East	Database/Source file	WA_Midland/No. 2H_PWB.xml

## WELLPATH LOCATION

	Local coordinates		Grid coordinates		Geographic coordinates	
	North[ft]	East[ft]	Easting[USft]	Northing[USft]	Latitude	Longitude
Slot Location	0.00	0.00	664513.50	615426.40	32°41'28.361"N	103°55'58.601"W
Facility Reference Pt			664513.50	615426.40	32°41'28.361"N	103°55'58.601"W
Field Reference Pt			664708.10	613101.90	32°41'05.353"N	103°55'56.426"W

## WELLPATH DATUM

Calculation method	Minimum curvature	Rig on No. 2H SHL (RT) to Facility Vertical Datum	0.00ft
Horizontal Reference Pt	Facility Center	Rig on No. 2H SHL (RT) to Mean Sea Level	3526.00ft
Vertical Reference Pt	Rig on No. 2H SHL (RT)	Facility Vertical Datum to Mud Line (Facility)	0.00ft
MD Reference Pt	Rig on No. 2H SHL (RT)	Section Origin	N 0.00, E 0.00 ft
Field Vertical Reference	Mean Sea Level	Section Azimuth	89.92°



# Planned Wellpath Report

Prelim\_1  
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Field	(Crescent) Sec 1, T19S, R30E	Wellbore	No. 2H PWB
Facility	Crescent Hale 1 Fed Com No. 2H		

## WELLPATH DATA (37 stations) † = interpolated/extrapolated station

MD [ft]	Inclination [°]	Azimuth [°]	TVD [ft]	Vert Sect [ft]	North [ft]	East [ft]	DLS [°/100ft]	Comments
0.00	0.000	89.917	0.00	0.00	0.00	0.00	0.00	Tie On
8570.00	0.000	89.917	8570.00	0.00	0.00	0.00	0.00	EST. KOP
8670.00†	30.000	89.917	8665.49	25.59	0.04	25.59	30.00	
8770.00†	60.000	89.917	8735.40	95.49	0.14	95.49	30.00	
8870.00†	90.000	89.917	8760.99	190.99	0.28	190.99	30.00	
8871.91	90.574	89.917	8760.98	192.90	0.28	192.90	30.00	END OF CURVE
8970.00†	90.574	89.917	8759.99	290.98	0.42	290.98	0.00	
9070.00†	90.574	89.917	8758.99	390.98	0.57	390.98	0.00	
9170.00†	90.574	89.917	8757.99	490.97	0.71	490.97	0.00	
9270.00†	90.574	89.917	8756.99	590.97	0.86	590.97	0.00	
9370.00†	90.574	89.917	8755.98	690.96	1.00	690.96	0.00	
9470.00†	90.574	89.917	8754.98	790.96	1.15	790.96	0.00	
9570.00†	90.574	89.917	8753.98	890.95	1.29	890.95	0.00	
9670.00†	90.574	89.917	8752.98	990.95	1.44	990.94	0.00	
9770.00†	90.574	89.917	8751.98	1090.94	1.58	1090.94	0.00	
9870.00†	90.574	89.917	8750.97	1190.94	1.73	1190.93	0.00	
9970.00†	90.574	89.917	8749.97	1290.93	1.88	1290.93	0.00	
10070.00†	90.574	89.917	8748.97	1390.93	2.02	1390.92	0.00	
10170.00†	90.574	89.917	8747.97	1490.92	2.17	1490.92	0.00	
10270.00†	90.574	89.917	8746.96	1590.92	2.31	1590.91	0.00	
10370.00†	90.574	89.917	8745.96	1690.91	2.46	1690.91	0.00	
10470.00†	90.574	89.917	8744.96	1790.91	2.60	1790.90	0.00	
10570.00†	90.574	89.917	8743.96	1890.90	2.75	1890.90	0.00	
10670.00†	90.574	89.917	8742.95	1990.90	2.89	1990.89	0.00	
10770.00†	90.574	89.917	8741.95	2090.89	3.04	2090.89	0.00	
10870.00†	90.574	89.917	8740.95	2190.89	3.18	2190.88	0.00	
10970.00†	90.574	89.917	8739.95	2290.88	3.33	2290.88	0.00	
11070.00†	90.574	89.917	8738.95	2390.88	3.47	2390.87	0.00	
11170.00†	90.574	89.917	8737.94	2490.87	3.62	2490.87	0.00	
11270.00†	90.574	89.917	8736.94	2590.87	3.76	2590.86	0.00	



# Planned Wellpath Report

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INTEQ

## REFERENCE WELLPATH IDENTIFICATION

Operator	Cimarex Energy Co.	Slot	No. 2H SHL
Area	Eddy County, NM	Well	No. 2H
Field	(Crescent) Sec 1, T19S, R30E	Wellbore	No. 2H PWB
Facility	Crescent Hale 1 Fed Com No. 2H		

## WELLPATH DATA (37 stations) † = interpolated/extrapolated station

MD [ft]	Inclination [°]	Azimuth [°]	TVD [ft]	Vert Sect [ft]	North [ft]	East [ft]	DLS [°/100ft]	Comments
11370.00†	90.574	89.917	8735.94	2690.86	3.91	2690.86	0.00	
11470.00†	90.574	89.917	8734.94	2790.86	4.05	2790.85	0.00	
11570.00†	90.574	89.917	8733.93	2890.85	4.20	2890.85	0.00	
11670.00†	90.574	89.917	8732.93	2990.85	4.35	2990.84	0.00	
11770.00†	90.574	89.917	8731.93	3090.84	4.49	3090.84	0.00	
11870.00†	90.574	89.917	8730.93	3190.84	4.64	3190.83	0.00	
11962.58	90.574	89.917	8730.00†	3283.41	4.77	3283.41	0.00	No. 2H PBHL

## HOLE & CASING SECTIONS Ref Wellbore: No. 2H PWB Ref Wellpath: Prelim\_1

String/Diameter	Start MD [ft]	End MD [ft]	Interval [ft]	Start TVD [ft]	End TVD [ft]	Start N/S [ft]	Start E/W [ft]	End N/S [ft]	End E/W [ft]
6.125in Open Hole	8570.00	11962.58	3392.58	8570.00	8730.00	0.00	0.00	4.77	3283.41

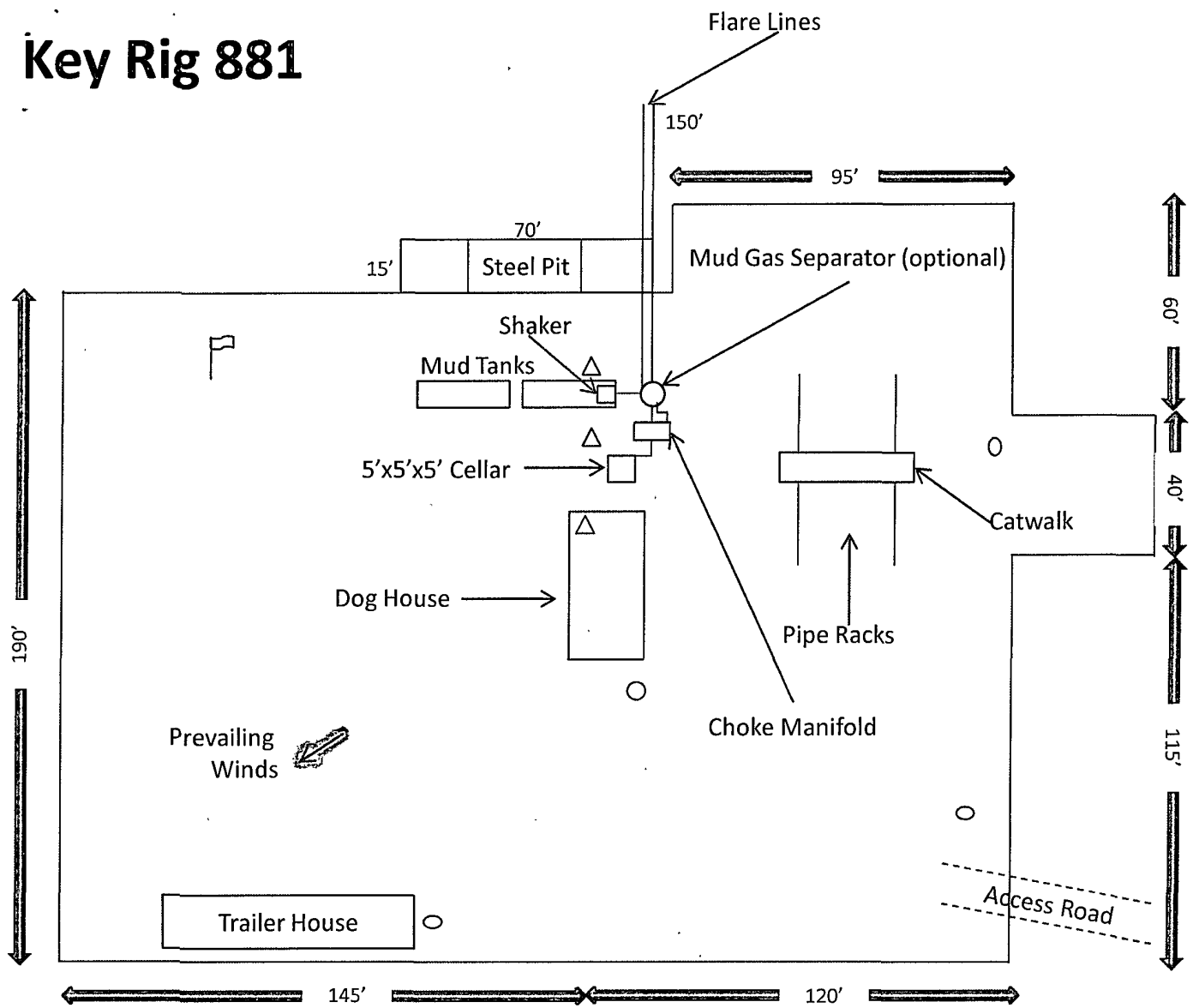
## TARGETS

Name	MD [ft]	TVD [ft]	North [ft]	East [ft]	Grid East [srv ft]	Grid North [srv ft]	Latitude	Longitude	Shape
1) No. 2H PBHL	11962.58	8730.00	4.77	3283.41	667796.66	615431.17	32°41'28.284"N	103°55'20.182"W	point

## SURVEY PROGRAM Ref Wellbore: No. 2H PWB Ref Wellpath: Prelim\_1

Start MD [ft]	End MD [ft]	Positional Uncertainty Model	Log Name/Comment	Wellbore
0.00	11962.58	NaviTrak (Standard)		No. 2H PWB

# Key Rig 881



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

Exhibit D – Rig Diagram  
**Crescent Hale 1 Federal Com No. 2**  
 Cimarex Energy Co. of Colorado  
 SHL 1980 FNL & 330 FWL  
 BHL 1980 FNL & 1650 FEL  
 1-19S-30E  
 Eddy County, NM

SR & A

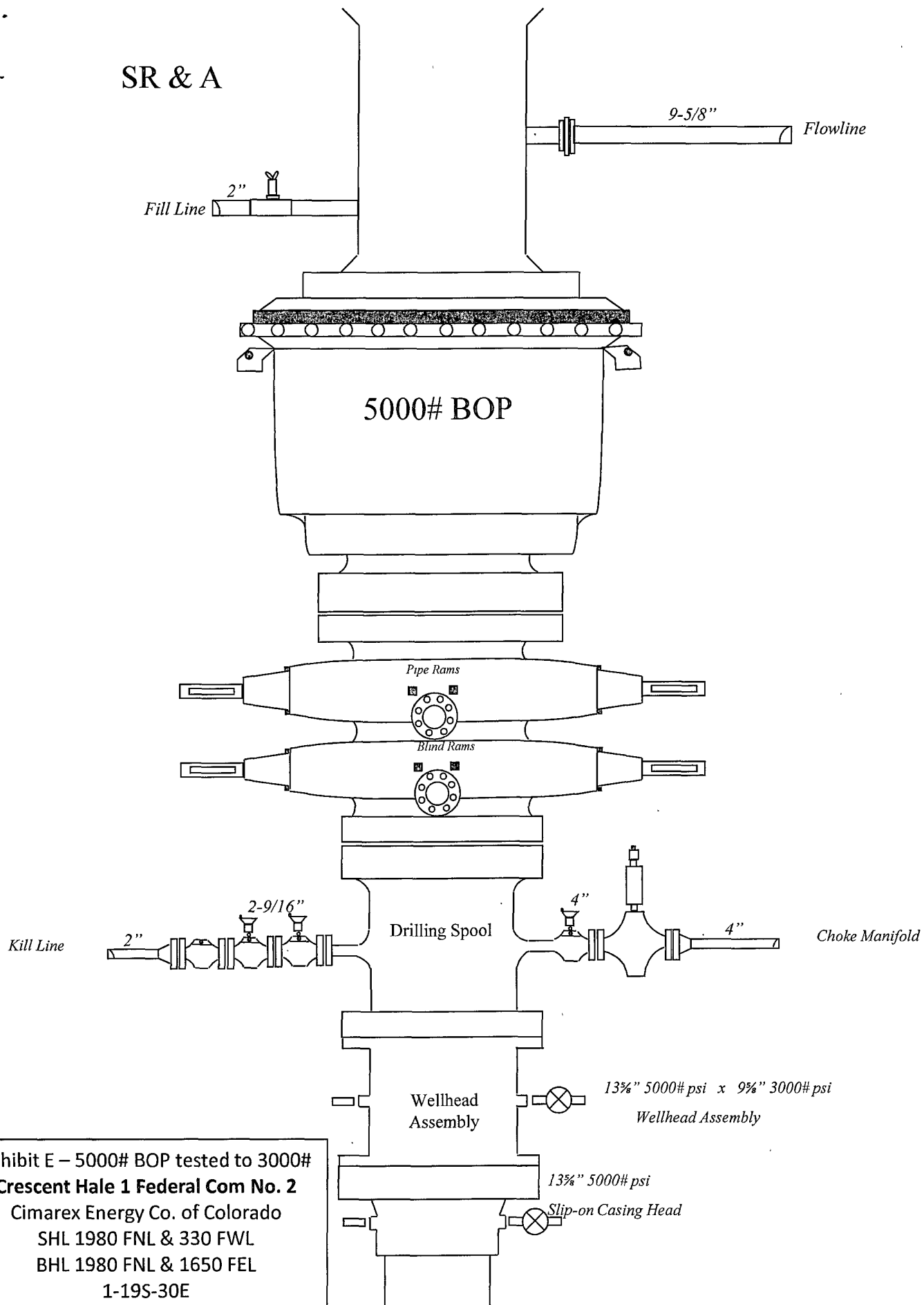
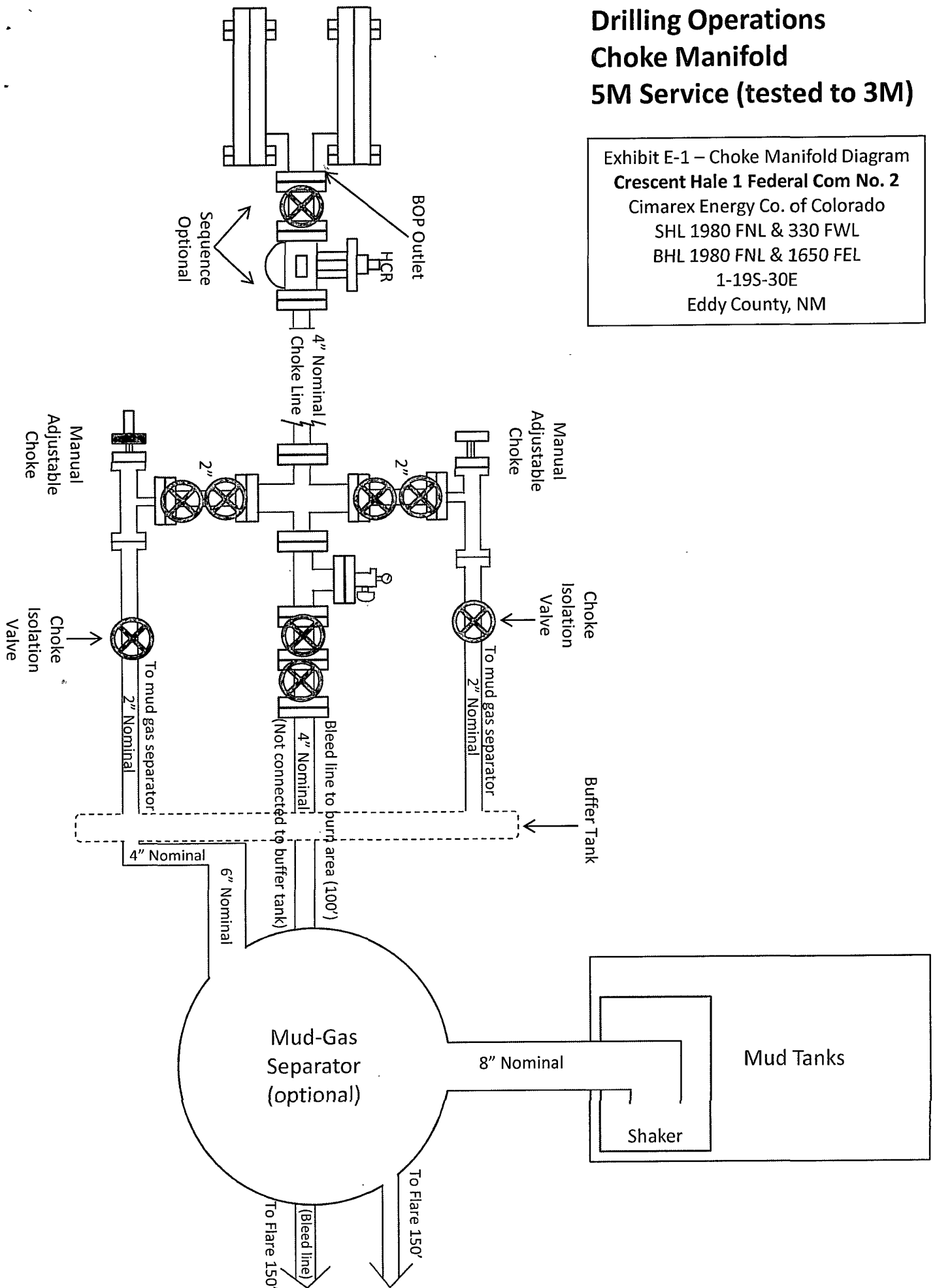


Exhibit E – 5000# BOP tested to 3000#  
**Crescent Hale 1 Federal Com No. 2**  
 Cimarex Energy Co. of Colorado  
 SHL 1980 FNL & 330 FWL  
 BHL 1980 FNL & 1650 FEL  
 1-19S-30E  
 Eddy County, NM

# Drilling Operations Choke Manifold 5M Service (tested to 3M)

Exhibit E-1 – Choke Manifold Diagram  
Crescent Hale 1 Federal Com No. 2  
Cimarex Energy Co. of Colorado  
SHL 1980 FNL & 330 FWL  
BHL 1980 FNL & 1650 FEL  
1-19S-30E  
Eddy County, NM





Hydrogen Sulfide Drilling Operations Plan

**Crescent Hale 1 Federal Com No. 2**

Cimarex Energy Co. of Colorado

Unit E, Section 1

T19S-R30E, Eddy County, NM

- 1 All Company and Contract personnel admitted on location must be trained by a qualified H<sub>2</sub>S safety instructor to the following:
  - A. Characteristics of H<sub>2</sub>S
  - B. Physical effects and hazards
  - C. Proper use of safety equipment and life support systems.
  - D. Principle and operation of H<sub>2</sub>S detectors, warning system and briefing areas.
  - E. Evacuation procedure, routes and first aid.
  - F. Proper use of 30 minute pressure demand air pack.
- 2 H<sub>2</sub>S Detection and Alarm Systems:
  - A. H<sub>2</sub>S detectors and audio alarm system to be located at bell nipple, end of flow line (mud pit) and on derrick floor or doghouse.
- 3 Windsock and/or wind streamers:
  - A. Windsock at mudpit area should be high enough to be visible.
  - B. Windsock at briefing area should be high enough to be visible.
- 4 Condition Flags and Signs:
  - A. Warning sign on access road to location.
  - B. Flags to be displayed on sign at entrance to location. Green flag indicates normal safe condition. Yellow flag indicates potential pressure and danger. Red flag indicates danger (H<sub>2</sub>S present in dangerous concentration). Only emergency personnel admitted to location.
- 5 Well control equipment:
  - A. See exhibit "E"
- 6 Communication:
  - A. While working under masks chalkboards will be used for communication.
  - B. Hand signals will be used where chalk board is inappropriate.
  - C. Two way radio will be used to communicate off location in case of emergency help is required. In most cases cellular telephones will be available at most drilling foreman's trailer or living quarters.
- 7 Drillstem Testing:

No DSTs or cores are planned at this time.
- 8 Drilling contractor supervisor will be required to be familiar with the effects H<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.

H<sub>2</sub>S Contingency Plan  
**Crescent Hale 1 Federal Com No. 2**  
Cimarex Energy Co. of Colorado  
Unit E, Section 1  
T19S-R30E, Eddy County, NM

**Emergency Procedures**

In the event of a release of gas containing H<sub>2</sub>S, the first responder(s) must:

- ★ Isolate the area and prevent entry by other persons into the 100 ppm ROE.
- ★ Evacuate any public places encompassed by the 100 ppm ROE.
- ★ Be equipped with H<sub>2</sub>S monitors and air packs in order to control the release.
- ★ Use the "buddy system" to ensure no injuries occur during the response.
- ★ Take precautions to avoid personal injury during this operation.
- ★ Contact operator and/or local officials to aid in operation. See list of phone numbers attached.
- ★ Have received training in the:
  - ◆ Detection of H<sub>2</sub>S, and
  - ◆ Measures for protection against the gas,
  - ◆ Equipment used for protection and emergency response.

**Ignition of Gas Source**

Should control of the well be considered lost and ignition considered, take care to protect against exposure to Sulfur Dioxide (SO<sub>2</sub>). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally, the NM State Police may become involved. NM State Police shall be the Incident Command on scene of any major release. Take care to protect downwind whenever there is an ignition of the gas.

**Characteristics of H<sub>2</sub>S and SO<sub>2</sub>**

Common Name	Chemical Formula	Specific Gravity	Threshold Limit	Hazardous Limit	Lethal Concentration
Hydrogen Sulfide	H <sub>2</sub> S	1.189 Air=1	10 ppm	100 ppm/hr	600 ppm
Sulfur Dioxide	SO <sub>2</sub>	2.21 Air=1	2 ppm	N/A	1000 ppm

**Contacting Authorities**

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

H<sub>2</sub>S Contingency Plan Emergency Contacts  
**Crescent Hale 1 Federal Com No. 2**  
 Cimarex Energy Co. of Colorado  
 Unit E, Section 1  
 T19S-R30E, Eddy County, NM

<b><u>Company Office</u></b>			
Cimarex Energy Co. of Colorado		800-969-4789	
Co. Office and After-Hours Menu			
<b><u>Key Personnel</u></b>			
<b>Name</b>	<b>Title</b>	<b>Office</b>	<b>Mobile</b>
Doug Park	Drilling Manager	432-620-1934	972-333-1407
Dee Smith	Drilling Super	432-620-1933	972-882-1010
Jim Evans	Drilling Super	432-620-1929	972-465-0564
Roy Shirley	Field Super		432-634-2136
<hr/>			
<b><u>Artesia</u></b>			
Ambulance		911	
State Police		575-746-2703	
City Police		575-746-2703	
Sheriff's Office		575-746-9888	
<b>Fire Department</b>		<b>575-746-2701</b>	
Local Emergency Planning Committee		575-746-2122	
New Mexico Oil Conservation Division		575-748-1283	
<hr/>			
<b><u>Carlsbad</u></b>			
Ambulance		911	
State Police		575-885-3137	
City Police		575-885-2111	
Sheriff's Office		575-887-7551	
<b>Fire Department</b>		<b>575-887-3798</b>	
Local Emergency Planning Committee		575-887-6544	
US Bureau of Land Management		575-887-6544	
<hr/>			
<b><u>Santa Fe</u></b>			
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	
<hr/>			
<b><u>National</u></b>			
National Emergency Response Center (Washington, D.C.)		800-424-8802	
<hr/>			
<b><u>Medical</u></b>			
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	
<hr/>			
<b><u>Other</u></b>			
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  
**Crescent Hale 1 Federal Com No. 2**  
Cimarex Energy Co. of Colorado  
Unit E, Section 1  
T19S-R30E, Eddy County, NM

- 1 Existing Roads: Area maps, Exhibit "B" is a reproduction of Eddy Co. General Highway Map. Exhibit "C" is a reproduction of a USGS Topographic Map, showing existing roads and proposed roads. All existing roads will be maintained in a condition equal to or better than current conditions. Any new roads will be constructed to BLM specifications.
  - A. Exhibit "A" shows the proposed well site as staked.
  - B. From the junction of Shugart and Grubbs, go West on Grubbs for 2.7 miles to lease road. On lease road, go South 2 miles to lease road. On lease road, go Westerly 0.25 miles, thence Northerly 0.15 miles to proposed lease road.
- 2 Planned Access Roads: 568.2' of on-lease access road is proposed.
- 3 Location of Existing Wells in a One-Mile Radius - Exhibit A
  - A. Water wells - None known
  - B. Disposal wells - None known
  - C. Drilling wells - None known
  - D. Producing wells - As shown on Exhibit "A"
  - E. Abandoned wells - As shown on Exhibit "A"
- 4 If on completion this well is a producer, Cimarex Energy Co. of Colorado will furnish maps and/or plats showing on site facilities or off site facilities if needed. This will be accompanied by a Sundry Notice.
- 5 Location and Type of Water Supply:

Water will be purchased locally from a commercial source and trucked over the access roads or piped in flexible lines laid on top of the ground.
- 6 Source of Construction Material:

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

Surface Use Plan  
**Crescent Hale 1 Federal Com No. 2**  
Cimarex Energy Co. of Colorado  
Unit E, Section 1  
T19S-R30E, Eddy County, NM

**7 Methods of Handling Waste Material:**

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

**8 Ancillary Facilities:**

- A. No camps or airstrips to be constructed.

**9 Well Site Layout:**

- A. Exhibit "D" shows location and rig layout.
- C. Mud pits in the closed circulating system will be steel pits and the cuttings will be stored in steel containment pits.
- D. Cuttings will be stored in steel pits until they are hauled to a state-approved disposal facility.
- E. If the well is a producer, those areas of the location not essential to production facilities will be reclaimed and seeded per BLM requirements.

**10 Plans for Restoration of Surface:**

Rehabilitation of the location will start in a timely manner after all drilling operations cease. The type of reclamation will depend on whether the well is a producer or a dry hole.

*Drainage systems, if any, will be reshaped to the original configuration with provisions made to alleviate erosion. These may need to be modified in certain circumstances to prevent inundation of the location's pad and surface facilities. After the area has been shaped and contoured, topsoil from the spoil pile will be placed over the disturbed area to the extent possible. Revegetation procedures will comply with BLM standards.*

If the well is a dry hole, the pad and road area will be recountoured to match the existing terrain. Topsoil will be spread to the extent possible. Revegetation will comply with BLM standards.

Should the well be a producer, the previously noted procedures will apply to those areas which are not required for production facilities.

Surface Use Plan  
**Crescent Hale 1 Federal Com No. 2**  
Cimarex Energy Co. of Colorado  
Unit E, Section 1  
T19S-R30E, Eddy County, NM

11 Other Information

- A. Topography consists of a sloping plane with loose tan sands. Vegetation is mainly yucca, mesquite and shin oak.
- B. The wellsite is on surface owned by Department of the Interior, Bureau of Land Management. The land is used mainly for farming, cattle ranching, recreational use, and oil and gas production.
- C. In lieu of an archaeological survey report, Cimarex will be submitting an MOA application for this well pad and access road since they are within the MOA boundary.
- D. There are no know dwellings within 1½ miles of this location.

Operator Certification Statement  
**Crescent Hale 1 Federal Com No. 2**  
Cimarex Energy Co. of Colorado  
Unit E, Section 1  
T19S-R30E, Eddy County, NM

Operator's Representative

Cimarex Energy Co. of Colorado  
600 N. Marienfeld St., Ste. 600  
Midland, TX 79701  
Office Phone: (432) 571-7800  
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: January 26, 2010  
TITLE: Manager Operations Administration

## PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	CIMAREX ENERGY
LEASE NO.:	NMLC063613
WELL NAME & NO.:	2-CRESCENT HALE 1 FED COM
SURFACE HOLE FOOTAGE:	1980' FNL & 0330' FWL
BOTTOM HOLE FOOTAGE:	1980' FNL & 1650' FEL
LOCATION:	Section 1, T. 19 S., R 30 E., NMPM
COUNTY:	Eddy County, New Mexico

### TABLE OF CONTENTS

Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.

- ☐ **General Provisions**
- ☐ **Permit Expiration**
- ☐ **Archaeology, Paleontology, and Historical Sites**
- ☐ **Noxious Weeds**
- ☒ **Special Requirements**
  - Lesser Prairie-Chicken Timing Stipulations
  - Ground-level Abandoned Well Marker
  - Hackberry OHV Special Recreation Management Area
  - Communitization Agreement
- ☐ **Construction**
  - Notification
  - V-Door Direction
  - Topsoil
  - Closed Loop System
  - Federal Mineral Material Pits
  - Well Pads
  - Roads
- ☐ **Road Section Diagram**
- ☒ **Drilling**
  - Secretary's Potash
  - H2S Requirements
  - Casing Depth Change
  - Logging Requirements
- ☐ **Production (Post Drilling)**
  - Well Structures & Facilities
  - Pipelines
  - Electric Lines
- ☒ **Interim Reclamation**



☒ **Final Abandonment & Reclamation**

## **I. GENERAL PROVISIONS**

The approval of the Application For Permit To Drill (APD) is in compliance with all applicable laws and regulations: 43 Code of Federal Regulations 3160, the lease terms, Onshore Oil and Gas Orders, Notices To Lessees, New Mexico Oil Conservation Division (NMOCD) Rules, National Historical Preservation Act As Amended, and instructions and orders of the Authorized Officer. Any request for a variance shall be submitted to the Authorized Officer on Form 3160-5, Sundry Notices and Report on Wells.

## **II. PERMIT EXPIRATION**

If the permit terminates prior to drilling and drilling cannot be commenced within 60 days after expiration, an operator is required to submit Form 3160-5, Sundry Notices and Reports on Wells, requesting surface reclamation requirements for any surface disturbance. However, if the operator will be able to initiate drilling within 60 days after the expiration of the permit, the operator must have set the conductor pipe in order to allow for an extension of 60 days beyond the expiration date of the APD. (Filing of a Sundry Notice is required for this 60 day extension.)

## **III. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES**

Any cultural and/or paleontological resource discovered by the operator or by any person working on the operator's behalf shall immediately report such findings to the Authorized Officer. The operator is fully accountable for the actions of their contractors and subcontractors. The operator shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery shall be made by the Authorized Officer to determine the appropriate actions that shall be required to prevent the loss of significant cultural or scientific values of the discovery. The operator shall be held responsible for the cost of the proper mitigation measures that the Authorized Officer assesses after consultation with the operator on the evaluation and decisions of the discovery. Any unauthorized collection or disturbance of cultural or paleontological resources may result in a shutdown order by the Authorized Officer.

## **IV. NOXIOUS WEEDS**

The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

## **V. SPECIAL REQUIREMENT(S)**

Timing Limitation Stipulation / Condition of Approval for lesser prairie-chicken:

Oil and gas activities including 3-D geophysical exploration, and drilling will not be allowed in lesser prairie-chicken habitat during the period from March 1st through June 15th annually. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, pipeline, road, and well pad construction, will be allowed except between 3:00 am and 9:00 am. The 3:00 am to 9:00 am restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during this period.

Additionally, no new drilling will be allowed within up to 200 meters of leks known at the time of permitting. Normal vehicle use on existing roads will not be restricted.

Exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 feet from the source of the noise.

Ground-level Abandoned Well Marker to avoid raptor perching: Upon the plugging and subsequent abandonment of the well, the well marker will be installed at ground level on a plate containing the pertinent information for the plugged well. For more installation details, contact the Carlsbad Field Office at 575-234-5972.

### **Communitization Agreement**

A Communitization Agreement covering the acreage dedicated to this well must be filed for approval with the BLM. The effective date of the agreement shall be prior to any sales.

### **HackBerry OHV Special Management Area**

Safe driving habits and posted speed limits shall be observed at all times.

## **VI. CONSTRUCTION**

### **A. NOTIFICATION**

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Carlsbad Field Office at (575) 234-5972 at least 3 working days prior to commencing construction of the access road and/or well pad.

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

### **B. V-DOOR DIRECTION: east**

### **C. TOPSOIL**

The operator shall stockpile the topsoil in a low profile manner in order to prevent wind/water erosion of the topsoil. The topsoil will be used for interim and final reclamation.

### **D. CLOSED LOOP SYSTEM**

Tanks are required for drilling operations: No Pits.

The operator shall properly dispose of drilling contents at an authorized disposal site.

### **E. FEDERAL MINERAL MATERIALS PIT**

Payment shall be made to the BLM prior to removal of any federal mineral materials. Call the Carlsbad Field Office at (575) 234-5972.

### **F. WELL PAD SURFACING**

Surfacing of the well pad is not required.

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

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

### **G. ON LEASE ACCESS ROADS**

#### **Road Width**

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

### **Surfacing**

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

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

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

### **Crowning**

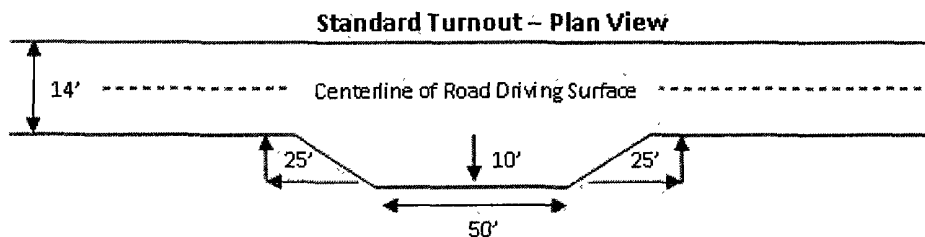
Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

### **Ditching**

Ditching shall be required on both sides of the road.

### **Turnouts**

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

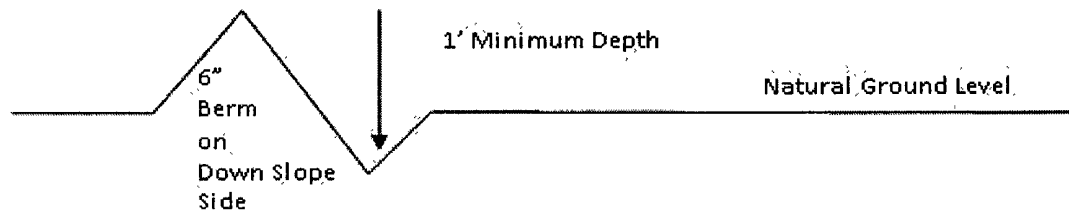


### **Drainage**

Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outsloping and insloping, lead-off ditches, culvert installation, and low water crossings).

A typical lead-off ditch has a minimum depth of 1 foot below and a berm of 6 inches above natural ground level. The berm shall be on the down-slope side of the lead-off ditch.

#### **Cross Section of a Typical Lead-off Ditch**



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

#### **Formula for Spacing Interval of Lead-off Ditches**

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

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

#### **Culvert Installations**

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

#### **Cattleguards**

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

Any existing cattleguard(s) on the access road shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for the condition of the existing cattleguard(s) that are in place and are utilized during lease operations.

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

#### **Fence Requirement**

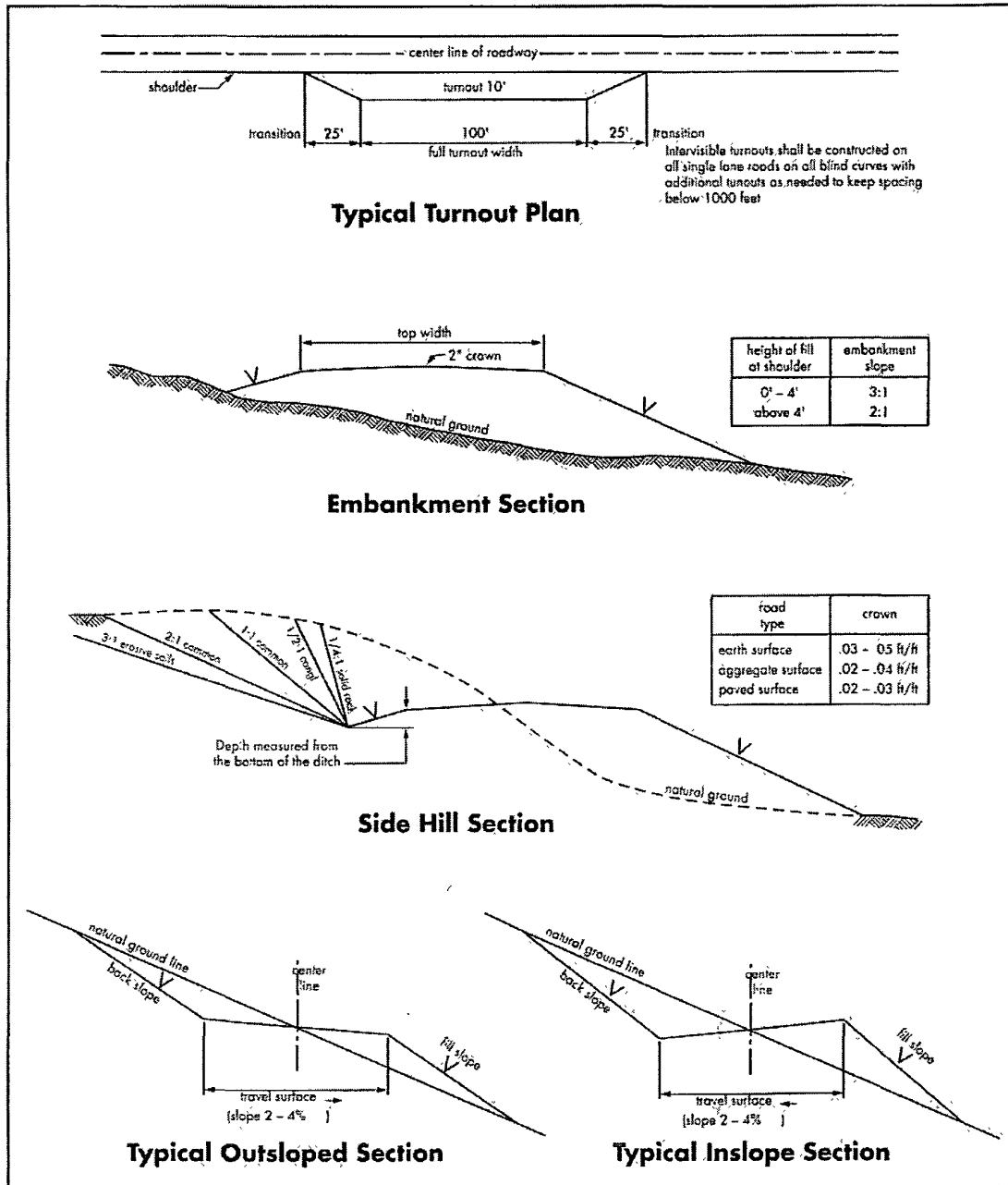
Where entry is required across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting.

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

**Public Access**

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

**Figure 1 – Cross Sections and Plans For Typical Road Sections**





## **VII. DRILLING**

### **A. DRILLING OPERATIONS REQUIREMENTS**

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

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

☒ **Eddy County**

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

1. **Due to recent H2S encounters in the salt formation, it is recommended that monitoring equipment be onsite for potential Hydrogen Sulfide prior to drilling out the surface shoe. If Hydrogen Sulfide is encountered, please report measurements and formations to the BLM.**
2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.
3. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.
4. **The record of the drilling rate along with the CAL/GR/N well log run from TD to surface will be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. If available, a digital copy of the logs is to be submitted in addition to the paper copies. The Rustler top and top and bottom of Salt are to be recorded on the Completion Report.**

### **B. CASING**

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

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

**Wait on cement (WOC) time for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater for all casing strings. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. See individual casing strings for details regarding lead cement slurry requirements.**

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

**Secretary's Potash**

**Possible brine and water flows in the Artesia and Salado Groups.**

**Possible lost circulation in the Capitan Reef and the Artesia Group.**

1. The 13-3/8 inch surface casing shall be set at **approximately 515 feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt)** and cemented to the surface. **Fresh water mud to be used to setting depth.**
  - a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with a surface log readout will be used or a cement bond log shall be run to verify the top of the cement. Temperature survey will be run a minimum of six hours after pumping cement and ideally between 8-10 hours after completing the cement job.
  - b. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry.**
  - c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.
  - d. If cement falls back, remedial cementing will be done prior to drilling out that string.
2. The minimum required fill of cement behind the 9-5/8 inch intermediate casing is:
  - ☒ Cement to surface. If cement does not circulate see B.1.a, c-d above.  
**Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to potash. Additional cement may be required as the excess calculates to be 1%.**

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

- ☒ Cement should tie-back at least 500 feet into previous casing string. Operator shall provide method of verification. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to potash.**

4. Cement not required on the 4-1/2" casing. **Packer system being used.**

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

### C. PRESSURE CONTROL

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

2. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **3000 (3M) psi. Operator is installing a 5M but testing as a 3M.**

- a. **For surface casing only:** If the BOP/BOPE is to be tested against casing, the wait on cement (WOC) time for that casing is to be met (see WOC statement at start of casing section). Independent service company required.

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

- a. Casing cut-off and BOP installation will not be initiated until the cement has had a minimum of 8 hours setup time for a water basin. The casing shall remain stationary and under pressure for at least eight hours after the operator places the cement. In the potash area, the minimum time is 12 hours and the casing shall remain stationary and under pressure during this time period. Casing shall be under pressure if the operator uses some acceptable means of holding pressure or if the operator employs one or more float valves to hold the cement in place. Testing the BOP/BOPE against a plug can commence after meeting the above conditions plus the BOP installation time.
- b. The tests shall be done by an independent service company utilizing a test plug.
- c. The results of the test shall be reported to the appropriate BLM office.

- 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 appropriate BLM office.**
- e. 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. DRILL STEM TEST**

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

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## **VIII. PRODUCTION (POST DRILLING)**

### **A. WELL STRUCTURES & FACILITIES**

#### **Placement of Production Facilities**

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

#### **Containment Structures**

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

#### **Painting Requirement**

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

### **B. PIPELINES (not applied for in APD)**

### **C. ELECTRIC LINES (not applied for in APD)**

## **IX. 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.

Within six (6) months of well completion, operators should work with BLM surface management specialists (Jim Amos: 575-234-5909) to devise the best strategies to reduce the size of the location. Interim reclamation should allow for remedial well operations, as well as safe and efficient removal of oil and gas.

During reclamation, the removal of caliche is important to increasing the success of revegetating the site. Removed caliche that is free of contaminants may be used for road repairs, fire walls or for building other roads and locations. In order to operate the well or complete workover operations, it may be necessary to drive, park and operate on restored interim vegetation within the previously disturbed area. Disturbing revegetated areas for production or workover operations will be allowed. If there is significant disturbance and loss of vegetation, the area will need to be revegetated. Communicate with the appropriate BLM office for any exceptions/exemptions if needed.

All disturbed areas after they have been satisfactorily prepared need to be reseeded with the seed mixture provided below.

Upon completion of interim reclamation, the operator shall submit a Sundry Notices and Reports on Wells, Subsequent Report of Reclamation (Form 3160-5).

## **X. FINAL ABANDONMENT & RECLAMATION**

At final abandonment, well locations, production facilities, and access roads must undergo "final" reclamation so that the character and productivity of the land are restored.

Earthwork for final reclamation must be completed within six (6) months of well plugging. All pads, pits, facility locations and roads must be reclaimed to a satisfactory revegetated, safe, and stable condition, unless an agreement is made with the landowner or BLM to keep the road and/or pad intact.

After all disturbed areas have been satisfactorily prepared, these areas need to be revegetated with the seed mixture provided below. Seeding should be accomplished by drilling on the contour whenever practical or by other approved methods. Seeding may need to be repeated until revegetation is successful, as determined by the BLM.

Operators shall contact a BLM surface protection specialist prior to surface abandonment operations for site specific objectives (Jim Amos: 575-234-5909).

Ground-level Abandoned Well Marker to avoid raptor perching: Upon the plugging and subsequent abandonment of the well, the well marker will be installed at ground level on a plate containing the pertinent information for the plugged well.

Seed Mixture 1, for Loamy Sites

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

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

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

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

\*Pounds of pure live seed:

Pounds of seed x percent purity x percent germination = pounds pure live seed