

Surface Use Plan
Penny Pincher Federal Com No. 4
Cimarex Energy Co. of Colorado
Unit A, Section 21
T19S-R31E, Eddy County, NM

30-015-38997

1. Existing Roads: Area maps, Exhibit "A" shows the proposed well site as staked. Exhibit "B" is a reproduction of Eddy Co. General Highway Map. Exhibit "C" is a reproduction of a USGS Topographic Map, and Exhibit "C-1" is a well site layout map, showing proposed road to location and existing road to nearest county road.

- A. The maximum width of the driving surface will be 15.' The road will be crowned and ditched with a 2% slope from the tip of the crown to the edge of the driving surface. The ditches will be 1' deep with 3:1 slopes. The driving surface will be made of 6" rolled and compacted caliche.
- B. From the junction of Lusk and Shugart, go South on Shugart for 1.6 miles to lease road. On lease road, go West 0.1 miles to lease road. On lease road, go North 0.3 miles to proposed lease road.

2. Planned Access Roads:

555.9' of on-lease access road is proposed.

3. Planned Flowlines:

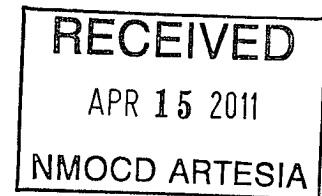
A tank battery will be constructed on the well pad to contain the products, so no new flowlines will be built.

4. Planned Powerlines:

E-line ROW will be provided by nearest service provider and follow existing lease roads where possible.

5. 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 Exhibits "A" and "A-1" |
| E. Abandoned wells - | As shown on Exhibits "A" and "A-1" |



6. Location and Type of Water Supply:

Water will be purchased locally from a commercial source and trucked over the access roads.

7. Source of Construction Material:

If possible, native caliche will be obtained from the excavation of drill site. Topsoil will be pushed back from the drill site and existing caliche will be ripped and compacted. Then topsoil will be stockpiled on location as depicted on Exhibit "D" (rig layout). If additional material is needed, it will be purchased from a BLM-approved pit as near as possible to the well

8. 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 and hauled to a waste disposal facility. 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.

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9. Ancillary Facilities:

- A. No camps or airstrips to be constructed.

10. Well Site Layout:

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

11. 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, those areas of the location not essential to production facilities and operations will be reclaimed and seeded per BLM requirements. Please see Production Facilities Layout Diagram, exhibit D-1.

12. 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 known dwellings within 1½ miles of this location.

Operator Certification Statement
Penny Pincher Federal Com No. 4
Cimarex Energy Co. of Colorado
Unit A, Section 21
T19S-R31E, 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 I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions which currently exist; that I have full knowledge of state and Federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements.

Executed this 5th day of January, 2011

NAME: Zeno Farris
Zeno Farris

TITLE: Manager Operations Administration

ADDRESS: 600 N. Marienfeld St., Ste. 600
Midland, TX 79701

TELEPHONE: (432) 620-1938

EMAIL: zfarris@cimarex.com

Field Representative: Same as above

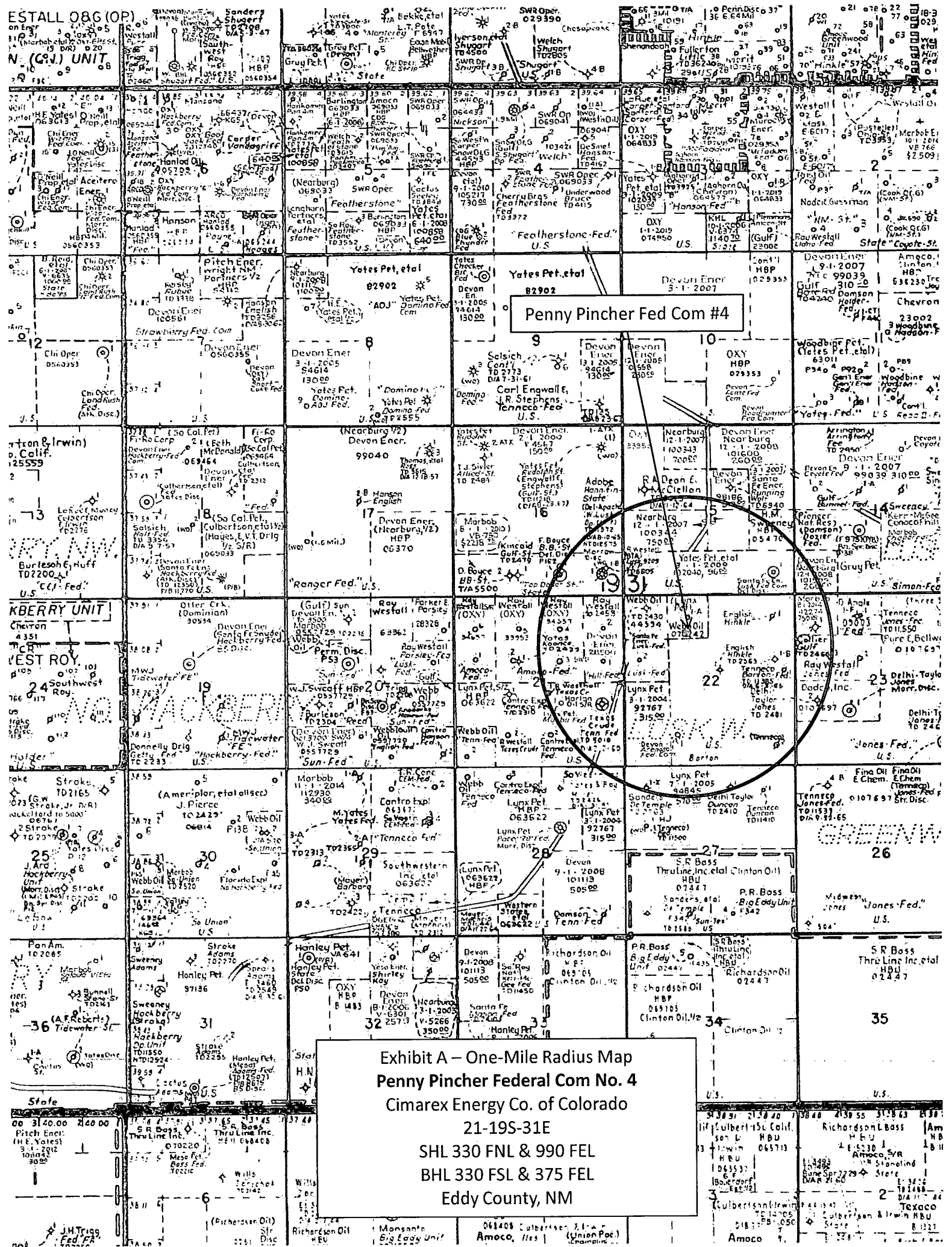


Exhibit A - One-Mile Radius Map
Penny Pincher Federal Com No. 4
Cimarex Energy Co. of Colorado
21-19S-31E
SHL 330 FNL & 990 FEL
BHL 330 FSL & 375 FEL
Eddy County, NM

ESTALL O&G (OP)
N. (C.V.) UNIT

KBERRY UNIT
VEST ROY

36 (A.R. BERRY)
Tidewater St.

Penny Pincher Fed Com #4

GREENW

Jones Fed.

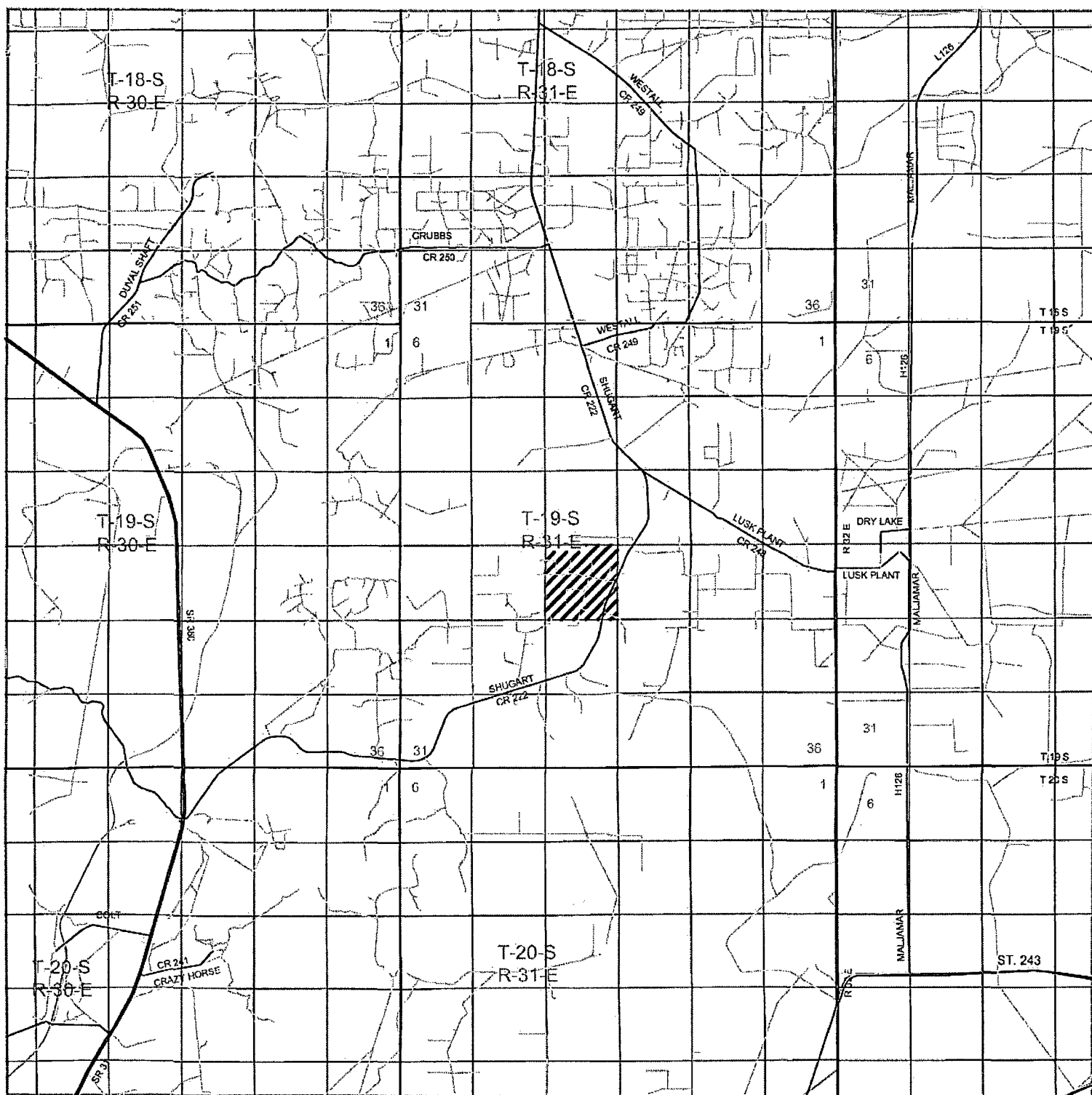
Finch Oil

Finch Oil

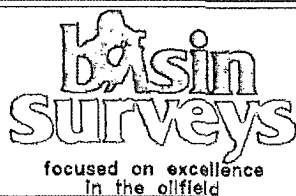
Finch Oil

Finch Oil

Finch Oil



PENNY PINCHER FEDERAL COM #4
 Located 330' FNL and 990' FEL
 Section 21, Township 19 South, Range 31 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

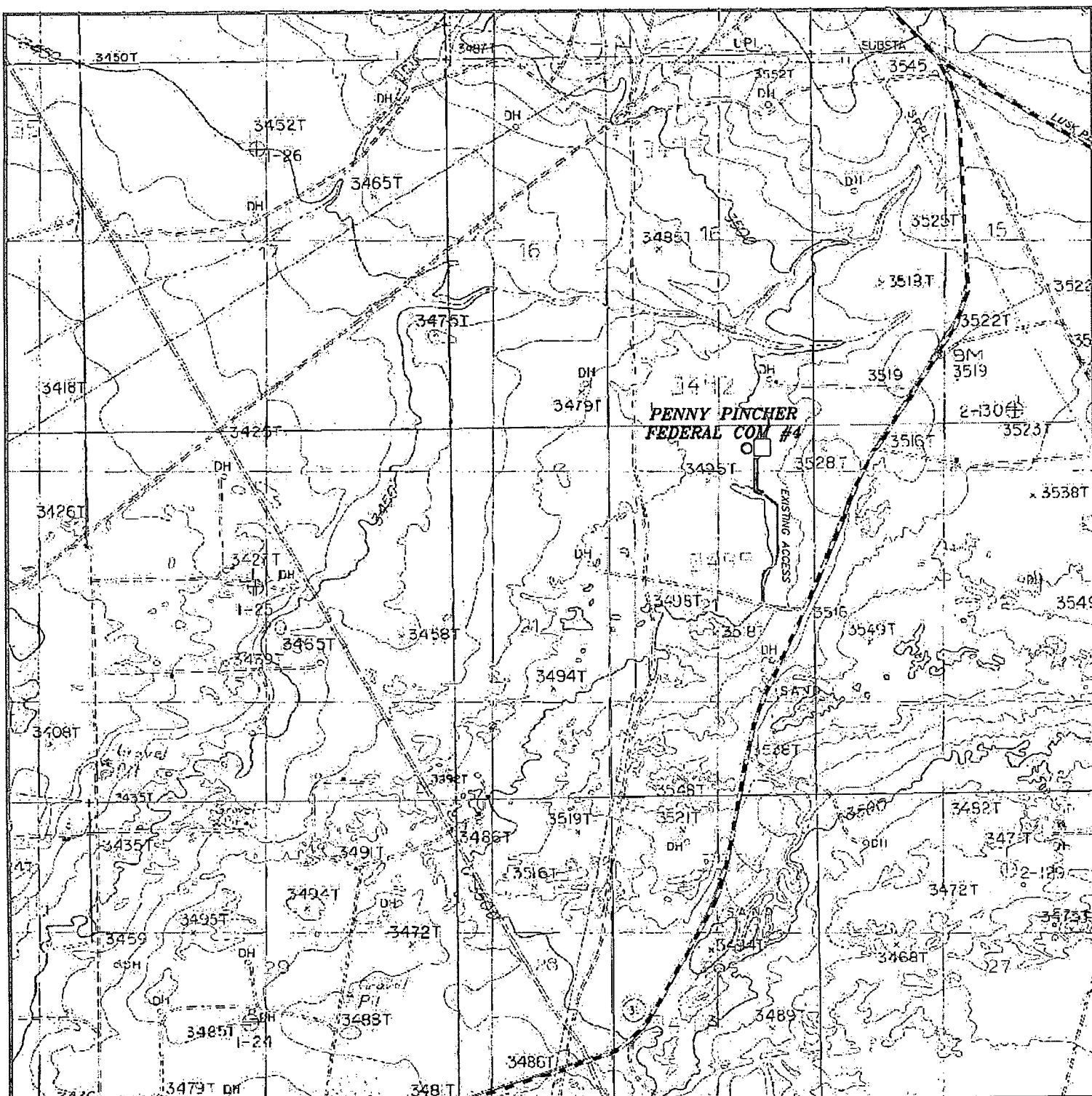
W.O. Number: JMS 21982

Survey Date: 11-20-2009

Scale: 1" = 2 Miles

Date: 11-23-2009

**CIMAREX
 ENERGY CO.
 OF COLORADO**



PENNY PINCHER FEDERAL COM #4 ☐ Battery
 Located 330' FNL and 990' FEL
 Section 21, Township 19 South, Range 31 East,
 N.M.P.M., Eddy County, New Mexico.

basin
surveys
 focused on excellence
 in the oilfield

P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
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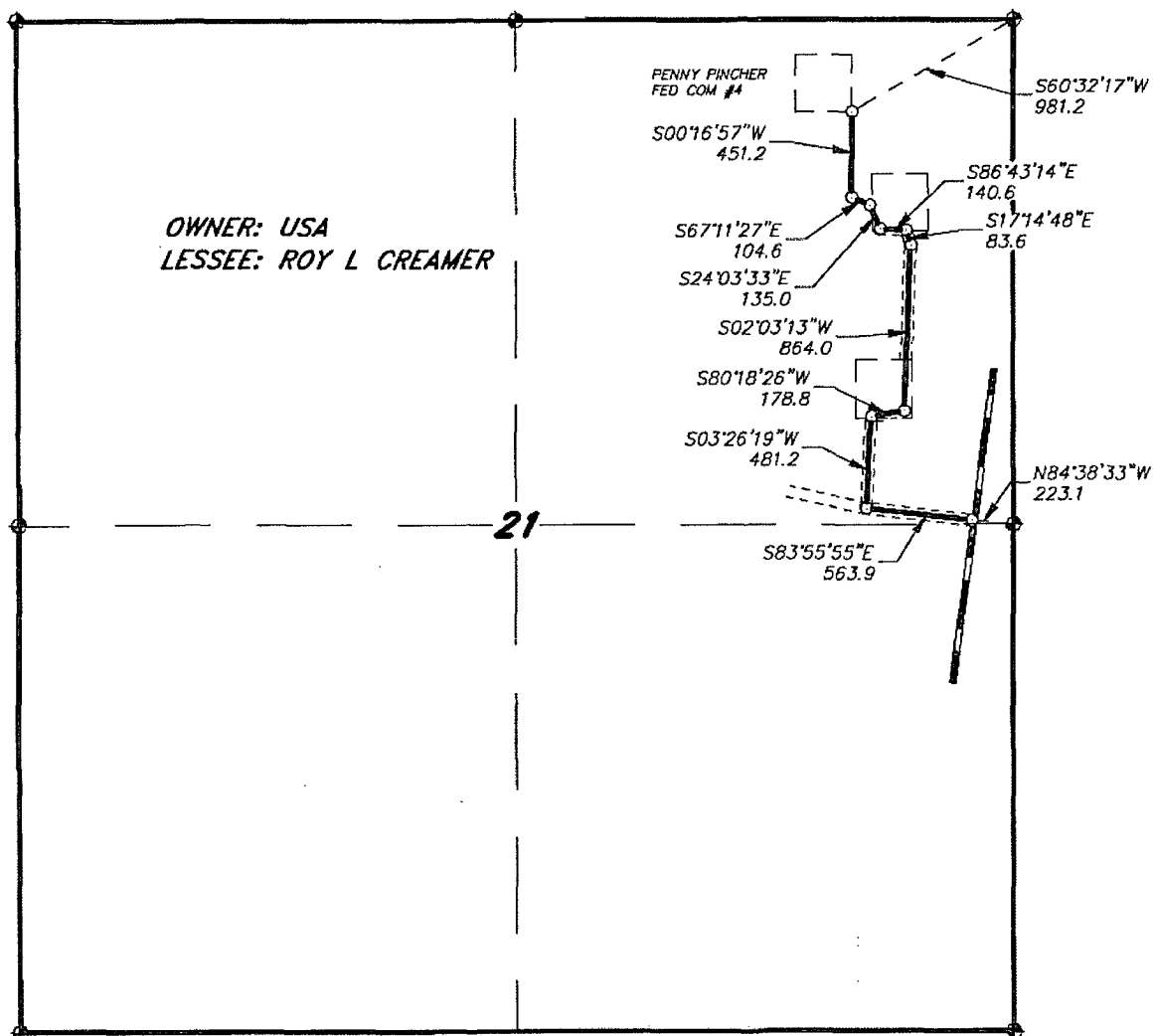
Survey Date: 11-20-2009

Scale: 1" = 2000'

Date: 11-23-2009

CIMAREX
ENERGY CO.
OF COLORADO

SECTION 21, TOWNSHIP 19 SOUTH, RANGE 31 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.

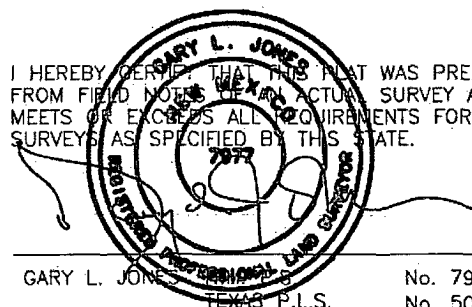


LEGAL DESCRIPTION

A STRIP OF LAND 30.0 FEET WIDE, LOCATED IN SECTION 21, TOWNSHIP 19 SOUTH, RANGE 31 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO AND BEING 15.0 FEET LEFT AND RIGHT OF THE ABOVE PLATTED CENTERLINE SURVEY.

SECTION 21 = 3002.9 FEET = 181.99 RODS = 0.57 MILES = 2.07 ACRES

I HEREBY CERTIFY THAT THIS PLAT WAS PREPARED FROM FIELD NOTES OF AN ACTUAL SURVEY AND MEETS OR EXCEEDS ALL REQUIREMENTS FOR LAND SURVEYS AS SPECIFIED BY THIS STATE.



1000 0 1000 2000 FEET

CIMAREX ENERGY COMPANY OF COLORADO

REF: LEASE ROAD TO THE PENNY PINCHER FEDERAL COM #4H

A LEASE ROAD CROSSING USA LAND IN
SECTION 21, TOWNSHIP 19 SOUTH, RANGE 31 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

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

W.O. Number: 21982 Drawn By: J. M. SMALL

Date: 08-17-2010 Disk: 21982

Survey Date: 11-23-2009 Sheet 1 of 1 Sheets

Cactus 115

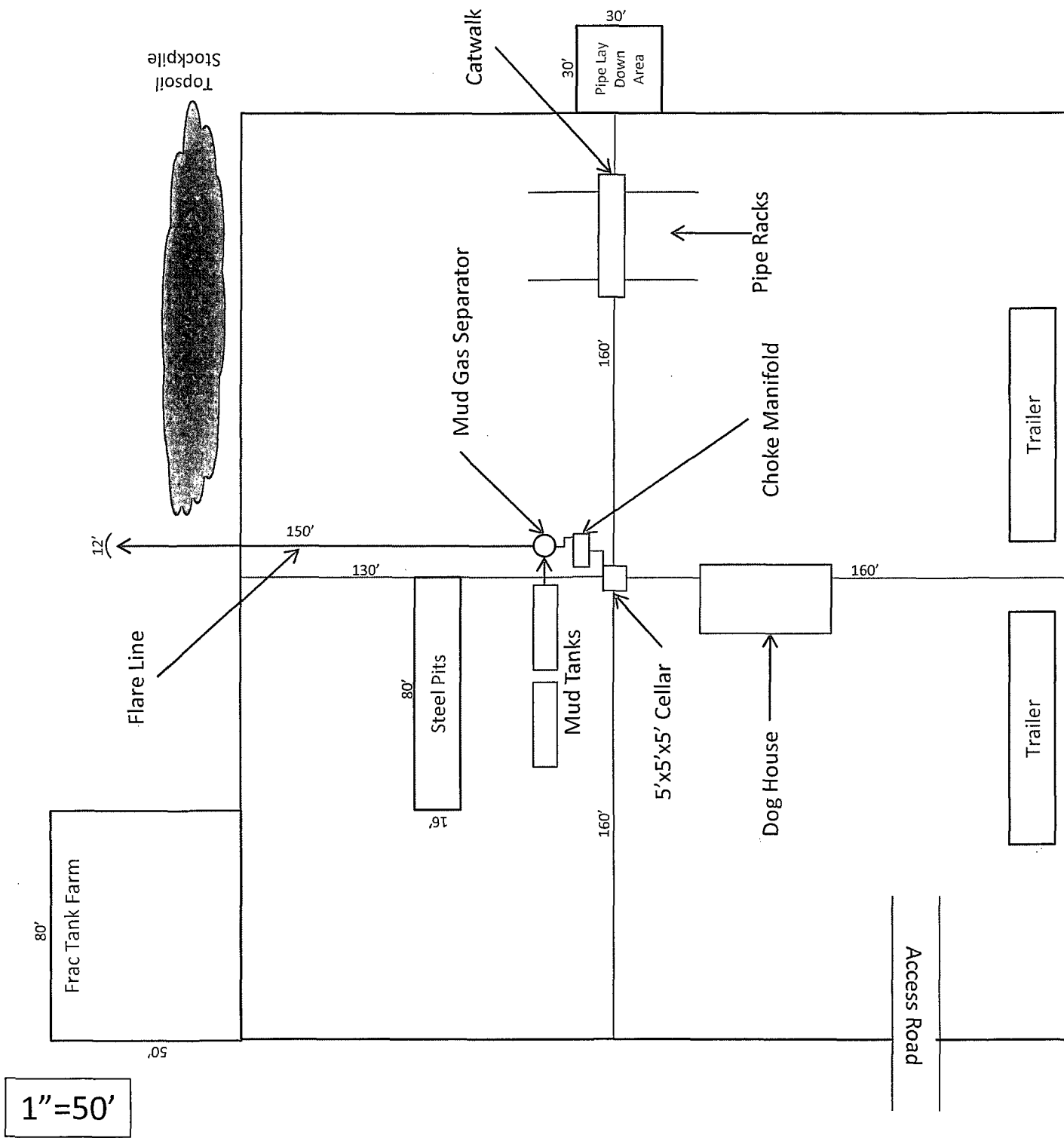


Exhibit D – Rig Diagram
Penny Pincher Federal Com No. 4
 Cimarex Energy Co. of Colorado
 21-19S-31E
 SHL 330 FNL & 990 FEL
 BHL 330 FSL & 375 FEL
 Eddy County, NM

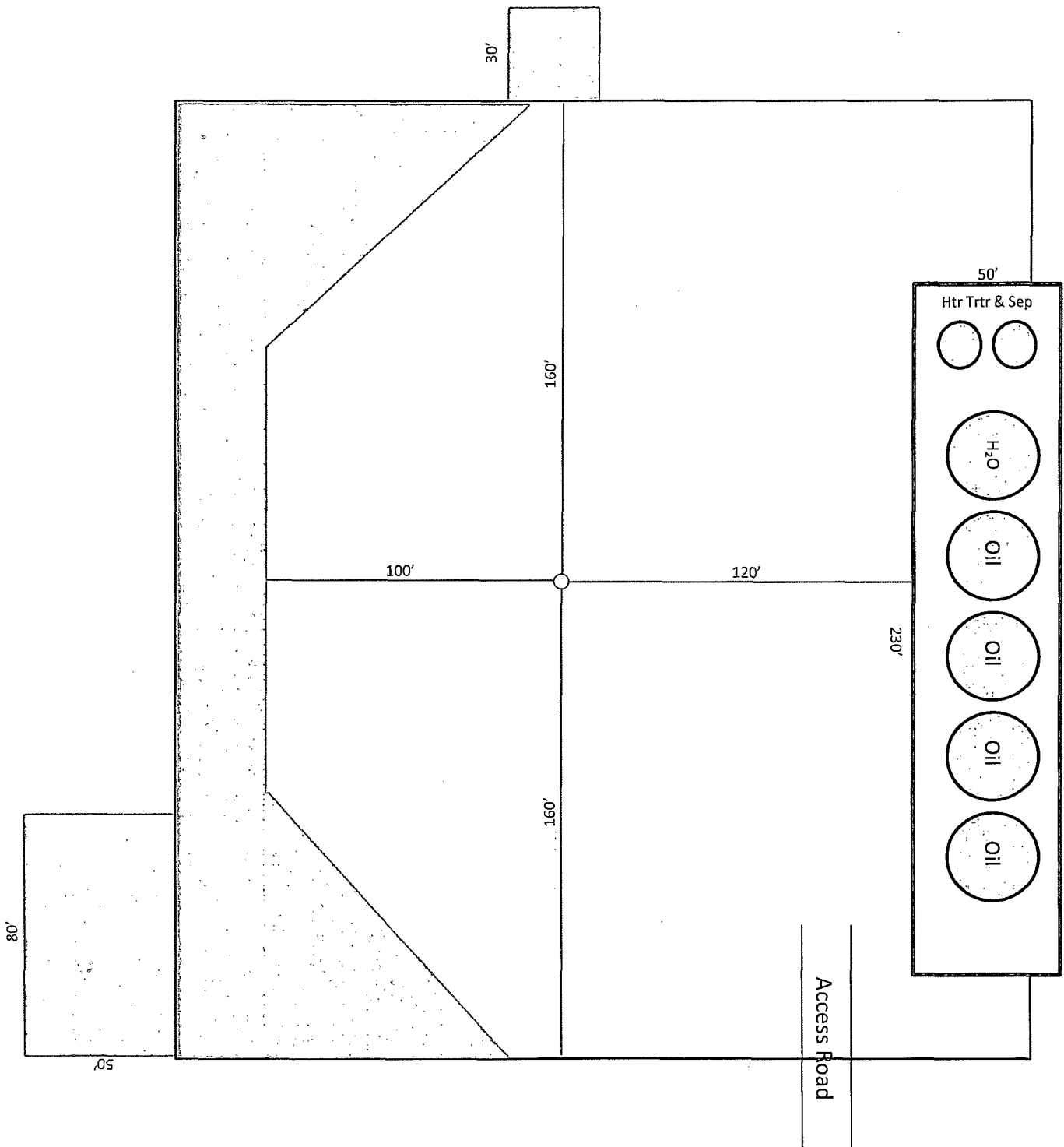
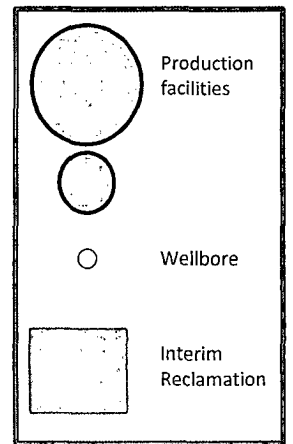


Exhibit D-1
 Production Facilities Layout Diagram
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 Cimarex Energy Co. of Colorado
 21-19S-31E
 SHL 330 FNL & 990 FEL
 BHL 330 FSL & 375 FEL
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1"=50'