State of New Mexico

Form C-101 Permit 87396

Energy, Minerals and Natural Resources

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

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

| | Operator Name and Address ENERGY CO, OF COLORADO | 2. OGRID Number 162683 | | |
|---------------------------|---|-------------------------------|--|--|
| | 5 N. O'CONNOR BLVD. IRVING , TX 75039 | 3. API Number 30-015-36860 | | |
| 4. Property Code 37539 | 5. Property Name PAPPY 2 STATE | 6. Well No. 001 | | |

7. Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| D | 2 | 26S | 26E | D | 330 | N | 660 | W | EDDY |

8. Pool Information

COTTONWOOD DRAW; DELAWARE (G) 96697

Additional Well Information

| 9. Work Type New Well | 10. Well Type OIL | 11. Cable/Rotary | 12. Lease Type State | 13. Ground Level Elevation 3374 18. Spud Date 1/15/2008 | |
|---|----------------------------|-----------------------------|--|--|--|
| 14. Mültiple N | 15. Proposed Depth 5020 | 16. Formation Delaware | 17. Contractor | | |
| Depth to Ground | water | Distance from nearest fresh | Distance from nearest fresh water well | | |
| Pit: Liner: Synthetic Closed Loop System | mils thio | k Clay Pit Volume: | bbls Drilling Method: Fresh Water X Brine | Diesel/Oil-based Gas/Air | |

19. Proposed Casing and Cement Program

| Туре | Hole Size | Casing Type | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
|--------|-----------|-------------|------------------|---------------|-----------------|---------------|
| Surf | 12.25 | 8.625 | 24 | 440 | 300 | 0 |
| Prod | 7.875 | 5.5 | 17 | 2871 | 0 | 0 |
| Liner1 | 4.34 | 2.875 | 6.5 | 5020 | 0 | |
| Prod | 7.875 | 2.875 | 2.18 | 3500 | 1000 | 0 |

Casing/Cement Program: Additional Comments

Complete mud, casing, cementing, and BOP info will be emailed to Tim Gum.

Proposed Blowout Prevention Program

| Type | Working Pressure | Test Pressure | Manufacturer | |
|-----------|------------------|---------------|--------------|--|
| DoubleRam | 5000 | 5000 | Cameran | |

| I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to | OIL CONSERVATION DIVISION | | |
|--|---|--|--|
| NMOCD guidelines, a general permit, or an (attached) alternative OCD-approved plan | Approved By: Tim Gum | | |
| Printed Name: Electronically filed by Zeno Farris | Title: District Supervisor | | |
| Title: Manager Operations Administration | Approved Date: 1/5/2009 Expiration Date: 1/5/2011 | | |
| Email Address: zfarris@magnumhunter.com | | | |
| Date: 12/23/2008 Phone: 972-443-6489 | | | |

District I

1625 N. French Dr., Hobbs, NM 88240 Phone:(505) 393-6161 Fax:(505) 393-0720

District II

1301 W. Grand Ave., Artesia, NM 88210 Phone:(505) 748-1283 Fax:(505) 748-9720

<u>District III</u>

1000 Rio Brazos Rd., Aztec, NM 87410 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505 Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico

Form C-102 Permit 87396

Energy, Minerals and Natural Resources

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

| VV | ELL LOCATION AND AC | REAGE DEDICATION F | LAI |
|------------------|---------------------|-------------------------------|--------------|
| 1. API Number | 2. Pool Code | 3.1 | Pool Name |
| 30-015-36860 | 96697 | COTTONWOOD DRAW; DELAWARE (G) | |
| 4. Property Code | 5. Property Name | | 6. Well No. |
| 37539 | PAPPY 2 STATE | | 001 |
| 7. OGRID No. | 8. Operator Name | | 9. Elevation |
| 162683 | CIMAREX ENERGY | 3374 | |

10. Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| D | 2 | 26S | 26E | | 330 | N | 660 | w | EDDY |

11. Bottom Hole Location If Different From Surface

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|---------------|-------------|----------|-----------------|---------|-----------------|----------|-----------|---------------|--------|
| E | 2 | 26S | 26E | E | 2310 | N | 660 | W | EDDY |
| 0.500,000,000 | cated Acres | 13. 3 | foint or Infill | 14 | . Consolidation | Code | | 15. Order No. | |

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

| 0 | | |
|---|--|--|
| | | |
| | | |
| | | |

OPERATOR CERTIFICATION

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(s) 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.

E-Signed By: Zeno Farris

Title: Manager Operations Administration

Date: 12/23/2008

SURVEYOR CERTIFICATION

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.

Surveyed By: Gary L. Jones Date of Survey: 12/5/2008 Certificate Number: 7977

Permit Comments

Operator: CIMAREX ENERGY CO. OF COLORADO , 162683

Well: PAPPY 2 STATE #001

API: 30-015-36860

| Created By | Comment | Comment Date |
|------------|--|--------------|
| NKRUEGER | C-102, C-144, and H2S statements will be emailed to Tim Gum. | 12/23/2008 |