ATS-11-588

OCD Artesia

Form 3160-3
(April 2004)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5 Lease Serial No.
LC-028480-B

6 If Indian, Allotee or Tribe Name

1a. Type of Work: ☒ DRILL ☐ REENTER

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

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

8. Lease Name and Well No.
Hawker 7 Federal No. 2

2. Name of Operator
Cimarex Energy Co. of Colorado

9. API Well No
30-015- 39395

3a. Address
600 N. Marienfeld St., Ste. 600; Midland, TX 79701

3b. Phone No. *(include area code)*
432-571-7800

10. Field and Pool, or Exploratory
Empire; Glorieta-Yeso

4. Location of Well *(Report location clearly and in accordance with any State requirements.*)*
At Surface 1800 FNL & 940 FEL
At proposed prod. Zone

11. Sec., T. R. M. or Blk and Survey or Area
7-17S-29E

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

12. County or Parish
Eddy

13 State
NM

15 Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig unit line if any)	16. No of acres in lease	17. Spacing Unit dedicated to this well
330	120	SENE 40
18 Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth	20. BLM/BIA Bond No on File
50'	5200'	NM-2575
21. Elevations (Show whether DF, KDB, RT, GL, etc.)	22. Approximate date work will start*	23. Estimated duration
3678' GR	06.01.11	10-15 days

RECEIVED
AUG 31 2011
NMOCD ARTESIA

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
2. A Drilling Plan
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)
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator Certification
6 Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature	Name *(Printed/Typed)*	Date
Zeno Farris	Zeno Farris	03.29.11

Title
Manager Operations Administration

Approved By *(Signature)*	Name (Printed/Typed)	Date
/s/ Don Peterson		AUG 23 2011
Title: FIELD MANAGER	Office: CARLSBAD FIELD 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. APPROVAL FOR TWO YEARS

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)*

Roswell Controlled Water Basin

Approval Subject to General Requirements & Special Stipulations Attached

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Application to Drill
Hawker 7 Federal No. 2
Cimarex Energy Co. of Colorado
Unit H, Section 7
T17S R29E, 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 1800 FNL & 940 FEL

2 Elevation above sea level: 3678' GR

3 Geologic name of surface formation: Quaternery 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: 5,200'

6 Estimated tops of geological markers:

Rustler	294'
Top of Salt	250'
Base of Salt	600'
Tansill	700'
Yates	830'
Seven Rivers	1057'
San Andres	2393'
Glorieta	3760'
Paddock	3880'
Blinebry	4330'
Tubb	5200'

7 Possible mineral bearing formation:

Paddock	Oil
Blinebry	Oil

8 Proposed Mud Circulating System:

Depth	Mud Wt	Visc	Fluid Loss	Type Mud
0' to 210'	8.4 - 8.8	40-45	NC	FW
210' to 1100'	*9.9 -10.1*	*28-32*	*NC*	*Brine****
1100' to 5200'	9.1	28-32	NC	Cut Brine

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.

**** This is for the intermediate contingency plan.*

Application to Drill
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9 Casing Plan:

Cimarex plans to set surface casing, then drill 11" hole to 1100. If no lost returns, occur, switch to 7⅞" hole and drill to TD and set 5½" casing from 0-5200. If lost returns do occur, set 8⅝" casing at 1100 and cement, then drill to TD and set 5½ casing to TD and cement.

String	Hole Size	Depth			Casing OD		Weight	Thread	Collar	Grade
Surface	16"	0'	to	210'	New	11¾"	42#	8-R	STC	H40
Int Contingency	*11"*	*0'*	*to*	*1100'*	*New*	*8⅝"*	*24#*	*8-R*	*STC*	*J55*
Production	7⅞"	0'	to	5200'	New	5½"	17#	8-R	LTC	N80

10 Cementing:

Surface Lead: 160 sx Class "C" + 10% W-60 + 1% CaCl2 + 0.25% R-38 + 5# Gilsonite per sx ,14.4 ppg, 1.56 cuft/sx, 7.04 gal fw.
Tail: 225 sx Class C + 2% CaCl2 + 0.25% R-38, 14.8 ppg, 1.35 cuft/sx, 6.34 gal fw.
100% Excess
TOC Surface Centralizers per Onshorder 2.III.B.1.f

Production Lead Slurry: 700 sacks Class C 50/50 Poz + 10% Bentonite + 0.3% FL-10 + 0.25% R-38 + 5% Salt, Mixed at 11.92 ppg. Yeild 2.37 cuft/sx, 13.52 gal/sx Fresh Water.
Tail Slurry: 320 sacks C Star Bond + 0.3% FL-10 + 0.1% C-20 + 0.25% R-38. Mixed at 13.2 ppg, Yeild 1.55 cuft/sx, 7.86 gal/sx Fresh Water.
50% Excess
TOC Surface

In case of lost returns while drilling 11" hole to 1100, Cimarex will run a contingency intermediate casing string.

Intermediate Contingency Cement Lead: 200 sx 50:50 Poz: C +0.2% Defoamer (D046) +5% D044 (Salt) +10% D020 (Extender) +1/8 pps Polyflake (D130) +2 pps Gilsonite (D042), 11.8 ppg, Yeild 2.57, 15.061 gal/sx water.
Tail: 300 sx C +1%S001 (CaCl2), 14.8 ppg, 1.35 yeild, 6.365 gal/sx water.
50% Excess
TOC Surface

Production Cement in case of Intermediate Contingency Lead Slurry: 460 sacks Class C 50/50 Poz + 10% Bentonite + 0.3% FL-10 + 0.25% R-38 + 5% Salt, Mixed at 11.92 ppg. Yeild 2.37 cuft/sx, 13.52 gal/sx Fresh Water.
Tail Slurry: 320 sacks C Star Bond + 0.3% FL-10 + 0.1% C-20 + 0.25% R-38. Mixed at 13.2 ppg, Yeild 1.55 cuft/sx, 7.86 gal/sx Fresh Water.
50% Excess
TOC Surface

According to the State Engineer, average depth to ground water is 60.' Fresh water zones will be protected by setting 11¾" casing at 210 and cementing to surface. Hydrocarbon zones will be protected by setting 5½" casing at 5200 and cementing to surface, and if needed, setting 8⅝" casing at 1100 and cementing to surface.

Collapse Factor	*Burst Factor*	*Tension Factor*
1.125	1.125	1.6

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T17S R29E, Eddy County, NM

11 Pressure control Equipment:
Exhibit "E-1" - A 13⅝" 3000 PSI working pressure B.O.P. consisting of a one set of blind rams and one set of pipe rams and a 3000 psi annular-type preventor. A choke manifold and 120 gallon accumulator with floor and remote operating stations and auxiliary power system. 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. Mud gas seperator will be available if drilling in H2S areas.

BOP unit will be hydraulically operated. Below intermediate casing shoe, BOP 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. From the base of the surface pipe through the running of production casing, the well will be equipped with a 3000 psi BOP system.

Test BOP equipment and choke manifold to 250 psi low and 3000 psi high and annular BOP to 250 psi low and 1500 psi high by an independent service company.

12 Testing, Logging and Coring Program: See COA
A. Mud logging No mud logging program.
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 potiential 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 **2300 psi** Estimated BHT **110°**

14 Road and location construction will begin after BLM approval of APD. Anticipated spud date as soon as approved.
Drilling expected to take 10-15 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.
Blinebry pay will be perforated and stimulated.
The proposed well will be tested and potentialed as **an oil well.**

SR & A

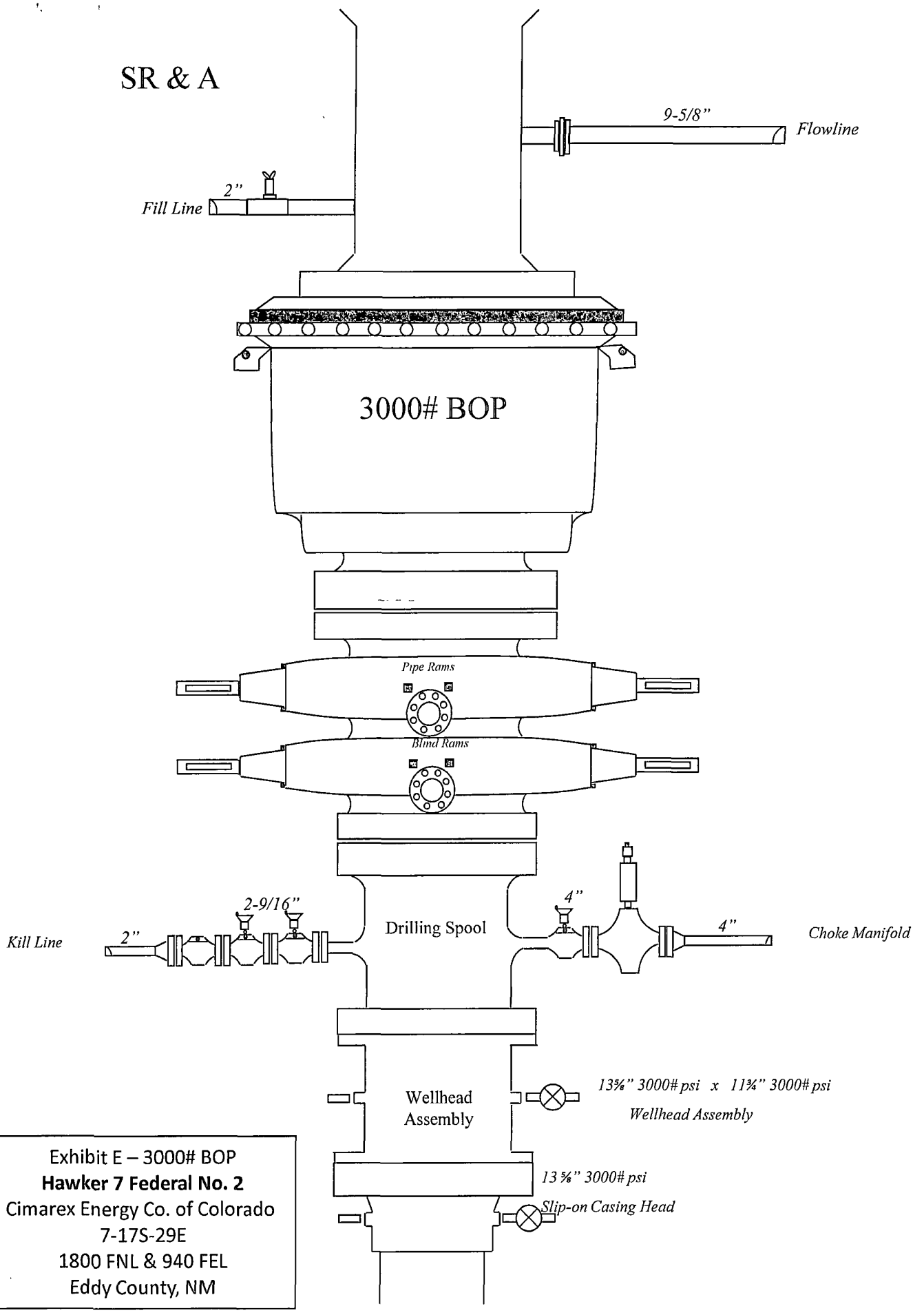

Exhibit E – 3000# BOP
Hawker 7 Federal No. 2
Cimarex Energy Co. of Colorado
7-17S-29E
1800 FNL & 940 FEL
Eddy County, NM

Drilling Operations
Choke Manifold
3M Service

Exhibit E-1 – Choke Manifold Diagram
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7-17S-29E
1800 FNL & 940 FEL
Eddy County, NM