

Surface Use Plan  
**Penny Pincher Federal Com No. 2**  
Cimarex Energy Co. of Colorado  
Unit C, Section 21  
T19S-R31E, Eddy County, NM

30-015-39450

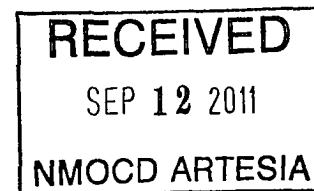
1. Existing Roads: Area maps, Exhibit "A" shows the proposed well site as staked. Exhibit "B" is a reproduction of Eddy Co. General Highway Map. Exhibit "C" is a reproduction of a USGS Topographic Map, and Exhibit "C-1" is a well site layout map, showing proposed road to location and existing road.

- 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 0.6 miles to lease road. On lease road, go North 0.2 miles to proposed lease road.

2. Planned Access Roads: 566.7' 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 Exhibits "A" and "A-1" |
| E. Abandoned wells - | As shown on Exhibits "A" and "A-1" |



4. Location of Proposed Production Facilities:

If on completion this well is a producer, a tank battery will be used and the necessary production equipment will be installed at the wellsite. See production facilities layout diagram. Any changes to the facilities or off-site facilities 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.

6. 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

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 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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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, 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.

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 known dwellings within 1½ miles of this location.

Operator Certification Statement  
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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 9th day of August, 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

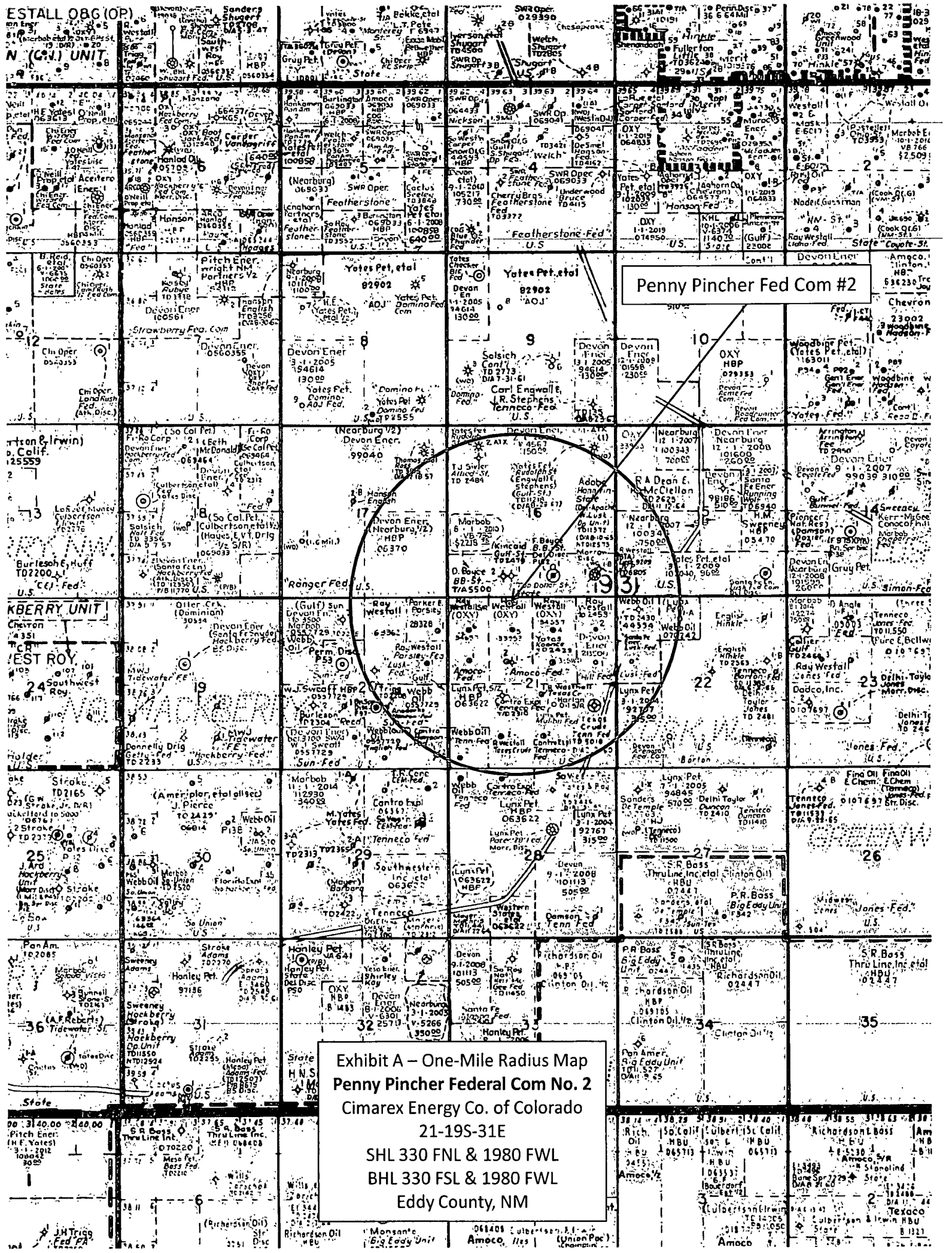
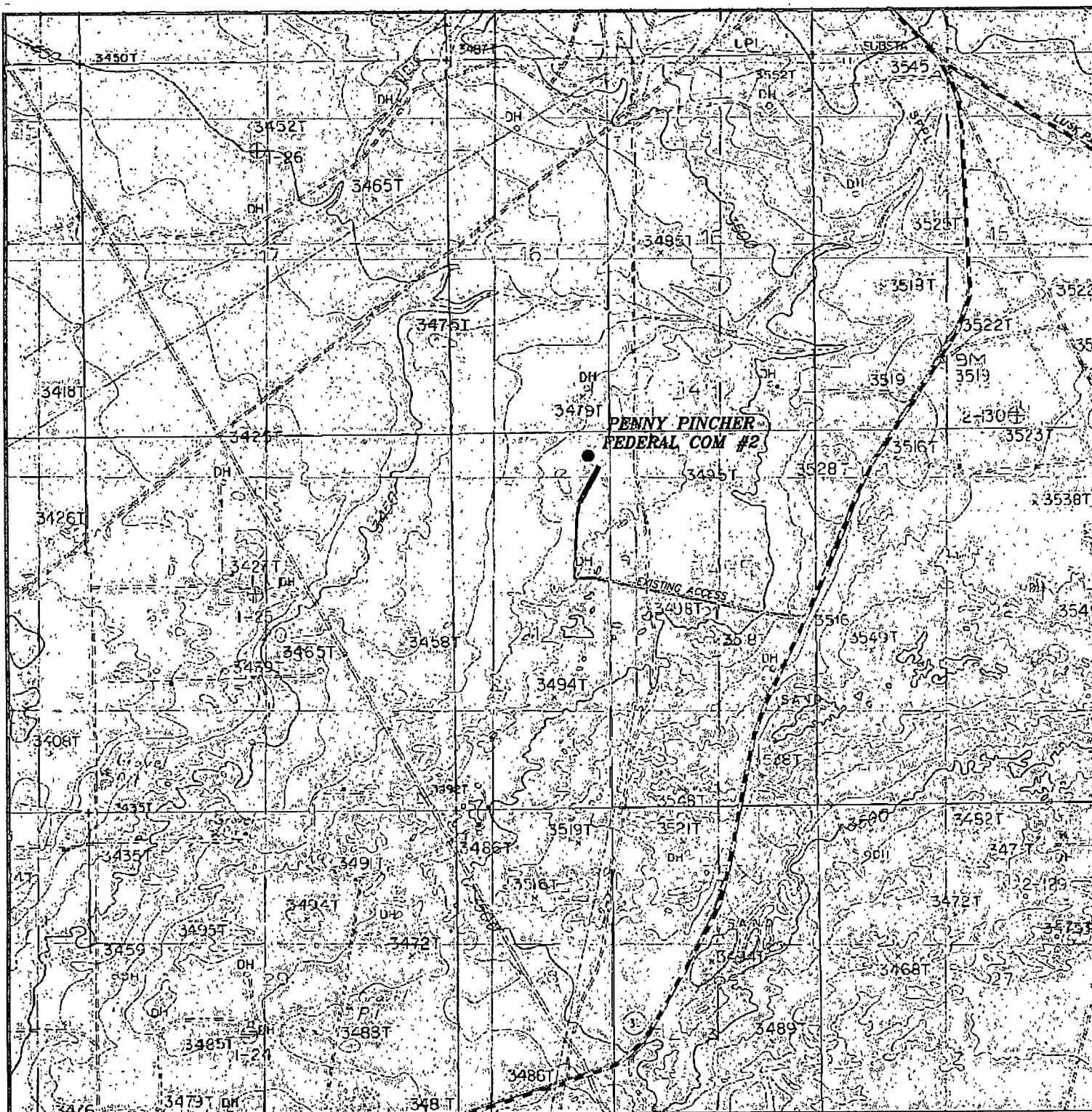


Exhibit A - One-Mile Radius Map  
Penny Pincher Federal Com No. 2  
Cimarex Energy Co. of Colorado  
21-19S-31E  
SHL 330 FNL & 1980 FWL  
BHL 330 FSL & 1980 FWL  
Eddy County, NM



## PENNY PINCHER FEDERAL COM #2

Located 330' FNL and 1980' FWL

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  
(575) 393-7316 - Office  
(575) 392-2206 - Fax  
basinsurveys.com

W.O. Number: JMS 21980

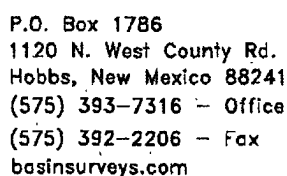
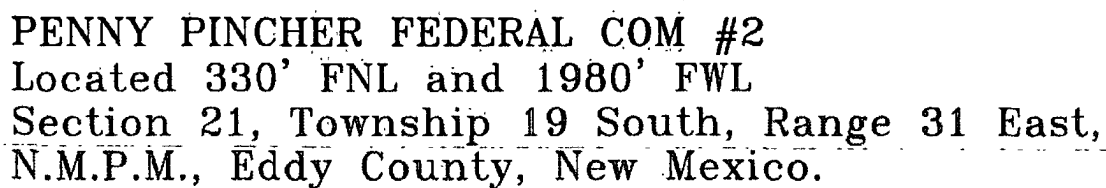
Survey Date: 11-20-2009

Scale: 1" = 2000'

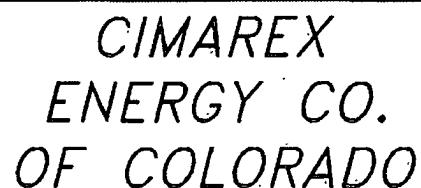
Date: 11-23-2009



**CIMAREX**  
ENERGY CO.  
OF COLORADO

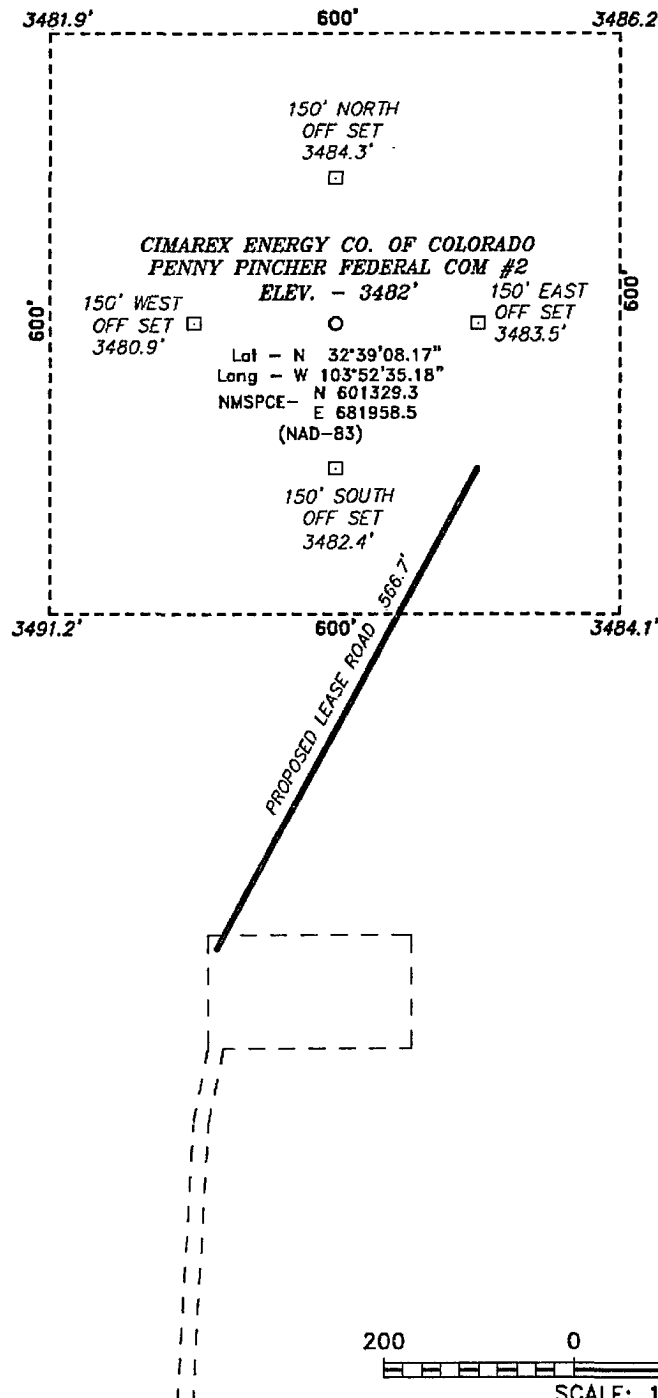


Date: 11-23-2009



## Exhibit C

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



Directions to Location:

FROM THE JUNCTION OF LUSK AND SHUGART, GO SOUTH ON SHUGART FOR 1.6 MILES TO LEASE ROAD, ON LEASE ROAD GO WEST 0.6 MILES TO LEASE ROAD, ON LEASE ROAD GO NORTH 0.2 MILES TO PROPOSED LEASE ROAD.

**BASIN SURVEYS** P.O. BOX 1786—HOBBS, NEW MEXICO

W.O. Number: 21980 Drawn By: J. SMALL

Date: 11-23-2009 Disk: JMS 21980

**CIMAREX ENERGY CO. OF COLORADO**

REF: PENNY PINCHER FEDERAL COM #2 / WELL PAD TOPO

THE PENNY PINCHER FEDERAL COM #2 LOCATED 330'  
FROM THE NORTH LINE AND 1980' FROM THE WEST LINE OF  
SECTION 21, TOWNSHIP 19 SOUTH, RANGE 31 EAST,  
N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 11-20-2009 Sheet 1 of 1 Sheets

# Cactus 115

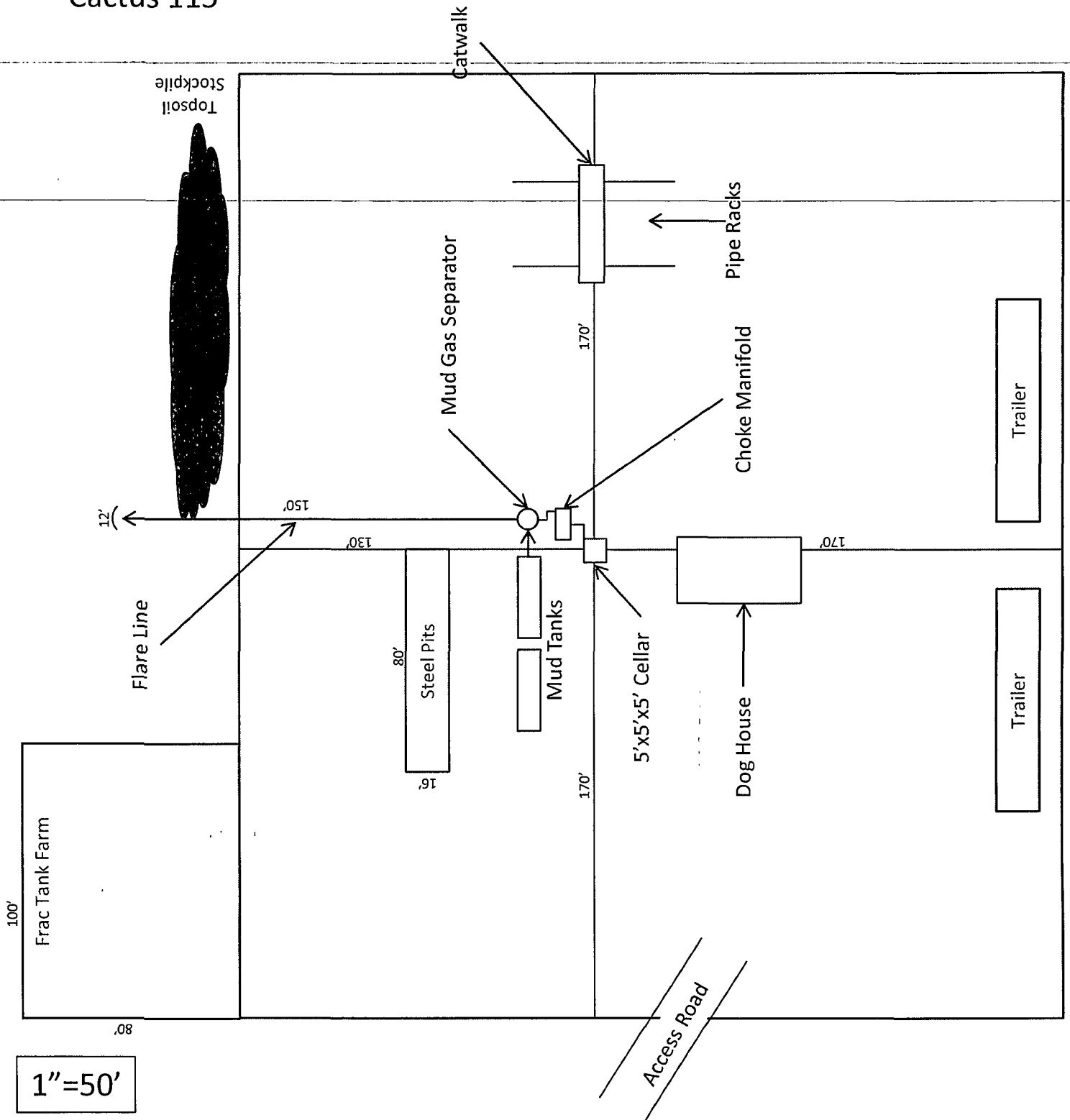
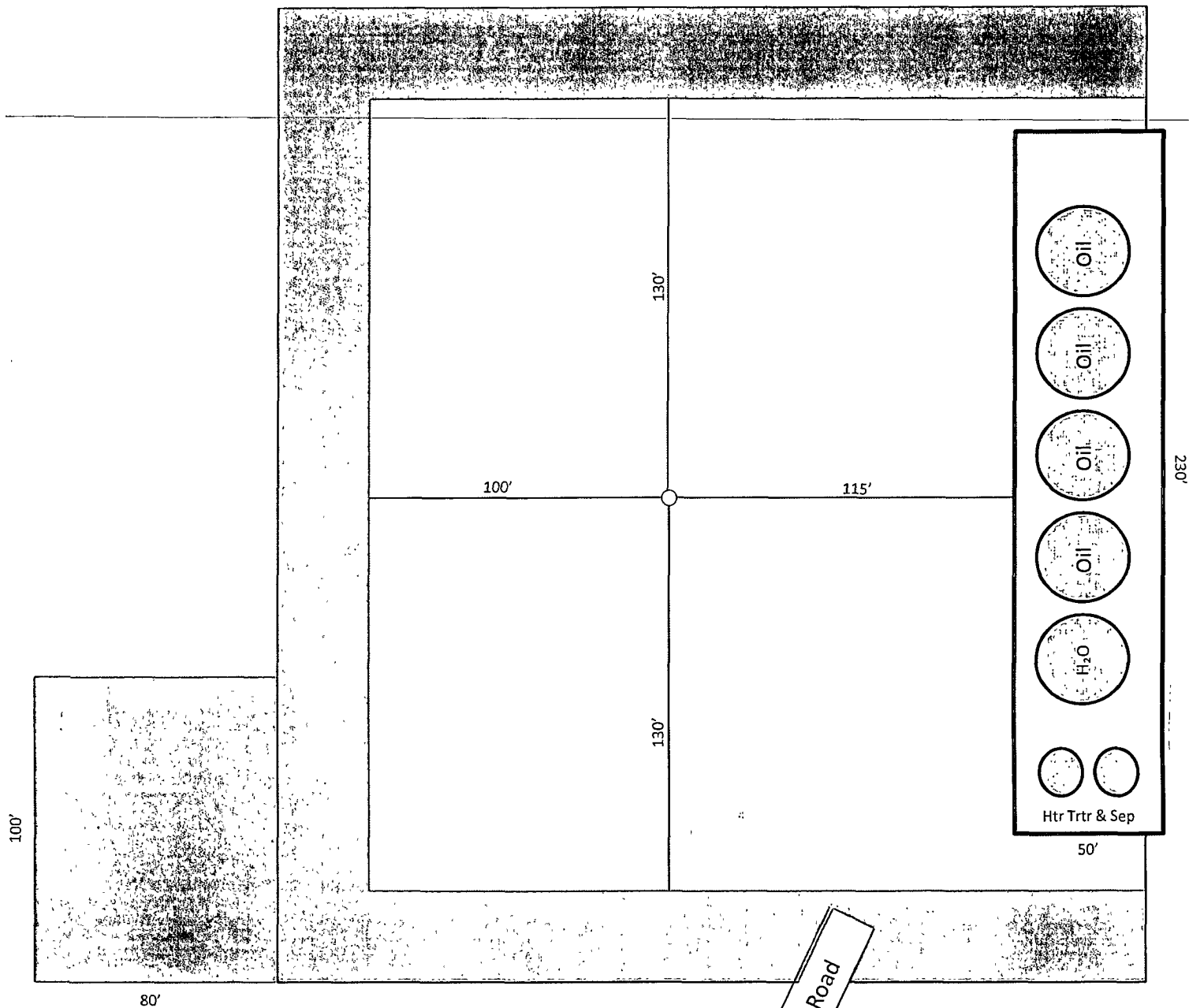


Exhibit D – Rig Diagram  
**Penny Pincher Federal Com No. 2**  
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 21-19S-31E  
 SHL 330 FNL & 1980 FWL  
 BHL 330 FSL & 1980 FWL  
 Eddy County, NM





# Exhibit D-1

## Penny Pincher Federal Com No. 2

Cimarex Energy Co. of Colorado

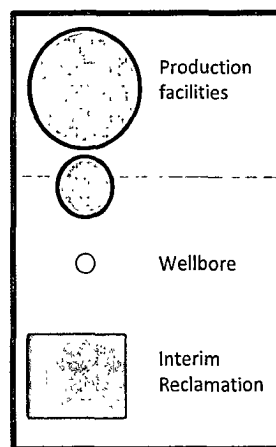
21-19S-31E

SHL 330 FNL & 1980 FWL

BHL 330 FSL & 1980 FWL

Eddy County, NM

N



1"=50'