

1412

If earthen pits are used in association with the drilling of this well, an OCD pit permit must be obtained prior to pit construction.

FORM APPROVED  
OMB NO. 1004-0136  
Expires: February 28, 1995  
L-06-23

UNITED STATES DEPARTMENT OF THE BUREAU OF LAND MANAGEMENT  
**RESUBMITTAL**

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK  
1b. TYPE OF WELL  
OIL WELL ☐ GAS WELL ☒  
DRILL ☒ DEEPEN ☐  
SINGLE ☒ MULTIPLE ☐  
OTHER ZONE ZONE

2. NAME OF OPERATOR  
Cimarex Energy Co. of Colorado

3. ADDRESS AND TELEPHONE NO.  
P.O. Box 140907 Irving TX 75014 972-401-3111

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)  
660' FNL & 1900' FEL  
**CARLSBAD CONTROLLED WATER BASIN**

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*  
17 miles South of Carlsbad

15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, T.O.  
(Also to nearest drlg. unit line, if any) 660'  
16. NO. OF ACRES IN LEASE 998.4

18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.  
2980'  
19. PROPOSED DEPTH 12050'

21. ELEVATIONS (Show whether DF, RT, GR, etc.)  
3361' GR

5. LEASE DESIGNATION AND SERIAL NO.  
LC-065457  
6. IF INDIAN, ALLOTTEE OR TRIBE NAME  
7. UNIT AGREEMENT NAME  
SW-94  
8. FARM OR LEASE NAME, WELL NO. 34197  
White City Penn 28 Gas Com Unit 3 No. 3  
9. API WELL NO.  
30-015- 35214  
10. FIELD AND POOL, OR WILDCAT  
White City; Penn (Gas)  
11. SEC. T., R., M., BLOCK AND SURVEY OR AREA  
B-28-24S-26E  
12. COUNTY OR PARISH Eddy  
13. STATE NM

17. NO. OF ACRES ASSIGNED TO THIS WELL  
640

20. ROTARY OR CABLE TOOLS  
Rotary  
22. APPROX. DATE WORK WILL START\*  
03-15-07

PROPOSED CASING AND CEMENTING PROGRAM				
SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17-1/2"	H-40 13-3/8"	48 #	400'	490 sx circulate
12-1/4"	J-55 9-5/8"	40 #	3200'	1500 sx circulate
7-7/8"	P-110 5-1/2"	17 #	12050'	1620 sx TOC 2700'

From the base of the surface pipe through the running of production casing, the well will be equipped with a 5000 - psi BOP system. We are requesting a variance for the 13-3/8" surface casing and BOP testing from Onshore Order No. 2, which states all casing strings below the conductor shall be pressure tested to 0.22 psi per foot or 1500#, whichever is greater, but not to exceed 70% of the manufacturer's stated maximum internal yield. During the running of the surface pipe and the drilling of the intermediate hole we do not anticipate any pressures greater than 1000#, and we are requesting a variance to test the 13 3/8" casing and BOP system to 1000# psi and use rig pumps instead of an independent service company.

IN ABOVE SPACE, DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

SIGNED Zeno Farris TITLE Mgr. Ops. Admin DATE 09-11-06

PERMIT No. \_\_\_\_\_ APPROVAL DATE \_\_\_\_\_

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:  
APPROVED BY /s/ James Stovall TITLE ACTING FIELD MANAGER DATE OCT 25 2008

\*See Instructions On Reverse Side

18 U.S.C. Section 1001, makes 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.  
**APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED**  
**SEE ATTACHED FOR CONDITIONS OF APPROVAL**  
**APPROVAL FOR 1 YEAR**  
**NOTE: CAVE/KARST STIPS.**

DISTRICT I  
P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised February 10, 1994  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88211-0719

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

DISTRICT IV  
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

OIL CONSERVATION DIVISION

P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 87280	Pool Name White City; Penn (Gas)
Property Code	Property Name WHITE CITY PENN 28 GAS COM UNIT 3	Well Number 3
OGRID No. 162683	Operator Name Cimarex Energy Co. of Colorado	Elevation 3361'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	28	24 S	26 E		660	NORTH	1900	EAST	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
Dedicated Acres 640	Joint or Infill Y	Consolidation Code C	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

<p>NAD 27 NME GEODETIC COORDINATES Y-434186.0-N X-511805.0-E LAT.= 32°11'37.28" N LONG.= 104°17'42.62" W</p> <p>White City Penn GCU 3 #1</p> <p>2310</p> <p>LC-065347</p> <p>White City Penn 28 GCU 3 #4</p> <p>1500</p> <p>1306</p> <p>LC-065347-A</p>	<p>3359.1' 3352.7' 3382.0' 3361.9'</p> <p>600' 600'</p> <p>1900'</p> <p>NM-0441951</p> <p>White City Penn 28 GCU 3 #3</p> <p>LC-065457</p> <p>White City Penn GCU 3 #2</p> <p>1650</p> <p>Fee</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><u>Zeno Farris</u> Signature Zeno Farris Printed Name Mgr Operations Admin Title 09-11-06 Date</p> <p>SURVEYOR CERTIFICATION</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>JANUARY 21, 2004</p> <p>Date Surveyed Signature &amp; Seal of Professional Surveyor GARY EIDSON 12641</p> <p>04.11.0000</p>
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## Cimarex Energy Co. of Colorado

5215 North O'Connor Blvd. □ Suite 1500 □ Irving, TX 75039 □ (972) 401-3111 □ Fax (972) 443-6486

Mailing Address: P.O. Box 140907 □ Irving, TX 75014-0907

*A wholly-owned subsidiary of Cimarex Energy Co., a NYSE Listed Company, "XEC"*

### STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

Bureau of Land Management  
620 E. Greene St.  
Carlsbad, New Mexico 88220  
Attn: Ms. Linda Denniston

Cimarex Energy Co. of Colorado accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on the leased land, or portion thereof, as described below:

Lease No.: LC-065347 – NW4, N2SW4, SE4SW4  
LC-065347-A – SW4SW4  
NM-0441951 – NE4NE4  
LC-065457 – NW4NE4, S2NE4, N2SE4  
Section 28-T24S-R26E

County: Eddy County, New Mexico

Formation (S): Atoka, Morrow

Bond Coverage: ~~Statewide~~ <sup>NATIONWIDE</sup> BLM Bond 

BLM Bond File No.: ~~NM-2575~~ <sup>COB000011</sup>

Authorized Signature: Zeno Farris  
Representing Cimarex Energy Co. of Colorado

Name: Zeno Farris

Title: Manager, Operations Administration

Date: September 9, 2006

## Application to Drill

Cimarex Energy Co. of Colorado  
White City Penn 28 Gas Com Unit 3 No. 3 - RESUBMITTAL  
Unit B Section 28  
T24S-R26E 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: 660' FNL & 1900' FEL

2 Elevation above sea level: GR 3361'

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: 12050'

6 Estimated tops of geological markers:

Base Salt	1199'	Cisco-Canyon	9623'
Delaware	1703'	Strawn	9841'
Bone Spring	5240'	Atoka	10083'
1st Bone Spring Ss	6095'	Morrow	10659'
2nd Bone Spring Ss	6701'	Middle Morrow	11009'
3rd Bone Spring Ss	7997'	Lower Morrow	11301'
Wolfcamp	8324'		

7 Possible mineral bearing formation:

Delaware	Oil
Atoka	Gas
Morrow	Gas

8 Casing program:

Hole Size	Interval	Casing OD	Weight	Thread	Collar	Grade
17-1/2"	0 - 350'	13-3/8"	48	8-R	ST&C	H-40
12-1/4"	0 - 2500'	9-5/8"	40	8-R	LT&C	J-55
8-3/4"	0 - 12050'	5-1/2"	17	8-R	LT&C	P-110

## Application to Drill

Cimarex Energy Co. of Colorado  
White City Penn 28 Gas Com Unit 3 No. 3 - RESUBMITTAL  
Unit B Section 28  
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### 9 Cementing & Setting Depth:

13 3/8"	Surface	Set 350' of 13 3/8" H-40 48# ST&C casing. Cement lead with 340 Sx. Of Premium Plus + additives and tail with 150 sx Premium Plus + additives, circulate cement to surface.
9 5/8"	Intermediate	Set 2500' of 9 5/8" J-55 40# LT&C casing. Cement lead with 1200 sx Of Class Premium Plus + additives, tail with 300 sx Of Premium Plus + additives, circulate cement to surface.
5 1/2"	Production	Set 12050' of 5 1/2" P-110 17# LT&C casing. Cement in two stages, first stage cement with 1020 sx of Class POZ/C Cement + additives. Second stage cement with 600 sx of Class "C". Estimated top of cement 2700'.

### 10 Pressure control Equipment:

Exhibit "E". A 13 3/8" 5000 PSI working pressure B.O.P. 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 below 6000'. 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 on the 9 5/8" casing and 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.

### 11 Proposed Mud Circulating System:

Depth	Mud Wt	Viscosity	Fluid Loss	Type Mud
0 - 350'	8.4 - 8.6	30 - 32	May lose circ.	Fresh water spud mud. Add paper to control seepage and high viscosity sweeps to clean hole.
350' - 2500'	9.7 - 10.0	28 - 29	May lose circ.	Brine water. Add paper as needed to control seepage and add lime to control pH (9-10). Use high viscosity sweeps to clean hole.
2500' - 8300'	8.4 - 9.9	28 - 29	NC	Brine water. Paper for seepage. Lime for PH (9 - 9.5)
8300' - 10000'	8.45 - 8.9	28 - 29	NC	Cut brine. Caustic for pH control.
10000' - 12050'	8.9 - 9.7	29 - 45	NC	XCD Polymer mud system.

Sufficient mud materials will be kept on location at all times in order to combat lost circulation, or unexpected kicks. In order to run DST's, open hole logs, and casing, the viscosity and water loss may have to be adjusted in order to meet these needs. Mud system monitoring equipment with derrick floor indicators and visual/audio alarms shall be installed and operative prior to drilling into the Wolfcamp formation. This equipment will remain in use until production casing is run and cemented.

## Application to Drill

Cimarex Energy Co. of Colorado  
White City Penn 28 Gas Com Unit 3 No. 3 - RESUBMITTAL  
Unit B Section 28  
T24S-R26E Eddy County, NM

### 12 Testing, Logging and Coring Program:

- A. Mud logging program: Two-man unit from 3200' 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. The area has a potential 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 4000 PSI, estimated BHT 175.

### 14 Anticipated Starting Date and Duration of Operations:

Road and location construction will begin after BLM approval of APD. Anticipated spud date as soon as approved. Drilling expected to take 35 - 45 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. The Morrow pay will be perforated and stimulated. The well will be tested and potentialized as a gas well.

# Hydrogen Sulfide Drilling Operations Plan

Cimarex Energy Co. of Colorado  
White City Penn 28 Gas Com Unit 3 No. 3 - RESUBMITTAL  
Unit B Section 28  
T24S-R26E Eddy County, NM

- 1 All Company and Contract personnel admitted on location must be trained by a qualified H2S safety instructor to the following:
  - A. Characteristics of H2S
  - B. Physical effects and hazards
  - C. Proper use of safety equipment and life support systems.
  - D. Principle and operation of H2S detectors, warning system and briefing
  - E. Evacuation procedure, routes and first aid.
  - F. Proper use of 30 minute pressure demand air pack.
- 2 H2S Detection and Alarm Systems
  - A. H2S 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, normal safe condition. Yellow flag indicates potential pressure and danger. Red flag, danger, H2S 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 foremen's trailers or living quarters.
- 7 Drillstem Testing not anticipated.

## **Hydrogen Sulfide Drilling Operations Plan**

Cimarex Energy Co. of Colorado  
White City Penn 28 Gas Com Unit 3 No. 3 - RESUBMITTAL  
Unit B Section 28  
T24S-R26E Eddy County, NM

- 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.



## Surface Use Plan

Cimarex Energy Co. of Colorado  
White City Penn 28 Gas Com Unit 3 No. 3 - RESUBMITTAL  
Unit B Section 28  
T24S-R26E Eddy County, NM

- 1 Existing Roads: Area maps, Exhibit "B" is a reproduction of Lea 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 intersection of US Hwy 62-180 and Eddy County Road 772 (Means Road), go South on Means Road for 0.8 miles to good Caliche road on left. Turn left and follow meandering road 1.5 miles to P.L. R.O.W. on left. Turn left and go North on ROW for 1200'. Location is 250' to the East.
- 2 PLANNED ACCESS ROADS: 1307' of proposed lease road will be constructed on lease.
- 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"

## Surface Use Plan

Cimarex Energy Co. of Colorado  
White City Penn 28 Gas Com Unit 3 No. 3 - RESUBMITTAL  
Unit B Section 28  
T24S-R26E Eddy County, NM

- 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".

7 METHODS OF HANDLING WASTE MATERIAL:

- A. Drill cuttings will be separated by a series of solids removal equipment and hauled to the cuttings drying area and then disposed of in the cuttings burial cell.
- 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 a 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.

## Surface Use Plan

Cimarex Energy Co. of Colorado  
White City Penn 28 Gas Com Unit 3 No. 3 - RESUBMITTAL  
Unit B Section 28  
T24S-R26E Eddy County, NM

### 9 WELL SITE LAYOUT

- A. Exhibit "D" shows location and rig layout.
- B. This exhibit indicates proposed location of reserve and trash pits and living facilities.
- C. Mud pits in the active circulating system will be steel pits and the reserve pit is proposed to be unlined, unless subsurface condition encountered during pit construction indicate that lining is needed for lateral containment of fluids.
- D. If needed, the reserve pit is to be lined with PVC or polyethylene line. The pit liner will be 12 mils thick. Pit liner will extend a minimum 2'00" over the reserve pits dikes where the liner will be anchored down.
- E. The reserve pit will be fenced on three sides with four strands of barbed wire during drilling and completion phases. The fourth side will be fenced after all drilling operations have ceased. If the well is a producer, the reserve pit fence will be torn down. The reserve pit and 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 and reserve pit 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.

However, in either event, the reserve pit will be allowed to dry properly, and fluid removed and disposed of in accordance with Article 7.B as previously noted. The pit area will then be leveled and contoured to conform to the original and surrounding area. 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 recontoured 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

Cimarex Energy Co. of Colorado  
White City Penn 28 Gas Com Unit 3 No. 3 - RESUBMITTAL  
Unit B Section 28  
T24S-R26E 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 The United States 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. An Archaeological survey has been conducted on the location and proposed roads, and this report has been filed with the Bureau of Land Management in the Carlsbad BLM office.

### 12 OPERATORS REPRESENTATIVE:

Cimarex Energy Co. of Colorado  
P.O. Box 140907  
Irving, TX 75014  
Office Phone: (972) 443-6489  
Zeno Farris

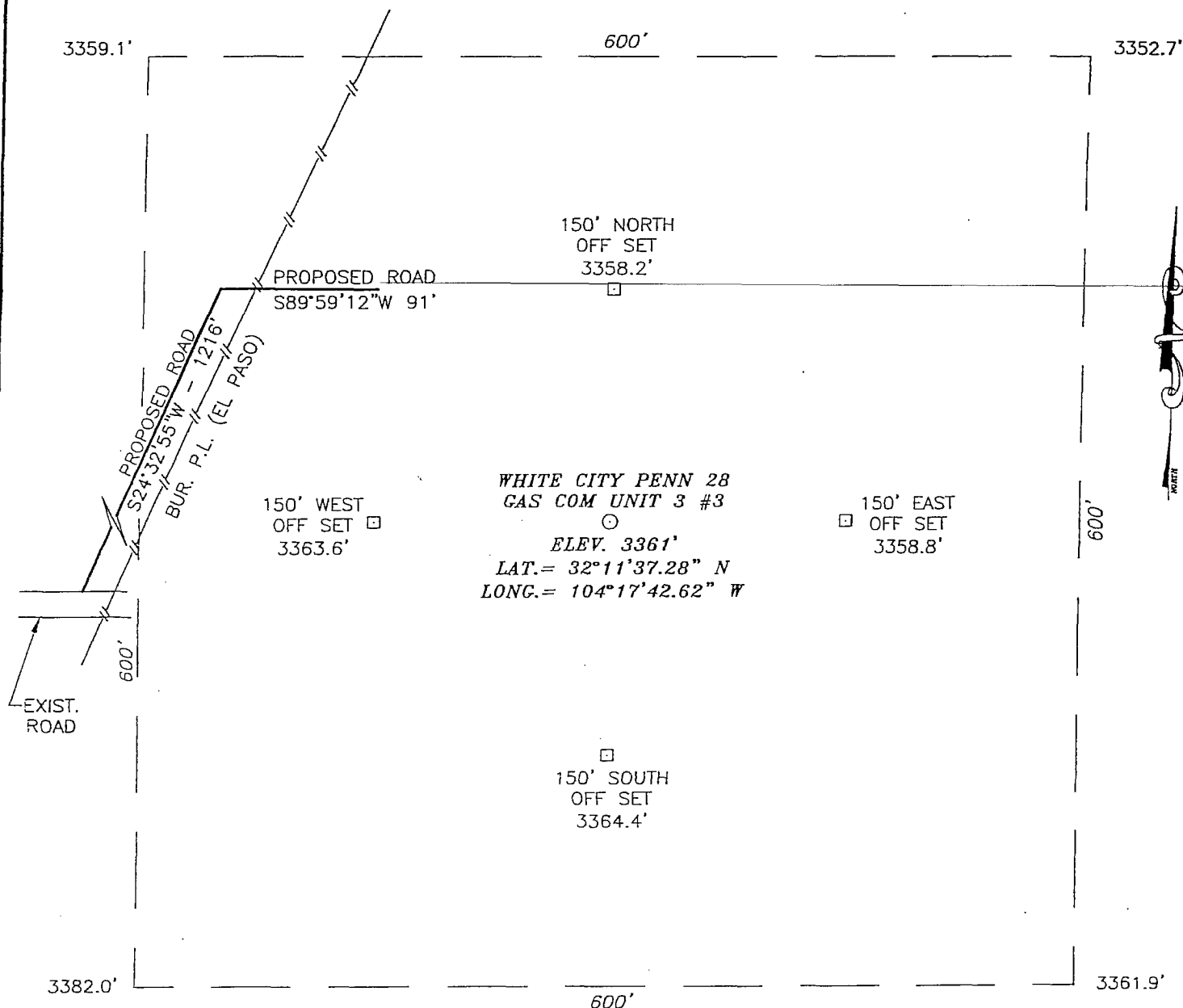
- 13 **CERTIFICATION:** I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Gruy Petroleum Management Company 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

DATE: 9/11/2006

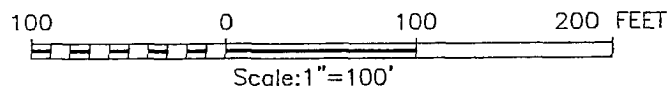
TITLE: Manager, Operations Administration

SECTION 28, TOWNSHIP 24 SOUTH, RANGE 26 EAST, N.M.P.M.,  
EDDY COUNTY, NEW MEXICO.



DRIVING DIRECTIONS:

FROM THE INTERSECTION OF U.S. HWY 62-180 AND  
EDDY COUNTY ROAD #772 (MEANS), GO SOUTHEAST ON  
MEANS ROAD FOR 0.8 MILES TO GOOD CALICHE ROAD  
ON LEFT. TURN LEFT AND FOLLOW MEANDERING ROAD  
1.5 MILES TO P/L R.O.W. ON LEFT. TURN LEFT AND  
GO NORTH ON R.O.W. FOR 1200'. LOCATION IS 250' TO  
EAST.



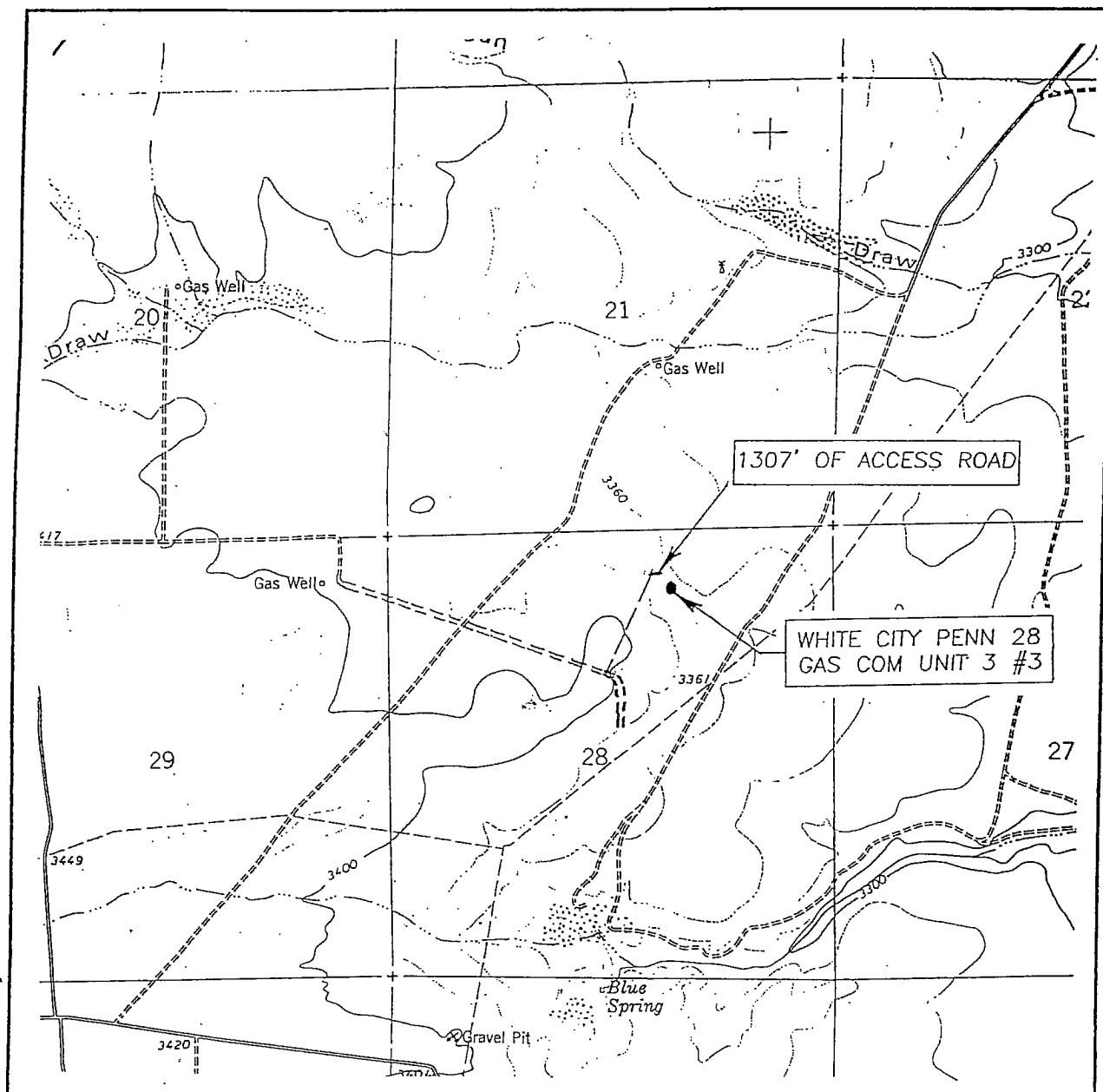
**JOHN WEST SURVEYING COMPANY**  
412 N. DAL PASO - HOBBS, NEW MEXICO - 505-393-3117

**CIMAREX ENERGY CO. OF COLORADO**

WHITE CITY PENN 28 GAS COM UNIT 3 #3  
LOCATED 660 FEET FROM THE NORTH LINE  
AND 1900 FEET FROM THE EAST LINE OF SECTION 28,  
TOWNSHIP 24 SOUTH, RANGE 26 EAST, N.M.P.M.,  
EDDY COUNTY, NEW MEXICO

Survey Date: 1/21/04	Sheet 1 of 1 Sheets
W.O. Number: 04.11.0003	DRAWN BY: L. PERALES
Date: 1/30/04	DISK: CD '04
04110003	Scale: 1"=100'

# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:  
BLACK RIVER VILLAGE, N.M. - 20'

SEC. 28 TWP. 24-S RGE. 26-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 660' FNL & 1900' FEL

ELEVATION 3361'

OPERATOR Cimarex Energy Co.  
of Colorado

LEASE WHITE CITY PENN 28  
GAS COM UNIT 3

U.S.G.S. TOPOGRAPHIC MAP  
BLACK RIVER VILLAGE, N.M.

JOHN WEST SURVEYING  
HOBBS, NEW MEXICO  
(505) 393-3117

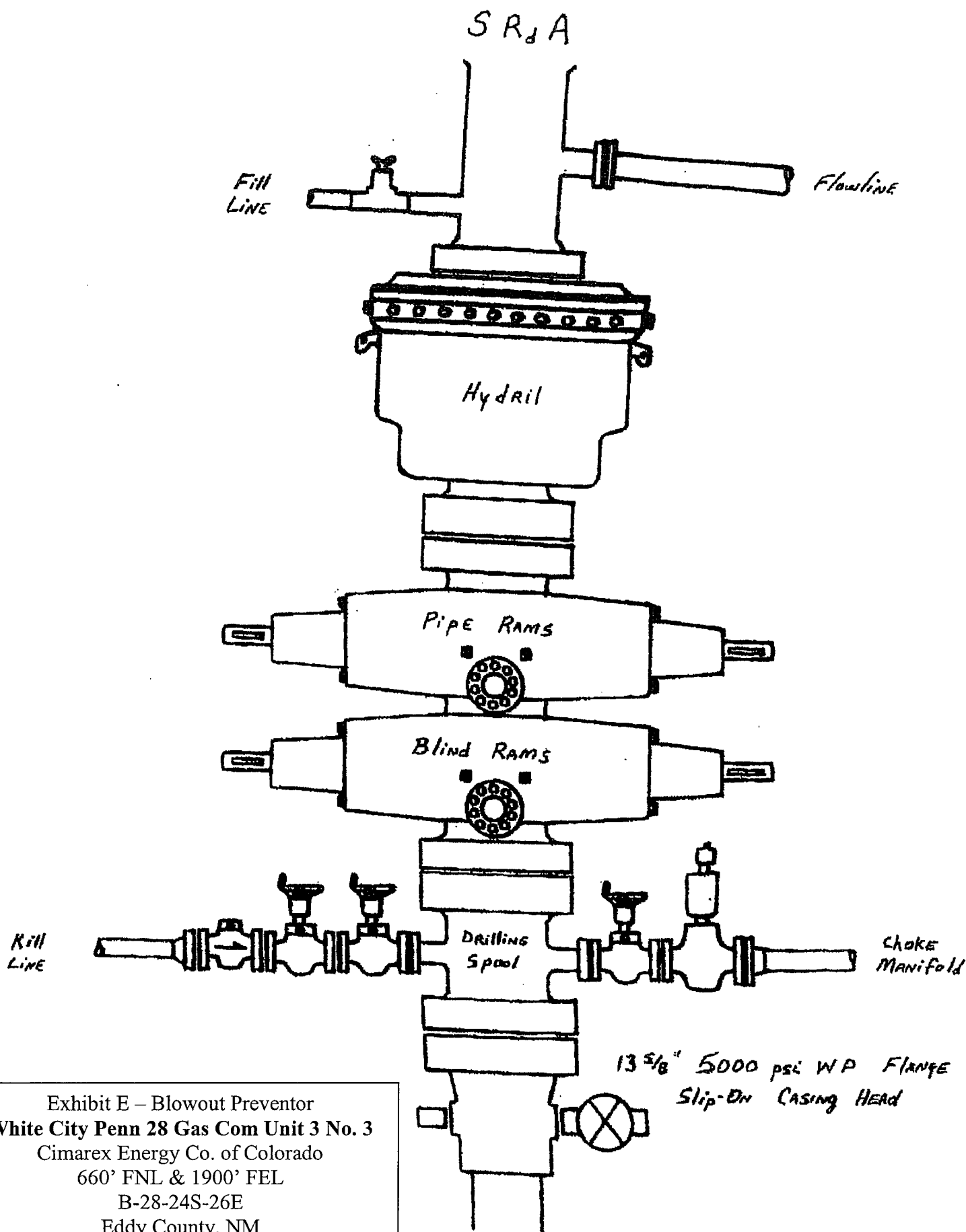


Exhibit E – Blowout Preventor  
 White City Penn 28 Gas Com Unit 3 No. 3  
 Cimarex Energy Co. of Colorado  
 660' FNL & 1900' FEL  
 B-28-24S-26E  
 Eddy County, NM

DRILLING OPERATIONS  
CHOKE MANIFOLD  
5M SERVICE

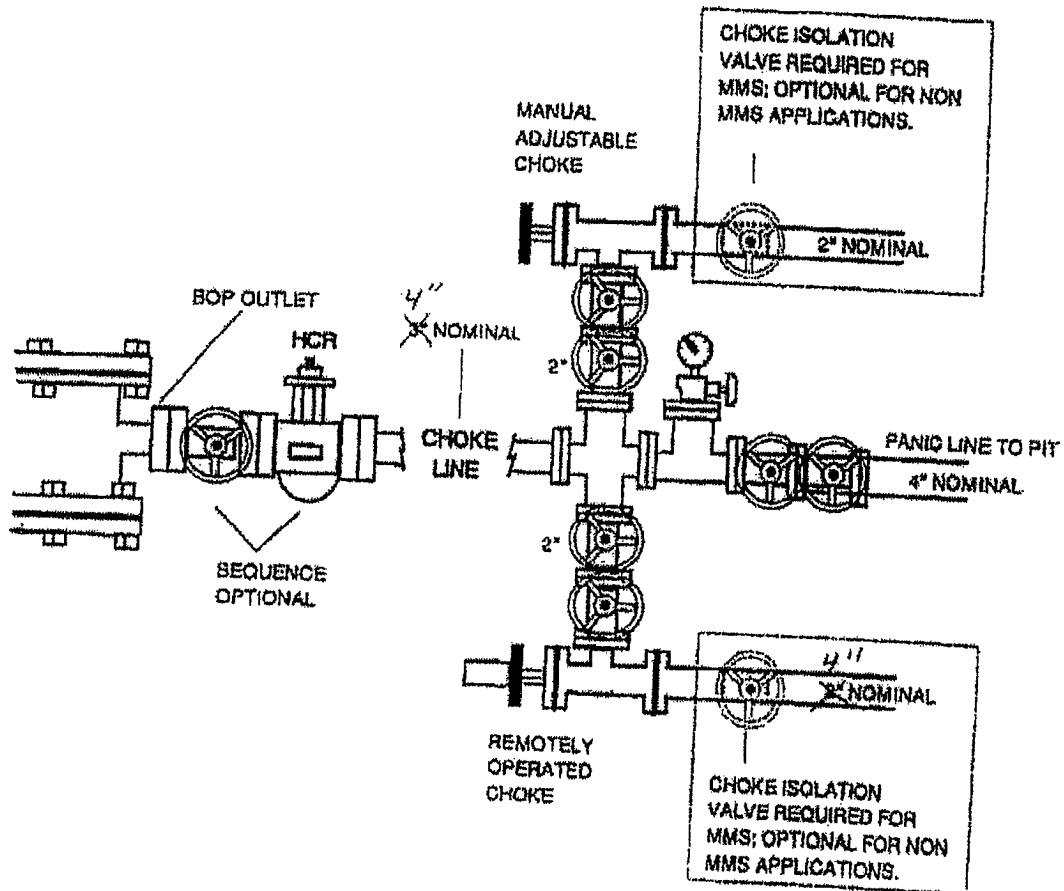


Exhibit E1 – Choke Manifold Diagram  
**White City Penn 28 Gas Com Unit 3 No. 3**  
 Cimarex Energy Co. of Colorado  
 660' FNL & 1900' FEL  
 B-28-24S-26E  
 Eddy County, NM



## SPECIAL DRILLING STIPULATIONS

### THE FOLLOWING DATA IS REQUIRED ON THE WELL SIGN

Operator's Name: Cimarex Energy Company Well Name & #: White City Penn 28 Gas Com. Unit 3 #3  
Location 660 F N L & 1900 F E L; Sec. 28, T. 24 S., R. 26 E.  
Lease #: LC-065457 County: Eddy State: New Mexico

The Special stipulations check marked below are applicable to the above described well and approval of this application to drill is conditioned upon compliance with such stipulations in addition to the General Requirements. The permittee should be familiar with the General Requirements, a copy of which is available from a Bureau of Land Management office. EACH PERMITTEE HAS THE RIGHT OF ADMINISTRATIVE APPEAL TO THESE STIPULATIONS PURSUANT TO TITLE 43 CFR 3165.3 AND 3165.4.

This permit is valid for a period of one year from the date of approval or until lease expiration or termination whichever is shorter.

#### I. SPECIAL ENVIRONMENT REQUIREMENTS

- ( ) Lesser Prairie Chicken (stips attached) ( ) Flood plain (stips attached)  
( ) San Simon Swale (stips attached) (x ) Other **See attached Archaeological, Visual Resource & Cave/Karst stipulations**

#### II. ON LEASE - SURFACE REQUIREMENTS PRIOR TO DRILLING

(x ) The BLM will monitor construction of this drill site. Notify the (x ) Carlsbad Field Office at (505) 234-5972 ( ) Hobbs Office (505) 393-3612, at least 3 working days prior to commencing construction.

(x ) Roads and the drill pad for this well must be surfaced with 6 inches of compacted caliche upon completion of well and it is determined to be a producer.

( ) All topsoil and vegetation encountered during the construction of the drill site area will be stockpiled and made available for resurfacing of the disturbed area after completion of the drilling operation. Topsoil on the subject location is approximately \_\_\_\_\_ inches in depth. Approximately \_\_\_\_\_ cubic yards of topsoil material will be stockpiled for reclamation.

(x ) Other. **V-Door West (Cutting pits to the South). Utilize a closed mud system.**

#### III. WELL COMPLETION REQUIREMENTS

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

(x ) Surface Restoration: If the well is a producer, the pit will be backfilled when dry, and cut-and-fill slopes will be reduced to a slope of 3:1 or less. All areas of the pad not necessary for production must be re-contoured to resemble the original contours of the surrounding terrain, and topsoil must be re-distributed and re-seeded with a drill equipped with a depth indicator (set at depth of 1/2 inch) with the following seed mixture, in pounds of Pure Live Seed (PLS), per acre. If broadcasting, the seeding rate must be doubled.

##### ( ) A. Seed Mixture 1 (Loamy Sites)

Side Oats Grama (*Bouteloua curtipendula*) 5.0  
Sand Dropseed (*Sporobolus cryptandrus*) 1.0  
Plains lovegrass (*Eragrostis intermedia*) 0.5

##### ( ) B. Seed Mixture 2 (Sandy Sites)

Sand Dropseed (*Sporobolus crptandrus*) 1.0  
Sand Lovegrass (*Eragostis trichodes*) 1.0  
Plains Bristlegrass (*Setaria magrostachya*) 2.0

##### (x ) C. Seed Mixture 3 (Shallow Sites)

Side oats Grama (*Bouteloua curtipendula*) 5.0  
Green Spangletop (*Leptochloa dubia*) 2.0  
Plains Bristlegrass (*Setaria magrostachya*) 1.0

##### ( ) D. Seed Mixture 4 (Gypsum Sites)

Alkali Sacaton (*Sporobolus airoides*) 1.0  
Four-Wing Saltbush (*Atriplex canescens*) 5.0

( ) OTHER SEE ATTACHED SEED MIXTURE

Seeding should be done either late in the fall (September 15 - November 15, before freeze up, or early as possible the following spring to take advantage of available ground moisture.

( ) Other

#### CUTTINGS PIT CONSTRUCTION STANDARDS

The cuttings pit shall be constructed entirely in cut material and lined with 20-mil plastic.

Mineral material extracted from within the boundary of the APD during construction of the well pad and cuttings pit and be used for the construction of this well pad and its immediate access road only, as long as that portion of the access road it is use on remains on-lease. Removal of any additional material from this location for construction or improvement of other well pads and other access or lease roads must first be purchased from BLM.

Reclamation: Reclamation of this type of deep pit will consist of pushing the pit walls into the pit when sufficiently dry to support track equipment. The pit liner is NOT TO BE RUPTURED to facilitate drying; a ten month period after completion of the well is allowed for drying of the pit contents.

The pit area must be contoured to the natural terrain with all contaminated drilling mud buried with at least 3 feet of clean soil. The reclaimed area will then be seeded as specified in this permit.

#### CULTURAL

Whether or not an archaeological survey has been completed and notwithstanding that operations are being conducted as approved, the lessee/operator/grantee shall notify the BLM immediately if previously unidentified cultural resources are observed during surface disturbing operations. From the time of the observation, the lessee/operator/grantee shall avoid operations that will result in disturbance to these cultural resources until directed to process by BLM.

#### TRASH PIT STIPS

All trash, junk, and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.

## **Conditions of Approval Cave and Karst**

Cimarex Energy Co of Colorado  
Lease # LC -065457  
White City Penn 28 Gas Com Unit 3 #3  
T 24 S, R 26 E Sec. 28 660' FNL a& 1900' FEL

### **Cave/Karst Surface Mitigation**

The following stipulations will be applied to minimize impacts during construction, drilling and production.

#### **Berming:**

Any tank batteries will be constructed and bermed large enough to contain any spills that may occur.

Bermed areas will be lined with rip-stop padding to prevent tears or punctures in liners and lined with a permanent 20 mil plastic liner.

#### **Closed Mud System with Buried Cuttings Pit:**

All fluids will be in steel tanks and hauled off. A 70X100 foot cuttings pit will be utilized for this location. The cuttings pit will be lined with 4 oz. felt and a layer of 20 mil. plastic. Upon completion of the well all excess fluids will be vacuumed off the cuttings pit and allowed to dry. The pit liner will then be folded over the cuttings, covered with a 20 mil plastic cover and then covered with at least three feet of top soil.

### **Cave/Karst Subsurface Mitigation**

The following stipulations will be applied to protect cave/karst and ground water concerns:

#### **Rotary Drilling with Fresh Water:**

Rotary drilling techniques in cave or karst areas will include the use of fresh water as a circulating medium in zones where caves or karst features are expected. See geologist report for depth.

#### **Florescene Dye (Acid Yellow 73):**

Sixteen ounces of Yellow Green (Acid Yellow 73) Florescene dye will be added to the drilling fluid during the drilling of the first 750 feet of the well.

#### **Casing:**

All casing will meet or exceed National Association of Corrosion Engineers specifications pertaining to the geology of the location and be run to American Petroleum Institute and BLM standards.

#### **Cementing:**

All casing strings will be cemented to the surface.

**Lost Circulation:**

ALL lost circulation zones from the surface to the base of the cave occurrence zone will be logged and reported.

Regardless of the type of drilling machinery used, if a bit drops of four feet or more and circulation losses greater than 75 percent occur simultaneously while drilling in any cave-bearing zone, drilling operations will immediately stop and the BLM will be notified by the operator. The BLM will assess the consequences of the situation and work with operator on corrective actions to resolve the problem.

**Delayed Blasting:**

Any blasting will be a phased and time delayed.

**Abandonment Cementing:**

Upon well abandonment the well bore will be cemented completely from 100 feet below the bottom of the cave bearing zone to the surface.

**Pressure Tests:**

Annual pressure tests will be performed by the Operator on all casing annuli. If the test results indicated a casing failure, remedial actions approved by the BLM will be undertaken to correct the problem.

**Differential Shut-off Systems:**

A leak detection system and differential shut off systems will be installed for pipelines and tanks used in production or drilling.

**Record Keeping:**

The Operator will track customary drilling activities, including the rate of penetration, pump pressure, weight on bit, bit drops, percent of mud returns, and presence of absence of cuttings returning to the surface. As part of customary record keeping, each detectable void or sudden increase in the rate of penetration not attributable to a change in the formation type should be documented and evaluated as it is encountered.

## CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Cimarex Energy Co.  
Well Name & No. White City Penn 28 GCU 3, # 3  
Location: 660' FNL, 1900' FEL, SEC 28, T24S, R26E, Eddy County, NM  
Lease: LC- 065457

### I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 - for wells in Eddy County; and the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612 for wells in Lea County, in sufficient time for a representative to witness:
  - A. Spudding
  - B. Cementing casing: 13 3/8 inch 9 5/8 inch 5 1/2 inch
  - C. BOP tests
2. A Hydrogen Sulfide (H<sub>2</sub>S) Drilling Plan should be activated prior to drilling into the N/A Formation. A copy of the plan shall be posted at the drilling site.
3. 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.
4. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing ( size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15 day time frame.
5. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.
6. 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.
7. Gamma-Ray/Neutron logs shall be run from the base of the Salado Formation to the surface; cable speed not to exceed 30 feet per minute.

### II. CASING:

1. The 13 3/8 inch surface casing shall be set at above the salt @ approximately 400 feet, below usable water and cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.
2. The minimum required fill of cement behind the 9 5/8 inch intermediate casing is circulate cement to the surface.
4. The minimum required fill of cement behind the 5-1/2 inch production casing is cement shall extend upward a minimum of 200 feet above the base of the intermediate casing string.
5. Whenever a casing string is cemented in the R-111-P Potash Area, cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests.

### **III. PRESSURE CONTROL:**

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the 13 3/8 inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.
2. Minimum working pressure of the blowout preventer and related equipment (BOPE) required for drilling the surface and intermediate casing shall be 2000 psi. Minimum working pressure of the blowout preventer and related equipment (BOPE) required for drilling below the 9 5/8 inch casing shall be 5000 psi.
3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.
  - A variance to test the \_\_\_\_\_ to the reduced pressure of \_\_\_\_psi with the rig pumps is approved.
  - The tests shall be done by an independent service company.
  - The results of the test shall be reported to the appropriate BLM office.
  - Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
  - Testing must be done in a safe workman-like manner. Hard line connections shall be required.
  - BOPE must be tested prior to drilling into the **Wolfcamp** Formation by an independent service company.

### **IV. DRILLING MUD:**

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the **Wolfcamp** Formation, and shall be used until production casing is run and cemented. Monitoring equipment shall consist of the following:

1. Recording pit level indicator to indicate volume gains and losses.
2. Mud measuring device for accurately determining the mud volumes necessary to fill the hole during trips.
3. Flow-sensor on the flow line to warn of abnormal mud returns from the well.

**Engineering may be contacted at 505-706-2779 for variances if necessary.**