

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

Month-Year
11-2007
IT IN TRIPLICA NM
(Other instructions on reverse side)

ADU-07-130

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

DEPART
BUREAU

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

1b. TYPE OF WELL

OIL ☐

GAS ☒

SINGLE ☒

MULTIPLE ☐

WELL

WELL

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.)

1580 FSL & 1000 FWL
1580

Correct at these
for stages B. Hunt
per SN dated 4/3/07 SA

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE

15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, T.O.
(Also to nearest drig. unit line, if any) 660'

16. NO. OF ACRES IN LEASE

160

17. NO. OF ACRES ASSIGNED TO THIS WELL

W/2 320

18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.

N/A

19. PROPOSED DEPTH

12175'

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
3593' GR

22. APPROX. DATE WORK WILL START
04-01-07

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17-1/2"	13-3/8" H-40	48#	220'	250 sx circ
12-1/4"	9-5/8" J-55	40#	1567'	1325 sx circ
8-3/4"	5-1/2" P-110	17#	12175'	2285 sx TOC 2500'

From the base of the surface pipe through the running of production casing, the well will be equipped with a 10000# 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 that all casing strings below the conductor shall be pressure tested to 0.22# psi per foot or 1500# psi, 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# psi, and we are requesting a variance to test the 13-3/8" casing and BOP system to 1000# psi and to use rig pumps instead of an independent service company.

H2S Contingency Plan that meets NMOC Rule 118 is required

IN ABOVE SPACE, DESCRIBE PROPOSED PROGRAM:

If proposal is to deepen, give data on present productive zones and proposed new productive zone. If proposal is to drill or deepen directly, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

SIGNED [Signature] TITLE Agent DATE 04-25-07
BRYAN L. BARRANT OCD DISTRICT II GEOLOGIST

(This space for Federal or State office use)

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/ Don Peterson

TITLE ACTING FIELD MANAGER

DATE MAY 05 2007

*See Instructions On Reverse Side

APPROVAL FOR 1 YEAR

Title 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.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

CARLSBAD CONTROLLED WATER BASIN

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

DISTRICT I

1625 N. French Dr., Hobbs, NM 88240

DISTRICT II

1301 W. Grand Avenue, Artesia, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Artesia, NM 87410

DISTRICT IV

1220 S. St. Francis Dr., Santa Fe, NM 87506

State of New Mexico
Energy, Minerals and Natural Resources DepartmentForm C-102
Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, New Mexico 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 74900	Pool Name Chosa Draw; Morrow
Property Code	Property Name AIRPARK "35" FEDERAL COM	Well Number 1
OGRID No. 162683	Operator Name CIMAREX ENERGY CO. OF COLORADO	Elevation 3601'

Surface Location

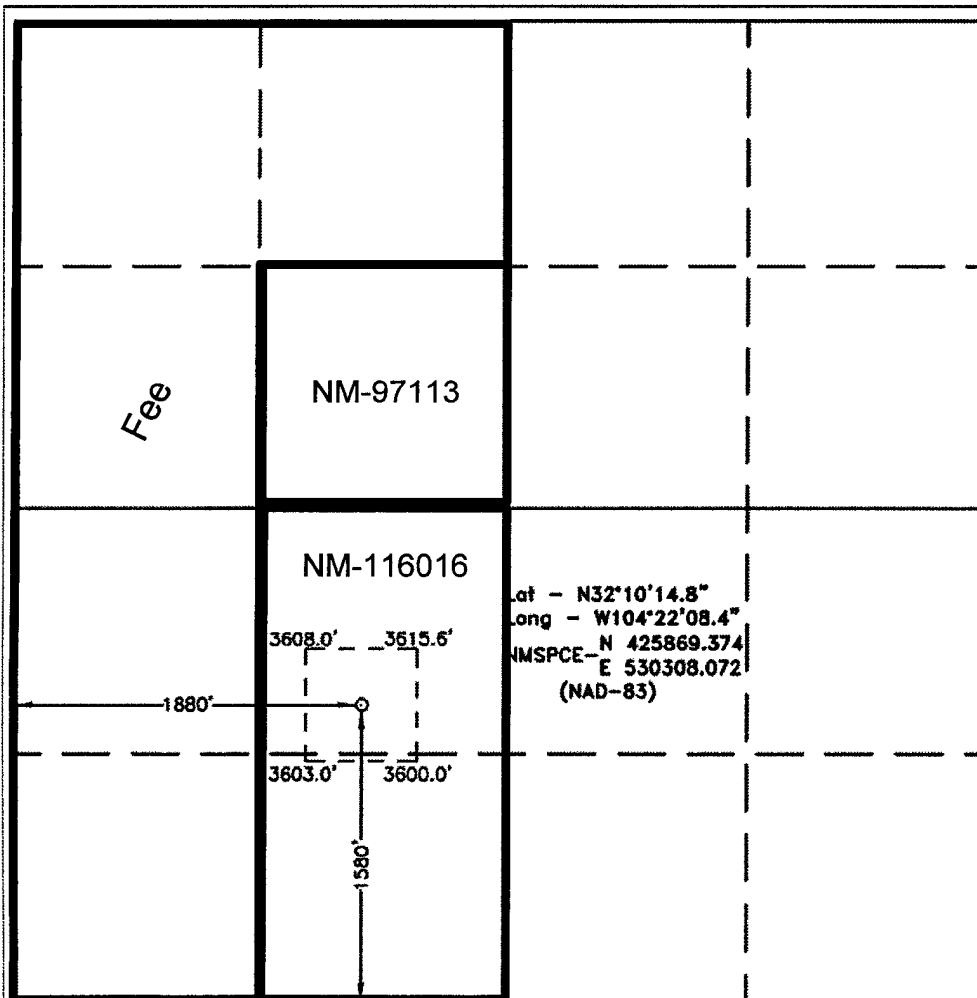
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	35	24 S	25 E		1580	SOUTH	1880	WEST	EDDY

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 320	Joint or Infill	Consolidation Code P	Order No.
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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



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 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.

Zeno Farris 04-03-07
Signature Date

Zeno Farris

Printed Name

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.

MARCH 30, 2007

Date Surveyed
Signature
Professional Surveyor

GARY L. JONES
Professional Surveyor
7977

Certificate No. Gary L. Jones 7977

BASIN SURVEYS



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.: NM-97113 – SENW 35-24S-25E – 40 acres
NM-116016 – W2SW4 – 35-24S-25E – 80 acres
Fee – W2W2, NE4NW4 – 35-24S-25E – 200 acres

County: Eddy County, New Mexico

Formation (S): Morrow

Bond Coverage: Statewide BLM Bond

BLM Bond File No.: NM 2575

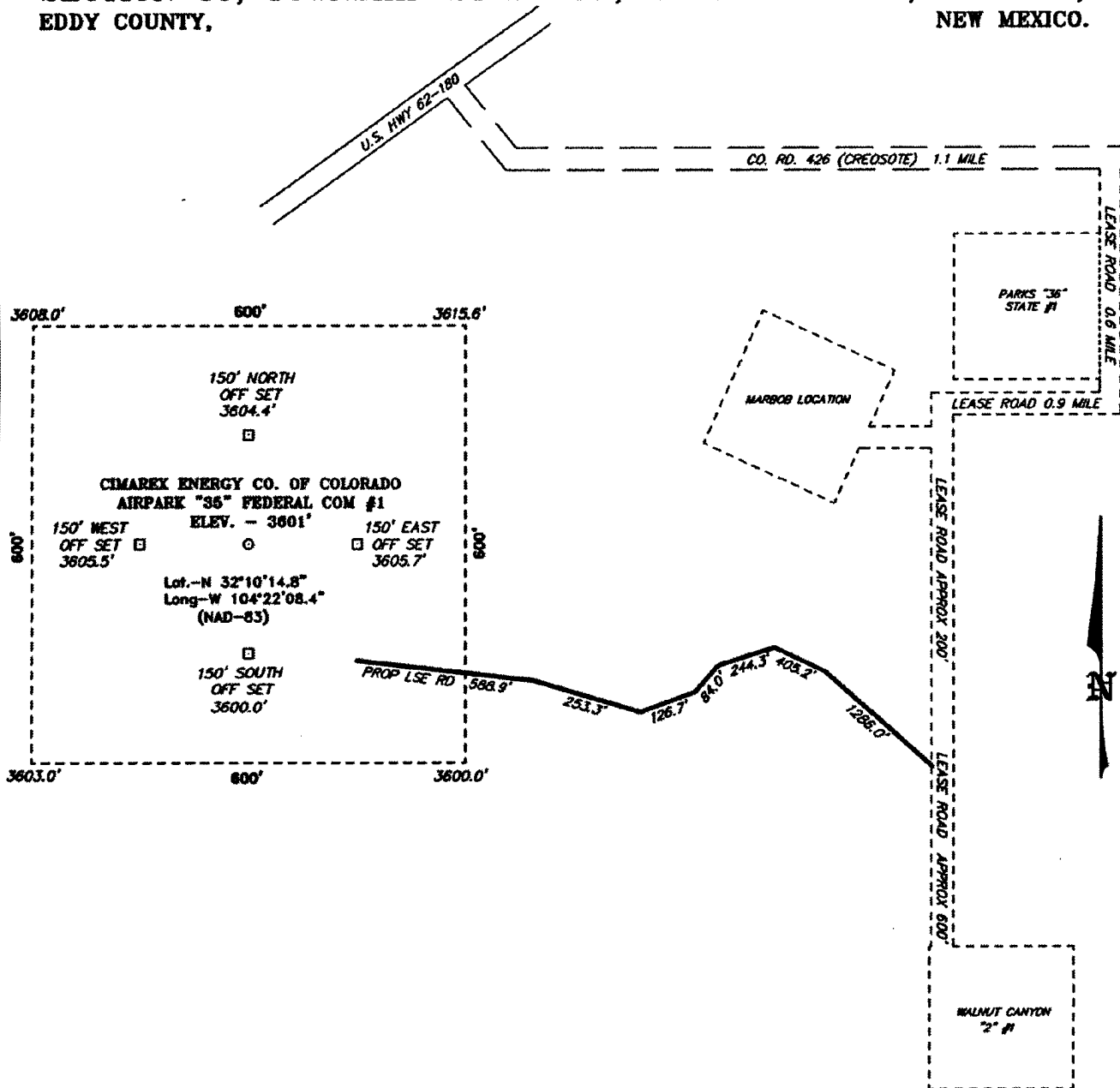
Authorized Signature: 
Representing Cimarex Energy Co. of Colorado

Name: Dorsey Rogers

Title: Agent

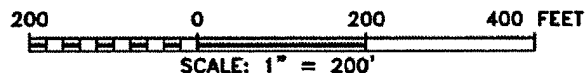
Date: January 25, 2007

SECTION 35, TOWNSHIP 24 SOUTH, RANGE 25 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



Directions to Location:

FROM THE JUNCTION OF US HWY 62-180 AND CO. RD. 426 (CREOSOTE), PROCEED EAST 1.1 MILE TO A LEASE ROAD, ON LEASE ROAD PROCEED SOUTH 0.6 MILE JUST PAST "36" STATE #1; THENCE WEST 0.9 MILE TO LEASE ROAD, THENCE SOUTH APPROX 200 FEET TO PROPOSED LEASE ROAD.



CIMAREX ENERGY CO. OF COLORADO

REF: AIRPARK "35" FEDERAL COM #1 / WELL PAD TOPO

THE AIRPARK "35" FEDERAL COM #1 LOCATED 1580' FROM
THE SOUTH LINE AND 1880' FROM THE WEST LINE OF
SECTION 35, TOWNSHIP 24 SOUTH, RANGE 35 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

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

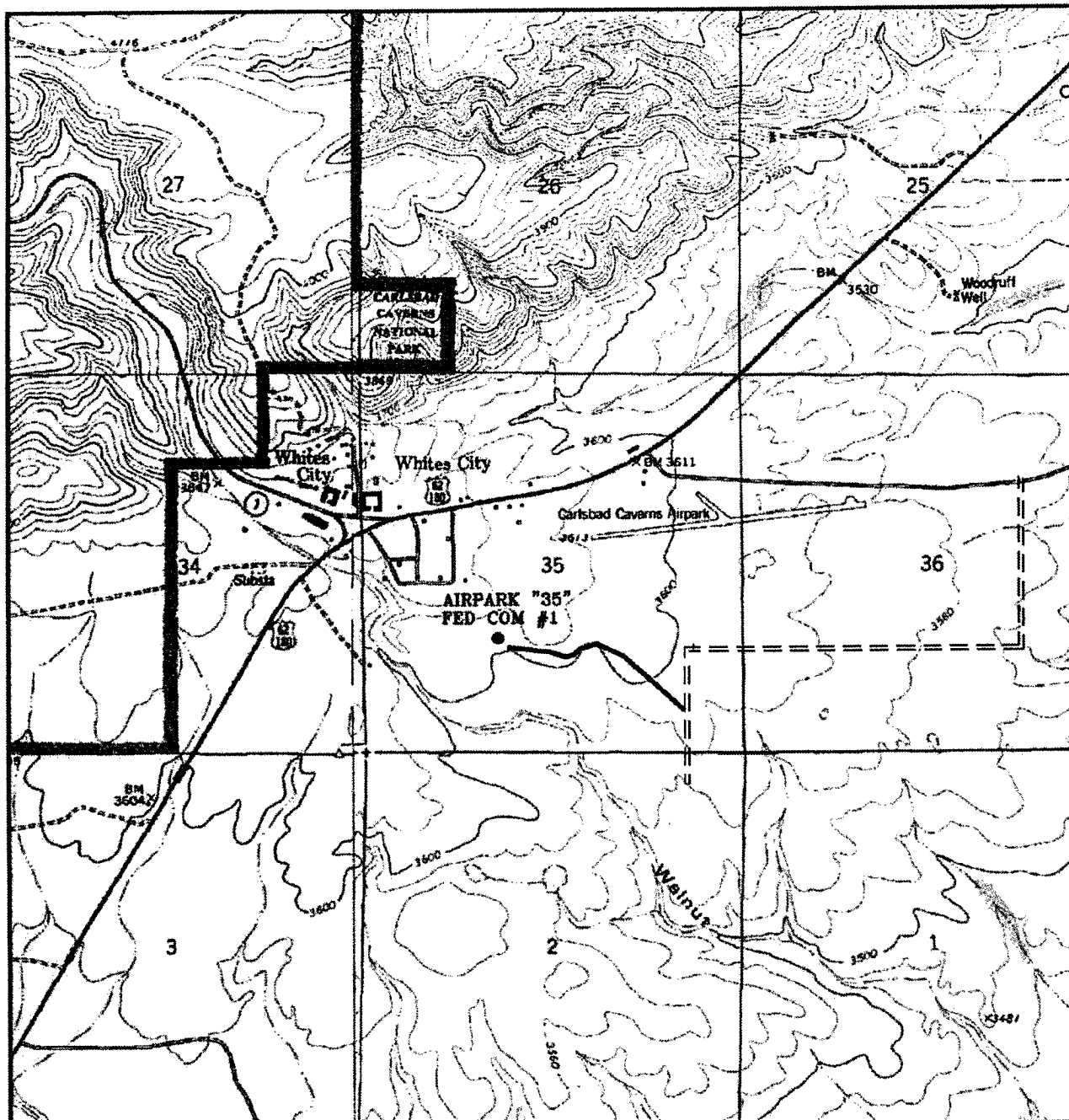
W.O. Number: 17893

Drawn By: J. M. SMALL

Date: 04-02-2006 Disk: JMS 17893W

Survey Date: 03-30-2006

Sheet 1 of 1 Sheets



AIRPARK "35" FEDERAL COM #1
 Located 1580' FSL and 1880' FWL
 Section 35, Township 24 South, Range 25 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
 (505) 393-7316 - Office
 (505) 392-3074 - Fax
 basin-surveys.com

W.O. Number: JMS 17893T

Survey Date: 03-30-2007

Scale: 1" = 2000'

Date: 04-02-2007

CIMAREX
ENERGY CO.
OF COLORADO

Application to Drill

Cimarex Energy Co. of Colorado
Airpark 35 Federal Com No. 1
Unit N Section 35
T24S R25E 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: 880' FSL & 1980' FWL

2 Elevation above sea level: GR 3593'

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: 12175'

6 Estimated tops of geological markers:

Base Salt	1171	Cisco-Canyon	9773
Delaware	1567	Strawn	10079
Bone Spring	5136	Atoka	10319
1st Bone Spring Ss	6134	Morrow	10880
2nd Bone Spring Ss	6643	Middle Morrow	11274
3rd Bone Spring Ss	7920	Lower Morrow	11570
Wolfcamp	8243		

7 Possible mineral bearing formation:

Morrow	Gas
Cisco-Canyon	Gas
Wolfcamp	Gas

8 Casing program:

Hole Size	Interval	Casing OD	Weight	Thread	Collar	Grade
17-1/2"	0-220'	13-3/8"	48#	8-R	ST&C	H-40
12-1/4"	0-1567'	9-5/8"	40#	8-R	LT&C	J-55
8-3/4"	0-12175'	5-1/2"	17#	8-R	LT&C	P-110

Application to Drill

Cimarex Energy Co. of Colorado
Airpark 35 Federal Com No. 1
Unit N Section 35
T24S R25E Eddy County, NM

9 Cementing & Setting Depth:

13-3/8"	Surface	Set 220' of 13-3/8" H-40 48 # ST&C casing. Cement with 250 Sx. Of Class "C" cement + additives, circulate cement to surface.
9-5/8"	Intermediate	Set 1567' of 9-5/8" J-55 40# LT&C casing. Cement with 1325 Sx. Of Class POZ/C Cement + additives. Circulate cement to surface.
5-1/2"	Intermediate 2	Set 12175' of 5-1/2" P-110 17# LTC LT&C casing. Cement with 2285 Sx. Super H + additives. TOC 2500'.

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
0-220'	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.
220'-1567'	9.7 - 9.9	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.
1567'-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'-12175'	8.9 - 9.7	29 - 45	NC	Cut Brine. Caustic for pH control.

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. 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
Airpark 35 Federal Com No. 1
Unit N Section 35
T24S R25E Eddy County, NM

12 Testing, Logging and Coring Program:

- A. Mud logging program: One-man unit from 1567' 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:

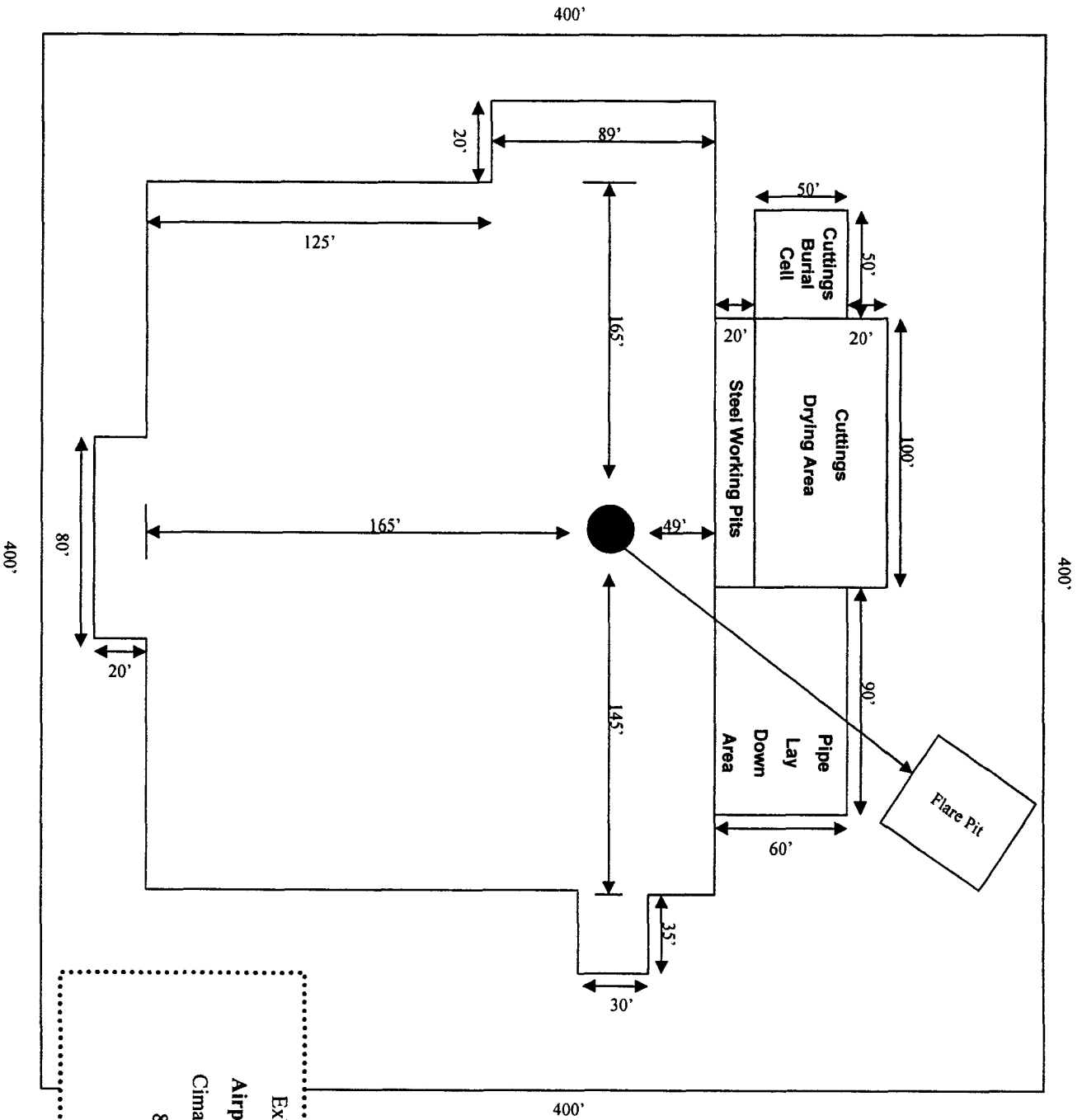
No abnormal pressures or temperatures are expected. The area has a potential H2S hazard. An H2S drilling plan is attached. Adequate flare lines will be installed off the mud / gas separator where gas may be flared safely. All personnel will be familiar with all aspects of safe operation of equipment 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.



Rig 80

**Cimarex Energy Co. of
Colorado**
Irving, TX

Exhibit D - Rig Layout Plan
Airpark 35 Federal Com No. 1
 Cimarex Energy Co. of Colorado
 880' FSL & 1980' FWL
 35-24S-26E
 Eddy County, NM

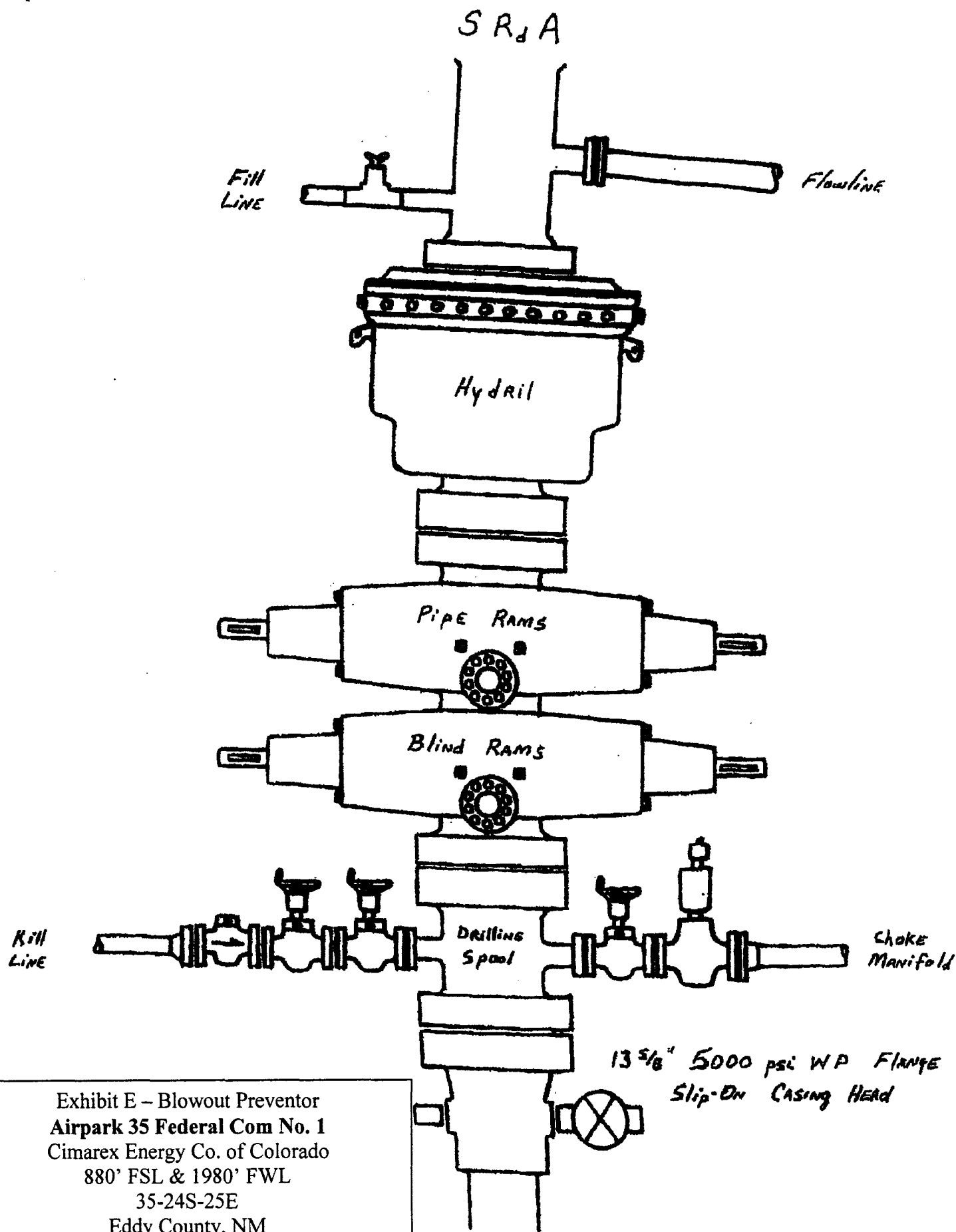


Exhibit E – Blowout Preventor
 Airpark 35 Federal Com No. 1
 Cimarex Energy Co. of Colorado
 880' FSL & 1980' FWL
 35-24S-25E
 Eddy County, NM

DRILLING OPERATIONS
CHOKE MANIFOLD
5M SERVICE

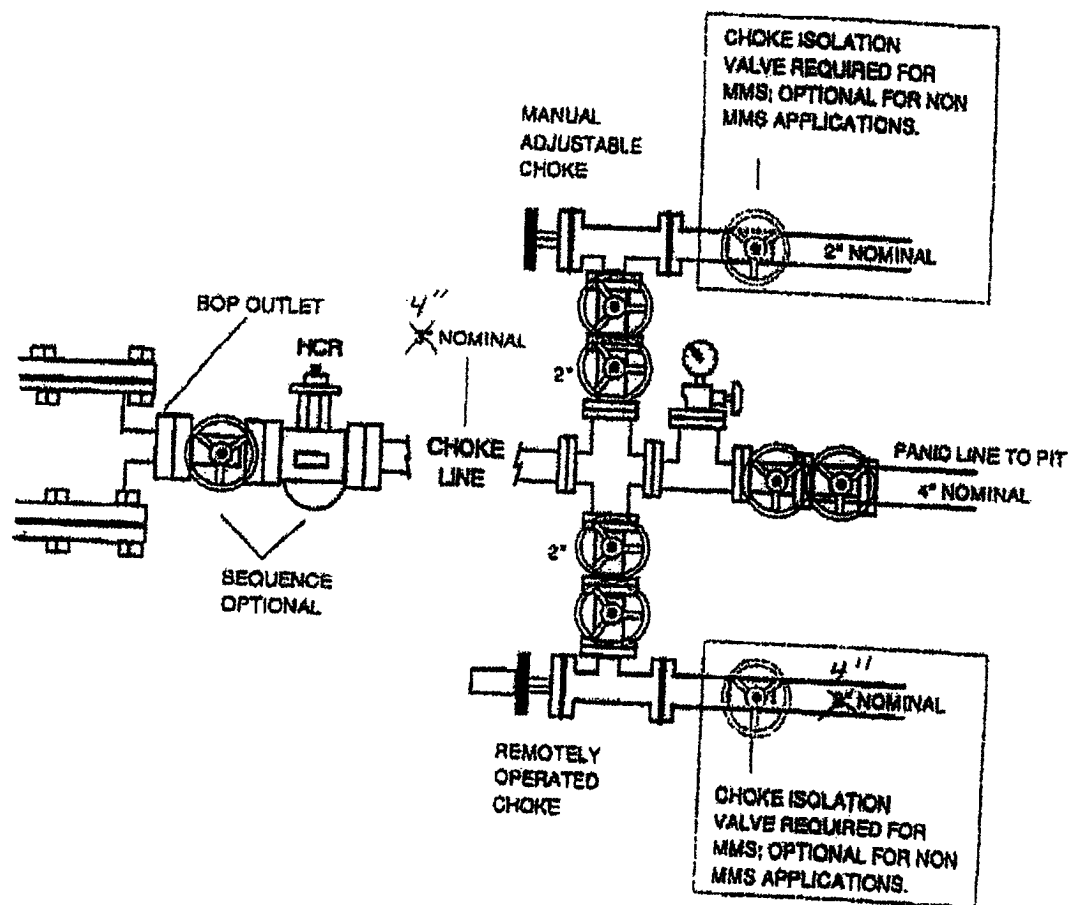


Exhibit E1 – Choke Manifold Diagram
Airpark 35 Federal Com No. 1
Cimarex Energy Co. of Colorado
880' FSL & 1980' FWL
35-24S-25E
Eddy County, NM

Hydrogen Sulfide Drilling Operations Plan

Cimarex Energy Co. of Colorado
Airpark 35 Federal Com No. 1
Unit N Section 35
T24S R25E 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 areas.
- 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 indicates normal safe condition. Yellow flag indicates potential pressure and danger. Red flag indicates 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 foreman's trailer or living quarters.

- 7 Drillstem Testing not anticipated.

Hydrogen Sulfide Drilling Operations Plan

Cimarex Energy Co. of Colorado
Airpark 35 Federal Com No. 1
Unit N Section 35
T24S R25E Eddy County, NM

- 8 Drilling contractor supervisor will be required to be familiar with the effects H₂S has on tubular goods and other mechanical equipment.
- 9 If H₂S 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 H₂S scavengers if necessary.

Surface Use Plan

Cimarex Energy Co. of Colorado
Airpark 35 Federal Com No. 1
Unit N Section 35
T24S R25E 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 junction of National Parks Hwy (US Hwy 62-180) and Co Rd 426 (Creosote), proceed East 1.1 miles to a lease road. On lease road, proceed South 0.6 miles to just past Park 36 St Com 1. Thence West 0.9 miles to lease road. Thence South approx 200' to proposed lease road.
- 2 PLANNED ACCESS ROADS: 2569.8' of proposed lease road will be constructed, 600' of which will be 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
Airpark 35 Federal Com No. 1
Unit N Section 35
T24S R25E 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 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 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. 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
Airpark 35 Federal Com No. 1
Unit N Section 35
T24S R25E Eddy County, NM

9 WELL SITE LAYOUT

- A. Exhibit "D" shows location and rig layout.
- B. This exhibit indicates proposed location of the 100' X 100' cuttings drying area.
- C. Mud pits in the closed circulating system will be steel pits and the cuttings drying area will be surrounded by a 2' X 2' ring levee and a 2' earthen berm. A 12 mil liner will cover the cuttings drying area and extend a minimum of 2' over the earthen berm where it will be anchored down. A pump off system will pump any accumulated fluids in the ring levee to the rig holding tanks to be cleaned and reused.
- D. After drying cuttings will be disposed of in a 50' X 50' cuttings burial cell. The bottom will be lined with a 12 mil liner. Drill cuttings will be hauled from the cuttings drying area and encapsulated in a 12 mil liner. The 12 mil liner will be folded over the cuttings and capped with a 20 mil membrane cap. The cell will be filled with 3' to 4' of top soil and leveled and contoured to conform to the original surrounding area.
- E. If the well is a producer, the cuttings burial area 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 cuttings burial cell 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 drill cuttings will be allowed to dry properly, and fluid removed and disposed of in accordance with Article 7.B as previously noted. The cuttings burial 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 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, the previously noted procedures will apply to those areas which are not required for production facilities.

Surface Use Plan

Cimarex Energy Co. of Colorado
Airpark 35 Federal Com No. 1
Unit N Section 35
T24S R25E 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 US Department of the Interior's Bureau of Land Management. The land is used mainly for farming, cattle ranching, recreational use, and oil and gas production.
- C. An Archaeological survey will be conducted on the location and proposed roads, and this report will be filed with the Bureau of Land Management in the Carlsbad BLM office.
- D. There are no know dwellings within 1 1/2 miles of this location.

12 OPERATOR'S REPRESENTATIVE:

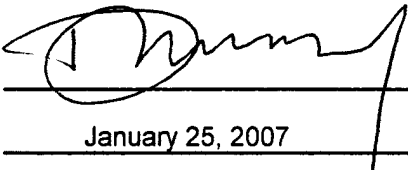
Cimarex Energy Co. of Colorado
P.O. Box 140907
Irving, TX 75014
Office Phone: (972) 443-6489
Zeno Farris

- 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 Cimarex Energy Co. of Colorado 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: _____

DATE: _____

TITLE: _____



January 25, 2007

Agent

Conditions of Approval Cave and Karst

EA#: NM-080-07-0371

Lease #: NM-116016

**Cimarex Energy Company of Colorado
Airpark 35 Fed. Com. #1**

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 dryings pit will be utilized for this location. 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.

Fluorescent Dyes:

Nontoxic fluorescent dyes will be added when the hole is spudded and be circulated to the bottom of the karst layers. These dyes will track the fluids if lost circulation occurs. Arrangements need to be made to have BLM witness the two dyes being injected prior to spudding the hole.

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 250 feet of the well.

Florescene Dye Orange (Eosin Y):

Sixteen ounces of Orange (Eosin Y) Florescene dye will be added to the drilling fluid during the drilling of the first 250 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

Well Name & No. 1-Airpark 35 Federal Com
Operator's Name: Cimarex Energy Co. of Colorado
Location: 1580FSL, 1880FWL, Section 35, T-24-S, R-25-E
Lease: NM-116016

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 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. **Although no H₂S has been reported in the area, it is always a potential hazard.**

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 220 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.

**Possible lost circulation in the Delaware, Capitan Reef, and Bone Spring formations.
High cave/karst area.**

2. The minimum required fill of cement behind the 9-5/8 inch intermediate casing is circulate cement to the surface. Top of Delaware SS should occur at approximately 1542 feet based on log from the Hot Seat Federal #1 located in the SE quarter of Section 35.

3. The minimum required fill of cement behind the 5-1/2 inch production casing is cement shall circulate to surface due to cave/karst.

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 2M psi. Minimum working pressure of the blowout preventer and related equipment (BOPE) required for drilling below the 9-5/8 inch casing shall be 5M psi.

3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.

- A variance to test the BOP, BOPE, and 13-3/8" surface casing to the reduced pressure of 1000 psi with the rig pumps is approved. **Full pressure test required prior to drilling out of 9-5/8" casing.**
- 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.

Engineer on call phone: 505-706-2779

WWI 021207

Arrant, Bryan, EMNRD

From: Arrant, Bryan, EMNRD
Sent: Wednesday, May 16, 2007 2:40 PM
To: 'Zeno Farris'
Cc: Sanchez, Daniel J., EMNRD; Gum, Tim, EMNRD; 'tessa_cisneros@nm.blm.gov'
Subject: Airpark 35 Federal Com. # 1

Dear Zeno,

In regards to the above noted well, please note that due to the proximity to Whites City, New Mexico, surrounding areas and the Carlsbad Caverns National Park a H2S well contingency plan that meets NMOCD's Rule 118 will be required. Please call if you have any questions.

Yours truly,

Bryan G. Arrant
District II Geologist
New Mexico Oil Conservation Division
1301 West Grand Ave.
Artesia, NM 88210
505-748-1283 Ext. 103

5/16/2007