OCD-ARTESIA

OCT 142008 Form 3160-3 (April 2004)

OCD-ARTESIA

i,

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

UNITED STA	TES	UIi	-	5. Lease Serial No			
DEPARTMENT OF THE		, , ,		LC-060524			
BUREAU OF LAND M	ANAGEMEN	NT ,		6. If Indian, Allotee or	Tribe Name		
APPLICATION FOR PERMIT TO	DRILL OR F	REENTER					
a Type of Work X DRILL REE	7. If Unit or CA Agreer	nent, Name	and No.				
				8. Lease Name and We	ll No.	27/12/1	
b. Type of Well X Oil Well Gas Well Other	X Su	ngle Zone Multipl	e Zone	Vega 9 Federal No	<sub>0.3</sub> フ	7434	
Name of Operator				9 API Well No.		_	
	685				71C	3	
a Address PO Box 140907	3b. Phone No.	(include area code)		10 Field and Pool, or E	xploratory		
Irving, TX 75014	972-401-3			Loco Hills; Glorie		/	
4. Location of Well (Report location clearly and in accordance w	ith any State red	quirements.*)		11. Sec., T. R. M. or Blk. a	nd Survey of	Area	
At Surface 1650 FNL & 900 FWL -	E						
At proposed prod. Zone	9-17S-30E						
14 Distance in miles and direction from nearest town or post offi	ice*			12. County or Parish	13	. State	
2 miles North of Loco Hills, NM				Eddy		NM	
5 Distance from proposed*	16. No of acre	s in lease	17. Space	cing Unit dedicated to this we	11		
location to nearest							
property or lease line, ft. (Also to nearest drig unit line if		*					
any) 330'		240	1	SWNW 40			
	19. Proposed	Depth	20. BLN	M/BIA Bond No. on File			
to nearest well, drilling, completed,							
applied for, on this lease, ft 408'		6000'		NM-257:	5		
	22. Approxim	ate date work will start	*	23. Estimated duration			
The factorial (Show whether 21, 122, 111, 62, 411)	1.pp. 0						
3679' GR		08.01.08	20-25 days				
The following, completed in accordance with the requirements of O	nshore Oil and	Gas Order No. 1, shall	be attached	to this form			
. Well plat certified by a registered surveyor		4. Bond to cove	r the operati	ions unless covered by an exis	sting bond o	n file (see	
2 A Drilling Plan		Item 20 above	•	•	-		
<ol> <li>A Surface Use Plan (if the location is on National Forest System SUPO shall be filed with the appropriate Forest Service Office).</li> </ol>		5 Operator Cert 6 Such other si		nformation and/or plans as ma	w he require	ed by the	
SOFO shall be filed with the appropriate Potest Service Office).		authorized of	-		.y oo ioquii		
25. Signature	Name (	Printed/Typed)			Date		
Zeno Farm	Zen	o Farris				07.10.08	
Title							
Manager Operations Administration							
Approved By (Signature)	Name (	Printed/Typed)	D C	•	Date	ລ ດ າຄຄາ	
/s/ Don Peterson		/s/	Don Pe	eterson	UUI	0 9 2008	
Title	Office C	ARI SRAD EIELD	055107				
FIELD MANAGER		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.

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)

# SEE ATTACHED FOR CONDITIONS OF APPROVAL

Approval Subject to General Requirements & Special Stipulations Attached

4	(November	199

## UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

OCD-A	KI	HSTA	FORM A	PPROVE
- 1	* * #	TOTA!	OMB No.	1004-013

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

Expires	July	31

5.	Lease	Serial	No.

		SUNDRY NOTICES AND REPOR	LC-060524					
Do not use this form for proposals to drill or to re-enter an						diottee or Tr	ibe Name	
	ab	andoned well. Use form 3160-3 (APL	7. If Unit or C	Δ/Δgreemer	nt, Name and/o	or No		
	SUBMIT IN	TRIPLICATE - Other instructions on	reverse side		7. 11 01111 01 0	ringiconici	it, reallie and/o	, 110
I. Type of We								
X Oil We		Other		ŀ	8. Well Name	e and No.		<del></del>
Name of O					Vega 9 Fede			
	Energy Co. of Colo	rado		ŀ	9 API Well N			
Ba. Address			Phone No (include	area code)	30-015-			
	140907; Irving, TX 7	·	'2-401 <b>-</b> 3111	1.02.000,		Pool, or Exp	loratory Area	
		R., M., or Survey Description)			Loco Hills; G		•	
	NL & 900' FWL	a, in , or carrey becompany		ŀ		Parish, State		
9-17S <b>-</b> 3					Eddy County			
	12. CHECK A	PPROPRIATE BOX(ES) TO IND	ICATE NATU	RE OF NOTICE		·	ER DATA	<del></del>
TYPE	OF SUBMISSION			PE OF ACTION	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,			
	<u> </u>							
X Notice	of Intent	Acidize	epen	Production (Start/F	Resume)	Water Shu	t-Off	
		X Alter Casing Fra	acture Treat	Reclamation		Well Integr	rity	
Subse	quent Report		w Construction	Recomplete	F	Other		
	1101111100011			<u> </u>	 	1 —		
			ig and Abandon	Temporarily Abanc				
	bandonment Notice	<u> </u>	ig Back	Water Disposal				
		eration (clearly state all pertinent details, included						
		ally or recomplete horizontally, give subsurface look will be performed or provide the Bond No on file						
		operations. If the operation results in a multiple c						
	·	bandonment Notices shall be filed only after all re						
determine	d that the site is ready for f	inal inspection.)						
Cimarex	would like to chang	ge surface, intermediate, and produ	ction casing fo	r this well as sho	wn below:			
	<u> </u>	ld Casing Plan		N	ew Casing Pla	n		
			Surface					
	ole, 11¾" 42# H-40 \$			, 11¾" 42# H-40				
	<u>:</u> 530 sx Class H + 29	% CaCl₂ (wt 14.8, yld 1.34)		310 sx Class C + 2	2% Si + 0.236#	D-130 (\	wt 14.8, yld	d 1.34)
TOC 0'			TOC 0'					
			ermediate		4-11			<del></del> /
		/8" 24# j-55 STC to 1100'		11" hole, 8 5	5/8" 24# J-55 S	TC to 13	50-1	250
Lead 30	00 sx class C lite + 6#	# salt + 1/4# CF (wt 12.7, yld 1.99)		sx 50:50 POZ C +		D20 + .12	25pps D 13	ASO
T-:! 20	2 1 6 20/ 6/	CI2 / + 4 4 2 4 14 24 TOCOL		1 (wt11.9, yld 2.4		24) 706		co/
1011 200	SX class C + 2% Cat	Cl2 (wt 14.8, yld 1.34) TOC 0'	roduction	c class C + 2% S1	wt 14.8, yid 1.	34) TUC	<u>U</u>	
7%" hol	 e, 5½" 15.5# J-55 LT	<del></del>		5½" 17# J-55 LTC	'to 6000'			
Cement	•	C to 6000	1	J/2 1/# J-JJ LIC	10 0000			
		200 C + 10/ ELDE + 0 20/ ELED + E0/ Ea	Cement:	av LitaCrata 40/6	:0 /D061/D134	\	D46 + 0.30/	/ DEE : •
	. 380 sx 30/30/2 Cla //S (wt 13, yld 1.68),	ass C + 1% FL25 + 0.3% FL52 + 5% Sa		+ 0.125# D130 (v				
								ingirtwi pu
		H Lite + 6# Salt + 1/4# CF (wt 12.7,		.67 + 0.2% 1765 +	U.1% D13 (Wt .	13.0, yid .	1.39)	EN9 91131
TOC 90		2% CaCl₂ (wt 13, yld 1.68)	TOC 0'					ď
	ertify that the foregoing is to	Cup and correct						
	nted/Typed)	rue and correct	Title					
Scott H	aynes		Regulatory A	nalyst				
Signature	·* add #		Date					
	Sau Ma.	$\omega$	August 14, 2	008800				
		THIS SPACE FOR FEDE			1			
Approved by	/s/ Do	on Peterson		Title FIELD MA	ANAGER	Date	OCT 0	9 7008
					(OLI)	<u></u>		
		hed. Approval of this notice does not warrant or		Office	ODAR			
	applicant noids legal or e	quitable title to those rights in the subject lease fuct operations thereon.		CARL	SBAD FIELD	OFFICE		
				·				

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.

DISTRICT I 1826 N. French Br., Hobbs, NM 88240 DISTRICT II 1301 W. Grand Avenue, Artesia, NM 88210

1000 Rio Brazos Rd., Aztec, NM 87410

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

DISTRICT III

DISTRICT IV

#### State of New Mexico Energy, Minerals and Natural Resources Department

Form 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.

1220 South St. Francis Dr. Santa Fe, New Mexico 87505

☐ AMENDED REPORT

#### WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name			
	96718	Loco Hills; Glorieta	a-Yeso		
Property Code		Property Name VEGA "9" FEDERAL			
OGRID No.		ator Name	Elevation		
162683	CIMAREX ENERGY	CO. OF COLORADO	3679'		

#### Surface Location

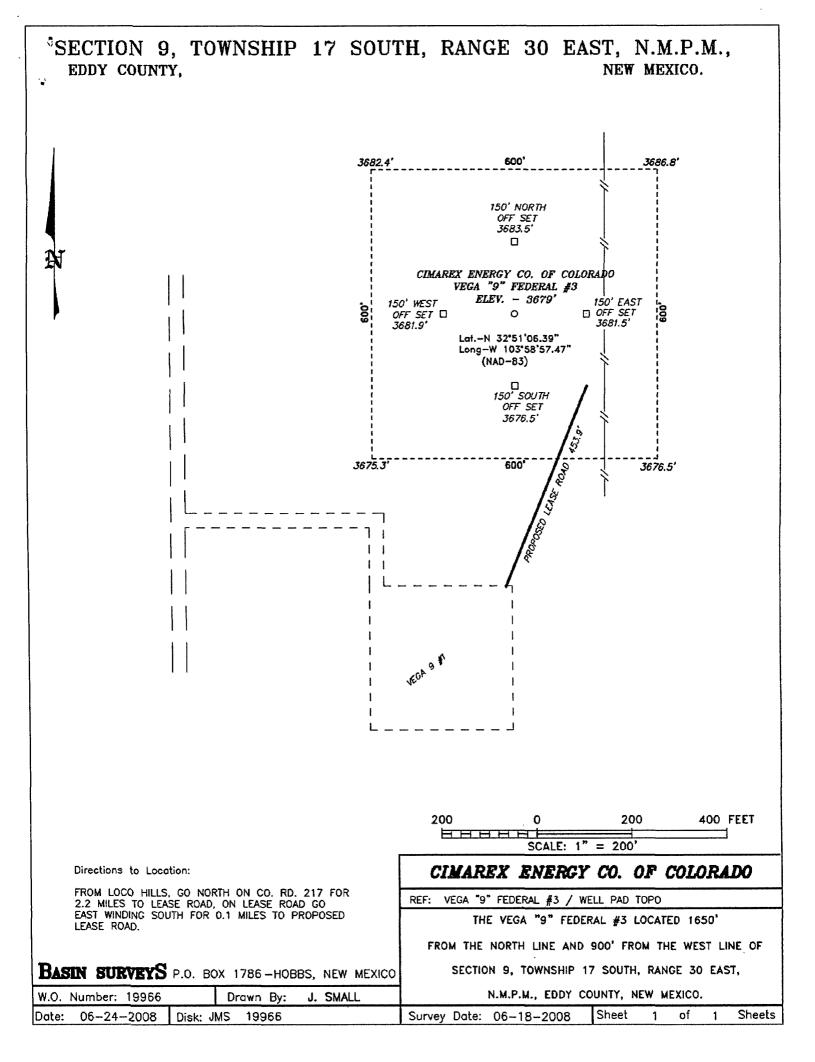
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	9	17 S	30 E		1650	NORTH	900	WEST	EDDY

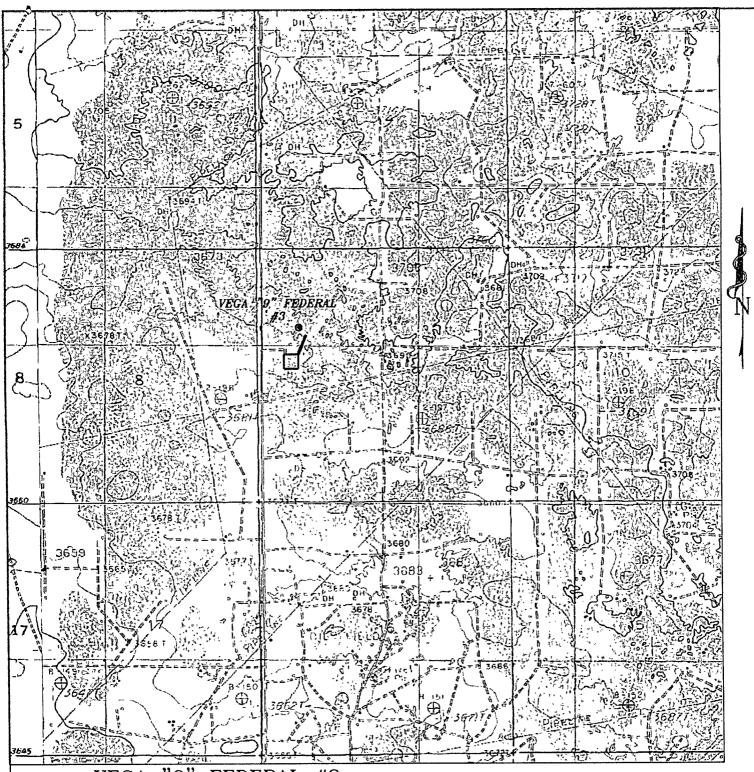
#### Bottom Hole Location If Different From Surface

	UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
ł	Dedicated Acres	Joint or	r Infili C	onsolidation (	Code Or	der No.				
	40	Y		,						

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

	OR A NON-STANI	DARD UNIT HAS	BEEN APPROVE	ED BY THE DIVISION	
) , lo	Vega 9 Fed 3  SURFACE LOCATION 11 - N32*51*06.39** ong - W103*58*57.47** MSPCE- N 673787.7 E 649034.1 (NAD-83)  Vega 9 Fed 1	DARD UNIT HAS	BEEN APPROVE	OPERATOR CERTIFICATION  I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and this organization either owns a working interest or unleased mineral interest in thand including the proposed bottom hole location pursuant to a contract with an or of such a mineral or working interest, or a voluntary pooling agreement or a compulsory pooling order heretofore entered the division.	that  t  uner  to  i by  )-08  ate
				Professional Street Str	7977





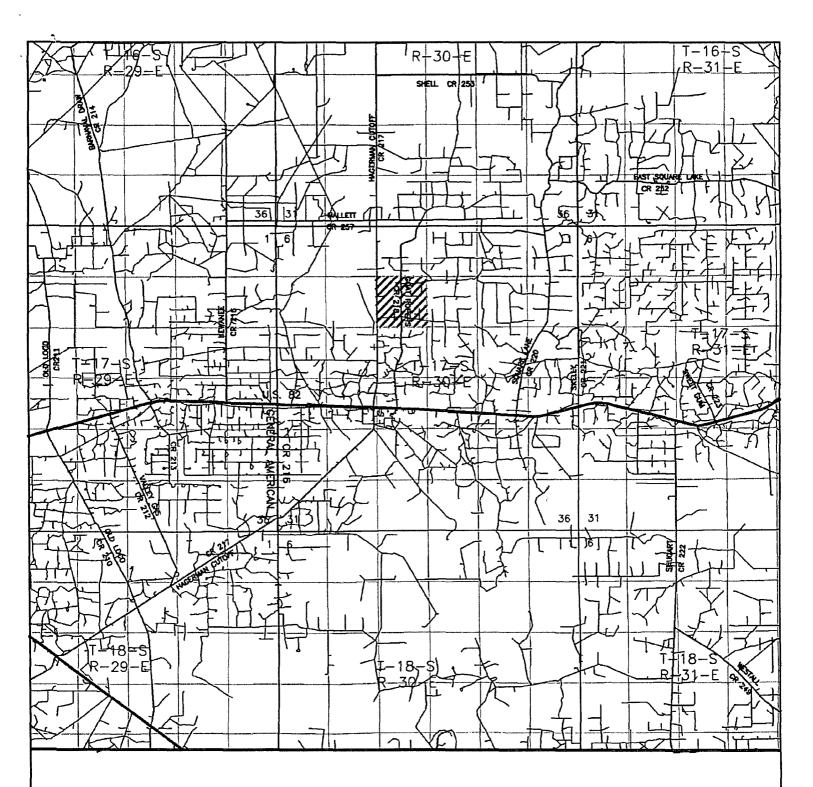
VEGA "9" FEDERAL #3 Located 1650' FNL and 900' FWL Section 9, Township 17 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.



P.O. Box 1786 1120 N. West County Rd. Hobbs, New Mexico B8241 (505) 393-7316 - Office (505) 392-3074 - Fax basinsurveys.com

W.Q	Number	******	19966	
Surv	ey Date		18-2008	
Scal	e: 1" = 2	000'		
Date	: 06-24-	-2008		***************************************

CIMAREX ENERGY CO. OF COLORADO



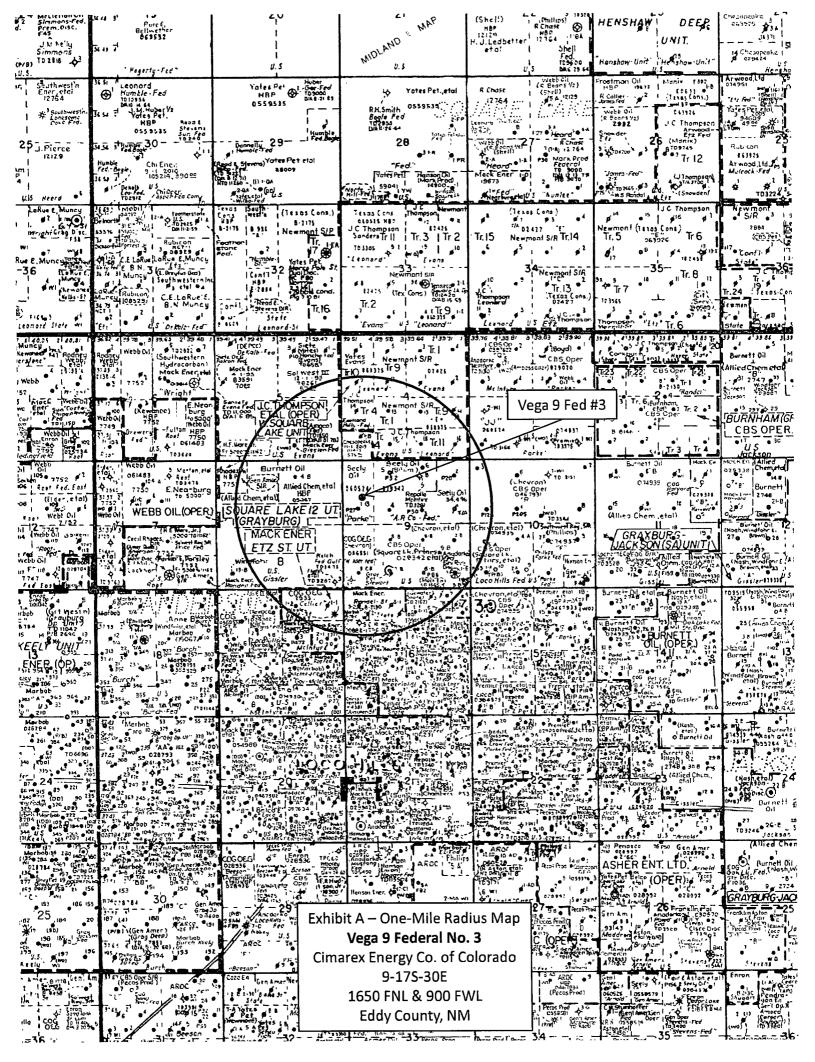
VEGA "9" FEDERAL #3 Located 1650' FNL and 900' FWL Section 9, Township 17 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.

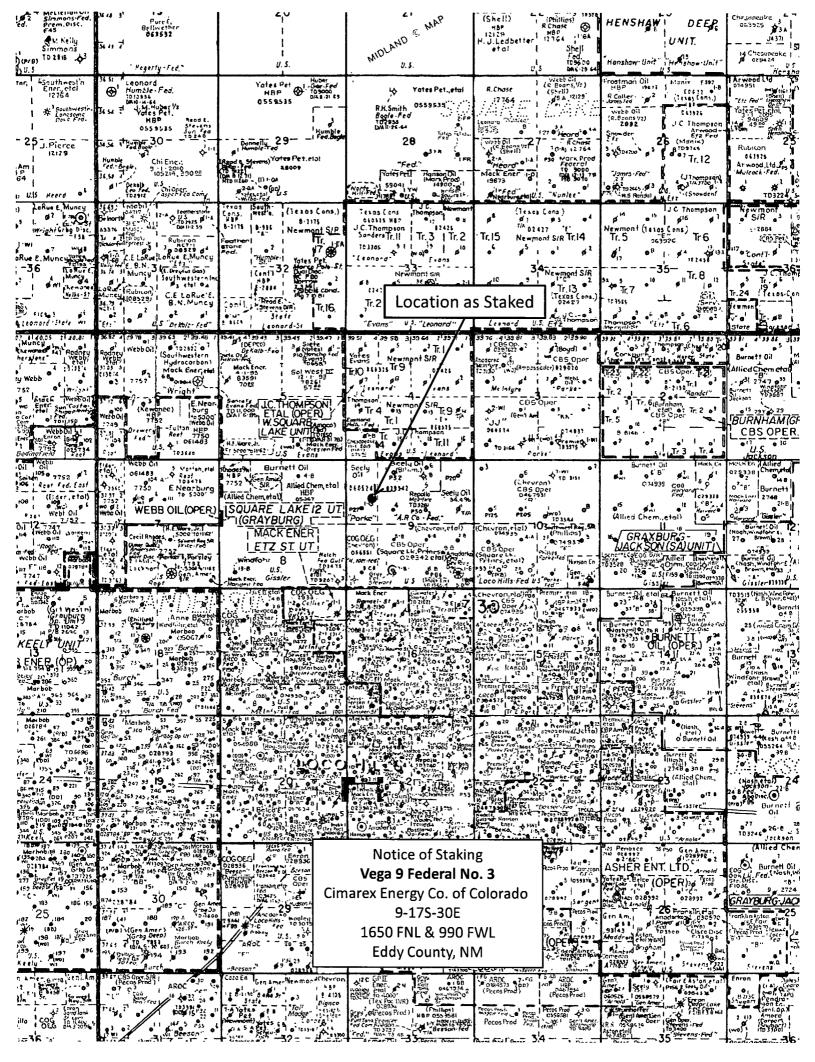


P.O. Box 1786 1120 N. West County Rd. Hobbs, New Mexico B8241 (505) 393-7316 - Office (505) 392-3074 - Fax basinsurveys.com

W.O. Number:	JMS	19966	
Survey Date:	06-	18-2008	
Scale: 1" = 2	MILES		
Date: 06-24-	-2008		

CIMAREX ENERGY CO. OF COLORADO





# Application to Drill

#### Vega 9 Federal No. 3

Cimarex Energy Co. of Colorado Unit E, Section 9 T17S R30E, 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:

1650 FNL & 900 FWL

2 Elevation above sea level:

3,679 GR

3 Geologic name of surface formation:

**Quaternery Alluvium Deposits** 

4 <u>Drilling tools and associated equipment:</u>

Conventional rotary drilling rig using fluid as a

circulating medium for solids removal.

5 Proposed drilling depth:

6,000'

#### 6 Estimated tops of geological markers:

Yates	1,240'
Seven Rivers	1,535'
Queen	2,135'
San Andres	2,870
Glorieta	4,285'
Paddock	4,400'
Blinebry	4,890'
Tubb	5,830'

#### 7 Possible mineral bearing formation:

Paddock

Oil

Blinebry

Oil

8 Proposed Mud Circulating System:

	Deptl	1	Mud Wt	Visc	Fluid Loss	Type Mud
0'	to	430'	8.5	28	NC	FW
430'	to	1350	9.8 - 10.2	40-45	NC	Brine
1,350' 1290	to	6,000'	9.0 - 9.2	30-32	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.

#### Application to Drill

#### Vega 9 Federal No. 3

Cimarex Energy Co. of Colorado Unit E, Section 9 T17S R30E, Eddy County, NM

#### Casing & Cementing Program:

String	Hole Size		Dept	th	Casir	ng OD	Weight	Thread	Collar	Grade
Surface	14¾"	0	to	430'	New	11¾"	42#	8-R	STC	H-40
Intermediate	11"	0	to	1,350 1	New	8¾"	24#	8-R	STC	J-55
Production	7%"	0	to	6,000	New	5½"	15.5#	8-R	LTC	J-55

10 Cementing:

BRE COA

Surface

310 sx Class H + 2% CaCl2<sub>2</sub> (wt 14.8, yld 1.34)

TOC Surface

Intermediate

preplaced by sundry of 4 (wt 11.9, yld 2.46) 8/14/08 Lead: 100 sx 50:50 Poz C + 5% D-44 + 10% D-20 + 0.125# D-130 + 2# D-24 (wt 11.9, yld 2

Tail: 200 sx Class C + 2% S-1 (wt 14.8, yld 1.34)

TOC Surface

**Production** 

<u>Lead:</u> 275 sx CemCrete 40/60 (D961/D124) + 0.2% D-46 + 0.3% D-65 + 1% D-153 + 0.125# D-130 (wt

9.88, yld 2.83)

Tail: 340 sx TXI LtWt + 0.2% D-167 + 0.2% D-65 + 0.1% D-13 (wt 13.0, yld 1.39)

1150 ECE COM

Fresh water zones will be protected by setting 11%" casing at 430' and cementing to surface. Hydrocarbon zones will be protected by setting 8%" casing at 1350' and cementing to surface and by setting 5%" casing at 6000' and cementing to 1150.'

Collapse Factor Burst Factor Tension Factor 1.125 1.125 1.6

# Application to Drill

#### Vega 9 Federal No. 3

Cimarex Energy Co. of Colorado Unit E, Section 9 T17S R30E, Eddy County, NM

#### 11 Pressure control Equipment:

3

Exhibit "E-1" - Surface Casing - A minimum 11%" 2000 PSI working pressure B.O.P. consisting of a one set of blind rams and one set of pipe rams. 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. Ram-type BOP to be function-tested once per day. Ram-type preventor will be tested to 250 psi low and 1000 psi high, by an independent service company.

Exhibit "E-2" - Intermediate & Production Casing - A minimum 8%" 2000 PSI working pressure B.O.P. consisting of one set of blind rams and one set of pipe rams. A choke manifold and 120 gallon accumulator with floor and remote operating stations and auxiliary power system. Rotating head below 1100'. 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. Ram-type BOP to be tested to 250 psi low and 2500 psi high by an independent service company.

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.

We are requesting a variance for testing the 11¾" surface casing 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. We are requesting to test the 11¾" casing to 1000 psi using rig pumps. The BOP will be tested to 1000 psi by an independent service company.

#### 12 <u>Testing, Logging and Coring Program:</u>

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 20-25 days

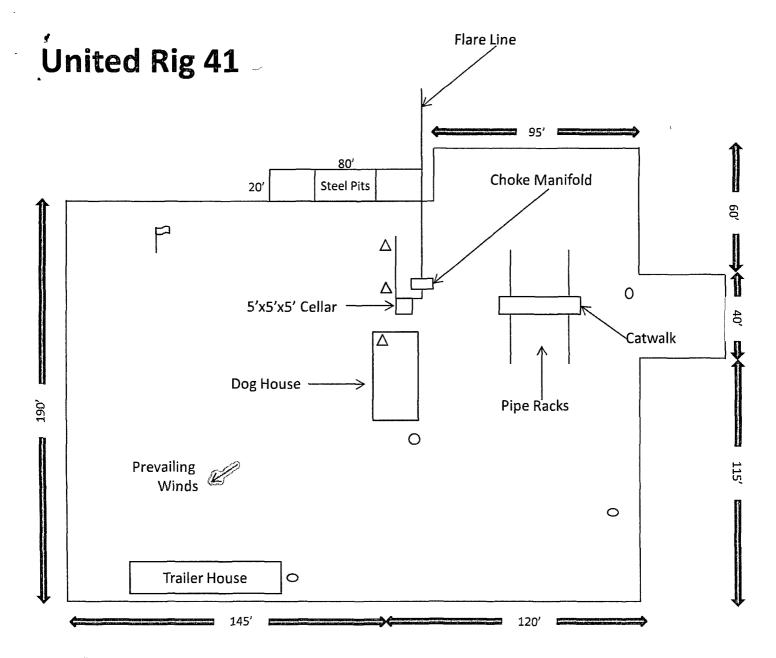
If production casing is run an additional 30 days will be required to complete and construct surface facilities.

#### 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.

<u>Blinebry</u> pay will be perforated and stimulated.

The proposed well will be tested and potentialed as an oil well.

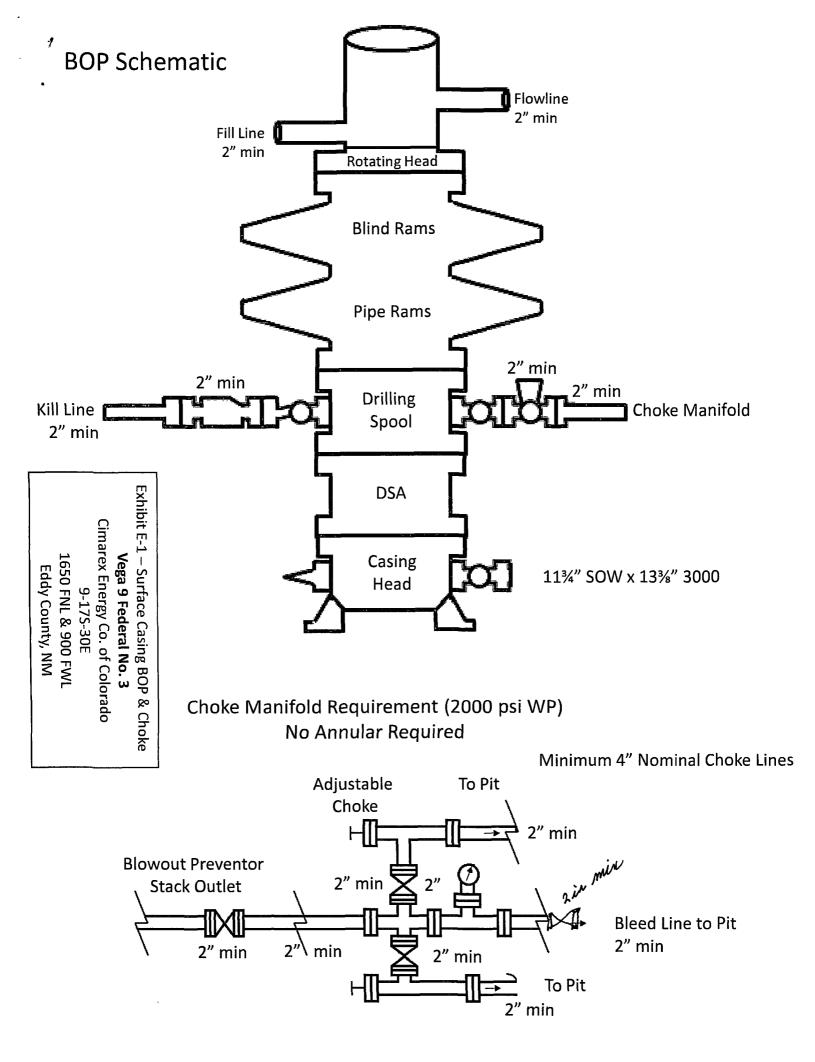


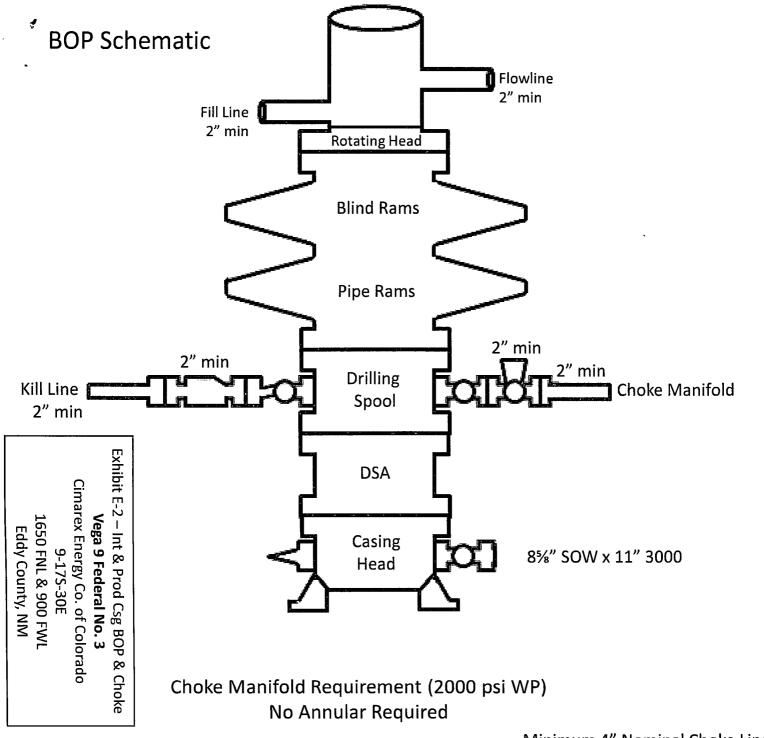
- Wind Direction Indicators (wind sock or streamers)
- △ H2S Monitors (alarms at bell nipple and shale shaker)
- O Briefing Areas
- O Remote BOP Closing Unit

Exhibit D – Rig Diagram

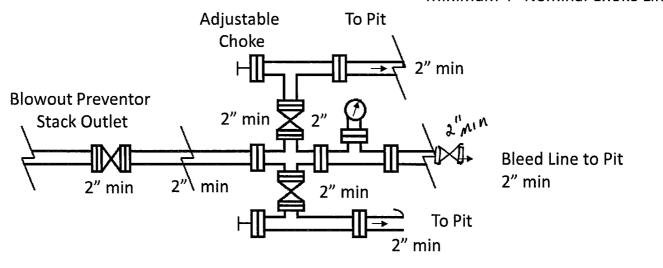
Vega 9 Federal No. 3

Cimarex Energy Co. of Colorado
9-17S-30E
1650 FNL & 900 FWL
Eddy County, NM





Minimum 4" Nominal Choke Lines



## Hydrogen Sulfide Drilling Operations Plan

#### Vega 9 Federal No. 3

Cimarex Energy Co. of Colorado Unit E, Section 9 T17S R30E, 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 H<sub>2</sub>S
  - B. Physical effects and hazards
  - C. Proper use of safety equipment and life support systems.
  - D. Principle and operation of H<sub>2</sub>S 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. H<sub>2</sub>S 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:

No DSTs or cores are planned at this time.

- 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 seperator will be brought into service along with H₂S scavengers if necessary.

# H₂S Contingency Plan Vega 9 Federal No. 3 Cimarex Energy Co. of Colorado Unit E, Section 9 T17S R30E, Eddy County, NM

#### **Emergency Procedures**

In the event of a release of gas containing H<sub>2</sub>S, the first responder(s) must:

- ★ Isolate the area and prevent entry by other persons into the 100 ppm ROE.
- ★ Evacuate any public places encompassed by the 100 ppm ROE.
- **★** Be equipped with H<sub>2</sub>S monitors and air packs in order to control the release.
- ★ Use the "buddy system" to ensure no injuries occur during the response.
- ★ Take precautions to avoid personal injury during this operation.
- ★ Contact operator and/or local officials to aid in operation. See list of phone numbers attached.
- ★ Have received training in the:
  - ♦ Detection of H<sub>2</sub>S, and
  - ♦ Measures for protection against the gas,
  - Equipment used for protection and emergency response.

#### **Ignition of Gas Source**

Should control of the well be considered lost and ignition considered, take care to protect against exposure to Sulfur Dioxide (SO<sub>2</sub>). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally, the NM State Police may become involved. NM State Police shall be the Incident Command on scene of any major release. Take care to protect downwind whenever there is an ignition of the gas.

#### Characteristics of H<sub>2</sub>S and SO<sub>2</sub>

Common	Chemical	Specific	Threshold		Lethal
Name	Formula	Gravity	Limit	Hazardous Limit	Concentration
Hydrogen Sulfide	H₂S	1.189 Air=1	10 ppm	100 ppm/hr	600 ppm
Sulfur Dioxide	SO <sub>2</sub>	2.21 Air=1	2 ppm	N/A	1000 ppm

#### **Contacting Authorities**

Cimarex Energy Co. of Colorado's personnel must liaise with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as type and volume of release, wind direction, location of release, etc. Be prepared with all information available including directions to site. The following call list of essential and potential responders has been prepared for use during a release. Cimarex Energy Co. of Colorado's response must be in coordination with the State of New Mexico's "Hazardous Materials Emergency Response Plan" (HMER).

# H₂S Contingency Plan Emergency Contacts Vega 9 Federal No. 3

Cimarex Energy Co. of Colorado Unit E, Section 9 T17S R30E, Eddy County, NM

#### **Company Office**

Cimarex Energy Co. of Colorado Co. Office and After-Hours Menu 800-969-4789

#### **Key Personnel**

Name	Title	Office	Mobile
Doug Park	Drilling Manager	972-443-6463	972-333-1407
Dee Smith	Drilling Super	972-443-6491	972-882-1010
Jim Evans	Drilling Super	972-443-6451	972-465-6564
Dorsey Rogers	Field Super		505-200-6105
Roy Shirley	Field Super		432-634-2136

Artesia	7 ( Per 1 mar 1 mar 1 mar 2 mai 2	
Ambulance	911	
State Police	575-746-2703	
City Police	575-746-2703	
Sheriff's Office	575-746-9888	
Fire Department	575-746-2701	
Local Emergency Planning Committee	575-746-2122	
New Mexico Oil Conservation Division	575-748-1283	

Carlsbad	54 (P. 1850) (P. 1860) (P. 1860) (P. 1850) (P. 1860) (P.	- 2000 20 2000
Ambulance	911	
State Police	575-885-3137	
City Police	575-885-2111	
Sheriff's Office	575-887-7551	
Fire Department	575-887-3798	
Local Emergency Planning Committee	575-887-6544	
US Bureau of Land Management	575-887-6544	

<u>Santa Fe</u>	4 NOON 11 NOON 10 NOON 11 MOON 11 MOON 11 NOON 11 MOON 11 MOON 11 NOON 11 NOON 11 MOON 11 NOON
New Mexico Emergency Response Commission (Santa Fe)	505-476-9600
New Mexico Emergency Response Commission (Santa Fe) 24 Hrs	505-827-9126
New Mexico State Emergency Operations Center	505-476-9635

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National Emergency Response Center (Washington, D.C.)	800-424-8802	ί

<u> Medical</u>	7 (1882 ) 1 (1882 ) 1 (1882 ) 2 (1883 ) 1 (1884 ) 1 (1882 ) 2 (1884 ) 1 (1884 ) 1 (1884 ) 2 (1884 ) 2 (1884 ) 1 (1884 )
Flight for Life - 4000 24th St.; Lubbock, TX	806-743-9911
Aerocare - R3, Box 49F; Lubbock, TX	806-747-8923
Med Flight Air Amb - 2301 Yale Blvd S.E., #D3; Albuquerque, NM	505-842-4433
SB Air Med Service - 2505 Clark Carr Loop S.E.; Albuquerque, NM	505-842-4949

Boots & Coots IWC	800-256-9688 or 2	81-931-8884
Cudd Pressure Control	432-699-0139 or 4	32-563-3356
Halliburton	575-746-2757	
B.J. Services	575-746-3569	

# Surface Use Plan

#### Vega 9 Federal No. 3

Cimarex Energy Co. of Colorado Unit E, Section 9 T17S R30E, Eddy County, NM

- 1 Existing Roads: Area maps, Exhibit "B" is a reproduction of Eddy 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 Loco Hills, go North on Co Rd 217 for 2.2 miles to lease road. On lease road, go East winding South for 0.1 miles to proposed lease road.
- 2 Planned Access Roads: 453.9' 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 Exhibit "A"

E. Abandoned wells - As shown on Exhibit "A"

- 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".

# Surface Use Plan Vega 9 Federal No. 3

Cimarex Energy Co. of Colorado Unit E, Section 9 T17S R30E, Eddy County, NM

#### 7 Methods of Handling Waste Material:

- A. Drill cuttings will be seperated 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. 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.

#### 9 Well Site Layout:

- A. Exhibit "D" shows location and rig layout.
- B. Mud pits in the closed circulating system will be steel pits and the cuttings will be stored in steel containment pits.
- C. Cuttings will be stored in steel pits until they are hauled to a state-approved disposal facility.
- D. If the well is a producer, those areas of the location not essential to production facilities will be reclaimed and seeded per BLM requirements.

Surface Use Plan
Vega 9 Federal No. 3
Cimarex Energy Co. of Colorado
Unit E, Section 9
T17S R30E, Eddy County, NM

#### 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, the previously noted procedures will apply to those areas which are not required for production facilities.

#### 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 performing an archaeological survey, Cimarex will use the Carlsbad Area Memorandum of Agreement and will use the site location information to plan projects to avoid known eligible archaeological sites by at least 100 feet. In this regard, per the MOA, Cimarex will make the appropriate contribution to the Permian Basin Cultural Resource mitigation fund.
- D. There are no know dwellings within 1½ miles of this location.

Operator Certification Statement
Vega 9 Federal No. 3
Cimarex Energy Co. of Colorado
Unit E, Section 9
T17S R30E, Eddy County, NM

Operator's Representative

Cimarex Energy Co. of Colorado

P.O. Box 140907 Irving, TX 75014

Office Phone: (972) 443-6489

Zeno Farris

**CERTIFICATION**: I hereby certify that the statements and plans made in this APD 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:	Zeno Farri		
_	Zeno Farris		
DATE:	July 10, 2008		
TITLE:	Manager Operations Administration		

## PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:
LEASE NO.:
WELL NAME & NO.:
SURFACE HOLE FOOTAGE:
BOTTOM HOLE FOOTAGE
LOCATION:
COUNTY:
COUNTY:
CIMAREX ENERGY CO OF COLORADO
LC060524
VEGA 9 FEDERAL #3
1650' FNL & 900' FWL
Section 09, T. 17 S., R 30 E., NMPM
Eddy County, New Mexico

#### TABLE OF CONTENTS

Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.

☐ General Provisions
Permit Expiration
Archaeology, Paleontology, and Historical Sites
☐ Noxious Weeds
Special Requirements
Lesser Prairie Chicken
<b>⊠</b> Construction
Notification
Topsoil
Closed Loop System
Federal Mineral Material Pits
Well Pads
Roads
Road Section Diagram
<b>☑</b> Drilling
☐ Production (Post Drilling)
Well Structures & Facilities
Pipelines
Electric Lines
Reseeding Procedure/Interim Reclamation
Final Ahandonment/Reclamation

#### I. GENERAL PROVISIONS

The approval of the Application For Permit To Drill (APD) is in compliance with all applicable laws and regulations: 43 Code of Federal Regulations 3160, the lease terms, Onshore Oil and Gas Orders, Notices To Lessees, New Mexico Oil Conservation Division (NMOCD) Rules, National Historical Preservation Act As Amended, and instructions and orders of the Authorized Officer. Any request for a variance shall be submitted to the Authorized Officer on Form 3160-5, Sundry Notices and Report on Wells.

#### II. PERMIT EXPIRATION

If the permit terminates prior to drilling and drilling cannot be commenced within 60 days after expiration, an operator is required to submit Form 3160-5, Sundry Notices and Reports on Wells, requesting surface reclamation requirements for any surface disturbance. However, if the operator will be able to initiate drilling within 60 days after the expiration of the permit, the operator must have set the conductor pipe in order to allow for an extension of 60 days beyond the expiration date of the APD. (Filing of a Sundry Notice is required for this 60 day extension.)

#### III. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES

Any cultural and/or paleontological resource discovered by the operator or by any person working on the operator's behalf shall immediately report such findings to the Authorized Officer. The operator is fully accountable for the actions of their contractors and subcontractors. The operator shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery shall be made by the Authorized Officer to determine the appropriate actions that shall be required to prevent the loss of significant cultural or scientific values of the discovery. The operator shall be held responsible for the cost of the proper mitigation measures that the Authorized Officer assesses after consultation with the operator on the evaluation and decisions of the discovery. Any unauthorized collection or disturbance of cultural or paleontological resources may result in a shutdown order by the Authorized Officer.

#### IV. NOXIOUS WEEDS

The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

## V. SPECIAL REQUIREMENT(S)

Timing Limitation Stipulation/Condition of Approval for Lesser Prairie-Chicken: Oil and gas activities including 3-D geophysical exploration, and drilling will not be allowed in lesser prairie-chicken habitat during the period from March 1 through June 15 annually. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, geophysical exploration other than 3-D operations, and pipeline, road, and well pad construction, will be allowed except between 3:00 am and 9:00 am. The 3:00 am to 9:00 am restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during this period. Additionally, no new drilling will be allowed within up to 200 meters of leks known at the time of permitting. Normal vehicle use on existing roads will not be restricted. Exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 ft. from the source of the noise.

#### VI. CONSTRUCTION

#### A. NOTIFICATION

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Carlsbad Field Office at (575) 234-5972 at least 3 working days prior to commencing construction of the access road and/or well pad.

When construction operations are being conducted on this well, the operator shall have the approved APD and Conditions of Approval (COA) on the well site and they shall be made available upon request by the Authorized Officer.

#### B. TOPSOIL

The operator shall stockpile the topsoil of the well pad. The topsoil to be stripped is approximately 6 inches in depth. The topsoil shall not be used to backfill the reserve pit and will be used for interim and final reclamation.

#### C. CLOSED LOOP SYSTEM

Although this is a closed loop system and no reserve pits will be needed, the v-door will be to the East.

Tanks are required for drilling operations: No Pits.

The operator shall properly dispose of drilling contents at an authorized disposal site.

#### D. FEDERAL MINERAL MATERIALS PIT

If the operator elects to surface the access road and/or well pad, mineral materials extracted during construction of the reserve pit may be used for surfacing the well pad and access road and other facilities on the lease.

Payment shall be made to the BLM prior to removal of any additional federal mineral materials from any site other than the reserve pit. Call the Carlsbad Field Office at (575) 234-5972.

#### E. WELL PAD SURFACING

Surfacing of the well pad is not required.

If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation.

The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational needs.

#### F. ON LEASE ACCESS ROADS

#### Road Width

The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed fourteen (14) feet in width. The maximum width of surface disturbance, when constructing the access road, shall not exceed thirty (30) feet.

#### Surfacing

Surfacing material is not required on the new access road driving surface. If the operator elects to surface the new access road or pad, the surfacing material may be required to be removed at the time of reclamation.

Where possible, no improvements should be made on the unsurfaced access road other than to remove vegetation as necessary, road irregularities, safety issues, or to fill low areas that may sustain standing water.

The Authorized Officer reserves the right to require surfacing of any portion of the access road at any time deemed necessary. Surfacing may be required in the event the road deteriorates, erodes, road traffic increases, or it is determined to be beneficial for future field development. The surfacing depth and type of material will be determined at the time of notification.

#### Crowning

Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

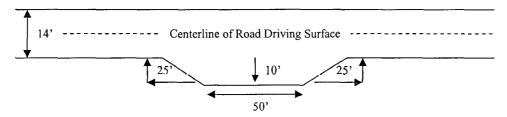
#### Ditching

Ditching shall be required on both sides of the road.

#### **Turnouts**

Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall be constructed on all blind curves. Turnouts shall conform to the following diagram:

#### Standard Turnout - Plan View

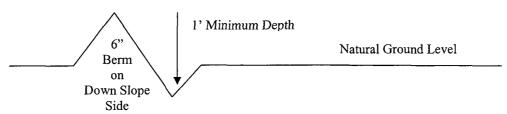


#### **Drainage**

Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outsloping and insloping, lead-off ditches, culvert installation, and low water crossings).

A typical lead-off ditch has a minimum depth of 1 foot below and a berm of 6 inches above natural ground level. The berm shall be on the down-slope side of the lead-off ditch.

#### Cross Section of a Typical Lead-off Ditch



All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval are variable for lead-off ditches and shall be determined according to the formula for spacing intervals of lead-off ditches, but may be amended depending upon existing soil types and centerline road slope (in %);

#### Formula for Spacing Interval of Lead-off Ditches

Example - On a 4% road slope that is 400 feet long, the water flow shall drain water into a lead-off ditch. Spacing interval shall be determined by the following formula:

400 foot road with 4% road slope: 
$$\frac{400'}{4\%}$$
 + 100' = 200' lead-off ditch interval

#### **Culvert Installations**

Appropriately sized culvert(s) shall be installed at the deep waterway channel flow crossing.

#### Cattleguards

An appropriately sized cattleguard(s) sufficient to carry out the project shall be installed and maintained at fence crossing(s).

Any existing cattleguard(s) on the access road shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for the condition of the existing cattleguard(s) that are in place and are utilized during lease operations.

A gate shall be constructed and fastened securely to H-braces.

### Fence Requirement

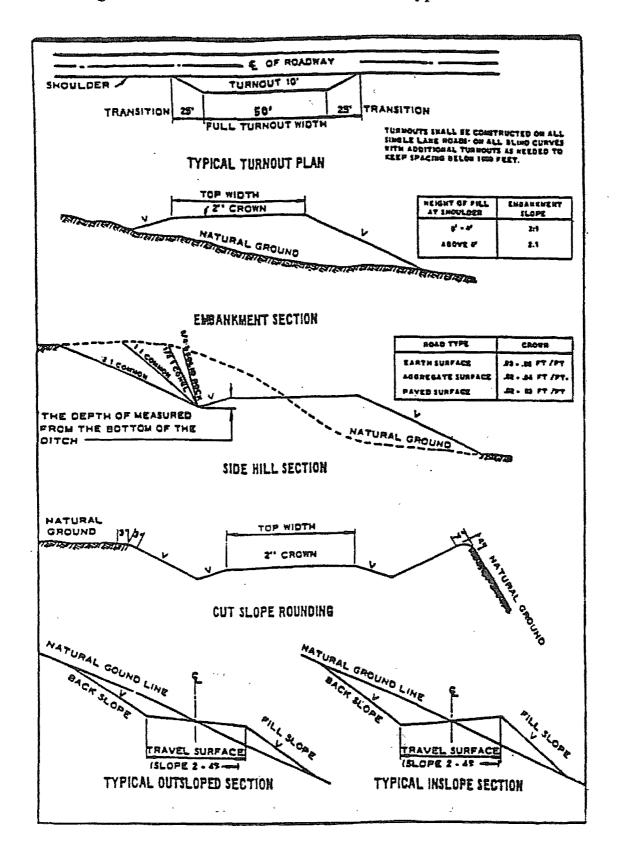
Where entry is required across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting.

The operator shall notify the private surface landowner or the grazing allotment holder prior to crossing any fence(s).

#### **Public Access**

Public access on this road shall not be restricted by the operator without specific written approval granted by the Authorized Officer.

Figure 1 - Cross Sections and Plans For Typical Road Sections



#### VII. DRILLING

#### A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified a minimum of 4 hours in advance for a representative to witness:

- a. Spudding well
- b. Setting and/or Cementing of all casing strings
- c. BOPE tests

## **Eddy County**

Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (575) 361-2822

- 1. A Hydrogen Sulfide (H2S) Drilling Plan should be activated 500 feet prior to drilling into the Grayburg formation. Measurements between 500-2000 ppm in the gas stream. If Hydrogen Sulfide is encountered, please report measured amounts and formations to the BLM.
- 2. 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.

#### B. CASING

Changes to the approved APD casing and cement program require submitting a sundry and receiving approval prior to work. Failure to obtain approval prior to work will result in an Incident of Non-Compliance being issued.

Centralizers required on surface casing per Onshore Order 2.III.B.1.f.

Wait on cement (WOC) time for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater for all casing strings. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. See individual casing strings for details regarding lead cement slurry requirements.

No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.

Possible high pressure air pockets above the Rustler.
Possible lost circulation in the Grayburg and San Andres formations.
Possible water flows in the Salado and Artesia Groups.

- 1. The 11-3/4 inch surface casing shall be set at approximately 430 feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt) and cemented to the surface.
  - a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with a surface log readout will be used or a cement bond log shall be run to verify the top of the cement.
  - b. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.
  - c. If cement falls back, remedial action will be done prior to drilling out that string.
- 2. The minimum required fill of cement behind the 8-5/8 inch intermediate casing is:
  - Cement to surface. If cement does not circulate see B.1.a-c above.

    Intermediate casing to be set below the salt in the Tansill formation at approximately 1250 feet. Brine water mud to this depth.
- 3. The minimum required fill of cement behind the 5-1/2 inch production casing is:
  - Cement to surface. If cement does not circulate, contact the appropriate BLM office.
- 4. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

#### C. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.

- 2. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
  - a. The tests shall be done by an independent service company.
  - b. The results of the test shall be reported to the appropriate BLM office.
  - c. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.
  - d. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug.
  - e. A variance to test only the surface casing to the reduced pressure of 1000 psi with the rig pumps is approved. The BOPE will be tested to 1000 psi by an independent service company.

#### D. DRILL STEM TEST

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

WWI 080708

## VIII. PRODUCTION (POST DRILLING)

#### A. WELL STRUCTURES & FACILITIES

#### **Placement of Production Facilities**

Production facilities should be placed on the well pad to allow for maximum interim recontouring and revegetation of the well location.

#### **Containment Structures**

The containment structure shall be constructed to hold the capacity of the entire contents of the largest tank, plus 24 hour production, unless more stringent protective requirements are deemed necessary by the Authorized Officer.

#### **Painting Requirement**

All above-ground structures including meter housing that are not subject to safety requirements shall be painted a flat non-reflective paint color Shale Green, Munsell Soil Color Chart # 5Y 4/2

#### IX. INTERIM RECLAMATION & RESEEDING PROCEDURE

#### A. INTERIM RECLAMATION

If the well is a producer, interim reclamation shall be conducted on the well site in accordance with the orders of the Authorized Officer. The operator shall submit a Sundry Notices and Reports on Wells (Notice of Intent), Form 3160-5, prior to conducting interim reclamation.

During the life of the development, all disturbed areas not needed for active support of production operations should undergo interim reclamation in order to minimize the environmental impacts of development on other resources and uses.

Operators should work with BLM surface management specialists to devise the best strategies to reduce the size of the location. Any reductions should allow for remedial well operations, as well as safe and efficient removal of oil and gas.

During reclamation, the removal of caliche is important to increasing the success of revegetating the site. Removed caliche may be used for road repairs, fire walls or for building other roads and locations. In order to operate the well or complete workover operations, it may be necessary to drive, park and operate on restored interim vegetation within the previously disturbed area. Disturbing revegetated areas for production or workover operations will be allowed. If there is significant disturbance and loss of vegetation, the area will need to be revegetated. Communicate with the appropriate BLM office for any exceptions/exemptions if needed.

#### B. RESEEDING PROCEDURE

Once well is drilled and completed and all trash removed location will be recontoured and reseeded as follows:

#### Seed Mixture for LPC Sand/Shinnery Sites

The holder shall seed all disturbed areas with the seed mixture listed below. The seed mixture shall be planted in the amounts specified in pounds of pure live seed (PLS)\* per acre. There shall be <u>no</u> primary or secondary noxious weeds in the seed mixture. Seed will be tested and the viability testing of seed will be done in accordance with State law(s) and within nine (9) months prior to purchase. Commercial seed will be either certified or registered seed. The seed container will be tagged in accordance with State law(s) and available for inspection by the authorized officer.

Seed will be planted using a drill equipped with a depth regulator to ensure proper depth of planting where drilling is possible. The seed mixture will be evenly and uniformly planted over the disturbed area (smaller/heavier seeds have a tendency to drop the bottom of the drill and are planted first). The holder shall take appropriate measures to ensure this does not occur. Where drilling is not possible, seed will be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre are to be doubled. The seeding will be repeated until a satisfactory stand is established as determined by the authorized officer. Evaluation of growth will not be made before completion of at least one full growing season after seeding.

Species to be planted in pounds of pure live seed\* per acre:

Species	<u>lb/acre</u>
Plains Bristlegrass	5 lbs/A
Sand Bluestem	5 lbs/A
Little Bluestem	3 lbs/A
Big Bluestem	6 lbs/A
Plains Coreopsis	2 lbs/A
Sand Dropseed	1 lbs/A
**Four-winged Saltbush	5 lbs/A

<sup>\*</sup> This can be used around well pads and other areas where caliche cannot be removed.

Pounds of seed x percent purity x percent germination = pounds pure live seed

<sup>\*</sup>Pounds of pure live seed:

# X. FINAL ABANDONMENT & REHABILITATION REQUIREMENTS

Upon abandonment of the well and/or when the access road is no longer in service the Authorized Officer shall issue instructions and/or orders for surface reclamation and restoration of all disturbed areas.

On private surface/federal mineral estate land the reclamation procedures on the road and well pad shall be accomplished in accordance with the private surface land owner agreement.