14-322

OCD Artesia NM OIL CONSERVATION
ARTESIA DISTRICT

JUN 1 2015

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Form 3160-3
(March 2012)

FORM APPROVED
OMB No. 1004-0137
Expires October 31, 2014

HIGH CAVEKARST

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.
SHL: NMNM119271; BHL: NMNM019848

6. If Indian, Allotee or Tribe Name.

1a. Type of Work: [X] DRILL [ ] REENTER

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

1b. Type of Well: [X] Oil Well [ ] Gas Well [ ] Other [X] Single Zone [ ] Multiple Zone

8. Lease Name and Well No.
Laguna Grande 29 Federal 6H

2. Name of Operator
Cimarex Energy Co.

9. API Well No.
30015 43174

3a. Address
600 N. Marienfield St. Ste. 600 Midland Tx 79071

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

10. Field and Pool, or Exploratory
Laguna Salado; Bone Spring ~~Wildcat~~ (96721)

4. Location of Well (Report location clearly and in accordance with any State requirements.*)
At Surface: 98 FSL & 2562 FWL; 20-23S-29E
At proposed prod. Zone: 330 FSL & 1980 FWL; 29-23S-29E Bone Spring

11. Sec., T. R. M. or Blk. and Survey and Area
20, 23S, 29E

14. Distance in miles and direction from nearest town or post office*
Approx 5.1 miles east of Loving, NM

12. County or Parish: Eddy

13. State: NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line if any)	16. No. of acres in lease	17. Spacing Unit dedicated to this well
98'	NMNM019848=960.00 acres NMNM119271=160.00 acres	160.00

18. Distance from proposed* location to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth	20. BLM/BIA Bond No. on File
1980 to #5H	Pilot Hole TD: N/A ~~13,231~~ 13731 MD 8,593 TVD	NM2575; NMB000835

21. Elevations (Show whether DF, KDB, RT, GL, etc.)	22. Approximate date work will start*	23. Estimated duration
2984 GR	3/15/13	35 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

1. Well plat certified by a registered surveyor
2. A Drilling Plan
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator Certification
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature	Name (Printed/Typed)	Date
	Terri Stathem	12/10/13

Title: Regulatory Compliance

Approved By (Signature)	Name (Printed/Typed)	Date
Steve Caffey		MAY 27 2015
Title: FIELD MANAGER	Office: CARLSBAD FIELD OFFICE	

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

APPROVAL FOR TWO YEARS

Title 18 U.S.S. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious, or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on page 2)

*(Instructions on page 2)

Carlsbad Controlled Water Basin

SEE ATTACHED FOR CONDITIONS OF APPROVAL

6/3/2015

Approval Subject to General Requirements & Special Stipulations Attached

Operator Certification Statement
Laguna Grande 29 Federal 6H
Cimarex Energy Co.
UL: C, Sec. 29, 23S, 29E
Eddy Co., NM

Operator's Representative
Cimarex Energy Co. of Colorado
600 N. Marienfeld St., Ste. 600
Midland, TX 79701
Office Phone: (432) 571-7800

CERTIFICATION: I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions which currently exist; that I have full knowledge of state and Federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements.

Executed this 10 day of December, 2013

NAME: Paula Brunson

Paula Brunson
TITLE: Regulatory Compliance
ADDRESS: 600 N. Marienfield St. Ste. 600 Midland Tx 79071
TELEPHONE: 432-571-7800
EMAIL: pbrunson@cimarex.com
Field Representative: Same as above

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
Phone (575) 393-6161 Fax: (575) 393-0720
DISTRICT II
811 S. First St., Artesia, NM 88210
Phone (575) 748-1283 Fax: (575) 748-9720
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone (505) 334-6178 Fax: (505) 334-6170
DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources Department

NM OIL CONSERVATION
ARTESIA DISTRICT
JUN 1 2015
RECEIVED

Form C-102
Revised August 1, 2011
Submit one copy to appropriate District Office

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	Pool Name
30-015- 43174	96721	LAGUNA;Salado ~~Wildcat~~ Bone Spring

Property Code	Property Name	Well Number
40483	LAGUNA GRANDE 29 FEDERAL	6H

OGRID No.	Operator Name	Elevation
162683	CIMAREX ENERGY COMPANY	2990

Surface Location

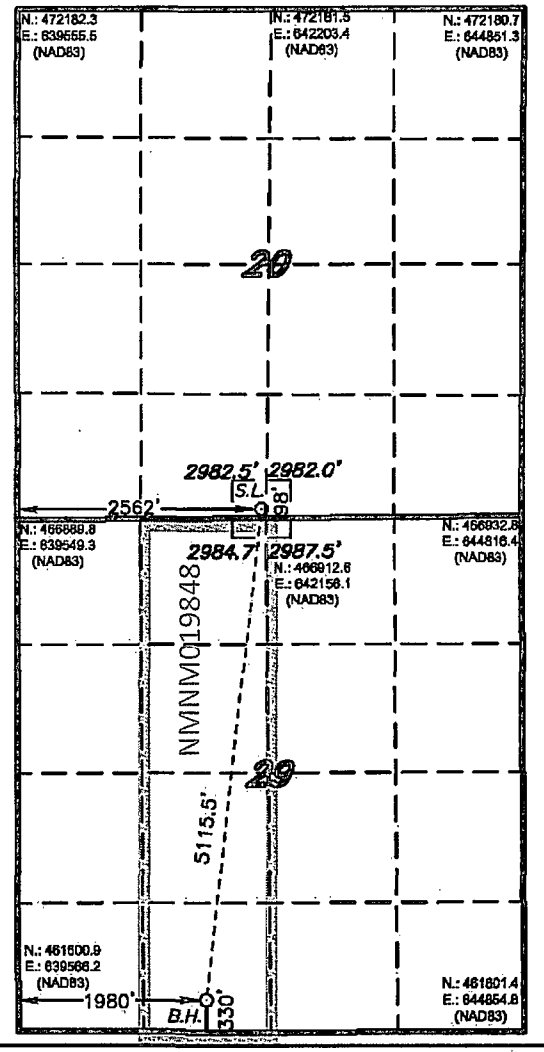
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	SOUTH/South line	Feet from the	East/West line	County
N	20	23 S	29 E		98	SOUTH	2562	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	SOUTH/South line	Feet from the	East/West line	County
N	29	23 S	29 E		330	SOUTH	1980	WEST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
160			

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



SURFACE LOCATION
Lat – N 32°17'00.47"
Long – W 104°00'26.06"
NMSPCE– N 467010.3
E 642110.5
(NAD-83)

PROPOSED BOTTOM HOLE LOCATION
Lat – N 32°16'10.19"
Long – W 104°00'32.83"
NMSPCE– N 461927.3
E 641544.7
(NAD-83)

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 or has a right to drill this well at this 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.

Paula Brunson 12/10/2013
Signature Date

Paula Brunson
Printed Name

pbrunson@cimarex.com
Email Address

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 supervison, and that the same is true and correct to the best of my belief.

DECEMBER 02, 2013
Date Surveyed

Signature & Seal of Professional Surveyor

Certificate No. Gary L. Jones 7977

0' 1000' 2000' 3000' 4000' N
SCALE: 1" = 1000'
WO Num.: 29773

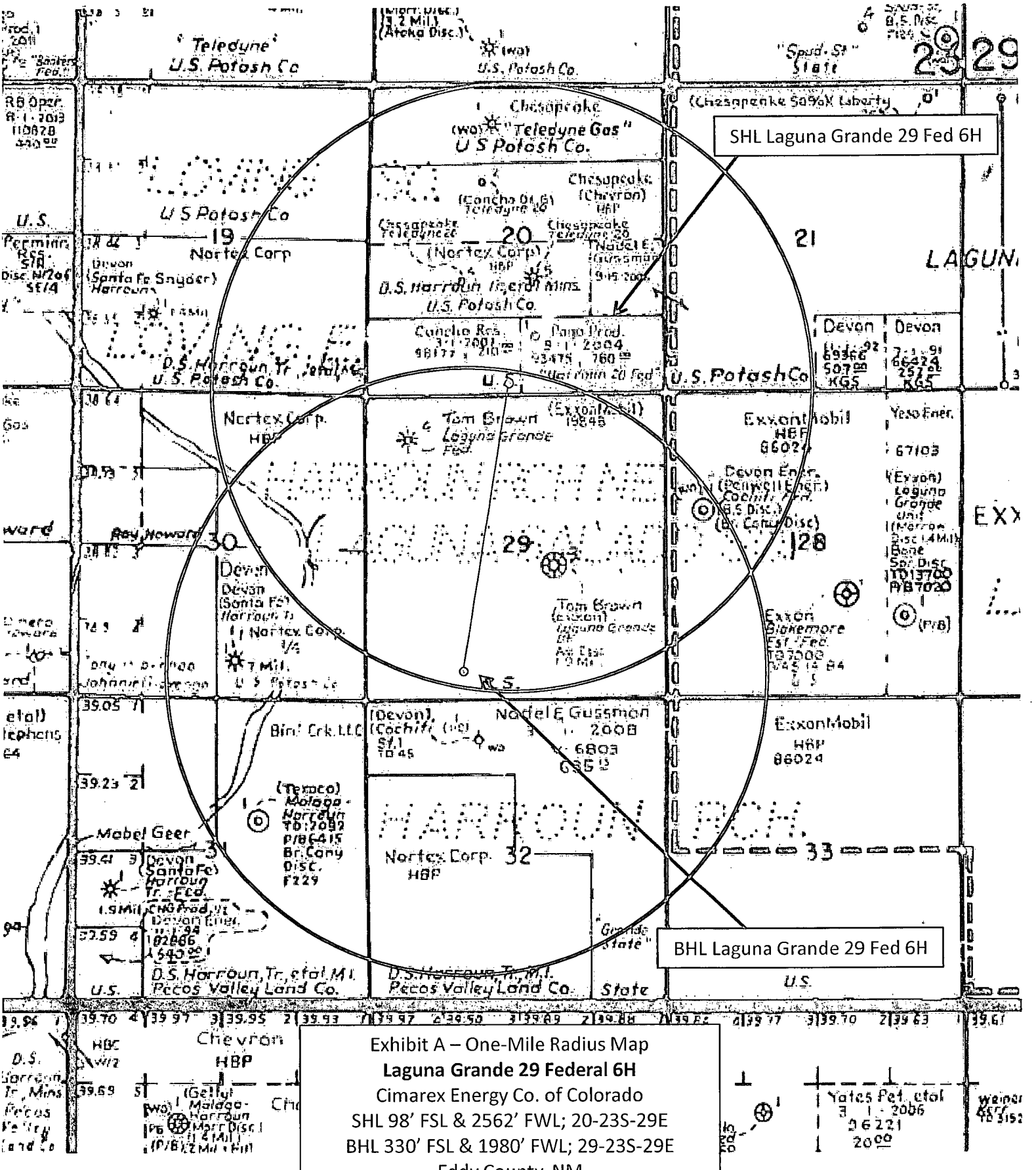
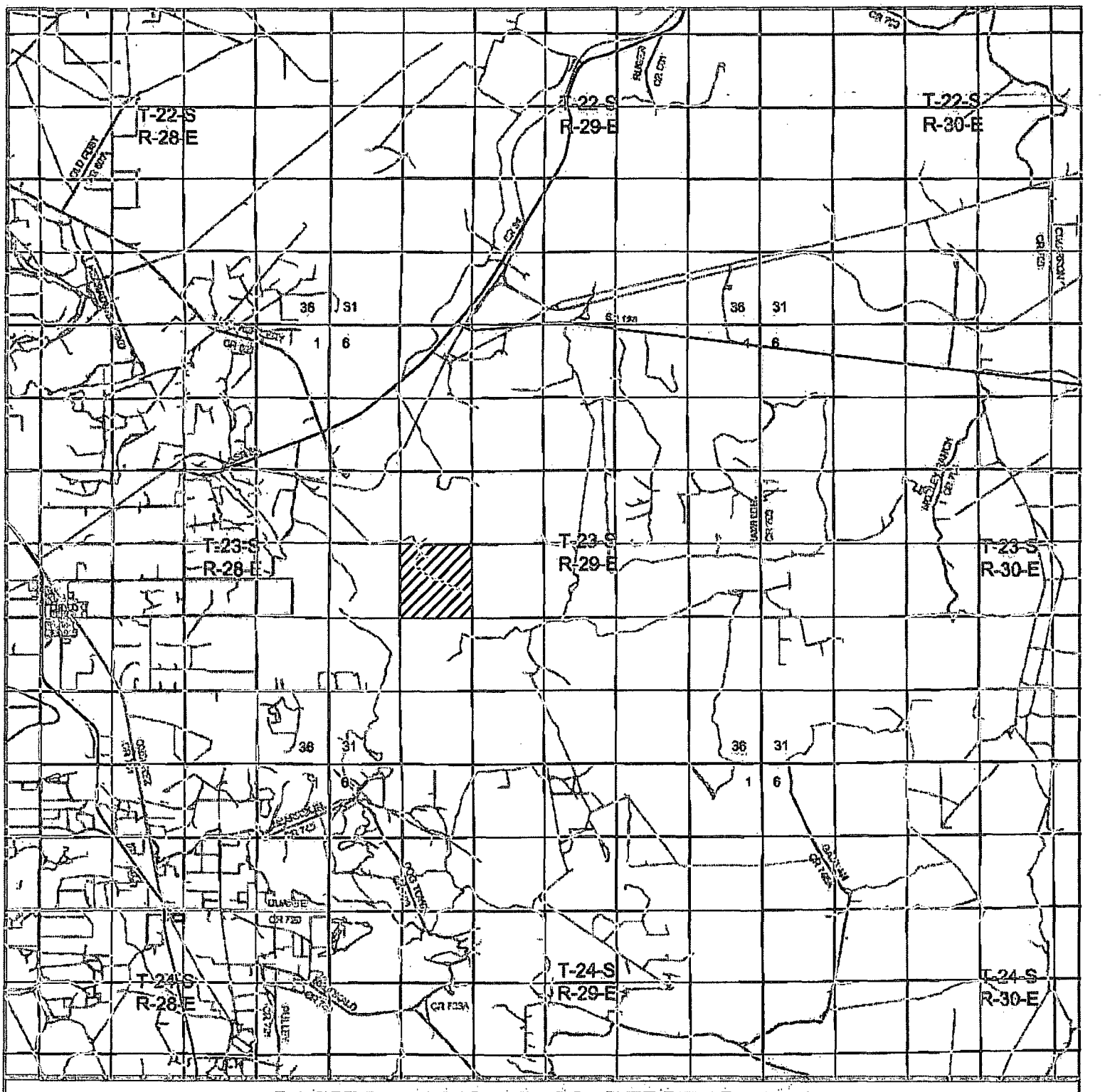


Exhibit A – One-Mile Radius Map
Laguna Grande 29 Federal 6H
Cimarex Energy Co. of Colorado
SHL 98' FSL & 2562' FWL; 20-23S-29E
BHL 330' FSL & 1980' FWL; 29-23S-29E
Eddy County, NM



LAGUNA GRANDE 29 FEDERAL #6H

Located 98' FSL and 2562'FWL

Section 20, Township 23 South, Range 29 East, N.M.P.M., Eddy County, New Mexico.

basin surveys
focused on excellence in the oilfield

P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(575) 393-7316 - Office
(575) 392-2206 - Fax
basinsurveys.com

0 1 MI 2 MI 3 MI 4 MI

SCALE: 1" = 2 MILES

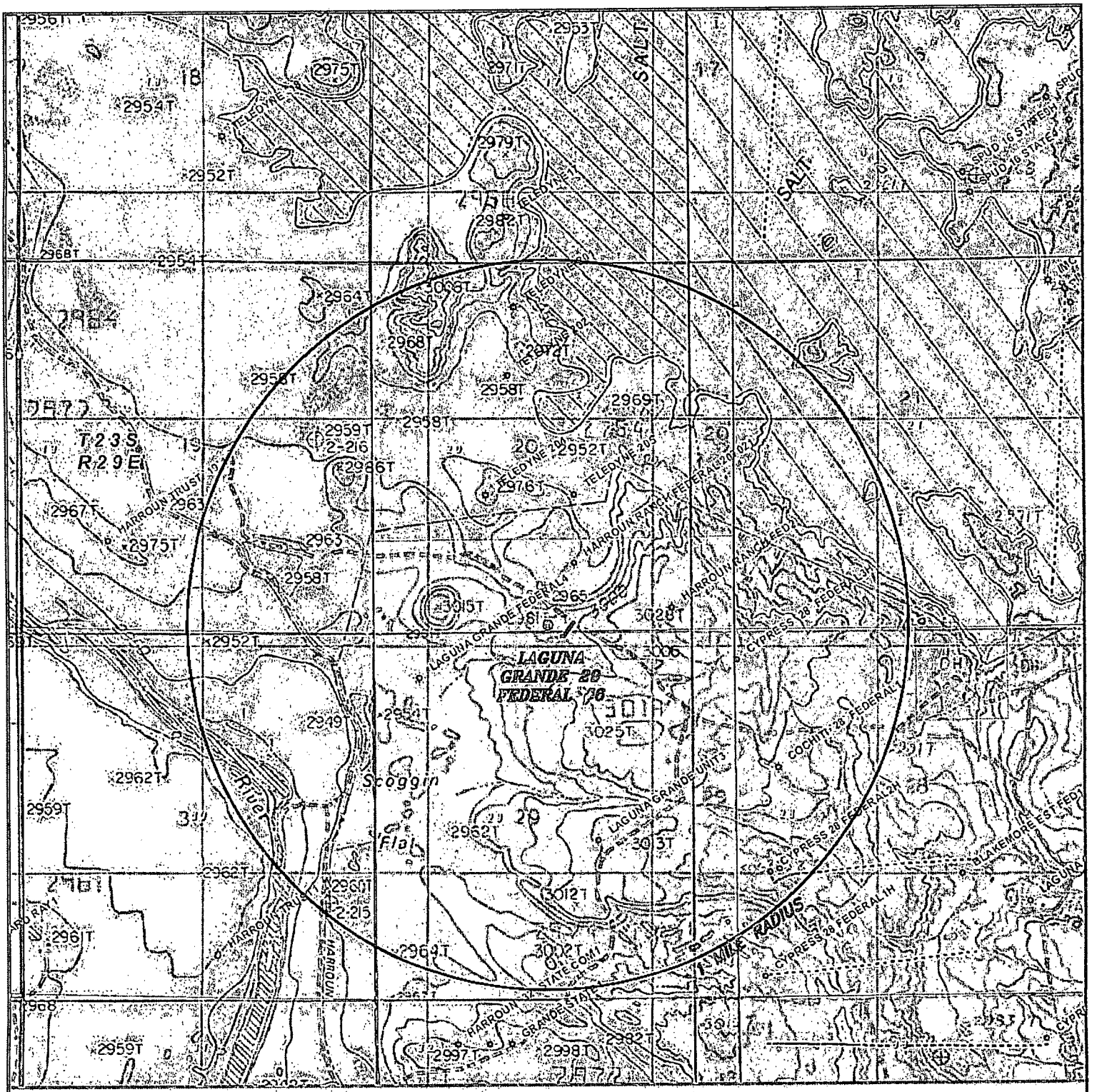
W.O. Number: KAN 29773

Survey Date: 12-02-2013

YELLOW TINT - USA LAND
BLUE TINT - STATE LAND
NATURAL COLOR - FEE LAND

CIMAREX ENERGY CO.

Exhibit B



LAGUNA GRANDE 29 FEDERAL #6H
Located 98' FSL and 2562'FWL
Section 20, Township 23 South, Range 29 East, N.M.P.M., Eddy County, New Mexico.

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1120 N. West County Rd.
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(575) 393-7316 - Office
(575) 392-2206 - Fax
basinsurveys.com

0' 1000' 2000' 3000' 4000'
SCALE: 1" = 2000'

W.O. Number: KAN 29773

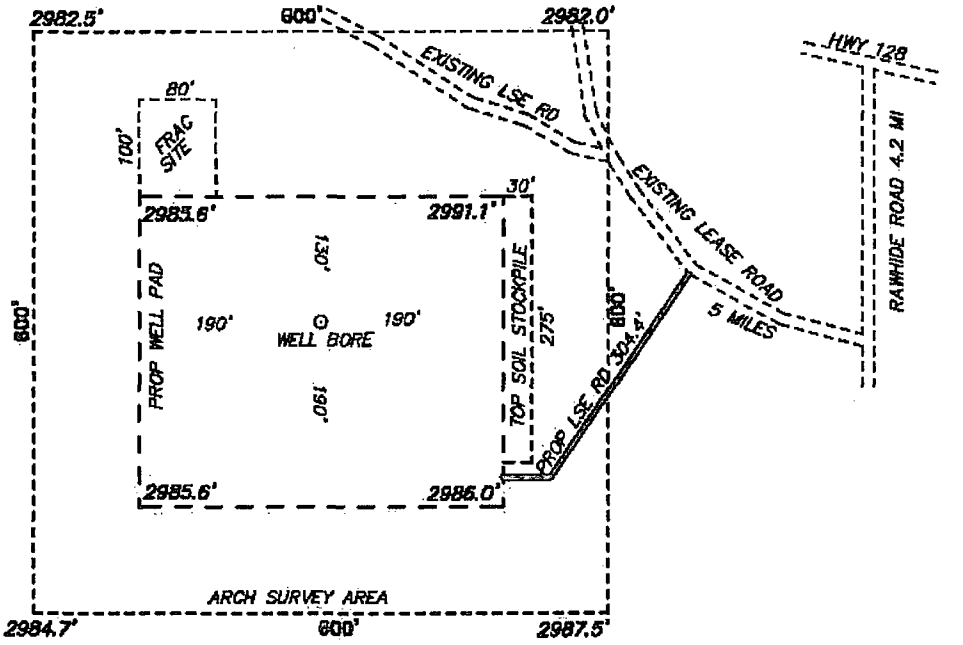
Survey Date: 12-02-2013

YELLOW TINT - USA LAND
BLUE TINT - STATE LAND
NATURAL COLOR - FEE LAND

CIMAREX ENERGY CO.

Exhibit C

SECTION 20, TOWNSHIP 23 SOUTH, RANGE 29 EAST. N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



CIMAREX ENERGY COMPANY
LAGUNA GRANDE 29 FEDERAL #6
ELEV. - 2990'
Lat - N 32°17'00.47"
Long - W 104°00'26.06"
NMSPCE- N 467010.3
E 642110.5
(NAD-83)

LOVING, NM IS ±5 MILES TO THE WEST OF LOCATION.

200 0 200 400 FEET
SCALE: 1" = 200'

Directions to Location:

FROM HWY 128 AND RAWHIDE ROAD, GO SOUTH ON RAWHIDE ROAD 4.2 MILES, WEST 5.0 MILES TO PROPOSED LEASE ROAD.

CIMAREX ENERGY CO.

REF: LAGUNA GRANDE 29 FEDERAL #6 / WELL PAD TOPO

THE LAGUNA GRANDE 29 FEDERAL #6 LOCATED 98' FROM THE SOUTH LINE AND 2562' FROM THE WEST LINE OF SECTION 20, TOWNSHIP 23 SOUTH, RANGE 29 EAST. N.M.P.M., EDDY COUNTY, NEW MEXICO.

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Hobbs, New Mexico 88241
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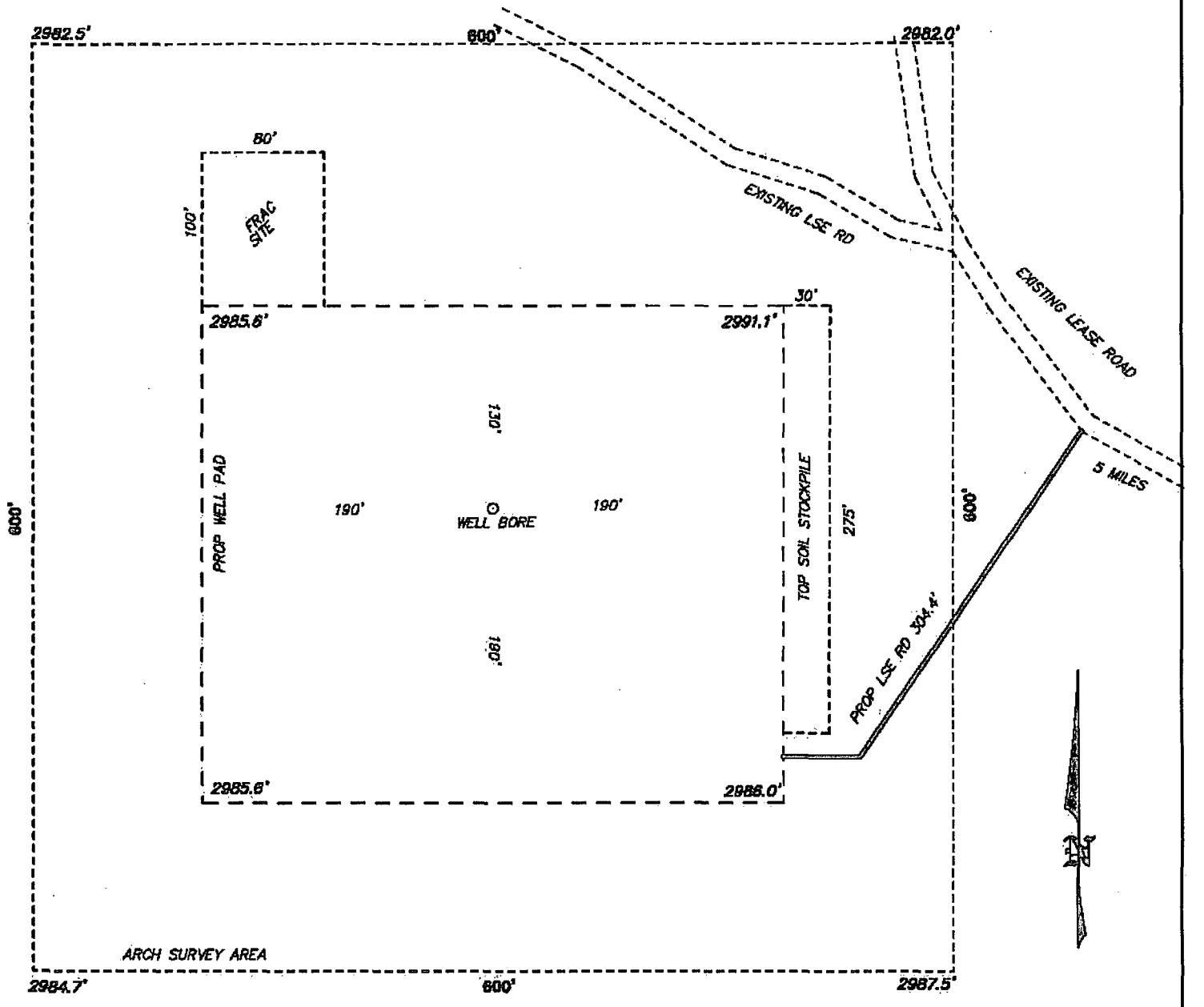
(575) 392-2206 - Fax
basinsurveys.com

W.O. Number: 29773	Drawn By: K. NORRIS	Date: 12-03-2013	Survey Date: 12-02-2013	Sheet 1 of 1 Sheets

Exhibit C-1

SECTION 20, TOWNSHIP 23 SOUTH, RANGE 29 EAST. N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



100 0 100 200 FEET

SCALE: 1" = 100'

CIMAREX ENERGY CO.

REF: LAGUNA GRANDE 29 FEDERAL #6 / WELL PAD TOPO

THE LAGUNA GRANDE 29 FEDERAL #6H LOCATED 98' FROM THE SOUTH LINE AND 2562' FROM THE WEST LINE OF SECTION 20, TOWNSHIP 23 SOUTH, RANGE 29 EAST. N.M.P.M., EDDY COUNTY, NEW MEXICO.

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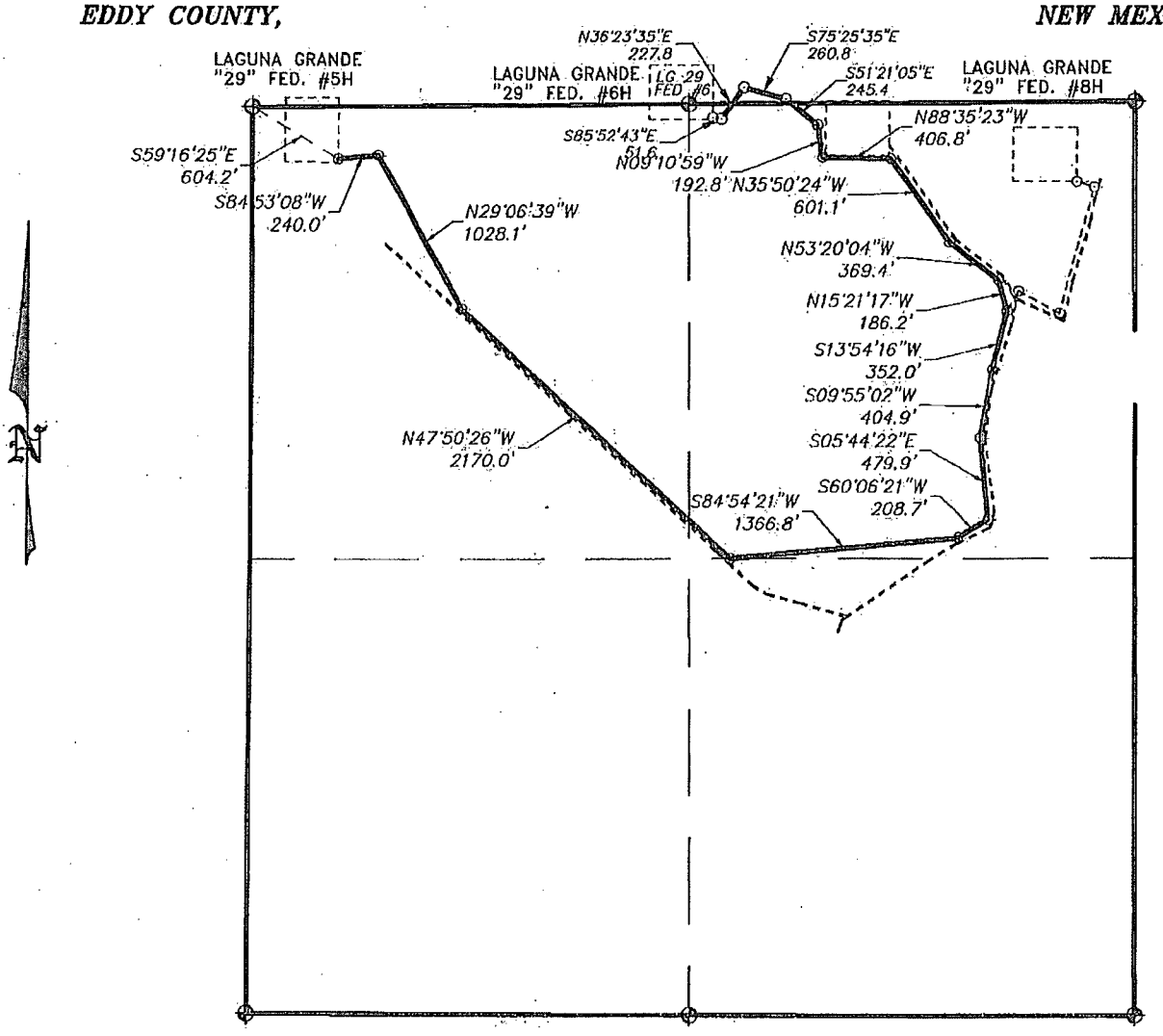
(575) 392-2206 - Fax
basinsurveys.com

W.O. Number: 29773	Drawn By: K. NORRIS	Date: 12-03-2013	Survey Date: 12-02-2013	Sheet 1 of 1 Sheets

Exhibit C-2

SECTIONS 20&29, TOWNSHIP 23 SOUTH, RANGE 29 EAST, N.M.P.M.,

EDDY COUNTY, **NEW MEXICO.**



LEGAL DESCRIPTION

A STRIP OF LAND 30.0 FEET WIDE, LOCATED IN SECTIONS 20&29, TOWNSHIP 23 SOUTH, RANGE 29 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO AND BEING 15.0 FEET LEFT AND RIGHT OF THE ABOVE PLATTED CENTERLINE SURVEY.

SECTION 20 = 417.9 FEET = 0.08 MILES = 25.33 RODS = 0.29 ACRES
SECTION 29 = 8374.4 FEET = 1.58 MILES = 507.54 RODS = 5.76 ACRES
TOTAL = 8792.3 FEET = 1.66 MILES = 532.87 RODS = 6.05 ACRES

I HEREBY CERTIFY THAT THIS PLAT WAS PREPARED FROM FIELD NOTES OF AN ACTUAL SURVEY AND MEETS OR EXCEEDS MINIMAL REQUIREMENTS FOR LAND SURVEYS AS SPECIFIED BY THIS STATE.

GARY L. JONES — No. 7977 TEXAS P.L.S. No. 5074

1000 0 1000 2000 FEET

CIMAREX ENERGY COMPANY

Laguna 29 Fed Flowline

A PIPELINE CROSSING FEE LAND IN

SECTIONS 20&29, TOWNSHIP 20 SOUTH, RANGE 34 EAST,

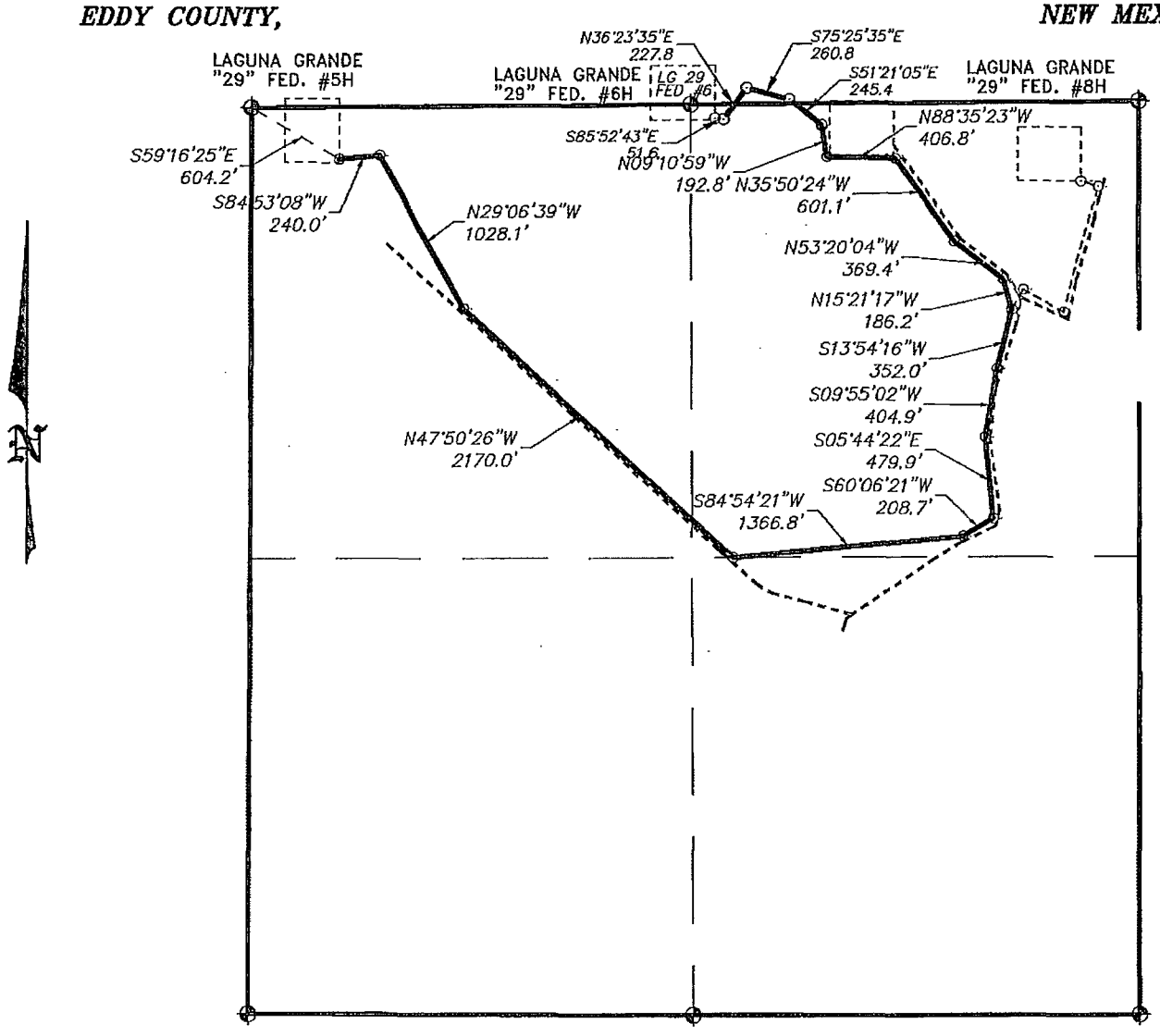
N.M.P.M., LEA COUNTY, NEW MEXICO.

BASIN SURVEYS P.O. BOX 1786 – HOBBS, NEW MEXICO			
W.O. Number: 28588	Drawn By: K. GOAD		
Date: 03-12-2013	Disk: KJG – 28588	Survey Date: 03-05-2013	Sheet 1 of 1 Sheets

Exhibit G

SECTIONS 20&29, TOWNSHIP 23 SOUTH, RANGE 29 EAST, N.M.P.M.,

EDDY COUNTY, **NEW MEXICO.**



LEGAL DESCRIPTION

A STRIP OF LAND 30.0 FEET WIDE, LOCATED IN SECTIONS 20&29, TOWNSHIP 23 SOUTH, RANGE 29 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO AND BEING 15.0 FEET LEFT AND RIGHT OF THE ABOVE PLATTED CENTERLINE SURVEY.

SECTION 20 = 417.9 FEET = 0.08 MILES = 25.33 RODS = 0.29 ACRES
SECTION 29 = 8374.4 FEET = 1.58 MILES = 507.54 RODS = 5.76 ACRES
TOTAL = 8792.3 FEET = 1.66 MILES = 532.87 RODS = 6.05 ACRES

I HEREBY CERTIFY THAT THIS PLAT WAS PREPARED FROM FIELD NOTES OF AN ACTUAL SURVEY AND MEETS OR EXCEEDS ALL REQUIREMENTS FOR LAND SURVEYS AS SPECIFIED BY THIS STATE.

GARY L. JONES — No. 7977
TEXAS, P.L.S. — No. 5074

1000 0 1000 2000 FEET

CIMAREX ENERGY COMPANY

Laguna 29 Fed Flowline

A PIPELINE CROSSING FEE LAND IN

SECTIONS 20&29, TOWNSHIP 20 SOUTH, RANGE 34 EAST,

N.M.P.M., LEA COUNTY, NEW MEXICO.

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

W.O. Number: 28588	Drawn By: K. GOAD		
Date: 03-12-2013	Disk: KJG – 28588	Survey Date: 03-05-2013	Sheet 1 of 1 Sheets

Exhibit G

LAGUNA GRANDE 29 FEDERAL #6H
Located 98' FSL and 2562'FWL
Section 20, Township 23 South, Range 29 East, N.M.P.M., Eddy County, New Mexico.

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1120 N. West County Rd.
Hobbs, New Mexico 88241
(575) 393-7316 - Office
(575) 392-2206 - Fax
basinsurveys.com

0' 1000' 2000' 3000' 4000'
SCALE: 1" = 2000'

W.O. Number: KAN 29773

Survey Date: 12-02-2013

YELLOW TINT - USA LAND
BLUE TINT - STATE LAND
NATURAL COLOR - FEE LAND

CIMAREX ENERGY CO.

LAGUNA GRANDE 29 FEDERAL #6H
Located 150' FNL and 2310' FWL
Section 29, Township 23 South, Range 29 East,
N.M.P.M., Eddy County, New Mexico.

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1120 N. West County Rd.
Hobbs, New Mexico 88241
(575) 393-7316 - Office
(575) 392-2206 - Fax
basinsurveys.com

W.O. Number: DAJ 28590

Scale: NONE

YELLOW TINT - USA LAND
BLUE TINT - STATE LAND
NATURAL COLOR - FEE LAND

N

CIMAREX ENERGY CO.

Application to Drill
Laguna Grande 29 Federal 6H
Cimarex Energy Co.
UL: N, Sec. 20, 23S, 29E
Eddy Co., NM

In response to questions asked under Section II B of Bulletin NTL-6, the following information is provided for your consideration:

1. Location: SHL 98 FSL & 2562 FWL; 20-23S-29E
BHL 330 FSL & 1980 FWL; 29-23S-29E

2. Elevation Above Sea Level: 2,984' GR

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: 13,231 MD 8,593 TVD Pilot Hole TD: N/A

6. Estimated Tops of Geological Markers:

Formation	Est Top	Bearing
Rustler	485	N/A
salado	629	N/A
CAstille	2637	N/A
Bell Canyon	2854	Hydrocarbons
Cherry Canyon	3883	Hydrocarbons
Brushy Canyon	4942	Hydrocarbons
Brushy Canyon Lower	6260	Hydrocarbons
Bone Spring	6554	Hydrocarbons
Bone Spring "A" Shale	6673	Hydrocarbons
Bone Spring "B" Limestone	7010	Hydrocarbons
Bone Spring "C" Shale	7225	Hydrocarbons
1st Bone Spring Ss	7609	Hydrocarbons
2nd Bone Spring Limestone	7878	N/A
2nd Bone Spring Ss	8374	Hydrocarbons
2nd BS Ss Horz Target	8659	Hydrocarbons
3rd BS Limestone	8717	Hydrocarbons

7. Possible Mineral Bearing Formation: Shown above

7A. OSE Ground Water Estimated Depth: 30'

8. Casing Program:

Name	Casing Depth From (ft)	Casing Setting Depth (ft) MD	Casing Setting Depth (ft)TVD	Open Hole Size (inches)	Casing Size (inches)	Casing Weight (lb/ft)	Casing Grade	Thread	Conditon	BHP (psig)	Anticipated Mud Weight (ppg)	Collapse SF at Full Evacuation(1.125)	Collapse SF at 1/3 Evacuation(1.125)	Burst SF (1.125)	Cumulative Air Weight	Cumulative Bouyed Weight (lbs)	Bouyant Tension SF (1.8)
Surface	0	~~425~~ 175	425	17 1/2	13-3/8"	48.00	H-40	ST&C	New	183	8.3	4.03		9.43	20,400	17,815	18.07
Intermediate	0	~~2760~~ 2850	2760	12 1/4	9-5/8"	36.00	J-55	LT&C	New	1435	10.0		1.41	2.45	99,360	84,191	5.38
Production	0	8115	8115	8 3/4	5-1/2"	17.00	L-80	LT&C	New	3797	9.0	1.66		2.04	146,081	126,009	2.68
Production	8115	~~13231~~ 13731	8593	8 3/4	5-1/2"	17.00	L-80	BT&C	New	4021	9.0	1.56		1.92	8,126	7,009	56.64

Sec COA

Note: Operator may drill a 8-1/2" OH from end of curve to TD of the well. This is to reduce the need to ream the conventionally drilled curve to run a RSS assembly into the lateral.

Application to Drill
Laguna Grande 29 Federal 6H
Cimarex Energy Co.
UL: N, Sec. 20, 23S, 29E
Eddy Co., NM

8A. Casing Design and Casing Loading Assumptions:

Surface	Tension	A 1.8 design factor with effects of buoyancy: 8.30 ppg.
	Collapse	A 1.125 design factor with full internal evacuation and a collapse force equal to a 8.30 ppg mud gradient.
	Burst	A 1.125 design with a surface pressure equal to the fracture gradient at setting depth less gas gradient to surface.
Intermediate	Tension	A 1.8 design factor with effects of buoyancy: 10.00 ppg.
	Collapse	A 1.125 design factor evacuated 1/3 TVD of next casing string with a collapse force equal to a 10.00 ppg mud gradient. During the running of the casing, the operator will stop and fill the casing as need to ensure it does not collapse.
	Burst	A 1.125 design with a surface pressure equal to the fracture gradient at setting depth less gas gradient to surface.
Production and\or Production Completion System	Tension	A 1.8 design factor with effects of buoyancy: 9.00 ppg.
	Collapse	A 1.125 design factor with full internal evacuation of next casing string with a collapse force equal to a 9.00 ppg mud gradient.
	Burst	A 1.125 design with a surface pressure equal to the fracture gradient at setting depth less gas gradient to surface.

9. Cementing Program:

Casing Type	Type	Sacks	Yield	Weight	Cubic Feet	Cement Blend
Surface	Lead	75	1.75	13.50	130	Class C + Bentonite + Calcium Chloride + LCM, 8.829 gps water
	Tail	195	1.34	14.80	260	Class C + LCM, 6.320 gps water
	TOC: 0		**32% Excess**			**Centralizers per Onshore Order 2.III.B.1f**
Intermediate	Lead	517	1.88	12.90	971	35:65 (Poz:C) + Salt + Bentonite + LCM + Retarder, 9.650 gps water
	Tail	162	1.34	14.80	216	Class C + Retarder + LCM, 6.320 gps water
	TOC: 0		**45% Excess**			
Production See COA	Lead	660	2.40	11.90	1584	35:65 (poz/H) + Salt + Sodium Metasilcate + Bentonite + Fluid Loss + Dispersant + LCM + Retarder, 13.800 gps water
	Tail	1259	1.24	14.50	1561	50:50(Poz:H) + Bentonite + Salt + Fluid Loss + Dispersant + LCM + Retarder, 5.550 gps water
	TOC: 2560		**17% Excess**			**No centralizers planned in the lateral section. 1 every jt from EOC to KOP. 1 every 4th joint from KOP to 500' inside previous casing.**

Cement volumes will be adjusted depending on hole size

9a. Proposed Drilling Plan:

Pilot Hole TD: No Pilot KOP: 8,115' EOC: 8,866'

Set Surface and Intermediate casing strings. Drill production hole to KOP. Continue drillling lateral through the curve to TD. Run prod casing & cement.

10. Pressure Control Equipment:

Exhibit "E-1". A BOP consisting of two rams with blind rams and pipe rams, and one annular preventer. Below the surface casing, a 2M system will be used. Below the intermediate casing, a 3M system will be used. See attachments for BOP and choke manifold diagrams. An accumulator that meets the requirements in Onshore Order #2 for the pressure rating of the BOP stack. A Rotating head may be installed as needed. 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 and associated equipment will be installed, used, maintained, and tested in a manner necessary to assure well control and shall be in place and operational prior to drilling the surface casing shoe. The Annular Preventer shall be functioned at least weekly. The pipe and blind rams will be operated each trip. No abnormal pressure or temperature is expected while drilling.

BOPS will be tested by an independent service company. The ram preventers, choke manifold, and safety valves will be tested as follows: On the surface casing, pressure tests will be made to 250 psi low and 2000 psi high. On the intermediate casing, pressure tests will be made to 250 psi low and 3000 psi high.

The Annular Preventer will be tested to 250 psi low and 1000 psi high on the surface casing, and 250 low and 1500 high on the intermediate casing.

Cimarex Energy Co. of Colorado requests a variance to drill this well using a co-flex line between the BOP and choke manifold. Certification for proposed co-flex hose is attached (please see Exhibit F, F-1, F-2, F-3). The hose is not required by the manufacturer to be anchored. In the event the specific hose is not available, one of equal or higher rating will be used.

Application to Drill
Laguna Grande 29 Federal 6H
Cimarex Energy Co.
UL: N, Sec. 20, 23S, 29E
Eddy Co., NM

11. Proposed Mud Circulating System:

Depth	Mud Weight	Visc	Fluid Loss	Type Mud
0' to 425'	7.80 - 8.30	28	NC	FW Spud Mud
425' to 2760'	9.50 - 10.00	30-32	NC	Brine Water
2760' to 13502'	8.50 - 9.00	30-32	NC	FW/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.

The Mud Monitoring System is an electronic Pason System satisfying requirements of Onshore Order 1.

12. Testing, Logging and Coring Program:

A. Mud logging program: 2 man unit from 2760 to TD
B. Electric logging program: CNL / LDT / CAL / GR, DLL /GR -- Inter. Csg to TD
CNL /GR -- Surf to Inter. Csg
C. No DSTs or cores are planned at this time
D.CBL w/ CCL from as far as gravity will let it fall to TOC

13. Potential Hazards:

No abnormal pressures or temperatures are expected. In accordance with Onshore Order 6, Cimarex does not anticipate that there will be enough H_2S from the surface to the Bone Spring formations to meet the BLM's minimum requirements for the submission of an "H_2S Drilling Operation Plan" or "Public Protection Plan" for the drilling and completion of this well. Since we have an H_2S Safety package on all wells, attached is an "H_2S Drilling Operations Plan." 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: 3867 psi Estimated BHT: 148°

14. Construction and Drilling:

Road and location construction will begin after BLM approval of APD. Anticipated spud date as soon as approved.
Drilling expected to take: 35 days.
If production casing is run an additional 30 days will be required to complete and construct surface facilities.

15. Other Facets of Operations:

If production casing is run an additional 30 days will be required to complete and construct surface facilities.
2nd BS Ss Horz Target pay will be perforated and stimulated.
The proposed well will be tested and potentialed as **Oil**

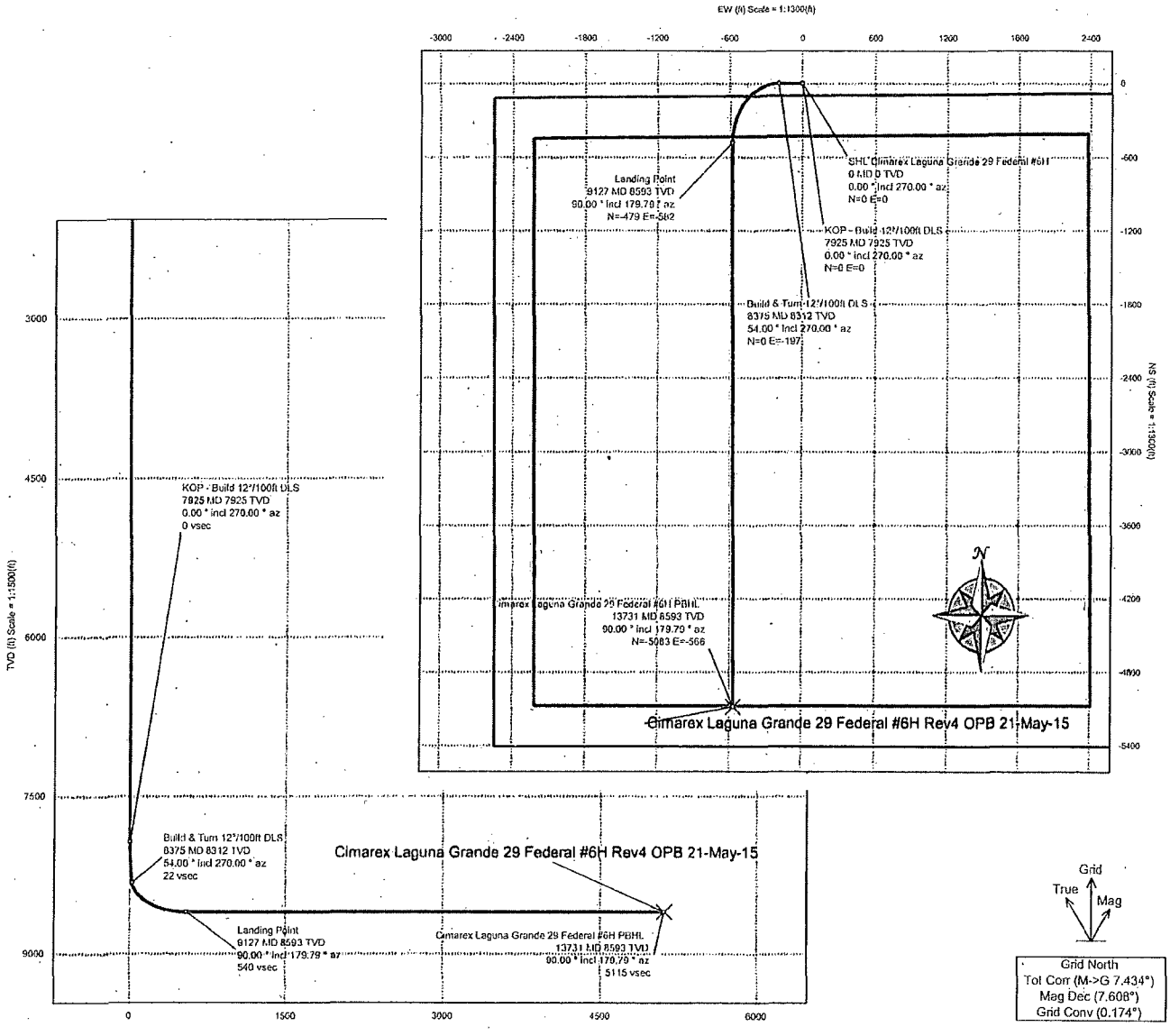
Schlumberger

Cimarex

CIMAREX

Borehole:	Well:	Field:	Structure:
Original Borehole	Laguna Grande 29 Federal #6H	NM Eddy County (NAD 83)	TBD

Gravity & Magnetic Parameters	Surface Location	Miscellaneous
Model: BGGM 2013 Dip: 60.091° Date: 18-Apr-2014	Lat: N 32 17 0.47 Northing: 467010.3ftUS Grid Conv: 0.1742°	Slot: 29 Federal # 6H TVD Ref: Ground level(2990ft above MSL)
MagDec: 7.608° FS: 48345.254nT Gravity FS: 998.532mgn (9.80665 Based)	Lon: W 104 0 26.05 Easting: 642110.5ftUS Scale Fact: 0.99992072	Plan: Cimarex Laguna Grande 29 Federal #6H Rev4 OPB 21-May-15



Grid North
Tot Corr (M->G 7.434°)
Mag Dec (7.608°)
Grid Conv (0.174°)

Critical Points

Critical Point	MD	INCL	AZIM	TVD	VSEC	N(+)/S(-)	E(+)/W(-)	DLS
SHL Cimarex Laguna Grande 29 Federal #6H	0.00	0.00	270.00	0.00	0.00	0.00	0.00	
KOP - Build 12°/100ft DLS	7925.25	0.00	270.00	7925.25	0.00	0.00	0.00	0.00
Build & Turn 12°/100ft DLS	8375.25	54.00	270.00	8311.53	21.77	0.00	-196.82	12.00
2nd Bone Spring SS	8482.40	55.01	254.24	8374.00	43.18	-11.97	-282.76	12.00
Landing Point	9126.65	90.00	179.79	8593.00	540.36	-478.86	-562.50	12.00
Cimarex Laguna Grande 29 Federal #6H PBHL	13731.23	90.00	179.79	8593.00	5114.81	-5083.41	-565.85	0.00

D E C	CONTROLLED
Plan ref	Cimarex Laguna Grande 29 Federal #6H Rev4 OPB 21-May-15
Drawing ref	
Copy number	of 3
Date	21-May-2015

1	Client	
2	Client	
3	Office	
4	Office	

Copy number for

Schlumberger

Cimarex Laguna Grande 29 Federal #6H Rev4 OPB 21-May-15 Proposal
Geodetic Report
(Non-Def Plan)

Report Date:	May 21, 2015 - 05:53 PM	**Survey / DLS Computation:**	Minimum Curvature / Lubinski
Client:	Cimarex	**Vertical Section Azimuth:**	186.352 ° (Grid North)
Field:	NM Eddy County (NAD 83)	**Vertical Section Origin:**	0.000 ft, 0.000 ft
Structure / Slot:	Cimarex Laguna Grande 29 Federal #6H / Cimarex Laguna Grande 29 Federal #6H	**TVD Reference Datum:**	Ground level
Well:	Cimarex Laguna Grande 29 Federal #6H	**TVD Reference Elevation:**	2990.000 ft above MSL
Borehole:	Original Borehole	**Seabed / Ground Elevation:**	2990.000 ft above MSL
UWI / API#:	Unknown / Unknown	**Magnetic Declination:**	7.608 °
Survey Name:	Cimarex Laguna Grande 29 Federal #6H Rev4 OPB 21-May-15	**Total Gravity Field Strength:**	998.5324mgn (9.80665 Based)
Survey Date:	November 15, 2013	**Gravity Model:**	DOX
Tort / AHD / DDI / ERD Ratio:	144.168 ° / 5482.803 ft / 6.101 / 0.638	**Total Magnetic Field Strength:**	48345.254 nT
Coordinate Reference System:	NAD83 New Mexico State Plane, Eastern Zone, US Feet	**Magnetic Dip Angle:**	60.091 °
Location Lat / Long:	N 32° 17' 0.47178", W 104° 0' 26.06454"	**Declination Date:**	April 18, 2014
Location Grid N/E Y/X:	N 467010.300 ftUS, E 642110.500 ftUS	**Magnetic Declination Model:**	BGGM 2013
CRS Grid Convergence Angle:	0.1742 °	**North Reference:**	Grid North
Grid Scale Factor:	0.99992072	**Grid Convergence Used:**	0.1737 °
Version / Patch:	2.8.572.0	**Total Corr Mag North->Grid North:**	7.4347 °
		Local Coord Referenced To:	Structure Reference Point

Comments	MD (ft)	Incl (°)	Azim Grid (°)	TVD (ft)	VSEC (ft)	NS (ft)	EW (ft)	DLS (°/100ft)	Northing (ftUS)	Easting (ftUS)	Latitude (N/S ° ' ")	Longitude (E/W ° ' ")
SHL Cimarex Laguna Grande 29 Federal #6H	0.00	0.00	270.00	0.00	0.00	0.00	0.00	N/A	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	100.00	0.00	270.00	100.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	200.00	0.00	270.00	200.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	300.00	0.00	270.00	300.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	400.00	0.00	270.00	400.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	500.00	0.00	270.00	500.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	600.00	0.00	270.00	600.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	700.00	0.00	270.00	700.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	800.00	0.00	270.00	800.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	900.00	0.00	270.00	900.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	1000.00	0.00	270.00	1000.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	1100.00	0.00	270.00	1100.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	1200.00	0.00	270.00	1200.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	1300.00	0.00	270.00	1300.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	1400.00	0.00	270.00	1400.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	1500.00	0.00	270.00	1500.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	1600.00	0.00	270.00	1600.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	1700.00	0.00	270.00	1700.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	1800.00	0.00	270.00	1800.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	1900.00	0.00	270.00	1900.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06

Comments	MD (ft)	Incl (°)	Azim Grid (°)	TVD (ft)	VSEC (ft)	NS (ft)	EW (ft)	DLS (°/100ft)	Northing (ftUS)	Easting (ftUS)	Latitude (N/S ° ' ")	Longitude (E/W ° ' ")
	2000.00	0.00	270.00	2000.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	2100.00	0.00	270.00	2100.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	2200.00	0.00	270.00	2200.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	2300.00	0.00	270.00	2300.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	2400.00	0.00	270.00	2400.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	2500.00	0.00	270.00	2500.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	2600.00	0.00	270.00	2600.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	2700.00	0.00	270.00	2700.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	2800.00	0.00	270.00	2800.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	2900.00	0.00	270.00	2900.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	3000.00	0.00	270.00	3000.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	3100.00	0.00	270.00	3100.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	3200.00	0.00	270.00	3200.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	3300.00	0.00	270.00	3300.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	3400.00	0.00	270.00	3400.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	3500.00	0.00	270.00	3500.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	3600.00	0.00	270.00	3600.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	3700.00	0.00	270.00	3700.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	3800.00	0.00	270.00	3800.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	3900.00	0.00	270.00	3900.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	4000.00	0.00	270.00	4000.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	4100.00	0.00	270.00	4100.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	4200.00	0.00	270.00	4200.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	4300.00	0.00	270.00	4300.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	4400.00	0.00	270.00	4400.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	4500.00	0.00	270.00	4500.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	4600.00	0.00	270.00	4600.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	4700.00	0.00	270.00	4700.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	4800.00	0.00	270.00	4800.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	4900.00	0.00	270.00	4900.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	5000.00	0.00	270.00	5000.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	5100.00	0.00	270.00	5100.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	5200.00	0.00	270.00	5200.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	5300.00	0.00	270.00	5300.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	5400.00	0.00	270.00	5400.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	5500.00	0.00	270.00	5500.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	5600.00	0.00	270.00	5600.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	5700.00	0.00	270.00	5700.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	5800.00	0.00	270.00	5800.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	5900.00	0.00	270.00	5900.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	6000.00	0.00	270.00	6000.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	6100.00	0.00	270.00	6100.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	6200.00	0.00	270.00	6200.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	6300.00	0.00	270.00	6300.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	6400.00	0.00	270.00	6400.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	6500.00	0.00	270.00	6500.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	6600.00	0.00	270.00	6600.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	6700.00	0.00	270.00	6700.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06

Comments	MD (ft)	Incl (°)	Azim Grid (°)	TVD (ft)	VSEC (ft)	NS (ft)	EW (ft)	DLS (°/100ft)	Northing (ftUS)	Easting (ftUS)	Latitude (N/S ° ' ")	Longitude (E/W ° ' ")
	6800.00	0.00	270.00	6800.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	6900.00	0.00	270.00	6900.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	7000.00	0.00	270.00	7000.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	7100.00	0.00	270.00	7100.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	7200.00	0.00	270.00	7200.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	7300.00	0.00	270.00	7300.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	7400.00	0.00	270.00	7400.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	7500.00	0.00	270.00	7500.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	7600.00	0.00	270.00	7600.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	7700.00	0.00	270.00	7700.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	7800.00	0.00	270.00	7800.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	7900.00	0.00	270.00	7900.00	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
KOP - Build 12°/100ft DLS	7925.25	0.00	270.00	7925.25	0.00	0.00	0.00	0.00	467010.30	642110.50	N 32 17 0.47	W 104 0 26.06
	8000.00	8.97	270.00	7999.70	0.65	0.00	-5.84	12.00	467010.30	642104.66	N 32 17 0.47	W 104 0 26.13
	8100.00	20.97	270.00	8096.12	3.50	0.00	-31.62	12.00	467010.30	642078.88	N 32 17 0.47	W 104 0 26.43
	8200.00	32.97	270.00	8185.09	8.51	0.00	-76.89	12.00	467010.30	642033.61	N 32 17 0.47	W 104 0 26.96
	8300.00	44.97	270.00	8262.69	15.45	0.00	-139.67	12.00	467010.30	641970.84	N 32 17 0.48	W 104 0 27.69
Build & Turn 12°/100ft DLS	8375.25	54.00	270.00	8311.53	21.77	0.00	-196.82	12.00	467010.30	641913.70	N 32 17 0.48	W 104 0 28.36
	8400.00	54.05	266.33	8326.07	24.63	-0.64	-216.83	12.00	467009.66	641893.69	N 32 17 0.47	W 104 0 28.59
2nd Bone Spring SS	*8482.40*	*55.01*	*254.24*	*8374.00*	*43.18*	*-11.97*	*-282.76*	*12.00*	*466998.33*	*641827.76*	*N 32 17 0.36*	*W 104 0 29.36*
	8500.00	55.37	251.70	8384.05	48.92	-16.20	-296.58	12.00	466994.10	641813.95	N 32 17 0.32	W 104 0 29.52
	8600.00	58.36	237.81	8438.90	92.76	-51.93	-371.94	12.00	466958.38	641738.59	N 32 16 59.97	W 104 0 30.40
	8700.00	62.74	224.97	8488.21	154.23	-106.25	-439.62	12.00	466904.06	641670.92	N 32 16 59.43	W 104 0 31.19
	8800.00	68.19	213.21	8529.84	230.65	-176.79	-496.66	12.00	466833.52	641613.88	N 32 16 58.74	W 104 0 31.86
	8900.00	74.42	202.37	8561.97	318.68	-260.48	-540.58	12.00	466749.84	641569.97	N 32 16 57.91	W 104 0 32.37
	9000.00	81.14	192.19	8583.18	414.47	-353.65	-569.44	12.00	466656.68	641541.11	N 32 16 56.99	W 104 0 32.71
	9100.00	88.12	182.38	8592.56	513.83	-452.23	-581.99	12.00	466558.11	641528.56	N 32 16 56.01	W 104 0 32.86
Landing Point	9126.65	90.00	179.79	8593.00	540.36	-478.86	-582.50	12.00	466531.48	641528.05	N 32 16 55.75	W 104 0 32.87
	9200.00	90.00	179.79	8593.00	613.24	-552.21	-582.23	0.00	466458.13	641528.32	N 32 16 55.03	W 104 0 32.87
	9300.00	90.00	179.79	8593.00	712.58	-652.21	-581.87	0.00	466358.14	641528.68	N 32 16 54.04	W 104 0 32.87
	9400.00	90.00	179.79	8593.00	811.93	-752.21	-581.51	0.00	466258.15	641529.04	N 32 16 53.05	W 104 0 32.86
	9500.00	90.00	179.79	8593.00	911.27	-852.21	-581.15	0.00	466158.16	641529.40	N 32 16 52.06	W 104 0 32.86
	9600.00	90.00	179.79	8593.00	1010.62	-952.21	-580.78	0.00	466058.17	641529.76	N 32 16 51.07	W 104 0 32.86
	9700.00	90.00	179.79	8593.00	1109.96	-1052.21	-580.42	0.00	465958.18	641530.13	N 32 16 50.08	W 104 0 32.86
	9800.00	90.00	179.79	8593.00	1209.31	-1152.21	-580.06	0.00	465858.18	641530.49	N 32 16 49.09	W 104 0 32.86
	9900.00	90.00	179.79	8593.00	1308.65	-1252.21	-579.70	0.00	465758.19	641530.85	N 32 16 48.10	W 104 0 32.86
	10000.00	90.00	179.79	8593.00	1408.00	-1352.21	-579.34	0.00	465658.20	641531.21	N 32 16 47.11	W 104 0 32.86
	10100.00	90.00	179.79	8593.00	1507.34	-1452.21	-578.98	0.00	465558.21	641531.57	N 32 16 46.12	W 104 0 32.86
	10200.00	90.00	179.79	8593.00	1606.69	-1552.21	-578.61	0.00	465458.22	641531.93	N 32 16 45.13	W 104 0 32.86
	10300.00	90.00	179.79	8593.00	1706.04	-1652.21	-578.25	0.00	465358.23	641532.29	N 32 16 44.14	W 104 0 32.86
	10400.00	90.00	179.79	8593.00	1805.38	-1752.21	-577.89	0.00	465258.24	641532.66	N 32 16 43.15	W 104 0 32.86
	10500.00	90.00	179.79	8593.00	1904.73	-1852.20	-577.53	0.00	465158.25	641533.02	N 32 16 42.16	W 104 0 32.86
	10600.00	90.00	179.79	8593.00	2004.07	-1952.20	-577.17	0.00	465058.25	641533.38	N 32 16 41.17	W 104 0 32.86
	10700.00	90.00	179.79	8593.00	2103.42	-2052.20	-576.81	0.00	464958.26	641533.74	N 32 16 40.18	W 104 0 32.86
	10800.00	90.00	179.79	8593.00	2202.76	-2152.20	-576.44	0.00	464858.27	641534.10	N 32 16 39.19	W 104 0 32.85

Comments	MD (ft)	Incl (°)	Azim Grid (°)	TVD (ft)	VSEC (ft)	NS (ft)	EW (ft)	DLS (°/100ft)	Northing (ftUS)	Easting (ftUS)	Latitude (N/S ° ' ")	Longitude (E/W ° ' ")
	10900.00	90.00	179.79	8593.00	2302.11	-2252.20	-576.08	0.00	464758.28	641534.46	N 32 16 38.20	W 104 0 32.85
	11000.00	90.00	179.79	8593.00	2401.45	-2352.20	-575.72	0.00	464658.29	641534.83	N 32 16 37.21	W 104 0 32.85
	11100.00	90.00	179.79	8593.00	2500.80	-2452.20	-575.36	0.00	464558.30	641535.19	N 32 16 36.22	W 104 0 32.85
	11200.00	90.00	179.79	8593.00	2600.15	-2552.20	-575.00	0.00	464458.31	641535.55	N 32 16 35.23	W 104 0 32.85
	11300.00	90.00	179.79	8593.00	2699.49	-2652.20	-574.64	0.00	464358.32	641535.91	N 32 16 34.25	W 104 0 32.85
	11400.00	90.00	179.79	8593.00	2798.84	-2752.20	-574.28	0.00	464258.32	641536.27	N 32 16 33.26	W 104 0 32.85
	11500.00	90.00	179.79	8593.00	2898.18	-2852.20	-573.91	0.00	464158.33	641536.63	N 32 16 32.27	W 104 0 32.85
	11600.00	90.00	179.79	8593.00	2997.53	-2952.20	-573.55	0.00	464058.34	641536.99	N 32 16 31.28	W 104 0 32.85
	11700.00	90.00	179.79	8593.00	3096.87	-3052.20	-573.19	0.00	463958.35	641537.36	N 32 16 30.29	W 104 0 32.85
	11800.00	90.00	179.79	8593.00	3196.22	-3152.20	-572.83	0.00	463858.36	641537.72	N 32 16 29.30	W 104 0 32.85
	11900.00	90.00	179.79	8593.00	3295.56	-3252.20	-572.47	0.00	463758.37	641538.08	N 32 16 28.31	W 104 0 32.85
	12000.00	90.00	179.79	8593.00	3394.91	-3352.19	-572.11	0.00	463658.38	641538.44	N 32 16 27.32	W 104 0 32.85
	12100.00	90.00	179.79	8593.00	3494.26	-3452.19	-571.74	0.00	463558.39	641538.80	N 32 16 26.33	W 104 0 32.85
	12200.00	90.00	179.79	8593.00	3593.60	-3552.19	-571.38	0.00	463458.40	641539.16	N 32 16 25.34	W 104 0 32.85
	12300.00	90.00	179.79	8593.00	3692.95	-3652.19	-571.02	0.00	463358.40	641539.53	N 32 16 24.35	W 104 0 32.84
	12400.00	90.00	179.79	8593.00	3792.29	-3752.19	-570.66	0.00	463258.41	641539.89	N 32 16 23.36	W 104 0 32.84
	12500.00	90.00	179.79	8593.00	3891.64	-3852.19	-570.30	0.00	463158.42	641540.25	N 32 16 22.37	W 104 0 32.84
	12600.00	90.00	179.79	8593.00	3990.98	-3952.19	-569.94	0.00	463058.43	641540.61	N 32 16 21.38	W 104 0 32.84
	12700.00	90.00	179.79	8593.00	4090.33	-4052.19	-569.57	0.00	462958.44	641540.97	N 32 16 20.39	W 104 0 32.84
	12800.00	90.00	179.79	8593.00	4189.67	-4152.19	-569.21	0.00	462858.45	641541.33	N 32 16 19.40	W 104 0 32.84
	12900.00	90.00	179.79	8593.00	4289.02	-4252.19	-568.85	0.00	462758.46	641541.69	N 32 16 18.41	W 104 0 32.84
	13000.00	90.00	179.79	8593.00	4388.37	-4352.19	-568.49	0.00	462658.47	641542.06	N 32 16 17.42	W 104 0 32.84
	13100.00	90.00	179.79	8593.00	4487.71	-4452.19	-568.13	0.00	462558.47	641542.42	N 32 16 16.43	W 104 0 32.84
	13200.00	90.00	179.79	8593.00	4587.06	-4552.19	-567.77	0.00	462458.48	641542.78	N 32 16 15.44	W 104 0 32.84
	13300.00	90.00	179.79	8593.00	4686.40	-4652.19	-567.41	0.00	462358.49	641543.14	N 32 16 14.46	W 104 0 32.84
	13400.00	90.00	179.79	8593.00	4785.75	-4752.19	-567.04	0.00	462258.50	641543.50	N 32 16 13.47	W 104 0 32.84
	13500.00	90.00	179.79	8593.00	4885.09	-4852.19	-566.68	0.00	462158.51	641543.86	N 32 16 12.48	W 104 0 32.84
	13600.00	90.00	179.79	8593.00	4984.44	-4952.18	-566.32	0.00	462058.52	641544.23	N 32 16 11.49	W 104 0 32.84
	13700.00	90.00	179.79	8593.00	5083.78	-5052.18	-565.96	0.00	461958.53	641544.59	N 32 16 10.50	W 104 0 32.83
Cimarex Laguna Grande 29 Federal #6H PBHL	13731.23	90.00	179.79	8593.00	5114.81	-5083.41	-565.85	0.00	461927.30	641544.70	N 32 16 10.19	W 104 0 32.83

Survey Type: Non-Def Plan

Survey Error Model: ISCWSA Rev 0 *** 3-D 95.000% Confidence 2.7955 sigma

Survey Program:

Description	Part	MD From (ft)	MD To (ft)	EOU Freq (ft)	Hole Size (in)	Casing Diameter (in)	Survey Tool Type	Borehole / Survey
	1	0.000	8115.500	1/100.000	30.000	30.000	SLB_MWD-POOR	Original Borehole / Cimarex Laguna Grande 29 Federal #6H
	1	8115.500	13731.230	1/100.000	30.000	30.000	SLB_MWD-STD	Original Borehole / Cimarex Laguna Grande 29 Federal #6H

Drilling 12-1/4" hole
below 13 3/8" Casing

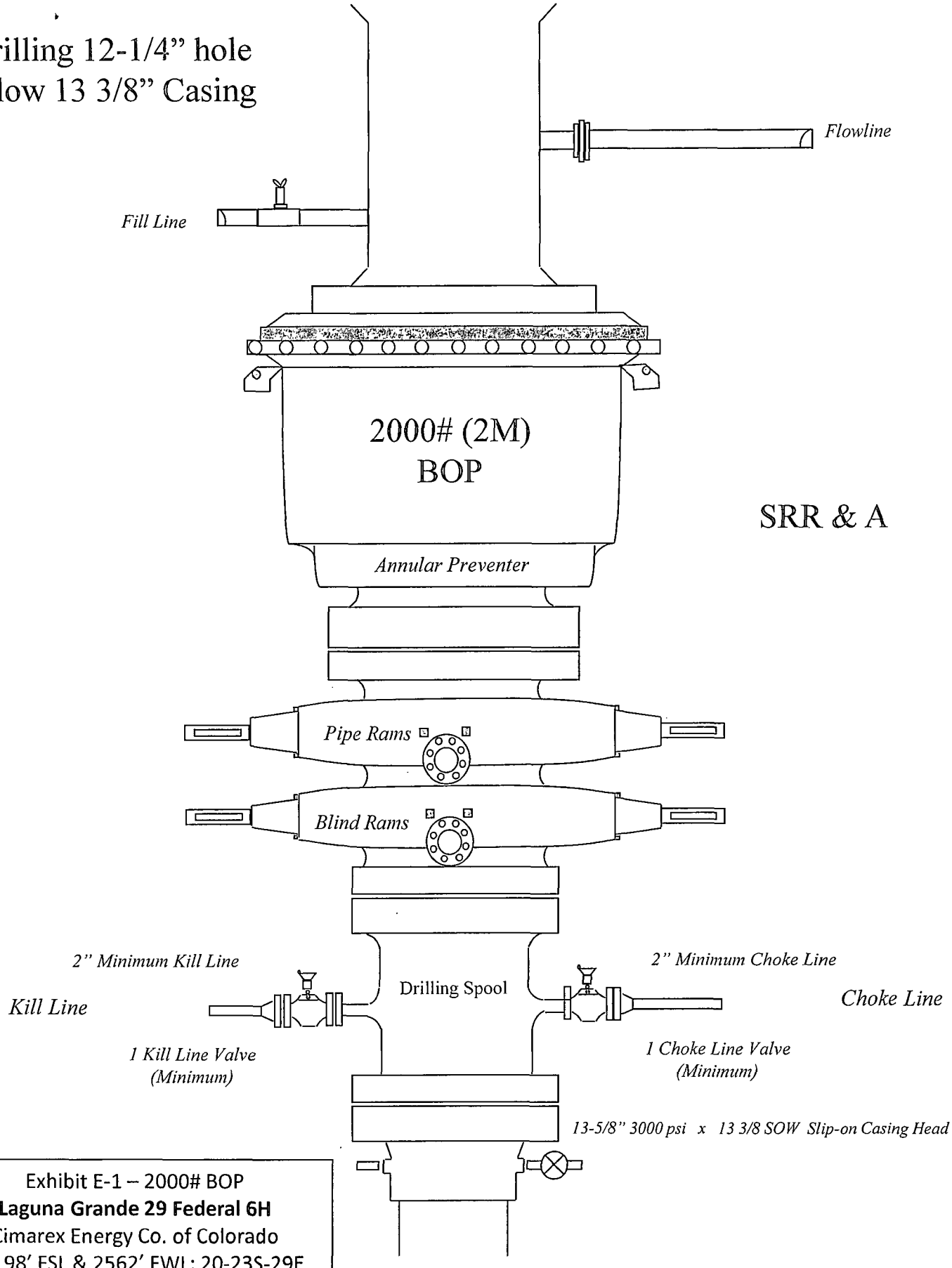
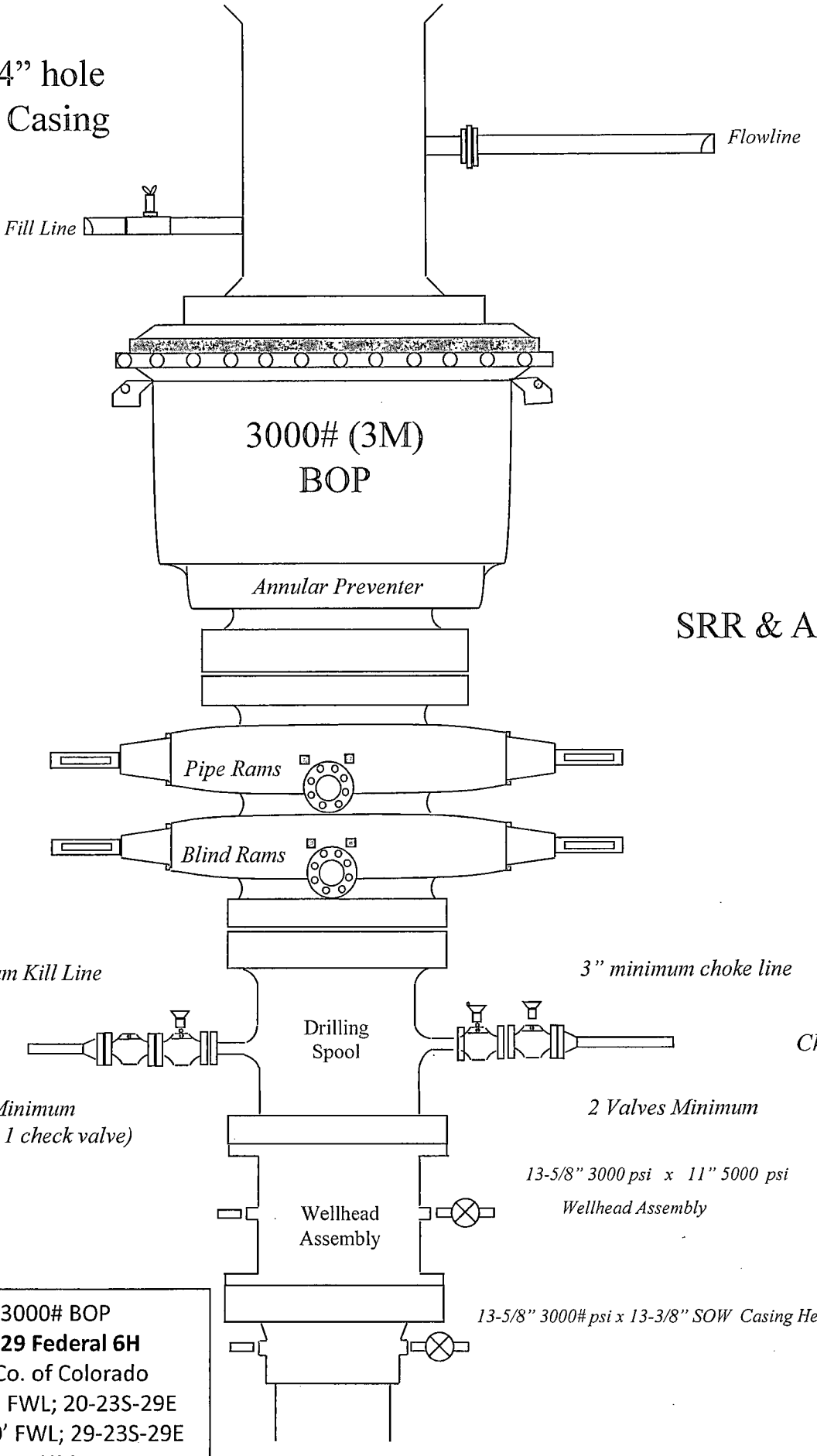


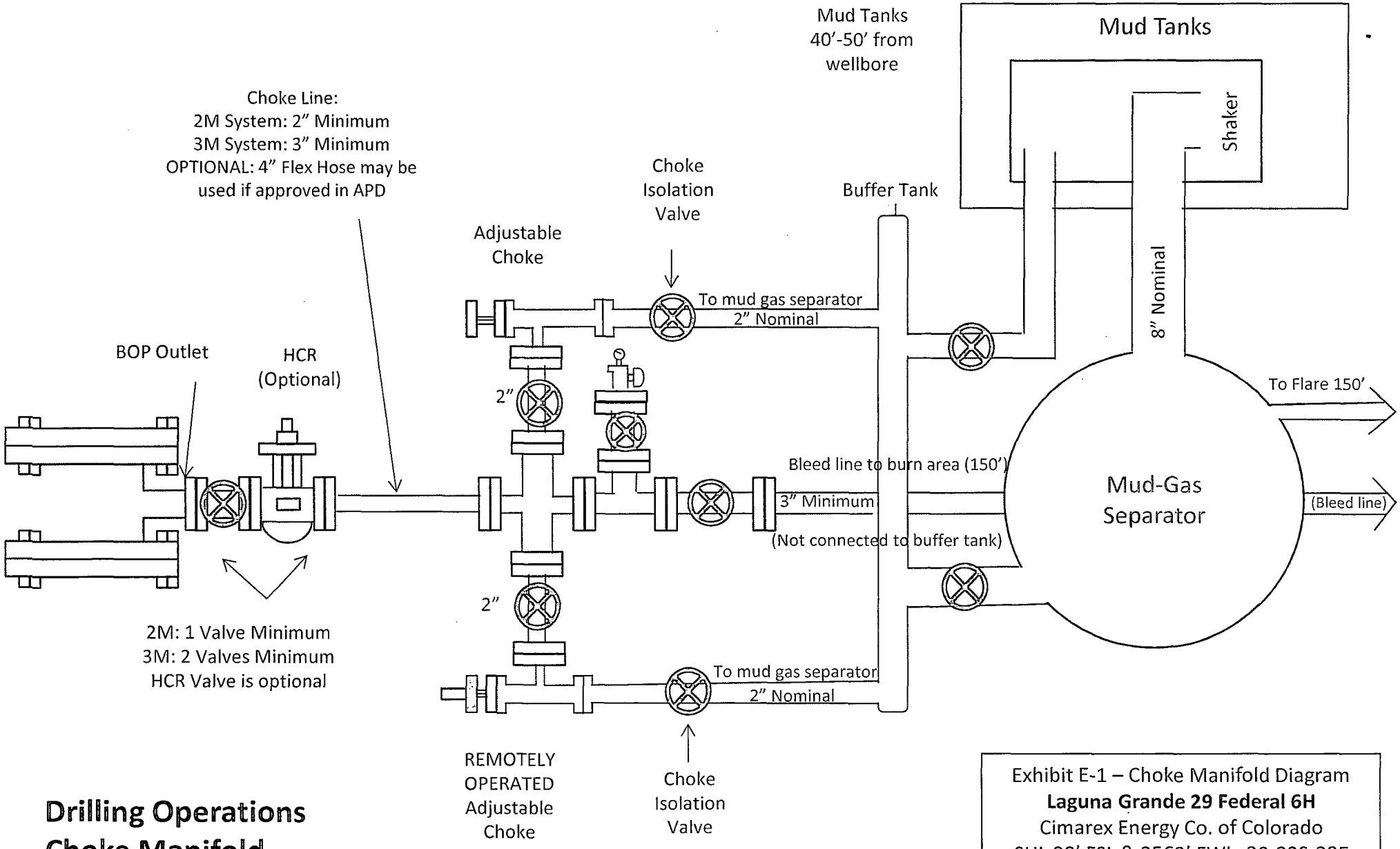
Exhibit E-1 – 2000# BOP
Laguna Grande 29 Federal 6H
Cimarex Energy Co. of Colorado
SHL 98' FSL & 2562' FWL; 20-23S-29E
BHL 330' FSL & 1980' FWL; 29-23S-29E
Eddy County, NM

Drilling 8-3/4" hole
below 9 5/8" Casing



SRR & A

Exhibit E-1 – 3000# BOP
Laguna Grande 29 Federal 6H
Cimarex Energy Co. of Colorado
SHL 98' FSL & 2562' FWL; 20-23S-29E
BHL 330' FSL & 1980' FWL; 29-23S-29E
Eddy County, NM



Drilling Operations
Choke Manifold
2M/3M Service

Exhibit E-1 – Choke Manifold Diagram
Laguna Grande 29 Federal 6H
Cimarex Energy Co. of Colorado
SHL 98' FSL & 2562' FWL; 20-23S-29E
BHL 330' FSL & 1980' FWL; 29-23S-29E
Eddy County, NM

Exhibit F-1 – Co-Flex Hose Hydrostatic Test
Laguna Grande 29 Federal 6H
Cimarex Energy Co. of Colorado
SHL 98' FSL & 2562' FWL; 20-23S-29E
BHL 330' FSL & 1980' FWL; 29-23S-29E
Eddy County, NM

Midwest Hose & Specialty, Inc.

INTERNAL HYDROSTATIC TEST REPORT

Customer:	P.O. Number:
Oderco Inc	odyd-271

HOSE SPECIFICATIONS

Type:	Hose Length:
Stainless Steel Armor Choke & Kill Hose	45'ft.

I.D.	O.D.
4 INCHES	9 INCHES

WORKING PRESSURE	TEST PRESSURE	BURST PRESSURE
10,000 PSI	15,000 PSI	0 PSI

COUPLINGS

Stem Part No.	Ferrule No.
OKC OKC	OKC OKC
Type of Coupling:	
Swage-It	

PROCEDURE

Hose assembly pressure tested with water at ambient temperature.

TIME HELD AT TEST PRESSURE	ACTUAL BURST PRESSURE:
15 MIN.	0 PSI
Hose Assembly Serial Number:	**Hose Serial Number:**
79793	OKC

Comments:

Date:	Tested:	Approved:
3/8/2011	A. Jaime Sanchez	

Midwest Hose & Specialty, Inc.

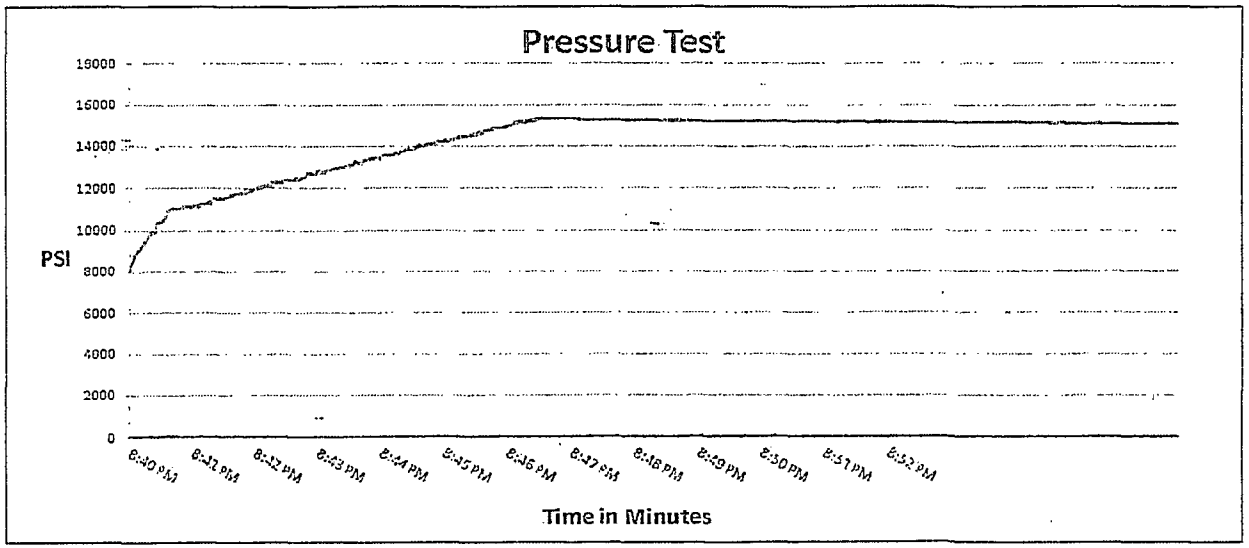
Internal Hydrostatic Test Graph

March 3, 2011

Customer: Houston

Pick Ticket #: 94260

Hose Specifications		Verification	
Hose Type	Length	Type of Fitting	Coupling Method
C & K	45'	4 1/16 10K	Swage
I.D.	O.D.	Die Size	Final O.D.
4"	6.09"	6.38"	6.25"
Working Pressure	Burst Pressure	Hose Serial #	Hose Assembly Serial #
10000 PSI	Standard Safety Multiplier Applies	5544	79793



Test Pressure	Time Held at Test Pressure	Actual Burst Pressure	Peak Pressure
15000 PSI	11 Minutes		15483 PSI

Comments: Hose assembly pressure tested with water at ambient temperature.

Tested By: *Zac Mcconnell*

Approved By: *Kim Thomas*

Exhibit F-1 – Co-Flex Hose Hydrostatic Test
Laguna Grande 29 Federal 6H
Cimarex Energy Co. of Colorado
SHL 98' FSL & 2562' FWL; 20-23S-29E
BHL 330' FSL & 1980' FWL; 29-23S-29E
Eddy County, NM

Exhibit F-2 – Co-Flex Hose
Laguna Grande 29 Federal 6H
Cimarex Energy Co. of Colorado
SHL 98' FSL & 2562' FWL; 20-23S-29E
BHL 330' FSL & 1980' FWL; 29-23S-29E
Eddy County, NM

Midwest Hose
& Specialty, Inc.

Certificate of Conformity	
Customer: DEM	**PO** ODYD-271
SPECIFICATIONS	
Sales Order 79793	**Dated:** 3/8/2011

We hereby cerify that the material supplied for the referenced purchase order to be true according to the requirements of the purchase order and current industry standards

Supplier:
Midwest Hose & Specialty, Inc.
10640 Tanner Road
Houston, Texas 77041

Comments:	
Approved: Ismael Garcia	**Date:** 3/8/2011

Midwest Hose & Specialty, Inc.

Exhibit F -3– Co-Flex Hose
Laguna Grande 29 Federal 6H
Cimarex Energy Co. of Colorado
SHL 98' FSL & 2562' FWL; 20-23S-29E
BHL 330' FSL & 1980' FWL; 29-23S-29E
Eddy County, NM

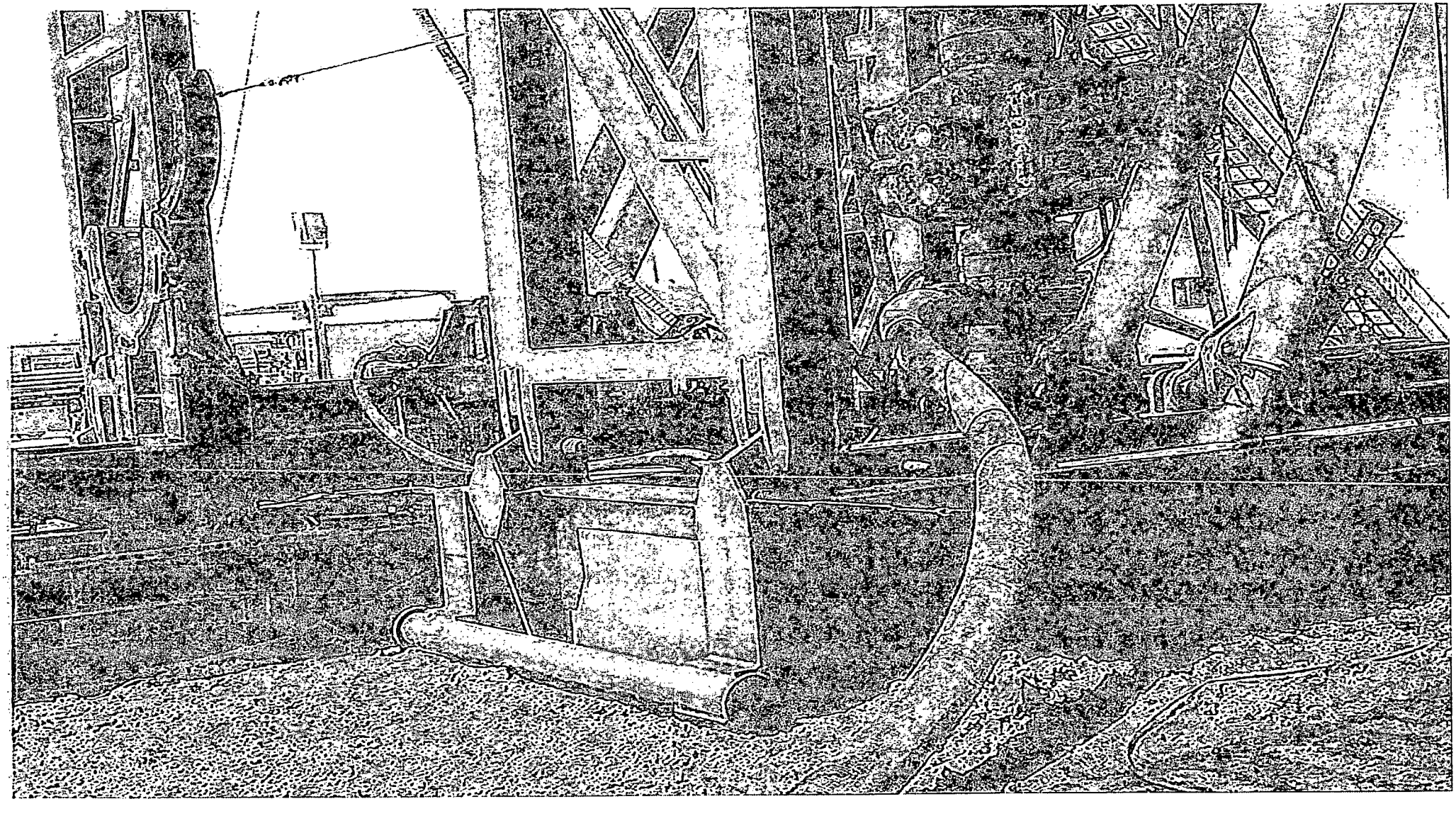
Specification Sheet
Choke & Kill Hose

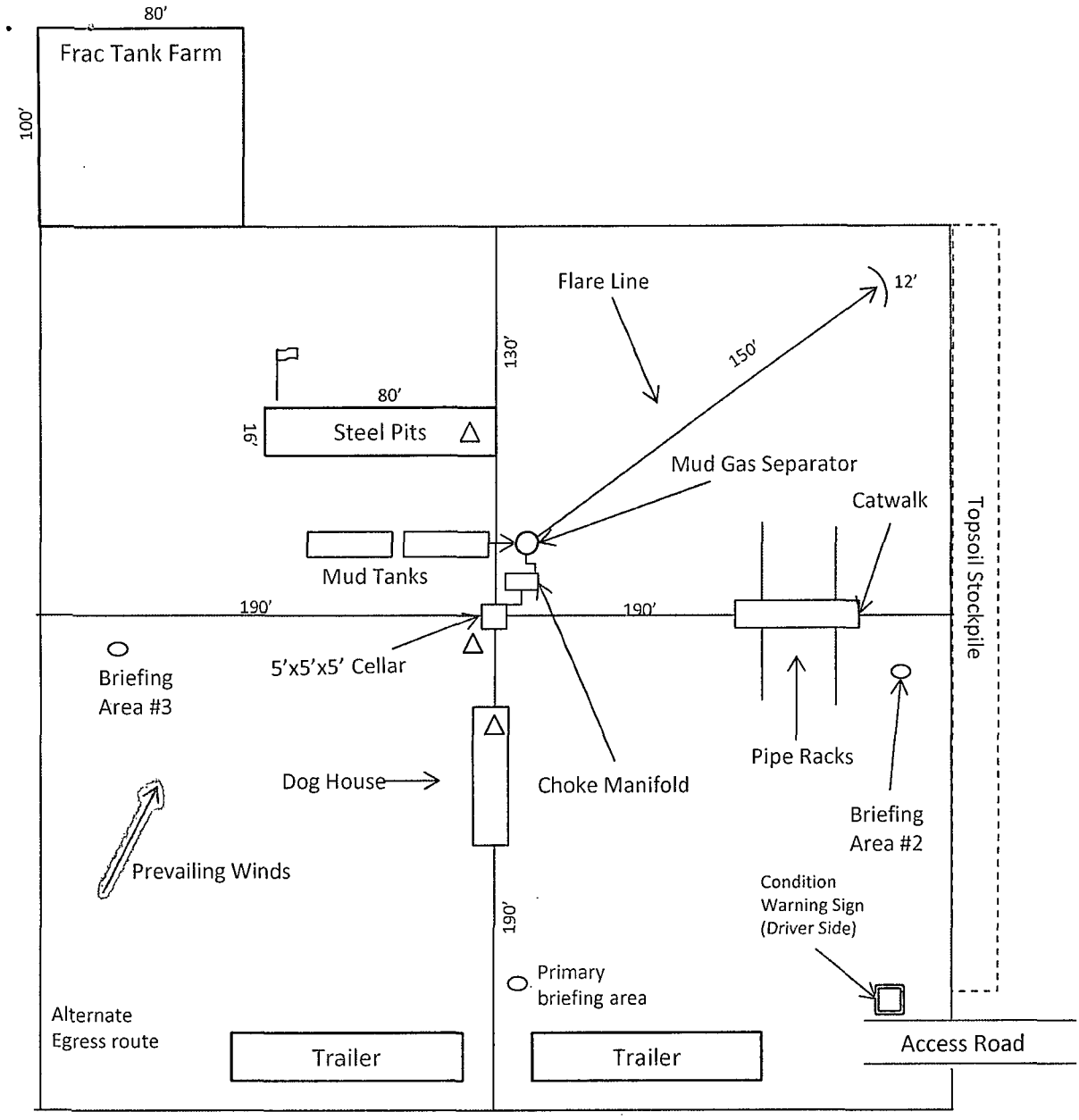
The Midwest Hose & Specialty Choke & Kill hose is manufactured with only premium componets.The reinforcement cables, inner liner and cover are made of the highest quality material to handle the tough drilling applications of today's industry. The end connections are available with API flanges, API male threads, hubs, hammer unions or other special fittings upon request. Hose assembly is manufactured to API 7K. This assembly is wrapped with fire resistant vermculite coated fiberglass insulation, rated at 2000 degrees with stainless steel armor cover.

Working Pressure:	5,000 or 10,000 psi working pressure
Test Pressure:	10,000 or 15,000 psi test pressure
Reinforcement:	Multiple steel cables
Cover:	Stainless Steel Armor
Inner Tube:	Petroleum resistant, Abrasion resistant
End Fitting:	API flanges, API male threads, threaded or butt weld hammer unions, unibolt and other special connections
Maximum Length:	110 Feet
ID:	2-1/2", 3", 3-1/2", 4"
Operating Temperature:	-22 deg F to +180 deg F (-30 deg C to +82 deg C)

P.O. Box 96558 – 1421 S.E. 29th St. Oklahoma City, OK 73143 * (405) 670-6718 * Fax: (405) 670-6816

Laguna Grande 29 Federal 6H
Cimarex Energy Co. of Colorado
SHL 98' FSL & 2562' FWL; 20-23S-29E
BHL 330' FSL & 1980' FWL; 29-23S-29E
Eddy County, NM





Wind Direction Indicators (wind sock or streamers)

• H2S Monitors (alarms at bell nipple and shale shaker)

Briefing Areas

N

Exhibit D – Rig Diagram
Laguna Grande 29 Federal 6H
Cimarex Energy Co. of Colorado
SHL 98' FSL & 2562' FWL; 20-23S-29E
BHL 330' FSL & 1980' FWL; 29-23S-29E
Eddy County, NM

Hydrogen Sulfide Drilling Operations Plan
Laguna Grande 29 Federal 6H
Cimarex Energy Co.
UL: C, Sec. 29, 23S, 29E
Eddy Co., 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_2S
   B. Physical effects and hazards
   C. Principal and operation of H2S detectors, warning system and briefing areas.
   D. Evacuation procedure, routes and first aid.
   E. Proper use of safety equipment & life support systems
   F. Essential personnel meeting Medical Evaluation criteria will receive additional training on the proper use of 30 minute pressure demand air packs.

2 H_2S Detection and Alarm Systems:
   A. H2S sensors/detectors to be located on the drilling rig floor, in the base of the sub structure/cellar area, on the mud pits in the shale shaker area. Additional H2S detectors may play placed as deemed necessary.
   B. An audio alarm system will be installed on the derrick floor and in the top doghouse.

3 Windsock and/or wind streamers:
   A. Windsock at mudpit area should be high enough to be visible.
   B. Windsock on the rig floor and / or top doghouse 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 (H_2S present in dangerous concentration). Only H2S trained and certified personnel admitted to location.

5 Well control equipment:
   A. See exhibit "E-1"

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 r cores are planned at this time.

8 Drilling contractor supervisor will be required to be familiar with the effects H_2S has on tubular goods and other mechanical equipment.

9 If H_2S 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 H_2S scavengers if necessary.

H_2S Contingency Plan
Laguna Grande 29 Federal 6H
Cimarex Energy Co.
UL: C, Sec. 29, 23S, 29E
Eddy Co., NM

Emergency Procedures

In the event of a release of gas containing H_2S, 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_2S 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_2S, 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_2). 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_2S and SO_2

Please see attached International Chemical Safety Cards.

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).

H_2S Contingency Plan Emergency Contacts
Laguna Grande 29 Federal 6H
Cimarex Energy Co.
UL: C, Sec. 29, 23S, 29E
Eddy Co., NM

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

Key Personnel			
Name	**Title**	**Office**	**Mobile**
Larry Seigrist	Drilling Manager	432-620-1934	580-243-8485
Doug McQuitty	Drilling Superintendent	432-620-1933	806-640-2605
Scott Lucas	Drilling Superintendent	432-620-1989	432-894-5572
Roy Shirley	Construction Superintendent		432-634-2136

Artesia	
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

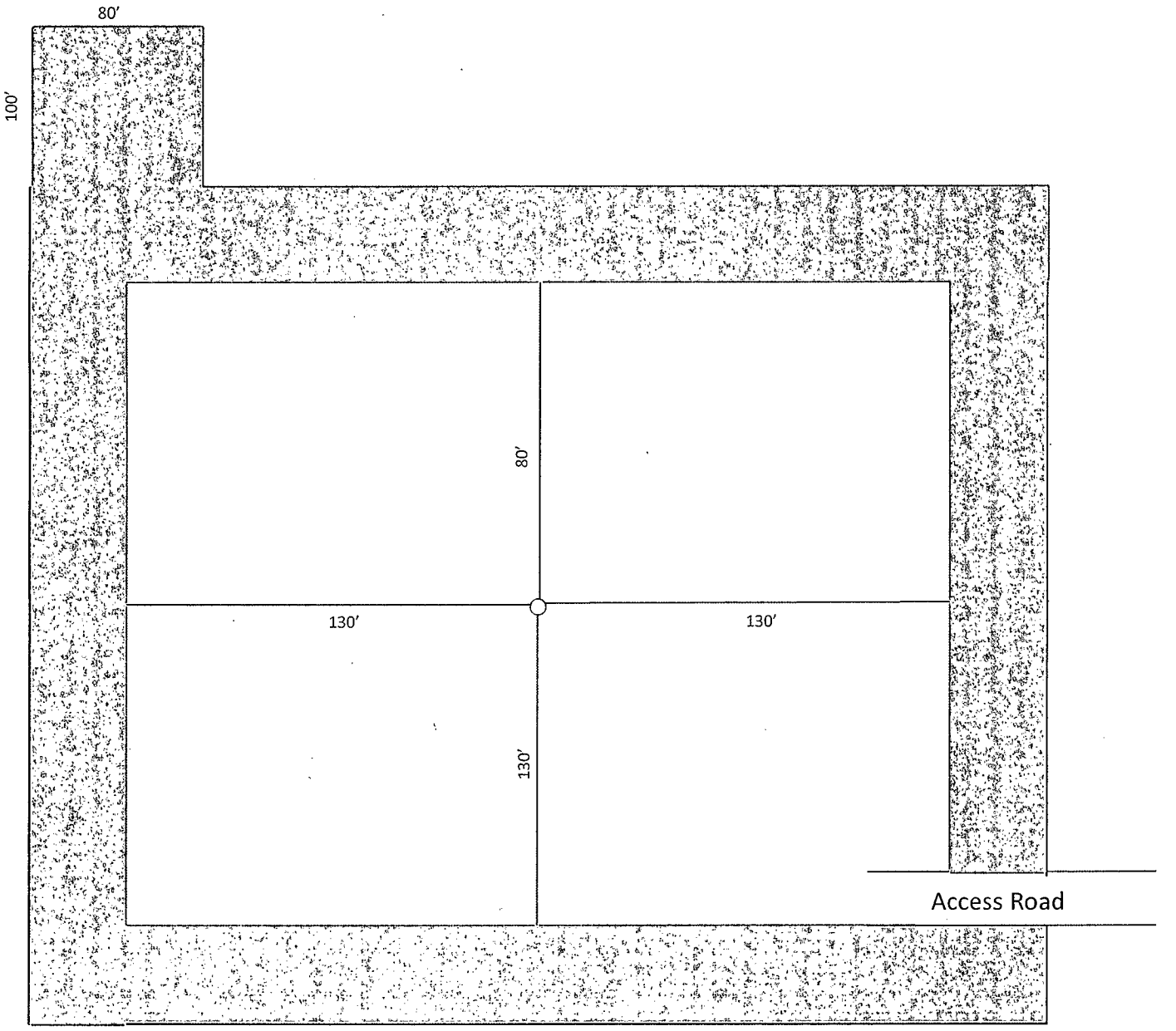
Carlsbad	
Ambulance	911
State Police	575-885-3137
City Police	575-885-2111
Sheriff's Office	575-887-7551
Fire Department	**575-887-3798**
Local Emergency Planning Committee	575-887-6544
US Bureau of Land Management	575-887-6544

Santa Fe	
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

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

Medical	
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

Other			
Boots & Coots IWC	800-256-9688	or	281-931-8884
Cudd Pressure Control	432-699-0139	or	432-563-3356
Halliburton	575-746-2757		
B.J. Services	575-746-3569		



Wellbore

Interim Reclamation

N

Exhibit D-1 - Interim Reclamation Diagram
Laguna Grande 29 Federal 6H
Cimarex Energy Co. of Colorado
SHL 98' FSL & 2562' FWL; 20-23S-29E
BHL 330' FSL & 1980' FWL; 29-23S-29E
Eddy County, NM

Surface Use Plan
Laguna Grande 29 Federal 6H
Cimarex Energy Co.
UL: N, Sec. 20, 23S, 29E
Eddy Co., NM

The following surface use plan of operations will be followed and carried out once the APD is approved. No other disturbance will be created other than what is submitted in this surface use plan without approval. If any other disturbance is needed after the APD is approved, a BLM approved sundry notice or right of way application will be submitted for approval prior to any new surface disturbance.

1. Existing Roads:

Area access roads and general road maps:

- Exhibit B: General Highway Map
- Exhibit C: USGS Topographic Map
- Exhibit C-1: Public Access Road Map
- Exhibit C-2: Existing and proposed access roads plat

The maximum width of the driving surface will be 14.' The road will be crowned and ditched with a 2% slope from the tip of the crown to the edge of the driving surface. The ditches will be 1' deep with 3:1 slopes. The driving surface will be made of 6" rolled and compacted caliche.

Existing access road route to the proposed project is depicted on the public access point map if applicable. Improvements to the driving surface will be done where necessary. No new surface disturbance will be done, unless otherwiswe noted in the New or Reconstructed Access Roads section of the surface use plan.

From Hwy 128 and Rawhide Road, go south on Rawhide 4.2 miles. Turn west on lease road. Go 4.9 miles to proposed lease road on southwest side of road.

If existing roads are used, the operator will improve or maintain existing roads in a condition the same as or better than before the operations began. The operator will repair pot holes, etc. All existing structures on the entire access route such as cattleguards, other range improvement projects, culverts, etc. will be properly repaired or replaced if they are damaged or have deterioated beyond practical use.

The operator will prevent and abate fugitive dust as needed, whether created by vehicular traffic, equipment operations, or other events. The operator will obtain written BLM approval prior to the application of surfactants, binding agents, or other dust suppression chemicals on the roadways.

2. New of Reconstructed Access Roads:

A new road will be constructed for this project.
Cimarex Energy plans to construct 304.4' of new on-lease access road to service the well. The planned access road does not cross lease boundaries, a right of way grant will not be acquired from the BLM.
The maximum width of the driving surface will be 14'. The road will be crowned and ditched with a 2% slope from the tip of the crown to the edge of the driving surface. The ditches will be 1' deep with 3:1 slopes. The driving surface will be made of 6" rolled and compacted caliche.
Proposed and existing access road route to the proposed wellsite is depicted on Exhibit C-2. Improvements to the driving surface will be done where necessary. No new surface disturbance will be done without prior approval from the BLM.
The operator will prevent and abate fugitive dust as needed, whether created by vehicular traffic, equipment operations, or other events.

3. Planned Electric Line:

No new electric lines are planned.

4. Location of Existing Well in a One-Mile Radius -Exhibit A:

- Water Wells - None known
- Disposal Wells - None known
- Drilling Wells - None known
- Producing Wells - As shown on Exhibit A
- Abandoned Wells - As shownd on Exhibit A

5. Location of Existing or Proposed Production Facilities:

If on completion this well is a producer, a tank battery will be used and the necessary production equipment will be installed and production will be sent to the Laguna Grande 29 Federal 5H. Cimarex Energy proposes to install two 4 inch buried HP polylines down existing lease road to the Laguna Grande 29 Federal 5H battery.

Cimarex Energy plans to construct on lease flowlines to service the well.

Specifications of Polyline: 1 HP polyline for oil, gas, and water production. 1 HP polyline for gas lift.

Both lines will be buried 25'-35' South of the access road.

Length: 8792.3'

MAOP: 1500 psi. Anticipated working pressure: 200-300 psi.

Allocation will be based on well test. Route is on lease, please see Exhibit G. Any changes to on lease route will be submited via sundry notice. If route is off lease, a right of way will be submitted to the BLM for approval.

6. Location and Type of Water Supply:

Water will be purchased locally from a commercial source and trucked over the access roads. NM

7. Source of Construction Material:

If possible, native caliche will be obtained from the excavation of drill site. The primary way of obtaining caliche will be by "turning over" the location. This means caliche will be obtained from the actual well site. A caliche permit will be obtained from BLM prior to pushing up any caliche. 2400 cu yds is the max amount of caliche needed for pad and roads. Amount will vary for each pad. The procedure below has been approved by BLM personnel:

- The top 6 inches of topsoil is pushed off and stockpiled along the side of the location.
- An approximate 120' x 120' area is used within the proposed well site to remove caliche.
- Subsoil is removed and piled alongside the 120' by 120' area within the pad site.
- When caliche is found, material will be stockpiled within the pad site to build the location and road.
- Then subsoil is pushed back in the hole and caliche is spread accordingly across entire location and road.
- Once well is drilled, the stockpiled top soil will be used for interim reclamation and spread along areas where caliche is picked up and the location size is reduced. Neither caliche nor subsoil will be stockpiled outside of the well pad. Topsoil will be stockpiled along the edge of the pad as depicted in Exhibit D – Rig Layout Diagram.

In the event that no caliche is found onsite, caliche will be hauled in from a BLM-approved caliche pit.

Surface Use Plan
Laguna Grande 29 Federal 6H
Cimarex Energy Co.
UL: N, Sec. 20, 23S, 29E
Eddy Co., NM

8. Methods of Handling Waste

- Drilling fluids, produced oil, and water from the well during drilling and completion operations will be stored safely and disposed of properly in a NMOCD approved disposal facility.
- Garbage and trash produced during drilling and completion operations will be collected in a trash container and disposed of properly at a state approved disposal facility. All trash on and around well site will be collected for disposal.
- Human waste and grey water will be properly contained and disposed of properly at a state approved disposal site.
- After drilling and completion operations, trash, chemicals, salts, frac sand and other waste will be removed and disposed of properly at a state approved disposal site.
- The well will be drilled utilizing a closed loop system. Drill cuttings will be properly disposed of into steel tanks and taken to an NMOCD approved disposal facility.

9. Ancillary Facilities:

No camps or airstrips to be constructed.

10. Well Site Layout:

- Exhibit D: Rig Layout
- Exhibit D-2: Well Site layout plat
- Mud pits in the closed circulation system will be steel pits and the cuttings will be stored in steel containment pits.
- Cuttings will be stored in steel pits until they are hauled to a state-approved disposal facility.
- If the well is a producer, those areas of the location not essential to production facilities will be reclaimed and seeded per BLM requirements. Exhibit D-1: Interim Reclamation Diagram.

11. 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.

In areas planned for interim and final reclamation, surfacing materials will be removed and returned to a mineral pit or recycled to repair or build roads and well pads.

Drainage systems, if any, will be reshaped to the original configuration with provisions made to alleviate erosion. These may need to be modified in certain circumstances to prevent inundation of the location's pad and surface facilities. After the area has been shaped and contoured, topsoil from the spoil pile will be placed over the disturbed area to the extent possible. Revegetation procedures will comply with BLM standards.

If the well is a dry hole, the pad and road area will be recountoured to match the existing terrain. Topsoil will be spread to the extent possible. Revegetation will comply with BLM standards.

Should the well be a producer, those areas of the location not essential to porduction facilities and operations will be reclaimed and seeded per BLM requirements. Exhibit D-1 illustrates the proposed Interim Reclamation.

12. Other Information:

- Topography consists of a sloping plane with loose tan sands. Vegetation is mainly yucca, mesquite and shin oak.
- The well pad/location and proposed road have been arch cleared and the arch report has been filed with the BLM.
- There are no known dwellings within 1½ miles of this location.

13. On Site Notes and Information:

An on site meeting was held on November 15, 2013, with Barry Hunt, Cimarex representative, Legion Brumley with the BLM, and a contract archeologist with Lone Mountain Archeology. The originally staked location was moved due to a large archeological site, and the current location was approved. V-door east. Frac pad northwest corner (north). Top soil east. Road and pipelines southeast corner, northeast, to road and follow existing road, east to the #7. Interim reclamation: All sides. Operator will ensure USGS half section marker will be removed and upon final abandonment will be replaced by a certified surveyor, and surveyors or operator will supply USGS with information.

14. Surface Ownership:

The wellsite is on surface owned by BLM,

PECOS DISTRICT
CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Cimarex Energy Co
LEASE NO.:	NM19848
WELL NAME & NO.:	6H Laguna Grande 29 Federal
SURFACE HOLE FOOTAGE:	98' FSL & 2562' FWL
BOTTOM HOLE FOOTAGE	330' FSL & 1980' FWL, sec. 29
LOCATION:	Section 20, T. 23 S., R 29 E., NMPM
COUNTY:	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.

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)

Cave and Karst

** Depending on location, additional Drilling, Casing, and Cementing procedures may be required by engineering to protect critical karst groundwater recharge areas.

Cave/Karst Surface Mitigation

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

Construction:
In the advent that any underground voids are opened up during construction activities, construction activities will be halted and the BLM will be notified immediately.

No Blasting:
No blasting will be utilized for pad construction. The pad will be constructed and leveled by adding the necessary fill and caliche.

Pad Berming:
The pad will be bermed to prevent oil, salt, and other chemical contaminants from leaving the pad. All sides will be bermed.

Tank Battery Liners and Berms:
Tank battery locations will be lined and bermed. A 20 mil permanent liner will be installed with a 4 oz. felt backing to prevent tears or punctures. Tank battery berms must be large enough to contain 1 ½ times the content of the largest tank.

Leak Detection System:
A method of detecting leaks is required. The method could incorporate gauges to measure loss, situating values and lines so they can be visually inspected, or installing electronic sensors to alarm when a leak is present. Leak detection plan will be submitted to BLM for approval.

Automatic Shut-off Systems:
Automatic shut off, check values, or similar systems will be installed for pipelines and tanks to minimize the effects of catastrophic line failures used in production or drilling.

Cave/Karst Subsurface Mitigation

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

Rotary Drilling with Fresh Water:
Fresh water will be used as a circulating medium in zones where caves or karst features are expected. SEE ALSO: Drilling COAs for this well.

Directional Drilling:
Kick off for directional drilling will occur at least 100 feet below the bottom of the cave occurrence zone. SEE ALSO: Drilling COAs for this well.

Lost Circulation:
ALL lost circulation zones from the surface to the base of the cave occurrence zone will be logged and reported in the drilling report.

Regardless of the type of drilling machinery used, if a void of four feet or more and circulation losses greater than 70 percent occur simultaneously while drilling in any cave-bearing zone, the BLM will be notified immediately by the operator. The BLM will assess the situation and work with the operator on corrective actions to resolve the problem.

Abandonment Cementing:
Upon well abandonment in high cave karst areas additional plugging conditions of approval may be required. The BLM will assess the situation and work with the operator to ensure proper plugging of the wellbore.

Pressure Testing:
Annual pressure monitoring will be performed by the operator on all casing annuli and reported in a sundry notice. If the test results indicated a casing failure has occurred, remedial action will be undertaken to correct the problem to the BLM's approval.

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) 234-5909 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 strip the top portion of the soil (root zone) from the entire well pad area and stockpile the topsoil along the edge of the well pad as depicted in the APD. The root zone is typically six (6) inches in depth. All the stockpiled topsoil will be redistributed over the interim reclamation areas. Topsoil shall not be used for berming the pad or facilities. For final reclamation, the topsoil shall be spread over the entire pad area for seeding preparation.

Other subsoil (below six inches) stockpiles must be completely segregated from the topsoil stockpile. Large rocks or subsoil clods (not evident in the surrounding terrain) must be buried within the approved area for interim and final reclamation.

C. CLOSED LOOP SYSTEM

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

Payment shall be made to the BLM prior to removal of any federal mineral materials. 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. EXCLOSURE FENCING (CELLARS & PITS)

Exclosure Fencing
The operator will install and maintain exclosure fencing for all open well cellars to prevent access to public, livestock, and large forms of wildlife before and after drilling operations until the pit is free of fluids and the operator initiates backfilling. (For examples of exclosure fencing design, refer to BLM's Oil and Gas Gold Book, Exclosure Fence Illustrations, Figure 1, Page 18.)

G. 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 twenty-five (25) 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.

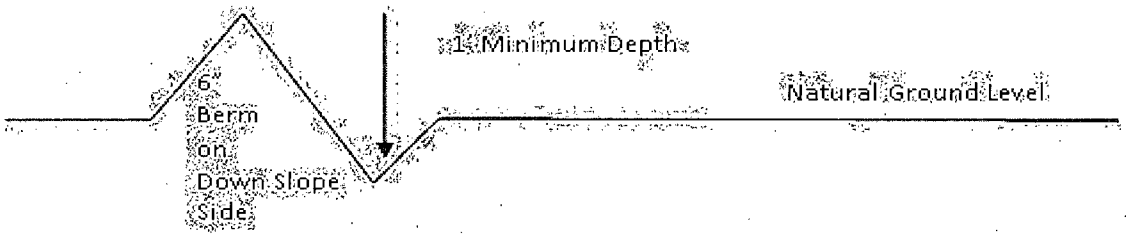
Turnouts
Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall conform to Figure 1; cross section and plans for typical road construction.

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:

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

Cattleguards

An appropriately sized cattleguard sufficient to carry out the project shall be installed and maintained at fence/road crossings. Any existing cattleguards on the access road route 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 cattleguards that are in place and are utilized during lease operations.

Fence Requirement

Where entry is granted 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 fences.

Public Access

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

Construction Steps

1. Salvage topsoil
2. Construct road
3. Redistribute topsoil
4. Revegetate slopes

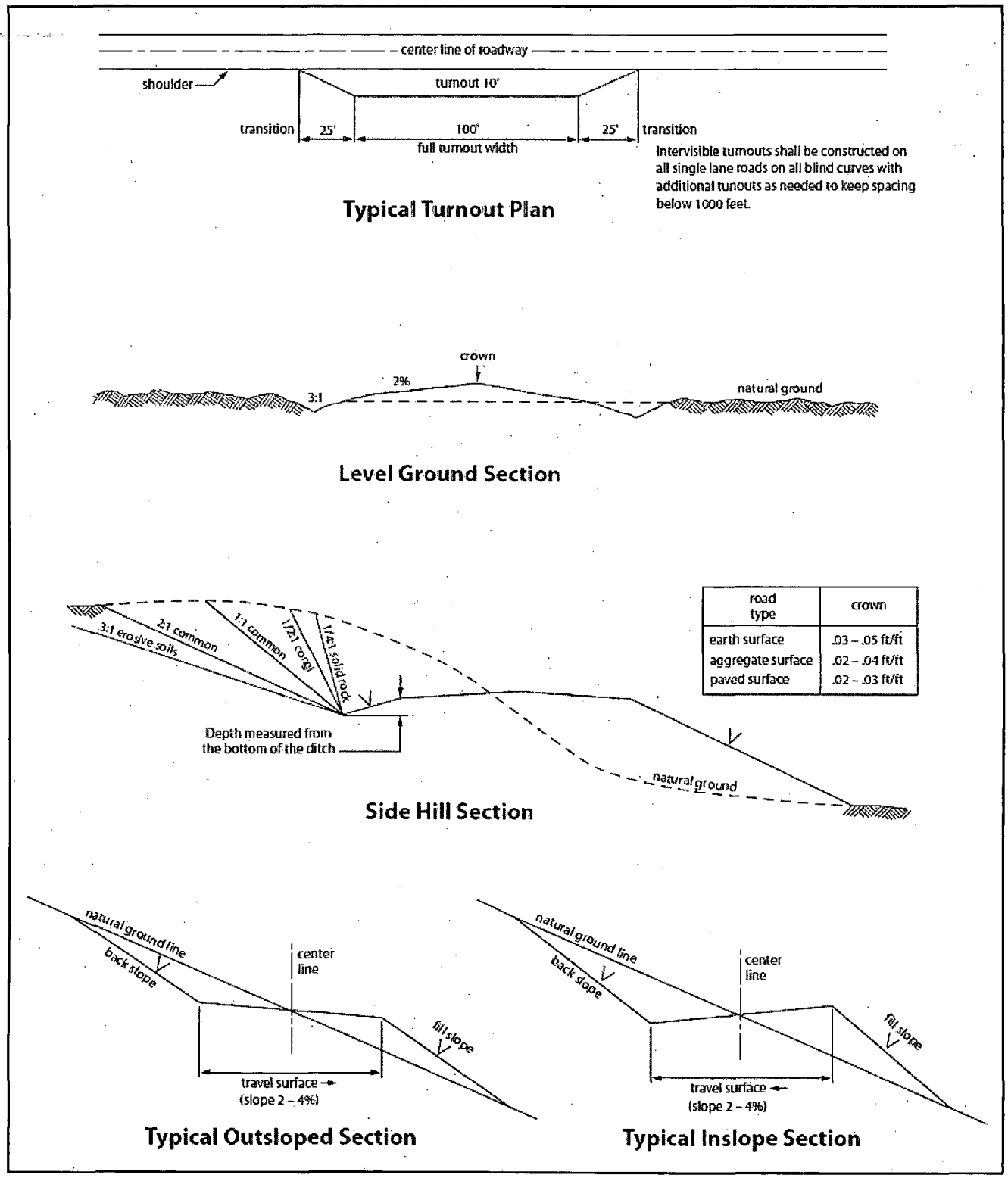


Figure 1. Cross-sections and plans for typical road sections representative of BLM resource or FS local and higher-class roads.

VII. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified in advance for a representative to witness:

a. Spudding well (minimum of 24 hours)
b. Setting and/or Cementing of all casing strings (minimum of 4 hours)
c. BOPE tests (minimum of 4 hours)

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

1. **Although Hydrogen Sulfide has not been reported in the area, it is always a potential hazard. If Hydrogen Sulfide is encountered, 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. **If the drilling rig is removed without approval – an Incident of Non-Compliance will be written and will be a "Major" violation.**

3. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works is located, this does not include the dog house or stairway area.

4. **The record of the drilling rate along with the GR/N well log run from TD to surface (horizontal well – vertical portion of hole) shall be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. If available, a digital copy of the logs is to be submitted in addition to the paper copies. The Rustler top and top and bottom of Salt are to be recorded on the Completion Report.**

B. CASING

Changes to the approved APD casing program need prior approval if the items substituted are of lesser grade or different casing size. The Operator can exchange the components of the proposal with that of superior strength (i.e. changing from J-55 to N-80, or from 36# to 40#). Changes to the approved cement program need prior approval if the altered cement plan has less volume or strength or if the changes are substantial (i.e. Multistage tool, ECP, etc.).

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

Wait on cement (WOC) for Water Basin:
After cementing but before commencing any tests, the casing string shall stand cemented under pressure until both of the following conditions have been met: 1) cement reaches a minimum compressive strength of 500 psi at the shoe, 2) until cement has been in place at least 8 hours. WOC time will be recorded in the driller's log. 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.

Medium Cave/Karst
Possibility of water flows in the Salado and Delaware.
Possibility of lost circulation in the Delaware.

1. The **13-3/8** inch surface casing shall be set at approximately **175** feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt) and cemented to the surface. **If salt is encountered, set casing at least 25 feet above the salt.**

    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 surface log readout will be used or a cement bond log shall be run to verify the top of the cement. Temperature survey will be run a minimum of six hours after pumping cement and ideally between 8-10 hours after completing the cement job.

    b. Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry.

    c. 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.

    d. If cement falls back, remedial cementing will be done prior to drilling out that string.

2. The minimum required fill of cement behind the **9-5/8** inch intermediate casing is **(Set casing in the Base of the Castile or the Lamar Limestone at approximately 2850')**:

    ☒ Cement to surface. If cement does not circulate see B.1.a, c-d above. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to cave/karst.**

If 75% or greater lost circulation occurs while drilling the intermediate casing hole, the cement on the production casing must come to surface.

3. The minimum required fill of cement behind the **5-1/2** inch production casing is:

   ☒ Cement should tie-back at least 200 feet into previous casing string. Operator shall provide method of verification. **Additional cement may be required – excess calculates to 12%.**

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. Variance approved to use flex line from BOP to choke manifold. Check condition of flexible line from BOP to choke manifold, replace if exterior is damaged or if line fails test. Line to be as straight as possible with no hard bends and is to be anchored according to Manufacturer's requirements. The flexible hose can be exchanged with a hose of equal size and equal or greater pressure rating. **Anchor requirements, specification sheet and hydrostatic pressure test certification matching the hose in service, to be onsite for review. These documents shall be posted in the company man's trailer and on the rig floor.** If the BLM inspector questions the straightness of the hose, a BLM engineer will be contacted and will review in the field or via picture supplied by inspector to determine if changes are required (operator shall expect delays if this occurs).

3. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **2000 (2M)** psi.

   a. **For surface casing only:** If the BOP/BOPE is to be tested against casing, the wait on cement (WOC) time for that casing is to be met (see WOC statement at start of casing section). Independent service company required.

4. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the **9-5/8** intermediate casing shoe shall be **3000 (3M)** psi.

5. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.

a. In a water basin, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. The casing cut-off and BOP installation can be initiated four hours after installing the slips, which will be approximately six hours after bumping the plug. For those casing strings not using slips, the minimum wait time before cut-off is eight hours after bumping the plug. BOP/BOPE testing can begin after cut-off or once cement reaches 500 psi compressive strength (including lead when specified), whichever is greater. However, if the float does not hold, cut-off cannot be initiated until cement reaches 500 psi compressive strength (including lead when specified).

b. The tests shall be done by an independent service company utilizing a test plug **not a cup or J-packer**. The operator also has the option of utilizing an independent tester to test without a plug (i.e. against the casing) pursuant to Onshore Order 2 with the pressure not to exceed 70% of the burst rating for the casing. Any test against the casing must meet the WOC time for water basin (8 hours) or potash (24 hours) or 500 pounds compressive strength, whichever is greater, prior to initiating the test (see casing segment as lead cement may be critical item).

c. The test shall be run on a 5000 psi chart for a 2-3M BOP/BOP, on a 10000 psi chart for a 5M BOP/BOPE and on a 15000 psi chart for a 10M BOP/BOPE. If a linear chart is used, it shall be a one hour chart. A circular chart shall have a maximum 2 hour clock. If a twelve hour or twenty-four hour chart is used, tester shall make a notation that it is run with a two hour clock.

d. The results of the test shall be reported to the appropriate BLM office.

e. 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.**

f. 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. This test shall be performed prior to the test at full stack pressure.

D. DRILL STEM TEST

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

E. WASTE MATERIAL AND FLUIDS

All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of drilling operations and completion operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area.

Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.

CRW 052615

IX. 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.

Exclosure Netting (Open-top Tanks)
Immediately following active drilling or completion operations, the operator will take actions necessary to prevent wildlife and livestock access, including avian wildlife, to all open-topped tanks that contain or have the potential to contain salinity sufficient to cause harm to wildlife or livestock, hydrocarbons, or Resource Conservation and Recovery Act of 1976-exempt hazardous substances. At a minimum, the operator will net, screen, or cover open-topped tanks to exclude wildlife and livestock and prevent mortality. If the operator uses netting, the operator will cover and secure the open portion of the tank to prevent wildlife entry. The operator will net, screen, or cover the tanks until the operator removes the tanks from the location or the tanks no longer contain substances that could be harmful to wildlife or livestock. Use a maximum netting mesh size of 1 ½ inches. The netting must not be in contact with fluids and must not have holes or gaps.

Chemical and Fuel Secondary Containment and Exclosure Screening
The operator will prevent all hazardous, poisonous, flammable, and toxic substances from coming into contact with soil and water. At a minimum, the operator will install and maintain an impervious secondary containment system for any tank or barrel containing hazardous, poisonous, flammable, or toxic substances sufficient to contain the contents of the tank or barrel and any drips, leaks, and anticipated precipitation. The operator will dispose of fluids within the containment system that do not meet applicable state or U. S. Environmental Protection Agency livestock water standards in accordance with state law; the operator must not drain the fluids to the soil or ground. The operator will design, construct, and maintain all secondary containment systems to prevent wildlife and livestock exposure to harmful substances. At a minimum, the operator will install effective wildlife and livestock exclosure systems such as fencing, netting, expanded metal mesh, lids, and grate covers. Use a maximum netting mesh size of 1 ½ inches.

Open-Vent Exhaust Stack Exclosures
The operator will construct, modify, equip, and maintain all open-vent exhaust stacks on production equipment to prevent birds and bats from entering, and to discourage perching, roosting, and nesting. (*Recommended exclosure structures on open-vent exhaust stacks are in the shape of a cone.*) Production equipment includes, but may not be limited to, tanks, heater-treaters, separators, dehydrators, flare stacks, in-line units, and compressor mufflers.

Containment Structures
Proposed production facilities such as storage tanks and other vessels will have a secondary containment structure that is constructed to hold the capacity of 1.5 times the

largest tank, plus freeboard to account for precipitation, unless more stringent protective requirements are deemed necessary.

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** from the BLM Standard Environmental Color Chart (CC-001: June 2008).

B. PIPELINES

BURIED PIPELINE STIPULATIONS

A copy of the application (Grant, APD, or Sundry Notice) and attachments, including conditions of approval, survey plat and/or map, will be on location during construction. BLM personnel may request to you a copy of your permit during construction to ensure compliance with all stipulations.

Holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer:

1. The Holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.

2. The Holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976 as amended, 15 USC 2601 et seq. (1982) with regards to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant. (See 40 CFR Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation, and Liability Act, section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the authorized officer concurrent with the filing of the reports to the involved Federal agency or State government.

3. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et seq. or the Resource Conservation and Recovery Act, 42 U.S.C.6901, et seq.) on the Right-of-Way (unless the release or threatened release is wholly unrelated to the Right-of-Way holder's activity on the Right-of-Way), or resulting from the activity of the Right-of-Way holder on the Right-of-Way. This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.

4. If, during any phase of the construction, operation, maintenance, or termination of the pipeline, any oil or other pollutant should be discharged from the pipeline system, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil or other

pollutant, wherever found, shall be the responsibility of holder, regardless of fault. Upon failure of holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages resulting therefrom, on the Federal lands, the Authorized Officer may take such measures as he deems necessary to control and clean up the discharge and restore the area, including where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve holder of any responsibility as provided herein.

5. All construction and maintenance activity will be confined to the authorized right-of-way.

6. The pipeline will be buried with a minimum cover of 36 inches between the top of the pipe and ground level.

7. The maximum allowable disturbance for construction in this right-of-way will be **30** feet:

- Blading of vegetation within the right-of-way will be allowed: maximum width of blading operations will not exceed **20** feet. The trench is included in this area. (*Blading is defined as the complete removal of brush and ground vegetation.*)

- Clearing of brush species within the right-of-way will be allowed: maximum width of clearing operations will not exceed **30** feet. The trench and bladed area are included in this area. (*Clearing is defined as the removal of brush while leaving ground vegetation (grasses, weeds, etc.) intact. Clearing is best accomplished by holding the blade 4 to 6 inches above the ground surface.*)

- The remaining area of the right-of-way (if any) shall only be disturbed by compressing the vegetation. (*Compressing can be caused by vehicle tires, placement of equipment, etc.*)

8. The holder shall stockpile an adequate amount of topsoil where blading is allowed. The topsoil to be stripped is approximately 6 inches in depth. The topsoil will be segregated from other spoil piles from trench construction. The topsoil will be evenly distributed over the bladed area for the preparation of seeding.

9. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence. No permanent gates will be allowed unless approved by the Authorized Officer.

10. Vegetation, soil, and rocks left as a result of construction or maintenance activity will be randomly scattered on this right-of-way and will not be left in rows, piles, or berms, unless otherwise approved by the Authorized Officer. The entire right-of-way shall be recontoured to match the surrounding landscape. The backfilled soil shall be compacted and a 6 inch berm will be left over the ditch line to allow for settling back to grade.

11. In those areas where erosion control structures are required to stabilize soil conditions, the holder will install such structures as are suitable for the specific soil conditions being encountered and which are in accordance with sound resource management practices.

12. The holder will reseed all disturbed areas. Seeding will be done according to the attached seeding requirements, using the following seed mix.

( ) seed mixture 1	( ) seed mixture 3
(X) seed mixture 2	( ) seed mixture 4
( ) seed mixture 2/LPC	( ) Aplomado Falcon Mixture

13. All above-ground structures not subject to safety requirements shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be color which simulates "Standard Environmental Colors" – **Shale Green**, Munsell Soil Color No. 5Y 4/2.

14. The pipeline will be identified by signs at the point of origin and completion of the right-of-way and at all road crossings. At a minimum, signs will state the holder's name, BLM serial number, and the product being transported. All signs and information thereon will be posted in a permanent, conspicuous manner, and will be maintained in a legible condition for the life of the pipeline.

15. The holder shall not use the pipeline route as a road for purposes other than routine maintenance as determined necessary by the Authorized Officer in consultation with the holder before maintenance begins. The holder will take whatever steps are necessary to ensure that the pipeline route is not used as a roadway. As determined necessary during the life of the pipeline, the Authorized Officer may ask the holder to construct temporary deterrence structures.

16. Any cultural and/or paleontological resources (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf, on public or Federal land shall be immediately reported to the Authorized Officer. Holder 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 will be made by the Authorized Officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the Authorized Officer after consulting with the holder.

17. 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 associated roads, 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.

18. Escape Ramps - The operator will construct and maintain pipeline/utility trenches that are not otherwise fenced, screened, or netted to prevent livestock, wildlife, and humans from becoming entrapped. At a minimum, the operator will construct and maintain escape ramps, ladders, or

other methods of avian and terrestrial wildlife escape in the trenches according to the following criteria:

a. Any trench left open for eight (8) hours or less is not required to have escape ramps; however, before the trench is backfilled, the contractor/operator shall inspect the trench for wildlife, remove all trapped wildlife, and release them at least 100 yards from the trench.
b. For trenches left open for eight (8) hours or more, earthen escape ramps (built at no more than a 30 degree slope and spaced no more than 500 feet apart) shall be placed in the trench.

19. Special Stipulations:

None.

C. ELECTRIC LINES (Not applied for in APD)

X. 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.

Within six (6) months of well completion, operators should work with BLM surface management specialists (Jim Amos: 575-234-5909) to devise the best strategies to reduce the size of the location. Interim reclamation 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 that is free of contaminants 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.

All disturbed areas after they have been satisfactorily prepared need to be reseeded with the seed mixture provided below.

Upon completion of interim reclamation, the operator shall submit a Sundry Notices and Reports on Wells, Subsequent Report of Reclamation (Form 3160-5).

X. FINAL ABANDONMENT & RECLAMATION

At final abandonment, well locations, production facilities, and access roads must undergo "final" reclamation so that the character and productivity of the land are restored.

Earthwork for final reclamation must be completed within six (6) months of well plugging. All pads, pits, facility locations and roads must be reclaimed to a satisfactory revegetated, safe, and stable condition, unless an agreement is made with the landowner or BLM to keep the road and/or pad intact.

After all disturbed areas have been satisfactorily prepared, these areas need to be revegetated with the seed mixture provided below. Seeding should be accomplished by drilling on the contour whenever practical or by other approved methods. Seeding may need to be repeated until revegetation is successful, as determined by the BLM.

Operators shall contact a BLM surface protection specialist prior to surface abandonment operations for site specific objectives (Jim Amos: 575-234-5909).

Seed Mixture 2, for Sandy 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 no 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	lb/acre
Sand dropseed (Sporobolus cryptandrus)	1.0
Sand love grass (Eragrostis trichodes)	1.0
Plains bristlegrass (Setaria macrostachya)	2.0

*Pounds of pure live seed:

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