

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-144
June 1, 2004

For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☐ No ☒

Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

| | | |
|---|--|---|
| Operator: <u>Cimarex Energy Co. of Colorado</u> Telephone: <u>972-401-3111</u> e-mail address: <u>zfarris@cimarex.com</u> | | |
| Address: <u>PO Box 140907, Irving, TX 75014-0907</u> | | |
| Facility or well name: <u>Haystack 32 State Com No. 1</u> API #: <u>30-015-35924</u> U/L or Qtr/Qtr <u>N</u> Sec <u>32</u> T <u>16S</u> R <u>29E</u> | | |
| County: <u>Eddy</u> Latitude <u>32° 52' 25.01 N</u> Longitude <u>104° 06' 00.80 W</u> NAD: 1927 <input type="checkbox"/> 1983 <input checked="" type="checkbox"/> | | |
| Surface Owner: Federal <input checked="" type="checkbox"/> State <input type="checkbox"/> Private <input type="checkbox"/> Indian <input type="checkbox"/> | | |
| Pit Type: Drilling <input checked="" type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> Lined <input checked="" type="checkbox"/> Unlined <input type="checkbox"/> Liner type: Synthetic <input checked="" type="checkbox"/> Thickness <u>12</u> mil Clay <input type="checkbox"/> Pit Volume <u> </u> bbl pit system, cuttings buried | Below-grade tank Volume: <u> </u> bbl Type of fluid: <u> </u> Construction material: <u> </u> Double-walled, with leak detection? Yes <input type="checkbox"/> If not, explain why not. <u> </u> | |
| Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.) <u>62'</u> | Less than 50 feet <u>50 feet or more, but less than 100 feet</u> 100 feet or more | (20 points) (10 points) (0 points) |
| Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.) | Yes <u>No</u> | (20 points) (0 points) |
| Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.) | Less than 200 feet 200 feet or more, but less than 1000 feet <u>1000 feet or more</u> | (20 points) (10 points) (0 points) |
| Ranking Score (Total Points) | | 10 |

If this is a pit closure: (1) Attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: (check the onsite box if you are burying in place) onsite ☐ offsite ☐ If offsite, name of facility . (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

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| Additional Comments: |
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I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Date: 11.12.07

Printed Name/Title Zeno Farris - Manager Operations Administration Signature Zeno Farris

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval:

Printed Name/Title Signature Date:

Haystack 32 State Com No. 1

32-16S-29E
660' FSL 1980' FWL
Eddy County, NM

Proposed Mud Circulating System:

| Depth | Mud Wt | Visc | Fluid Loss | Type Mud |
|-------------------|-----------|-------|---------------|---|
| 0' to 350' | 8.4 - 8.6 | 28-29 | May lose circ | Fresh water spud mud |
| 350' to 2,650' | 10.0 | 28-29 | May lose circ | Brine Water |
| 2,650' to 10,800' | 8.4 - 9.4 | 29-32 | NC | Fresh water and brine, use in vis sweeps to keep hole clean |

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

Casing & Cementing Program:

| Hole Size | Depth | Casing OD | Weight | Thread | Collar | Grade |
|-----------|--------------|------------|--------|--------|--------|-------|
| 17-1/2 | 0 to 350' | New 13-3/8 | 48# | 8-R | STC | H-40 |
| 11 | 0 to 2,650' | New 8-5/8 | 24# | 8-R | STC | J-55 |
| 7-7/8 | 0 to 10,800' | New 5-1/2 | 17# | 8-R | LTC | P-110 |

Cementing & Setting Depth:

13-3/8 **Surface** Set 350' of 13-3/8 48# H-40 STC
Lead: 115 sx Light Premium plus + 0.125# Poly-E-Flake + 1% CaCl (wt 14.2, yld 1.64)
Tail: 225 sk Premium Plus + 2% CaCl (wt 14.8, yld 1.35)

TOC Surface

8-5/8 **Intermediate** Set 2,650' of 8-5/8 24# J-55 STC
Lead: 371 sx Interfill C + 0.25# Flocele (wt 11.9, yld 2.45)
Tail: 201 sx Premium Plus + 1% CaCl2 (wt 14.8, yld 1.33)

TOC Surface

5-1/2 **Production** Set 10,800' of 5-1/2 17# P-110 LTC
Lead: 650 sx Interfill H + 0.25% HR-7 + 5# Gilsonite + 0.25# Flocele (wt 11.9, yld 2.47)
Tail: 370 sx Super H + 0.5% Halad-344 + 0.4% CFR-3 + 1# Salt + 5# Gilsonite + 0.125# Poly-E-Flake + 0.35% HR-7 (wt 13.0, yld 1.67)

TOC 1300'

Surface casing setting depth of @ 220'

**BRYAN G. ARRANT
DISTRICT II GEOLOGIST**

Pressure control Equipment:

Exhibit "E". A 13 3/8" 5000 PSI working pressure B.O.P. consisting of one set of blind rams and one set of pipe rams and a 5000 # annular type preventer. A choke manifold and 120 gallon accumulator with floor and remote operating stations and auxiliary power system. Rotating head below 6000'. A kelly cock will be installed and maintained in operable condition and a drill string safety valve in the open position will be available on the rig floor.

BOP unit will be hydraulically operated. BOP will be nipped up and operated at least once a day while drilling and the blind rams will be operated when out of hole during trips. No abnormal pressure or temperature is expected while drilling. From the base of the surface pipe through the running of production casing, the well will be equipped with a 5000 psi BOP system.

We are requesting a variance for testing the 13-3/8" surface casing from Onshore Order No. 2, which states that all casing strings below the conductor shall be pressure tested to 0.22 psi per foot or 1500 psi, whichever is greater, but not to exceed 70% of the manufacturer's stated maximum internal yield. We are requesting to test the 13-3/8" casing to 1000 psi using rig pumps. The BOP will be tested to 5000 PSI by an independent service company.



Cimarex Energy Co. of Colorado

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

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

A subsidiary of Cimarex Energy Co. ♦ A NYSE Listed Company ♦ "XEC"

November 12, 2007

Oil Conservation Division
District II Office
1301 W. Grand Ave.
Artesia, New Mexico 88210
Attn: Mr. Bryan Arrant

Re: Statewide Rule 118
Hydrogen Sulfide Gas Contingency Plan
Proposed Haystack 32 State Com No. 1 Well

Dear Mr. Arrant:

In accordance with NMAC 19.15.3.118 C. (1) governing the determination of the hydrogen sulfide concentration in gaseous mixtures in each of its operations, Cimarex Energy Co. of Colorado does not anticipate that there will be enough H₂S from the surface to the Morrow formations to meet the OCD's minimum requirements for the submission of a contingency plan for the drilling and completion of the following test(s):

Haystack 32 State Com No. 1
660' FSL & 1980' FWL
N-32-16S-29E
Eddy County, NM

If anything further is needed regarding this issue, or if you have any questions, please feel free to contact the undersigned at 972-443-6489.

Yours truly,

A handwritten signature in black ink that reads "Zeno Farris". The signature is written in a cursive, slightly slanted style.

Zeno Farris
Manager, Operations Administration