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Form 3160-3
(April 2004)

APR 12 2011
HOBSOCD UNITED STATES
 DEPARTMENT OF THE INTERIOR
 BUREAU OF LAND MANAGEMENT

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

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM-14847
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator Cimarex Energy Co. of Colorado (162683)		7. If Unit or CA Agreement, Name and No.
3a. Address 600 N. Marienfeld St., Ste. 600; Midland, TX 79701	3b. Phone No. (include area code) 432-571-7800	8. Lease Name and Well No. (38581) Pere Marquette 18 Federal No. 1
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At Surface 330 FNL & 330 FWL (U/L D LOT 1) At proposed prod. Zone 330 FNL & 330 FWL		9. API Well No. 30-015- 38951
14. Distance in miles and direction from nearest town or post office*		10. Field and Pool, or Exploratory (96210) Empire; Glorieta-Yeso
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line if any) 330'		11. Sec., T. R. M. or Blk. and Survey or Area 18-17S-29E
16. No of acres in lease 1054.42		12. County or Parish Eddy
17. Spacing Unit dedicated to this well Lot 1 26.69		13. State NM
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 695'		19. Proposed Depth TVD 5300
20. BLM/BIA Bond No. on File NM-2575		21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3713' GR
22. Approximate date work will start* 04.15.11		23. Estimated duration 10-15 days

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 | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan | 5. Operator Certification |
| 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). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature <i>Zeno Farris</i>	Name (Printed/Typed) Zeno Farris	Date 02.03.11
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Title

Manager Operations Administration

Approved By (Signature) <i>/s/ Don Peterson</i>	Name (Printed/Typed)	Date APR - 8 2011
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.

* (Instructions on page 2)

Roswell Controlled Water Basin

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

KZ 4/13/11

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

Application to Drill
Pere Marquette 18 Federal No. 1
Cimarex Energy Co. of Colorado
Lot 1, Section 18
T17S R29E, Eddy County, NM

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HOBBSOCD

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

- 1 Location: SHL 330 FNL & 330 FWL
 BHL 330 FNL & 330 FWL

- 2 Elevation above sea level: 3662' 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: TVD 5300

- 6 Estimated tops of geological markers:

Rustler	Surface
Top of Salt	200'
Base of Salt	700'
Tansill	777'
Yates	884'
Seven Rivers	1150'
San Andres	2403'
Glorieta	3797'
Paddock	3890'
Blinbry	4455'
Tubb	5225'

- 7 Possible mineral bearing formation:

Paddock	Oil
Blinbry	Oil

8 Proposed Mud Circulating System:

Depth	Mud Wt	Visc	Fluid Loss	Type Mud
0' to 300' 250'	8.4 - 8.8	40-45	NC	FW
250' 300' to 5300'	9.9 - 10.1	28-32	NC	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.

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9 Casing Plan:

String	Hole Size	Depth	Casing OD	Weight	Thread	Collar	Grade
See COA Surface	12¼"	0' to 300'	New 9½"	36#	8-R	STC	J55
Production	8¾"	0' to 5300'	New 5½"	17#	8-R	LTC	N80

Drilling Plan

Drill 8¾" hole to TVD 5300. Set and cement 5½" production casing from 0-5300.

10 Cementing:

Surface Lead: 150 sx Class "C" + 4% D020 (Extender) + 2% S001 (CaCl2) + 0.2% D046 (Defoamer) , Mixed at 12.9 ppg, 1.97 ft3/sx
Tail: 200 sx Class C + 1% S001 (CaCl2), Mixed at 14.8 ppg, 1.34 ft3/sx
100% Excess
TOC Surface Centralizers per Onshorder 2.III.B.1.f

Production Lead: 500 sacks 35/65 Poz/ C + 5% Salt (D044) + 10% Extender Gel (D020) + 0.02% Anti Foam (D046) + 1% Fluid Loss (D112) + 3 lbs/sx Extender (D042) + 0.125 lbs/sx Lost Circ Flakes, wt 12.4 ppg, yld 2.19 ft3/sx
Tail: 250 sx PVL+ 0.2% D167 + .2% D65 + .1% D13 + 1.3% NaCl, wt 13.0 ppg, yld 1.4 ft3/sk
25% Excess
TOC Surface

According to the State Engineer, average depth to ground water is 75.' Fresh water zones will be protected by setting 9½" casing at 300' and cementing to surface. Hydrocarbon zones will be protected by setting 5½" casing at 5320 and cementing to surface.

<u>Collapse Factor</u>	<u>Burst Factor</u>	<u>Tension Factor</u>
1.125	1.125	1.6

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11 Pressure control Equipment:

Exhibit "E-1" - An 11" 3000 PSI working pressure B.O.P. consisting of a one set of blind rams and one set of pipe rams and a 3000 psi annular-type preventor. A choke manifold and 120 gallon accumulator with floor and remote operating stations and auxiliary power system. A kelly cock will be installed and maintained in operable condition and a drill string safety valve in the open position will be available on the rig floor. Mud gas separator will be utilized if drilling in H2S area.

BOP unit will be hydraulically operated. Below intermediate casing shoe, BOP will be operated at least once a day while drilling and the blind rams will be operated when out of hole during trips. No abnormal pressure or temperature is expected while drilling. From the base of the surface pipe through the running of production casing, the well will be equipped with a 3000 psi BOP system.

Test BOP equipment and choke manifold to 250 psi low and 3000 psi high and annular BOP to 250 psi low and 1500 psi high by an independent service company.

12 Testing, Logging and Coring Program: *See COM*

- A. Mud logging No mud logging program.
- B. Electric logging program: CNL / LDT / CAL / GR, DLL / CAL / GR
- C. No DSTs or cores are planned at this time.

13 Potential Hazards:

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

Estimated BHP **2300 psi** Estimated BHT **110°**

- 14 Road and location construction will begin after BLM approval of APD. Anticipated spud date as soon as approved.

Drilling expected to take 20-25 days

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

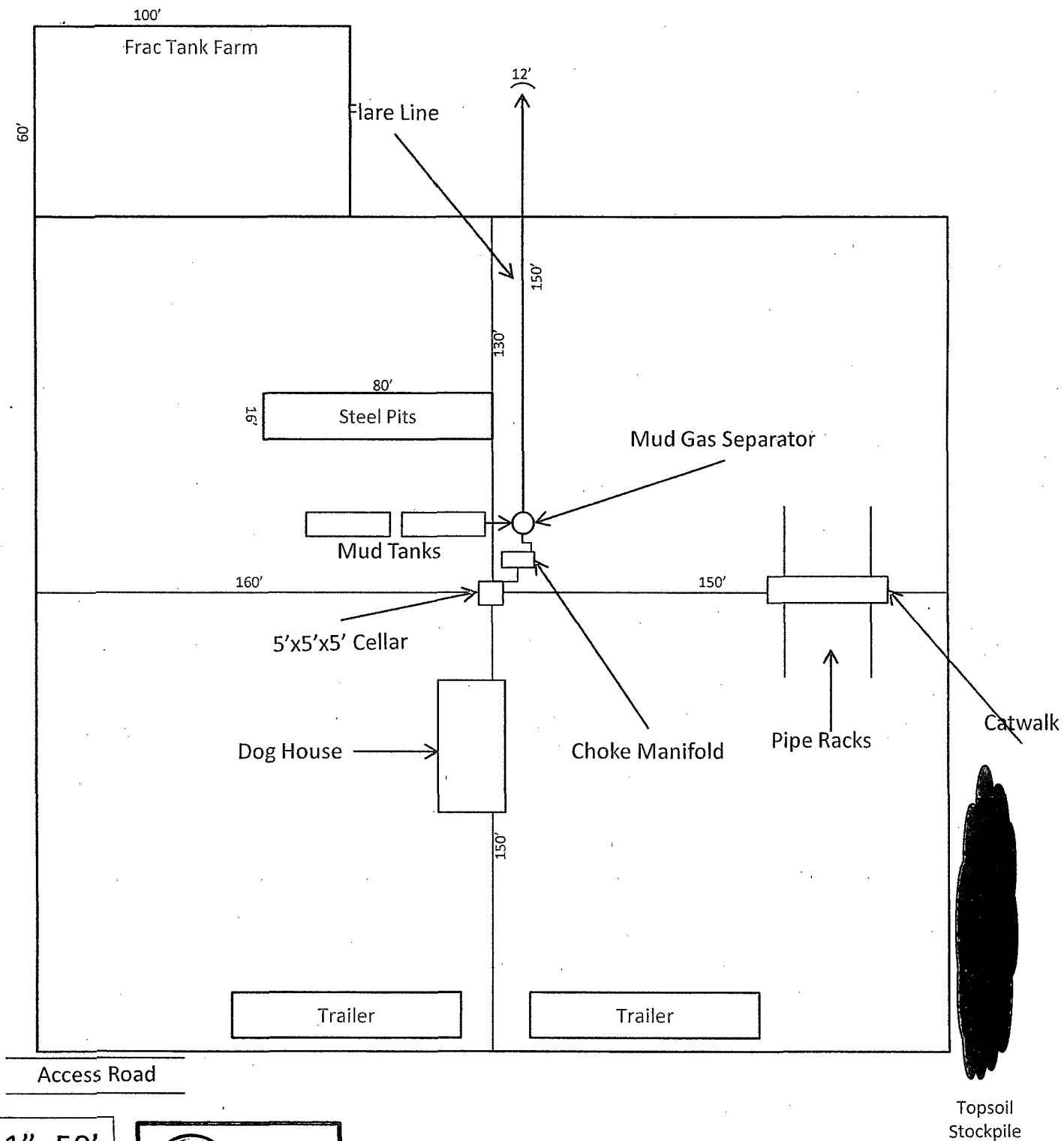
15 Other Facets of Operations:

After running casing, cased hole gamma ray neutron collar logs will be run from total depth over possible pay intervals.

Blinebry pay will be perforated and stimulated.

The proposed well will be tested and potentialized as **an oil well.**

Silver Oak #3



1"=50'

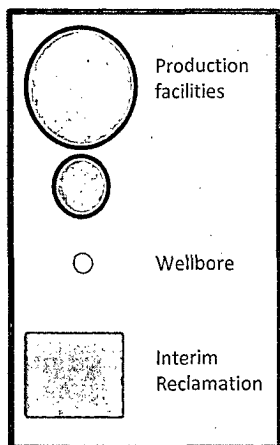


Exhibit D – Rig Diagram
Pere Marquette 18 Federal No. 1
 Cimarex Energy Co. of Colorado
 18-17S-29E
 330 FNL & 330 FWL
 Eddy County, NM

80'

30'

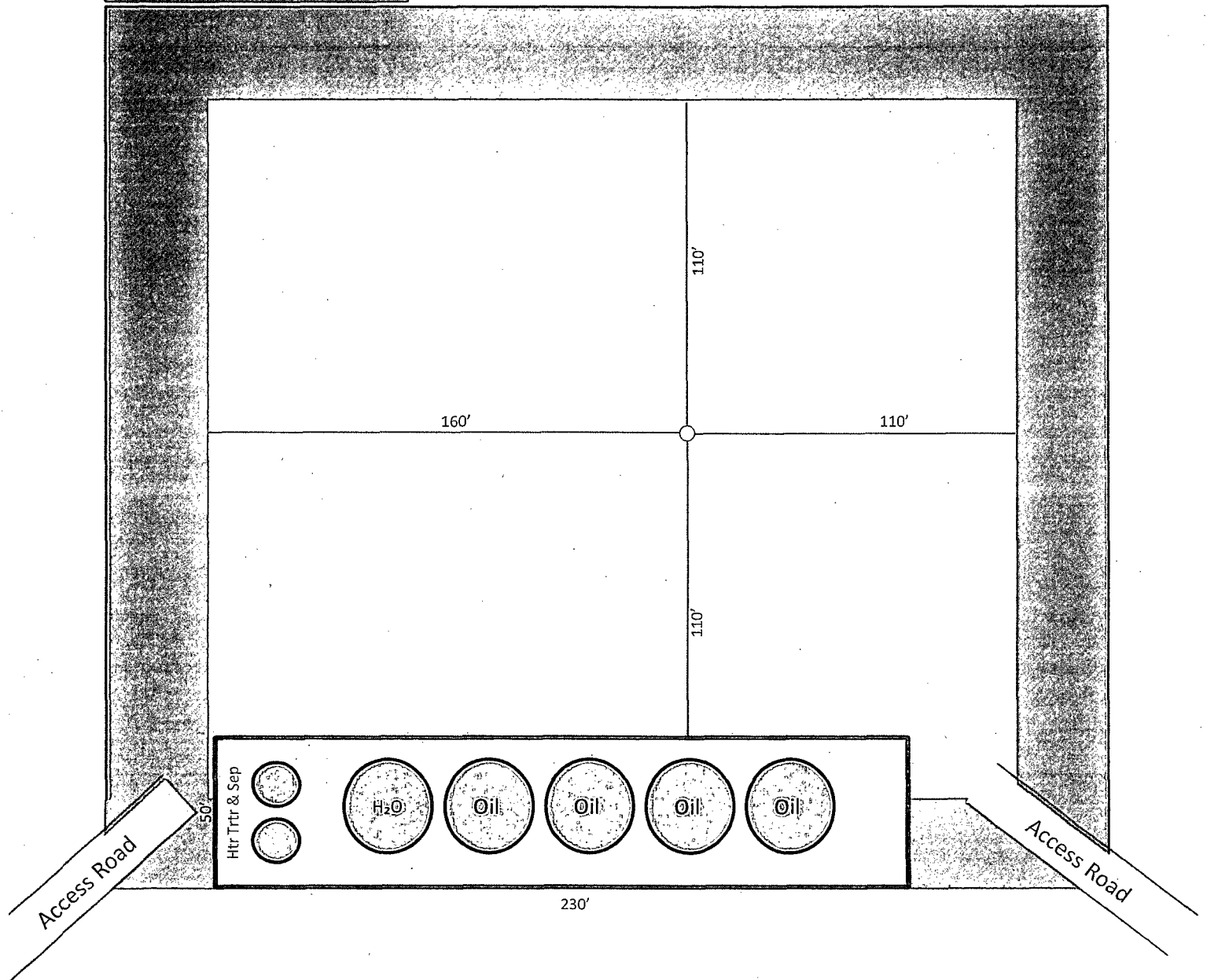
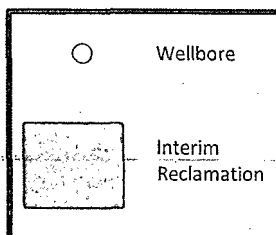


Exhibit D-1 Reclamation Plat
Pere Marquette 18 Federal No. 1
 Cimarex Energy Co. of Colorado
 18-175-29E
 330 FNL & 330 FWL
 Eddy County, NM



1"=50'

SR & A

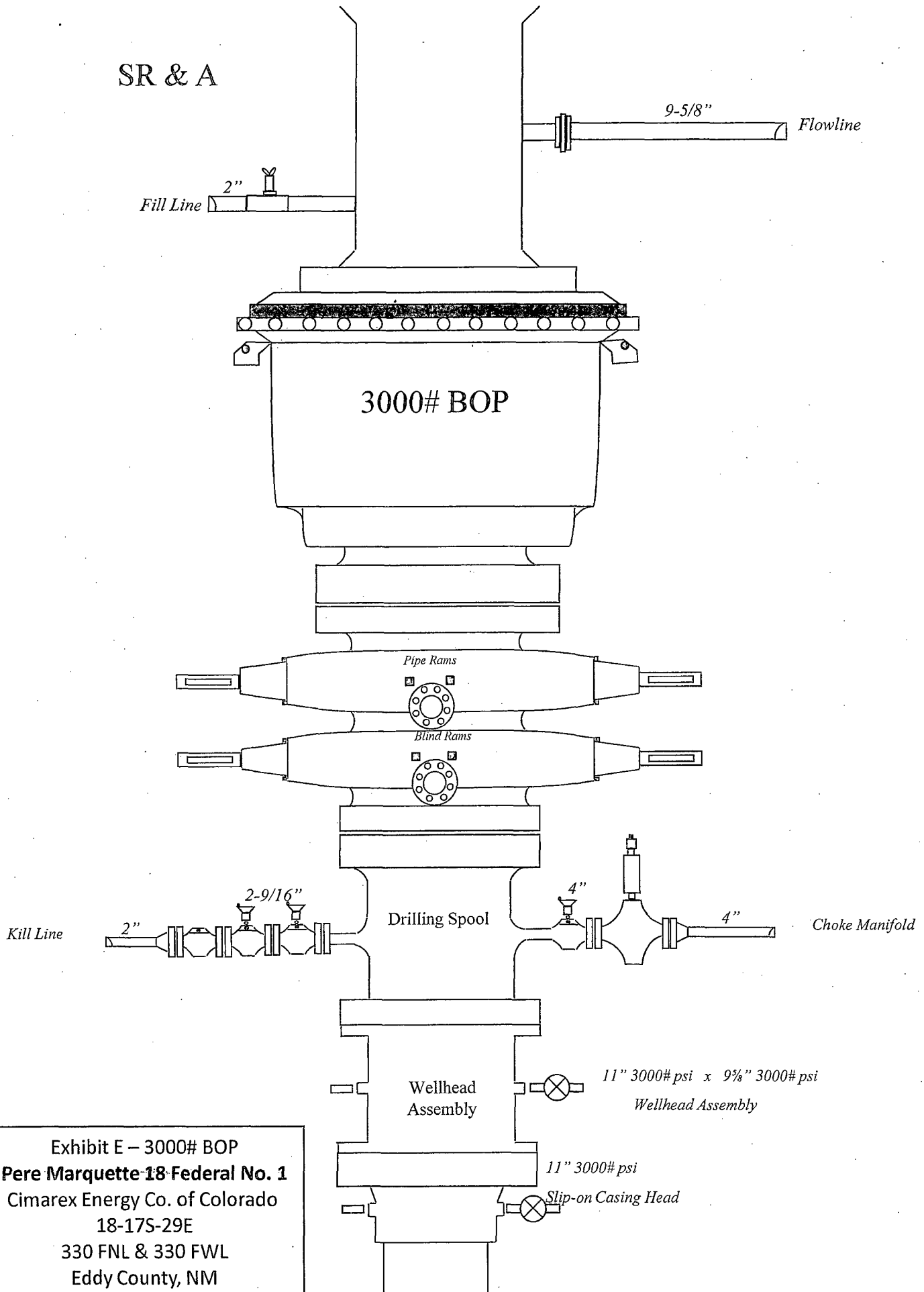


Exhibit E – 3000# BOP
Pere Marquette-18-Federal No. 1
Cimarex Energy Co. of Colorado
18-17S-29E
330 FNL & 330 FWL
Eddy County, NM

Drilling Operations Choke Manifold 3M Service

Exhibit E-1 – Choke Manifold Diagram

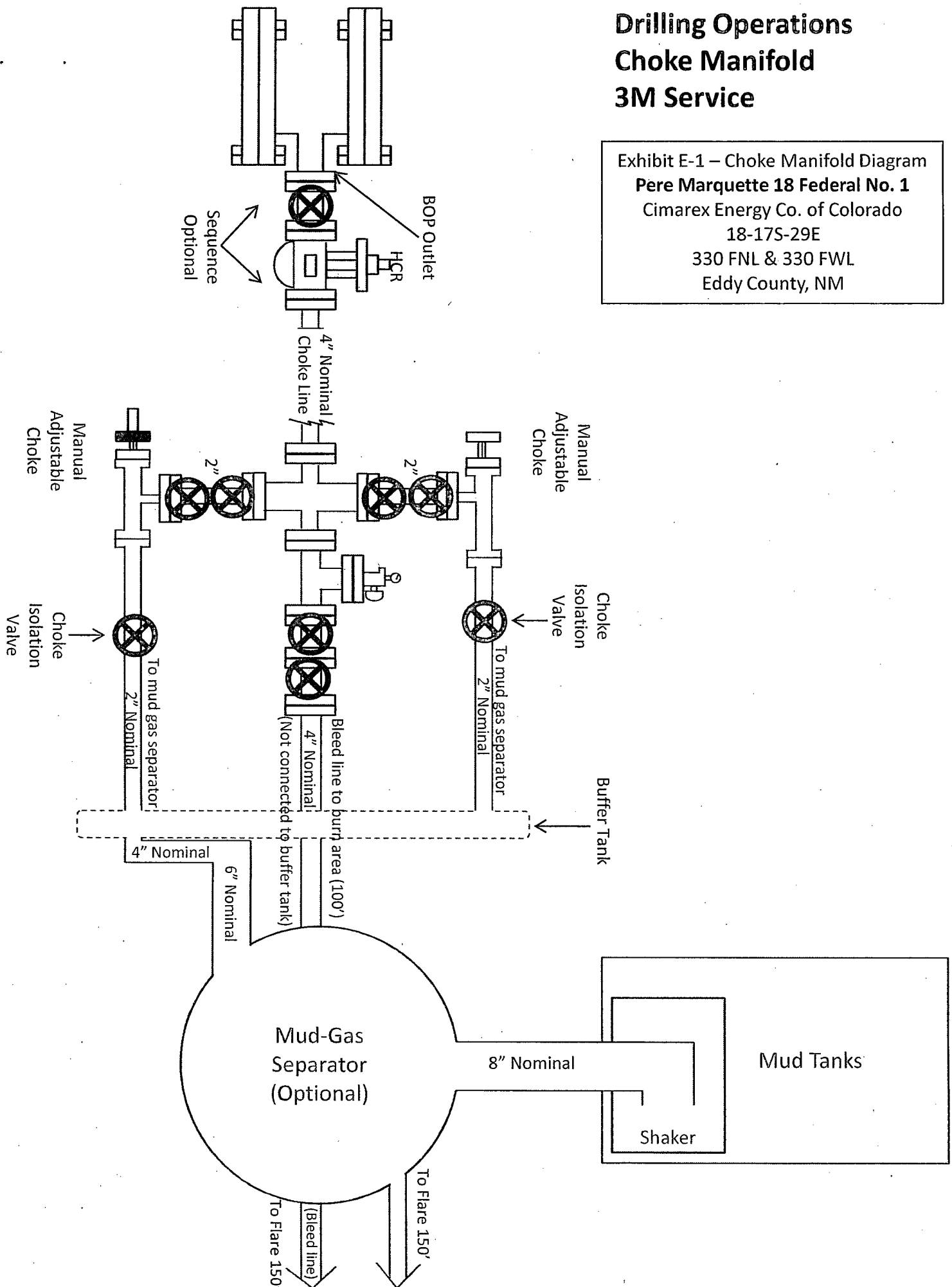
Pere Marquette 18 Federal No. 1

Cimarex Energy Co. of Colorado

18-17S-29E

330 FNL & 330 FWL

Eddy County, NM



DISTRICT I --- CHECKLIST FOR INTENTS TO DRILL

38581 Operator CIMAREX ENERGY CO. of COLORADO OGRID # 162683
Well Name & # PERE MARQUETTE 18 FED #1 Surface Type (F) (S) (P)
Location: UL D, Sect 18, Township 17 s, RNG 29 e, Sub-surface Type (F) (S) (P)

A. Date C101 rec'd / / C101 reviewed / /

B. 1. Check mark, Information is OK on Forms:

OGRID X, BONDING FED, PROP CODE , WELL # X, SIGNATURE X

2. Inactive Well list as of: 4-13-11 # wells 1158, # Inactive wells 7

a. District Grant APD but see number of inactive wells:

No Letter required X, Sent Letter to Operator , to Santa Fe

3. Additional Bonding as of: 4-13-11

a. District Denial because operator needs addition bonding:

No Letter required X; Sent Letter to Operator , To Santa Fe

b. District Denial because of Inactive well list and Financial Assurance:

No Letter required X; Sent Letter to Operator , To Santa Fe

C. C102 YES X, NO , Signature X

1. Pool EMPIRE, GLOR-YESO, Code 96210

a. Dedicated acreage 26.69, What Units D (LOT)

b. SUR. Location Standard ; Non-Standard Location

c. Well shares acres: Yes , No X, # of wells plus this well #

2. 2nd. Operator in same acreage, Yes , No X

Agreement Letter , Disagreement letter

3. Intent to Directional Drill Yes , No X

a. Dedicated acreage , What Units

b. Bottomhole Location Standard , Non-Standard Bottomhole

4. Downhole Commingle: Yes , No X

a. Pool #2 , Code , Acres

Pool #3 , Code , Acres

Pool #4 , Code , Acres

5. POTASH Area Yes , No X

D. Blowout Preventer Yes X, No

E. H2S Yes , No , Part FED APD

F. C144 Pit Registration Yes , No X, need

G. Does APD require Santa Fe Approval:

1. Non-Standard Location: Yes , No X, NSL #

2. Non-Standard Proration: Yes , No X, NSP #

3. Simultaneous Dedication: Yes , No X, SD #

Number of wells Plus #

4. Injection order Yes , No X; PMX # or WFX #

5. SWD order Yes , NO X; SWD #

6. DHC from SF ; DHC-HOB ; Holding

7. OCD Approval Date 4-13-11

API #30-0 15-38951

8. Reviewers K2