

Surface Use Plan
West Grama Ridge 7 Federal 2H
Cimarex Energy Co.
UL: O, Sec. 7, 22s, 34e
Lea Co., NM

HOBBS OCD

DEC 03 2014

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 otherwise noted in the New or Reconstructed Access Roads section of the surface use plan.

Heading West on Highway 176 in between San Simon and Mile Marker 19 turn South on existing lease road, go 10 miles turn South Go 1 mile to proposed road for all West Grama wells.

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 deteriorated 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 or Reconstructed Access Roads:

A new road will be constructed for this project.

Cimarex Energy plans to construct 1875.23' 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 shown on Exhibit A

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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 West Grama 7 Federal 1H Battery. Cimarex Energy proposes to install two 4 inch buried HP polylines down existing lease road to the West Grama 7 Federal 1H Battery 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: 795.58'

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

Allocation will be based on well test. Route is on lease, please see Exhibit H. Any changes to on lease route will be submitted 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.

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.

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.

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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 recontoured 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 production 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 wellsite is on surface owned by State of New Mexico. The land is used mainly for farming, cattle ranching, recreational use, and oil and gas production.
- An archaeological survey will be conducted on the location and proposed roads and this report will be filed with the Bureau of Land Management.
- There are no known dwellings within 1½ miles of this location.

13. On Site Notes and Information:

On Site Results: 10/30/12 Barry Hunt, John Fast BLM and Basin surveys on location. Location Ok where staked. V-Door East. Top soil west. Interim reclamation: All 4 sides. Access road from the southwest, west. to the West Grama 7 Fed 3H.

Operator Certification Statement

West Grama Ridge 7 Federal 2H

Cimarex Energy Co.

UL: O, Sec. 7, 22s, 34e

Lea 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 16 day of October, 2013

NAME: Hope Knauls
Hope Knauls

TITLE: Regulatory Compliance

ADDRESS: 202 S. Cheyenne Ave., Ste 1000, Tulsa, OK 74103

TELEPHONE: 918-585-1100

EMAIL: hknauls@cimarex.com

Field Representative: Same as above

Cimarex Energy Co.
600 N. Marienfeld
Suite 600
Midland, TX 79701
MAIN 432.571.7800



November 14, 2013

Bureau of Land Management
Carlsbad Field Office
620 E. Greene St.
Carlsbad, New Mexico 88220

VIA CERTIFIED MAIL RETURN RECEIPT NO. 91 7108 2133 3939 1608 8914

Re: West Grama Ridge 7 Federal 2H
Township 22 South, Range 34 East, N.M.P.M.
Section 7: ALL
Lea County, New Mexico
Federal Oil and Gas Lease No. NM 17440

Gentlemen:

Please be advised that Cimarex Energy Co. ("Cimarex") acquired leasehold rights in Federal Oil and Gas Lease NM 17440 from Trainer Partners, Ltd. ("Trainer") covering all of Section 7, Township 22 South, Range 34 East, Lea County, NM, by that certain Term Assignment dated May 17, 2012. Per the Bureau of Land Management's ("BLM") letter dated, November 1, 2013, regarding Cimarex's Application for Permit to Drill ("APD") for the above captioned well, the BLM cited the following deficiency regarding the APD:

- "6. Operator does not appear to have operating rights."

Pursuant to the Term Assignment dated May 17, 2012 by and between Cimarex and Trainer, Cimarex owns an undivided 100% interest in and to Federal Oil and Gas Lease NM 17440. Additionally, Cimarex shall earn an Assignment of Operating Rights as it drills and completes wells within the Bone Spring formation. Once the West Grama Ridge 7 Federal 2H well is completed and producing, a request for transfer of Operating Rights from Trainer to Cimarex shall be submitted to the BLM for approval.

Please let this letter serve as notice for curing the deficiency cited above in Cimarex's APD for the West Grama Ridge 7 Federal 2H.

If you should have any questions, please contact the undersigned directly at (432) 571-7874 or by email at mhood@cimarex.com.