

J-06-03

Form 3180-3
(July 1992)

~~1044~~
1036
OCD-HOBBS
SUBMIT IN TRIPLICATE*

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

(Other instructions on
reverse side)

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

5. LEASE DESIGNATION AND SERIAL NO.
NM-4314

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME, WELL NO. 35880
Pipeline B 6 Federal No. 3

9. API WELL NO.
30-025- 38045

10. FIELD AND POOL, OR WILDCAT
E-K; Bone Spring

11. SEC. T., R., M., BLOCK AND SURVEY
OR AREA
R-6-19S-34E

12. COUNTY OR PARISH
Lea

13. STATE
NM

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK
DRILL ☒ DEEPEN ☐

1b. TYPE OF WELL
OIL ☒ GAS ☐ SINGLE ☒ MULTIPLE ☐
WELL WELL OTHER ZONE ZONE

2. NAME OF OPERATOR
Cimarex Energy Co. of Colorado

3. ADDRESS AND TELEPHONE NO.
P.O. Box 140907 Irving TX 75014 972-401-3111

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
2310' FNL & 1980' FWL
Unit F

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
34 miles West of Hobbs, NM

15. DISTANCE FROM PROPOSED*
LOCATION TO NEAREST
PROPERTY OR LEASE LINE, T.O
(Also to nearest drg. unit line, if any) 1980'

16. NO. OF ACRES IN LEASE
1114.36

17. NO. OF ACRES ASSIGNED
TO THIS WELL
40

18. DISTANCE FROM PROPOSED LOCATION*
TO NEAREST WELL, DRILLING COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.
N/A

19. PROPOSED DEPTH
11000'

20. ROTARY OR CABLE TOOLS
Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
3804' GR
Captain Controlled Water Basin

22. APPROX. DATE WORK WILL START*
11-25-06

23. PROPOSED CASING AND CEMENTING PROGRAM				
SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17-1/2"	H-40 13-3/8" ST&C	48#	450'	410 sx Prem circ surf
12-1/4"	J-55 9-5/8" LT&C	40#	3700'	1200 sx Prem circ surf
8-3/4"	P-110 5-1/2" LT&C	17#	11000'	2155 sx TOC 1250'

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 the 13-3/8" surface casing and BOP testing from Onshore Order No. 2, which states all casing strings below the conductor shall be pressure tested to 0.22 psi per foot or 1500#, whichever is greater, but not to exceed 70% of the manufacturer's stated maximum internal yield. During the running of the surface pipe and the drilling of the intermediate hole, we do not anticipate any pressures greater than 1000# and are requesting a variance to test the 13-3/8" casing and BOP system to 1000# psi and to use rig pumps instead of an independent service company.

IN ABOVE SPACE, DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Zeno Farris TITLE Mgr. Ops. Admin DATE 06-30-06

(This space for Federal or State office use)

PERMIT NO. APPROVAL DATE

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:

APPROVED BY /s/ Tony J. Herrell TITLE FIELD MANAGER DATE JUL 28 2006

*See Instructions On Reverse Side

APPROVAL FOR 1 YEAR

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

Witness Surface Casing

K2

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED



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 wholly-owned subsidiary of Cimarex Energy Co., a NYSE Listed Company, "XEC"

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

Bureau of Land Management
620 E. Greene St.
Carlsbad, New Mexico 88220
Attn: Ms. Linda Denniston

Cimarex Energy Co. of Colorado accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on the leased land, or portion thereof, as described below:

Lease No.: NM-4314 – SE/4NW/4 6-19S-34E

County: Lea County, New Mexico

Formation (S): Bone Spring

Bond Coverage: Statewide BLM Bond

BLM Bond File No.: NM 2575

Authorized Signature: Zeno Farris
Representing Cimarex Energy Co. of Colorado

Name: Zeno Farris

Title: Manager, Operations Administration

Date: June 30, 2006

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

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

Form C-102
Revised October 12, 2005

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-38045	Pool Code 21650	Pool Name E-K; Bone Spring
Property Code 35889	Property Name PIPELINE "B-6" FEDERAL	Well Number 3
OGRID No. 162683	Operator Name CIMAREX ENERGY CO. OF COLORADO	Elevation 3804'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	6	19 S	34 E		2310	NORTH	1980	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 40	Joint or Infill N	Consolidation Code	Order No.						

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

<p>Pipeline B 6 Fed #3</p> <p>Lat - N32°41'26.2\" Long - W103°36'05.6\" NMSPCE - N 615746.846 E 766.471.104 (NAD-83)</p>	<p>OPERATOR CERTIFICATION</p> <p>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 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.</p> <p><u>Zeno Farris</u> 6-30-06 Signature Date</p> <p><u>Zeno Farris</u> Printed Name</p> <p>SURVEYOR CERTIFICATION</p> <p>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 supervision and that the same is true and correct to the best of my belief.</p> <p>Date Surveyed <u>June 23, 2006</u> Signature <u>[Signature]</u> Professional Surveyor <u>[Signature]</u></p> <p>Certificate No. <u>7977</u> <u>Gary L. Jones</u> 7977</p> <p>BASIN SURVEYS</p>
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No Potash Leases in Entire Section

Application to Drill

Cimarex Energy Co. of Colorado
Pipeline B 6 Federal No. 3
Unit F Section 6
T19S-R34E Lea County, NM

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

- 1 Location: 2310' FNL & 1980' FWL
- 2 Elevation above sea level: GR 3804'
- 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: 11000'
- 6 Estimated tops of geological markers:

Yates	3240'
Queen	4479'
Bone Spring	7817'
- 7 Possible mineral bearing formation:

Bone Spring	Oil
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- 8 Casing program:

Hole Size	Interval	Casing OD	Weight	Thread	Collar	Grade
17-1/2"	0 - 450'	13-3/8"	48	8-R	ST&C	H-40
12-1/4"	0 - 3700'	9-5/8"	40	8-R	LT&C	J-55
8-3/4"	0 - 11000'	5-1/2"	17	8-R	LT&C	P-110

Application to Drill

Cimarex Energy Co. of Colorado
Pipeline B 6 Federal No. 3
Unit F Section 6
T19S-R34E Lea County, NM

9 Cementing & Setting Depth:

13 3/8"	Surface	Set 450' of 13 3/8" H-40 48# ST&C casing. Cement lead with 270 Sx. Of Premium Plus + additives and tail with 140 Sx Premium Plus + additives, circulate cement to surface.
9 5/8"	Intermediate	Set 3700' of 9 5/8" J-55 40# LT&C casing. Cement lead with 1000 Sx. Of Class Premium Plus + additives, tail with 200 Sx. Of Premium Plus + additives, circulate cement to surface.
5 1/2"	Production	Set 11000' of 5 1/2" P-110 17# LT&C casing. Cement in two stages, first stage cement with 1555 Sx. of Class POZ/C Cement + additives. Second stage cement with 600 Sx of Class "C". Estimated top of cement 1250'.

10 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 on the 9 5/8" casing and 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.

11 Proposed Mud Circulating System:

Depth	Mud Wt	Viscosity	Fluid Loss	Type Mud
0 - 450'	8.4 - 8.6	30 - 32	May lose circ.	Fresh water spud mud add paper to control seepage and high viscosity sweeps to clean hole.
450' - 3700'	9.7 - 10.0	28 - 29	May lose circ.	Fresh water to the top of the 1st salt in Rustler, then switch to Brine. Add paper as needed to control seepage and add lime to control pH (9-10). Use high viscosity sweeps to clean hole.
3700' - 8300'	8.4 - 9.9	28 - 29	NC	Brine water. Paper for seepage. Lime for PH (9 - 9.5)
8300' - 11000'	8.45 - 8.9	28 - 29	NC	Cut brine. Caustic for pH control.

Sufficient mud materials will be kept on location at all times in order to combat lost circulation, or unexpected kicks. In order to run DST's, 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.

Application to Drill

Cimarex Energy Co. of Colorado
Pipeline B 6 Federal No. 3
Unit F Section 6
T19S-R34E Lea County, NM

12 Testing, Logging and Coring Program:

- A. Mud logging program: Two-man unit from 3000' to TD
- 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 4000 PSI, estimated BHT 175.

14 Anticipated Starting Date and Duration of Operations:

Road and location construction will begin after BLM approval of APD. Anticipated spud date as soon as approved. Drilling expected to take 35 - 45 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. The Bone Spring pay will be perforated and stimulated. The well will be tested and potentialized as an oil well.

Hydrogen Sulfide Drilling Operations Plan

Cimarex Energy Co. of Colorado
Pipeline B 6 Federal No. 3
Unit F Section 6
T19S-R34E Lea County, NM

- 1 All Company and Contract personnel admitted on location must be trained by a qualified H2S safety instructor to the following:
 - A. Characteristics of H2S
 - B. Physical effects and hazards
 - C. Proper use of safety equipment and life support systems.
 - D. Principle and operation of H2S detectors, warning system and briefing
 - E. Evacuation procedure, routes and first aid.
 - F. Proper use of 30 minute pressure demand air pack.
- 2 H2S Detection and Alarm Systems
 - A. H2S detectors and audio alarm system to be located at bell nipple, end of flow line (mud pit) and on derrick floor or doghouse.
- 3 Windsock and/or wind streamers
 - A. Windsock at mudpit area should be high enough to be visible.
 - B. Windsock at briefing area should be high enough to be visible.
- 4 Condition Flags and Signs
 - A. Warning sign on access road to location.
 - B. Flags to be displayed on sign at entrance to location. Green flag, normal safe condition. Yellow flag indicates potential pressure and danger. Red flag, danger, H2S present in dangerous concentration. Only emergency personnel admitted to location.
- 5 Well control equipment
 - A. See exhibit "E"
- 6 Communication
 - A. While working under masks chalkboards will be used for communication.
 - B. Hand signals will be used where chalk board is inappropriate.
 - C. Two way radio will be used to communicate off location in case of emergency help is required. In most cases cellular telephones will be available at most drilling foremen's trailers or living quarters.
- 7 Drillstem Testing not anticipated.

Hydrogen Sulfide Drilling Operations Plan

Cimarex Energy Co. of Colorado

Pipeline B 6 Federal No. 3

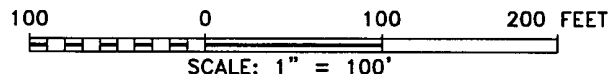
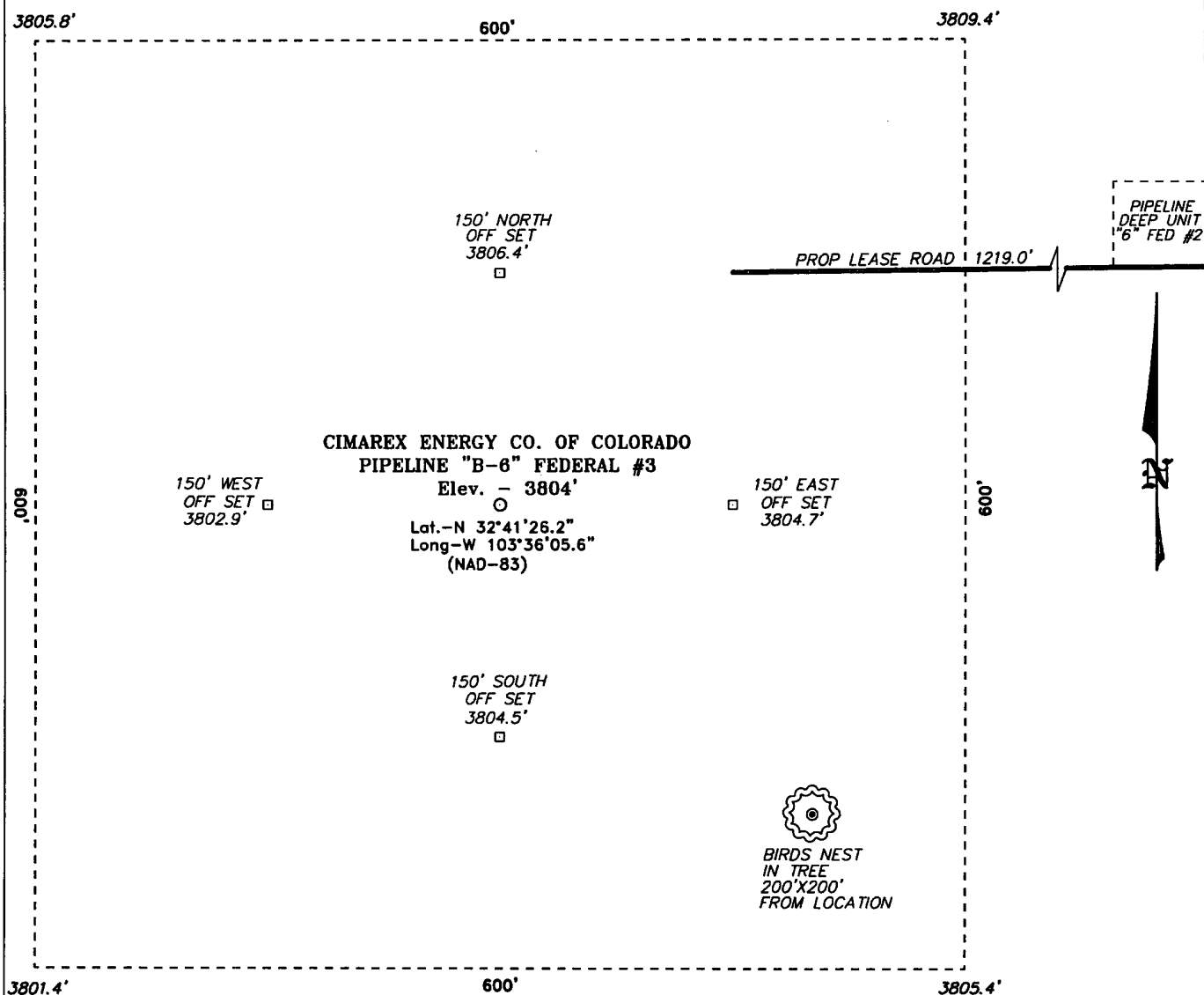
Unit F Section 6

T19S-R34E Lea County, NM

- 8 Drilling contractor supervisor will be required to be familiar with the effects H₂S has on tubular goods and other mechanical equipment.

- 9 If H₂S is encountered, mud system will be altered if necessary to maintain control of formation. A mud gas separator will be brought into service along with H₂S scavengers if necessary.

SECTION 6, TOWNSHIP 19 SOUTH, RANGE 34 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



Directions to Location:

FROM THE JUNCTION OF STATE HWY 62-180 AND CO. RD. H55 (SMITH RANCH), PROCEED NORTHWEST 2.1 MILES TO LEASE ROAD, ON LEASE ROAD GO EAST 2.0 MILE TO LEASE ROAD, THENCE NORTH 3.5 MILE TO PIPELINE DEEP UNIT "6" FEDERAL #2 AND PROPOSED PIPELINE.

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

W.O. Number: 6645

Drawn By: J. M. SMALL

Date: 06-26-2006

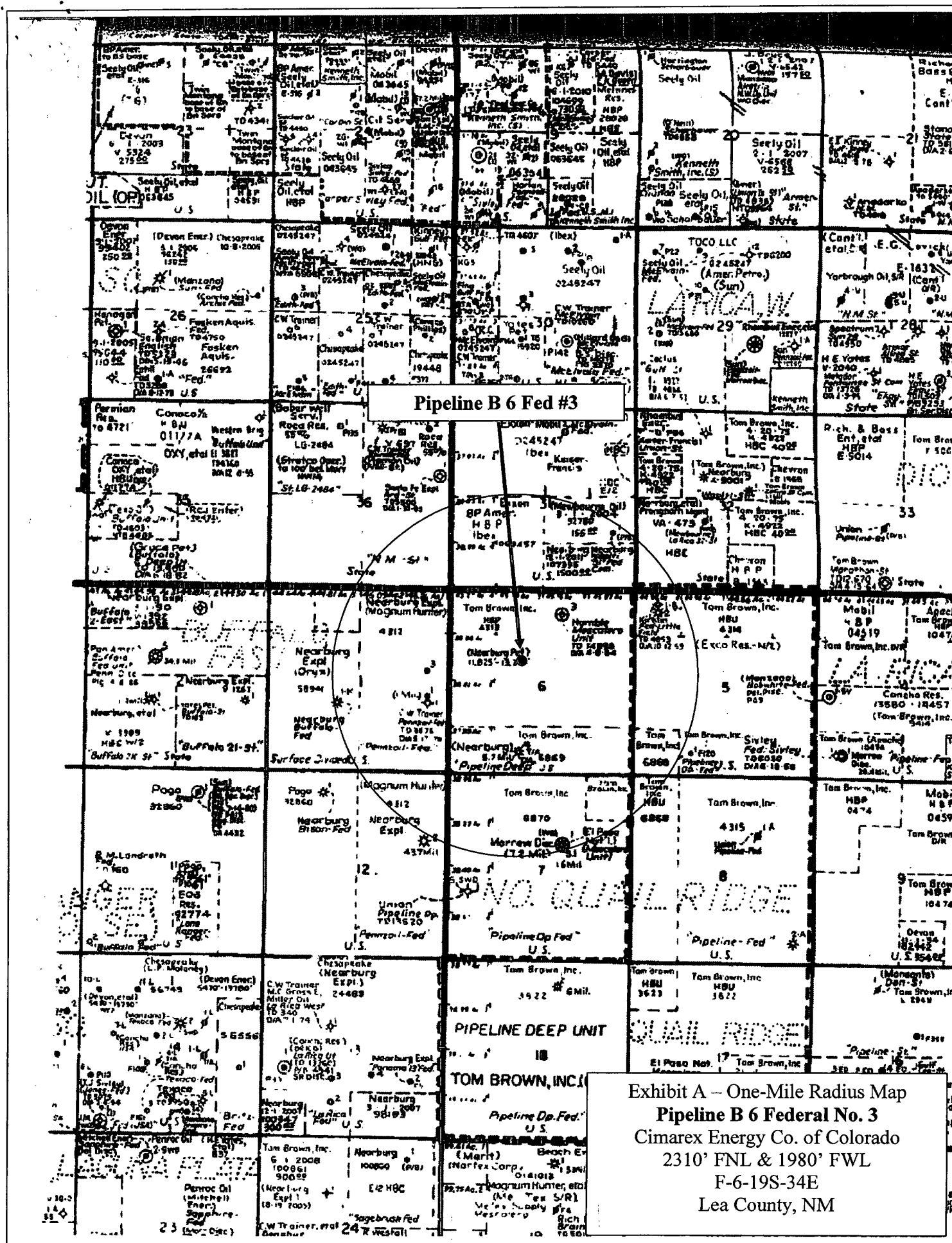
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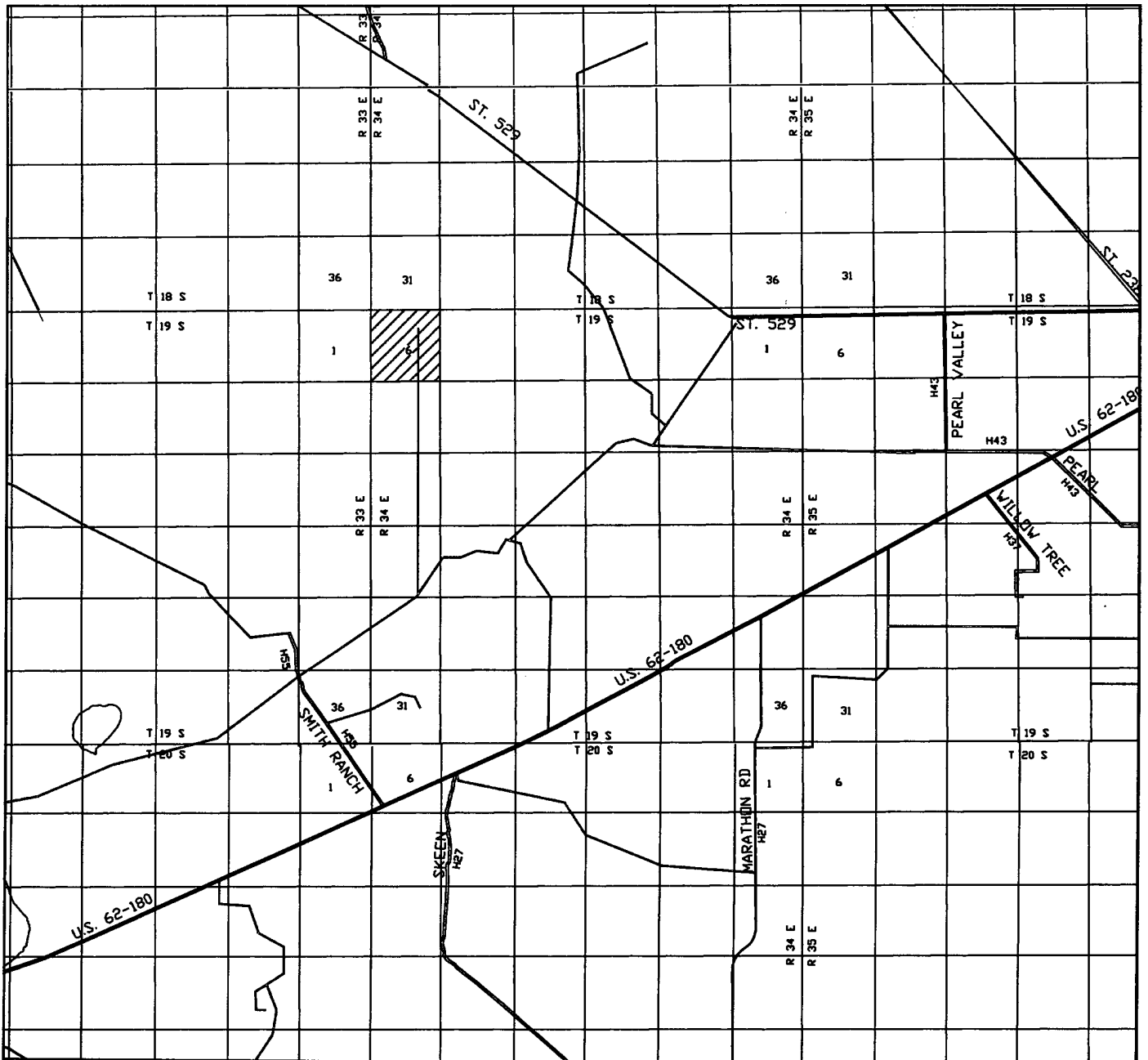
CIMAREX ENERGY CO. OF COLORADO

REF: PIPELINE "B-6" FEDERAL #3 / WELL PAD TOPO

THE PIPELINE "B-6" FEDERAL No. 3 LOCATED 2310' FROM
THE NORTH LINE AND 1980' FROM THE WEST LINE OF
SECTION 6, TOWNSHIP 19 SOUTH, RANGE 34 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

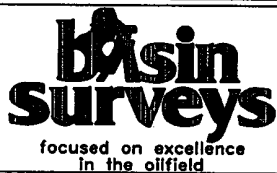
Survey Date: 06-23-2006 Sheet 1 of 1 Sheets





PIPELINE "B-6" FEDERAL #3

Located at 2310' FNL AND 1980' FWL
Section 6, Township 19 South, Range 34 East,
N.M.P.M., LEA County, New Mexico.



P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(505) 393-7316 - Office
(505) 392-3074 - Fax
basinsurveys.com

W.O. Number: JMS 6645T

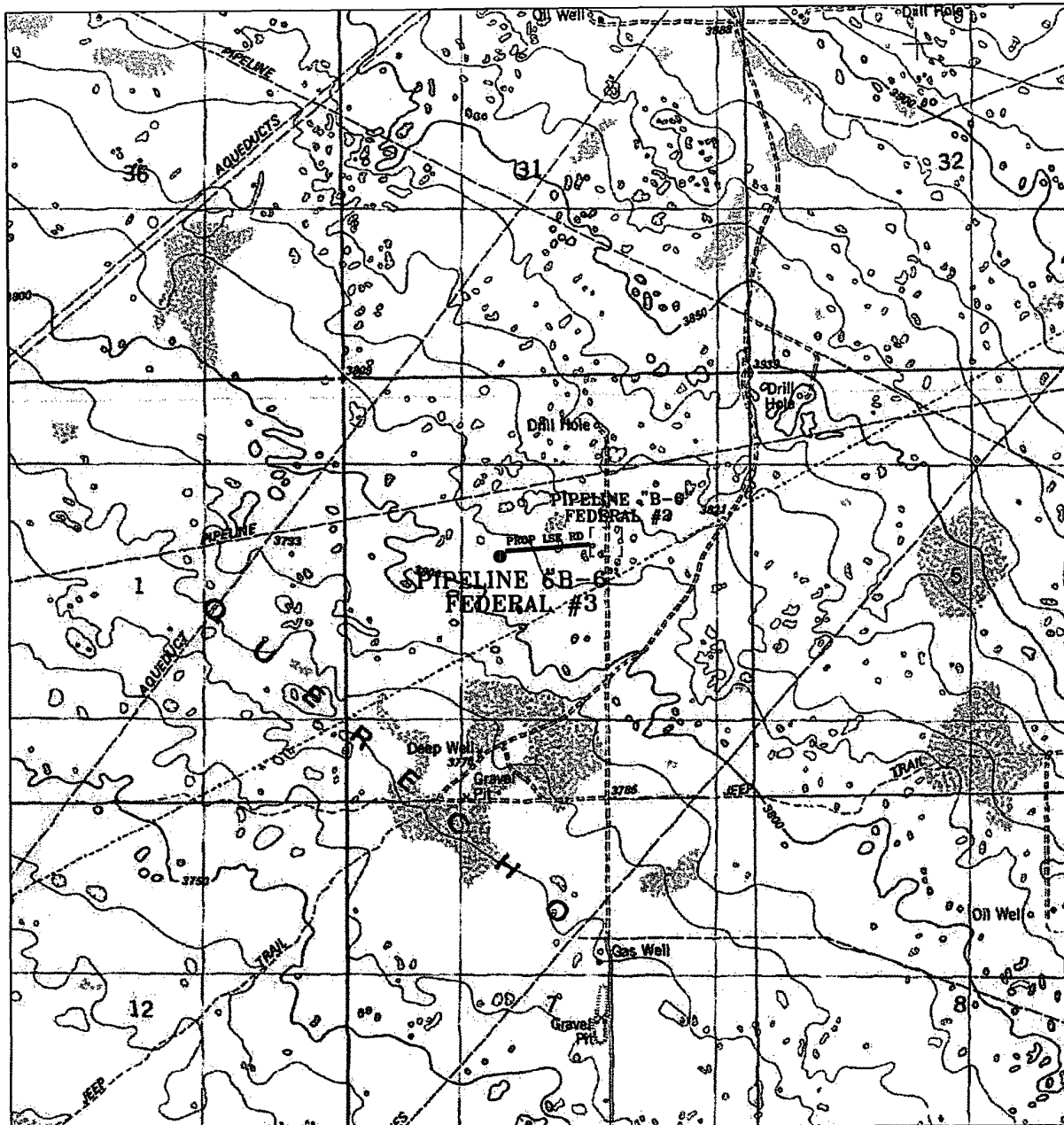
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Scale: 1" = 2 MILES

Date: 06-27-2006

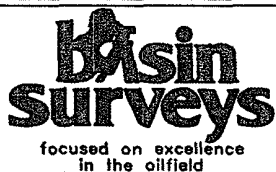
CIMAREX
ENERGY CO. OF
COLORADO

Exhibit B



PIPELINE "B-6" FEDERAL #3

Located at 2310' FNL AND 1980' FWL
 Section 6, Township 19 South, Range 34 East,
 N.M.P.M., LEA County, New Mexico.



P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (505) 393-7316 - Office
 (505) 392-3074 - Fax
 basinsurveys.com

W.O. Number: JMS 6645T

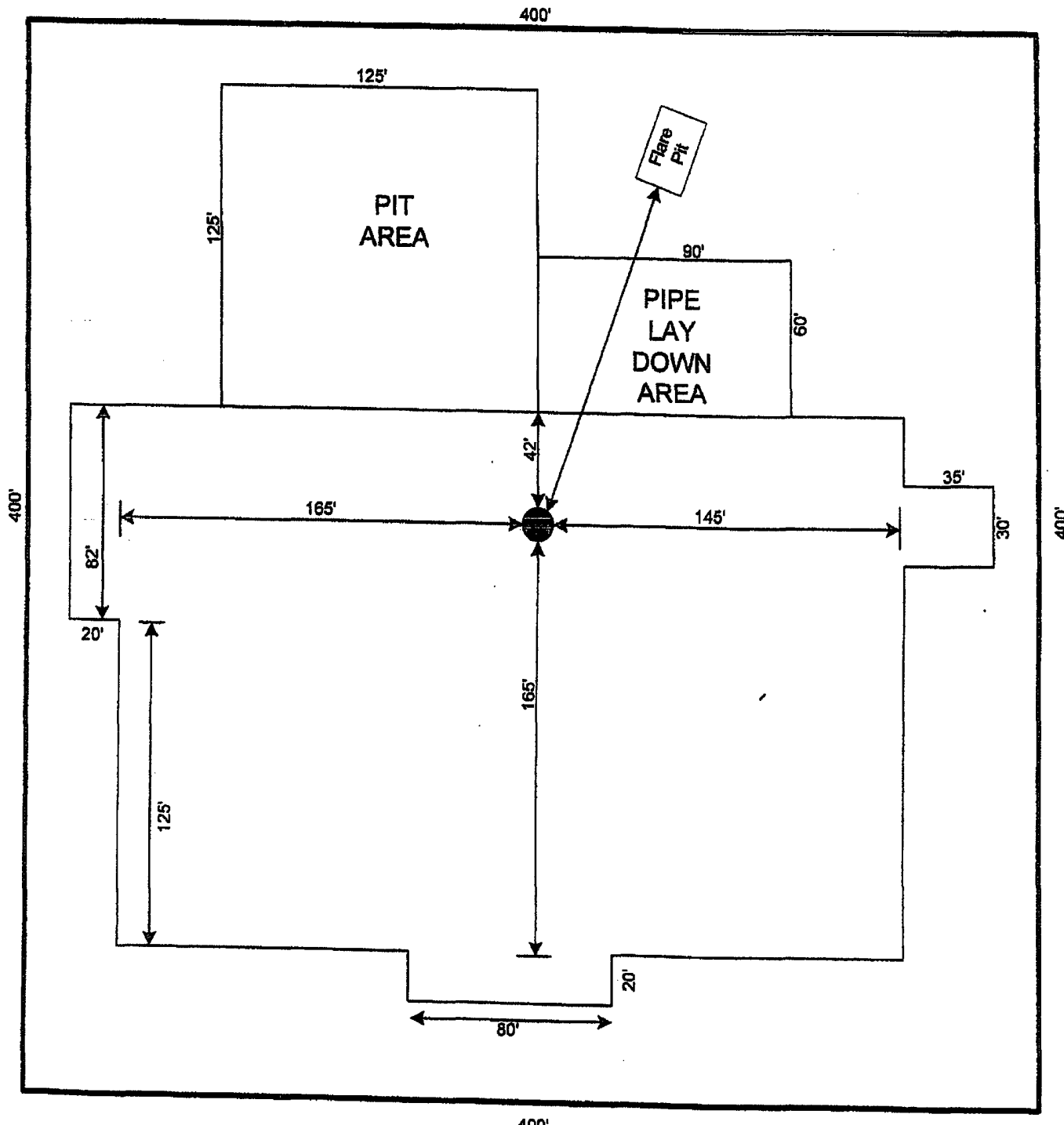
Survey Date: 06-23-2006

Scale: 1" = 2000'

Date: 06-27-2006

CIMAREX
 ENERGY CO. OF
 COLORADO

Exhibit C



Patterson-UTI Rig 75

SCALE 1"=60'

Exhibit D – Rig Layout
Pipeline B 6 Federal No. 3
Cimarex Energy Co. of Colorado
2310' FNL & 1980' FWL
F-6-19S-34E
Lea County, NM

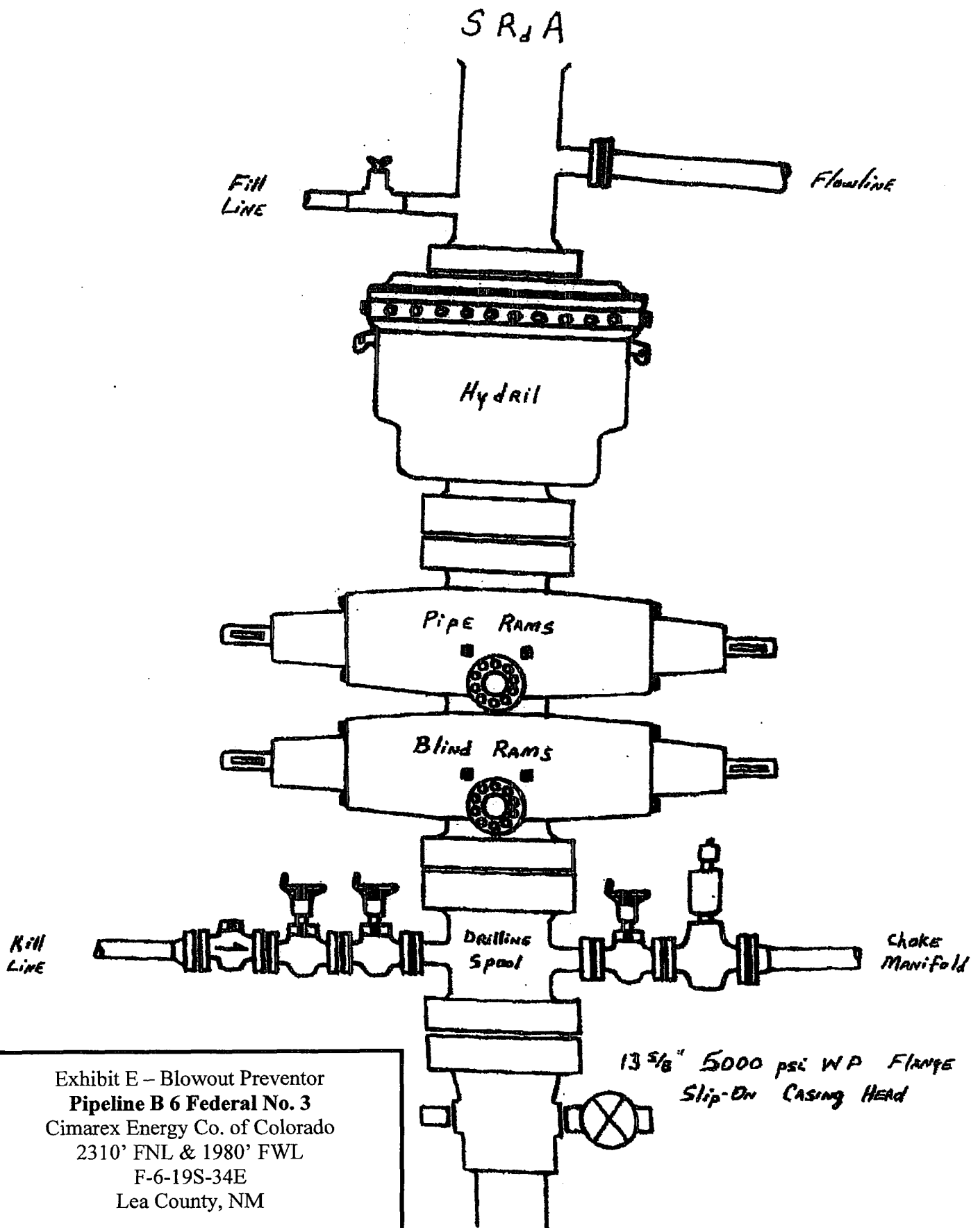


Exhibit E – Blowout Preventor
Pipeline B 6 Federal No. 3
 Cimarex Energy Co. of Colorado
 2310' FNL & 1980' FWL
 F-6-19S-34E
 Lea County, NM

DRILLING OPERATIONS
CHOKE MANIFOLD
5M SERVICE

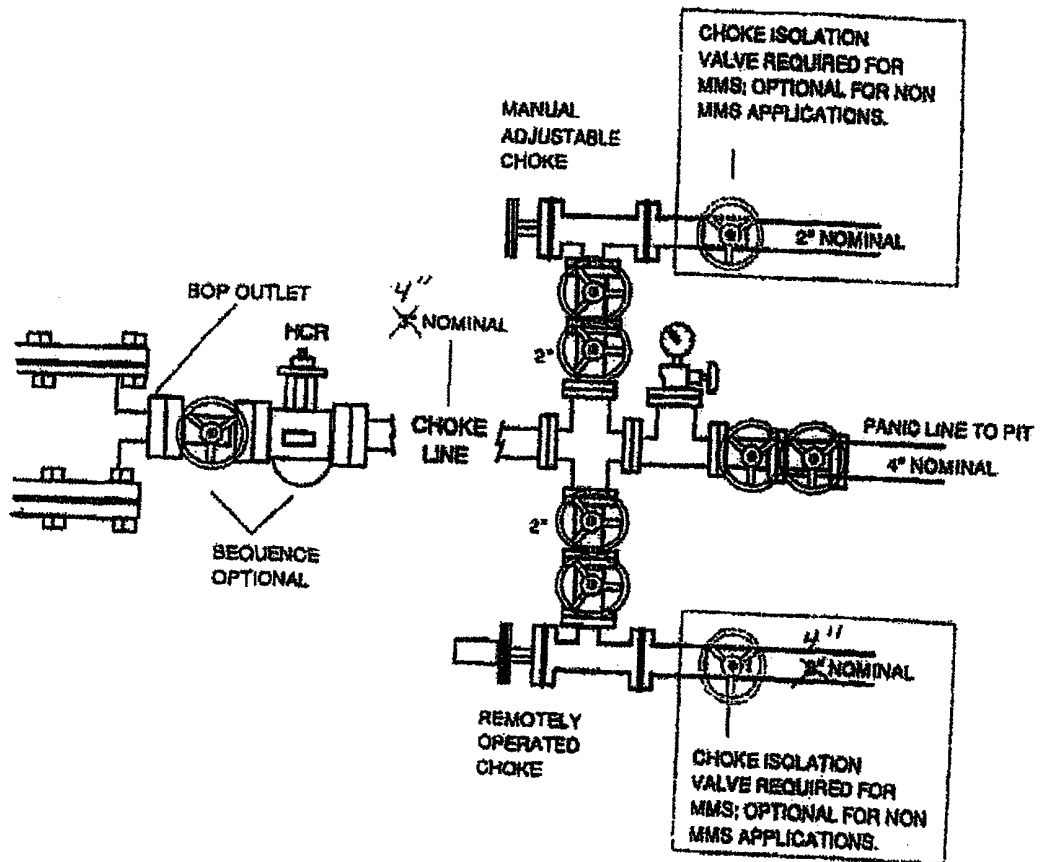


Exhibit E 1 – Chode Manifold Diagram
Pipeline B 6 Federal No. 3
 Cimarex Energy Co. of Colorado
 2310' FNL & 1980' FWL
 F-6-19S-34E
 Lea County, NM

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
March 12, 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: Cimarex Energy Co. of Colorado Telephone: 972-443-6489 e-mail address: zfarris@cimarex.com
Address: P.O. Box 140907, Irving, Tx 75014-0907
Facility or well name: Pipeline B 6 Federal No. 3 API #: 30-025-38045 U/L or Qtr/Qtr F Sec 6 T 19S R 34E
County: Lea Latitude 324126.2 N Longitude 1033605.6 W NAD: 1927 ☐ 1983 ☒ Surface Owner Federal ☒ State ☐ Private ☐ Indian ☐

Pit	Below-grade tank
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"/> Volume <u>12000</u> bbl	Volume: _____ bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes <input type="checkbox"/> If not, explain why not: _____
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)	Less than 50 feet (20 points) 50 feet or more, but less than 100 feet (10 points) <u>100 feet or more</u> (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 (20 points) <u>No</u> (0 points)
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet (20 points) 200 feet or more, but less than 1000 feet (10 points) <u>1000 feet or more</u> (0 points)
	Ranking Score (Total Points) 0

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: 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.

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: 06-30-06

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: AUG 07 2006

Date:

Printed Name/Title PETROLEUM ENGINEER Signature [Signature]