

OCD-HOBBS

I-06-63

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE*

(Other instructions on
reverse side)

FORM APPROVED

OMB NO. 1004-0136

Expires: February 28, 1995

R-111-POTASH

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. NM-30071	
1b. TYPE OF WELL OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> SINGLE <input checked="" type="checkbox"/> MULTIPLE <input type="checkbox"/> WELL WELL OTHER ZONE ZONE		6. IF INDIAN, ALLOTES OR TRIBE NAME	
2. NAME OF OPERATOR Cimarex Energy Co. of Colorado		7. UNIT AGREEMENT NAME Laguna Deep Unit 8910169050	
3. ADDRESS AND TELEPHONE NO. P.O. Box 140907 Irving TX 75014 972-401-3111		8. FARM OR LEASE NAME, WELL NO. Laguna Deep Unit No. 10	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) 1340' FSL & 1300' FEL		9. API WELL NO. 30-025- 38121	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 25 miles Southwest of Hobbs, NM		10. FIELD AND POOL, OR WILDCAT Gem; Morrow, East (Gas) ✓	
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, T.O (Also to nearest drlg. unit line, if any) 1300'		11. SEC. T., R., M., BLOCK AND SURVEY OR AREA Sec. 26 T19S R33E	
16. NO. OF ACRES IN LEASE 240		12. COUNTY OR PARISH Lea	
17. NO. OF ACRES ASSIGNED TO THIS WELL S/2 320		13. STATE NM	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. N/A		20. ROTARY OR CABLE TOOLS Rotary	
19. PROPOSED DEPTH 14,000'		22. APPROX. DATE WORK WILL START* 10-01-06	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3600' GR			

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#	500' 1400'	320 sx Prem circ
12-1/4"	J-55 9-5/8" LT&C	40#	3500' OK	2000 sx Prem circ
8-3/4"	P-110 5-1/2" LT&C	17#	14000'	1830 sx TOC 0'

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.

SIGNED Zeno Farris TITLE Mgr. Ops. Admin DATE 06-28-06

(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: rs/ Linda S. C. Rundell TITLE STATE DIRECTOR DATE SEP 06 2006

APPROVED BY _____ TITLE _____ DATE _____

*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.

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED



Operator - Landowner Agreement

Company: Cimarex Energy Co. of Colorado
Proposed Well: Laguna Deep Unit No. 10
Federal Lease Number: NM-30071

This is to advise that Cimarex Energy Co. of Colorado has an agreement with: Kenneth Smith Inc.; 267 Smith Ranch Road; Hobbs NM 88240, the surface owner, concerning entry and surface restoration after completion of drilling operations at the above described well.

After abandonment of the well, all pits will be filled and levelled and all equipment and trash will be removed from the well site. No other requirements were made concerning restoration of the well site.

June 28, 2006
Date

Zeno Farris
Signature Zeno Farris
Manager, Operations Administration



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-30071 – E/2SE/4 Section 26-T19S-R33E
NM-29701 – W/2SE/4 Section 26-T19S-R33E
NM-030941 – SW/4 Section 26-T19S-R33E

County: Lea County, New Mexico

Formation (S): Morrow

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 28, 2006

Application to Drill

Cimarex Energy Co. of Colorado
Laguna Deep Unit No. 10
Unit I Section 26
T19S-R33E 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: 1340' FSL & 1300' FEL
- 2 Elevation above sea level: GR 3600'
- 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: 14000'
- 6 Estimated tops of geological markers:

Yates	3135'
Queen	4450'
Bone Spring	8075'
Wolfcamp	10820'
Strawn	12075'
Atoka	12345'
Morrow Clastics	12965'
Barnett	13500'

- 7 Possible mineral bearing formation:

Atoka	Gas
Morrow	Gas

- 8 Casing program:

Hole Size	Interval	Casing OD	Weight	Thread	Collar	Grade
17-1/2"	0 - 500'	13-3/8"	48	8-R	ST&C	H-40
12-1/4"	0 - 3500'	9-5/8"	40	8-R	LT&C	J-55
8-3/4"	0 - 14000'	5-1/2"	17	8-R	LT&C	P-110

Application to Drill

Cimarex Energy Co. of Colorado
Laguna Deep Unit No. 10
Unit I Section 26
T19S-R33E Lea County, NM

9 Cementing & Setting Depth:

13 3/8"	Surface	Set 500' of 13 3/8" H-40 48# ST&C casing. Cement lead with 170 Sx. Of Premium Plus + additives and tail with 150 sx Premium Plus + additives, circulate cement to surface.
9 5/8"	Intermediate	Set 3500' of 9 5/8" J-55 40# LT&C casing. Cement lead with 1800 Sx. Of Class Premium Plus + additives, tail with 200 Sx. Of Premium Plus + additives, circulate cement to surface.
5 1/2"	Production	Set 14000' of 5 1/2" P-110 17# LT&C casing. Cement in two stages, first stage cement with 1230 Sx. of Class POZ/C Cement + additives. Second stage cement with 600 Sx of Class "C". Estimated top of cement 0'.

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 - 500 ¹⁴⁰⁰	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.
500 ¹⁴⁰⁰ - 3500'	9.7 - 10.0	28 - 29	May lose circ	FRESH H ₂ O. Add paper as needed to control seepage and add lime to control pH (9-10). Use high viscosity sweeps to clean hole.
3500' - 8300'	8.4 - 9.9	28 - 29	NC	Brine water. Paper for seepage. Lime for PH (9 - 9.5)
8300' - 10000'	8.45 - 8.9	28 - 29	NC	Cut brine. Caustic for pH control.
10000' - 14000'	8.9 - 9.7	29 - 45	NC	XCD Polymer mud system.

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. *SEE POA-DRILLING*

Application to Drill

Cimarex Energy Co. of Colorado
Laguna Deep Unit No. 10
Unit I Section 26
T19S-R33E 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 Morrow pay will be perforated and stimulated. The well will be tested and potentialized as a gas well.

Hydrogen Sulfide Drilling Operations Plan

Cimarex Energy Co. of Colorado
Laguna Deep Unit No. 10
Unit I Section 26
T19S-R33E 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

Laguna Deep Unit No. 10

Unit I Section 26

T19S-R33E 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.

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 30-025-38121	Pool Code 11380	Pool Name Gem; Morrow, East (Gas)
Property Code 300523	Property Name LAGUNA DEEP UNIT	Well Number 10
OGRID No. 162683	Operator Name CIMAREX ENERGY CO. OF COLORADO	Elevation 3600'

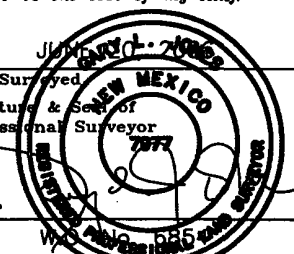
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	26	19 S	33 E		1340	SOUTH	1300	EAST	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 320	Joint or Infill Y	Consolidation Code U	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

No Potash Leases			OPERATOR CERTIFICATION	
			<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>Zeno Farris 6-28-06 Signature Date</p> <p>Zeno Farris Printed Name</p>	
NM-030941 Laguna Deep Unit #2 1980'			SURVEYOR CERTIFICATION	
			<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 Signature & Seal of Professional Surveyor</p> <p>Certificate No. Gary L. Jones 7977 BASIN SURVEYS</p>	
NM-29701 Laguna Deep Unit #10 1340'			NM-30071 Lat - N32°37'39.5" Long - W103°37'46.1" NMSPEC - N 592769.324 E 758020.507 (NAD-83)	

SECTION 26, TOWNSHIP 19 SOUTH, RANGE 33 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.

150' NORTH
OFF SET
3602.3'
□

CIMAREX ENERGY CO. of Colorado
LAGUNA DEEP UNIT #10

Elev. - 3600'
○

Lat.-N 32°37'39.5"
Long.-W 103°37'46.1"
(NAD-83)

150' EAST
OFF SET
3600.6'
□

150' WEST
OFF SET
3599.7'
□

150' SOUTH
OFF SET
3599.3'
□

DUKE BPL

PROP LEASE ROAD 1191.0'

LEASE ROAD

STATE HWY 62-180

100 0 100 200 FEET

SCALE: 1" = 100'

Directions to Location:

FROM THE JUNCTION OF STATE HWY 62-180 AND
CO. RD. H55 (SMITH RANCH), PROCEED NORTH 2.2
MILES TO LEASE ROAD, ON LEASE ROAD GO WEST
0.2 MILE TO PROPOSED LEASE ROAD.

CIMAREX ENERGY CO. OF COLORADO

REF: LAGUNA DEEP UNIT #10 / WELL PAD TOPO

THE LAGUNA DEEP UNIT No. 10 LOCATED 1340' FROM
THE SOUTH LINE AND 1300' FROM THE EAST LINE OF
SECTION 26, TOWNSHIP 19 SOUTH, RANGE 33 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

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

W.O. Number: 6854W

Drawn By: J. M. SMALL

Date: 06-21-2006

Disk: 6854W

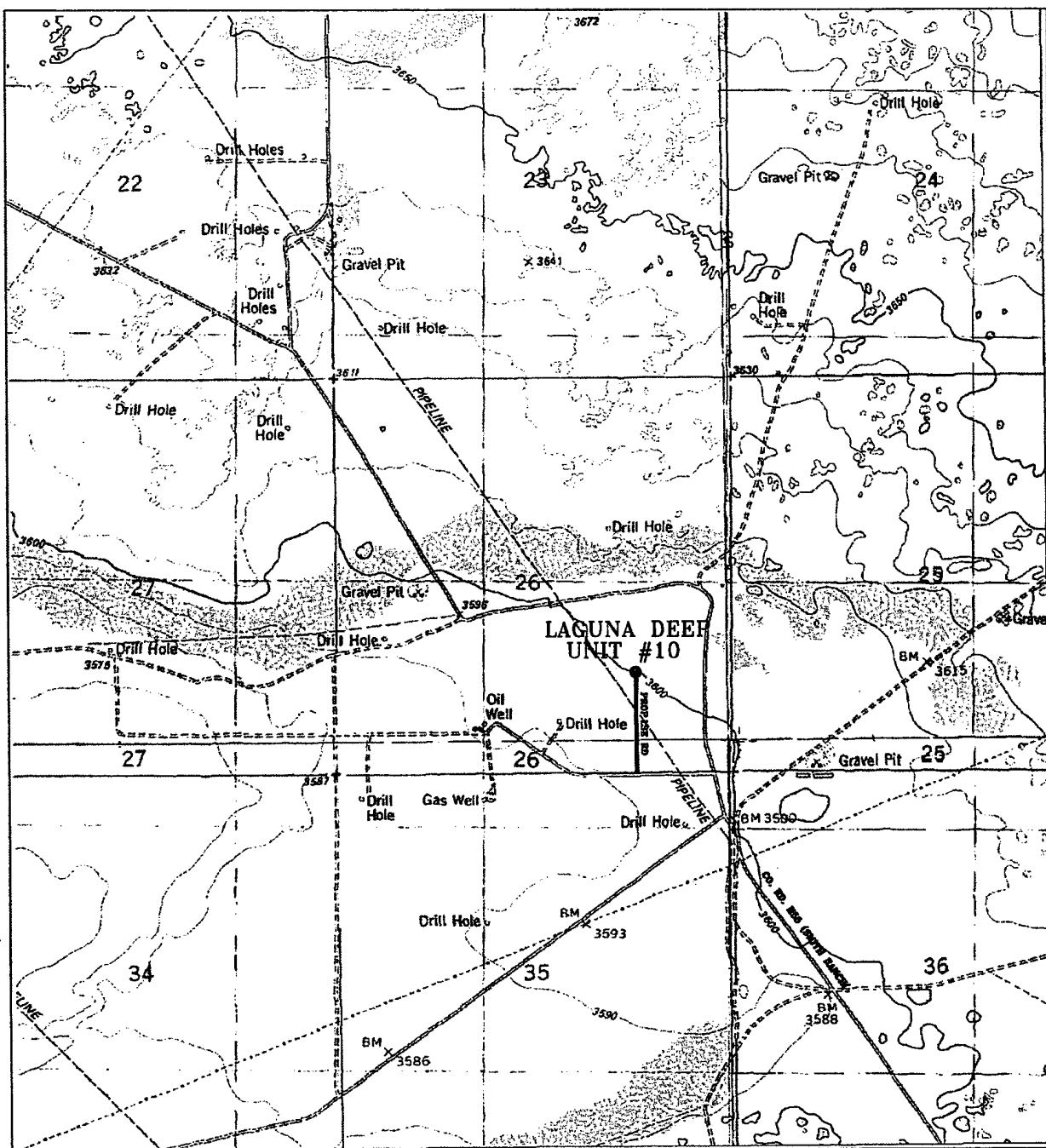
Survey Date: 06-19-2006

Sheet 1 of 1 Sheets

Laguna Deep Unit No. 10

TOM BROWN, INC. (OP)
LAGUNA DEEP UNIT

Exhibit A - One-Mile Radius Map
Laguna Deep Unit No. 10
Cimarex Energy Co. of Colorado
1340' FSL & 1300' FEL
Section 26-T19S-R33E
Lea County, NM



LAGUNA DEEP UNIT #10

Located at 1340' FSL AND 1300' FEL
 Section 26, Township 19 South, Range 33 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 6854T

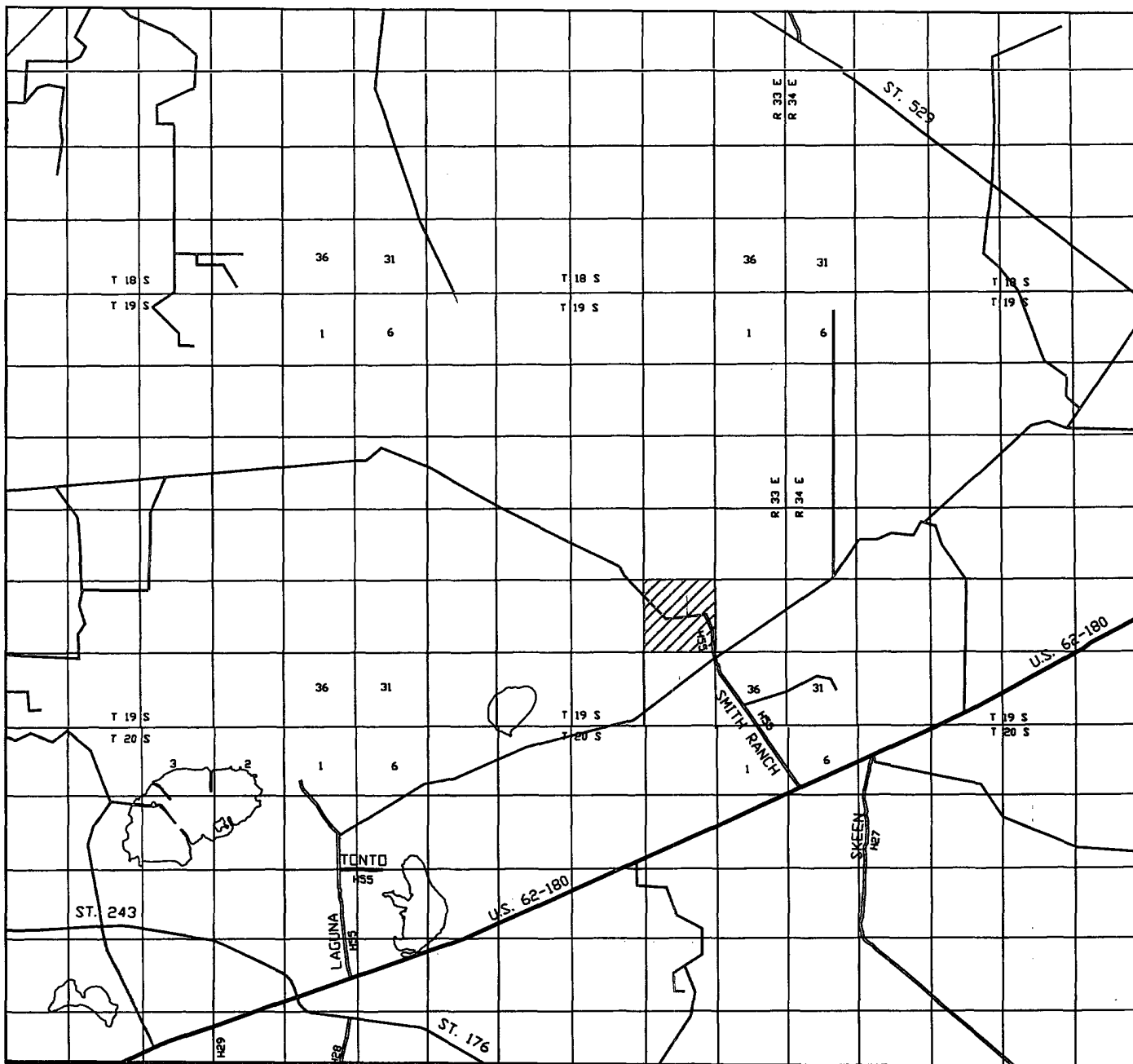
Survey Date: 06-20-2006

Scale: 1" = 2000'

Date: 06-21-2006

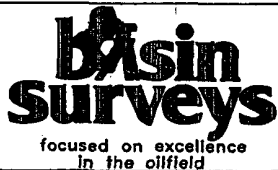
CIMAREX ENERGY
 CO.
 OF COLORADO

Exhibit B



LAGUNA DEEP UNIT #10

Located at 1340' FSL AND 1300' FEL
 Section 26, Township 19 South, Range 33 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 6854T

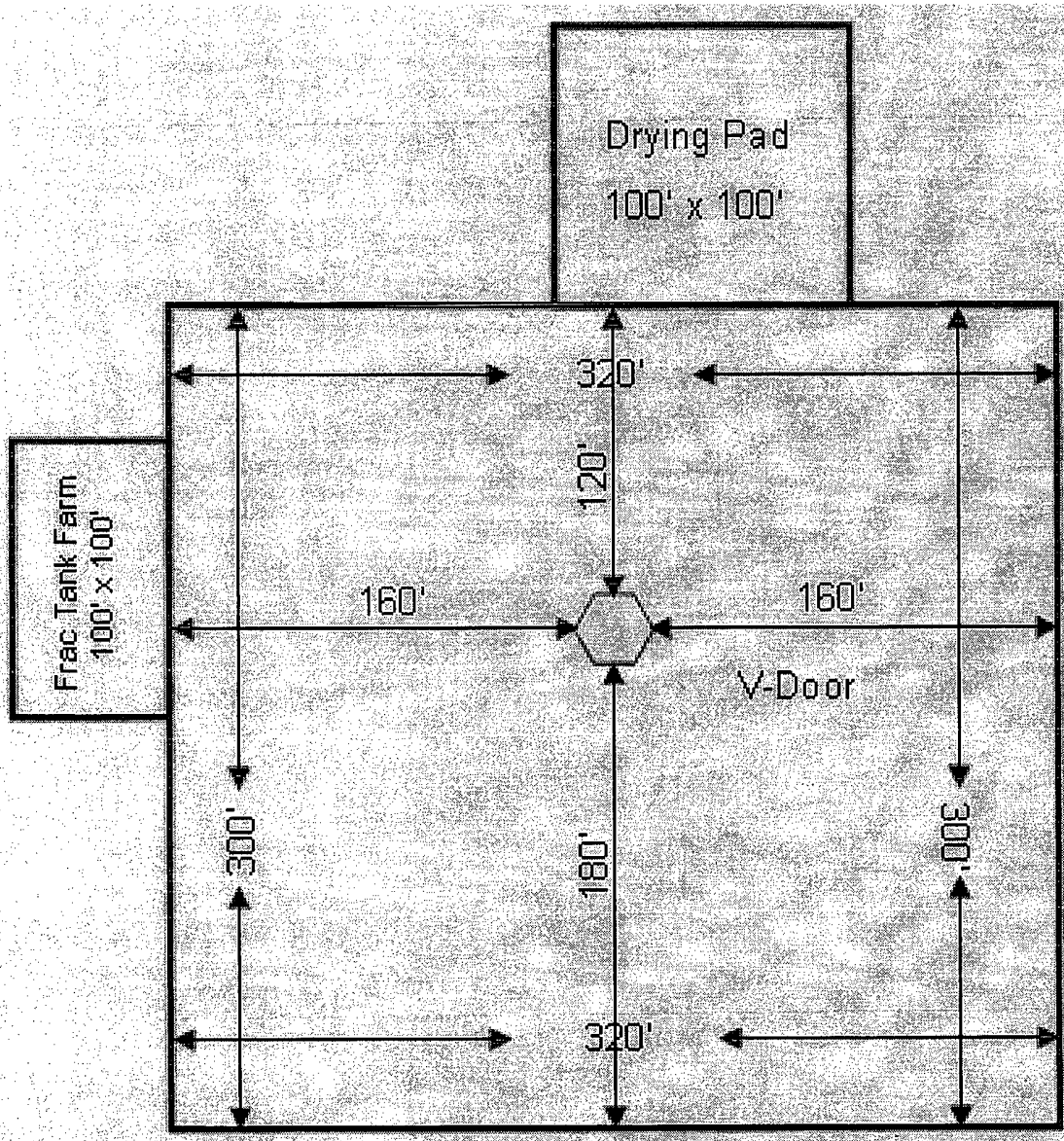
Survey Date: 06-20-2006

Scale: 1" = 2000'

Date: 06-21-2006

CIMAREX ENERGY
 Co.
 of Colorado

Exhibit C



Rig 122

Cimarex Energy Co.
of Colorado

Laguna Deep Unit No. 10

Cimarex Energy Co. of Colorado

1340' FSL & 1300' FEL

I-26-19S-33E

Lea County, NM

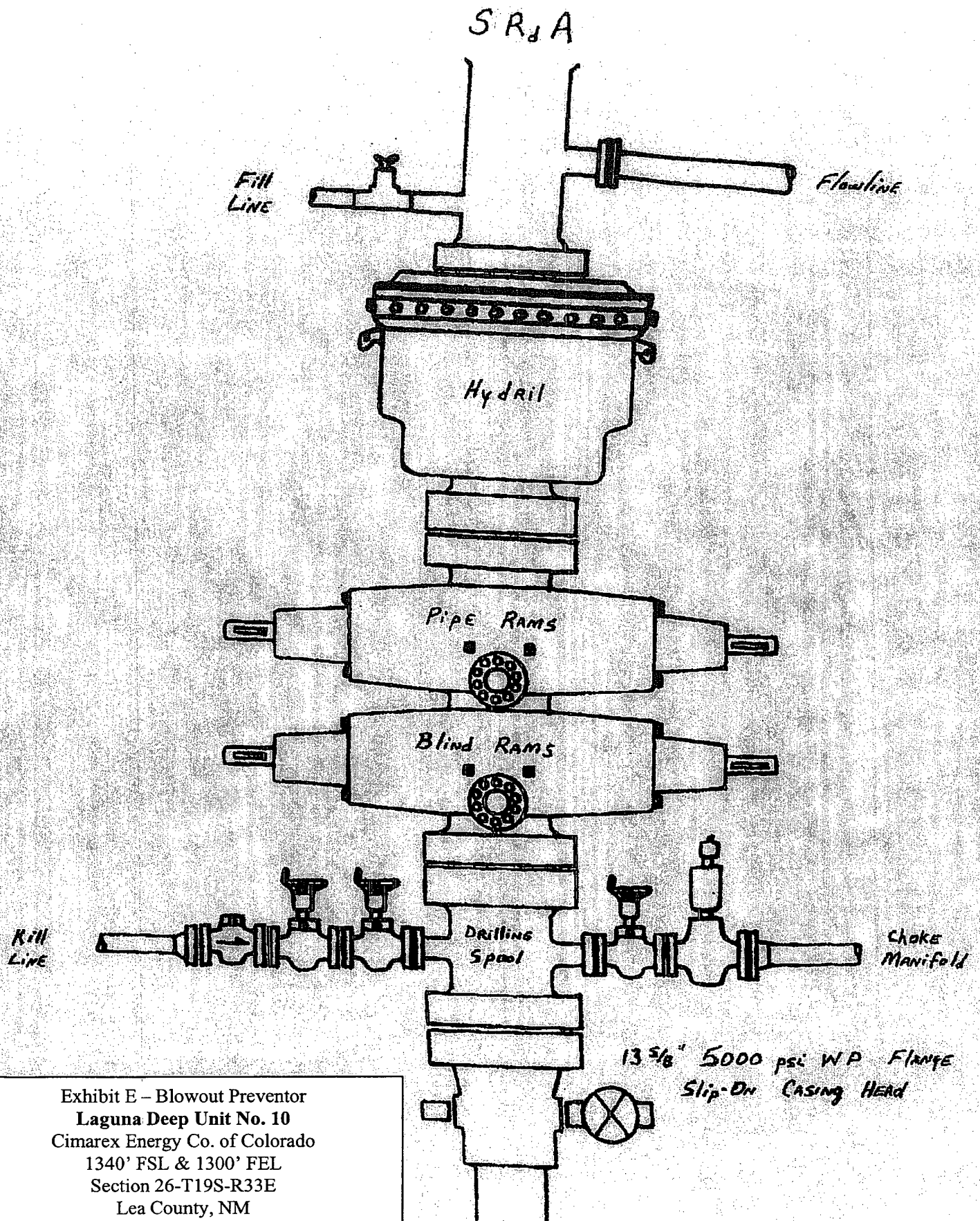


Exhibit E – Blowout Preventor
Laguna Deep Unit No. 10
 Cimarex Energy Co. of Colorado
 1340' FSL & 1300' FEL
 Section 26-T19S-R33E
 Lea County, NM

DRILLING OPERATIONS
CHOKE MANIFOLD
5M SERVICE

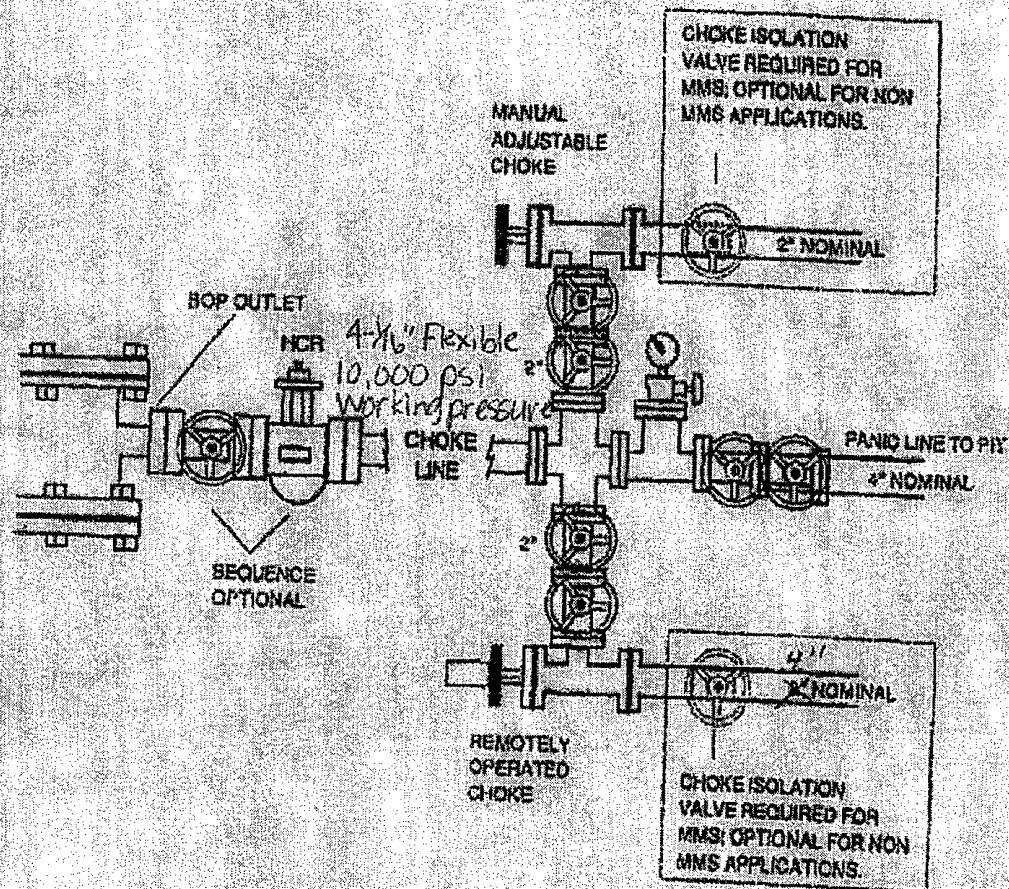


Exhibit E-1 – Choke Manifold Diagram
Laguna Deep Unit No. 10
 Cimarex Energy Co. of Colorado
 1340' FSL & 1300' FEL
 Section 26-T19S-R33E
 Lea County, NM



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"

June 28, 2006

Oil Conservation Division
District I Office
1625 N. French Dr.
Hobbs, New Mexico 88240
Attn: Ms. Donna Mull

Re: Statewide Rule 118
Hydrogen Sulfide Gas Contingency Plan
Proposed Laguna Deep Unit No. 10 Well

Dear Ms. Mull:

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/Atoka 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):

Laguna Deep Unit No. 10
1340' FSL & 1300' FEL
I-26-19S-33E
Lea 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 cursive script that reads "Zeno Farris". The signature is written in dark ink and is positioned above the printed name and title.

Zeno Farris
Manager, Operations Administration

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: CIMAREX ENERGY OF COLORADO
Well Name & No. 10 – LAGUNA DEEP UNIT
Location: 1340' FSL & 1300' FEL – SEC 26 – T19S – R33E – LEA COUNTY
Lease: NM-30071

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Roswell Field Office, 2909 West Second St., Roswell NM 88201, (505) 627-0272 for wells in Chaves and Roosevelt Counties; the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 234-5909 or (505) 361-2822 (After hours) - for wells in Eddy County; and the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612 for wells in Lea County, in sufficient time for a representative to witness:
 - A. Spudding
 - B. Cementing casing: 13-3/8 inch 9-5/8 inch 5-1/2 inch
 - C. BOP tests
2. A Hydrogen Sulfide (H₂S) Drilling Plan should be activated prior to drilling into the Yates Formation at approximately 3000 feet . A copy of the plan shall be posted at the drilling site.
3. 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.
4. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15 day time frame.
5. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.
6. Gamma-Ray/Neutron logs shall be run from the base of the Salado Formation to the surface; cable speed not to exceed 30 feet per minute.

II. CASING:

1. The 13-3/8 inch surface casing shall be set at 1400 feet, below usable water and cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.
2. The minimum required fill of cement behind the 9-5/8 inch salt protection casing is circulate cement to the surface.
3. The minimum required fill of cement behind the 5-1/2 inch production casing is circulate cement to the surface.
4. Whenever a casing string is cemented in the R-111-P Potash Area, cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests.

III. PRESSURE CONTROL:

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the **13-3/8** inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.
2. Minimum working pressure of the blowout preventer and related equipment (BOPE) required for drilling the surface and intermediate casing shall be **2000** psi. Minimum working pressure of the blowout preventer and related equipment (BOPE) required for drilling below the **9-5/8** inch casing shall be **5000** psi.
3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.
 - A variance to test the **13-3/8 inch surface casing and BOP system** to the reduced pressure of **1000** psi with the rig pumps is approved.
 - The tests shall be done by an independent service company.
 - The results of the test shall be reported to the appropriate BLM office.
 - Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
 - Testing must be done in a safe workman-like manner. Hard line connections shall be required.
 - BOPE must be tested prior to drilling into the **Wolfcamp** Formation by an independent service company.

IV. DRILLING MUD:

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the **Wolfcamp** Formation, and shall be used until production casing is run and cemented. Monitoring equipment shall consist of the following:

1. Recording pit level indicator to indicate volume gains and losses.
2. Mud measuring device for accurately determining the mud volumes necessary to fill the hole during trips.
3. Flow-sensor on the flow line to warn of abnormal mud returns from the well.

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: Laguna Deep Unit No. 10 API #: 30-025-38121 U/L or Qtr/Qu I Sec 26 T 19S R 33E
County: Lea Latitude 323739.5 N Longitude 1033746.1 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 12 mil Clay <input type="checkbox"/> Volume _____ bbl closed system cuttings pit to be buried	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) 100 feet or more (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) No (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) 1000 feet or more (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: 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: 06-28-06

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:

Date: 9/13/06
Printed Name/Title CHRIS WILLIAMS / DIST SUPERVISOR Signature Chris Williams