

GUIDELINES FOR PROCESSING APD FOR WELL IN POTASH AREA -- R-111-P

BLM approves federal wells in potash area so we do not have to worry about this.

STATE & FEE LEASES

Post to map and if within the potash area outlined on map or within 1 mile of that area do the following:

- 1) Make certain operator has filed a plat of the area showing the potash lessees for the area where the well is located as well as the 1-mile radius referred to.
- 2) Make certain operator has notified all of the potash lessees by certified mail of the APD. They must send copy of delivery notice to us since 20-day waiting period starts from delivery date.

- 3) Send letter to BLM and SLO advising them of this APD and request they advise if this location is within LMR or buffer zone.

BUFFER ZONE -- shallow well is 1/4 mile of LMR  
-- deep well is 1/2 mile of LMR

- 4) If application is within LMR or buffer zone you must DENY it under R-111-P unless, there is a mutual agreement of lessor and lessees of oil & gas and potash interests. Copy of this agreement must be submitted with APD.
- 5) If application is outside LMR or buffer zone and no objection is received within 20 days from date of receipt by potash lessees of certified notice, the APD may be approved.

CHECK LIST FOR PROCESSING APD IN POTASH AREA

OPERATOR: Cimarex Energy Co of Colorado

LEASE & WELL Laguna Deep Unit #16-K

LOCATION 36-19s-33e 1980/s & 1980/w PROPOSED DEPTH 10400'

DATE APD RECEIVED 8/13/07 WAS PLAT OF AREA ATTACHED Yes

WERE ALL POTASH LESSEES NOTIFIED BY CERTIFIED MAIL? \_\_\_\_\_

20-DAY WAITING PERIOD BEGINS \_\_\_\_\_ ENDS \_\_\_\_\_

WERE WAIVERS RECEIVED? \_\_\_\_\_

DATE SLO NOTIFIED 8/13/07 DATE REPLY RECEIVED 8/17/07 NO

DATE BLM NOTIFIED 8/13/07 DATE REPLY RECEIVED 8/21/07 NO

IS LOCATION INSIDE LMR OR BUFFER ZONE? YES \_\_\_\_\_ NO X

IF LOCATION INSIDE LMR OR BUFFER ZONE WAS LESSEE/LESSOR AGREEMENT FURNISHED \_\_\_\_\_

DATE APD APPROVED 9/20/07 DATE APD DENIED \_\_\_\_\_

30-025-38556

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

DISTRICT II  
1501 W. Grand Avenue, Artesia, NM 88210

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

DISTRICT IV  
1820 S. St. Francis Dr., Santa Fe, NM 87506

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised October 12, 2005

Submit to Appropriate District Office

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

State Lease - 4 Copies  
Fee Lease - 5 Copies

AUG 10 2007

Attached to E File

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number <b>30-025-38556</b>		Pool Code <b>2260</b>	Pool Name <b>Apache Ridge; Bone Spring</b>
Property Code <b>300523</b>	Property Name <b>LAGUNA DEEP UNIT</b>		Well Number <b>16</b>
OCRID No. <b>162683</b>	Operator Name <b>CIMAREX ENERGY CO. OF COLORADO</b>		Elevation <b>3598'</b>

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>K</b>	<b>36</b>	<b>19 S</b>	<b>33 E</b>		<b>1980</b>	<b>SOUTH</b>	<b>1980</b>	<b>WEST</b>	<b>LEA</b>

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 <b>40</b>	Joint or Infill	Consolidation Code	Order No.
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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><b>OPERATOR CERTIFICATION</b></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> 08-10-07 Signature Date</p> <p>Zeno Farris Printed Name</p>
	<p><b>SURVEYOR CERTIFICATION</b></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>AUGUST 9, 2007 Date Surveyed</p> <p><u>Gary L. Jones</u> Signature of Surveyor Professional Surveyor</p> <p>W.B. [Signature] W.B. [Signature]</p> <p>Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS</p>



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**  
Governor  
**Joanna Prukop**  
Cabinet Secretary

**Lori Wrotenbery**  
Director  
Oil Conservation Division

BUREAU OF LAND MANAGEMENT  
P O Box 1778  
Carlsbad, NM 88221

STATE LAND OFFICE  
ATT: Joe Mraz  
P O Box 1148  
Santa Fe, NM 87504

RE: APPLICATION FOR PERMIT TO DRILL IN POTASH AREA

OPERATOR Cimarex Energy Co of Colorado

LEASE NAME Laguna Deep Unit #16-K

PROPOSED LOCATION 36-19s-33e, 1980/s & 1980/w

PROPOSED DEPTH 10400'

Gentlemen:

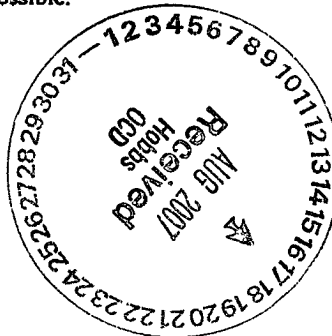
The application for permit to drill identified above has been filed with this office of the New Mexico Oil Conservation Division. Pursuant to the provisions of Oil Conservation Division Order R-111-P, please advise this office whether the location is within an established Life-of-Mine-Reserve area filed with and approved by your office. If not, please advise whether it is within the buffer zone established by the order.

Thank you for your assistance. Please return as soon as possible.

Very truly yours,

OIL CONSERVATION DIVISION

Chris Williams  
Supervisor, District I



*John*  
8-14-07

**RESPONSE:**

The above-referenced location is in LMR ----- Yes \_\_\_\_\_

No X

The above-referenced location is within the buffer zone ----- Yes \_\_\_\_\_

No X

Signed *Chris Williams*

Date 8/14/07

Representing SLU



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**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

**Mark E. Fesmire, P.E.**

Director

**Oil Conservation Division**

**BUREAU OF LAND MANAGEMENT**

ATT: Potash

P O Box 1778

Carlsbad, NM 88221

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Thank you for your assistance. Please return as soon as possible.

Very truly yours,

OIL CONSERVATION DIVISION

Chris Williams

Supervisor, District I

RESPONSE:

The above-referenced location is in LMR (2006 year)-----Yes \_\_\_\_\_ No X

The above referenced location is within the Buffer Zone-----Yes \_\_\_\_\_ No X

Signed [Signature]

Date 9/19/2007

Printed Signature JAMES RUTLEY

Representing BLM-CFO