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:

- 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 <u>DENY</u> 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: <u>Cimarex Energy Co of Colorado</u> LEASE & WELL <u>Pennapil B 36 State</u> # 3-G
LEASE & WELL Pennzeil B 36 State # 3-G
LOCATION 36-195-33e 1980/ \$ 1980/E PROPOSED DEPTH 10400'
DATE APD RECEIVED 8/13/07 WAS PLAT OF AREA ATTACHED
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 8/21/07 119 107 NO
IS LOCATION INSIDE LMR OR BUFFER ZONE? YES NO
IF LOCATION INSIDE LMR OR BUFFER ZONE WAS LESSEE/LESSOR AGREEMENT FURNISHED
DATE APD APPROVED 120107 DATE APD DENIED
PATE APD APPROVED <u>1/20/07</u> DATE APD DENIED DATE APD APPROVED <u>1/20/07</u> DATE APD DENIED

DISTRICT II 1801 W. Grand Avenue, Artesta, MN 68610 DISTRICT III 1900 Rio Brazos Rd., Astec. NM 87410 DISTRICT IV 1820 E. SL. Prencie Dr., Esute Po, NM 67605			State of New Mexico Energy, Minerals and Natural Resources Department CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, New Mexico 87505 CATION AND ACREAGE DEDICATION PLAT						r 12, 2005 riot Office - 4 Copies - 3 Copies	
API Number			CATION	AND .	ACREA	IGE DEDICAT	Fooi Name			
30-025-38558			2260 Apache				e Ridge; Bone Spring			
Property Code 35758			PEN	•	erty Nam "B 36	" STATE		Well Number 3		
OGRID No.		<u></u>		Oper	ator Nam	lð		Elevation 3608'		
162683	<u> </u>	CIN	IAREX E		CO.	OF COLORA)0		D	
UL or lot No. Section	Township	Range	Lot Idn	Foet fro		North/South line	Feet from the	East/West line	County	
G 36	19 S	33 E		19	080	NORTH	1980	EAST	LEA	
		Bottom	Hole Loo	cation l	f Diffe	rent From Su	ırfacə			
UL or lot No. Section	Township	Rango	Lot Idn	Feet fro	om the	North/South line	Feet from the	East/West line	County	
Dedicated Acres Joint o	r Infill Co	nsolidation (Code Or	der No.			L			
40				, <u>, , , , , , , , , , , , , , , , , , </u>						
NO ALLOWABLE W							ERESTS HAVE BE ' THE DIVISION	EN CONSOLIDA	ATED	
	sh		Lat - N32 Long - W NMSPCE-	103*36'52	.81"	-1980'	I hereby car contained hereis the best of my this organization interest or unlist interest or unlist content provide contained for duration or to a voluntar computsory pool the duraton. ZOMF Signature Printed Name SURVEYO I hereby cortify on this plat wa cotual surveys supervison and correct to the AUG Dato Surveys Signature F Professional W.S.	Zeno Farris R CERTIFICAT that the well locate that the well locate that the well locate that the well locate that the some is bast of my bella UST - 2007 Set to ONEA CONT	Action lete to , and that by the the hole on or a entered by 8-10-07 Date TION ton shown is notes of under my true and f.	

08/13/2007 07:57 5053930720

EMNRD OCD



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON Governor Joanna Prukop Cabinet Secretary Lori Wrotenbery Director Oil Conservation Division

BURI	EAU OF LAND MANAGEMENT	STATE LAND OFFICE
POE	3ox 1778	ATT: Joe Mraz
Carlsbad, NM 88221		P O Box 1148
	, ,	Santa Fe, NM 87504
RE:	APPLICATION FOR PERMIT TO DRILL	
	C C	C P C A A
	OPERATOR <u>Limarex Energy</u>	ou to of colorado
		at the start
	LEASE NAME Pennapil B	36 State 3-6
		332, 1980/N & 1980/E
	PROPOSED LOCATION 36 - 195	552, 1980/N 4 1980/2
	181.80	· ·
	PROPOSED DEPTH 10 400	

Gentlemen:

The application for permit to drill identified above has been filled 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,	03456780
OIL CONSERVATION DIVISION	1234567897071121314 1234567897071121314
Chris Williams Supervisor, District I	15 15 15 15 15 15 15 15 15 15 15 15 15 1
RESPONSE:	18-19-27-28 18-19-27-23-54-37
The above-referenced location is in LMR	\sim
The above-referenced location is within the buffer zone	Yes No
Signed Jom Carly	Date714/07
Representing <u>SCO</u>	

Oil Conservation Division * 1625 N. French Drive * Hobbs, New Mexico 88240 Phone: (505) 393-6161 * Fax (505) 393-0720 * http://www.emprd.state.nm.us



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

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

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

RE: APPLICATION FOR PERMIT TO DRILL IN POTASH AREA

OPERATOR <u>Cimarex Energy Co of Colorado</u>

LEASE NAME <u>Pennzoil B 36 State #3-G</u>

PROPOSED LOCATION <u>36-19s-33e, 1980/N & 1980/E</u>

PROPOSED DEPTH <u>10400'</u>

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 are 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

RESPONSE:

The above-referenced location is in LMR (2006 year)YesYesYesYesYesYesYes	No
The above referenced location is within the Buffer ZoneYesYes	No_ X
Signed Date Date	007
Printed Signature JAMES RUTLEY	
Representing <u>Bun-CFO</u>	

Oil Conservation Division * 1625 N. French Drive * Hobbs, New Mexico 88240 Phone: (505) 393-6161 * Fax (505) 393-0720 * <u>http://www.emnrd.state.nm.us</u>