

OCD-HOBBS

ARS-08-201
FORM APPROVED
OMB No 1004-0137
Expires March 31, 2007
BA-08-523

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
SECRETARY'S POTASH

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No LC-068037
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator Cimarex Energy Co. of Colorado		7. If Unit or CA Agreement, Name and No.
3a. Address PO Box 140907 Irving, TX 75014	3b. Phone No. (include area code) 972-401-3111	8. Lease Name and Well No. Mescalero B 29 Federal No. 2
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At Surface Unit 17 710' FSL & 2310' FWL At proposed prod. Zone 1060' FSL & 1860' FWL		9. API Well No. 30-025- 39396
14. Distance in miles and direction from nearest town or post office* 32 miles West of Hobbs, NM		10. Field and Pool, or Exploratory Quail Ridge; Bone Spring, South
15. Distance from proposed* location to nearest property or lease line, ft (Also to nearest drig. unit line if any) 330'		11. Sec., T. R. M. or Blk. and Survey or Area 29-19S-34E
16. No of acres in lease 600		12. County or Parish Lea
17. Spacing Unit dedicated to this well SESW 40		13. State NM
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. N/A		20. BLM/BIA Bond No. on File NM-2575
19. Proposed Depth 10,400'		21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3668' GR
22. Approximate date work will start* 1/5/2007		23. Estimated duration 20-25 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan | 5. Operator Certification |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature <i>Zeno Farris</i>	Name (Printed/Typed) Zeno Farris	Date 12.06.07
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Title

Manager Operations Administration

Approved By (Signature) <i>/s/ Jesse J. Juen</i>	Name (Printed/Typed) <i>/s/ Jesse J. Juen</i>	Date JUN 25 2008
Title FOR STATE DIRECTOR	Office NM STATE OFFICE	

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, are attached

APPROVAL FOR TWO YEARS

Title 18 U.S.S. Section 1001 and Title 43 U.S.C. Section 1212, make 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

* (Instructions on page 2)

CONDITIONS OF APPROVAL for Non-Standard Location
Intent to drill ONLY — CANNOT produce until the Non-Standard Location has been approved by OCD Santa Fe office

Capitan Controlled Water Basin

RECEIVED

JUN 27 2008

HOBBS OCD

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Approval Subject to General Requirements
& Special Stipulations Attached

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No 1004-0135
Expires July 31, 1996

OCD-HOBBS

SUNDRY NOTICES AND REPORTS ON WELLS
*Do not use this form for proposals to drill or to re-enter an
abandoned well. Use form 3160-3 (APD) for such proposals.*

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well
☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator
Cimarex Energy Co. of Colorado

3a. Address
PO Box 140907; Irving, TX 75014-0907

3b. Phone No. (include area code)
972-401-3111

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
710' FSL & 2310' FWL
29-19S-34E

5. Lease Serial No.
LC-068037

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.
Mescalero B 29 Federal No. 2

9. API Well No.
30-025- 39396

10. Field and Pool, or Exploratory Area
Quail Ridge; Bone Spring, South

11. County or Parish, State
Lea County, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>Change Location</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, included estimated starting date of any proposed work and approximate duration thereof
If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones.
Attach the bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days
following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once
testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has
determined that the site is ready for final inspection)

Per the request of Cody Layton at the BLM, Cimarex has moved the proposed location for the Mescalero B 29 Federal No. 2.

Old Location

710' FSL & 2310' FWL
29-19S-34E
Lea County, NM

New Location

1060' FSL & 1860' FWL
29-19S-34E
Lea County, NM

New location is being arched. Please see attached revised plats.

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Natalie Krueger

Signature

Natalie Krueger

Title

Regulatory Analyst

Date

February 20, 2008

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by */s/ Jesse J. Juen*

FOR

Title **STATE DIRECTOR**

Date **JUN 25 2008**

Office **NM STATE OFFICE**

Conditions of Approval, if any, are attached. Approval of this notice 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.

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.

(Instructions on reverse)

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

Form C-102
Revised October 12, 2005

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

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

☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-39396	Pool Code 50461	Pool Name Apache Ridge; Bone Spring
Property Code 36918	Property Name MESCALERO "B-29" FEDERAL	Well Number 2
OGRID No. 162683	Operator Name CIMAREX ENERGY CO. OF COLORADO	Elevation 3667

Surface Location

UL or lot No. N	Section 29	Township 19 S	Range 34 E	Lot Idn	Feet from the 1060	North/South line SOUTH	Feet from the 1860	East/West line WEST	County LEA
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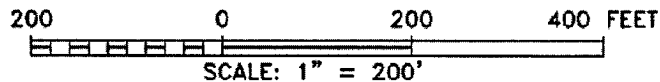
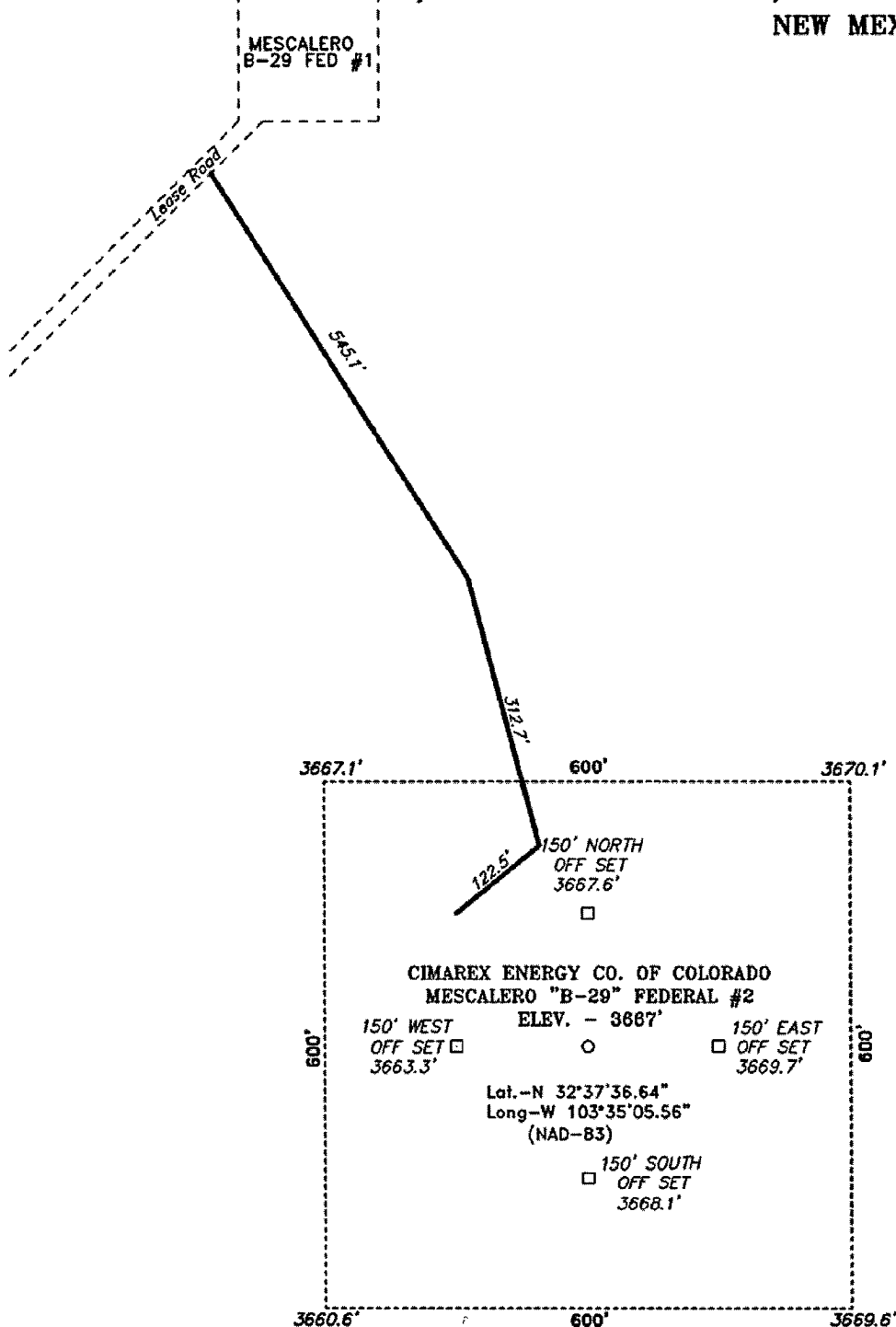
Bottom Hole Location If Different From Surface

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		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>SURFACE LOCATION Lat - N32°37'36.64" Long - W103°35'05.56" NMSPCE- N 592588.5 E 771760.3 (NAD-83)</p> <p>3667.1' 3670.1' 1860' 3660.6' 3669.6' 1060' LC-068037</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><i>Zeno Farris</i> 02-20-08 Signature Date</p> <p>Zeno Farris 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>FEBRUARY 12, 2008 Date Surveyed</p> <p><i>Gary L. Jones</i> Signature Professional Surveyor</p> <p>W. J. Jones Professional Surveyor</p> <p>Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS</p>	

SECTION 29, TOWNSHIP 19-SOUTH, RANGE 34 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.



Directions to Location:

FROM JUNCTION OF US HWY 62-180 AND CO. RD. 55 (SMITH RANCH), GO NORTHWEST 2.0 MILES TO LEASE ROAD, ON LEASE ROAD GO EAST 2.1 MILES TO LEASE ROAD, ON LEASE ROAD GO 0.3 MILES SOUTHEAST; THENCE 0.8 MILES SOUTH TO THE 29 #1 LOCATION THENCE CONTINUE SOUTH 0.1 MILES TO PROPOSED LEASE ROAD.

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

W.O. Number: 19232 Drawn By: K. GOAD

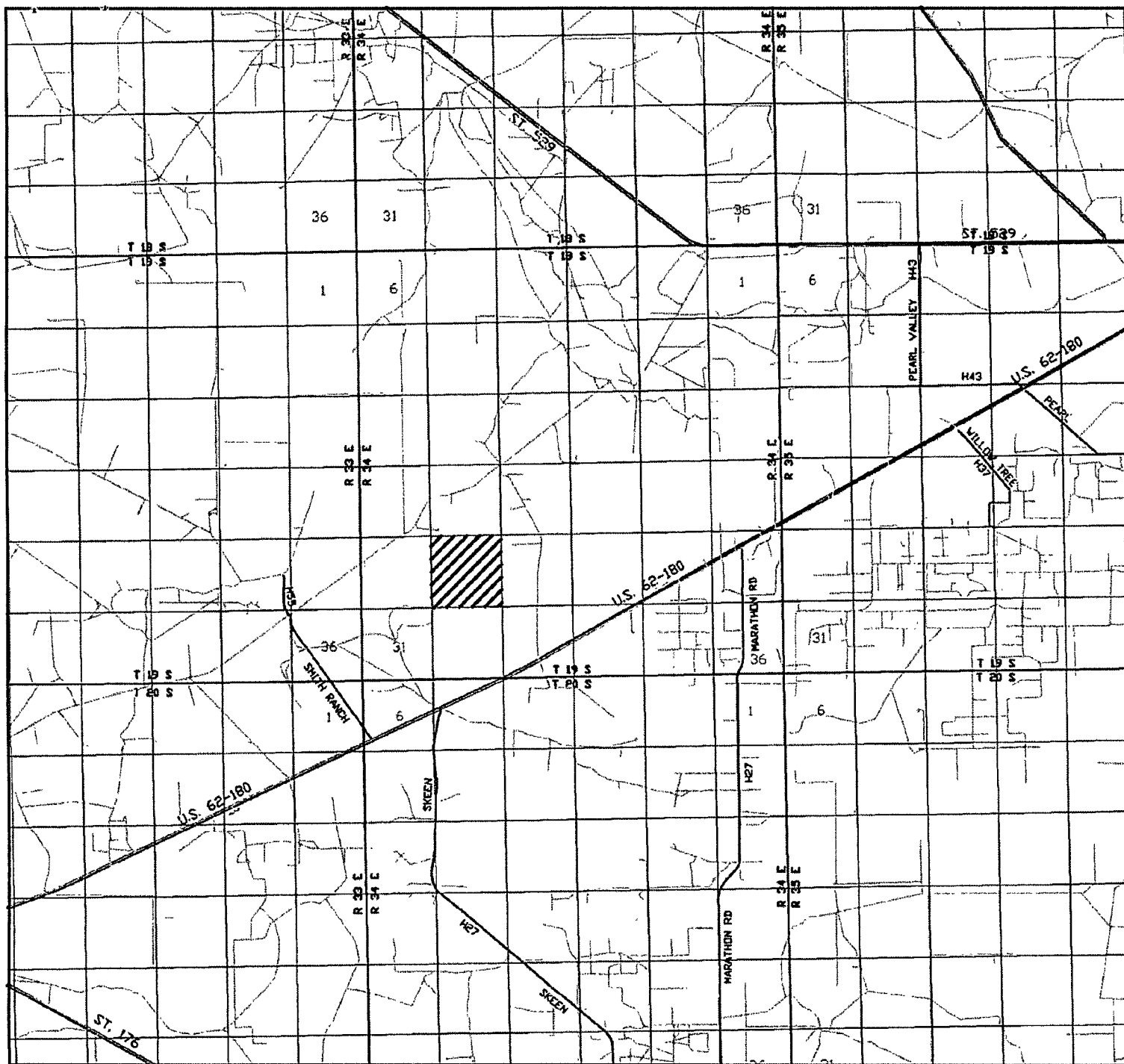
Date: 02-13-2008 Disk: ERB - 19232W.DWG

CIMAREX ENERGY CO. OF COLORADO

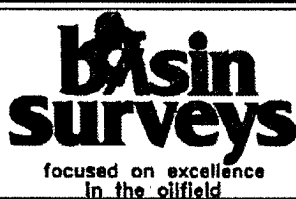
REF: Mescalero "B-29" FEDERAL #2 / WELL PAD TOPO

THE Mescalero "B-29" FEDERAL #2 LOCATED 1060' FROM
THE SOUTH LINE AND 1860' FROM THE WEST LINE OF
SECTION 29, TOWNSHIP 19 SOUTH, RANGE 34 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

Survey Date: 02-12-2008 Sheet 1 of 1 Sheets



MESCALERO "B-29" FEDERAL #2
 Located 1060' FSL and 1860' FWL
 Section 29, 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

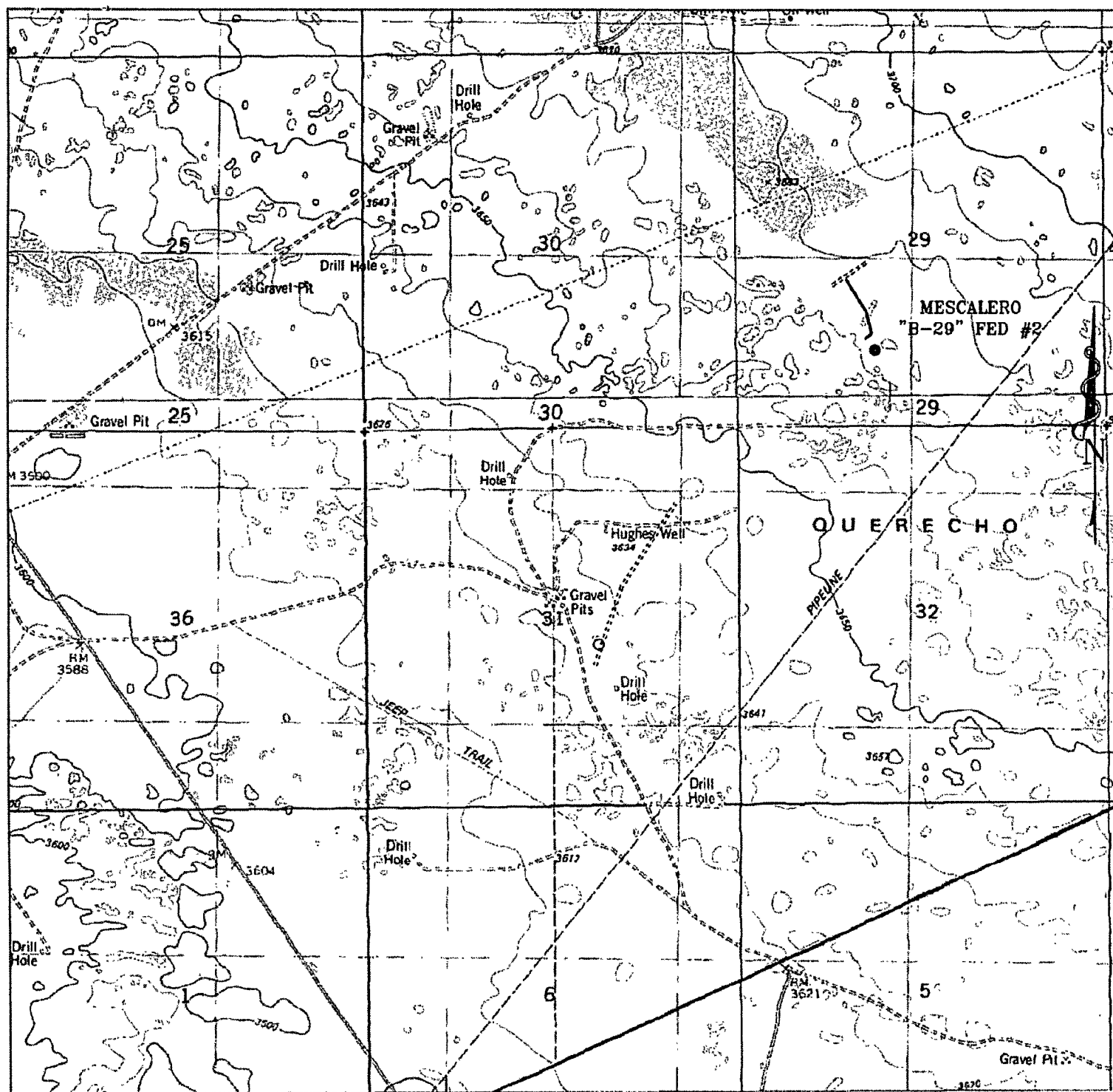
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Survey Date: 02-12-2008

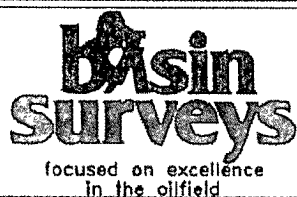
Scale: 1" = 2 MILES

Date: 02-13-2008

CIMAREX
ENERGY CO.
OF COLORADO



MESCALERO "B-29" FEDERAL #2
 Located 1060' FSL and 1860' FWL
 Section 29, 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: ERB 19232T

Survey Date: 02-12-2008

Scale: 1" = 2000'

Date: 02-13-2008

**CIMAREX
 ENERGY CO.
 OF COLORADO**

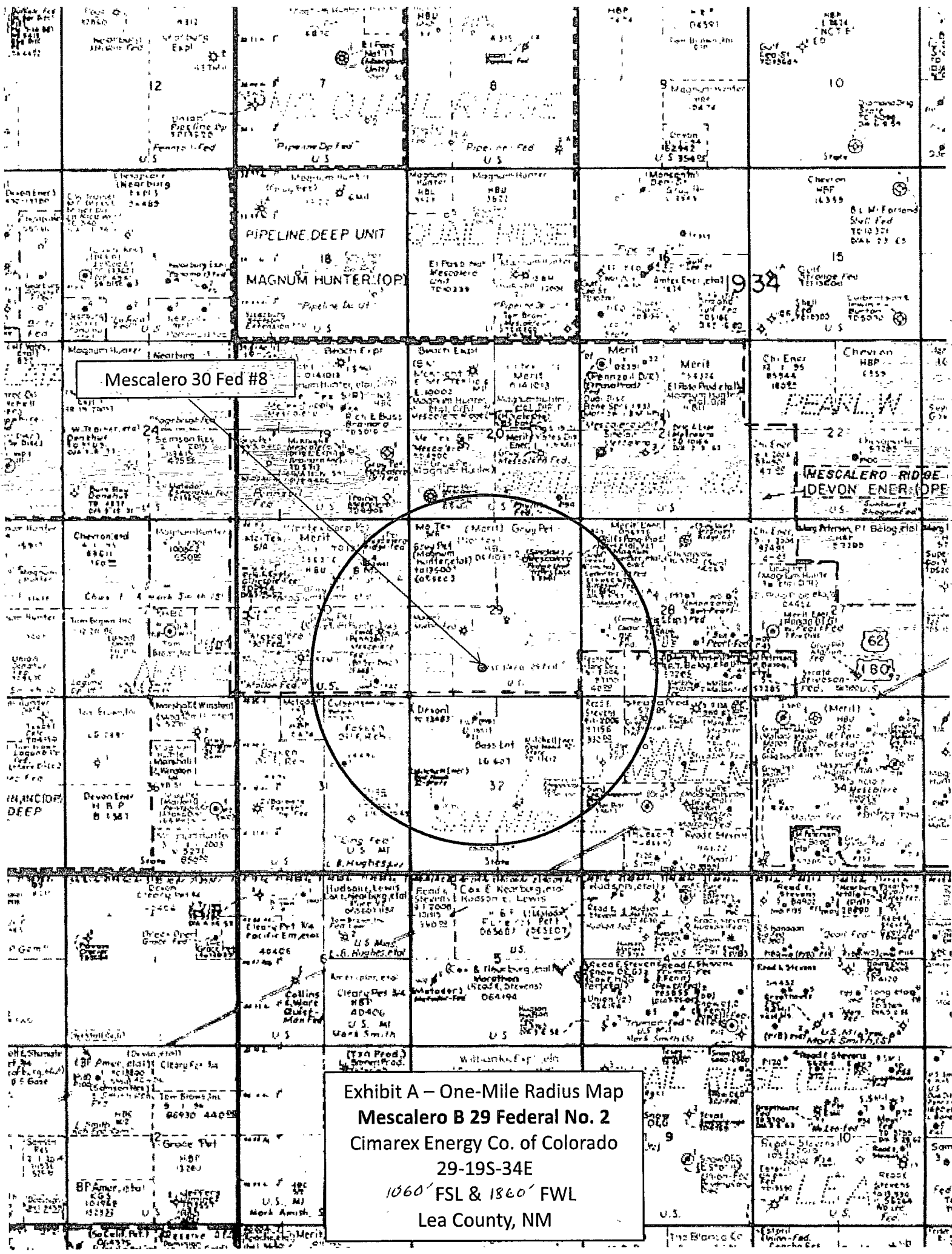


Exhibit A – One-Mile Radius Map
Mescalero B 29 Federal No. 2
Cimarex Energy Co. of Colorado
29-19S-34E
1060' FSL & 1860' FWL
Lea County, NM

Application to Drill
Cimarex Energy Co. of Colorado
Mescalero B 29 Federal No. 2
Unit N Section 29
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: SHL 710' FSL & 2310' FWL
- 2 Elevation above sea level: 3,668 GR
- 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: 10,400'
- 6 Estimated tops of geological markers:
Yates 3,320'
Capitan Reef 4,170'
Delaware 5,400'
Bone Spring 8,250'
FBSS 9,325'
SBSS 9,830'
TBSC 10,280'
- 7 Possible mineral bearing formation:
Bone Spring Oil Primary

8 Proposed Mud Circulating System:

Depth	Mud Wt	Visc	Fluid Loss	Type Mud
0' to 1,600'	8.4 - 8.6	30-32	May lose circ	Fresh water gel spud mud
1,600' to 5,380'	8.4 - 8.6	28-29	May lose circ	Fresh water mud
5,380' to 10,400'	8.4 - 9.7	28-29	NC	Fresh water and brine, use hi-vis sweeps to keep hole clean

Sufficient mud materials will be kept on location at all times in order to combat lost circulation, or unexpected kicks. In order to run DSTs, 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
Mescalero B 29 Federal No. 2
Unit N Section 29
T19S R34E Lea County, NM

9 Casing & Cementing Program:

Hole Size	Depth		Casing OD	Weight	Thread	Collar	Grade
17-1/2"	0	to 1,600'	New 13-3/8"	48#	8-R	STC	H-40
11"	0	to 5,380'	New 8-5/8"	32#	8-R	LTC	HCK-55
7-7/8"	0	to 10,400'	New 5-1/2"	17#	8-R	LTC	N-80

10 Cementing & Setting Depth:

13-3/8" **Surface** Set 1,600' of 13-3/8" 48# H-40 STC
Lead: 900 sx Halliburton Light Premium Plus + 0.25# Poly-e-flake (wt 12.5, yld 1.97)
Tail: 200 sx Premium Plus + 1% CaCl (wt 14.8, yld 1.33)

TOC Surface

8-5/8" **Intermediate** Set 5,380' of 8-5/8" 32# HCK-55 LTC
Lead: 1650 sx Thixotropic + 10% Cal-Seal 60 + 0.25# Poly-e-flake (wt 14.0, yld 1.67)
Tail: 200 sx Premium Plus + 1% CaCl₂ (wt 14.8, yld 1.33)

TOC Surface

5-1/2" **Production** Set 10,400' of 5-1/2" 17# N-80 LTC
Lead: 315 sx Interfill H + 0.1% HR-7 (wt 11.9, yld 2.45)
Tail: 600 sx Permian Basin Super H + 0.5% Halad-344 + 0.4% CFR-3 + 1# Salt + 5#
Gilsonite + 0.125# Poly-e-flake + 0.2% HR-7 (wt 13.0, yld 1.67)

TOC 4,880'

Fresh water will be protected by setting 13-3/8" casing at 1,600' and cementing to Surface
Hydrocarbon zones will be protected by setting 8-5/8" casing at 5,380' and cementing to Surface
and by setting 5-1/2" casing at 10,400' and cementing to 4,880

Cimarex uses the following minimum safety factors:

Burst	Collapse	Tension
1.125	1.125	1.80

Application to Drill
Cimarex Energy Co. of Colorado
Mescalero B 29 Federal No. 2
Unit N Section 29
T19S R34E Lea County, NM

11 Pressure control Equipment:

Exhibit "E-1" - Surface Casing - A 13 5/8" 3000 PSI working pressure B.O.P. consisting of a 3000# annular type preventer. A choke manifold and 120 gallon accumulator with floor and remote operating stations and auxiliary power system. 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. Annular preventor to be function-tested once per day. Annular preventor will be tested to 250 psi low and 2000 psi high.

Exhibit "E-2" - Intermediate & Production Casing - A 11" 5000 PSI working pressure B.O.P. consisting of one set of blind rams and one set of pipe rams and a 5000# hydril. 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. Below intermediate casing shoe, BOP 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. From the base of the surface pipe through the running of production casing, the well will be equipped with a 5000 psi BOP system.

The BOPs will be tested by an independent service company. Ram type BOPs to 250 psi low and 5000 psi high. Annular BOP 250 psi low and 3000 psi high.

12 Testing, Logging and Coring Program:

- A. Mud logging program: 1 man unit from 5380' to TD
- B. Electric logging program: CNL / LDT / CAL / GR, DLL / CAL / GR
- C. No DSTs 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 **2000 psi** Estimated BHT **135**

14 Road and location construction will begin after BLM approval of APD. Anticipated spud date as soon as approved.

Drilling expected to take 20-25 days

If production casing is run an additional 30 days will be required to complete and construct surface facilities.

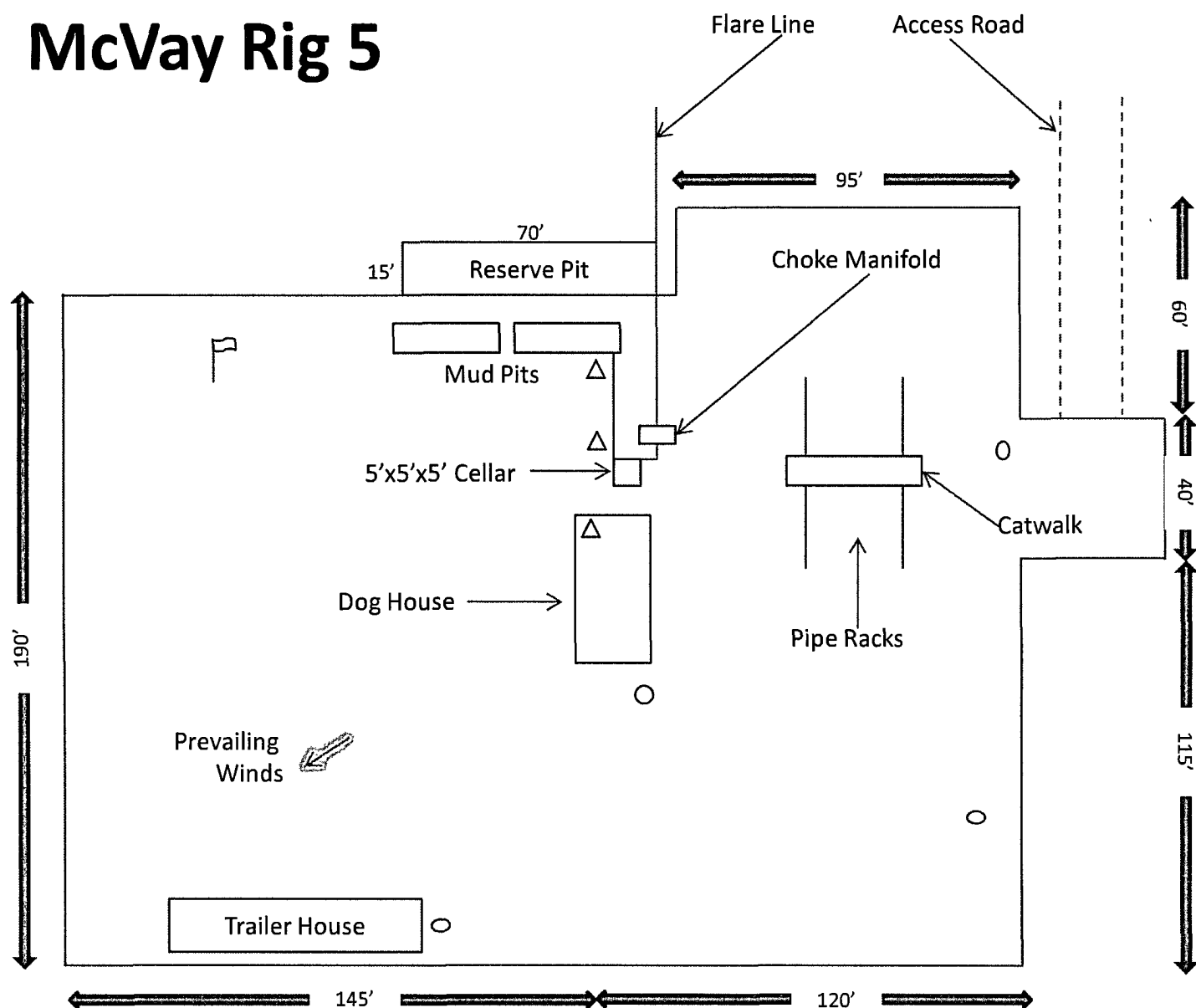
15 Other Facets of Operations:

After running casing, cased hole gamma ray neutron collar logs will be run from total depth over possible pay intervals.

Bone Spring pay will be perforated and stimulated.

The proposed well will be tested and potentialized as **an oil well**

McVay Rig 5







-  Wind Direction Indicators
(wind sock or streamers)
-  H2S Monitors
(alarms at bell nipple and shale shaker)
-  Briefing Areas
-  Remote BOP Closing Unit

Exhibit D – Rig Layout
Mescalero B 29 Federal No. 2
 Cimarex Energy Co. of Colorado
1060' S 29-19S-34E 1860' W
~~710'~~ FSL & ~~2310'~~ FWL
 Lea County, NM

SR & A

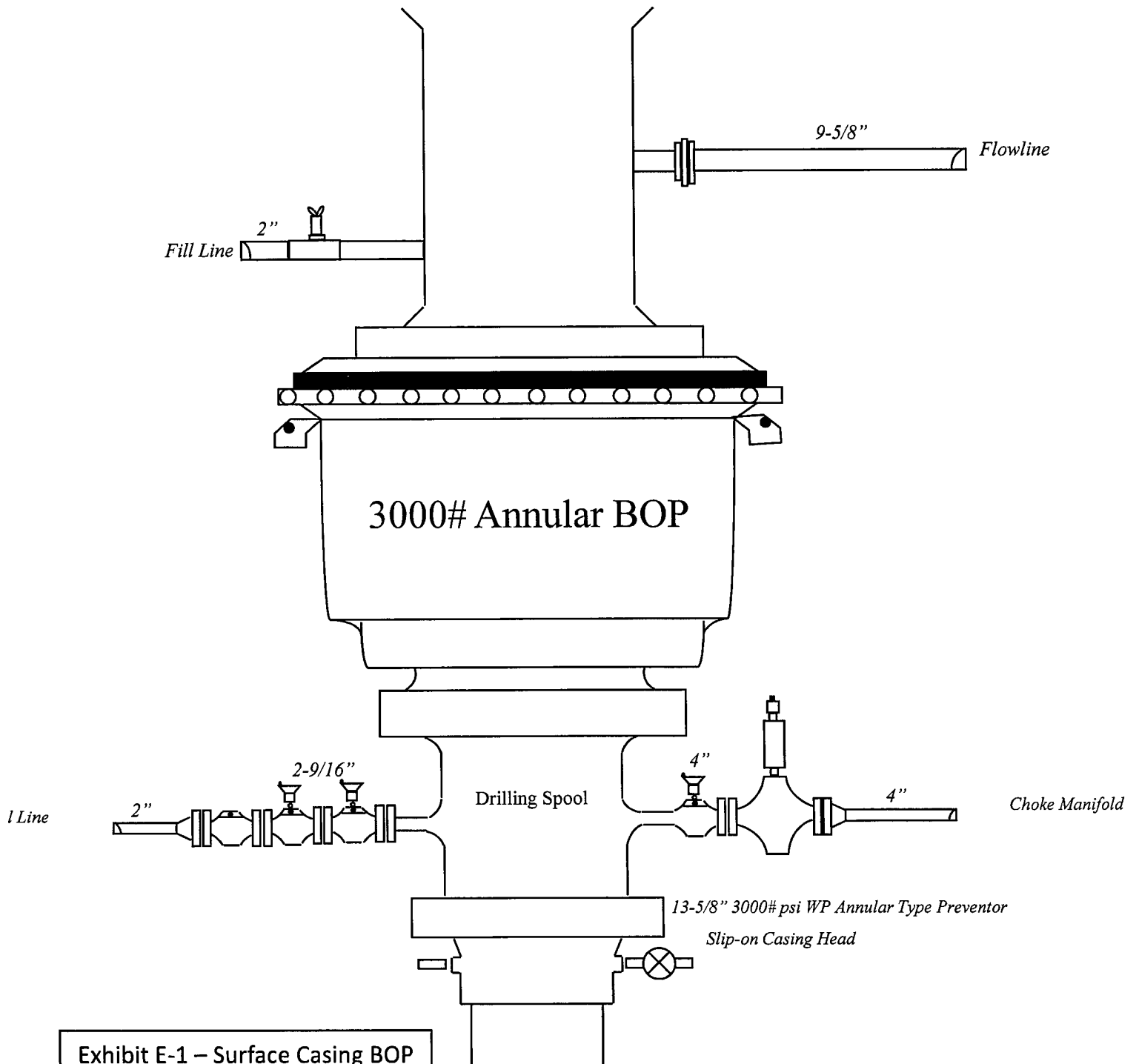
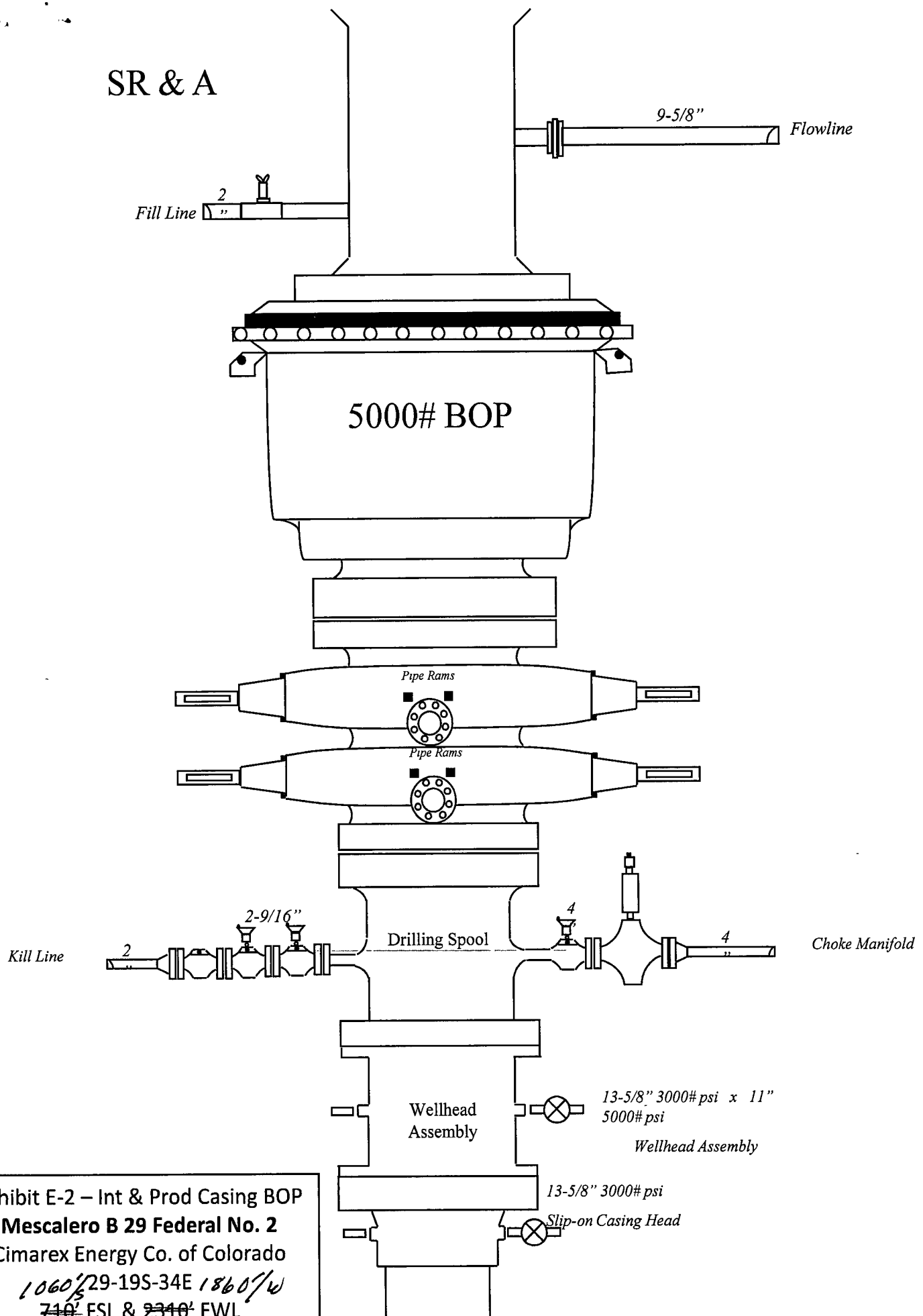


Exhibit E-1 – Surface Casing BOP
Mescalero B 29 Federal No. 2
 Cimarex Energy Co. of Colorado
 1060' 29-19S-34E 1860' W
 710' FSL & 2310' FWL
 Lea County, NM

SR & A



Hydrogen Sulfide Drilling Operations Plan
Cimarex Energy Co. of Colorado
Mescalero B 29 Federal No. 2
Unit N Section 29
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 areas.
 - 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 indicates normal safe condition. Yellow flag indicates potential pressure and danger. Red flag indicates 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 foreman's trailer or living quarters.
- 7 Drillstem Testing:

No DSTs are planned at this time.
- 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.



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"

December 6, 2007

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 Mescalero B 29 Federal No. 2 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 Bone Spring formation to meet the OCD's minimum requirements for the submission of a contingency plan for the drilling and completion of the following test(s):

Mescalero B 29 Federal No. 2

29-19S-34E

710' FSL & 2310' FWL

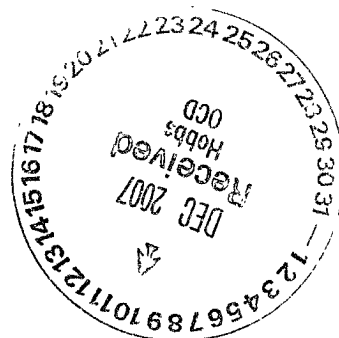
Lea County, NM

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,

Zeno Farris

Manager, Operations Administration



Operator Certification Statement
Cimarex Energy Co. of Colorado
Mescalero B 29 Federal No. 2
Unit N Section 29
T19S R34E Lea County, NM

Operator's Representative

Cimarex Energy Co. of Colorado
P.O. Box 140907
Irving, TX 75014
Office Phone: (972) 443-6489
Zeno Farris

CERTIFICATION: I hereby certify that the statements and plans made in this APD are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Cimarex Energy Co. of Colorado and/or its contractors/subcontractors and is in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provision of U.S.C. 1001 for the filing of a false statement.

NAME: Zeno Farris
Zeno Farris

DATE: December 6, 2007

TITLE: Manager Operations Administration

PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Cimarex Energy Co. of Colorado
LEASE NO.:	LC-068037
WELL NAME & NO.:	Mescalero B 29 Federal No. 2
SURFACE HOLE FOOTAGE:	1060' FSL & 1860' FWL
BOTTOM HOLE FOOTAGE:	Same
LOCATION:	Section 29, T. 19 S., R 34 E., NMPPM
COUNTY:	Eddy County, New Mexico

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Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.

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I. GENERAL PROVISIONS

The approval of the Application For Permit To Drill (APD) is in compliance with all applicable laws and regulations: 43 Code of Federal Regulations 3160, the lease terms, Onshore Oil and Gas Orders, Notices To Lessees, New Mexico Oil Conservation Division (NMOCD) Rules, National Historical Preservation Act As Amended, and instructions and orders of the Authorized Officer. Any request for a variance shall be submitted to the Authorized Officer on Form 3160-5, Sundry Notices and Report on Wells.

II. PERMIT EXPIRATION

If the permit terminates prior to drilling and drilling cannot be commenced within 60 days after expiration, an operator is required to submit Form 3160-5, Sundry Notices and Reports on Wells, requesting surface reclamation requirements for any surface disturbance. However, if the operator will be able to initiate drilling within 60 days after the expiration of the permit, the operator must have set the conductor pipe in order to allow for an extension of 60 days beyond the expiration date of the APD. (Filing of a Sundry Notice is required for this 60 day extension.)

III. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES

Any cultural and/or paleontological resource discovered by the operator or by any person working on the operator's behalf shall immediately report such findings to the Authorized Officer. The operator is fully accountable for the actions of their contractors and subcontractors. The operator shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery shall be made by the Authorized Officer to determine the appropriate actions that shall be required to prevent the loss of significant cultural or scientific values of the discovery. The operator shall be held responsible for the cost of the proper mitigation measures that the Authorized Officer assesses after consultation with the operator on the evaluation and decisions of the discovery. Any unauthorized collection or disturbance of cultural or paleontological resources may result in a shutdown order by the Authorized Officer.

IV. NOXIOUS WEEDS

The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

V. SPECIAL REQUIREMENT(S)

Mitigation Measures: The mitigation measures include the special drilling stipulations, the standard stipulations for the Lesser Prairie Chicken, and the standard stipulations for permanent resource roads.

Timing Limitation Stipulation/Condition of Approval for Lesser Prairie-Chicken: Oil and gas activities including 3-D geophysical exploration, and drilling will not be allowed in lesser prairie-chicken habitat during the period from March 15 through June 15 annually. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, geophysical exploration other than 3-D operations, and pipeline, road, and well pad construction, will be allowed except between 3:00 am and 9:00 am. The 3:00 am to 9:00 am restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during this period. Additionally, no new drilling will be allowed within up to 200 meters of leks known at the time of permitting. Normal vehicle use on existing roads will not be restricted. Exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 ft. from the source of the noise.

Mescalero B 29 Federal # 2: Pit North V-Door East

VI. CONSTRUCTION

A. NOTIFICATION

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Carlsbad Field Office at (505) 234-5972 at least 3 working days prior to commencing construction of the access road and/or well pad.

When construction operations are being conducted on this well, the operator shall have the approved APD and Conditions of Approval (COA) on the well site and they shall be made available upon request by the Authorized Officer.

B. TOPSOIL

The operator shall stockpile the topsoil of the well pad. The topsoil shall not be used to backfill the reserve pit and will be used for interim and final reclamation.

C. RESERVE PITS

The reserve pit shall be constructed and closed in accordance with the NMOCD rules.

The reserve pit shall be constructed 70' X 15' on the North side of the well pad V-Door East.

The reserve pit shall be constructed, so that upon completion of drilling operations, the dried pit contents shall be buried a minimum depth of three feet below ground level. Should the pit content level not meet the three foot minimum depth requirement, the excess contents shall be removed until the required minimum depth of three feet below ground level has been met. The operator shall properly dispose of the excess contents at an authorized disposal site.

The reserve pit shall be constructed and maintained so that runoff water from outside the location is not allowed to enter the pit. The berms surrounding the entire perimeter of the pit shall extend a minimum of two (2) feet above ground level. At no time will standing fluids in the pit be allowed to rise above ground level.

The reserve pit shall be fenced on three (3) sides during drilling operations. The fourth side shall be fenced immediately upon rig release.

D. FEDERAL MINERAL MATERIALS PIT

If the operator elects to surface the access road and/or well pad, mineral materials extracted during construction of the reserve pit may be used for surfacing the well pad and access road and other facilities on the lease.

Payment shall be made to the BLM prior to removal of any additional federal mineral materials from any site other than the reserve pit. Call the Carlsbad Field Office at (505) 234-5972.

E. WELL PAD SURFACING

Surfacing of the well pad is not required.

If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation.

The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational needs.

F. ON LEASE ACCESS ROADS

Road Width

The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed fourteen (14) feet in width. The maximum width of surface disturbance, when constructing the access road, shall not exceed thirty (30) feet.

Surfacing

Surfacing material is not required on the new access road driving surface. If the operator elects to surface the new access road or pad, the surfacing material may be required to be removed at the time of reclamation.

Where possible, no improvements should be made on the unsurfaced access road other than to remove vegetation as necessary, road irregularities, safety issues, or to fill low areas that may sustain standing water.

The Authorized Officer reserves the right to require surfacing of any portion of the access road at any time deemed necessary. Surfacing may be required in the event the road deteriorates, erodes, road traffic increases, or it is determined to be beneficial for future field development. The surfacing depth and type of material will be determined at the time of notification.

Crowning

Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

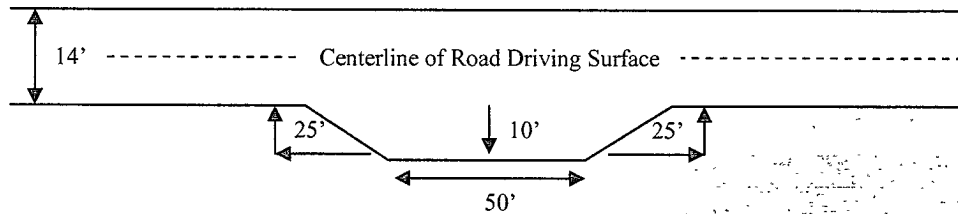
Ditching

Ditching shall be required on both sides of the road.

Turnouts

Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall be constructed on all blind curves. Turnouts shall conform to the following diagram:

Standard Turnout – Plan View

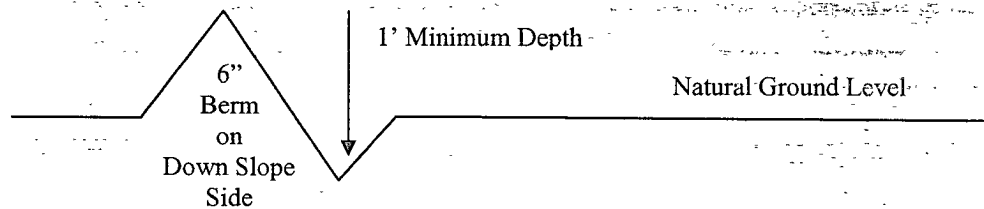


Drainage

Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outslowing and inslaping, lead-off ditches, culvert installation, and low water crossings).

A typical lead-off ditch has a minimum depth of 1 foot below and a berm of 6 inches above natural ground level. The berm shall be on the down-slope side of the lead-off ditch.

Cross Section of a Typical Lead-off Ditch



All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval are variable for lead-off ditches and shall be determined according to the formula for spacing intervals of lead-off ditches, but may be amended depending upon existing soil types and centerline road slope (in %);

Formula for Spacing Interval of Lead-off Ditches

Example - On a 4% road slope that is 400 feet long, the water flow shall drain water into a lead-off ditch. Spacing interval shall be determined by the following formula:

$$400 \text{ foot road with } 4\% \text{ road slope: } \frac{400'}{4\%} + 100' = 200' \text{ lead-off ditch interval}$$

Culvert Installations

Appropriately sized culvert(s) shall be installed at the deep waterway channel flow crossing.

Cattleguards

An appropriately sized cattleguard(s) sufficient to carry out the project shall be installed and maintained at fence crossing(s).

Any existing cattleguard(s) on the access road shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for the condition of the existing cattleguard(s) that are in place and are utilized during lease operations.

A gate shall be constructed and fastened securely to H-braces.

Fence Requirement

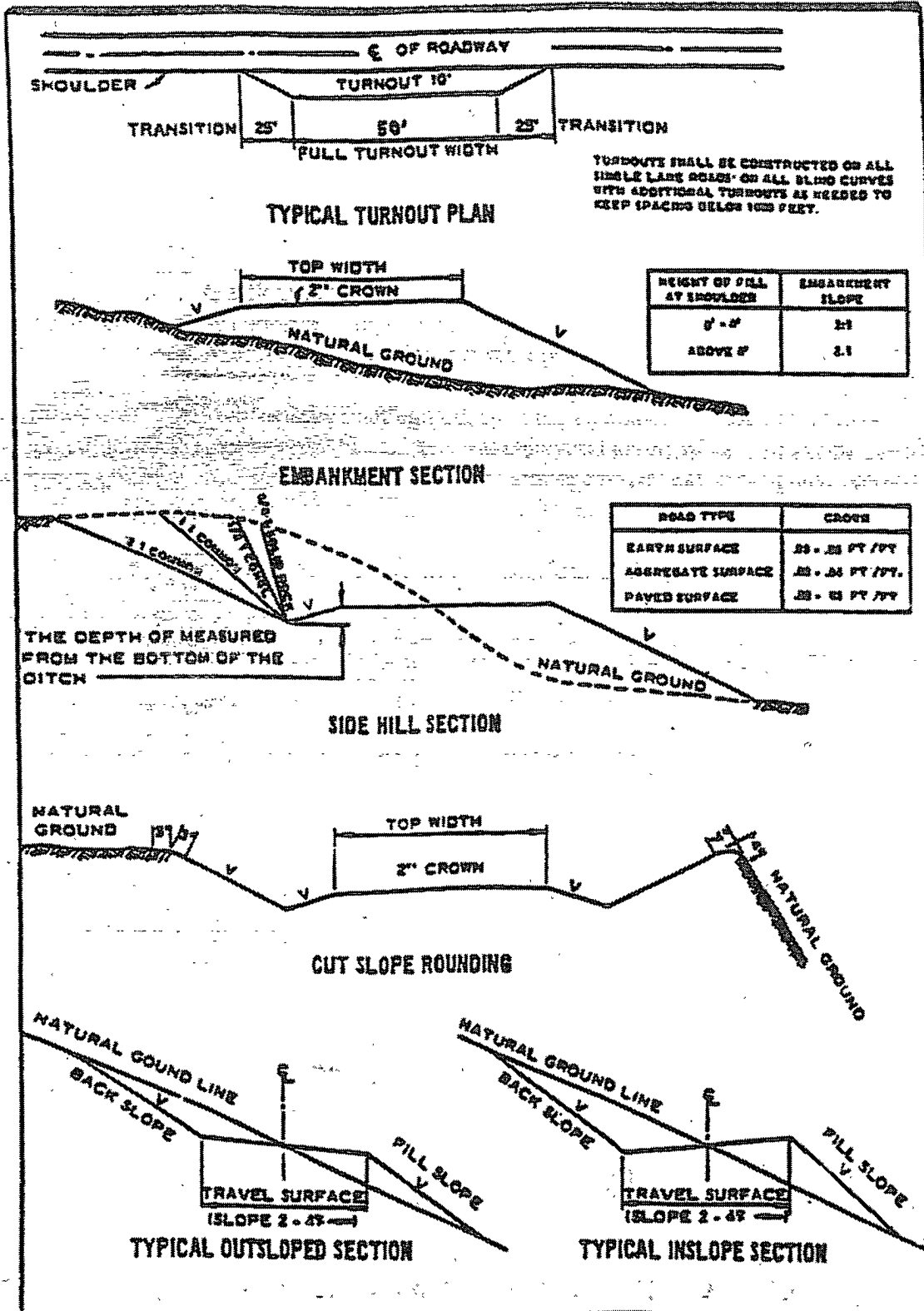
Where entry is required across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting.

The operator shall notify the private surface landowner or the grazing allotment holder prior to crossing any fence(s).

Public Access

Public access on this road shall not be restricted by the operator without specific written approval granted by the Authorized Officer.

Figure 1 – Cross Sections and Plans For Typical Road Sections



VII. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified a minimum of 4 hours in advance for a representative to witness:

- a. Spudding well
- b. Setting and/or Cementing of all casing strings
- c. BOPE tests

☒ **Lea County**

**Call the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240,
(575) 393-3612**

1. A Hydrogen Sulfide (H₂S) Drilling Plan should be activated 500 feet prior to drilling into the Yates formation. **Hydrogen Sulfide has been reported in sections 28 and 29 measuring 500-700 ppm and 300-7000 ppm in STVs. If Hydrogen Sulfide is encountered, please provide measured values and formations to the BLM.**
2. 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.
3. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.

B. CASING

Changes to the approved APD casing and cement program require submitting a sundry and receiving approval prior to work.

Centralizers required on surface casing per Onshore Order 2.III.B.1.f.

Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string.

No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.

Possible lost circulation and water flows in the Capitan Reef if encountered.

1. The 13-3/8 inch surface casing shall be set at approximately **1600 feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt)** and cemented to the surface.

- a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with a surface log readout will be used or a cement bond log shall be run to verify the top of the cement.
- b. Wait on cement (WOC) time for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater. (This is to include the lead cement).
- c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.
- d. If cement falls back, remedial cementing will be done prior to drilling out that string.

2. The minimum required fill of cement behind the 8-5/8 inch intermediate casing is:

- ☒ Cement to surface. If cement does not circulate see B.1.a-d above.

Formation below the 8-5/8" shoe to be tested according to Onshore Order 2.III.B.1.i.

3. The minimum required fill of cement behind the 5-1/2 inch production casing is:

- ☒ Cement should tie-back at least 500 feet into previous casing string **due to Secretary's Potash**. Operator shall provide method of verification.

4. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

C. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.

2. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **2000 (2M)** psi.
3. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the **8-5/8"** intermediate casing shoe shall be **5000 (5M)** psi.
4. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - a. The tests shall be done by an independent service company.
 - b. The results of the test shall be reported to the appropriate BLM office.
 - c. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.
 - d. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug.

D. DRILL STEM TEST

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

WWI 052408

VIII. PRODUCTION (POST DRILLING)

A. WELL STRUCTURES & FACILITIES

Placement of Production Facilities

Production facilities should be placed on the well pad to allow for maximum interim recontouring and revegetation of the well location.

Containment Structures

The containment structure shall be constructed to hold the capacity of the entire contents of the largest tank, plus 24 hour production, unless more stringent protective requirements are deemed necessary by the Authorized Officer.

Painting Requirement

All above-ground structures including meter housing that are not subject to safety requirements shall be painted a flat non-reflective paint color.

Shale Green, Munsell Soil Color Chart # 5Y 4/2

B. PIPELINES

C. ELECTRIC LINES

IX. INTERIM RECLAMATION & RESERVE PIT CLOSURE

A. INTERIM RECLAMATION

If the well is a producer, interim reclamation shall be conducted on the well site in accordance with the orders of the Authorized Officer. The operator shall submit a Sundry Notices and Reports on Wells (Notice of Intent), Form 3160-5, prior to conducting interim reclamation.

During the life of the development, all disturbed areas not needed for active support of production operations should undergo interim reclamation in order to minimize the environmental impacts of development on other resources and uses.

At the time reserve pits are to be reclaimed, operators should work with BLM surface management specialists to devise the best strategies to reduce the size of the location. Any reductions should allow for remedial well operations, as well as safe and efficient removal of oil and gas.

During reclamation, the removal of caliche is important to increasing the success of revegetating the site. Removed caliche may be used for road repairs, fire walls or for building other roads and locations. In order to operate the well or complete workover operations, it may be necessary to drive, park and operate on restored interim vegetation within the previously disturbed area. Disturbing revegetated areas for production or workover operations will be allowed. If there is significant disturbance and loss of vegetation, the area will need to be revegetated. Communicate with the appropriate BLM office for any exceptions/exemptions if needed.

B. RESERVE PIT CLOSURE

The reserve pit, when dried and closed, shall be recontoured, all trash removed, and reseeded as follows:

Seed Mixture for LPC Sand/Shinnery Sites

The holder shall seed all disturbed areas with the seed mixture listed below. The seed mixture shall be planted in the amounts specified in pounds of pure live seed (PLS)* per acre. There shall be no primary or secondary noxious weeds in the seed mixture. Seed will be tested and the viability testing of seed will be done in accordance with State law(s) and within nine (9) months prior to purchase. Commercial seed will be either certified or registered seed. The seed container will be tagged in accordance with State law(s) and available for inspection by the authorized officer.

Seed will be planted using a drill equipped with a depth regulator to ensure proper depth of planting where drilling is possible. The seed mixture will be evenly and uniformly planted over the disturbed area (smaller/heavier seeds have a tendency to drop the bottom of the drill and are planted first). The holder shall take appropriate measures to ensure this does not occur. Where drilling is not possible, seed will be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre are to be doubled. The seeding will be repeated until a satisfactory stand is established as determined by the authorized officer. Evaluation of growth will not be made before completion of at least one full growing season after seeding.

Species to be planted in pounds of pure live seed* per acre:

<u>Species</u>	<u>lb/acre</u>
Plains Bristlegrass	5lbs/A
Sand Bluestem	5lbs/A
Little Bluestem	3lbs/A
Big Bluestem	6lbs/A
Plains Coreopsis	2lbs/A
Sand Dropseed	1lbs/A

**Four-winged Saltbush 5lbs/A

* This can be used around well pads and other areas where caliche cannot be removed.

*Pounds of pure live seed:

Pounds of seed x percent purity x percent germination = pounds pure live seed
(Insert Seed Mixture Here)

X. FINAL ABANDONMENT & REHABILITATION REQUIREMENTS

Upon abandonment of the well and/or when the access road is no longer in service the Authorized Officer shall issue instructions and/or orders for surface reclamation and restoration of all disturbed areas.

On private surface/federal mineral estate land the reclamation procedures on the road and well pad shall be accomplished in accordance with the private surface land owner agreement.