FORM APPROVED

RECEIVED

OCD Hobbs

DEC 0 3 2010 HOBBSOCD

Form 3160-3 (April 2004)	HOB	OMB No.	FORM APPROVED OMB No. 1004-0137 Expires March 31, 2007						
	UNITED S	PATES			5. Lease Serial No.	arch 31, 2007			
	DEPARTMENT OF		אר		LC-060329				
	BUREAU OF LAND MANAGEMENT					6. If Indian, Allotee or Tribe Name			
	APPLICATION FOR PERMIT	TO DRILL OR	REENTER						
1a. Type of Work:	DRILL RE	EENTER			7. If Unit or CA Agree	ment, Name and	No.		
	laumu — l a mu — l au	K-71			8. Lease Name and We	ell No.		\	
	Oil Well Gas Well Other		Single ZoneMultip	le Zone	HT Federal No. 8	770	3	TY /	
2. Name of Operator	1/0	.683	\		9. API Well No.	2007	·/		
Cimarex Energy Co	o. of Colorado (/62		(include area code)		30-015025-		<u> </u>		
					10. Field and Pool, or E	• •			
	st., Ste. 600; Midland, TX 79701 port location clearly and in accordance	432-571-7			Maljamar; Yeso-W				
	· / .	\ \	equirements.		11. Sec., 1. K. W. Of Bik. 2	and Survey of Are	а		
At Surface	530 FNL & 330 FWL ()							
At proposed prod. Zo		<u> </u>			18-17S-32E				
14. Distance in miles a	nd direction from nearest town or post o	ffice*			12. County or Parish	13. S	tate		
					Lea	NN	1		
15 Distance from propos	ed*	16. No of acr	es in lease	17. Spac	ing Unit dedicated to this we	il			
location to nearest property or lease line,	ft.								
(Also to nearest drig.	unit line if								
any)	330	19. Proposed	323.76 Depth	20. BLM	NWNW 40.91 /BIA Bond No. on File				
18 Distance from propose to nearest well, drillin		19. Troposcu	Бериг	20. BLM	DIA Bolid No. on File				
applied for, on this lea									
			7000'	L	NM-2575	<u> </u>			
21. Elevations (Show w	hether DF, KDB, RT, GL, etc.)	22. Approxir	nate date work will start	*	23. Estimated duration				
	3959' GR		11.01.10	ł	20-25	dave			
			11.01.10		20-23	uays		_	
The following completed	in accordance with the requirements of	Onshore Oil and	Gas Order No. 1 shall	he attached t	o this form:				
		Onshore On and							
 Well plat certified by A Drilling Plan 	a registered surveyor		4. Bond to cover		ons unless covered by an exis	sting bond on fil	e (see		
3. A Surface Use Plan (i	f the location is on National Forest Syste		Operator Cert	ification					
SUPO shall be filed w	rith the appropriate Forest Service Office	:).	6. Such other sit authorized off	•	formation and/or plans as ma	y be required by	y the		
25. Signature		Name	(Printed/Typed)			Date			
Z on	of any	7en	o Farris] ,	09.02	10	
Title			<u> </u>		<u> </u>	L	33.02	.10	
Manager Operatio	ns Administration								
Approved By (Signature)		Name ((Printed/Typed)			Date DEC	1	2010	
	Isl Don Peterson					DEC	1	2010	
Title		Office	CARI	SBAD FIE	LD OFFICE				
•	MANAGER								
Application approval does no	t warrant or certify that the applicant holds le	gal or equitable titl	e to those rights in the subj	ect lease which	h would entitle the applicant to	IMO VEA	ρÇ		
Conditions of approvar, it any	, are attached.						110		
	and Title 43 U.S.C. Section 1212, make it a cr			make to any o	department or agency of the Unit	ted.		3	
* (Instructions on page 2)	fraudulent statements or representations as to	any matter within	its jurisdiction.	1					

Roswell Controlled Water Basin

Ka 12/8/10

SEE ATTACHED FOR CONDITIONS OF APPROVAL DISTRICT I 1625 N. French Dr., Hobbs, NM 58240 DISTRICT II 1301 W. Grand Avenue, Artesia, NK 88210

DISTRICT III

State of New Mexico

Energy, Minerals and Natural Resources Department

Submittener copy to appropriate

Form C-102

District Office

OIL CONSERVATION DIVISION 03 2010

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

HOBBSOCD

1000 Rio Brazos Rd., Aztec, NM 87410 DISTRICT IV 1220 S. St. Francis Dr., Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

■ AMENDED REPORT

API Number	Pool Code	Pool Name		
30-025- 399	76 44500	Maljamar; Yeso, West		
Property Code 38399	Property N HT FEDE	· · · · · · · · · · · · · · · · · · ·	Well Number 8	
0GRID No. 162683	Operator N CIMAREX ENERGY CO		Elevation 3959'	

Surface Location

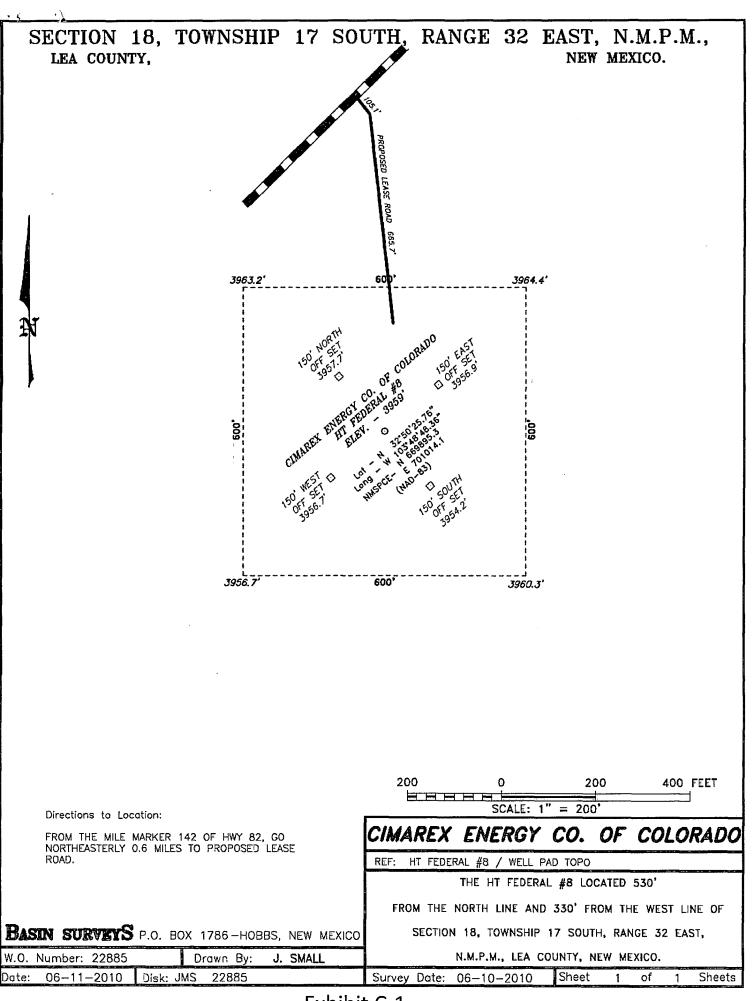
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	18	17 S	32 E		530	NORTH	330	WEST	LEA

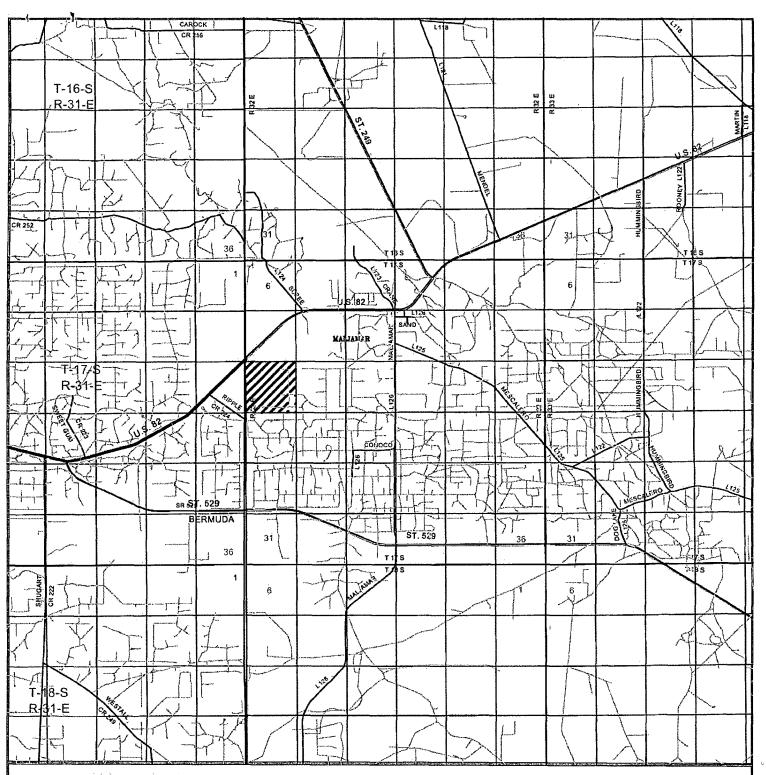
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
				_					
Dedicated Acres	Joint o	r Infill C	onsolidation (Code Or	der No.	-			
40.91		1						<u> </u>	

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

間. 人 し 観示	SURFACE LOCATION Lat - N 32°50°25.76" ong - W 103°48°48.36" IMSPCE - N 669895.3 I T 701014.1 (NAD-83)		OPERATOR CERTIFICATION 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 hale location or has a right to drill this well at this 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. Zeno Farris Printed Name
			 SURVEYOR CERTIFICATION 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 supervison and that the same is true and correct to the best of my belief.
	 	 	 Date Surveyor MEx Co Signature & Ser of Professional Surveyor
	 		Certificate No. Gury L. Jones 7977 BASIN SURVEYS





HT FEDERAL #8
Located 530' FNL and 330' FWL
Section 18, Township 17 South, Range 32 East,
N.M.P.M., Lea County, New Mexico.



P.O. Box 1786 1120 N. West County Rd. Hobbs, New Mexico 88241 (575) 393-7316 - Office (575) 392-2206 - Fox basinsurveys.com

A CONTRACTOR OF LAND	W.O. Number: JMS 22885	1
SEC. 12.12	Survey Date: 06-10-2010	\$
Section 2	Scale: 1" = 2 Miles	Ŋ
	Date: 06-11-2010	

CIMAREX ENERGY CO. OF COLORADO

THE HT FEDERAL WELLS

Section 18, Township 17 South, Range 32 East, N.M.P.M., Lea County, New Mexico.

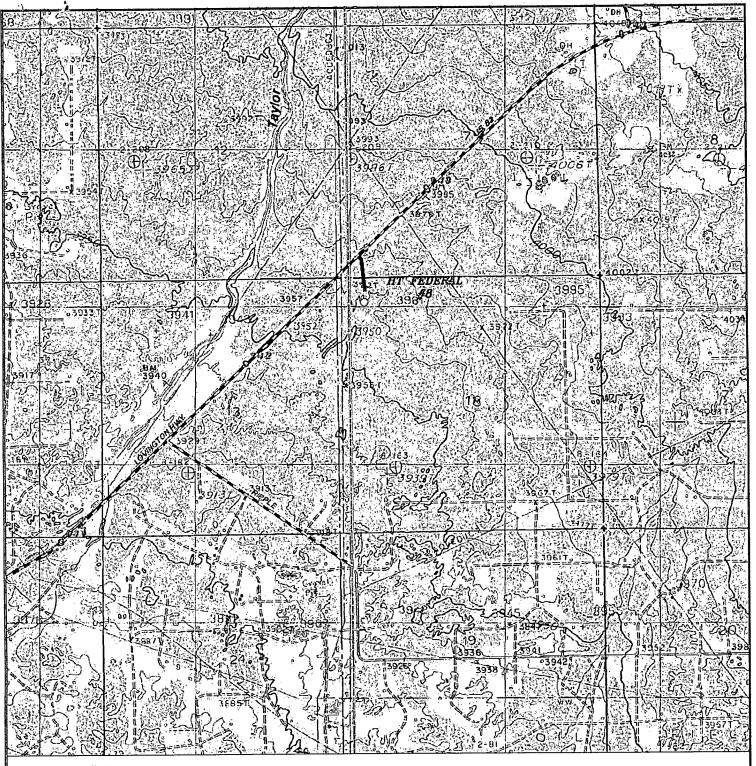


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P.O. Box 1786 1120 N. West County Rd. Hobbs, New Mexico 88241 (575) 393-7316 - Office (575) 392-2206 - Fox basinsurveys.com

W.O. Number: JMS 23576	
Survey Date: 10-14-2010	
Scale: 1" = 2000'	9
Date: 10-26-2010	

CIMAREX ENERGY CO. OF COLORADO



HT FEDERAL #8
Located 530' FNL and 330' FWL
Section 18, Township 17 South, Range 32 East,
N.M.P.M., Lea County, New Mexico.



P.O. Box 1786 1120 N. West County Rd. Hobbs, New Mexico 88241 (575) 393-7316 - Office (575) 392-2206 - Fax basinsurveys.com

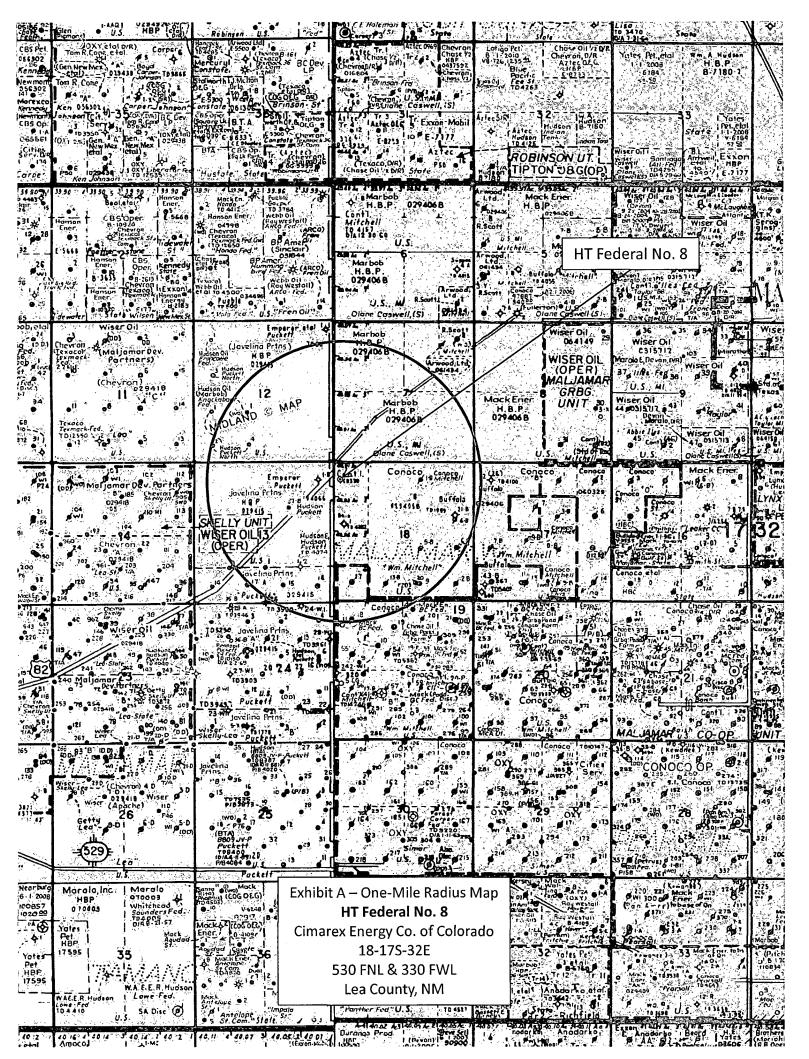
W.O. Number: JMS 22885

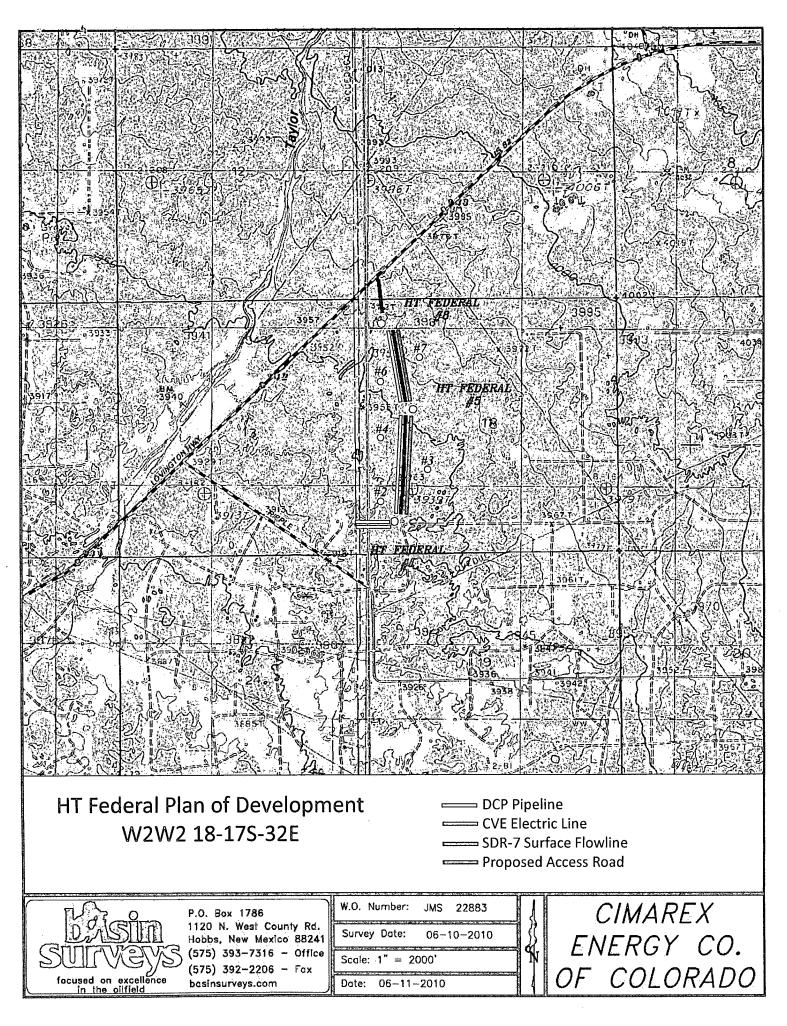
Survey Date: 06-10-2010

Scale: 1" = 2000'

Date: 06-11-2010

CIMAREX ENERGY CO. OF COLORADO





Application to Drill

HT Federal No. 8

Cimarex Energy Co. of Colorado Unit D, Section 18 T17S R32E, 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

530 FNL & 330 FWL

2 Elevation above sea level:

3959' GR

3 Geologic name of surface formation:

Quaternery Alluvium Deposits

Drilling tools and associated equipment:

Conventional rotary drilling rig using fluid as a circulating medium for

solids removal.

Proposed drilling depth:

7,000'

6 Estimated tops of geological markers:

Yates

2025'

San Andres

3690'

Glorieta

5235'

Paddock

Blinebry

5290'

Tubb

5875' 6715'

7 <u>Possible mineral bearing formation:</u>

Paddock

Oil

Blinebry

Oil

> See COA



Proposed Mud Circulating System:

Depth	Mud Wt	Visc	Fluid Loss	Type Mud
0' to	8.4 - 8.8 785	40-45	NC	FW
650' to 2	9.9 - 10.1	28-32	NC	Brine
2100' to 7	7000' 9.1	28-32	NC	Cut Brine

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.

Application to Drill

HT Federal No. 8

Cimarex Energy Co. of Colorado Unit D, Section 18

T17S R32E, Lea County, NM

9 Casing Plan:

					tales co	/ 1				
String	Hole Size		Depth		Casir	ng OD	Weight	Thread	Collar	Grade
Surface	16"	0'	to	_6 50 '	New	11¾"	42#	8-R	STC	H-40
Intermediate	11"	0'	to /	2100	New	8%"	24#	8-R	STC	J-55
Production	7%"	0'	to	7000'	New	5½"	17#	8-R	LTC	J-55

10 Cementing:

Surface

Lead: 350 sx Class C + 4% D-20 + 1% S + 0.125 ppg D-130 + 4.0 pps D-42 (wt 12.9 ppg, yield 1.99)

Can CAA

Tail: 200 sx Class C + 1% S-1 + D42 + 0.125 pps D130 (wt 14.80, yield 1.34)

TOC Surface

Intermediate

Lead: 400 sx 50:50 Poz: Class "C" + 0.2% Defoamer (D046) + 5% D044 (Salt) +10% D020 (Extender Gel) + 1/8 pps Polyflake

(D130) + 2 pps Gilsonite (D042) Mixed at 11.8 ppg, Yeild 2.57 cuft/sx, 15.061 gal/sx fresh water

Tail: 200 sx Class "C" + 1% S001 (CaCl2), Mixed at 14.8 ppg, 1.33 cuft/sx, 6.365 gal/sx fresh water

TOC Surface

Production

<u>Lead:</u> 500 sacks LiteCrete + 0.2% Defoamer (D046) + 0.6% Fluid Loss (D167) + 1 lb/sx Extender (D042) + 0.02% Retarder

(D013) + 23 lbs/sx Silica (D178) + 40 lbs/sx Extender (D124) Mixed at 9.9 ppg. Yeild 2.35 cuft/sx, 8.6 gal/sx Fresh Water

Tail: 500 sacks PVL + 1.3% NaCl (D044) + 0.2% Fluid Loss (D167) + 0.2% Cement Retarder (D013) + 0.2% Dispersant (D065).

Mixed at 13.0 ppg, Yeild 1.40 cuft/sx, 7.277 gal/sx Fresh Water

TOC 1900'

Fresh water zones will be protected by setting 11¾" casing at 650' and cementing to surface. Hydrocarbon zones will be protected by setting 8¾" casing at 2100' and cementing to surface and by setting 5½" casing at 7000' and cementing to 1900.'

Collapse Factor	<u>Burst Factor</u>	<u>Tension Factor</u>
1.125	1.125	1.6

Application to Drill

HT Federal No. 8

Cimarex Energy Co. of Colorado Unit D, Section 18

= 13 98 3000 pou Exh. I 175 R32E, Lea County, NM

11 Pressure control Equipment:

An 113/4" 3000 PSI working pressure B.O.P. consisting of a one set of blind rams and one set of pipe rams and a 3000 psi annular-type preventor. 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. Test BOP equipment and choke manifold to 250 psi low and 3000 psi high and annular BOP to 250 psi low and 1500 psi high by an independent service company.

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 3000 psi BOP system.

BOPS will be tested by an independent service company to 250 psi low and 3000 psi high. Hydril will be tested to 250 psi low and 1500 psi high.

* See COA

12 Testing, Logging and Coring Program:

No mud logging program. A. Mud logging

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 potiential 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 2300 psi

Estimated BHT 110°

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

Drilling expected to take 10-15 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.

pay will be perforated and stimulated.

The proposed well will be tested and potentialed as an oil well.

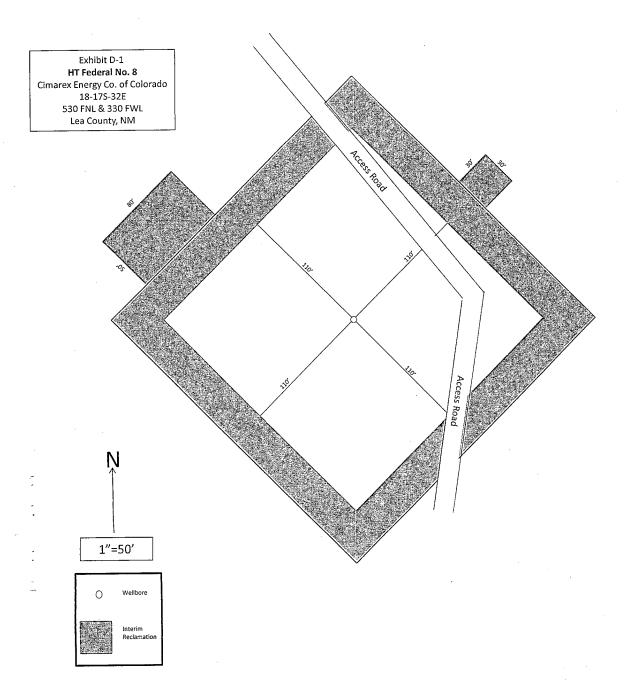
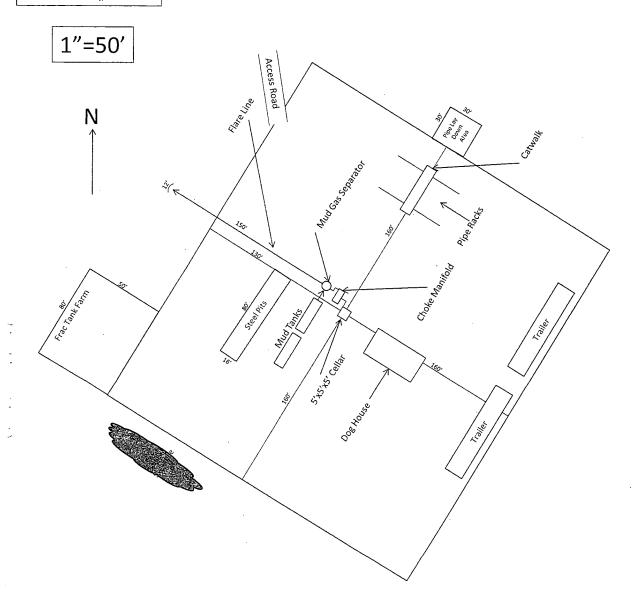
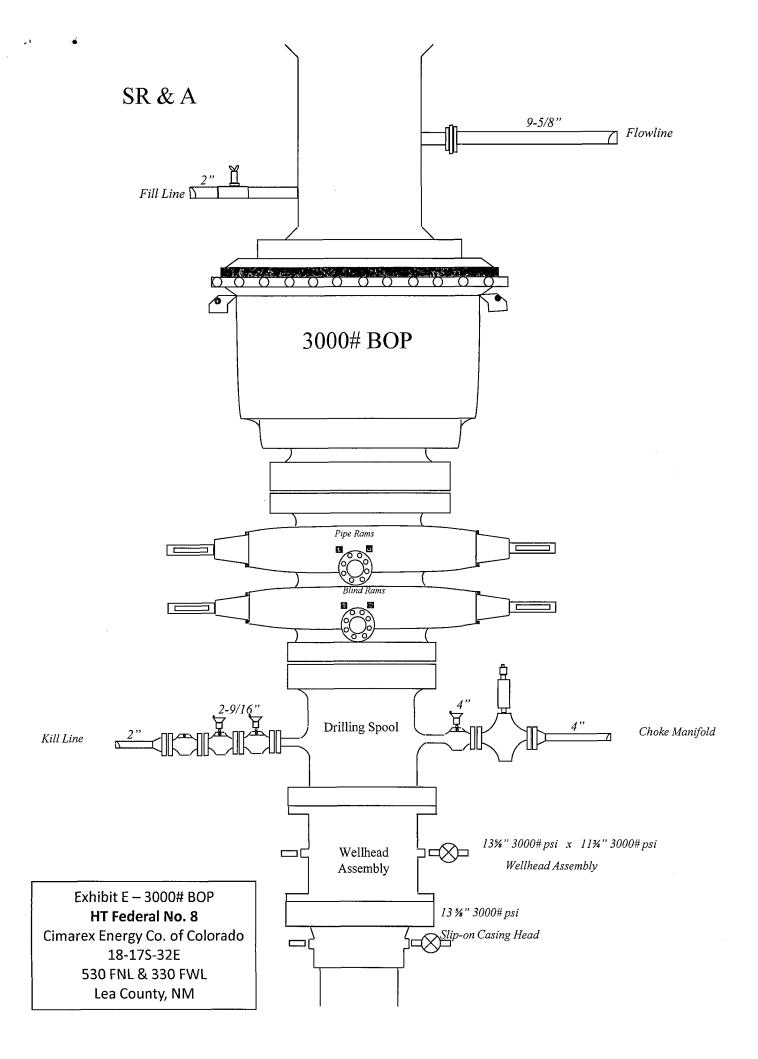
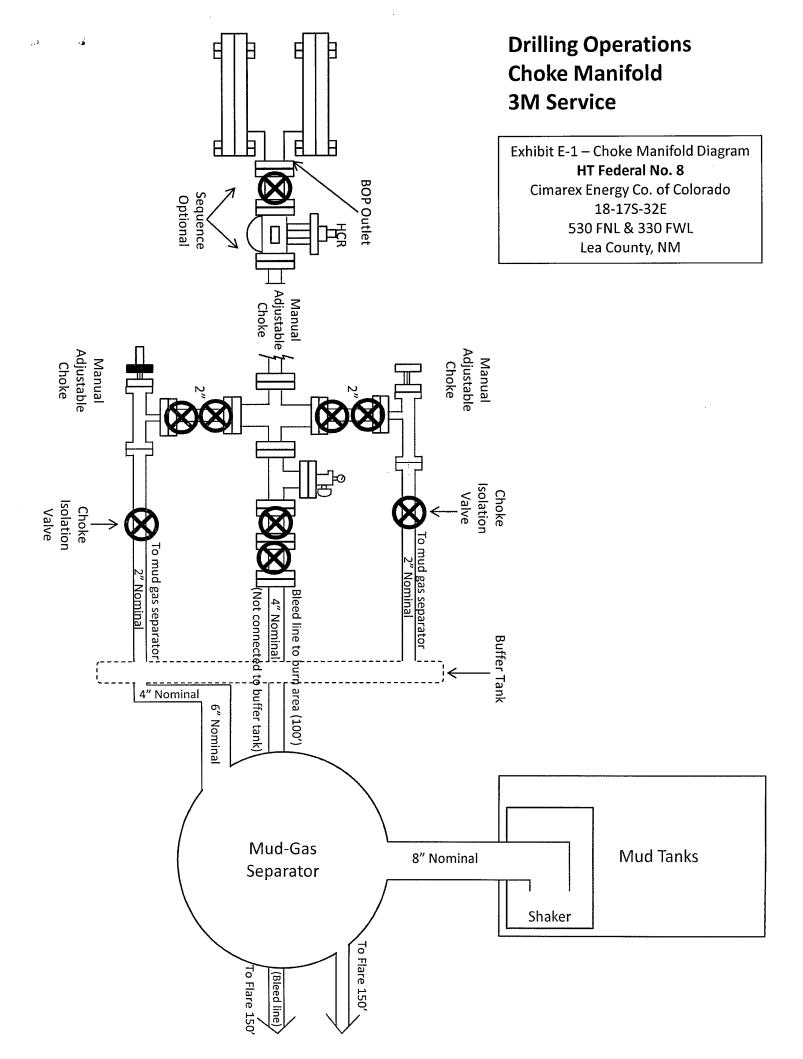


Exhibit D – Rig Diagram HT Federal No. 8 Cimarex Energy Co. of Colorado 18-17S-32E 530 FNL & 330 FWL Lea County, NM







Hydrogen Sulfide Drilling Operations Plan

HT Federal No. 8

Cimarex Energy Co. of Colorado Unit D, Section 18 T17S R32E, 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 or cores 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 seperator will be brought into service along with H₂S scavengers if necessary.

H₂S Contingency Plan

HT Federal No. 8

Cimarex Energy Co. of Colorado

Unit D, Section 18

T17S R32E, Lea County, NM

Emergency Procedures

In the event of a release of gas containing H₂S, the first responder(s) must:

- ★ Isolate the area and prevent entry by other persons into the 100 ppm ROE.
- ★ Evacuate any public places encompassed by the 100 ppm ROE.
- ★ Be equipped with H₂S monitors and air packs in order to control the release.
- ★ Use the "buddy system" to ensure no injuries occur during the response.
- ★ Take precautions to avoid personal injury during this operation.
- ★ Contact operator and/or local officials to aid in operation. See list of phone numbers attached.
- **★** Have received training in the:
 - ♦ Detection of H₂S, and
 - ♦ Measures for protection against the gas,
 - Equipment used for protection and emergency response.

Ignition of Gas Source

Should control of the well be considered lost and ignition considered, take care to protect against exposure to Sulfur Dioxide (SO₂). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally, the NM State Police may become involved. NM State Police shall be the Incident Command on scene of any major release. Take care to protect downwind whenever there is an ignition of the gas.

Characteristics of H₂S and SO₂

Common	Chemical	Specific	Threshold		Lethal
Name	Formula	Gravity	Limit	Hazardous Limit	Concentration
Hydrogen Sulfide	H₂S	1.189 Air=1	10 ppm	100 ppm/hr	600 ppm
Sulfur Dioxide	SO ₂	2.21 Air=1	2 ppm	N/A	1000 ppm

Contacting Authorities

Cimarex Energy Co. of Colorado's personnel must liaise with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as type and volume of release, wind direction, location of release, etc. Be prepared with all information available including directions to site. The following call list of essential and potential responders has been prepared for use during a release. Cimarex Energy Co. of Colorado's response must be in coordination with the State of New Mexico's "Hazardous Materials Emergency Response Plan" (HMER).

H₂S Contingency Plan Emergency Contacts

HT Federal No. 8

Cimarex Energy Co. of Colorado Unit D, Section 18 T17S R32E, Lea County, NM

Company Office

Cimarex Energy Co. of Colorado Co. Office and After-Hours Menu 800-969-4789

Key Personnel

Name	Title	Office	Mobile
Doug Park	Drilling Manager	432-620-1934	972-333-1407
Dee Smith	Drilling Super	432-620-1933	972-882-1010
Jim Evans	Drilling Super	432-620-1929	972-465-0564
Roy Shirley	Field Super		432-634-2136

Ambulance	911	
State Police	575-746-2703	
City Police	575-746-2703	
Sheriff's Office	575-746-9888	
Fire Department	575-746-2701	
Local Emergency Planning Committee	575-746-2122	
New Mexico Oil Conservation Division	575-748-1283	

Carlsbad		
Ambulance	911	
State Police	575-885-3137	
City Police	575-885-2111	
Sheriff's Office	575-887-7551	
Fire Department	575-887-3798	
Local Emergency Planning Committee	575-887-6544	
US Bureau of Land Management	575-887-6544	

<u>Santa Fe</u>	(ACT)
New Mexico Emergency Response Commission (Santa Fe)	505-476-9600
New Mexico Emergency Response Commission (Santa Fe) 24 Hrs	505-827-9126
New Mexico State Emergency Operations Center	505-476-9635

National	9 8 1227
National Emergency Response Center (Washington, D.C.)	800-424-8802

Medical	
Flight for Life - 4000 24th St.; Lubbock, TX	806-743-9911
Aerocare - R3, Box 49F; Lubbock, TX	806-747-8923
Med Flight Air Amb - 2301 Yale Blvd S.E., #D3; Albuquerque, NM	505-842-4433
SB Air Med Service - 2505 Clark Carr Loop S.E.; Albuquerque, NM	505-842-4949

Other			
Boots & Coots IWC	800-256-9688	or	281-931-8884
Cudd Pressure Control	432-699-0139	or	432-563-3356
Halliburton	575-746-2757		
B.J. Services	575-746-3569		# # EE # EE # EE # EE # EE # EE

Surface Use Plan HT Federal No. 8

Cimarex Energy Co. of Colorado

Unit D, Section 18 T17S R32E, Lea County, NM

- 1. <u>Existing Roads:</u> Area maps, Exhibit "A" shows the proposed well site as staked. Exhibit "B" is a reproduction of Eddy Co. General Highway Map. Exhibit "C" is a reproduction of a USGS Topographic Map, and Exhibit "C-1" is a well site layout map, showing proposed road to location and existing road.
 - A. The maximum width of the driving surface will be 15. The road will be crowned and ditched with a 2% slope from the tip of the crown to the edge of the driving surface. The ditches will be 1' deep with 3:1 slopes. The driving surface will be made of 6" rolled and compacted caliche.
 - B. From mile marker 142 of Hwy 82, go Northeasterly 0.6 miles to proposed lease road.
- 2. Planned Access Roads: 770.8' of access road is proposed. A ROW will be obtained for the off-lease portion in 7-17S-32E.
- 3. <u>Planned Flowlines:</u> Lay surface oil/gas/water 4" SDR-7 poly pipe along lease road to proposed HT Fed # 5 tank battery as shown on attached POD topo.
- 4. Location of Existing Wells in a One-Mile Radius Exhibit A

A. Water wells -

None known

B. Disposal wells -

None known

C. Drilling wells -

None known

D. Producing wells -

As shown on Exhibits "A"

E. Abandoned wells -

As shown on Exhibits "A"

5. Location of Proposed Production Facilities:

If on completion this well is a producer, a 4" surface flowline described above will be laid to the HT Federal No. 5 tank battery and oil, gas, and water allocated based on periodic wells tests. See production facilities layout diagram. Any changes to the facilities or off-site facilities will be accompanied by a Sundry Notice.

6. Location and Type of Water Supply:

Water will be purchased locally from a commercial source and trucked over the access roads.

7. Source of Construction Material:

If possible, native caliche will be obtained from the excavation of drill site. Topsoil will be pushed back from the drill site and existing caliche will be ripped and compacted. Then topsoil will be stockpiled on location as depicted on Exhibit "D" (rig layout). If additional material is needed, it will be purchased from a BLM-approved pit as near as possible to the well

8. Methods of Handling Waste Material:

- A. Drill cuttings will be seperated by a series of solids removal equipment and stored in steel containment pits and then hauled to a state-approved disposal facility.
- B. All trash, junk and other waste material will be contained in trash cages or bins to prevent scattering. When the job is completed all contents will be removed and disposed of in an approved sanitary land fill.
- C. Salts remaining after completion of well will be picked up by supplier including broken sacks.
- D. Sewage from living quarters will drain into holding tanks and be cleaned out periodically and hauled to a waste disposal facility. A Porta-John will be provided for the rig crews. This equipment will be properly maintained during the drilling operations and removed upon completion of the well.
- E. Drilling fluids will be contained in steel pits in a closed circulating system. Fluids will be cleaned and reused. Water produced during testing will be contained in the steel pits and disposed of at a state approved disposal facility. Any oil or condensate produced will be stored in test tanks until sold and hauled from the site.

Surface Use Plan HT Federal No. 8

Cimarex Energy Co. of Colorado

Unit D, Section 18 T17S R32E, Lea County, NM

- 1. <u>Existing Roads:</u> Area maps, Exhibit "A" shows the proposed well site as staked. Exhibit "B" is a reproduction of Eddy Co. General Highway Map. Exhibit "C" is a reproduction of a USGS Topographic Map, and Exhibit "C-1" is a well site layout map, showing proposed road to location and existing road.
 - A. The maximum width of the driving surface will be 15.' The road will be crowned and ditched with a 2% slope from the tip of the crown to the edge of the driving surface. The ditches will be 1' deep with 3:1 slopes. The driving surface will be made of 6" rolled and compacted caliche.
 - B. From mile marker 142 of Hwy 82, go Northeasterly 0.6 miles to proposed lease road.
- 2. Planned Access Roads: 770.8' of access road is proposed. A ROW will be obtained for the off-lease portion in 7-17S-32E.
- 3. <u>Planned Flowlines:</u> Lay surface oil/gas/water 4" SDR-7 poly pipe along lease road to proposed HT Fed #1 tank battery as shown on attached POD topo.

4. Location of Existing Wells in a One-Mile Radius - Exhibit A

A. Water wells -

None known

B. Disposal wells -

None known

C. Drilling wells -

None known

D. Producing wells -

As shown on Exhibits "A" and "A-1"

E. Abandoned wells -

As shown on Exhibits "A" and "A-1"

5. Location of Proposed Production Facilities:

If on completion this well is a producer, a tank battery will be used and the necessary production equipment will be installed at the wellsite. See production facilities layout diagram. Any changes to the facilities or off-site facilities will be accompanied by a Sundry Notice.

6. Location and Type of Water Supply:

Water will be purchased locally from a commercial source and trucked over the access roads.

7. Source of Construction Material:

If possible, native caliche will be obtained from the excavation of drill site. Topsoil will be pushed back from the drill site and existing caliche will be ripped and compacted. Then topsoil will be stockpiled on location as depicted on Exhibit "D" (rig layout). If additional material is needed, it will be purchased from a BLM-approved pit as near as possible to the well

8. Methods of Handling Waste Material:

- A. Drill cuttings will be seperated by a series of solids removal equipment and stored in steel containment pits and then hauled to a state-approved disposal facility.
- B. All trash, junk and other waste material will be contained in trash cages or bins to prevent scattering. When the job is completed all contents will be removed and disposed of in an approved sanitary land fill.
- C. Salts remaining after completion of well will be picked up by supplier including broken sacks.
- D. Sewage from living quarters will drain into holding tanks and be cleaned out periodically and hauled to a waste disposal facility. A Porta-John will be provided for the rig crews. This equipment will be properly maintained during the drilling operations and removed upon completion of the well.
- E. Drilling fluids will be contained in steel pits in a closed circulating system. Fluids will be cleaned and reused. Water produced during testing will be contained in the steel pits and disposed of at a state approved disposal facility. Any oil or condensate produced will be stored in test tanks until sold and hauled from the site.

Surface Use Plan HT Federal No. 8

Cimarex Energy Co. of Colorado Unit D, Section 18 T17S R32E, Lea County, NM

9. Ancillary Facilities:

A. No camps or airstrips to be constructed.

10. Well Site Layout:

- A. Exhibit "D" shows location and rig layout.
- C. Mud pits in the closed circulating system will be steel pits and the cuttings will be stored in steel containment pits.
- D. Cuttings will be stored in steel pits until they are hauled to a state-approved disposal facility.
- E. If the well is a producer, those areas of the location not essential to production facilities will be reclaimed and seeded per BLM requirements.

11. Plans for Restoration of Surface:

Rehabilitation of the location will start in a timely manner after all drilling operations cease. The type of reclamation will depend on whether the well is a producer or a dry hole.

Drainage systems, if any, will be reshaped to the original configuration with provisions made to alleviate erosion. These may need to be modified in certain circumstances to prevent inundation of the location's pad and surface facilities. After the area has been shaped and contoured, topsoil from the spoil pile will be placed over the disturbed area to the extent possible. Revegetation procedures will comply with BLM standards.

If the well is a dry hole, the pad and road area will be recountoured to match the existing terrain. Topsoil will be spread to the extent possible. Revegetation will comply with BLM standards.

Should the well be a producer, those areas of the location not essential toproduction facilities and operations will be reclaimed and seeded per BLM requirements. Please see Production Facilities Layout Diagram, exhibit D-1.

12. Other Information

- A. Topography consists of a sloping plane with loose tan sands. Vegetation is mainly yucca, mesquite and shin oak.
- B. The wellsite is on surface owned by Department of the Interior, Bureau of Land Management. The land is used mainly for farming, cattle ranching, recreational use, and oil and gas production.
- C. In lieu of an archaeological survey report, Cimarex will be submitting an MOA application for this well pad and access road since they are within the MOA boundary.
- D. There are no know dwellings within 1½ miles of this location.

Operator Certification Statement
HT Federal No. 8
Cimarex Energy Co. of Colorado
Unit D, Section 18
T17S R32E, Lea County, NM

Operator's Representative

Cimarex Energy Co. of Colorado 600 N. Marienfeld St., Ste. 600

Midland, TX 79701

Office Phone: (432) 571-7800

Zeno Farris

CERTIFICATION: I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions which currently exist; that I have full knowledge of state and Federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements.

Executed th	is 2nd day of	September	_,	2010
NAME:	Zeno F	auj		
	Zeno	o Farris		
TITLE: Ma	nager Operations Adr	ministration		
ADDRESS: 600 N. Marienfeld St., Ste. 600 Midland, TX 79701				
TELEPHONE: (432) 620-1938				
EMAIL: <u>zfarris@cimarex.com</u>				
Field Representative: Same as above				

PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME: Cimarex Energy LEASE NO.: LC060329 WELL NAME & NO.: 8 HT Federal SURFACE HOLE FOOTAGE: 530' FNL & 330' FWL 'F L **BOTTOM HOLE FOOTAGE** 'F L& LOCATION: Section 18, T. 17 S., R32 E., NMPM COUNTY: Lea County, New Mexico

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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)

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 1st through June 15th annually. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, 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 feet from the source of the noise.

Ground-level Abandoned Well Marker to avoid raptor perching: Upon the plugging and subsequent abandonment of the well, the well marker will be installed at ground level on a plate containing the pertinent information for the plugged well. For more installation details, contact the Carlsbad Field Office at 575-234-5972.

VI. CONSTRUCTION

A. NOTIFICATION

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Hobbs Field Station at (575) 393-3612 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.

C. TOPSOIL

The operator shall stockpile the topsoil in a low profile manner in order to prevent wind/water erosion of the topsoil. The topsoil will be used for interim and final reclamation.

D. CLOSED LOOP SYSTEM

Tanks are required for drilling operations: No Pits.

The operator shall properly dispose of drilling contents at an authorized disposal site.

E. FEDERAL MINERAL MATERIALS PIT

Payment shall be made to the BLM prior to removal of any federal mineral materials. Call the Carlsbad Field Office at (575) 234-5972.

F. 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.

G. 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

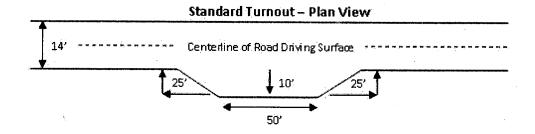
Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

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:

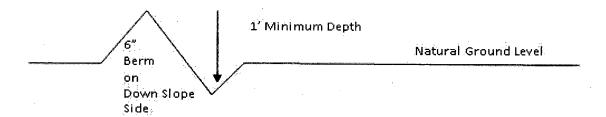


Drainage

Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outsloping and insloping, 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 foot road with 4% road slope:
$$\frac{400'}{4\%}$$
 + 100' = 200' 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

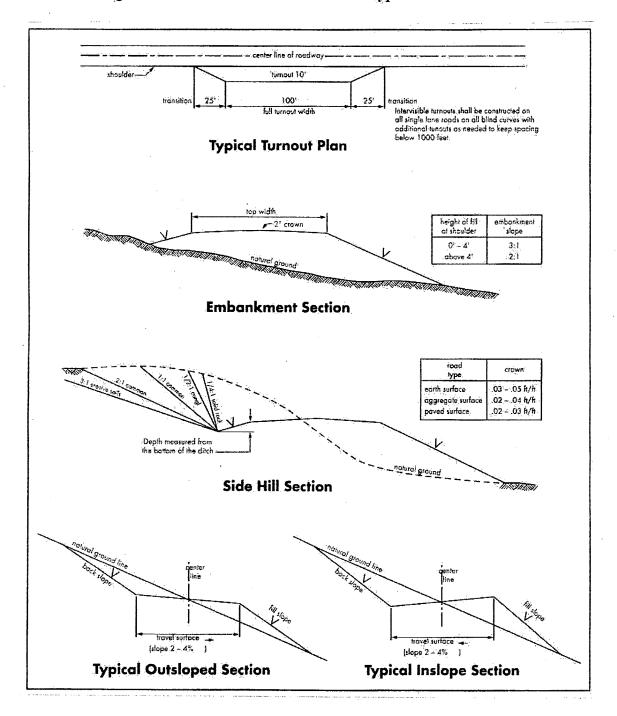
Where entry is required across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting.

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 Grayburg formation. As a result, the Hydrogen Sulfide area must meet Onshore Order 6 requirements, which includes equipment and personnel/public protection items. 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. If the drilling rig is removed without approval an Incident of Non-Compliance will be written and will be a "Major" violation.
- 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.
- 4. The record of the drilling rate along with the GR/N well log run from TD to surface will be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. If available, a digital copy of the logs is to be submitted in addition to the paper copies. The Rustler top and top and bottom of Salt are to be recorded on the Completion Report.

B. CASING

Changes to the approved APD casing and cement program require submitting a sundry and receiving approval prior to work. Failure to obtain approval prior to work will result in an Incident of Non-Compliance being issued.

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

Wait on cement (WOC) time prior to drilling out 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 for all casing strings. DURING THIS WOC TIME, NO DRILL PIPE, ETC. SHALL BE RUN IN THE HOLE. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. See individual casing strings for details regarding lead cement slurry requirements.

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

Possible lost circulation in the Grayburg and San Andres formations. Possible water and brine flows in the Salado and Artesia Groups.

- 1. The 11-3/4 inch surface casing shall be set at approximately 785 feet (a minimum of 25 feet into the Magenta Dolomite member of the Rustler). If salt is encountered, set casing at least 25 feet above the salt and cemented to the surface. Freshwater mud to be used to setting depth.
 - 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 surface log readout will be used or a cement bond log shall be run to verify the top of the cement. Temperature survey will be run a minimum of six hours after pumping cement and ideally between 8-10 hours after completing the cement job.
 - b. Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry.
 - 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, which shall be set at approximately 1975 feet in the Tansill formation, is:
 - ☐ Cement to surface. If cement does not circulate see B.1.a, c-d above.

- 3. The minimum required fill of cement behind the 5-1/2 inch production casing is:
 - Cement should tie-back at least 200 feet into previous casing string. 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 **3000 (3M)** psi.
 - a. **For surface casing only:** If the BOP/BOPE is to be tested against casing, the wait on cement (WOC) time for that casing is to be met (see WOC statement at start of casing section). Independent service company required.
- 3. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - a. In a water basin, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. The casing cut-off and BOP installation can be initiated four hours after installing the slips, which will be approximately six hours after bumping the plug. For those casing strings not using slips or where the float does not hold, the minimum wait time before cut-off is eight hours after bumping the plug or when the cement reaches 500 psi compressive strength (including lead when specified), whichever is greater. BOP/BOPE testing can begin after the above conditions are satisfied.
 - b. The tests shall be done by an independent service company utilizing a test plug **not** a **cup** or **J-packer**. The operator also has the option of utilizing an independent tester to test without a plug (i.e. against the casing) pursuant to Onshore Order 2 with the pressure not to exceed 70% of the burst rating for the casing. Any test against the casing must meet the WOC time for water basin (18 hours) or potash (24 hours) prior to initiating the test.
 - c. The results of the test shall be reported to the appropriate BLM office.

- d. 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.
- e. 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.

E. WASTE MATERIAL AND FLUIDS

All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of drilling operations and completion operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area.

EGF 113010

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

IX. 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.

Within six (6) months of well completion, operators should work with BLM surface management specialists (Jim Amos: 575-234-5909) to devise the best strategies to reduce the size of the location. Interim reclamation 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 that is free of contaminants 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.

All disturbed areas after they have been satisfactorily prepared need to be reseeded with the seed mixture provided below.

Upon completion of interim reclamation, the operator shall submit a Sundry Notices and Reports on Wells, Subsequent Report of Reclamation (Form 3160-5).

X. FINAL ABANDONMENT & RECLAMATION

At final abandonment, well locations, production facilities, and access roads must undergo "final" reclamation so that the character and productivity of the land are restored.

Earthwork for final reclamation must be completed within six (6) months of well plugging. All pads, pits, facility locations and roads must be reclaimed to a satisfactory revegetated, safe, and stable condition, unless an agreement is made with the landowner or BLM to keep the road and/or pad intact.

After all disturbed areas have been satisfactorily prepared, these areas need to be revegetated with the seed mixture provided below. Seeding should be accomplished by drilling on the contour whenever practical or by other approved methods. Seeding may need to be repeated until revegetation is successful, as determined by the BLM.

Operators shall contact a BLM surface protection specialist prior to surface abandonment operations for site specific objectives (Jim Amos: 575-234-5909).

Ground-level Abandoned Well Marker to avoid raptor perching: Upon the plugging and subsequent abandonment of the well, the well marker will be installed at ground level on a plate containing the pertinent information for the plugged well.

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 <u>no</u> 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

be removed.

Pounds of seed x percent purity x percent germination = pounds pure live seed

5lbs/A

^{*} This can be used around well pads and other areas where caliche cannot

^{*}Pounds of pure live seed: