Form 3160-5 (June 2015)	UNITED STATES		CD &	labbs		APPROVED D. 1004-0137	
SUNDR	BUREAU OF LAND MANA	GEMENT RTS ON WELLS		OCE	Expires: Ja 5. Lease Serial No. NMLC061873B	nuary 31, 2018	
Do not use abandoned v	BUREAU OF LAND MANA Y NOTICES AND REPO this form for proposals to vell. Use form 3160-3 (AP	drill or to re-enter a D) for such proposi	ropostic BBS page 2 SEP 112017		6. If Indian, Allottee or Tribe Name		
SUBMIT I	N TRIPLICATE - Other inst	tructions on page 2	SEP 1	INF	7. If Unit or CA/Agree	ement, Name and/or No.	·-
1. Type of Well	Other		REC	EIVE	8. Well Name and No. COTTON DRAW	9L FEDERAL 4H	-
2. Name of Operator CIMAREX ENERGY CO		ARICKA EASTERLIN @cimarex.com	the second se		9. API Well No. 30-025-43836-0	0-X1	
3a. Address 15 E 5TH ST STE 1000 TULSA, OK 74103		3b. Phone No. (include Ph: 918-560-7060	area code)		10. Field and Pool or I BONE SPRING	Exploratory Area S	
4. Location of Well (Footage, Sec.	, T., R., M., or Survey Description)			11. County or Parish,	State	
Sec 9 T25S R32E SWSW 4 32.138912 N Lat, 103.6860	159FSL 776FWL 🖌				LEA COUNTY,	NM	
12. CHECK THE	APPROPRIATE BOX(ES)	TO INDICATE NAT	TURE OF 1	NOTICE,	REPORT, OR OTH	IER DATA	
TYPE OF SUBMISSION			TYPE OF A	CTION			
Notice of Intent	Acidize	Deepen	(Product	ion (Start/Resume)	UWater Shut-Off	f
□ Subsequent Report	□ Alter Casing	Hydraulic Fr		Reclam		Well Integrity	
	Casing Repair	□ New Constru		Recomp		Other Change to Origina	al A
Final Abandonment Notice	Change Plans Convert to Injection	Plug and Aba Plug Back		Water I	arily Abandon Disposal	PD	
If the proposal is to deepen directi Attach the Bond under which the following completion of the invol- testing has been completed. Final determined that the site is ready for Cimarex respectfully request procedure.	work will be performed or provide ved operations. If the operation re Abandonment Notices must be fil or final inspection.	the Bond No. on file with sults in a multiple complet ed only after all requireme	BLM/BIA. F ion or recomp nts, including	Required sub pletion in a p g reclamation	bsequent reports must be new interval, a Form 316 n, have been completed a	filed within 30 days 0-4 must be filed once	
procedure.					E ATTACH	FD FOR	
				SE	EATTACH	OF ADDRO	V
				C	ONDITIONS	OF APPRC) \ 1
14. I hereby certify that the foregoin	g is true and correct. Electronic Submission # For CIMAR Committed to AFMSS for pro	386441 verified by the EX ENERGY CO, sent cessing by ZOTA STE	BLM Well In to the Carls VENS on 09	nformatior sbad)/07/2017 (n System 17ZS0009SE)		
	AEASTERLING	Title	REGULAT				
Signature (Electron	is Submission)	Data	09/29/201	7			
Signature (Electron	ic Submission) THIS SPACE FC	Date	08/28/201		SE		
Approved By_ZOTA STEVENS		TitleP	ETROLEUN	M ENGIN	EER	Date 09/07/2	2017
Conditions of approval, if any, are attac certify that the applicant holds legal or which would entitle the applicant to co	equitable title to those rights in the	s not warrant or e subject lease	Carlsbad				
Title 18 U.S.C. Section 1001 and Title States any false, fictitious or fraudule	43 U.S.C. Section 1212, make it a nt statements or representations as	crime for any person knows to any matter within its ju	vingly and wi risdiction.	illfully to m	ake to any department or	agency of the United	

'n

(Instructions on page 2) ** BLM REVISED **

KZ

PECOS DISTRICT DRILLING CONDITIONS OF APPROVAL

Γ	OPERATOR'S NAME:	Cimarex Energy Company
	LEASE NO.:	NMLC061873B
	WELL NAME & NO.:	4H-Cotton Draw 9L Federal
	SURFACE HOLE FOOTAGE:	459'/S & 776'/W
	BOTTOM HOLE FOOTAGE	330'/N & 804'/W
	LOCATION:	Section 9, T.25 S., R.32 E., NMPM
COUNTY:		Lea County, New Mexico

All previous COAs still apply except the following

Potash	sh © None C Sec		C R-111-P
Cave/Karst Potential	C Low	C Medium	← High
Variance	C None	Flex Hose	C Other
Wellhead	Conventional	Multibowl	
Other	□4 String Area	□Capitan Reef	□WIPP

A. Hydrogen Sulfide

1. A Hydrogen Sulfide (H2S) Drilling Plan shall be activated 500 feet prior to drilling into the **Delaware** 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.

B. CASING

- 1. The 13-3/8 inch surface casing shall be set at approximately 781 feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt) and cemented to the surface.
 - 1. 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.
 - Wait on cement (WOC) time for a primary cement job will be a minimum of <u>8</u> <u>hours</u> or 500 pounds compressive strength, whichever is greater. (This is to include the lead cement)
 - 3. 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.
 - 4. If cement falls back, remedial cementing will be done prior to drilling out that string.

- 2. The minimum required fill of cement behind the 9-5/8" inch intermediate casing 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.

C. PRESSURE CONTROL

A. Variance approved to use flex line from BOP to choke manifold. Manufacturer's specification to be readily available. No external damage to flex line. Flex line to be installed as straight as possible (no hard bends).

Operator has proposed a multi-bowl wellhead assembly. This assembly will only be tested when installed on the surface casing. 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. Wellhead shall be installed by manufacturer's representatives, submit documentation with subsequent sundry.
- b. If the welding is performed by a third party, the manufacturer's representative shall monitor the temperature to verify that it does not exceed the maximum temperature of the seal.
- c. Manufacturer representative shall install the test plug for the initial BOP test.

If the cement does not circulate and one inch operations would have been possible with a standard wellhead, the well head shall be cut off, cementing operations performed and another wellhead installed.

ZS 090717

GENERAL REQUIREMENTS

The BLM is to be notified in advance for a representative to witness:

- a. Spudding well (minimum of 24 hours)
- b. Setting and/or Cementing of all casing strings (minimum of 4 hours)
- c. BOPE tests (minimum of 4 hours)
- d.
- Lea County Call the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (575) 393-3612
- 1. 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.
 - a. In the event the operator has proposed to drill multiple wells utilizing a skid/walking rig. Operator shall secure the wellbore on the current well, after installing and testing the wellhead, by installing a blind flange of like pressure rating to the wellhead and a pressure gauge that can be monitored while drilling is performed on the other well(s).
- 2. 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.
- 3. The record of the drilling rate along with the GR/N well log run from TD to surface (horizontal well vertical portion of hole) shall 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.

A. CASING

1. Changes to the approved APD casing program need prior approval if the items substituted are of lesser grade or different casing size or are Non-API. The Operator can exchange the components of the proposal with that of superior strength (i.e. changing from J-55 to N-80, or from 36# to 40#). Changes to the approved cement program need prior approval if the altered cement plan has less volume or strength or if the changes are substantial (i.e. Multistage tool, ECP, etc.). The initial wellhead installed on the well will remain on the well with spools used as needed.

- Wait on cement (WOC) for Potash Areas: After cementing but before commencing any tests, the casing string shall stand cemented under pressure until both of the following conditions have been met: 1) cement reaches a minimum compressive strength of 500 psi for all cement blends, 2) until cement has been in place at least <u>24</u> hours. WOC time will be recorded in the driller's log.
- 3. <u>Wait on cement (WOC) for Water Basin:</u> After cementing but before commencing any tests, the casing string shall stand cemented under pressure until both of the following conditions have been met: 1) cement reaches a minimum compressive strength of 500 psi at the shoe, 2) until cement has been in place at least <u>8 hours</u>. WOC time will be recorded in the driller's log. See individual casing strings for details regarding lead cement slurry requirements.
- 4. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. Have well specific cement details onsite prior to pumping the cement for each casing string.
- 5. No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.
- 6. On that portion of any well approved for a 5M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. Formation at the shoe shall be tested to a minimum of the mud weight equivalent anticipated to control the formation pressure to the next casing depth or at total depth of the well. This test shall be performed before drilling more than 20 feet of new hole.
- 7. 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.
- 8. Whenever a casing string is cemented in the R-111-P potash area, the NMOCD requirements shall be followed.
- B. PRESSURE CONTROL
- 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. If a variance is approved for a flexible hose to be installed from the BOP to the choke manifold, the following requirements apply: Check condition of flexible line from BOP to choke manifold, replace if exterior is damaged or if line fails test. Line to be as straight as possible with no hard bends and is to be anchored according to Manufacturer's requirements. The flexible hose can be exchanged with a hose of equal size and equal or greater pressure rating. Anchor requirements, specification

sheet and hydrostatic pressure test certification matching the hose in service, to be onsite for review. These documents shall be posted in the company man's trailer and on the rig floor.

- 3. 5M or higher system requires an HCR valve, remote kill line and annular to match. The remote kill line is to be installed prior to testing the system and tested to stack pressure.
- 4. If the operator has proposed a multi-bowl wellhead assembly in the APD. The following requirements must be met:
 - a. Wellhead shall be installed by manufacturer's representatives, submit documentation with subsequent sundry.
 - b. If the welding is performed by a third party, the manufacturer's representative shall monitor the temperature to verify that it does not exceed the maximum temperature of the seal.
 - c. Manufacturer representative shall install the test plug for the initial BOP test.
 - d. Operator shall perform the intermediate casing integrity test to 70% of the casing burst. This will test the multi-bowl seals.
 - e. If the cement does not circulate and one inch operations would have been possible with a standard wellhead, the well head shall be cut off, cementing operations performed and another wellhead installed.
- 5. 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, the minimum wait time before cut-off is eight hours after bumping the plug. BOP/BOPE testing can begin after cut-off or once cement reaches 500 psi compressive strength (including lead when specified), whichever is greater. However, if the float does not hold, cut-off cannot be initiated until cement reaches 500 psi compressive strength (including lead when specified).
 - b. In potash areas, 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. For all casing strings, casing cut-off and BOP installation can be initiated at twelve hours after bumping the plug. However, **no tests** shall commence until the cement has had a minimum of 24 hours setup time.
 - c. 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 (8 hours) or potash (24 hours) or 500 pounds compressive strength, whichever is greater, prior to initiating the test (see casing segment as lead cement may be critical item).

- d. The test shall be run on a 5000 psi chart for a 2-3M BOP/BOP, on a 10000 psi chart for a 5M BOP/BOPE and on a 15000 psi chart for a 10M BOP/BOPE. If a linear chart is used, it shall be a one hour chart. A circular chart shall have a maximum 2 hour clock. If a twelve hour or twenty-four hour chart is used, tester shall make a notation that it is run with a two hour clock.
- e. The results of the test shall be reported to the appropriate BLM office.
- f. 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.
- g. 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. This test shall be performed prior to the test at full stack pressure.
- h. BOP/BOPE must be tested by an independent service company within 500 feet of the top of the Wolfcamp formation if the time between the setting of the intermediate casing and reaching this depth exceeds 20 days. This test does not exclude the test prior to drilling out the casing shoe as per Onshore Order No. 2.

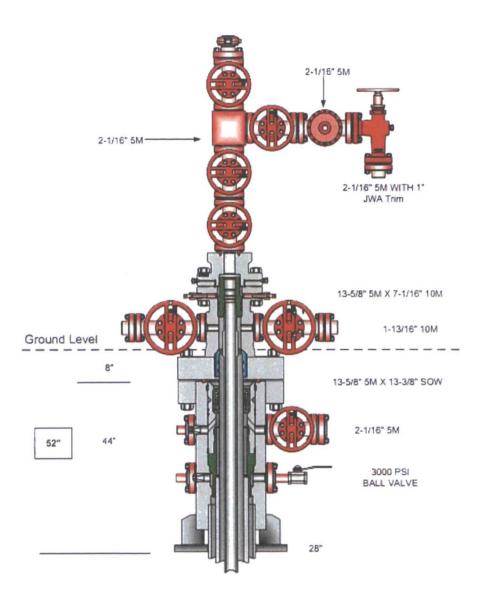
C. DRILLING MUD

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the Wolfcamp formation, and shall be used until production casing is run and cemented.

D. 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.

Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.



ę

Cactus Multi-Bowl Wellhead Steps:

- 1. Drill 17.5" Hole to Surface TD.
- 2. Trip out of hole.
- 3. Run and cement 13-3/8" casing.
- 4. Weld on Cactus Multi-Bowl Wellhead per Manufacturer's procedure.
- 5. Test weld to 70% of 13-3/8" surface casing.
- 6. Manufacturer representative will install test plug
- 7. Test BOPE equipment to 3,000 psi per permitted test pressure for drilling below 9-5/8" intermediate shoe.
- 8. Install Wear Bushing
- 9. Drill to 9-5/8" casing shoe
- 10. Trip out of hole.
- 11. Remove Wear Bushing.
- 12. Run 9-5/8" casing and land 9-5/8" casing hanger.
- 13. Cement casing.
- 14. Washout stack. Run wash tool to clean hanger.
- 15. Run and Install Packoff.
- 16. Test Packoff Seals.
- 17. Run Wear Bushing.
- 18. TIH to float collar.
- 19. Test Casing per COA WOC times. (500 psi compressive strength and 8 hours, whichever is greater)
- 20. Drill to production hole TD.
- 21. Trip out of hole.
- 22. Run 5.5" Production Casing.
- 23. Cement 5.5" Casing.
- 24. Set 5.5" Casing Slips.

Note: We will not Test BOP's after welding on the Surface head unless we exceed the 30 day limit per Onshore Order #2.