

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

OCD Artesia

FORM APPROVED  
OMB NO. 1004-0137  
Expires: January 31, 2018**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 page 2**

|  |   |   |
|--|---|---|
| 1. Type of Well<br><input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other |   | 5. Lease Serial No.<br>NMNM7752                               |
| 2. Name of Operator<br>CIMAREX ENERGY COMPANY OF CO<br>Contact: MICHAEL MARTIN<br>E-Mail: Michael@percussionpetroleum.com        |   | 6. If Indian, Allottee or Tribe Name                          |
| 3a. Address<br>600 N MARIENFELD STE 600<br>MIDLAND, TX 79703   | 3b. Phone No. (include area code)<br>Ph: 281-974-6817 | 7. If Unit or CA/Agreement, Name and/or No.                   |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description)<br>Sec 7 T17S R30E NESE 330FSL 1650FEL                    |   | 8. Well Name and No.<br>MERAK 7 FEDERAL 8                     |
|  |   | 9. API Well No.<br>30-015-40614-00-S1                         |
|  |   | 10. Field and Pool or Exploratory Area<br>LOCO HILLS-QU-GB-SA |
|  |   | 11. County or Parish, State<br>EDDY COUNTY, NM                |

**12. CHECK THE 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"/> Hydraulic Fracturing | <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 type="checkbox"/> Other          |
|  | <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 checked="" type="checkbox"/> Water Disposal |   |

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomple 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 must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recomple in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.

Percussion Petroleum respectfully requests approval for off lease water disposal from the Merak 7 Federal 8 Facility and the six(6) active producing wells noted below into the Percussion Petroleum operated Vermejo Federal SWD System that consists of multiple producing tank battery facilities disposing individually metered water volumes into the Vermejo Federal 1 SWD well API# 3001540644 NMOCD SWD Permit #1321.

RECEIVED

NOV 06 2018

The following Merak 7 Federal wells are actively producing into the Merak 7 Federal 8 Facility:

DISTRICT II-ARTESIA O.C.D.

Completion API#  
MERAK 7 FEDERAL 3 3001540609 ✓  
MERAK 7 FEDERAL 4 3001540610 ✓  
MERAK 7 FEDERAL 5 3001540611 ✓  
MERAK 7 FEDERAL 6 3001540612 ✓

GC 11-8-18  
Accepted for record - NMOCD

SEE ATTACHED FOR  
CONDITIONS OF APPROVAL

|  |                  |
|--|------------------|
| 14. I hereby certify that the foregoing is true and correct.<br>Electronic Submission #441101 verified by the BLM Well Information System<br>For CIMAREX ENERGY COMPANY OF CO, sent to the Carlsbad<br>Committed to AFMSS for processing by DEBORAH MCKINNEY on 10/25/2018 (19DLM0084SE)   |                  |
| Name (Printed/Typed) DAVID HARSELL   | Title CONSULTANT |
| Signature (Electronic Submission)  | Date 10/24/2018  |
| THIS SPACE FOR FEDERAL OR STATE OFFICE USE   |                  |
| Approved By _____  | Title _____      |
| 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.                                  |                  |
| Office _____   |                  |
| Title 18 U.S.C. 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. |                  |

ACCEPTED FOR RECORD

OCT 26 2018

BUREAU OF LAND MANAGEMENT  
CARLSBAD FIELD OFFICE

(Instructions on page 2)

\*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\*

**Additional data for EC transaction #441101 that would not fit on the form**

**32. Additional remarks, continued**

MERAK 7 FEDERAL 7 3001540613 ✓  
MERAK 7 FEDERAL 8 3001540614 ✓

The Merak 7 Federal 8 Facility produced water information:

Formation: Blinebry & Paddock

Water Production: 350 BWPD

Onsite Storage: Produced water is stored in two(2) 500 bbl fiberglass tanks

Transportation: Produced water is pumped from the Merak 7 Federal 8 Facility into the Vermejo Federal SWD System through a series of 4 in polylines that transport the water to the Vermejo

Federal 1 permitted disposal well.

The Vermejo Federal SWD System consists of one active permitted well:

Completion VERMEJO FEDERAL 1 (SWD)

API# 3001540644

Surf Location (O)-15-17S-28E

NM Lse # NMNM080268

Pool Code SWD Cisco 96099

SWD Permit# SWD-1321

(SEE ATTACHED)

Percussion Petroleum respectfully requests approval for off lease water disposal from the Merak 7 Federal 8 Facility and the six(6) active producing wells noted below into the Percussion Petroleum operated Vermejo Federal SWD System that consists of multiple producing tank battery facilities disposing individually metered water volumes into the Vermejo Federal 1 SWD well API# 3001540644 NMOCD SWD Permit #1321.

The following Merak 7 Federal wells are actively producing into the Merak 7 Federal 8 Facility:

| Completion        | API#       | Surf Location | NM Lse # | Formation          | Pool Code |
|-------------------|------------|---------------|----------|--------------------|-----------|
| MERAK 7 FEDERAL 3 | 3001540609 | (K)-7-17S-30E | NMNM7752 | Blinebry & Paddock | 96718     |
| MERAK 7 FEDERAL 4 | 3001540610 | (I)-7-17S-30E | NMNM7752 | Blinebry & Paddock | 96718     |
| MERAK 7 FEDERAL 5 | 3001540611 | (N)-7-17S-30E | NMNM7752 | Blinebry & Paddock | 96718     |
| MERAK 7 FEDERAL 6 | 3001540612 | (O)-7-17S-30E | NMNM7752 | Blinebry & Paddock | 96718     |
| MERAK 7 FEDERAL 7 | 3001540613 | (N)-7-17S-30E | NMNM7752 | Blinebry & Paddock | 96718     |
| MERAK 7 FEDERAL 8 | 3001540614 | (O)-7-17S-30E | NMNM7752 | Blinebry & Paddock | 96718     |

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|--------------------------|--|
| <b>Formation:</b>        | Blinebry & Paddock   |
| <b>Water Production:</b> | 350 BWPD   |
| <b>Onsite Storage:</b>   | Produced water is stored in two(2) 500 bbl fiberglass tanks  |
| <b>Transportation:</b>   | Produced water is pumped from the Merak 7 Federal 8 Facility into the Vermejo Federal SWD System through a series of 4 in polylines that transport the water to the Vermejo Federal 1 permitted disposal well. |

The Vermejo Federal SWD System consists of one active permitted well:

|                      |                         |
|----------------------|-------------------------|
| <b>Completion</b>    | VERMEJO FEDERAL 1 (SWD) |
| <b>API#</b>          | 3001540644              |
| <b>Surf Location</b> | (O)-15-17S-28E          |
| <b>NM Lse #</b>      | NMNM080268              |
| <b>Pool Code</b>     | SWD Cisco 96099         |
| <b>SWD Permit#</b>   | SWD-1321                |

**BUREAU OF LAND MANAGEMENT**  
**Carlsbad Field Office**  
**620 East Greene Street**  
**Carlsbad, New Mexico 88220**  
**575-234-5972**

**Disposal of Produced Water From Federal Wells**  
**Conditions of Approval**

Approval of the produced water disposal methodology is subject to the following conditions of approval:

1. This agency shall be notified of any change in your method or location of disposal.
2. Compliance with all provisions of Onshore Order No. 7.
3. This agency shall be notified of any spill or discharge as required by NTL-3A.
4. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
5. Any on-lease open top storage tanks shall be covered with a protective cover to prevent entry by birds and other wildlife.
6. This approval should not constitute the granting of any right-of-way or construction rights not granted by the lease instrument.
7. If water is transported via a pipeline that extends beyond the lease boundary then you need to submit within 30 days an application for right-of-way approval to the Realty Section in this office if you have not already done so.
8. Disposal at any other site will require prior approval.
9. Subject to like approval by NMOCD

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