

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

FORM APPROVED OMB NO. 1004-0135 Expires: July 31, 2010

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.

5. Lease Serial No. NMNM17103
6. If Indian, Allottee or Tribe Name
7. If Unit or CA/Agreement, Name and/or No.
8. Well Name and No. LEE FEDERAL 20H
9. API Well No. 30-025-39917
10. Field and Pool, or Exploratory AVALON; BONE SPRING, EAST
11. County or Parish, and State EDDY COUNTY, NM

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well [X] Oil Well [] Gas Well [] Other
2. Name of Operator CIMAREX ENERGY CO OF COLORADO Contact: MICHELLE CHAPPELL
3a. Address 600 N. MARIENFELD STREET, SUITE 600 MIDLAND, TX 79701
3b. Phone No. (include area code) Ph: 432-620-1959
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 25 T20S R28E SESE 660FSL 330FEL 32.539081 N Lat, 104.123744 W Lon

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

Table with 2 columns: TYPE OF SUBMISSION and TYPE OF ACTION. Includes checkboxes for Notice of Intent, Subsequent Report, Final Abandonment Notice, Acidize, Deepen, Production, Water Shut-Off, etc.

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 recomplate 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 recompletion 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.)

Cimarex Energy Co. of Colorado respectfully requests to construct a 4" SDR 11 poly surface line to carry produced water from the Lee Federal 20H (SE/SE Section 25, T20S, R28E) to the Strata SWD in the SW/NE Sec. 25, T20S, R28E. This line will consist of approximately 4471.3 feet, 270.99 rods or 3.08 acres which is all on lease and follows existing roads. The pipeline will have a MAOP of 125#. Any arch survey required will be sent under a different cover. Please see attached plats.

NM OIL CONSERVATION ARTESIA DISTRICT NOV 10 2014

RECEIVED

Surface OK - See COA's for Special Range and Cave Stipulations. R 10/20/14

14. I hereby certify that the foregoing is true and correct. Electronic Submission #254211 verified by the BLM Well Information System For CIMAREX ENERGY CO OF COLORADO, sent to the Carlsbad
Name (Printed/Typed) MICHELLE CHAPPELL Title REGULATORY TECHNICIAN
Signature (Electronic Submission) Date 07/22/2014

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

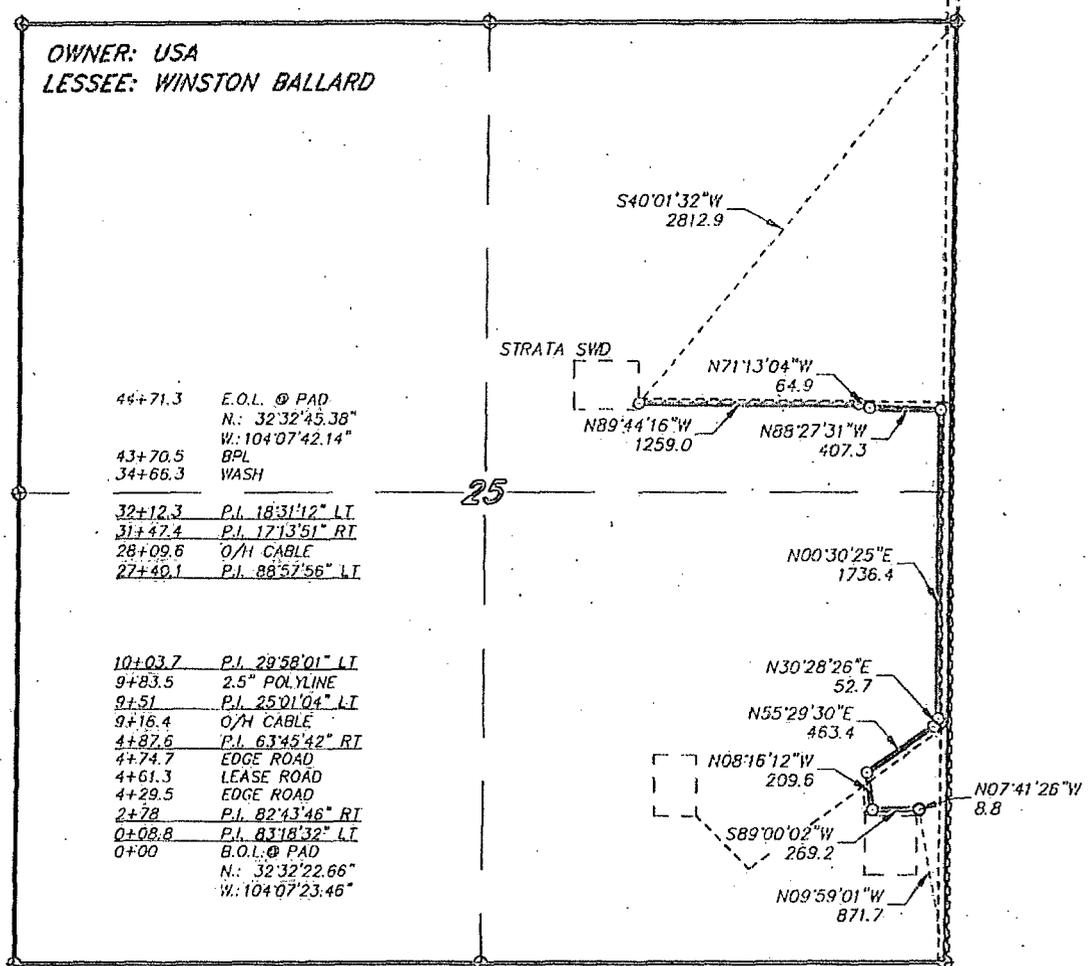
Approved By [Signature] Title FIELD MANAGER Date 10-29-14
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. Office CARLSBAD FIELD 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.

** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED **

SECTION 25, TOWNSHIP 20 SOUTH, RANGE 28 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.

OWNER: USA
LESSEE: WINSTON BALLARD



- 44+71.3 E.O.L. @ PAD
N.: 32°32'45.38"
W.: 104°07'42.14"
- 43+70.5 BPL
- 34+66.3 WASH
- 32+12.3 P.I. 18°31'12" LT
- 31+47.4 P.I. 17°13'51" RT
- 28+09.8 O/H CABLE
- 27+40.1 P.I. 88°57'56" LT
- 10+03.7 P.I. 29°58'01" LT
- 9+83.5 2.5" POLYLINE
- 9+51 P.I. 25°01'04" LT
- 9+16.4 O/H CABLE
- 4+87.6 P.I. 63°45'42" RT
- 4+74.7 EDGE ROAD
- 4+61.3 LEASE ROAD
- 4+29.5 EDGE ROAD
- 2+78 P.I. 82°43'46" RT
- 0+08.8 P.I. 81°18'32" LT
- 0+00 B.O.L. @ PAD
N.: 32°32'22.66"
W.: 104°07'23.46"

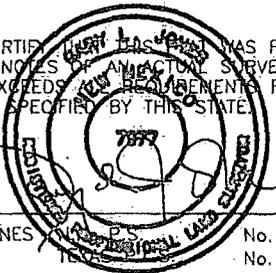
25

LEGAL DESCRIPTION

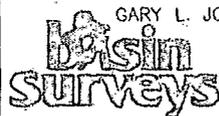
A STRIP OF LAND 30.0 FEET WIDE LOCATED IN SECTION 25, TOWNSHIP 20 SOUTH, RANGE 28 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO AND BEING 15.0 FEET TO THE LEFT AND RIGHT OF THE ABOVE PLATTED CENTERLINE SURVEY.

SECTION 25 = 4471.3 FEET = 270.99 RODS = 0.85 MILES = 3.08 ACRES

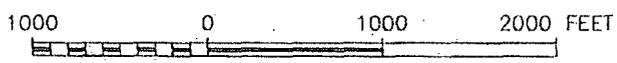
I HEREBY CERTIFY THAT THIS SURVEY WAS PREPARED FROM FIELD NOTES OF AN ACTUAL SURVEY AND MEETS OR EXCEEDS ALL REQUIREMENTS FOR LAND SURVEYS AS SPECIFIED BY THIS STATE.



GARY L. JONES, P.S. No. 7977
No. 5074



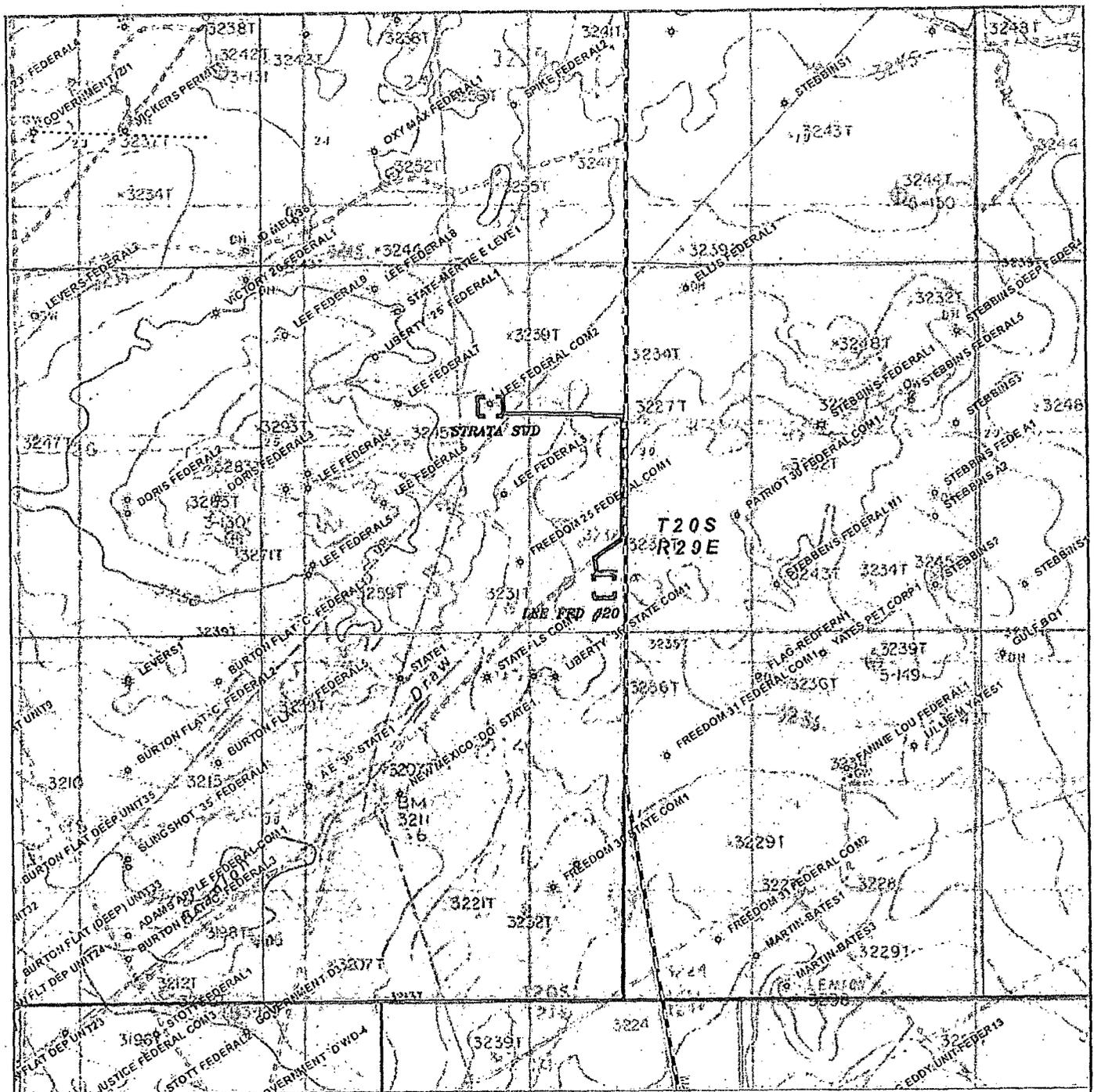
P.O. Box 1786 (575) 393-7316 - Office
1120 N. West County Rd. (575) 392-2206 - Fax
Hobbs, New Mexico 88241 basin-surveys.com



CIMAREX ENERGY CO.

REF: PROPOSED SWD PIPELINE FROM LEE FED 20 TO STRATA SWD

A PIPELINE CROSSING USA LAND IN
SECTION 25, TOWNSHIP 20 SOUTH, RANGE 28 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.



PROPOSED SWD PIPELINE FROM THE LEE FED#20 TO STRATA SWD
 Section 25, Township 20 South, Range 28 East,
 N.M.P.M., Lea County, New Mexico.

basin surveys
 focused on excellence in the oilfield

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

0' 1000' 2000' 3000' 4000'

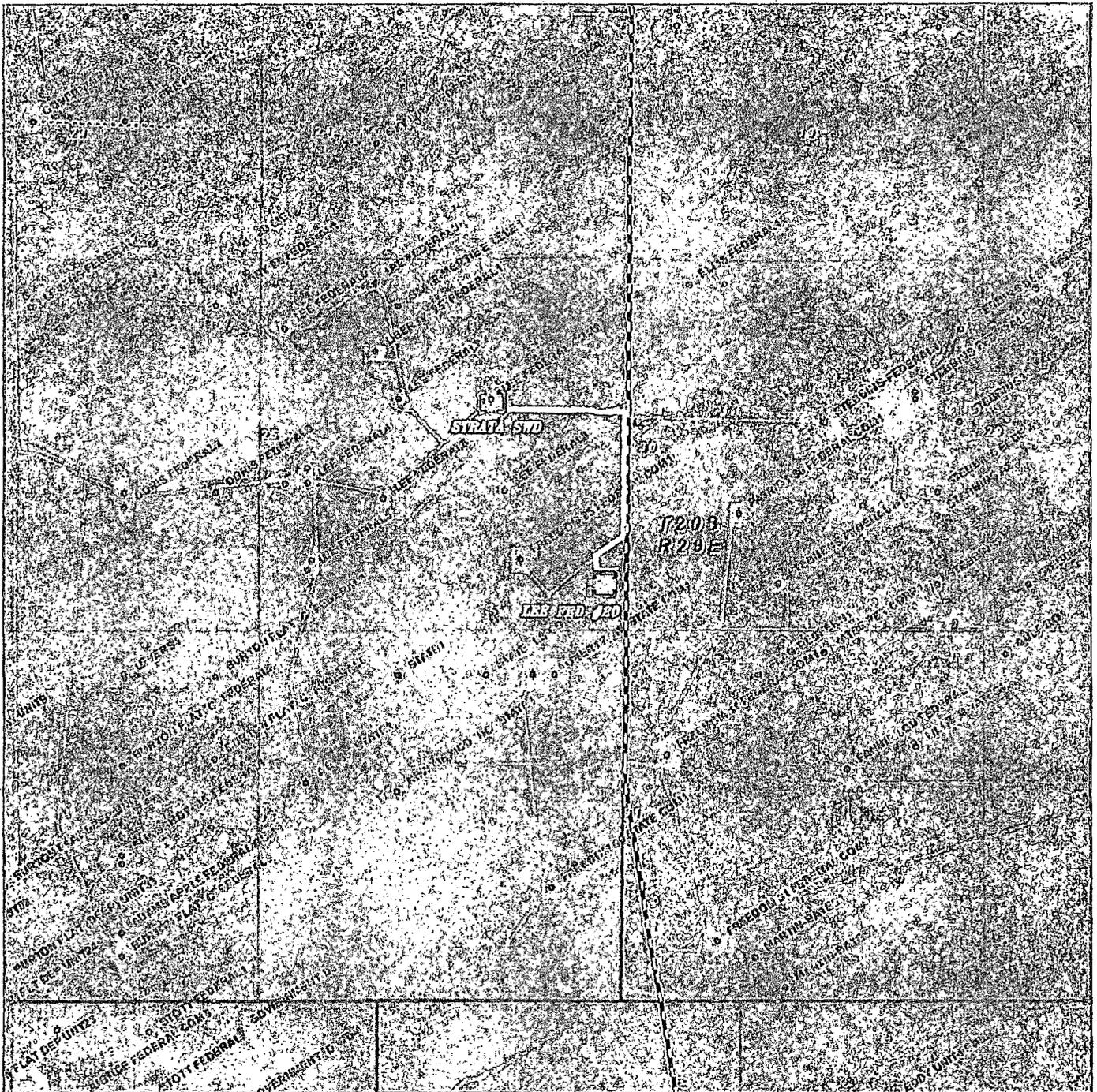
SCALE: 1" = 2000'

W.O. Number: KAN 30537

Survey Date: 06-12-2014

YELLOW TINT - USA LAND
 BLUE TINT - STATE LAND
 NATURAL COLOR - FEE LAND

CIMAREX
 ENERGY CO.



PROPOSED SWD PIPELINE FROM THE LEE FED#20 TO STRATA SWD
 Section 25, Township 20 South, Range 28 East,
 N.M.P.M., Lea County, New Mexico.

basin
surveys
 focused on excellence
 in the oilfield

P.O. Box 1786
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0' 1000' 2000' 3000' 4000'

SCALE: 1" = 2000'

W.O. Number: KAN 30537

Survey Date: 06-12-2014

YELLOW TINT - USA LAND
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 NATURAL COLOR - FEE LAND

CIMAREX
 ENERGY CO.

BLM LEASE NUMBER: NMNM17103

COMPANY NAME: Cimarex Energy Company

ASSOCIATED WELL NAME: Lee Federal 20H

STANDARD STIPULATIONS FOR SURFACE INSTALLED PIPELINES

A copy of the application (Grant, Sundry Notice, APD) and attachments, including stipulations, survey plat and/or map, will be on location during construction. BLM personnel may request to you a copy of your permit during construction to ensure compliance with all stipulations.

Holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer:

1. The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.
2. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976 as amended, 15 USC 2601 *et seq.* (1982) with regards to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation, and Liability Act, section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the authorized officer concurrent with the filing of the reports to the involved Federal agency or State government.
3. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, *et seq.* or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, *et seq.*) on the Right-of-Way (unless the release or threatened release is wholly unrelated to activity of the Right-of-Way holder's activity on the Right-of-Way), or resulting from the activity of the Right-of-Way holder on the Right-of-Way. This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.
4. The holder shall be liable for damage or injury to the United States to the extent provided by 43 CFR Sec. 2883.1-4. The holder shall be held to a standard of strict liability for damage or injury to the United States resulting from pipe rupture, fire, or spills caused or substantially aggravated by any of the following within the right-of-way or permit area:
 - a. Activities of the holder including, but not limited to construction, operation, maintenance,

and termination of the facility.

- b. Activities of other parties including, but not limited to:
 - (1) Land clearing.
 - (2) Earth-disturbing and earth-moving work.
 - (3) Blasting.
 - (4) Vandalism and sabotage.
- c. Acts of God.

The maximum limitation for such strict liability damages shall not exceed one million dollars (\$1,000,000) for any one event, and any liability in excess of such amount shall be determined by the ordinary rules of negligence of the jurisdiction in which the damage or injury occurred.

This section shall not impose strict liability for damage or injury resulting primarily from an act of war or from the negligent acts or omissions of the United States.

5. If, during any phase of the construction, operation, maintenance, or termination of the pipeline, any oil, salt water, or other pollutant should be discharged from the pipeline system, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil, salt water, or other pollutant, wherever found, shall be the responsibility of the holder, regardless of fault. Upon failure of the holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages resulting therefrom, on the Federal lands, the Authorized Officer may take such measures as he deems necessary to control and clean up the discharge and restore the area, including, where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve the holder of any responsibility as provided herein.

6. All construction and maintenance activity will be confined to the authorized right-of-way width of 20 feet. If the pipeline route follows an existing road or buried pipeline right-of-way, the surface pipeline must be installed no farther than 10 feet from the edge of the road or buried pipeline right-of-way. If existing surface pipelines prevent this distance, the proposed surface pipeline must be installed immediately adjacent to the outer surface pipeline. All construction and maintenance activity will be confined to existing roads or right-of-ways.

7. No blading or clearing of any vegetation will be allowed unless approved in writing by the Authorized Officer.

8. The holder shall install the pipeline on the surface in such a manner that will minimize suspension of the pipeline across low areas in the terrain. In hummocky or dune areas, the pipeline will be "snaked" around hummocks and dunes rather than suspended across these features.

9. The pipeline shall be buried with a minimum of 24 inches under all roads, "two-tracks," and trails. Burial of the pipe will continue for 20 feet on each side of each crossing. The condition of the road, upon completion of construction, shall be returned to at least its former state with no bumps or dips remaining in the road surface.

10. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence. No permanent gates will be allowed unless approved by the Authorized Officer.

11. In those areas where erosion control structures are required to stabilize soil conditions, the holder will install such structures as are suitable for the specific soil conditions being encountered and which are in accordance with sound resource management practices.

12. Excluding the pipe, all above-ground structures not subject to safety requirement shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be a color which simulates "Standard Environmental Colors" – **Shale Green**, Munsell Soil Color No. 5Y 4/2; designated by the Rocky Mountain Five State Interagency Committee.

13. The pipeline will be identified by signs at the point of origin and completion of the right-of-way and at all road crossings. At a minimum, signs will state the holder's name, BLM serial number, and the product being transported. Signs will be maintained in a legible condition for the life of the pipeline.

14. The holder shall not use the pipeline route as a road for purposes other than routine maintenance as determined necessary by the Authorized Officer in consultation with the holder. The holder will take whatever steps are necessary to ensure that the pipeline route is not used as a roadway.

15. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf, on public or Federal land shall be immediately reported to the authorized officer. Holder 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 will be made by the authorized officer to determine appropriate cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the authorized officer after consulting with the holder.

16. 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, powerline 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.

17. Surface pipelines must be less than or equal to 4 inches and a working pressure below 125 psi.

18. Special Stipulations:

Cave/Karst Requirements:

Leak Detection System:

A method of detecting leaks is required. The method could incorporate gauges to measure loss, siting values and lines so they can be visually inspected, or installing electronic sensors to alarm when a leak is present. Leak detection plan will be submitted to BLM for approval.

Automatic Shut-off Systems:

Automatic shut off, check valves, or similar systems will be installed for pipelines and tanks to minimize the effects of catastrophic line failures used in production or drilling.

Range Improvement Project Requirement

Any damage to structures that provide water to livestock throughout the life of the well, caused by operations from the well site, must be immediately corrected by the operator. The operator must notify the BLM office (575-234-5972) and the private surface landowner or the grazing allotment holder if any damage occurs to structures that provide water to livestock.