

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTCarlsbad Field Office
EDD ArtesiaFORM APPROVED
OMB NO. 1004-0137
Expires: January 31, 2018Lease Serial No.
NMNM19848**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 <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		8. Well Name and No. LAGUNA GRANDE UNIT 7H
2. Name of Operator CIMAREX ENERGY COMPANY Contact: ARICKA EASTERLING E-Mail: aeasterling@cimarex.com		9. API Well No. 30-015-42739
3a. Address 202 S. CHEYENNE AVE, SUITE 1000 TULSA, OK 74103	3b. Phone No. (include area code) Ph: 918-560-7060	10. Field and Pool or Exploratory Area PURPLE SAGE WOLFCAMP
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 29 T23S R29E NWNE 180FNL 1650FEL		11. County or Parish, State 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 checked="" type="checkbox"/> Other	
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Change to Original A	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	PD	

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 recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must 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 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.

Cimarex respectfully requests approval for the following:

Change the 20" 133# J-55 BTC surface casing to 150' FGL (See attached)
Request a 20" annular diverter variance (See attached)
Request for conductor rig to be released from location to wait for drilling rig to MIRU.
Request a rig layout change. The Rig layout, including v-door and flare line may change depending on rig availability. The pad dimensions and orientation will remain the same. There will be no additional disturbance if a rig layout change is necessary to accommodate the drilling rig.

SEE ATTACHED FOR
CONDITIONS OF APPROVALNM OIL CONSERVATION
ARTESIA DISTRICT

DEC 04 2017

Accepted for record - NMOCD

RECEIVED

14. I hereby certify that the foregoing is true and correct.

Electronic Submission #396316 verified by the BLM Well Information System
For CIMAREX ENERGY COMPANY, sent to the Carlsbad
Committed to AFMSS for processing by MUSTAFA HAQUE on 11/30/2017 ()

Name (Printed/Typed) ARICKA EASTERLING

Title REGULATORY ANALYST

Signature (Electronic Submission)

Date 11/29/2017

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By Mustafa Haque

Title Engineer

Date 12-01-2017

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 CPO

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.

(Instructions on page 2)

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

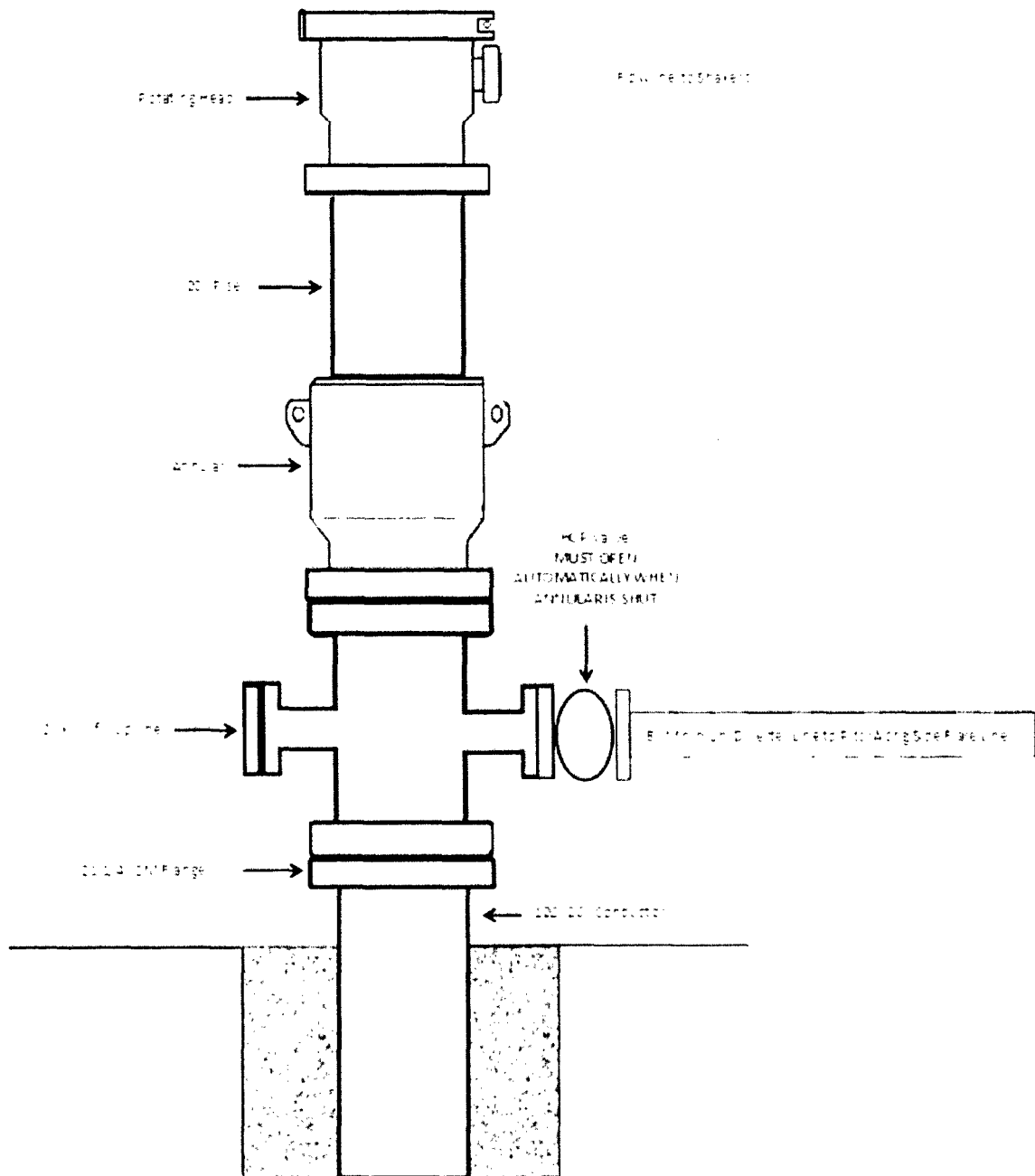
- Drill 30" hole with rathole rig to 150-165' from ground level (A conductor will not be set)
- Run and Set 20" 133# J-55 BTC casing. (
- Cement with 656 sacks of 14.8 ppg, 1.36 ft³/sack, 6.57 gal/sk, 500 psi = 9.5 hours, and Class C Cement. 100% excess. (This will be cemented conventionally with a plug system)
- WOC – 8 hours
- Release Rathole rig and Wait to MIRU with Drilling Rig
- MIRU Rig (Within 90 days)
- Weld on 21-1/4" 2M flange with mud cross, 21-1/4" 2M 20" annular and rotating head with 8" diverter line.
 - Diverter System will be rigged up to simultaneously close the annular and open the HCR valve to divert flow from rig. This prevents any pressure from being applied to the 20" casing shoe.
 - Function test system
 - No casing/BOP test will be performed.
- Drill 12-1/4" surface and set and cement 9-5/8" casing.
- WOC per COA.
- Cut off 20" casing and Nipple down 20" diverter system
- Weld on 11" 5M wellhead onto 9-5/8" casing.
- Proceed as current COA

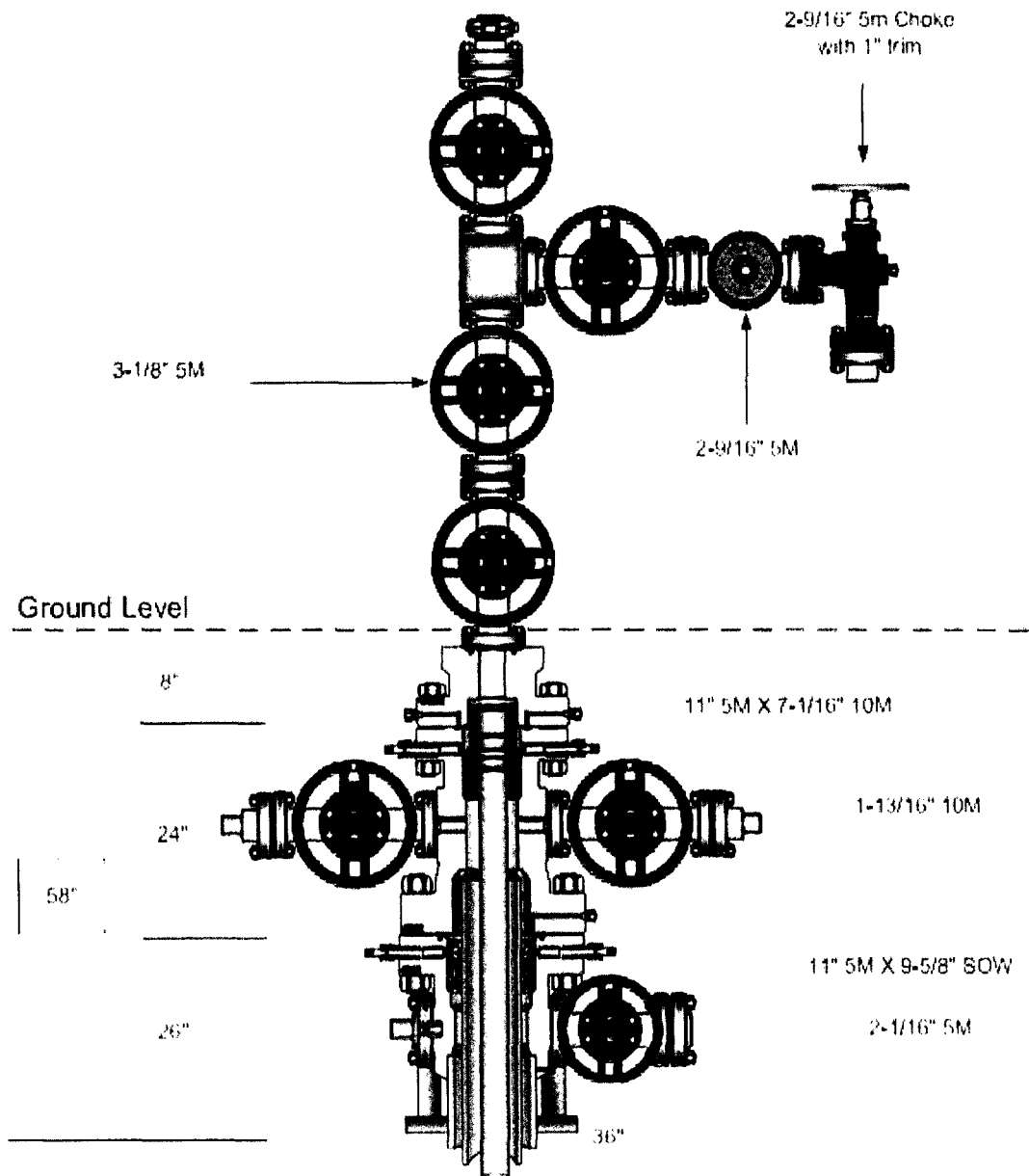
Annular Diverter Variance:

Cimarex requests a 20" Annular diverter variance to be used after setting 20" surface casing due to the shallow shoe of the 20" casing (175'). Our reasoning for not needing the BOP system is below:

- There is no hydrocarbon bearing zones below the 20" surface shoe and intermediate casing depth of 2,900'.
- Normally pressured gradient of 0.433 psi/ft = 1255 psi and this section will be drilled with 10# brine water which equates to 1508 psi of hydrostatic. We will be 283 psi over balance when drilling intermediate section.
- The system consists of a 21-1/4" flange welded to the 20" casing, 21-1/4" 2M mudcross with 2" kill/fill up line and 8" diverter line, 21-1/4" 2M annular preventer, 20" riser and rotating head bowl. See diagram below:

Annular Diverter System





PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Cimarex Energy Co.
LEASE NO.:	NMNM-19848
WELL NAME & NO.:	Laguna Grande Unit 7H
SURFACE HOLE FOOTAGE:	0180' FNL & 01650' FEL
BOTTOM HOLE FOOTAGE:	0330' FSL & 1850' FEL
LOCATION:	Section 31, T. 23 S., R 29 E., NMPM
COUNTY:	Eddy County, New Mexico

All previous COAs still apply except for the following:

A. CASING

1. The **20** inch surface casing shall be set at approximately **175** feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt) and cemented to the surface.
 - a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with 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 will be a minimum of **8 hours for water basin / 24 hours in the Potash Area** or 500 pounds compressive strength, whichever is greater. (This is to include the lead cement)
 - c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.
 - d. If cement falls back, remedial cementing will be done prior to drilling out that string.

B. 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 53.
2. **A variance is granted for the use of a diverter on the 20 inch surface casing.**

MHH 11302016