

OCD-ARTESIA

SUNDY 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.

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 20105. Lease Serial No.
LC 029387 A

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other Instructions on page 2.

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other2. Name of Operator
CIMAREX ENERGY CO. OF COLORADO3a. Address
600 N. Marlenfeld at Suite 600, Midland, TX 797013b. Phone No. (include area code)
432-571-78004. Location of Well (Footage, Sec., T., R., M., or Survey Description)
1650' FSL & 900' FWL, Unlt L, Section 29, T18S-R31E

7. If Unit of C/A Agreement, Name and/or No.

8. Well Name and No.
Shugart A #59. API Well No.
30-015-0563810. Field and Pool or Exploratory Area
Shugart (Y,SR,Q)11. Country or Parish, State
EDDY

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"/> Fracture Treat	<input checked="" 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 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 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.)

1. Talon/LPE went to the P&A location at the Shugart A #5 on 2/24/2010. Six grab soil samples were taken from random sections of the location. The soil samples were sent to Cardinal Laboratories for analysis of total Chlorides via Method SM4500Cl-B. The results for the soil samples tested found the chlorides to range from <16 mg/kg to 1,440 mg/kg. Lab results are attached.

2. The caliche from the location will be removed. The location will then be cut and ripped.

3. Windrows will be installed and a 1-foot berm will be constructed up gradient of the berm to divert run off waters for erosion control.

4. The location will be seeded using the recommended BLM seed mixture for the area.

5. A berm along the south side of the location will be installed to close the access road to the location with the removed caliche.

* Contact Jim Amos @ 575-234-5909 prior to start. Onsite needed. See Attached objectives

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)

James Tinney

Title Production Foreman

Signature

Date 3/5/2012

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title SEAS

Date 4-28-12

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 CFO

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)



PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

February 20, 2012

MIKE STUBBLEFIELD

TALON LPE

408 W. TEXAS AVE.

ARTESIA, NM 88210

RE: SHUGART A NO. 5

Enclosed are the results of analyses for samples received by the laboratory on 02/14/12 14:35.

Cardinal Laboratories is accredited through Texas NELAP under certificate number T104704398-11-3. Accreditation applies to drinking water, non-potable water and solid and chemical materials. All accredited analytes are denoted by an asterisk (*). For a complete list of accredited analytes and matrices visit the TCEQ website at www.tceq.texas.gov/field/qa/lab_accred_certif.html.

Cardinal Laboratories is accredited through the State of Colorado Department of Public Health and Environment for:

Method EPA 552.2	Haloacetic Acids (HAA-5)
Method EPA 524.2	Total Trihalomethanes (TTHM)
Method EPA 524.4	Regulated VOCs (V1, V2, V3)

Accreditation applies to public drinking water matrices.

This report meets NELAP requirements and is made up of a cover page, analytical results, and a copy of the original chain-of-custody. If you have any questions concerning this report, please feel free to contact me.

Sincerely,

A handwritten signature in black ink that reads "Hope S. Moreno". The signature is written in a cursive, flowing style.

Hope Moreno

Inorganic Technical Director



PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

Analytical Results For:

TALON LPE
MIKE STUBBLEFIELD
408 W. TEXAS AVE.
ARTESIA NM, 88210
Fax To: (575) 745-8905

Received: 02/14/2012
Reported: 02/20/2012
Project Name: SHUGART A NO. 5
Project Number: 701162.010.01
Project Location: SEC.29.T18S.R31E

Sampling Date: 02/13/2012
Sampling Type: Soil
Sampling Condition: ** (See Notes)
Sample Received By: Jodi Henson

Sample ID: S-1 WELLHEAD AREA 0' (H200387-01)

Chloride, SM4500Cl-D		mg/kg		Analyzed By: AP					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	192	16.0	02/17/2012	ND	416	104	400	3.92	

Sample ID: S-2 LOCATION NW 0' (H200387-02)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: AP					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	<16.0	16.0	02/17/2012	ND	416	104	400	3.92	

Sample ID: S-3 LOCATION NE 0' (H200387-03)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: AP					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	16.0	16.0	02/17/2012	ND	416	104	400	3.92	

Sample ID: S-4 LOCATION SW 0' (H200387-04)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: AP					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	<16.0	16.0	02/17/2012	ND	416	104	400	3.92	

Cardinal Laboratories

* = Accredited Analyte

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analysis. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including without limitation, business interruption, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of the services hereunder by Cardinal, regardless of whether such claim is based upon any of the above stated reasons or otherwise. Results relate only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.

Hope Moreno, Inorganic Technical Director



PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

Analytical Results For:

TALON LPE
MIKE STUBBLEFIELD
408 W. TEXAS AVE.
ARTESIA NM, 88210
Fax To: (575) 745-8905

Received: 02/14/2012
Reported: 02/20/2012
Project Name: SHUGART A NO. 5
Project Number: 701162.010.01
Project Location: SEC.29.T18S.R31E

Sampling Date: 02/13/2012
Sampling Type: Soil
Sampling Condition: ** (See Notes)
Sample Received By: Jodi Henson

Sample ID: S-5 LOCATION SE 0' (H200387-05)

Chloride, SM4500Cl-B

mg/kg

Analyzed By: AP

Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	640	16.0	02/17/2012	ND	416	104	400	3.92	

Sample ID: S-6 VISIBLE IMPACTED AREA (H200387-06)

Chloride, SM4500Cl-B

mg/kg

Analyzed By: AP

Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	1440	16.0	02/17/2012	ND	416	104	400	3.92	

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*=Accredited Analyte

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Hope S. Moreno

Hope Moreno, Inorganic Technical Director


Notes and Definitions

ND Analyte NOT DETECTED at or above the reporting limit
RPD Relative Percent Difference
** Samples not received at proper temperature of 6°C or below.
*** Insufficient time to reach temperature.
- Chloride by SM4500Cl-B does not require samples be received at or below 6°C
Samples reported on an as received basis (wet) unless otherwise noted on report

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* = Accredited Analyte

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Hope Moreno, Inorganic Technical Director



CARDINAL Laboratories

CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

101 East Marland, Hobbs, NM 88240

(575) 393-2326 FAX (575) 393-2476

[illegible]

PLEASE NOTE: Liability and Damages. Cardlink's liability and Cardlink's exclusive remedy for any claim arising out of or based in contract or tort, shall be limited to the amount paid by the client to the payee. All claims, including those for negligence and any other cause whatsoever, shall be deemed waived unless made in writing and received by Cardlink within 30 days after completion of the applicable service. In no event shall Cardlink be liable for incidental or consequential damages, including without limitation, business interruption, loss of use, or loss of profits incurred by client. No substitution, modification or suppression of service or of or related to the performance of services brought by Cardlink, including of whatever kind and in however long of the above stated period, or otherwise,

Relinquished By: <u>M. J. (560) 111-1111</u>		Date: <u>2/14/2012</u>		Received By: <u>Gadi Munson</u>		Phone Result: <input type="checkbox"/> Yes <input type="checkbox"/> No Add'l Phone #: _____	
Time: <u>2:35 PM</u>		Date: _____		Fax Result: <input type="checkbox"/> Yes <input type="checkbox"/> No Add'l Fax #: _____		REMARKS: _____	
Relinquished By: _____		Date: _____		Received By: _____			
Time: _____		Time: _____					
Delivered By: (Circle One) Sampler - UPS - Bus - Other: <u>Other</u>				Sample Condition Cool Intact <u>152</u> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		CHECKED BY: <u>AM</u> (Initials)	

† Cardinal cannot accept verbal changes. Please fax written changes to 505-393-2476

Reclamation Objective

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

The long-term objective of final reclamation is to set the course for eventual ecosystem restoration, including the restoration of the natural vegetation community, hydrology, and wildlife habitats. In most cases, this means returning the land to a condition approximating or equal to that which existed prior to the disturbance. The operator is generally not responsible for achieving full ecological restoration of the site. Instead, the operator must achieve the short-term stability, visual, hydrological, and productivity objectives of the surface management agency and take steps necessary to ensure that long-term objectives will be reached through natural processes.

The reclamation process involves restoring the original landform or creating a landform that approximates and blends in with the surrounding landform. It also involves salvaging and reusing all available topsoil in a timely manner, revegetating disturbed areas to native species, controlling erosion, controlling invasive non-native plants and noxious weeds, and monitoring results. With proper reclamation measures, over time, local native species will become re-established on the site and the area will regain its original productive and scenic potential.

Reclamation generally can be judged successful when a self-sustaining, vigorous, diverse native (or otherwise approved) plant community is established on the site, with a density sufficient to control erosion and non-native plant invasion and to re-establish wildlife habitat or forage production. Erosion control is generally sufficient when adequate groundcover is reestablished, water naturally infiltrates into the soil, and gullying, headcutting, slumping, and deep or excessive rilling is not observed. The site must be free of State- or county listed noxious weeds, oilfield debris, contaminated soil, and equipment. The operator should inform the surface management agency that reclamation has been completed and that the site is ready for final inspection when these requirements have been met. Use Form 3160-5 (Sundry Notices and Reports on Wells), Final Abandonment Notice (one original and 3 copies).

If any questions, Contact Jim Amos @ 575-234-5909 (office) or 575-361-2648 (cell).