1. Type of Well 8. Well Name and No. MARQUARDT FEDERAL 13H 2. Name of Operator CIMAREX ENERGY COMPANY OF COMail: rsheldon@cimarex.com 9. API Well No. 30-015-37382-00-S1 3a. Address 202 S CHEYENNE AVE SUITE 1000 TULSA, OK 74103.4346 9. API Well No. 30-015-37382-00-S1 4. Location of Well (Footage. Sec., T., R., M., or Survey Description) Sec 1 T25S R26E SWSE 150FSL 1650FEL 11. County or Parish, and State 12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA TYPE OF SUBMISSION TYPE OF ACTION Notice of Intent Acidize	Earm 3160-5 (August 2007)	X	UNITED STATE		MOCD			APPROVED	
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If the proposal is to deceape directionally or recomplete horizontally, give substrates to a measured and true vertical depths of all pertinent markers and zowe which we have the experiment or recompletion in a new interval, a Form 3160-4 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 within 30 days following completion of the involved operator has determined that the site is ready for final inspection.) CIMAREX REQUESTS PERMISSION TO FLARE APPROX 2000 MCF FOR JANUARY 2016 DUE TO PIPELINE SHUTIN. PLEASE SEE THE ATTACHMENT FOR THE WELLS USING THIS FLARE. MM OLL CONSERVATION ARTESIA DISTRICT MAR 1.4 2016 MAR			Convert to Injection	🗖 Plu	g Back	🔲 Water	Disposal	. 5	
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Additional data for EC transaction #329440 that would not fit on the form

Wells/Facilities, continued

Agreement NMNM14124 NMNM14124

Lease NMNM14124 NMNM14124

Well/Fac Name, Number MARQUARDT FEDERAL 13H MARQUARDT 1 FEDERAL 14H

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API Number 30-015-37382-00-S1 30-015-41808-00-S1

Location Sec 1 T25S R26E SWSE 150FSL 1650FEL Sec 1 T25N R26E SESE 200FSL 660FEL 32.090830 N Lai, 104.142443 W Lon

CIMAREX ENERGY CO OF COLORADO

WELLS USING FLARE:	API	S/T/R	FOOTAGES	AGREEMENT LEASE
MARQUARDT 1 FEDERAL 13H	30-015-37382	01-255-26E	150 FSL 1650 FEL	NMNM14124
MARQUARDT 1 FEDERAL 14H	30-015-41808	01-25S-26E	200 FSL 660 FEL	NMNM14124

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

Cimarex Energy Company Of Colorado Marquardt Federal 13H & 14H Federal Lease NM-14124

Approved 03-02-2016

This field office has evaluated the attached Notice of Intent as a request for flaring/venting beyond NTL-4A allowable thresholds (reasons, timeframes and volumes), and has determined the following Conditions of Approval apply.

Condition of Approval to Flare Gas

- 1. Comply with NTL-4A requirements
- 2. Subject to like approval from NMOCD
- 3. Flared volumes are considered "avoidably lost" and will require payment of royalties. Volumes. shall be reported on OGOR "B" reports as disposition code "08"
- 4. "Avoidably lost" flare volumes shall be metered due to their royalty bearing status. Install gas meter on vent/flare line to measure gas prior to venting/flaring operations if it is not equipped as such at this time.
- Vent/flare gas metering to meet all requirements for a sales meter as per Federal Regulations, Onshore Order #5 and NTL 2008-01. Include meter serial number on sundry (form 3160-5).
- 6. This approval does not authorize any additional surface disturbance.
- An updated facility diagram is required within 60 days of modifications to existing facilities per Onshore Order #3.
- 8. Approval not to exceed 90 days, (from <u>01-01-2016</u> to <u>03-31-2016</u>), if flaring is still required past 90 days submit new request for approval.
- 9. Submit Subsequent Report with actual volumes of gas flared for each month gas is flared on a sundry form 3160-5.

Definition: As per **NTL-4A II. A.** "Avoidably lost" production shall mean the venting or flaring of produced gas without the prior authorization, approval, ratification, or acceptance of the Supervisor and the loss of produced oil or gas when the Supervisor determines that such loss occurred as a result of (1) negligence on the part of the lessee or operator, or (2) the failure of the lessee or operator to take all reasonable measures to prevent and/or to control the loss, or (3) the failure of the lessee or operator to comply fully with the applicable lease terms and regulations, appropriate provisions of the approved operating plan, or the prior written orders of the Supervisor, or (4) and combination of the foregoing.

43CFR3162.7-1 (a) The operator shall put into marketable condition, if economically feasible, all oil, other hydrocarbons, gas and sulphur produced from the leased land.

43CFR3162.1 (a) The operating rights owner or operator, as appropriate, shall comply with applicable laws and regulations; with the lease terms, Onshore Oil and Gas Orders, NTL's; and with other orders and instructions of the authorized officer. These include, but are not limited to, conducting all operations in a manner which ensures the proper handling, measurement, disposition, and site security of leasehold production; which protects other natural resources and environmental quality; which protects life and property; and which results in maximum ultimate economic recovery of oil and gas with minimum waste and with minimum adverse effect on ultimate recovery of other mineral resources.