

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
OCD Hobbs

No. 2041 M AP P. 2/8

OMB No 1004-0137
Expires March 31, 2007

AUG 09 2011

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 reverse side

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other	
2. Name of Operator Cimarex Energy Co. of Colorado	
3a. Address 600 N. Marienfeld St., Ste. 600; Midland, TX 79701	3b. Phone No. (Include area code) 432-571-7800
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 330 FNL & 660 FWL 23-20S-34E	

5. Lease Serial No. NMNM123524
6. If Indian, Allottee or Tribe Name
7. If Unit or CA/Agreement, Name and/or No. Pending
8. Well Name and No. Lynch 23 Federal Com No. 1
9. API Well No. 30-025-40123
10. Field and Pool, or Exploratory Area Lea; Bone Spring, S
11. County or Parish, State Lea County, NM

CHECK 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 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"/> Change well pad dimensions. Change buried
	<input checked="" type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	FL sundry to surface FL
	<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, included 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 shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat 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 proposes to eliminate the tank battery on the Lynch 23 Fed Com No. 2 well and flow oil gas and water to the soon to be drilled Lynch 23 Federal Com No. 1 tank battery and lact produced oil into the Plains pipeline adjacent to the well pad.

In order to do this we will need to extend our Lynch 23 Fed Com 1 pad 30' to the SW to accomadate the tank battery and the Key drilling rig when we finally move in and drill the well. This will allow full well pad dimensions with optimum safety considerations in relation to the tank battery when we move in and drill the well. Overall surface disturbance will be reduced with this plan.

COA for SURFACE Flowline Attached.

We have a sundry in for buried 4" SDR-7 flowline from the Lynch 23 Fed # 2 to the Lynch 23 Fed # 1 for lact meter oil sales into Plains pipeline. We are changing that to an oil gas water SDR-7 surface flowline to the Lynch 23 Fed # 1 tank battery. Oil, gas water will be allocated via well tests when the Lynch Fed Com # 1 is drilled. Gas sales to DCP, Oil sales via lact to Plains.

Recommend APPROVAL, File reviewed, contacted NRS (B.B.), RWR, 8-3-11.
See proposed Rig Plat, Reclamation Diagrams and Flowline Topo for these changes.

See EA 11-227, APD Lynch FC #1 Well, surface previously analyzed.
See EA 11-1074, Sundry Lynch FC #2, Buried PL analyzed, surface line same route.

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

Name (Printed/Typed) Zeno Farris	Title Manager, Operations Administration
Signature <i>Zeno Farris</i>	Date 08.03.11

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by <i>[Signature]</i>	Title AFM	Date 8/3/11
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 BLM Carlsbad Field Office	

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. 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)

AUG 14 2011

Key 881

Exhibit D – Rig Diagram
Lynch '23' Fed Corn 1
 Cimarex Energy Co. of Colorado
 23-20S-34E
 SHL 330 FNL & 1830 FEL
 BHL 330 FSL & 1980 FEL
 Lea County, NM

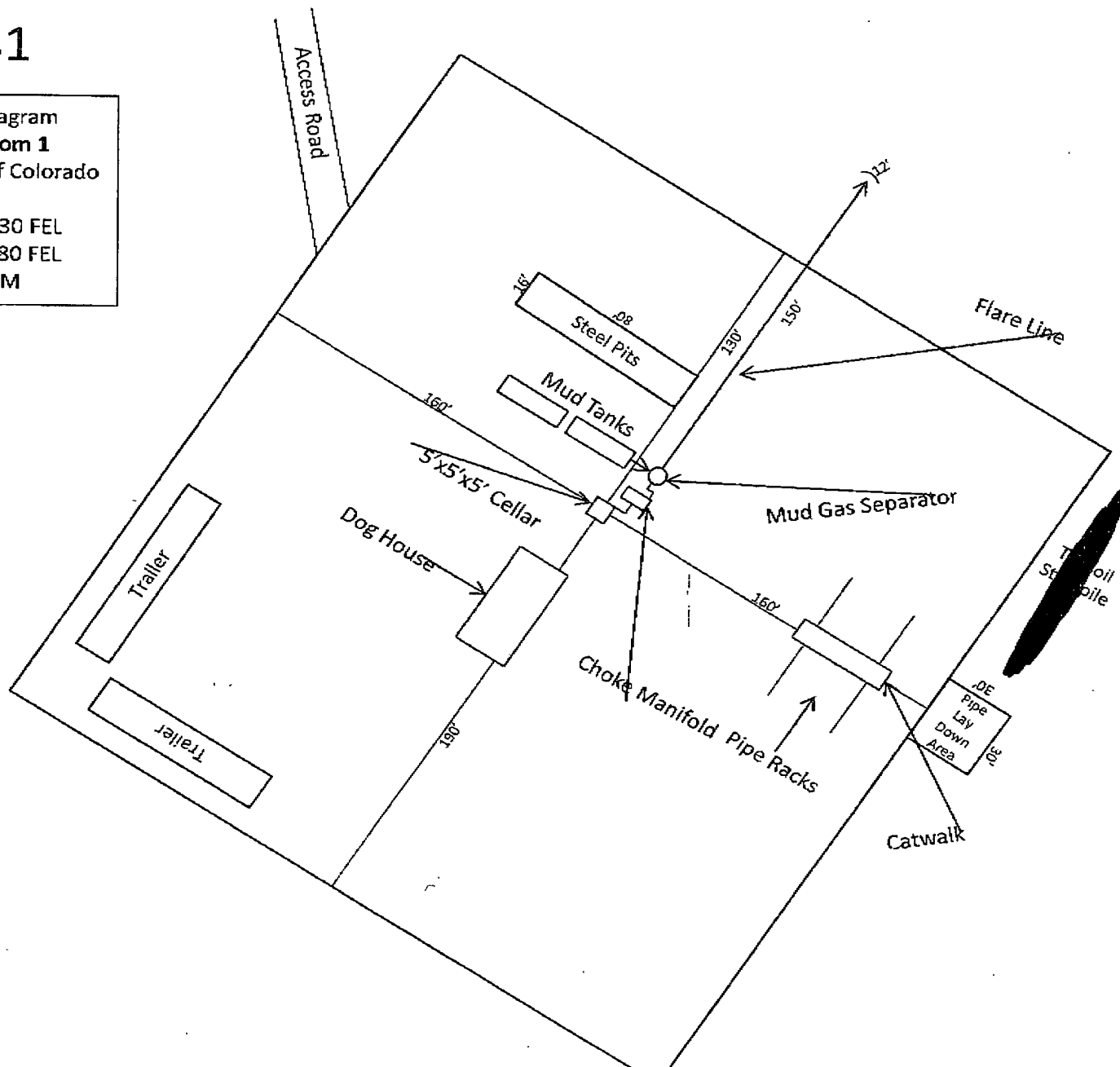


Exhibit D-1
Production Facilities Layout Diagram
Lynch '23' Fed Com 1
Cimarex Energy Co. of Colorado
23-20S-34E
SHL 330 FNL & 1830 FEL
BHL 330 FSL & 1980 FEL
Lea County, NM

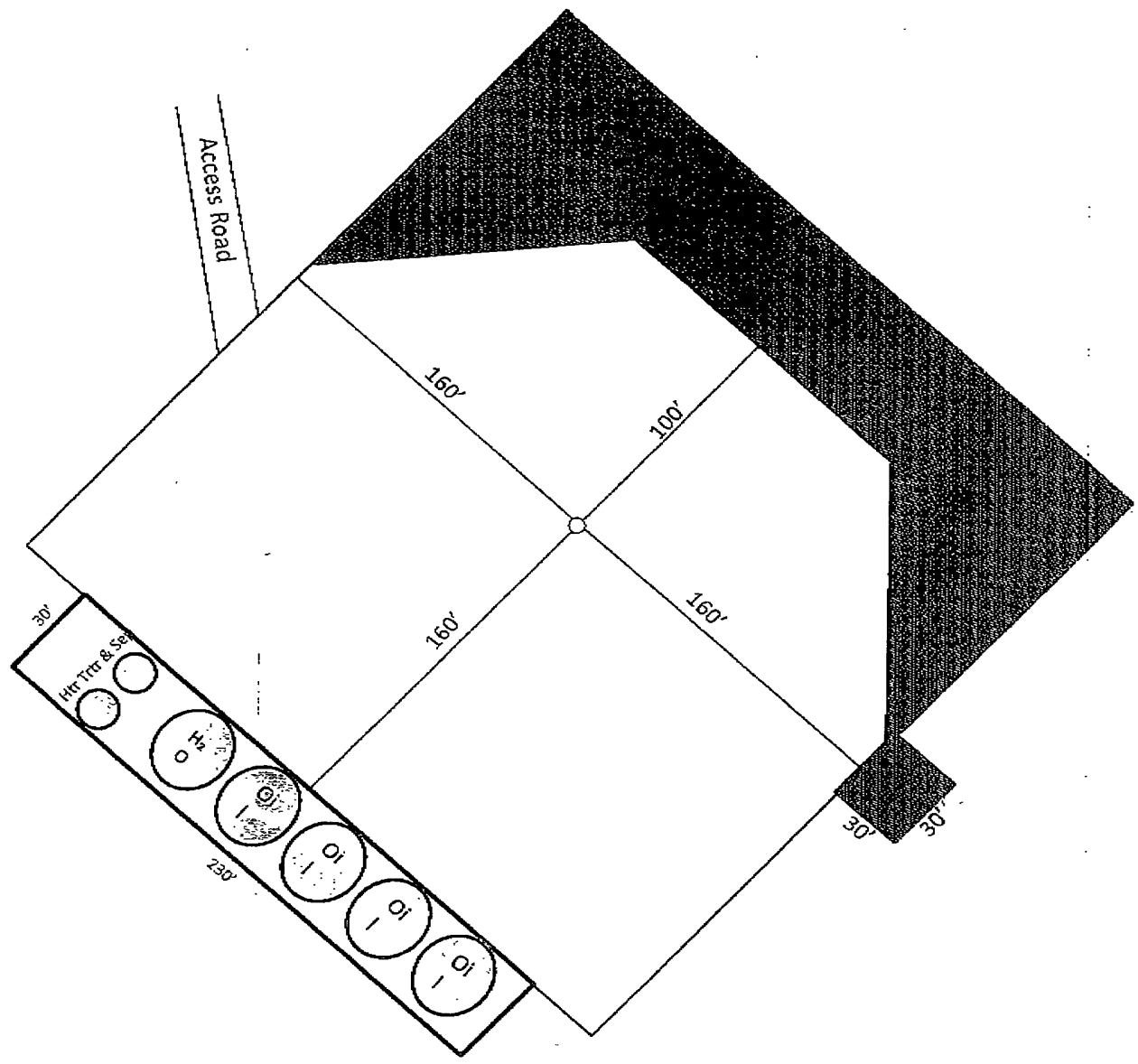
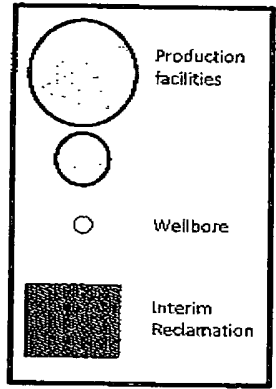
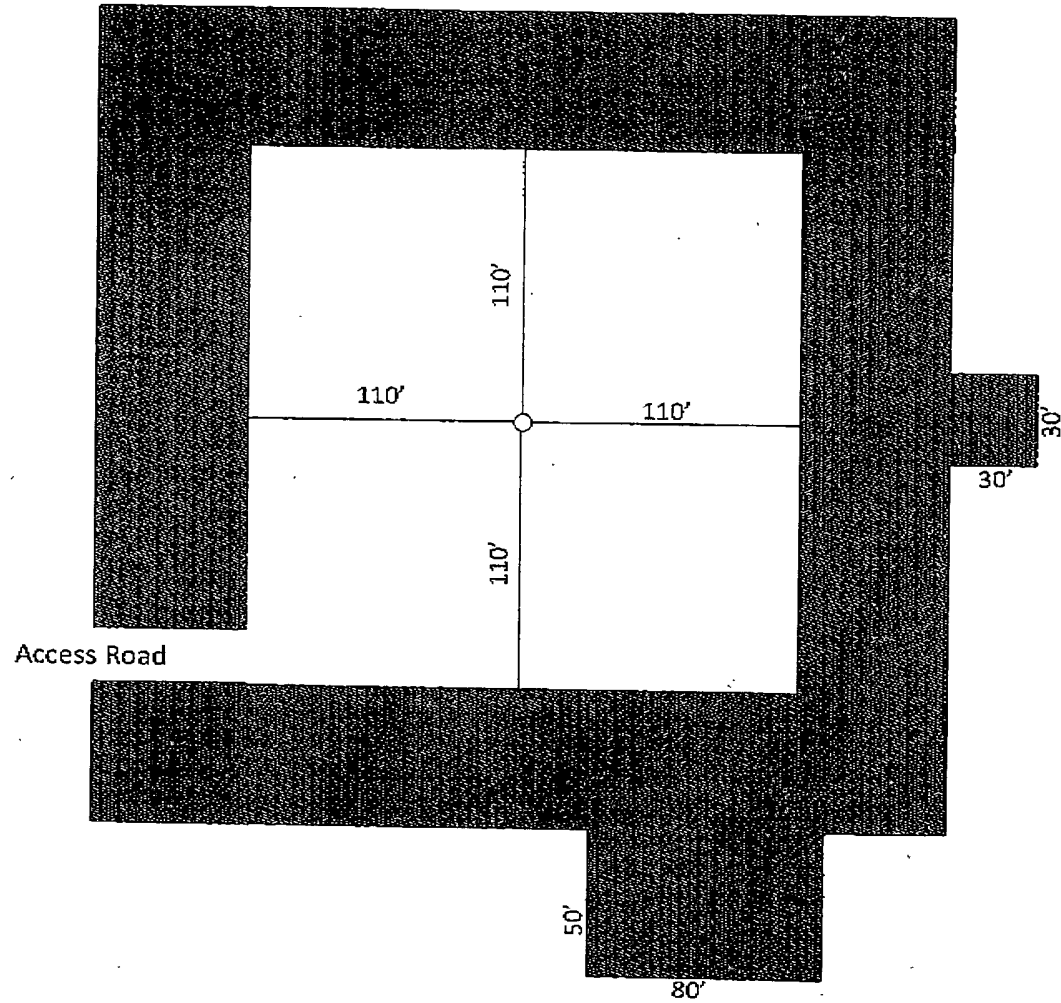
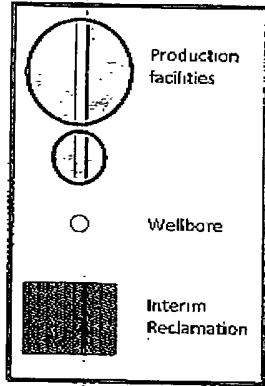
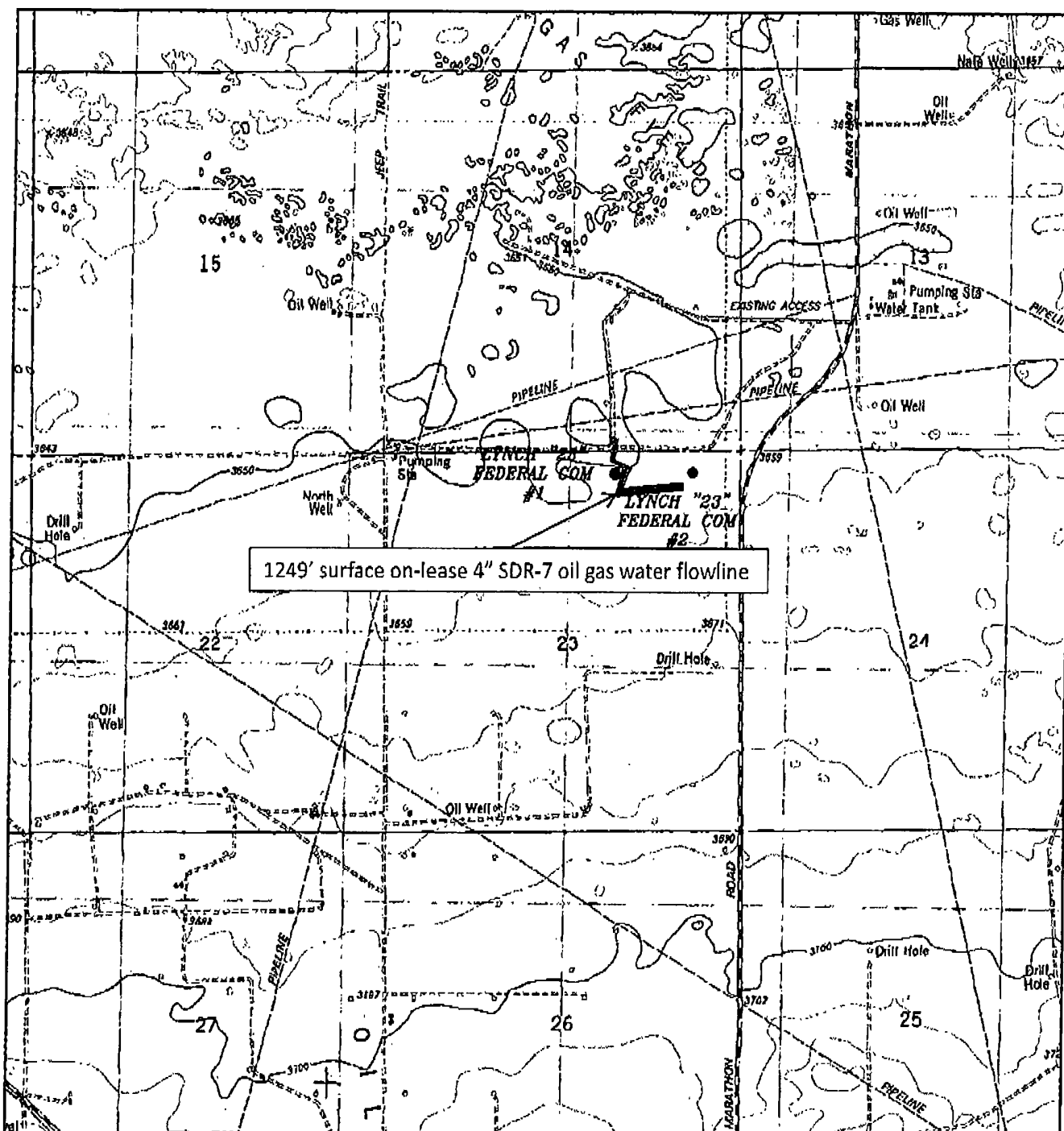


Exhibit D-1
Production Facilities Layout Diagram
Lynch '23' Fed Com 2
Cimarex Energy Co. of Colorado
23-20S-34E
SHL 330 FNL & 660 FEL
BHL 330 FSL & 660 FEL
Lea County, NM





LYNCH "23" FEDERAL COM #1
 Located 330' FNL and 1830' FEL
 Section 23, Township 20 South, Range 34 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
 basin-surveys.com

W.O. Number: BJN 23363

Survey Date: 09-10-2010

Scale: 1" = 2000'

Date: 09-14-2010

CIMAREX
ENERGY CO.
OF COLORADO

STANDARD STIPULATIONS FOR SURFACE INSTALLED PIPELINES

RECEIVED

A copy of the grant 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 25 feet.

6. (a) Where a polyline is laid along a County Road, the operator will lay that polyline ten (10) feet out from the center of the ditch to prevent obstructing County Maintenance activities.

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. Special Instructions.

- No blading along the proposed route
- Minimizing vehicular use
- Placing parking and staging areas on existing caliche surfaced areas
- Timing Limitation Stipulation / Condition of Approval for lesser prairie-chicken, to minimize noise associated impacts which could disrupt breeding and nesting activities.