Form 3160-5
(August 2007)

EC

New Mexico Oil Conservation Division, District I
1625 N. French Drive
Hobbs, NM 88240

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.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

5. Lease Serial No.
NMLC060850

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

1. Type of Well
☒ Oil Well ☐ Gas Well ☐ Other

8. Well Name and No.
BOXER 3 FEDERAL COM 2

2. Name of Operator
CIMAREX ENERGY CO OF COLORADO
Contact: CHLOE ALEXANDER
Mail: cdalexander@cimarex.com

9. API Well No.
30-005-29199-00-X1

3a. Address
600 N MARIENFELD ST SUITE 600
MIDLAND, TX 79701

3b. Phone No. (include area code)
Ph: 432-620-1938
HOBBS OCD

10. Field and Pool, or Exploratory
WILDCAT-ABO-WOLFCAMP

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
Sec 3 T15S R31E NENE 1190FNL 330FEL

NOV 07 2013

11. County or Parish, and State
CHAVES COUNTY, NM

RECEIVED

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

TYPE OF SUBMISSION	TYPE OF ACTION			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☒ Other Change to Original APD
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ 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 recomplete 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.)

The permit for this well is due to expire on 12/14/13. Cimarex respectfully requests a permit extension due to rig scheduling.

APD APPROVED FOR 1 YEAR ENDING NOVEMBER 5, 2014 SUBJECT TO ATTACHED CONDITIONS OF APPROVAL

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

Electronic Submission #221098 verified by the BLM Well Information System
For CIMAREX ENERGY CO OF COLORADO, sent to the Roswell
Committed to AFMSS for processing by DAVID GLASS on 09/25/2013 (13DRG0623SE)

Name *(Printed/Typed)* CHLOE ALEXANDER — Title REGULATORY ADMIN ASSISTANT

Signature (Electronic Submission) — Date 09/25/2013

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By /S/ Angel Mayes — Title Assistant Field Manager, Lands And Minerals — Date NOV 05 2013

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 ROSWELL 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.

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

NOV 12 2013

EXHIBIT B

PECOS DISTRICT - RFO
CONDITIONS OF APPROVAL
November 2014
#2 Boxer 3 Federal Com
Surface Location: 1190 FNL & 330 FEL Section 3, T. 15 S., R. 31 E.
Bottom Hole Location: 990 FNL & 330 FWL Section 3 T. 15 S., R. 31 E.
Chaves County, New Mexico

Cimarex Energy Company of Colorado
Mineral Lease # LC 060850

GENERAL PROVISIONS

The approval of the Application For Permit To Drill (APD) is in compliance with all applicable laws and regulations: 43 Code of Federal Regulations 3160, the lease terms, Onshore Oil and Gas Orders, Notices To Lessees, New Mexico Oil Conservation Division (NMOCD) Rules, National Historical Preservation Act As Amended, and instructions and orders of the Authorized Officer. Any request for a variance shall be submitted to the Authorized Officer on Form 3160-5, Sundry Notices and Report on Wells.

The Operator shall submit a Sundry Notice (Form 3160-5) to the Bureau of Land Management, Roswell Field Office (address above) for approval prior to beginning any new surface-disturbing activities or operations that are not specifically addressed and approved by this APD. A site facility diagram (Onshore Order 3, Section III, I. and 43 CFR 3162.7-5(d)) for the purpose of a site security plan (Onshore Order 3, Section III. H and 43 CFR 3162.7-5 c shall be filed no later than 60 calendar days following first production.

I. PERMIT EXPIRATION

If the permit terminates prior to drilling and drilling cannot be commenced within 60 days after expiration, an operator is required to submit Form 3160-5, Sundry Notices and Reports on Wells, requesting surface reclamation requirements for any surface disturbance. However, if the operator will be able to initiate drilling within 60 days after the expiration of the permit, the operator must have set the conductor pipe in order to allow for an extension of 60 days beyond the expiration date of the APD (Filing of a Sundry Notice is required for this 60 day extension).

II. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES

Any cultural and/or paleontological resource discovered by the operator or by any person working on the operator's behalf shall immediately report such findings to the Authorized Officer. The operator is fully accountable for the actions of their contractors and subcontractors. The operator 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 shall be made by the Authorized Officer to determine the appropriate actions that shall be required to prevent the loss of significant cultural or scientific values of the discovery. The operator shall be held responsible for the cost of the proper mitigation measures that the Authorized Officer assesses after consultation with the operator on the evaluation and decisions of the discovery. Any unauthorized

collection or disturbance of cultural or paleontological resources may result in a shutdown order by the Authorized Officer.

III. NOXIOUS WEEDS

The operator shall be held responsible if noxious weeds become established within the areas of operations (access road and/or well pad). Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline 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.

IV. CONSTRUCTION

A. NOTIFICATION

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Roswell Field Office at (505) 627-0247 at least 3 working days prior to commencing construction of the access road and/or well pad. A BLM monitor will need to be present during construction of the well pad. When construction operations are being conducted on this well, the operator shall have the approved Application for Permit to Drill and Conditions of Approval on the well site and they shall be made available upon request by the Authorized Officer.

B. TOPSOIL

The topsoil will be stripped to approximately 6 inches in depth within the area designated for construction of the well pad. The operator shall stockpile the stripped topsoil adjacent to the constructed well pad. The topsoil will be used for interim and final reclamation of the surface disturbance created by the construction of the well pad. The topsoil will not be used to construct the containment structure or earthen dike that is constructed and maintained on the outside boundaries of the constructed well pad.

C. CLOSED SYSTEMS OR STEEL TANKS

A closed system or steel tanks will be used in lieu of reserve pits.

D. FEDERAL MINERAL MATERIALS PIT

If the operator elects to surface the access road and/or well pad, mineral materials extracted during construction of the reserve pit may be used for surfacing the well pad and access road and other facilities on the lease. Payment shall be made to the BLM prior to removal of any additional federal mineral materials from any site other than the reserve pit. Call the Roswell Field Office at (505) 627-0236.

E. WELL PAD SURFACING

Surfacing of the well pad is not required. If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation. The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational need.

F. ON LEASE ACCESS ROADS

Road Egress and Ingress

The on lease access road shall be constructed to access the corner of the well pad.

Road Width

The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed fourteen (14) feet in width. The maximum width of surface disturbance, when constructing the access road, shall not exceed thirty (30) feet.

Surfacing

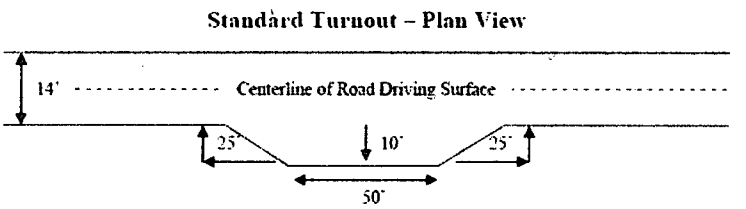
Surfacing material is not required on the new access road driving surface. If the operator elects to surface the new access road or pad, the surfacing material may be required to be removed at the time of reclamation. Where possible, no improvements should be made on the un-surfaced access road other than to remove vegetation as necessary, road irregularities, safety issues, or to fill low areas that may sustain standing water. The Authorized Officer reserves the right to require surfacing of any portion of the access road at any time deemed necessary. Surfacing may be required in the event the road deteriorates, erodes, road traffic increases, or it is determined to be beneficial for future field development. The surfacing depth and type of material will be determined at the time of notification.

Crowning

Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

Turnouts

Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall be constructed on all blind curves. Turnouts shall conform to the following diagram:

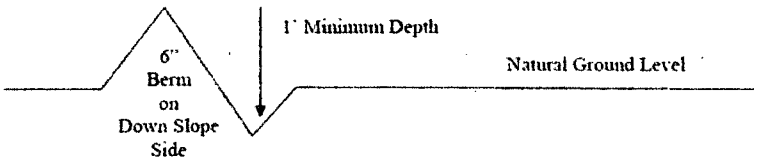


Drainage

Drainage control systems shall be constructed on the entire length of road (e.g. ditches, side hill out sloping and in sloping, lead-off ditches, culvert installation, and low water crossings).

A typical lead-off ditch has a minimum depth of 1 foot below and a berm of 6 inches above natural ground level. The berm shall be on the down-slope side of the lead-off ditch.

Cross Section Of Typical Lead-off Ditch



All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval are variable for lead-off ditches and shall be determined according to the formula for spacing intervals of lead-off ditches, but may be amended depending upon existing soil types and centerline road slope (in %);

Formula for Spacing Interval of Lead-off Ditches

Example - On a 4% road slope that is 400 feet long, the water flow shall drain water into a lead-off ditch. Spacing interval shall be determined by the following formula:

$$\text{400 foot road with 4\% road slope: } \frac{400'}{4\%} \div 100' = 200' \text{ lead-off ditch interval}$$

Culvert Installations

Appropriately sized culvert(s) shall be installed at the deep waterway channel flow crossing.

Cattle guards

An appropriately sized cattle guard(s) sufficient to carry out the project shall be installed and maintained at fence crossing(s). Any existing cattle guard(s) on the access road shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for the condition of the existing cattle guard(s) that are in place and are utilized during lease operations. A gate shall be constructed and fastened securely to H-braces.

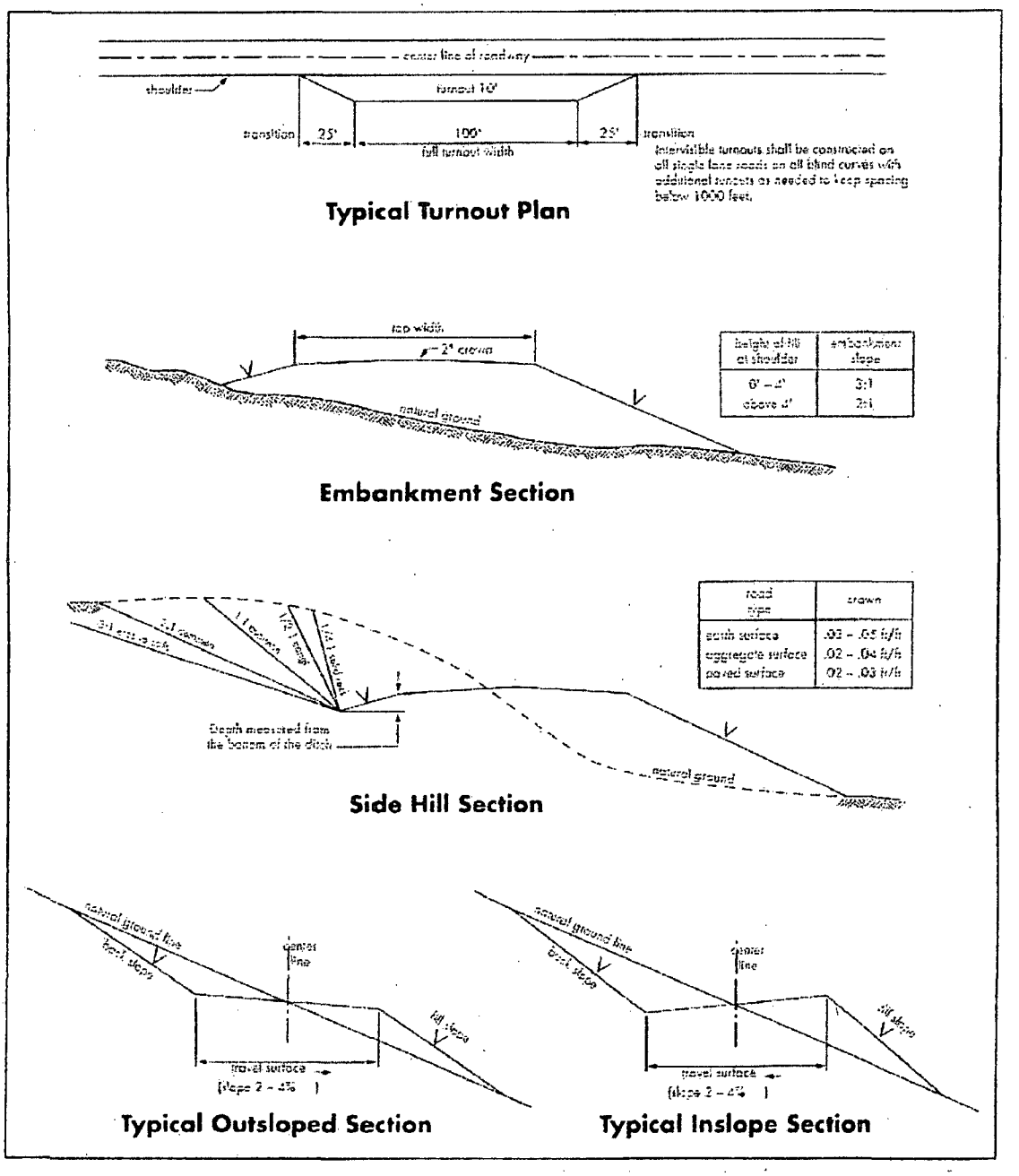
Fence Requirement

Where entry is required across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting. The operator shall notify the private surface landowner or the grazing allotment holder prior to crossing any fence(s).

Public Access

Public access on this road shall not be restricted by the operator without specific written approval granted by the Authorized Officer.

Figure 1 – Cross Sections and Plans For Typical Road Sections



Height of fill at shoulder	embankment slope
0' – 4'	3:1
above 4'	2:1

road type	crown
earth surface	.03 – .05 ft/ft
aggregate surface	.02 – .04 ft/ft
paved surface	.02 – .03 ft/ft

V. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

1. Call the Roswell Field Office, 2909 West Second St., Roswell, NM 88201. During office hours or after office hours call (575) 627-0205. Engineer on call during office hours call (575) 627-0275 or after office hours call (575) 626-5749.

2. The BLM is to be notified a minimum of 24 hours in advance for a representative to witness:
   a. Spudding well
   b. Setting and/or Cementing of all casing strings

3. The BLM is to be notified a minimum of 4 hours in advance for a representative to witness:
   a. BOPE Tests

A follow-up report on Form 3160-5 confirming the date and time of the actual spud shall be submitted to the Roswell Field Office within 5 working days from the date of spud.

4. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

5. Include the API Number assigned to well by NMOCD on the subsequent report of setting the first casing string.

6. A Communitization Agreement covering the acreage dedicated to this well must be filed for approval with the BLM. The effective date of the agreement shall be prior to any sales.

7. **The operator will accurately measure the drilling rate in ft/min to set the base of the usable water protection casing string(s) opposite competent rock. The record of the drilling rate along with the caliper-gamma ray-neutron well log run to surface will be submitted to this office as well as all other logs run on the borehole 30 days from completion.**

8. Air, air-mist or fresh water and nontoxic drilling mud shall be used to drill to the base of the usable water protection casing string(s). Any polymers used will be water based and non-toxic.

B. CASING

1. The **13-3/8** inch usable water protection casing string(s) shall be approximately 365 feet opposite competent bedrock. If not competent the operator is required to set usable water protection casing in the next thick competent bedding (i.e. 15 to 25 feet or greater) encountered and cemented to the surface. In no way will operator be allowed to set water protection string in Halite.

a. If cement does not circulate to the surface, the Roswell Field 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.

b. Wait on cement (WOC) time for a primary cement job will be a minimum 18 hours for a water basin or 500 pounds compression strength, whichever is greater. (This is to include the lead cement). Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compression strength, whichever is greater.

c. If cement falls back, remedial action will be done prior to drilling out that string.

2. The minimum required fill of cement behind the **9-5/8** inch optional intermediate casing is **sufficient to circulate to the surface (TOC at 0 feet).** If cement does not circulate see B.1.a-d above.

3. The minimum required fill of cement behind the **7** inch production casing is **sufficient to tie back 200 feet into the 9-5/8 inch optional intermediate casing set at approximately 3950 feet (TOC would be at approximately 3750 feet) or sufficient to circulate to the surface (TOC at 0 feet) if the 9-5/8 inch intermediate casing is not run.** If cement does not circulate to the surface, 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.

4. There is no required fill of cement behind the 4-1/2 inch production casing since a Peak Systems Iso-Pak liner will be used for lateral and will not require cementing.

5. If a hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

6. All casing shall be new or reconditioned and tested casing and meet API standards for new casing. The use of reconditioned and tested casing shall be subject to approval by the authorized officer. Approval will be contingent upon the wall thickness of any casing being verified to be at least 87-1/2 per cent of the nominal wall thickness of new casing.

C. PRESSURE CONTROL

1. Before drilling below the **13-3/8** inch surface casing shoe, **9-5/8** inch optional intermediate casing shoe and the **7** inch production casing shoe, the blowout preventer assembly shall consist of a minimum of One Annular Preventer, Two Ram-Type Preventers, and a Kelly Cock/Stabbing Valve.

2. Before drilling below the **13-3/8** inch surface casing shoe, **9-5/8** inch optional intermediate cashing shoe and the **7** inch production casing shoe, minimum working pressure of the blowout preventer and related equipment (BOPE) shall be **3000** psi.

3. The BOPE shall be installed before drilling below the **13-3/8** inch surface casing, the **9-5/8** inch optional intermediate casing, and the **7** inch production casing and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

4. The BLM Roswell Field Office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.

5. The tests shall be done by an independent service company.

6. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug.

7. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test will be submitted to the BLM Roswell Field Office at 2909 West Second Street, Roswell, New Mexico 88201. Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.

8. Testing must be done in a safe workman like manner. Hard line connections shall be required.

D. MUD PROGRAM REQUIREMENTS

The drilling operations of this well will be conducted in accordance with the Onshore Oil and Gas Order No. 2 as provided in 43 CFR 3164.1. This includes well control equipment and its testing, mud system and associated equipment, and the casing and cementing.

1. Sufficient quantities of mud materials shall be maintained at the well site, at all times, for the purpose of assuring well control.

2. A mud test shall be performed at least every 24 hours after mudding up to determine, as applicable density, viscosity, gel strength, filtration, and PH.

3. Visual mud monitoring equipment shall be in place to detect volume changes indicating loss or gain of circulating fluid volume.

VI. PRODUCTION

Placement of Production Facilities

Production facility is located on the #1 Whitehorse Federal well pad. Mack will run a 1200 foot poly line on the surface from the #2 Whitehorse to the existing facility.

Containment Structures

The containment structure shall be constructed to hold the capacity of the entire contents of the largest tank, plus 24 hour production, unless more stringent protective requirements are deemed necessary by the Authorized Officer.

Painting Requirement

All above-ground structures including meter housing that are not subject to safety requirements shall be painted a flat non-reflective paint color, ***Covert Green*** (Standard Environmental Color Chart June 2008).

VII. INTERIM RECLAMATION

Earthwork for interim and final reclamation must be completed within 6 months of well completion or well plugging (weather permitting).
During the life of the development, all disturbed areas not needed for active support of production operations should undergo "interim" reclamation in order to minimize the environmental impacts of development on other resources and uses.

During reclamation, the removal of caliche is important to increasing the success of re-vegetating the site. Removed caliche may be used in road repairs, fire walls or for building other roads and locations. In addition, in order to operate the well or complete work over operations, it may be necessary to drive, park and operate on restored interim vegetation within the previously disturbed area. Disturbing established vegetated areas for production or work over operations will be allowed. If there is significant disturbance and loss of vegetation, the area will be re-vegetated. Communicate with the appropriate BLM office for any exceptions/exemptions if needed.

C. FINAL ABANDONMENT & REHABILITATION REQUIREMENTS

a) Upon abandonment of the well and/or when the access road is no longer in service, a Notice of Intent for Final Abandonment with the proposed surface restoration procedure must be submitted for approval.

b) Upon abandonment of the well, all casing shall be cut-off at the base of the cellar or 3-feet below final restored ground level (whichever is deeper). The well bore shall then be covered with a metal plate at least ¼ inch thick and welded in place, or a 4-inch pipe, 10 feet in length, shall be installed 4 feet above ground and embedded in cement. The following information shall be permanently inscribed on the dry hole marker: Well name and number, the name of the operator, the lease serial number, the surveyed location (the quarter-quarter section, section, township and range or other authorized survey designation acceptable to the authorized officer; such as metes and bounds).

c) Surface Reclamation must be completed within 6 months of well plugging. If the operator proposes to modify the plans for surface reclamation approved on the APD, the operator must attach these modifications to the Subsequent Report of Plug and Abandon using Sundry Notices and Reports on Wells, Form 3160-5.

SEED MIX FOR

ECTOR VERY COBBLY LOAM, 3-15% SLOPE (Very Shallow, CP-4 Ecological Site)

AND

ECTOR VERY COBBLY LOAM, DRY, 3-15% SLOPE (Shallow SD-3 Ecological Site)
MARCH 18, 1998

Common Name and Preferred Variety	Scientific Name	Pounds of Pure Live Seed Per Acre
Black grama, var. Nogal	*(Bouteloua eriopoda)*	2.00
Blue grama, var. Lovington	*(Bouteloua gracilis)*	1.00
Sideoats grama, var. Vaughn or El Reno	*(Bouteloua curtipendula)*	2.00
New Mexico Feathergrass	*(Stipa neomexicana)*	1.00
Desert or Scarlet Globemallow	*(Sphaeralcea ambigua)* or *(S. coccinea)*	1.00
Buckwheat	*(Eriogonum spp.)*	1.00
TOTAL POUNDS PURE LIVE SEED PER ACRE		8.00

CERTIFIED WEED FREE SEED

IF ONE SPECIES IS NOT AVAILABLE,
INCREASE ALL OTHERS PROPORTIONATELY.