

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

HOBBS OCD

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.

NOV 21 2013

SUBMIT IN TRIPLICATE - Other instructions on reverse side

RECEIVED

1. Type of Well ☒ Oil Well ☐ Gas Well ☐ Other		5. Lease Serial No. NMNM78273
2. Name of Operator NEARBURG PRODUCING COMPANY		6. If Indian, Allottee or Tribe Name
Contact: TIM GREEN E-Mail: tgreen@nearburg.com		7. If Unit or CA/Agreement, Name and/or No.
3a. Address 330 NORTH A STREET BLDG 2 SUITE 120 MIDLAND, TX 79707	3b. Phone No. (include area code) Ph: 432-818-2940	8. Well Name and No. LAGUNA 23 FED COM 2H
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 23 T20S R34E 50FSL 630FWL		9. API Well No. 30-025-40697
UNORTHODOX LOCATION		10. Field and Pool, or Exploratory LEA BONE SPRING SOUTH
		11. County or Parish, and State LEA COUNTY, NM

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 Plans	☐ Plug and Abandon	☐ Temporarily Abandon	Change to Original A
	☐ Convert to Injection	☐ Plug Back	☐ 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 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.)

Nearburg respectfully requests approval to change the following in regards to the approved APD:

1. SHL: Approved SHL: 175' FSL & 660' FWL - required location move due to Plains Pipeline
Proposed SHL: ~~50' FSL & 630' FWL~~

2. Rig Layout - diagram attached for review and approval.

3. Production Facility/IR - diagram attached for review and approval. Nearburg will reclaim only the West side of well pad until after the Laguna 23 Fed Com #4 well is drilled.

3. Choke Manifold - diagram attached for review and approval.

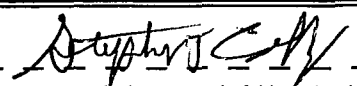
4. BOP - diagram attached for review and approval.

Exhibit E-1. A 13-5/8" 5000 PSI working pressure BOP, tested to 3000 psi on the surface casing and 5000 psi on the intermediate, consisting of one set of blind rams and one set of pipe rams and a 5000# annular type preventer. A choke manifold and 120 gallon accumulator with floor and remote operating stations and auxiliary power system. Rotating head as needed. A kelly cock will be

Eng. Review new ~~CD~~ drafted 9/10/13 JAM NRS & CD 9/10/13

14. I hereby certify that the foregoing is true and correct.	
Electronic Submission #218097 verified by the BLM Well Information System For NEARBURG PRODUCING COMPANY, sent to the Hobbs Committed to AFMSS for processing by JOHNNY DICKERSON on 08/29/2013 ()	
Name (Printed/Typed) TIM GREEN	Title MARKETING & PRODUCTION SERVICE
Signature (Electronic Submission)	Date 08/26/2013

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By 	Title	Date NOV 19 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 CARLSBAD 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.

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

DEC 02 2013

Additional data for EC transaction #218097 that would not fit on the form

32. Additional remarks, continued

installed and maintained in operable condition and a drill string safety valve in the open position will be available on the rig floor. BOP unit will be hydraulically operated. BOP will be installed and operated at least once a day while drilling and the blind rams will be operated when out of hole during trips. No abnormal pressure or temperature is expected while drilling. BOPS will be tested by an independent service company to 250 psi low and 3000 psi high on the surface casing and 250 psi low and 5000 psi high on the intermediate. Hydril will be tested to 250 psi low and 2500 psi high on the surface and intermediate casings.

5. Flex hose variance - diagrams (F, F-1, F-2, F-3), testing & certification attached for review and approval.

Nearburg Producing Co. requests a variance to drill this well using a co-flex line between the BOP and choke manifold. Certification for proposed co-flex hose is attached (please see Exhibit F, F-1, F-2, F-3). The hose is not required by the manufacturer to be anchored. In the event the specific hose is not available, one of equal or higher rating will be used.

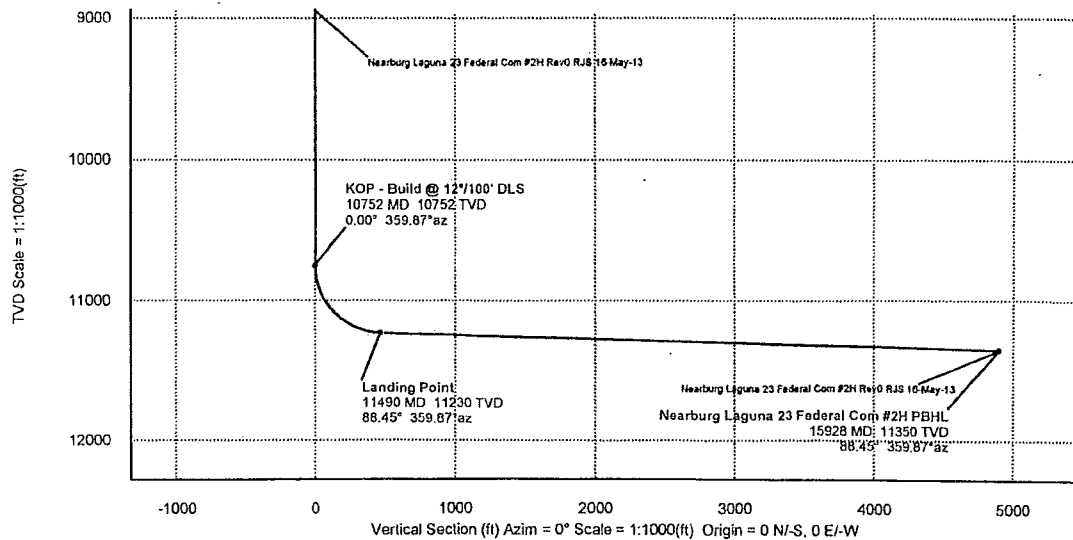
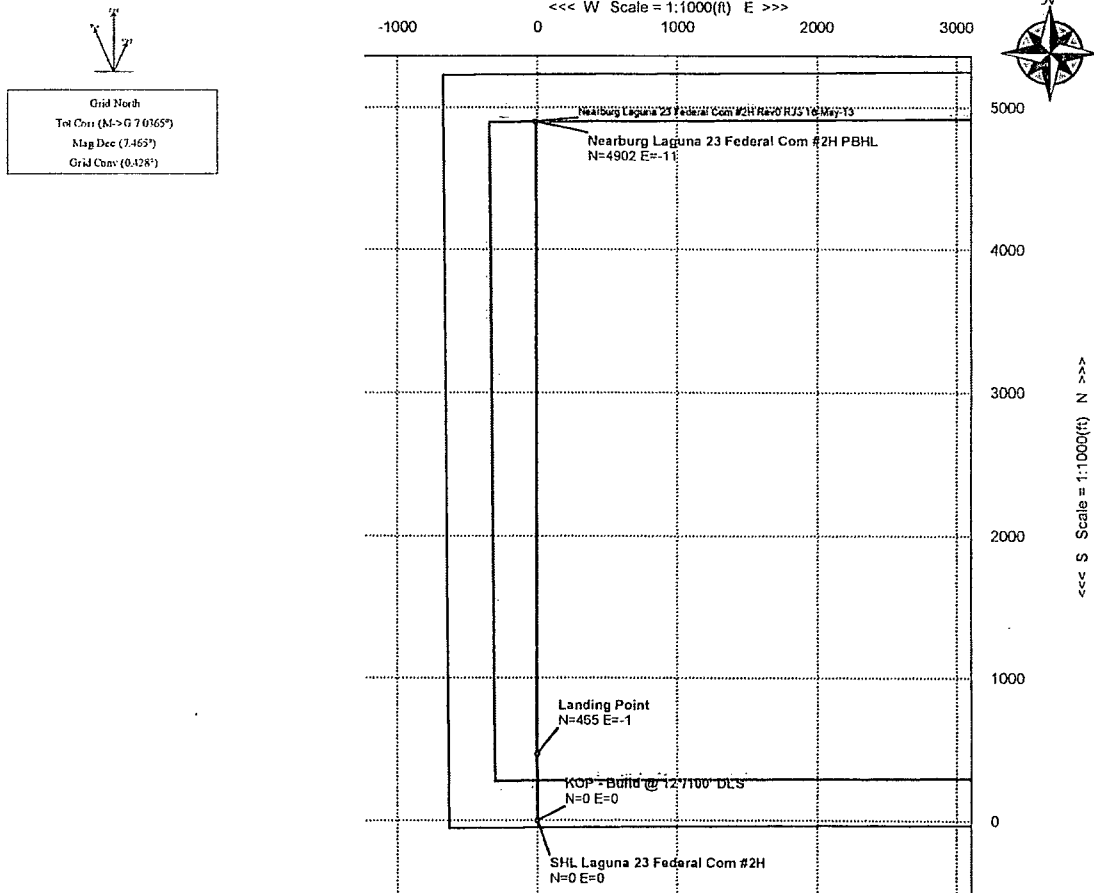
6. Nearburg authorization letter. Authorization of agent, Cimarex Energy Co. for regulatory filings, drilling, and other oil and gas activities.



Cimarex/Nearburg

PATHFINDER
A Schlumberger Company

WELL Laguna 23 Federal Com #2H			FIELD NM Lea County			STRUCTURE TBD		
Magnum Production Uwell 80011012	Op 13497 Mag Dec 7.485	Date May 16 2013 PS 45218.11	Surface Location Lat N 32.33 5.426 Lon W 105.22 14.843	Neighb 561755 5079.8 Easting 786264 5079.8	HAZUS New Mexico State Plane, Eastern Zone, 500 Feet Grid Code 0 433 Scale Factor 0.9997726	Remarks Stat Laguna 23 Federal Com #2H TVC Ref Ground Line (Elev 21 above MSL) Plan Rev'd RJS 16 May 13 Srv Date May 16, 2013		



Critical Points								
Critical Point	MD	INCL	AZIM	TVD	VSFC	N(+)/S(-)	E(+)/W(-)	DLS
Marker MudLine	0.00	0.00	359.87	0.00	0.00	0.00	0.00	0.00
SHL Laguna 23 Federal Com #2H	0.00	0.00	359.87	0.00	0.00	0.00	0.00	
KOP - Build @ 12"/100' DLS	10752.00	0.00	359.87	10752.00	0.00	0.00	0.00	0.00
Landing Point	11490.18	88.45	359.87	11230.00	465.24	465.24	-1.02	11.98
Nearburg Laguna 23 Federal Com #2H PBHL	15928.49	88.45	359.87	11350.00	4901.92	4901.92	-10.70	0.00



Nearburg Laguna 23 Federal Com #2H Rev0 RJS 16-May-13 Proposal Report

PATHFINDER
A Schlumberger Company

(Non-Def Plan)

Report Date: May 16, 2013 - 03:07 PM
Client: Cimarex/Nearburg
Field: NM Lea County (NAD 83)
Structure / Slot: TBD / Nearburg (Cimarex) Laguna 23 Federal Com #2H
Well: Nearburg (Cimarex) Laguna 23 Federal Com #2H
Borehole: Original Borehole
UWI / API#: Unknown / Unknown
Survey Name: Nearburg Laguna 23 Federal Com #2H Rev0 RJS 16-May-13
Survey Date: May 16, 2013
Tort / AHD / DDI / ERD Ratio: 88.451 * / 4901.930 ft / 5.784 / 0.432
Coordinate Reference System: NAD83 New Mexico State Plane, Eastern Zone, US Feet
Location Lat / Long: N 32° 33' 5.42648", W 103° 32' 14.84916"
Location Grid N/E Y/X: N 565285.500 ftUS, E 786564.500 ftUS
CRS Grid Convergence Angle: 0.4282 *
Grid Scale Factor: 0.99997796

Survey / DLS Computation: Minimum Curvature / Lubinski
Vertical Section Azimuth: 0.000 * (Grid North)
Vertical Section Origin: 0.000 ft, 0.000 ft
TVD Reference Datum: Ground Level
TVD Reference Elevation: 3680.000 ft above MSL
Seabed / Ground Elevation: 3680.000 ft above MSL
Magnetic Declination: 7.465 *
Total Gravity Field Strength: 998.4881mgn (9.80665 Based)
Total Magnetic Field Strength: 48598.753 nT
Magnetic Dip Angle: 60.409 *
Declination Date: May 16, 2013
Magnetic Declination Model: BGGM 2012
North Reference: Grid North
Grid Convergence Used: 0.4282 *
Total Corr Mag North->Grid North: 7.0365 *
Local Coord Referenced To: Structure Reference Point

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Comments	MD (ft)	Incl (°)	Azim Grid (°)	TVD (ft)	VSEC (ft)	NS (ft)	EW (ft)	Northing (ftUS)	Easting (ftUS)	Latitude (N/S ° ' ")	Longitude (E/W ° ' ")	Closure (ft)	Closure Azimuth (°)	DLS (°/100ft)
SHL Laguna 23 Federal Com #2H	0.00	0.00	359.87	0.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	N/A
	100.00	0.00	359.87	100.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	200.00	0.00	359.87	200.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	300.00	0.00	359.87	300.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	400.00	0.00	359.87	400.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	500.00	0.00	359.87	500.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	600.00	0.00	359.87	600.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	700.00	0.00	359.87	700.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	800.00	0.00	359.87	800.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	900.00	0.00	359.87	900.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	1000.00	0.00	359.87	1000.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	1100.00	0.00	359.87	1100.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	1200.00	0.00	359.87	1200.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	1300.00	0.00	359.87	1300.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	1400.00	0.00	359.87	1400.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	1500.00	0.00	359.87	1500.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	1600.00	0.00	359.87	1600.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	1700.00	0.00	359.87	1700.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	1800.00	0.00	359.87	1800.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	1900.00	0.00	359.87	1900.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	2000.00	0.00	359.87	2000.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	2100.00	0.00	359.87	2100.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	2200.00	0.00	359.87	2200.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	2300.00	0.00	359.87	2300.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	2400.00	0.00	359.87	2400.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	2500.00	0.00	359.87	2500.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	2600.00	0.00	359.87	2600.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	2700.00	0.00	359.87	2700.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	2800.00	0.00	359.87	2800.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00

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Comments	MD (ft)	Incl (°)	Azim Grid (°)	TVD (ft)	VSEC (ft)	NS (ft)	EW (ft)	Northing (ftUS)	Easting (ftUS)	Latitude (N/S ° ' ")	Longitude (E/W ° ' ")	Closure (ft)	Closure Azimuth (°)	DLS (*/100ft)
	8400.00	0.00	359.87	8400.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	8500.00	0.00	359.87	8500.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	8600.00	0.00	359.87	8600.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	8700.00	0.00	359.87	8700.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	8800.00	0.00	359.87	8800.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	8900.00	0.00	359.87	8900.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	9000.00	0.00	359.87	9000.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	9100.00	0.00	359.87	9100.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	9200.00	0.00	359.87	9200.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	9300.00	0.00	359.87	9300.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	9400.00	0.00	359.87	9400.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	9500.00	0.00	359.87	9500.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	9600.00	0.00	359.87	9600.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	9700.00	0.00	359.87	9700.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	9800.00	0.00	359.87	9800.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	9900.00	0.00	359.87	9900.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	10000.00	0.00	359.87	10000.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	10100.00	0.00	359.87	10100.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	10200.00	0.00	359.87	10200.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	10300.00	0.00	359.87	10300.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	10400.00	0.00	359.87	10400.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	10500.00	0.00	359.87	10500.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	10600.00	0.00	359.87	10600.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	10700.00	0.00	359.87	10700.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
KOP - Build @ 12'100' DLS	10752.00	0.00	359.87	10752.00	0.00	0.00	0.00	565285.50	786564.50	N 32 33 5.43	W 103 32 14.85	0.00	0.00	0.00
	10800.00	5.75	359.87	10799.92	2.41	2.41	-0.01	565287.91	786564.49	N 32 33 5.45	W 103 32 14.85	2.41	359.87	11.98
	10900.00	17.73	359.87	10697.65	22.72	22.72	-0.05	565308.22	786564.45	N 32 33 5.65	W 103 32 14.85	22.72	359.87	11.98
	11000.00	29.72	359.87	10698.03	62.88	62.88	-0.14	565348.38	786564.36	N 32 33 6.05	W 103 32 14.85	62.88	359.87	11.98
	11100.00	41.70	359.87	11070.08	121.14	121.14	-0.26	565406.64	786564.24	N 32 33 6.63	W 103 32 14.84	121.14	359.87	11.98
	11200.00	53.68	359.87	11137.28	194.96	194.96	-0.43	565480.45	786564.07	N 32 33 7.36	W 103 32 14.84	194.96	359.87	11.98
	11300.00	65.66	359.87	11187.69	281.11	281.11	-0.61	565566.61	786563.89	N 32 33 8.21	W 103 32 14.83	281.11	359.87	11.98
	11400.00	77.64	359.87	11219.10	375.86	375.86	-0.82	565661.35	786563.68	N 32 33 9.15	W 103 32 14.83	375.86	359.87	11.98
Landing Point	11490.18	88.45	359.87	11230.00	465.24	465.24	-1.02	565750.73	786563.48	N 32 33 10.03	W 103 32 14.82	465.24	359.87	11.98
	11500.00	88.45	359.87	11230.27	475.06	475.06	-1.04	565760.54	786563.46	N 32 33 10.13	W 103 32 14.82	475.06	359.87	0.00
	11600.00	88.45	359.87	11232.97	575.02	575.02	-1.26	565960.51	786563.24	N 32 33 11.12	W 103 32 14.81	575.02	359.87	0.00
	11700.00	88.45	359.87	11235.68	674.98	674.98	-1.47	565960.47	786563.03	N 32 33 12.11	W 103 32 14.81	674.98	359.87	0.00
	11800.00	88.45	359.87	11238.38	774.95	774.95	-1.69	566060.43	786562.81	N 32 33 13.09	W 103 32 14.80	774.95	359.87	0.00
	11900.00	88.45	359.87	11241.08	874.91	874.91	-1.91	566160.39	786562.59	N 32 33 14.08	W 103 32 14.80	874.91	359.87	0.00
	12000.00	88.45	359.87	11243.79	974.87	974.87	-2.13	566260.35	786562.37	N 32 33 15.07	W 103 32 14.79	974.87	359.87	0.00
	12100.00	88.45	359.87	11246.49	1074.84	1074.84	-2.35	566360.31	786562.15	N 32 33 16.06	W 103 32 14.78	1074.84	359.87	0.00
	12200.00	88.45	359.87	11249.20	1174.80	1174.80	-2.56	566460.27	786561.94	N 32 33 17.05	W 103 32 14.78	1174.80	359.87	0.00
	12300.00	88.45	359.87	11251.90	1274.76	1274.76	-2.78	566560.23	786561.72	N 32 33 18.04	W 103 32 14.77	1274.76	359.87	0.00
	12400.00	88.45	359.87	11254.61	1374.72	1374.72	-3.00	566660.19	786561.50	N 32 33 19.03	W 103 32 14.76	1374.73	359.87	0.00
	12500.00	88.45	359.87	11257.31	1474.69	1474.69	-3.22	566760.15	786561.28	N 32 33 20.02	W 103 32 14.76	1474.69	359.87	0.00
	12600.00	88.45	359.87	11260.02	1574.65	1574.65	-3.44	566860.11	786561.06	N 32 33 21.01	W 103 32 14.75	1574.66	359.87	0.00
	12700.00	88.45	359.87	11262.72	1674.61	1674.61	-3.66	566960.07	786560.84	N 32 33 22.00	W 103 32 14.75	1674.62	359.87	0.00
	12800.00	88.45	359.87	11265.43	1774.58	1774.58	-3.87	567060.04	786560.63	N 32 33 22.99	W 103 32 14.74	1774.58	359.87	0.00
	12900.00	88.45	359.87	11268.13	1874.54	1874.54	-4.09	567160.00	786560.41	N 32 33 23.97	W 103 32 14.73	1874.55	359.87	0.00
	13000.00	88.45	359.87	11270.83	1974.50	1974.50	-4.31	567259.96	786560.19	N 32 33 24.96	W 103 32 14.73	1974.51	359.87	0.00
	13100.00	88.45	359.87	11273.54	2074.47	2074.47	-4.53	567359.92	786559.97	N 32 33 25.95	W 103 32 14.72	2074.47	359.87	0.00
	13200.00	88.45	359.87	11276.24	2174.43	2174.43	-4.75	567459.88	786559.75	N 32 33 26.94	W 103 32 14.71	2174.44	359.87	0.00
	13300.00	88.45	359.87	11278.95	2274.39	2274.39	-4.97	567559.84	786559.53	N 32 33 27.93	W 103 32 14.71	2274.40	359.87	0.00
	13400.00	88.45	359.87	11281.65	2374.36	2374.36	-5.18	567659.80	786559.32	N 32 33 28.92	W 103 32 14.70	2374.36	359.87	0.00
	13500.00	88.45	359.87	11284.35	2474.32	2474.32	-5.40	567759.76	786559.10	N 32 33 29.91	W 103 32 14.70	2474.33	359.87	0.00

Comments	MD (ft)	Incl (°)	Azim Grid (°)	TVD (ft)	VSEC (ft)	NS (ft)	EW (ft)	Northing (ftUS)	Easting (ftUS)	Latitude (N/S ° ' ")	Longitude (E/W ° ' ")	Closure (ft)	Closure Azimuth (°)	DLS ("/100ft)
	13600.00	88.45	359.87	11287.06	2574.28	2574.28	-5.62	567859.72	786558.88	N 32 33 30.90	W 103 32 14.69	2574.29	359.87	0.00
	13700.00	88.45	359.87	11289.76	2674.25	2674.25	-5.84	567959.68	786558.66	N 32 33 31.89	W 103 32 14.68	2674.25	359.87	0.00
	13800.00	88.45	359.87	11292.46	2774.21	2774.21	-6.06	568059.64	786558.44	N 32 33 32.88	W 103 32 14.68	2774.22	359.87	0.00
	13900.00	88.45	359.87	11295.17	2874.17	2874.17	-6.27	568159.60	786558.23	N 32 33 33.87	W 103 32 14.67	2874.18	359.87	0.00
	14000.00	88.45	359.87	11297.87	2974.14	2974.14	-6.49	568259.56	786558.01	N 32 33 34.85	W 103 32 14.67	2974.14	359.87	0.00
	14100.00	88.45	359.87	11300.58	3074.10	3074.10	-6.71	568359.53	786557.79	N 32 33 35.84	W 103 32 14.66	3074.11	359.87	0.00
	14200.00	88.45	359.87	11303.28	3174.06	3174.06	-6.93	568459.49	786557.57	N 32 33 36.83	W 103 32 14.65	3174.07	359.87	0.00
	14300.00	88.45	359.87	11305.98	3274.03	3274.03	-7.15	568559.45	786557.35	N 32 33 37.82	W 103 32 14.65	3274.03	359.87	0.00
	14400.00	88.45	359.87	11308.69	3373.99	3373.99	-7.37	568659.41	786557.13	N 32 33 38.81	W 103 32 14.64	3374.00	359.87	0.00
	14500.00	88.45	359.87	11311.39	3473.95	3473.95	-7.58	568759.37	786556.92	N 32 33 39.80	W 103 32 14.63	3473.96	359.87	0.00
	14600.00	88.45	359.87	11314.09	3573.92	3573.92	-7.80	568859.33	786556.70	N 32 33 40.79	W 103 32 14.63	3573.92	359.87	0.00
	14700.00	88.45	359.87	11316.80	3673.88	3673.88	-8.02	568959.29	786556.48	N 32 33 41.78	W 103 32 14.62	3673.89	359.87	0.00
	14800.00	88.45	359.87	11319.50	3773.84	3773.84	-8.24	569059.25	786556.26	N 32 33 42.77	W 103 32 14.62	3773.85	359.87	0.00
	14900.00	88.45	359.87	11322.20	3873.81	3873.81	-8.46	569159.21	786556.04	N 32 33 43.76	W 103 32 14.61	3873.81	359.87	0.00
	15000.00	88.45	359.87	11324.90	3973.77	3973.77	-8.67	569259.17	786555.83	N 32 33 44.74	W 103 32 14.60	3973.78	359.87	0.00
	15100.00	88.45	359.87	11327.61	4073.73	4073.73	-8.89	569359.13	786555.61	N 32 33 45.73	W 103 32 14.60	4073.74	359.87	0.00
	15200.00	88.45	359.87	11330.31	4173.69	4173.69	-9.11	569459.09	786555.39	N 32 33 46.72	W 103 32 14.59	4173.70	359.87	0.00
	15300.00	88.45	359.87	11333.01	4273.66	4273.66	-9.33	569559.06	786555.17	N 32 33 47.71	W 103 32 14.58	4273.67	359.87	0.00
	15400.00	88.45	359.87	11335.72	4373.62	4373.62	-9.55	569659.02	786554.95	N 32 33 48.70	W 103 32 14.58	4373.63	359.87	0.00
	15500.00	88.45	359.87	11338.42	4473.58	4473.58	-9.77	569758.98	786554.73	N 32 33 49.69	W 103 32 14.57	4473.50	359.87	0.00
	15600.00	88.45	359.87	11341.12	4573.55	4573.55	-9.98	569858.94	786554.52	N 32 33 50.68	W 103 32 14.57	4573.56	359.87	0.00
	15700.00	88.45	359.87	11343.82	4673.51	4673.51	-10.20	569958.90	786554.30	N 32 33 51.67	W 103 32 14.56	4673.52	359.87	0.00
	15800.00	88.45	359.87	11346.53	4773.47	4773.47	-10.42	570058.86	786554.08	N 32 33 52.66	W 103 32 14.55	4773.49	359.87	0.00
	15900.00	88.45	359.87	11349.23	4873.44	4873.44	-10.64	570158.82	786553.86	N 32 33 53.65	W 103 32 14.55	4873.45	359.87	0.00
Nearburg Laguna 23 Federal Com #2H PBHL	15928.49	88.45	359.87	11350.00	4901.92	4901.92	-10.70	570187.30	786553.80	N 32 33 53.93	W 103 32 14.55	4901.93	359.87	0.00

Survey Type: Non-Def Plan

Survey Error Model: ISCWSA Rev 0 *** 3-D 95.000% Confidence 2.7955 sigma
Survey Program:

Description	MD From (ft)	MD To (ft)	EOU Freq (ft)	Hole Size (in)	Casing Diameter (in)	Survey Tool Type	Borehole / Survey
	0.000	15928.491	1/100.000	30.000	30.000	SLB_UNKNOWN	Original Borehole / Nearburg Laguna 23 Federal Com #2H

HOBES OCD
NOV 21 2013

RECEIVED

DISTRICT I
1825 N. French Dr., Hobbs, NM 88240
Phone (505) 395-5161 Fax: (505) 395-5720

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88310
Phone (505) 746-1283 Fax: (505) 746-9720

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone (505) 334-6170 Fax: (505) 334-6170

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone (505) 476-3400 Fax: (505) 476-5182

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised August 1, 2011

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30025-40697	Pool Code 37580	Pool Name Lea Bone Spring South
Property Code 39365	Property Name LAGUNA 23 FEDERAL COM	Well Number 2H
OGRIID No. 025575	Operator Name NEARBURG PRODUCING COMPANY	Elevation 3680

Surface Location

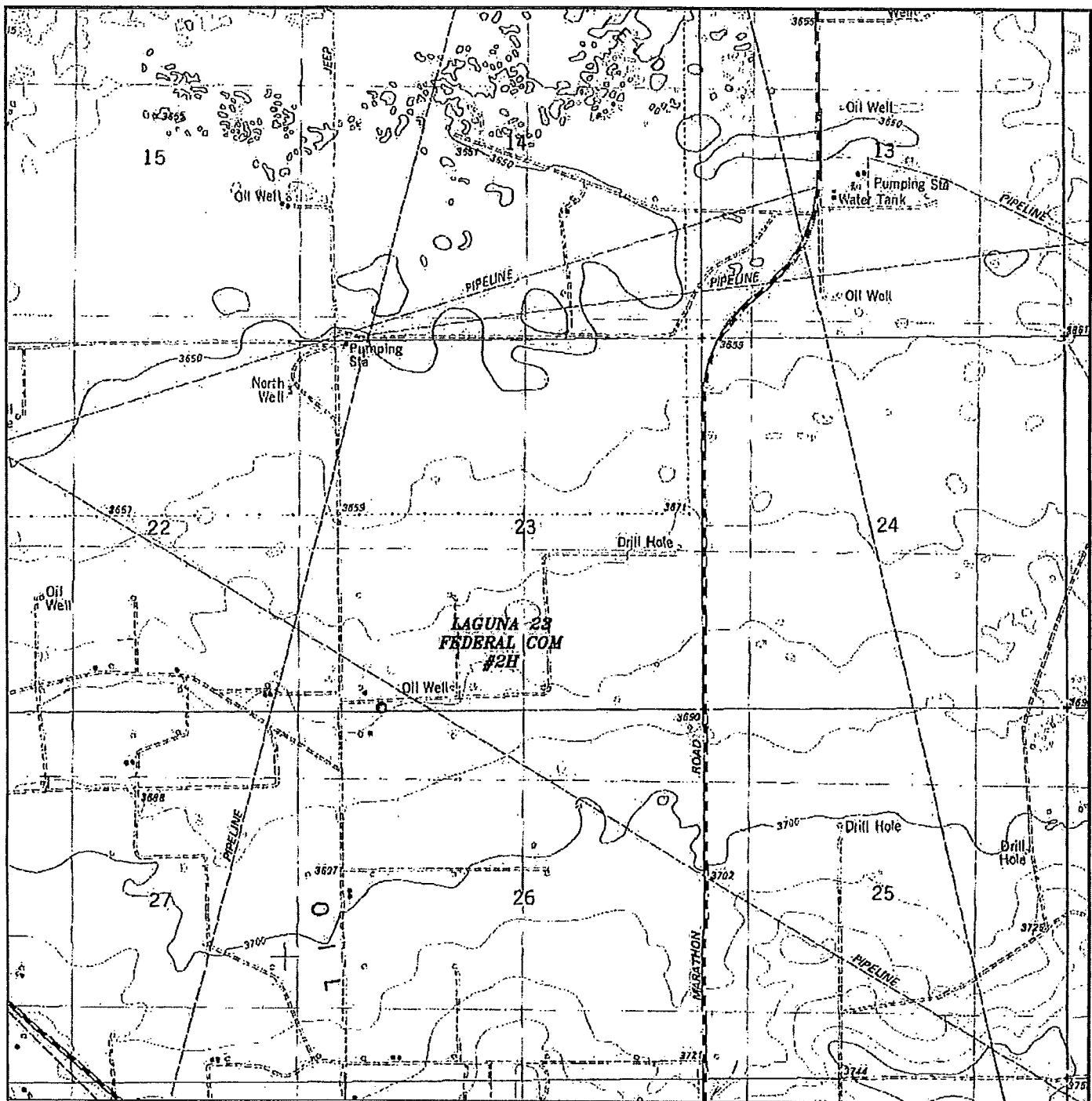
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	23	20 S	34 E		50	SOUTH	630'	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	23	20 S	34 E		330	NORTH	660	WEST	LEA
Dedicated Acres 160	Joint or Infill	Consolidation Code	Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

N 570513.77 E 785890.83 330' 660' N 567872.70 E 785915.35 4902.7' N 565231.58 E 785934.95 3677.4' 3678.9' N 570527.54 E 788544.19 N 570547.80 E 791188.74 N 567899.53 E 791208.92 N 565265.00 E 791227.43 NMN0056265 NMLC0066126 PROPOSED BOTTOM HOLE LOCATION Lat - N 32°33'53.92" Long - W 103°32'14.54" NMSPCE- N 570187.3 E 786553.8 (NAD-83) SURFACE LOCATION Lat - N 32°33'05.42" Long - W 103°32'14.84" NMSPCE- N 565285.5 E 786564.5 (NAD-83)	OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or undivided mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. <i>Terrence Gant</i> 5/8/13 Signature Date Terrence Gant Printed Name Tgant@nearburg.com Email Address SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Date Surveyed Signature and Seal of Professional Surveyor Certificate No. Gary L. Jones 7977 BASIN SURVEYS 28607
--	--



LAGUNA 23 FEDERAL COM #2H
 Located 50' FSL and 630' FWL
 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

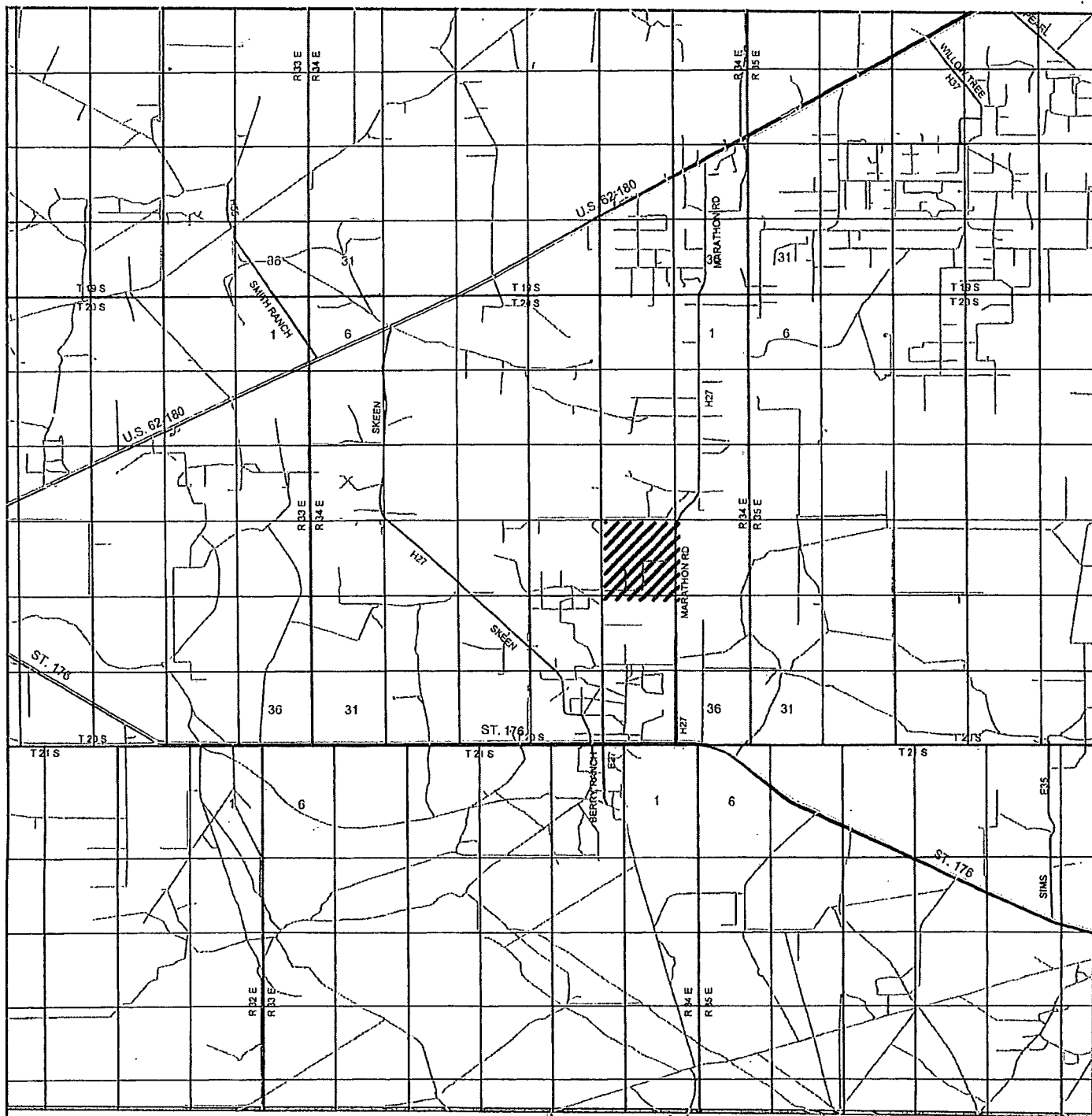
W.O. Number: DAJ 28607

Survey Date: 04-23-2013

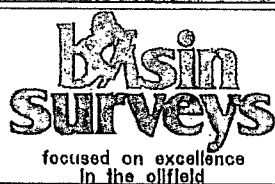
Scale: 1" = 2000'

Date: 04-25-2013

NEARBURG
PRODUCING
COMPANY



LAGUNA 23 FEDERAL COM #2H
 Located 50' FSL and 630' FWL
 Section 23, Township 20 South, Range 34 East,
 N.M.P.M., LEA County, New Mexico.



P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (575) 393-7316 - Office
 (575) 392-2206 - Fax
 basinsurveys.com

W.O. Number: DAJ 28607

Survey Date: 04-23-2013

Scale: 1" = 2 Miles

Date: 04-25-2013

**NEARBURG
 PRODUCING
 COMPANY**



LAGUNA 23 FEDERAL COM #2H
Located 50' FSL and 630' FWL
Section 23, Township 20 South, Range 34 East,
N.M.P.M., LEA County, New Mexico.

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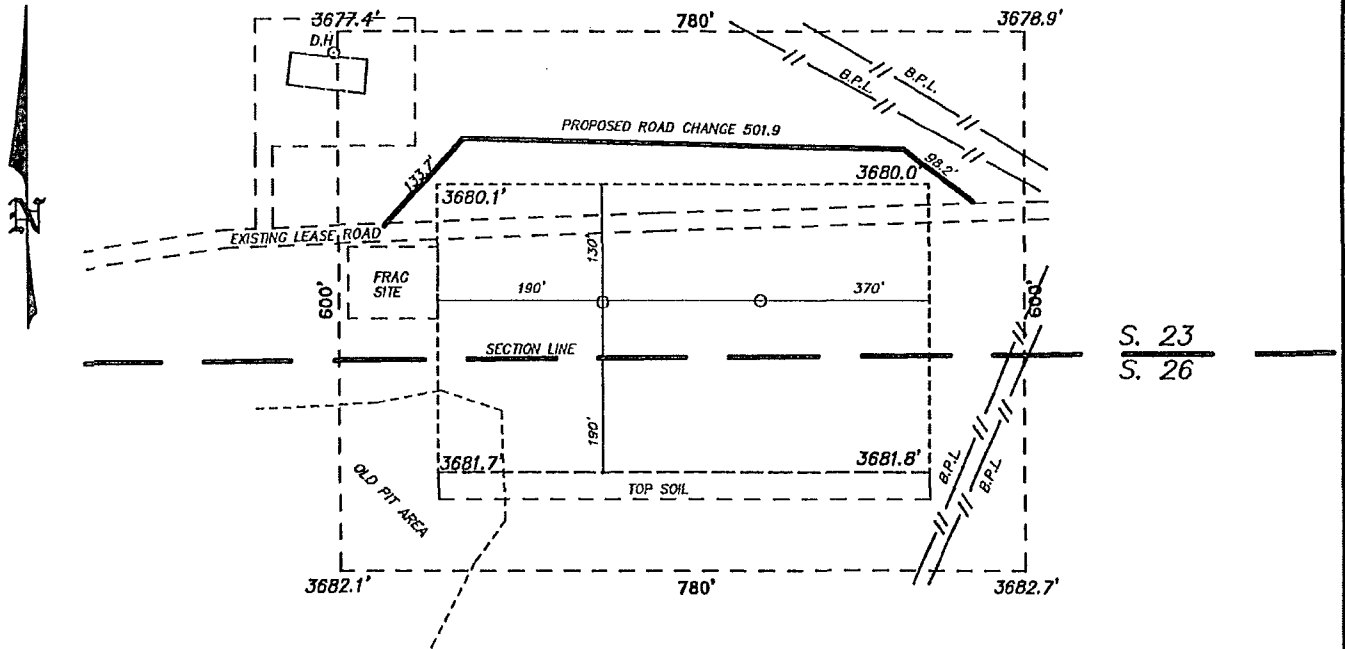
W.O. Number: DAJ 28607

Scale: 1" = 2000'

YELLOW TINT - USA LAND
BLUE TINT - STATE LAND
NATURAL COLOR - FEE LAND

NEARBURG
PRODUCING
COMPANY

SECTION 23, TOWNSHIP 20 SOUTH, RANGE 34 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.



NEARBURG PRODUCING COMPANY
LAGUNA 23 FEDERAL COM #2H
ELEV. - 3680'
SURFACE LOCATION
Lat - N 32°33'05.42"
Long - W 103°32'14.84"
NMSPCE- N 565285.5
E 786564.5
(NAD-83)

200 0 200 400 FEET
SCALE: 1" = 200'

DRIVING DIRECTIONS

FROM HIGHWAY 176 AND MARATHON ROAD GO NORTH ON MARATHON ROAD 1 MILE
THEN TURN WEST GO 1 MILE THEN TURN NORTH GO 1 MILE THEN TURN EAST GO 348'
TO PROPOSED PAD.

BASIN SURVEYS P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: 28607 Drawn By: D. JONES

Date: 04-25-2013 Disk: DAJ 28607

NEARBURG PRODUCING COMPANY

REF: LAGUNA 23 FEDERAL COM #2H / WELL PAD TOPO

THE LAGUNA 23 FEDERAL COM #2H LOCATED 50
FROM THE SOUTH LINE AND 630 FROM THE WEST LINE OF
SECTION 23, TOWNSHIP 20 SOUTH, RANGE 34 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

Survey Date: 04-23-2013 Sheet 1 of 1 Sheets

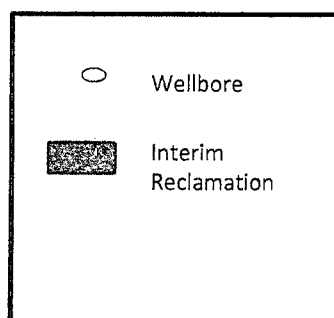
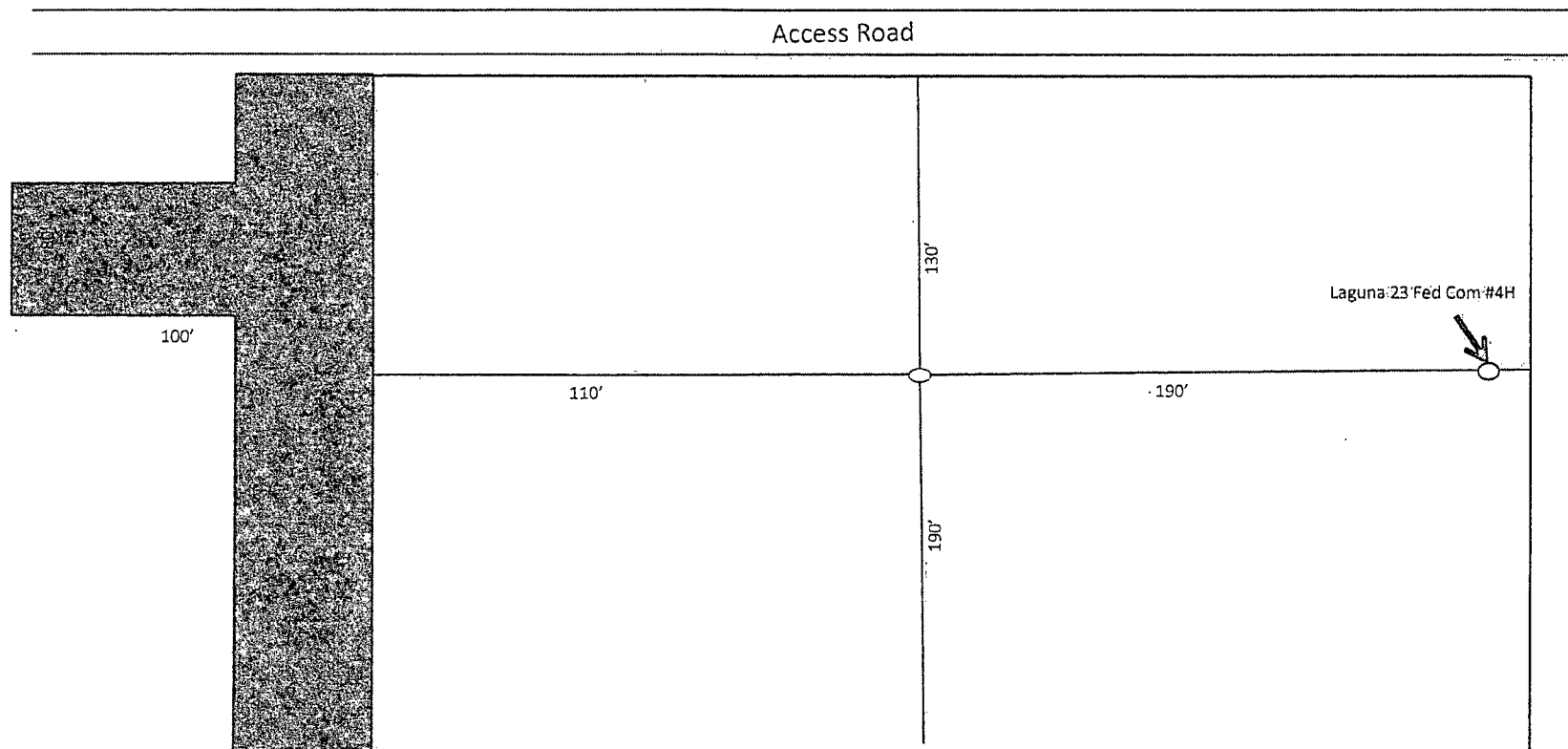
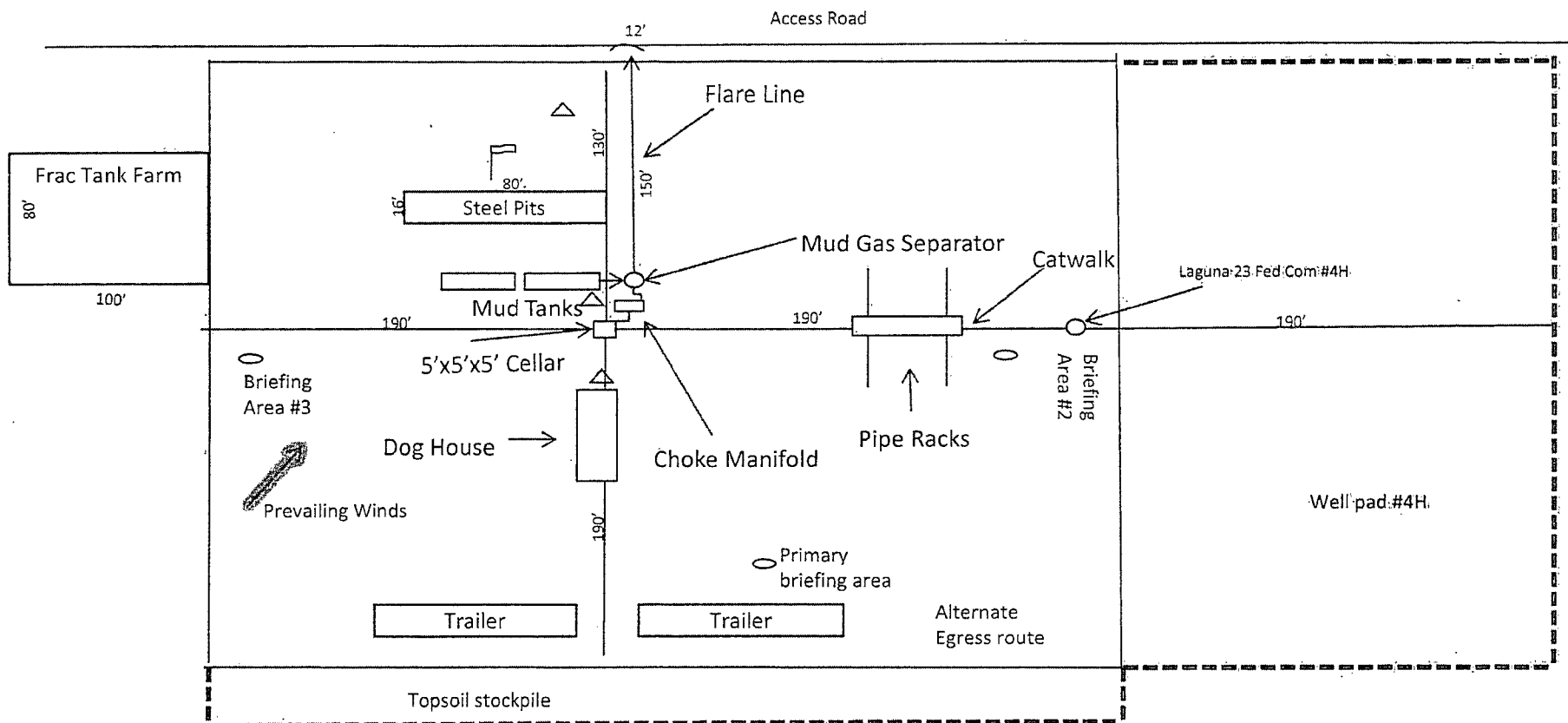


Exhibit D-1
Interim Reclamation Diagram
Laguna 23 Federal Com #2H
Nearburg Producing Co.
23-20S-34E
SHL 50 FSL & 630 FWL
BHL 330 FNL & 660 FWL
Lea County, NM

Condition
Warning Sign
(Driver Side)

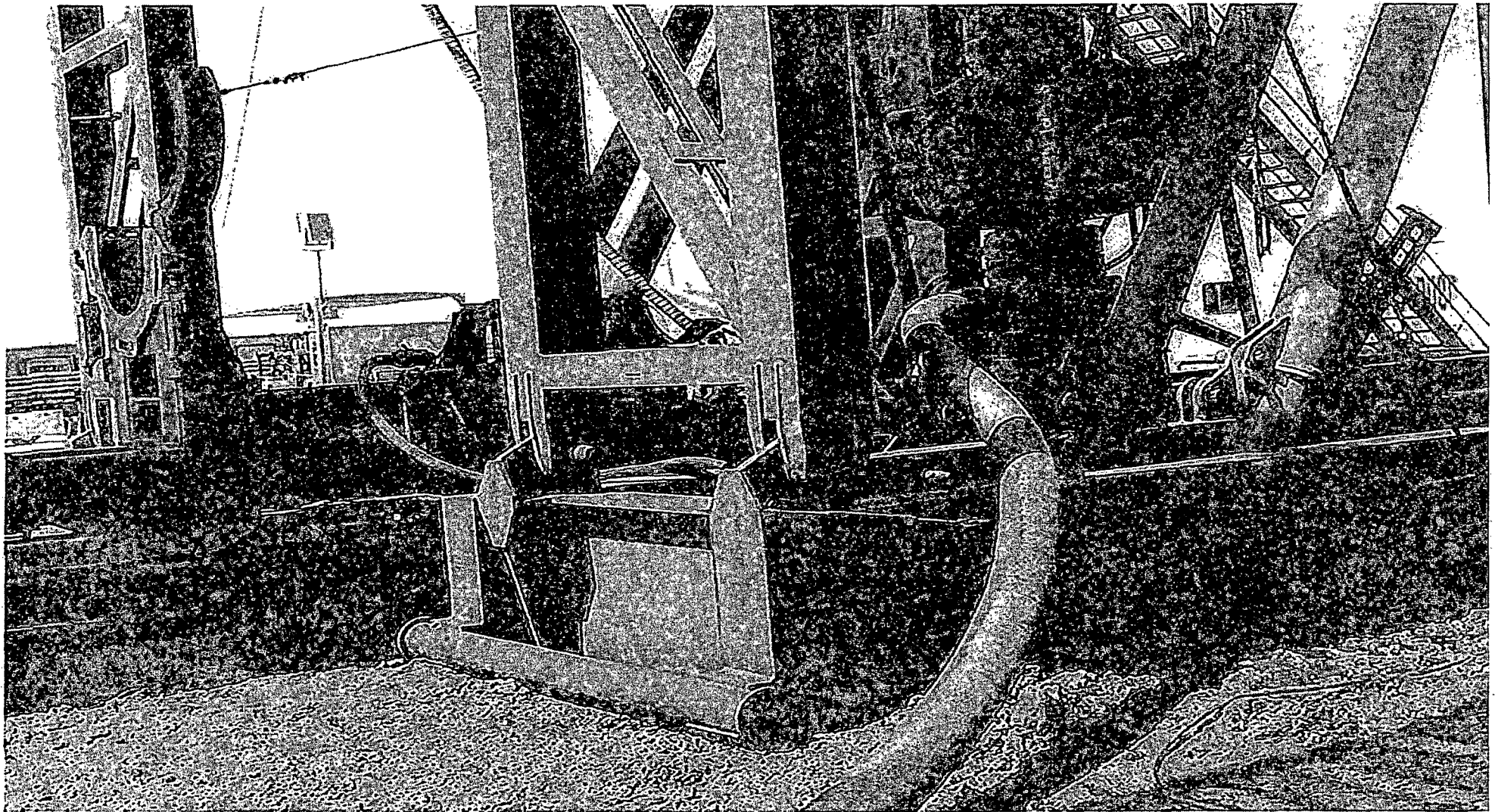


-  Wind Direction Indicators (wind sock or streamers)
-  H2S Monitors (alarms at bell nipple and shale shaker)
-  Briefing Areas



Exhibit D – Rig Diagram
Laguna 23 Federal Com #2H
 Nearburg Producing Co.
 23-20S-34E
 SHL 50 FSL & 630 FWL
 BHL 330 FNL & 660 FWL
 Lea County, NM

Exhibit F – Co-Flex Hose
Laguna 23 Federal Com #2H
Nearburg Producing Co.
23-20S-34E
SHL 50 FSL & 630 FWL
BHL 330 FNL & 660 FWL
Lea County, NM





Midwest Hose
& Specialty, Inc.

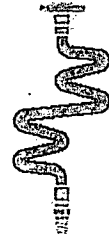
Exhibit F -3- Co-Flex Hose
Laguna 23 Federal Com #2H
Nearburg Producing Co.
23-20S-34E
SHL 50 FSL & 630 FWL
BHL 330 FNL & 660 FWL
Lea County, NM

Specification Sheet Choke & Kill Hose

The Midwest Hose & Specialty Choke & Kill hose is manufactured with only premium componets. The reinforcement cables, inner liner and cover are made of the highest quality material to handle the tough drilling applications of today's Industry. The end connections are available with API flanges, API male threads, hubs, hammer unions or other special fittings upon request. Hose assembly is manufactured to API 7K. This assembly is wrapped with fire resistant vermiculite coated fiberglass insulation, rated at 2000 degrees with stainless steel armor cover.

Working Pressure:	5,000 or 10,000 psi working pressure
Test Pressure:	10,000 or 15,000 psi test pressure
Reinforcement:	Multiple steel cables
Cover:	Stainless Steel Armor
Inner Tube:	Petroleum resistant, Abrasion resistant
End Fitting:	API flanges, API male threads, threaded or butt weld hammer unions, unbolt and other special connections
Maximum Length:	110 Feet
ID:	2-1/2", 3", 3-1/2". 4"
Operating Temperature:	-22 deg F to +180 deg F (-30 deg C to +82 deg C)

Exhibit F-1 – Co-Flex Hose Hydrostatic Test
 Laguna 23 Federal Com #2H
 Nearburg Producing Co.
 23-20S-34E
 SHL 50 FSL & 630 FWL
 BHL 330 FNL & 660 FWL
 Lea County, NM



Midwest Hose
& Specialty, Inc.

Internal Hydrostatic Test Graph

Customer: Houston

Pick Ticket #: 94260

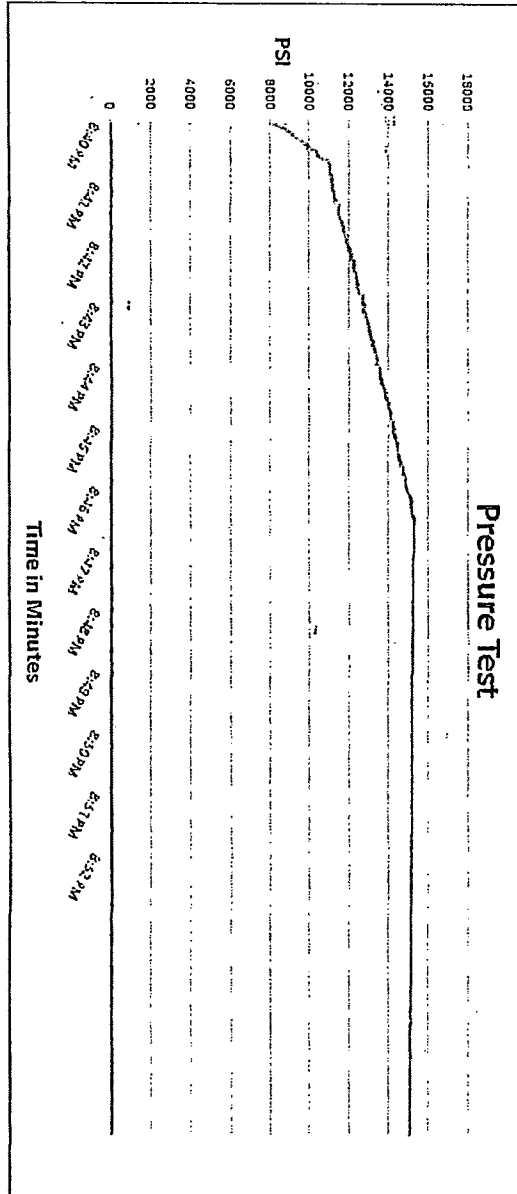
March 3, 2011

Hose Specifications

Hose Type: C&K
 I.D.: 4"
 Length: 45'
 O.D.: 6.09"
 Working Pressure: 10000 PSI
 Burst Pressure: Standard Safety Multiple Applies

Verification

Time of Fitting: 4/1/10
 Die Size: 6.38"
 Hose Serial #: 5544
 Coupling Method: Swage
 Final O.D.: 6.25"
 Hose Assembly Serial #: 79793



Comments: Hose assembly pressure tested with water at ambient temperature.

Test Pressure: 15000 PSI
 Time Held at Test Pressure: 11 Minutes
 Actual Burst Pressure: 15483 PSI

Tested By: Zec McConnell

Approved By: Kim Thomas

[Signature]

[Signature]

Exhibit F-2 - Co-Flex Hose
Laguna 23 Federal Com #2H
Nearburg Producing Co.
23-20S-34E
SHL 50 FSL & 630 FWL
BHL 330 FNL & 660 FWL
Lea County, NM



Midwest Hose & Specialty, Inc.

Certificate of Conformity

Customer:

DEM

PO

ODYD-271

SPECIFICATIONS

Sales Order

79793

Dated:

3/8/2011

We hereby certify that the material supplied
for the referenced purchase order to be true
according to the requirements of the purchase
order and current industry standards

Supplier:
Midwest Hose & Specialty, Inc.
10640 Tanner Road
Houston, Texas 77041

Comments:

Approved:

David Blawie

Date:

3/8/2011

Exhibit F-1 – Co-Flex Hose Hydrostatic Test

Laguna 23 Federal Com #2H

Nearburg Producing Co.

23-20S-34E

SHL 50 FSL & 630 FWL

BHL 330 FNL & 660 FWL

Lea County, NM



Midwest Hose & Specialty, Inc.

INTERNAL HYDROSTATIC TEST REPORT

Customer: Oderco Inc.		P.O. Number: odyd-271
HOSE SPECIFICATIONS		
Type: Stainless Steel Armor Choke & Kill Hose		Hose Length: 45'ft.
I.D. 4 INCHES	O.D. 9 INCHES	
WORKING PRESSURE 10,000 PSI	TEST PRESSURE 15,000 PSI	BURST PRESSURE 0 PSI
COUPLINGS		
Stem Part No. OKC OKC	Ferrule No. OKC OKC	
Type of Coupling: Swage-It		
PROCEDURE		
<u>Hose assembly pressure tested with water at ambient temperature.</u>		
TIME HELD AT TEST PRESSURE 15 MIN.	ACTUAL BURST PRESSURE: 0 PSI	
Hose Assembly Serial Number: 79793	Hose Serial Number: OKC	
Comments:		
Date: 3/8/2011	Tested: A. Jaime Gomez	Approved: [Signature]

Drilling 12-1/4" hole
below 13 3/8" Casing

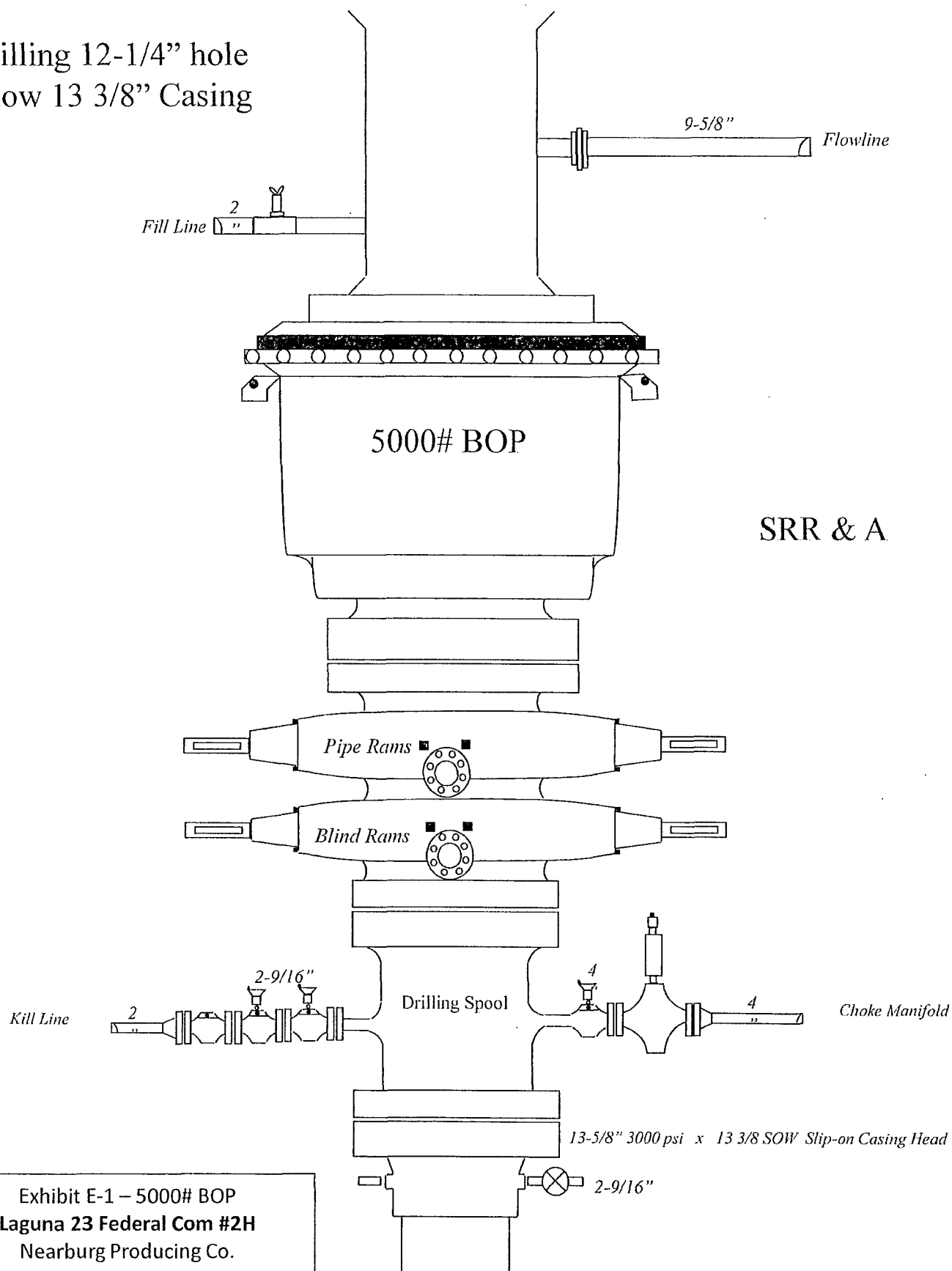
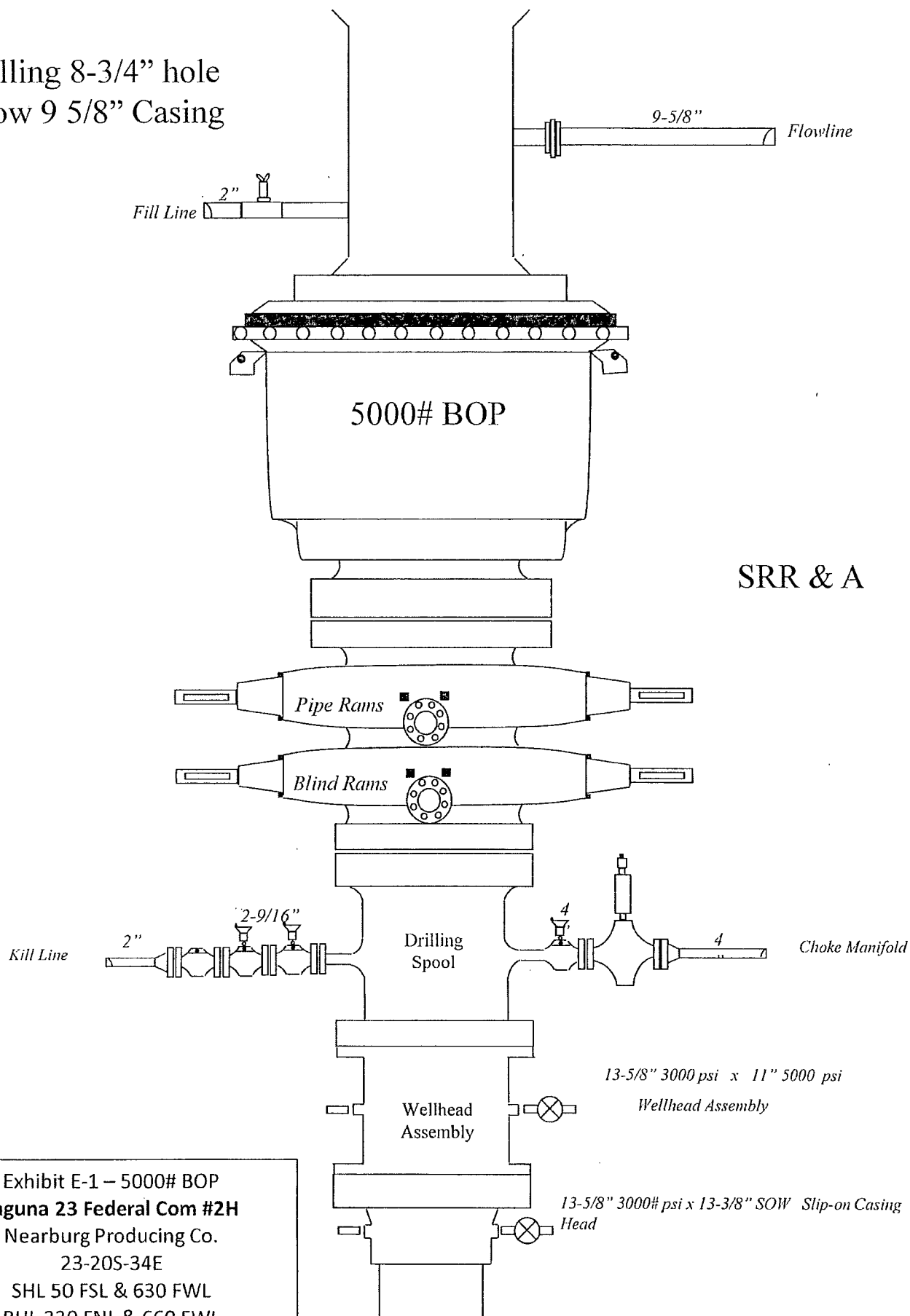


Exhibit E-1 – 5000# BOP
Laguna 23 Federal Com #2H
Nearburg Producing Co.
23-20S-34E
SHL 50 FSL & 630 FWL
BHL 330 FNL & 660 FWL
Lea County, NM

Drilling 8-3/4" hole
below 9 5/8" Casing

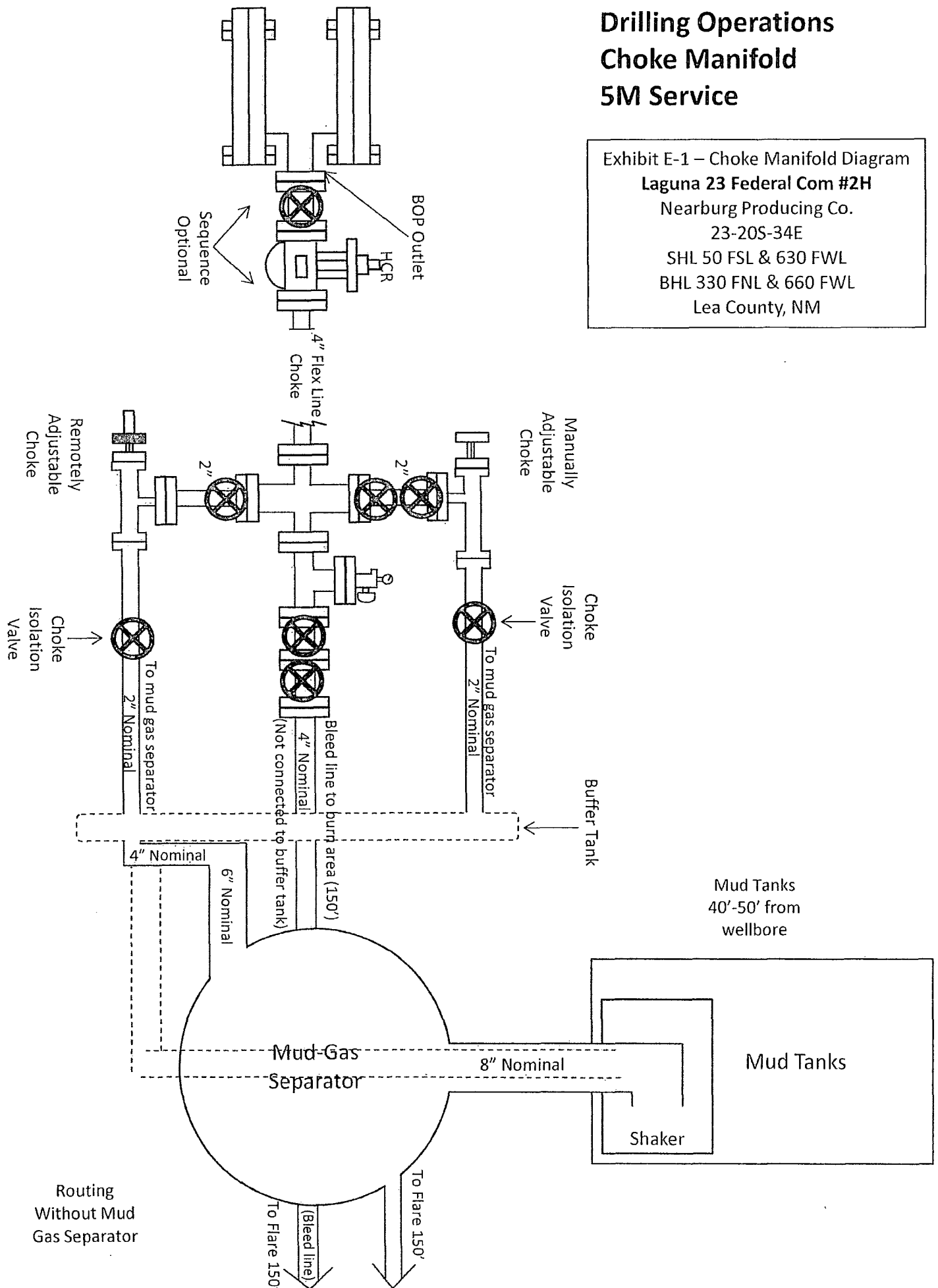


SRR & A

Exhibit E-1 – 5000# BOP
Laguna 23 Federal Com #2H
Nearburg Producing Co.
23-20S-34E
SHL 50 FSL & 630 FWL
BHL 330 FNL & 660 FWL
Lea County, NM

Drilling Operations Choke Manifold 5M Service

Exhibit E-1 – Choke Manifold Diagram
Laguna 23 Federal Com #2H
Nearburg Producing Co.
23-20S-34E
SHL 50 FSL & 630 FWL
BHL 330 FNL & 660 FWL
Lea County, NM



Nearburg Producing Company

Exploration and Production
3300 North "A" Street
Building 2, Suite 120
Midland, TX 79705-5421
432-686-8235
FAX 432-686-7806

May 28, 2013

Bureau of Land Management
Carlsbad Field Office
620 E. Greene Street
Carlsbad, New Mexico 88220

Re: Marie/Lea, South & Lynch 23 Prospects

Lea County, New Mexico

Agent Authorized to Sign BLM Regulatory Forms; Conduct Operations

W/2 of Sec. 23 and All of Sec. 25, T-20-S, R-34-E, N.M.P.M.

Federal Lse Serial No's: LC-066126, NM-28880, NM-124662, NM-78273 (Sec. 23)

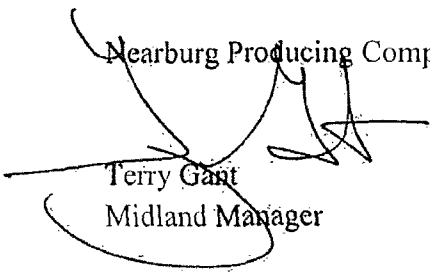
Federal Lse Serial No's: NM-56265, LC-066126, NM-20979, LC-066126 (Sec. 25)

To Whom It May Concern:

This letter is to provide notice that representatives from Cimarex Energy Co. are authorized to sign as agent for Nearburg Producing Company for submissions of Applications for Permits to Drill and other regulatory filings with the Bureau of Land Management as to the above captioned Federal Leases and Lands. Cimarex Energy Co. will be conducting oil and gas activities and operations on behalf of Nearburg Producing Company under such permits and other regulatory filings, including the drilling and operating of oil and gas wells. This authorization is valid until December 31, 2013, but may be canceled at an earlier time by written notification from Nearburg Producing Company.

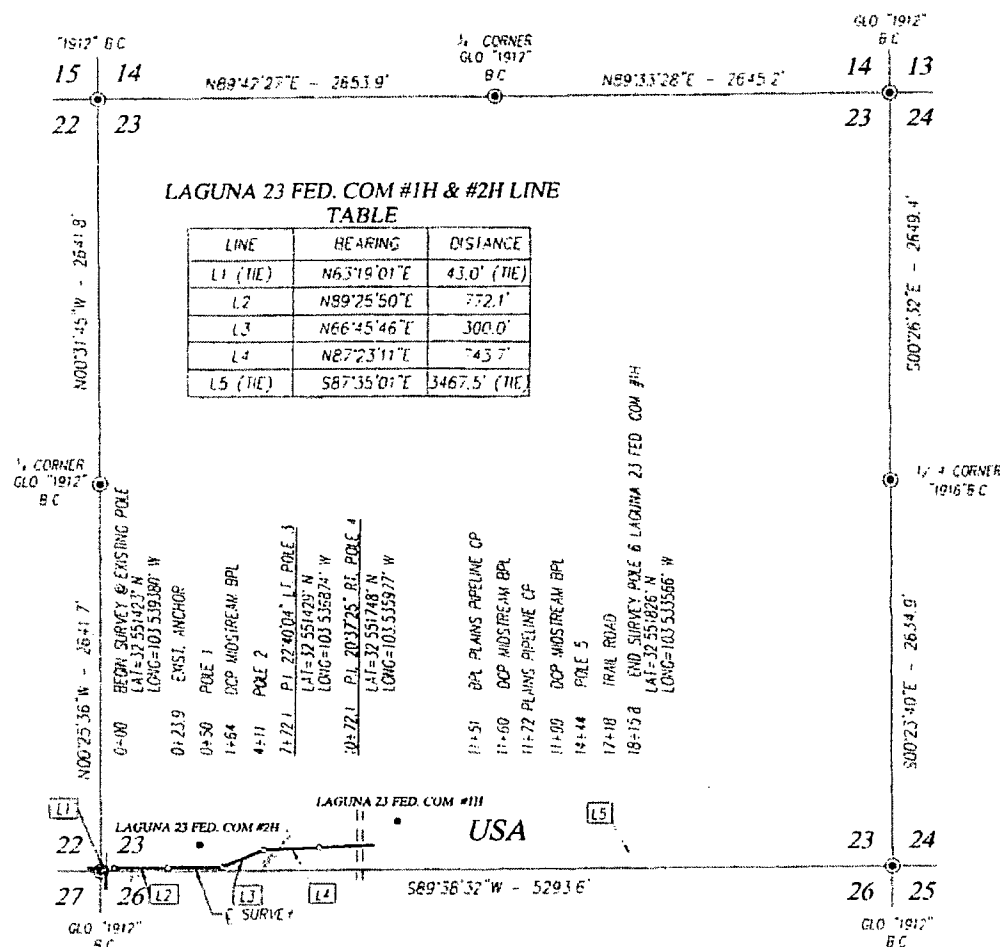
Yours very truly,

Nearburg Producing Company



Terry Gant
Midland Manager

cc: Cimarex Energy Co.
600 N. Marienfeld Street, Suite 600
Midland, Texas 79701
Attn: Mark Compton & Terri Stathem



DESCRIPTION

SURVEY OF A STRIP OF LAND 50.0 WIDE AND 1815.8 FEET OR 0.344 MILES IN LENGTH CROSSING USA LAND IN SECTION 23, TOWNSHIP 20 SOUTH, RANGE 34 EAST, N41PM, LEA COUNTY, NEW MEXICO, AND BEING 25.0 FEET LEFT AND 25.0 FEET RIGHT OF THE ABOVE CENTERLINE SURVEY.

NOTE

BEARINGS SHOWN HEREON ARE MERCATOR GRID AND CONFORM TO THE NEW MEXICO COORDINATE SYSTEM "NEW MEXICO EAST ZONE" NORTH AMERICAN DATUM 1983 DISTANCES ARE SURFACE VALUES

I, RONALD J. EIDSON, NEW MEXICO PROFESSIONAL SURVEYOR No. 3239, DO HEREBY CERTIFY THAT THIS SURVEY PLAN AND THE ACTUAL SURVEY ON THE GROUND UPON WHICH IT IS BASED WERE PERFORMED BY ME OR UNDER MY DIRECT SUPERVISION, THAT I AM RESPONSIBLE FOR THIS

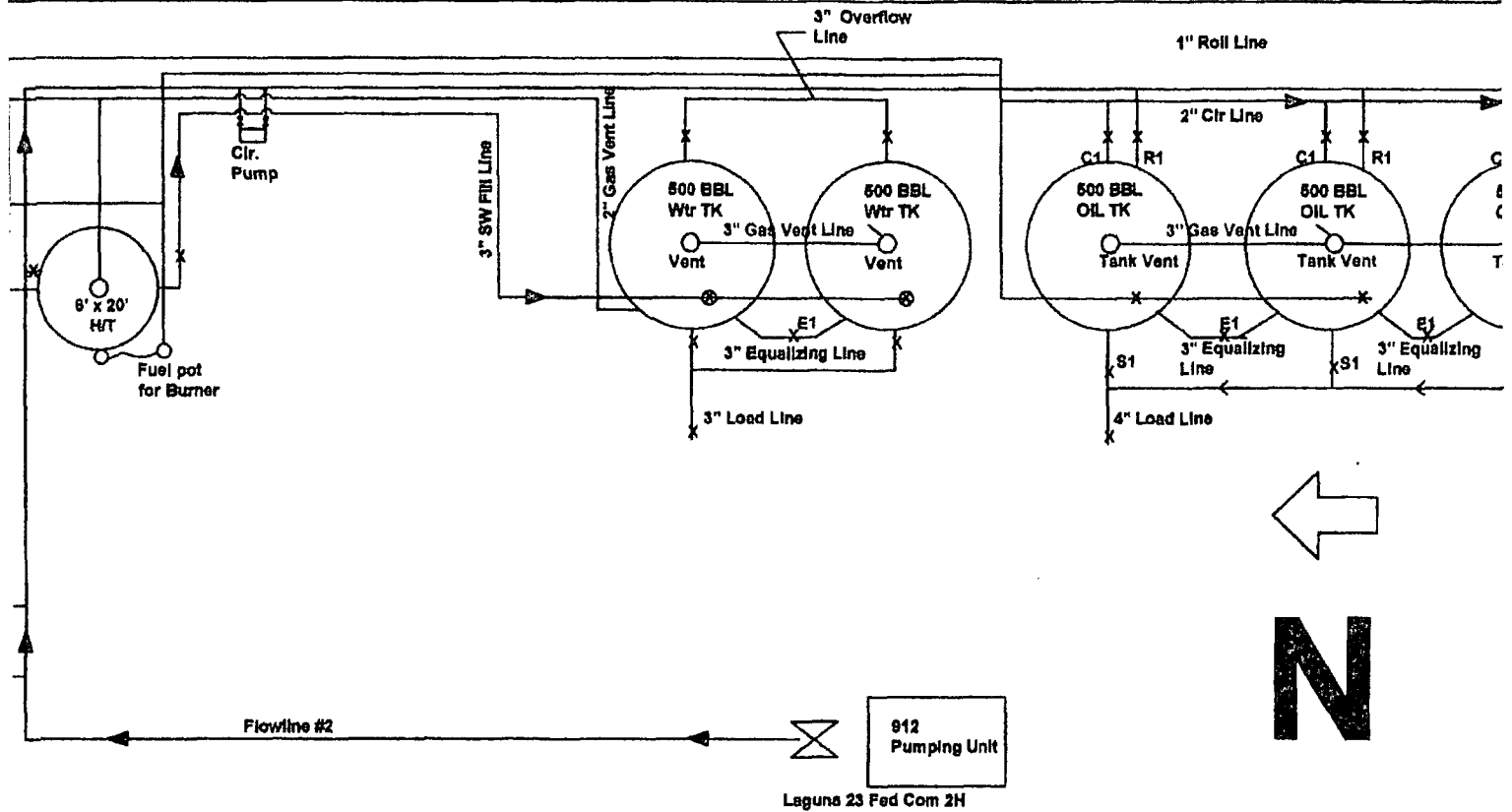
LEGEND

- ⊙ DENOTES FOUND CORNER AS NOTED
- ⊗ DENOTES CALCULATED CORNER

1000 0 1000 2000 FEET

Scale: 1"=1000'

EXHIBIT F PRODUCTION FACILITY DIAGRAM



urg Producing Company
 na 23 Fed Com 2H
 176' FSL 660' FWL
 23 T20S, R34E
 # NMNM 0066126

ounty, New Mexico

ir. 5, 2012

CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Nearburg Producing Company
LEASE NO.:	NM-78273
WELL NAME & NO.:	Laguna 23 Fed Com #2H
SURFACE HOLE FOOTAGE:	175' FSL & 660' FWL
BOTTOM HOLE FOOTAGE:	330' FNL & 660' FWL
LOCATION:	Section 23, T. 20 S., R. 34 E., NMPM
COUNTY:	Lea County, New Mexico
API:	30-025-40697

The original COAs still stand with the following drilling modifications:

I. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

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

- a. Spudding well (minimum of 24 hours)
- b. Setting and/or Cementing of all casing strings (minimum of 4 hours)
- c. BOPE tests (minimum of 4 hours)

☒ **Lea County**

Call the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240,
(575) 393-3612

1. **Hydrogen Sulfide (H₂S) monitors shall be installed prior to drilling out the surface shoe. If H₂S is detected in concentrations greater than 100 ppm, the Hydrogen Sulfide area shall meet Onshore Order 6 requirements, which includes equipment and personnel/public protection items. If Hydrogen Sulfide is encountered, provide measured values and formations to the BLM.**
1. 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. **If the drilling rig is removed without approval – an Incident of Non-Compliance will be written and will be a “Major” violation.**
2. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works is located, this does not include the dog house or stairway area.

3. The record of the drilling rate along with the GR/N well log run from TD to surface (horizontal well – vertical portion of hole) shall be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. If available, a digital copy of the logs is to be submitted in addition to the paper copies. The Rustler top and top and bottom of Salt are to be recorded on the Completion Report.

B. CASING

Changes to the approved APD casing program need prior approval if the items substituted are of lesser grade or different casing size. The Operator can exchange the components of the proposal with that of superior strength (i.e. changing from J-55 to N-80, or from 36# to 40#). Changes to the approved cement program need prior approval if the altered cement plan has less volume or strength or if the changes are substantial (i.e. Multistage tool, ECP, etc.).

Centralizers required on surface casing per Onshore Order 2.III.B.1.f.

Wait on cement (WOC) time prior to drilling out for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater for all casing strings. DURING THIS WOC TIME, NO DRILL PIPE, ETC. SHALL BE RUN IN THE HOLE. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. IF OPERATOR DOES NOT HAVE THE WELL SPECIFIC CEMENT DETAILS ONSITE PRIOR TO PUMPING THE CEMENT FOR EACH CASING STRING, THE WOC WILL BE 30 HOURS. See individual casing strings for details regarding lead cement slurry requirements.

No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.

Secretary's Potash

Possible lost circulation in the Red Beds, Capitan Reef, Delaware and Bone Spring Groups.

1. The **13-3/8** inch surface casing shall be set at approximately **1665** 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 is to include the lead cement slurry.**
- 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.

Special Capitan Reef requirements:

If any lost circulation occurs below the Base of the Salt, the operator shall do the following:

- **Switch to fresh water mud to protect the Capitan Reef and use fresh water mud until setting the intermediate casing. The appropriate BLM office is to be notified for a PET to witness the switch to fresh water.**
- **Daily drilling reports from the Base of the Salt to the setting of the intermediate casing are to be submitted to the BLM CFO engineering staff via e-mail by 0800 hours each morning. Any lost circulation encountered is to be recorded on these drilling reports. The daily drilling report should show mud volume per shift/tour. Failure to submit these reports will result in an Incidence of Non-Compliance being issued for failure to comply with the Conditions of Approval. If not already planned, the operator shall run a caliper survey for the intermediate well bore and submit to the appropriate BLM office.**

2. The minimum required fill of cement behind the **9-5/8** inch intermediate casing is:

- ☒ **Cement to surface. If cement does not circulate see B.1.a, c-d above. Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to potash and Capitan Reef.**

Formation below the 9-5/8" shoe to be tested according to Onshore Order 2.III.B.1.i. Test to be done as a mud equivalency test using the mud weight necessary for the pore pressure of the formation below the shoe (not the mud weight required to prevent dissolving the salt formation) and the mud weight for the bottom of the hole. Report results to BLM office.

3. The minimum required fill of cement behind the **5-1/2** inch production casing is:

Operator has proposed DV tool at depth of 6500'. Operator is to submit sundry if DV tool depth varies by more than 100' from approved depth.

- a. First stage to DV tool:

☒ Cement to circulate. If cement does not circulate, contact the appropriate BLM office before proceeding with second stage cement job. Operator should have plans as to how they will achieve circulation on the next stage.
Additional cement may be required – excess calculates to 23%.

- b. Second stage above DV tool:

☒ Cement to surface. If cement does not circulate, contact the appropriate BLM office. **Additional cement will be required – excess calculates to negative 23%.**

4. If 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.

C. 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 RP 53 Sec. 17.
2. Variance approved to use flex line from BOP to choke manifold. Check condition of flexible line from BOP to choke manifold, replace if exterior is damaged or if line fails test. Line to be as straight as possible with no hard bends and is to be anchored according to Manufacturer's requirements. The flexible hose can be exchanged with a hose of equal size and equal or greater pressure rating. **Anchor requirements, specification sheet and hydrostatic pressure test certification matching the hose in service, to be onsite for review. These documents shall be posted in the company man's trailer and on the rig floor.** If the BLM inspector questions the straightness of the hose, a BLM engineer will be contacted and will review in the field or via picture supplied by inspector to determine if changes are required (operator shall expect delays if this occurs).
3. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **3000 (3M)** psi.

4. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the **9-5/8** intermediate casing shoe shall be **5000 (5M) psi. 5M system requires an HCR valve, remote kill line and annular to match. The remote kill line is to be installed prior to testing the system and tested to stack pressure.**
5. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - a. In potash areas, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. For all casing strings, casing cut-off and BOP installation can be initiated at twelve hours after bumping the plug. However, **no tests** shall commence until the cement has had a minimum of 24 hours setup time.
 - b. The tests shall be done by an independent service company utilizing a test plug **not a cup or J-packer.**
 - c. The test shall be run on a 5000 psi chart for a 2-3M BOP/BOP, on a 10000 psi chart for a 5M BOP/BOPE and on a 15000 psi chart for a 10M BOP/BOPE. If a linear chart is used, it shall be a one hour chart. A circular chart shall have a maximum 2 hour clock.
 - d. The results of the test shall be reported to the appropriate BLM office.
 - e. All tests are required to be recorded on a calibrated test chart. **A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.**
 - f. 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. This test shall be performed prior to the test at full stack pressure.

D. DRILL STEM TEST

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

E. WASTE MATERIAL AND FLUIDS

All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of drilling operations and completion operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area.

Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.

JAM 091013