

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Hobbs

FORM APPROVED
OMB No. 1004-0137
Expires: October 31, 2014

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.

5. Lease Serial No.
NM-002127A

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.

MAY 19 2014

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

1. Type of Well

Oil Well Gas Well Other

8. Well Name and No.
LYNCH 35 FED COM 3H

2. Name of Operator
CIMAREX ENERGY COMPANY

RECEIVED

9. API Well No. 30-025-41644

3a. Address
600 N. MARIENFELD STREET, SUITE 600
MIDLAND, TEXAS 79701

3b. Phone No. (include area code)
432-620-1959 MICHELLE CHAPPELL

10. Field and Pool or Exploratory Area
WILDCAT BONE SPRING

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
SHL: 303 FNL & 1650 FEL, SECTION 35, T. 20 S., R. 34 E.
BHL: 330 FSL & 1980 FEL, SECTION 35, T. 20 S., R. 34 E.

11. County or Parish, State
LEA, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input 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"/> Other <u>GAS LINE</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or 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 must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

CIMAREX ENERGY COMPANY REQUESTS APPROVAL TO LAY 7200.7 FT. OF A SURFACE, 4" POLY (100 PSI), GAS LINE. THE LINE WILL TRANSPORT LOW PRESSURE GAS FROM THE WELL, LYNCH 35 FED COM 3H, FOLLOWING A PROPOSED ELECTRIC LINE, EXISTING ROADWAYS, AND AN EXISTING PIPELINE EASEMENT, TO THE EXISTING GAS LINE AT THE LYNCH 35 FED 2H WELL.

A ROW HAS BEEN APPLIED FOR ON THE FEDERAL SURFACE PORTION (SE/4NW/4 & NE/4SW/4) THAT IS OFF LEASE. THE REST OF THE PIPELINE ROUTE IS ON PRIVATE SURFACE (DANNY BERRY LAND OWNER) AND AN AGREEMENT HAS BEEN REACHED WITH MR. BERRY.

THE LINE BEING APPLIED FOR IS AS FOLLOW:
NW/4NE/4, NE/4NW/4, SE/4SW/4, ALL IN SECTION 35, T. 20 S., R. 34 E.
4544.8 FT., 0.86 MILE, 3.13 ACRES.

AN ARCHAEOLOGICAL REPORT HAS BEEN REQUESTED FROM LONE MOUNTAIN.

INSTALLATION WILL TAKE NO LONGER THAN 5 DAYS AND WILL BEGIN UPON APPROVAL OF PERMIT.

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

BARRY W. HUNT

Title PERMIT AGENT FOR CIMAREX ENERGY COMPANY

Signature

Barry W. Hunt

Date

2/6/14

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Stephen J. Coffey

FOR FIELD MANAGER
Title

Date

5/12/14

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

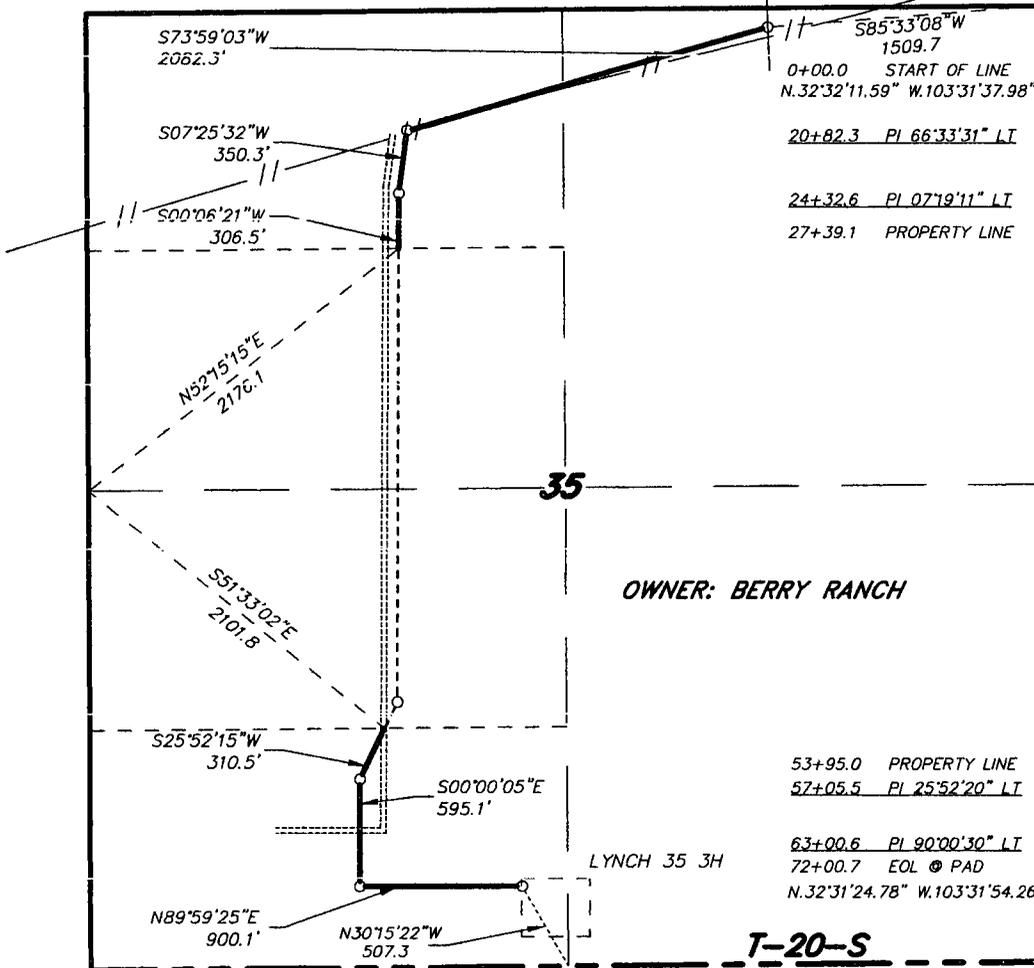
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

YMS/OCD 5/19/2014

MAY 19 2014

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**SECTION 35, TOWNSHIP 20 SOUTH, RANGE 34 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.**



OWNER: BERRY RANCH

LYNCH 35 3H

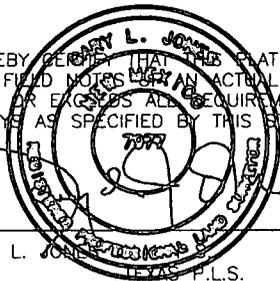
**T-20-S
T-21-S**

LEGAL DESCRIPTION

A STRIP OF LAND 30.0 FEET WIDE, LOCATED IN SECTION 35, TOWNSHIP 20 SOUTH, RANGE 34 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO AND BEING 15.0 FEET LEFT AND RIGHT OF THE FOLLOWING DESCRIBED CENTERLINE SURVEY:

BEGINNING AT A POINT WHICH LIES S.85°33'06"E., 1509.7 FEET FROM THE NORTHEAST CORNER OF SAID SECTION 35; THENCE S.73°59'03"W., 2082.3 FEET; THENCE S.07°25'32"W., 350.3 FEET; THENCE S.00°06'21"W., 306.5 FEET TO A POINT ON THE SOUTH PROPERTY LINE WHICH LIES N.52°15'15"E., 2176.1 FEET FROM THE WEST QUARTER CORNER OF SAID SECTION 35; THENCE BEGINNING AGAIN AT A POINT WHICH LIES S.51°33'02"E., 2101.8 FEET FROM THE WEST QUARTER CORNER OF SAID SECTION 35; THENCE S.25°52'15"W., 310.5 FEET; THENCE S.00°00'05"E., 595.1 FEET; THENCE N.89°59'25"E., 900.1 FEET TO THE END OF THIS LINE WHICH LIES N.30°15'22"E., 507.3 FEET FROM THE SOUTH QUARTER CORNER OF SAID SECTION 35. SAID STRIP OF LAND BEING 4544.8 FEET OR 275.44 RODS IN LENGTH.

I HEREBY CERTIFY THAT THE SURVEY WAS PREPARED FROM FIELD NOTES BY AN ACTUAL SURVEY AND MEETS OR EXCEEDS ALL REQUIREMENTS FOR LAND SURVEY AS SPECIFIED BY THIS STATE.



GARY L. JONES No. 7977
LEA COUNTY P.L.S. No. 5074



CIMAREX ENERGY COMPANY

REF: PROPOSED FLOWLINE FOR LYNCH 35 FEDERAL 3H

A FLOWLINE CROSSING FEE LAND IN
SECTION 35, TOWNSHIP 20 SOUTH, RANGE 34 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

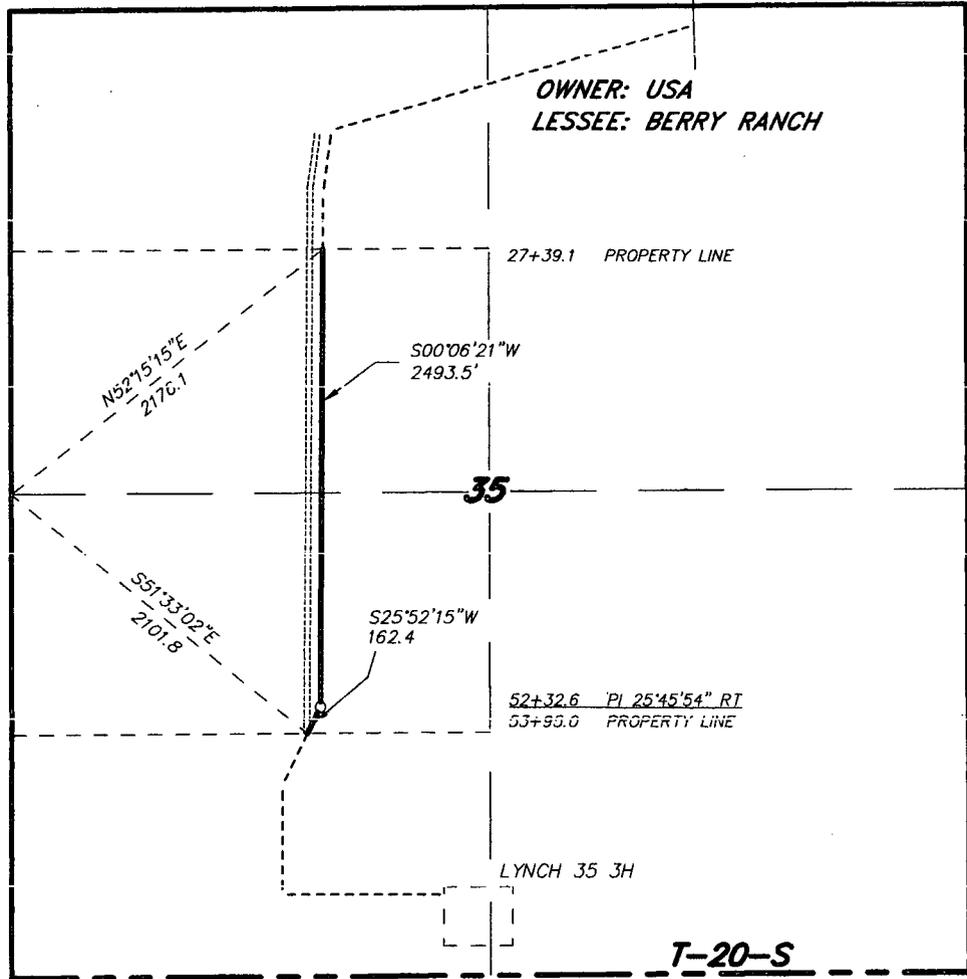
BASIN SURVEYS P.O. BOX 1786 - HOBBS, NEW MEXICO

W.O. Number: 29231 Drawn By: K. NORRIS

Date: 08-20-2013 Disk: KAN 29231 Survey Date: 08-16-2013 Sheet i of 2 Sheets

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SECTION 35, TOWNSHIP 20 SOUTH, RANGE 34 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO.

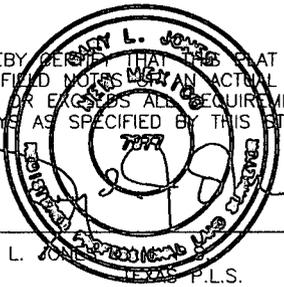


LEGAL DESCRIPTION

A STRIP OF LAND 30.0 FEET WIDE, LOCATED IN SECTION 35, TOWNSHIP 20 SOUTH, RANGE 34 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO AND BEING 15.0 FEET LEFT AND RIGHT OF THE FOLLOWING DESCRIBED CENTERLINE SURVEY.

SECTION 35= 2655.9 FEET= 160.96 RODS= 0.50 MILES= 1.83 ACRES

I HEREBY CERTIFY THAT THE PLAN THAT WAS PREPARED FROM FIELD NOTES IS AN ACTUAL SURVEY AND MEETS ALL REQUIREMENTS FOR LAND SURVEYS AS SPECIFIED BY THIS STATE.
GARY L. JONES
No. 7977
No. 5074



CIMAREX ENERGY COMPANY

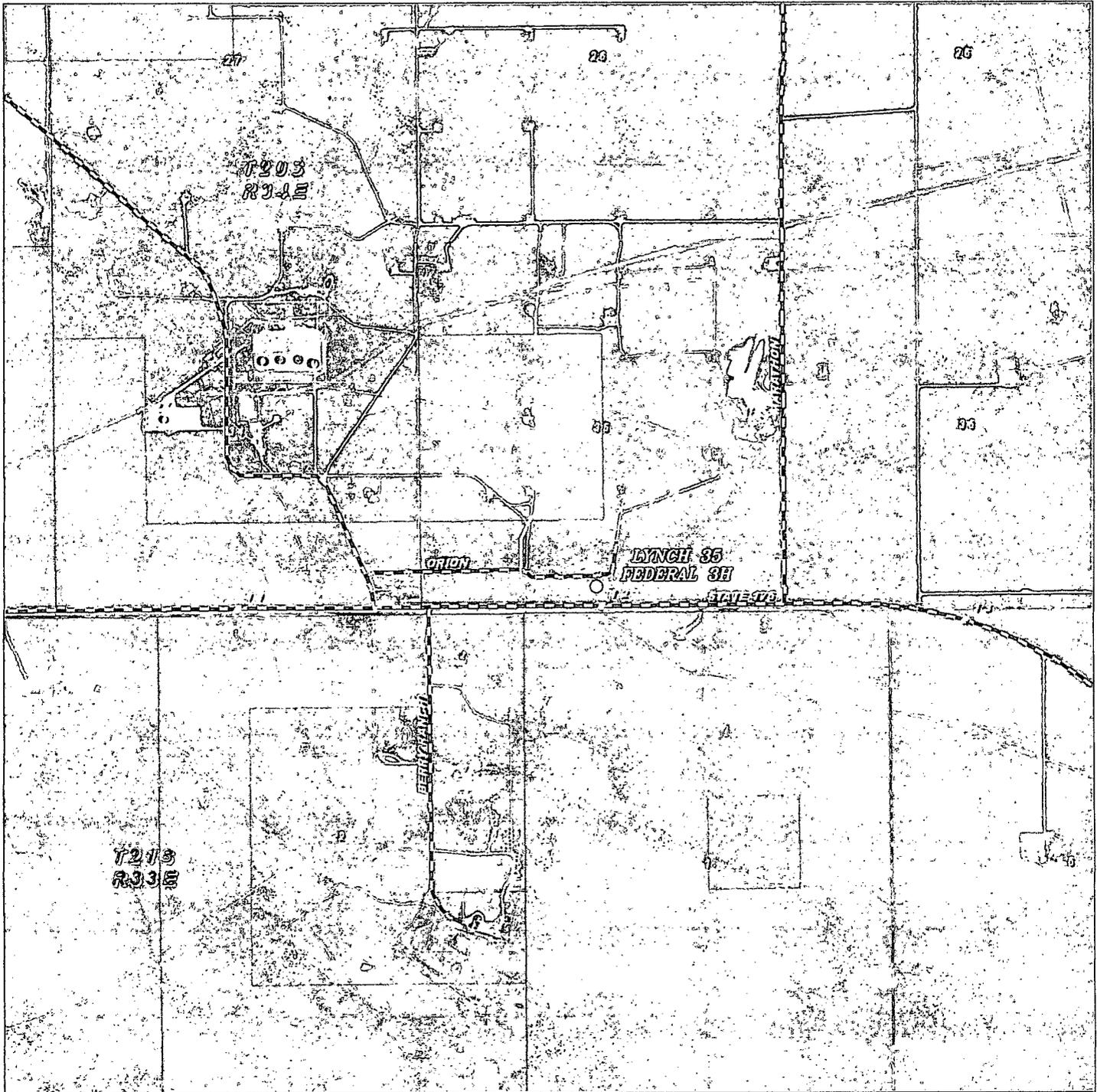
REF: PROPOSED FLOWLINE FOR LYNCH 35 FEDERAL 3H

A FLOWLINE CROSSING FEDERAL LAND IN SECTION 35, TOWNSHIP 20 SOUTH, RANGE 34 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO.

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

W.O. Number: 29231 Drawn By: K. NORRIS

Date: 08-20-2013 Disk: KAN 29231 Survey Date: 08-16-2013 Sheet 2 of 2 Sheets



LYNCH 35 FEDERAL 3H FLOWLINE
 Section 35, 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: KAN 29203

Scale: 1" = 2000'

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



**CIMAREX
 ENERGY CO.**

MAY 19 2014

BLM LEASE NUMBER: NM2127A
COMPANY NAME: Cimarex Energy Co.
ASSOCIATED WELL NAME: Lynch 35 Fed Com 3H

RECEIVED

STANDARD STIPULATIONS FOR SURFACE INSTALLED PIPELINES

A copy of the application (Grant, Sundry Notice, APD) 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 20 feet. If the pipeline route follows an existing road or buried pipeline right-of-way, the surface pipeline must be installed no farther than 10 feet from the edge of the road or buried pipeline right-of-way. If existing surface pipelines prevent this distance, the proposed surface pipeline must be installed immediately adjacent to the outer surface pipeline. All construction and maintenance activity will be confined to existing roads or right-of-ways.

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. Surface pipelines must be less than or equal to 4 inches and a working pressure below 125 psi.

18. Special Stipulations:

LPC: Conditions of Approval

Timing Limitation Stipulation/Condition of Approval for Lesser Prairie-Chicken: Oil and gas activities including 3-D geophysical exploration, and drilling will not be allowed in lesser prairie-chicken habitat during the period from March 1 through June 15 annually. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, geophysical exploration other than 3-D operations, and pipeline, road, and well pad construction, will be allowed except between 3:00 am and 9:00 am. The 3:00 am to 9:00 am restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during this period. Additionally, no new drilling will be allowed within up to 200 meters of leks known at the time of permitting. Normal vehicle use on existing roads will not be restricted. Exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 ft. from the source of the noise.

Upon abandonment, a low profile abandoned well marker will be installed to prevent raptor perching.

The proponent of the proposed action is a Participating Cooperator in the Candidate Conservation Agreement (CCA) for the lesser prairie-chicken (*Tympanuchus pallidicinctus*) and dunes sagebrush lizard (*Sceloporus arenicolus*).

The goal of the Bureau of Land Management (BLM), U.S. Fish and Wildlife Service (USFWS), Center of Excellence for Hazardous Materials Management (CEHMM) and the Participating Cooperator is to reduce and/or eliminate threats to the LPC and/ or SDL. By agreeing to conduct the conservation measures described by the CCA, and contribute funding or providing in-kind services for conservation.

The Certificate of Participation (CP) associate with the CCA is voluntary between CEHMM, BLM, USFWS and the Participating Cooperator. Through the CP, the Participating Cooperator voluntarily commits to implement or fund specific conservation actions that will reduce and/or eliminate threats to the SDL and /or the LPC. Funds contributed as part of the CP will be used to implement conservation measures and associated activities. The funds will be directed to the highest priority projects to restore or reclaim habitat at the sole discretion of BLM and USFWS.

The following Conservation Measures are to be accomplished in addition to those described in the CCA and Pecos District Special Status Species Resource Management Plan Amendment (RMPA):

1. To the extent determined by the BLM representative at the Plan of Development stage, all infrastructures supporting the development of a well (including roads, power lines, and pipelines) will be constructed within the same corridor.
2. On enrolled parcels that contain inactive wells, roads and/or facilities that are not reclaimed to current standards, the Participating Cooperator shall remediate and

reclaim their facilities within three years of executing this CP, unless the Cooperator can demonstrate they will put the facilities back to beneficial use for the enrolled parcel(s). If an extension is requested by the Cooperator, they shall submit a detailed plan (including dates) and receive BLM approval prior to the three year deadline. All remediation and reclamation shall be performed in accordance with BLM requirements and be approved in advance by the Authorized Officer.

3. Utilize alternative techniques to minimize new surface disturbance when required and as determined by the BLM representative at the Plan of Development stage.
4. Install fence markings along fences owned, controlled, or constructed by the Participating Cooperator that cross through occupied habitat within two miles of an active LPC lek.
5. Bury new powerlines that are within two (2) miles of LPC lek sites active at least once within the past 5 years (measured from the lek). The avoidance distance is subject to change based on new information received from peer reviewed science.
6. Bury new powerlines that are within one (1) mile of historic LPC lek sites where at least one LPC has been observed within the past three years (measured from the historic lek). The avoidance distance is subject to change based on new information received from peer reviewed science.
7. Management recommendations may be developed based on new information received from peer reviewed science to mitigate impacts from H₂S and/or the accumulation of sulfates in the soil related to production of gas containing H₂S on the SDL and LPC. Such management recommendations will be applied by the Participating Cooperator as Conservation Measures under this CI/CP in suitable and occupied SDL/LPC habitat where peer-reviewed science has shown that H₂S levels threaten the LPC/SDL.