

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Hobbs

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.

HOBBSCOCD

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

DEC 15 2014

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		8. Well Name and No. JAMES 29 FEDERAL 39
2. Name of Operator CIMAREX ENERGY COMPANY OF CO Contact: HOPE KNAULS E-Mail: hknauls@cimarex.com		9. API Well No. 30-025-42091-00-X1
3a. Address 600 NORTH MARIENFELD STREET, SUITE 600 MIDLAND, TX 79701	3b. Phone No. (include area code) Ph: 918.295.1763	10. Field and Pool, or Exploratory SAND DUNES
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 29 T23S R32E NWNE 330FNL 1450FEL 32.165482 N Lat, 103.413624 W Lon		11. County or Parish, and State LEA COUNTY, NM

RECEIVED

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Change to Original APD
	<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 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.)

CIMREX ENERGY RESPECTFULLY REQUESTS APPROVAL TO CHANGE THE SURFACE CASING AS FOLLOWS:

The change on the production casing is due to anticipated lost circulation around 7300', based on offset wells.

Approved:
Surface Casing 13-3/8" 48# H-40 STC
Production Casing 5.5" 17# L-80 Long String

Proposed:
Surface Casing 13-3/8" 48# H-40/J-55 Hybrid STC

APPROVED
[Signature]
DEC 11 2014
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

SEE ATTACHED FOR CONDITIONS OF APPROVAL

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

Electronic Submission #284855 verified by the BLM Well Information System
For CIMAREX ENERGY COMPANY OF CO, sent to the Hobbs
Committed to AFMS for processing by ED FERNANDEZ on 12/11/2014 (15EF00405)

Name (Printed/Typed) HOPE KNAULS	Title REGULATORY TECH
Signature (Electronic Submission)	Date 12/11/2014

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By <u>EDWARD FERNANDEZ</u>	Title <u>PETROLEUM ENGINEER</u>	Date <u>12/11/2014</u>
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 Hobbs <i>[Signature]</i>

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 ****

SEE ATTACHED FOR CONDITIONS OF APPROVAL

DEC 19 2014

[Handwritten initials]

Additional data for EC transaction #284855 that would not fit on the form

32. Additional remarks, continued

7" 32# L-80 Casing set at end of curve

LTC in vertical, BTC in curve

DV Tool and ACP set at approximately 7000'

Centralizers every other joint in curve, every 4 joints from KOP up to 9.625" intermediate casing shoe

Stage 1 Lead: 150 sx Tuned Light at 10.8 ppg, 2.7 yield

Stage 1 Tail: 210 sx PozH @ 14.5 ppg, 1.24 yield

Stage 2: 250 sx Tuned Light at 10.8 ppg, 2.7 yield

4.5" 13.5# L-80 BTC Liner set from TD to KOP

Equipped with Liner top Packer or Expandable Liner Hanger

320 sx PozH @ 14.5 ppg, 1.24 yield

No centralizers

Top of Cement 9655'

CONDITIONS OF APPROVAL

Sundry dated 12/11/14

OPERATOR'S NAME:	Cimarex Energy Co.
LEASE NO.:	NMNM0559539
WELL NAME & NO.:	39- James 29 Federal
SURFACE HOLE FOOTAGE:	330' FNL & 1450' FEL
BOTTOM HOLE FOOTAGE:	330' FSL & 1330' FEL
LOCATION:	Section 29 , T.23S., R32E., NMPM
COUNTY:	Lea County, New Mexico

The original COA 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
- b. Setting and/or Cementing of all casing strings
- c. BOPE tests

Lea County

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

1. **Although Hydrogen Sulfide has not been reported in the area, it is always a potential hazard. If Hydrogen Sulfide is encountered, report measured amounts and formations to the BLM.**
2. 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.**
3. 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 are located, this does not include the dog house or stairway area.

4. 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 or are Non-API. 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.). The initial wellhead installed on the well will remain on the well with spools used as needed.

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 at the BLM field inspectors recommendations. 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.

Possible water flows in the Salado and Castile.

Possible lost circulation in the Delaware.

1. The 13-3/8 inch surface casing shall be set at approximately 1300 feet (in a competent bed below the Magenta Dolomite, which is a Member of the Rustler, and if salt is encountered, set casing at least 25 feet above the salt) and cemented to the surface. Fresh water mud to setting depth.
 - 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.

Intermediate casing shall be kept fluid filled while running into hole to meet BLM minimum collapse requirements.

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. **Excess calculates to 24% - Additional cement may be required.**

Centralizers approved as written.

3. The minimum required fill of cement behind the 7 inch production casing is:

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.

b. Second stage above DV tool:

- Cement to surface. If cement does not circulate, contact the appropriate BLM office.

4. The minimum required fill of cement behind the 4-1/2 inch liner is:

- Cement should tie-back at least 300 feet into previous casing string. Operator shall provide method of verification. **Additional cement will be required as excess calculates to 10%.**

5. 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. 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.

EGF 121114