

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0137
Expires: January 31, 2018

HOBBS OCD

JAN 12 2016

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.

Carlsbad Field Office
OCD Hobbs

5. Lease Serial No. _____
Multiple--See Attached

6. If Indian, Allottee or Tribe Name _____

7. If Unit or CA/Agreement, Name and/or No. _____
Multiple--See Attached

8. Well Name and No. _____
Multiple--See Attached

9. API Well No. _____
Multiple--See Attached

10. Field and Pool or Exploratory Area
LEA

11. County or Parish, State
LEA COUNTY, NM

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SUBMIT IN TRIPLICATE - Other instructions on page 2

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator Contact: RHONDA SHELDON
CIMAREX ENERGY COMPANY OF CO-Mail: rsheldon@cimarex.com

3a. Address 3b. Phone No. (include area code)
202 S CHEYENNE AVE. SUITE 1000 Ph: 918-585-1100
TULSA, OK 74103

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Multiple--See Attached

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"/> Hydraulic Fracturing	<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	Venting and/or Flaring
	<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 REQUESTS PERMISSION TO FLARE APPROXIMATELY 4810 MCF FOR THE MONTHS OF JULY, AUGUST & SEPTEMBER 2016.

JULY 1733 MCF
AUGUST 599 MCF
SEPTEMBER 2478 MCF

API'S FOR WELLS FLARING:
30-025-40115 (1)
30-025-40123 (2)
30-025-40724 (3)
30-025-40726 (4)

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

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

**Electronic Submission #352170 verified by the BLM Well Information System
For CIMAREX ENERGY COMPANY OF CO, sent to the Hobbs
Committed to AFMSS for processing by PRISCILLA PEREZ on 09/28/2016 (16PP1220SE)**

Name (Printed/Typed) RHONDA SHELDON Title REGULATORY TECHNICIAN

Signature (Electronic Submission) Date 09/22/2016

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By MUSTAFA HAQUE Title PETROLEUM ENGINEER Date 01/11/2017

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

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.

(Instructions on page 2)

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

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Additional data for EC transaction #352170 that would not fit on the form

5. Lease Serial No., continued

NMNM124663
NMNM28880

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

NMNM127606
NMNM127960

Wells/Facilities, continued

Agreement	Lease	Well/Fac Name, Number	API Number	Location
NMNM127960	NMNM124663	LYNCH 23 FEDERAL COM 1H	30-025-40115-00-S1	Sec 23 T20S R34E NWNE 330FNL 1830FEL
NMNM127960	NMNM124663	LYNCH 23 FEDERAL COM 4H	30-025-40726-00-S1	Sec 23 T20S R34E NWNE 326FNL 1727FEL
NMNM127606	NMNM28880	LYNCH 23 FEDERAL COM 2H	30-025-40123-00-S1	Sec 23 T20S R34E NENE 330FNL 660FEL 32.564968 N Lat, 103.524463 W Lon
NMNM127606	NMNM28880	LYNCH 23 FEDERAL COM 3H	30-025-40724-00-S1	Sec 23 T20S R34E NENE 305FNL 560FEL
NMNM127606	NMNM28880	LYNCH 23 FEDERAL COM 6H	30-025-41195-00-S1	Sec 23 T20S R34E NENE 290FNL 385FEL

32. Additional remarks, continued

30-025-41195 (6)

BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972

Cimarex Energy CO
Lynch 23 Federal Com 1H
NMNM124663

1/11/2017

Pursuant to **NTL-4A III**, Lessees or operators are hereby authorized to vent or flare gas on a short-term basis without incurring a royalty obligation in the following circumstances:

- A. Emergencies. During temporary emergency situations, such as compressor or other equipment failures, relief of abnormal system pressures, or other conditions which result in the unavoidable short-term venting or flaring of gas. However, this authorization to vent or flare gas in such circumstances without incurring a royalty obligation is limited to 24 hours per incident and to 144 hours cumulative for the lease during any calendar month, except with the prior authorization, approval, ratification, or acceptance of the Supervisor.
- B. Well Purging and Evaluation Tests. During the unloading or cleaning up of a well during drillstem, producing, routine purging, or evaluation tests, not exceeding a period of 24 hours.
- C. Initial Production Tests. During initial well evaluation tests, not exceeding a period of 30 days or the production of 50 MMcf of gas, whichever occurs first, unless a longer test period has been authorized by the appropriate State regulatory agency and ratified or accepted by the Supervisor.
- D. Routine or Special Well Tests. During routine or special well tests, other than those cited in NTL-4A III.B and C above, only after approval by the Supervisor.

If a flaring event conforms with the requirements listed above as per NTL-4A III., the flared volumes are not royalty bearing and the operator does not need to submit a Sundry Notice. Report flared volumes as unavoidably lost on OGOR B.

Condition of Approval to Flare Gas

1. The first 24 hours of a temporary emergency flare* is considered "unavoidably lost" and is therefore royalty free. Flared volumes that are considered unavoidably lost are not to be included in Sundry Notice (Form 3160-5). NTL-4A specifies no more than 24 hours per incident and no more 144 hours cumulative for the lease during any calendar month. These Volumes are not royalty bearing and shall be reported on OGOR "B" as either disposition code "21" or "22".
2. Flared volumes considered to be "avoidably lost":
 - Exceeding the first 24 hours for each temporary emergency flare event (144 hours cumulative for the lease per month), well purging and evaluation test.
 - During initial well evaluation tests, exceeding a period of 30 days or the production of 50 MMcf of gas, whichever occurs first
 - Scheduled flaring operations

These flare events will require prior approval via Notice of Intent- Sundry Notice (Form 3160-5). Volumes flared beyond limits defined in NTL-4A are considered "avoidably lost" and will require payment of royalties, unless an exception is granted in accordance with NTL-4A.IV.B.. Volumes for avoidably lost gas shall be reported on OGOR "B" reports as disposition code "08". If the operator believes that the flared volumes were "unavoidably lost" and the BLM determines them to be "avoidably lost", the operator can submit a more detailed request via Sundry Notice (Form 3160-5) for an exception in accordance with NTL-4A.IV.B.. As an

- alternative to producing oil and flaring gas the operator may choose to shut the well in and avoid paying royalties on otherwise avoidably lost gas.
3. Approval not to exceed 90 days, (from 07/01/2016 to 09/28/2016), if flaring is still required past 90 days submit new request for approval.
 4. Submit Subsequent Report with actual volumes of gas flared for each month gas is flared on a Sundry Notice (Form 3160-5). Include method for volume determination and duration. Report unavoidably lost (first 24 hrs of unexpected event) and avoidably lost (exceeding the first 24 hrs or flared gas that has been approved as avoidably lost by the Authorized Officer) volumes and durations on the Subsequent Report.
 5. In determining the volumes of gas to be reported in accordance with NTL-4A the BLM CFO requires Vent/flare gas metering to meet all requirements for a sales meter as per Federal Regulations, Onshore Order #5 and NTL 2008-01. Include meter serial number on Sundry Notice (Form 3160-5).
 - If installation of an approved gas meter is not economically feasible for continued operations. Submit Notice of Intent - Sundry Notice (Form 3160-5) to request an alternate method of determining gas volumes with a valid justification. Alternate methods are listed in NTL-4A. The Authorized Officer may require the installation of additional measurement equipment whenever it is determined that the present methods are inadequate to meet the purposes of this Notice.
 6. An updated facility diagram is required within 60 days of modifications to existing facilities per Onshore Order #3.
 7. This approval does not authorize any additional surface disturbance.
 8. Subject to like approval from NMOCD

Regulations and Definitions

Definition: As per **NTL-4A II. A.** "Avoidably lost" production shall mean the venting or flaring of produced gas without the prior authorization, approval, ratification, or acceptance of the Supervisor and the loss of produced oil or gas when the Supervisor determines that such loss occurred as a result of (1) negligence on the part of the lessee or operator, or (2) the failure of the lessee or operator to take all reasonable measures to prevent and/or to control the loss, or (3) the failure of the lessee or operator to comply fully with the applicable lease terms and regulations, appropriate provisions of the approved operating plan, or the prior written orders of the Supervisor, or (4) and combination of the foregoing.

NTL-4A.IV.B. Oil Well Gas. Except as provided in II.C and III above, oil well gas may not be vented or flared unless approved in writing by the Supervisor. The Supervisor may approve an application for the venting or flaring of oil well gas if justified either by the submittal of **(1)** an evaluation report supported by engineering, geologic, and economic data which demonstrates to the satisfaction of the Supervisor that the expenditures necessary to market or beneficially use such gas are not economically justified and that conservation of the gas, if required, would lead to the premature abandonment of recoverable oil reserves and ultimately to a greater loss of equivalent energy than would be recovered if the venting or flaring were permitted to continue or **(2)** an action plan that will eliminate venting or flaring of the gas within 1 year from the date of application.

*Temporary Emergency Flaring is defined as an unexpected situation requiring immediate action. A flaring event is considered an emergency if the occurrence is out of the operators control and the operator had less than 24 hrs notification of the event. Scheduled or routine flare events will not be considered an emergency.

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources

Form C-104
Revised October 15, 2009

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit one copy to appropriate District Office

AMENDED REPORT

I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

¹ Operator name and Address Basic Energy Services, LP PO Box 1375 Artesia NM 88211-1375		² OGRID Number 246368
		³ Reason for Filing Code/ Effective Date 176.24 bbls Skim Oil 12.14.16 174.91 bbls Skim Oil 12.14.16
⁴ API Number 30 - 025-27682	⁵ Pool Name San Andres SWD	⁶ Pool Code 96121
⁷ Property Code 303235	⁸ Property Name Lea	⁹ Well Number 002

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II. ¹⁰ Surface Location

Ul or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South Line	Feet from the	East/West line	County
A	17	23S	37E		850	North	950	East	Lea

¹¹ Bottom Hole Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Lse Code P	¹³ Producing Method Code SWD	¹⁴ Gas Connection Date	¹⁵ C-129 Permit Number	¹⁶ C-129 Effective Date	¹⁷ C-129 Expiration Date				

III. Oil and Gas Transporters

¹⁸ Transporter OGRID	¹⁹ Transporter Name and Address	²⁰ O/G/W
305730	Lakewood Energy Solutions	
NM OIL CONSERVATION ARTESIA DISTRICT JAN 11 2017		

IV. Well Completion Data

²¹ Spud Date	²² Ready Date	²³ TD	²⁴ PBDT	²⁵ Perforations	²⁶ DHC, MC
²⁷ Hole Size	²⁸ Casing & Tubing Size	²⁹ Depth Set	³⁰ Sacks Cement		

V. Well Test Data

³¹ Date New Oil	³² Gas Delivery Date	³³ Test Date	³⁴ Test Length	³⁵ Tbg. Pressure	³⁶ Csg. Pressure
³⁷ Choke Size	³⁸ Oil	³⁹ Water	⁴⁰ Gas	⁴¹ Test Method	

⁴² I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Signature: *Teresa Aguirre*

Printed name:
Teresa Aguirre

Title:
Administrator

E-mail Address:
teresa.aguirre@basicenergyservices.com

Date:
January 9, 2017

Phone:
575-746-2072

OIL CONSERVATION DIVISION	
Approved by:	<i>[Signature]</i>
Title:	<i>DI SUPERVISOR</i>
Approval Date:	<i>11 JAN 17</i>