

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-HOBBS
HOBBS OCD
SEP 11 2017
RECEIVED

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

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on page 2

| | | |
|--|---|---|
| 1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other | | 5. Lease Serial No. NMNM3622 ✓ |
| 2. Name of Operator CIMAREX ENERGY COMPANY OF CO Contact: DAVID A EYLER E-Mail: DEYLER@MILAGRO-RES.COM | | 6. If Indian, Allottee or Tribe Name |
| 3a. Address 202 S CHEYENNE AVE. SUITE 1000 TULSA, OK 74103 | 3b. Phone No. (include area code) Ph: 432-687-3033 | 7. If Unit or CA/Agreement, Name and/or No. |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 18 T19S R34E NWSW 1800FSL 410FWL | | 8. Well Name and No. SCOUT 18 FEDERAL 01 ✓ / ✓ |
| | | 9. API Well No. 30-025-37890-00-S1 |
| | | 10. Field and Pool or Exploratory Area TONTO |
| | | 11. County or Parish, State LEA COUNTY, 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 (Star) |
| <input type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Hydraulic Fracturing | <input type="checkbox"/> Reclamation |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete |
| | <input type="checkbox"/> Change Plans | <input checked="" type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Ab |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal |

INT TO PA Pm x
P&A NR _____
P&A R _____

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.

- 1) SET 5-1/2" CIBP @ 3,650'; PUMP 50 SXS.CMT.@ 3,650'-3,319'(T/YATES); CIRC.WELL.
- 2) PUMP 25 SXS.CMT. @ 1,631'-1,521'(T/ANHY.); WOC X TAG CMT. PLUG.
- 3) MIX X CIRC. TO SURF. 60 SXS.CMT. @ 478'-3'(8-5/8"CSG.SHOE).
- 4) DIG OUT X CUT OFF WELLHEAD 3' B.G.L.; WELD ON STEEL PLATE TO CSGS. X INSTALL DRY HOLE MARKER. DURING THIS PROCEDURE WE PLAN TO USE THE CLOSED-LOOP SYSTEM AND HAUL CONTENTS TO THE REQUIRED DISPOSAL, PER OCD RULE 19.15.17.

**SUBJECT TO LIKE
APPROVAL BY STATE**

WITNESS

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

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

Electronic Submission #380365 verified by the BLM Well Information System
For CIMAREX ENERGY COMPANY OF CO, sent to the Hobbs
Committed to AFMS for processing by PRISCILLA PEREZ on 07/17/2017 (17PP0424SE)

| | |
|------------------------------------|-----------------|
| Name (Printed/Typed) DAVID A EYLER | Title AGENT |
| Signature (Electronic Submission) | Date 06/30/2017 |

APPROVED

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

| | | |
|---|--|----------------------|
| Approved By _____ | Title <u>TPET</u> | Date <u>08/18/17</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 BUREAU OF LAND MANAGEMENT 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.

(Instructions on page 2)

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

FOR RECORD ONLY
MW/OCD 09/12/2017

Cimarex Energy Company

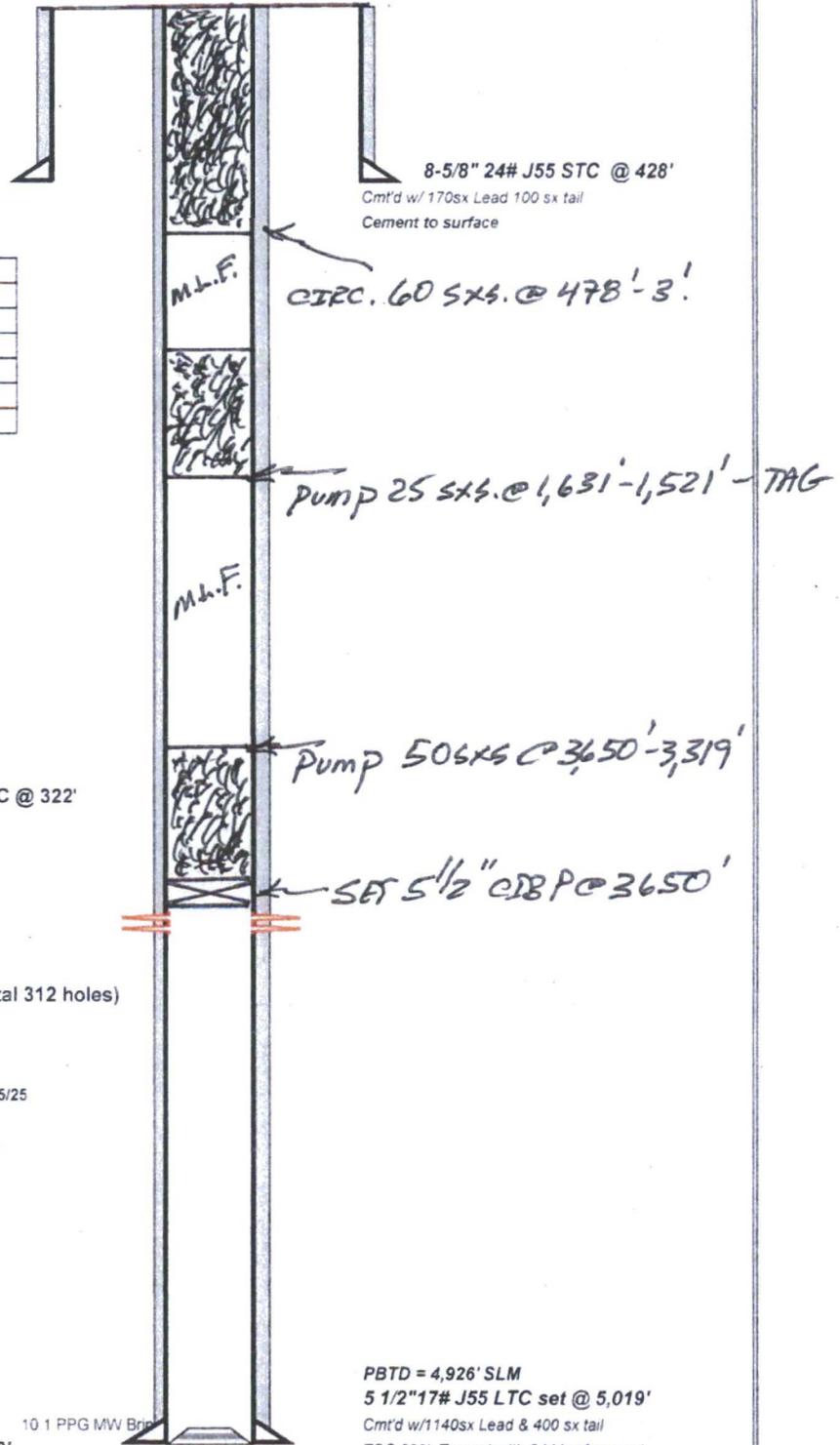
10/5/06 mea

| Lease : Scout 18 Federal #1 | Perforations | | | Casing | | | |
|-----------------------------|--------------|-------|-------|--------|--------|-------|-------|
| Field : Seven Rivers | Reservoirs | From | To | Size | Weight | Grade | Depth |
| KB : 12.00 | Yates | 3706' | 3830' | 8 5/8" | 24 | J-55 | 428 |
| Legals : Sec 18-19S-34E | | | | | | | |
| 1800' FSL & 410' FWL | | | | 5 1/2" | 17 | J55 | 5,019 |
| Lea Co., New Mexico | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| Pumping Unit 228 | | | | | | | |

Drawing Not To Scale

T/ANNY. ~ 1,576'
T/YATES ~ 3,369'

| Tree Information | |
|------------------|--|
| Valve Type | |
| Valve Size | |
| Swab Valve | |
| PSI Rated | |
| Top Connection | |
| B Section Size | |



Yates Perfs:
 3706-16' (66 holes)
 3720-24' (30 holes)
 3742-58' (102 holes)
 3763-67' (30 holes)
 3770-74' (30 holes)
 3822-30' (54 holes)

} **6 SPF (total 312 holes)**

10/14/07: Acdz w/1000 gal 7.5% HCL w/75/25 Methanol, 7.5% KCL
 10/19/07: Frac'd w/67629 gal gelled wtr + 155505# 20/40 & 12/20 Brady sand

PBTD = 4,926' SLM
 5 1/2" 17# J55 LTC set @ 5,019'
 Cmt'd w/1140sx Lead & 400 sx tail
 TOC 322' Top out with 5 bbbls of cement

7 7/8" hole TD @ 5,019'

Updated 9/5/06, LDL

DAE 06/30/17

Conditions of Approval

Cimarex Energy Company of CO
Scout - 01, API 3002537890
T19S-R34E, Sec 18, 1800FSL & 410FWL
August 18, 2017

1. **Within 90 days of these conditions of approval for the processed Electronic Submission #380365 notice of intent begin wellbore operations.**
2. **Operator is required to have the BLM approved NOI procedure with applicable conditions of approval on location during this workover operation.**
3. Due to being within the Lesser Prairie Chicken habitat, this workover activity will be restricted to the hours of 9:00am through 3:00am for the period of March 1 through June 15.
4. Subject to like approval by the New Mexico Oil Conservation Division.
5. Notify BLM 575-393-3612 Lea Co as work begins. Plugging procedures are to be witnessed. If there is no response leave a voice mail with the API#, workover purpose, and a call back phone number.
6. Surface disturbance beyond the existing pad must have prior approval.
7. A closed loop system is required. The operator shall properly dispose of drilling/circulating contents at an authorized disposal site. Tanks are required for all operations, no excavated pits.
8. Functional H₂S monitoring equipment shall be on location.
9. 2000 (2M) Blow Out Prevention Equipment to be used. All BOPE and workover procedures shall establish fail safe well control. Ram(s) for the work string(s) used is required equipment. Manual BOP closure system including a blind ram and pipe ram(s) designed to close on all (hand wheels) equipment shall be installed regardless of BOP design. Function test the installed BOPE to 500psig when well conditions allow. Related equipment, (choke manifolds, kill trucks, gas vent or flare lines, etc.) shall be employed when needed for reasonable well control requirements.
10. All waste (i.e. trash, salts, chemicals, sewage, gray water, etc.) created as a result of work over 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 any other crew-intensive operations.
11. The BLM PET witness is to run tbg tally and agree to cement volumes and placement. Sample each plug for cement curing time and tag and/or pressure test as requested by BLM PET witness.
12. **Cementing procedure is subject to the next paragraphs.**
13. Mix cement plugs to cover a minimum of 100ft plus 10ft for every 1,000ft to the bottom of the plug, rounding the number of necessary sacks up to the nearest 5 sacks. Never use less than 25sx. Examples: A cement plug set at 8000 in 7" casing would require a min of 35sx. A 25sx plug in 5 ½" casing should cover 250ft, which may exceed 100ft plus 10ft per 1000ft.
14. Minimum requirement for mud placed between plugs is 25 sacks of salt water gel per 100 barrels in 9 lb/gal brine.
15. Tag w/tbg and record PBTD.

16. Tag w/tbg the balanced cmt plug set from 3650 at 3300 or above.
17. Set a balanced cmt plug across the Base of Salt from 3100. Tag the plug w/tbg at 2850 or above.
18. Set a balanced cmt plug across the Top of Salt from 1650. Tag the plug w/tbg at 1400 or above.
19. Set the Step 3 plug as written from 478 or below.
20. File **subsequent sundry** Form 3160-5 within 30 days of workover procedures. Include (dated daily) descriptions of the well work, i.e. procedure descriptions and setting depths of each plug in the subsequent sundry.

Lesser Prairie Chicken Habitat Area Dry Hole Markers

Stamp or engrave (3/8" letters) information for the plugged well on 8"x 8" aluminum plate of 1/8", 12 gauge, or .080 sign material similar to this example:

Ajax Operating Company
Tailspin – 22
1980FNL & 660FWL - Sec 16 - T22S-R31E
Lease LC029567 API 3001534567
Plugged July 17, 2017

1. Center a 3 to 4 foot pipe at a right angles on a 8"x8"x 1/8" or 3/16" steel plate and weld the pipe to the plate.
2. Cement the pipe vertically inside the abandoned surface casing. Leave the steel plate about 2" above and horizontal to ground level.
3. Fix the aluminum plate with the well information to the steel plate with ¼ inch bolts and locking nuts or self tapping fine threaded screws (one in each corner).
4. On the BLM Form 3160-5 subsequent report of abandonment state that a ground level dry hole marker installed as required by BLM and NMOCD Order No. R-12965.

Reclamation Objectives and Procedures

In Reply Refer To: 1310

Reclamation Objective: At final abandonment, well locations, production facilities, and access roads must undergo "final" reclamation so that the character and productivity of the land and water are restored.

The long-term objective of final reclamation is to set the course for eventual ecosystem restoration, including the restoration of the natural vegetation community, hydrology, and wildlife habitats. In most cases this means returning the land to a condition approximating or equal to that which existed prior to the disturbance. The final goal of reclamation is to restore the character of the land and water to its pre-disturbance condition. The operator is generally not responsible for achieving full ecological restoration of the site. Instead, the operator must achieve the short-term stability, visual, hydrological, and productivity objectives of the surface management agency and take steps necessary to ensure that long-term objectives will be reached through natural processes.

To achieve these objectives, remove any and all contaminants, scrap/trash, equipment, pipelines and powerlines. Strip and remove caliche, contour the location to blend with the surrounding landscape, re-distribute the native soils, provide erosion control as needed, rip and seed as needed. This will apply to well pads, facilities, and access roads. Barricade all access road(s) at the starting point. If reserve pits have not been adequately reclaimed due to salts or other contaminants, propose a plan for BLM approval to provide restoration of the pit area.

1. The Application for Permit to Drill or Reenter (APD, Form 3160-3), Surface Use Plan of Operations should have included adequate measures for stabilization and reclamation of disturbed lands. Oil and Gas operators must plan for reclamation, both interim and final, up front in the APD process as per Onshore Oil and Gas Order No. 1.
2. For locations and/or access roads not having an approved plan, or an inadequate plan for surface reclamation the operator must submit a proposal describing the procedures for reclamation. The appropriate time for submittal would be when filing the Notice of Intent, or with the Subsequent Sundry Report of Abandonment on Form 3160-5. The final reclamation goal is to be completed within 6 months of wellbore abandonment.
3. With an approved Surface Use Plan of Operation and/or an approved Sundry Notice, you are free to proceed with reclamation as per approved APD. If you have issues or concerns, contact a BLM specialist to assist you. It may be in your interest to have a BLM specialist look at the location and access road prior to the removal of reclamation equipment to ensure that it meets BLM objectives.
4. Upon reclamation conclusion submit a Form 3160-5, Subsequent Report of Reclamation. This will prompt a BLM specialist to inspect the location to verify work was completed as per approved plans.

5. The BLM approved Subsequent Report of Reclamation will be your notice that the native soils, contour and seedbed have been tentatively reestablished. If the objectives have not been met BLM will be notify the operator of the required corrective actions.
6. It is the responsibility of the operator to monitor these locations and/or access roads until such time the full BLM objective has been met. If after two growing seasons the location and/or access roads are not showing the potential for successful revegetation, additional actions may be needed. When you feel the full BLM objectives have been met, submit a Final Abandonment Notice (FAN) Form 3160-5, stating that all reclamation requirements have been achieved and the location and/or access road is ready for a final abandonment inspection.
7. At this time a BLM specialist will again inspect the location and/or access road. If the native soils and contour have been restored, and the revegetation is successful, the FAN will be approved, releasing the operator of any further liability for the location and/or access road. If the location and/or access road have not achieved the objective, you will be notified as to additional work needed or additional time being needed to achieve the objective.

If there are any questions, please feel free to contact any of the following specialists:

Jim Amos
Supervisory Environmental Protection Specialist
575-234-5909, 575-361-2648 (Cell)

Robertson, Jeffery
Natural Resource Specialist
575-234-2230, 575-706-1920 (Cell)

Trishia Bad Bear
Natural Resource Specialist
575-393-3612, 575-390-2258 (Cell)

Vance Wolf
Natural Resource Specialist
575-234-5979

Jesse Bassett
Natural Resource Specialist
575-234-5913, 575-499-5114 (Cell)

Brooke Wilson
Natural Resource Specialist
575-234-6237

Paul Murphy
Natural Resource Specialist
757-234-5975, 575-885-9264 (Cell)

Arthur Arias
Environmental Protection Specialist
575-234-6230, 575-499-3378 (Cell)

Henryetta Price
Environmental Protection Specialist
575-234-5951, 575-706-2780 (Cell)

Shelly Tucker
Environmental Protection Specialist
575-234-5905, 575-361-0084 (Cell)