Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., 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 and Natural Resources

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

Form C-103
May 27, 2004

WELL API NO. 30-025-27417

5. Indicate Type of Lease STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well ☒ Gas Well ☒ Other ☐

7. Lease Name or Unit Agreement Name: State HH

8. Well Number: 001

2. Name of Operator: Cimarex Energy Co. of Colorado

9. OGRID Number: 162683

3. Address of Operator: 600 N. Marienfeld, Ste. 600; Midland, TX 79701

10. Pool name or Wildcat: Gem; Bone Spring

4. Well Location
SHL Unit Letter H : 1980 feet from the North line and 660 feet from the East line
Section 36 Township 19S Range 32E NMPM County Lea

11. Elevation *(Show whether DR, RKB, RT, GR, etc.)*: 3582 GR

Pit or Below-grade Tank Application ☐ or Closure ☐

Pit type _____ **Depth to Groundwater** _____ **Distance from nearest fresh water well** _____ **Distance from nearest surface water** _____

Pit Liner Thickness: _____ **Below-Grade Tank: Volume** _____ **bbls; Construction Material** _____

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:				SUBSEQUENT REPORT OF:			
PERFORM REMEDIAL WORK	☐	PLUG AND ABANDON	☐	REMEDIAL WORK	☐	ALTERING CASING	☐
TEMPORARILY ABANDON	☐	CHANGE PLANS	☒	COMMENCE DRILLING OPNS	☐	P AND A	☐
PULL OR ALTER CASING	☒	MULTIPLE COMPL	☐	CASING/CEMENT JOB	☐		
OTHER:			☐	OTHER:			☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Cimarex has changed plans regarding the horizontal recompletion of this well.

Set CIBP @ 13067' w/ 35' cmt (13032-13067) covering Morrow perfs at 13318'-13624' and permanent packer at 13068'. Set 25 sx cmt plug (10878-10978) over Wolfcamp. Set CIBP @ 9100 w/ 2 sx sand.

Instead of running 3½" casing from 0-TD, run 3½" 9.3# P110 LTC from liner hanger @ 8695 to TD. Cement with 220 sks, VersaCem-H + 0.5% Halad®-344 (Low Fluid Loss Control) + 0.5% CFR-3 (Dispersant), + 1 lbm.sk 1 lbm/sk Salt (Salt), + 0.2% HR-601 (Retarder), 14.5ppg, 1,22 cuft/sk, 5.37 gal/sk, 0% excess.

RECEIVED
JAN 24 2011
NMOCD ARTESIA

I hereby certify that the information above is true and complete to the best of my knowledge and belief. **I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.**

SIGNATURE Natalie Krueger TITLE Regulatory Analyst DATE January 19, 2011

Type or print name Natalie Krueger email address: nkrueger@cimarex.com Telephone No. 432-620-1936

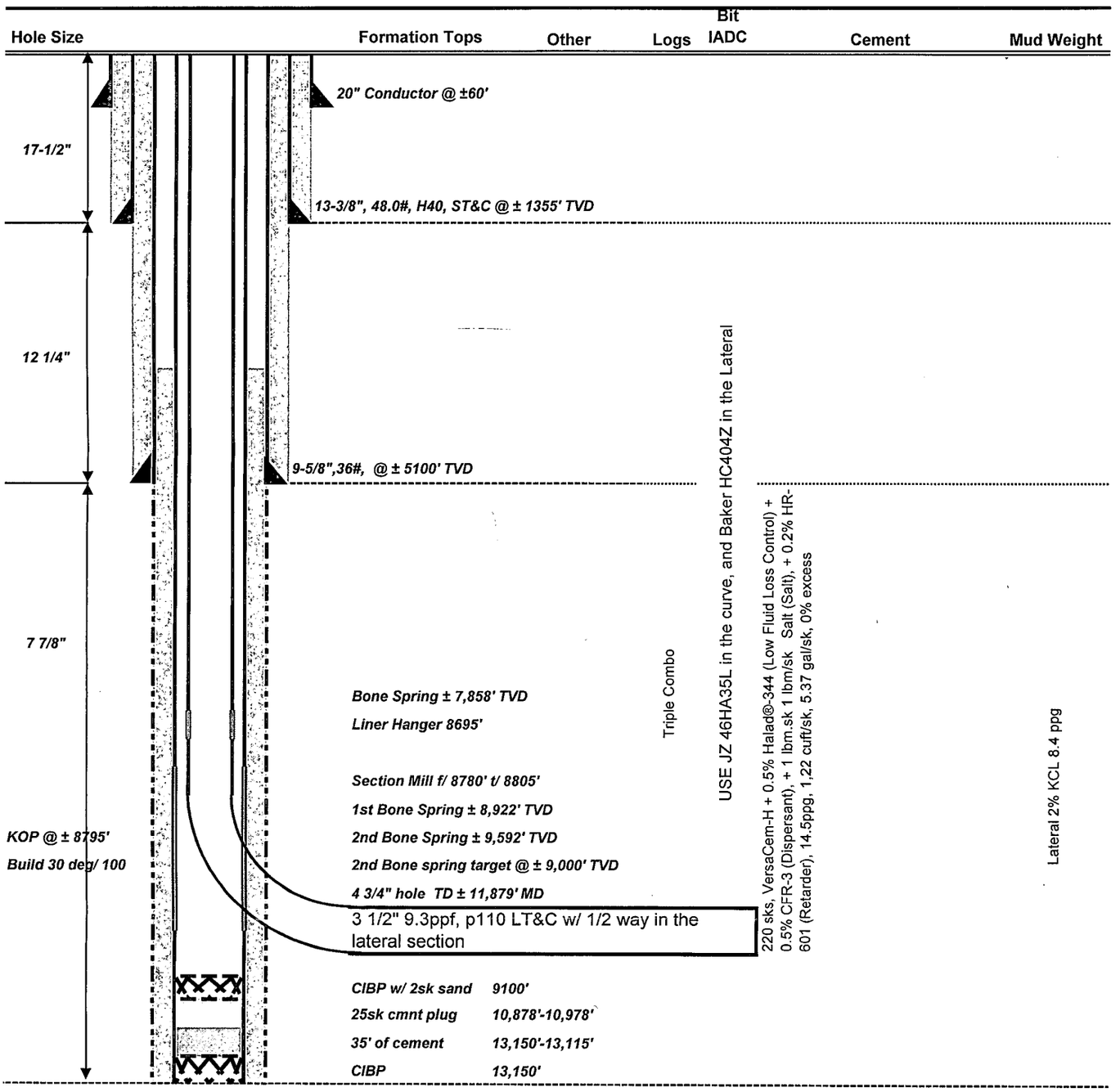
For State Use Only

APPROVED BY: _____ TITLE PETROLEUM ENGINEER DATE FEB 11 2011

DRILLING PROGNOSIS
Cimarex Energy Company

1/7/2011

Well:	**State HH #1**	**Lse Serial #:**	
Location:	sec 36 , 19S- 32E	**Field:**	Lusk
County, State	**Lea County, NM**	**Objective:**	1st Bone Spring
Surface Locatio	1980 FNL, 660 FEL	**TVD/MD:**	9,945' / 14,600'
Bottomhole Loc	330 FSL, 660 FEL	**Cementing:**	**Halliburton**
E-Mail:	wellsite10@cimarex.com	**Mud:**	**MI**
Wellhead:	SEC A: 13-3/8" 3M x 13-3/8" SOW	**Motors:**	**WeatherFord**
	SEC B: 13-5/8" 3M X 7-1/16" 5M	**OH Logs**	**Halliburton**
		Rig:	Key 884
Xmas Tree	5M	**Offset Wells:**	
Tubing:	2 7/8" L80 EUE	**Section Mills**	WeatherFord
Superintendent:	**Dee Smith**	**Scraper / Brush**	MI
Engineer:	**Art Metcalfe (432) - 269 - 9042**		



NOTES:

NU BOP w/ rotating head and test BOP w/ test unit on 13-3/8" (SOW). Test casing.

Cement volumes for surface csg include a 100% excess lead and 50% tail in the open hole section. If drilling conditions deem necessary, fluid caliper hole and adjust volumes.

Cement volumes for intermediate csg include an excess of 70% lead and 25% tail in the open hole section. If drilling conditions deem necessary, fluid caliper hole and adjust volumes.

Cement volumes for production csg include an excess of 50% lead and 25% tail in the open hole section. Adjust volumes after caliper + 25% excess.

ALL INVOICES ARE TO SHOW CIMAREX ENERGY AS OPERATOR AND USE CIMAREX ACCOUNTING CODES.

Call BLM 4-Hrs prior to Spudding, Setting & Cmnt Casing, and BOPE test (575) 393-3612

Procedure Overview

1. Kill Well
2. Pull Tubing
3. Run CBL
4. Set CIBP @ 13150' - W'35', cover the morrow
5. Set 25 sx plug at 10878-10978 (state requires a cement plug every 3000')
6. Set CIBP @ 9100' with 2 sks of sand
7. Scraper Run, pressure test to 6192psi 80% (N80 burst)
8. Section mill F/8780'to 8805', Drop Gyro Survey hole or set whipstock
9. Set KOP 16.5ppg KOP F/8750' t/9050'
10. Build Curve, POOH
11. Drill Lateral TD 11,878', TVD approx 9,000', 2966.41 VS
12. Run 3 1/2" Flush joint tubing w/ liner hanger via DP and cement in place

WELLBORE SCHEMATIC (AS IS)