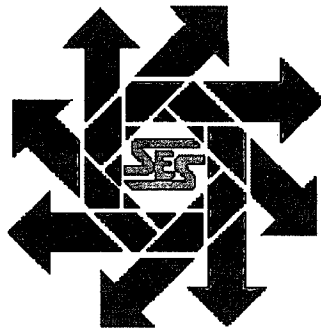


**Cimarex Energy Company
Crestone #1
Section 12, Township 15S, Range 37E
Lea County, New Mexico**

Delineation Report/Work Plan

September 25, 2010



Prepared for:

***Cimarex Energy Company
600 North Marienfeld, Suite 600
Midland, Texas 79701***

By:

***Safety & Environmental Solutions, Inc.
703 East Clinton Street
Hobbs, New Mexico 88240
(575) 397-0510***

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I. Company Contacts

Company Representative	Company	Telephone	E-mail
Marty Davis	Cimarex Energy Co.	575-605-5509	mdavis@cimarex.com
Bob Allen	SESI	575-397-0510	ballen@sesi-nm.com

II. Background

Safety and Environmental Solutions, Inc. (SESI) was engaged by Cimarex Energy Company to perform a site assessment at the Crestone #1. This location is the site of an active well and battery. The location is located in Section 12, Township 15 South, and Range 37 East.

III. Surface and Ground Water

There are (3) three monitoring wells located on the north and east side of the Denton SWD facility. The Denton SWD Facility is located approximately 4,640 feet southwest of the Denton #10. Depth to water measurements collected from these monitor wells on February 2, 2010 indicated an average ground water depth of 60.06 ft.

IV. Soils

The surface soils in the area are predominantly sand and sandy loam.

V. Characterization

The target cleanup levels are reached by the application of the "Unlined Surface Impoundment Closure Guidelines New Mexico Oil Conservation Division (NMOCD) – February, 1993 to this site is 1000 parts per million (ppm) Total Petroleum Hydrocarbons (TPH). Application of the New Mexico Oil Conservation Division's ranking criteria for contaminated soils at this site is presented below:

Depth to Ground Water:			
(Vertical distance from contaminants to seasonal high water elevation of groundwater)	Less than 50 feet	20 points	
	50 feet to 99 feet	10 points	X
	>100 feet	0 points	
Wellhead Protection Area:			
(Less than 200 feet from a private domestic water source; or less than 1000 feet from all other water sources)	Yes	20 points	
	No	0 points	X
Distance to Surface Water:			
(Horizontal distance to perennial lakes, ponds, rivers, streams, creeks, irrigation canals and ditches)	Less than 200 feet	20 points	
	200 feet to 1000 feet	10 points	
	>1000 feet	0 points	X
RANKING SCORE (TOTAL POINTS)			10

VI. Work Performed

On August 17, 2010, SESI was onsite with Mr. Marty Davis, Cimarex Energy Company, to assess release area. The location area was mapped utilizing a Trimble Geo Explorer XM handheld device. The release appeared to be confined to the location pad.

On August 25, 2010, SESI was onsite with Gandy Corp. to attempt to delineate the affected area, utilizing a backhoe. A total of two (2) test trenches were installed within the affected areas. Due to hard rock layer encountered at 7 ft 6 in., TT#1 could not be further excavated.

Samples were collected in intervals of 1-2 ft. The samples were properly preserved and transported under chain of custody to Cardinal Labs of Hobbs, New Mexico. The samples were analyzed for Total Petroleum Hydrocarbons (TPH) (EPA Method 8015) and Benzene Toluene Ethyl-benzene and Total Xylenes (BTEX) (EPA Method SW-846-8021B) and Chlorides (EPA Method 4500Cl-B).

The results of the analysis are as follows:

Lab ID	Sample ID	Cl ⁻ (mg/kg)	Benzene (mg/kg)	Toluene (mg/kg)	Ethyl - Benzene (mg/kg)	Total Xylenes (mg/kg)	TPH 418:1 (mg/kg)
Analysis Date:		08/27/10	08/31/10	08/31/10	08/31/10	08/31/10	09/01/10
H020724-01	TT #1 1' BGL	400	<0.050	<0.050	<0.050	<0.150	<100
H020724-02	TT #1 2' BGL	816	-	-	-	-	-
H020724-03	TT#1 3' BGL	1,540	-	-	-	-	-
H020724-04	TT#1 6' BGL	768	-	-	-	-	-
H020724-05	TT#1 7.5' BGL	1,440	-	-	-	-	-
H020724-06	TT#2 2' BGL	368	<0.050	<0.050	<0.050	<0.150	<100

VII. Action Plan

The distribution of chloride contamination in TT #1 may indicate that the hard caliche formation encountered at 7.5' below ground surface (bgs) is acting as a barrier which may have caused the increased level of chlorides at that depth.

It is requested that entire area of contamination will be excavated to a depth of 4' below ground surface. Samples will be retrieved on the side walls to determine the horizontal extent. Samples will be transported to Cardinal Laboratories of Hobbs, New Mexico to be analyzed for Chlorides (EPA Method 4500-Cl B). The floor of the excavation will be padded and domed with one (1) foot of clean topsoil. A 20-mil reinforced geo-membrane liner will be installed. Upon completion, the area will be padded with an additional one (1) foot of clean topsoil then backfilled with like soils and contoured to grade.

Once all remediation is completed the area will be reseeded in the spring as per landowner's specifications.

After completion of the location a report will be filed with the New Mexico Oil Conservation Division (NMOCD).

VIII. Figures and Appendices

Figure 1 – Vicinity Map

Figure 2 – Site Map

Appendix A – Analytical Results

Appendix B – Site Photographs

Appendix C – C-141

Figure 1
Vicinity Map

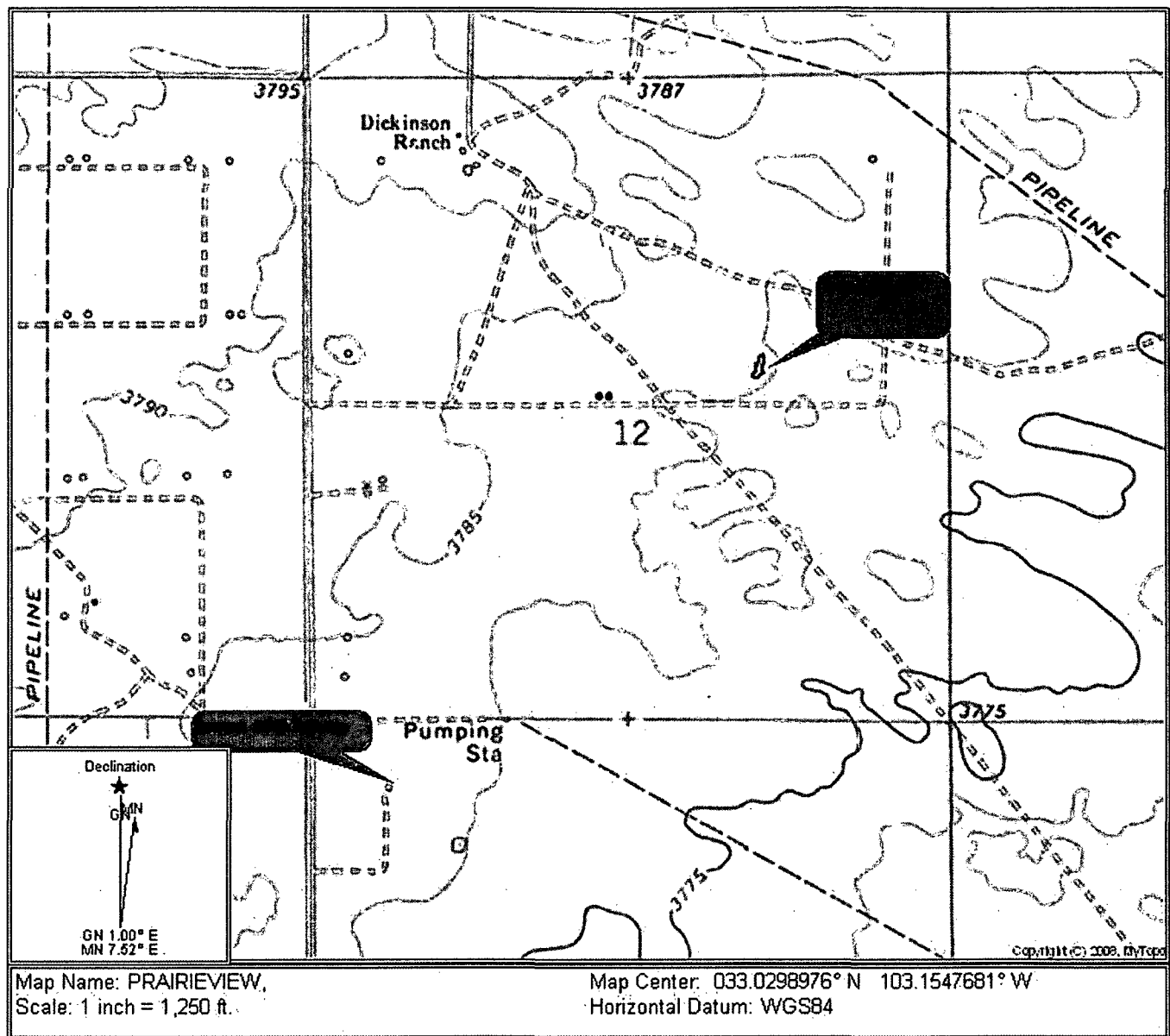
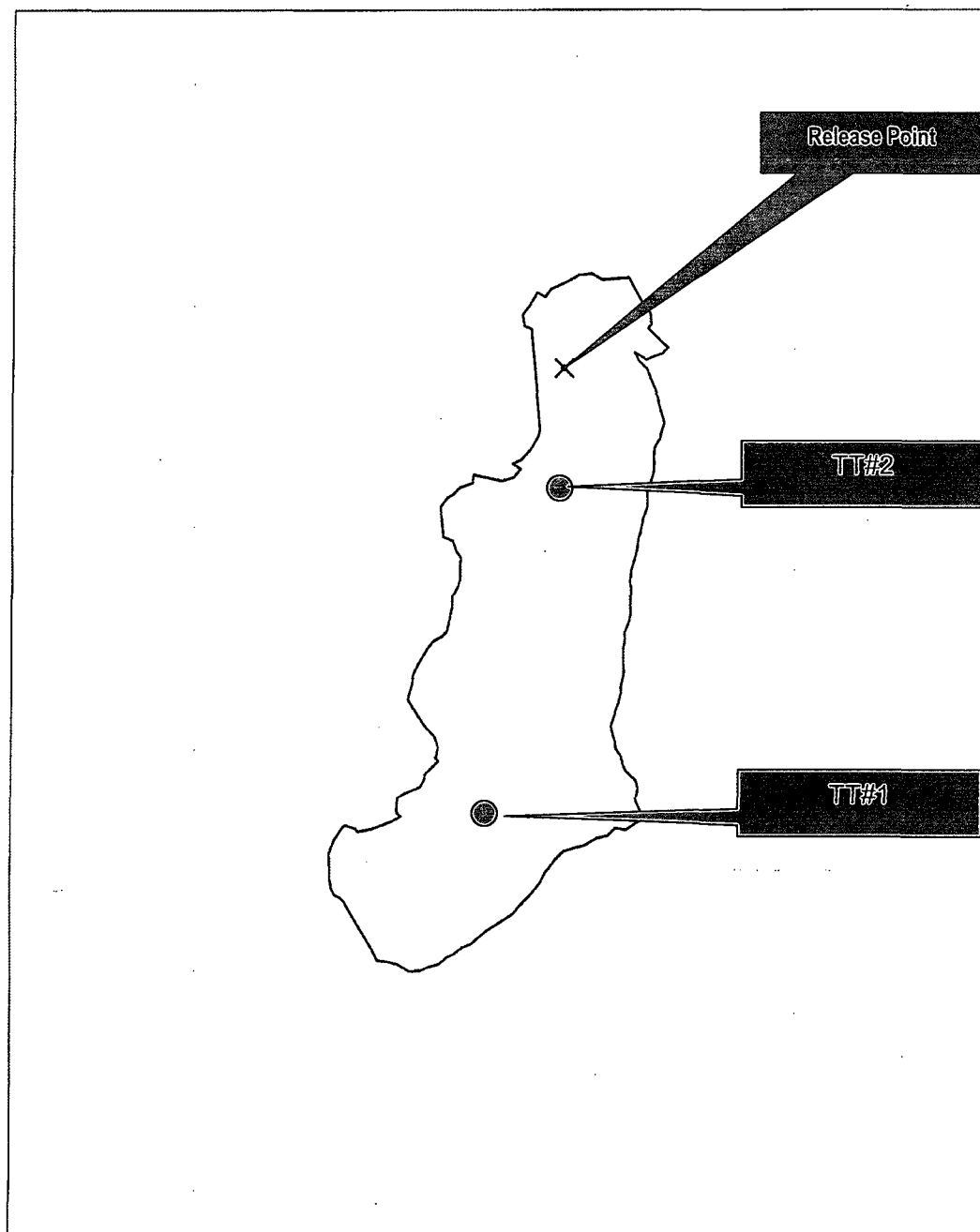


Figure 2 Site Map



CIM-10-012 Crestone #1

Lat/Long
WGS 1984



Scale 1 in : 50.0 ft
0 70.00
Feet

CIM CRESTONE 1.

GPS Pathfinder® Office
 **Trimble™**

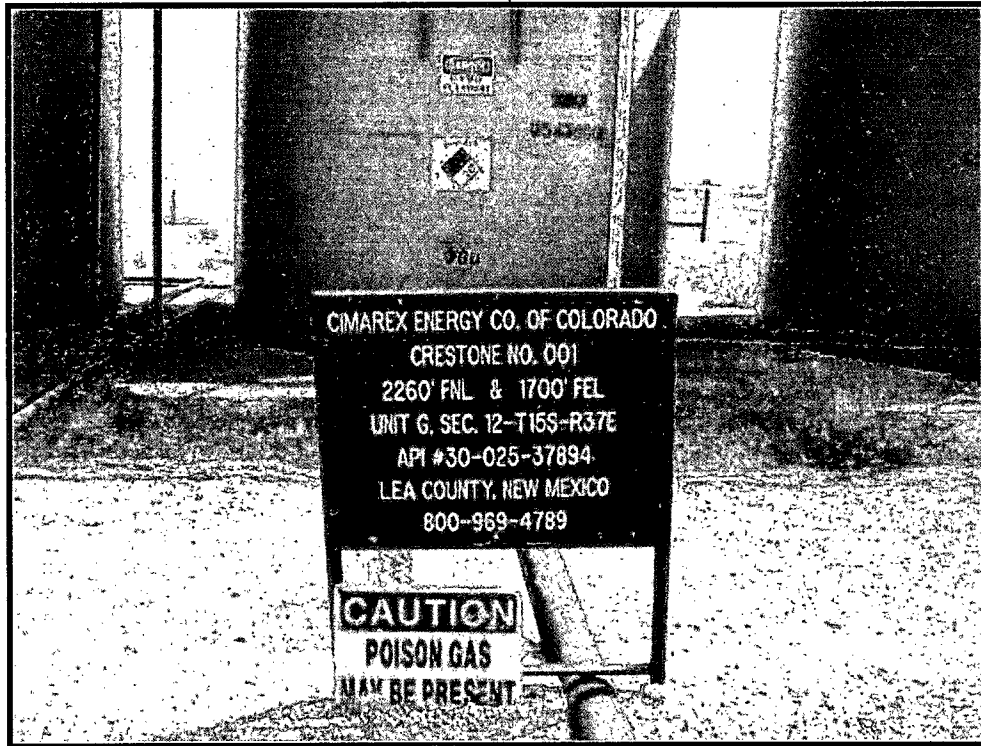


Appendix A

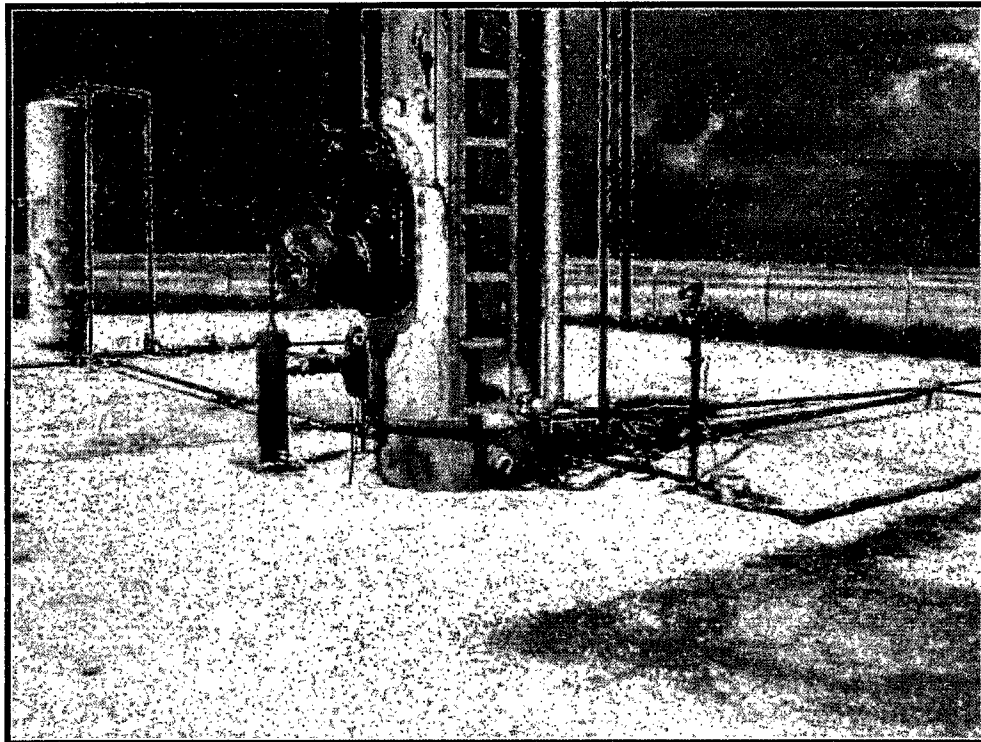
Analytical Results

Appendix B

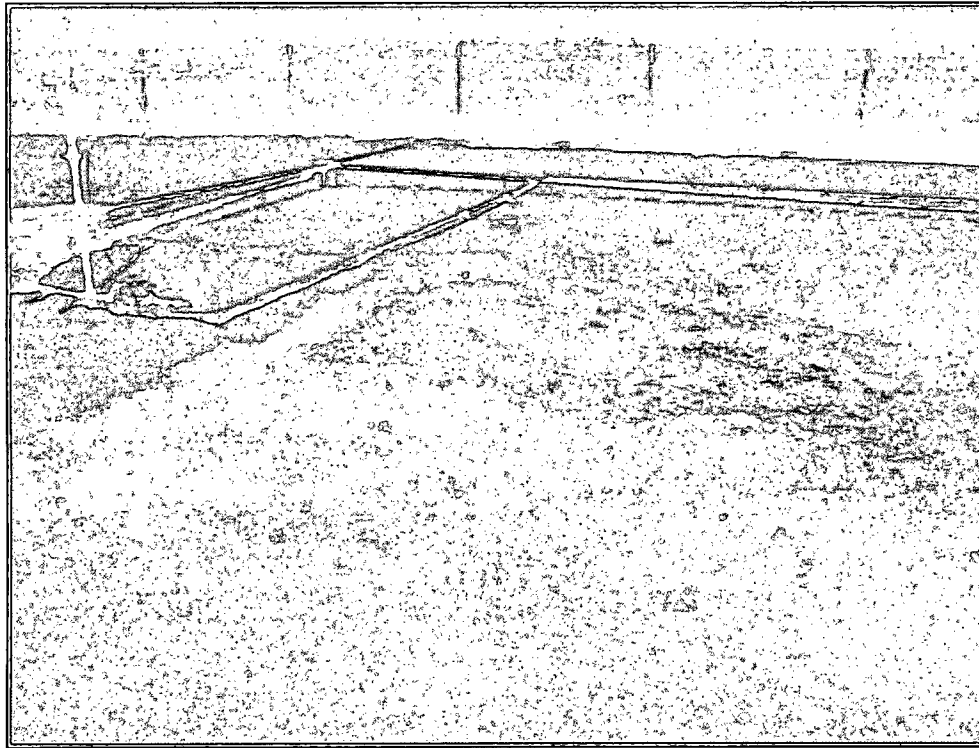
Site Photographs



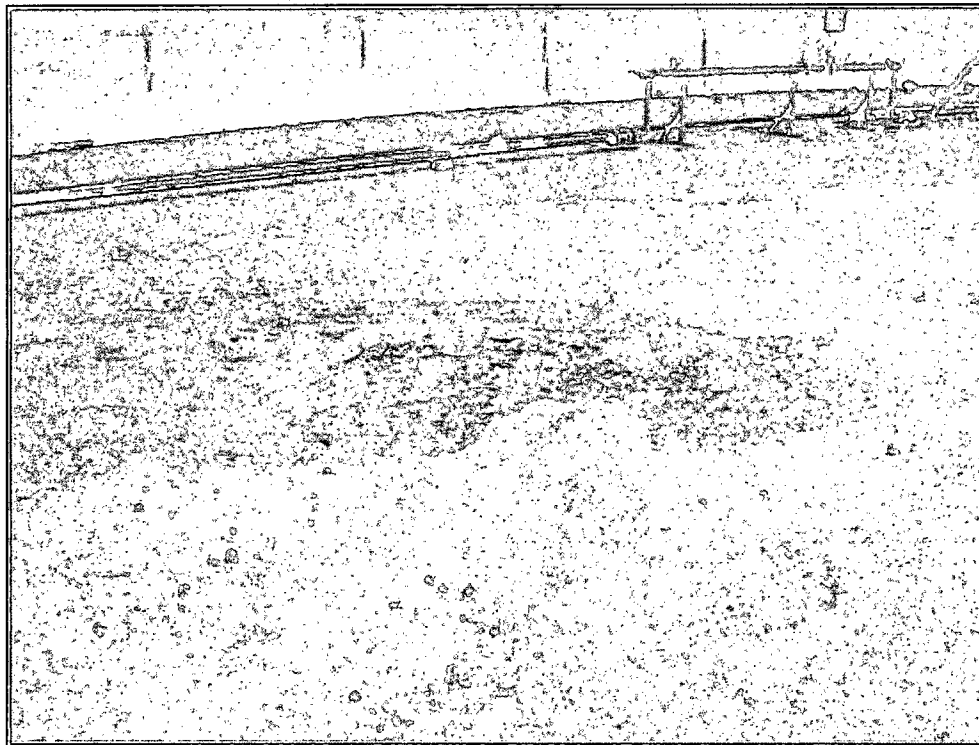
Well sign



Release point facing northeast



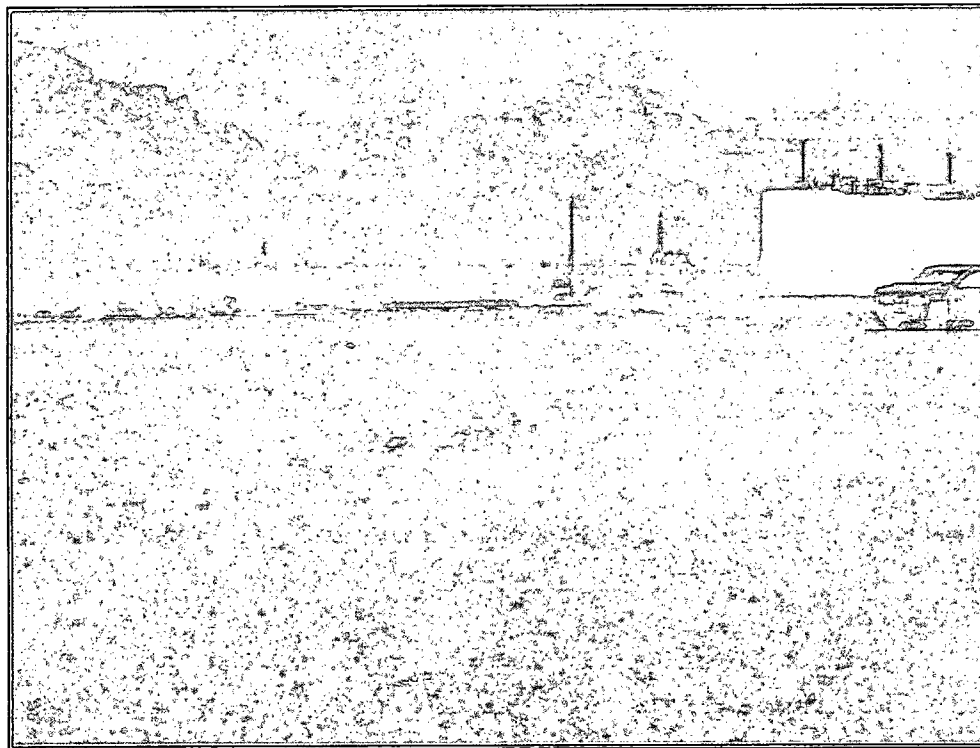
Release area facing east



Release area facing south east



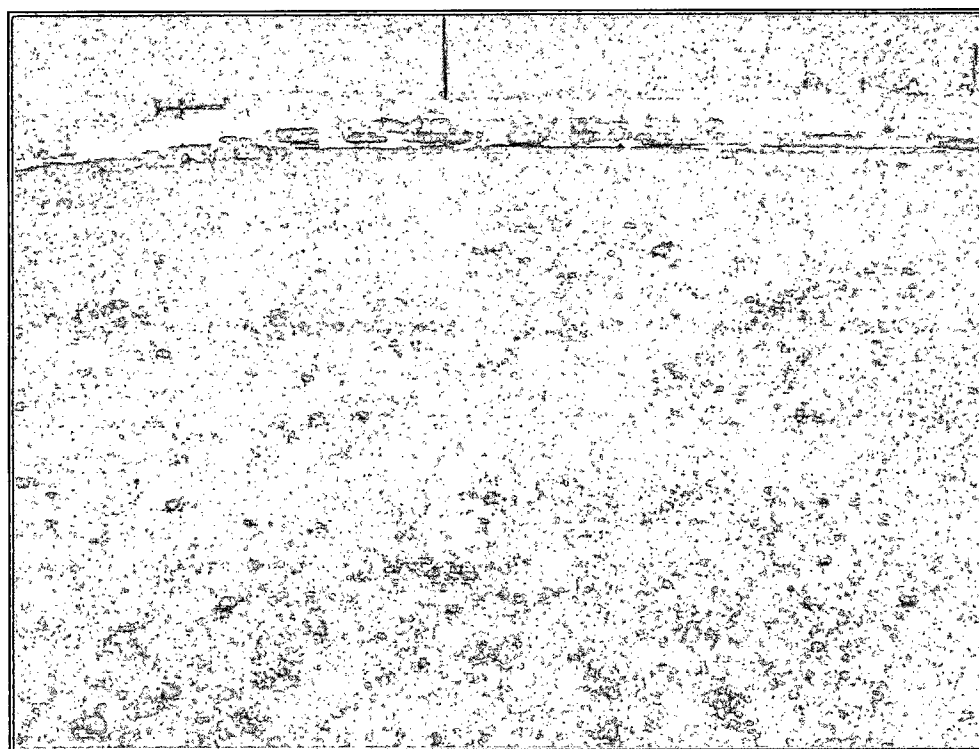
Release area facing south



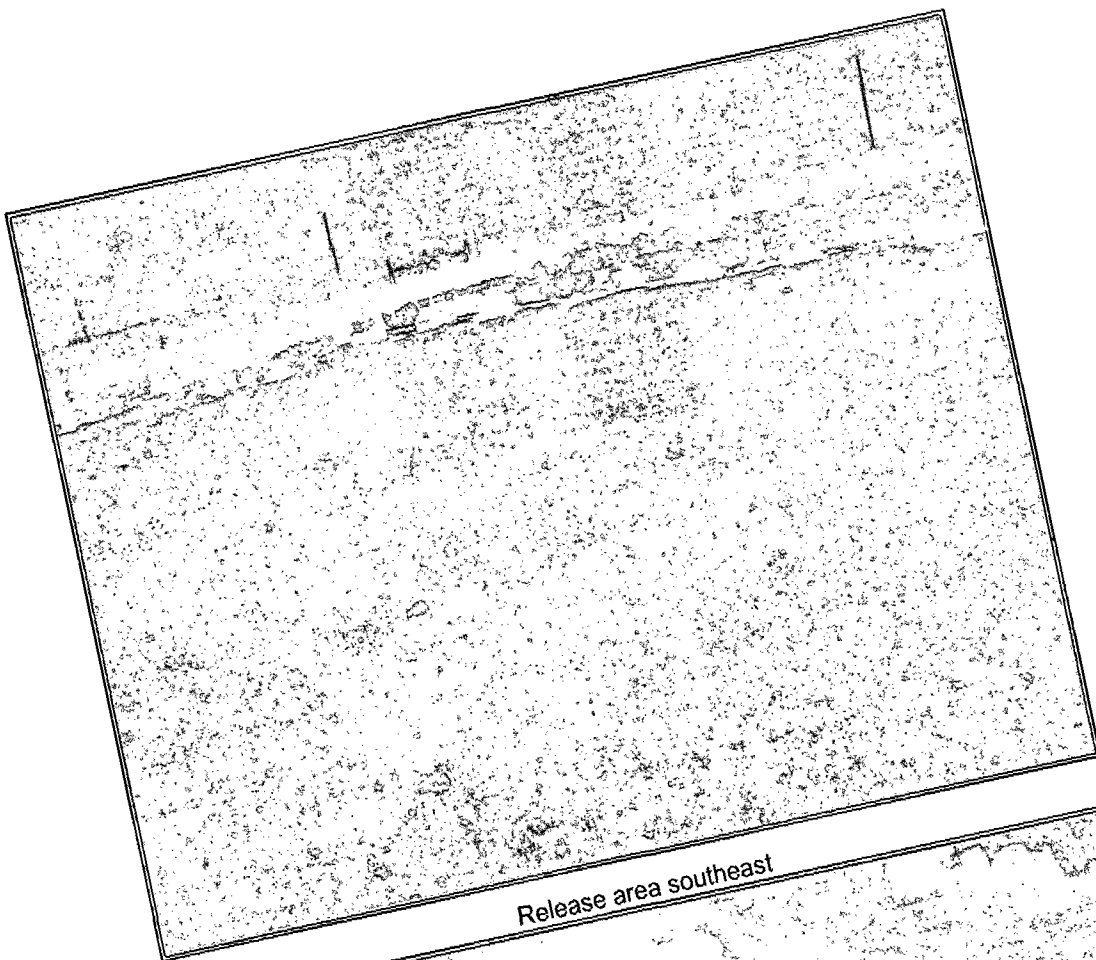
Release area facing south



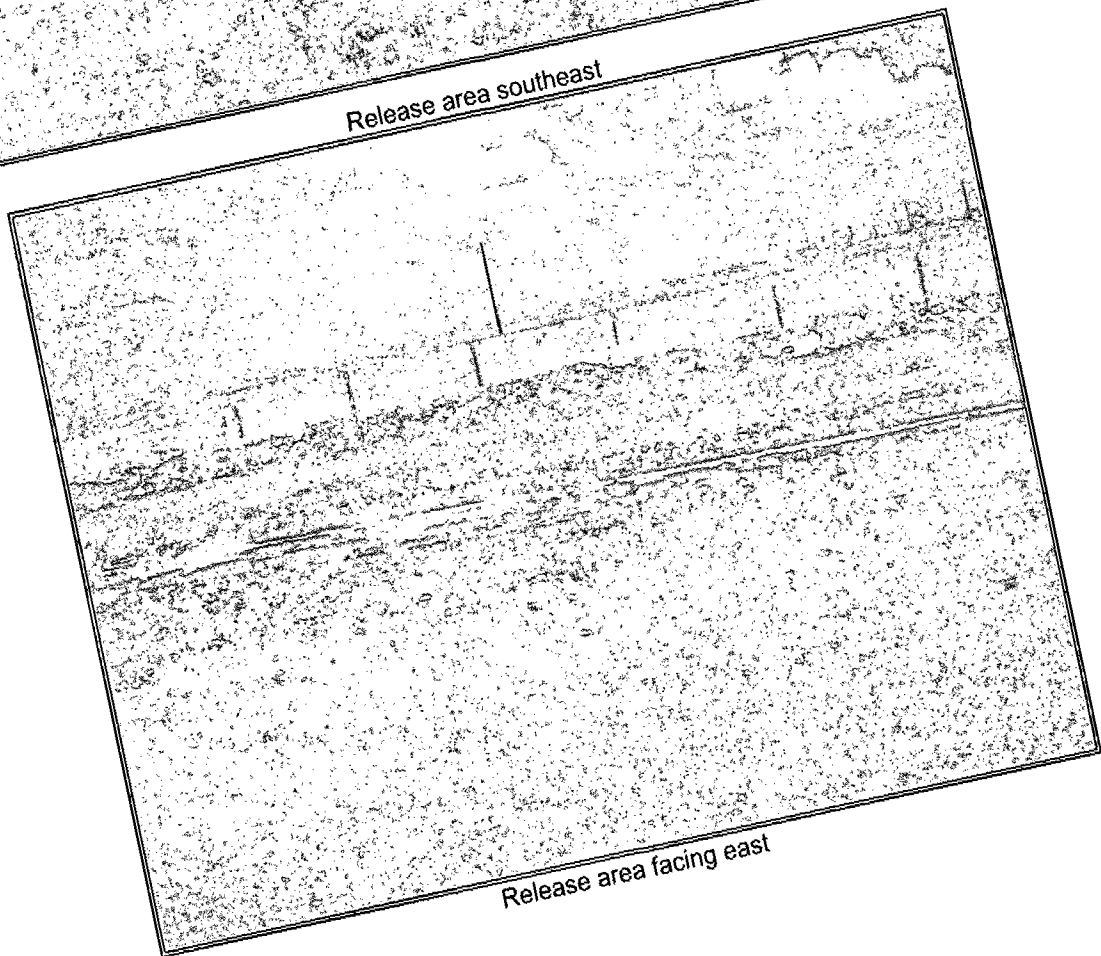
Release facing south



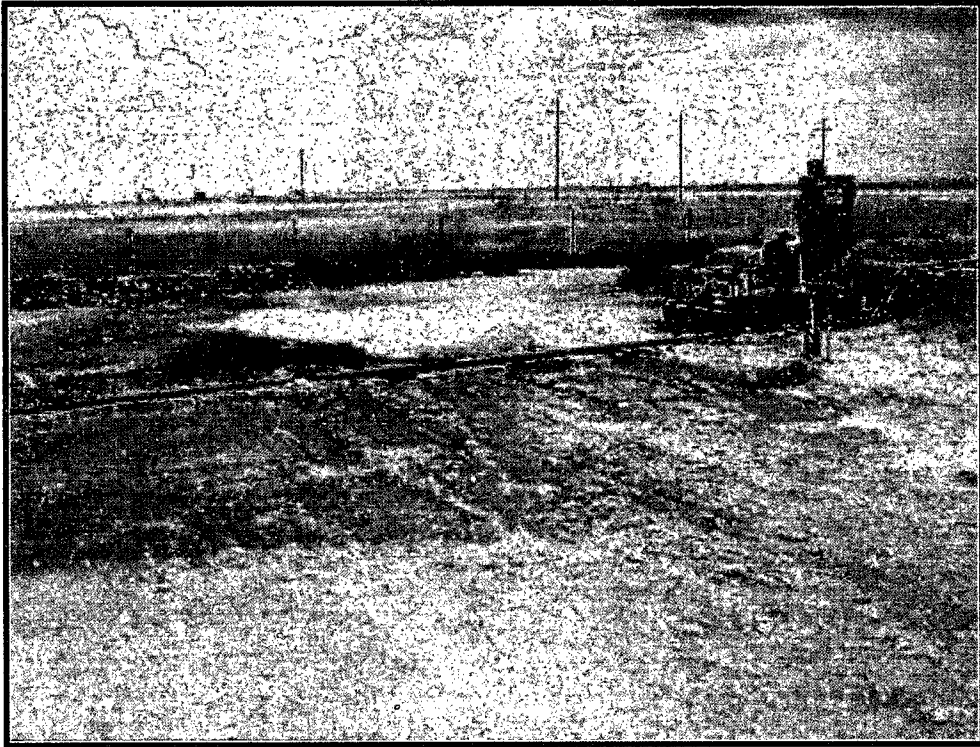
Release area facing south



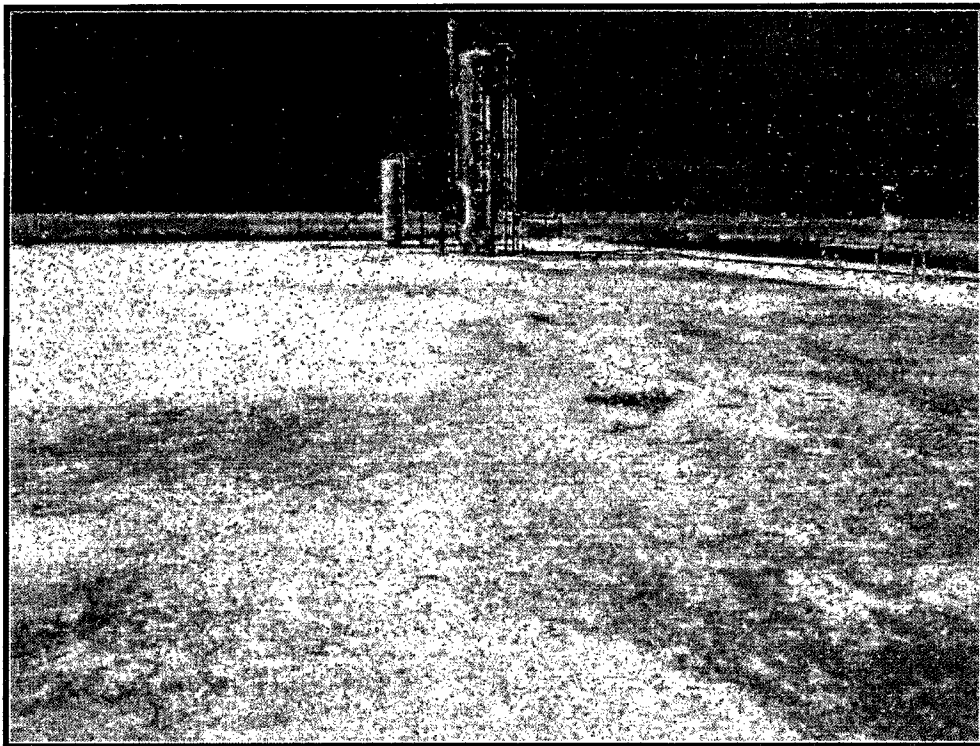
Release area southeast



Release area facing east



Release area facing south



Release area facing north

Appendix C

C-141

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, 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-141
Revised October 10, 2003

Submit 2 Copies to appropriate
District Office in accordance
with Rule 116 on back
side of form

Release Notification and Corrective Action

OPERATOR

☒ Initial Report ☐ Final Report

Name of Company: Cimarex Energy	Contact: Marty Davis
Address: 600 N Marienfeld Suite 600, Midland TX 79701	Telephone No. (575) 605-5509
Facility Name: Crestone #1	Facility Type:

Surface Owner:	Mineral Owner:	Lease No.
----------------	----------------	-----------

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
B	12	15S	37E					Lea

Latitude: 33° 01' 57.2" Longitude: 103° 09' 01.7"

NATURE OF RELEASE

Type of Release: Crude Oil	Volume of Release: 35 bbls	Volume Recovered: 0 bbls
Source of Release: Internal Corrosion	Date and Hour of Occurrence: unknown	Date and Hour of Discovery: 8/4/10, ~ 1 pm
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Buddy Hill, NMOCD	
By Whom? Marty Davis, Cimarex	Date and Hour: 08/4/2010 1:30pm	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse.	

If a Watercourse was Impacted, Describe Fully. *

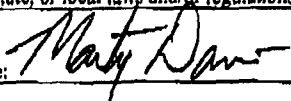
Describe Cause of Problem and Remedial Action Taken. *

The nipple at the bottom of the heater treater was ruptured due to internal corrosion.

Describe Area Affected and Cleanup Action Taken. *

SESI was contacted for assessment. The affected area was delineated and an appropriate work plan will be submitted to NMOCD.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

Signature: 	<u>OIL CONSERVATION DIVISION</u>	
Printed Name: Marty Davis	Approved by District Supervisor:	
Title: Field Foreman	Approval Date:	Expiration Date:
E-mail Address: mdavis@cimarex.com	Conditions of Approval:	Attached <input type="checkbox"/>
Date: 10/1/10 Phone: (575) 605-5509		

* Attach Additional Sheets If Necessary

September 01, 2010

Bob Allen

Safety & Environmental Solutions

703 East Clinton

Hobbs, NM 88240

RE: CIM-10-012

Enclosed are the results of analyses for samples received by the laboratory on 08/25/10 15:31.

Cardinal Laboratories is accredited through Texas NELAP for:

Method SW-846 8021	Benzene, Toluene, Ethyl Benzene, and Total Xylenes
Method SW-846 8260	Benzene, Toluene, Ethyl Benzene, and Total Xylenes
Method TX 1005	Total Petroleum Hydrocarbons

Certificate number T104704398-08-TX. Accreditation applies to solid and chemical materials and non-potable water matrices.

Cardinal Laboratories is accredited through the State of Colorado Department of Public Health and Environment for:

Method EPA 552.2	Haloacetic Acids (HAA-5)
Method EPA 524.2	Total Trihalomethanes (TTHM)
Method EPA 524.4	Regulated VOCs (V2, V3)

Accreditation applies to public drinking water matrices.

This report meets NELAP requirements and is made up of a cover page, analytical results, and a copy of the original chain-of-custody. If you have any questions concerning this report, please feel free to contact me.

Sincerely,



Celey D. Keene

Lab Director/Quality Manager

Analytical Results For:

Safety & Environmental Solutions
Bob Allen
703 East Clinton
Hobbs NM, 88240
Fax To: (575) 393-4388

Received: 08/25/2010
Reported: 09/01/2010
Project Name: CIM-10-012
Project Number: CRESTONE #1 UNIT G
Project Location: LEA COUNTY, NEW MEXICO

Sampling Date: 08/25/2010
Sampling Type: Soil
Sampling Condition: Cool & Intact
Sample Received By: Jodi Henson

Sample ID: TT #1 1' BGL (H020724-01)

BTEX 8021B		mg/kg		Analyzed By: CK					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Benzene*	<0.050	0.050	08/31/2010	ND	2.15	108	2.00	3.13	
Toluene*	<0.050	0.050	08/31/2010	ND	1.99	99.6	2.00	2.36	
Ethylbenzene*	<0.050	0.050	08/31/2010	ND	2.04	102	2.00	3.33	
Total Xylenes*	<0.150	0.150	08/31/2010	ND	6.06	101	6.00	3.52	

Surrogate: 4-Bromofluorobenzene (PIL) 98.0 % 80-120

Chloride, SM4500Cl-B		mg/kg		Analyzed By: HM					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	400	16.0	08/27/2010	ND	432	108	400	0.00	

TPH 418.1		mg/kg		Analyzed By: AB					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
TPH 418.1	<100	100	09/01/2010	ND	1070	105	1020	0.433	

Sample ID: TT #1 2' BGL (H020724-02)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: HM					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	816	16.0	08/27/2010	ND	432	108	400	0.00	

Cardinal Laboratories

*=Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager

Analytical Results For:

Safety & Environmental Solutions
Bob Allen
703 East Clinton
Hobbs NM, 88240
Fax To: (575) 393-4388

Received: 08/25/2010
Reported: 09/01/2010
Project Name: CIM-10-012
Project Number: CRESTONE #1 UNIT G
Project Location: LEA COUNTY, NEW MEXICO

Sampling Date: 08/25/2010
Sampling Type: Soil
Sampling Condition: Cool & Intact
Sample Received By: Jodi Henson

Sample ID: TT #1 3' BGL (H020724-03)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: HM					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	1540	16.0	08/27/2010	ND	432	108	400	0.00	

Sample ID: TT #1 6' BGL (H020724-04)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: HM					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	768	16.0	08/27/2010	ND	432	108	400	0.00	

Sample ID: TT #1 7.5' BGL (H020724-05)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: HM					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	1440	16.0	08/27/2010	ND	432	108	400	0.00	

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Celey D. Keene, Lab Director/Quality Manager

Analytical Results For:

Safety & Environmental Solutions
Bob Allen
703 East Clinton
Hobbs NM, 88240
Fax To: (575) 393-4388

Received: 08/25/2010
Reported: 09/01/2010
Project Name: CIM-10-012
Project Number: CRESTONE #1 UNIT G
Project Location: LEA COUNTY, NEW MEXICO

Sampling Date: 08/25/2010
Sampling Type: Soil
Sampling Condition: Cool & Intact
Sample Received By: Jodi Henson

Sample ID: TT #2 2' BGL (H020724-06)

BTX 8021B		mg/kg		Analyzed By: CK					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Benzene*	<0.050	0.050	08/30/2010	ND	2.15	108	2.00	3.13	
Toluene*	<0.050	0.050	08/30/2010	ND	1.99	99.6	2.00	2.36	
Ethylbenzene*	<0.050	0.050	08/30/2010	ND	2.04	102	2.00	3.33	
Total Xylenes*	<0.150	0.150	08/30/2010	ND	6.06	101	6.00	3.52	

Surrogate: 4-Bromofluorobenzene (PIL) 97.1 % 80-120

Chloride, SM4500Cl-B		mg/kg		Analyzed By: HM					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	368	16.0	08/27/2010	ND	432	108	400	0.00	

TPH 418.1		mg/kg		Analyzed By: AB					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
TPH 418.1	<100	100	09/01/2010	ND	1070	105	1020	0.433	

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Celey D. Keene, Lab Director/Quality Manager

Notes and Definitions

ND	Analyte NOT DETECTED at or above the reporting limit
RPD	Relative Percent Difference
**	Samples not received at proper temperature of 6°C or below.
***	Insufficient time to reach temperature.
-	Chloride by SM4500Cl-B does not require samples be received at or below 6°C
	Samples reported on an as received basis (wet) unless otherwise noted on report

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* = Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager



CARDINAL LABORATORIES, INC.

2111 Beechwood, Abilene, TX 79603 101 East Marland, Hobbs, NM 88240
(915) 673-7001 Fax (915) 673-7020 (505) 393-2326 Fax (505) 393-2476

CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

Page 1 of 1

Page 6 of 6

Company Name: SEST		Project Manager: Bob Allen		BILL TO		PO #:	
Address: 703 E. CLINTON, #103		City: HOBBS State: NM Zip: 88240		Company: SAME		Attn:	
Phone #: (505) 397-0510		Fax #: (505) 393-4388		Address:		City:	
Project #: Cim-10-08		Project Owner: Cimmet		State:		Zip:	
Project Name: Crestone #1 Unit G		Project Location: Lea Co.		Phone #:		Fax #:	

FOR LAB USE ONLY		LAB I.D.		Sample I.D.		MATRIX		PRES.		SAMPLING		ANALYSIS REQUEST	
GRAB OR (COMF.)	# CONTAINERS	GROUNDWATER	WASTEWATER	SOIL	OIL	SLUDGE	OTHER:	ACID:	ICE / COOL	OTHER:	DATE	TIME	
G	1			✓				✓	✓		8/25/10	0828	✓
G	1			✓				✓	✓		8/25/10	0903	✓
G	1			✓				✓	✓		8/25/10	0915	✓
G	1			✓				✓	✓		8/25/10	0924	✓
G	1			✓				✓	✓		8/25/10	0945	✓
G	1			✓				✓	✓		8/25/10	1015	✓

Chloride
TPH 418
BTEX *

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising whether based in contract or tort, shall be limited to the amount paid by the client for the analysis. At claim including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and resolved by Cardinal within 30 days after completion of the applicable services. In no event shall Cardinal be liable for incidental or consequential damages, including without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above stated reasons or otherwise.

Terms and Conditions: Interest will be charged on all accounts more than 30 days past due at the rate of 24% per annum from the original date of invoice, and at costs of collections, including attorney's fees.

Sampler Relinquished By: Jodi Hanson	Date: 8/25/10	Received By:	Phone Result: <input type="checkbox"/> Yes <input type="checkbox"/> No	Additional Fax #: <input type="checkbox"/> Yes <input type="checkbox"/> No
Relinquished By:	Date:	Received By: (Lab Staff)	Fax Result: <input type="checkbox"/> Yes <input type="checkbox"/> No	REMARKS:
Delivered By: (Circle One)	Date:	Sample Condition	* BTEX added as per Brian 8/26/10. Ch	
Sampler - UPS - Bus - Other:	Time:	Cool Intact		
		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>		
		Checked By: Jodi Hanson		