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Form 3160-5
(April 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OM B No. 1004-0137
Expires: March 31, 2007

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 reverse side.

5. Lease Serial No.
NM 92739

6. If Indian, Allottee or Tribe Name
N/A

RECEIVED
MAY 05 2010
NMOCD ARTESIA

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

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

8. Well Name and No.
LA Federal No. 1

2. Name of Operator
Cimarex Energy Company

9. API Well No.
30-015-22654

3a. Address
600 Marienfeld St. Suite 600, Midland, TX 79701

3b. Phone No. *(include area code)*
432-571-7800

10 Field and Pool, or Exploratory Area
N/A

4 Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
U/L I Sec. 11-22S-22E 1965 FSL 665 FEL

11. County or Parish, State
Eddy County

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

TYPE OF SUBMISSION	TYPE OF ACTION			
☐ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☑ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☐ Other
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ 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 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.)

Pursuant to the NWO issued on 2/24/10 by the BLM, Cimarex Energy Company conducted a wide ranging analytical survey of the area to verify contaminant zones beyond those previously identified by only 3 samples taken in a scientifically biased manner. The results of this survey (see attached) show no compliant soil chloride issues, therefore verifying an extremely minor accumulation of soil chlorides located in the drainage pattern of the watershed which have settled in the lowest topographic relief area. This alleged impacted area (1) constitutes less than approximately one one-millionth of 1% of the entire watershed surface area; (2) the area is extremely small and exhibits heavy rocky intrusions with minute to extremely large interstitial spacing in thin and sparsely accumulated soils. ; (2) the affected area is very small and exhibits heavy rocky intrusions with minute to extremely large interstitial spacing in the very thin and sparsely accumulated soils; (3) is heavily and daily traversed by cattle to access their water supply positioned at the lowest elevation; (4) depth to groundwater for the area ranges from 175' to 400'; (5) exhibits mature, climax vegetative growth all around the area with the exception of the "trough" or trail which cattle and wildlife use to access their water and feeding areas and the active reclamation on the pad. Local environmental and economic impacts both to the existing environment and to the rancher would not be justified by the removal of any of the soils containing the higher soil chlorides (only range from 7,000 to 11,000 mg/Kg) based on the above cited reasons. Subsequently, Cimarex proposes to treat the area with calcium chloride, a method successfully and traditionally used by ranchers and farmers for centuries in this area. Likely, vegetation will not ever be produced in this "trough" area because it is constantly in use by cattle and wildlife. Even if vegetation were produced, it would shortly die due to designated usage. Once this is completed, Cimarex will re-evaluate the soil conditions in the target area.

"REJECTED" See Attached James A. Amos 5-3-10

5/6/2010

14. I hereby certify that the foregoing is true and correct
Name *(Printed/Typed)* **Randy Hogan** Title **Production Superintendent**

Signature Randy Hogan Date **4/15/10**

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by	Title	Date
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	

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)

Cimarex Energy Company of CO
NMNM92739: L. A. Federal No. 1
1965' FSL & 665' FEL, Sec. 11, T22S-R22E
Eddy County, New Mexico

Sundry Notice Dated 4/15/10, Rejected for the following reasons:

43 CFR 3162.5-1(b)The operator shall exercise due care and diligence to assure that leasehold operations do not result in undue damage to surface or subsurface resources or surface improvements. (c)The operator shall exercise due diligence in taking necessary measures, subject to approval by the authorized officer, to control and remove pollutants.

The Bureau of Land Management (BLM) has major concerns as they relate to the sampling of the location and the analytical results. Three samples (grab and/or composite) @ 1' and 2'obtained 1/28/10 range from 11,600 to 7,900 mg/Kg chlorides. Eleven samples (composite) taken @ surface, obtained 2/23/10 range from <32.5 to 92.9 mg/Kg chlorides. The BLM and/or New Mexico Oil Conservation Division (NMOCD), was not notified of sampling in either case. The BLM must be given an opportunity to be there. A schematic is to be supplied showing the exact location of the sampling and the horizontal extent of the contaminants. Complete delineation of the contaminants, are required. Samples at 2' indicate 10,100-7,300 mg/Kg chlorides. Additional delineation is required to determine vertical extent of contaminants. Lastly, individual grab samples should be utilized in most cases to identify the chloride content of the individual samples.

The BLM will require the removal of the contaminants, instead of treating with calcium chloride. Calcium chloride treatments have been used in the past on a trial basis. As of this date we have not had a successful remediation of the contaminants. Therefore, the BLM will require the removal of the contaminants down to a depth of 4' or to a minimum of 1000 mg/Kg. At that point a 20 mil liner is to be installed and the excavation backfilled with material similar to that excavated. Upon completion the area is to be reclaimed as per the rest of the location, which will include the removal of the caliche from the location and access road, contouring to blend with the surrounding landscape, ripping and reseeding.

If you have any questions, please contact James A. Amos @ 575-234-5909.

Mr. Randy Hogan
Production Superintendent
Cimarex Energy Company
600 N. Marienfeld St.
Suite 600
Midland, Texas 79701

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15 April 2010

Mr. Jim Amos
U.S. Department of Interior
Bureau of Land Management
Carlsbad Field Office
620 E. Greene Street
Carlsbad, NM 88220

Re: LA Federal No. 1 Response to NWO on Remediation Actions
API No.: 30-015-22654 / U/L I S11 T22S R22E 1976 FSL 665FEL

Dear Mr. Amos:

On 24 February 2010, Cimarex Energy Company (Cimarex) was issued a Notice of Written Order (NWO) by the Bureau of Land Management (BLM) for (1) the presence of soil chlorides allegedly leaching back to the surface on the previously reclaimed drilling pit and (2) a very minor area along the trail traversed by local wildlife and cattle to reach the water tank and feed out area established by the rancher. Please find our response to said NWO on the attached Sundry Notice with accompanying analytical data.

Cimarex initiated its evaluation of the on going remediation by conducting a wide ranging analytical survey of the area to verify contaminant zones beyond those previously identified by three samples which were obtained in an extremely biased manner without consideration for the scientific environmental condition of the watershed. The results of Cimarex's survey (see attached) show no compliant soil chloride or hydrocarbon issues, therefore verifying that only an extremely minor accumulation of soil chlorides is located in the lowest, most narrow area of topographic relief. This alleged impacted area (1) constitutes less than approximately one one-millionth of 1% of the entire watershed surface area; (2) the area is extremely small and exhibits heavy rocky intrusions with minute to extremely large interstitial spacing in thin and sparsely accumulated soils. (2) the area is very small and exhibits heavy rocky intrusions with minute to extremely large interstitial spacing in thin and sparsely accumulated soils. As presented above, the area (3) is heavily and daily traversed by wildlife and cattle in order to access their water supply positioned at the lowest elevation.

It is also prudent to consider depth to groundwater for this area ranges from 175 feet to 400 feet. Local environmental and economic impacts both to the existing environment and to the rancher

would not be justified by the removal of any of the soils containing the higher soil chlorides (range from 7,000 to 11,000 mg/Kg) based on the above cited reasons.

Subsequently, Cimarex proposes to treat the area with calcium chloride, a method successfully and traditionally used by ranchers and farmers in this area. Likely, vegetation will not ever be produced in this "trough" because it is constantly in use by cattle and wildlife. Even if vegetation were produced, it would shortly die due to designated usage. Once this is completed, Cimarex will re-evaluate the soil conditions in the target area. However, it is important to give credence to the facts that (1) the rancher heavily uses the area for his cattle and (2) the impacted area can be remediated in place with much better results and less impact to the ambient environmental state.

Please call (432-571-7800) should you have questions.

Sincerely,

Randy Hogan
Production Superintendent

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Enclosures: Sundry Notice, Laboratory Analyticals

Cc: Mike Bratcher (NMOCD)

Summary Report

Terry Ainsworth
Cimarex-Midland
600 N. Maryfield Street
Suite 600
Midland, TX 79701-4405

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Report Date: March 12, 2010

Work Order: 10022608

Project Name: Location Closure
Project Number: LA Federal No. 1

Sample	Description	Matrix	Date Taken	Time Taken	Date Received
223759	Bkgr. NW Comp.	soil	2010-02-23	09:00	2010-02-26
223760	Bkgr. SE Comp.	soil	2010-02-23	09:15	2010-02-26
223761	Trail N Side Comp.	soil	2010-02-23	09:30	2010-02-26
223762	Trail S Side Comp.	soil	2010-02-23	09:45	2010-02-26
223763	Trail E End Comp.	soil	2010-02-23	10:00	2010-02-26
223764	Trail W End Comp.	soil	2010-02-23	10:15	2010-02-26
223765	Pad N Side Comp.	soil	2010-02-23	10:30	2010-02-26
223766	Pad S Side Comp.	soil	2010-02-23	10:45	2010-02-26
223767	Pad E Side Comp.	soil	2010-02-23	11:00	2010-02-26
223768	Pad W Side Comp.	soil	2010-02-23	11:15	2010-02-26
223769	Stockpile on Location Comp.	soil	2010-02-23	11:30	2010-02-26

Sample - Field Code	BTEX Benzene (mg/Kg)	BTEX Toluene (mg/Kg)	BTEX Ethylbenzene (mg/Kg)	BTEX Xylene (mg/Kg)	MTBE MTBE (mg/Kg)	TPH DRO - NEW DRO (mg/Kg)	TPH GRO GRO (mg/Kg)
223759 - Bkgr. NW Comp.	<0.0200	<0.0200	<0.0200	<0.0200		<50.0	<2.00
223760 - Bkgr. SE Comp.	<0.0200	<0.0200	<0.0200	<0.0200		<50.0	<2.00
223761 - Trail N Side Comp.	<0.0200	<0.0200	<0.0200	<0.0200		<50.0	<2.00
223762 - Trail S Side Comp.	<0.0200	<0.0200	<0.0200	<0.0200		<50.0	<2.00
223763 - Trail E End Comp.	<0.0200	<0.0200	<0.0200	<0.0200		<50.0	<2.00
223764 - Trail W End Comp.	<0.0200	<0.0200	<0.0200	<0.0200		<50.0	<2.00
223765 - Pad N Side Comp.	<0.0200	<0.0200	<0.0200	<0.0200		<50.0	<2.00
223766 - Pad S Side Comp.	<0.100	<0.100	<0.100	<0.100		<50.0	<10.0
223767 - Pad E Side Comp.	<0.0200	<0.0200	<0.0200	<0.0200		<50.0	<2.00
223768 - Pad W Side Comp.	<0.0200	<0.0200	<0.0200	<0.0200		<50.0	<2.00
223769 - Stockpile on Location Comp.	<0.0200	<0.0200	<0.0200	<0.0200		<50.0	<2.00

Sample: 223759 - Bkgr. NW Comp.

Param	Flag	Result	Units	RL
Chloride		**40.2**	mg/Kg	3.25

Sample: 223760 - Bkgr. SE Comp.

Param	Flag	Result	Units	RL
Chloride		<32.5	mg/Kg	3.25

Sample: 223761 - Trail N Side Comp.

Param	Flag	Result	Units	RL
Chloride		**102**	mg/Kg	3.25

Sample: 223762 - Trail S Side Comp.

Param	Flag	Result	Units	RL
Chloride		**313**	mg/Kg	3.25

Sample: 223763 - Trail E End Comp.

Param	Flag	Result	Units	RL
Chloride		<32.5	mg/Kg	3.25

Sample: 223764 - Trail W End Comp.

Param	Flag	Result	Units	RL
Chloride		**164**	mg/Kg	3.25

Sample: 223765 - Pad N Side Comp.

Param	Flag	Result	Units	RL
Chloride		**710**	mg/Kg	3.25

Sample: 223766 - Pad S Side Comp.

Param	Flag	Result	Units	RL
Chloride		**275**	mg/Kg	3.25

Sample: 223767 - Pad E Side Comp.

Param	Flag	Result	Units	RL
Chloride		**552**	mg/Kg	3.25

Sample: 223768 - Pad W Side Comp.

Param	Flag	Result	Units	RL
Chloride		**49.8**	mg/Kg	3.25

Sample: 223769 - Stockpile on Location Comp.

Param	Flag	Result	Units	RL
Chloride		**99.5**	mg/Kg	3.25