

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

Form C-144  
June 1, 2004

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

For drilling and production facilities, submit to appropriate NMOCD District Office.  
For downstream facilities, submit to Santa Fe office

**Pit or Below-Grade Tank Registration or Closure**

Is pit or below-grade tank covered by a "general plan"? Yes ☐ No ☐

Type of action: Registration of a pit or below-grade tank ☐ Closure of a pit or below-grade tank ☒

Operator: ELK OIL COMPANY Telephone: 505-623-3190 e-mail address: elkoil@pvt.net  
Address: POST OFFICE BOX 310, ROSWELL, NEW MEXICO 88202-0310  
Facility or well name: COBRA FEDERAL #2 API #: 30-005-63735 U/L or Qtr/Qtr L Sec 19 T 11S R 27E  
County: CHAVES Latitude \_\_\_\_\_ Longitude \_\_\_\_\_ NAD: 1927 ☐ 1983 ☐  
Surface Owner: Federal ☐ State ☐ Private X Indian ☐

**Pit**

Type: Drilling X Production ☐ Disposal ☐

Workover ☐ Emergency ☐

Lined X Unlined ☐

Liner type: Synthetic X Thickness 12 mil Clay ☐

Pit Volume \_\_\_\_\_ bbl

**Below-grade tank**

Volume: \_\_\_\_\_ bbl Type of fluid: \_\_\_\_\_

Construction material: \_\_\_\_\_

Double-walled, with leak detection? Yes ☐ If not, explain why not. \_\_\_\_\_

RECEIVED

Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)

Less than 50 feet  
50 feet or more, but less than 100 feet  
100 feet or more

(20 points) XXX  
(10 points) JAN 11 2006  
(0 points) OCU-ARTESIA

Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)

Yes  
No

(20 points)  
(0 points)

Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)

Less than 200 feet  
200 feet or more, but less than 1000 feet  
1000 feet or more

(20 points)  
(10 points)  
(0 points)

**Ranking Score (Total Points)**

20

**If this is a pit closure:** (1) Attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: (check the onsite box if you are burying in place) onsite ☐ offsite X If offsite, name of facility Z-28 STATE #2. (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No ☐ Yes X If yes, show depth below ground surface 47 ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

Additional Comments: CLOSURE WORK PLAN FOR DRILLING PIT. PICK UP AND REMOVE PIT AND CONTENTS. SURFACE AREA RETURNED TO GRADE USING A MINIMUM OF TOPSOIL (SEE LETTER ATTACHED FROM THE COMMISSIONER OF PUBLIC LANDS APPROVING OUR Z-28 STATE #2 AS A DISPOSAL LOCATION.)

Closure Approved for Z-28 #2

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described 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 ☐.

Date: JANUARY 10, 2006

Printed Name/Title ELK OIL COMPANY, JOSEPH J. KELLY, PRESIDENT Signature \_\_\_\_\_

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval:

Printed Name/Title \_\_\_\_\_

Signature \_\_\_\_\_

Date: 1-17-06

**NEW MEXICO STATE LAND OFFICE**  
**Patrick H. Lyons, Commissioner of Public Lands**  
**New Mexico State Land Office Building**  
**P.O. Box 1148, Santa Fe, NM 87504-1148**

**RIGHT OF ENTRY PERMIT**  
**CONTRACT NO. ROE-1227**

**1. RIGHT OF ENTRY PERMIT**

This permit is issued under the authority of NMSA 1978, Section 19-1-2. In consideration of and subject to the terms, covenants, conditions, agreements, obligations and reservations contained in the permit and all other existing rights and regulations, the Commissioner of Public Lands, New Mexico State Land Office, State of New Mexico, hereinafter called "COMMISSIONER," grants to **Elk Oil Company**, State of Incorporation (if applicable) \_\_\_\_\_, whose address is **Box 310, Roswell, NM 88202**, hereinafter called "PERMITTEE," permission to enter upon the specific tract(s) of State Trust Land described in this permit only for the term, and only for the permitted use, described in this permit.

**2. TERM AND LAND DESCRIPTION**

Right of entry is granted for a term of **180 days**, commencing **January 10, 2006** and ending **July 8, 2006** to the following State Trust Lands.

**Section 24, Township 10 South, Range 26 East**

**3. FEE.**

**\$500.00 (Five Hundred Dollars)**

**4. PERMITTED USE, PERSONNEL, EQUIPMENT AND MATERIALS**

Permitted use is for the purpose of: To move the contents of a drilling pit from the Cobra Federal #2 located in Section 19, Township 11 South, Range 27 East, to the Z-28 State #2 located in Section 24, Township 10 South, Range 26 East. The contents of the Cobra Federal #2 is in a water sensitive area and will be moved to a non sensitive water are in the Z-28 State #2.

Personnel, equipment, and materials to be present on State Trust Land

Equipment:

Personnel:

**The granting of this permit does not allow access across private lands.**

**5. IMPROVEMENTS**

No improvements shall be placed on the premises without the prior written consent of the Commissioner.

## **6. RESERVATIONS**

Commissioner reserves the right to execute leases, rights of way, easements, permits, exchange agreements, sale agreements, permits and other lawful rights on or across the land covered by this permit, including but not limited to any such rights for mining purposes and for the extraction of oil, gas, salt, geothermal resources, and other mineral deposits therefrom and the right to go upon, explore for, mine, remove and sell same.

## **7. COMPLIANCE WITH LAWS**

Permittee shall at its own expense comply fully with and be subject to all applicable regulations, rules, ordinances, and requirements of law or of the Commissioner, including but not limited to the regulations of the State Land Office; Chapter 19 NMSA governing State Trust Lands; federal and state environmental laws and regulations; and the New Mexico Cultural Properties Act, NMSA 1978 Sections 18-6-1 through 18-6-23. It is illegal for any person or his agent to appropriate, excavate, injure, or destroy any historic, or prehistoric ruin or monument, or any object of historical, archaeological, architectural, or scientific value situated on lands owned or controlled by the State Land Office without a valid permit issued by the Cultural Properties Review Committee and approved by the Commissioner of Public Lands.

## **8. HOLD HARMLESS AND INDEMNIFICATION**

Permittee shall save, hold harmless, indemnify and defend Commissioner, the State Land Office, the State of New Mexico, and any of their officers, employees or agents, in their official and individual capacities, of and from any and all liability, claims, losses, damages, costs, and fees arising out of or alleged to arise out of, or directly or indirectly connected with, the operations of Permittee under this permit on or off State Trust Lands or arising out of the presence on State Trust Lands of any equipment, material, agent, invitee, contractor or subcontractor of Permittee. This Hold Harmless and Indemnification clause covers any claim, including any brought in any court or before any administrative agency, of any loss or alleged loss, and any damages or alleged damages asserted with respect to any violation or alleged violation of any state, federal or local law or regulation, including but not limited to any environmental law or regulation, any cultural properties law (including the New Mexico Cultural Properties Act, cited above) or regulation, and any alleged damage to the property, rights or interests of any State Land Office lessee, right-of-way holder, or other permittee.

## **9. AMENDMENT**

This permit shall not be altered, changed or amended except by an instrument in writing executed by Commissioner and Permittee.

## **10. WITHDRAWAL**

Commissioner reserves the right to withdraw any or all of the land authorized for use under this permit. If applicable, Permittee shall vacate the acreage specified within 30 days after receipt of written notification of withdrawal from the Commissioner.

## **11. CANCELLATION**

The violation by Permittee of any of the terms, conditions or covenants of this permit or the

nonpayment by Permittee of the fees due under this permit shall at the option of the Commissioner be considered a default and shall cause the cancellation of this permit 30 days after Permittee has been sent written notice of such.

## **12. PRESERVE AND PROTECT**

The Permittee agrees to preserve and protect the natural environmental conditions of the land encompassed in this permit, and to take those reclamation or corrective actions that are accepted soil and water conservation practices and that are deemed necessary by the Commissioner to protect the land from pollution, erosion, or other environmental degradation. The Permittee further agrees not to injure the property of, or interfere with the operations or rights of, any State Land Office lessee, right-of-way holder, easement holder or other permittee who has rights to use the State Trust Land subject to this permit.

## **13. RECLAMATION, REMOVAL OF EQUIPMENT, MATERIALS, AND WASTE**

The Permittee agrees to reclaim those areas that may be damaged by activities conducted thereon.

The Permittee agrees to remove from the State Trust Lands, no later than the end of the term of this permit, all equipment and materials it has placed or brought upon the land and to clean up and remove from the land any trash, waste, effluent, or other products used or brought upon the land in connection with this permit.

## **14. SPECIAL INSTRUCTIONS AND/OR RESTRICTIONS**

1. No off road traffic allowed.
2. No wood collection or tree cutting allowed.
3. Disturbing, dislodging, damaging, defacing, destroying or removing historical archaeological, paleontological or cultural sites or artifacts is prohibited.
4. Disturbing, dislodging, damaging, defacing, destroying any improvement, fixture, item, object or thing placed or located in, under or upon the land is prohibited.
5. This permit does not grant a right to enter State Trust Lands to which there is no public access.
6. Any uses or activities not within the scope of this permit are not allowed unless prior written approval from the Commissioner of Public Lands is granted.
7. OTHER:

WITNESS the hands and seals of PERMITTEE and COMMISSIONER on the day(s) and year entered below.

  
\_\_\_\_\_  
PERMITTEE


Telephone: 505-623-3190

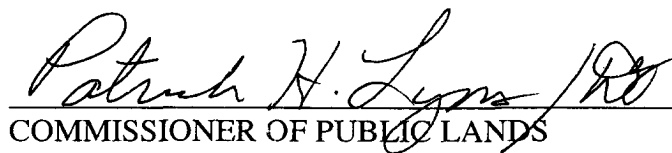
**ACKNOWLEDGMENT**

**STATE OF NEW MEXICO** )

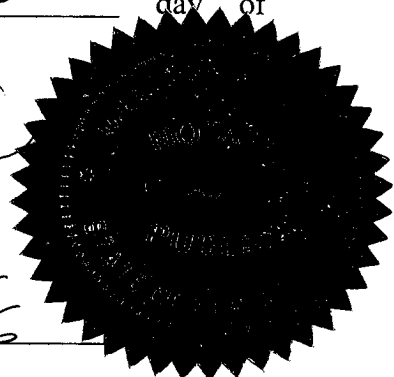
**COUNTY OF** SANTA FE )

The foregoing instrument was acknowledged before me this 10<sup>th</sup> day of JANUARY, 2006.

My Commission Expires: 6-10-08   
NOTARY PUBLIC

  
COMMISSIONER OF PUBLIC LANDS

DATE: 1/10/06



ROE-1227