

015-34854

**LCX ENERGY, LLC**  
**110 N. Marienfeld St., Suite 200**  
**Midland, TX 79701**  
**(432) 687-1575**  
May 10, 2007

New Mexico Energy, Minerals and Natural Resources Department  
Oil Conservation Division  
1301 W. Grand  
Artesia, New Mexico 88210

Attn: Ron Harvey  
Re: Letter of Violation Lov Ni: 0211807 1625 State Com 91

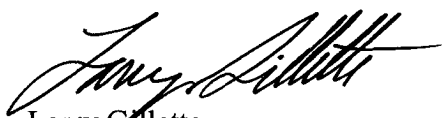
Dear Ron:

This letter is written concerning the violation letter written 4/27/07 for the open drilling pit at the 1625 State Com 91 well site and well sign not posted.

Please find the attached C-144 form that was filled out and approved on May 1, 2007. LCX Energy's pit reclamation contractor will start cleanup of this pit after finishing the 1624 State 291 pit closure on or about May 23. The work will then take about a week and half to complete.

Please call if you have any further questions concerning this matter.

Thank you,



Larry Gillette  
LCX Energy LLC  
432-262-4011

Fax from : 505 622 2594  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Artesia, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

# Energy Minerals and Natural Resources

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

05-01-07 15:03 Pg: 2  
June 1, 2004  
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 ☒

Month-Year  
MAY 1 2007  
OCD - ARTESIA, NM

Operator: LCX Energy LLC Telephone: 432-687-1575 E-mail address: larryg@cceronline.com  
Address: 110 N. Mainfield St Suite 200 Midland, TX 79701  
Facility or well name: 1625 State Corn 91 API #: 30-015-34854 U/I. or Qtr/Qtr M Sec 9 T 16S R 25E  
County: Eddy Latitude 32°55'56.60"N Longitude 104°27'44.76"W NAD: 1927 ☐ 1983 ☒  
Surface Owner: Federal ☐ State ☐ Private ☒ Indian ☐

Pit  
Type: Drilling ☒ Production ☐ Disposal ☐  
Workover ☐ Emergency ☐  
Lined ☒ Unlined ☐  
Liner type: Synthetic ☒ Thickness 12 mil Clay ☐  
Pit Volume: 1100 bbl

Below-grade tank  
Volume: \_\_\_\_\_ bbl Type of fluid: \_\_\_\_\_  
Construction material: \_\_\_\_\_  
Double-walled, with leak detection? Yes ☐ If not, explain why not: \_\_\_\_\_

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

Less than 50 feet	(20 points) <u>xxx</u>
50 feet or more, but less than 100 feet	(10 points)
100 feet or more	(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) <u>xxx</u>

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

Less than 200 feet	(20 points)
200 feet or more, but less than 1000 feet	(10 points)
1000 feet or more	(0 points) <u>xxx</u>

Ranking Score (Total Points)

20 points

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 ☐ If offsite, name of facility: \_\_\_\_\_ (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No ☒ Yes ☐ If yes, show depth below ground surface \_\_\_\_\_ ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

Additional Comments: Work plan for the closure of drilling pit. The drilling pit contents will be mixed with SKD to solidify the pit contents. An encapsulation trench will be excavated and lined with a 12 mil synthetic liner on former drilling pit site. Drilling pit contents will then be emplaced into the encapsulation trench. A 20 mil synthetic liner will be placed over the pit contents with a min of a 3' over lap of the underlying trench area. Then encapsulation trench will then be backfilled back to grade using a min of 3' of clean soil and like material. A one call and 48 hr. notice will be provided to the Oil Conservation Division before pit closure actions begin. Pit closure actions will begin 1 week after permit approval. (Pit contents will be mixed @ a ratio of 3 parts mud to 1 part CKD) 3:1 ratio

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: 4/30/07

Printed Name/Title: Larry Gillette Operations M. Signature: Larry Gillette

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: Mike Beerman

Date: 5/1/07

① Samples are to be obtained for analysis from the burial trench and submitted to OCD prior to lining trench. Samples are to be obtained from drilling pit and analysis submitted to OCD prior to back filling. Solidification process subject to current practices