

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

DEC 20 2007

Pit or Below-Grade Tank Registration or Closure

OCD-ARTESIA

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: Slayton Resources, Inc. Telephone: 575-623-7184 e-mail address: _____
 Address: P. O. Box 2035, Roswell, New Mexico 88202-2035
 Facility or well name: Penrose State API #: 30-005-10076 U/L or Qtr/Qtr D Sec 22 T 10S R 27E
 County: Chaves Latitude _____ Longitude _____ NAD: 1927 1983
 Surface Owner: Federal State Private Indian

Pit	Below-grade tank	
Type: Drilling <input type="checkbox"/> Production <input checked="" type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input checked="" type="checkbox"/> Lined <input type="checkbox"/> Unlined <input checked="" type="checkbox"/> Liner type: Synthetic <input type="checkbox"/> Thickness _____ mil Clay <input type="checkbox"/> Pit Volume <u>25</u> bbl	Volume: _____ bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes <input type="checkbox"/> If not, explain why not. _____	
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)	XXXX XXXX 100 feet or more	XXXX XXXX (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.)	XXXX No	XXXX (0 points)
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	XXXX XXXX 1000 feet or more	XXXX XXXX (0 points)
Ranking Score (Total 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 Gandy Marley Inc. (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: December 17, 2007 through January 7, 2008 depending on weather. Move the back hoe and dump trailer to location. Dig out contaminated soil and take to Gandy Marley dump site. Save soil sample from bottom of pit and deliver to proper state office. When approved, surface will be leveled. See attachment.

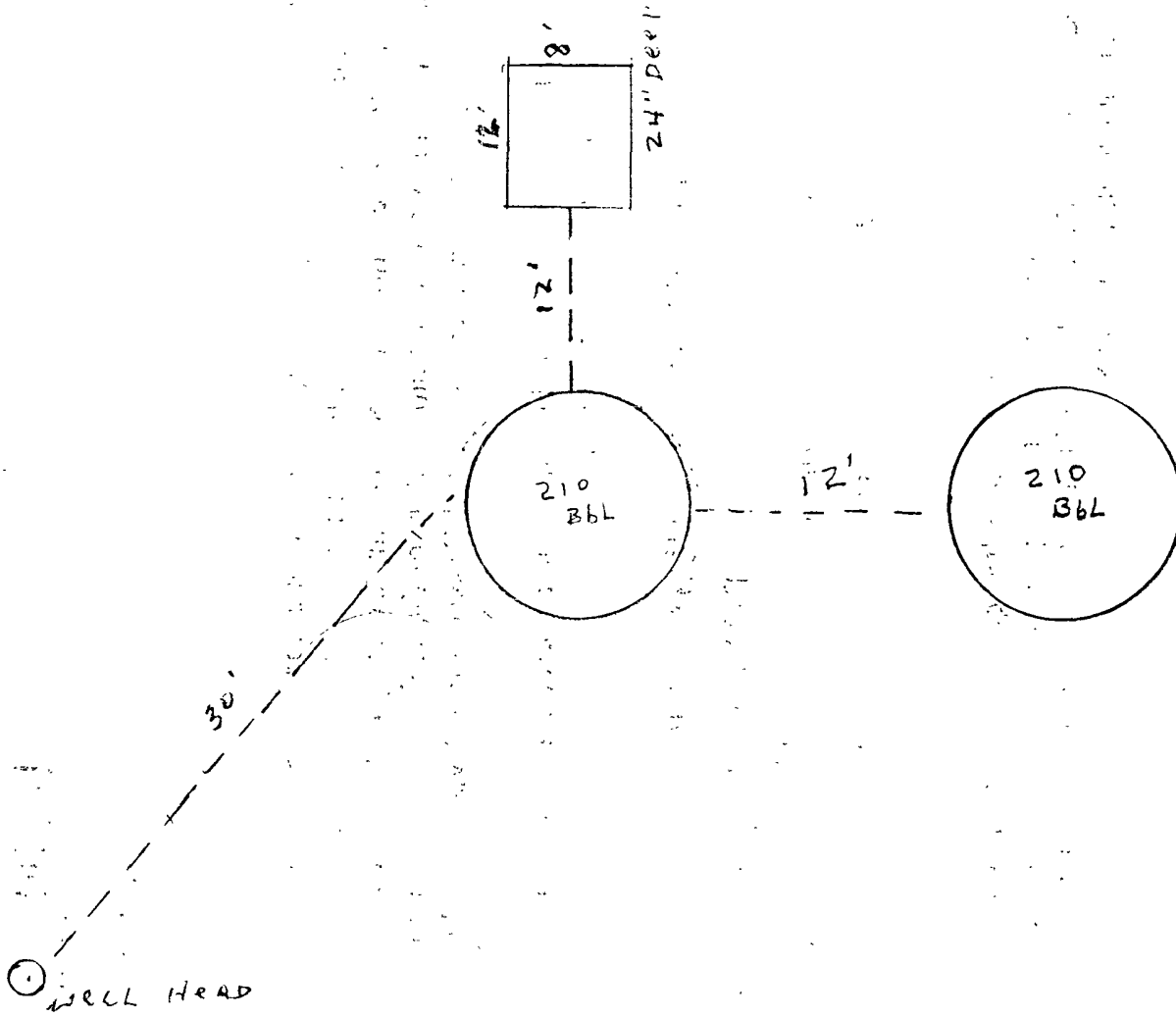
I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines , a general permit , or an (attached) alternative OCD-approved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

Date: 12-19-07
 Printed Name/Title April Denise Allison/agent Signature April Denise Allison

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: SEE ATTACHED STIPULATIONS Signature Signed By Mike Brannon Date JAN 07 2008

SCHEMATIC
Penrose State
API# 30-005-10076





NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Slayton Resources Inc.
PO Box 2035
Roswell NM 88202-2035

January 7, 2008

Reference: Penrose State 001 D-22-1-s-27e Chaves County API: 30-005-10076 (Production Pit)

Operator,

The C-144 to close the pit at the above referenced site has been approved with the following stipulations:

- Notify the NMOCD District 2 Office (OCD) 48 hours prior to commencement of activities.
- Notify the OCD 48 hours prior to obtaining samples where analyses of samples obtained are to be submitted to the OCD.
- Confirmation samples will be required to be obtained and submitted to an OCD approved lab for analyses. The results must then be submitted to OCD and approval obtained from OCD prior to backfilling excavated pit area.
- Submit a final report to OCD indicating date pit closed.
- Pit is to be closed and final report submitted to OCD no later than January 28, 2008.

If I can be of assistance, please contact me.

Sincerely,

Mike Bratcher
NMOCD District 2
1301 W. Grand Ave.
Artesia, NM 88210
575-748-1283 Ext. 108
575-626-0857
mike.bratcher@state.nm.us