

Robin Terrell  
Mewbourne Oil Company  
PO Box 5270  
Holbs, New Mexico 88241

November 29, 2007

JAN 31 2008  
**OCD-ARTESIA**

Mike Bratcher  
NMOCD District 2 Office  
1301 W. Grand  
Artesia, New Mexico 88210

RE: Salamander 10 Federal Com 001 - Final Pit Closure

<b>Salamander 10 Federal Com 001</b>	Depth to Ground Water: 100'
API: 30-015- <b>35710</b>	Planned Analytical Testing: Chlorides
Sec 10-T17S-R29E	Site Ranking Score:
1650' FSL & 990' FWL	Primary Land Use: Ranching and Oil & Gas Production

Pursuant to Pit Rule 50 of the New Mexico Oil Conservation District of the State of New Mexico regulatory requirement for pit closure, please accept the following documentation for final closure of the drilling pit for the aforementioned location.

An Insitu burial trench was excavated and lined with 12mil liner. All drill cuttings were stiffened and transferred to the lined Insitu trench. Upon transferring all pit contents to the lined burial trench, field tests were performed on the soil within in the confines of the original drill pit. The field results of chloride delineation of the impacted material are as follows (a diagram has also been attached):

Q1      07' 150mg/kg      Q2      07' 210mg/kg      Q3      07' 200mg/kg

After field tests were performed, Mike Bratcher of the New Mexico Oil Conservation Division (NMOCD) was contacted. Approval for closure was granted with no stipulations:

Pursuant to NMOCD Pit Rule 50, a 20mil liner was placed on top of the Insitu trench to seal in the impacted soils and the stiffened drill cuttings. The pit area was backfilled with clean native material, contoured to the surrounding terrain and reseeded with an approved seed mixture.

Soil samples were collected, prepared and packaged per EPA guidelines and forwarded to Trace Analysis in Lubbock, Texas for official analytical testing. Please find the official analytical results attached hereto.

Please review the attached documentation and contact me at 505-393-5905 with any questions or concerns.

Sincerely,



Robin Terrell  
Production Engineer

/sjt

Accepted for record  
NMOCD  
FEB 04 2008

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

NOV 26 2007

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

OCD-ARTESIA

Operator: MELBOURNE OIL COMPANY Telephone: 505 393-5905 e-mail address: \_\_\_\_\_

Address 701 CECIL HOBBS NM 88240

Facility or well name: SAIMANDER 10" FED COM 1 API #: 30-015-35770 U/L or Qtr/Qtr \_\_\_\_\_ Sec 10 T 17S R 27E

County: SAN JUAN COUNTY Latitude \_\_\_\_\_ Longitude \_\_\_\_\_ NAD 1927  1983

Surface Owner: Federal  State  Private  Indian

<b>Pit</b> Type: Drilling <input type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> Lined <input type="checkbox"/> Unlined <input type="checkbox"/> Liner type: Synthetic <input type="checkbox"/> Thickness _____ mil Clay <input type="checkbox"/> Pit Volume _____ bbl	<b>Below-grade tank</b> 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.)	Less than 50 feet (20 points) 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)
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)
Ranking Score (Total Points)	<u>0</u>

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 your 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: <u>CONTENTS OF PIT WILL BE DEEP BURIED. TRENCHES WILL BE LINED WITH 12 MIL LINER &amp; CAPELED WITH A 20 mil CAP. PIT WILL BE TESTED FOR CHLORIDE &amp; WILL BE CLOSED WITH CHLORIDES BELOW 250 ppm.</u>	

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: 11/26/07

Printed Name/Title EBS Taylor

Signature EBS Taylor

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 \_\_\_\_\_

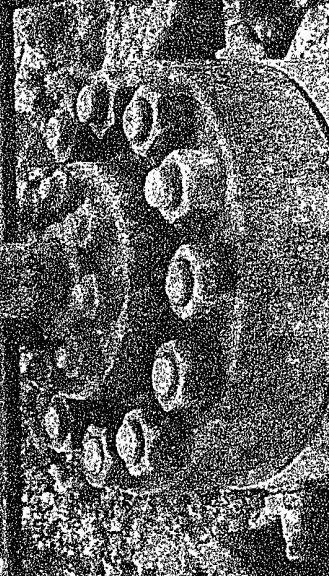
Signature \_\_\_\_\_

Signed By Mike Benavidez Date: NOV 26 2007

NOTIFY OCD 24 HOURS PRIOR to beginning closure and 24 HOURS PRIOR to obtaining samples. Samples are to be obtained from pit area and analyses submitted to OCD prior to back-filling.

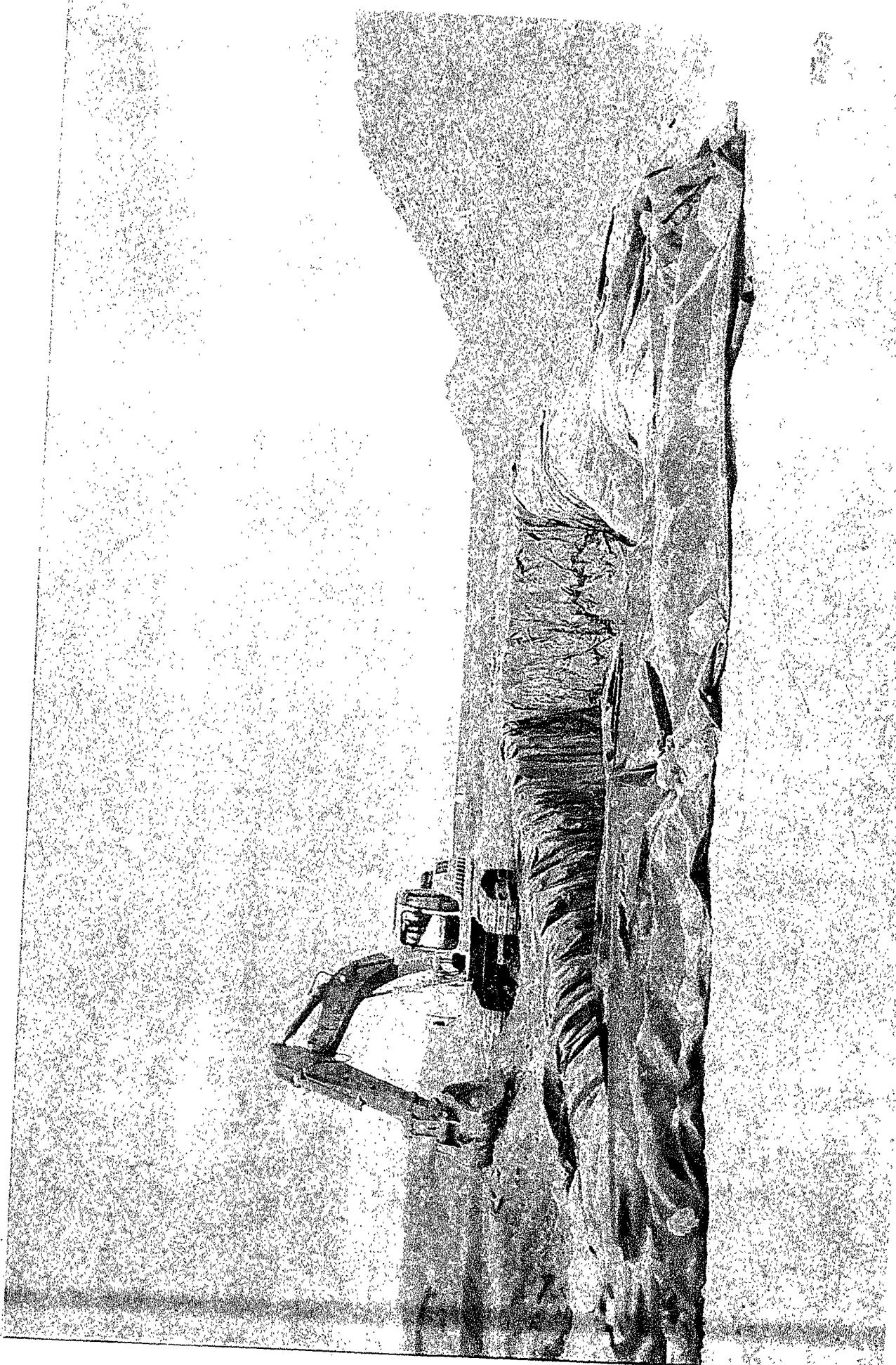
If burial trench is to be constructed in pit area, samples are to be obtained and analyses submitted to OCD PRIOR to lining trench.

MELBOURNE OIL COMPANY  
SALAMANDER 10 FEDERAL COM #1  
1650 FSL & 190 FWL  
SHC. 10.1 PAGE  
EDDY COUNT 10 MEXICO  
LEASE #N 068722



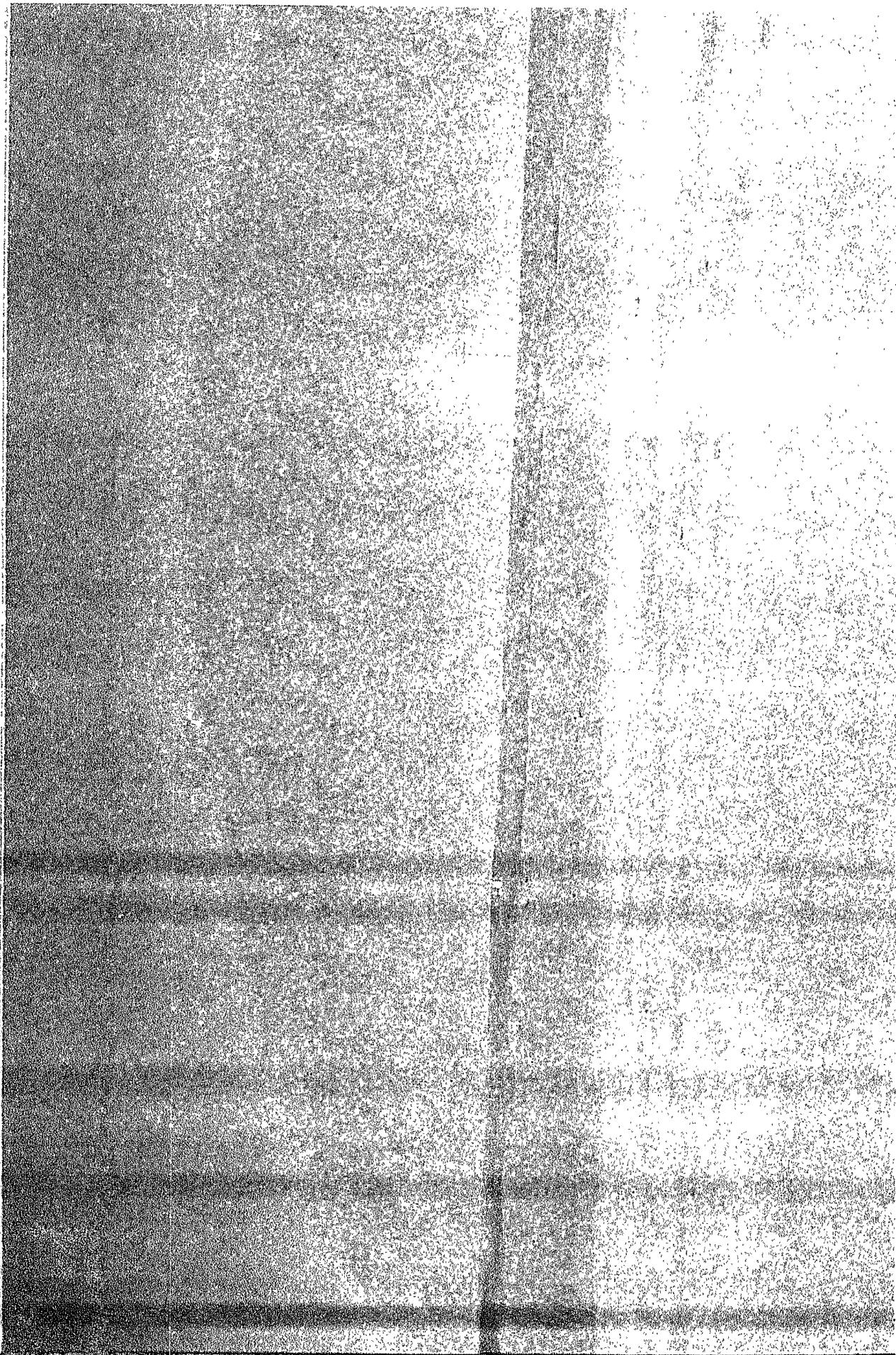












## Summary Report

Robin Terrell  
Mewbourne Oil Company  
P. O. Box 5270  
Hobbs, NM, 88220

Report Date: January 11, 2008

Work Order: 8010905



Project Location: Sec 10,T17S,R29E/Eddy County, NM  
Project Name: Salamander 10 Fed 01

Sample	Description	Matrix	Date Taken	Time Taken	Date Received
147228	Q1-7' comp	soil	2007-11-29	15:00	2008-01-08
147229	Q2-7' comp	soil	2007-11-29	15:15	2008-01-08
147230	Q3-7' comp	soil	2007-11-29	15:30	2008-01-08

**Sample: 147228 - Q1-7' comp**

Param	Flag	Result	Units	RL
Chloride		107	mg/Kg	2.00

**Sample: 147229 - Q2-7' comp**

Param	Flag	Result	Units	RL
Chloride		200	mg/Kg	2.00

**Sample: 147230 - Q3-7' comp**

Param	Flag	Result	Units	RL
Chloride		163	mg/Kg	2.00

# TRACEANALYSIS, INC.

6701 Aberdeen Avenue, Suite 9	Lubbock, Texas 79424	800•378•1296	806•794•1296	FAX 806•794•1298
200 East Sunset Road, Suite E	El Paso, Texas 79922	888•588•3443	915•585•3443	FAX 915•585•4944
5002 Basin Street, Suite A1	Midland, Texas 79703		432•689•6301	FAX 432•689•6313
8808 Camp Bowie Blvd West, Suite 180	Ft Worth, Texas 76116		817•201•5260	FAX 817•560•4336
E-Mail lab@traceanalysis.com				

## Analytical and Quality Control Report

Robin Terrell  
Mewbourne Oil Company  
P. O. Box 5270  
Hobbs, NM, 88220

Report Date: January 11, 2008

Work Order: 8010905



Project Location: Sec 10,T17S,R29E/Eddy County, NM  
Project Name: Salamander 10 Fed 01  
Project Number: Salamander 10 Fed 01

Enclosed are the Analytical Report and Quality Control Report for the following sample(s) submitted to TraceAnalysis, Inc.

Sample	Description	Matrix	Date Taken	Time Taken	Date Received
147228	Q1-7' comp	soil	2007-11-29	15:00	2008-01-08
147229	Q2-7' comp	soil	2007-11-29	15:15	2008-01-08
147230	Q3-7' comp	soil	2007-11-29	15:30	2008-01-08

These results represent only the samples received in the laboratory. The Quality Control Report is generated on a batch basis. All information contained in this report is for the analytical batch(es) in which your sample(s) were analyzed.

This report consists of a total of 4 pages and shall not be reproduced except in its entirety, without written approval of TraceAnalysis, Inc.

  
Dr. Blair Leftwich, Director

### Standard Flags

**B** - The sample contains less than ten times the concentration found in the method blank.

## Case Narrative

Samples for project Salamander 10 Fed 01 were received by TraceAnalysis, Inc. on 2008-01-08 and assigned to work order 8010905. Samples for work order 8010905 were received intact at a temperature of 4.0 deg C

Samples were analyzed for the following tests using their respective methods.

Test	Method
Chloride (Titration)	SM 4500-Cl B

Results for these samples are reported on a wet weight basis unless data package indicates otherwise.

A matrix spike (MS) and matrix spike duplicate (MSD) sample is chosen at random from each preparation batch. The MS and MSD will indicate if a site specific matrix problem is occurring, however, it may not pertain to the samples for work order 8010905 since the sample was chosen at random. Therefore, the validity of the analytical data reported has been determined by the laboratory control sample (LCS) and the method blank (MB). These quality control measures are performed with each preparation batch to ensure data integrity.

All other exceptions associated with this report have been footnoted on the appropriate analytical page to assist in general data comprehension. Please contact the laboratory directly if there are any questions regarding this project.

## Analytical Report

### Sample: 147228 - Q1-7' comp

Analysis: Chloride (Titration)  
QC Batch: 44557  
Prep Batch: 38373

Analytical Method: SM 4500-Cl B  
Date Analyzed: 2008-01-10  
Sample Preparation:

Prep Method: N/A  
Analyzed By: AR  
Prepared By: AR

Parameter	Flag	Result	Units	Dilution	RL
Chloride		107	mg/Kg	50	2 00

### Sample: 147229 - Q2-7' comp

Analysis: Chloride (Titration)  
QC Batch: 44557  
Prep Batch: 38373

Analytical Method: SM 4500-Cl B  
Date Analyzed: 2008-01-10  
Sample Preparation:

Prep Method: N/A  
Analyzed By: AR  
Prepared By: AR

Parameter	Flag	Result	Units	Dilution	RL
Chloride		200	mg/Kg	50	2.00

### Sample: 147230 - Q3-7' comp

Analysis: Chloride (Titration)  
QC Batch: 44557  
Prep Batch: 38373

Analytical Method: SM 4500-Cl B  
Date Analyzed: 2008-01-10  
Sample Preparation:

Prep Method: N/A  
Analyzed By: AR  
Prepared By: AR

Parameter	Flag	Result	Units	Dilution	RL
Chloride		163	mg/Kg	50	2 00

### Method Blank (1) QC Batch: 44557

QC Batch: 44557  
Prep Batch: 38373

Date Analyzed: 2008-01-10  
QC Preparation: 2008-01-10

Analyzed By: AR  
Prepared By: AR

Parameter	Flag	Result	MDL	Units	RL
Chloride		<0.500		mg/Kg	2

### Laboratory Control Spike (LCS-1)

QC Batch: 44557  
Prep Batch: 38373

Date Analyzed: 2008-01-10  
QC Preparation: 2008-01-10

Analyzed By: AR  
Prepared By: AR

Param	LCS Result	Units	Dil.	Spike Amount	Matrix Result	Rec.	Rec. Limit
Chloride	98.8	mg/Kg	1	100	<0.500	99	85 - 115

Percent recovery is based on the spike result. RPD is based on the spike and spike duplicate result.

Param	LCSD Result	Units	Dil	Spike Amount	Matrix Result	Rec. Limit	RPD Limit
Chloride	99.8	mg/Kg	1	100	<0.500	100	85 - 115

Percent recovery is based on the spike result. RPD is based on the spike and spike duplicate result.

#### Matrix Spike (MS-1) Spiked Sample: 147232

QC Batch: 44557 Date Analyzed: 2008-01-10 Analyzed By: AR  
Prep Batch: 38373 QC Preparation: 2008-01-10 Prepared By: AR

Param	MS Result	Units	Dil.	Spike Amount	Matrix Result	Rec.	Rec. Limit
Chloride	4800	mg/Kg	50	5000	<25.0	96	85 - 115

Percent recovery is based on the spike result. RPD is based on the spike and spike duplicate result.

Param	MSD Result	Units	Dil.	Spike Amount	Matrix Result	Rec. Limit	RPD Limit
Chloride	4850	mg/Kg	50	5000	<25.0	97	85 - 115

Percent recovery is based on the spike result. RPD is based on the spike and spike duplicate result.

#### Standard (ICV-1)

QC Batch: 44557 Date Analyzed: 2008-01-10 Analyzed By: AR

Param	Flag	Units	ICVs True Conc.	ICVs Found Conc.	ICVs Percent Recovery	Percent Recovery Limits	Date Analyzed
Chloride		mg/Kg	100	99.3	99	85 - 115	2008-01-10

#### Standard (CCV-1)

QC Batch: 44557 Date Analyzed: 2008-01-10 Analyzed By: AR

Param	Flag	Units	CCVs True Conc.	CCVs Found Conc.	CCVs Percent Recovery	Percent Recovery Limits	Date Analyzed
Chloride		mg/Kg	100	101	101	85 - 115	2008-01-10

ORIGINAL COPY

Submittal of samples constitutes agreement to Terms and Conditions listed on reverse side of C.O.C.

LAB Order ID # 8010905Page 1 of 1**TraceAnalysis, Inc.**

6701 Aberdeen Avenue, Suite 9  
Lubbock, Texas 79424  
Tel (806) 794-1296  
Fax (806) 794-1298  
1 (800) 378-1296

5002 Basin Street, Suite A1  
Midland, Texas 79703  
Tel (432) 689-6301  
Fax (432) 689-6313

200 East Sunset Rd, Suite E  
El Paso, Texas 79922  
Tel (915) 585-3443  
Fax (915) 585-4944  
1 (888) 588-3443

Company Name: Mountain Oil Corp.  
Address: PO Box 570, Hobbs, NM 88240  
Contact Person: Dawn  
Invoice to: (If different from above)

Phone #:

Fax #:

E-mail: mtb@traceanalysis.comProject #: 8010.7115.R006Project Name: Salamander 10 Field 01Sampler Signature: Julie TischerProject Location (including state): 2nd St., Rte 2, Eddy County, NM

LAB # <b>(LAB USE ONLY)</b>	FIELD CODE	# CONTAINERS	MATRIX	PRESERVATIVE		TIME	DATE	SLUDGE	SAMPLING			
				HCl	NaOH				HNO <sub>3</sub>	H <sub>2</sub> SO <sub>4</sub>	ICE	
14728	Q1 - 7' Comp	1	AIR	X	X	11.29.07	15:20					
14729	Q2 - 7' Comp	1	WATER	X	X	11.29.07	15:15					
14730	Q3 - 7' Comp	1	SOIL	X	X	11.29.07	15:20					

Relinquished by:	Company:	Date:	Time:	Received by:	Company:	Date:	Time:	Temp °C:	LAB USE ONLY	REMARKS:
<u>Dawn</u>	<u>01/08/08</u>	<u>17:20</u>							<u>Intact</u>	<u>all tanks - Midland</u>
Relinquished by:	Company:	Date:	Time:	Received by:	Company:	Date:	Time:	Temp °C:	Headspace	Dry Weight Basis Required
Relinquished by:	Company:	Date:	Time:	Received by:	Company:	Date:	Time:	Temp °C:	Y/N	TRRP Report Required
Relinquished by:	Company:	Date:	Time:	Received by:	Company:	Date:	Time:	Temp °C:	Y/N	Check If Special Reporting Limits Are Needed
									<u>4.0</u>	<u>1/1 EP</u>
									<u>Log-in Review</u>	<u>Census ~</u>

Submittal of samples constitutes agreement to Terms and Conditions listed on reverse side of C O C

Carrier # Census ~