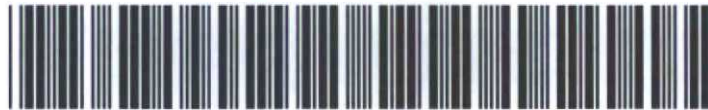




AE Order Number Banner

Report Description

This report shows an AE Order Number in Barcode format for purposes of scanning. The Barcode format is Code 39.



App Number: pGRL0834536056

1RP - 1977

CML EXPLORATION, LLC

R. T. HICKS CONSULTANTS, LTD.

901 Rio Grande Blvd NW ▲ Suite F-142 ▲ Albuquerque, NM 87104 ▲ 505.266.5004 ▲ Fax: 505.266-0745

September 25, 2008

Wayne Price
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505
Via E-Mail and US Mail

Mr. Larry Johnson
Oil Conservation Division
1625 North French Drive
Hobbs, New Mexico 88240
Via E-Mail and US Mail

RECEIVED
SEP 26 2008
HOBBS (N.M.)

RE: Rule 116 Notification of a Release and Meeting Request
CML Exploration LLC - JFC 25 State #1 - API 30-025-38790

Dear Wayne and Larry:

On September 24, field sampling of the earth material beneath the drilling pit liner at the above-referenced site confirmed a release of fluid from the drilling pit. Notification of such a release is mandated by Rule 19.15.3116.A. Until we obtain laboratory analyses, we cannot be certain if the release from the drilling pit is a major release as defined by Rule 116 or is less than 25 barrels and is a minor release. Upon receipt of laboratory analyses, we will submit a C-141 with a determination regarding the classification of the release, the results of this preliminary field work and our opinion regarding the applicability of Rule 116.B.1.D:

(d) a release of any volume which may with reasonable probability be detrimental to water or cause an exceedance of the standards in Section 19, Subsection B, Paragraphs (1) and (2) or (3) of 19.15.1 NMAC.

We will submit the C-141 on or before October 7, which should satisfy Rule 116.C.2 (timely written notification). At a mutually agreeable time after October 8, we request a 1-2 hour meeting with appropriate NMOCD staff to discuss various options for a corrective action required by Rule 116.D. The outcome of this meeting will determine how we proceed with additional characterization of the vertical extent of the release. Because we also plan to meet with the landowner (the State Land Office), we would prefer to meet with you in Santa Fe.

Because this site now falls within Rule 116, we assume that a request (exception) for additional time to close this site under Part 17 is not required.

Sincerely,



Randall Hicks
R.T. Hicks Consultants, Ltd.

cc: Nolan von Roeder, CML Exploration

SENT EMAIL - DISTRICT TO
HANDLE PENDING SAMPLE
INFO - WTR 150'



Composite Stockpile Soil Samples (mg/kg) September 23, 2008	
Location	Field Chloride
West	83
Center	30
East	37

Soil Samples from North Side of Pit September 23, 2008 (mg/kg)			
Depth (below liner)	Field Chloride	Lab Chloride	PID (ppm)
2.0 Ft	263	--	0
4.0 Ft	482	575	0

Soil Samples from Northeast Corner of Pit September 23, 2008 (mg/kg)			
Depth (below liner)	Field Chloride	Lab Chloride	PID (ppm)
2.0 Ft	3,204	--	0
4.0 Ft	1,564	1,240	0

Soil Samples from Northwest Corner of Pit September 23, 2008 (mg/kg)			
Depth (below liner)	Field Chloride	Lab Chloride	PID (ppm)
2.0 Ft	877	--	0
5.0 Ft	61	<5.0	0

Soil Samples from Southeast Corner of Pit September 23, 2008 (mg/kg)			
Depth (below liner)	Field Chloride	Lab Chloride	PID (ppm)
0.5 Ft	3,899	--	0
4.0 Ft	347	131	0

Composite Waste Samples (mg/kg) September 23, 2008	
Field Chloride	Lab Chloride
15,750	63,700

Soil Samples from Southwest Corner of Pit September 24, 2008 (mg/kg)							
Depth (below liner)	Field Chloride	Lab Chloride	PID (ppm)	Benzene	Toluene	E Benzene	Total Xylenes
2.0 Ft	2,338	3,840	72	0.0216	0.7281	0.9894	1.988
5.5 Ft	1,504	2,930	21	<0.0011	0.0094	0.0150	0.0323

●
Dry Hole Marker

Caliche Pad

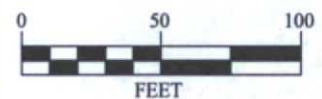
Caliche Road



Plate 4

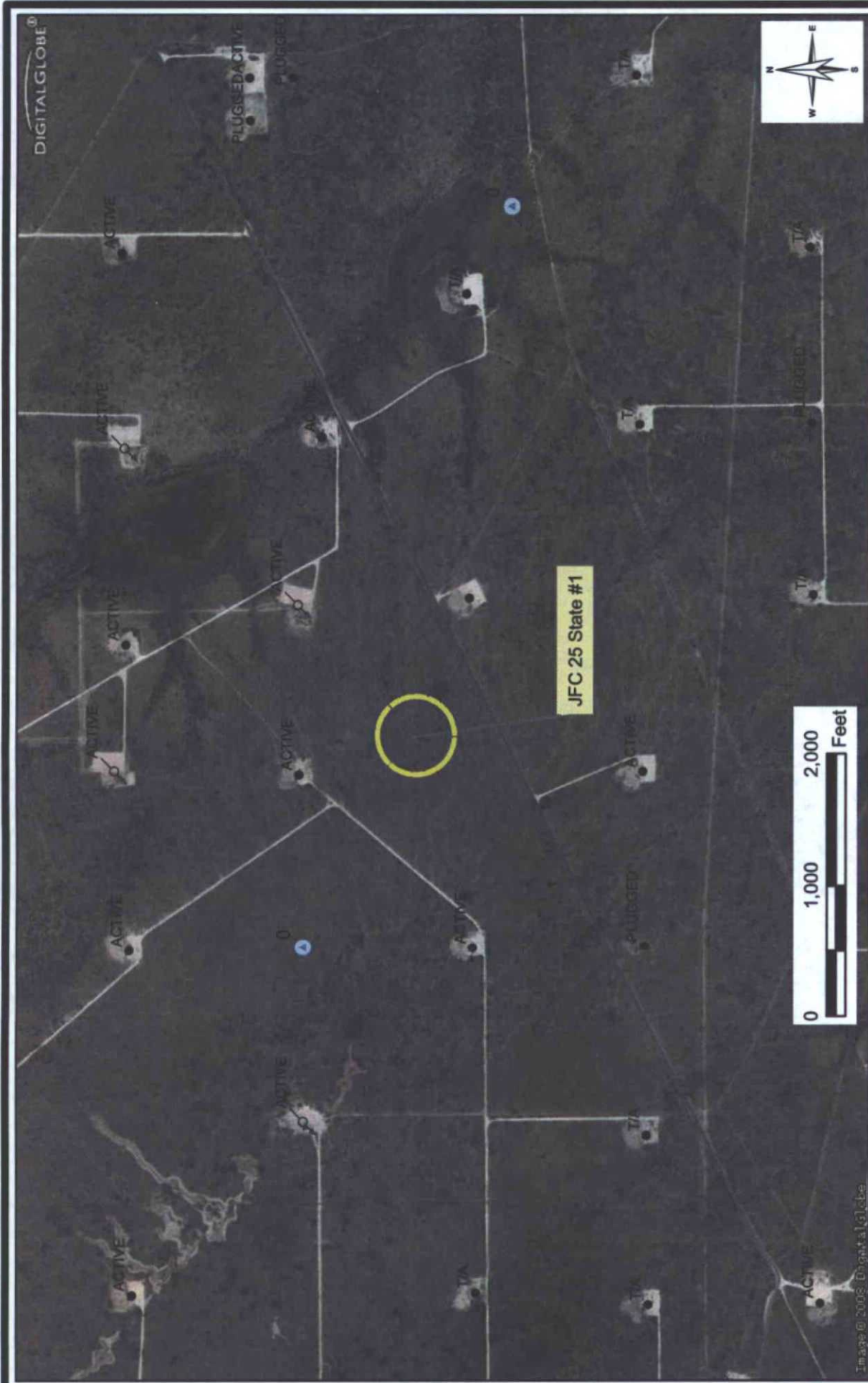
Soil Sample Results

Fence



**CML Exploration
JFC-25 State No. 1
Sec. 25, T-17-S, R-33-E
Lea County, New Mexico**

County Road 125



Explanation
 OSE database wells
 DTW = 0 is No Data
 Dashed Circle = 300 feet

R.T. Hicks Consultants, Ltd
 901 Rio Grande Blvd NW Suite F-142
 Albuquerque, NM 87104
 Ph: 505.266.5004

Aerial Image and OSE/NMOCD Data

Plate 3

CML Exploration

July 2008

Johnson, Larry, EMNRD

From: Randy Hicks [r@rthicksconsult.com]
Sent: Tuesday, October 14, 2008 4:24 PM
To: Johnson, Larry, EMNRD
Cc: 'Nolan Von Roeder'; 'Dale Littlejohn'; Kostrubala, Thaddeus
Subject: JFC 25 State #1 - Request for a meeting with NMOCD
Attachments: Pages from Plates1-5.pdf

Larry

Mr. von Roeder and I met with Thaddeus Kostrubala of the SLO today to discuss several options regarding the Path Forward to address the release from the drilling pit at the site. We wanted to meet with the SLO (the surface owner) prior to NMOCD because the range of acceptable remedies under the NMOCD Rules may not be consistent with what was acceptable to the SLO. We received good input and found that the SLO is willing to accept whatever remedy that NMOCD approves.

We need to proceed with a characterization program to define the vertical extent of chloride and collect additional data as necessary to select a remedy. Our initial characterization found no hint of hydrocarbons – sadly neither did the well as it is a dry hole. We would like to

1. meet with you and go over the material we presented to the SLO (within the next two weeks),
2. undertake a characterization that collects all of the data necessary to choose a remedy (within the next 5 weeks, depending upon contractor availability)
3. submit a remediation plan consistent with Rule 116 that presents the data, evaluates remedies and proposes a corrective action (2-3 weeks after we get laboratory results back) then
4. gain NMOCD approval to move forward with the selected option

I am more or less open to come to Hobbs most any day over the next two weeks. If you can provide a few dates/times for a meeting, I am sure we can get together soon. The meeting with the SLO was only 1 hour and 15 minutes and our meeting with you should not require more time than that. I will re-do the agenda, which evaluates some of the data, to account for the SLO input and send it to you in advance of our meeting.

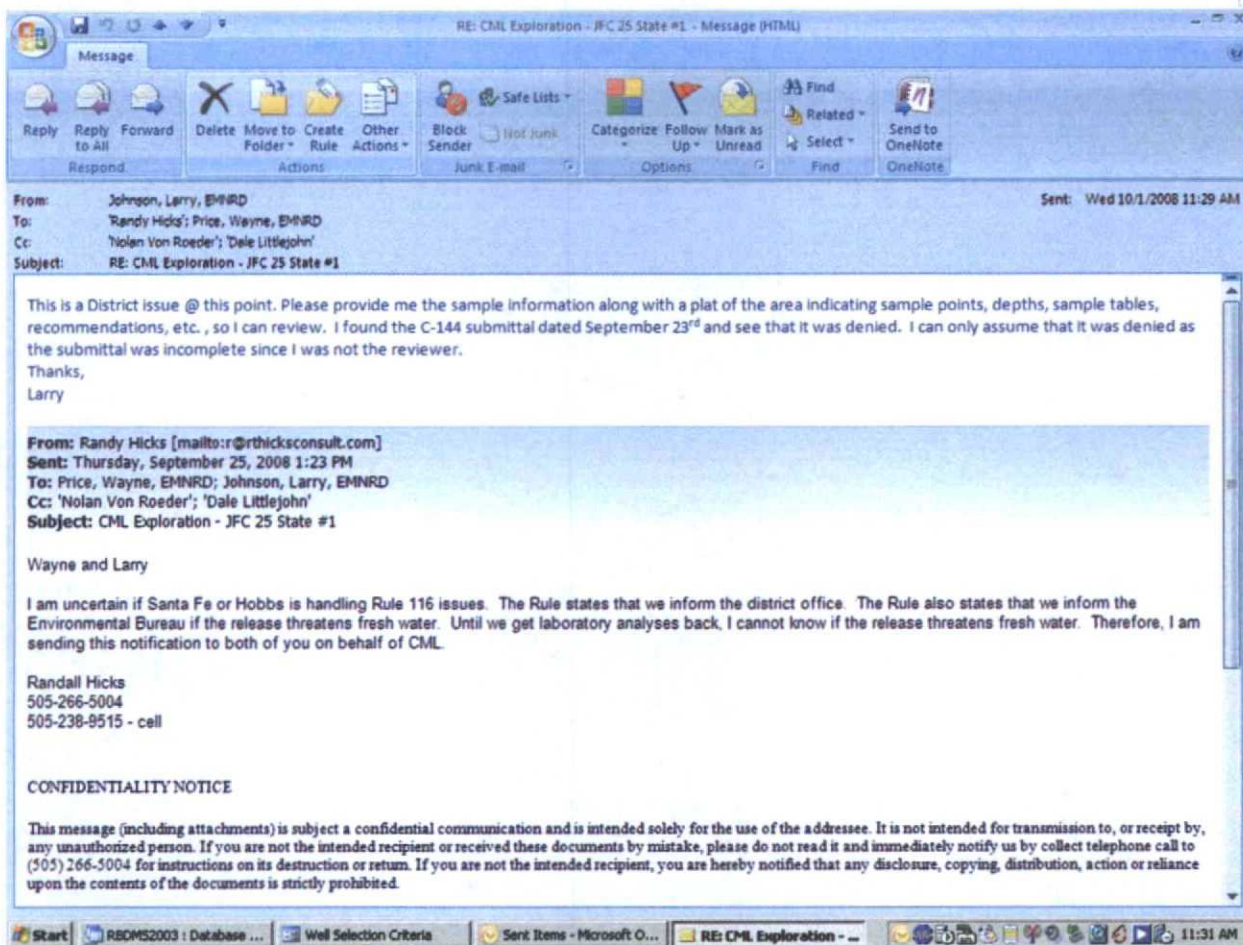
I attach some maps to allow you to better understand where this pit is. As soon as I get done re-doing the agenda, I will send it to you with the rest of the maps and evaluation.

Let both Mr. Von Roeder and I know some dates for a meeting and we will make it happen.

Randall Hicks
505-266-5004
505-238-9515 - cell

CONFIDENTIALITY NOTICE

This message (including attachments) is subject a confidential communication and is intended solely for the use of the addressee. It is not intended for transmission to, or receipt by, any unauthorized person. If you are not the intended recipient or received these documents by mistake, please do not read it and immediately notify us by collect telephone call to (505) 266-5004 for instructions on its destruction or return. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution, action or reliance upon the contents of the documents is strictly prohibited.



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 87416
District IV
1220 S St Francis Dr, Santa Fe, NM 87505

RECEIVED

State of New Mexico
Energy Minerals and Natural Resources
Department
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-144
July 21, 2008

For temporary pits, closed-loop systems, and below-grade tanks, submit to the appropriate NMOCD District Office.
For permanent pits and exceptions submit to the Santa Fe Environmental Bureau office and provide a copy to the appropriate NMOCD District Office.

**Pit, Closed-Loop System, Below-Grade Tank, or
Proposed Alternative Method Permit or Closure Plan Application**

- Type of action: ☐ Permit of a pit, closed-loop system, below-grade tank, or proposed alternative method
☒ Closure of a pit, closed-loop system, below-grade tank, or proposed alternative method
☐ Modification to an existing permit
☐ Closure plan only submitted for an existing permitted or non-permitted pit, closed-loop system, below-grade tank, or proposed alternative method

Instructions: Please submit one application (Form C-144) per individual pit, closed-loop system, below-grade tank or alternative request

Please be advised that approval of this request does not relieve the operator of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances.

1.
Operator: CML Exploration, LLC OGRID #: 256512
Address: PO Box 890 Snyder, Texas 79550
Facility or well name: JFC 25 State #1
API Number: 30-025-38790 OCD Permit Number: _____
U/L or Qtr/Qtr E _____ Section 25 Township 17S Range 33E County: Lea
Center of Proposed Design: Latitude 32.809 Longitude 103.622 NAD: ☐ 1927 ☒ 1983
Surface Owner: ☐ Federal ☒ State ☐ Private ☐ Tribal Trust or Indian Allotment

2.
☒ **Pit:** Subsection F or G of 19.15.17.11 NMAC
Temporary: ☒ Drilling ☐ Workover
☐ Permanent ☐ Emergency ☐ Cavitation ☐ P&A
☒ Lined ☐ Unlined Liner type: Thickness 12 mil ☐ LLDPE ☐ HDPE ☐ PVC ☐ Other _____
☐ String-Reinforced
Liner Seams: ☒ Welded ☐ Factory ☐ Other _____ Volume: _____ bbl Dimensions: L 108 x W 113 x D 12

3.
☐ **Closed-loop System:** Subsection H of 19.15.17.11 NMAC
Type of Operation: ☐ P&A ☐ Drilling a new well ☐ Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent)
☐ Drying Pad ☐ Above Ground Steel Tanks ☐ Haul-off Bins ☐ Other _____
☐ Lined ☐ Unlined Liner type: Thickness _____ mil ☐ LLDPE ☐ HDPE ☐ PVC ☐ Other _____
Liner Seams: ☐ Welded ☐ Factory ☐ Other _____

4.
☒ **Below-grade tank:** Subsection I of 19.15.17.11 NMAC
Volume: _____ bbl Type of fluid: _____
Tank Construction material: _____
☐ Secondary containment with leak detection ☐ Visible sidewalls, liner, 6-inch lift and automatic overflow shut-off
☐ Visible sidewalls and liner ☐ Visible sidewalls only ☒ Other _____
Liner type: Thickness _____ mil ☐ HDPE ☐ PVC ☐ Other _____

5.
☐ **Alternative Method:**
Submittal of an exception request is required. Exceptions must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.

DENIED

6. **Fencing:** Subsection D of 19.15.17.11 NMAC (*Applies to permanent pits, temporary pits, and below-grade tanks*)

- ☐ Chain link, six feet in height, two strands of barbed wire at top (*Required if located within 1000 feet of a permanent residence, school, hospital, institution or church*)
- ☐ Four foot height, four strands of barbed wire evenly spaced between one and four feet
- ☐ Alternate. Please specify _____

7. **Netting:** Subsection E of 19.15.17.11 NMAC (*Applies to permanent pits and permanent open top tanks*)

- ☐ Screen ☐ Netting ☐ Other _____
- ☐ Monthly inspections (If netting or screening is not physically feasible)

8. **Signs:** Subsection C of 19.15.17.11 NMAC

- ☐ 12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers
- ☐ Signed in compliance with 19.15.3.103 NMAC

9. **Administrative Approvals and Exceptions:**

Justifications and/or demonstrations of equivalency are required. Please refer to 19.15.17 NMAC for guidance.

Please check a box if one or more of the following is requested, if not leave blank:

- ☒ Administrative approval(s): Requests must be submitted to the appropriate division district or the Santa Fe Environmental Bureau office for consideration of approval.
- ☐ Exception(s): Requests must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.

10. **Siting Criteria (regarding permitting):** 19.15.17.10 NMAC

Instructions: The applicant must demonstrate compliance for each siting criteria below in the application. Recommendations of acceptable source material are provided below. Requests regarding changes to certain siting criteria may require administrative approval from the appropriate district office or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of approval. Applicant must attach justification for request. Please refer to 19.15.17.10 NMAC for guidance. Siting criteria does not apply to drying pads or above-grade tanks associated with a closed-loop system.

- | | |
|--|---|
| Ground water is less than 50 feet below the bottom of the temporary pit, permanent pit, or below-grade tank.
- NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Within 300 feet of a continuously flowing watercourse, or 200 feet of any other significant watercourse or lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark).
- Topographic map; Visual inspection (certification) of the proposed site | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Within 300 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application.
(Applies to temporary, emergency, or cavitation pits and below-grade tanks)
- Visual inspection (certification) of the proposed site; Aerial photo; Satellite image | <input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> NA |
| Within 1000 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application.
(Applies to permanent pits)
- Visual inspection (certification) of the proposed site; Aerial photo; Satellite image | <input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> NA |
| Within 500 horizontal feet of a private, domestic fresh water well or spring that less than five households use for domestic or stock watering purposes, or within 1000 horizontal feet of any other fresh water well or spring, in existence at the time of initial application.
- NM Office of the State Engineer - iWATERS database search; Visual inspection (certification) of the proposed site | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Within incorporated municipal boundaries or within a defined municipal fresh water well field covered under a municipal ordinance adopted pursuant to NMSA 1978, Section 3-27-3, as amended.
- Written confirmation or verification from the municipality; Written approval obtained from the municipality | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Within 500 feet of a wetland.
- US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Within the area overlying a subsurface mine.
- Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Within an unstable area.
- Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society; Topographic map | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Within a 100-year floodplain.
- FEMA map | <input type="checkbox"/> Yes <input type="checkbox"/> No |

11. **Temporary Pits, Emergency Pits, and Below-grade Tanks Permit Application Attachment Checklist:** Subsection B of 19.15.17.9 NMAC
Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.

- ☐ Hydrogeologic Report (Below-grade Tanks) - based upon the requirements of Paragraph (4) of Subsection B of 19.15.17.9 NMAC
- ☐ Hydrogeologic Data (Temporary and Emergency Pits) - based upon the requirements of Paragraph (2) of Subsection B of 19.15.17.9 NMAC
- ☐ Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC
- ☐ Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
- ☐ Closure Plan (Please complete Boxes 14 through 18, if applicable) - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC

☐ Previously Approved Design (attach copy of design) API Number: _____ or Permit Number: _____

12. **Closed-loop Systems Permit Application Attachment Checklist:** Subsection B of 19.15.17.9 NMAC

Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.

- ☐ Geologic and Hydrogeologic Data (only for on-site closure) - based upon the requirements of Paragraph (3) of Subsection B of 19.15.17.9
- ☐ Siting Criteria Compliance Demonstrations (only for on-site closure) - based upon the appropriate requirements of 19.15.17.10 NMAC
- ☐ Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
- ☐ Closure Plan (Please complete Boxes 14 through 18, if applicable) - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC

☐ Previously Approved Design (attach copy of design) API Number: _____

☐ Previously Approved Operating and Maintenance Plan API Number: _____ (Applies only to closed-loop system that use above ground steel tanks or haul-off bins and propose to implement waste removal for closure)

13. **Permanent Pits Permit Application Checklist:** Subsection B of 19.15.17.9 NMAC

Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.

- ☐ Hydrogeologic Report - based upon the requirements of Paragraph (1) of Subsection B of 19.15.17.9 NMAC
- ☐ Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC
- ☐ Climatological Factors Assessment
- ☐ Certified Engineering Design Plans - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Dike Protection and Structural Integrity Design - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Leak Detection Design - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Liner Specifications and Compatibility Assessment - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Quality Control/Quality Assurance Construction and Installation Plan
- ☐ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
- ☐ Freeboard and Overtopping Prevention Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Nuisance or Hazardous Odors, including H₂S, Prevention Plan
- ☐ Emergency Response Plan
- ☐ Oil Field Waste Stream Characterization
- ☐ Monitoring and Inspection Plan
- ☐ Erosion Control Plan
- ☐ Closure Plan - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC

14. **Proposed Closure:** 19.15.17.13 NMAC

Instructions: Please complete the applicable boxes, Boxes 14 through 18, in regards to the proposed closure plan.

Type: ☒ Drilling ☐ Workover ☐ Emergency ☐ Cavitation ☐ P&A ☐ Permanent Pit ☐ Below-grade Tank ☐ Closed-loop System
☐ Alternative

Proposed Closure Method: ☒ Waste Excavation and Removal
☐ Waste Removal (Closed-loop systems only)
☐ On-site Closure Method (Only for temporary pits and closed-loop systems)
☐ In-place Burial ☐ On-site Trench Burial
☐ Alternative Closure Method (Exceptions must be submitted to the Santa Fe Environmental Bureau for consideration)

15. **Waste Excavation and Removal Closure Plan Checklist:** (19.15.17.13 NMAC) *Instructions: Each of the following items must be attached to the closure plan. Please indicate, by a check mark in the box, that the documents are attached.*

- ☐ Protocols and Procedures - based upon the appropriate requirements of 19.15.17.13 NMAC
- ☐ Confirmation Sampling Plan (if applicable) - based upon the appropriate requirements of Subsection F of 19.15.17.13 NMAC
- ☐ Disposal Facility Name and Permit Number (for liquids, drilling fluids and drill cuttings)
- ☐ Soil Backfill and Cover Design Specifications - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC
- ☐ Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC
- ☐ Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

16.

Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only: (19.15.17.13.D NMAC)

Instructions: Please indentify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if more than two facilities are required.

Disposal Facility Name: Disposal Facility Permit Number: _____

Disposal Facility Name: _____ Disposal Facility Permit Number: _____

Will any of the proposed closed-loop system operations and associated activities occur on or in areas that *will not* be used for future service and operations?

☐ Yes (If yes, please provide the information below) ☐ No

Required for impacted areas which will not be used for future service and operations:

- ☐ Soil Backfill and Cover Design Specifications - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC
☐ Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC
☐ Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

17.

Siting Criteria (regarding on-site closure methods only): 19.15.17.10 NMAC

Instructions: Each siting criteria requires a demonstration of compliance in the closure plan. Recommendations of acceptable source material are provided below. Requests regarding changes to certain siting criteria may require administrative approval from the appropriate district office or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of approval. Justifications and/or demonstrations of equivalency are required. Please refer to 19.15.17.10 NMAC for guidance.

Ground water is less than 50 feet below the bottom of the buried waste.

- NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells

☐ Yes ☐ No
☐ NA

Ground water is between 50 and 100 feet below the bottom of the buried waste

- NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells

☐ Yes ☐ No
☐ NA

Ground water is more than 100 feet below the bottom of the buried waste.

- NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells

☐ Yes ☐ No
☐ NA

Within 300 feet of a continuously flowing watercourse, or 200 feet of any other significant watercourse or lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark).

- Topographic map; Visual inspection (certification) of the proposed site

☐ Yes ☐ No

Within 300 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application.

- Visual inspection (certification) of the proposed site; Aerial photo; Satellite image

☐ Yes ☐ No

Within 500 horizontal feet of a private, domestic fresh water well or spring that less than five households use for domestic or stock watering purposes, or within 1000 horizontal feet of any other fresh water well or spring, in existence at the time of initial application.

- NM Office of the State Engineer - iWATERS database; Visual inspection (certification) of the proposed site

☐ Yes ☐ No

Within incorporated municipal boundaries or within a defined municipal fresh water well field covered under a municipal ordinance adopted pursuant to NMSA 1978, Section 3-27-3, as amended.

- Written confirmation or verification from the municipality; Written approval obtained from the municipality

☐ Yes ☐ No

Within 500 feet of a wetland.

- US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site

☐ Yes ☐ No

Within the area overlying a subsurface mine.

- Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division

☐ Yes ☐ No

Within an unstable area.

- Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society; Topographic map

☐ Yes ☐ No

Within a 100-year floodplain.

- FEMA map

☐ Yes ☐ No

18.

On-Site Closure Plan Checklist: (19.15.17.13 NMAC) **Instructions:** Each of the following items must be attached to the closure plan. Please indicate, by a check mark in the box, that the documents are attached.

- ☐ Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC
☐ Proof of Surface Owner Notice - based upon the appropriate requirements of Subsection F of 19.15.17.13 NMAC
☐ Construction/Design Plan of Burial Trench (if applicable) based upon the appropriate requirements of 19.15.17.11 NMAC
☐ Construction/Design Plan of Temporary Pit (for in-place burial of a drying pad) - based upon the appropriate requirements of 19.15.17.11 NMAC
☐ Protocols and Procedures - based upon the appropriate requirements of 19.15.17.13 NMAC
☐ Confirmation Sampling Plan (if applicable) - based upon the appropriate requirements of Subsection F of 19.15.17.13 NMAC
☐ Waste Material Sampling Plan - based upon the appropriate requirements of Subsection F of 19.15.17.13 NMAC
☐ Disposal Facility Name and Permit Number (for liquids, drilling fluids and drill cuttings or in case on-site closure standards cannot be achieved)
☐ Soil Cover Design - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC
☐ Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC
☐ Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

19. **Operator Application Certification:**
 I hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief.
 Name (Print): Randall Hicks for Nolan von Roeder Title: Engineer
 Signature: *Randall H* Date: 9/15/08
 e-mail address: R@rthicksconsult.com vonroedern@cmlxp.com Telephone: 505-266-5004 (Hicks)

20. **OCD Approval:** ☐ Permit Application (including closure plan) ☐ Closure Plan (only) ☐ OCD Conditions (see attachment)
 OCD Representative Signature: _____ Approval Date: _____
 Title: _____ OCD Permit Number: _____

21. **Closure Report (required within 60 days of closure completion):** Subsection K of 19.15.17.13 NMAC
Instructions: Operators are required to obtain an approved closure plan prior to implementing any closure activities and submitting the closure report. The closure report is required to be submitted to the division within 60 days of the completion of the closure activities. Please do not complete this section of the form until an approved closure plan has been obtained and the closure activities have been completed.
☐ Closure Completion Date: _____

22. **Closure Method:**
☐ Waste Excavation and Removal ☐ On-Site Closure Method ☐ Alternative Closure Method ☐ Waste Removal (Closed-loop systems only)
☐ If different from approved plan, please explain.

23. **Closure Report Regarding Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:**
Instructions: Please indentify the facility or facilities for where the liquids, drilling fluids and drill cuttings were disposed. Use attachment if more than two facilities were utilized.
 Disposal Facility Name: _____ Disposal Facility Permit Number: _____
 Disposal Facility Name: _____ Disposal Facility Permit Number: _____
 Were the closed-loop system operations and associated activities performed on or in areas that will not be used for future service and operations?
☐ Yes (If yes, please demonstrate compliance to the items below) ☐ No
Required for impacted areas which will not be used for future service and operations:
☐ Site Reclamation (Photo Documentation)
☐ Soil Backfilling and Cover Installation
☐ Re-vegetation Application Rates and Seeding Technique

24. **Closure Report Attachment Checklist:** *Instructions: Each of the following items must be attached to the closure report. Please indicate, by a check mark in the box, that the documents are attached.*
☐ Proof of Closure Notice (surface owner and division)
☐ Proof of Deed Notice (required for on-site closure)
☐ Plot Plan (for on-site closures and temporary pits)
☐ Confirmation Sampling Analytical Results (if applicable)
☐ Waste Material Sampling Analytical Results (required for on-site closure)
☐ Disposal Facility Name and Permit Number
☐ Soil Backfilling and Cover Installation
☐ Re-vegetation Application Rates and Seeding Technique
☐ Site Reclamation (Photo Documentation)
 On-site Closure Location: Latitude _____ Longitude _____ NAD: ☐ 1927 ☐ 1983

25. **Operator Closure Certification:**
 I hereby certify that the information and attachments submitted with this closure report is true, accurate and complete to the best of my knowledge and belief. I also certify that the closure complies with all applicable closure requirements and conditions specified in the approved closure plan.
 Name (Print): Randall T. Hicks Title: Engineer
 Signature: *Randall H* Date: 9/15/08
 e-mail address: vonroedern@cmlxp.com Telephone: 325-573-1938

Submit 3 Copies To Appropriate District
Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., 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-103
May 27, 2004

RECEIVED

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

APR 28 2008 Santa Fe, NM 87505

HOBBS OCD

WELL API NO. 30-025-38790 ✓
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. 37024
7. Lease Name or Unit Agreement Name JFC 25 STATE ✓
8. Well Number 1
9. OGRID Number 256512 ✓
10. Pool name or Wildcat LEAMEX; PADDOCK ✓

Pit or Below-grade Tank Application ☐ or Closure ☐

Pit type _____ Depth to Groundwater 150' Distance from nearest fresh water well 1000' Distance from nearest surface water 1000'

Pit Liner Thickness: 12 mil Below-Grade Tank: Volume 10000 bbls; Construction Material Synthetic

SUNDRYING AND REPAIRS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

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

2. Name of Operator

CML EXPLORATION, LLC ✓

3. Address of Operator

P.O. BOX 890
SNYDER, TX 79550

4. Well Location

Unit Letter E : 1780 feet from the NORTH line and 990 feet from the WEST line
Section 25 Township 17S Range 33E NMPM County LEA

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
4126'

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☒ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☒ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☒
CASING/CEMENT JOB ☐

OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

03/29 - 03/31/08 Move & rigged up Patterson-UTI Drilling Co. Rig #141. Spudded well @7:30 a.m. 03/31/08.
04/01/08 214' - Drilled 174' with bit #1 (12 1/4").
04/02/08 1028' - Drilled & surveyed (bit #2 - 12 1/4")
04/03/08 1480' - Drilled & surveyed.
04/04/08 1524' - Drilled & surveyed. Ran 38 jts 8-5/8" 24# J55 STC casing, set @1524'. Ran 10 centralizers. Plug down @10:00 p.m. 04/03/08. Circulated 360 sx to reserve pit. Waiting on cement.
04/05/08 2200' - Nipple up & test BOP, drilled cement, float & guide shoe, drilled & surveyed. (Bit #3 - 7-7/8")
04/06/08 3217' - Drilled & surveyed.
04/07/08 3756' - Drilled & surveyed.
04/08/08 4301' - Drilled & surveyed.
04/09/08 4818' - Drilled & surveyed.
04/10/08 5405' - Drilled, surveyed & trip for trip #4 (7-7/8").
04/11/08 5621' - Drilled.

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

SIGNATURE Nolan von Roeder TITLE Engineer DATE 04/21/2008

Type or print name Nolan von Roeder

E-mail address: vonroedern@cmlexp.com

Telephone No. 325-573-1938

For State Use Only

APPROVED BY: [Signature] TITLE PETROLEUM ENGINEER

DATE MAY 09 2008

Conditions of Approval (if any):

04/12/08 5937' - Drilled & surveyed.
04/13/08 6230' - Drilled.
04/14/08 6452' - Drilled.
04/15/08 6500' - Drilled, logged well & waited on orders. Loggers TD @6505'.
04/16/08 6500' TD - Started plugging well. Set 1st 30 sx plug @6400 - 6500'. Waited on cement. Tagged plug @6400'.
04/17/08 Set 40 sx plug @4400 - 4500', 75 sx plug @2400 - 2500', 50 sx plug @1474 - 1574'. Tagged @1474'.
25 sx plug @60' - surface. Circulated 4 sx to reserve pit.
Rig released @7:30 p.m. CST 04/16/08.

WELL IS PLUGGED & ABANDONED

Chloride Titration Results

$$C_{soil} (mg / kg) = (9997) \times \frac{Water (g)}{Soil (g)} \times \frac{AgNO_3 (ml)}{Solution (ml)}$$

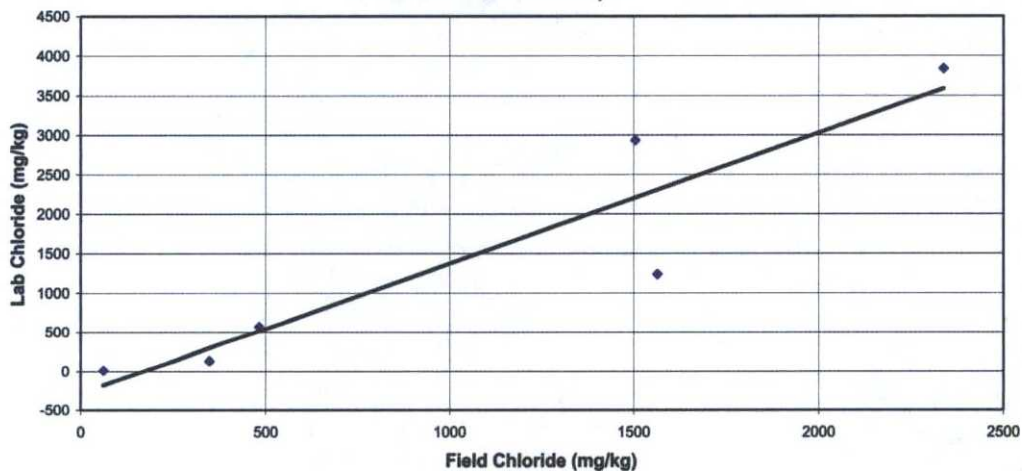
Client: CML Exploration

Site: JFC-25 Reserve Pit Sampling (September 23 & 24, 2008)

Soil Boring (MW)	Sample Depth (feet)	40 ml Vial Designation (A, B, etc.)	Soil Weight (grams)	Distilled Water Wt. (grams)	Extract Sol. Vol. (ml)	AgNO3 Volume (ml)	Chloride Concentration (mg/kg)	Remarks
Stkp W	Comp	A	12.8	26.6	10.0	0.04	83	
Stkp C	Comp	B	16.2	24.3	10.0	0.02	30	
Stkp E	Comp	C	14.4	26.3	10.0	0.02	37	
SE Pit	0.5	D	15.1	29.3	10.0	2.01	3,899	
SE Pit	4.0	E	11.4	30.4	10.0	0.13	347	
Cuttings	SE	F	19.9	27.5	10.0	11.40	15,749	
NE Pit	2.0	G	12.1	30.3	10.0	1.28	3,204	
NE Pit	4.0	H	10.6	29.1	10.0	0.57	1,564	
N Pit	2.0	I	12.8	28.1	10.0	0.12	263	
N Pit	4.0	J	14.3	27.6	10.0	0.25	482	
NW Pit	2.0	K	12.5	27.4	10.0	0.40	877	
NW Pit	5.0	L	12.8	26.2	10.0	0.03	61	
SW Pit	2.0	M	10.8	30.8	10.0	0.82	2,338	
SW Pit	5.5	N	13.2	29.2	10.0	0.68	1,504	

Field Cl	Lab Cl
347	131
1564	1240
482	575
61	5
2338	3840
1504	2930

Field vs Laboratory Chloride
CML JFC-25 Pit Samples



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State of New Mexico
Energy Minerals and Natural Resources

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

Form C-141
Revised October 10, 2003

Submit 2 Copies to appropriate
District Office in accordance
with Rule 116 on back
side of form

Release Notification and Corrective Action

OPERATOR

☒ Initial Report ☐ Final Report

Name of Company <u>CML Exploration</u>	Contact <u>Nolan von Roeder</u>
Address <u>PO Box 890 Snyder, Texas 79550</u>	Telephone No. <u>325-573-1938</u>
Facility Name <u>JFC 25 State #1</u>	Facility Type <u>Drilling Pit - Plugged Well</u>

Surface Owner State of NM	Mineral Owner State of NM	Lease No.
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LOCATION OF RELEASE

Unit Letter <u>E</u>	Section <u>25</u>	Township <u>17S</u>	Range <u>33E</u>	Feet from the <u>1780</u>	North/South Line <u>North</u>	Feet from the <u>990</u>	East/West Line <u>West</u>	County <u>Lea</u>
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Latitude 32.809 Longitude 103.622 Nad 83

NATURE OF RELEASE

Type of Release <u>Leakage from drilling pit</u>	Volume of Release <u>Unknown</u>	Volume Recovered <u>none</u>
Source of Release <u>drilling pit</u>	Date and Hour of Occurrence <u>Unknown</u>	Date and Hour of Discovery <u>9/25/08 - morning</u>
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? <u>Wayne Price and Larry Johnson via email</u>	
By Whom? <u>Randall Hicks - agent for CML</u>	Date and Hour <u>9/25/2008 - 1:23 pm</u>	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse.	

If a Watercourse was Impacted, Describe Fully.*

No watercourse was impacted.

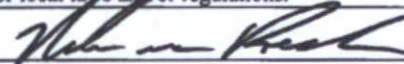
Describe Cause of Problem and Remedial Action Taken.*

Sampling demonstrates that the drilling pit released brine below the liner. After meeting with the landowner, CML will submit a remedial plan to NMOCD in accordance with Rule 116

Describe Area Affected and Cleanup Action Taken.*

After NMOCD approval of a remedial plan, CML will move forward with additional characterization and corrective action. See attachments that provide preliminary evaluation of the release.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

Signature: 	OIL CONSERVATION DIVISION		
Printed Name <u>Nolan von Roeder</u>	Approved by District Supervisor:		
Title: <u>Engineer</u>	Approval Date:	Expiration Date:	
E-mail Address: <u>vonroedern@cmlexp.com &</u>	Conditions of Approval:		Attached <input type="checkbox"/>
Date: <u>October 6, 2008</u> Phone: <u>325-573-1938</u>			

* Attach Additional Sheets If Necessary