

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL  
CONSERVATION DIVISION

IN RE PETRO MEX LLC

CASE NO. 22817

**PETRO MEX, LLC'S PRE-HEARING STATEMENT AND PETITION TO ALLOW  
DETERMINATION OF ECONOMIC VIABILITY OF FIVE (5) WELLS**

COMES NOW, Petro Mex, LLC ("Petro Mex") and hereby submits this Pre-Hearing Statement pursuant to the rules of the New Mexico Oil Conservation Division.

**APPEARANCES**

**APPLICANT**

**Petro Mex, LLC**  
P.O. Box 6724  
Farmington, NM 87499  
(505) 320-1395

**ATTORNEYS**

Pete V. Domenici, Jr., Esq.  
Joseph M. Tapia, Jr., Esq.  
Domenici Law Firm, P. C.  
P. O. Box 4295  
Albuquerque, NM 87196  
(505) 883-6250  
[Pdomenici@domenicilaw.com](mailto:Pdomenici@domenicilaw.com)  
[Jtapia@domenicilaw.com](mailto:Jtapia@domenicilaw.com)

**RESPONSE AND STATEMENT OF CASE**

The previous Oil Conservation Division ("OCD") hearings, in this matter were continued until November 17, 2022 as the parties are in negotiations to determine the feasibility of the Wells being put into production. Respondent requests a hearing on its efforts to determine whether the 5 Wells are economically viable or shall be plugged and abandoned.

Petro Mex., LLC seeks to reactivate five (5) shut in wells and subject to this procedure to begin oil and gas recovery. Hilcorp San Juan, L. P., Inc. has entered into an agreement whereby Petro Mex can begin production and sales of the oil and gas. Petro Mex has access to gas and disposal water pipelines. The pipeline has been installed on September 9, 2022. *See attached Exhibit "1" copy of the ROW Agreement.*

Petro Mex, LLC has obtained the services of Robert Jordan as project manager and to comply with OCD regulations. Robert Jordan is now a full-time salaried employee of Petro-Mex, LLC and has obtained a surface owners agreement, been in contact with 2 royalty owners, Darlene Foster and Dorothy Isabel, who have expressed a desire to allow Petro-Mex, LLC to begin production on the wells, and has submitted a soil sample to Halls Environmental Laboratory. The results, *attached as Exhibit 2*, show there are no Btex/BTS or Chlorides in the sample taken from the prior water tank that are significant and well below regulatory standards, has completed and filed the OCD regulatory filings of the C-103 and C-104 *See attached copies of Forms C-103 and C-104, attached and marked as Exhibit "3"*.

Petro Mex, LLC has fulfilled and complied with OCD regulations by increasing financial and bonding requirements, per NMED website. *See Exhibit "4", attached.*

Petro Mex., LLC s has entered into a surface owner agreement with the surface land-owner, for access to the Wells, *attached as Exhibit 5.*

With respect to Well # Kirtland 18-1, Petro Mex, LLC had a soil sample, see Exhibit 2, *id.* to determine the extent of any remediation of the pond on the premises and intends to perform all required work on the pond and soil. A plan for soil corrective action, if necessary, will be performed.

Petro Mex, LLC, has Robert Jordan testing the Wells for integrity, the pipeline for leaks, pump jacks tested, and soil tested for any maintenance that will be required in addition to having prepared and filed OCD Forms C-103 and C-104., *Id.* Exhibit  
Royalty owners, Darlene Foster and Dorothy Isabel, who have contacted OCD regarding the wells, have spoken to Mr. Jordan several times and are in close contact with Mr. Jordan, having spoken

to them this week advising the sisters of the progress being made. The bid attached with Jay Foster of FNMPM shows they are in agreement to allow Petro Mex, LLC to operate the wells after corrective actions are completed that they have agreed to. Jay Foster is Darlene Foster's son and Ms. Isabel's nephew. *FPNM Agreement attached as Exhibit "5"*.

The parties have conferred regarding possible compliance steps taken by Petro Mex, LLC in the last thirty days and based on the new information, Petro Mex, LLC desires the opportunity to present its case to the commission for the opportunity to determine economic viability of the Wells. Ordering the Wells to be plugged will constitute waste under the circumstances. Mr. Tremaine seeks an increase of the bonding requirement. The only OCD regulations that refer to bonding, 19.15.8.8 NMAC, have been met by Petro Mex, LLC. Additional bonding which is not contemplated by regulation, at this time, is cost prohibitive due to the capital outlays currently undertaken. *See Exhibit "6", attached, which is a cost tracking on the project.*

Exhibit 7, attached, is a copy of the Petro Mex, LLC sales meter record on the calibrations of Meter No. 20433100. The systems are in order for production on Well 18-1.

WHEREFORE, Petro Mex, LLC respectfully requests that the OCD hear the response and "petition" for allowance to determine economic viability; allow Petro Mex, LLC, to continue to meet the requirements; to determine if the Wells are viable for production; and to allow Well Kirtland 18-1 to come into production with each of the 4 remaining Wells to follow to be tested and then reinstated to production; and for all other and further relief the Commission deems appropriate.

#### RESPONDENT'S PROPOSED EVIDENCE

**WITNESS**  
**Name and Expertise**

**ESTIMATED TIME**

**EXHIBITS**

Jesus Villalobos, President

Petro Mex, LLC	Approx. 15 minutes	Approx. 4
Robert Jordan, Project Manager Petro Mex, LLC.	Approx. 30 minutes	Approx. 1-6

**PROCEDURAL MATTERS**

None at this time

Respectfully submitted,  
*Electronically Filed,*

Domenici Law Firm, P.C.

/s/ Pele V. Domenici Jr.

Pete V. Domenici, Jr., Esq.

Joseph M. Tapia, Jr., Esq.

P.O.Box4329

Albuquerque, New Mexico

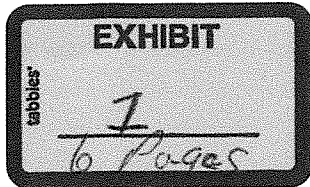
87196

505-883-6250

I, Joseph M. Tapia, Jr., hereby certify that the foregoing pleading was served on all counsel of record, through the OCD filing system and by email, this 10<sup>th</sup> day of November 2022.

/s/Joseph M Tapia Jr. Esq.

Joseph M. Tapia, Jr., Esq.



## Easement and Right of Way Agreement

This Easement and Right of Way Agreement ("Easement") is entered by and between Karen Bremhall, with an address of #392 RA 6100, Kirtland, NM ("Grantor") and Petro Mex LLC, with an address of PO Box 6724, Farmington NM 87499 ("Grantee") for the granting of a right of way and easement for a pipeline under the following terms, conditions, and limitations:

1. **Grant.** Grantor grants to Grantee, Grantee's successors and assigns, a right of way and easement to construct, reconstruct, operate, maintain, repair, replace and remove a pipeline for the transportation of natural gas liquids on a portion of the real estate owned by Grantor described in Exhibit A attached hereto (Exhibit A constituting a meets and bounds description of the real property in gross upon which the easement as specifically described below will be located, along with the permanent parcel number(s) for each parcel of land described). The right granted by this easement shall be deemed to run with the land.
2. **Description of Easement Area.** The easement will run along a line that is described particularly by meets and bounds in a legal description prepared and stamped by a New Mexico Registered Surveyor in good standing, as set out in Exhibit B attached hereto. Said line of easement is further shown in a map also prepared by the Registered Surveyor attached hereto as Exhibit C.
  - a. **Temporary Easement for Construction.** During the period of construction of the pipeline as described in this easement, the easement Area shall include twenty-five (25) feet on each side of the line of easement, thus constituting a temporary easement fifty (50) feet in width.
  - b. **Pipeline Easement.** The pipeline easement which shall continue following completion of construction shall be twelve and one-half (12 ½) feet on each side of the line of easement, thus constituting an easement Area of twenty-five (25) feet.

The Area contained within the Easement, whether temporary easement for construction, or the pipeline easement, as applicable, may be referred to as "Easement Area."

3. **Consideration.** Grantor acknowledges receipt from Grantee of full payment of consideration for this Easement, determined on the basis of the lineal distance of the Easement on Grantor's property.

In addition, Grantee shall pay to Grantor any amounts required for damage to property resulting from the Easement, and damages for removal of timber, crops, and structures in accordance with Paragraph 5(b) of this Easement.

4. **Purpose and Limitations on Use of Easement.** This Easement is granted solely for the purposes and uses set forth and limited below:
  - a. **Single Pipeline.** This Easement allows one pipeline with a maximum diameter of 6 inches, and with the maximum pressure of gas transported within the pipeline of 250 pounds per square inch. The pipeline shall be used only for the transportation of natural gas.
  - b. **Depth.** The top of the pipeline shall be a minimum of forty-eight (48) inches from the surface (after construction and settlement) or such minimum depth as may be required by any applicable regulation, whichever is greater.
  - c. **Appurtenances.** There shall be no surface or subsurface appurtenances to the pipeline (including, but not limited to meter stations, meter pits, compression or pumping stations or devices, structures, fences, etc.)

and prevent the use by Grantee of the Easement, including the right to build and use the surface of the granted Easement Area for drainage ditches, private streets, roads, driveways, alleys, walks, gardens, lawns, grazing, plantings and crops, parking Areas, and other like uses, and to dedicate all or any part of the Easement Area to any public entity for use as a public street, road or alley. Grantor may construct fences across the Easement Area, but Grantor shall not construct any permanent structure (structure with foundation or that is affixed to ground) or plant trees in the Easement Area without Grantee's prior written consent. If the Grantor shall dedicate all or any part of the Easement Area, the Grantee shall execute all instruments that may be necessary or appropriate to effectuate the dedication, without, however, extinguishing the rights granted in this Easement. Grantor reserves the right, at Grantor's expense, to relocate the Easement and the pipeline installed therein provided the relocated Easement and pipeline can be reasonably used for its intended purpose by Grantee. Grantor may exercise this right by giving Grantee a minimum of sixty (60) calendar days prior written notice of the intention to relocate the Easement.

5. **Construction.**

- a. **Timetable.** Prior to Grantee conducting any construction or construction-preparation activities on the Easement Area (other than surveying and measuring) Grantee shall provide Grantor a written timetable setting forth the construction and completion schedule. The period of construction shall not exceed sixty (60) calendar days.
- b. **Removal of Timber, Crops, Structures.** Prior to any activity that changes the condition of trees, crops, or structures on the Easement Area, Grantee shall provide Grantor a written accounting of each affected tree by type and diameter (above three inches diameter only), crop by type and acreage, and structure by dimension and description. At Grantor's option, Grantor may choose to harvest timber or crops, if appropriate, or Grantor may require an appraisal of the timber by qualified independent appraiser, at Grantee's expense, and Grantee shall pay Grantor the appraised value for the timber identified prior to its removal by Grantee. Grantee shall compensate Grantor for the damage or loss to growing crops at current market value. Grantee shall compensate Grantor for the loss of any structure prior to its removal or being damaged, in an amount to be determined by a qualified independent appraiser at Grantee's expense.
- c. **Fences and Drains.** Grantee shall construct and maintain appropriate temporary fencing and provisions for maintaining drainage during the period of construction so that Grantor's uses conducted on property adjoining the Easement Area can be maintained; this will include temporary fencing to contain animals, ditches and drain lines to allow surface water drainage, and the like. Upon completion of construction, any fences and drains will be reinstalled in a manner and condition equal to or better than that existing prior to construction.
- d. **Work Standards.** The design and construction regarding the pipeline and all activities conducted in the Easement Area shall be in accordance with good, workmanlike standards in the industry and geographical Area where this Easement Area is located, with Grantee at all times following the highest observed and accepted standards in the industry for the geographical Area where this Easement is located.
- e. **Temporary Crossings.** Grantee shall construct temporary crossings across open trenches and ditches to assure continued access, ingress and egress for Grantor to Areas adjacent to the Easement Area. Any streams located along or across the Easement Area shall be maintained in a manner that flow is not disrupted during construction, and flow upon completion of construction can be maintained at the same rate and volume as prior to construction, with all workmanlike and accepted standards being followed for erosion of stream banks.
- f. **Soils.** Grantee shall follow the "double ditch" construction method, segregating topsoil removed, and replacing topsoil above sub-soils. Grantee shall implement measures to avoid re-deposited topsoil being compacted to any degree greater than existed prior to construction. Grantee shall remove rocks from re-deposited topsoil to the extent it

activities occurring in connection with construction and Grantee's uses in general of the Easement Area.

- h. **Other Uses.** The Easement Area shall be used only for the purposes set forth in this Easement. There shall be no hunting, fishing, loitering, lodging, camping, or similar activities by Grantee or its contractors, permittees, or guests.

6. **Maintenance and Upkeep.**

- a. **Excavation or Construction Concerning Replacement or Repair.** In the event of any replacement or repair to the pipeline, all work and activity shall be contained in the pipeline easement Area (and not the temporary construction easement) unless and until a separate temporary easement is agreed to in writing and signed by Grantor. All standards and requirements applicable for initial construction activities set forth in this Easement shall be equally applicable to any repair or replacement activities.
- b. **Warnings.** Grantee shall provide Grantor with written notice as to whether gas being transported in the pipeline is scented or unscented. Grantee shall construct and maintain appropriate signage warning of the pipeline and advising of its location.
- c. **Maintenance Obligations; Contact Person.** Maintenance of the Easement Area (other than as to crops or vegetation planted by Grantor) shall be the sole obligation of Grantee. Upon completion of construction and prior to the pipeline being placed in service, Grantee shall provide Grantor with a written plan and schedule for Grantee's maintenance, upkeep and inspection of the pipeline and Easement Area. Grantee shall therewith provide Grantor with a contact person designated by Grantee, including name, address, 24/7 telephone access number, fax number and email. The contact person shall have information and knowledge pertinent to the pipeline and Easement Area in order to address questions and concerns from Grantor. In the event the contact person is replaced or changed by Grantee, Grantor shall be given reasonable prior written notice of the change, along with the required information for the new contact person.
- d. **Access to Easement Area by Grantee.** Other than in case of emergency, Grantee will not access the pipeline Easement Area from points other than the stated access Areas. In the event any appurtenant facilities are permitted on the Easement Area (which would require separate written agreement in accordance with Paragraph 4(c) of this Easement), and unless specifically waived in writing by Grantor, such appurtenances shall be protected by fences and gates, with fences sufficient to exclude animals and Grantor's permittees, invitees and guests. No gates shall obstruct full access by Grantor to Grantor's property (other than portions fenced immediately around the appurtenance) unless Grantor is given a key, and the right of ingress and egress at Grantor's discretion. No person or entity shall have access to the pipeline Easement Area other than Grantee, its contractors or permittees, and then only for purposes of inspection, maintenance, and repair and replacement of the pipeline.
- e. **Taxes.** In the event any real property tax rollback is imposed upon Grantor by reason of the pipeline and the pipeline Easement, Grantee shall assume, pay, and reimburse Grantor in full for the amount of such rollback taxes or any other increased real or personal property taxes.

7. **Liability.** Grantee shall be strictly liable for all damages and losses caused by or arising out of the construction, maintenance, repair, replacement, or operation of the pipeline or activities upon the Easement Area that may be asserted against Grantor (other than to the extent any such claims arise from the conduct of Grantor, Grantor's agents, contractors, employees, invitees, guests and permittees). Grantee agrees to defend, indemnify and hold harmless Grantor from and against any and all claims, demands and causes of action for injury, including death, or damage to persons or property or fines or penalties or environmental matters arising out of, incidental to or resulting from the operations of or for Grantee or Grantee's servants, agents, employees, guests, licensees, invitees or independent contractors, and from and against all costs and expenses

- b. Grantee shall assure that Grantee and any person acting on Grantee's behalf under this Easement carries the following insurance with one or more insurance carriers at any and all times such party or person is on or about the Easement Area or acting pursuant to this Easement, in such amounts as from time to time reasonably required by Grantor.
- Insurance;
- i. Workers Compensation and Employer's Liability Insurance;
  - ii. Commercial General Liability and Umbrella Liability  
(\$1,000,000.00 Minimum coverage)
  - iii. Business auto and Umbrella Liability Insurance;  
(\$1,000,000.00 Minimum coverage)
  - iv. Environmental Liability; (\$1,000,000.00 Minimum coverage)

Within six (6) months of the five (5) year anniversary date of this Easement and each subsequent fifth (5<sup>th</sup>) anniversary, Grantor may request in writing and Grantee shall agree to institute new insurance amounts based on the original insurance amounts indexed to the Producers Price Index for All Commodities, issued for the anniversary month by the U.S. Department of Labor, Bureau of Labor Statistics. Should such index be discontinued and/or replaced, a conversion to a substitute or replacement index shall be accomplished using normally accepted conversion factors. Such adjusted amounts shall be rounded off to the nearest Thousand Dollar (\$1,000) amount. Failure of Grantor to request an adjustment for any five (5) year period shall not preclude a full adjustment at a subsequent five (5) year anniversary if requested.

The Grantee shall cause Certificates of Insurance evidencing the above coverage to be provided promptly upon request to Grantor, or to such other representative of Grantor as Grantor may from time to time designate. The insurance policies required under this section, shall cover the Grantor as additional insureds with regard to the Easement Area, and shall reflect that the insurer has waived any right of subrogation against the Grantor. Failure to comply with this Insurance section shall be basis of default and all operations under the Easement shall cease immediately.

8. **Termination and Abandonment.** If Grantee has not commenced construction of a pipeline within twenty-four (24) months following the date this Easement is signed by Grantor, this Easement shall be deemed abandoned. Once construction has commenced (construction being defined as excavation of a trench for the installation of the pipeline), if no natural gas has been transported through that pipeline for any period of twenty-four (24) months, then this Easement shall be deemed abandoned. If Grantor believes that the Easement has been abandoned, it shall provide written notice thereof to Grantee through the designated contact person maintained by Grantee under this Easement, said notice to be sent by certified mail and facsimile. Unless Grantee has responded within thirty (30) calendar days after such notice has been sent, providing evidence to counter the facts as presented by Grantor regarding abandonment, then Grantor may proceed to record an affidavit providing notice of abandonment and termination of this Easement with the recorder's office of the county where the Easement is located. Grantee hereby agrees that such notice shall constitute abandonment and termination of this Easement.

Grantee may terminate this Easement at any time upon providing written notice of termination on record at the recorder's office of the county where the Easement is located, along with serving a copy of that recorded notice upon Grantor.

Within ninety (90) days following abandonment or termination (as evidenced by recording notice of abandonment or termination with the county recorder), Grantee shall remove at Grantee's cost any pipe or other structures, accoutrements, or the like from the Easement Area, and reclaim the area to elevations and surface composition the same as prior to such removal.



9. **Other; Miscellaneous.**

- a. **Title.** Grantor makes no representation or warranty as to Grantor's title to the land described in Exhibit A hereto. It shall be the Grantee's burden and obligation to assure itself of the quality of title to Grantor's property for the purposes and to the extent deemed necessary by Grantee in order to enter this Easement.
- b. **Environmental Issues.** Grantee shall not use, dispose of or release on or under the Easement Area or on lands adjacent thereto, or permit to exist or be used, disposed of or released any substances (other than those Grantee has been licensed or permitted by applicable public authorities to use on the Easement Area) which are defined as "hazardous materials", "toxic substances" or "solid waste" in federal, state or local laws, statutes or ordinances. Should any pollutant, hazardous material, toxic substances, contaminated waste or solid waste be accidentally released, Grantee shall notify Grantor immediately after notifying the applicable governmental body of such event. Grantee shall be responsible for and timely pay all costs of clean-up, remediation, and other costs related to and arising from the event, including, but not limited to penalties. Grantee shall be responsible for and shall comply with all applicable laws and regulations as to any required permitting, licenses, and fees related thereto concerning, relating to or arising from Grantee's use of the Easement Area, this Easement, and the pipeline.
- c. **Assignments.** This agreement shall inure to and be applicable to Grantor and Grantee and their respective heirs, representatives, successors and assigns. Grantee shall not assign this Easement without the prior written consent of Grantor, with Grantor's consent not to be unreasonably withheld or delayed, provided, however, that in the event of any assignment by Grantee or any successive Grantee, the assignor shall remain fully responsible for all obligations, responsibilities and liabilities of Grantee under this Easement (including, but not limited to, requirements as to indemnity and insurance).
- d. **Arbitration.** Any questions concerning this Easement that cannot be resolved by Grantor and Grantee shall be submitted to three disinterested arbitrators, one thereof to be appointed by the Grantor, one by the Grantee, and the third by the two so appointed, and the majority vote award of such collective group shall be final and conclusive. If the appointees of Grantor and Grantee cannot agree upon the third, the parties shall thereupon submit to the rules and procedures of the American Arbitration Association. Arbitration proceedings shall be conducted at the county seat of the county where the Easement is located unless the parties otherwise mutually agree. Each party shall pay its own arbitrator costs, and the cost of the third arbitrator shall be borne equally. The determination rendered by the arbitrators may be entered in the court of general jurisdiction in the county where the Easement is located.

Either party may apply to the arbitrators seeking injunctive relief until the arbitration award is rendered, or the controversy is otherwise resolved. Either party also may, without waiving any remedy under this Easement, seek from the court of general jurisdiction in the county where the Easement is located any interim or provisional relief that is necessary to protect the rights of property of that party, pending the establishment of the arbitration tribunal and its decision.

The arbitrators shall consider dispute issues in accordance with and subject to the terms of this Easement.

- e. **Apportionment of Consideration.** The parties agree that of consideration paid by Grantee to Grantor for this Easement, fifty (50) percent is deemed apportioned to the grant of the Easement, and fifty (50) percent is apportioned to damages resulting from the grant of Easement. This apportionment shall not apply to payment for timber, crops and structures pursuant to Paragraph 5(b) of this Easement

In Witness Whereof, this instrument is executed as of this 25 day of March, 2022.

WITNESS:

Verleen King

GRANTOR:

Karen Brinkhal Living Trust

GRANTEE:

WITNESS:

Verleen King

[Signature]

Title

REP

ACKNOWLEDGEMENT

STATE OF NM )  
COUNTY OF Sandoval )

On this 25 day of March, 2022, before me, the undersigned Notary Public, personally appeared Karen Brinkhal Living Trust known to me (or satisfactorily proven) to be the person(s) whose name(s) is/are subscribed to the within instrument as GRANTOR, and acknowledged that they executed the same for the purposes therein contained.

In Witness Whereof, I have hereunto set my hand and official seal.

STATE OF NEW MEXICO  
NOTARY PUBLIC  
VERLEEN KING  
COMMISSION # 1076935  
MY COMMISSION EXPIRES 07/06/2023

Verleen King  
Notary Public  
My Commission Expires 07/06/2023

Printed Name: Verleen King

STATE OF NM )  
COUNTY OF Sandoval )

On this 25 day of March, 2022, before me, the undersigned Notary Public, personally appeared Jim Boss, the Representative of Petro Mex LLC, who subscribed the within instrument as his/her own free act and deed as said officer of GRANTEE, and acknowledged that he/she executed the same for the purposes contained therein.

In Witness Whereof, I have hereunto set my hand and official seal.

STATE OF NEW MEXICO  
NOTARY PUBLIC  
VERLEEN KING  
COMMISSION # 1076935

Verleen King  
Notary Public

# Hall Environmental Analysis Laboratory, Inc.

Analytical Report

Lab Order 2208A95

Date Reported:

CLIENT: Robert Jordan

Client Sample ID: North (N)

Project: 18 1

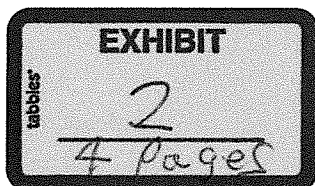
Collection Date: 8/16/2022 4:10:00 PM

Lab ID: 2208A95-001

Matrix: SOIL

Received Date: 8/18/2022 6:40:00 AM

Analyses	Result	RL	Qual	Units	DF	Date Analyzed
<b>EPA METHOD 8015M/D: DIESEL RANGE ORGANICS</b>						Analyst: <b>DGH</b>
Diesel Range Organics (DRO)	ND	15		mg/Kg	1	8/22/2022 7:21:21 PM
Motor Oil Range Organics (MRO)	220	49		mg/Kg	1	8/22/2022 7:21:21 PM
Surr: DNOP	80.0	21-129		%Rec	1	8/22/2022 7:21:21 PM
<b>EPA METHOD 8015D: GASOLINE RANGE</b>						Analyst: <b>NSB</b>
Gasoline Range Organics (GRO)	ND	4.7		mg/Kg	1	8/20/2022 2:23:04 AM
Surr: BFB	99.4	37.7-212		%Rec	1	8/20/2022 2:23:04 AM
<b>EPA METHOD 8021B: VOLATILES</b>						Analyst: <b>NSB</b>
Benzene	ND	0.024		mg/Kg	1	8/20/2022 2:23:04 AM
Toluene	ND	0.047		mg/Kg	1	8/20/2022 2:23:04 AM
Ethylbenzene	ND	0.047		mg/Kg	1	8/20/2022 2:23:04 AM
Xylenes, Total	ND	0.095		mg/Kg	1	8/20/2022 2:23:04 AM
Surr: 4-Bromofluorobenzene	92.6	70-130		%Rec	1	8/20/2022 2:23:04 AM
<b>EPA METHOD 300.0: ANIONS</b>						Analyst: <b>CAS</b>
Chloride	110	60		mg/Kg	20	8/24/2022 5:21:47 PM



Refer to the QC Summary report and sample login checklist for flagged QC data and preservation information.

<b>Qualifiers:</b>	• Value exceeds Maximum Contaminant Level.	B Analyte detected in the associated Method Blank
D	Sample Diluted Due to Matrix	E Estimated value
H	Holding times for preparation or analysis exceeded	J Analyte detected below quantitation limits
ND	Not Detected at the Reporting Limit	P Sample pH Not In Range
PQL	Practical Quantitative Limit	RL Reporting Limit
S	% Recovery outside of range due to dilution or matrix interference	

**Analytical Report**

Lab Order 2208A95

Date Reported:

**Hall Environmental Analysis Laboratory, Inc.**

**CLIENT:** Robert Jordan

**Client Sample ID:** South (S)

**Project:** 18 1

**Collection Date:** 8/16/2022 4:08:00 PM

**Lab ID:** 2208A95-002

**Matrix:** SOIL

**Received Date:** 8/18/2022 6:40:00 AM

Analyses	Result	RL	Qual	Units	DF	Date Analyzed
<b>EPA METHOD 8015M/D: DIESEL RANGE ORGANICS</b>						Analyst: <b>DGH</b>
Diesel Range Organics (DRO)	28	15		mg/Kg	1	8/22/2022 7:51:29 PM
Motor Oil Range Organics (MRO)	470	49		mg/Kg	1	8/22/2022 7:51:29 PM
Surr: DNOP	79.6	21-129		%Rec	1	8/22/2022 7:51:29 PM
<b>EPA METHOD 8015D: GASOLINE RANGE</b>						Analyst: <b>NSB</b>
Gasoline Range Organics (GRO)	ND	5.0		mg/Kg	1	8/20/2022 2:46:41 AM
Surr: BFB	100	37.7-212		%Rec	1	8/20/2022 2:46:41 AM
<b>EPA METHOD 8021B: VOLATILES</b>						Analyst: <b>NSB</b>
Benzene	ND	0.025		mg/Kg	1	8/20/2022 2:46:41 AM
Toluene	ND	0.050		mg/Kg	1	8/20/2022 2:46:41 AM
Ethylbenzene	ND	0.050		mg/Kg	1	8/20/2022 2:46:41 AM
Xylenes, Total	ND	0.10		mg/Kg	1	8/20/2022 2:46:41 AM
Surr: 4-Bromofluorobenzene	93.1	70-130		%Rec	1	8/20/2022 2:46:41 AM
<b>EPA METHOD 300.0: ANIONS</b>						Analyst: <b>CAS</b>
Chloride	62	60		mg/Kg	20	8/24/2022 5:34:07 PM

Refer to the QC Summary report and sample login checklist for flagged QC data and preservation information.

<b>Qualifiers:</b>	* Value exceeds Maximum Contaminant Level.	B Analyte detected in the associated Method Blank
	D Sample Diluted Due to Matrix	E Estimated value
	H Holding times for preparation or analysis exceeded	J Analyte detected below quantitation limits
	ND Not Detected at the Reporting Limit	P Sample pH Not In Range
	PQL Practical Quantitative Limit	RL Reporting Limit
	S % Recovery outside of range due to dilution or matrix interference	

**Analytical Report**

Lab Order 2208A95

Date Reported:

**Hall Environmental Analysis Laboratory, Inc.**

**CLIENT:** Robert Jordan

**Client Sample ID:** East (E)

**Project:** 18 I

**Collection Date:** 8/16/2022 4:00:00 PM

**Lab ID:** 2208A95-003

**Matrix:** SOIL

**Received Date:** 8/18/2022 6:40:00 AM

Analyses	Result	RL	Qual	Units	DF	Date Analyzed
<b>EPA METHOD 8015M/D: DIESEL RANGE ORGANICS</b>						Analyst: <b>DGH</b>
Diesel Range Organics (DRO)	43	15		mg/Kg	1	8/24/2022 5:05:30 PM
Motor Oil Range Organics (MRO)	260	49		mg/Kg	1	8/24/2022 5:05:30 PM
Surr: DNOP	120	21-129		%Rec	1	8/24/2022 5:05:30 PM
<b>EPA METHOD 8015D: GASOLINE RANGE</b>						Analyst: <b>NSB</b>
Gasoline Range Organics (GRO)	ND	4.9		mg/Kg	1	8/20/2022 3:10:14 AM
Surr: BFB	101	37.7-212		%Rec	1	8/20/2022 3:10:14 AM
<b>EPA METHOD 8021B: VOLATILES</b>						Analyst: <b>NSB</b>
Benzene	ND	0.025		mg/Kg	1	8/20/2022 3:10:14 AM
Toluene	ND	0.049		mg/Kg	1	8/20/2022 3:10:14 AM
Ethylbenzene	ND	0.049		mg/Kg	1	8/20/2022 3:10:14 AM
Xylenes, Total	ND	0.099		mg/Kg	1	8/20/2022 3:10:14 AM
Surr: 4-Bromofluorobenzene	94.0	70-130		%Rec	1	8/20/2022 3:10:14 AM
<b>EPA METHOD 300.0: ANIONS</b>						Analyst: <b>CAS</b>
Chloride	90	60		mg/Kg	20	8/24/2022 5:46:28 PM

Refer to the QC Summary report and sample login checklist for flagged QC data and preservation information.

<b>Qualifiers:</b>	* Value exceeds Maximum Contaminant Level.	B Analyte detected in the associated Method Blank
	D Sample Diluted Due to Matrix	E Estimated value
	H Holding times for preparation or analysis exceeded	J Analyte detected below quantitation limits
	ND Not Detected at the Reporting Limit	P Sample pH Not In Range
	PQL Practical Quantitative Limit	RL Reporting Limit
	S % Recovery outside of range due to dilution or matrix interference	

Analytical Report

Lab Order 2208A95

Date Reported:

Hall Environmental Analysis Laboratory, Inc.

CLIENT: Robert Jordan

Client Sample ID: West (W)

Project: 18 1

Collection Date: 8/16/2022 3:55:00 PM

Lab ID: 2208A95-004

Matrix: SOIL

Received Date: 8/18/2022 6:40:00 AM

Analyses	Result	RL	Qual	Units	DF	Date Analyzed
<b>EPA METHOD 8015M/D: DIESEL RANGE ORGANICS</b>						Analyst: <b>DGH</b>
Diesel Range Organics (DRO)	24	14		mg/Kg	1	8/24/2022 5:26:26 PM
Motor Oil Range Organics (MRO)	150	48		mg/Kg	1	8/24/2022 5:26:26 PM
Surr: DNOP	112	21-129		%Rec	1	8/24/2022 5:26:26 PM
<b>EPA METHOD 8015D: GASOLINE RANGE</b>						Analyst: <b>NSB</b>
Gasoline Range Organics (GRO)	ND	5.0		mg/Kg	1	8/20/2022 3:33:51 AM
Surr: BFB	104	37.7-212		%Rec	1	8/20/2022 3:33:51 AM
<b>EPA METHOD 8021B: VOLATILES</b>						Analyst: <b>NSB</b>
Benzene	ND	0.025		mg/Kg	1	8/20/2022 3:33:51 AM
Toluene	ND	0.050		mg/Kg	1	8/20/2022 3:33:51 AM
Ethylbenzene	ND	0.050		mg/Kg	1	8/20/2022 3:33:51 AM
Xylenes, Total	ND	0.10		mg/Kg	1	8/20/2022 3:33:51 AM
Surr: 4-Bromofluorobenzene	93.2	70-130		%Rec	1	8/20/2022 3:33:51 AM
<b>EPA METHOD 300.0: ANIONS</b>						Analyst: <b>CAS</b>
Chloride	130	60		mg/Kg	20	8/24/2022 5:58:49 PM

Refer to the QC Summary report and sample login checklist for flagged QC data and preservation information.

<b>Qualifiers:</b>	• Value exceeds Maximum Contaminant Level.	B Analyte detected in the associated Method Blank
	D Sample Diluted Due to Matrix	E Estimated value
	H Holding times for preparation or analysis exceeded	J Analyte detected below quantitation limits
	ND Not Detected at the Reporting Limit	P Sample pH Not In Range
	PQL Practical Quantitative Limit	RL Reporting Limit
	S % Recovery outside of range due to dilution or matrix interference	



C-104  
Submitted

District  
 1625 N. French Dr., Hobbs, NM, 88240  
 Energy, Minerals & Natural Resources  
 Santa Fe, NM 87505  
 Submit one copy to ap

**I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT**

Operator name and Address  
 Petro Mex LLC  
 PO Box 6724  
 Farmington NM 87499  
 : OGRM Number 236452  
 : Reason for Filing Code/Err

: API Number 30-045-26203  
 : Property Code  
 : Property Name Kirtland 18-1  
 : Pool Code

**II. Surface Location**  
 Upr or lot no. Section Township Range Lot 1dn Feet from the North/South Line Feet from the East/West line  
 1 18 14W 29N 1 990 North 360

**III. Bottom Hole Location**  
 Upr or lot no. Section Township Range Lot 1dn Feet from the North/South line Feet from the East/West line  
 1 18 14W 29N 1 990 North 360

**IV. Oil and Gas Transporters**  
 : Transporter Name and Address  
 : OGRM Number  
 236452  
 Petro Mex LLC  
 PO Box 6724  
 Farmington NM 87499

Upr or lot no.	Section	Township	Range	Lot 1dn	Feet from the North/South line	Feet from the East/West line
1	18	14W	29N	1	990	360

# C-135

# Submitted

## Transporter Connection

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
811 S. First St., 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

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

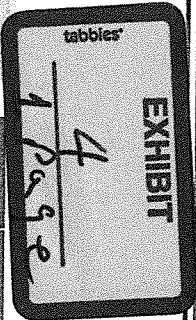
### GAS WELL CONNECTION, RECONNECTION, OR DISCONNECTION

This is to notify the Oil Conservation Division of the following:

Connection	_____	First Delivery	9/25/2022	_____
			Date	_____
Reconnection	<u>X</u> _____	First Delivery	_____	Date
			Date	_____
Disconnection	_____			Date
				Date
for delivery of gas from the	Petro Mex LLC	Operator		
		Kirland 18-1		
		Lease and Well Number		
	30-045-26203	API Number		
		Meter Number	150057692	A-18-29N-14W
		Location (Unit Letter, S		Pool
		CHA CHA GALLUP		
		Pool		



# Bond and Requirements



Effective	Bond Type	Esse	Balance	Issuer	Cash/Surety	Cancellation Dt
-----------	-----------	------	---------	--------	-------------	-----------------

10/01/2003	Blanket	50000	50000	FIRST FEDERAL BANK - SAN ANTONIO	CASH	
09/04/2021	Temporarily Abandoned	150000	150000	CITIZENS BANK OF FARMINGTON	LOAN	

## OCD Bonding Requirements

Production, injection and service wells are required to have FA to plug wells and restore/remediate location

FA comes in several forms: cash bond, surety, letter of credit, plugging insurance

Bonding amounts were increased by the legislature in 2018 and OCC enacted a rule to implement the increase in 2019

Active well "single" - \$25,000 plus \$2 per foot of the projected depth of a proposed well

Active well "blanket" (those 70-2-14 and "blanket bond" limit at 250K):

- \$50,000 for 0-250 ft wells

- \$75,000 for 251-500 ft wells

- \$100,000 for 501-750 ft wells

- \$125,000 for 751-1000 ft wells

- \$150,000 for 1001-1250 ft wells

- \$175,000 for 1251-1500 ft wells

- \$200,000 for 1501-1750 ft wells

- \$225,000 for 1751-2000 ft wells

- \$250,000 for 2001-2500 ft wells

- \$275,000 for 2501-3000 ft wells

- \$300,000 for 3001-3500 ft wells

- \$325,000 for 3501-4000 ft wells

- \$350,000 for 4001-4500 ft wells

- \$375,000 for 4501-5000 ft wells

- \$400,000 for 5001-5500 ft wells

- \$425,000 for 5501-6000 ft wells

- \$450,000 for 6001-6500 ft wells

- \$475,000 for 6501-7000 ft wells

- \$500,000 for 7001-7500 ft wells

- \$525,000 for 7501-8000 ft wells

- \$550,000 for 8001-8500 ft wells

- \$575,000 for 8501-9000 ft wells

- \$600,000 for 9001-9500 ft wells

- \$625,000 for 9501-10000 ft wells

- \$650,000 for 10001-10500 ft wells

- \$675,000 for 10501-11000 ft wells

- \$700,000 for 11001-11500 ft wells

- \$725,000 for 11501-12000 ft wells

- \$750,000 for 12001-12500 ft wells

- \$775,000 for 12501-13000 ft wells

- \$800,000 for 13001-13500 ft wells

- \$825,000 for 13501-14000 ft wells

- \$850,000 for 14001-14500 ft wells

Last Production for this well:

1/2012

Inactive Additional Bond Due Date:

02/01/2014

Bonding Depth:

4700

Required Well Bond Amount:

34100

Well Bond Required Now:

Yes

Amount of Well Bond In Place:

0

Variance:

34100

In Violation:

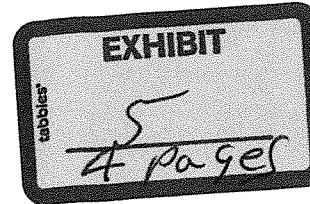
Yes

If the depth of the well is Unknown, please contact the appropriate CCD District Office and provide a letter or document in direction of the well's estimated depth.

Requests to release bonds must be submitted in writing. You may send an e-mail to [OCDAdminComp@state.tx.us](mailto:OCDAdminComp@state.tx.us) or fax a letter to (505) 476-3472.

## SURFACE USE AND COMPENSATION AGREEMENT

This Agreement is made and entered into between Mr. and Mrs. Anthony Peretti "Owner" and Petro Mex, LLC, ("Operator").



### IT IS AGREED AS FOLLOWS:

**1. The Property.** Operator holds interests in oil and gas lease for the Kirtland 18 #001 well, located on the following described lands in San Juan County, New Mexico:  
(Provided by Owner)

Section 18 Township 29N Range 14 West. New Mexico USGLS

and Owner owns the surface of the above-described land. This Agreement covers Operator's activities on and access across the above-described lands, only.

**2. The Well Site Improvements and Operations.** The Well Site are located on the existing pads as depicted on the attached map and will include the Kirtland 18 #001 Well ("the Well"), and such equipment, to be located on the well site, as needed to operate the Wells, including but not limited to pumpjacks and tanks. The Well Site and Well Site equipment shall be installed, operated and maintained in compliance with applicable statutes and regulations and to industry standards. The Operator agrees to the following improvements and operational requirements at the well site:

- a. installation of chain link fence around the perimeter of the Production Equipment;
- b. water and soil in the existing water storage pond will be tested by a third-party and will be filled in if the water and soil are determined not to be contaminated. If the water and soil are determined to be contaminated, it will be removed from the Well Site in compliance with applicable regulations; Soil Sample were below the Reportable limits BTEX and Chlorides.
- c. produced water will be removed from the Well Site if Operator is able to connect to an existing water disposal line. A pipeline installed for the purpose of removal of produced water will be located in the easement for the gas pipeline as depicted on the attached map; Survey Provided on C-102
- e. the Well Site will be operated based on accepted industry standards and pursuant to New Mexico Oil Conservation Division regulations, including industry protocols for noise and odors; 65 DB at 100' and API 12F tank seal method.
- f. work at the Well Site, including transportation of the oil from the Well Sites, will only occur during daylight hours, unless there is an emergency that must be corrected;

- g. Operator shall at all times keep the Well Site safe and in good order, free of noxious weeds, (Within 10' of Production equipment) litter and debris. All fences installed by Operator shall be kept clean and in good repair. Operator shall not permit the release or discharge of any toxic or hazardous chemicals or waste onto Owner's land;
- h. Employees of Operator shall be respectful of Owner's property and at least one English speaking worker shall be available to make decisions and communicate with Owner if needed while on the Well Site;
- i. Excessive erosion caused by operator will be repaired as needed.

**3. Pipeline and pipeline easement.** Pipelines shall be located as shown on the attached map. Pipelines will be constructed to comply with New Mexico Oil Conservation Division and industry standards. The pipeline shall be buried deep enough to prevent interference with farming and livestock operations by Owner. After construction of the pipeline, the water spring and irrigation ditch shall be returned, as near as possible, to original specifications. Operator shall be responsible for installation, operation and maintenance of pipeline and pipeline easement. Any damage to pipeline or spills from pipeline shall be the sole responsibility of Operator. Pipeline will be installed to API 1104 Standard and the reclamation plan will follow Gold Book standard.

**4. Survey of Property.** Operator shall have a survey of the Well Site, the pipeline easement and the southern fence line completed prior to the installation of fencing pursuant to this Agreement.

**5. Firewood.** Any firewood removed pursuant to the activities that are subject to this Agreement will be stacked in +/- 4' lengths in a place designated by Owner and brush and limbs will be set aside for disposal by Owner at the Owner's convenience.

**6. Replacement of South Fence/ Est. 1071'.** Operator shall replace the fence along the southern property boundary and install a vehicle gate large enough to allow access by emergency vehicles. A manway gate shall be installed near the southwest corner post H-braces shall be installed as needed. The southeast corner post on the west side of Coolage Arroyo shall be replaced. Once installed, the fence shall be the Owner's sole property. Any clearing of foliage, brush or trees along the fence line shall be completed by Operator.

**7. Access/ingress & egress.** Operator shall have access to the Well Site and the pipeline easement, including access for equipment necessary to install agreed upon improvements, to operate and maintain the Well Site and to build and maintain the pipeline and pipeline easement. Access shall be by existing roads to the extent possible. Operator will reasonably maintain any roads that may be used by Operator on the property, including any new roads that may be constructed by the Operator, and will make all necessary repairs to the roads caused by Operator's use.

**8. Timing.** Improvements to the Well Site, construction of the pipeline, and installation of fencing shall be completed within 6 months of the signing of this Agreement by both Parties.

**9. Payment.** Operator shall make a \$5,000 cash payment to Owner at the time of the signing of this Agreement.

**10.** Operator shall take reasonable actions to minimize surface damage to Owner's property both during the installation of the agreed upon improvements and during the operation of the Well Site and pipeline.

**11. Restoration and Reclamation.** Unless Owner otherwise agrees in writing, upon termination of any of Operator's operations on Owner's land, Operator shall fully restore and level the surface of the land affected by such terminated operations as near as possible to the contours which existed prior to such operations. Operator shall fully restore all private roads and drainage and irrigation ditches disturbed by Operator's operations as near as possible to the condition which existed prior to such operations. Refer to gold book Standards.

**12. Reseeding.** Owner has the right to specify the grass seed or seed mixture used by Operator when reclaiming disturbed areas on the Property, as long as the Owner's seed request is reasonable, the grass seed or seed mixture is readily available in the area, and the Operator's use of the specified grass seed or seed mixture for reclamation is permitted under applicable laws, rules and regulations. Owner understands that the well sites and surrounding area are not presently seeded or used for grazing.

**13. Costs to be borne by Operator.** All costs for improvements, insurance and bonding shall be the responsibility of Operator.

**14. Indemnification.** To the maximum extent permitted by law, Operator shall indemnify, defend and hold Owner, and if applicable, Owner's officers, directors, employees, agents, successors and assigns harmless from any and all claims, liabilities, demands, suits, losses, damages and costs (negotiated on case by case) which may arise out of or be related to Operator's activities on Owner's property, including, without limitation, any claims that Operator's operations hereunder are illegal, unauthorized, or constitute an improper interference with any parties' rights, or have damaged the lands or operations of adjacent landowners, and including any claims based on the alleged concurrent negligence of Owner.

**15. Compliance with Law.** Operator shall conduct operations and activities in accordance with existing state and federal laws, rules and regulations.

**16. Construction of Agreement.** This Agreement shall be construed under the law of the State of New Mexico.

**17. Binding Effect.** This Agreement is binding upon the successors and assigns of the Parties.

DATED this 25<sup>th</sup> day of August, 2022

**OWNER (Mr. and Mrs. Peretti)**

By: [Signature] Cindy Peretti wife Mrs. Anthony F Peretti

Title: OWNER

**OPERATOR (Petro Mex, LLC, A NM limited liability company)**

By: [Signature]

Title: President

Petro Mex, LLC, A NM limited liability company

# FNPNM

576 Road 6100, Kirtland, NM 87417  
(505) 793-5500

General Contractor License: GB98: No. 82640

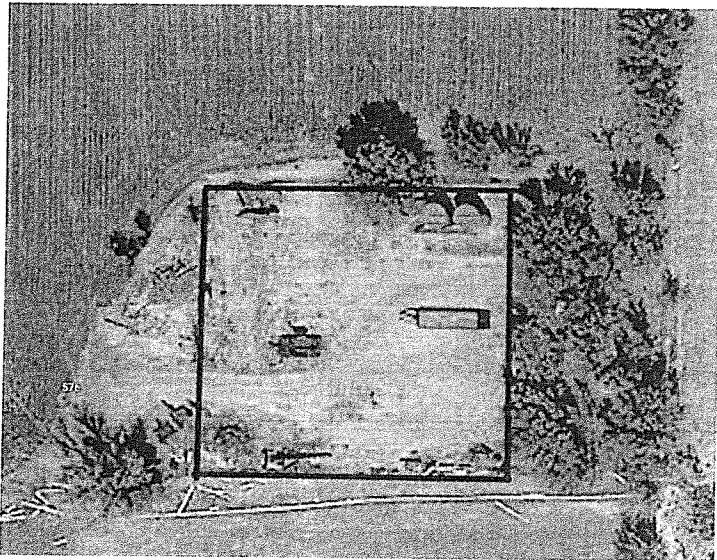
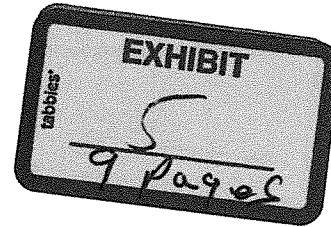
To

Petro Mex LLC  
P.O. Box 6724  
Farmington, NM 87499

# ESTIMATE

## Wellsite Reclamation Work:

Item 1, Wellsite Bob and Blanche  
Defined Area :



### Description of Work:

Creation of 30'x40' 2' high gravel-lined retention pond encompassing two existing tanks. De-vegetation of defined area, including removal of weeds and overgrown brush and trees. Load out of 10 yards of trash and debris. Wellsite clearing and leveling. Removal and replacement of contaminated soil and load out, up to 10 yards. Creation of gravel work area around separator, meter, and wellhead.

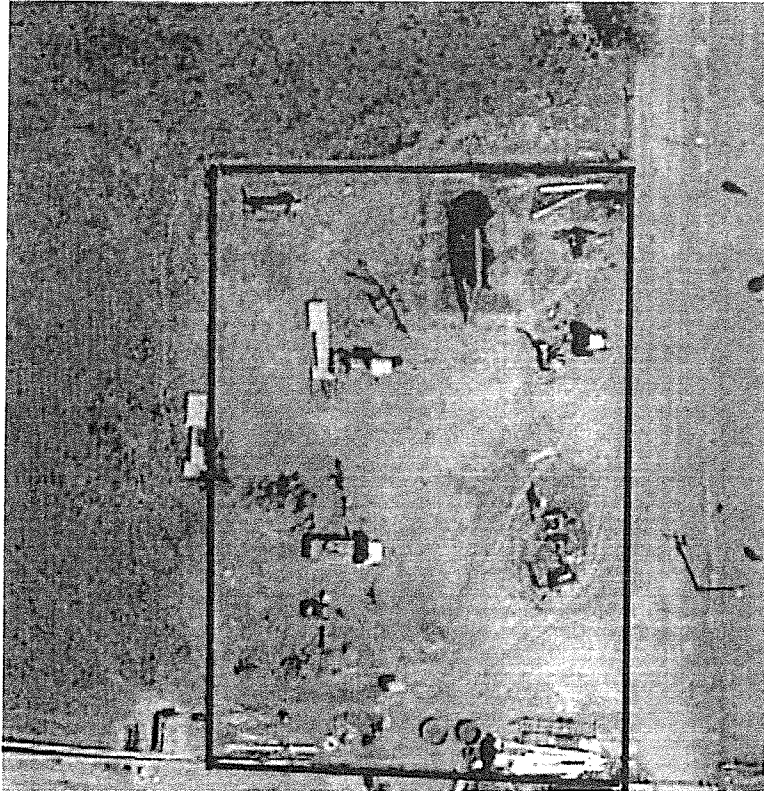
Petro Mex to provide gravel, dirt, and load out.

150% of the Largest Volume, Stincial Tank Per OCD rules and add Water line from Sep to Tank.

**Estimation:**

<b>SERVICE</b>	<b>Description</b>	<b>UNIT COST</b>	<b>TOTAL COST</b>
<b>Roustabout Labor ( Clearing and Leveling)</b>	2 Laborers, 15 hours	\$35/hour	\$1050
<b>Roustabout Equipment ( Clearing and Leveling)</b>	Truck and tools, 15 hours	\$50/hour	\$750
<b>Backhoe Operator/ Superintendent Labor ( Clearing and Leveling)</b>	15 hours	\$50/hour	\$750
<b>Load out labor (contaminated dirt and debris)</b>	2 laborer's ( 4 hours) Backhoe/Operator ( 3 hours)	\$35/hour and \$150/hour	\$730
<b>Backhoe time and fuel</b>	1 CAT 415, 15 hours	\$100/hour	\$1500
<b>Gravel pad construction</b>	3x pads, separator, meter, and wellhead	\$300/pad	\$900
<b>Berm Construction</b>	1x Berm	\$1200/unit	\$1200
<b>TOTAL</b>	Applicable taxes not included		\$6880

**Item 2, Wellsite Dorothy  
Defined Area :**



**Description of Work:**

Creation of 30'x40' 2' high gravel-lined retention pond encompassing two existing tanks. De-vegetation of defined area, including removal of weeds and overgrown brush and trees. Load out of 10 yards of trash and debris. Wellsite clearing and leveling. Removal and replacement of contaminated soil and load out, up to 10 yards. Creation of gravel work area around separator, meter, and wellhead.

Petro Mex to provide gravel, dirt, and load out.

150% of the Largest Volume, Stincial Tank Per OCD rules and add Water line from Sep to Tank.

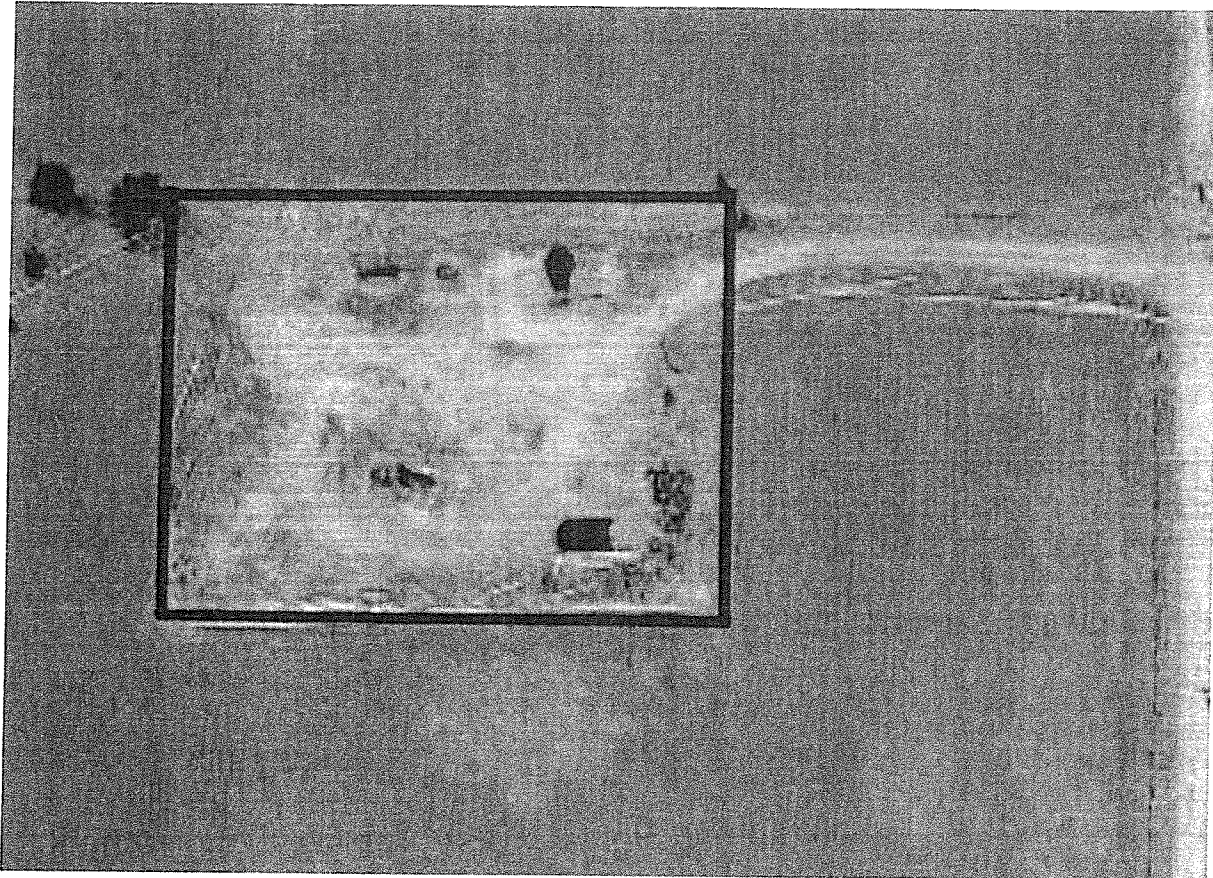
**Estimation:**

SERVICE	Description	UNIT COST	TOTAL COST
Roustabout Labor ( Clearing and Leveling)	2 Laborers, 10 hours	\$35/hour	\$700



<b>SERVICE</b>	<b>Description</b>	<b>UNIT COST</b>	<b>TOTAL COST</b>
<b>Roustabout Equipment ( Clearing and Leveling)</b>	Truck and tools, 10 hours	\$50/hour	\$500
<b>Backhoe Operator/ Superintendent Labor ( Clearing and Leveling)</b>	10 hours	\$50/hour	\$500
<b>Load out labor (contaminated dirt and debris)</b>	2 laborer's ( 4 hours) Backhoe/Operator ( 2 hours)	\$35/hour and \$150/hour	\$580
<b>Backhoe time and fuel</b>	1 CAT 415, 10 hours	\$100/hour	\$1000
<b>Gravel pad construction</b>	3x pads, separator, meter, and wellhead	\$300/pad	\$900
<b>Berm Construction</b>	1x Berm	\$1200/unit	\$1200
<b>Tree Removal at tank</b>	x 3	\$100/tree	\$300
<b>TOTAL</b>	Applicable taxes not included		\$5680

**Item 3, Wellsite Tris Evi  
Defined Area :**



**Description of Work:**

Creation of 30'x40' 2' high gravel-lined retention pond encompassing existing tank and future expansion. De-vegetation of defined area, including removal of weeds and overgrown brush and trees. Load out of 10 yards of trash and debris. Wellsite clearing and leveling. Removal and replacement of contaminated soil and load out, up to 10 yards. Creation of gravel work area around separator, meter, and wellhead.

Petro Mex to provide gravel, dirt, and load out.

150% of the Largest Volume, Stincial Tank Per OCD rules and add Water line from Sep to Tank.

**Estimation:**

SERVICE	Description	UNIT COST	TOTAL COST
Roustabout Labor ( Clearing and Leveling)	2 Laborers, 10 hours	\$35/hour	\$700

<b>SERVICE</b>	<b>Description</b>	<b>UNIT COST</b>	<b>TOTAL COST</b>
<b>Roustabout Equipment ( Clearing and Leveling)</b>	Truck and tools, 10 hours	\$50/hour	\$500
<b>Backhoe Operator/ Superintendent Labor ( Clearing and Leveling)</b>	10 hours	\$50/hour	\$500
<b>Load out labor (contaminated dirt and debris)</b>	2 laborer's ( 4 hours) Backhoe/Operator ( 2 hours)	\$35/hour and \$150/hour	\$580
<b>Backhoe time and fuel</b>	1 CAT 415, 10 hours	\$100/hour	\$1000
<b>Gravel pad construction</b>	3x pads, separator, meter, and wellhead	\$300/pad	\$900
<b>Berm Construction</b>	1x Berm	\$1200/unit	\$1200
<b>TOTAL</b>	Applicable taxes not included		\$5380

**Item 4, Wellsite 181  
Defined Area:**



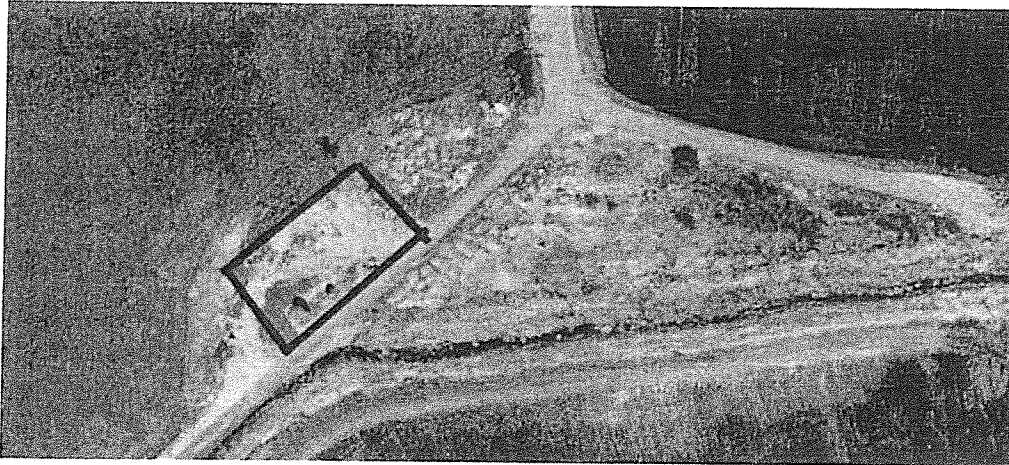
**Description of Work:**

Creation of two fencing areas, both approximately 30' x 40', totaling 254' of fence. No grading or dirtwork included

**Estimation:**

SERVICE	DESCRIPTION	UNIT COST	TOTAL COST
Fence installation	254' of 6' Chainlink, 11.5 GA	\$38/ft	\$9,652
Custom Panel	20' removable	\$1000	\$1000
Gates	2 x 3'	\$300	\$600
<b>SUM</b>			<b>\$11,252</b>

**Item 5, Wellsite Palmer  
Defined Area :**



**Description of Work:**

Creation of 30'x40' 2' high gravel-lined retention pond encompassing existing tanks. De-vegetation of defined area, including removal of weeds and overgrown brush and trees. Load out of 10 yards of trash and debris. Wellsite clearing and leveling. Removal and replacement of contaminated soil and load out, up to 10 yards. Creation of gravel work area around separator, meter, and wellhead.

Petro Mex to provide gravel, dirt, and load out.

**Estimation:**

SERVICE	Description	UNIT COST	TOTAL COST
<b>Roustabout Labor ( Clearing and Leveling)</b>	2 Laborers, 10 hours	\$35/hour	\$700
<b>Roustabout Equipment ( Clearing and Leveling)</b>	Truck and tools, 10 hours	\$50/hour	\$500
<b>Backhoe Operator/ Superintendent Labor ( Clearing and Leveling)</b>	10 hours	\$50/hour	\$500
<b>Load out labor (contaminated dirt and debris)</b>	2 laborer's ( 4 hours) Backhoe/Operator ( 2 hours)	\$35/hour and \$150/hour	\$580
<b>Backhoe time and fuel</b>	1 CAT 415, 10 hours	\$100/hour	\$1000

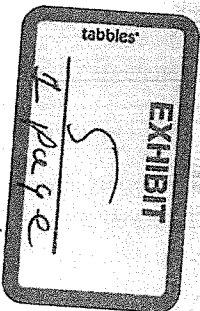
SERVICE	Description	UNIT COST	TOTAL COST
Gravel pad construction	3x pads, separator, meter, and wellhead	\$300/pad	\$900
Berm Construction	1x Berm	\$1200/unit	\$1200
<b>TOTAL</b>	Applicable taxes not included		\$5380

**Terms:**

50% of cumulative totals due at time of acceptance, balance on completion.

# Kirtland Property

Cost Tracking



<u>Location</u>	<u>Compliance</u>	<u>Automation</u>	<u>Pipeline/CDP</u>	<u>Total</u>
Kirtland 18-#1	\$15,125	\$3,200	\$25,000	\$43,325
Bob Blanch #1	\$7,350	\$3,200	\$4,500	\$15,050
Dorothy #1	\$13,550	\$3,200	\$4,500	\$21,250
Trs-Evi	\$9,200	\$3,200	\$4,500	\$16,900
Kirtland 14-#1	\$9,400	\$3,200	\$4,500	\$17,100

\$113,625



EXHIBIT  
7  
Page

 **Hilcorp**  
(505) 333-1700

Group 12 Local 14

Meter ID: 20433100

Make: Fisher

Name: Petro Mex Sales Meter

Model: 107E

Serial #: \_\_\_\_\_

Meter Run Size: 2.067

Calibration Span DP: 0-250

Diff Range: 250

Calibration Span Static: 0-250

Static Range: 800

Calibration Span Temp: -25-125

Temp Range: 752

Atmospheric Pressure: 12.16

Static: Upstream / Downstream

Elevation: 5151

Flow Conditioner:  Yes  No

Make: \_\_\_\_\_

Flow Straighteners:  Yes  No

Model: \_\_\_\_\_

Meter Tube Inspection Date: \_\_\_\_\_