Key Energy Services
6 Desta Drive
Suite 4400
Midland, Texas 79705

Louis Sanchez
Telephone: 432.571.7382
Facsimile: 432.571.7173
lsanchez@keyenergy.com

September 30, 2010

Mr. Brad Jones
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Mr. Jones:

Attached is Form C-144 page 3 and 5 for the permanent brine pit at the Truckers Brine Station #2 (Truckers 2) in Hobbs, NM located at 1502 West Broadway Place. The pages have been updated with the information you requested on September 30, 2010. If you need anything further please feel free to contact me.

Sincerely,

Louis Sanchez

Corporate Environmental Specialist II

Attached:

C-144 (Page 3 & 5)

Key Energy Services
6 Desta Drive
Suite 4400
Midland, Texas 79705

Louis Sanchez
Telephone: 432.571.7382
Facsimile: 432.571.7173
lsanchez@keyenergy.com

September 15, 2010

Mr. Brad Jones
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Certified Mail # 7002 2410 0001 5903 2765

Mr. Jones:

Attached is Form C-144 for the permanent brine pit at the Truckers Brine Station #2 (Truckers 2) in Hobbs, NM located at 1502 West Broadway Place. The Closure Plan for the permanent lined brine pit is as follows:

Background

The permanent lined brine pit at the Truckers 2 is a 140' wide by 140' long and has a total depth of 10'. The pit was never filled over 8' deep to allow for 2' of freeboard. The operations at the facility ceased in April 2007 when the brine well (API# 30-025-07551) was plugged. The unused brine has remained in the pit and become solidified rock salt due to evaporation.

Notice

Key has provided the New Mexico State Land Office (NMSLO), property owner, written notice under certified letter. The letter and certification receipt are attached for review.

Protocols and Procedures

- Key will remove all liquids and solidified chlorides from the permanent pit prior to implementing a closure method and shall dispose of the liquids and solidified chlorides in a division-approved facility.

- Key will remove the pit liner system and dispose of it in a division-approved facility. All on-site equipment associated with permanent pit has already been removed other than a sump (below grade tank) used as secondary containment for the loading pad. The closure plan for this sump (below grade tank) will be outlined in a separate correspondence to the NMOCD Hobbs (Geoff Leking).

Confirmation Sampling Plan

- Key will test the soils beneath the permanent pit to determine whether a release has occurred. Key will collect, at a minimum, a five point, composite sample; collect individual grab samples from any area that is wet, discolored or showing other evidence of a release; and analyze for BTEX, TPH and chlorides to demonstrate that the benzene concentration, as determined by EPA SW-846 methods 8021B does not exceed 0.2 mg/kg; total BTEX concentration, as determined by EPA SW-846 methods 8021B does not exceed 50 mg/kg; the TPH concentration, as determined by EPA method 418.1 does not exceed 100 mg/kg; and the chloride concentration, as determined by EPA method 300.1 does not exceed 250 mg/kg, or the background concentration, whichever is greater.

- If Key determines that a release has occurred, then Key will comply with 19.15.29 NMAC and 19.15.30 NMAC, as appropriate.

Disposal Facility Name and Permit Number

Pit materials, liners and impacted soils:

Sundance Servics
Parabo Facility
3 miles East of Eunice, NM of State Hwy 18
Permit# 010003

Fluids (water and unusable brine):

Mesquite SWD (Rice SWD Well F-29)
Hobbs, NM
Permit # R1574

Crazy Horse SWD
Hobbs, NM
Permit# SWD-1004

Soil Cover Designs:

- The soil cover for closures where Key has removed the pit contents or remediated the contaminated soil to the division's satisfaction shall consist of the background thickness of topsoil or one foot of suitable material to establish vegetation at the site, whichever is greater.

- Key shall construct the soil cover to the site's existing grade and prevent ponding of water and erosion of the cover material.

Alternative Re-vegetation: (The signed agreement for an alternative re-vegetation plan between Key and the NMSLO is attached)

- As this facility is located in the city limits of Hobbs, NM in an industrial area, after the soil cover design is in place, Key shall finish the former pit and below grade tank areas (southeast area of the facility) with packed caliche. As Key will still utilize this facility as a water station, with heavy truck traffic, it is not practicable to re-vegetate the area with native perennial cover. The concrete unloading pad will not be removed from this area.

- The northwest area of the facility (former brine well and pump house location), which will be undisturbed by the closure activities, is covered with packed caliche and will not be seeded for re-vegetation as plans are in place to use this area as a location for fresh water tanks utilizing the water well on location. Key has maintained the water rights for the well from the NMSLO since the well was used in the brine mining operations.

- The northeast area of the facility is undisturbed and already covered by native cover. This area will not be disturbed as part of the closure activities.

- The southwestern area of the facility is covered in packed caliche. A city water tap is located in this area. Due to the heavy truck traffic in this area it will not be re-vegetated with native perennial cover. This area will not be disturbed as part of the closure activities.

Closure Report

- Within 60 days of closure completion, Key will submit a closure report on form C-144, with necessary attachments to document all closure activities including sampling results; information required by 19.15.17 NMAC; a plot plan; and details on back-filling, capping and covering, where applicable.

- In the closure report, Key will certify that all information in the report and attachments is correct and that the operator has complied with all applicable closure requirements and conditions specified in the approved closure plan.

Sincerely,

Louis Sanchez

Corporate Environmental Specialist II

Attached:

C-144

New Mexico State Land Office Closure Notification

Alternative Re-vegetation Authorization

Certified Letter Receipt

C-141

Analytical Results

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources
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: Key Energy Services, LLC OGRID #: 19797
Address: 6 Desta Drive, Suite 4400, Midland, TX 79705
Facility or well name: Truckers (Brine Station)
API Number: 30-025-07551 OCD Permit Number:
U/L or Qtr/Qtr K: 1980 Section 33 Township 18-S Range 38-E County: Lea
Center of Proposed Design: Latitude 32 Deg 42' 04.69" N Longitude 103 Deg 09' 19.42" W 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 30 mil ☐ LLDPE ☒ HDPE ☐ PVC ☐ Other
☒ String-Reinforced
Liner Seams: ☒ Welded ☐ Factory ☐ Other Volume: 27,927 bbl Dimensions: L 140 x W 140 x D 8

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.

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	☐ Yes ☐ 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	☐ Yes ☐ 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	☐ Yes ☐ No ☐ 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	☐ Yes ☐ No ☐ 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	☐ 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

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 H_2S, 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): Louis Sanchez Title: Corp. Environmental Specialist II

Signature: /Louis Sanchez Date: 9/15/10

e-mail address: lsanchez@keyenergy.com Telephone: 432-571-7382

20.
OCD Approval: ☐ Permit Application (including closure plan) ☒ Closure Plan (only) ☐ OCD Conditions (see attachment)

OCD Representative Signature: [signature] **Approval Date:** 10/27/10

Title: Environmental Engineer **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): Title:

Signature: Date:

e-mail address: Telephone:

Key Energy Services
6 Desta Drive
Suite 4400
Midland, Texas 79705

Louis Sanchez
Telephone: 432.571.7382
Facsimile: 432.571.7173
lsanchez@keyenergy.com

August 11, 2010

Mr. Steven Ikeda
Mew Mexico State Land Office
P.O. Box 1148
Santa Fe, NM 87504

Certified Mail # 7007 2560 0003 3687 6938

Mr. Ikeda:

The letter is to notify the New Mexico State Land Office (NMSLO) of Key Energy Service, Inc.'s (Key) plan to close the brine pit and below grade tank (loading area sump) at our former brine station located at 1502 W Broadway Place, Hobbs, NM. Per 19.15.17.13 NMAC Key is required to notify the land owner of the closure of such facilities. Please consider this certified letter as notification of such closure plans. Thank you and please feel free to contact me with any questions.

Sincerely,

Louis Sanchez

Corporate Environmental Specialist II

cc:

Myra Harrison, NMSLO – Hobbs Office
2702-D N. Grimes
Hobbs, NM 88240

Key Energy Services
Truckers Brine Station #2
1502 W Broadway Place, Hobbs, NM

Alternative Re-vegetation Authorization

Soil cover designs:

- The soil cover for closures where Key has removed the pit contents or remediated the contaminated soil to the division's satisfaction shall consist of the background thickness of topsoil or one foot of suitable material to establish vegetation at the site, whichever is greater.

- Key shall construct the soil cover to the site's existing grade and prevent ponding of water and erosion of the cover material.

Alternative Re-vegetation:

- As this facility is located in the city limits of Hobbs, NM in an industrial area, after the soil cover design is in place, Key shall finish the former pit and below grade tank areas (southeast area of the facility) with packed caliche. As Key will still utilize this facility as a water station, with heavy truck traffic, it is not practicable to re-vegetate the area with native perennial cover. The concrete unloading pad will not be removed from this area.

- The northwest area of the facility (former brine well and pump house location), which will be undisturbed by the closure activities, is covered with packed caliche and will not be seeded for re-vegetation as plans are in place to use this area as a location for fresh water tanks utilizing the water well on location. Key has maintained the water rights for the well from the NMSLO since the well was used in the brine mining operations.

- The northeast area of the facility is undisturbed and already covered by native cover. This area will not be disturbed as part of the closure activities.

- The southwestern area of the facility is covered in packed caliche. A city water tap is located in this area. Due to the heavy truck traffic in this area it will not be re-vegetated with native perennial cover. This area will not be disturbed as part of the closure activities.

Please sign below to demonstrate agreement with this alternative re-vegetation plan:

Sign: _____ ***Print:*** Steven Ikeda

Title: Environmental Specialist ***Date:*** 8/18/2010

New Mexico State Land Office Representative

_____ 8/11/10

Louis Sanchez **Date**
Key Energy Services, Inc.
Corporate Environmental Specialist II

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Steven Ikeda

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent
☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery 8/16/10

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

SANTA FE NM 875
AUG 16 2010
USPS

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

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PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

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: Key Energy Services, LLC	Contact: Louis Sanchez
Address: 6 Desta Dr, Suite 4400, Midland, TX 79705	Telephone No.: 432-571-7382
Facility Name: Truckers Brine Station #2	Facility Type: Brine Station

Surface Owner: NM State Land Office	Mineral Owner: NM State Land Office	Lease No.: BL-09880001

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
K	33	18-S	38-E	1980	South	1980	West	Lea

Latitude 32 Deg 42' 04.69" N **Longitude** 103 Deg 09' 19.42" W

NATURE OF RELEASE

Type of Release: Brine	Volume of Release: Unknown	Volume Recovered: None
Source of Release: Liner failure	Date and Hour of Occurrence: NA	Date and Hour of Disc.: July 13,2010
Was Immediate Notice Given? ☐ Yes ☐ No ☒ Not Required	If YES, To Whom?	
By Whom?	Date and Hour	
Was a Watercourse Reached? ☐ Yes ☒ No	If YES, Volume Impacting the Watercourse.	

If a Watercourse was Impacted, Describe Fully.*

Describe Cause of Problem and Remedial Action Taken.*

Impacted soil below a 30 mil brine pit liner discovered during the closure of the brine pit. The base of the pit was 10' below ground surface (bgs) and the pit is 140' long on each side sloping to the base that is 100' on each side. Soil has been removed 2' below the liner (12' bgs). Chloride levels are still above the 500 mg/kg cleanup standard at this level (PC-02) as well as the 4' level below the liner (PC-03). Samples from just below the liner (PC-01) indicated non-detectible levels of Benzene, BTEX, and TPH (8015M). An additional sample 2' below the liner indicated TPH (418.1) levels below the 500 mg/kg cleanup standard (PC-02). This left chlorides as the only constituent of concern. (Analytical attached)

Describe Area Affected and Cleanup Action Taken.*

The five part composite sample of the excavation 2' below the base of the liner (PC-02) is above the 500 mg/kg cleanup standard for chlorides and Key is proposing to backfill the current excavation with clean backfill to a level 2' below grade. The remaining 2' would be backfilled with clay and domed to prevent pooling of precipitation over the excavation and to prevent infiltration thus preventing the transport of the elevated chloride levels from soil to groundwater. Groundwater at the location is ~65 feet below ground surface (bgs). (Analytical attached)

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: Louis Sanchez	OIL CONSERVATION DIVISION	
Printed Name: Louis Sanchez	Approved by District Supervisor:	
Title: Corporate Environmental Specialist II	Approval Date:	Expiration Date:
E-mail Address: lsanchez@keyenergy.com	Conditions of Approval:	Attached ☐
Date: 7/14/10 Phone: (432) 571-7382		

Analytical Report 379445

for

Key Energy

Project Manager: Louis Sanchez

Trackers 2 Pit Closure

NM-13036

30-JUN-10

12600 West I-20 East Odessa, Texas 79765

Xenco-Houston (EPA Lab code: TX00122):
Texas (T104704215-TX), Arizona (AZ0738), Arkansas (08-039-0), Connecticut (PH-0102), Florida (E871002)
Illinois (002082), Indiana (C-TX-02), Iowa (392), Kansas (E-10380), Kentucky (45), Louisiana (03054)
New Hampshire (297408), New Jersey (TX007), New York (11763), Oklahoma (9218), Pennsylvania (68-03610)
Rhode Island (LAO00312), USDA (S-44102)

Xenco-Atlanta (EPA Lab Code: GA00046):
Florida (E87429), North Carolina (483), South Carolina (98015), Utah (AALI1), West Virginia (362), Kentucky (85)
Louisiana (04176), USDA (P330-07-00105)

Xenco-Miami (EPA Lab code: FL01152): Florida (E86678), Maryland (330)
Xenco-Tampa Mobile (EPA Lab code: FL01212): Florida (E84900)
Xenco-Odessa (EPA Lab code: TX00158): Texas (T104704400-TX)
Xenco-Dallas (EPA Lab code: TX01468): Texas (T104704295-TX)
Xenco-Corpus Christi (EPA Lab code: TX02613): Texas (T104704370)
Xenco-Boca Raton (EPA Lab Code: FL00449):
Florida(E86240),South Carolina(96031001), Louisiana(04154), Georgia(917)
North Carolina(444), Texas(T104704468-TX), Illinois(002295), Florida(E86349)

30-JUN-10

Project Manager: **Louis Sanchez**
Key Energy
6 Desta Drive, Ste. 4400
Midland, TX 79705

Reference: XENCO Report No: **379445**
Trackers 2 Pit Closure
Project Address: Hobbs, NM

Louis Sanchez:

We are reporting to you the results of the analyses performed on the samples received under the project name referenced above and identified with the XENCO Report Number 379445. All results being reported under this Report Number apply to the samples analyzed and properly identified with a Laboratory ID number. Subcontracted analyses are identified in this report with either the NELAC certification number of the subcontract lab in the analyst ID field, or the complete subcontracted report attached to this report.

Unless otherwise noted in a Case Narrative, all data reported in this Analytical Report are in compliance with NELAC standards. Estimation of data uncertainty for this report is found in the quality control section of this report unless otherwise noted. Should insufficient sample be provided to the laboratory to meet the method and NELAC Matrix Duplicate and Matrix Spike requirements, then the data will be analyzed, evaluated and reported using all other available quality control measures.

The validity and integrity of this report will remain intact as long as it is accompanied by this letter and reproduced in full, unless written approval is granted by XENCO Laboratories. This report will be filed for at least 5 years in our archives after which time it will be destroyed without further notice, unless otherwise arranged with you. The samples received, and described as recorded in Report No. 379445 will be filed for 60 days, and after that time they will be properly disposed without further notice, unless otherwise arranged with you. We reserve the right to return to you any unused samples, extracts or solutions related to them if we consider so necessary (e.g., samples identified as hazardous waste, sample sizes exceeding analytical standard practices, controlled substances under regulated protocols, etc).

We thank you for selecting XENCO Laboratories to serve your analytical needs. If you have any questions concerning this report, please feel free to contact us at any time.

Respectfully,

Brent Barron
Odessa Laboratory Director

Sample Cross Reference 379445

Key Energy, Midland, TX

Trackers 2 Pit Closure

Sample Id	Matrix	Date Collected	Sample Depth	Lab Sample Id
PC-01	S	Jun-29-10 10:00		379445-001

CASE NARRATIVE

Client Name: Key Energy
Project Name: Trackers 2 Pit Closure

Project ID:	*NM-13036*	*Report Date:*	*30-JUN-10*
Work Order Number:	*379445*	*Date Received:*	*06/29/2010*

Sample receipt non conformances and Comments:

None

Sample receipt Non Conformances and Comments per Sample:

None

Analytical Non Conformances and Comments:

Batch: LBA-812661 BTEX by EPA 8021B
SW8021BM
Batch 812661, Benzene, Ethylbenzene, m,p-Xylenes , o-Xylene RPD is outside the QC limit. This is most likely due to sample non-homogeneity.
Samples affected are: 379445-001.

SW8021BM

Batch 812661, 4-Bromofluorobenzene recovered below QC limits . Matrix interferences is suspected; data confirmed by re-analysis
Samples affected are: 379205-001 D.

Batch: LBA-812775 Inorganic Anions by EPA 300
None

Batch: LBA-812778 Percent Moisture
AD2216A
Batch 812778, Percent Moisture RPD is outside the QC limit. This is most likely due to sample non-homogeneity.
Samples affected are: 379445-001.

Batch: LBA-812840 TPH By SW8015 Mod
None

XENCO Laboratories

Certificate of Analysis Summary 379445

Key Energy, Midland, TX

Project Name: Trackers 2 Pit Closure

Draft

Project Id: NM-13036
Contact: Louis Sanchez
Project Location: Hobbs, NM

Date Received in Lab: Tue Jun-29-10 03:50 pm
Report Date: 30-JUN-10
Project Manager: Brent Barron, II

Analysis Requested							
	Lab Id:	379445-001					
	Field Id:	PC-01					
	Depth:						
	Matrix:	SOIL					
	Sampled:	Jun-29-10 10:00					
Anions by E300	***Extracted:***						
	Analyzed:	Jun-30-10 08:49					
	Units/RL:	mg/kg	RL				
Chloride		61600	4200				
BTEX by EPA 8021B	***Extracted:***	Jun-29-10 16:40					
	Analyzed:	Jun-29-10 23:45					
	Units/RL:	mg/kg	RL				
Benzene		ND	0.0011				
Toluene		ND	0.0022				
Ethylbenzene		ND	0.0011				
m,p-Xylenes		ND	0.0022				
o-Xylene		ND	0.0011				
Total Xylenes		ND	0.0011				
Total BTEX		ND	0.0011				
Percent Moisture	***Extracted:***						
	Analyzed:	Jun-30-10 11:47					
	Units/RL:	%	RL				
Percent Moisture		10.5	1.00				
TPH By SW8015 Mod	***Extracted:***	Jun-30-10 08:45					
	Analyzed:	Jun-30-10 12:37					
	Units/RL:	mg/kg	RL				
C6-C12 Gasoline Range Hydrocarbons		ND	28.1				
C12-C28 Diesel Range Hydrocarbons		ND	28.1				
C28-C35 Oil Range Hydrocarbons		ND	28.1				
Total TPH		ND	28.1				

Brent Barron
Odessa Laboratory Director

XENCO Laboratories

Flagging Criteria

X In our quality control review of the data a QC deficiency was observed and flagged as noted. MS/MSD recoveries were found to be outside of the laboratory control limits due to possible matrix /chemical interference, or a concentration of target analyte high enough to effect the recovery of the spike concentration. This condition could also effect the relative percent difference in the MS/MSD.

B A target analyte or common laboratory contaminant was identified in the method blank. Its presence indicates possible field or laboratory contamination.

D The sample(s) were diluted due to targets detected over the highest point of the calibration curve, or due to matrix interference. Dilution factors are included in the final results. The result is from a diluted sample.

E The data exceeds the upper calibration limit; therefore, the concentration is reported as estimated.

F RPD exceeded lab control limits.

J The target analyte was positively identified below the MQL and above the SQL.

U Analyte was not detected.

L The LCS data for this analytical batch was reported below the laboratory control limits for this analyte. The department supervisor and QA Director reviewed data. The samples were either reanalyzed or flagged as estimated concentrations.

H The LCS data for this analytical batch was reported above the laboratory control limits. Supporting QC Data were reviewed by the Department Supervisor and QA Director. Data were determined to be valid for reporting.

K Sample analyzed outside of recommended hold time.

JN A combination of the "N" and the "J" qualifier. The analysis indicates that the analyte is "tentatively identified" and the associated numerical value may not be consistent with the amount actually present in the environmental sample.

BRL Below Reporting Limit.

RL Reporting Limit

MDL Method Detection Limit

PQL Practical Quantitation Limit

* Outside XENCO's scope of NELAC Accreditation.

XENCO Laboratories

Form 2 - Surrogate Recoveries

Project Name: Trackers 2 Pit Closure

Work Orders : 379445, **Project ID:** NM-13036

Lab Batch #: 812661 **Sample:** 566962-1-BKS / BKS **Batch:** 1 **Matrix:** Solid

Units: mg/kg **Date Analyzed:** 06/29/10 12:00

BTEX by EPA 8021B	SURROGATE RECOVERY STUDY				
Analytes	Amount Found [A]	True Amount [B]	Recovery %R [D]	Control Limits %R	Flags
1,4-Difluorobenzene	0.0307	0.0300	102	80-120	
4-Bromofluorobenzene	0.0293	0.0300	98	80-120	

Lab Batch #: 812661 **Sample:** 566962-1-BSD / BSD **Batch:** 1 **Matrix:** Solid

Units: mg/kg **Date Analyzed:** 06/29/10 12:22

BTEX by EPA 8021B	SURROGATE RECOVERY STUDY				
Analytes	Amount Found [A]	True Amount [B]	Recovery %R [D]	Control Limits %R	Flags
1,4-Difluorobenzene	0.0310	0.0300	103	80-120	
4-Bromofluorobenzene	0.0295	0.0300	98	80-120	

Lab Batch #: 812661 **Sample:** 566962-1-BLK / BLK **Batch:** 1 **Matrix:** Solid

Units: mg/kg **Date Analyzed:** 06/29/10 13:29

BTEX by EPA 8021B	SURROGATE RECOVERY STUDY				
Analytes	Amount Found [A]	True Amount [B]	Recovery %R [D]	Control Limits %R	Flags
1,4-Difluorobenzene	0.0256	0.0300	85	80-120	
4-Bromofluorobenzene	0.0293	0.0300	98	80-120	

Lab Batch #: 812661 **Sample:** 379205-001 D / MD **Batch:** 1 **Matrix:** Sludge

Units: mg/kg **Date Analyzed:** 06/29/10 15:07

BTEX by EPA 8021B	SURROGATE RECOVERY STUDY				
Analytes	Amount Found [A]	True Amount [B]	Recovery %R [D]	Control Limits %R	Flags
1,4-Difluorobenzene	0.0306	0.0300	102	80-120	
4-Bromofluorobenzene	0.0150	0.0300	50	80-120	**

Lab Batch #: 812661 **Sample:** 379445-001 / SMP **Batch:** 1 **Matrix:** Soil

Units: mg/kg **Date Analyzed:** 06/29/10 23:45

BTEX by EPA 8021B	SURROGATE RECOVERY STUDY				
Analytes	Amount Found [A]	True Amount [B]	Recovery %R [D]	Control Limits %R	Flags
1,4-Difluorobenzene	0.0259	0.0300	86	80-120	
4-Bromofluorobenzene	0.0306	0.0300	102	80-120	

* Surrogate outside of Laboratory QC limits

** Surrogates outside limits; data and surrogates confirmed by reanalysis

*** Poor recoveries due to dilution

Surrogate Recovery [D] = 100 * A / B

All results are based on MDL and validated for QC purposes.

XENCO Laboratories

Form 2 - Surrogate Recoveries

Project Name: Trackers 2 Pit Closure

Work Orders : 379445,

Project ID: NM-13036

Lab Batch #: 812840 **Sample:** 567058-1-BKS / BKS **Batch:** 1 **Matrix:** Solid

Units: mg/kg **Date Analyzed:** 06/30/10 11:06

TPH By SW8015 Mod Analytes	SURROGATE RECOVERY STUDY Amount Found [A]	True Amount [B]	Recovery %R [D]	Control Limits %R	Flags
1-Chlorooctane	110	99.9	110	70-135	
o-Terphenyl	51.9	50.0	104	70-135	

Lab Batch #: 812840 **Sample:** 567058-1-BSD / BSD **Batch:** 1 **Matrix:** Solid

Units: mg/kg **Date Analyzed:** 06/30/10 11:36

TPH By SW8015 Mod Analytes	SURROGATE RECOVERY STUDY Amount Found [A]	True Amount [B]	Recovery %R [D]	Control Limits %R	Flags
1-Chlorooctane	110	99.6	110	70-135	
o-Terphenyl	52.5	49.8	105	70-135	

Lab Batch #: 812840 **Sample:** 567058-1-BLK / BLK **Batch:** 1 **Matrix:** Solid

Units: mg/kg **Date Analyzed:** 06/30/10 12:05

TPH By SW8015 Mod Analytes	SURROGATE RECOVERY STUDY Amount Found [A]	True Amount [B]	Recovery %R [D]	Control Limits %R	Flags
1-Chlorooctane	98.0	99.8	98	70-135	
o-Terphenyl	56.9	49.9	114	70-135	

Lab Batch #: 812840 **Sample:** 379445-001 / SMP **Batch:** 1 **Matrix:** Soil

Units: mg/kg **Date Analyzed:** 06/30/10 12:37

TPH By SW8015 Mod Analytes	SURROGATE RECOVERY STUDY Amount Found [A]	True Amount [B]	Recovery %R [D]	Control Limits %R	Flags
1-Chlorooctane	107	101	106	70-135	
o-Terphenyl	62.8	50.3	125	70-135	

* Surrogate outside of Laboratory QC limits

** Surrogates outside limits; data and surrogates confirmed by reanalysis

*** Poor recoveries due to dilution

Surrogate Recovery [D] = 100 * A / B

All results are based on MDL and validated for QC purposes.

XENCO Laboratories

BS / BSD Recoveries

Project Name: Trackers 2 Pit Closure

Work Order #: 379445 **Project ID:** NM-13036

Analyst: ASA **Date Prepared:** 06/29/2010 **Date Analyzed:** 06/29/2010

Lab Batch ID: 812661 **Sample:** 566962-1-BKS **Batch #:** 1 **Matrix:** Solid

Units: mg/kg

BLANK /BLANK SPIKE / BLANK SPIKE DUPLICATE RECOVERY STUDY

BTEX by EPA 8021B Analytes	Blank Sample Result [A]	Spike Added [B]	Blank Spike Result [C]	Blank Spike %R [D]	Spike Added [E]	Blank Spike Duplicate Result [F]	Blk. Spk Dup. %R [G]	RPD %	Control Limits %R	Control Limits %RPD	Flag
Benzene	ND	0.1000	0.1064	106	0.1	0.1018	102	4	70-130	35	
Toluene	ND	0.1000	0.0981	98	0.1	0.0935	94	5	70-130	35	
Ethylbenzene	ND	0.1000	0.1045	105	0.1	0.0984	98	6	71-129	35	
m,p-Xylenes	ND	0.2000	0.2124	106	0.2	0.2009	100	6	70-135	35	
o-Xylene	ND	0.1000	0.1049	105	0.1	0.0993	99	5	71-133	35	

Analyst: LATCOR **Date Prepared:** 06/30/2010 **Date Analyzed:** 06/30/2010

Lab Batch ID: 812775 **Sample:** 812775-1-BKS **Batch #:** 1 **Matrix:** Solid

Units: mg/kg

BLANK /BLANK SPIKE / BLANK SPIKE DUPLICATE RECOVERY STUDY

Anions by E300 Analytes	Blank Sample Result [A]	Spike Added [B]	Blank Spike Result [C]	Blank Spike %R [D]	Spike Added [E]	Blank Spike Duplicate Result [F]	Blk. Spk Dup. %R [G]	RPD %	Control Limits %R	Control Limits %RPD	Flag
Chloride	ND	11.0	10.6	96	11	11.3	103	6	75-125	20	

Relative Percent Difference RPD = 200*|(C-F)/(C+F)|
Blank Spike Recovery [D] = 100*(C)/[B]
Blank Spike Duplicate Recovery [G] = 100*(F)/[E]
All results are based on MDL and Validated for QC Purposes

XENCO Laboratories

BS / BSD Recoveries

Project Name: Trackers 2 Pit Closure

Work Order #: 379445 **Project ID:** NM-13036

Analyst: BEV **Date Prepared:** 06/30/2010 **Date Analyzed:** 06/30/2010

Lab Batch ID: 812840 **Sample:** 567058-1-BKS **Batch #:** 1 **Matrix:** Solid

Units: mg/kg

BLANK /BLANK SPIKE / BLANK SPIKE DUPLICATE RECOVERY STUDY

TPH By SW8015 Mod Analytes	Blank Sample Result [A]	Spike Added [B]	Blank Spike Result [C]	Blank Spike %R [D]	Spike Added [E]	Blank Spike Duplicate Result [F]	Blk. Spk Dup. %R [G]	RPD %	Control Limits %R	Control Limits %RPD	Flag
C6-C12 Gasoline Range Hydrocarbons	ND	999	981	98	996	973	98	1	70-135	35	
C12-C28 Diesel Range Hydrocarbons	ND	999	782	78	996	831	83	6	70-135	35	

Relative Percent Difference RPD = 200*|(C-F)/(C+F)|
Blank Spike Recovery [D] = 100*(C)/[B]
Blank Spike Duplicate Recovery [G] = 100*(F)/[E]
All results are based on MDL and Validated for QC Purposes

XENCO Laboratories

Form 3 - MS Recoveries

Project Name: Trackers 2 Pit Closure

Work Order #: 379445
Lab Batch #: 812775
Project ID: NM-13036
Date Analyzed: 06/30/2010
Date Prepared: 06/30/2010
Analyst: LATCOR
QC- Sample ID: 379449-001 S
Batch #: 1
Matrix: Soil
Reporting Units: mg/kg

Inorganic Anions by EPA 300	MATRIX / MATRIX SPIKE RECOVERY STUDY					
Analytes	Parent Sample Result [A]	Spike Added [B]	Spiked Sample Result [C]	%R [D]	Control Limits %R	Flag
Chloride	384	120	516	110	75-125	

Matrix Spike Percent Recovery [D] = 100*(C-A)/B
Relative Percent Difference [E] = 200*(C-A)/(C+B)
All Results are based on MDL and Validated for QC Purposes

BRL - Below Reporting Limit

XENCO Laboratories

Sample Duplicate Recovery

ACCREDITED IN ACCORDANCE WITH nelac

Project Name: Trackers 2 Pit Closure

Work Order #: 379445

Lab Batch #: 812775 **Project ID:** NM-13036

Date Analyzed: 06/30/2010 **Date Prepared:** 06/30/2010 **Analyst:** LATCOR

QC- Sample ID: 379449-001 D **Batch #:** 1 **Matrix:** Soil

Reporting Units: mg/kg

Anions by E300 Analyte	SAMPLE / SAMPLE DUPLICATE RECOVERY				
	Parent Sample Result [A]	Sample Duplicate Result [B]	RPD	Control Limits %RPD	Flag
Chloride	384	378	2	20	

Lab Batch #: 812661

Date Analyzed: 06/29/2010 **Date Prepared:** 06/29/2010 **Analyst:** ASA

QC- Sample ID: 379205-001 D **Batch #:** 1 **Matrix:** Sludge

Reporting Units: mg/kg

BTEX by EPA 8021B Analyte	SAMPLE / SAMPLE DUPLICATE RECOVERY				
	Parent Sample Result [A]	Sample Duplicate Result [B]	RPD	Control Limits %RPD	Flag
Benzene	0.0010	0.0017	52	35	F
Toluene	0.0104	0.0143	32	35	
Ethylbenzene	0.0067	0.0103	42	35	F
m,p-Xylenes	0.0222	0.0359	47	35	F
o-Xylene	0.0102	0.0161	45	35	F
a,a,a-Trifluorotoluene	0.030	0.030	0	35	

Lab Batch #: 812778

Date Analyzed: 06/30/2010 **Date Prepared:** 06/30/2010 **Analyst:** JLG

QC- Sample ID: 379445-001 D **Batch #:** 1 **Matrix:** Soil

Reporting Units: %

Percent Moisture Analyte	SAMPLE / SAMPLE DUPLICATE RECOVERY				
	Parent Sample Result [A]	Sample Duplicate Result [B]	RPD	Control Limits %RPD	Flag
Percent Moisture	10.5	8.31	23	20	F

Spike Relative Difference RPD 200 * | (B-A)/(B+A) |
All Results are based on MDL and validated for QC purposes.
BRL - Below Reporting Limit

Xenco Laboratories

The Environmental Lab of Texas

CHAIN OF CUSTODY RECORD AND ANALYSIS REQUEST

12600 West I-20 East
Odessa, Texas 79765

Phone: 432-563-1800
Fax: 432-563-1713

Project Manager: Louis Sanchez
Company Name: Key Energy Services
Company Address: 6 Desta Dr. Suite 4400
City/State/Zip: Midland, TX 79705
Telephone No: 432-571-7362 Fax No: 432-571-7173
Sampler Signature:

Project Name: Tracker 2 Pit Closure
Project #: NM-13036
Project Loc: Hobbs, NM
PO #:
Report Format: ☑ Standard ☐ TRRP ☐ NPDES
e-mail: lsanchez@keyenergy.com

(lab use only)
ORDER #: 37945

Lab # (lab use only)	FIELD CODE	Beginning Depth	Ending Depth	Date Sampled	Time Sampled	Field Filtered	Total # of Containers	Preservation & # of Containers: Ice	HNO3	HCl	H2SO4	NaOH	Na2S2O3	None	Other (Specify)	Matrix: DW=Drinking Water SL=Sludge	GW = Groundwater S=Soil/Solid	NP=Non-Potable Specify Other	Analyze For: TPH: 418.1	8015M	TPH: TX 1005	Cations (Ca, Mg, Na, K)	Anions (Cl, SO4, Alkalinity)	SAR / ESP / CEC	Metals: As Ag Ba Cd Cr Pb Hg Se	Volatiles	Semivolatiles	BTEX 8021B 5030 or BTEX 8260	RCI	N.O.R.M.	Chlorides EPA 300.0	RUSH TAT (Pre-Schedule) 24, 72 hrs	Standard TAT
01	PC-01	0	0	6/25/10	1000		1	X								S			X		X							X			X		X	

TCLP:
TOTAL:

Special Instructions:

Relinquished by:	Date	Time	Received by:	Date	Time
	6/29/10	1550			
Relinquished by:	Date	Time	Received by:	Date	Time
Relinquished by:	Date	Time	Received by ELOT: Cindy Sam	Date 6-29-10	Time 15:50

Laboratory Comments:
VOC Free of Headspace? (Y) N
Custody seals on container(s) (Y) N
Sample Hand Delivered by Sample/Client Rep.? (Y) N
by Courier? UPS DHL FedEx Lone Star
Temperature Upon Receipt: 3.0 °C

XENCO Laboratories	Document Title: Sample Receipt Checklist
Atlanta, Boca Raton, Corpus Christi, Dallas	Document No.: SYS-SRC
Houston, Miami, Odessa, Philadelphia	Revision/Date: No. 01, 5/27/2010
Phoenix, San Antonio, Tampa	Effective Date: 6/1/2010 Page 1 of 1

Prelogin / Nonconformance Report - Sample Log-In

Client: Key Energy

Date/Time: 6.29.10 15:50

Lab ID # : 379445

Initials: AL

Sample Receipt Checklist

1. Samples on ice?	Blue	(Water)	No	
2. Shipping container in good condition?	(Yes)	No	None	
3. Custody seals intact on shipping container (cooler) and bottles?	Yes	No	(N/A)	
4. Chain of Custody present?	(Yes)	No		
5. Sample instructions complete on chain of custody?	(Yes)	No		
6. Any missing / extra samples?	Yes	(No)		
7. Chain of custody signed when relinquished / received?	(Yes)	No		
8. Chain of custody agrees with sample label(s)?	(Yes)	No		
9. Container labels legible and intact?	(Yes)	No		
10. Sample matrix / properties agree with chain of custody?	(Yes)	No		
11. Samples in proper container / bottle?	(Yes)	No		
12. Samples properly preserved?	(Yes)	No	N/A	
13. Sample container intact?	(Yes)	No		
14. Sufficient sample amount for indicated test(s)?	(Yes)	No		
15. All samples received within sufficient hold time?	(Yes)	No		
16. Subcontract of sample(s)?	Yes	No	(N/A)	
17. VOC sample have zero head space?	(Yes)	No	N/A	

18. Cooler 1 No.		Cooler 2 No.		Cooler 3 No.		Cooler 4 No.		Cooler 5 No.	
lbs	3.6 °C	lbs	°C	lbs	°C	lbs	°C	lbs	°C

Nonconformance Documentation

Contact:_____ Contacted by:_____ Date/Time:_____

Regarding: _____

_____

Corrective Action Taken:_____

_____

_____

_____

Check all that apply: ☐ Cooling process has begun shortly after sampling event and out of temperature condition acceptable by NELAC 5.5.8.3.1.a.1.

☐ Initial and Backup Temperature confirm out of temperature conditions

☐ Client understands and would like to proceed with analysis

Analytical Report 380451

for

Key Energy

Project Manager: Louis Sanchez

Truckers 2 Pit Closure

NM-13036

13-JUL-10

12600 West I-20 East Odessa, Texas 79765

Xenco-Houston (EPA Lab code: TX00122):
Texas (T104704215-TX), Arizona (AZ0738), Arkansas (08-039-0), Connecticut (PH-0102), Florida (E871002)
Illinois (002082), Indiana (C-TX-02), Iowa (392), Kansas (E-10380), Kentucky (45), Louisiana (03054)
New Hampshire (297408), New Jersey (TX007), New York (11763), Oklahoma (9218), Pennsylvania (68-03610)
Rhode Island (LAO00312), USDA (S-44102)

Xenco-Atlanta (EPA Lab Code: GA00046):
Florida (E87429), North Carolina (483), South Carolina (98015), Utah (AALI1), West Virginia (362), Kentucky (85)
Louisiana (04176), USDA (P330-07-00105)

Xenco-Miami (EPA Lab code: FL01152): Florida (E86678), Maryland (330)
Xenco-Tampa Mobile (EPA Lab code: FL01212): Florida (E84900)
Xenco-Odessa (EPA Lab code: TX00158): Texas (T104704400-TX)
Xenco-Dallas (EPA Lab code: TX01468): Texas (T104704295-TX)
Xenco-Corpus Christi (EPA Lab code: TX02613): Texas (T104704370)
Xenco-Boca Raton (EPA Lab Code: FL00449):
Florida(E86240),South Carolina(96031001), Louisiana(04154), Georgia(917)
North Carolina(444), Texas(T104704468-TX), Illinois(002295), Florida(E86349)

13-JUL-10

Project Manager: **Louis Sanchez**
Key Energy
6 Desta Drive, Ste. 4400
Midland, TX 79705

Reference: XENCO Report No: **380451**
Truckers 2 Pit Closure
Project Address: Hobbs, NM

Louis Sanchez:

We are reporting to you the results of the analyses performed on the samples received under the project name referenced above and identified with the XENCO Report Number 380451. All results being reported under this Report Number apply to the samples analyzed and properly identified with a Laboratory ID number. Subcontracted analyses are identified in this report with either the NELAC certification number of the subcontract lab in the analyst ID field, or the complete subcontracted report attached to this report.

Unless otherwise noted in a Case Narrative, all data reported in this Analytical Report are in compliance with NELAC standards. Estimation of data uncertainty for this report is found in the quality control section of this report unless otherwise noted. Should insufficient sample be provided to the laboratory to meet the method and NELAC Matrix Duplicate and Matrix Spike requirements, then the data will be analyzed, evaluated and reported using all other available quality control measures.

The validity and integrity of this report will remain intact as long as it is accompanied by this letter and reproduced in full, unless written approval is granted by XENCO Laboratories. This report will be filed for at least 5 years in our archives after which time it will be destroyed without further notice, unless otherwise arranged with you. The samples received, and described as recorded in Report No. 380451 will be filed for 60 days, and after that time they will be properly disposed without further notice, unless otherwise arranged with you. We reserve the right to return to you any unused samples, extracts or solutions related to them if we consider so necessary (e.g., samples identified as hazardous waste, sample sizes exceeding analytical standard practices, controlled substances under regulated protocols, etc).

We thank you for selecting XENCO Laboratories to serve your analytical needs. If you have any questions concerning this report, please feel free to contact us at any time.

Respectfully,

Brent Barron, II
Odessa Laboratory Manager

Sample Cross Reference 380451

Key Energy, Midland, TX

Truckers 2 Pit Closure

Sample Id	Matrix	Date Collected	Sample Depth	Lab Sample Id
PC-02	S	Jul-07-10 11:12	12 - 12 ft	380451-001
PC-03	S	Jul-07-10 11:44	14 - 14 ft	380451-002

CASE NARRATIVE

XENCO Laboratories

Client Name: Key Energy
Project Name: Truckers 2 Pit Closure

Project ID:	*NM-13036*	*Report Date:*	*13-JUL-10*
Work Order Number:	*380451*	*Date Received:*	*07/07/2010*

Sample receipt non conformances and Comments:

None

Sample receipt Non Conformances and Comments per Sample:

None

Analytical Non Conformances and Comments:

Batch: LBA-813832 Percent Moisture
None

Batch: LBA-813876 Inorganic Anions by EPA 300
None

Batch: LBA-814342 TPH by EPA 418.1
None

Certificate of Analysis Summary 380451

Key Energy, Midland, TX

Project Name: Truckers 2 Pit Closure

Project Id: NM-13036
Contact: Louis Sanchez
Project Location: Hobbs, NM

Date Received in Lab: Wed Jul-07-10 04:35 pm
Report Date: 13-JUL-10
Project Manager: Brent Barron, II

Analysis Requested								
	Lab Id:	380451-001		380451-002				
	Field Id:	PC-02		PC-03				
	Depth:	12-12 ft		14-14 ft				
	Matrix:	SOIL		SOIL				
	Sampled:	Jul-07-10 11:12		Jul-07-10 11:44				
Anions by E300	***Extracted:***							
	Analyzed:	Jul-08-10 09:25		Jul-08-10 09:25				
	Units/RL:	mg/kg	RL	mg/kg	RL			
Chloride		7410	199	13400	495			
Percent Moisture	***Extracted:***							
	Analyzed:	Jul-08-10 12:01		Jul-08-10 12:01				
	Units/RL:	%	RL	%	RL			
Percent Moisture		15.7	1.00	15.2	1.00			
TPH by EPA 418.1	***Extracted:***							
	Analyzed:	Jul-13-10 11:50						
	Units/RL:	mg/kg	RL					
TPH, Total Petroleum Hydrocarbons		275	29.7					

Brent Barron, II
Odessa Laboratory Manager

XENCO Laboratories

Flagging Criteria

X In our quality control review of the data a QC deficiency was observed and flagged as noted. MS/MSD recoveries were found to be outside of the laboratory control limits due to possible matrix /chemical interference, or a concentration of target analyte high enough to effect the recovery of the spike concentration. This condition could also effect the relative percent difference in the MS/MSD.

B A target analyte or common laboratory contaminant was identified in the method blank. Its presence indicates possible field or laboratory contamination.

D The sample(s) were diluted due to targets detected over the highest point of the calibration curve, or due to matrix interference. Dilution factors are included in the final results. The result is from a diluted sample.

E The data exceeds the upper calibration limit; therefore, the concentration is reported as estimated.

F RPD exceeded lab control limits.

J The target analyte was positively identified below the MQL and above the SQL.

U Analyte was not detected.

L The LCS data for this analytical batch was reported below the laboratory control limits for this analyte. The department supervisor and QA Director reviewed data. The samples were either reanalyzed or flagged as estimated concentrations.

H The LCS data for this analytical batch was reported above the laboratory control limits. Supporting QC Data were reviewed by the Department Supervisor and QA Director. Data were determined to be valid for reporting.

K Sample analyzed outside of recommended hold time.

JN A combination of the "N" and the "J" qualifier. The analysis indicates that the analyte is "tentatively identified" and the associated numerical value may not be consistent with the amount actually present in the environmental sample.

BRL Below Reporting Limit.

RL Reporting Limit

MDL Method Detection Limit

PQL Practical Quantitation Limit

* Outside XENCO's scope of NELAC Accreditation.

XENCO Laboratories

BS / BSD Recoveries

Project Name: Truckers 2 Pit Closure

Work Order #: 380451 **Project ID:** NM-13036

Analyst: LATCOR **Date Prepared:** 07/08/2010 **Date Analyzed:** 07/08/2010

Lab Batch ID: 813876 **Sample:** 813876-1-BKS **Batch #:** 1 **Matrix:** Solid

Units: mg/kg

BLANK /BLANK SPIKE / BLANK SPIKE DUPLICATE RECOVERY STUDY

Anions by E300 Analytes	Blank Sample Result [A]	Spike Added [B]	Blank Spike Result [C]	Blank Spike %R [D]	Spike Added [E]	Blank Spike Duplicate Result [F]	Blk. Spk Dup. %R [G]	RPD %	Control Limits %R	Control Limits %RPD	Flag
Chloride	ND	10.0	10.0	100	10	9.94	99	1	75-125	20	

Analyst: ASA **Date Prepared:** 07/13/2010 **Date Analyzed:** 07/13/2010

Lab Batch ID: 814342 **Sample:** 814342-1-BKS **Batch #:** 1 **Matrix:** Solid

Units: mg/kg

BLANK /BLANK SPIKE / BLANK SPIKE DUPLICATE RECOVERY STUDY

TPH by EPA 418.1 Analytes	Blank Sample Result [A]	Spike Added [B]	Blank Spike Result [C]	Blank Spike %R [D]	Spike Added [E]	Blank Spike Duplicate Result [F]	Blk. Spk Dup. %R [G]	RPD %	Control Limits %R	Control Limits %RPD	Flag
TPH, Total Petroleum Hydrocarbons	ND	2500	2690	108	2500	2600	104	3	65-135	35	

Relative Percent Difference RPD = 200*|(C-F)/(C+F)|
Blank Spike Recovery [D] = 100*(C)/[B]
Blank Spike Duplicate Recovery [G] = 100*(F)/[E]
All results are based on MDL and Validated for QC Purposes

XENCO Laboratories

Form 3 - MS Recoveries

Project Name: Truckers 2 Pit Closure

Work Order #: 380451
Lab Batch #: 813876
Project ID: NM-13036
Date Analyzed: 07/08/2010
Date Prepared: 07/08/2010
Analyst: LATCOR
QC- Sample ID: 380448-001 S
Batch #: 1
Matrix: Soil
Reporting Units: mg/kg

Inorganic Anions by EPA 300	MATRIX / MATRIX SPIKE RECOVERY STUDY					
Analytes	Parent Sample Result [A]	Spike Added [B]	Spiked Sample Result [C]	%R [D]	Control Limits %R	Flag
Chloride	9230	4790	13300	85	75-125	

Matrix Spike Percent Recovery [D] = 100*(C-A)/B
Relative Percent Difference [E] = 200*(C-A)/(C+B)
All Results are based on MDL and Validated for QC Purposes

BRL - Below Reporting Limit

XENCO Laboratories

Sample Duplicate Recovery

Project Name: Truckers 2 Pit Closure

Work Order #: 380451

Lab Batch #: 813876 **Project ID:** NM-13036

Date Analyzed: 07/08/2010 **Date Prepared:** 07/08/2010 **Analyst:** LATCOR

QC- Sample ID: 380448-001 D **Batch #:** 1 **Matrix:** Soil

Reporting Units: mg/kg

Anions by E300 Analyte	SAMPLE / SAMPLE DUPLICATE RECOVERY				
	Parent Sample Result [A]	Sample Duplicate Result [B]	RPD	Control Limits %RPD	Flag
Chloride	9230	8810	5	20	

Lab Batch #: 813832

Date Analyzed: 07/08/2010 **Date Prepared:** 07/08/2010 **Analyst:** JLG

QC- Sample ID: 380448-001 D **Batch #:** 1 **Matrix:** Soil

Reporting Units: %

Percent Moisture Analyte	SAMPLE / SAMPLE DUPLICATE RECOVERY				
	Parent Sample Result [A]	Sample Duplicate Result [B]	RPD	Control Limits %RPD	Flag
Percent Moisture	16.5	16.2	2	20	

Lab Batch #: 814342

Date Analyzed: 07/13/2010 **Date Prepared:** 07/13/2010 **Analyst:** ASA

QC- Sample ID: 380451-001 D **Batch #:** 1 **Matrix:** Soil

Reporting Units: mg/kg

TPH by EPA 418.1 Analyte	SAMPLE / SAMPLE DUPLICATE RECOVERY				
	Parent Sample Result [A]	Sample Duplicate Result [B]	RPD	Control Limits %RPD	Flag
TPH, Total Petroleum Hydrocarbons	275	208	28	35	

Spike Relative Difference RPD 200 * | (B-A)/(B+A) |
All Results are based on MDL and validated for QC purposes.
BRL - Below Reporting Limit

Xenco Laboratories

The Environmental Lab of Texas

CHAIN OF CUSTODY RECORD AND ANALYSIS REQUEST 1 of 1

12600 West I-20 East
Odessa, Texas 79765

Phone: 432-563-1800
Fax: 432-563-1713

Project Manager: Louis Sanchez
Company Name: Key Energy Services
Company Address: 6 Desta Dr, Suite 4400
City/State/Zip: Midland, Tx 79705
Telephone No: 432-571-7382 Fax No: 432-571-7173
Sampler Signature: Louis Sanchez e-mail: lsanchez@keyenergy.com

Project Name: Truckers 2 Pit Closure
Project #: NM-13036
Project Loc: Hobbs, NM
PO #:
Report Format: ☒ Standard ☐ TRRP ☐ NPDES

(lab use only)
ORDER #: 380451

LAB # (lab use only)	FIELD CODE	Beginning Depth	Ending Depth	Date Sampled	Time Sampled MST	Field Filtered	Total # of Containers	Preservation & # of Containers: Ice	HNO_3	HCl	H_2SO_4	NaOH	$Na_2S_2O_3$	None	Other (Specify)	Matrix: DW=Drinking Water SL=Sludge GW=Groundwater S=Soil/Solid NP=Non-Potable Specify Other	Analyze For: TCLP: TOTAL: TPH: 418.1 8015M 8015B	TPH: TX 1005 TX 1006	Cations (Ca, Mg, Na, K)	Anions (Cl, SO4, Alkalinity)	SAR / ESP / CEC	Metals: As Ag Ba Cd Cr Pb Hg Se	Volatiles	Semivolatiles	BTEX 80218/5030 or BTEX 8260	RCI	N.O.R.M.	TCLP Inorganics			RUSH TAT (Pre-Schedule) 24, 48, 72 hrs	Standard TAT
01	PC-02	12'	12'	7/7/10	1012		1	X								S											X			X	
02	PC-03	14'	14'	↓	1044		↓	↓								↓											↓				1H
03	PC-04	16'	16'	↓	1132		↓	↓								↓											↓				1H

Special Instructions:
Hold PC-03 and PC-04 to be run only if needed.

Relinquished by:	Date	Time	Received by:	Date	Time
	7/7/10	1635			
Relinquished by:	Date	Time	Received by:	Date	Time
Relinquished by:	Date	Time	Received by ELOT: Andrea Sena	Date 7/7/10	Time 1635

Laboratory Comments:
VOCs Free of Headspace? Y
Custody seals on container(s) Y
Sample Hand Delivered by Sampler/Client Rep.? Y
by Courier? UPS DHL FedEx Lone Star N
Temperature Upon Receipt: 2.1 °C

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Final 1.001

XENCO Laboratories

XENCO Laboratories
Atlanta, Boca Raton, Corpus Christi, Dallas
Houston, Miami, Odessa, Philadelphia
Phoenix, San Antonio, Tampa

Document Title: Sample Receipt Checklist
Document No.: SYS-SRC
Revision/Date: No. 01, 5/27/2010
Effective Date: 6/1/2010 Page 1 of 1

Prelogin / Nonconformance Report - Sample Log-In

Client: Key Energy
Date/Time: 7.7.10 16:35
Lab ID # : 380451
Initials: AL

Sample Receipt Checklist

1. Samples on ice?	Blue	(Water)	No	
2. Shipping container in good condition?	(Yes)	No	None	
3. Custody seals intact on shipping container (cooler) and bottles?	Yes	No	(N/A)	
4. Chain of Custody present?	(Yes)	No		
5. Sample instructions complete on chain of custody?	(Yes)	No		
6. Any missing / extra samples?	Yes	(No)		
7. Chain of custody signed when relinquished / received?	(Yes)	No		
8. Chain of custody agrees with sample label(s)?	(Yes)	No		
9. Container labels legible and intact?	(Yes)	No		
10. Sample matrix / properties agree with chain of custody?	(Yes)	No		
11. Samples in proper container / bottle?	(Yes)	No		
12. Samples properly preserved?	(Yes)	No	N/A	
13. Sample container intact?	(Yes)	No		
14. Sufficient sample amount for indicated test(s)?	(Yes)	No		
15. All samples received within sufficient hold time?	(Yes)	No		
16. Subcontract of sample(s)?	~~Yes~~ AL 7.8.10	No	(N/A)	
17. VOC sample have zero head space?	Yes	No	(N/A)	

18. Cooler 1 No.		Cooler 2 No.		Cooler 3 No.		Cooler 4 No.		Cooler 5 No.	
lbs	°C	lbs	°C	lbs	°C	lbs	°C	lbs	°C

Nonconformance Documentation

Contact:_____ Contacted by:_____ Date/Time:_____

Regarding: _____

Corrective Action Taken: _____

Check all that apply:
- ☐ Cooling process has begun shortly after sampling event and out of temperature condition acceptable by NELAC 5.5.8.3.1.a.1.
- ☐ Initial and Backup Temperature confirm out of temperature conditions
- ☐ Client understands and would like to proceed with analysis

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 H_2S, 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

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): _____ Title: _____

Signature: _____ Date: _____

e-mail address: _____ Telephone: _____

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): Louis Sanchez Title: Corp. Env. Specialist II

Signature: Louis Sanchez Date: 9/15/10

e-mail address: lsanchez@keyenergy.com Telephone: 432-571-7362