

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-144
June 1, 2004

For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office.

Pit or Below-Grade Tank Registration or Closure

MAR 18 2008

Is pit or below-grade tank covered by a "general plan"? Yes ☐ No ☐

Type of action: Registration of a pit or below-grade tank ☐ Closure of a pit or below-grade tank X ☒

OCD-ARTESIA

Operator: Reef Exploration, Inc.		Telephone: (972) 437-6792 & (228) 216-7981	E-mail address: jayd@reefexpl.com & larsen@bellsouth.net
Address: 1901 N. Central Expressway, Suite 8300, Richardson, Texas 75080			
Facility or well name: State 2, #2		API # 30-015-35674	U/L or Qr/Qr NE/NW Section 2 T 23 South R 31 East
County: Eddy		Latitude 32.33873	Longitude -103.749939
NAD 1927 ☐ 1983 ☒			
Surface Owner: Federal ☐ State X Private ☒ Indian ☐			
Pit Type: Drilling X Production ☐ Disposal ☐ Workover ☐ Emergency ☒ Lined X Unlined ☐ Liner type: Synthetic X Thickness: 12 mil Clay ☐ Pit Volume 2,000 bbl (estimated)		Below-grade tank Volume: _____ bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes ☐ If not, explain why not: _____	
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water)		Less than 50 feet (20 points) 50 feet or more, but less than 100 feet (10 points) 100 feet or more (0 points)	
Wellhead protection area (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources)		Yes (20 points) No (0 points)	
Distance to surface water (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses)		Less than 200 feet (20 points) 200 feet or more, but less than 1000 feet (10 points) 1000 feet or more (0 points)	
		Ranking Score (Total Points)	0 Points

If this is a pit closure: (1) Attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location (check the onsite box if you are burying in place) onsite X offsite ☐ If offsite, name of facility: _____ (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered No X Yes ☐ If yes, show depth below ground surface: _____ ft and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

Additional Comments: The attached schematic diagram illustrates the general orientation of drill pit relative to each drill pad, and where pit solids will be deep
trenched buried. A Post Closure Form C-144 will provide documentation regarding the remedial actions taken and the confirmation soil analytical results.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines X, a general permit ☐ , or an (attached) alternative OCD-approved plan ☐ .	
Date: March 14, 2008	Signature: _____
Printed Name/Title: Lars Larson, Geologist	
Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or	
Approval: _____	Signature: _____ Signed By: _____ Date: MAR 24 2008

NOTIFY OCD 24 HOURS PRIOR to beginning closure and 24 HOURS PRIOR to obtaining samples. Samples are to be obtained from pit area and analyses provided to OCD prior to backfilling pit.

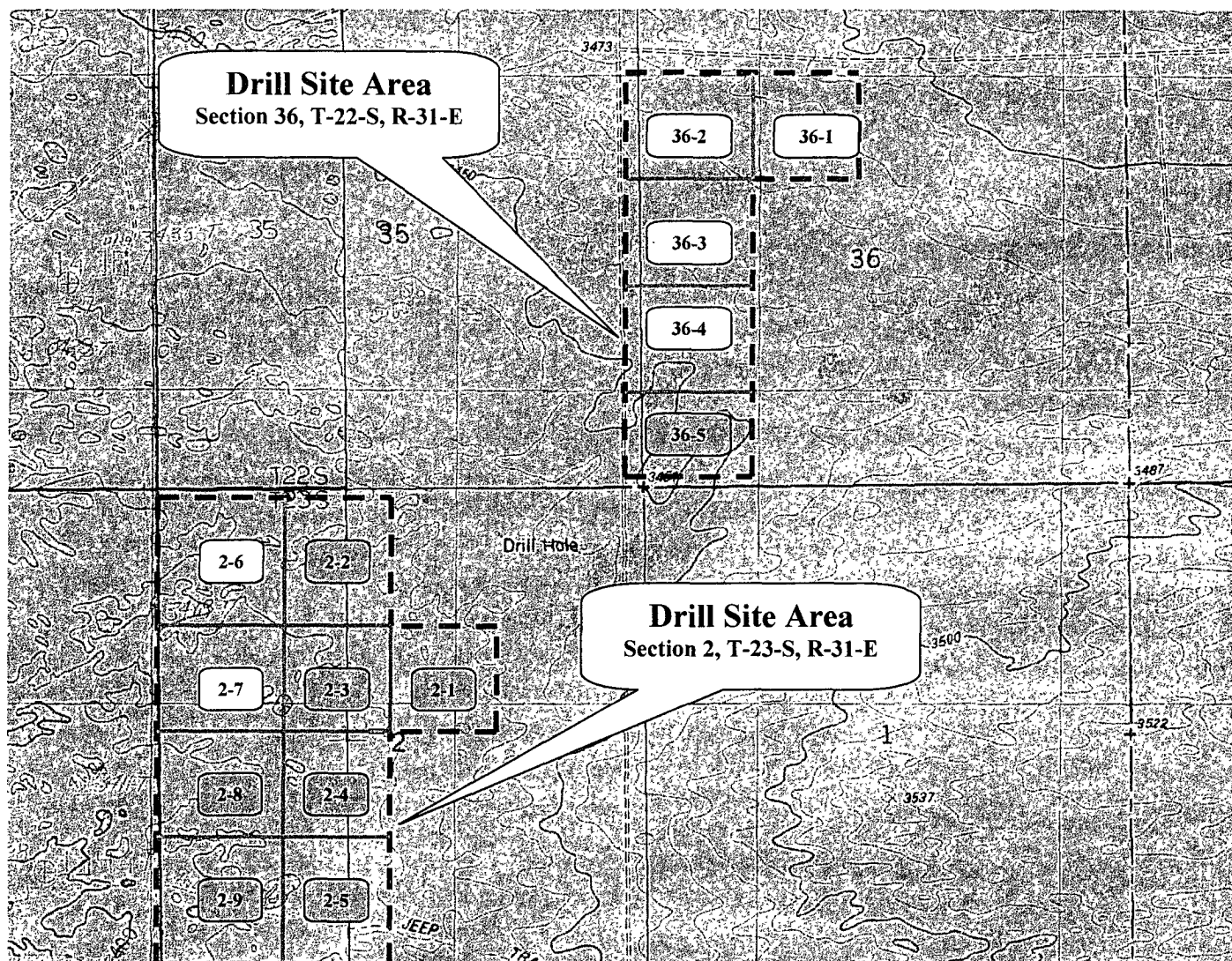
If burial trench is to be constructed in pit area, samples are to be obtained and analyses submitted to OCD PRIOR to lining trench.

FINAL CLOSURE REPORT

Accepted for record
NMOCD

SEP 23 2008



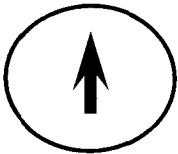


- Drilled locations with pits closed and sites restored under approved Form C-144's.



- Permitted locations, but "not" drilled. Pits closed and sites restored under approved Form C-103's.

Reef Exploration, L.P.
Drill Site Location Map
 U.S.G.S. 7.5- Topographic Quadrangle Map
 Bootleg Ridge, New Mexico
 CAC Project # 15340.07



NORTH

BKG Sample

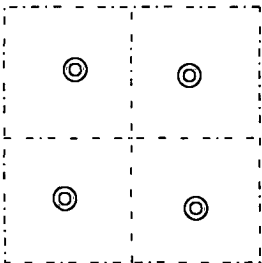


DRILL PAD AREA

300' x 300' (+/-)

Closed Drill Pit

100' x 100' (+/-)



Pump Jack



Well Head

**Location of Deep Burial
Trench**

100' x 20' x 17' (+/-)

Note: Drawing is not to scale.



Pit Bottom Sample Locations.

REEF EXPLORATION, L.P.

Schematic Drawing of the State #2-2 Location

Section 2 T-23-S, R-31-E

Eddy County, New Mexico

State of New Mexico

Energy, Minerals and Natural Resources – Oil Conservation Division

Drilling Pit Closure Narratives for the Sand Dunes, New Mexico Project “Addendum to Approved Form C-144 – Reef Exploration, L.P.” Eddy County, New Mexico

Drill Site Location - State #2-2

- Form C-144 Drill Pit Closure Approval - March 24, 2008. Subsequent activities included the dewatering of these pits and the appropriate management and disposal of the liquid waste.
- In early to mid May 2008, after NM One-Call had been alerted of the proposed drill pit closure operations, New Mexico Environmental Services (NMES), on behalf of Reef Exploration, LP (Reef) began mobilizing equipment and materials to this site to begin drill pit closure.
- Shortly thereafter, NMES began excavation of the deep burial trench at this location and the stabilization of the pit solid material. The attached site schematic diagram illustrates the location of the deep burial trench and pit in relation to the overall well pad.
- The deep burial trench was excavated to dimensions that were approximately 100-feet long, by 20 to 25-feet wide, by roughly 15-20-feet deep.
- Once the drill pit solids had been appropriately stabilized and the burial trench was lined with a 20-mil HDPE liner, the pit solids materials were transferred to the deep burial trench. This process continued until all of the pit solids and few feet of the native soils underlying the drill pit had been excavated.
- Once the drill pit had been appropriately cleaned out, confirmation samples were collected from the pit bottom to document the total chloride concentrations. Field testing of the native material underlying the drill pit were as follows:

STATE #2-2 – Field Chloride Test Results (concentrations expressed in ppm).

NE1/4	10'	250cl		
NW1/4	10'	350cl		
SW1/4	10'	250cl		
SE1/4	10'	3000cl	14'	175cl

- Mike Bratcher of the NM-OCD was contacted on 5/23/08 @ 9:40 pm. Mr. Bratcher requested that NMES remove an additional 2' of material from the SE ¼ of the drill pit bottom and place into deep burial trench and backfill the pit. The official laboratory analytical report sheets for soil samples obtained from the drill pit bottom are included herewith.
- The liner in the deep burial trench was then welded (sewn) and sealed. Approximately 4-feet backfill material was then placed on top of the trench. The whole area was shaped and leveled for adequate drainage. In late August 2008, this burial trench and drill pit area was tilled and seeded to re-establish natural grass and vegetative cover.

Report Date: May 29, 2008
API #30-015-35674

Work Order: 8052314
Reef State 2 Well #2

Page Number: 1 of 2
NE/NW Sec: 2 T23S, R31E, Eddy Co., NM

Summary Report

Dusty Wilson
New Mexico Environmental
P.O. Box 310
Hobbs, NM 88241

Report Date: May 29, 2008

Work Order: 8052314



Project Location: NE/NW Sec: 2 T23S, R31E, Eddy Co., NM
Project Name: Reef State 2 Well #2
Project Number: API #30-015-35674

Sample	Description	Matrix	Date Taken	Time Taken	Date Received
161079	Sample #001 NE 1/4 10'	soil	2008-05-22	13:30	2008-05-23
161080	Sample #002 NW 1/4 10'	soil	2008-05-22	13:40	2008-05-23
161081	Sample #003 SW 1/4 10'	soil	2008-05-22	13:50	2008-05-23
161082	Sample #004 SE 1/4 10'	soil	2008-05-22	14:00	2008-05-23
161083	Sample #005 BG	soil	2008-05-22	15:00	2008-05-23
161084	Sample #006 SE 1/4 14'	soil	2008-05-22	14:45	2008-05-23

Sample: 161079 - Sample #001 NE 1/4 10'

Param	Flag	Result	Units	RL
Chloride		2210	mg/Kg	3.25

Sample: 161080 - Sample #002 NW 1/4 10'

Param	Flag	Result	Units	RL
Chloride		595	mg/Kg	3.25

Sample: 161081 - Sample #003 SW 1/4 10'

Param	Flag	Result	Units	RL
Chloride		290	mg/Kg	3.25

Report Date: May 29, 2008

Work Order: 8052314

Page Number: 2 of 2

API #30-015-35674

Reef State 2 Well #2

NE/NW Sec 2 T23S R31E Eddy Co NM

Sample: 161082 - Sample #004 SE 1/4 10

Param	Flag	Result	Units	RL
Chloride		6740	mg/Kg	3:25

Sample: 161083 - Sample #005 BG

Param	Flag	Result	Units	RL
Chloride		668	mg/Kg	3:25

Sample: 161084 - Sample #006 SE 1/4 14

Param	Flag	Result	Units	RL
Chloride		668	mg/Kg	3:25

TRACE ANALYSIS, INC.

6701 Aberdeen Avenue, Suite 9 Lubbock, Texas 79424 800•378•1296 806•794•1296 FAX: 806•794•1298
200 East Sunset Road, Suite E El Paso, Texas 79922 888•588•3443 915•585•3443 FAX: 915•585•4944
5002 Basin Street, Suite A1 Midland, Texas 79703 432•689•6301 FAX: 432•689•6313
6015 Harris Parkway, Suite 110 Ft. Worth, Texas 76132 817•201•5260
E-Mail: lab@traceanalysis.com

Analytical and Quality Control Report

Dusty Wilson
New Mexico Environmental
P.O. Box 310
Hobbs, NM 88241

Report Date: May 29, 2008

Work Order: 8052314



Project Location: NE/NW Sec. 2 T23S, R31E, Eddy Co., NM
Project Name: Reef State 2 Well #2
Project Number: API #30-015-35674

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

Sample	Description	Matrix	Date Taken	Time Taken	Date Received
161079	Sample #001 NE 1/4 10	soil	2008-05-22	13:30	2008-05-23
161080	Sample #002 NW 1/4 10	soil	2008-05-22	13:40	2008-05-23
161081	Sample #003 SW 1/4 10	soil	2008-05-22	13:50	2008-05-23
161082	Sample #004 SE 1/4 10	soil	2008-05-22	14:00	2008-05-23
161083	Sample #005 BG	soil	2008-05-22	15:00	2008-05-23
161084	Sample #006 SE 1/4 14	soil	2008-05-22	14:45	2008-05-23

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

This report consists of a total of 5 pages and shall not be reproduced except in its entirety without written approval of Trace Analysis, Inc.


Dr. Blair Leftwich, Director

Certifications

Lubbock - NELAP T104704219-08-TX
El Paso - NELAP T104704224-08-TX

Standard Flags

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

Case Narrative

Samples for project Reef State 2 Well #2 were received by Trace Analysis, Inc. on 2008-05-23 and assigned to work order 8052314. Samples for work order 8052314 were received intact at a temperature of 2.6 deg C.

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

Test	Method
Chloride (Titration)	SM 4500-Cl B

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

A matrix spike (MS) and matrix spike duplicate (MSD) sample is chosen at random from each preparation batch. The MS and MSD will indicate if a site specific matrix problem is occurring; however, it may not pertain to the samples for work order 8052314 since the sample was chosen at random. Therefore, the validity of the analytical data reported has been determined by the laboratory control sample (LCS) and the method blank (MB). These quality control measures are performed with each preparation batch to ensure data integrity.

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

Report Date: May 29, 2008
API #30-015-35674

Work Order: 8052314
Reef State 2 Well #2

Page Number: 3 of 5
NE/NW Sec. 2 T23S, R31E, Eddy Co., NM

Analytical Report

Sample: 161079 - Sample #001 NE 1/4 10'

Laboratory:	Lubbock	Analytical Method:	SM 4500-Cl B	Prep Method:	N/A
Analysis:	Chloride (Titration)	Date Analyzed:	2008-05-29	Analyzed By:	RG
QC Batch:	48834	Sample Preparation:	2008-05-27	Prepared By:	RG
Prep Batch:	41966				

Parameter	Flag	RL Result	Units	Dilution	RL
Chloride		2210	mg/Kg	100	3.25

Sample: 161080 - Sample #002 NW 1/4 10'

Laboratory:	Lubbock	Analytical Method:	SM 4500-Cl B	Prep Method:	N/A
Analysis:	Chloride (Titration)	Date Analyzed:	2008-05-29	Analyzed By:	RG
QC Batch:	48834	Sample Preparation:	2008-05-27	Prepared By:	RG
Prep Batch:	41966				

Parameter	Flag	RL Result	Units	Dilution	RL
Chloride		595	mg/Kg	10	3.25

Sample: 161081 - Sample #003 SW 1/4 10'

Laboratory:	Lubbock	Analytical Method:	SM 4500-Cl B	Prep Method:	N/A
Analysis:	Chloride (Titration)	Date Analyzed:	2008-05-29	Analyzed By:	RG
QC Batch:	48834	Sample Preparation:	2008-05-27	Prepared By:	RG
Prep Batch:	41966				

Parameter	Flag	RL Result	Units	Dilution	RL
Chloride		290	mg/Kg	10	3.25

Sample: 161082 - Sample #004 SE 1/4 10'

Laboratory:	Lubbock	Analytical Method:	SM 4500-Cl B	Prep Method:	N/A
Analysis:	Chloride (Titration)	Date Analyzed:	2008-05-29	Analyzed By:	RG
QC Batch:	48834	Sample Preparation:	2008-05-27	Prepared By:	RG
Prep Batch:	41966				

Report Date: May 29, 2008
API #30-015-35674

Work Order: 8052314
Reef State 2 Well #2

Page Number: 4 of 5
NE/NW Sec. 2 T23S, R31E, Eddy Co., NM

Parameter	Flag	RL Result	Units	Dilution	RL
Chloride		6740	mg/Kg	100	3.25

Sample: 161083 - Sample #005 BG

Laboratory: Lubbock
Analysis: Chloride (Titration) Analytical Method: SM 4500 Cl B Prep Method: N/A
QC Batch: 48834 Date Analyzed: 2008-05-29 Analyzed By: RC
Prep Batch: 41966 Sample Preparation: 2008-05-27 Prepared By: RC

Parameter	Flag	RL Result	Units	Dilution	RL
Chloride		668	mg/Kg	10	3.25

Sample: 161084 - Sample #006 SE 1/4 14

Laboratory: Lubbock
Analysis: Chloride (Titration) Analytical Method: SM 4500 Cl B Prep Method: N/A
QC Batch: 48834 Date Analyzed: 2008-05-29 Analyzed By: RC
Prep Batch: 41966 Sample Preparation: 2008-05-27 Prepared By: RC

Parameter	Flag	RL Result	Units	Dilution	RL
Chloride		668	mg/Kg	100	3.25

Method Blank (1) QC Batch: 48834

QC Batch: 48834 Date Analyzed: 2008-05-29 Analyzed By: RC
Prep Batch: 41966 QC Preparation: 2008-05-27 Prepared By: RC

Parameter	Flag	MDL Result	Units	RL
Chloride		<1.80	mg/Kg	3.25

Laboratory Control Spike (LCS-1)

QC Batch: 48834 Date Analyzed: 2008-05-29 Analyzed By: RC
Prep Batch: 41966 QC Preparation: 2008-05-27 Prepared By: RC

Report Date: May 29, 2008
APT #30-015-35674

Work Order: 8052314
Ref State 2 Well #2

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NE/NW Sec. 2 T23S R31E, Eddy Co., NM

Param.	LCS Result	Units	Dil.	Spike Amount	Matrix Result	Rec.	Rec. Limit
Chloride	99.2	mg/Kg	1	100	<1.80	99	96.8-103

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

Param.	LCSD Result	Units	Dil.	Spike Amount	Matrix Result	Rec.	Rec. Limit	RPD	RPD Limit
Chloride	99.6	mg/Kg	1	100	<1.80	100	96.8-103	0	20

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

Matrix Spike (MS-1) Spiked Sample: 161084

QC Batch: 48834
Prep Batch: 41966

Date Analyzed: 2008-05-29
QC Preparation: 2008-05-27

Analyzed By: RG
Prepared By: RG

Param.	MS Result	Units	Dil.	Spike Amount	Matrix Result	Rec.	Rec. Limit
Chloride	1390	mg/Kg	100	500	667.94	144	76.4-123

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

Param.	MSD Result	Units	Dil.	Spike Amount	Matrix Result	Rec.	Rec. Limit	RPD	RPD Limit
Chloride	1280	mg/Kg	100	500	667.94	122	76.4-123	8	20

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

Standard (ICV-1)

QC Batch: 48834

Date Analyzed: 2008-05-29

Analyzed By: RG

Param.	Flag	Units	ICVs True Conc.	ICVs Found Conc.	ICVs Percent Recovery	Percent Recovery Limits	Date Analyzed
Chloride		mg/Kg	100	99.8	100	85-115	2008-05-29

Standard (CCV-1)

QC Batch: 48834

Date Analyzed: 2008-05-29

Analyzed By: RG

Param.	Flag	Units	CCVs True Conc.	CCVs Found Conc.	CCVs Percent Recovery	Percent Recovery Limits	Date Analyzed
Chloride		mg/Kg	100	100	100	85-115	2008-05-29

Matrix spike/recovery out of control limits due to matrix interference. Use LCS/LCSD to demonstrate analysis is under control.

COVINGTON AND ASSOCIATES CORP.

1636 Popps Ferry Road, Suite M-5
Biloxi, MS 39532

PHONE 228-396-0486
FAX 228-396-0487
E-MAIL: larslarson@bellsouth.net

September 16, 2008

Mr. Mike Bratcher, Staff Geologist
New Mexico Energy, Minerals and Natural Resources Department
Oil Conservation Division – District 2
1301 West Grand Avenue
Artesia, New Mexico 88210

SEP 16 2008
OCD-ARTESIA

**Re: Final Pit Closure Reports
Reef Exploration, L.P. – Sand Dunes Drilling Project
Section 2, T-23-S, R-31-E and Section 36, T-22-S, R-31-E
Eddy County, New Mexico
CAC Project No. 15340.07**

Dear Mike;

Enclosed please find closure information for the eight (8) drill pits that Reef Exploration, LP (Reef) has closed by the deep trench burial method in southeast Eddy County, New Mexico. The attached topographic map of the area illustrates the locations of these drill pits. Each of the drill pit closure packets in this submittal includes the following information:

1. **Form C-144's** – photocopies of the approved Form C-114's for each drilling location.
2. **Site Schematic Drawings** – these schematic drawings illustrates the locations of each drill pit and deep burial trench relative to the drill pad, as well as the locations of the confirmatory soil samples.
3. **Pit Closure Narrative** – a brief explanation of the remedial actions that took place in association with each location drill pit, the field analytical testing that was conducted, and backfilling and site restoration completed.
4. **Laboratory Analytical Data** – the laboratory analytical report sheets for the confirmation samples collected within each drill pit are also included.

We appreciate your assistance throughout this drill pit closure process. Once you have reviewed this information, please contact me if you have any questions.

Very truly yours,
Covington and Associates Corporation



Lars Larson, P.G.
Senior Geologist

Cc; Mr. Walt Dunagin Reef Exploration, L.P.
Mr. Jay Degan Reef Exploration, L.P.