

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

RECEIVED

NOV - 2 2009

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: <u>McKay Oil Corporation c/o Penroc Oil</u>	OGRID #: <u>14424</u>
Address: <u>1515 Calle Sur, Hobbs, NM 88240</u>	
Facility or well name: <u>Charolette B Fee #2</u>	
API Number: <u>30-005-63986</u>	OCD Permit Number: <u>0208223</u>
U/L or Qtr/Qtr <u>F</u> Section <u>17</u> Township <u>6S</u> Range <u>23E</u> County: <u>Chaves</u>	
Center of Proposed Design: Latitude <u>2130' fnl</u> Longitude <u>1650' fwl</u> NAD: <input type="checkbox"/> 1927 <input type="checkbox"/> 1983	
Surface Owner: <input checked="" type="checkbox"/> Federal <input type="checkbox"/> State <input type="checkbox"/> Private <input type="checkbox"/> Tribal Trust or Indian Allotment	
2.	
<input checked="" type="checkbox"/> Pit: Subsection F or G of 19.15.17.11 NMAC	
Temporary: <input checked="" type="checkbox"/> Drilling <input type="checkbox"/> Workover	
<input type="checkbox"/> Permanent <input type="checkbox"/> Emergency <input type="checkbox"/> Cavitation <input type="checkbox"/> P&A	
<input checked="" type="checkbox"/> Lined <input type="checkbox"/> Unlined Liner type: Thickness <u>20</u> mil <input checked="" type="checkbox"/> LLDPE <input type="checkbox"/> HDPE <input type="checkbox"/> PVC <input type="checkbox"/> Other _____	
<input checked="" type="checkbox"/> String-Reinforced	
Liner Seams: <input checked="" type="checkbox"/> Welded <input type="checkbox"/> Factory <input type="checkbox"/> Other _____ Volume: <u>800</u> bbl Dimensions: L <u>80</u> x W <u>90</u> x D <u>7</u>	
3.	
<input type="checkbox"/> Closed-loop System: Subsection H of 19.15.17.11 NMAC	
Type of Operation: <input type="checkbox"/> P&A <input type="checkbox"/> Drilling a new well <input type="checkbox"/> Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent)	
<input type="checkbox"/> Drying Pad <input type="checkbox"/> Above Ground Steel Tanks <input type="checkbox"/> Haul-off Bins <input type="checkbox"/> Other _____	
<input type="checkbox"/> Lined <input type="checkbox"/> Unlined Liner type: Thickness _____ mil <input type="checkbox"/> LLDPE <input type="checkbox"/> HDPE <input type="checkbox"/> PVC <input type="checkbox"/> Other _____	
Liner Seams: <input type="checkbox"/> Welded <input type="checkbox"/> Factory <input type="checkbox"/> Other _____	
4.	
<input type="checkbox"/> Below-grade tank: Subsection I of 19.15.17.11 NMAC	
Volume: _____ bbl Type of fluid: _____	
Tank Construction material: _____	
<input type="checkbox"/> Secondary containment with leak detection <input type="checkbox"/> Visible sidewalls, liner, 6-inch lift and automatic overflow shut-off	
<input type="checkbox"/> Visible sidewalls and liner <input type="checkbox"/> Visible sidewalls only <input type="checkbox"/> Other _____	
Liner type: Thickness _____ mil <input type="checkbox"/> HDPE <input type="checkbox"/> PVC <input type="checkbox"/> Other _____	
5.	
<input type="checkbox"/> Alternative Method:	
Submittal of an exception request is required. Exceptions must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.	

Final Closure Completion Date 10/27/09 Oil Conservation Division

6.

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

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

7.

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

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

8.

Signs: Subsection C of 19.15.17.11 NMAC

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

9.

Administrative Approvals and Exceptions:

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

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

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

10.

Siting Criteria (regarding permitting): 19.15.17.10 NMAC

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

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

11.

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

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

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

12.

Closed-loop Systems Permit Application Attachment Checklist: Subsection B of 19.15.17.9 NMAC**Instructions:** Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.

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

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

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

13.

Permanent Pits Permit Application Checklist: Subsection B of 19.15.17.9 NMAC**Instructions:** Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.

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

14.

Proposed Closure: 19.15.17.13 NMAC**Instructions:** Please complete the applicable boxes, Boxes 14 through 18, in regards to the proposed closure plan.

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

☐ Alternative

Proposed Closure Method: ☐ Waste Excavation and Removal

☐ Waste Removal (Closed-loop systems only)

☒ On-site Closure Method (Only for temporary pits and closed-loop systems)

☐ In-place Burial ☒ On-site Trench Burial

☐ Alternative Closure Method (Exceptions must be submitted to the Santa Fe Environmental Bureau for consideration)

15.

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

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

16.

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

Instructions: Please identify 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): Carol Shanks Title: Production Analyst
Signature: _____ Date: August 9, 2007
e-mail address: carol@mckayoil.com Telephone: (575) 623-4735

20.
OCD Approval: ☐ Permit Application (including closure plan) ☒ Closure Plan (only) ☒ OCD Conditions (see attachment)
OCD Representative Signature: Mike Bratcher Approval Date: August 10, 2007
Title: Env. Spec. OCD Permit Number: N/A

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: 10/27/09

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.

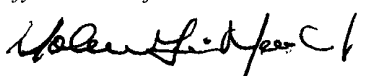
23.
Closure Report Regarding Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:
Instructions: Please identify the facility or facilities for where the liquids, drilling fluids and drill cuttings were disposed. Use attachment if more than two facilities 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 2130' fnl Longitude 1650' fwl NAD: ☐ 1927 ☐ 1983

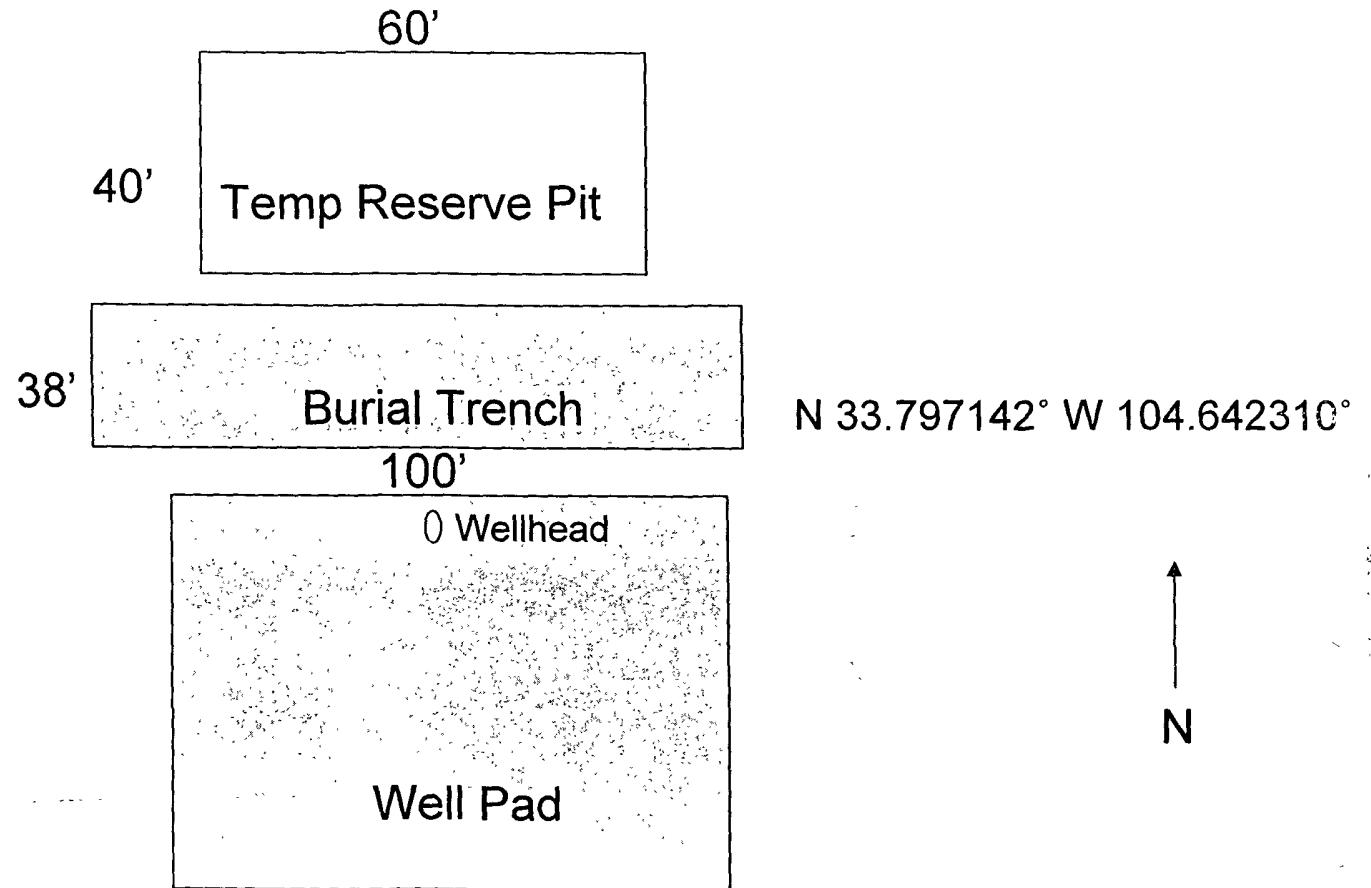
25.
Operator Closure Certification:
I hereby certify that the information and attachments submitted with this closure report is true, accurate and complete to the best of my knowledge and belief. I also certify that the closure complies with all applicable closure requirements and conditions specified in the approved closure plan.
Name (Print): M. Y. (Merch) Merchant Title: Legal Agent for McKay Oil Corporation
Signature: [Signature] Date: 10/29/09
e-mail address: mymerch@penrocoil.com Telephone: (575) 492-1236

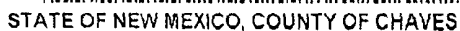
Accepted for record
NMOCD

APR 07 2010

Submit To Appropriate District Office Two Copies District I 1625 N French Dr, Hobbs, NM 88240 District II 1301 W. Grand Avenue, Artesia, NM 88210 District III 1000 Rio Brazos Rd, Aztec, NM 87410 District IV 1220 S St Francis Dr, Santa Fe, NM 87505	State of New Mexico Energy, Minerals and Natural Resources Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505	Form C-105 July 17, 2008								
		1. WELL API NO. 30-005-63986								
		2. Type of Lease <input type="checkbox"/> STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> FED/INDIAN								
		3. State Oil & Gas Lease No								
WELL COMPLETION OR RECOMPLETION REPORT AND LOG										
4. Reason for filing. <input type="checkbox"/> COMPLETION REPORT (Fill in boxes #1 through #31 for State and Fee wells only) <input checked="" type="checkbox"/> C-144 CLOSURE ATTACHMENT (Fill in boxes #1 through #9, #15 Date Rig Released and #32 and/or #33, attach this and the plat to the C-144 closure report in accordance with 19.15 17 13 K NMAC)		5. Lease Name or Unit Agreement Name Charlotte "B" Fee								
		6. Well Number #2								
7. Type of Completion <input type="checkbox"/> NEW WELL <input type="checkbox"/> WORKOVER <input type="checkbox"/> DEEPENING <input type="checkbox"/> PLUGBACK <input type="checkbox"/> DIFFERENT RESERVOIR <input type="checkbox"/> OTHER		<div style="border: 2px solid black; padding: 5px; width: fit-content; margin: auto;"> RECEIVED MAR 16 2010 NMOCD ARTESIA </div>								
8. Name of Operator McKay Oil Corporation (c/o Penroc Oil)		9. OGRID 14424								
10. Address of Operator 1515 Calle Sur, Hobbs, NM 88240		11. Pool name or Wildcat								
12. Location	Unit Ltr	Section	Township	Range	Lot	Feet from the	N/S Line	Feet from the	E/W Line	County
Surface:										
BH:										
13. Date Spudded	14. Date T.D. Reached		15. Date Rig Released 9/16/08		16. Date Completed (Ready to Produce)			17. Elevations (DF and RKB, RT, GR, etc.)		
18. Total Measured Depth of Well		19. Plug Back Measured Depth		20. Was Directional Survey Made?			21. Type Electric and Other Logs Run			
22. Producing Interval(s), of this completion - Top, Bottom, Name										
23 CASING RECORD (Report all strings set in well)										
CASING SIZE		WEIGHT LB /FT.		DEPTH SET		HOLE SIZE		CEMENTING RECORD		AMOUNT PULLED
24. LINER RECORD						25. TUBING RECORD				
SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN	SIZE	DEPTH SET	PACKER SET			
26. Perforation record (interval, size, and number)						27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC.				
						DEPTH INTERVAL		AMOUNT AND KIND MATERIAL USED		
28 PRODUCTION										
Date First Production		Production Method (<i>Flowing, gas lift, pumping - Size and type pump</i>)					Well Status (<i>Prod. or Shut-in</i>)			
Date of Test	Hours Tested	Choke Size	Prod'n For Test Period	Oil - Bbl	Gas - MCF	Water - Bbl.	Gas - Oil Ratio			
Flow Tubing Press	Casing Pressure	Calculated 24-Hour Rate	Oil - Bbl	Gas - MCF	Water - Bbl	Oil Gravity - API - (<i>Corr</i>)				
29. Disposition of Gas (<i>Sold, used for fuel, vented, etc.</i>)							30. Test Witnessed By			
31. List Attachments										
32. If a temporary pit was used at the well, attach a plat with the location of the temporary pit.										
33. If an on-site burial was used at the well, report the exact location of the on-site burial.										
Latitude N 33 797142" Longitude W 104 642310" NAD 1927										
I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief										
Signature 			Printed Name M.Y. (Merch) Merchant		Title agent		Date 3/14/10			
E-mail Address mymerch@penrocoil.com										

McKay Oil Corp. Charolette "B" Fee #2





FILE FOR RECORD MAR 18, 2010 AT 03:10 O CLOCK PM

Receipt Number: 326092 Fee: \$15.00

Book 00657 Page 01585Pages 4

To Whom Returned: PHIL BREWER

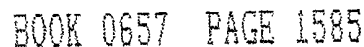
PO BOX 298

ROSWELL, NM 88202

Rhoda C. Coakley, County Clerk

By Betty Spear

Deputy



FIFTH JUDICIAL DISTRICT COURT
STATE OF NEW MEXICO
COUNTY OF CHAVES

2010 MAR 17 PM 3:51

AMERICAN STATE BANK

Plaintiff,

V.

CV-2009-116

ROCK RESOURCES HOLDING
COMPANY, LLC et al.,

Defendants.

AFFIDAVIT

M. Y. Merchant, after being duly sworn, states:

On March 14, 2010, I caused the attached letter to David Corn regarding closure of a reserve drilling pit to be mailed (certified, return receipt requested), to the said David Corn.


M. Y. Merchant

Subscribed and sworn to before me this 17th day of March, 2010.

Carol A. Parker
Notary Public

My commission expires:

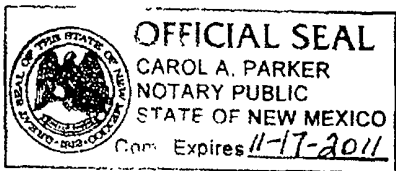
STATE OF NEW MEXICO)
) ss.
COUNTY OF CHAVES)

BOOK 0657 PAGE 1586

This instrument was acknowledged before me on March 17th, 2010, by
M. Y. Merchant.

Carol A Parker
Notary Public

My commission expires:



CERTIFIED MAIL
RETURN RECEIPT NO.

BOOK 0657 PAGE 1587

March 14, 2010

Mr. David Corn
471 Stargrass Road
Roswell, NM 88201

**RE: Notification of Reserve Drilling Pit Closure
McKay Oil Corporation c/o Penroc Oil
Charolette "B" Fee #2
Unit Letter F (SE/4, NW/4), Section 17, Township 6 South, Range 23 East
Chaves County, New Mexico**

Dear Mr. Corn,

Per the State of New Mexico guidance, as the surface owner of the property, this letter serves as notification of closure of the reserve drilling pit at the McKay Oil Corporation, Charolette "B" Fee #2 (Site), by on-site (trench burial) methods. The Site is located in the southeast quarter (SE/4) of the northwest quarter (NW/4), Section 17, Township 6 South, Range 23 East, Chaves County, New Mexico. Depth to groundwater at the site is approximately 350 feet.

The burial pit was constructed on the south side of the reserve drilling pit, with dimensions of approximately 100 feet x 38 feet, and a depth of approximately 24 feet. The bottom of the pit was prepared with a firm, smooth surface prior to the installation of a 20 mil plastic liner covering the entire bottom and sides of the burial pit. The liner was extended over the sides of the pit, to allow for covering of the introduced pit contents.

The contents of the reserve drilling pit were mixed with clean, dry soil (not exceeding a 3:1 ratio) so as to provide sufficient support for the burial pits' final cover. A five-point composite sample (SS-1 Comp) was collected from the reserve drilling pit contents and submitted to Cardinal Laboratories (Cardinal) in Hobbs, New Mexico, for analysis of BTEX, TPH, chlorides and WQCC standards (EPA method 1312). Upon receipt of laboratory confirmation from the soil sample that benzene was less than 0.2 mg/kg, total BTEX was less than 50 mg/kg, TPH was less than 2500 mg/kg, GRO and DRO was less than 500 mg/kg, chloride was less than 3,000 mg/kg, and the WQCC sample was below all drinking water standards, the contents of the reserve drilling pit were placed inside the burial pit (over the liner). The contents of the burial pit were encapsulated with the 20 mil liner, and covered by an additional 20 mil liner cover. The encapsulated material was covered with a minimum of four (4) feet of clean soil and compacted. One (1) foot of topsoil was placed above the compacted soil and contoured to surface grade.

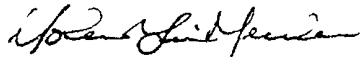
Mr. David Corn
March 14, 2010
Page 2

BOOK 0657 PAGE 1588

A five-point composite soil sample (SS-1) was collected from below the liner of the reserve drilling pit and submitted to Cardinal for analysis of BTEX, TPH and chlorides. The laboratory reported a TPH concentration of <20.0 mg/kg, a BTEX concentration of < 0.45 mg/kg, and a chloride concentration of 128 mg/kg. The reserve drilling pit was backfilled with clean soil to a depth of approximately one (1) foot below ground surface and compacted. One (1) foot of topsoil was placed above the compacted soil and contoured to surface grade. The entire area will be re-seeded with a native grass seed mixture, per BLM and OCD specifications.

A notarized copy of this letter will be filed with the County Clerk in Roswell, New Mexico, as an amendment to the deed of the property. If you should have any questions or concerns, please contact me at (575) 492-1236.

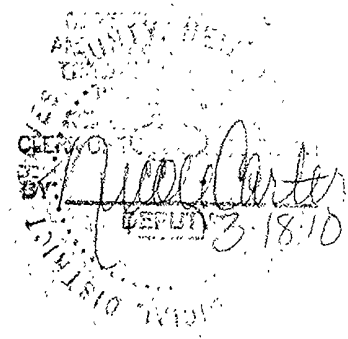
Sincerely,



M.Y. (Merch) Merchant
Agent for McKay Oil Corporation

P. O. Box 2769
Hobbs, New Mexico 88241

cc: Mike Bratcher, New Mexico Oil Conservation Division – Artesia Office
County Clerks Office, Roswell, New Mexico



U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)
For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage	\$ 0.44
Certified Fee	\$2.50
Return Receipt Fee (Endorsement Required)	\$2.30
Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$5.54

0640
HOBBS NM 88241
Postmark Here
MAR 15 2010
03/15/2010
USPS

Sent to: David Corn
Street, Apt. No.,
or PO Box No. 471 Stargrass Road
City, State, ZIP+4 Roswell, NM 88201

PS Form 3800, August 2005 See Reverse for Instructions

7009 2250 0000 1775 9134

MCKAY OIL CORPORATION
CHAROLETTE "B" FEE #2
ON SITE CLOSURE PLAN DOCUMENTATION

Protocols and Procedures, Sampling, Disposal and Site Reclamation

The reserve drilling pit at the McKay Oil Corporation, Charolette "B" Fee #2 site was closed on site, by trench burial methods. Depth to groundwater at the site is approximately 350 feet.

The burial pit was constructed on the south side of the reserve drilling pit, with dimensions of approximately 100 feet x 38 feet, and a depth of approximately 24 feet. The bottom of the pit was prepared with a firm, smooth surface prior to the installation of a 20 mil plastic liner covering the entire bottom and sides of the burial pit. The liner was extended over the sides of the pit, to allow for covering of the introduced pit contents.

The contents of the reserve drilling pit were mixed with clean, dry soil (not exceeding a 3:1 ratio) so as to provide sufficient support for the burial pits' final cover. A five-point composite sample (SS-1 Comp) was collected from the reserve drilling pit contents and submitted to Cardinal Laboratories (Cardinal) in Hobbs, New Mexico, for analysis of BTEX, TPH, chlorides and WQCC standards (EPA method 1312). Upon receipt of laboratory confirmation from the soil sample that benzene was less than 0.2 mg/kg, total BTEX was less than 50 mg/kg, TPH was less than 2500 mg/kg, GRO and DRO was less than 500 mg/kg, chloride was less than 3000 mg/kg, and the WQCC sample was below all drinking water standards, the contents of the reserve drilling pit were placed inside the burial pit (over the liner). The contents of the burial pit were encapsulated with the 20 mil liner, and covered by an additional 20 mil liner cover. The encapsulated material was covered with a minimum of four (4) feet of clean soil and compacted. One (1) foot of topsoil was placed above the compacted soil and contoured to surface grade.

A five-point composite soil sample (SS-1) was collected from below the liner of the reserve drilling pit and submitted to Cardinal for analysis of BTEX, TPH and chlorides. The laboratory reported a TPH concentration of <20.0 mg/kg, a BTEX concentration of < 0.45 mg/kg, and a chloride concentration of 128 mg/kg. The reserve drilling pit was backfilled with clean soil to a depth of approximately one (1) foot below ground surface and compacted. One (1) foot of topsoil was placed above the compacted soil and contoured to surface grade. The entire area will be re-seeded with a native grass seed mixture, per BLM and OCD specifications.

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

State of New Mexico
Energy Minerals and Natural Resources

Form C-101
May 27, 2004

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

Submit to appropriate District Office

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

Operator Name and Address McKay Oil Corporation P.O. Box 2014 Roswell, NM 88202-2014		OGRID Number 014424
AUG 09 2007		API Number 30 - 005 - 63986
Property Code 23627	Property Name OCD-ARTESIA	Well No. X2
Proposed Pool 1 Pecos Slope Abo (West)		Proposed Pool 2

Surface Location

UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	17	6S	23E		2130'	North	1280'	West	Chaves

Proposed Bottom Hole Location If Different From Surface

UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Additional Well Information

Work Type Code N	Well Type Code G	Cable/Rotary R	Lease Type Code P	Ground Level Elevation 4112'
Multiple N	Proposed Depth 3600'	Formation Abo	Contractor	Spud Date 8/24/07
Depth to Groundwater		Distance from nearest fresh water well		Distance from nearest surface water
Pit Liner Synthetic <input checked="" type="checkbox"/> 12 mils thick	Clay <input type="checkbox"/>	Pit Volume: _____ bbls	Drilling Method	
Closed-Loop System <input type="checkbox"/>		Fresh Water <input type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input checked="" type="checkbox"/>		

Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12-1/4"	9-5/8"	#24	950±	350 sxs	Surface
7-7/8"	5-1/2"	#15.5	3600±	350 sxs	2500'

Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

McKay Oil Corp. proposes to drill and test the Abo Formation. The Well will be drilled with air and foam until approximately 950' Surface casing will be set and cemented to surface. The Well will continued to be drilled with air and foam until it reaches the top of the Abo formation (approx. 2,450' from surface). Will then mud up and drill to approximately 3,600' and log well. If commercial, production casing will be run and cemented, will perforate and stimulate as needed for production.

A diagram of the BOP is attached

**NOTIFY OCD OF SPUD & TIME
TO WITNESS CEMENTING OF
SURFACE CASING**

**CEMENT TO COVER ALL
OIL, GAS AND WATER
BEARING ZONES, EXAMPLE:
GLORIETA FORMATION**

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOC guidelines ☐, a general permit ☒, or an (attached) alternative OCD-approved plan ☐.

Signature

Printed name: James L. Schultz

Title: Agent

E-mail Address: jschultz80@hotmail.com

Date: 8-8-07

Phone: (505) 626-6879

OIL CONSERVATION DIVISION

Approved by

Title:

**BRYAN G. ARRAÑT
DISTRICT II GEOLOGIST**

Approval Date:

SEP 07 2007

Expiration Date:

SEP 07 2008

Conditions of Approval Attached ☐



ARDINAL LABORATORIES

PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

October 27, 2009

Cindy Crain
Ocotillo Environmental, LLC
P.O. Box 1816
Hobbs, NM 88241

Re: Charolette B Fee #2 (Penroc)

Enclosed are the results of analyses for sample number H18534, received by the laboratory on 10/20/09 at 9:15 am.

Cardinal Laboratories is accredited through Texas NELAP for:

Method SW-846 8021	Benzene, Toluene, Ethyl Benzene, and Total Xylenes
Method SW-846 8260	Benzene, Toluene, Ethyl Benzene, and Total Xylenes
Method TX 1005	Total Petroleum Hydrocarbons

Certificate number T104704398-08-TX. Accreditation applies to solid and chemical materials and non-potable water matrices.

Cardinal Laboratories is accredited though the State of Colorado Department of Public Health and Environment for:

Method EPA 552.2	Haloacetic Acids (HAA-5)
Method EPA 524.2	Total Trihalomethanes (TTHM)
Method EPA 524.2	Regulated VOCs (V2, V3)

Accreditation applies to public drinking water matrices.

Total Number of Pages of Report: 12 (includes Chain of Custody)

Sincerely,

Celey D. Keene
Laboratory Director

This report conforms with NELAP requirements.



PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
OCOTILLO ENVIRONMENTAL
ATTN: CINDY CRAIN
P.O. BOX 1816
HOBBS, NM 88241
FAX TO: (432) 272-0304

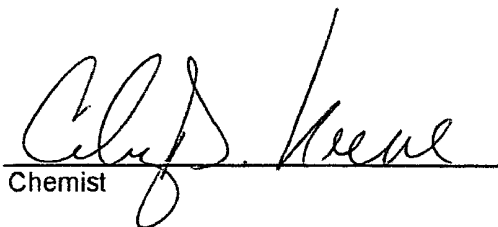
Receiving Date: 10/20/09
Reporting Date: 10/22/09
Project Owner: NOT GIVEN
Project Name: CHAROLETTE B FEE #2
Project Location: NOT GIVEN

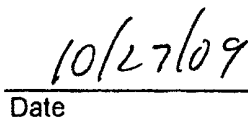
Sampling Date: 10/14/09
Sample Type: SOIL
Sample Condition: COOL & INTACT @ 5°C
Sample Received By: ML
Analyzed By: AB

LAB NUMBER SAMPLE ID 418.1
TOTAL
TPH
(mg/kg)

ANALYSIS DATE	10/22/09
H18534-1 SS1	1,280
Quality Control	306
True Value QC	300
% Recovery	102
Relative Percent Difference	7.5

METHODS: EPA 418.1. Reported on wet weight.


Chemist


Date

H18534 418.1 OCO

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise. Results relate only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.



PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
OCOTILLO ENVIRONMENTAL
ATTN: CINDY CRAIN
P.O. BOX 1816
HOBBS, NM 88240
FAX TO: (432) 272-0304

Receiving Date: 10/20/09
Reporting Date: 10/27/09
Project Number: NOT GIVEN
Project Name: CHAROLETTE B FEE #2
Project Location: NOT GIVEN
Laboratory Number: H18534-1
Sample ID: SS-1

Analysis Date: 10/23/09
Sampling Date: 10/14/09
Sample Type: SOIL
Sample Condition: COOL & INTACT @ 5°C
Sample Received By: ML
Analyzed By: JS

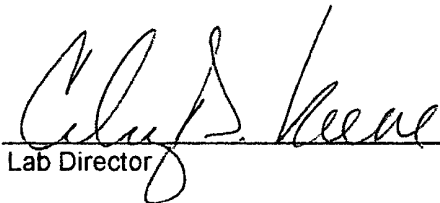
SPLP AROCLORS (PCB's) (µg/L)	Sample Result H18534-1	Method Blank	True Value		%IA
			QC	QC	
PCB 1016	<2.00	<2.00	9.32	10.0	93.2
PCB 1221	<2.00	<2.00	NR	NR	NR
PCB 1232	<2.00	<2.00	NR	NR	NR
PCB 1242	<2.00	<2.00	NR	NR	NR
PCB 1248	<2.00	<2.00	NR	NR	NR
PCB 1254	<2.00	<2.00	NR	NR	NR
PCB 1260	<2.00	<2.00	10.2	10.0	102

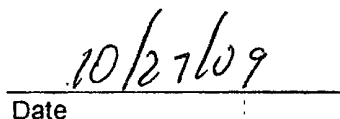
Surrogate	% Recovery
Tetrachloro-meta-xylene	31.3*

METHOD: SW846-1312/8082

Analysis subcontracted to SunStar Laboratories, Inc.

*Surrogate recovery was below acceptance criteria in the sample because of a possible matrix effect.
The surrogate recovery was within acceptance criteria in the method blank and LCS.


Lab Director


Date

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PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
OCOTILLO ENVIRONMENTAL
ATTN: CINDY CRAIN
P O. BOX 1816
HOBBS, NM 88240
FAX TO: (432) 272-0304

Receiving Date: 10/20/09
Reporting Date: 10/27/09
Project Number: NOT GIVEN
Project Name: CHAROLETTE B FEE #2
Project Location: NOT GIVEN
Laboratory Number: H18534-1
Sample ID: SS-1

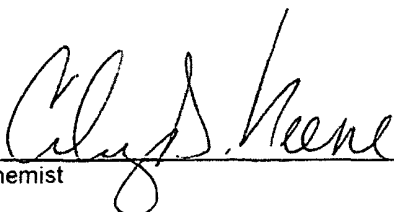
Sampling Date: 10/14/09
Sample Type: SOIL
Sample Condition: COOL & INTACT @ 5°C
Sample Received By: ML
Analyzed By: BB
Analysis Date: 10/23/09
Analysis Time: 10:31

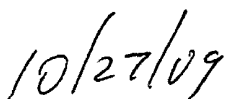
Analysis Description	Analysis Results pCi/gm	Analysis Error (+/- 2s)	Analysis Results Bq/gm	Analysis Error (+/- 2s)	Analysis Test Method
Ra - 226	<1.05	N/A	<0.04	N/A	EPA 901.1M
Ra - 228	<0.44	N/A	<0.02	N/A	EPA 901.1M
Total Activity	30.2	N/A	1.12	N/A	EPA 901.1M

Notes:

NSLF = No Spectral Lines Found.

Analyses subcontracted to Xenco Laboratories.


Chemist


Date

H18534NORM OCOTILLO

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Notes:

Comments:

1. Soil and Sludge analysis results are reported on a wet basis or as received basis unless otherwise indicated.
2. The data in this report are within the limits of uncertainty specified in the reference method unless otherwise specified.
3. Modified analysis procedures are procedures that are modified to meet certain specifications. An example would be the use of a water method to analyze a solid matrix due to the lack of an officially recognized procedure for the analysis of the solid matrix.
4. Derived Air Concentrations and Effluent Release Concentrations are obtained from 10 CFR 20 Appendix B.
5. Total Activity is actually total gamma activity and is determined utilizing the prominent gamma emitters from the naturally occurring decay chains and other prominent radioactive isotopes. Total activity may be lower than actual total activity due to the extent of secular equilibrium achieved in the various decay chains at the time of analysis. The total activity is not representative of isotopes that emit solely alpha or beta radiation.
6. Ra-228 is determined via secular equilibrium with its daughter, Actinium 228. (Gamma Spectroscopy only)
7. U-238 is determined via secular equilibrium with its daughter, Thorium 234. (Gamma Spectroscopy only)
8. All Gamma Spectroscopy was performed using high purity germanium detectors (HPGE).

Method References:

1. EPA 600/4-80-032, Prescribed Procedures for the Measurement of Radioactivity in Drinking Water, August 1980.
2. Standard Methods for the Examination of Water and Waste Water, 18th, 1992.
3. EPA SW-846, Test Methods for Evaluating Solid Wastes, Third Edition (9/86). (Updated through 1995)
4. EPA 600/4/79-020, Methods for Chemical Analysis of Water and Waste, March 1983.
5. HASL 300.

Definitions:

- | | | |
|-----|-----------------|--|
| 1. | BDL | Analyte not detected because the value was below the detection limit. |
| 2. | ND | Not detected above the detection limit. |
| 3. | Detection Limit | The minimum amount of analyte that can be detected utilizing the specific analysis |
| 4. | B | Method Blank. |
| 5. | D | Method Duplicate. |
| 6. | MS | Matrix Spike. |
| 7. | S | Spike. |
| 8. | RS | Reference Spike. |
| 9. | SC | Subcontracted to qualified laboratory. |
| 10. | NR | Not Referenced. |
| 11. | N/A | Not applicable. |
| 12. | MDA | Minimum detectable activity. |



ARDINAL LABORATORIES

PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR OCOTILLO ENVIRONMENTAL

ATTN: CINDY CRAIN

P.O. BOX 1816

HOBBS, NM 88240

FAX TO: (432) 272-0304

Receiving Date: 10/20/09

Reporting Date: 10/27/09

Project Number: NOT GIVEN

Project Name: CHAROLETTE B FEE #2

Project Location: NOT GIVEN

Laboratory Number: H18534-1

Sample ID: SS-1

Analysis Date: 10/22/09

Sampling Date: 10/14/09

Sample Type: SOIL

Sample Condition: COOL & INTACT @ 5°C

Sample Received By: ML

Analyzed By: CK

SPLP PAH

SEMIVOLATILES - 8270 (mg/L)

	Sample Result H18534-1	Method Blank	True Value		
			QC	% Recov.	QC
1 Naphthalene	<0.005	<0.005	0.023	114	0.020
2 2-Methylnaphthalene	<0.005	<0.005	0.022	112	0.020
3 1-Methylnaphthalene	<0.005	<0.005	NR	NR	NR
4 Acenaphthylene	<0.005	<0.005	0.023	113	0.020
5 Acenaphthene	<0.005	<0.005	0.022	109	0.020
6 Fluorene	<0.005	<0.005	0.021	106	0.020
7 Phenanthrene	<0.005	<0.005	0.022	109	0.020
8 Anthracene	<0.005	<0.005	0.022	111	0.020
9 Carbazole	<0.005	<0.005	0.021	103	0.020
10 Fluoranthene	<0.005	<0.005	0.020	99.3	0.020
11 Pyrene	<0.005	<0.005	0.021	105	0.020
12 Benzo[a]anthracene	<0.005	<0.005	0.021	107	0.020
13 Chrysene	<0.005	<0.005	0.023	113	0.020
14 Benzo [b] fluoranthene	<0.005	<0.005	0.023	116	0.020
15 Benzo [k] fluoranthene	<0.005	<0.005	0.023	113	0.020
16 Benzo [a] pyrene	<0.0005	<0.0005	0.024	118	0.020
17 Indeno [1,2,3-cd] pyrene	<0.005	<0.005	0.022	111	0.020
18 Dibenz [a,h] anthracene	<0.005	<0.005	0.022	109	0.020
19 Benzo[g,h,i]perylene	<0.005	<0.005	0.025	123	0.020

NR = Not Reported

% Recovery

20 Nitrobenzene-d5	51.8
21 2-Fluorobiphenyl	50.4
22 Terphenyl-d14	24.8

METHODS: EPA SW 846-1312/8270

Chemist

Date

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analysis. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise. Results relate only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.

ANALYTICAL RESULTS FOR
 OCOTILLO ENVIRONMENTAL
 ATTN: CINDY CRAIN
 P.O. BOX 1816
 HOBBS, NM 88240
 FAX TO: (432) 272-0304

 Receiving Date: 10/20/09
 Reporting Date: 10/27/09
 Project Number: NOT GIVEN
 Project Name: CHAROLETTE B FEE #2
 Project Location: NOT GIVEN
 Laboratory Number: H18534-1
 Sample ID: SS-1

 Analysis Date: 10/22/09
 Sampling Date: 10/14/09
 Sample Type: SOIL
 Sample Condition: COOL & INTACT @ 5°C
 Sample Received By: ML
 Analyzed By: ZL

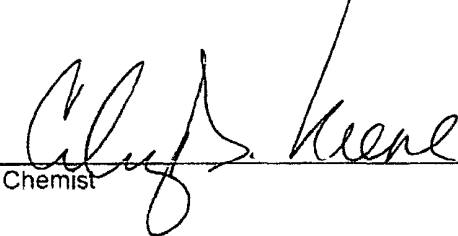
SPLP VOLATILES -	Sample Result	Method	True Value		
8260 (mg/L)	H18534-1	Blank	QC	%Recov.	QC

1	Vinyl chloride	<0.002	<0.002	0.017	85.0	0.020
2	1,1-Dichloroethene (1,1-DCE)	<0.001	<0.001	0.020	100	0.020
3	Methylene chloride	B [0.006]	0.004	0.020	100	0.020
4	Chloroform	<0.002	<0.002	0.019	95.0	0.020
5	Carbon tetrachloride	<0.001	<0.001	0.017	85.0	0.020
6	Benzene	<0.001	<0.001	0.021	105	0.020
7	1,2-Dichloroethane (EDC)	<0.001	<0.001	0.024	120	0.020
8	1,1-Dichloroethane	<0.001	<0.001	NR	NR	NR
9	Ethylene Dibromide (EDB)	<0.001	<0.001	NR	NR	NR
10	Toluene	<0.001	<0.001	0.019	95.0	0.020
11	1,1,1-Trichloroethane	<0.001	<0.001	0.019	95.0	0.020
12	1,1,2-Trichloroethene (TCE)	<0.001	<0.001	0.018	90.0	0.020
13	1,1,2-Trichloroethane	<0.001	<0.001	0.023	115	0.020
14	Ethylbenzene	<0.001	<0.001	0.020	100	0.020
15	Total Xylenes	<0.003	<0.003	0.062	103	0.060
16	1,1,2,2-Tetrachloroethene (PCE)	<0.001	<0.001	NR	NR	NR
17	1,1,2,2-Tetrachloroethane	<0.001	<0.001	NR	NR	NR

*B = Analyte present at comparable levels in blank.

Surrogates	% Recovery
Dibromodifluoromethane	95.1
Toluene-d8	110
4-Bromofluorobenzene	113

METHODS: EPA SW-846-1312/8260.


 Chemist

 Date 10/27/09



PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
OCOTILLO ENVIRONMENTAL, LLC
ATTN: CINDY CRAIN
P.O. BOX 1816
HOBBS, NM 88241
FAX TO: (432) 272-0304

Receiving Date: 10/20/09
Reporting Date: 10/27/09
Project Number: NOT GIVEN
Project Name: CHAROLETTE B FEE #2
Project Location: NOT GIVEN

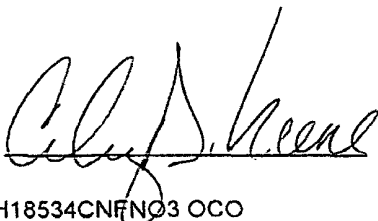
Sampling Date: 10/14/09
Sample Type: SOIL
Sample Condition: COOL & INTACT @ 5°C
Sample Received By: ML
Analyzed By: KJ/AG/HM

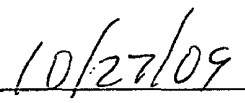
SPLP

LAB NUMBER	SAMPLE ID	Fluoride*	Total	NO ₃ -N/	
		(mg/L)	Cyanide* (mg/L)	NO ₂ -N* (mg/L)	Cl ⁻ (mg/L)
ANALYSIS DATE:		10/26/09	10/26/09	10/27/09	10/21/09
H18534-1	SS-1	0.7738	<0.005	0.09	320
Quality Control		1.0	0.052	1.59	500
True Value QC		1.0	0.050	1.65	500
% Recovery		100	104	96.4	100
Relative Percent Difference		5.4	<0.1	<0.1	<0.1

METHODS: EPA 600/4-79-02,1312	SM4500F C	335.4	353.2	SM4500Cl B
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*Analyses subcontracted to Green Analytical Laboratories, a subsidiary of Cardinal Laboratories.


H18534CNFNO3 OCO


Date

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ANALYTICAL RESULTS FOR
OCOTILLO ENVIRONMENTAL
ATTN: CINDY CRAIN
P.O. BOX 1816
HOBBS, NM 88241
FAX TO: (432) 272-0304

Receiving Date: 10/20/09
Reporting Date: 10/27/09
Project Number: NOT GIVEN
Project Name: CHAROLETTE B FEE #2
Project Location: NOT GIVEN

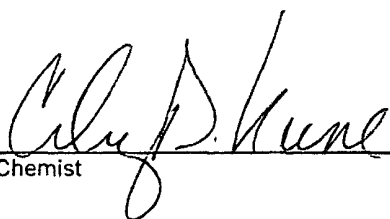
Sampling Date: 10/14/09
Sample Type: SOIL
Sample Condition: COOL & INTACT @ 5°C
Sample Received By: ML
Analyzed By: JM

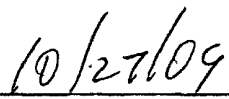
SPLP METALS

LAB NO.	SAMPLE ID	As (mg/L)	Ag (mg/L)	Ba (mg/L)	Cd (mg/L)	Cr (mg/L)	Pb (mg/L)	Hg (mg/L)	Se (mg/L)
ANALYSIS DATE:		10/26/09	10/26/09	10/26/09	10/26/09	10/26/09	10/26/09	10/27/09	10/26/09
H18534-1	SS-1	<0.10	<0.01	0.05	<0.01	<0.01	<0.05	<0.0002	<0.20
Quality Control		5.16	0.54	2.50	2.63	2.60	5.26	0.0022	10.3
True Value QC		5.00	0.50	2.50	2.50	2.50	5.00	0.0020	10.0
% Recovery		103	107	100	105	104	105	110	103
Relative Standard Deviation		<0.1	1.6	<0.1	<0.1	<0.1	<0.1	5.1	<0.1

METHODS: EPA 1312 600/4-91/010	200.7	200.7	200.7	200.7	200.7	200.7	245.1	200.7
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Analyses subcontracted to Green Analytical Laboratories, a subsidiary of Cardinal Laboratories.


Chemist


Date

H18534SM OCO

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ANALYTICAL RESULTS FOR
OCOTILLO ENVIRONMENTAL
ATTN: CINDY CRAIN
P.O. BOX 1816
HOBBS, NM 88241
FAX TO: (432) 272-0304

Receiving Date: 10/20/09
Reporting Date: 10/27/09
Project Number: NOT GIVEN
Project Name: CHAROLETTE B FEE #2
Project Location: NOT GIVEN

Sampling Date: 10/14/09
Sample Type: SOIL
Sample Condition: COOL & INTACT @ 5°C
Sample Received By: ML
Analyzed By: JM

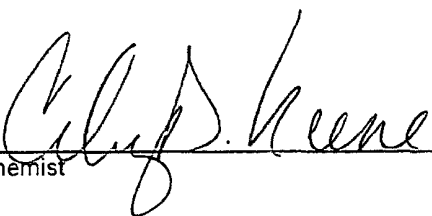
SPLP METALS

LAB NO. SAMPLE ID U
 (mg/L)

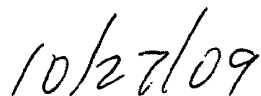
ANALYSIS DATE:	10/27/09
H18534-1 SS-1	<0.00001
Quality Control	0.0536
True Value QC	0.0500
% Recovery	107
Relative Standard Deviation	4.8

METHODS: EPA 1312 600/4-91/010 200.8

Analyses subcontracted to Green Analytical Laboratories, a subsidiary of Cardinal Laboratories.



Chemist



Date

H18534SM OCO

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5°C #26



ARDINAL LABORATORIES

PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

October 22, 2009

Cindy Crain
Ocotillo Environmental, LLC
P.O. Box 1816
Hobbs, NM 88241

Re: Penroc (Charollete Fee #2)

Enclosed are the results of analyses for sample number H18550, received by the laboratory on 10/21/09 at 8:53 am.

Cardinal Laboratories is accredited through Texas NELAP for:

Method SW-846 8021	Benzene, Toluene, Ethyl Benzene, and Total Xylenes
Method SW-846 8260	Benzene, Toluene, Ethyl Benzene, and Total Xylenes
Method TX 1005	Total Petroleum Hydrocarbons

Certificate number T104704398-08-TX. Accreditation applies to solid and chemical materials and non-potable water matrices.

Cardinal Laboratories is accredited though the State of Colorado Department of Public Health and Environment for:

Method EPA 552.2	Haloacetic Acids (HAA-5)
Method EPA 524.2	Total Trihalomethanes (TTHM)
Method EPA 524.2	Regulated VOCs (V2, V3)

Accreditation applies to public drinking water matrices.

Total Number of Pages of Report: 3 (includes Chain of Custody)

Sincerely,

Celey D. Keene
Laboratory Director

This report conforms with NELAP requirements.

ANALYTICAL RESULTS FOR
 OCOTILLO ENVIRONMENTAL
 ATTN: CINDY CRAIN
 P.O. BOX 1816
 HOBBS, NM 88241
 FAX TO: (432) 272-0304

 Receiving Date: 10/21/09
 Reporting Date: 10/22/09
 Project Number: 0909-006C
 Project Name: NOT GIVEN
 Project Location: CHAROLLETE FEE #2

 Sampling Date: NOT GIVEN
 Sample Type: SOIL
 Sample Condition: COOL & INTACT @ 6°C
 Sample Received By: ML
 Analyzed By: AB/ZL/HM

LAB NO.	SAMPLE ID	GRO (C ₆ -C ₁₀) (mg/kg)	DRO (>C ₁₀ -C ₂₈) (mg/kg)	BENZENE (mg/kg)	TOLUENE (mg/kg)	ETHYL BENZENE (mg/kg)	TOTAL XYLENES (mg/kg)	CI* (mg/kg)
ANALYSIS DATE:		10/21/09	10/21/09	10/21/09	10/21/09	10/21/09	10/21/09	10/21/09
H18550-1	CHAROLLETE FEE #2	<10.0	<10.0	<0.050	<0.050	<0.050	<0.300	128
Quality Control		431	470	0.046	0.048	0.048	0.139	500
True Value QC		500	500	0.050	0.050	0.050	0.150	500
% Recovery		86.2	94.0	92.0	96.0	96.0	92.7	100
Relative Percent Difference		6.1	15.0	<1.0	1.5	1.2	1.5	< 0.1

 METHODS: TPH GRO & DRO - EPA SW-846 8015 M; BTEX - SW-846 8021B; CI-: Std. Methods 4500-CI-B
 *Analysis performed on a 1:4 w:v aqueous extract. Reported on wet weight.

 TEXAS NELAP ACCREDITATION T104704398-08-TX FOR BENZENE, TOLUENE, ETHYL BENZENE,
 AND TOTAL XYLENES. Not accredited for GRO/DRO and Chloride.


 Lab Director

 10/22/09
 Date

H18550 TBCL OCO

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101 East Marland, Hobbs, NM 88240

(575) 393-2326 Fax (575) 393-2476

Page ____ of ____

Company Name: <u>PER ROCK OIL</u>				BILL TO				ANALYSIS REQUEST																	
Project Manager: <u>Cindy Crain</u>				P.O. #:																					
Address: <u>PO BOX 1810</u>				Company: <u>JOE RULLO</u>																					
City: <u>Hobbs</u> State: <u>NM</u> Zip: <u>88241</u>				Attn:																					
Phone #: _____ Fax #: _____				Address:																					
Project #: <u>0909-006C</u> Project Owner:				City: <u>Hobbs</u>																					
Project Name:				State: <u>NM</u> Zip: <u>88240</u>																					
Project Location: <u>CHARLOTTE Fee #2</u>				Phone #: <u>793 6271</u>																					
Sampler Name:				Fax #:																					
FOR LAB USE ONLY																									
Lab I.D.		Sample I.D.		(G)RAB OR (C)OMP.		# CONTAINERS		MATRIX		PRESERV.		SAMPLING													
								GROUNDWATER WASTEWATER SOIL OIL SLUDGE OTHER:		ACID/BASE: ICE / COOL OTHER:		DATE TIME													
<u>H185501</u>																									

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Sampler Relinquished:		Date:	Received By:		Phone Result: <input type="checkbox"/> No		Add'l Phone #:
		Time:			Fax Result: <input type="checkbox"/> No		Add'l Fax #:
Relinquished By:		Date: <u>10-21-09</u>	Received By:		REMARKS: <u>RUSH</u>		
<u>BELLE BOATHE</u>		Time: <u>8:53a</u>	<u>Misty LeBout</u>				
Delivered By: (Circle One)		Temp. Sample Condition		CHECKED BY:			
Sampler - UPS - Bus - Other:		Cool Intact <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		(Initials) <u>MJB</u>			

† Cardinal cannot accept verbal changes. Please fax written changes to 575-393-2476.