

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

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

Form C-144  
Revised August 1, 2011

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**

1512  
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: Elm Ridge Exploration Company, LLC OGRID #: 149052  
Address: PO Box 156, Bloomfield, NM 87413  
Facility or well name: Bisti Gallup 20 #3  
API Number: 30-045-33983 OCD Permit Number: \_\_\_\_\_  
U/L or Qtr/Qtr NENW Section 20 Township 25 N Range 12 W County: San Juan  
Center of Proposed Design: Latitude 36.39274 Longitude -108.136270833333 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 20 mil ☒ LLDPE ☐ HDPE ☐ PVC ☐ Other \_\_\_\_\_  
☒ String-Reinforced  
Liner Seams: ☒ Welded ☒ Factory ☐ Other \_\_\_\_\_ Volume: 9,939 bbl Dimensions: L 160' x W 40' x D 10'

RCVD JUN 28 '12  
OIL CONS. DIV.  
DIST. 3

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 19.15.16.8 NMAC

9.

**Administrative Approvals and Exceptions:**

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

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

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

10.

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

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

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

11.

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

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

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

12.

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

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

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

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

13.

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

- ☐ Hydrogeologic Report - based upon the requirements of Paragraph (1) of Subsection B of 19.15.17.9 NMAC
- ☐ Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC
- ☐ Climatological Factors Assessment
- ☐ Certified Engineering Design Plans - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Dike Protection and Structural Integrity Design - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Leak Detection Design - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Liner Specifications and Compatibility Assessment - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Quality Control/Quality Assurance Construction and Installation Plan
- ☐ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
- ☐ Freeboard and Overtopping Prevention Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Nuisance or Hazardous Odors, including H<sub>2</sub>S, 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): 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: Jonathan D. Kelly Approval Date: 6/29/2012

Title: Compliance Officer 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: May 30, 2012

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) – See attached: Closure Notices  
☒ Proof of Deed Notice (required for on-site closure) – See attached: Proof of Deed Notice  
☒ Plot Plan (for on-site closures and temporary pits) – See attached: Plot Plan  
☒ Confirmation Sampling Analytical Results (if applicable) – Not Applicable – Waste Material Sampling Results below OCD Closure Standards.  
☒ Waste Material Sampling Analytical Results (required for on-site closure) – See attached: Envirotech Analytical Results  
☒ Disposal Facility Name and Permit Number – On-Site closure levels met standards – Waste material not removed.  
☒ Soil Backfilling and Cover Installation – See attached: Site Photography  
☒ Re-vegetation Application Rates and Seeding Technique – Pursuant to the BLM MOU and Approved Closure Plan  
☒ Site Reclamation (Photo Documentation) – See attached: Site Photography

On-site Closure Location: Latitude 36.39274 Longitude -108.136270833333 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): Ms. Amy Mackey Title: Administrative Manager

Signature: \_\_\_\_\_ Date: 6/28/12

e-mail address: amackey1@elmridge.net Telephone: (505) 632-3476 Ext. 201

### Detailed Closure Report

In accordance with Rule 19.15.17.13 NMAC, the following information describes the closure of the temporary pit referenced above. All proper documentation regarding closure activities is being included with the C-144.

Documentation includes:

- Details on capping and covering, where applicable (see report)
- Plot Plan (Pit Diagram) (Included as an attachment)
- Inspection Reports (Included as an attachment)
- Sampling Results (Included as an attachment)
- C-105 (Included as an attachment)
- Copy of Deed Notice will be filed with County Clerk (Not required on Federal, State, or Tribal land)

### Drill Pit Closure Plan Checklist

- 1) An operator shall close a pit within the time periods provided in 19.15.17.13 NMAC, or by an earlier date that the division requires because of imminent danger to fresh water, public health or the environment. An operator shall close any other permitted temporary pit within six months from the date that the operator releases the drilling or work over rig. The appropriate division district office may grant an extension not to exceed three months.

**The rig release date was January 30, 2012. Closure activities were completed on May 30, 2012.**

- 2) The operator of a temporary pit shall remove all liquids from the temporary pit prior to closure and dispose of the liquids in a division approved facility or recycle, reuse or reclaim the liquids in a manner that the appropriate division office approves. All free standing liquids will be removed before backfilling the pit and disposed of at an Elm Ridge Disposal Well or at Basin Disposal's evaporation pond.

**All recovered liquids were removed and disposed of at Carson WDW 242 prior to closure sampling on May 30, 2012.**

- 3) On-Site Burial. The operator shall demonstrate and comply with the siting requirements in Subsection C of 19.15.17.10 NMAC and the closure requirements and standards of Subsection F of 19.15.17.13 NMAC if the proposed closure method of a temporary pit involves on-site burial. The preferred method of closure will be on-site, in place burial, assuming all criteria outlined in 19.15.17.13 (B) are met.

**The pit was closed using on-site burial. The permit of the pit was approved by the OCD on October 10, 2008. The drill pit met all requirements, and was buried in-place prior to May 30, 2012. One (1) five (5) point composite sample was collected from the drill pit using a hand auger to depths between five (5) and ten (10) feet below ground surface.**

- 4) An alternative interim marking system will be used to allow for safer and more efficient operations. A minimum 4" O.D. steel pipe will be set at least 36" deep at the center of the

pit. A threaded collar will be on the top of the pipe. A minimum 12" x 12" steel plate will be welded atop the threaded collar. The top of the plate will be flush with ground level. The standard location information listed will be welded onto the plate, plus a notation that it marks an on-site buried, temporary pit. Upon plugging the well, the plate will be removed, and the pit will be marked as described in 19.15.17.13.F(1)(d).

A division approved in-ground marker will be placed with a four (4) foot riser upon P&A of this well location. Information welded onto the marker will include: Elm Ridge Exploration, Lease #NM-25449, Bisti Gallup 20-3, Unit Letter I, Sec. 20, Twn. 25N, Rng 12W, on-site burial and the date.

- 5) The operator shall report the exact location of the on-site burial on form C-105 filed with the division.

Please find attached the C-105 form that is filed with the division.

- 6) The operator shall file a deed notice identifying the exact location of the on-site burial with the county clerk in the county where the on-site burial occurs.

Due to the land being located on federal land, managed by the Bureau of Land Management (BLM), a deed notice was not applicable.

- 7) Elm Ridge Exploration will stabilize or solidify the contents to a bearing capacity sufficient to support the temporary pit's final cover. Elm Ridge Exploration will mix the contents with soil or other material at a mixing ratio of no greater than 3-1, soil or other material: to drill pit contents.

Contents of drill pit were mixed at a 3:1 ratio of soil to contents of drill pit prior to backfill.

- 8) A five (5)-point composite sample will be taken of the pit, and all samples will be tested per Subsection B of 19.15.17.13(B)(1)(b). If the criteria are not met, then all contents will be handled per subparagraph (a) of Paragraph (1) of Subsection B of 19.15.17.13. (i.e. dig and haul). If a dig and haul is required, then the disposal facility will be Envirotech's Landfarm (NM01-0011).

Initial sampling on 5/30/12 returned results that were below the NMOCD regulatory standards for all constituents analyzed; see attached laboratory results.

Sample	Chloride	Benzene (8021)	BTEX (8021)	TPH (418.1)	DRO/GRO (8015)
NMOCD Regulatory Standards	1,000 mg/kg	0.2 mg/kg	50.0 mg/kg	2,500 mg/kg	500 mg/kg
Contents	710 mg/kg	< 0.01 mg/kg	<0.01 mg/kg	236.0 mg/kg	368 mg/kg

- 9) After completing solidification and testing, the pit area will be backfilled with compacted, waste free, earthen material. At least four (4) feet of cover will be achieved. The cover will include one (1) foot of suitable material to establish vegetation at the site, or the background thickness of topsoil, whichever is greater.

Site was backfilled using one (1) foot of topsoil and approximately four (4) feet of non-waste containing earthen material used for cover.

- 10) Re-contouring of the location will match the fit, shape, line, form, and texture of the surrounding area. Re-shaping will control drainage and prevent ponds and erosion. Natural drainages will be unimpeded. Water bars and/or silt traps will be placed where needed to prevent erosion on a large scale. Final re-contour will have a uniform appearance with smooth surface, fitting the natural landscape.

**The site was re-contoured to match the fit, shape, line and form of the surrounding area. It was re-shaped to prevent ponding and erosion, and in such a way that natural drainage was unimpeded. Water bars or silt traps were not needed to prevent erosion. The final re-contour has a uniform appearance and a smooth surface, and fits the natural landscape. See attached photos of site re-contouring.**

- 11) Notice will be sent to the OCD when the reclaimed area is seeded.

**Elm Ridge Exploration will comply with the BLM's re-seeding requirements in this area in accordance with the federal rules and regulations as allowed by the BLM/OCD Memorandum of Understanding. Reseeding will occur or has occurred on (Date: 6/13/12).**

- 12) The operator shall notify the surface owner by certified mail, return receipt requested, that the operator plans to close a temporary pit, a permanent pit, a below grade tank or where the operator has approval for on-site closure. Evidence of mailing of the notice to the address of the surface owner shown in the county tax records is sufficient to demonstrate compliance with this requirement.

**See attached Land Owner Notification.**

- 13) After approval of this application, Elm Ridge Exploration will notify the OCD verbally, or by other means, at least 72 hours, but not more than one week, prior to any closure operations. The notice shall include the operator's name and the location to be closed by unit letter, section, township and range, well name and number and API number.

**See attached OCD notification.**

- 14) Elm Ridge Exploration will close the pit in accordance with OCD rules 19.15.17.12 &13. Post closure documents will be submitted within 60 days of pit closure and will include forms C-105 and C-144, cover details, pit diagram, inspection report and closure sampling results.

**See attached C-105, C-144, pit diagrams, closure sampling results. Cover was installed in accordance with 19.15.17.12 &13.**



DISTRICT I  
P.O. Box 1980, Hobbs, N.M. 88241-1980

DISTRICT II  
811 South First, Artesia, N.M. 88210

DISTRICT III  
1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV  
2040 South Pacheco, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

P.O. Box 2088  
Santa Fe, NM 87504-2088

Form C-102  
Revised February 21, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code	Pool Name
		5890	BISTI LOWER-GALLUP
Property Code	Property Name		Well Number
	BISTI GALLUP 20		3
OCRD No.	Operator Name		Elevation
149052	ELM RIDGE EXPLORATION		6298

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	20	25 N	12 W		435	NORTH	2185	WEST	SAN JUAN

11 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
Dedicated Acres		Joint		pit center		Order No.			
80				N 36.392803° W 108.136296°					

NO ALLOWABLE WELL LOCATIONS TO BE APPROVED FOR THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION


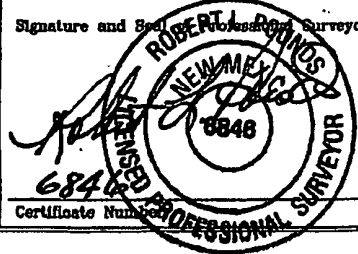
16 S 89°49'23" E	2634.25'	S 89°21'16" E	2639.78'	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.   Signature <b>BRIAN WOOD</b> Printed Name <b>CONSULTANT</b> Title <b>SEPT. 30, 2006</b> Date
2185'	LAT. 36.392750° LONG. 108.136269° NAD 83			
2640.72'				
N 0°09'08" E				
SECTION 20				18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.  3/03/06 Date of Survey Signature and Seal of Professional Surveyor:  Certificate Number
2640.72'				
N 0°09'08" E				
N 89°48'12" W			5272.70'	

EXHIBIT H

Elm Ridge Exploration Company, LLC  
Bisti Gallup 20 #3  
435' FNL & 2185' FWL  
Sec. 20, T. 25 N., R. 12 W.  
San Juan County, New Mexico

NORTH  1" = 50'

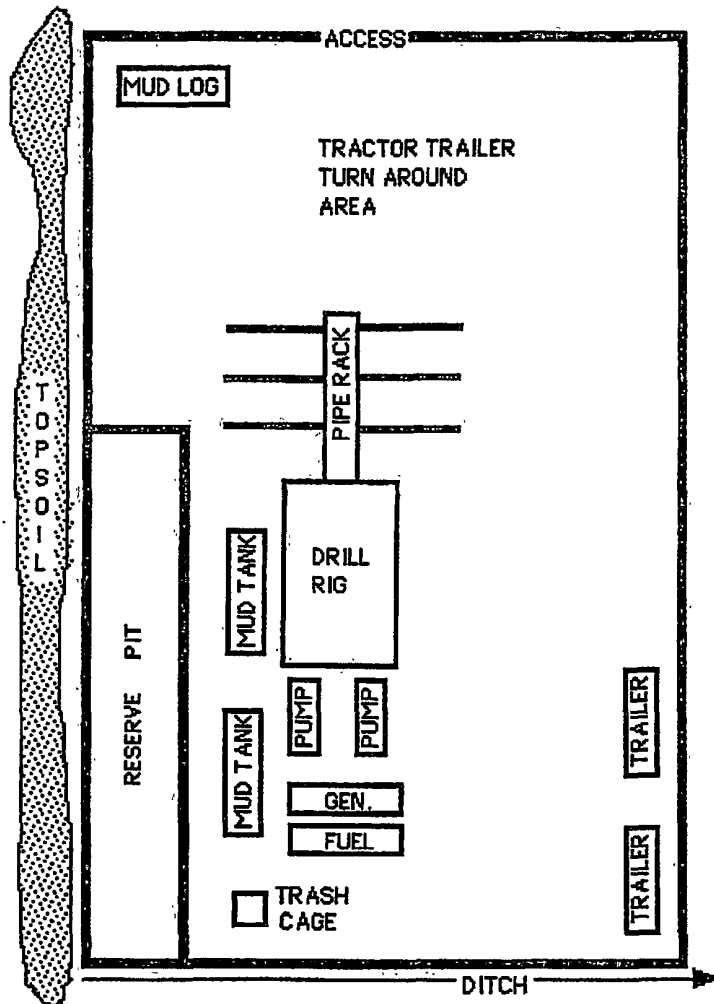
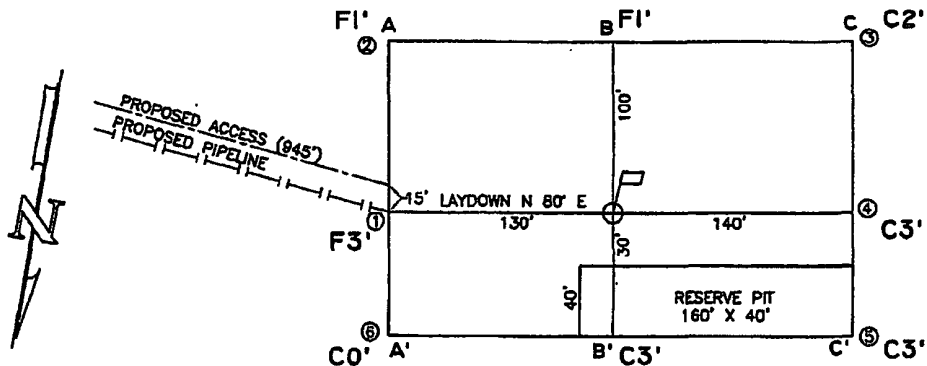


EXHIBIT F



ELEVATION A-A'

6320	.....	.....	.....	.....
6310	.....	.....	.....	.....
6300	.....	.....	.....	.....
6290	.....	.....	.....	.....
6280	.....	.....	.....	.....

B-B'

6320	.....	.....	.....	.....
6310	.....	.....	.....	.....
6300	.....	.....	.....	.....
6290	.....	.....	.....	.....
6280	.....	.....	.....	.....

C-C'

6320	.....	.....	.....	.....
6310	.....	.....	.....	.....
6300	.....	.....	.....	.....
6290	.....	.....	.....	.....
6280	.....	.....	.....	.....

EXHIBIT F

LEASE: BISTI GALLUP 20 #3

FOOTAGE: 435' FNL, 2185' FWL

SEC. 20 TWN. 25 N RNG. 12 W N.M.P.M.

LATITUDE: 36.392750° LONGITUDE: 108.136269°

ELEVATION: 6298

ELM RIDGE EXPLORATION  
DALLAS, TEXAS

SURVEYED: 3/03/08

REV. DATE:

APP. BY R.P.

DRAWN BY: A.D.

DATE DRAWN: 3/06/05

FILE NAME: 6541C01



P.O. BOX 3651  
FARMINGTON, NM 87499  
OFFICE: (505) 334-0408



## Report Summary

Client: Elm Ridge

Chain of Custody Number: 14835

Samples Received: 05-30-12

Job Number: 03056-0374

Sample Number(s): 62207

Project Name/Location: Drill Pit Closure: Bisti Gallup 20-3

Entire Report Reviewed By:

A handwritten signature in black ink, appearing to be 'J. B.', written over a horizontal line.

Date:

6/7/12

The analytical results in this report are based upon information supplied by you, the client, and are for your exclusive use. If you have any questions regarding this data package, please do not hesitate to call.



**EPA METHOD 8015 Modified**  
**Nonhalogenated Volatile Organics**  
**Total Petroleum Hydrocarbons**

Client:	Elm Ridge	Project #:	03056-0374
Sample ID:	Pit Comp	Date Reported:	06-05-12
Laboratory Number:	62207	Date Sampled:	05-30-12
Chain of Custody No:	14835	Date Received:	05-30-12
Sample Matrix:	Sludge	Date Extracted:	05-30-12
Preservative:	Cool	Date Analyzed:	06-05-12
Condition:	Intact	Analysis Requested:	8015 TPH

Parameter	Concentration (mg/Kg)	Det. Limit (mg/Kg)
Gasoline Range (C5 - C10)	ND	0.2
Diesel Range (C10 - C28)	368	0.1
Total Petroleum Hydrocarbons	368	

ND - Parameter not detected at the stated detection limit.

References: Method 8015B, Nonhalogenated Volatile Organics, Test Methods for Evaluating Solid Waste, SW-846, USEPA, December 1996.

Comments: **Drill Pit Closure: Bisti Gallup 20-3**



EPA Method 8015 Modified  
Nonhalogenated Volatile Organics  
Total Petroleum Hydrocarbons

Quality Assurance Report

Client:	QA/QC	Project #:	N/A
Sample ID:	0605TCAL QA/QC	Date Reported:	06-05-12
Laboratory Number:	62241	Date Sampled:	N/A
Sample Matrix:	Methylene Chloride	Date Received:	N/A
Preservative:	N/A	Date Analyzed:	06-05-12
Condition:	N/A	Analysis Requested:	TPH

	I-Cal Date	I-Cal RF:	C-Cal RF:	% Difference	Accept. Range
Gasoline Range C5 - C10	06-05-12	9.9960E+02	1.0000E+03	0.04%	0 - 15%
Diesel Range C10 - C28	06-05-12	9.9960E+02	1.0000E+03	0.04%	0 - 15%

Blank Conc. (mg/L - mg/Kg)	Concentration	Detection Limit
Gasoline Range C5 - C10	ND	0.2
Diesel Range C10 - C28	ND	0.1
Total Petroleum Hydrocarbons	ND	

Duplicate Conc. (mg/Kg)	Sample	Duplicate	% Difference	Accept. Range
Gasoline Range C5 - C10	ND	ND	0.0%	0 - 30%
Diesel Range C10 - C28	ND	ND	0.0%	0 - 30%

Spike Conc. (mg/Kg)	Sample	Spike Added	Spike Result	% Recovery	Accept. Range
Gasoline Range C5 - C10	ND	250	285	114%	75 - 125%
Diesel Range C10 - C28	ND	250	289	116%	75 - 125%

ND - Parameter not detected at the stated detection limit.

References: Method 8015B, Nonhalogenated Volatile Organics, Test Methods for Evaluating Solid Was  
SW-846, USEPA, December 1996.

Comments: QA/QC for Samples 62207-62208, 62241 and 62277-62278



EPA METHOD 8021  
AROMATIC VOLATILE ORGANICS

Client:	Elm Ridge	Project #:	03056-0374
Sample ID:	Pit Comp	Date Reported:	06-04-12
Laboratory Number:	62207	Date Sampled:	05-30-12
Chain of Custody:	14835	Date Received:	05-30-12
Sample Matrix:	Sludge	Date Analyzed:	06-01-12
Preservative:	Cool	Date Extracted:	05-30-12
Condition:	Intact	Analysis Requested:	BTEX
		Dilution:	50

Parameter	Concentration (ug/Kg)	Det. Limit (ug/Kg)
Benzene	ND	10.0
Toluene	ND	10.0
Ethylbenzene	ND	10.0
p,m-Xylene	ND	10.0
o-Xylene	ND	10.0
Total BTEX	ND	

ND - Parameter not detected at the stated detection limit.

Surrogate Recoveries:	Parameter	Percent Recovery
	Fluorobenzene	107 %
	1,4-difluorobenzene	107 %
	Bromochlorobenzene	170 %

References: Method 5030B, Purge-and-Trap, Test Methods for Evaluating Solid Waste, SW-846, USEPA, December 1996.

Method 8021B, Aromatic Volatile Organics, Test Methods for Evaluating Solid Waste, SW-846, USEPA, December 1996.

Comments: Drill Pit Closure : Bisti Gallup 20-3



**EPA METHOD 8021  
AROMATIC VOLATILE ORGANICS**

Client:	N/A	Project #:	N/A
Sample ID:	0601BCAL QA/QC	Date Reported:	06-04-12
Laboratory Number:	62195	Date Sampled:	N/A
Sample Matrix:	Soil	Date Received:	N/A
Preservative:	N/A	Date Analyzed:	06-01-12
Condition:	N/A	Analysis:	BTEX
		Dilution:	50

Calibration and Detection Limits (ug/L)	I-Cal RF:	C-Cal RF:	%Diff.	Blank Conc	Detect. Limit
Accept: Range 0-15%					
Benzene	4.7788E-05	4.7788E-05	0.000	ND	0.2
Toluene	5.4937E-05	5.4937E-05	0.000	ND	0.2
Ethylbenzene	5.9479E-05	5.9479E-05	0.000	ND	0.2
p,m-Xylene	5.2166E-05	5.2166E-05	0.000	ND	0.2
o-Xylene	6.3642E-05	6.3642E-05	0.000	ND	0.2

Duplicate Conc. (ug/Kg)	Sample	Duplicate	%Diff.	Accept Range	Detect. Limit
Benzene	ND	ND	0.00	0 - 30%	10
Toluene	ND	ND	0.00	0 - 30%	10
Ethylbenzene	ND	ND	0.00	0 - 30%	10
p,m-Xylene	ND	ND	0.00	0 - 30%	10
o-Xylene	ND	ND	0.00	0 - 30%	10

Spike Conc. (ug/Kg)	Sample	Amount Spiked	Spiked Sample	% Recovery	Accept Range
Benzene	ND	2500	2420	96.8	39 - 150
Toluene	ND	2500	2430	97.2	46 - 148
Ethylbenzene	ND	2500	2440	97.6	32 - 160
p,m-Xylene	ND	5000	4860	97.2	46 - 148
o-Xylene	ND	2500	2440	97.6	46 - 148

ND - Parameter not detected at the stated detection limit.

Dilution: Spike and spiked sample concentration represent a dilution proportional to sample dilution.

References: Method 5030B, Purge-and-Trap, Test Methods for Evaluating Solid Waste, SW-846, USEPA, December 1996.  
Method 8021B, Aromatic and Halogenated Volatiles by Gas Chromatography Using Photoionization and/or Electrolytic Conductivity Detectors, SW-846, USEPA December 1996.

**Comments: QA/QC for Samples 62195-62196 and 62207.**





EPA METHOD 418.1  
TOTAL PETROLEUM HYDROCARBONS

Client:	Elm Ridge	Project #:	03056-0374
Sample ID:	Pit Comp	Date Reported:	06-06-12
Laboratory Number:	62207	Date Sampled:	05-30-12
Chain of Custody No:	14835	Date Received:	05-30-12
Sample Matrix:	Sludge	Date Extracted:	05-31-12
Preservative:	Cool	Date Analyzed:	05-31-12
Condition:	Intact	Analysis Needed:	TPH-418.1

Parameter	Concentration (mg/kg)	Det. Limit (mg/kg)
-----------	--------------------------	--------------------------

Total Petroleum Hydrocarbons	236	6.7
------------------------------	-----	-----

ND = Parameter not detected at the stated detection limit.

References: Method 418.1, Petroleum Hydrocarbons, Total Recoverable, Chemical Analysis of Water and Waste, USEPA Storet No. 4551, 1978.

Comments: Bisti Gallup 20-3 Drill Pit Closure

Client:	QA/QC	Project #:	N/A
Sample ID:	QA/QC	Date Reported:	06-06-12
Laboratory Number:	05-31-TPH.QA/QC 62207	Date Sampled:	N/A
Sample Matrix:	Freon-113	Date Analyzed:	05-31-12
Preservative:	N/A	Date Extracted:	05-31-12
Condition:	N/A	Analysis Needed:	TPH

Calibration	I-Cal Date	C-Cal Date	I-Cal RF	C-Cal RF	% Difference	Accept. Range
	04-25-12	05-31-12	1,680	1,790	6.6%	+/- 10%

Blank Conc. (mg/Kg)	Concentration	Detection Limit
TPH	ND	6.7

Duplicate Conc. (mg/Kg)	Sample	Duplicate	% Difference	Accept. Range
TPH	236	202	0.0%	+/- 30%

Spike Conc. (mg/Kg)	Sample	Spike Added	Spike Result	% Recovery	Accept Range
TPH	236	2,000	2,290	115%	80 - 120%

ND = Parameter not detected at the stated detection limit.

References: Method 418.1, Petroleum Hydrocarbons, Total Recoverable, Chemical Analysis of Water and Waste, USEPA Storet No. 4551, 1978.

Comments: QA/QC for Samples 62207-62208.

Client:	Elm Ridge	Project #:	03056-0374
Sample ID:	Pit Comp	Date Reported:	05-31-12
Lab ID#:	62207	Date Sampled:	05-30-12
Sample Matrix:	Sludge	Date Received:	05-30-12
Preservative:	Cool	Date Analyzed:	05-31-12
Condition:	Intact	Chain of Custody:	14835

Parameter	Concentration (mg/Kg)
-----------	-----------------------


**Total Chloride****710**

Reference: U.S.E.P.A., 4500B, "Methods for Chemical Analysis of Water and Wastes", 1983.  
Standard Methods For The Examination of Water And Waste Water", 18th ed., 1992.

Comments: **Drill Pit Closure: Bisti Gallup 20-3**

# CHAIN OF CUSTODY RECORD

14835

Client: <b>Elm Ridge</b>			Project Name / Location: <b>Bisti Gallup</b>			ANALYSIS / PARAMETERS																
Email results to: <b>Toni McKnight</b>			Drill Pit closure: <b>20-3</b>																			
Client Phone No.:			Sampler Name: <b>K. Peine</b>																			
Client No.: <b>03056-0374</b>																						
Sample No./ Identification	Sample Date	Sample Time	Lab No.	No./Volume of Containers	Preservative			TPH (Method 8015)	BTEX (Method 8021)	VOC (Method 8260)	RCRA 8 Metals	Cation / Anion	RCI	TCLP with H/P	CO Table 910-1	TPH (418.1)	CHLORIDE			Sample Cool	Sample Intact	
					HgCl <sub>2</sub>	HCl	CO <sub>2</sub>															
Pit Comp	5-30-12	11:30	62207	14oz Jar			X	X	X								X	X			Y	Y
Relinquished by: (Signature) <i>Thony Peine</i>					Date	Time	Received by: (Signature) <i>Alanna</i>					Date	Time									
Relinquished by: (Signature)							Received by: (Signature)															
Sample Matrix																						
Soil <input type="checkbox"/> Solid <input type="checkbox"/> Sludge <input checked="" type="checkbox"/> Aqueous <input type="checkbox"/> Other <input type="checkbox"/>																						
<input type="checkbox"/> Sample(s) dropped off after hours to secure drop off area.																						
5795 US Highway 64 • Farmington, NM 87401 • 505-632-0615 • Three Springs • 65 Mercado Street, Suite 115, Durango, CO 81301 • laboratory@envirotech-inc.com																						

Submit To Appropriate District Office Two Copies <b>District I</b> 1625 N. French Dr., Hobbs, NM 88240 <b>District II</b> 811 S. First St., Artesia, NM 88210 <b>District III</b> 1000 Rio Brazos Rd., Aztec, NM 87410 <b>District IV</b> 1220 S. St. Francis Dr., Santa Fe, NM 87505	<b>State of New Mexico</b> <b>Energy, Minerals and Natural Resources</b>  <b>Oil Conservation Division</b> <b>1220 South St. Francis Dr.</b> <b>Santa Fe, NM 87505</b>	<b>Form C-105</b> Revised August 1, 2011  <b>1. WELL API NO.</b> 30-04533983  <b>2. Type of Lease</b> <input type="checkbox"/> STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/> FED/INDIAN <b>3. State Oil &amp; Gas Lease No.</b> NMNM-25488																														
<b>WELL COMPLETION OR RECOMPLETION REPORT AND LOG</b>																																
<b>4. Reason for filing:</b>  <input type="checkbox"/> <b>COMPLETION REPORT</b> (Fill in boxes #1 through #31 for State and Fee wells only)  <input checked="" type="checkbox"/> <b>C-144 CLOSURE ATTACHMENT</b> (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) <b>7. Type of Completion:</b> <input type="checkbox"/> NEW WELL <input checked="" type="checkbox"/> WORKOVER <input type="checkbox"/> DEEPENING <input type="checkbox"/> PLUGBACK <input type="checkbox"/> DIFFERENT RESERVOIR <input type="checkbox"/> OTHER		<b>5. Lease Name or Unit Agreement Name</b> Bisiti Gallup 20  <b>6. Well Number:</b> 3  <b>9. OGRID</b> 149052  <b>11. Pool name or Wildcat</b>																														
<b>8. Name of Operator</b> Elm Ridge Exploration <b>10. Address of Operator</b> Post Office Box 156, Bloomfield, New Mexico, 87413		<b>12. Location</b> <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th>Unit Ltr</th> <th>Section</th> <th>Township</th> <th>Range</th> <th>Lot</th> <th>Feet from the</th> <th>N/S Line</th> <th>Feet from the</th> <th>E/W Line</th> <th>County</th> </tr> <tr> <td>Surface:</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>BH:</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>	Unit Ltr	Section	Township	Range	Lot	Feet from the	N/S Line	Feet from the	E/W Line	County	Surface:										BH:									
Unit Ltr	Section	Township	Range	Lot	Feet from the	N/S Line	Feet from the	E/W Line	County																							
Surface:																																
BH:																																
<b>13. Date Spudded</b>  <b>18. Total Measured Depth of Well</b>	<b>14. Date T.D. Reached</b>  <b>19. Plug Back Measured Depth</b>	<b>15. Date Rig Released</b> 1/30/2012  <b>20. Was Directional Survey Made?</b>																														
<b>16. Date Completed (Ready to Produce)</b>  <b>21. Type Electric and Other Logs Run</b>		<b>17. Elevations (DF and RKB, RT, GR, etc.)</b>																														
<b>22. Producing Interval(s) of this completion - Top, Bottom, Name</b>																																
<b>23. CASING RECORD (Report all strings set in well)</b>																																
CASING SIZE	WEIGHT LB./FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED																											
<b>24. LINER RECORD</b>			<b>25. TUBING RECORD</b>																													
SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN	PACKER SET																											
<b>26. Perforation record (interval, size, and number)</b>			<b>27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC.</b> <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th>DEPTH INTERVAL</th> <th>AMOUNT AND KIND MATERIAL USED</th> </tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> </table>			DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED																									
DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED																															
<b>28. PRODUCTION</b>																																
<b>Date First Production</b>		<b>Production Method (Flowing, gas lift, pumping - Size and type pump)</b>		<b>Well Status (Prod. or Shut-in)</b>																												
<b>Date of Test</b>	<b>Hours Tested</b>	<b>Choke Size</b>	<b>Prod'n For Test Period</b>	<b>Oil - Bbl</b>	<b>Gas - MCF</b>																											
<b>Water - Bbl.</b>	<b>Gas - Oil Ratio</b>																															
<b>Flow Tubing Press.</b>	<b>Casing Pressure</b>	<b>Calculated 24-Hour Rate</b>	<b>Oil - Bbl.</b>	<b>Gas - MCF</b>	<b>Water - Bbl.</b>																											
<b>Oil Gravity - API - (Corr.)</b>																																
<b>29. Disposition of Gas (Sold, used for fuel, vented, etc.)</b>					<b>30. Test Witnessed By</b>																											
<b>31. List Attachments</b>																																
<b>32. If a temporary pit was used at the well, attach a plat with the location of the temporary pit.</b>																																
<b>33. If an on-site burial was used at the well, report the exact location of the on-site burial:</b> <div style="display: flex; justify-content: space-between;"> <span>Latitude 36.39274</span> <span>Longitude -108.136270833333</span> <span>NAD 1927 1983</span> </div>																																
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																																
<b>Signature</b>		<b>Printed Name</b> Ms. Amy Mackey		<b>Title</b> Administrative Manager <b>Date</b>																												
<b>E-mail Address</b> amackey1@elmridge.net																																

# INSTRUCTIONS

This form is to be filed with the appropriate District Office of the Division not later than 20 days after the completion of any newly-drilled or deepened well and not later than 60 days after completion of closure. When submitted as a completion report, this shall be accompanied by one copy of all electrical and radio-activity logs run on the well and a summary of all special tests conducted, including drill stem tests. All depths reported shall be measured depths. In the case of directionally drilled wells, true vertical depths shall also be reported. For multiple completions, items 11, 12 and 26-31 shall be reported for each zone.

INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

Southeastern New Mexico		Northwestern New Mexico	
T. Anhy	T. Canyon	T. Ojo Alamo	T. Penn A"
T. Salt	T. Strawn	T. Kirtland	T. Penn. "B"
B. Salt	T. Atoka	T. Fruitland	T. Penn. "C"
T. Yates	T. Miss	T. Pictured Cliffs	T. Penn. "D"
T. 7 Rivers	T. Devonian	T. Cliff House	T. Leadville
T. Queen	T. Silurian	T. Menefee	T. Madison
T. Grayburg	T. Montoya	T. Point Lookout	T. Elbert
T. San Andres	T. Simpson	T. Mancos	T. McCracken
T. Glorieta	T. McKee	T. Gallup	T. Ignacio Otzte
T. Paddock	T. Ellenburger	Base Greenhorn	T. Granite
T. Blinebry	T. Gr. Wash	T. Dakota	
T. Tubb	T. Delaware Sand	T. Morrison	
T. Drinkard	T. Bone Springs	T. Todilto	
T. Abo	T.	T. Entrada	
T. Wolfcamp	T.	T. Wingate	
T. Penn	T.	T. Chinle	
T. Cisco (Bough C)	T.	T. Permian	

## OIL OR GAS SANDS OR ZONES

No. 1, from.....to.....

No. 3, from.....to.....

No. 2, from.....to.....

No. 4, from.....to.....

## IMPORTANT WATER SANDS

**Include data on rate of water inflow and elevation to which water rose in hole.**

No. 1, from.....to.....feet.....

No. 2, from.....to.....feet.....

No. 3, from.....to.....feet.....

**LITHOLOGY RECORD** (Attach additional sheet if necessary)

From	To	Thickness In Feet	Lithology

From	To	Thickness In Feet	Lithology

**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:  
 Mr. Mark Kelly  
 Bureau of Land Management  
 Farmington District Office  
 1235 La Plata Hwy., Ste. A  
 Farmington, NM 87401-8731

2. Article Number  
 (Transfer from service label)

7007 1490 0000 5398 7257

PS Form 3811, February 2004

Domestic Return Receipt

102585-02-M-1540

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature <b>X</b>		<input type="checkbox"/> Agent <input type="checkbox"/> Addressee
B. Received by (Printed Name)	C. Date of Delivery	
D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No		
3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.		
4. Restricted Delivery? (Extra Fee)		<input type="checkbox"/> Yes

Mr. Mark Kelly  
 Bureau of Land Management  
 Farmington District Office  
 1235 La Plata Highway, Suite A  
 Farmington, New Mexico 87401-8731

TO:



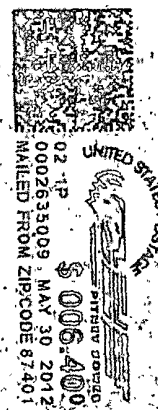
**envirotech**  
 5796 U.S. Highway 64  
 Farmington, NM 87401

FROM

7007 1490 0000 5398 7257



**CERTIFIED MAIL**



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0137  
Expires: October 31, 2014

**SUNDRY NOTICES AND REPORTS ON WELLS**  
**Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.**

5. Lease Serial No.  
NMNM-25448  
6. If Indian, Allottee or Tribe Name

**SUBMIT IN TRIPLICATE – Other instructions on page 2.**

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator  
Elm Ridge Exploration CO LLC

3a. Address  
PO Box 156 Bloomfield NM 87413

3b. Phone No. (include area code)  
505-632-3476 Ext 201

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
"C" - Sec. 20-T25N-R12W  
435' FNL X 2185' FWL

7. If Unit of CA/Agreement, Name and/or No.

8. Well Name and No.  
Bisti Gallup 20-3

9. API Well No.  
30-045-33983

10. Field and Pool or Exploratory Area  
Bisti Lower-Gallup

11. County or Parish, State  
San Juan County

**12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA**

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input checked="" type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other _____
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Elm Ridge Exploration, Inc is making the necessary surface notification of their intent to close the drill pit at the Bisti Gallup 20-3 well site. Closure activities will begin on Monday, June 4, 2012 and continue for the approximately one week.

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed)  
Amy Mackey

Title Administrative Manager

Signature

Date 5-30-12

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)



Toni McKnight

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**From:** Toni McKnight  
**Sent:** Tuesday, May 29, 2012 2:37 PM  
**To:** 'brandon.powell@state.nm.us'  
**Cc:** 'Kelly, Jonathan, EMNRD'; Greg Crabtree  
**Subject:** Bisti Gallup 20-3; Drill Pit Notification

Mr. Brandon Powell,

Please accept this email as the required notification for drill pit closure activities to be performed by Elm Ridge Exploration at the Bisti Gallup 20-3 well site located in Section 20, Township 25N, Range 12W, Unit C, San Juan County, New Mexico. The API # is 3004533983, and closure activities are scheduled to begin on Monday, June 4, 2012. The BLM has been notified as the surface owner. Thank you for your time in regards to this event.

Envirotech, Inc.  
Toni McKnight, EIT  
Environmental Project Manager  
[tmcknight@envirotech-inc.com](mailto:tmcknight@envirotech-inc.com)  
(505) 947-9179

ELM RIDGE EXPLORATION  
BISTI GALLUP 20 #3  
SITE RESTORATION PHOTOGRAPHY  
JOB NUMBER: 03056-0374  
PHOTOS TAKEN: MAY 30, 2012



Photo 1: Bisti Gallup 20 #3 Well Site

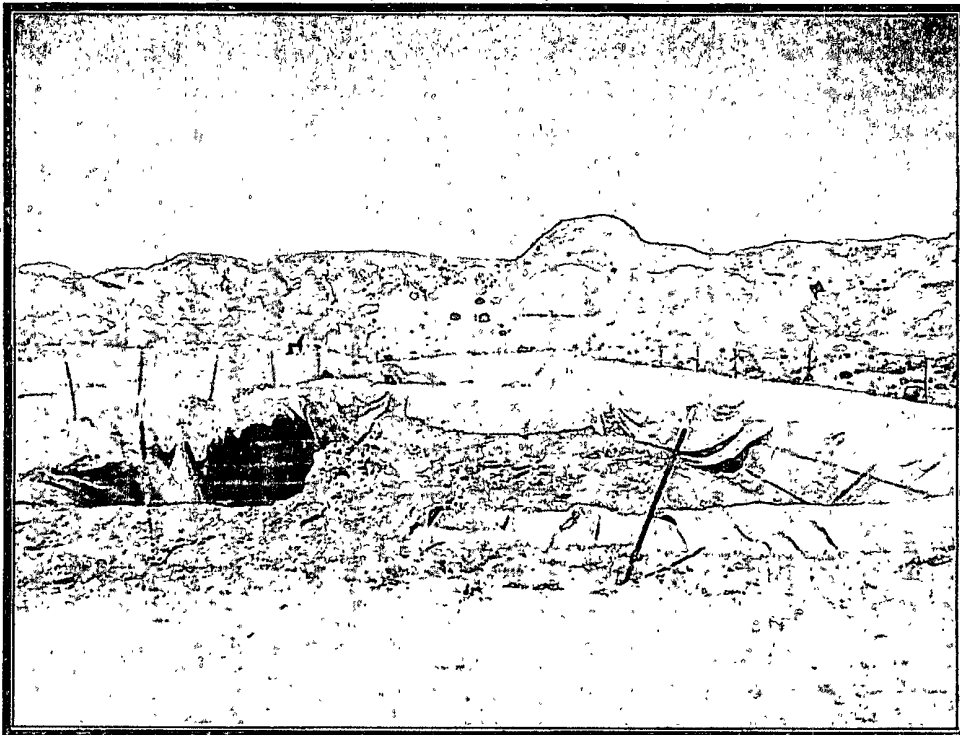


Photo 2: Overview of Drill Pit

ELM RIDGE EXPLORATION  
BISTI GALLUP 20 #3  
SITE RESTORATION PHOTOGRAPHY  
JOB NUMBER: 03056-0374  
PHOTOS TAKEN: MAY 30, 2012

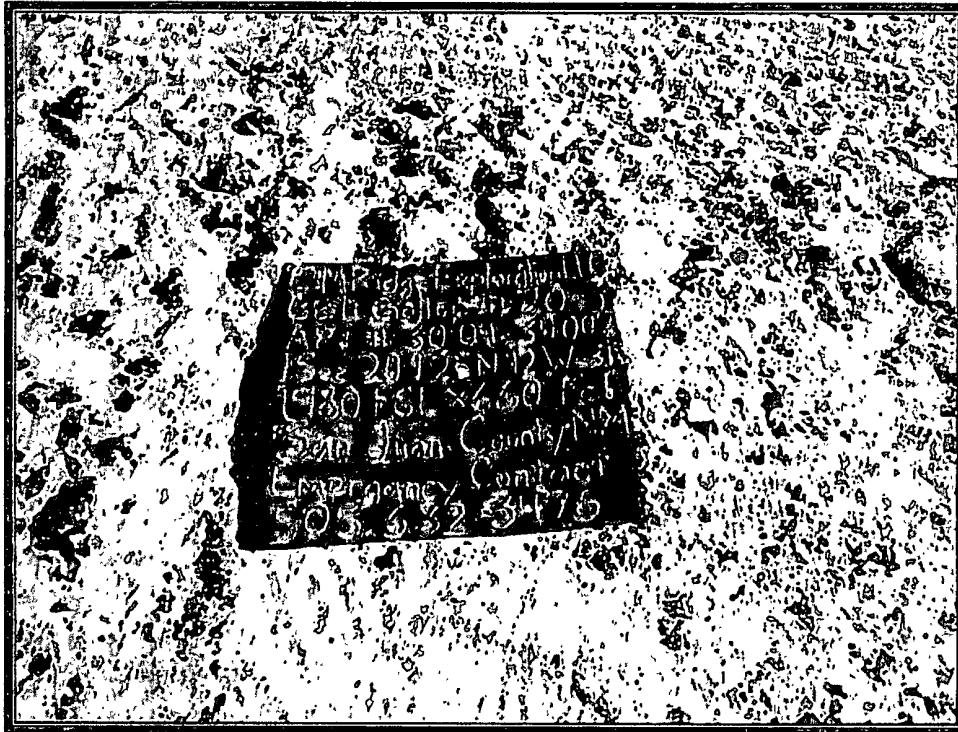


Photo 3: Drill Pit Marker

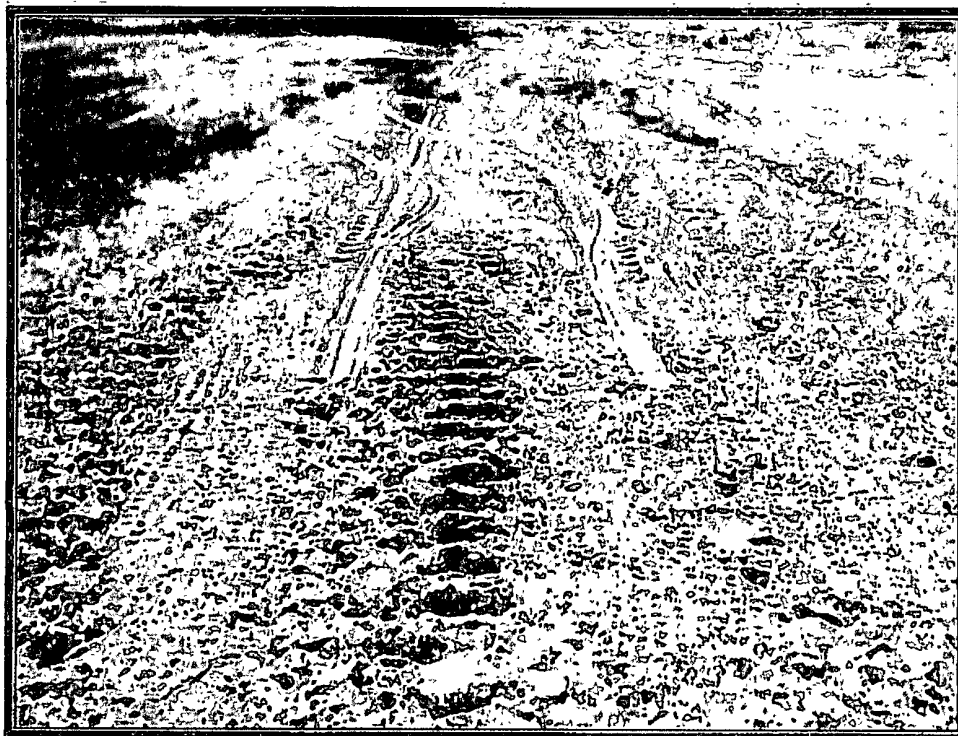
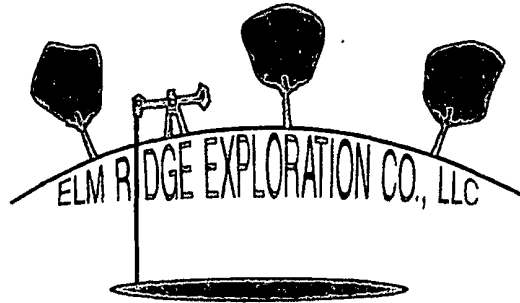


Photo 4: Re-contoured Drill Pit

E-MAILED  
6/15/12

WELL NAME: <u>Easti Gallup 20-3</u> <u>30-045-55983</u>		OPEN PIT INSPECTION FORM								
INSPECTOR <u>Jerry Barth</u>		DATE <u>7-21-12</u>								
Please request for pit extension after 24 weeks		Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9
PIT STATUS		<input type="checkbox"/> Drilled <input type="checkbox"/> Completed <input type="checkbox"/> Clean-Up	<input type="checkbox"/> Drilled <input type="checkbox"/> Completed <input type="checkbox"/> Clean-Up	<input checked="" type="checkbox"/> Drilled <input type="checkbox"/> Completed <input type="checkbox"/> Clean-Up	<input checked="" type="checkbox"/> Drilled <input type="checkbox"/> Completed <input type="checkbox"/> Clean-Up	<input checked="" type="checkbox"/> Drilled <input type="checkbox"/> Completed <input type="checkbox"/> Clean-Up	<input checked="" type="checkbox"/> Drilled <input type="checkbox"/> Completed <input type="checkbox"/> Clean-Up	<input type="checkbox"/> Drilled <input type="checkbox"/> Completed <input type="checkbox"/> Clean-Up	<input type="checkbox"/> Drilled <input type="checkbox"/> Completed <input type="checkbox"/> Clean-Up	<input checked="" type="checkbox"/> Drilled <input type="checkbox"/> Completed <input type="checkbox"/> Clean-Up
LOCATION	Is the location marked with the proper flagging? (Const. Zone, poles, pipelines, etc.)	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
	Is the temporary well sign on location and visible from access road?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
ENVIRONMENTAL COMPLIANCE	Is the access road in good driving condition? (deep ruts, bladed)	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
	Are the culverts free from debris or any object preventing flow?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
	Is the top of the location bladed and in good operating condition?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
	Is the fence stock-proof? (fences tight, barbed wire, fence clips in place?)	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
	Is the pit liner in good operating condition? (no tears, up-rooting corners, etc.)	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
	Is the location free from trash, oil stains and other materials? (cables, pipe threads, etc.)	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
	Does the pit contain two feet of free board? (check the water levels)	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
	Is there any standing water on the blow pit? <u>N/A</u>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
	Are the pits free of trash and oil?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
	Are there diversion ditches around the pits for natural drainage?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Is there a Manifold on location?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Is the Manifold free of leaks? Are the hoses in good condition?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Was the OCD contacted?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	
PICTURE TAKEN	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	
COMMENTS	No ditches no repairs	<u>7/21/12</u> Rig on location	<u>7/30/12</u> Rig off of location	Road and location muddy ruts pit has debris and hose in it	Pit has debris truck tanks on location rig moving on location	Ditches debris in it location Needs bladed on ditches roads rough no ditches	Rig on location	Rig on location	Sample pit took pictures location needs bladed	



June 25<sup>th</sup>, 2012

Mr. Jonathan Kelly  
New Mexico Oil Conservation Division  
1000 Rio Brazos Road  
Aztec, NM 87410

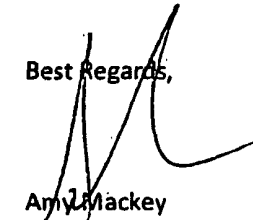
RE: Drill Pit Inspections

Dear Mr. Kelly,

The Drill Pit Permit required daily inspections of the pit liner for all open pits. Visual inspections were done during drilling operations, but there was no documentation done. As you are aware there has been little to no drilling activity in the San Juan Basin for the past couple years. Due to the low activity, the employees that were hired by the drilling company are inexperienced and they failed to document the drill pit inspections.

Now that we are aware that the rig crew failed to follow the proper procedures; we have taken measures to ensure that all required paper work is thoroughly read and the rules are followed.

Best Regards,



Amy Mackey  
Elm Ridge Exploration CO LLC  
Amackey1@elmridge.net