

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**

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
Address: PO Box 156, Bloomfield, New Mexico 87413
Facility or well name: Marcus B 001
API Number: 30-039-30445 OCD Permit Number: _____
U/L or Qtr/Qtr J Section 12 Township 23 N Range 7 W County: Rio Arriba
Center of Proposed Design: Latitude 36.23858° Longitude -107.52436° NAD: ☐ 1927 ☒ 1983
Surface Owner: ☒ Federal ☐ State ☐ Private ☐ Tribal Trust or Indian Allotment

OGRID #: 149052

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 OCT 30 '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

☐ Yes ☐ No

Within 300 feet of a continuously flowing watercourse, or 200 feet of any other significant watercourse or lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark).

- Topographic map; Visual inspection (certification) of the proposed site

☐ Yes ☐ No

Within 300 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application.

(Applies to temporary, emergency, or cavitation pits and below-grade tanks)

- Visual inspection (certification) of the proposed site; Aerial photo; Satellite image

☐ Yes ☐ No

☐ NA

Within 1000 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application.

(Applies to permanent pits)

- Visual inspection (certification) of the proposed site; Aerial photo; Satellite image

☐ Yes ☐ No

☐ NA

Within 500 horizontal feet of a private, domestic fresh water well or spring that less than five households use for domestic or stock watering purposes, or within 1000 horizontal feet of any other fresh water well or spring, in existence at the time of initial application.

- NM Office of the State Engineer - iWATERS database search; Visual inspection (certification) of the proposed site

☐ Yes ☐ No

Within incorporated municipal boundaries or within a defined municipal fresh water well field covered under a municipal ordinance adopted pursuant to NMSA 1978, Section 3-27-3, as amended.

- Written confirmation or verification from the municipality; Written approval obtained from the municipality

☐ Yes ☐ No

Within 500 feet of a wetland.

- US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site

☐ Yes ☐ No

Within the area overlying a subsurface mine.

- Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division

☐ Yes ☐ No

Within an unstable area.

- Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society; Topographic map

☐ Yes ☐ No

Within a 100-year floodplain.

- FEMA map

☐ Yes ☐ No

11.

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

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

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

12.

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

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

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

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

13.

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

- ☐ Hydrogeologic Report - based upon the requirements of Paragraph (1) of Subsection B of 19.15.17.9 NMAC
- ☐ Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC
- ☐ Climatological Factors Assessment
- ☐ Certified Engineering Design Plans - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Dike Protection and Structural Integrity Design - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Leak Detection Design - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Liner Specifications and Compatibility Assessment - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Quality Control/Quality Assurance Construction and Installation Plan
- ☐ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
- ☐ Freeboard and Overtopping Prevention Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Nuisance or Hazardous Odors, including 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): 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: 11/8/2012

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: July 26, 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 indentify the facility or facilities for where the liquids, drilling fluids and drill cuttings were disposed. Use attachment if more than two facilities were utilized.

Disposal Facility Name: _____ Disposal Facility Permit Number: _____

Disposal Facility Name: _____ Disposal Facility Permit Number: _____

Were the closed-loop system operations and associated activities performed on or in areas that *will not* be used for future service and operations?

☐ Yes (If yes, please demonstrate compliance to the items below) ☐ No

Required for impacted areas which will not be used for future service and operations:

- ☐ Site Reclamation (Photo Documentation)
☐ Soil Backfilling and Cover Installation
☐ Re-vegetation Application Rates and Seeding Technique

24.

Closure Report Attachment Checklist: *Instructions: Each of the following items must be attached to the closure report. Please indicate, by a check mark in the box, that the documents are attached.*

- ☒ Proof of Closure Notice (surface owner and division) – See attached Closure Notices
☐ Proof of Deed Notice (required for on-site closure) – Not Applicable
☒ 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 36.23858 Longitude -107.52436 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: 10/25/12

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 20, 2012. Closure activities were completed on July 26, 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 July 26, 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 August 20, 2008. The drill pit met all requirements, and was buried in-place upon completion of analytical results.

- 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 #NMSF-078359, Marcus B 1, Unit Letter J, Sec. 12, Twn. 23N, Rng 7W, 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 7/26/12 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	680 mg/kg	<0.01 mg/kg	0.382 mg/kg	405 mg/kg	45.7 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.

- 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.

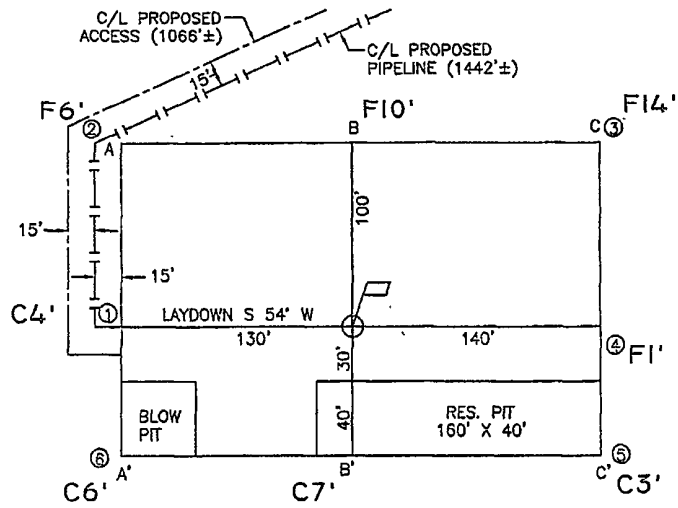
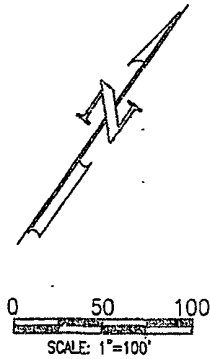
- 13) After approval of this application, Elm Ridge Exploration will notify the OCD verbally, or by other means, at least 72 hours, but not more than one week, prior to any closure operations. The notice shall include the operator's name and the location to be closed by unit letter, section, township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

See attached OCD Notification.

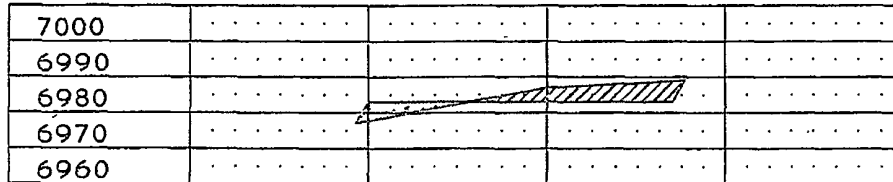
- 14) Elm Ridge Exploration will close the pit in accordance with OCD rules 19.15.17.12 & 13. Post closure documents will be submitted within 60 days of pit closure and will include forms C-105 and C-144, cover details, pit diagram, inspection report and closure sampling results.

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

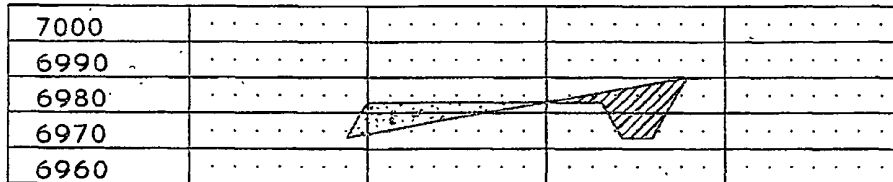
BEFORE DIGGING
CALL FOR UTILITY
LINE LOCATION!



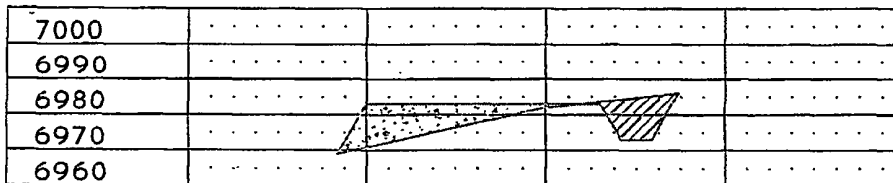
ELEVATION A-A'



B-B'



C-C'



CROSS SECTIONS

HORIZONTAL: 1"=100'
VERTICAL: 1"=50'

EXHIBIT G

LEASE: MARCUS B #1

FOOTAGE: 2230' FSL. 1599' FEL

SEC. 12 TWN. 23 N RNG. 7 W N.M.P.M.

LAT: 36.238593° N LONG: 107.524334° W (NAD 83)

ELEVATION: 6983

ELM RIDGE EXPLORATION
DALLAS, TEXAS

SURVEYED: 8/21/07

REV. DATE:

APP. BY R.L.P.

DRAWN BY: H.S.

DATE DRAWN: 8/22/07

FILE NAME: 7837C02



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

Elm Ridge Exploration Company, LLC
Marcus B #1
2230' FSL & 1599' FEL
Sec. 12, T. 23 N., R. 7 W.
Rio Arriba County, New Mexico

1" = 50'



NORTH

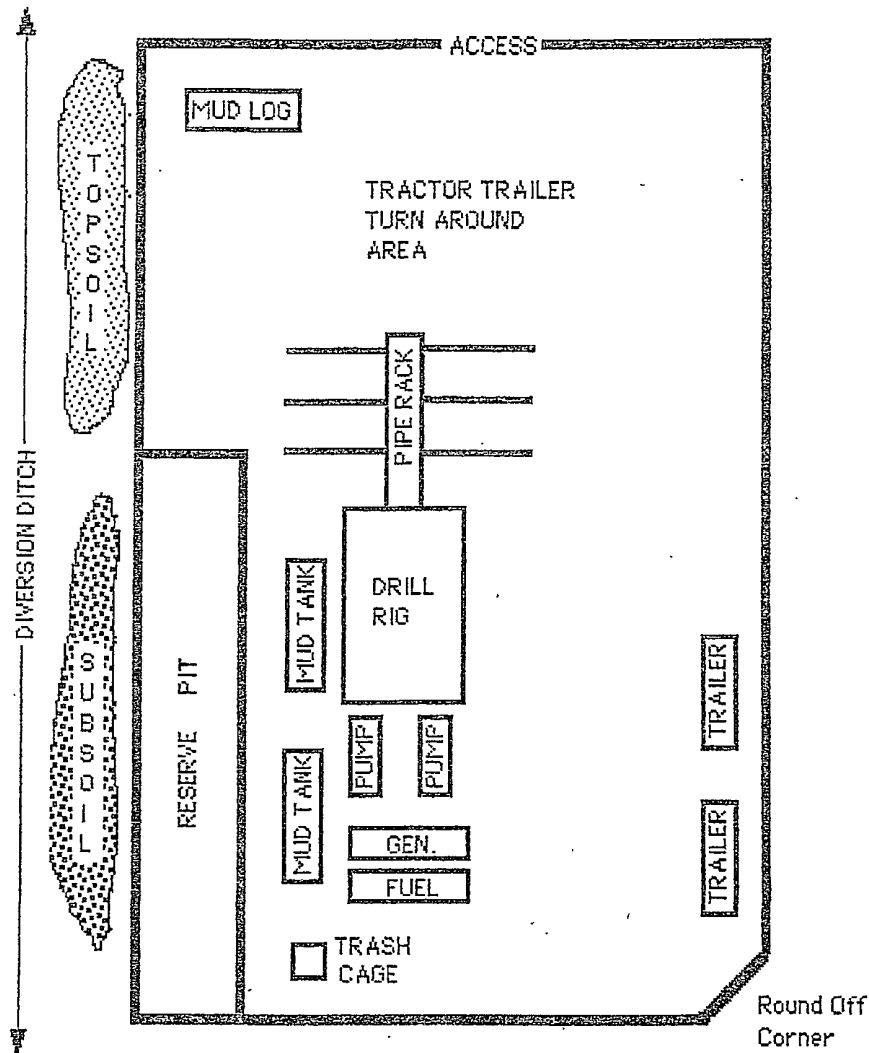


EXHIBIT H

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240
DISTRICT II
1301 W. Grand Avenue, Artesia, N.M. 88210
DISTRICT III
1005 Rio Brazos Rd., Aztec, N.M. 87410
DISTRICT IV
1280 S. St. Francis Dr., Santa Fe, N.M. 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, N.M. 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code	³ Pool Name
⁴ Property Code	⁵ Property Name MARCUS B	⁶ Well Number 1
⁷ GRID No.	⁸ Operator Name ELM RIDGE EXPLORATION	⁹ Elevation 6983

¹⁰ Surface Location

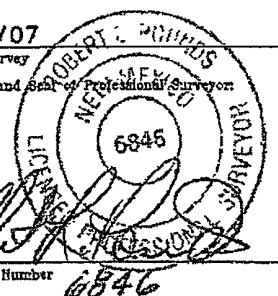
DL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	12	23 N	7 W		2230	SOUTH	1599	EAST	RIO ARriba

¹¹ Bottom Hole Location If Different From Surface

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

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.

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

¹⁶ S 88°12'49" E 2552.57' N 1°47'07" W 2597.57' SECTION 12 NAD 83 LAT: 36.238593° N LONG: 107.524334° W 348' 1599' 332' 2230' N 1°35'29" W 2588.85' N 88°41'40" W 2530.90' N 88°42'34" W 2524.99'	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order hereinafter entered by the division. Signature, _____ Date _____ Printed Name _____ 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. 8/21/07 Date of Survey Signature and Seal of Professional Surveyor  Certificate Number 6846
---	--

pit center
36.238456° N
107.522300° W

EXHIBIT J

RECEIVED

Form 3100-3
(April 2004)

JAN 02 2008

FORM APPROVED
GSA No. 100-0111
Expires March 31, 2007UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lessee Serial No. NMSU-078359	
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Well, Allottee or Title Name N/A	
7. Name of Operator BLM RIDGE EXPLORATION COMPANY, LLC		7. If Unit or CA Agreement, Name and No. N/A	
3a. Address P.O. BOX 156 BLOOMFIELD, NM 87413		8. Lease Name and Well No. MARCUS B #1	
3b. Phone No. (include area code) (505) 632-3476		9. API Well No. 30-039-30445	
4. Location of Well (Report location clearly and in accordance with any State requirements) At surface 2230' FSL & 1599' FEL		10. Field and Pool, or Exploratory LYBROOK GALLUP	
14. Distance in miles and direction from nearest town or post office 2 AIR MILES NORTHEAST OF LYBROOK		11. Sec., T. R. N. or Bk. and Survey or Acre J- 12-23N-71W NMAPM	
15. Distance from proposed location to nearest property or lease line, R. (Add to nearest dog, unit line, if any) 348'		12. County or Parish RIO ARriba	
16. No. of acres in lease 2,463.69		13. State NM	
17. Spacing Unit designated in this well NWSB (= 40 acres)		18. Distance from proposed location to nearest well, drilling completed, applied for, on this lease, ft. 2,595'	
19. Proposed Depth 5,800'		20. BLM/BLM Band No. on file BLM STATE WIDR 885201C	
21. Elevation (Show whether DF, KDB, RT, GL, etc.) 6,593' GL		22. Estimated date work will start 02/01/2008	
23. Estimated duration 3 WEEKS		24. Attachments	

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

1. Well plat certified by a registered surveyor.	4. Bond to cover the operations unless covered by an existing bond on file (see item 20 above).
2. A Drilling Plan.	5. Operator certification.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).	6. Such other site specific information and/or plans as may be required by the authorized officer.
25. Signature <i>[Signature]</i>	Name (Printed/Typed) BRIAN WOOD
Title CONSULTANT	Date 12/30/2007

Approved by <i>[Signature]</i>	Name (Printed/Typed) FED
Title FED	Date 2/1/08

Application approval 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.
Conditions of approval, if any, are attached.

Title is 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.

* (See wellbore on page 2)

Hold C-104 for Rule 40 compliance

BLM'S APPROVAL OR ACCEPTANCE OF THIS ACTION DOES NOT RELIEVE THE LESSEE AND OPERATOR FROM OBTAINING ANY OTHER AUTHORIZATION REQUIRED FOR OPERATIONS ON FEDERAL AND INDIAN LANDS

FEB 12 2008

DRILLING OPERATIONS AUTHORIZED ARE
SUBJECT TO COMPLIANCE WITH ATTACHED
"GENERAL REQUIREMENTS".This action is subject to technical and
procedural review pursuant to 43 CFR 3165.3
and appeal pursuant to 43 CFR 3165.4

EXHIBIT K

Elm Ridge Exploration Company, LLC
Marcus B #1
2230' FSL & 1599' FEL
Sec. 12, T. 23 N., R. 7 W.
Rio Arriba County, New Mexico

PAGE 9

10. RECLAMATION

Reclamation starts once the reserve pit is dry, at which point it will be back filled. Liner top will be folded over pit contents and covered with $\geq 24"$ of dirt. The reserve pit, pipeline route, and any pad areas not needed for producing the well will be reclaimed as an interim measure. Once the well is plugged, the remainder of the pad and road will be reclaimed.

All reclamation will leave the terrain with a natural shape, slopes will be no steeper than 3 to 1, the diversion ditch will be left to control drainage, subsoil will be used to fill the reserve pit, all compacted areas will be ripped $\geq 12"$ deep with the contour, topsoil will be spread across all compacted areas and harrowed with the contour. A seed mix will be drilled as prescribed by BLM. Weeds will be controlled in accordance with BLM requirements.

11. SURFACE OWNER

All construction will be on BLM.

12. OTHER INFORMATION

The nearest hospital is ≈ 90 minute drive away in southwest Farmington.

Archaeology report CASA 07-99 was filed September 29, 2007.

On site inspection conducted by Charles Black (Permits West) and Scott Hall (BLM) on October 17, 2007.

PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS



Report Summary

Client: Elm Ridge

Chain of Custody Number: 14176

Samples Received: 07-27-12

Job Number: 03056-0389

Sample Number(s): 62734

Project Name/Location: Marcus B #1

Entire Report Reviewed By:

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

Date:

8/3/12

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 #:	03056-0389
Sample ID:	5pt. Comp	Date Reported:	08-01-12
Laboratory Number:	62734	Date Sampled:	07-26-12
Chain of Custody No:	14176	Date Received:	07-27-12
Sample Matrix:	Soil	Date Extracted:	07-27-12
Preservative:	Cool	Date Analyzed:	07-31-12
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)	45.7	0.1
Total Petroleum Hydrocarbons	45.7	

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: **Marcus B #1**



EPA Method 8015 Modified
Nonhalogenated Volatile Organics
Total Petroleum Hydrocarbons

Quality Assurance Report

Client:	QA/QC	Project #:	N/A
Sample ID:	0731TCAL QA/QC	Date Reported:	08-01-12
Laboratory Number:	62697	Date Sampled:	N/A
Sample Matrix:	Methylene Chloride	Date Received:	N/A
Preservative:	N/A	Date Analyzed:	07-31-12
Condition:	N/A	Analysis Requested:	TPH

	I-Cal Date	I-Cal RF	C-Cal RF	% Difference	Accept. Range
Gasoline Range C5 - C10	07-31-12	9.9960E+02	1.0000E+03	0.04%	0 - 15%
Diesel Range C10 - C28	07-31-12	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	1,490	1,370	8.1%	0 - 30%
Diesel Range C10 - C28	4,800	4,220	12.1%	0 - 30%

Spike Conc. (mg/Kg)	Sample	Spike Added	Spike Result	% Recovery	Accept. Range
Gasoline Range C5 - C10	1,490	250	1,400	80.4%	75 - 125%
Diesel Range C10 - C28	4,800	250	4,990	98.8%	75 - 125%

ND - Parameter not detected at the stated detection limit.

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

Comments: QA/QC for Samples 62697, 62709-62717 and 62734

Client:	Elm Ridge	Project #:	03056-0389
Sample ID:	5pt. Comp	Date Reported:	08-01-12
Laboratory Number:	62734	Date Sampled:	07-26-12
Chain of Custody:	14176	Date Received:	07-27-12
Sample Matrix:	Soil	Date Analyzed:	07-31-12
Preservative:	Cool	Date Extracted:	07-27-12
Condition:	Intact	Analysis Requested:	BTEX
		Dilution:	50

Parameter	Concentration (ug/Kg)	Det. Limit (ug/Kg)
Benzene	ND	10
Toluene	47.4	10
Ethylbenzene	72.8	10
p,m-Xylene	215	10
o-Xylene	46.2	10
Total BTEX	382	

ND - Parameter not detected at the stated detection limit.

Surrogate Recoveries:	Parameter	Percent Recovery
	Fluorobenzene	86.3 %
	1,4-difluorobenzene	97.4 %
	Bromochlorobenzene	114 %

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: Marcus B #1

Client:	N/A	Project #:	N/A
Sample ID:	0730BCAL QA/QC	Date Reported:	08-01-12
Laboratory Number:	62694	Date Sampled:	N/A
Sample Matrix:	Soil	Date Received:	N/A
Preservative:	N/A	Date Analyzed:	07-31-12
Condition:	N/A	Analysis:	BTEX
		Dilution:	500

Calibration and Detection Limits (ug/L)	I-Cal RF	C-Cal RF	%Diff	Blank Conc	Detect. Limit
		Accept Range 0-15%			
Benzene	6.3286E-06	6.3286E-06	0.000	ND	0.2
Toluene	6.0111E-06	6.0111E-06	0.000	ND	0.2
Ethylbenzene	6.6716E-06	6.6716E-06	0.000	ND	0.2
p,m-Xylene	4.7721E-06	4.7721E-06	0.000	ND	0.2
o-Xylene	6.9323E-06	6.9323E-06	0.000	ND	0.2

Duplicate Conc. (ug/Kg)	Sample	Duplicate	%Diff	Accept Range	Detect. Limit
Benzene	ND	ND	0.00	0 - 30%	100
Toluene	35100	28400	0.19	0 - 30%	100
Ethylbenzene	30100	25000	0.17	0 - 30%	100
p,m-Xylene	128000	110000	0.14	0 - 30%	100
o-Xylene	33100	27500	0.17	0 - 30%	100

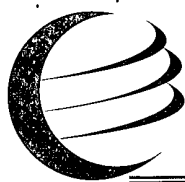
Spike Conc. (ug/Kg)	Sample	Amount Spiked	Spiked Sample	% Recovery	Accept Range
Benzene	ND	25000	24200	96.8	39 - 150
Toluene	35100	25000	68100	113	46 - 148
Ethylbenzene	30100	25000	59500	108	32 - 160
p,m-Xylene	128000	50000	178000	100	46 - 148
o-Xylene	33100	25000	61500	106	46 - 148

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 62694, 62697, 62701, 62722, 62725 and 62734



envirotech

Analytical Laboratory

EPA METHOD 418.1

TOTAL PETROLEUM HYDROCARBONS

Client:	Elm Ridge	Project #:	03056-0389
Sample ID:	5 pt. Comp	Date Reported:	08-03-12
Laboratory Number:	62734	Date Sampled:	07-26-12
Chain of Custody No:	14176	Date Received:	07-27-12
Sample Matrix:	Soil	Date Extracted:	07-30-12
Preservative:	Cool	Date Analyzed:	07-30-12
Condition:	Intact	Analysis Needed:	TPH-418.1

Parameter	Concentration (mg/kg)	Det. Limit (mg/kg)
Total Petroleum Hydrocarbons	405	6.6

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: **Marcus B #1**



EPA METHOD 418.1
TOTAL PETROLEUM HYDROCARBONS
QUALITY ASSURANCE REPORT

Client:	QA/QC	Project #:	N/A
Sample ID:	QA/QC	Date Reported:	08-03-12
Laboratory Number:	07-30-TPH.QA/QC 62723	Date Sampled:	N/A
Sample Matrix:	Freon-113	Date Analyzed:	07-30-12
Preservative:	N/A	Date Extracted:	07-30-12
Condition:	N/A	Analysis Needed:	TPH

Calibration	I-Cal Date	C-Cal Date	I-Cal RF	C-Cal RF	% Difference	Accept. Range
	07-11-12	07-30-12	1,660	1,720	3.6%	+/- 10%

Blank Conc. (mg/Kg)	Concentration	Detection Limit
TPH	ND	6.6

Duplicate Conc. (mg/Kg)	Sample	Duplicate	% Difference	Accept. Range
TPH	1,730	1,790	3.4%	+/- 30%

Spike Conc. (mg/Kg)	Sample	Spike Added	Spike Result	% Recovery	Accept Range
TPH	1,730	2,000	3,450	92.5%	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 62720, 62723, 62731-62732, 62734, 62752, 62758-62760, and 62762

Client:	Elm Ridge	Project #:	03056-0389
Sample ID:	5 pt. Comp	Date Reported:	08-01-12
Lab ID#:	62734	Date Sampled:	07-26-12
Sample Matrix:	Soil	Date Received:	07-27-12
Preservative:	Cool	Date Analyzed:	07-31-12
Condition:	Intact	Chain of Custody:	14176

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

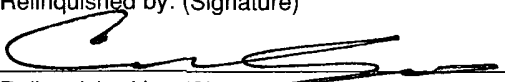
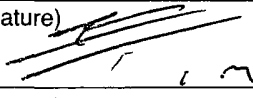
Total Chloride**680**

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: **Marcus B #1**

CHAIN OF CUSTODY RECORD

14176

Client: Elm Ridge			Project Name / Location: Marcus B #1			ANALYSIS / PARAMETERS														
Email results to: lmclenight@envirotech-inc.com			Sampler Name: Chris Arrigo			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
Client Phone No.:			Client No.: 03056-0389																	
Sample No./ Identification	Sample Date	Sample Time	Lab No.	No./Volume of Containers	Preservative															
					HgCl ₂	HCl	ad													
5 pt. Comp	7/26/12	4:45p	62734	2x 4oz.			✓	XX	XX							XX	XX			
Relinquished by: (Signature) 					Date	Time	Received by: (Signature) 										Date	Time		
					7/27/12	8:10a											7/27/12	5:10pm		
Relinquished by: (Signature)							Received by: (Signature)													
Sample Matrix																				
Soil <input checked="" type="checkbox"/> Solid <input type="checkbox"/> Sludge <input type="checkbox"/> Aqueous <input type="checkbox"/> Other <input type="checkbox"/>																				
<input type="checkbox"/> Sample(s) dropped off after hours to secure drop off area.																				



<div>Submit To Appropriate District Office Two Copies District I 1625 N. French Dr., Hobbs, NM 88240 District II 811 S. First St., Artesia, NM 88210 District III 1000 Rio Brazos Rd., Aztec, NM 87410 District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505</div>		<div>State of New Mexico Energy, Minerals and Natural Resources Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505</div>		<div>Form C-105 Revised August 1, 2011</div>						
		1. WELL API NO. 30-039-30445								
		2. Type of Lease <input type="checkbox"/> STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/> FED/INDIAN								
		3. State Oil & Gas Lease No. NMSF-078359								
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 Marcus B						
7. Type of Completion. <input checked="" 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 _____				6. Well Number: 001						
8. Name of Operator Elm Ridge Exploration				9. OGRID 149052						
10. Address of Operator Post Office Box 156, Bloomfield, New Mexico 87413				11. Pool name or Wildcat Lybrook Gallup						
12. Location	Unit Ltr	Section	Township	Range	Lot	Feet from the	N/S Line	Feet from the	E/W Line	County
Surface:	J	12	23N	7W		2230	S	1599	E	Rio Arriba
BH:										
13. Date Spudded 9/9/2008	14. Date T.D. Reached 1/18/2012	15. Date Rig Released 1/20/2012		16. Date Completed (Ready to Produce) 4/5/2012		17. Elevations (DF and RKB, RT, GR, etc.) 6983' GL				
18. Total Measured Depth of Well 5960'		19. Plug Back Measured Depth 5898'		20. Was Directional Survey Made?		21. Type Electric and Other Logs Run				
22. Producing Interval(s) of this completion - Top, Bottom, Name 5481'-5618' Lybrook Gallup; 5360'-5410' Lybrook Gallup										
23. CASING RECORD (Report all strings set in well)										
CASING SIZE		WEIGHT LB./FT.		DEPTH SET		HOLE SIZE		CEMENTING RECORD		AMOUNT PULLED
8 5/8" J55		24#		356'		12 1/4"		300 sks to surface		11 bbls to surface
5 1/2" J55		15.5#		5941'		7 7/8"		1170 sks to surface		80 bbls to surface
24. LINER RECORD						25. TUBING RECORD				
SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN	SIZE	DEPTH SET	PACKER SET			
					2 3/8"	5567'				
26. Perforation record (interval, size, and number) 5481' to 5618' Size: 46 Number: 228 5360' to 5410' Size: 46 Number: 284					27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC. DEPTH INTERVAL AMOUNT AND KIND MATERIAL USED 5481'-5618' See Form 3160-4 accepted on 4/26/12 5360'-5410' See Form 3160-4 accepted on 4/26/12					
28. PRODUCTION										
Date First Production 4/17/2012		Production Method (Flowing, gas lift, pumping - Size and type pump) Flowing				Well Status (Prod. or Shut-in) . Producing				
Date of Test	Hours Tested	Choke Size	Prod'n For Test Period	Oil - Bbl	Gas - MCF	Water - Bbl.	Gas - Oil Ratio			
5/14/2012	24	1.5"		5	45	2				
Flow Tubing Press.	Casing Pressure	Calculated 24-Hour Rate	Oil - Bbl.	Gas - MCF	Water - Bbl.	Oil Gravity - API - (Corr.)				
260	300									
29. Disposition of Gas (Sold, used for fuel, vented, etc.)						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 36.2385888769						Longitude -107.524360609		NAD 1927 1983		
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		Name Ms. Amy Mackey			Title Administrative Manager		Date			
E-mail Address 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

ELM RIDGE EXPLORATION
MARCUS B 1
SITE RESTORATION PHOTOGRAPHY
PROJECT NUMBER: 03056-0389
PHOTOS TAKEN: JULY 26, 2012

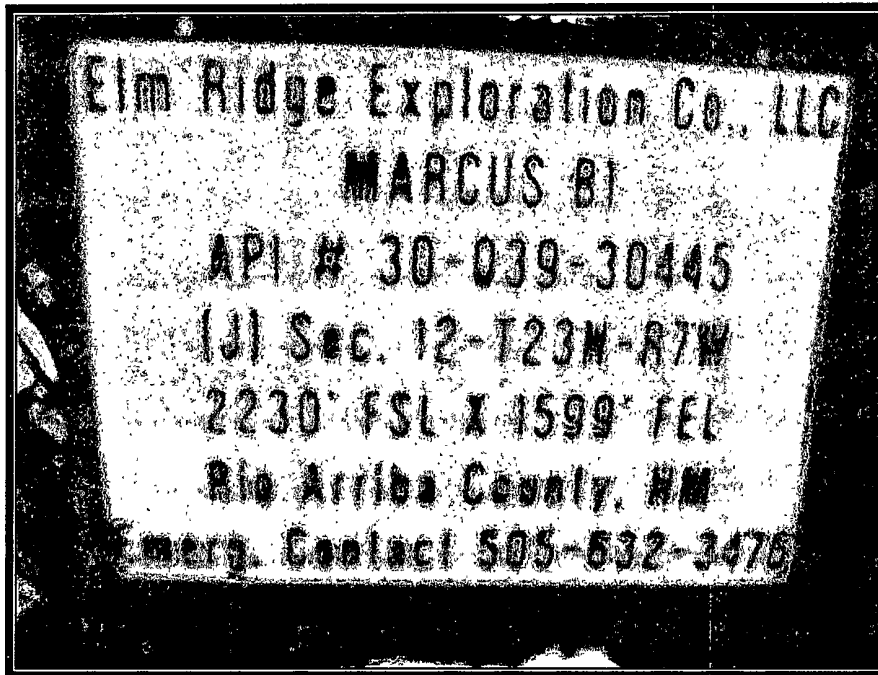


Photo 1: Marcus B 1 Site Sign

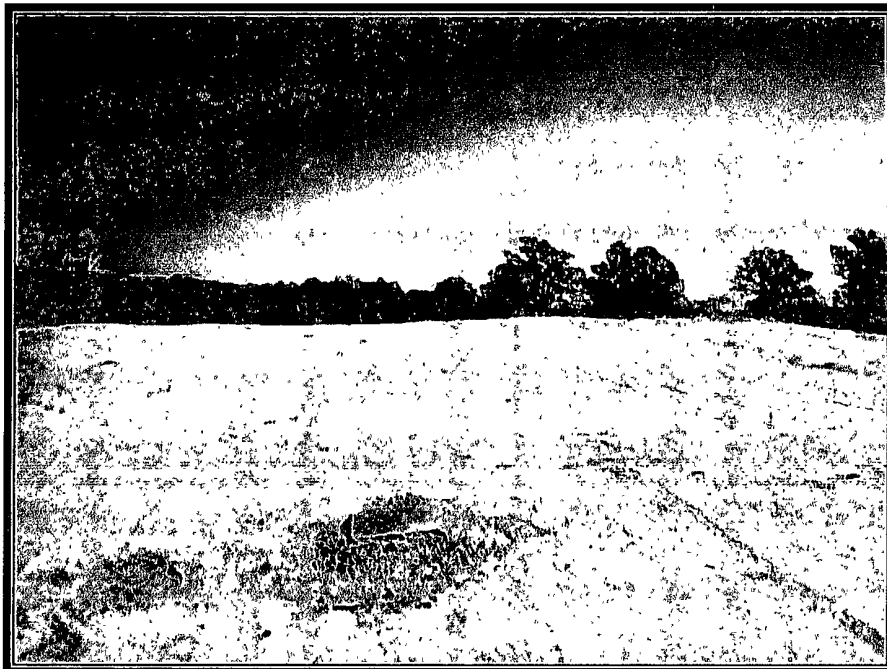


Photo 2: View of Re-contoured Drill Pit

**ELM RIDGE EXPLORATION
MARCUS B 1
SITE RESTORATION PHOTOGRAPHY
PROJECT NUMBER: 03056-0389
PHOTOS TAKEN: JULY 26, 2012**

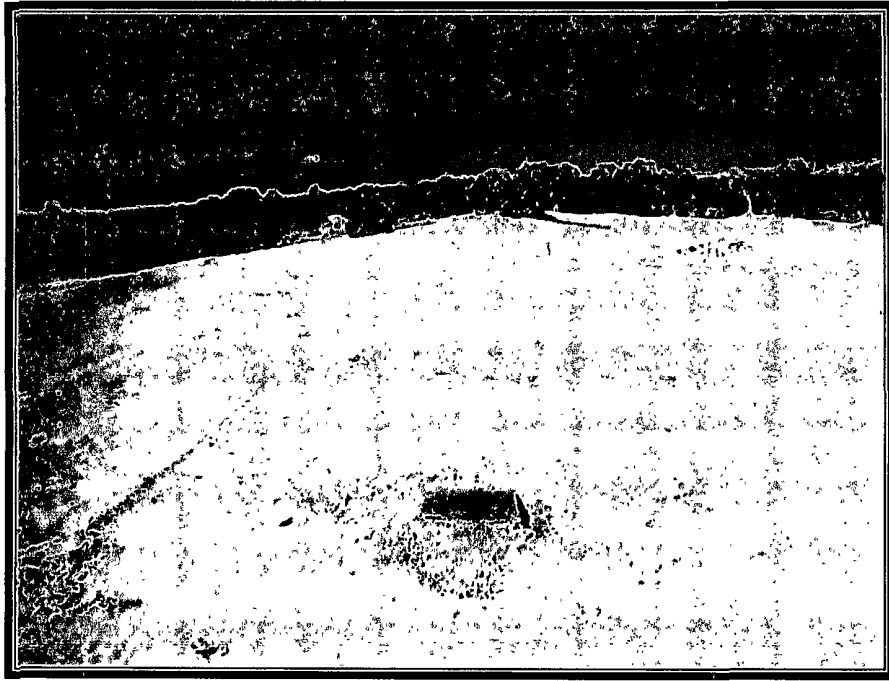


Photo 3: Another View of Re-contoured Drill Pit

Toni McKnight

From: Toni McKnight
Sent: Thursday, July 26, 2012 8:47 AM
To: 'brandon.powell@state.nm.us'
Cc: 'Kelly, Jonathan, EMNRD'; 'Amy Mackey'
Subject: Elmridge Marcus B #1 Drill Pit Closure

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 Marcus B #1 well site located in Section 12, Township 23N, Range 07W, Unit J, Rio Arriba County, New Mexico. The API # is 3003930445, and closure activities are scheduled to begin on Monday, August 6, 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
(505) 947-9179

English

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YOUR LABEL NUMBER	SERVICE	STATUS OF YOUR ITEM	DATE & TIME	LOCATION	FEATURES
70071490000053987653		Delivered	July 31, 2012, 11:23 am	FARMINGTON, NM 87402	Certified Mail
		Arrival at Unit	July 31, 2012, 7:11 am	FARMINGTON, NM 87401	
		Depart USPS Sort Facility	July 31, 2012	ALBUQUERQUE, NM 87101	
		Processed through USPS Sort Facility	July 30, 2012, 11:20 pm	ALBUQUERQUE, NM 87101	

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Postage	\$.45	<i>Toni</i> 7/31/12 Postmark Here #03056-0389
Certified Fee	2.95	
Return Receipt Fee (Endorsement Required)	2.35	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 5.75	

Sent To: **Mr. Mark Kelly**
 Street, Apt. No., or PO Box No.: **BLM - Farmington District Office**
 City, State, Zip+4: **1235 La Plata Hwy, Ste. A Farmington, NM 87401-8731**

PS Form 3811, August 2005 See Reverse for Instructions

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Manuel B #1

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
BLM - Farmington District Office
1235 La Plata Hwy, Ste. A
Farmington, NM 87401-8731

2. Article Number
 (Transfer from service label)

7007 1490 0000 5398 7653

PS Form 3811, February 2004

Domestic Return Receipt

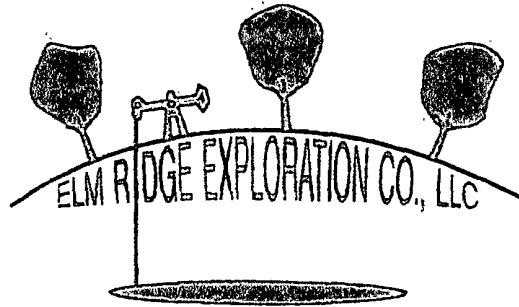
102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

- A. Signature *[Signature]* ☐ Agent ☐ Addressee
- B. Received by (Printed Name) *[Signature]* C. Date of Delivery *7-31-12*
- D. Is delivery address different from item 1? ☐ Yes ☐ No
 If YES, enter delivery address below:

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

4. Restricted Delivery? (Extra Fee) ☐ Yes



June 25th, 2012

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

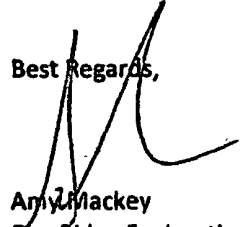
RE: Drill Pit Inspections

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